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Report Name: Hong Kong Remains a Vital Market for Consumer-Ready Food Products from the United States

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Report Highlights:

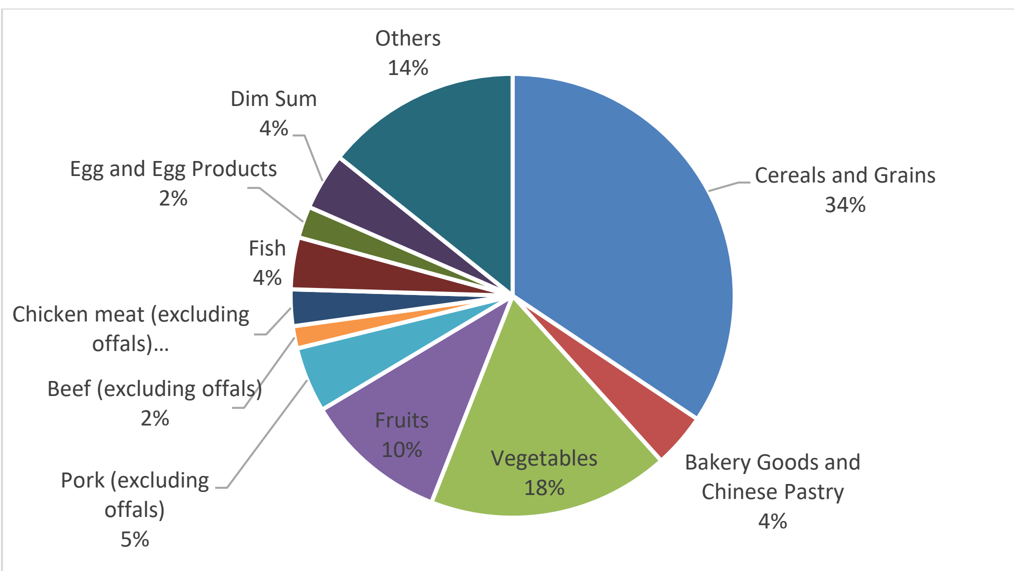
The Hong Kong government recently published a report on its second Food Consumption Survey which highlights local dietary preferences. This report compares the survey findings with trade data and shows the U.S. market share of the most consumed staple food products in Hong Kong. This comparison demonstrates that the Hong Kong market still offers attractive opportunities for U.S. agricultural exports for both local consumption as well as re-export trade.

Hong Kong Remains a Vital Market for U.S. Consumer-Ready Food Products

The Hong Kong Center for Food Safety (CFS) recently published the findings of a Hong Kong Food Consumption Survey with data collected between April 2018 and February 2020. This survey focused on the consumption pattern of adults adopting the "24-hour dietary recall" method on two non-consecutive days targeting 5,000 respondents.[1] The survey provides a base for CFS to conduct risk assessments on food related issues and formulate food regulations and policies. The last survey was conducted covered consumption between 2005 and 2007.

In 2020, Hong Kong's total population was 7.4 million. Despite a five percent drop in GDP per capita, Hong Kong still has one of the highest per capita GDP in Asia at $46,180. Over 90 percent of the population maintains a Chinese-oriented diet. The latest survey indicates that people in Hong Kong daily average consumption held steady compared to the previous survey at 1.15 kg of solid food and 1,741 ml of liquid food (including water).

