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AGRICULTURAL EXPORT OPPORTUNITIES UPDATE

July 15, 1998

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I. MARKET IN BRIEF

Following is an abstract from the article "Positioned to Lead the Recovery" published in International Herald Tribune, July 6, 1998. This article provides a general overview of the current Hong Kong economy.

"Hong Kong's transition from a colony of Britain to a special administrative region of China is history. AS the first anniversary of the transfer of sovereignty is being celebrated (July 1, 1998), the Hong Kong economy has managed to avoid much of the financial turmoil that has hit many Asian economies during the past year. The Hong Kong dollar's peg to the U.S. dollar has held firm, and Hong Kong's banking system remains solid.

Its open economy has meant that Hong Kong has not been immune to economic weakness in Asia, but the downturn has been more orderly here than elsewhere and has not threatened its underlying structure. Hong Kong's role as Asia's major banking and trade center and as China's trade entrepot have supported Hong Kong's stability relative to other economies in the region, where currencies have weakened and there have been sharp falls in economic performance.

Ian Perkins, chief economist at the Hong Kong Chamber of Commerce, stresses that once Asia begins to recover, Hong Kong will lead this recovery, relying on its strong banking regulation and open economy."

II. KEY MARKET INFORMATION

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1. Daimaru Department Store, a thirty-eight years old Japanese style department store in Hong Kong, announced to close down its business in Hong Kong at the end of 1998. The closing of the store is due to the constant loss of the company in the last few years. The closing of Daimaru is another indication of the current weak retail market in Hong Kong.
2. The new Hong Kong International airport at Chek Lap Kok opened on July 6, 1998. Unfortunately, this multi-billion airport was not operated as the way it supposed to be due to computer and management problems. The air freight cargo terminal would not accept or process any cargo (both in-bound and out-bound) until July 18, 1998, except medical and food products. Although food products are exempted, the volume of cargo that the airport terminal can handle at this stage is limited. This has created a temporary shortage of air freight fresh produces in Hong Kong. The price of some of the fresh fruit, such as cherry and Strawberry has increased 40% in general. However, the situation is expected to be remedied shortly as more fresh produce shipment arrive Hong Kong by sea.

III. UPCOMING PROMOTIONAL ACTIVITIES/EVENTS

The promotional activities listed below are provided for informational purposes only. AND, no endorsement should be implied unless specifically stated. Terms and conditions of participation are the responsibility of the organizer. Contact the organizer directly for additional information.

A. TRADE SHOWS

Trade Shows in the U.S.:

July 15 and 16, 1998: The World Vinifera Conference 1998, Bell Harbor International Conference Center, Seattle, Washington, USA. The World Vinifera Conference is an information packed, two day symposium focusing on the future of the wine industry. Organizer: Washington Wine Commission, 500 Union Street, Suite 945, Seattle, Washington 98101, USA. Tel: 1(800) 481-6704; Fax: (206) 441-6369.

July 19 - 21, 1998: The Produce Marketing Association (PMA) Food Service Conference, Tour & Expo, Monterey, California, USA. The premier event for food service operators, distributors and other industry executives. Designed with the overall theme of produce from the field to the table, the

III. UPCOMING PROMOTIONAL ACTIVITIES/EVENTS

event features a variety of valuable learning and networking opportunities. Organizer: Produce Marketing Association, 1500 Casho Mill Road, PO Box 6036, Newark, DE 19714 - 6036, USA. Tel: (302) 738-7100; Fax: (302) 731 - 2409; <http://www.pma.com>
August 20 - 21, 1998: 1998 Apple Crop Outlook and Marketing Conference, The Fairmont Hotel, Chicago, USA. A meeting which offers unparalleled market intelligence and exclusive outlook of apple industry. Organizer: U.S. Apple Association, P.O. Box 1137, Mclean, Virginia 2201-1137, USA.

October 16-20, 1998: "PMA Convention & Exposition and International Trade Conference", New Orleans, Louisiana, U.S.A. Largest produce exposition in the western hemisphere. The best produce items and the most innovative ideas in merchandising, packaging, ripening, handling and delivery techniques and technologies, market trends and more will be on display at PMA. Organizer: Produce Marketing Association, 1500 Casho Mill Road, P.O. Box 6036, Newark, Delaware 19714-6036, U.S.A.; Tel: (302) 738-7100; Fax: (302) 731-2409.

