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Hong Kong

Food Service - Hotel Restaurant Institutional

Hong Kong's Sophisticated Diners Demand Refined Menu Options

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Report Highlights:
As hotel and restaurant expansions continue, demand for high-quality U.S. food and beverage products by the HRI food service sector in Hong Kong is expected to remain robust. Healthy, nutritious options are increasingly found on menus. Hong Kong is the 4th largest export market for U.S. consumer-oriented agricultural products, by value. With a dynamic food culture, sophisticated buyers, and a world-class logistical infrastructure, Hong Kong is a market to promote high-quality, innovative U.S. food and beverage products as well as a gateway to the region.

Post:
Hong Kong

SECTION I. MARKET OVERVIEW

U.S. Food and Beverage Exports to Hong Kong

Total exports of U.S. agricultural and related products to Hong Kong reached US$4.1 billion in 2016, making Hong Kong the 6th largest export market by value. For U.S. consumer-oriented exports, Hong Kong ranked 4th in 2016, with exports reaching US$3.7 billion. Demand is increasing for healthy, reliable, and high-quality foods, which are market segments where the United States has strong prospects. Top categories for U.S. food exports to Hong Kong include: beef, pork, poultry meats, fresh fruits, tree nuts, seafood products, processed foods, and wine.

Due to land constraints, local agricultural production in Hong Kong is minimal. As a market which imports around 95 percent of local food requirements, Hong Kong at large welcomes foods from around the world. The import regime is transparent. Food and beverage products are imported to Hong Kong without tax or duty, with the exception of four commodities, namely liquors, tobacco, hydrocarbon oil, and methyl alcohol.

Hong Kong recorded per capita GDP of US$43,500 in 2016, one of the highest in Asia. According to Euromonitor, average annual disposable income per urban household in Hong Kong in 2016 stood at US$104,492 [1]. Though facing challenges as are many other leading economies in the world, Hong Kongers have a strong potential and willingness to spend on food and beverage products.

In addition to being an active market, Hong Kong is also a trading hub where buyers make purchasing decisions for a vast range of consumer-oriented products that are transshipped to China and other parts of Asia. Most transshipments to Macau are purchased, consolidated, and shipped via Hong Kong.

Table 1 – Major Advantages and Challenges in the Hong Kong Markets

Advantages	Challenges
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 consumer oriented agricultural products to Hong Kong were US$3.7 billion, consolidating its position as the 4th largest market for	Global competition

[1] *Euromonitor International "Income and Expenditure: Hong Kong", Jul 14, 2017. The report mentions that all Hong Kong households are considered urban.*

the United States in 2016.	
Hong Kong is a major trading hub where buyers make purchasing decisions for a vast range of consumer-oriented products that are transshipped to China and other parts of Asia.	Transportation time and costs plus product availability due to seasonality (e.g. fresh produce) associated with importing U.S. food and beverage products to Hong Kong can make them less competitive than products available from regional suppliers such as China, Australia, and New Zealand.
Hong Kong's modern and efficient port terminal and free port status make it an attractive destination and for re-exports.	The importance of Hong Kong as a transshipment point and buying center for regional markets is not widely known to U.S. exporters.
U.S. food products enjoy an excellent reputation among Hong Kong consumers, as they are renowned for high-quality and food safety standards.	Food manufacturers and government agencies of competing countries such as Australia, France, and Netherlands, tout the high safety standard and traceability of their food products through extensive advertising and promotional programs.
Hong Kong is a quality and trend driven market so price is not always the most important factor for food and beverage purchases.	Consumers appreciate the options and presence of good-quality and price competitive products in the market.
Technical barriers to imports of U.S. products are generally very low.	Hong Kong labeling requirements and residue standards can impact trade.
A wide variety of U.S. products are available to Hong Kong consumers (over 30,000 different items).	Numerous Hong Kong food regulations differ from Codex, which can complicate import clearances.
The peg between the Hong Kong Dollar (HKD) to the U.S. Dollar helps insulate the HKD from currency fluctuations.	Hong Kong logistical efficiency involves expensive port handling charges.
In general, implementation and application of regulations is transparent and open.	Two major supermarket chains operate a dominant number of stores in town and they often request slotting fees and discounts.
Hong Kong exporters choose to work with Hong Kong importers and distributers to re-export products to Mainland China because of Hong Kong's dependable legal system, financial system, and rule of law.	Inflation is on the rise in Hong Kong. The composite CPI in 2016 grew 2.4% as compared to 2015. 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.
Most trans-shipments to Macau are purchased, consolidated, and shipped via Hong Kong.	
Demand is increasing rapidly for healthy and high-quality foods, market segments where the United States is especially strong.	
Hong Kong concerns over food safety have made U.S. food products a top choice for quality and safety.	
Hong Kong is a dynamic market with a sophisticated international community where new high-quality products are readily accepted.	
Lack of local production means virtually no protectionist pressures for food and agricultural products.	
Hong Kong is economically stable. GDP growth in real terms was 2% in 2016.	
Hong Kong's 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.	

