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Best Prospects Analysis for U.S. Agricultural Exports to Hong Kong

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Report Highlights:

This report aims to identify U.S. agricultural/food products with the best prospects for export based on an analysis of Hong Kong's agricultural imports from 2014 to 2018. The products identified include tree nuts, beef, poultry, fruit, pork, food preparations, seafood, processed vegetables, fruit/vegetable juices, pet food, wine & beer, and dairy products. Additionally, U. S. exporters may take note of Hong Kong's increasing demand for wine and beer, distilled spirits, race horses, and tea & mate extract. Also, U.S. chocolate and feeds & fodders have achieved remarkable increases in export value to Hong Kong, indicating the potential of these U.S. products in the market.

Hong Kong was the seventh-largest export market for U.S. agricultural and food products in 2018, with a total export value of USD4.2 billion. The bulk of these exports was consumer-oriented food products at a value of USD3.8 billion, making Hong Kong the United States’ fifth- largest export market for this food product category.

Hong Kong does not have any trade barriers in terms of tariffs, quotas, plant registration, or sanitary and phytosanitary requirements. The performance of U.S. food and agricultural exports to Hong Kong essentially hinges on the domestic economy, competition from third-country suppliers, and if not more importantly, on China’s demand for agricultural re-exports. Hong Kong’s trade, thus, has reflects the driving force of these key factors.

The purpose of this report is to identify products that represent the best prospects for U.S. agricultural products. The analysis is from three different perspectives. Firstly, U.S. products that have the biggest export value to Hong Kong. Secondly, Hong Kong’s agricultural and food imports from all over the world that have grown the most in absolute value in the past five years. Thirdly, Hong Kong’s imports from the United States that have grown the most in absolute value.

Best Prospects

Note: All data in this report is sourced from GTIS monthly data and the Hong Kong Census & Statistics Department

Products identified as the best prospects from the three approaches are summarized in the table below. Quite a number of products have met all three criteria, reflecting that these products are increasingly more in-demand in Hong Kong, that these products are major U.S. agricultural exports to Hong Kong, and that U.S. export values of these products have grown correspondingly, fully catching the market opportunities offered in Hong Kong. The table also provides clues as to product categories that U.S. exporters should note for their overall growth potential or because the United States has been successfully expanding sales opportunities.

Table 1

| U.S. Products with Best Prospects to Hong | | | |
|---|----------------------------------|---|--|
| Products | Major U.S. exports to HK in 2018 | HK’s imports from the world with the biggest growth value 2014 - 2018 | HK’s Imports from the U.S. with the biggest growth value 2014 - 2018 |
| Tree Nuts | √ | | √ |
| Beef & Beef Products | √ | √ | √ |
| Poultry Meat & Prods. (ex. eggs) | √ | | |
| Fresh Fruit | √ | √ | |
| Pork & Pork Products | √ | | |
| Food Preps. & Misc. | √ | √ | √ |

| | | | |
|-----------------------------|---|---|---|
| Bev | | | |
| Fish Products | √ | √ | |
| Processed Vegetables | √ | √ | √ |
| Fruit & Vegetable Juices | √ | | √ |
| Dog & Cat Food | √ | | √ |
| Wine & Beer | | √ | |
| Distilled Spirits | | √ | |
| Live Animals (Horses) | | √ | |
| Tea (Tea & Mate Extract) | | √ | √ |
| Dairy Products | | | √ |
| Feeds & Fodders | | | √ |
| Chocolate & Cocoa Products | | | √ |

Approach One: Products Constituting Top U.S. Agricultural Exports to Hong Kong in 2018

U.S. Tree Nut exports to Hong Kong performed well in the past five years. Tree nuts are the biggest U.S. export category to Hong Kong by value (\$1.04 billion in 2018) and had the second-largest value growth behind food preparations. From 2014 – 2018, Hong Kong’s imports of U.S. tree nuts grew by \$112 million.

The growth is largely due to pistachios. In fact, the United States has successfully expanded its market share of in-shell pistachios from 37 percent in 2014 to 93 percent in 2018, whereas Iran’s market share dropped drastically from 62 percent in 2014 to six percent in 2018. The data confirmed industry comments that the United States has been very successful in the past few years in establishing a foothold in the market of Hong Kong and mainland China.

