

**For Discussion
on 28 May 2013**

LegCo Panel on Food Safety and Environmental Hygiene

**Issues Relating to the Implementation of the
Import and Export (General)(Amendment) Regulation 2013**

Purpose

This paper briefs Members on the implementation of the Import and Export (General)(Amendment) Regulation 2013 (Amendment Regulation).

Background

2. The Amendment Regulation came into force on 1 March. During the scrutiny period, the Subcommittee set up by the Legislative Council to study the Amendment Regulation (the Subcommittee) has put forward a lot of valuable views. The Government has taken on board many of these views and refined the implementation details of the Amendment Regulation. The scrutiny period of the Amendment Regulation ended on 17 April. The Amendment Regulation has been in operation for over two months now. Its implementation has generally been smooth and frontline officers of the Customs and Excise Department (C&ED) have also gained much experience in enforcement.

Law Enforcement and Publicity

3. Upon expiry of the scrutiny period, the provisions introduced by the Amendment Regulation have continued to be in force in their original version. As pointed out by the Government to the Subcommittee, the definition of powdered formula in the Amendment Regulation has fully and effectively reflected the Administration's policy intent and the scope of regulation on powdered formula. To enable more effective law enforcement by frontline staff, we have issued a further set of enforcement guidelines to ensure that the enforcement work continues to be carried out smoothly on a standardised basis.

4. The guidelines have clearly set out the scope, nature and targeted consumers of the powdered formula subject to regulation. It is also stated expressly in the guidelines that when judging whether or not certain products fall within the regulatory ambit of the Amendment Regulation, frontline staff of C&ED should primarily make reference to the product descriptions and users instructions of the powdered formula products. The guidelines also specify that the powdered formula products subject to regulation are milk powder and soya milk powder intended for consumption by infants and young children aged under 36 months as a source of nutrition, and such products in powder form are intended for consumption in liquid form after reconstitution. Besides, the guidelines make it clear that milk powder products intended for consumption by people with special nutritional needs (such as the elderly, people with osteoporosis and pregnant women) are not within the scope of regulation.

5. To facilitate law enforcement by frontline staff of C&ED, we have also compiled a list of powdered formula regulated by the Amendment Regulation and available at the retail level in Hong Kong

through information collected via all local suppliers of powdered formula and the Centre for Food Safety (CFS). The list sets out details including the brands, types, nature, weight and intended age groups of the powdered formula products known to us, and is provided to C&ED staff for reference when taking enforcement actions. Where necessary, C&ED may ring up the hotline of the Food and Health Bureau (FHB). Staff of FHB will help contact the suppliers and CFS to seek supplementary factual information about details of the products.

6. In addition, to ensure a better understanding of the policy intent and scope of the Amendment Regulation by the public, we will enhance our publicity efforts. We will soon publish a new and detailed pamphlet for wide distribution at various locations to different people, especially those departing from Hong Kong. The pamphlet will provide a number of examples to illustrate the scope, nature and targeted consumers of the powdered formula subject to regulation. We will also continue with our publicity efforts at boundary control points and through television and radio, so as to inform those who intend to leave Hong Kong of the requirements of the Amendment Regulation.

Trial Scheme on Powdered Formula Receptacles

7. We have adopted a suggestion made by some Members of the Subcommittee. To facilitate outbound travellers to properly handle powdered formula in excess of the prescribed limit before entering the clearance area, the Government will soon launch a trial scheme to place receptacles for collection of powdered formula at Lo Wu and Lok Ma Chau Spur Line Control Points. The Government has liaised with four non-governmental organisations (NGOs) operating the Short-term Food Assistance Service Projects. These NGOs will donate powdered

formula collected at the receptacles to those in need. We will review the effectiveness of the trial scheme after its operation for a suitable period of time, before deciding on the long term arrangements.

Improving the Supply Chain

8. We are of the view that the supply chain failure in relation to powdered formula has a major bearing on the serious shortage of powdered formula early this year. As such, we consider that suppliers of powdered formula must step up their efforts to improve the supply chain management to ensure a sufficient and stable supply of powdered formula for Hong Kong people.

9. In this regard, we have requested local suppliers of powdered formula to -

- (a) increase the efficiency of stock replenishment from places outside Hong Kong by reducing the time required;
- (b) enhance the capacity for distribution and delivery of goods to improve the supply chain management at the retail and wholesale levels and replenish the stock at retail outlets expeditiously;
- (c) commit additional resources to boost the number of hotlines for taking purchase orders and establish a mechanism for promptly increasing the number of hotlines and staffing level under exceptional circumstances to handle the purchase orders; and

- (d) examine and set up services for advance order of powdered formula at retail outlets of different regions throughout the territory.

10. In late April, i.e. before the Labour Day holiday period, the Government met with major suppliers of powdered formula and the Hong Kong General Chamber of Pharmacy. Apart from discussions on ways to ensure a sufficient supply of powdered formula during the Labour Day holiday period to meet local needs, we have also explored ways to improve the supply chain management in the long run, including a proposal on powdered formula coupons as suggested by the trade. The Government welcomed the signing of the “Sufficient Supply Charter” and the announcement of the introduction of a retail store pre-order system by the seven major suppliers of powdered formula¹ and the Hong Kong General Chamber of Pharmacy in late April. However, we consider that any proposed improvement has to be sustainable and able to cope with the peak demand periods (for instance, the National Day Golden Week, and if necessary, in the run-up to the Chinese New Year). In this regard, the Government has to conduct stress tests on the improvement measures.

11. In the next few months, the Government needs to focus on implementing the work outlined above. We will set up a committee comprising representatives of major suppliers and retailers of powdered formula as well as members from the logistics sector, relevant academic and consumers sectors to rally the efforts of all to take forward the work of improving the supply chain. Besides, we will engage a consultancy to help us with the exercise and to provide professional input and support. We have also pledged to conduct a review in October 2013 to examine

¹ The seven major brands include Abbott, Cow & Gate, Friso, Mead Johnson, Nestle, Snow Brand and Wyeth. They account for over 95% of the market share.

and assess the effectiveness of the supply chain improvement measures. If the measures are proven to be effective and sustainable, we will consider repealing the provisions introduced by the Amendment Regulation. We also undertake to report the progress of the work to the Legislative Council.

Notifying the World Trade Organization

12. In response to the Subcommittee, we have indicated that upon expiry of the scrutiny period of the Amendment Regulation, the Government would notify the World Trade Organization in accordance with the established mechanism. The relevant work has been completed.

Special Hotline

13. In view of the supply chain failure in the local market, the Government announced the setting up of a special hotline on 1 February as a short-term measure. The purpose of the special hotline is to ensure smooth procurement of powdered formula by local parents, thereby protecting the health of their infants and young children. In setting up the special hotline, we have stated clearly that the service is only a short-term measure adopted in the wake of the supply chain failure in the local market. As the number of telephone calls received by the hotline recently has dropped significantly and remained at a very low level, and the supply of powdered formula in Hong Kong was generally stable during the recent Labour Day holiday period, the Government has stopped the service with effect from 17 May for better utilisation of resources.

Way Forward

14. We will continue to closely monitor and follow up on the implementation of the Amendment Regulation, and to assist the trade in enhancing the supply chain operation. We will keep the Panel informed of the progress of our work.

Food and Health Bureau

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