(Source of data: Hong Kong Census and Statistics Department, U.S. Census Bureau)

Hotel, Restaurant, and Institutional (HRI) Sector

The HRI sector is expected to continue showing positive growth in 2017. Restaurant operators are taking advantage of softening rents to expand strategic outlets while updating menu options for Hong Kong's enthusiastic "foodie" consumers that demand novel, premium cuisines.

There are more healthy and nutritious options in the market. The continuous efforts of the Hong Kong Government in promoting the "EatSmart campaign" is an example of factors encouraging restaurants to take into account healthy aspects when developing their menus.

Also, consumers are more aware of food origins and being responsible for the environment. There are more discussions on sustainability in the media and by government officials. For example, the World Wildlife Fund is providing Hong Kongers with a sustainable seafood guide and a list of hotels, clubs, and restaurants that offer supposedly ocean-friendly menus.

Hotels

In 2016, tourist arrivals reached 57 million, with visitors from Mainland China representing 75 percent of travelers. Visitor numbers are expected to remain at the same level in 2017 as the continued growth of business and leisure travel in Asia drives increased demand for accommodation at every price level.

To meet the continued rise in the number of visitors, Hong Kong's hotel room supply continues to increase. As of the end of March 2016, there were 257 hotels offering 74,290 rooms, compared with 167 hotels and 59,627 rooms at the end of 2009, reflecting growth rates of 52 percent and 25 percent, respectively. The average occupancy rate was 86 percent in 2015 and 83 percent in the first quarter of 2016. According to the Hong Kong Tourism Board, the hotel supply in Hong Kong should increase at a compound-average-annual-growth rate of four percent over the next several years, reaching a total of 303 hotels with 83,408 rooms by 2019.

Hotels in Hong Kong offer premium dining experience including buffets and occasional menus by celebrity chefs from overseas. Local residents fill dining outlets in hotels, especially during festivals when families and friends gather for celebrations.

Restaurants

Hong Kong is a world class restaurant city with one of the highest number of restaurants per capita, at around one restaurant for every 600 residents. In 2016, Hong Kong restaurant food and beverage purchases, valued at $4.56 billion, generated estimated sales of $13.77 billion, an increase of 1.2 and 2.9 percent, respectively, over 2015 as shown in Table 2.

Table 2 – Hong Kong Restaurants Receipts and Purchases (US$ Billion)

	2015	2016	Growth (16 vs15)
Restaurant Receipts	13.38	13.77	2.9%
Restaurant Purchases	4.51	4.56	1.2%

(Source: Hong Kong Census & Statistics Department, US$1=HK$7.8)

In the first three quarters of 2017, the year-on-year growth of restaurant receipts and restaurant purchases were 4.4 percent and 2 percent, respectively.

Hong Kong restaurants consist primarily of five broad categories:
- Chinese
- Non-Chinese
- Fast Food
- Bars, and

- Other establishments

Chinese
According to the Hong Kong Census and Statistics Bureau, Chinese cuisine is the top restaurant category. It will continue its dominant share in the market due to deeply rooted cultural events, such as banquets for weddings and dim sum lunches, often enjoyed by groups of working class adults and families. Among all Chinese cuisines, naturally Cantonese is the most widely available option as the majority of Hong Kong residents have ties to the Cantonese origin and culture. Other easily found cuisines include Shanghainese, Sichuan, and Chiu Chow.

