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Hong Kong

Livestock and Products Annual

Annual

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Report Highlights:

Fresh and chilled/frozen pork consumption in Hong Kong is forecast to maintain a stable level in 2015 and 2016, however, fluctuations in re-export demand could influence overall import levels. The U.S. was the 6th by volume and 3rd by value largest supplier of pork products to Hong Kong in 2014.

Summary

Domestic production is expected to be stable, rising slightly to 140,000 MT (1,727,000 head) and 142,000 MT (1,732,000 head) in 2015 and 2016, respectively. Although the wholesale price of live pigs in the first quarter of 2015 was below the comparable period last year, the average January – September prices are about 9 percent above 2014 prices.

Hong Kong consumption of freshly slaughtered pork is forecast to rise 1 percent over 2014 to 140,000 MT in 2015. For chilled/frozen products, Hong Kong imports (excluding re-exports) are projected to reach 355,000 MT in 2015, with a modest rise of about 2 percent compared to 2014. As re-export sales demand influences overall imports, sluggish re-export trade to mainland China in the early half of the 2015 has shown an upswing since July which may lift the overall pork imports in the second half of 2015.

Production

Hong Kong producers provide approximately 6 percent of domestic supply with the import of live pigs from Mainland China providing the remainder of domestic stocks. On average, China supplies 4,400 live pigs to Hong Kong daily. Domestically-raised pigs are comparatively heavier than Chinese-raised pigs, averaging 96 kg versus 80 kg, respectively. Domestic production is expected to be stable, rising slightly to 140,000 MT (1,727,000 head) and 142,000 MT (1,732,000 head) in 2015 and 2016, respectively.

Movement of prices for live pigs in Hong Kong is closely tied to that of mainland China. For example, the wholesale price of live pigs in Hong Kong in the first quarter of 2015 was below the comparable period in 2014, but began to recover in the second quarter as hog prices in China, began to improve. (see table 2) If hog prices in China continues to rise, Hong Kong supplies may be negatively impacted as more sales take place within mainland China instead of exports to Hong Kong.

Table 1. Hong Kong: Supply and Consumption of Live Pigs, in Number of Head

	2011	2012	2013	2014	2014/2013 percentage Change	2015 Estimates
Local Supply	92,959	97,477	96,488	87,432	-9%	88,000
Imports	1,464,211	1,540,756	1,575,810	1,624,926	3	1,640,000
Total	1,557,170	1,638,233	1,672,298	1,712,358	2	1,728,000

Source: Hong Kong Agriculture, Fisheries and Conservation Department

Table 2. Hong Kong: Average Wholesale Prices of Live Pigs, in US\$/MT

	2012	2013	2014	2014	2015	% change
				Jan - Aug		
Live Pigs	2,829	2,871	2,678	2,607	2,828	8.5%

Exchange Rate: US\$1.00 = HK\$7.78

Source: Hong Kong Census & Statistics Department

Consumption

Hong Kong is a mature market where pork consumption outranks that of beef and poultry. Hong Kong's pork consumption in 2015 and 2016 is forecast to rise slightly (2 percent) each year to reach 495,000 MT and 504,000 MT, respectively.

Fresh pork is primarily utilized for household consumption while chilled/frozen pork is primarily used by the catering industry. In 2014, fresh pork accounted for about 34 percent of pork consumption in Hong Kong, up from 31 percent in 2013 (table 3). Fresh pork sales benefitted from two factors in 2014 – First, lower hog prices in China brought Hong Kong prices down below 2013 levels, and avian influenza consequences, which reduced supply and raised poultry prices – encouraged consumers to substitute to lower-priced pork, thus raising overall pork demand (table 4).

Table 3. Hong Kong: Consumption of freshly slaughtered pork vs chilled/frozen/processed pork

Year	Freshly slaughtered	Chilled/frozen/processed	Total
2012	132,618 (29%)	318,628 (71%)	451,246
2013	135,328 (31%)	306,799 (69%)	442,127
2014	138,388 (34%)	266,920 (66%)	405,308

Note: Chilled/frozen/processed pork is not in carcass-weight

Sources: Hong Kong Census & Statistics Department;

Hong Kong Agriculture, Fisheries and Conservation Department

Retail prices of fresh pork prices from January – August 2015 have remained stable compared to the corresponding period in 2014 (table 4). However, through the end of 2015 and into 2016 if retail fresh pork prices rise, consumers may substitute toward lower-cost chilled/frozen pork products. Nonetheless, substitution to other fresh meat products, such as chicken or beef, is unlikely to be significant due to relatively higher prices.

