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## Hong Kong

### Retail Foods

### Retail Food Sector

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**Report Highlights:**

Total retail sales of food and drinks in Hong Kong for 2011 reached US\$9.53 billion, representing a strong growth of 10.7 percent compared to 2010. Hong Kong imports of high value food products from the U.S. reached US\$3.35 billion in 2011, consolidating its position as the leading food supplier to Hong Kong. It is expected that Hong Kong will maintain its position as one of the top 5 markets for U.S. consumer ready food products in 2012, as it continues to be a major buying center and transshipment point for other markets in the region. Economic growth in Hong Kong is forecast to be 2% in 2012. Post expects that U.S. products will continue to fair well due to competitive prices and consumer confidence in the quality and safety of U.S. products.

**Post:**

Hong Kong

## SECTION I. MARKET OVERVIEW

## Food Imports

- Due to limited land resources and having a population of 7.1 million, Hong Kong relies on imports for over 95% of its food supply. According to the latest statistics (for 2010) of the Agricultural Fisheries and Conservation Department, the local agricultural industry produced US\$79 million worth of products. It is comprised of US\$30 million in crop production (mainly vegetables), US\$23 million in livestock production, and US\$27 million in poultry production. Local production accounted for 2.5 percent of fresh vegetables, 56.2 percent of live poultry and 6.4 percent of live pigs consumed in the territory.
- Due to its central location, free port status and position as a regional purchasing and distribution center, a significant amount of Hong Kong imports are re-exported.

**Table 1 – Hong Kong Imports (2007-2011) of Consumer Oriented Agricultural Products (COAP) & Seafood**

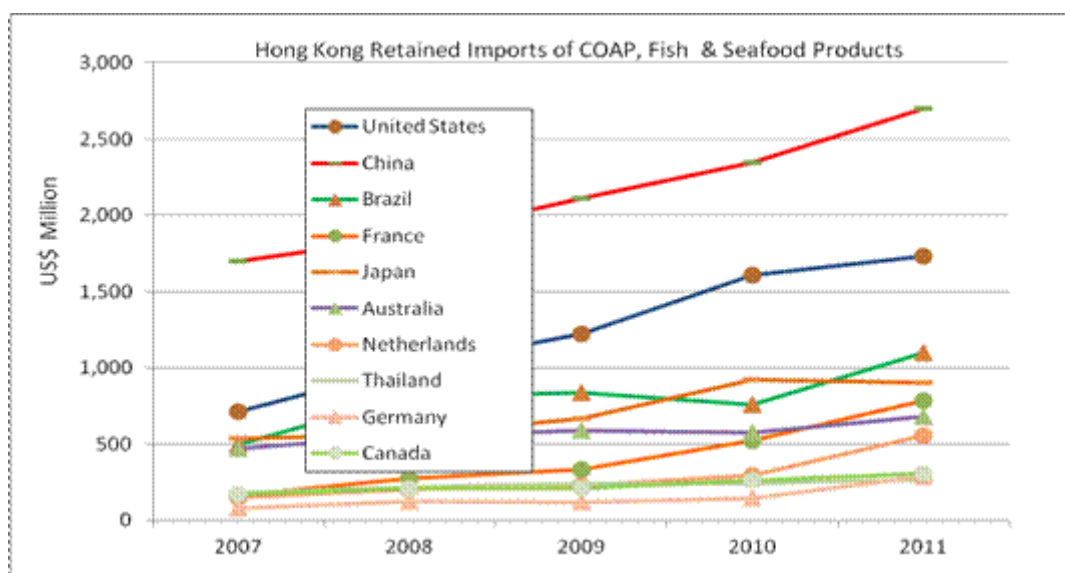
Country	(in US\$ Million)	2007	2008	2009	2010	2011	Growth 11 v 10	Share in 2011	% of Re-exports of Gross Imports
World	Gross Imports	9,098	11,544	12,826	15,270	18,306	20%	100%	28%
	Re-exports	2,435	3,409	3,824	4,427	5,158	17%	100%	
	Retained Imports	6,663	8,135	9,001	10,843	13,148	21%	100%	
United States	Gross Imports	1,042	1,615	1,972	2,766	3,354	21%	18%	48%
	Re-exports	328	609	752	1,155	1,619	40%	31%	
	Retained Imports	715	1,006	1,220	1,611	1,735	8%	13%	
China	Gross Imports	2,007	2,215	2,446	2,735	3,203	17%	17%	16%
	Re-exports	309	356	334	392	503	28%	10%	
	Retained Imports	1,698	1,859	2,112	2,344	2,700	15%	21%	
Brazil	Gross Imports	989	1,441	1,575	1,415	1,649	16%	9%	33%
	Re-exports	491	630	737	658	551	-16%	11%	
	Retained Imports	498	811	838	757	1,098	45%	8%	
France	Gross Imports	251	385	446	688	997	45%	5%	22%
	Re-exports	88	111	115	162	216	33%	4%	
	Retained Imports	164	274	331	526	782	49%	6%	
Japan	Gross Imports	573	603	709	971	954	-2%	5%	5%
	Re-exports	36	41	43	51	51	0%	1%	
	Retained Imports	536	562	665	920	903	-2%	7%	
Australia	Gross Imports	529	613	682	659	755	15%	4%	10%
	Re-exports	58	59	91	83	78	-6%	2%	
	Retained Imports	470	553	591	576	677	18%	5%	
Netherlands	Gross Imports	211	306	323	386	666	72%	4%	17%
	Re-exports	60	100	95	91	111	22%	2%	
	Retained Imports	151	206	228	295	554	88%	4%	
Thailand	Gross Imports	410	486	590	527	583	11%	3%	54%
	Re-exports	226	267	350	288	312	8%	6%	
	Retained Imports	184	219	240	239	271	13%	2%	
Germany	Gross Imports	148	302	287	307	435	42%	2%	34%
	Re-exports	73	180	168	166	146	-12%	3%	
	Retained Imports	76	122	118	141	289	105%	2%	
Canada	Gross Imports	217	342	312	394	403	2%	2%	24%
	Re-exports	43	133	104	133	97	-27%	2%	
	Retained Imports	173	209	207	261	306	17%	2%	
Total of Top 10 Suppliers	Gross Imports	6,378	8,307	9,341	10,849	12,999	20%	71%	28%
	Re-exports	1,712	2,486	2,790	3,179	3,684	16%	71%	
	Retained Imports	4,666	5,821	6,551	7,670	9,316	21%	71%	
Total of Rest of World	Gross Imports	2,721	3,237	3,484	4,421	5,307	20%	29%	28%
	Re-exports	723	923	1,034	1,248	1,475	18%	29%	
	Retained Imports	1,998	2,314	2,450	3,173	3,832	21%	29%	

(Source: Calculations based on World Trade Atlas data)

(Retained Imports = Gross Imports into Hong Kong – Re-exports out of Hong Kong)

- Hong Kong is a mature and sophisticated market with a growing demand for gourmet foods. At the same time, most Hong Kong shoppers are price conscious consumers looking for “value for money” products. The continuous influx of tourists and capital contributed to the economic growth in Hong Kong. As a result, the demand for food imports continued to grow in 2011. Major import items included red meats, fruits, poultry meat, seafood and tree nuts.
- Thanks to the fast-growing economy and consumer affluence, total retained imports of consumer-oriented agricultural products (COAP) and Seafood products in Hong Kong grew by 21% in 2011.
- The U.S. consolidated its position as the largest supplier of COAP and Seafood products to Hong Kong in 2011. Retained imports of these products from China and the U.S. in 2011 reached US\$2.7 billion and US\$1.7 billion, representing market shares of 21% and 13% respectively.
- Hong Kong’s status as a gateway for trade with other markets in the region is increasingly opening up greater avenues for U.S. high value food products. In 2011, Hong Kong imported over US\$18 billion COAP and Seafood from the world and re-exported 28% of these products. (Source: Hong Kong Census and Statistics Department).
- “Retained” imports of COAP and Seafood Products have grown from US\$6.7 billion in 2007 to US\$13.1 billion in 2011, an increase of over 97%. The following chart compares the major suppliers of these products from 2007 to 2011.