Non-Chinese Restaurants
Due to its history as a global trade hub, sophisticated and affluent Hong Kong consumers have an enthusiasm for a range of international cuisines made from high-quality ingredients. Footprints of restaurants offering non-Chinese cuisine options, including Western, Japanese, Korean, Thai, Vietnamese, Indian, and more, are found everywhere in Hong Kong.

Fast Food
Fast food outlets suit Hong Kong's quick-paced lifestyle where dining out twice per day at convenient locations is not uncommon. Competition among fast food chains is intense as brands strive to retain customers and raise brand awareness. McDonald's, KFC, and Pizza Hut are recognized options across the region as are more local chains, such as Café De Coral, Maxim's, and Fairwood, that serve both Chinese and Western foods. Western style outlets including Pret A Manger and Oliver's Super Sandwich are often located at areas easily accessed by office workers who appreciate healthy and light options such as salad and sandwiches.

Bars
Hong Kong's vibrant nightlife is renowned and is served by some 800 bars and pubs across Hong Kong. Lan Kwai Fong in Central business district is home to around 90 bars and restaurants[2]. It is a place where locals, expats, and tourists gather for drinks in the evenings and during special occasions, e.g. New Year's Eve and the beer festival. According to Euromonitor, on-trade* sales of both wine and spirits in 2016, by value, grew 30 percent as compared to 2011's sales[3], reflecting growing opportunities for imported alcoholic beverages.

*On-trade sales: drinks that are consumed on-site as opposed to off-trade sales, mostly refer to retail sales, where drinks are not consumed at the point of purchase.

Other Establishments

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[2] *Hong Kong Tourism Board webpage about Lan Kwai Fong at http://www.discoverhongkong.com*

[3] *Euromonitor International "Wine in Hong Kong, China" June 2017 and "Spirits in Hong Kong, China" June 2017*

"Tea restaurants" offer a range of localized Western and Chinese cuisines and beverages. Milk tea is a particular local favorite consisting of adding milk (evaporated or condensed) to various tea combinations. Hong Kong also has a vibrant coffee culture. Independent specialist coffee shops have grown in number of outlets and sales the past several years. The leading chains, by market share in value terms, are Starbucks, Pacific Coffee, and McCafe[4].

Institutions

Hong Kong's institutional foodservice sector consists of hospitals, residential care facilities, schools, prisons, and travel industry catering facilities. Many of these facilities, especially those operated by the government, purchase food supplies through tenders where price, quality, consistency, and stable supply matter. Experienced local importers are familiar with the process and requirements.

Hospitals
Hong Kong has 42 public hospitals and institutions, managed by the Hospital Authority, and 11 registered private hospitals. Some of the meal services are outsourced to caterers and distributors.

Schools
There are over 1,000 kindergartens, 575 primary schools, and 506 secondary schools in Hong Kong. Most public schools employ caterers to deliver lunch boxes to schools.

Prisons
The Hong Kong Correctional Services managed some 29 correctional facilities including prisons and rehabilitation centers. Inmates receive meals that are approved by dietitians, the Department of Health and in accordance with international health guidelines[5].

Airlines
Hong Kong is located less than five flying hours from half of the world's population so its airport is very busy. Connected to over 220 destinations, the Hong Kong airport handled 70.5 million passengers in 2016 and their three aircraft caterers have a combined capacity of 158,000 meals per day for plane passengers.

Cruise Ships
Hong Kong is increasingly popular as a cruise hub due to the development of the Kai Tak Cruise Terminal – the former site of the city's urban airport - that can accommodate the largest ships in the cruise industry. In June 2017, Kai Tak Cruise

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[4] *Euromonitor International "Cafes/Bars in Hong Kong, China" May 2017*

[5] *"Former inmate challenges policy over Chinese and Western meals in Hong Kong prisons" South China Morning Post, August 18, 2015, http://www.scmp.com/news/hong-kong/law-crime/article/1850458/former-inmate-challenges-policy-over-chinese-and-western*

Terminal celebrated the arrival of the one millionth cruise passenger since the terminal started operation in 2013. The operating company of the terminal stated that they expected 188 ship calls at Kai Tak in 2017[6]. Luxury cruises to Hong Kong bodes well for the demand for fine dining needs both during the cruises and in the city during on-shore excursions.