U.S. Beef Products are the second-largest export item by value to Hong Kong (\$1.01 billion in 2018). There is the potential for the market share of U.S. beef products to grow further because Hong Kong’s demand for beef products, regardless of country of origin, grew three percent each year between 2014 and 2018, higher than the growth rate of U.S. beef exports to Hong Kong.

Table 2

| Hong Kong's Beef Imports, USD'000 | | | |
|--|------------------|----------------------|------------------------|
| | 2018 | Annual Growth | Absolute Change |
| Partner | Value | 2014 - 2018 | 2014 -2018 |
| World Total | 3,503,996 | 3% | 87,294 |
| Brazil | 1,622,040 | 3% | 31,715 |
| United States | 1,010,630 | 1% | 47,502 |
| Australia | 164,105 | -1% | -16,405 |
| Canada | 141,024 | 6% | 8,189 |
| Argentina | 108,093 | -1% | -9,047 |
| United Kingdom | 73,005 | 33% | 42,106 |

| | | | |
|---------|--------|-----|--------|
| Ireland | 60,057 | 23% | 20,492 |
|---------|--------|-----|--------|

Poultry is the United States' third-largest export category to Hong Kong. In the past five years, Hong Kong's imports of poultry products from the United States and Brazil have declined while those from mainland China and Thailand have increased. Poultry products from the United States and Brazil are primarily for re-exports, as such, the decline only reflected the re-export trade. However, poultry products from China and Thailand are for the domestic market and their sales figures have grown, showing that Hong Kong's domestic demand for poultry products in on the rise.

Table 3

| Hong Kong's Poultry Imports, USD'000 | | | |
|---|----------------|----------------------|------------------------|
| | 2018 | Annual Growth | Absolute Change |
| Partner | Value | 2014 - 2018 | 2014 -2018 |
| World Total | 1,601,764 | -3% | -329,365 |
| United States | 453,651 | -1% | -53,044 |
| China | 453,592 | 6% | 89,243 |
| Brazil | 361,409 | -8% | -193,718 |
| Thailand | 64,435 | 14% | 25,452 |
| Poland | 57,732 | 5% | 2,699 |
| United Kingdom | 25,426 | -6% | -12,281 |

Fresh Fruit is the third-largest U.S. product category exported to Hong Kong, valued at USD347 million in 2018. Competition is very keen. The United States ranked as the largest supplier in 2014 but dropped to the third in 2018, with an annual negative growth rate of six percent between 2014 and 2018.

Statistics showed the Hong Kong fruit market as very vibrant, having an annual growth rate of 10 percent. The market has witnessed the incessant introduction of premium, tropical, and novice fruit items. Hong Kong bought almost USD1 billion more of fresh fruits from all over the world in 2018 compared to 2014. Hong Kong's fruit imports from all major supplying countries, except the United States, have demonstrated tremendous growth. Chile's and Thailand's fruit exports to Hong Kong doubled in the last five years, ranking as the top two fruit suppliers currently.

Table 5 shows the fruit types including cherries, oranges, plums, apples, and avocados that have had the highest import growth in Hong Kong in the past five years, and the United States exports all of these products. Thus, the demand for these products provides good opportunities for U.S. exporters.

Table 4

| Hong Kong's Fresh Fruit Imports | | | |
|--|--------------|----------------------|------------------------|
| USD'000 | 2018 | Annual Growth | Absolute Change |
| Partner | Value | 2014 - 2018 | 2014 -2018 |
| World Total | 3,160,580 | 10% | 974,879 |

| | | | |
|----------------------|----------------|------------|-----------------|
| Chile | 1,142,142 | 27% | 735,964 |
| Thailand | 462,338 | 1% | 30,410 |
| United States | 347,337 | -6% | -136,341 |
| Australia | 240,140 | 11% | 75,651 |
| South Africa | 203,861 | 9% | 42,994 |
| China | 159,953 | 14% | 65,498 |

