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Chinese Search for Infant Formula Goes Global

By [EDWARD WONG](#)

HONG KONG — The group of 40 mainland Chinese tourists made all the requisite shopping purchases on a recent trip to Europe: silk scarves, Swiss watches, Louis Vuitton handbags.

And baby milk powder, of course. Loads of it.

Rushing shelves at a supermarket in Germany, Chinese shoppers stuffed a half-dozen large cans into bags, one of the tourists said. “One woman told me, ‘If it was easier to carry, we would buy more; it’s good and cheap here.’ ” recalled the tourist, Zhang Yuhua, 60, who bought two cans.

Chinese are buying up infant milk powder everywhere they can get it, outside of China. And that has led to shortages in at least a half-dozen countries, from the Netherlands to New Zealand. The lack of supply is a reminder of how the consumption patterns of Chinese — and their rising food and environmental safety concerns — can have far-reaching impacts on critical daily goods around the world.

Big retail chains like Boots and Sainsbury’s in Britain now limit individuals to two cans of infant formula per purchase, and customs officials in Hong Kong are enforcing a two-can, or four-pound, restriction on travelers taking it out of the territory — with violators facing fines of up to \$6,500 and two years in prison.

Officials in Hong Kong are treating baby milk smugglers like criminals who traffic in more illicit kinds of powder. In April, the customs police held a [news conference to announce](#) that a two-day “antismuggling operation” had resulted in the breaking up of three “syndicates,” the arrest of 10 people and the seizure of nearly 220 pounds of formula worth \$3,500.

On the mainland, Chinese parents’ obsession with foreign milk powder, which stems from distrust of domestic brands, is stirring a nationalistic “buy China” movement among some officials.

This month, a government agency [announced it had begun an investigation](#) into price-fixing in the baby milk powder industry; targets of the inquiry included some of the biggest foreign companies. Officials also announced stricter inspection procedures throughout the industry, and editorials by state-run news organizations said they hoped Chinese powder makers would improve their standards so as to “defeat” the foreign companies.

Travelers who manage to arrive in China with large amounts of baby milk powder must elude Chinese customs officials, who are now enforcing strict limits on formula imports.

“Milk powder safety is the issue of No. 1 concern among pregnant women and new-baby households,” said Allen Wang, chief executive and co-founder of [Babytree.com](#), the largest online forum for Chinese parents. “People are asking friends, ‘What do you recommend? How do you store up foreign brands? Can you help me if you travel overseas?’ ”

Worries over domestic infant formula surged in 2008, when six babies died and more than 300,000 children fell ill from drinking milk products that had been tainted with melamine, a toxic chemical.

In response, many Chinese turned to buying imported infant milk powder. But in the years since, there have been occasional reports of distributors or retailers in China adulterating foreign-made powder with Chinese formula, and so many Chinese consumers have begun getting their powder directly from overseas.

A [survey by the Pew Research Center](#) showed that 41 percent of Chinese said last year that food safety was a very serious problem, compared with just 12 percent in 2008.

“How can we still trust mainland-made food after reading all these horrendous stories on food safety issues?” said Tina, 28, a Guangzhou resident and the mother of a baby girl. “We are the parents of our children, and nobody can accuse us for just wanting the best for our babies. It’s not that we don’t love our country — we just dare not take the risk.”

Tina, who spoke on the condition that only her English name be used, says she gets 80 percent of her formula through the mail from relatives in New Zealand. And family members go about once a month to Hong Kong to buy diapers and other baby supplies. “Most of my friends get others to carry in baby formula from abroad,” she said.

In China, more mothers are breast-feeding because of the recent scandals, but formula remains popular for various reasons, including aggressive marketing by formula makers. Mr. Wang said Babytree.com’s surveys show about two-thirds of mainland households with babies use formula, and foreign brands command a 60 percent market share. Beijing News reported in May that statistics showed the amount of foreign milk powder that China imports leapt to 310,000 tons in 2009, more than twice the amount in 2008, when the scandal hit. In 2011, it was 528,000 tons.

Prices have risen with demand. Both Mr. Wang and the online edition of People’s Daily, the official Communist Party newspaper, said the prices of foreign-brand formula sold in China had increased by at least 30 percent since 2008. Some 28-ounce cans cost more than \$60.

For safety and price reasons, Chinese increasingly want to buy from someone in the source country. One popular outlet is the Internet — entrepreneurs running online stores ask people they know overseas to mail formula to China. Mainland parents also ask friends or relatives going abroad to mail or bring back formula.

Such was the case with Zhao Jun, 30, who in May asked a friend going on a work trip to Britain to buy cans of a British brand, Cow & Gate, for her baby girl. “In my circles, every mom I know orders milk powder from overseas or buys it from Hong Kong,” said Ms. Zhao, an editor at Tencent, a Chinese Web portal.

Since that first foray into foreign formula, Ms. Zhao has been ordering plenty more Cow & Gate. Online, she finds Chinese students or homemakers abroad who charge for the service of buying formula and mailing it to China. “Usually I buy six cans at a time,” she said.

Ms. Zhao said the recent limits at British retail chains meant that she had to pay those entrepreneurs more of a surcharge, and her friends returning from work trips bring back fewer cans.

Parents are asking why manufacturers cannot increase production to meet demand, and some say the makers might be encouraging the foreign shopping limits to force Chinese to buy the same products at higher prices in China. The [International Formula Council](#), an association of manufacturers, declined an interview request. Mead Johnson Nutrition, an American maker, said in a statement that although it had “strategically located” plants around the world, there were also “uncharacteristic fluctuations in consumer demand — such as the situation in Hong Kong earlier this year.”

Meanwhile, Andrew Opie, food director of the [British Retail Consortium](#), said the limits at retail stores were “being done at the request of manufacturers.”

The government-mandated limit in Hong Kong went into effect March 1. There are large Chinese- and English-language signs on both sides of the busy Hong Kong-Shenzhen border crossing at Lo Wu that warn: “Departing with excessive powdered formula commits an offense.”

At Lung Fung Garden, a street mall that is one subway stop from Lo Wu, employees and managers of pharmacies displaying towers of formula cans said that business had plummeted.

“Before, we would sell out of our stock,” said one man at the Lung Fung Pharmacy. “I feel the government should get rid of the two-can limit.”

Mainland buyers were still swarming the mall, and most appeared to be sticking to the two-can limit. One woman, though, stuffed three cans of Friso Gold formula, at \$25 each, into a black duffel bag.

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