**Chart 1 – Market Share of Agricultural Product Suppliers to Hong Kong**



(Source: Calculations based on World Trade Atlas data)

- The following table shows the most popular COAP and Seafood Products that Hong Kong imported from the World:

**Table 2 – Hong Kong Imports of**

### COAP and Seafood Products from the World (US\$ million)

HS	Description	2010	2011	Share in		Growth 11 v 10
				2010	2011	
Group 125	Consumer Oriented Agriculture Total	12,212	14,790	80%	81%	21% *
Group 77	Fish & Seafood Products	3,058	3,516	20%	19%	15%
<b>TOP 20 Items</b>						
0207	Meat And Edible Offal Of Poultry (Chickens, Ducks,	1,689	1,992	11%	11%	18%
0206	Edible Offal Of Bovine Animals, Swine, Sheep, Goat	1,382	1,562	9%	9%	13%
0802	Nuts Nesoi, Fresh Or Dried	1,192	1,265	8%	7%	6%
2204	Wine Of Fresh Grapes, Including Fortified Wines; G	899	1,259	6%	7%	40% *
0307	Molluscs & Oth Aquatic Invertebrates Nesoi, Live,	1,001	1,180	7%	6%	18%
1602	Prepared Or Preserved Meat, Meat Offal Or Blood, N	518	809	3%	4%	56% *
0402	Milk And Cream, Concentrated Or Containing Added S	539	757	4%	4%	40% *
0203	Meat Of Swine (Pork), Fresh, Chilled Or Frozen	542	746	4%	4%	38% *
0305	Fish, Dried, Salted Or In Brine; Smoked Fish; Fish	471	570	3%	3%	21% *
0306	Crustaceans, Live, Frsh, Chilled, Frzn Etc.; Crust	572	555	4%	3%	-3%
0202	Meat Of Bovine Animals, Frozen	458	535	3%	3%	17%
2201	Waters, Including Natural Or Artificial Mineral Wa	423	452	3%	2%	7%
210690	Food Preparations Nesoi	327	401	2%	2%	23% *
0810	Fruit Nesoi, Fresh	287	384	2%	2%	34% *
0806	Grapes, Fresh Or Dried	251	324	2%	2%	29% *
1905	Bread, Pastry, Cakes, Bisuits And Other Bakers' Wa	280	315	2%	2%	13%
1605	Crustaceans, Molluscs And Other Aquatic Invertebra	169	311	1%	2%	85% *
0301	Fish, Live	273	271	2%	1%	-1%
0805	Citrus Fruit, Fresh Or Dried	226	256	1%	1%	13%
0809	Apricots, Cherries, Peaches (Including Nectarines)	186	252	1%	1%	36% *

(Source: Calculations based on World Trade Atlas data)

(\* Fastest-growing items are marked with an asterisk)

### Hong Kong agricultural imports from the U.S.

- Hong Kong imported over US\$3.35 billion worth of COAP and Seafood Products from the U.S., which accounted for 18.3% of the market share. The top U.S. exports to Hong Kong in 2011 were meat, tree nuts, seafood, fruit & vegetables (please see table below). U.S. products have been more price-competitive because of the weakening of the U.S. Dollar. In addition, the frequent food scares originating from food supplies in China have also driven the demand of high quality products from the U.S. and are opening up more opportunities for organic products.

**Table 3 – Hong Kong Imports of**

### COAP and Seafood Products from the U.S. (US\$ million)

HS	Description	2010	2011	Share in		Growth 11 v 10	
				2010	2011		
Group 125	Consumer Oriented Agriculture Total	2,592	3,135	94%	93%	21%	*
Group 77	Fish & Seafood Products	173	219	6%	7%	26%	*
<b>TOP 20 Items</b>							
0802	Nuts Nesoi, Fresh Or Dried	736	929	27%	28%	26%	*
0207	Meat And Edible Offal Of Poultry (Chickens, Ducks,	581	755	21%	23%	30%	*
0206	Edible Offal Of Bovine Animals, Swine, Sheep, Goat	212	169	8%	5%	-20%	
0202	Meat Of Bovine Animals, Frozen	98	162	4%	5%	64%	*
0805	Citrus Fruit, Fresh Or Dried	128	138	5%	4%	8%	
0307	Molluscs & Oth Aquatic Invertebrates Nesoi, Live,	92	125	3%	4%	37%	*
0806	Grapes, Fresh Or Dried	100	97	4%	3%	-2%	
1602	Prepared Or Preserved Meat, Meat Offal Or Blood, N	49	87	2%	3%	78%	*
0809	Apricots, Cherries, Peaches (Including Nectarines)	68	84	2%	3%	24%	*
0808	Apples, Pears And Quinces, Fresh	67	82	2%	2%	23%	*
2204	Wine Of Fresh Grapes, Including Fortified Wines; G	48	76	2%	2%	57%	*
0306	Crustaceans, Live, Frsh, Chilled, Frzn Etc.; Crust	58	62	2%	2%	7%	
210690	Food Preparations Nesoi	42	60	2%	2%	41%	*
0203	Meat Of Swine (Pork), Fresh, Chilled Or Frozen	52	49	2%	1%	-7%	
2008	Fruit, Nuts And Other Edible Parts Of Plants, Othe	26	36	1%	1%	39%	*
0407	Birds' Eggs, In The Shell, Fresh, Preserved Or Coo	23	32	1%	1%	44%	*
230910	Dog And Cat Food, Put Up For Retail Sale	26	31	1%	1%	18%	
2004	Vegetables, Other Than Tomatoes, Mushrooms And Tru	28	30	1%	1%	6%	
2103	Sauces And Preparations Therefor; Mixed Condiments	28	29	1%	1%	6%	
121120	Ginseng Roots, Fresh Or Dried, Whether Or Not Cut,	49	28	2%	1%	-43%	

(Source: Calculations based on World Trade Atlas data)

(\* Fastest-growing items are marked with an asterisk)

### Economy

- Hong Kong's economy continued to grow in 2011, particularly with the continued influx of investment, particularly from Mainland China. GDP and per capita GDP grew by 8.6% and 8%, and reached US\$242 billion and US\$34,106 respectively in 2011.

**Table 4 – Hong Kong: Gross Domestic Product and GDP per capita**

	2010	2011	Growth 11 vs 10
GDP	US\$223 billion	US\$242 billion	+8.6%
GDP per capita	US\$31,593	US\$34,106	+8.0%

(Source: Hong Kong Census & Statistics Department)

### Outlook of the Retail Food Sector in 2012

- The outlook for spending on food is slightly less optimistic as the Hong Kong economy is not currently expected to grow at the same pace as in both 2010 (7 percent) and 2011 (8 percent). Growth in food imports is expected in 2012 but at a slightly less robust pace. However, U.S. agricultural products are well known in the market for their good taste and quality. In addition, the peg between U.S. dollar and HK dollar will provide much needed foreign exchange stability which will make buying U.S. products more advantageous.