Table 5

| Hong Kong's Major Fruit Types | | | | | | |
|--------------------------------------|------------------------------------|----------------------|------------------------|-----------------------------------|----------------------|------------------------|
| Hong Kong Major Fruit Types | | | | | | |
| USD'000 | HK's Imports from the World | | | HK's Imports from the U.S. | | |
| | 2018 | Annual Growth | Absolute Change | 2018 | Annual Growth | Absolute Change |
| Product | Value | 2014 - 2018 | 2014 - 2018 | Value | 2014 - 2018 | 2014 - 2018 |
| Fresh Fruit | 3,160,580 | 10% | 974,879 | 347,337 | -6% | -136,341 |
| Cherries, Other | 836,828 | 23% | 498,206 | 53,070 | -4% | -18,507 |
| Oranges | 368,364 | 14% | 139,697 | 123,702 | 2% | 2,807 |
| Durians, Fresh | 351,683 | 4% | 73,204 | 0 | 0% | 0 |
| Plums, Sloes, Fresh | 101,109 | 27% | 61,165 | 25,240 | 26% | 13,803 |
| Apples, Fresh | 198,119 | 6% | 49,930 | 33,912 | -8% | -14,980 |
| Avocados | 58,335 | 60% | 48,614 | 5,552 | 24% | 3,153 |

Pork ranked as the fifth-largest U.S. food export to Hong Kong in 2018. As there are more direct shipments from supplying countries to China, Hong Kong's pork imports over the years have declined. Still pork is regarded as a food product with great prospects in Hong Kong because many decision makers behind those direct shipments are Hong Kong traders. Hong Kong's imports of USD1.9 billion of pork products in 2018 spoke well of the huge trade opportunities in the market.

Also, pork is a stable meat item for Chinese cuisine. The African Swine Fever cases in China and Hong Kong have disrupted the fresh pork market in Hong Kong. These incidents will serve as a catalyst prompting more demand for chilled/frozen pork in the long term.

Table 6

| Hong Kong's Pork Imports | | | |
|---------------------------------|--------------|----------------------|------------------------|
| USD'000 | 2018 | Annual Growth | Absolute Change |
| Partner | Value | 2014 - 2018 | 2014 - 2018 |
| World Total | 1,900,941 | -2% | -433,582 |
| China | 399,529 | -2% | -30,042 |
| Brazil | 380,762 | 6% | 44,204 |

| | | | |
|----------------------|----------------|-----------|---------------|
| United States | 339,034 | 4% | -3,959 |
| Germany | 146,513 | -8% | -142,180 |
| Netherlands | 119,181 | -5% | -56,578 |
| Spain | 108,776 | -1% | -31,511 |

Food Preparations are the United States sixth-largest food export to Hong Kong and have performed tremendously well in the past five years, with annual growth of 24 percent from 2014 to 2018. Hong Kong has a very robust catering and restaurant industry carrying different international cuisines. There is strong demand for food preparations and juice concentrate to expedite cooking processes in space-precious kitchens. U.S. exporters should make good use of the sales potential or the market share will be occupied by competitors such as Australia and Germany.

Table 7

| Hong Kong's Food Preparations & Beverages Bases | | | |
|--|----------------|----------------------|------------------------|
| USD'000 | 2018 | Annual Growth | Absolute Change |
| Partner | Value | 2014 - 2018 | 2014 -2018 |
| World Total | 2,015,732 | 10% | 660,670 |
| China | 551,946 | 5% | 108,035 |
| United States | 273,538 | 24% | 157,689 |
| Japan | 262,029 | 18% | 140,203 |
| Australia | 175,221 | 49% | 139,494 |
| Taiwan | 97,499 | 5% | 15,352 |
| Germany | 88,596 | 50% | 71,847 |

Seafood ranked as the United States' seventh-largest food export to Hong Kong. Table 8 below shows the bestsellers of U.S. seafood to Hong Kong, which include mollusks, lobsters, cod, shrimps & prawns, and oysters. U.S. premium seafood products are popular dishes served at hotel buffets. The availability of a variety of expensive choices can easily mark up the high charges for buffets at hotels.

Table 8

| Hong Kong's Seafood Imports | | | |
|---|--------------|----------------------|------------------------|
| USD'000 | 2018 | Annual Growth | Absolute Change |
| Product | Value | 2014 - 2018 | 2014 -2018 |
| Fish Products | 172,938 | -2% | -4,740 |
| Aquatic Invert Live | 52,985 | 6% | 9,105 |
| Lobsters, Live, Fresh,or Chilled | 29,574 | | 29,574 |
| Rock Lobster, Other Sea Crawfish Live/fresh/chill | 16,112 | | 16,112 |
| Other Mollusks, Inc Fl,ml, Humn Consump, Frozen | 15,030 | | 15,030 |