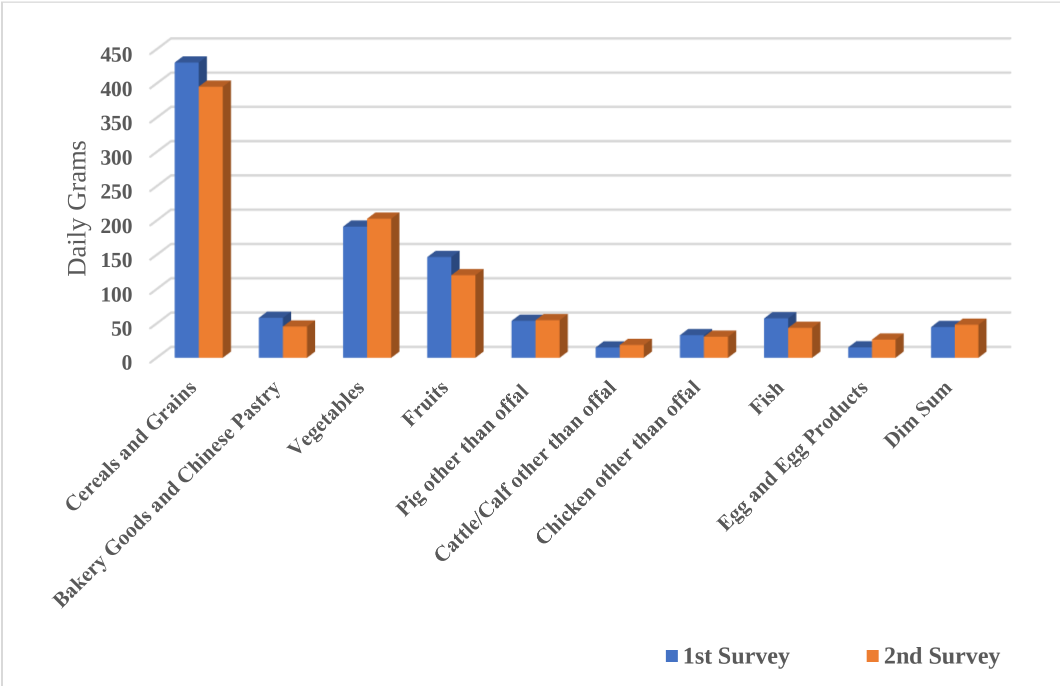
Figure 1: Key Food Categories in the Latest Consumption Survey (2018 -2020)



Source: Based on data provided in the report of the Second Hong Kong Population-Based Food Consumption Survey by the Hong Kong Center for Food Safety

[1] Each respondent is asked to recall all foods and beverages consumed in the previous 24 hours starting from 6:00 in the morning of the day before the interview to 6:00 am on the day of the interview.

Figure 2: Changes in Consumption Preferences Since the First Survey (2005-2007)



Source: Based on data provided in the report of the First and Second Hong Kong Population-Based Food Consumption Survey by the Hong Kong Center for Food Safety

Comparing the two survey results, it is noticeable that over the last fifteen years, Hong Kong consumers ate less carbohydrates, i.e., cereals and grains, and seafood in favor of more vegetables and meats, including beef and pork, and eggs. (Note: consumption data for pork, beef, and chicken meat for the first survey included offals, which were not included in the second survey.)

U.S. Market Share of Hong Kong's Key Food Categories

Table 1: Most Popular Food Products, U.S. and Foreign Supplier Market Share
(Based on survey results and 2020 trade value data)

Key Food Categories	Consumed Grams (Share of total)	U.S. Product Ranking (market share)	Largest Supplier (market share)
Cereals and Grains	395.31		
Rice	242.12 (61.2%)	6 (2%)	Thailand (62%)
Pasta and Noodle	143.72 (36.4%)	10 (1%)	China (46%)
Bakery Goods and Chinese Pastry	45.56	No trade data	No trade data
Bread and Roll	35.51 (70%)		
Vegetables	202.65	4 (3%)	China (79%)

Leafy and Brassica Vegetables	112.04 (55.3%)		
Fruiting Vegetables, Squashes and Gourds	34.05 (16.8%)		
Root Vegetables/tubers	19.83 (10%)		
Fruits	120.31	4 (7%)	Chile (34%)
Citrus Fruits	41.10 (34.2%)		
Pome Fruits	31.29 (26%)		
Meat	78.36		
Pig other than offal	54.77 (70%)	6 (5%)	Brazil (28%)
Cattle/Calf other than offal	18.63 (24%)	2 (31%)	Brazil (41%)
Fish	43.54	11 (2%)	China (40%)
Poultry	32.12		
Chicken other than offal	30.63 (95%)	3 (10%)	China (41)
Egg and Egg Products	26.44	3 (16%)	China (44%)
Chicken Eggs	25 (95%)	3 (17%)	China (40%)
Milk and Dairy Products	24.86	10 (3%)	Netherlands (26%)
Milk, Milk Beverage and Dried Milk	19.56 (78.7%)		
Dim Sum (A large range of small Chinese dishes that contain various ingredients or fillings)	48.05	No trade data	No trade data
Siu-mei and Lo-mei (Barbequed, roasted, or marinated meat and poultry products)	15.364	No trade data	No trade data