Entertainment Parks

The two major theme parks in Hong Kong are Disneyland and Ocean Park. The Disneyland resort operates 15 dining outlets and Ocean Park houses eight of them. These outlets include restaurants and cafes that offer various cuisines. Apart from these outlets, there are many kiosks in the parks making sweet and savory treats and beverages available to visitors.

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

To enter the Hong Kong market, some promotional/marketing strategies and tactics to consider, include:

- Identification of key players - ATO Hong Kong can provide lists of importers, distributors, USDA commodity cooperators and state/regional trade groups.

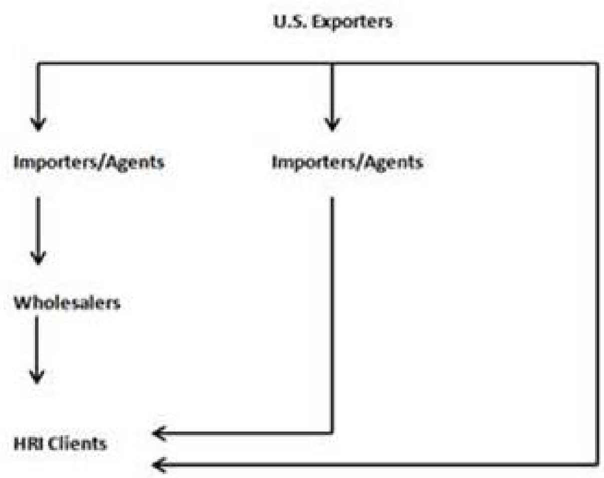
- Establishment of a presence in the market – test marketing and stakeholder education may be required prior to entry.

- Invite foodservice buyers to seminars and/or to the United States - ATO Hong Kong/ USDA cooperators organize seminars and trade missions to the United States to introduce U.S. products and U.S. exporters to Hong Kong buyers.

- Participation in trade shows – Hong Kong hosts numerous food-related trade shows and in cooperation with FAS and USDA cooperators and state regional trade groups, the shows provide a platform to highlight the versatility and quality of U.S. food and beverage products.

[6] *Press Release " Kai Tak Cruise Terminal Celebrates Arrival of One Millionth Cruise Passenger During Majestic Princess Inaugural Call", June 27, 2017, Kai Tak Cruise Terminal*

SECTION III. STRUCTURE AND FOODSERVICE DISTRIBUTION CHANNEL



- The market structure for Hong Kong typically involves a dedicated importer/distributor who deals with the U.S. exporter and maintains relationships with local resellers. Some special items are imported directly by large hotels, restaurant chains, and institutions but most tend to outsource the import burden.

- Hong Kong is a mature trading port and as such has developed an effective network of importers, distributors, and wholesalers that support the HRI trade.

- Most major importers/distributors service multiple reseller sectors including HRI/food service, retail, and wet markets.

- ATO Hong Kong maintains a database of Hong Kong importers servicing the HRI trade. For information regarding specific category suppliers, ATO Hong Kong can provide additional information.

- A partial list of catering franchises in Hong Kong is listed below:

Name of Franchise	No. of Outlets
Ajisen-Ramen (*catering - Japanese noodles restaurant*)	13
Genki Sushi (*catering - Japanese restaurant/takeaway)*	*59*
Grappa's Ristorante (*catering - Italian restaurant*)	1+ 1 wine bar
Hui Lau Shan (*catering - herbal tea house and health food*)	43
Hung Fook Tong (*catering - herbal tea house*)	112
Kentucky Fried Chicken (*catering - fast food restaurant)*	*66*
Kung Wo Tong (*catering - herbal tea house*)	5

Kung Wo Beancurd Products *(catering - beancurd drinks and products)*	2
Magic House Superstore Ltd (*catering - ice cream and snacks)*	*42*
McDonald's (*catering - fast food restaurant*)	230
Mrs. Fields Cookies (*catering – bakery)*	*18*
Pie & Tart Specialists *(catering - pie and tart)*	*12*
Pizza Box (*catering - pizza delivery*)	15
Pizza Hut Restaurants (*catering - restaurants*)	80
Saint's Alp *(catering – Taiwanese tea house)*	4
Yoshinoya (*catering - Japanese restaurant*)	58