| | | | |
|---|-------|------|---------|
| Cod, frozen | 9,253 | 26% | 5,681 |
| Other Shrimp And Prawns, Live, Fresh Or Chilled | 6,319 | | 6,319 |
| Oysters, Live, Fresh, Chilled | 5,325 | -2% | -536 |
| Lobsters (Homarus) | 4,608 | 21% | 1,974 |
| Eels, Live | 3,738 | 4% | 525 |
| Sea cucumbers, Other | 3,488 | -36% | -11,212 |
| Sea Cucumbers, Frozen | 2,972 | | 2,972 |
| Clams, Live, Fresh, Chilled | 2,263 | 13% | 573 |
| Crabs, Frozen | 2,141 | -8% | -770 |
| Eels, frozen | 1,880 | | 1,537 |
| Oysters, Frozen | 1,309 | | 1,309 |
| Fish Other, Fillets, Frozen | 1,073 | 52% | 819 |
| Fish Other, frozen | 1,068 | -2% | -6 |
| Crabs, Live, Fresh Or Chilled | 1,053 | | 1,053 |
| Scallops, Frozen | 981 | | 981 |

Processed Vegetables ranked as the United States' eighth-largest food product exported to Hong Kong in 2018. The United States is the second-largest supplier of processed vegetables for Hong Kong. Though China was the biggest supplier, it primarily supplied dried mushroom and wood ear, which are typical for Chinese cuisine.

Among all processed vegetables, U.S. product types with the best prospects include potato chips (36% of market share), frozen potatoes, (96% of market share), French fries (73% of market share), and frozen sweet corn (63% of market share). Items showing particularly good potential are frozen potatoes and sweet corn. Hong Kong's demand for these products has grown considerably in the past five years and almost all of the growth was supplied by the United States.

Table 9

| Hong Kong's Import Variety of Processed Vegetables | | | | | | |
|---|------------------------------------|----------------------|------------------------|-----------------------------------|----------------------|------------------------|
| US\$ 000 | HK's Imports from the World | | | HK's Imports from the U.S. | | |
| | 2018 | Annual Growth | Absolute Change | 2018 | Annual Growth | Absolute Change |
| Product | Value | 2014 - 2018 | 2014 - 2018 | Value | 2014 - 2018 | 2014 -2018 |
| All Processed Vegetables | 506,692 | 7% | 169,001 | 79709 | 2% | 3,991 |
| Potato chips | 57,131 | 0% | 1,708 | 20,547 | -5% | -3,918 |
| Potatoes, Frozen | 21,323 | 51% | 15,505 | 20,483 | 61% | 15,928 |
| French Fries | 20,426 | -13% | -10,433 | 14,823 | -14% | -9,480 |
| Sweet Corn, Frozen | 8,426 | 9% | 2,372 | 5,306 | 22% | 2,468 |

Fruit and Vegetable Juices were the ninth-largest U.S. food export to Hong Kong in 2018. The

United States is the largest supplier for the Hong Kong market and has an annual growth rate of 11 percent in the past five years. The growth in Hong Kong's import of fruit and vegetable juices has been almost entirely contributed by U.S. products. The potential and popularity of U.S. juices in Hong Kong are on full display.

Table 10

| Hong Kong's Imports of Fruit and Vegetables Juices | | | |
|---|---------------|----------------------|------------------------|
| USD'000 | 2018 | Annual Growth | Absolute Change |
| Partner | Value | 2014 - 2018 | 2014 -2018 |
| World Total | 107,850 | 7% | 41,559 |
| United States | 79,030 | 11% | 40,128 |
| Japan | 5,354 | 5% | 859 |
| China | 4,500 | -7% | -1,364 |
| Australia | 3,040 | -4% | -437 |
| Thailand | 2,577 | 24% | 1,508 |
| Taiwan | 1,895 | -13% | -1,271 |
| Singapore | 1,692 | -2% | 154 |
| Netherlands | 1,653 | 113% | 1,493 |

Pet Food was the United States' 10th-largest export item to Hong Kong in 2018. The United States is the largest supplier contributing about 49 percent of the imported market share. Hong Kong consumers have confidence in the safety and nutritional value of U.S. pet food, supporting the remarkable growth of USD23 million in U.S. pet food to Hong Kong in the past five years.

The concept of raising pets in Hong Kong has experienced significant changes in recent decades. Dogs and cats are regarded as a member of the family. Owners provide good-quality pet food to their pets, in stark contrast to feeding them with left-over human food as was customary in the old days. Also, the number of people raising pets is increasing. These factors have triggered the increased demand for dog and cat food and the trend is expected to deepen in the future.

