

**Economic and Employment Council  
Retail Task Force**

**Regulatory activities affecting the retail trade**

**Purpose**

This paper presents some background information on the regulatory activities affecting the retail trade for reference of members to facilitate consideration for the development of a work programme of the task force.

**Retail Categorization**

2. Based on the general categorization of the Hong Kong Retail Management Association <sup>(1)</sup> (HKRMA), the retail trade can be generally classified into 9 categories comprising beauty products/cosmetics; catering/food; department stores; electronic and electrical appliances/telecommunications; fashion and accessories; furniture and home accessories; specialty stores <sup>(2)</sup>; supermarkets/convenience stores; and watch and jewellery.

**Retail Statistics**

3. Some key statistics <sup>(3)</sup> of the retail trade are -

<u>Category</u>	<u>No. of employed persons</u> <sup>(4)</sup>	<u>No of Vacancies</u> <sup>(4)</sup>	<u>Provisional Retail Sales for July 2004</u> <sup>(5)</sup> (HK\$ million)
Beauty products/cosmetics	14 637	364	1 211
Catering/food	46 719	323	1 649
Department stores	9 427	146	1 804
Electronic and electrical appliances/ telecommunications	17 510	265	1 150

<sup>(1)</sup> Fuels, motor vehicles and parts are not included under the HKRMA categorization.

<sup>(2)</sup> They include optical shops, books, newspapers, stationery and gifts, etc.

<sup>(3)</sup> The statistics are compiled on the basis of the Hong Kong Standard Industrial Classification, which is different from the HKRMA grouping. As such, the figures should be used as proxy indicators only.

<sup>(4)</sup> Quarterly Survey of Employment and Vacancies, June 2004.

<sup>(5)</sup> Report on Monthly Survey of Retail Sales, July 2004.

<b><u>Category</u></b> <b>(Con'd)</b>	<b><u>No. of employed</u></b> <b><u>persons</u></b> <sup>(4)</sup>	<b><u>No of Vacancies</u></b> <sup>(4)</sup>	<b><u>Provisional Retail</u></b> <b><u>Sales for July 2004</u></b> <sup>(5)</sup> (HK\$ million)
Fashion and accessories	33 464	557	2 287
Furniture and home accessories	9 186	78	399
Specialty stores	41 550	375	2 288
Supermarkets/ convenience stores	22 637	49	2 276
Watch and jewellery	12 309	129	2 122
<b>Total</b>	<b>207 439</b>	<b>2 286</b>	<b>15 186</b>

## Regulatory Activities

4. Regulatory control on the retail trade is mainly exercised through approval, registration, permit and licensing. There are altogether 45 more common regulatory activities administered by 11 departments <sup>(6)</sup>. The *Annex* shows the regulatory activities by each retail category, but the actual number of activities involved would differ depending on the nature and extent of a business operation.

## Recent Review of Regulatory Activities

5. In 2001, a review was conducted on supermarket-related licensing. This included bakery licence; cold store licence; factory canteen licence; food factory licence; fresh provision shop licence; frozen confection factory licence; milk factory licence; siu mei and lo mei shop licence; and permits for the sale of restricted food. The objective of the review was to streamline the licensing systems of food premises, other than general restaurants, with a view to creating and maintaining an open and business-friendly environment for the trade to operate in. Some of the recommendations are still in the implementation stage.

6. There were no other comprehensive reviews on retail licences in recent years.

<sup>(4)</sup> Quarterly Survey of Employment and Vacancies, June 2004.

<sup>(5)</sup> Report on Monthly Survey of Retail Sales, July 2004.

<sup>(6)</sup> Business Licence Information System of Trade and Industry Department.

## **Industry's Concerns**

7. Preliminary discussions with the industry have revealed the following broad issues –

- (a) There is a proliferation of regulations and licences affecting the retail sector. It is suggested that the possibility of a composite licence be explored or that the need for each licence be critically reviewed with a view to keeping the number of licences to the minimum. There are also suggestions that licences should have flexible validity periods.
- (b) There is little consultation with the concerned industry when the Government is considering the introduction of a new regulation.
- (c) There lacks a government department/policy bureau to effectively coordinate and address the concerns of the retail sector. It is difficult to take up trade-related issues with the Government as there are too many government agencies involved.

8. The industry has also raised concerns over the following –

- (a) Enforcement actions against copyright infringement taken by Customs and other government law enforcement agencies are mainly on large retailers;
- (b) The coding system on safety standard requirements of prescribed electrical products is inflexible. International systems other than “BS standards” are not acceptable; and
- (c) Some traditional Chinese medicine which have been legally accepted for sale in Singapore or Australia could not be sold in Hong Kong.

## **Way Forward**

9. Members are invited to give their views on review priorities for the retail regulatory activities and decide on a work programme for the task force.

