



Hong Kong Retail Management Association Position on Import and Export (General)(Amendment) Regulation 2013 June 2013

The Hong Kong Retail Management Association (HKRMA) has the following views in respect of the **Government's imminent review** on the Import and Export (General) (Amendment) Regulation 2013:

Export restriction to be revoked as soon as possible when local supply is guaranteed

- (1) HKRMA has all along insisted on two principles: **1. Support all measures that can ensure sufficient supply of powdered formula for local babies, and 2. Support revoking the export restrictions on powdered formula as soon as possible, so that the operation of free trade in Hong Kong can be resumed.** In fact, with the export restrictions on powdered formula now being in force, Hong Kong has already sacrificed its reputation as a free port and the revenue it brings. Other negative impact generated from the restrictions had also emerged.

According to a recent study of an authoritative international organization (IMD in Lausanne Switzerland), the competitiveness of Hong Kong is declining. Hong Kong's competitiveness ranking dropped to the third place from the top position in the past two years. **Restricting export of powdered formula had jeopardized the competitiveness of Hong Kong as a free trade port.** The Government should not overlook this alert.

To revoke the export restrictions in phases and relax the limitation to two tins in the transition period

- (2) According to HKRMA's observation on the current market situation, the supply of powdered formula of different brands and stages at all retail outlets in Hong Kong maintain stable. It is rare to see that local parents had encountered difficulty in purchasing powdered formula.



Nevertheless, we understand that local parents have concerns on whether there is persistent and sufficient supply of powdered formula. If the Government and suppliers are concerned that supply of powdered formula may not be able to satisfy the market demand after the export restrictions is revoked, the Government can consider revoking the export restrictions in phases, and take the following measures during the transition period:

- *Relax the export restrictions on powdered formula to a certain degree from the existing maximum of two tins (i.e. no more than 1.8 kg).*
- *With reference to the existing packaging of powdered formula which, in general, contains six tins in one box, for the sake of consumers' convenience to purchase and transport, the Government may consider relaxing the maximum amount of export to six tins (i.e. no more than 5.4kg).*

As a transitional measure, the relaxation in maximum export quantity can reduce inconvenience caused to the consumers concerned, and at the same time **meet the needs of babies borned in Hong Kong but are now living in the Mainland**. It can control the amount of powdered formula export more effectively and enables better assurance of **sufficient supply to the local market**.

Other details and recommendations

- (3) HKRMA also recommends the Government to review the (1) **definition of powdered formula** and (2) details of the exemptions, e.g. changing the provision that ‘a person did not leave Hong Kong in the last **“24 hours”**’ to **“every day”**. The Government should rationalize the details in the Regulation as far as possible to facilitate easier enforcement by the Customs and Excise Department and reduce unnecessary details on the regulations.

The Government should fix an appropriate timing (e.g. before or after the Chinese New Year next year) as soon as possible **to completely revoke the export restrictions, taking into account a comprehensive**



assessment on the issue and under consultation with powdered formula suppliers on ensuring sufficient supply to cater for local demand.

Lastly, HKRMA hopes the Government to strengthen its effort to **call on local parents to register as members of “Mother’s Clubs”** in order to ensure that they can purchase powdered formula they needed in a more convenient way. Suppliers may also consider simplifying the registration procedures of “Mother’s Clubs”.

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