According to the latest survey by the government in 2011, the number of dogs and cats accounted to 247,500 and 167,600, respectively. In comparison to a similar survey conducted in 2005, only 197,700 dogs and 99,200 cats were kept by Hong Kong people.

Table 11

| Hong Kong's Pet Food Imports | | | |
|-------------------------------------|---------------|----------------------|------------------------|
| USD'000 | 2018 | Annual Growth | Absolute Change |
| Partner | Value | 2014 - 2018 | 2014 -2018 |
| World Total | 134,060 | 11% | 39,011 |
| United States | 65,080 | 14% | 22,769 |
| Thailand | 16,559 | 5% | 2,507 |

| | | | |
|----------------|-------|------|--------|
| Canada | 8,801 | 21% | 3,685 |
| France | 6,074 | -2% | -598 |
| Japan | 5,702 | 18% | 2,637 |
| Australia | 4,612 | 15% | 2,004 |
| Germany | 4,283 | 40% | 3,183 |
| China | 3,451 | -16% | -2,861 |
| New Zealand | 3,121 | 21% | 1,781 |
| Italy | 2,615 | 17% | 1,193 |
| United Kingdom | 2,493 | -11% | -1,992 |
| Netherlands | 2,019 | 21% | 1,021 |

Approach Two: Products Constituting Hong Kong's Agricultural and Food Imports with the Largest Growth Value

Table 12

| Hong Kong's Agricultural and Food Imports from the World with the Top 10 Greatest Absolute Growth Value between 2014 and 2018 | | | | | | |
|--|------------------------------------|----------------------|------------------------|-----------------------------------|----------------------|------------------------|
| USD'000 | HK's Imports from the World | | | HK's Imports from the U.S. | | |
| | 2018 | Annual Growth | Absolute Change | 2018 | Annual Growth | Absolute Change |
| Product | Value | 2014 - 2018 | 2014 - 2018 | Value | 2014 - 2018 | 2014 - 2018 |
| Fresh Fruit* | 3,160,580 | 10% | 974,879 | 347,337 | -6% | -136,341 |
| Food Preps. & Misc. Bev* | 2,015,732 | 10% | 660,670 | 273,538 | 24% | 157,689 |
| Wine & Beer | 1,713,684 | 8% | 469,612 | 63,672 | 3% | 3,174 |
| Fish Products* | 3,854,957 | 1% | 212,972 | 172,938 | -2% | -4,740 |
| Distilled Spirits | 690,494 | 8% | 176,293 | 6,936 | 4% | 1,875 |
| Processed Vegetables* | 506,692 | 7% | 169,001 | 79,709 | 2% | 3,991 |
| Live Animals | 725,024 | 3% | 113,863 | 1,974 | 143% | 1,924 |
| Spices | 123,725 | 44% | 97,949 | 1,215 | -8% | -418 |
| Tea | 185,445 | 22% | 97,543 | 12,702 | 30% | 7,609 |
| Beef & Beef Products* | 3,503,996 | 3% | 87,294 | 1,010,630 | 1% | 47,502 |

*Products that are also U.S. Top 10 Export Items to Hong Kong

U.S. exporters are encouraged to take a look at products that have experienced huge growth in imports into Hong Kong in the past few years, regardless of country of origin. Among the top ten products that had the largest growth in Hong Kong, five of them (beef, fresh fruit, food preparations, fish products, and processed vegetables) are already major U.S. export items to Hong Kong and mentioned above. U.S. exporters may want to note some of the remaining five product categories,

namely, wine & beer, distilled spirits, live animals, and tea and mate extract as U.S. exporters may benefit from Hong Kong consumers' increased demand for these items.

Wine and Beer: Hong Kong's wine market has boomed tremendously since the abolition of the wine duty in 2008. It had an annual growth rate of eight percent in the past five years, presenting good prospects for U.S. products.

Distilled Spirits: imports are also on the rise with an annual growth rate of eight percent between 2014 and 2018. Hong Kong is developing its drinking culture with many pubs and bars in the commercial areas. Although Hong Kong imposes a 100 percent ad valorem excise duty on liquors, the same duty is applied on all imports, regardless of country of origin.

