

(Translation)

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27 August 2013

Clerk to Panel on Food Safety and Environmental Hygiene
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Attn.: Mr. Jove CHAN)
[Fax: 2185 7845]

Dear Mr. Chan,

**LegCo Panel on Food Safety and Environmental Hygiene
Follow-up to Meetings on 28 May and 9 July 2013**

At the meetings held on 28 May and 9 July 2013, the Panel on Food Safety and Environmental Hygiene (the Panel) passed the following two motions respectively, namely “urging the Government to expeditiously open up the market of imported live cattle, and to draw up an implementation timetable as soon as possible” and “urging the Government to expeditiously open up the market of live cattle supply in Hong Kong and formulate an implementation timetable”. Subsequently, the Clerk to Panel wrote to this Bureau requesting a written response from the Administration to the said motions. I am authorised to reply as follows.

It is the policy objective of the Government to maintain stable and adequate supply of foodstuffs from diverse sources, in addition to ensuring food safety. At present, all live cattle in Hong Kong are supplied from the Mainland with Ng Fung Hong as the export agent. In order to ensure the quality of food animals supplied to Hong Kong, all imported live cattle are sourced from registered farms included in the list of registered farms for supplying live food animals to Hong Kong and Macao approved by the General Administration of Quality Supervision, Inspection and Quarantine of the People’s Republic of China (AQSIQ). The authority to approve the export agent for the supply of live cattle to Hong Kong rests with the Ministry of Commerce. The agent is responsible for sourcing and transporting live cattle from the registered farms in the Mainland to Hong Kong for slaughtering, and then for sale to local buyers for subsequent distribution to local retail outlets or restaurants for sale or consumption.

In the light of the decrease in the supply of live cattle to Hong Kong and the price surge in recent years, we have conducted an analysis and have earlier commissioned a consultant to conduct a market survey to gather and compare information on the prices, quality and costs of beef in nearby Mainland cities and Hong Kong. The relevant details were set out in a paper hitherto submitted to the Panel.

The Government has an open mind on the suggestion to open up the live cattle market. Theoretically, opening up the market to bring in competition would encourage the distributing agents to improve efficiency and service standards, to the benefit of the further healthy development of the market in the long run. Nevertheless, we wish to stress that an increase in the number of distributing agents may not necessarily help bring down the price of live cattle supplied to Hong Kong if the upward movement in the price of live cattle is mainly attributable to tight supply and high demand in the market. The trend would still be subject to upward adjustment according to market forces.

At the meeting of 9 July 2013, the Secretary for Food and Health (SFH) informed Members that this Bureau had been in discussion with the Ministry of Commerce on the opening up of the live cattle market. As mentioned in our letter to the Chairman of the Panel on 31 July 2013, the supply of live cattle to Hong Kong is a matter relating to the Mainland's export management and it is not a matter that the Hong Kong SAR Government can unilaterally decide. As such, we were unable to provide a concrete timetable on the opening up of the market at the meeting.

On 13 August 2013, SFH had a meeting with the Minister of Commerce, Mr. GAO Hucheng, in Beijing to exchange views on a range of issues including the quality and safety of agricultural products supplied to Hong Kong from the Mainland, the decline in the supply of live cattle to Hong Kong and the price rises. Under the important premise of upholding the food safety of live cattle supplied to Hong Kong, both sides agreed to set up a working group to evaluate the existing system for managing the supply of live cattle to Hong Kong and related operations. The working group will comprise representatives from the Ministry of Commerce, other relevant departments in the Mainland as well as the Food and Health Bureau (FHB), and will collect views from farmers, exporters, agents, slaughtering business, wholesalers, distributors and relevant trade organisations relating to live cattle supply in Hong Kong.

FHB will follow up with the Ministry of Commerce on the setting up of the working group, including its terms of reference and work plan, etc. The two sides have yet to draw up a concrete timetable. We will keep the Panel informed when there is further development.

Yours sincerely,

(Jeanne CHENG)
for Secretary for Food and Health