- Below is a partial list of restaurants in Hong Kong:

Company Name	**Type of Food**	**No. of Outlets**
Maxim's	Chinese /Japanese/Western Restaurants/fast food Bakery outlets (Maxim's + Arome)	246 279
McDonald's	Fast Food - Burgers	230
Café de Coral	Chinese fast food	160
Fairwood	Chinese fast food	125
KFC	Fast Food - Chicken	66
Starbucks	Coffee & snacks	154
Pizza Hut	Pizza, local menu	80
Pacific Coffee	Coffee & Snacks	101
Delifrance	Bakery, Fast Food Sandwiches	29
Steak Expert	Steakhouse	3
Spaghetti House	International	14
Epicurean Group (restaurants & bars)	International	21
Café Deco Group	International	33
Lan Kwai Fong Entertainment	International	4
Oliver's Super Sandwich	Fast Food Sandwiches / Salads	16
Pret a Manger	Fast Food Sandwiches /	16

	Salads	
Eclipse Management	International	12
Outback Steakhouse	Australian / American style Steakhouse	8
Red Ant	Chinese	2
Elite Concepts	International	6
California Pizza Kitchen	American style pizza	4
Dan Ryan’s	American style dining	2
Ruby Tuesday’s	American style dining	6
Burger King	Fast Food - Burgers	3
Jimmy’s Kitchen	International	2
Ruth’s Chris Steakhouse	American Style Steakhouse	1
Bubba Gump	American Style dining	1
Harlan’s 360 View	International	1
Lawry’s The Prime Rib	American Steakhouse	1
Morton’s the Steakhouse	American Steakhouse	1

SECTION IV. COMPETITION

Due to land constraints, Hong Kong produces a minimal amount of its food requirements, depending on global sources to meet about 95 percent of its needs.

Table 3 – 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
Red Meats, chilled/frozen Imports US$4.36 billion 1,488,432 MT Retained Imports US$2.71 billion 750,675 MT	1. Brazil – 35% 2. United States – 25% 3. China – 5% 4. Germany – 4%	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	Local production is largely on freshly slaughtered meats.

		U.S. market share gradually picked up following Hong Kong's opening to U.S. boneless beef in 2006, to U.S. bone-in beef in 2013, and to all cuts excluding specified risk materials (SRM) in mid-2014. U.S. beef is highly regarded in 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.	
Red Meats, Prepared/preserved Imports US$784 million 275,801 MT Retained Imports US$729 million 245,799 MT	1. China – 45% 2. United States – 10% 3. Thailand – 5% 4. Spain – 4%	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.
Poultry Meat Imports US$1.41 billion 868,509 MT Retained Imports US$505 million 277,237 MT	1. United States – 30% 2. Brazil – 29% 3. China – 24%	The United States took over Brazil's leading position in 2015. Brazil and China are still competitive in terms of price point, supplies and product range. Also the established relationship of	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

		Brazilian and Chinese exporters and Hong Kong importers help sustain the business.	more expensive.
Fish and Seafood Imports US$3.40 billion 336,213 MT Retained Imports US$2.74 billion 254,238 MT	1. China – 26% 2. Japan – 15% 3. United States – 5% 3. Norway – 5%	China has a leading position because of its proximity and supplies of lower value items. Japan supplies frozen and dried scallops that are very popular in the market.	Hong Kong has a long history of fisheries. In addition, live and fresh fish is important in the local diet. Local capture fisheries and marine fish culture production has been maintaining a steady supply and is equivalent to about 22% of seafood consumed in Hong Kong.
Dairy Products Imports US$1.76 billion 276,408 MT Retained Imports US$1.25 billion 228,472 MT	1. Netherlands – 50% 2. Australia – 10% 3. New Zealand– 9% 4. Ireland – 9% 5. Germany – 3% . . . 8. United States – 2%	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 that has led consumers to pay more attention to food safety and seek high quality products from other supplying countries.	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.
Eggs & Egg Products	1. China – 49% 2. United States –	Eggs from China are price competitive	Local production is insignificant.