Live Animals: Another sector that offers potential to U.S. exporters are race horses. Between 2014 and 2018, Hong Kong's imports of race horses grew by USD153 million. Hong Kong's Jockey Club is the only legal gambling organization in Hong Kong, contributing about seven percent of Hong Kong's total tax revenue. It provides horse racing and betting entertainment. It has about 1,500 race horses. With the opening of the Chunghua Racecourse, the capacity of the Jockey Club's housing for horses increased by 650 animals. Hong Kong traditionally buys race horses from Australia, the United Kingdom, and New Zealand. The Jockey Club has seemed willing to try U.S. horses in recent years.

(Table 12 above shows that Hong Kong's absolute growth of live animals was only USD114 million, which resulted from the USD153 million increase in race horses and the USD39 million decrease in imports of food animals.)

Tea: Hong Kong's tea imports have grown significantly. The absolute growth was USD98 million for tea products between 2014 and 2018, USD17 million of which were tea and mate extract. The United States enjoys the niche market for tea and mate extract. The United States is the largest supplier in this product category, growing significantly from USD3.7 million in 2014 to 12.7 million in 2018, with an annual growth rate of 30 percent.

Approach Three: Products Constituting Hong Kong's Agricultural and Food Imports from the United States with the Largest Growth Value

We calculated the absolute growth of Hong Kong's imports of all U.S. agricultural and food exports between 2014 and 2018 and ranked them in descending order. The result is presented in table 13 below.

The export value for some of the identified products may not necessarily be the highest at the moment. Still, we include them as "Best Prospects" because their remarkable absolute growth in the past five years represents opportunities for U.S. products.

Among these top ten product categories with the biggest growth in value in the past five years for U.S. products to Hong Kong, four of them, including tea, dairy products, feeds and fodders, and chocolate & cocoa products, each exported less than \$60 million to Hong Kong annually. This reflects that the United States is expanding its range of agricultural and food exports to Hong Kong

and has been doing well.

Table 13

| Hong Kong's Agricultural and Food Imports from the United States with the Top 10 Greatest Absolute Growth Value between 2014 and 2018 | | | | | | |
|--|-----------------------------|---------------|-----------------|----------------------------|---------------|-----------------|
| USD'000 | HK's Imports from the World | | | HK's Imports from the U.S. | | |
| | 2018 | Annual Growth | Absolute Change | 2018 | Annual Growth | Absolute Change |
| Product | Value | 2014 - 2018 | 2014 - 2018 | Value | 2014 - 2018 | 2014 - 2018 |
| Food Preps. & Misc. Bev | 2,015,732 | 10% | 660,670 | 273,538 | 24% | 157,689 |
| Tree Nuts | 1,302,934 | -6% | -435,624 | 1,036,889 | 4% | 111,878 |
| Beef & Beef Products | 3,503,996 | 3% | 87,294 | 1,010,630 | 1% | 47,502 |
| Fruit & Vegetable Juices | 107,850 | 7% | 41,559 | 79,030 | 11% | 40,128 |
| Dog & Cat Food | 134,060 | 11% | 39,011 | 65,080 | 14% | 22,769 |
| Tea | 185,445 | 22% | 97,543 | 12,702 | 30% | 7,609 |
| Dairy Products | 1,989,379 | -1% | -27,726 | 60,160 | 2% | 7,339 |
| Feeds & Fodders NESOI | 49,385 | 12% | 19,029 | 15,771 | 11% | 4,528 |
| Processed Vegetables | 506,692 | 7% | 169,001 | 79,709 | 2% | 3,991 |
| Chocolate & Cocoa Products | 397,661 | -1% | -37,196 | 32,149 | 1% | 3,963 |

Dairy Products: U.S. exporters have great potential in infant food exports to Hong Kong. Hong Kong's demand for infant food had an absolute growth in the past five years reaching USD54 million. U.S. products are well received by Hong Kong consumers with an annual increase of 38 percent in the corresponding period. Hong Kong's diet has been getting more westernized, which benefits U.S. products. Increasingly, more young mothers tend to feed their babies/toddlers with ready-to-eat baby foods, in contrast to the older generation who prepared fresh food such as congee for their young children. This trend will continue to deepen, thus providing great potential for U.S. exporters. Milk powder and yogurt are other dairy products with good prospects.