October 26-28, 1998: "InterBev'98", Dallas Convention Center, Dallas, Texas, USA. The International Beverage Industry Exhibition & Congress. Organizer: InterBev, Tel: (202) 463-6794; Fax: (202) 833-2484.

February 6-8, 1999: United Fresh Fruit & Vegetable Association, 95th Convention & Exposition, San Diego, California, USA. An extensive, comprehensive, educational conference combined with trade show exclusively devoted to tools, technology, equipment, goods and services for the produce industry. Organizer: United Fresh Fruit & Vegetable Association, PO Box 1417 #320, Alexandria VA 22313-9954.

Trade Shows in Asia:

September 1-4, 1998: Food China'98 and Hotel China'98, Shanghai, China. (Formerly Food & Hotel China) The fifth International Food & Drinks Exhibition. Organizer: Hong Kong Exhibition Services, Unit 901-902, 9F Shui Lam Building 23 Luard Road, Wanchai, Hong Kong, Tel: (852) 2804-1500, Fax: (852) 2528-3103. U.S. contact: Ellen Wong, Commerce Tour International, Tel: (415) 433-3072; Fax: (415) 433-2820.

November 4-6, 1998: "The Asian International Seafood Show '98 and Conference, Hong Kong, China. The 1998 Seafood Show will be the second such international seafood exhibition featuring and showcasing seafood products for the food service and retail sectors. Organizer: Hong Kong Exhibition Services, Unit 901-902, 9F Shui Lam Building 23 Luard Road, Wanchai,

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Hong Kong, Tel: (852) 2804-1500, Fax: (852) 2528-3103. U.S. contact: Ellen Wong, Commerce Tour International, Tel: (415) 433-3072; Fax: (415) 433-2820.

December 2-5, 1998: "ChinaMart", Beijing, China. ChinaMart is the first major offering of a supermarket event in Beijing. ChinaMart is expected to attract over 2,000 exhibitors and manufacturers of products for all types of food, beverages, supermarket equipment and technical services for the burgeoning supermarket industry in China and throughout Asia. Over 10,000 food executives from China and other Asian countries are expected. Organizers: E.J. Krause & Associates, Inc., Tel: (301) 493-5500, Fax: (301) 493-5705. J.B. Grant & Associates, Inc., Tel: (202) 785-6703; Fax: (202) 785-4293.

June 22-24, 1999: Singapore Seafood Exhibition and Seafood Processing Asia, Singapore International Convention & Exhibition Center, Singapore. The Singapore Seafood Exhibition will bring together seafood buyers and sellers from Southeast Asia and beyond. It targets on the leading retail, food service, importers and wholesale companies. Organizer: Diversified Business Communications, P.O. Box 7437, 121 Free Street, Portland, Maine 04112-7437 USA. Tel: (207) 842-5504; Fax: (207) 842-5505.

August 25-28, 1999: Food China & Hotel China'99, Beijing, China. The sixth International Food & Drinks Exhibition. Organizer: Hong Kong Exhibition Services, Unit 901-902, 9F Shui Lam Building 23 Luard Road, Wanchai, Hong Kong, Tel: (852) 2804-1500, Fax: (852) 2528-3103. U.S. contact: Ellen Wong, Commerce Tour International, Tel: (415) 433-3072; Fax: (415) 433-2820.

B. IN-STORE PROMOTIONS

June 26 - July 23, 1998: ATO Hong Kong and Guangnan (K.K.) Supermarket Ltd., the fourth largest supermarket chain in Hong Kong at 40 stores, plan to organize a large scale U. S. product promotion. Guangnan (K.K.) has serious Guangdong Provincial Government investment and significant potential to develop into a key player in Hong Kong. The planned US Food Product Promotion with Guangnan (K.K.) creates an excellent opportunity to promote high quality food and agricultural products from the United States. A market penetration program is also near completion for new products and suppliers. Interested companies should contact their State Department of Agriculture & State Regional Trade Group (MIATCO & WUSATA).