**Table 5 – Hong Kong:  
Summary of the Key Strengths and Challenges for the Market**

Strengths	Weaknesses
Hong Kong is one of the top markets in the world for food and beverages, processed, fresh and frozen gourmet products. U.S. exports of high value food and beverage (HVFB) products to Hong Kong reached US\$2.56 billion, consolidating Hong Kong's position as the 5th largest market for the U.S. in 2011.	U.S. food products are not always price competitive. China is the largest competitor of U.S. food products.
Hong Kong is a major trading hub where buyers make purchasing decisions for hundreds of millions of dollars of consumer oriented products that are transshipped to China and other parts of Asia.	Lengthy transportation time and availability of product due to seasonality (e.g. fresh produce) associated to importing U.S. food and beverage products to Hong Kong can make them less competitive than products available in the region or from China, Australia New Zealand (favorable in terms of location).
U.S. food products enjoy an excellent reputation among Hong Kong consumers, as they are renowned for high quality and food safety standards.	The importance of Hong Kong as a transshipment point and buying center for China and elsewhere is not widely known to U.S. exporters.
The U.S. is the 2 <sup>nd</sup> largest supplier of agricultural, fisheries and forestry products to Hong Kong. For HVFB products, the U.S. remained as the largest supplier to Hong Kong in 2011.	Hong Kong labeling and residue standards differ in some cases, which can impede trade.
Technical barriers to imports of U.S. products are generally very low.	Numerous HK food regulations are not in line with Codex, which can complicate import clearances.
There is a wide variety of U.S. products available to Hong Kong consumers (over 30,000 different items).	While Hong Kong has one of the busiest container terminals in the world, it also has the most expensive port handling charges.
The link between the Hong Kong Dollar (HKD) to the U.S. Dollar help insulate the HKD from currency fluctuations.	Hong Kong's top supermarkets are a duopoly that often request slotting fees.
In general, implementation and application of regulations is transparent and open.	Inflation is on the rise in Hong Kong. The increase in food prices may cause some consumers to turn to more lower-price lower-quality food products where U.S. products do not enjoy strong competitive advantage.
Hong Kong exporters choose to work with Hong Kong importers and distributors to get their products to Mainland China because of Hong Kong's dependable legal system, financial system and rule of law.	
Most trans-shipments to Macau are purchased, consolidated and shipped via Hong Kong.	
Demand is increasing most rapidly for "healthy"	

and gourmet foods, market segments where the U.S. is especially strong.	
Hong Kong concerns over food safety have made U.S. food products as a top choice for quality and safety.	
Hong Kong's modern and efficient port terminal and free port status make it an attractive destination and for re-exports.	
Hong Kong is a "quality" and trend driven market so price is not always the most important factor for food and beverage purchases.	
Hong Kong is a dynamic market with a sophisticated international community where new high quality products are readily accepted.	
Hong Kong is dependent on imports for meeting its food needs. With continued economic growth, U.S. high value food & beverage (HVFB) exports to Hong Kong grew by 21% in 2011 compared to 2010 and consolidated Hong Kong's position as our 5 <sup>th</sup> largest market for HVFB products in the world.	
Biotech products are freely imported and products containing biotech ingredients are generally not controversial.	
Lack of local production means virtually no protectionist pressures for food and agricultural products.	
Hong Kong is in an economically vibrant region and its economy is expected to grow by 2% in 2012.	
Hong Kong's duopolistic supermarkets have a wide distribution network. Cold chain and distribution channels for food products are generally efficient and dependable, as is the customs clearance process.	

## Retail Sales and Outlets

- Total retail sales of food and drinks in Hong Kong for 2011 reached US\$9.53 billion, representing growth of 10.7 percent compared to 2010. Relatively sound economic growth prospects from 2012 should help maintain growth in the food retail sector and food retail sales, which are expected to reach a level of over US\$10 billion in 2012.

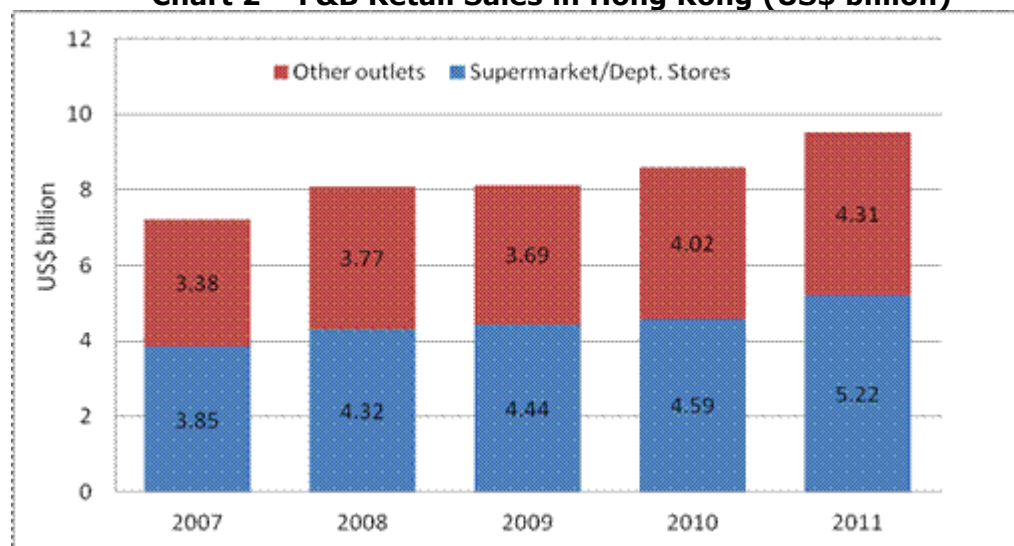
**Table 6 – F&B Retail Sales in Hong Kong (US\$ billion)**

Channel	2007	2008	2009	2010	2011	Growth (11 vs 10)
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Supermarket/Dept. Stores	3.85	4.32	4.44	4.59	5.22	13.7%
Other outlets	3.38	3.77	3.69	4.02	4.31	7.2%
<b>Total</b>	<b>7.23</b>	<b>8.09</b>	<b>8.13</b>	<b>8.61</b>	<b>9.53</b>	<b>10.7%</b>

(Source: Hong Kong Census and Statistics Department)

**Chart 2 – F&B Retail Sales in Hong Kong (US\$ billion)**



- Despite a highly centralized supermarket retail network, with two supermarket chains accounting for about 80 percent of the supermarket turnover, the total number of retail establishments stands at approximately 14,000. Retail shops in Hong Kong generally are very small in size, about 97 percent of which hire less than 10 employees.
- Traditionally, Hong Kong consumers shop for food daily because of a preference for fresh food. Much of the shopping is still done in traditional markets including wet markets and mom-and-pop shops. While both wet market and supermarket sales are increasing, supermarkets are taking a greater share of total sales. The supermarket's share in terms of retail sales rose from 44 percent of total sales in 1995 to 55 percent in 2011.
- Although there will not be significant growth of the number of supermarkets, the retail sales share of supermarkets is expected to continue to expand in the future at the expense of that of traditional markets. Many supermarkets in Hong Kong now have successfully tapped the fresh food market by offering foods at very competitive prices and providing a comfortable shopping environment, which is different from traditional wet markets.

**Table 7 – Sales by Retail Outlet**

Outlet	2007	2008	2009	2010	2011
Supermarkets/ Dept. stores	52%	54%	53%	53%	55%
Other outlets	48%	46%	47%	47%	45%
Total	100%	100%	100%	100%	100%

(Source: Hong Kong Census and Statistics Department)

- Overall, wet markets are strong in fresh foods, while supermarkets are strong in processed,



chilled and frozen, high added value, and canned food products. The competition between wet markets and supermarkets has intensified in recent years. Some wet markets have turned air-conditioned and provide free shuttle to nearby residential areas.

## **Import Regulations**

### ***Duties***

With the exception of spirits, all food and beverage products can be imported to Hong Kong duty free.

### ***Certificates & Permits***

In Hong Kong, the legal framework for food safety control is defined in part V of the Public Health and Municipal Services Ordinance and the Food Safety Ordinance. The basic tenet is that no food intended for sale should be unfit for human consumption. Technical requirements for imports vary significantly according to the product. Products which require import permits/health certificates include meat, milk and frozen confections. The Hong Kong Government (HKG) also plans to implement a health certification requirement for eggs and seafood products. The HKG accepts import applications from Hong Kong importers. In other words, local importers and not U.S. exporters are required to apply for import permits. U.S. exporters need to supply their agents/importers with necessary documentation such as health certificates from the U.S. government.