Table 14

| Hong Kong's Dairy Products Imports | | | | | | |
|---|-----------------------------|---------------|-----------------|----------------------------|---------------|-----------------|
| USD'000 | HK's Imports from the World | | | HK's Imports from the U.S. | | |
| | 2018 | Annual Growth | Absolute Change | 2018 | Annual Growth | Absolute Change |
| Product | Value | 2014 - 2018 | 2014 - 2018 | Value | 2014 - 2018 | 2014 - 2018 |
| Dairy Products | 1,989,379 | -1% | -27,726 | 60,160 | 2% | 7,339 |

| | | | | | | |
|--------------------------|-----------|------|---------|--------|------|--------|
| Infant Foods | 94,145 | 19% | 53,834 | 20,825 | 38% | 15,087 |
| Milk Powder Unsweet | 1,428,360 | -1% | -30,323 | 18,051 | 3% | 2,981 |
| Yogurt | 33,787 | 4% | 6,906 | 3,858 | 20% | 2,259 |
| Cheese Processed | 31,217 | -7% | -14,259 | 3,968 | 0% | -71 |
| Cheese Except Fresh | 37,555 | 0% | -1,118 | 4,820 | 4% | -262 |
| Milk and cream, >10% Fat | 14,281 | 7% | 2,297 | 742 | -13% | -799 |
| Milk Powder <1.5% Fat | 20,590 | -22% | -42,251 | 546 | -23% | -1,078 |
| Milk 1-6% Fat | 98,269 | 4% | 16,623 | 3,225 | -8% | -1,321 |
| Cheese, Grated | 7,707 | 3% | 344 | 1,942 | -14% | -2,133 |
| Fresh Cheese | 16,419 | 4% | 2,280 | 887 | -32% | -2,219 |

U.S. Feeds and Fodders accounted for 32 percent of Hong Kong's total supplies in 2018 and was the largest supplier. Despite the fact that the product type is not among the top ten products that the United States sells to Hong Kong, it is one of the categories that has had the biggest growth value. The major items are prepared feeds, alfalfa and maize bran. The growth primarily is driven by the demand of racehorses, triggered by the Hong Kong Jockey Club's purchases of more American horses. Additionally, Hong Kong still has an annual production of about 105,000 pigs and 4.2 million chickens.

Chocolate is another item not on the top ten list of major U.S. exports to Hong Kong, but among those products that have the biggest growth value. Though Hong Kong imported less chocolate products from the world in 2018 compared to 2014, products from the United States rose. The United States is the third-largest supplier behind Italy and Switzerland and ahead of other competitors such as China, Belgium, and Germany. The United States was the only supplying country for which the export value in 2018 outperformed that in 2014. This data shows the popularity and potential of U.S. chocolate products in Hong Kong.

Statistics

Table 15

| Hong Kong's Agricultural and Food Imports ranked by Descending U.S. Import Value | | | | | | |
|--|-----------------------------|---------------|-----------------|----------------------------|---------------|-----------------|
| USD'000 | HK's Imports from the World | | | HK's Imports from the U.S. | | |
| | 2018 | Annual Growth | Absolute Change | 2018 | Annual Growth | Absolute Change |
| Product | Value | 2014 - 2018 | 2014 -2018 | Value | 2014 - 2018 | 2014 - 2018 |
| Tree Nuts | 1,302,934 | -6% | -435,624 | 1,036,889 | 4% | 111,878 |
| Beef & Beef Products | 3,503,996 | 3% | 87,294 | 1,010,630 | 1% | 47,502 |
| Poultry Meat & Prods. (ex. eggs) | 1,601,764 | -3% | -329,365 | 453,651 | -1% | -53,044 |
| Fresh Fruit | 3,160,580 | 10% | 974,879 | 347,337 | -6% | -136,341 |
| Pork & Pork Products | 1,900,941 | -2% | -433,582 | 339,034 | 4% | -3,959 |
| Food Preps. & Misc. Bev | 2,015,732 | 10% | 660,670 | 273,538 | 24% | 157,689 |
| Fish Products | 3,854,957 | 1% | 212,972 | 172,938 | -2% | -4,740 |