**List of Regulatory Activities for the Retail Trade**

Types of Regulatory Activities		Executing Agency	Beauty Products / Cosmetics	Catering / Food	Department Stores	Electronic & Electrical Appliances / Telecommunications	Fashion & Accessories	Furniture & Home Accessories	Specialty Stores	Supermarkets / Convenience Stores	Watch & Jewellery
1	Pesticide Licence	AFCD	X	X	X			X	X	X	
2	Animal Trader Licence	AFCD							X		
3	Boarding Establishment Licence for Animals	AFCD							X		
4	Control of Chemicals Ordinance Cap. 145 Licence	C&ED							X		
5	Storage Approval (Schedule 1 or 2 Substance to Cap. 145)	C&ED							X		
6	Permit to Use and Operate Kiddie Ride	EMSD		X	X				X	X	
7	Approval of Domestic Gas Appliances	EMSD			X				X		
8	Licence for Discharge from Industrial, Commercial and Institutional Premises	EPD	X	X	X	X	X	X	X	X	
9	Waste Disposal Licence	EPD	X	X		X			X		
10	Registration of Waste Producers	EPD	X	X		X			X		
11	Approval for Storage of Chemical Waste in Large Container > 450 Litres	EPD	X	X		X			X		

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12	Places of Public Entertainment Licence	FEHD		X	X						
13 #	General Restaurant Licence and Provisional General Restaurant Licence	FEHD			X						
14 #	Light Refreshment Restaurant Licence and Provisional Light Refreshment Restaurant Licence	FEHD			X						
15 *	Bakery Licence and Provisional Bakery Licence	FEHD		X	X					X	
16 *	Milk Permit	FEHD		X						X	
17 *	Frozen Confection Permit for Packaged Confection	FEHD		X	X					X	
18 *	Non-bottled Drinks Permit	FEHD		X						X	
19 *	Restricted Food Permit	FEHD		X	X					X	
20 *	Restricted Food (Sale of Sashimi/Sushi/Oyster & Meat to be eaten in raw) Permit	FEHD		X	X					X	
21 *	Food Factory Licence and Provisional Food Factory Licence	FEHD		X	X					X	

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22 *	Frozen Confection Factory Licence and Provisional Frozen Confection Factory Licence	FEHD		X						X	
23 *	Fresh Provision Shop Licence and Provisional Fresh Provision Shop Licence	FEHD		X	X					X	
24 *	Siu Mei and Lo Mei Shop Licence / Provisional Siu Mei and Lo Mei Shop Licence	FEHD		X	X					X	
25	Liquor Licence	FEHD		X							
26	Coin-operated Automatic Vending Machine Permit	FEHD		X	X					X	
27	Import Licence (Frozen Meat, Chilled Meat, Frozen Poultry and Chilled Poultry)	FEHD								X	
28	Permission for importation of Mainland chilled chicken into Hong Kong	FEHD								X	
29	Approval of goods vehicle for transporting Mainland chilled chicken	FEHD								X	

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30	Registration of Fire Service Installation Contractors, Class 1 and Class 2	FSD							X		
31	Registration of Fire Service Installation Contractors, Class 3	FSD							X		
32	Licence for Storage of Dangerous Goods (Categories 2 to 10 (Excluding Category 9A))	FSD		X							
33	Radioactive Substance Licence and Permit to Move Radioactive Substances	DH	X						X		
34	Irradiating Apparatus Licence	DH	X								
35	Licence for Listed Sellers of Poisons	DH	X						X	X	
36	Certificate of Registration of Premises of an Authorized Seller of Poisons	DH	X						X		
37	Retailer Licence in Chinese Herbal Medicines	DH	X						X		

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38	Wholesaler Licence in Chinese Herbal Medicines	DH	X						X		
39	Wholesaler Licence in Proprietary Chinese Medicines	DH	X						X		
40	Registration of Boilers and Pressure Vessels	LD	X	X	X	X	X	X	X	X	
41 #	Massage Establishments Licence	HKPF	X								
42	Temporary Liquor Licence	HKPF		X							
43	Mobile Radio System Licence (System Consisting of Portables Only)	OFTA		X							
44	Radio Dealer (Unrestricted) Licence	OFTA		X		X					
45	Trade Promotion Competition Licence	TELA	X	X	X	X	X	X	X	X	
<b>Total number of licences under each retail category</b>			15	25	18	7	3	4	21	20	Nil
<b>Total number of executing agencies</b>			6	9	6	4	3	4	8	7	Nil

Note :

- (1) Regulatory activities depend on the nature and the extent of business. The above lists the more common ones for each retail category.
- (2) Activities marked with "\*" have been covered in the supermarket licensing review, and "#" were subjects of past helping business studies.