### ***Labeling***

All prepackaged food products in Hong Kong have to comply with Hong Kong's labeling regulation. There are also labeling requirements for allergens and nutrients. U.S. labels may not be able to meet with Hong Kong labeling requirements particularly for products with nutritional claims. However, the Hong Kong government allows stick-on food labels, which could be arranged by Hong Kong importers with the permission of the manufacturers.

The marking or labeling of prepackaged food can be in either the English or the Chinese language or in both languages. If both languages are used in the marking and labeling of prepackaged food, the name of the food, ingredient lists and nutrition information have to be provided in both languages.

### ***Labeling for Biotech Food***

The HKG does not have any specific biotechnology regulations with regard to the labeling of biotech food products. It makes no distinction between conventional and biotech foods. All are subject to the same food safety regulation. The HKG continues to promote voluntary labeling of GMO products as a viable alternative for the trade. The guidelines on labeling for biotech foods, released in 2006, are advisory in nature and do not have any legal effect. The threshold level applied in the guidelines for labeling purpose is 5 percent, in respect of individual food ingredient. Negative labeling is not recommended.

### ***Organic Certification***

While the Hong Kong Organic Center provides organic certification for local produce, Hong Kong

does not have a law regulating organic food products. U.S. organic products can be sold in Hong Kong with the USDA organic logo.

### ***Others***

Under the food ordinances, there are regulations governing the use of sweeteners, preservatives, coloring matters, and metallic contaminants. The Hong Kong government enforces its food safety control according to Hong Kong's food regulations. In the absence of a particular provision in Hong Kong food regulations, the HKG would draw reference from Codex and/or conduct risk assessments to determine whether a food meets the food safety standard.

The Hong Kong government is planning to introduce a regulation governing the residue limit of pesticide in foods in April 2012. Its framework is largely built on Codex's standard, supplemented by standards adopted in China, Thailand the U.S.

For details on Hong Kong's general import regulations for food products, please refer to GAIN Report #1145. (This report is available at:

<http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>)

### **General Consumer Tastes and Preferences**

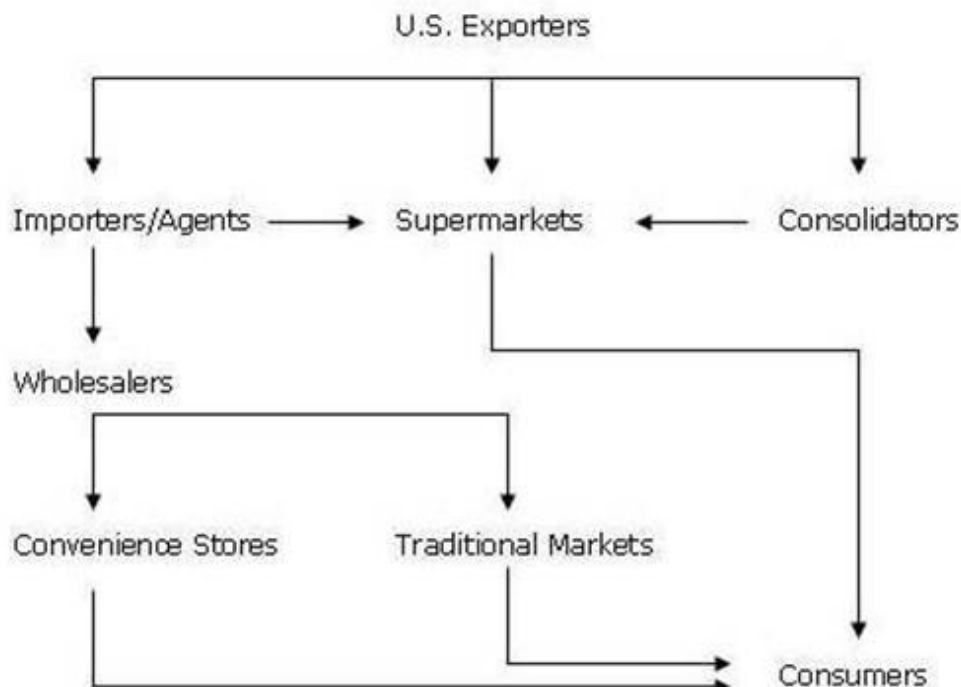
- There is a growing popularity of frozen foodstuffs because more and more consumers believe that frozen foods are more hygienic. However, Hong Kong consumers in general still prefer fresh foodstuffs, particularly fish and poultry meat.
- Due to the increasing prevalence of dual income families, ready-to-cook food has become more popular. The major supermarket chains in Hong Kong have been putting more emphasis on convenience foods, especially in their pre-prepared sections that are virtually serving ready-to-eat foods.
- There is most potential for growth in the processed/convenience sectors of Hong Kong's retail food markets for U.S. high value consumer foods such as general grocery items, ingredients for home meal replacement, and health food.
- Hong Kong consumers have become more aware of food safety issues and nutrition values of food products. Clear indications of nutritional value on the package have been a good marketing strategy for health foods.
- The sales of organic products have been increasing steadily. The price discrepancy between conventional and organic foods has also narrowed over the years. Currently, organic products are generally priced between 20-40% higher. The most popular organic products are baby foods, vegetables, fruits, eggs, fresh meats, and fruit juices.
- Foods categorized as natural and having benefits to health are also appealing to Hong Kong consumers. For example, nut suppliers promote nuts as healthy snacks good for the heart, and many cereals are marketed as an effective means of controlling cholesterol.
- Hong Kong eliminated its import duty on wine in February 2008 and stimulated a surge in volumes and quantity of wines imports into Hong Kong. Consumption of wine is growing in popularity in Hong Kong. Hong Kong's wine imports in 2010 reached US\$1.2 billion and 45.5 million liters, an increase of 41% in value and 23% in quantity over 2010. For more information on the wine market in Hong Kong, please refer to GAIN Report #HK1204. (This

report is available at: <http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>)

- Demand for promotion package and discounts. Consumers are very price sensitive. Marketing tactics such as selling bundled economy packs or enclosing complimentary samples are usually used to stimulate sales. The most direct and effective marketing tool is to offer discounts.
- Because of the limited living space in Hong Kong, it is inconvenient for Hong Kong consumers to store food products. Therefore, bulk-pack food products do not sell well in Hong Kong, and small package food products are preferred.

## SECTION II Road Map for Market Entry

### A. Market Structure



- U.S. exporters intending to sell to supermarkets can go through either one of the above channels. While certain supermarkets have tried to order an assortment of imports through consolidators, the bulk of supplies come from local agents or importers.
- Convenience stores and traditional retail outlets buy goods from local importers and agents. Due to relatively little turnover, they are not interested in buying direct from exporters or through consolidators. Therefore, U.S. food exporters have to go through Hong Kong importers to have their products sold in convenience stores or traditional markets.

