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Hong Kong on Alert as African Swine Fever gets Closer

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Report Highlights:

As of December 27, 2018, 20 out of the 154 hog farms in China approved for supplying live pigs to Hong Kong, have been suspended, because they are located in an area with restricted movements due to the detection of African Swine Fever (ASF). Currently, three outbreaks of ASF have been reported in the Guangdong province, which is adjacent to Hong Kong. The December 19, 2018 confirmation of the first ASF outbreak in a slaughterhouse in Zhuhai, Guangdong, China, about 60 km from Hong Kong, put the Hong Kong government on full alert and prompted the publication of a contingency plan in the event of detection of the disease in Hong Kong.

General Information:

As of December 27, 2018, there have been three confirmed African Swine Fever (ASF) outbreaks in the Guangdong province, which is adjacent to Hong Kong, leading to the suspension of live pig supplies from 20 out of the 154 approved farms in China as these farms are located in an area with restricted movements due to the presence or vicinity of outbreaks of ASF. Out of these 20 farms, 17 are located in the Guangdong province.

Following the confirmation of the ASF in a slaughterhouse in Zhuhai, Guangdong, China, about 60 km from Hong Kong, the Hong Kong government (HKG) convened an inter-departmental meeting to reveal the preliminary contingency plan in the event ASF is confirmed in Hong Kong. However, the plan has yet to obtain full support of the local industry.

Background:

Currently, Hong Kong has 43 hog farms with a pig population of approximately 50,000 head, accounting for just six percent of total annual supply. The remaining 94 percent of live pigs are imported from China. On a daily basis, China supplies Hong Kong some 4,200 pigs weighing on average 100 kg. In addition, some 70 smaller sized pigs, weighing 50- 70 kg, are sold to Hong Kong for roasted pork. In 2017, a total of 1.5 million live pigs were exported from China to Hong Kong compared to 100,000 supplied by local farms.

There are three agents authorized by the Chinese government to supply live pigs to Hong Kong. These agents can only source pigs from plants approved by both the Chinese and Hong Kong governments. Presently, among the 154 approved plants, 100 farms are actively supplying pigs to Hong Kong. About 80 percent of live pigs to Hong Kong are sourced from Guangdong province, which is adjacent to Hong Kong.

Live pigs are auctioned off in Hong Kong each morning and slaughtered later that evening for supply and distribution to end buyers the next morning. Imported live pigs are rarely in Hong Kong more than a day before proceeding to the slaughterhouse.

Contingency Plan Rolled out by the Hong Kong Government (HKG)

Upon the confirmation of 11 infected hogs of ASF in the slaughterhouse in Zhuhai on December 19th, four hog farms that had previously been allowed to export live pigs to Hong Kong became ineligible because they have been deemed too close to the restricted area. Reportedly, two farms are within 13 km of the slaughterhouse while the other two are slightly farther away.

In light of the incident, the HKG convened a multi-departmental meeting on December 20th and revealed their contingency plan to the public. Reactions from the trade seem to show that the industry, including farmers and traders, have yet to reach an agreement with the government.

Culling of Affected Animals:

Reportedly, in the event that ASF is confirmed at a slaughterhouse in Hong Kong, all pigs coming

from the same farm at the slaughterhouse will be culled and disposed. However, other animals at the slaughtering plant, including pigs from other farms and cattle and sheep, will not be affected and will still be allowed to enter the market. The slaughterhouse will then be closed for thorough cleansing and disinfection. The government official did not elaborate on how long the slaughterhouse will remain closed. This may be due to a lack of consensus between the government and trade. The government is trying to strike a balance among animal health, traders' interests, and the food supply. The HKG had previously indicated that it intended to close infected slaughtering plants for seven days, instead of the usual practice of 21 days, to minimize impact on the pork supply in Hong Kong. It is possible that the trade is now pushing for a closure of fewer than seven days.

In case local farms are found with ASF, the HKG is planning to slaughter all the pigs on the farm. Pigs from the neighboring farms within a 3 km radius will not be allowed to move pigs from the farm until the HKG confirms negative ASF test results from all of the pigs.

Segregation of Imported and Domestic Animals:

There are two slaughterhouses in Hong Kong. The larger one handles 4,000 pigs a day while the smaller one has been averaging about 200 per day, although its maximum capacity is 400 pigs a day. Following the confirmation of ASF in Guangdong, the HKG is considering segregating imported and domestic pigs by having all imported pigs slaughtered in the larger slaughterhouse and local pigs in the smaller one. This measure could enable a continued supply of fresh pork, although much less, possibly only one tenth of the normal supply if it is necessary to close the larger slaughterhouse.

Strengthening Biosecurity and other Preventative Measures:

Meanwhile, the HKG has pledged to step up preventive measures on all fronts. The HKG is amending licensing requirements for pig farms in Hong Kong by banning the use of refuse and scraps of animal origin as pig feed effective January 12, 2019. The Food and Environmental Hygiene Department staff will continue to inspect health certificates of imported live pigs and monitor the health status of live pigs at border checkpoints. The HKG also assured the public that they have stepped up biosecurity measures for slaughterhouses and farms. All pigs are now required to undergo ante-mortem and post-mortem inspections in slaughterhouses before entering the market.

Proposing to Stop the Operation of the Slaughterhouses Once a Month:

The government and the industry is exploring the possibility to suspend the operation of slaughterhouses for one day each month for thorough cleaning. Additionally it is proposed to limit the stay of live pigs in slaughterhouses to one day.

Responses

The measures suggested by the HKG have been met with mixed responses from the industry. Farmers are trying to negotiate a better compensation deal for the culling of live pigs. The government has reiterated that the compensation rate will reference market prices. Preliminary compensation rate is HKD2,000 or USD257 per head weighing about 120 kg. Also, farmers have questioned why, if a slaughterhouse confirms a case of ASF, live pigs sourced from farms different from that of the affected pigs are allowed to be sold to the public. They challenged that this is not an

adequate measure to protect local farms. Regarding segregating imported and domestic pigs into two separate slaughterhouses, pork traders have voiced concerns because many of them buy both local and imported pigs. Their transport costs will go up if their products are slaughtered in two different places.

Impact

At present, 20 farms in mainland China are suspended from supplying live pigs to Hong Kong, and the impact to Hong Kong is still to be gauged. Recent daily hog import reports from the HKG indicate that imports are down 50 percent from the average, although demand tends to be slower at this time of the year around the Christmas holiday. Industry representatives indicated that fresh pork prices have risen about 10 percent in the past few days.

If more farms are affected in the coming days or months, the supply of live pigs and local pork prices will certainly be further affected. Fresh pork is primarily consumed in households, while the catering industry widely uses chilled and frozen pork due to convenience and price. Reportedly, pork consumption by the catering industry is made up by fresh pork, chilled pork and frozen pork by 51, 3 and 46 percent respectively. In the event of further reduction of live pig supplies, Hong Kong consumers would have no choice but to replace fresh pork with chilled/frozen pork or other meats such as chicken and beef. Industry sources commented that the import of chilled pork from China and Thailand might rise in the case of short supplies of live pigs from China. Frozen products from Brazil, Europe, and the United States would stand to benefit in this order. Brazilian and European products are currently more popular because of their cuts and prices.

Macau

Macau has no local pig production. All live pig supplies rely on China. Total annual supply amounts to around 120,000 head. Mainland China supplies approximately 400 pigs to Macau every day. Macau has not publicly announced any additional mitigation measures.