Imports US$196 million 2.49 billion eggs* Retained Imports US$191 million 2.44 billion eggs* (* Quantity of egg products, other than whole eggs, were omitted as the unit was different and the value is trivial, around 6% of total value)	20% 3. Thailand – 10% 4. Malaysia – 6%	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. The United States consolidated its position as the second largest eggs supplier to Hong Kong. The United States 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.	
Fresh Fruit Imports US$2.61 billion 1,664,787 MT Retained Imports US$1.06 billion 669,697 MT	1. Chile – 29% 2. Thailand – 19% 3. United States – 15%	Chile fresh fruit imports increased significantly by 69% in 2016 and consolidated its leading position. Chile's major fruit items to Hong Kong are cherries and grapes. The supplying season is different from the United States. Chile's supplies of cherries, grapes, plums, cranberries, kiwi fruit, and avocados have all	No local production.

		increased significantly in 2016. Thai Trade commission in Hong Kong aggressively sponsors trade promotion activities. Thai's tropical fruits, particularly durians, are very popular in Hong Kong. U.S. fresh fruits are perceived as having good quality.	
Fresh Vegetables Imports US$459 million 837,683 MT Retained Imports US$452 million 833,340 MT	1. China –77% 2. United States – 5% 3. Australia – 4%	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.	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.
Processed Fruit & Vegetables Imports US$688 million 251,848 MT Retained Imports US$532 million 209,621 MT	1. China – 35% 2. United States – 25% 3. Thailand – 6%	China's imports have been increasing since 2013, which consolidated China's position as the largest supplier. Their major items are dried mushrooms and truffles. These items widely used in Chinese cuisines at restaurants and	Local production is insignificant.

		homes. Since some international brands have operations in China, their exports to Hong Kong are considered as imports from China.	
Tree Nuts Imports US$1.62 billion 306,673 MT Retained Imports US$767 million 64,031 MT	1. United States – 70% 2. Iran – 15% 3. South Africa – 6%	The United States is very strong in supplying pistachios, almonds, walnuts, and hazelnuts. Some of the imports are re-exported to Vietnam and China for processing.	No local production
Wine (HS codes: 220421, 220410, 220429) Imports US$1.55 billion 62.9 million liters Retained Imports US$883 million 35.8 million liters	1. France – 63% 2. Australia – 18% 3. U.K. – 7% 4. United States – 4% 5. Italy – 2%	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 U.S. wine. Australia is aggressive in sales and recorded a 54% growth in value in 2016. 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.

*** Ranking and figures are taken from gross import values*
(Source of Data: Global Trade Atlas by Hong Kong Census & Statistics Department, Hong Kong Agriculture, Fisheries & Conservation Department)

SECTION V. BEST PRODUCT PROSPECTS

Notes:

- 95 percent 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.

- Import tariff rates for all food and beverage products in the tables are zero except for spirits with alcohol content greater than 30 percent for which the tariff is 100 percent.

- Products listed below either enjoy a large market import value or a significant growth rate for the last 5 years (2012-2016).

Table 4 – Hong Kong: Top 10 Prospects

Product Category	2016 Retained Imports (MT)	2016 Retained Imports (US$ million)	2012 – 2016 Average Annual Retained Import Growth	Key Constraints Over Market Development**	Market Attractiveness For USA**
Fish & Seafood Products	254,238 MT	US$2.74 billion	+6% (volume) +2% (value)	Asian countries enjoy advantages of proximity. Major suppliers of fish and seafood products in 2016 were China (26%), Japan (15%), United States (5%) and Norway (5%).	U.S. fish and seafood products are perceived as high quality and safe. It is anticipated that these seafood products will continue to be popular among HRI sector in Hong Kong.
Fresh Fruit	669,697 MT	US$1.06 billion	+2% (volume) +6% (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	U.S. fresh fruit are well known for their variety, good quality and taste. In 2016, the United States was the third largest supplier (15%) of fresh fruit to Hong Kong. Chile and