### Supermarkets

**Table 8 – Profiles of Leading Supermarket Chains in Hong Kong**

Name of	Ownership	Annual Food	No. of Outlets	Type of
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<b>Retailer</b>		<b>Sales</b>		<b>Purchasing agent</b>
Wellcome	Hong Kong	Over US\$1 billion (est.)	Around 250	Importers/Agents Exporters Consolidators
ParknShop	Hong Kong	Over US\$1 billion (est.)	Around 250	Importers/Agents Exporters Consolidators
CRVanguard Shops	China	Not available	86 shops & 11 superstores	Importers/Agents Exporters
DCH Food Mart	Hong Kong	Not available	41 DCH Food Mart & 42 DCH Food Mart Deluxe	Importers/Agents Exporters
Jusco Stores (HK) Ltd.	Japan	Over US\$250 million (est.)	6 supermarkets within department stores and 5 separate supermarkets	Importers/Agents
CitySuper	Hong Kong	Not available	4	Importers/Agents Consolidators
Oliver's The Delicatessen	Hong Kong	Not available	1	Importers/Agents Consolidators
Uny	Japan	Not available	1	Importers/Agents
Sogo	Japan	Not available	2	Importers/Agents

- There are two dominant supermarket chains in Hong Kong: The Wellcome Co. Ltd. (around 250 outlets) and ParknShop (around 250 outlets). ParknShop and Wellcome account for about 80% of all supermarket turnovers in Hong Kong. Both supermarkets are able to work closely with real estate developers to open stores in strategic locations, thus maintaining their significant market share. The other players include: China Resources Vanguard Shops (CRVanguard), Dah Chong Hong (DCH) Food Marts, Jusco and CitySuper.
- In the past decade, a "superstore" concept has emerged in the operation of supermarkets, blending the Western supermarket style with a traditional Hong Kong wet market. Superstores offer traditional Chinese fresh food like live fish, meats, ready-to-eat foods and market-style fruit and vegetables as well as the most extensive range of international products.
- ParknShop opened its first superstore in 1996 with a floor area of 45,000 sq. ft. Presently, its largest supermarket in Hong Kong has a floor area of 72,000 sq. ft. giving customers a modern one-stop shopping solution. The store sells over 20,000 product categories ranging from snacks to electrical household appliances. The ParknShop supermarket chain carries two of its own-label product lines, namely PARKnSHOP and Best Buy, first introduced in 1995. ParknShop is also associated with other supermarkets by the name of Great, Gourmet, Fusion, International and Taste. These high-end supermarkets cater mostly to the expatriates and more affluent clientele. They are ideal outlets for innovative, quality and priced international food products. These stores also carry a wide selection of organic products. Great adopts a stylish international food hall concept and its flagship store offers over 46,000 gourmet items. The first 35,000 square feet TASTE food galleria was opened in November 2004, and features more than 25,000 quality food items sourced from around the world. Gourmet, opened in 2005, occupied 15,000-square-foot store offering a selection

of over 20,000 products carried across 30 merchandise categories of quality and premium foods.

- Dairy Farm, which owns another major supermarket chain – Wellcome, has opened an upscale supermarket in Hong Kong's central commercial area catering to the more affluent clientele. The new store called "Three Sixty" was opened in November 2006. With a floor area of 23,000 square feet, it is Hong Kong's largest retail outlet for organic and natural products. About 6,000 items or 70% of the items in the store are organic or natural products. The store includes an organic sector for baby products. "Health" and "natural" are the key concepts of this store. The second "Three Sixty" was opened in October 2007.
- CRVanguard focuses on local customers. While carrying a variety of products from different countries, a major portion of them comes from China.
- Dah Chong Hong's outlets (DCH Food Marts) are generally located near wet markets. While being an importer of a variety of products, its retail outlets focus on frozen meat and seafood products. Dah Chong Hong is also a major food importer.
- CitySuper and Oliver's The Delicatessen capture an upscale market. Clientele includes mainly well-off middle class and expatriates. Customers are generally receptive to western foods. Both high-end supermarkets require no listing fees.
- Gateway Superstore and PrizeMart are two supermarkets in Hong Kong selling primarily U.S. products. PrizeMart has 18 stores and Gateway has 1 store. Both supermarkets import directly from US consolidators and do not charge listing fees.
- Jusco, Sogo and Uny are Japanese department stores with supermarket sections. These supermarkets attract many middle-class customers, who are receptive to new products and do not mind to pay for higher prices for higher quality products. These three stores are popular spots for in-store promotions as they are packed with consumers seven days a week.
- Hong Kong supermarkets require listing fees which are fees charged to allow a new product to be put on their shelves. This is a one-off fee for a trial period. The listing fees are extremely negotiable and vary greatly among different supermarket chains. Major supermarket chains, such as Wellcome and ParknShop which have many branch stores, have expensive listing fees. Industry sources revealed that key supermarket chains may charge HK\$1,000 (US\$130) per SKU for each of its store. A 30% discount may be offered to certain suppliers. The discount offered varies tremendously depending on the popularity of the products and the bargaining power of the supplying companies. Agents/importers will not bear this cost as it is normally just transferred to their principals.
- U.S. exporters should be prepared to encounter numerous trading term demands from Hong Kong food retailers, such as promotional discounts (number of discount promotions offered each year); back-end income (flat rebate per year that a U.S. exporter has to pay to the retail chain based on the annual turnover); D.G.A. (Distribution allowance - the fee that the supermarkets charge for distributing the products from its warehouse to its many branch stores); and incentive rebate (a percentage of turnover rebated to the supermarkets in case sales exceed the agreed amount). It can be expected that the bigger the supermarket, the harsher the trading terms. For general reference, about 15% of the annual turnover has to be rebated to the major supermarkets and 8% to small ones. Agents

representing very popular items with large turnover usually have a stronger bargaining power and will be able to negotiate for a lower rebate rate.

- In face of strong competition, major supermarket stores often offer discounts and tend to transfer the cost to suppliers by requesting lower prices for supplies. Given supermarkets' strong bargaining power, many suppliers have to give supermarkets special discounts which ordinary retailers do not enjoy.
- There is excellent growth potential in Hong Kong's retail food market for U.S. grocery store items, particularly new and different items, as food retail outlets continue to increase and diversify. Because of established ties and traditional relationships, most of Hong Kong's supermarket chains traditionally looked to Britain, Australia, New Zealand, and Canada for supplies. In recent years, however, buying habits are shifting and many more American items are now available on local grocery store shelves. Supermarkets tend to use consolidators to help them source new products which are popular in the United States.

#### Market Entry Approach

- Through setting up a representative office in Hong Kong: While this is the most effective approach, it is very costly.
- Through U.S. Consolidators: Major supermarkets in Hong Kong work with U.S. consolidators for some of their products. However, the product quantities requested per shipment are usually small, especially when new products are purchased to test the market.
- Using Hong Kong Agents: This is the most popular approach. The advantage of having an agent is that it can help with marketing and distribution. Some companies may secure a very competitive price package with TV/magazine/radio for advertisements. In addition, well-established companies have extensive distribution networks not limited to one or two supermarkets.
- Direct to Supermarkets: For branded products to sell direct to supermarkets, supermarkets usually require exclusive rights in selling the products in Hong Kong through their own outlets only. Otherwise, they will not consider any direct imports. In this case, expensive listing fees may be waived. For non-branded and large turnover products such as fruit, meat, and vegetables, supermarkets tend to buy direct from overseas exporters to cut costs.
- Direct selling to supermarkets is difficult to handle because they demand strict on-time delivery and very often will not be able to take a whole container. Logistics is the largest problem that U.S. exporters have to deal with if they want to sell direct to supermarkets. However, they can better test the market if they deal directly with retailers.

#### Convenience Stores

**Table 9 – Profiles of Leading Convenience Stores in Hong Kong**

<b>Retailer Name</b>	<b>Ownership</b>	<b>No. of Outlets</b>	<b>Locations</b>	<b>Purchasing agent</b>	<b>Year established</b>	<b>Clients' age</b>
7-Eleven	Hong Kong	964	Hong	Importers	1981	15-35

			Kong	Agents		
Circle K	Hong Kong	319	Hong Kong	Importers Agents	1985	15-35

- There are over 1,300 convenience stores in Hong Kong. Two major chains dominate the market: 7-Eleven (964 outlets) and Circle K (319 outlets). They are targeting the customer age group of 15-35. Convenience stores are characterized by round-the-clock operation. Since only a limited choice of brand names is available and prices are generally less competitive, most purchases are "convenience" in nature, i.e. goods are normally bought in small quantities for immediate consumption. Good sales items include packaged drinks, beer and snack food. The average size of a convenience store is 1,000 sq. ft. Listing fees are also required for convenience stores.