Table 4. Hong Kong: Average Retail Prices of Pork Relative to Beef and Poultry, (Freshly Slaughtered), in US\$/kg

	2012	2013	2014	2014	2015	% change
				Jan - Aug		
Chicken (whole chicken)	11.17	12.13	12.93	12.87	15.10	17%
Beef (best quality)	16.38	20	20.01	20	20	0%
Beef (belly flesh)	13.51	16.76	16.92	16.87	17.10	1.36%
Pork (lean meat)	8.51	8.50	8.24	8.25	8.25	0%
Pork Chop	8.59	8.73	8.65	8.63	8.62	-0.12%

Exchange Rate: US\$1.00 = HK\$7.78

Source: Hong Kong Agriculture, Fisheries and Conservation Department

Trade

Imports

- Pork

Hong Kong imported 269,911MT of pork products in the first three quarters of 2015 at a value of \$795 million. The import volume and value declined by 18 percent and 17 percent, respectively (tables 5 & 6) over 2014 in response to prolonged challenges in re-exports (see discussion below) that left inventory high and diminished additional orders. Reportedly, Hong Kong's cold storage was near capacity in early 2015 until re-exports began to pick up again in late July.

The U.S. ranked 6th by volume and 3rd by value in pork supplies to Hong Kong. In the first three quarters of 2015, U.S. pork exports to Hong Kong reached 15,581 MT at a value of \$51 million. The export volume and value declined year-on-year by 27 percent and 32 percent, respectively (tables 5 & 6) due to sluggish re-export demand. U.S. pork sales to Hong Kong in the second half of 2015 are forecast to improve if re-exports to mainland China resume at a normal pace.

U.S. chilled meats accounted for 0.6 percent of all U.S. pork exports to Hong Kong at a value of \$324,890 from January – September 2015. Frozen pork accounted for \$33 million (65 percent) of all U.S. pork exports to Hong Kong in the same period of 2015.

Offals

From January-September 2015, Hong Kong imported \$523 million in offals, a drop of 24 percent compared to the same period in 2014, due to challenges in re-export trade (table 13). The U.S. is the largest supplier of swine offals to Hong Kong by value. From January – September 2015, U.S. exports of offals to Hong Kong amounted to \$166 million, far exceeding the export value of pork (\$51 million). Export volume and value rose by 42 percent and 7 percent, respectively (tables 12 & 13), in response to lower prices. The average price dropped over 25 percent from \$2,947/MT to \$2,207/MT (table 14) triggering the significant rise in sales as competitor prices, Germany, Brazil and Netherlands, remained higher.

Other Suppliers

China and Brazil are the two largest pork suppliers to the Hong Kong market, with a market share of 30 percent and 20 percent respectively, in terms of volume (table 5).

In 2015, China's pork exports to Hong Kong are likely to be affected by intense demand and rising pork prices in its domestic market. From January – September 2015, China's pork exports to Hong Kong declined by 6 percent in volume but increased by 2 percent in value (tables 5 & 6). However, China still accounted for about 93 percent (by volume) of the chilled pork market in Hong Kong. The chilled pork from China attracts a different market segment from that of the U.S. and Australia and is used as a substitute for freshly slaughtered meat in households. Currently, China has four plants that are eligible to export chilled meat to Hong Kong. China is also the key supplier of whole piglets for roasting. For other cuts, China faces strong competition from suppliers such as Brazil.

The demand in Hong Kong domestic market for Brazilian pork has been increasing and is expected to continue through the end of 2015 or as long as prices of Chinese pork remain high. From January –

September 2015, the average price of Brazilian pork declined 9 percent year-on-year whereas the average price of Chinese pork rose by 9 percent (table 7). The catering industries have been substituting Chinese pork for Brazilian because the qualities are comparable and the cuts similar. Along with U.S. pork products, Brazilian pork exports to Hong Kong might perform better in the second half of 2015 if re-exports to China continue to rebound.

(Re) Exports

From January – September 2015, Hong Kong pork re-exports accounted for 25 percent of total imports compared to 42 percent in the same period in 2014. Vietnam remains the largest export market with 65 percent of the market share in 2015 by volume but re-exports declined by 40 percent year-on-year from January – September 2015 (table 8). Re-exports to the Philippines and Thailand spiked in recent months but remain insignificant.

Re-export hurdles to mainland China for pork imports which had driven Hong Kong trade down by 51 percent (January-September), began picking up in July and may lift Hong Kong’s overall pork imports by year’s end. (table 8)

Policy

In the past year, Hong Kong has not introduced any new measures/regulations that impact U.S. pork exports to Hong Kong.

The Hong Kong Food Safety Center monitors products for 44 drugs, including seven prohibited¹, and 37 restricted veterinary chemicals which are listed on [Public Health \(Animals and Birds\) \(Chemical Residues\) Regulation \(Cap. 139N\)](#). Among 50,000 samples from swine, cattle, goats and chickens in 2014, no prohibited chemicals were detected. Paylean is a registered drug in Hong Kong (approved in 2007) and is allowed for use in swine feeds. Ractopamine is not an issue in Hong Kong.

