

**立法會**  
**Legislative Council**

LC Paper No. CB(2)1676/13-14(04)

Ref : CB2/PL/FE

**Panel on Food Safety and Environmental Hygiene**

**Background brief prepared by the Legislative Council Secretariat  
for the meeting on 10 June 2014**

**Supply of live cattle in Hong Kong**

**Purpose**

This paper summarizes the concerns of the members of the Panel on Food Safety and Environmental Hygiene ("the Panel") on the supply of live cattle in Hong Kong.

**Background**

2. At present, all live cattle in Hong Kong are supplied from the Mainland through Ng Fung Hong Limited<sup>1</sup> ("NFH") as the export agent. The export agent is responsible for sourcing and transporting live cattle from the registered farms on the Mainland<sup>2</sup> 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. The Ministry of Commerce ("MOC") is the authority approving the export agent for the supply of live cattle to Hong Kong.

3. According to media reports, the wholesale price of fresh beef has been raised several times since November 2010, driving the retail price to new heights. These price increases have made the business difficult and driven

---

<sup>1</sup> MOC under the State Council appoints the main agents for the supply of Mainland livestock to Hong Kong. Prior to October 2007, NFH was appointed as the sole agent supplying Mainland live pigs and live cattle to Hong Kong. Subsequent to the agreement between the Food and Health Bureau of the Hong Kong Special Administrative Region and MOC on opening up the market for supplying live pigs to Hong Kong in October 2007, the number of agents for supplying Mainland live pigs to Hong Kong has increased from one to three. NFH is currently the sole agent for importing Mainland live cattle into Hong Kong.

<sup>2</sup> To ensure the quality of food animal supplied to Hong Kong, all incoming live cattle are sourced from the farms on 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.

many small businesses and retailers out of business. There are also calls for the Government to open up the live cattle market in order to bring down the price of fresh beef. To better understand the market situation, the Administration commissioned a consultant to conduct a market survey between February and March 2013 to compare the prices, quality and costs of fresh beef in Hong Kong and nearby Mainland cities (including Guangzhou and Shenzhen). According to the consultant, the price index of beef in Hong Kong was 30.9% higher than that in February 2012, while the price index of beef in the Mainland recorded an increase of 34.6% for the corresponding period. Based on the findings of the survey, the consultant was of the view that the rates of increase in the prices of fresh beef in Hong Kong and the Mainland in 2012 were comparable.

4. On the suggestion of opening up the live cattle market, the Panel was advised by the Administration at its meeting on 9 July 2014 that the Government had an open mind on the suggestion. However, if the upward trend in the price of live cattle was mainly attributable to tight supply and demand in the market, an increase in the number of distributing agent might not help ameliorate the situation, whilst costing an instability in the supply of live cattle in Hong Kong.

### **Deliberations of the Panel**

5. The Panel discussed the supply of live cattle at two meetings on in May and July 2013, and also met with deputations at one of the meetings. Members' views and concerns are summarized in the ensuing paragraphs.

#### Price and consumption of fresh beef

6. An enquiry was raised about the price adjustment of beef in the Mainland and the response of Mainland people to the price increases. According to NFH, any change in the price of live cattle would be reflected in the retail market in the Mainland within one or a few days. Noting that frequent fluctuations in the price of fresh beef would have an adverse impact on beef retailers and restaurants in Hong Kong, NFH, being the single export agent, would not make the corresponding price increases immediately but would spread out the price increases over two to several months so as to enable the market to absorb the price increases. Given the higher operating cost in Hong Kong, it was understandable that the price of fresh beef in Hong Kong was higher than the price in Shenzhen and Guangzhou.

7. In response to members' concern about the frequent price increases of fresh beef in Hong Kong, the Administration advised that it had commissioned a consultant to conduct a market survey to compare the retail prices of fresh

beef in selected wet markets and supermarkets in Hong Kong, Guangzhou and Shenzhen respectively. Due to the different cost-of-living and consumption indices among the three places, it was not surprising to find that Hong Kong had the highest price of fresh beef among the three places. However, the Administration also pointed out that the price of fresh beef in Hong Kong, Guangzhou and Shenzhen experienced more or less the same rising trend.

#### Opening up the live cattle market

8. Members noted that most of the deputations were supportive of opening up the live cattle market. While some members expressed support for opening up the live cattle market, some other members were concerned as to whether opening up the live cattle market would bring down the price of fresh beef. There was a view that suitable distributing agents for live cattle should be appointed in order to bring in competition in the market. Some members, however, pointed out that given the live cattle market in Hong Kong was relatively modest in size, new distributing agents might not be able to stay in the business after the market was open to competition.

9. Members sought clarification from the Administration on why it considered that an increase in the number of distributing agents might cause instability in the supply of live cattle in Hong Kong. The Administration explained that as the live cattle market in Hong Kong was small, an increase in the number of distributing agents might weaken their bargaining power in sourcing live cattle from farmers, thus increasing the difficulties in maintaining a stable supply.

10. In response to members' enquiry about the timetable for opening up the live cattle market, the Administration advised that it had already started the discussion with MOC on the feasibility of opening up the live cattle market in Hong Kong. Subject to the progress of the discussion with MOC, the Administration would revert to the Panel on further developments.

#### Assistance to local farmers in breeding live cattle in the Mainland

11. There was a call for the Administration to actively assist the local farm operators in breeding live cattle in the Mainland. Pointing out that a 10% tax would be imposed on importing new cattle breed in the Mainland, some members requested the Administration to liaise with MOC to waive the tax through the Mainland and Hong Kong Closer Economic Partnership Arrangement, in order to assist local operators in operating cattle farms in the Mainland.

### **Motion passed by the Panel**

12. At its meeting on 9 July 2013, the Panel passed a motion moved by Hon WONG Kwok-hing urging the Government to expeditiously open up the market of live cattle supply in Hong Kong and formulate an implementation timetable.

### **Latest development**

13. The Panel will discuss with the Administration the supply of live cattle in Hong Kong at the Panel's meeting on 10 June 2014.

### **Relevant papers**

14. A list of the relevant papers on the Legislative Council website is in the **Appendix**.

Council Business Division 2  
Legislative Council Secretariat  
4 June 2014

**Relevant papers on supply of live cattle in Hong Kong**

<b>Committee</b>	<b>Date of meeting</b>	<b>Paper</b>
Panel on Food Safety and Environmental Hygiene	28.5.2013 (Item IV)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Food Safety and Environmental Hygiene	9.7.2013 (Item II)	<a href="#">Agenda</a> <a href="#">Minutes</a>

Council Business Division 2  
Legislative Council Secretariat  
4 June 2014