#### Market Entry Approach

- Convenience stores largely buy goods from local importers and agents. Therefore, U.S. food exporters have to go through Hong Kong importers to have their products sold in convenience stores.

#### Traditional Markets

- Traditional markets include wet markets and mom-and-pop shops. They are widespread throughout the territory. Traditional markets used to account for the lion's share of food retail. For example, they occupied around 54% of total retail food sales between 1995 and 1997. Yet supermarkets sales have exceeded traditional markets sales since 1998, and the dominating trend of the former is likely to persist and deepen in the future. Despite the growing significance of supermarkets in terms of food retailing, traditional markets remain key food retail outlets, particularly for seafood, meat and groceries. Wet markets in Hong Kong have changed gradually over the years. The newly built markets are built and managed by the Hong Kong government with air-conditioning and a more hygienic and pleasant environment than the old ones. Some, but not all, stalls in wet markets have freezers and chilling equipment, which is necessary to maintain food quality.
- Mom-and-pop shops around housing estates and schools are ideal retail outlets for drinks and snack foods. Such traditional markets offer small stalls and personal services that many Hong Kong consumers enjoy.
- "Kai Bo" is a growing local supermarket chains which started business in early 1990s. Kai Bo now has 84 stores. A typical store has a floor area ranging around 1,500 sq. feet. Their stores sell mainly processed foods and produce. Most of the food supplies in these shops come from China and South East Asia. They also import snack foods and drinks from Europe. "Kai Bo" featured more on frozen products. However, only a few U.S. foods are on their shelves as these stores feature cheap prices and are after the mass market.

#### Market Entry Approach

- U.S. food exporters must go through local importers or agents that have good distribution networks.

#### Trends in Promotional/Marketing Strategies and Tactics

- Supermarkets expanding store size: The supermarket industry is undergoing a face-lift to

introduce larger size stores with an objective to provide one-stop shopping and convenience for customers. In addition to traditional grocery and household products, supermarkets are moving towards larger, more modern stores with more fresh food.

- Increasing demand for promotion packages and discounts: Hong Kong consumers are very price sensitive. Marketing tactics such as selling larger economy packs or enclosing complimentary samples are usually used to stimulate sales. The most direct and effective marketing tool is to offer discounts.
- In face of strong competition, major supermarket stores often offer discounts and tend to transfer the cost to suppliers by requesting lower prices for supplies. Given supermarkets' strong bargaining power as they have many retail outlets, many suppliers have to give supermarkets special discounts which ordinary retailers do not enjoy.
- Consumers becoming increasingly health-conscious and organic products picking up in popularity: There has been a gradual shift in what food consumers want in Hong Kong. The importance of meat, especially red meat, has declined among some consumers, while other food groups, such as fruits and vegetables, are gaining in popularity. Consumers increasingly look for freshness, healthiness, new varieties and shorter meal-preparation time for food. Consumers want foods of higher nutritional value, but also increasingly pay attention to food safety and hygiene. In short, the marketing trend is to position food products as healthy, natural, nutritional, etc.
- Internet direct sales of food: Major supermarkets like ParknShop and Wellcome offer grocery shopping over their websites. The service is however not attracting a lot of interest, due to the convenience of shopping in Hong Kong, security concerns over payment via the internet and the cost of delivery.
- Growing awareness of U.S. products fit supermarkets' needs to diversify product range: With awareness of the high quality and variety of U.S. food products increasing among supermarkets, there are many opportunities to introduce new U.S. products to the local market. ATO Hong Kong selectively invites key supermarket buyers to the United States on buying missions, which are followed by in-store promotions highlighting U.S. products. Buyers from Hong Kong supermarkets realize the quick-changing consumption temperament of local consumers, and many have expressed the need to source new products to capture changing tastes. With strong support from exporters and state regional trading groups, the ATO continues its efforts to promote U.S. products and help supermarkets expand their range of U.S. products.
- To promote U.S. food products, ATO participates in major trade shows in Hong Kong. U.S. exporters may wish to consider participating in these trade shows so as to introduce their products to Hong Kong buyers as well as buyers from other countries in the region.

**Table 10 – Hong Kong:  
Trade Shows Featuring Food & Agricultural Products**

<b>Date</b>	<b>Name of Show</b>	<b>Website</b>
May 29-31, 2012	Vinexpo Asia Pacific	<a href="http://www.vinexpo.com/en/">http://www.vinexpo.com/en/</a>
Aug 16-20, 2012	HKTDC Food Expo	<a href="http://www.hktdc.com/fair/hkfoodexpo-en/HKTDC-Food-Expo.html">http://www.hktdc.com/fair/hkfoodexpo-en/HKTDC-Food-Expo.html</a>
Aug 23-25	Natural Products Expo Asia	<a href="http://www.naturalproductsasia.com">http://www.naturalproductsasia.com</a>



2012		
Sep 5-7, 2012	Asia Fruit Logistica*	<a href="http://www.asiafruitlogistica.com/en">http://www.asiafruitlogistica.com/en</a>
Sep 11-13, 2012	Restaurant and Bar	<a href="http://www.restaurantandbarhk.com">http://www.restaurantandbarhk.com</a>
Sep 11-13, 2012	Asian Seafood Exposition	<a href="http://www.asianseafoodexpo.com">http://www.asianseafoodexpo.com</a>
Sep 11-13, 2012	Frozen Food Asia	<a href="http://www.frozenfoodasia.com">http://www.frozenfoodasia.com</a>
Nov 8-10, 2012	5th Hong Kong Int'l Wine & Spirits Fair	<a href="http://hkwinefair.hktdc.com">http://hkwinefair.hktdc.com</a>
Dec 5-7, 2012	Agri-Pro Expo Asia	<a href="http://www.AgriProAsia.com">http://www.AgriProAsia.com</a>

(\* USDA-endorsed trade shows, more information on USDA-endorsed trade shows can be found at:  
[http://www.fas.usda.gov/agx/trade\\_events/usda\\_shows.asp](http://www.fas.usda.gov/agx/trade_events/usda_shows.asp))

### SECTION III. COMPETITION

Note: Trade Statistics for 2011; Market Share in terms of Gross Import Value

Source: World Trade Atlas – Hong Kong Census & Statistics Department

**Table 11 – Major Product Categories of Hong Kong's Imports of COAP and Seafood Products And Competition**

Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
<b>Red Meats, chilled/frozen</b>  Imports US\$3 billion 1,170,850 MT  Retained Imports US\$2.2 billion 610,002 MT	1. Brazil – 31%  2. U.S. – 13%  3. China – 10%  4. Germany – 10%	Products from Brazil and China are price competitive, but they are of different market segments from U.S. products.  U.S. market share dropped from 21% in 2003 to 3% in 2005 as a result of the ban on U.S. bone-in beef. Market share of U.S. beef gradually picked up following Hong Kong's opening to U.S. beef since the beginning of 2006. Hong Kong currently allows U.S. boneless beef derived from animals less than 30 months of age.  Bone-in beef and offals from the U.S. are not yet allowed entry into Hong Kong. Hong Kong Government adopts zero tolerance on bone fragments.  U.S. beef is highly regarded in	Local production is largely on freshly slaughtered meats.