Table 5. Hong Kong: Pork Imports in Volume, MT

Partner Country				Year To Date			Market Share
	2012	2013	2014	09/2014	09/2015	%Change	
World	413,748	443,712	442,016	327,545	269,911	-17.6	100%
China	91,354	102,942	115,168	87,600	82,065	-6.32	30%
Brazil	89,449	91,997	77,661	59,289	53,934	-9.03	20%
Germany	34,767	28,467	38,263	29,132	21,096	-27.59	8%
Spain	37,066	43,020	31,808	23,170	11,563	-50.09	4%
Poland	16,591	19,528	29,504	19,589	16,596	-15.28	6%
United	27,099	29,538	28,059	21,255	15,581	-26.69	6%

¹ Avoparcin, Clenbuterol, Chloramphenicol, Dienoestrol, Diethylstilboestrol, Hexoestrol and Salbutamol

States							
Netherlands	27,365	32,491	23,743	16,499	14,192	-13.98	5%
Italy	14,168	17,567	15,340	11,142	6,511	-41.56	2%
France	10,030	11,000	11,923	8,169	3,671	-55.06	1%

Source : Hong Kong Census & Statistics Department

Table 6. Hong Kong: Pork Imports in US\$ million

Partner Country	Year To Date			Year To Date			Market Share
	2012	2013	2014	09/2014	09/2015	%Change	
World	1,194	1,258	1,303	953	795	-16.56	100%
China	341	387	429	321	328	2.12	41%
Brazil	256	259	228	171	142	-17.27	18%
United States	86	87	100	74	51	-31.59	6%
Spain	88	98	83	58	31	-46.81	4%
Germany	66	53	70	51	32	-37.37	4%
Netherlands	65	82	63	42	37	-12.18	5%
Poland	33	42	59	40	28	-29.7	4%
Italy	38	42	41	29	16	-46.59	2%
Vietnam	50	33	36	27	34	26.33	4%

Source : Hong Kong Census & Statistics Department

Table 7. Hong Kong: Average Value of Pork Imports, \$/MT, January – September

Partner Country	Unit Value(United States Dollars)			% Change 2015/2014
	2013	2014	2015	
World	2,825	2,910	2,946	1.25
China	3,736	3,670	4,000	9.01
Brazil	2,802	2,889	2,628	- 9.05
United States	2,762	3,477	3,244	- 6.69
Netherlands	2,564	2,550	2,603	2.09
Vietnam	3,747	4,375	5,059	15.63
Germany	1,796	1,761	1,523	- 13.51

Source : Hong Kong Census & Statistics Department

Table 8. Hong Kong: Pork Re-exports in Volume, MT

Partner Country	Year To Date			Year To Date			Market Share
	2012	2013	2014	Sep-14	Sep-15	%Δ 15/14	
_Total	94,942	136,715	174,886	137,711	67,125	-51.26	100%
Vietnam	24,468	81,887	94,838	72,583	43,749	-39.73	65%
Taiwan	19,686	35,245	43,527	39,412	0	-100	0%
China	38,815	7,891	20,637	14,857	11,578	-22.07	17%

Macau	10,940	11,453	14,704	10,659	11,135	4.47	17%
Philippines	4	0	933	0	244	n/a	0%
Thailand	69	29	153	126	373	196.41	1%

Source : Hong Kong Census & Statistics Department

Table 9. Hong Kong: Chilled Pork Imports in MT

Partner Country				Year To Date			Market Share
	2012	2013	2014	Sep-14	Sep-15	%Δ 15/14	
_Total	11,725	9,670	8,995	6,859	6,834	-0.36	100%
China	11,271	9,114	8,367	6,382	6,366	-0.25	93%
Australia	146	154	180	132	151	14.1	2%
Canada	73	111	115	79	107	34.74	2%
Thailand	62	107	95	77	7	-90.69	0%
United States	95	80	62	51	43	-15.89	1%
United Kingdom	1	11	49	49	1	-98.68	0%
Brazil	0	27	47	47	90	91.44	1%

Source : Hong Kong Census & Statistics Department

Table 10. Hong Kong: Frozen Pork Imports in MT

Partner Country				Year To Date			Market Share
	2012	2013	2014	Sep-14	Sep-15	%Δ 15/14	
_Total	235,952	227,685	229,344	169,117	163,624	-3.25	100%
Brazil	81,873	82,660	68,726	52,900	49,070	-7.24	30%
China	40,294	44,309	52,584	39,401	41,981	6.55	26%
Germany	29,500	23,648	32,846	25,210	17,654	-29.97	11%
Netherlands	22,190	26,370	18,358	12,890	10,780	-16.37	7%
United States	17,392	13,731	15,741	11,664	11,957	2.51	7%
Vietnam	9,059	8,568	7,654	6,000	6,584	9.74	4%
Poland	1,375	2,014	7,546	3,350	6,436	92.11	4%