November 1998, City Super Promotion: ATO Hong Kong has

III. UPCOMING PROMOTIONAL ACTIVITIES/EVENTS

targeted City Super, a successful department store with a single supermarket in Hong Kong for a possible in-store promotion in 1998. City Super is located in the heart of Hong Kong's retail district and has just announced plans to open a second store in 1998. The store is popular with both expatriates and locals, known for selling premium products. For additional information, please contact ATO Hong Kong.

July 9-21, 1998, CitySuper Buying Team to the U.S.A.: In order to make the U.S. promotion at CitySuper effective, CitySuper will send a buying team to the U.S.A. July 9-21, 1998. The team tentatively plans to visit cities on the West coast and Chicago. Interested U.S. companies who want to schedule a meeting with CitySuper buying team, please contact Western U.S. Agricultural Trade Association, Tel: (360) 574-2627; Fax: (360) 574-7083 or Illinois Department of Agriculture, Tel: (217) 782-6675; Fax: (217) 524-5960.

July 30 - August 9, 1998: ATO Hong Kong and Jusco Department Stores (Hong Kong) will host a U.S. Food promotion at the end of July. Jusco currently has 5 food retail outlets. The promotion has received the support of Market Development Cooperators. Jusco is one of the best performers among the Japanese-style retail department stores in Hong Kong.

C. OTHER ACTIVITIES

Hong Kong Selected to Co-Host 2000 Party

Hong Kong has been selected as one of 31 sites around the world to hold special events to track the breaking of the year 2000 as it spreads across the world's time zones. Each location, including Sydney, Moscow, Paris, London, New York and Rio de Janeiro will have a five-minute segment broadcast in the run-up to its new year. Hong Kong will be cued in by Tokyo with events shifting to Kuala Lumpur, Jakarta, Dhaka, India and then Dubai as the world turns.

IV. OTHER INFORMATION

1. The Agricultural Trade Office and Hong Kong Cooperators have scheduled bi-monthly Cooperator Meetings as follows:

September 10, 1998
November 5, 1998
**November 19, 1998

IV. OTHER INFORMATION

**The annual Strategic Planning Session

Unless stated otherwise, all meetings held in the Conference Room of the U. S. Agricultural Trade Office in Hong Kong, 18th Floor, 33 Garden Road. All cooperators are welcome.

V. LIST OF MARKET BRIEFS & REPORTS AVAILABLE

ATO prepares, commissions market overviews on selected food & beverage topics to assist U.S. exporters identify potential market opportunities and effectively compete in the Hong Kong market. Market overviews are available to companies and individuals through the ATO Hong Kong or Trade Assistance and Promotion Office of the USDA Foreign Agricultural Service (TAPO):

Phone: (202) 720-7420

Fax: (202) 690-4374

Market overviews currently available on are as follows:

Beer
Burbon
Cakes, Cookies and Crackers
Canned Food
Cheese
Confectionery
Cooking Oils and Fats
Dried Fruits and Tree Nuts
Fast Food
Fish, Shellfish and Seafood
Food Retailing
Fresh Fruit and Vegetables
Frozen Fruit and Vegetables
Frozen Desserts
Fruit Juice
Herbs, Spices and Ginseng
Microwaveable Foods
Milk, Milk Products and Ice Cream
Pet Foods
Sauces, Relishes and Condiments
Snack Foods
Soft Drinks
Sparkling and Still Wines
-The Future of Hong Kong, China
-Hong Kong Beyond 1997 - AT A GLANCE
-8th Largest Export Market of U. S. Ag Commodities

V. LIST OF MARKET BRIEFS & REPORTS AVAILABLE

- Hong Kong Food Service Sector Report
- Hong Kong Country Promotion Plan (C.P.)
- Survival in Hong Kong's Retail Market - Revisited

To download a market brief or report, visit the Foreign Agricultural Service Homepage:<http://www.fas.usda.gov>. You'll find more than 100 reports relating to China. Or contact FAS AgExport Services division, (202) 720-7420 phone, Fax: (202) 690-4374; or ATO Guangzhou, China Hotel Office Tower 14/F Guangzhou, 510015 China, Fax: (86-20) 8667-7553. Fax: (86-20) 8666-0703, E-Mail: ato@gitic.com.cn

If you find any of the above information of value, we would greatly appreciate your feedback. Please fax or e-mail your comments to ATO Hong Kong at the above number and/or address.
END OF REPORT