| | | | | | | |
|--|-----------|------|----------|--------|------|---------|
| Processed Vegetables | 506,692 | 7% | 169,001 | 79,709 | 2% | 3,991 |
| Fruit & Vegetable Juices | 107,850 | 7% | 41,559 | 79,030 | 11% | 40,128 |
| Dog & Cat Food | 134,060 | 11% | 39,011 | 65,080 | 14% | 22,769 |
| Wine & Beer | 1,713,684 | 8% | 469,612 | 63,672 | 3% | 3,174 |
| Dairy Products | 1,989,379 | -1% | -27,726 | 60,160 | 2% | 7,339 |
| Other Intermediate Products | 756,219 | -3% | -56,309 | 50,936 | -14% | -40,705 |
| Eggs & Products | 239,180 | 1% | 18,123 | 45,882 | -1% | -5,512 |
| Processed Fruit | 208,753 | 1% | 6,085 | 39,053 | 2% | 1,789 |
| Meat Products NESOI | 423,679 | -5% | -130,975 | 32,627 | -10% | -13,784 |
| Chocolate & Cocoa Products | 397,661 | -1% | -37,196 | 32,149 | 1% | 3,963 |
| Condiments & Sauces | 294,123 | 4% | 42,062 | 26,797 | -6% | -7,553 |
| Non-Alcoholic Bev. (ex. juices, coffee, tea) | 255,212 | 2% | 14,621 | 25,399 | -2% | 2,248 |
| Snack Foods NESOI | 377,915 | 6% | 85,754 | 22,431 | 4% | 2,836 |
| Fresh Vegetables | 448,050 | 2% | 19,934 | 22,278 | -9% | -8,016 |
| Essential Oils | 77,259 | 4% | 9,536 | 21,586 | 3% | -1,269 |
| Feeds & Fodders NESOI | 49,385 | 12% | 19,029 | 15,771 | 11% | 4,528 |
| Tea | 185,445 | 22% | 97,543 | 12,702 | 30% | 7,609 |
| Coffee, Roasted and Extracts | 142,175 | 26% | 52,935 | 11,301 | 9% | 3,136 |
| Vegetable Oils NESOI | 164,756 | 1% | -918 | 9,903 | 5% | 2,689 |
| Distilled Spirits | 690,494 | 8% | 176,293 | 6,936 | 4% | 1,875 |
| Rice | 297,354 | -2% | -8,054 | 5,845 | 40% | 1,931 |
| Tobacco | 47,025 | -15% | -21,970 | 5,702 | | 3,859 |
| Soybean meal | 6,769 | -2% | -1,292 | 5,687 | 0% | -126 |
| Corn | 4,704 | 5% | 476 | 4,399 | 13% | 1,332 |
| Forest Products | 367,414 | -15% | -350,768 | 4,285 | -31% | -12,254 |
| Sugars & Sweeteners | 152,945 | -2% | -18,920 | 3,304 | -7% | -357 |
| Hides & Skins | 201,240 | -33% | -728,964 | 2,031 | -55% | -33,732 |
| Live Animals | 725,024 | 3% | 113,863 | 1,974 | 143% | 1,924 |
| Planting Seeds | 52,858 | 5% | 11,749 | 1,727 | -22% | -4,142 |
| Wheat | 1,892 | -7% | -752 | 1,724 | -5% | -501 |
| Spices | 123,725 | 44% | 97,949 | 1,215 | -8% | -418 |
| Coarse Grains (ex. corn) | 2,442 | 18% | 1,228 | 900 | 18% | 525 |
| Nursery Products & Cut Flowers | 68,718 | 8% | 21,009 | 866 | -2% | -55 |
| Pulses | 11,493 | -7% | -2,086 | 860 | -10% | -485 |

| | | | | | | |
|------------------------------------|--------|------|---------|-----|------|--------|
| Hay | 981 | 0% | 62 | 798 | 2% | 110 |
| Soybeans | 16,644 | -13% | -11,338 | 310 | 3% | -29 |
| Other Bulk Commodities | 3,154 | 8% | 1,002 | 201 | -7% | -164 |
| Coffee, Unroasted | 13,329 | 5% | 1,750 | 158 | -5% | 11 |
| Soybean Oil | 38,990 | -7% | -6,996 | 109 | -47% | -8,516 |
| Rubber & Allied Gums | 7,764 | -13% | -7,106 | 41 | -48% | -953 |
| Oilseeds NESOI | 4,523 | 7% | -128 | 33 | -42% | -210 |
| Animal Fats | 9,324 | 0% | -153 | 26 | -45% | -78 |
| Ethanol | 874 | -1% | 23 | 0 | | 0 |
| Oilseed Meal/Cake (ex. soybean) | 575 | -1% | 122 | 0 | | 0 |
| Peanuts | 4,658 | 12% | 1,014 | 0 | | 0 |
| Cocoa Beans | 186 | 35% | 147 | 0 | | -8 |
| Distillers Grains | 0 | | -956 | 0 | | -909 |
| Cotton | 557 | -63% | -49,810 | 0 | | -2,381 |