Source : Hong Kong Census & Statistics Department

Table 11. Hong Kong: Processed Pork Imports in MT

Partner Country				Year To Date			Market Share
	2012	2013	2014	09/2014	09/2015	%Change	
World	166,072	206,357	203,676	151,569	99,452	-34.38	100%
China	39,788	49,519	54,216	41,817	33,718	-19.37	34%
Spain	30,621	35,587	25,024	18,938	7,051	-62.77	7%
Poland	15,216	17,515	21,957	16,239	10,160	-37.43	10%
Italy	12,469	16,727	14,898	10,993	5,759	-47.61	6%
United	9,611	15,728	12,256	9,540	3,582	-62.46	4%

States							
Russia	2,130	5,258	10,144	7,362	8,925	21.22	9%
France	8,459	8,444	9,330	6,491	1,717	-73.55	2%
Brazil	7,577	9,311	8,887	6,342	4,773	-24.74	5%

Source : Hong Kong Census & Statistics Department

Table 12. Hong Kong: Offal Imports by Suppliers, in MT

Partner Country				Year To Date			Market Share
	2012	2013	2014	09/2014	09/2015	%Change	
World	338,603	359,811	479,101	319,506	278,114	-12.96	100%
Germany	94,153	88,065	116,964	86,175	46,744	-45.76	17%
United States	43,934	54,852	88,785	52,740	75,096	42.39	27%
Netherlands	44,426	58,703	54,541	38,962	24,463	-37.21	9%
Brazil	43,241	38,403	43,710	31,584	27,574	-12.7	10%
Poland	10,918	7,857	39,752	21,841	23,582	7.97	8%
Spain	15,409	21,258	28,315	16,409	17,484	6.55	6%
U.K	21,875	20,201	21,617	15,153	11,677	-22.94	4%
Belgium	16,069	18,228	17,703	12,455	9,119	-26.79	3%
Italy	10,113	9,979	14,274	9,529	7,731	-18.88	3%

Source : Hong Kong Census & Statistics Department

Table 13. Hong Kong: Offal Imports by Suppliers, in US\$ million

Partner Country				Year To Date			Market Share
	2012	2013	2014	09/2014	09/2015	%Change	
World	700	738	1,032	689	523	-24.1	100%
United States	124	146	243	155	166	6.65	32%
Germany	179	162	219	157	75	-52.15	14%
Netherlands	101	117	113	80	44	-44.62	8%
Brazil	94	86	109	79	60	-23.49	12%
Poland	14	14	66	36	37	1.88	7%
Spain	28	37	57	32	29	-11.87	5%
Belgium	35	38	38	27	16	-39.72	3%
United Kingdom	33	32	38	26	17	-33.4	3%
Canada	15	22	30	20	28	34.83	5%
Italy	16	17	29	18	13	-28.6	3%

Source : Hong Kong Census & Statistics Department

Table 14. Hong Kong: Average Import Price of Swine Offals, \$/MT, January – September

Partner Country	Unit Value(United States Dollars)			% Change 2015/2014
	2013	2014	2015	
World	2,026	2,156	1,880	- 12.81

United States	2,650	2,947	2,207	- 25.10
Germany	1,808	1,820	1,605	- 11.79
Brazil	2,238	2,491	2,183	- 12.37
Netherlands	2,001	2,049	1,808	- 11.79
Poland	1,791	1,664	1,570	- 5.64

Source : Hong Kong Census & Statistics Department

Production, Supply and Demand Data Statistics:

PS&D Table

Meat, Swine Market Begin Year	2014			2015			2016			
	Jan 2014			Jan 2015			Jan 2016			
Hong Kong	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
										(Units)
Slaughter (Reference)	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Beginning Stocks	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Production	138	138	138	140	140	140	0	0	142	(1000 MT CWE)
Total Imports	347	350	347	360	360	355	0	0	362	(1000 MT CWE)
Total Supply	485	488	485	500	500	495	0	0	504	(1000 MT CWE)
Total Exports	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Human Dom. Consumption	485	488	485	500	500	495	0	0	504	(1000 MT CWE)
Other Use, Losses	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Total Dom. Consumption	485	488	485	500	500	495	0	0	504	(1000 MT CWE)
Ending Stocks	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Total Distribution	485	488	485	500	500	495	0	0	504	(1000 MT CWE)

Not Official USDA Data

Note: PS&D production figures include local and imported pigs slaughtered in Hong Kong. All numbers used in the PS&D table are in carcass-weight equivalent, using a conversion factor of 1.30. Imports are calculated as Imports minus Re-exports. Exports are calculated as Exports minus Re-exports.