		Hong Kong. It is always the top choice for high-end restaurants and sophisticated consumers. U.S. beef is largely for the high-end market.	
<b>Red Meats, Prepared/preserved</b>  Imports US\$919 million 436,259 MT  Retained Imports US\$756 million 307,460 MT	1. China – 25%  2. U.S. – 12%  3. Spain – 11%	Chinese supplies dominate the market because there is a big demand for price competitive prepared/preserved meatballs and other products typical in Chinese dishes in Chinese restaurants and processing in China is cost effective.	Local production is insignificant.
<b>Poultry Meat (Fresh, chilled &amp; frozen)</b>  Imports US\$1.99 billion 1,293,268 MT  Retained Imports US\$1.09 billion 490,221 MT	1. U.S. – 38%  2. Brazil – 32%  3. China – 13%	Brazil took over as the leading supplier of poultry for Hong Kong market in 2004, when Hong Kong banned entry of U.S. poultry products (between February 11, 2004 and April 30, 2004) due to outbreaks of Avian Influenza cases in the U.S. Though the ban was then lifted, Brazil continued to be the largest supplier due to price competitiveness of its products and established business relationship between Brazilian exporters and Hong Kong importers.  The depreciation of U.S. dollar attracted more imports of U.S. products to Hong Kong and market share of the U.S. grew more significantly & resumed the leading position with a market share of 38% in 2011.	Local production is on freshly slaughtered meats.  HRI sector tends to use chilled and frozen chicken products rather than freshly slaughtered chickens because the latter are far more expensive.
<b>Dairy Products</b>  Imports US\$918 million 200,164 MT  Retained Imports US\$805 million 181,215 MT	1. Netherlands – 37%  2. Ireland – 12%  3. New Zealand – 10%	Netherlands is strong in dairy product supplies and it has established position in Hong Kong.  Dairy products from major supplying countries primarily include concentrated dairy and cream.  Melamine was found in eggs and dairy products from China and	Local companies supply fresh milk drinks, which are processed in Hong Kong with milk originated from farmlands in the southern part of China.  Local companies can easily fulfill local milk registration requirements.

	U.S. – 1%	that has led consumers to pay more attention to food safety and seek high quality products from other supplying countries.	
<b>Eggs</b>  Imports US\$156 million 2.06 billion eggs  Retained Imports US\$155 million 2.04 billion eggs	1. China – 58%  2. U.S. – 21%  3. Malaysia – 6%	Eggs from China are price competitive. However, since 2006, when some Chinese eggs were found tainted with Sudan red (which is a dye for industrial use), Hong Kong consumers lost confidence in the safety of all Chinese eggs.  U.S. dominates the white egg markets.  Melamine was found in eggs and dairy products from China and that has led consumers to pay more attention to food safety and seek high quality products from other supplying countries.	Local production is insignificant.
<b>Fresh Fruit</b>  Imports US\$1.56 billion 1,500,084 MT  Retained Imports US\$761 million 586,274 MT	1. U.S. – 28%  2. Thailand – 18%  3. Chile – 18%	U.S. fresh fruits are highly regarded as having good quality.  Thai Trade commission in Hong Kong aggressively sponsors trade promotion activities. Thai's tropical fruits are very popular in Hong Kong.  Chile's biggest fruit item to Hong Kong is grapes. The supplying season is different from the U.S.	No local production.
<b>Fresh Vegetables</b>  Imports US\$250 million 693,805 MT  Retained Imports US\$245 million 688,698 MT	1. China – 72%  2. U.S. – 9%  3. Australia – 3%	Products from China are very price competitive. Due to expensive operation costs in Hong Kong, some farmers in Hong Kong move their operations to China and sell their products back to Hong Kong.  High-end restaurants and five-star hotels prefer to use high quality U.S. products. A lower U.S. dollar value helps U.S. exports to Hong Kong.	Local production is about 5 % of total demand. Production costs, both in terms of land and labor, in Hong Kong are high. The Hong Kong Government has encouraged organic farming so as to find the niche market for local vegetables.
<b>Processed Fruit &amp; Vegetables</b>	1. China – 31%	Supplies from China are price competitive. Besides, some international brands have	Local production is insignificant.

Imports US\$455 million 243,521 MT  Retained Imports US\$260 million 156,138 MT	2. U.S. – 26%  3. Thailand – 10%	operations in China and their exports to Hong Kong are considered as imports from China.	
<b>Tree Nuts</b>  Imports US\$1.29 billion 282,690 MT  Retained Imports US\$445 million 18,605 MT	1. U.S. – 72%  2. Iran – 16%  3. S. Africa – 3%	The U.S. is very strong in supplying almonds, walnuts, hazelnuts and pistachios.  Some of the imports are re-exported to China for processing.	No local production
<b>Wine</b>  Imports US\$1.2 billion 45.5 million liters  Retained Imports US\$971 million 28.5 million liters	1. France – 62%  2. U.K. – 13%  3. Australia – 6%  4. U.S. – 6%	France is the major supplier for wine. French wine is highly regarded in Hong Kong though expensive.  Hong Kong people are becoming more familiar with California wine.  The Hong Kong Government abolished the tax on wine in February 2008. The new policy has attracted more wine imports into Hong Kong.	Hong Kong has insignificant wine production.

#### SECTION IV. BEST CONSUMER ORIENTED PRODUCT PROSPECTS

Notes  
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- 1 95% of Hong Kong food supplies are imported. Since Hong Kong's domestic production is nominal the market size in the following table is equal to retained imports without taking into account local production. U.S. exports to Hong Kong are also based on imports minus exports.
- 2 Import tariff rates for all food and beverage products in the tables are zero except for spirits with alcohol content greater than 30%, which is 100%.
- 3 Products listed below are either enjoying a large market import value or a significant growth rate for the last 5 years (2007-2011).

**Table 12 – Hong Kong: Top 10 Prospects**

Product Category	2011 Retained Imports	2011 Retained Imports	2007 – 2011 Average	Key Constraints Over Market Development	Market Attractiveness For USA
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	(MT)	(US\$ million)	Annual Retained Import Growth		
<b>Fish &amp; Seafood Products</b>	Volume statistics not available	US\$3 billion	+12.9% (value)	Major suppliers of fish and seafood products are China (20%), Japan (16%), Australia (8%) and the US (6%).	<p>U.S. fish and seafood products are perceived as high quality and safe.</p> <p>Many 5-star hotels in Hong Kong are carrying Alaska seafood products such as king salmon, king crab, snow crab, black cod and halibut. It is anticipated that these seafood products will continue to be popular among HRI sector in Hong Kong.</p>
<b>Fresh Fruit</b>	586,274 MT	US\$761 million	+2.8% (volume) +9.3% (value)	Hong Kong consumers prefer fresh fruit to frozen fruit. Competition from Thailand and China is keen as these countries supply tropical fresh fruit at competitive prices. The shorter travel time for shipments from these countries to Hong Kong also render their products "fresh" to Hong Kong consumers.	<p>U.S. fresh fruit are well known for their large variety, good quality and tastes.</p> <p>U.S. was the largest supplier (28%) of fresh fruit to Hong Kong, followed by Chile (18%) and Thailand (18%).</p> <p>The top U.S. fruit exports to Hong Kong were citrus products (US\$138 million), grapes (US\$93 million), apples (US\$78 million), cherries (US\$59 million), plums &amp; sloes (US\$22 million) and strawberries (US\$19 million).</p>
<b>Poultry Products</b>	490,221 MT	US\$1.09 billion	+16% (volume)	Brazil moved in as the no. 1 poultry exporter to Hong Kong when U.S.	U.S. exported US\$755 million worth of chicken