				transit time for shipments from these countries to Hong Kong also render their products "fresh" to Hong Kong consumers.	Thailand were the top two suppliers comprising 29% and 19% of import value respectively.
Poultry	277,237 MT	US$504.6 million	-4% (volume) -10% (value)	Although the United States is the leading poultry supplier to Hong Kong, Brazil is a very strong competitor due to price competitiveness and established business relationship between Brazilian exporters and Hong Kong importers. Similar scenario also applies to China where products are price competitive, and Chinese exporters also enjoy advantages of proximity and relationship.	U.S. products are highly regarded in quality and safety. More popular U.S. chicken products include chicken wing mid-joints and chicken legs because of their size and quality. These two products are particularly popular in local cuisines.
Pork	330,422 MT	US$962.0 million	+1% (volume) -2% (value)	China and Brazil are the top suppliers of pork to Hong Kong. Their products are price competitive. 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	Hong Kong imported US$125.8 million in pork from the United States, accounting for 10% of the market share in 2016. U.S. meat products are generally perceived as high-quality, safe products.

				enjoys a low processing cost advantage.	
Processed Fruit & Vegetables	209,621 MT	US$531.7 million	+5% (volume) +11% (value)	China has consolidated its position as the largest supplier since 2014, accounting for 35% of market share in 2016 by value. Chinese mushroom and truffles remain important ingredients in Chinese cuisines. The United States was the 2nd largest (25%) overall supplier. Some international brands have operations in China and their exports to Hong Kong are considered as imports from China.	U.S. processed fruit and vegetables are well known for their superior quality and tastes. U.S. processed fruits and vegetables such as some potatoes, sweet corn, mushrooms, peaches and pineapples continue to be in large demand in Hong Kong.
Beef	323,634 MT	US$1.58 billion	+17% (volume) +18% (value)		Hong Kong consumers have high regards for U.S. beef in terms of quality and safety. The full re-opening of the Hong Kong market for U.S. beef presents good opportunities.
Wine (HS codes: 220421, 220410, 220429)	35.8 million liters	US$883.3 million	+3% (volume) +2% (value)	Competition is keen in Hong Kong. Major competitors include France and Australia. French wine is traditionally popular in Hong Kong.	Hong Kong imported US$60 million of U.S. wine in 2016, accounting for 4% of the market share. Hong Kong consumers are

					more and more receptive to wine. The HRI sector in Macau is growing, making it an excellent opportunity for U.S. wine traders to expand exports.
Tree Nuts	64,031 MT	US$767.5 million	-3% (volume) 0% (value)	The United States is very strong in supplying almonds, hazelnuts and pistachios. Some imports are re-exported to Vietnam and China for processing.	No local production
Dairy Products	228,472 MT	US$1.25 billion	+2% (volume) +3% (value)		Although the Netherlands dominates supply, consumers perceive U.S. dairy products as safe and high quality products.
Organic Food and Beverage	Statistics not available	Statistics not available	Statistics not available	Organic food and beverage products are generally 20-40% higher in prices compared to non-organic products. Hong Kong does not regulate organic labeling and standards.	According to Euromonitor, organic packaged food in Hong Kong saw an increase of 5% in current terms in 2016, amid Consumers' growing health consciousness which has boosted sales.

*** Ranking and figures are taken from gross import values*
(Source of data: Global Trade Atlas by Hong Kong Census & Statistics Department)

SECTION VI. KEY CONTACTS AND FURTHER INFORMATION

Post Contact
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Fax: (852) 2834-8467
Web site: http://www.fehd.gov.hk

Department responsible for the Control of Importation of Plants & Live Animals
Agriculture, Fisheries & Conservation Department
5th – 8th Floors, Cheung Sha Wan Government Offices
303 Cheung Sha Wan Road
Kowloon
Hong Kong
Tel: (852) 2708-8885
Fax: (852) 2311-3731
Web site: http://www.afcd.gov.hk

Department responsible for the Issuance of Licenses for Imported Reserved Commodities
Trade & Industry Department
18th Floor, 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 responsible for the Registration of Health Foods Containing Medicine Ingredients

Department of Health
Pharmaceuticals Registration
Import & Export Control Section
18th 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 responsible for Issuing Licenses for Imported Dutiable Commodities

Hong Kong Customs & Excise Department
Office of Dutiable Commodities Administration
6th - 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 responsible 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
9th - 11th Floors, Citicorp Center
18 Whitfield Road, North Point
Hong Kong
Tel: (852) 2807-6543
Fax: (852) 2806-0303
Web site: http://www.hktourismboard.com

Semi-Government Organization Providing Hong Kong Trade Information

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