			+23.6% (value)	<p>poultry imports were temporarily banned during February 11 to April 30, 2004 due to Avian Influenza cases in the United States. Though the ban was later lifted, Brazil continued to be the largest supplier due to its price advantage and its exporters' relationships with Hong Kong importers.</p> <p>The depreciation of U.S. dollar attracted more imports of U.S. products to Hong Kong and the U.S. regained its leading position with a market share of 38% in 2011.</p>	<p>products to Hong Kong, accounting for 38% of the market share.</p> <p>U.S. products are highly regarded in food quality and food safety. More popular U.S. chicken products include chicken wing mid joints and chicken legs because of their sizes and quality. These two products are particularly popular among Hong Kong style cafes.</p>
<b>Pork</b>	179,637 MT	US\$613 million	+3.9% (volume)  +19.1% (value)	<p>China and Brazil are the top suppliers of pork to Hong Kong because their products are very price competitive.</p> <p>There is a big demand for price competitive prepared/preserved meatballs and other products typical in Chinese dishes in Chinese restaurants, which are made from pork. China enjoys the advantage of low processing cost.</p>	<p>U.S. exported US\$49 million worth of pork to Hong Kong, accounting for 7% of the market share.</p> <p>U.S. products are highly regarded for quality and food safety.</p>
<b>Processed Fruit &amp; Vegetables</b>	156,138 MT	US\$260 million	-2.1% (volume)  +3.8% (value)	<p>China is the largest supplier (31%), closely followed by the U.S. (26%).</p> <p>Some international brands have operations in China and their exports to Hong Kong are considered as imports from China.</p>	<p>U.S. processed fruit and vegetables are well known of their superior quality and tastes. U.S. processed fruit and vegetables such as potatoes, nuts, sweet corn, mushrooms, peaches and pineapples will</p>

					continue to be in large demand in Hong Kong.
<b>Beef, Frozen</b>	70,541 MT	US\$449 million	+8.6% (volume)  +31% (value)	<p>Because of BSE cases in the U.S., Hong Kong currently allows boneless beef derived from cattle under 30 months of age from U.S. E.V (Export Verification) approved plants.</p> <p>Bone-in beef and variety beef from the U.S. are not yet allowed in.</p> <p>Short U.S. beef supplies make U.S. beef very expensive.</p> <p>Brazil beef took the opportunity to gain market share. Brazil beef imports grew from US\$49 million in 2004 to US\$177 million in 2011.</p>	<p>U.S. exported US\$162 million worth of frozen beef to Hong Kong in 2011, accounting for 30% market share. Although U.S. beef was banned in Hong Kong in 2004 and 2005, Hong Kong consumers still have high regards for U.S. beef in terms of quality and safety.</p>
<b>Wine</b>	28.5 million liters	US\$971 million	+14% (volume)  +70% (value)	<p>Competition is keen in Hong Kong. Major competitors come from France and Australia. French wine is traditionally more popular in Hong Kong.</p>	<p>U.S. exported US\$70 million of wine to Hong Kong in 2011, accounting for 6% of the market share.</p> <p>The HKG abolished the import tax on wine and beer in February 2008. The HRI sector in Macau is growing, making it an excellent opportunity for U.S. wine traders to expand their exports.</p> <p>Hong Kong consumers are more and more receptive to wine. The total elimination of the</p>

					excise tax on wine would probably help nurture wine drinking culture in Hong Kong.
<b>Tree Nuts</b>	18,605 MT	US\$445 million	-22% (volume) +21.5% (value)	The U.S. is very strong in supplying almonds, hazelnuts and pistachios.  Some of the imports are re-exported to Vietnam and China for processing.	No local production
<b>Fruit &amp; Vegetable Juices</b>	17,206 MT	US\$29 million	-2.4% (volume) +2% (value)	The U.S. is still the market leader, exported US\$13 million worth of fresh fruit juices to Hong Kong, accounting for a market share of 43%.	Given the high quality of U.S. fruit & vegetable juices, U.S. fruit and vegetable juices such as orange juices, apple juices, grape juices, grapefruit juices, tomato juices and pineapple juices are expected to continue to be very popular in 2012.
<b>Organic Food and Beverage</b>	Statistics not available  (The size of the Hong Kong organic food and beverage market is estimated at US\$500 million, with an annual growth of 10-15%)	Statistics not available	Statistics not available	Organic F&B products are generally 20-40% higher in prices compared to non-organic products.  There are many organic standards in the market and the poor quality of a country's organic products may negatively affect the image of organic products from all supplying countries.	As Hong Kong consumers are becoming more health-conscious, the demand for organic products will continue to grow in 2012.  USDA Organic enjoys an excellent reputation among consumers in Hong Kong. Consumers generally have more confidence on USDA Organic standards than other countries'.  Grain products, soybeans, cereals, oats, noodles...etc are in good demand.



					<p>Other products such as organic meat (beef and pork), condiments, poultry, eggs etc are starting to have more interest in the market.</p> <p>There is also a strong demand for organic vegetables and fruits, organic coffee and tea products.</p>
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## SECTION V. KEY CONTACTS AND FURTHER INFORMATION

### Post Contact

Foreign Agricultural Service (FAS)

Home Page: <http://www.fas.usda.gov>

### Agricultural Trade Office

American Consulate General

18<sup>th</sup> Floor, St. John's Building

33 Garden Road, Hong Kong

Tel: (852) 2841-2350

Fax: (852) 2845-0943

E-Mail: [ATOHongKong@fas.usda.gov](mailto:ATOHongKong@fas.usda.gov)

Web site: <http://www.usconsulate.org.hk>

<http://www.usfoods-hongkong.net>

### Department to Implement Food Safety Control Policy

Food & Environmental Hygiene Department

43/F., Queensway Govt Offices

66 Queensway, Hong Kong

Tel: (852) 2868-0000

Fax: (852) 2834-8467

Web site: <http://www.fehd.gov.hk>

### Department to Control the Importation of Plants & Live Animals

Agriculture, Fisheries & Conservation Department

5-8/F., Cheung Sha Wan Govt Offices

303, Cheung Sha Wan Rd

Kowloon, Hong Kong

Tel: (852) 2708-8885

Fax: (852) 2311-3731

Web site: <http://www.afcd.gov.hk>

**Department to Issue License for Imported Reserved Commodities**

Trade & Industry Department  
18/F., Trade Department Tower  
700 Nathan Road  
Kowloon, Hong Kong  
Tel: (852) 2392-2922  
Fax: (852) 2789-2491  
Web site: <http://www.tid.gov.hk>

**Department to Register Health Foods Containing Medicine Ingredients**

Department of Health  
Pharmaceuticals Registration  
Import & Export Control Section  
18<sup>th</sup> Floor, Wu Chung House  
213 Queen's Road East, Wanchai, Hong Kong  
Tel: (852) 2961-8754  
Fax: (852) 2834-5117  
Web site: <http://www.dh.gov.hk>

**Department to Issue License for Imported Dutiable Commodities**

Hong Kong Customs & Excise Department  
Office of Dutiable Commodities Administration  
6-9th floors, Harbor Building  
38 Pier Road, Central, Hong Kong  
Tel: (852) 2815-7711  
Fax: (852) 2581-0218  
Web site: <http://www.customs.gov.hk>

**Department for Trade Mark Registration**

Intellectual Property Department  
Trade Marks Registry  
24th and 25th Floors, Wu Chung House  
213 Queen's Road East  
Wan Chai, Hong Kong  
Tel: (852) 2803-5860  
Fax: (852) 2838-6082  
Web site: <http://www.ipd.gov.hk>

**Semi-Government Organization Providing Travel Information**

Hong Kong Tourist Board  
9<sup>th</sup> - 11<sup>th</sup> floors, Citicorp Center,  
18 Whitfield Road, North Point, Hong Kong

Tel: (852) 2807-6543  
Fax: (852) 2806-0303  
Home Page: [www.hktourismboard.com](http://www.hktourismboard.com)

**Semi-Government Organization Providing Hong Kong Trade Information**

Hong Kong Trade Development Council  
38<sup>th</sup> Floor, Office Tower, Convention Plaza  
1 Harbor Road, Wan Chai, Hong Kong  
Tel: (852) 2584-4188  
Fax: (852) 2824-0249  
Home Page: <http://www.tdctrade.com>