Sources: Second Hong Kong Population-based Food Consumption Survey by Hong Kong Government
Hong Kong Census & Statistics Department – Global Trade Monitor, LLC

Given its geographical proximity to Hong Kong, China is the largest supplier of most staple foods consumed in Hong Kong. However, it is important to note that in the Hong Kong market, U.S. food products are not competing in terms of price. Quality and food safety are the key factors that prompt Hong Kong consumers to choose U.S. foods. The following sections describe how U.S. products measure up with respect to Hong Kong's top staple food categories.

Rice is the staple food for Hong Kong consumers, who traditionally prefer long-grained fragrant rice from Thailand. U.S. long-grained rice is mostly grown in the South, resulting in higher transportation costs to Hong Kong compared to the short and medium rice grown in California. In addition, U.S. long grain rice differs in taste from Thai rice. Thus, the majority of U.S. rice supplied to Hong Kong is largely short and medium grain. The most popular U.S. rice is the medium-grained Calrose variety from California which is competing with rice from Taiwan and Japan. The key selling points of U.S. rice are food safety and product quality. Compared to rice from Taiwan and Japan, U.S. rice is price competitive.

While China is the largest supplier for **fresh vegetables** to Hong Kong, products from the United States target a more upscale market segment. These are sold in supermarkets instead of wet markets, considered safer to eat raw, and compete with Australian products. Hong Kong consumers have confidence in the safety of both U.S. and Australian food products. Hence, price and suppliers' responsiveness are the determining factors in buyer's decisions. The top U.S. exported vegetables to Hong Kong are asparagus, celery, lettuce, and potatoes. Ready-to-eat salad vegetables in retail packaging are also popular.

The survey highlighted that Hong Kong consumers prefer citrus out of all **fruit** types and trade data shows that the United States is the largest citrus fruit supplier to Hong Kong. U.S. oranges accounted for 34 percent of Hong Kong's orange imports in 2020. The brand Sunkist is well-received and has secured brand loyalty from Hong Kong consumers. Oranges are the largest U.S. fruit export category to Hong Kong, accounting for 41 percent. Other major U.S. fruit exports to Hong Kong include grapes, cherries, and apples. Despite Hong Kong consumers' preference for citrus, cherries and grapes are the two largest fruit imports according to the latest trade data. Chile is the key supplier for these two products, holding 34 percent of Hong Kong's fruit import market. It is worth noting that 69 percent of Hong Kong's fruit imports are re-exported and 99 percent of these re-exports are destined to mainland China.

Pork is the key meat consumed in the Chinese diet. In general, Hong Kong household consumption prefers freshly slaughtered meats. Over 82 percent of live swine supplies come from mainland China while local farms supply the remaining share. However, as consumers look for convenience and more attractive prices, household consumption of chilled and frozen pork is on the rise at the expense of freshly slaughtered pork. Brazil and mainland China suppliers dominate the mid-to-low-end Hong Kong pork market. U.S. pork is considered premium and is primarily sold at very high-end supermarkets and served at five-star hotels. In 2020, Hong Kong imported a total of $1 billion worth of pork, increasing 17 percent compared to 2019. Trade data indicates 6 percent of these imports were re-exported.

Hong Kong consumers like seafood, particularly **fish.** The top U.S. fish export to Hong Kong was eel, contributing $9 million in U.S. sales in 2020 and 2019. The United States is the second largest eel supplier after Canada. In 2020, ninety-seven percent of imported volume was re-exported to neighboring markets like Japan, China, and Korea. It is possible that some of these products will return to Hong Kong after being processed in these export markets. The top U.S. seafood exports to Hong Kong are oysters, shrimps, and lobsters. In 2020, U.S. exports of crustaceans to this market were lowered 31 percent to $31 million compared to 2019. Similarly, U.S. exports of mollusks dropped 58 percent to $18 million. The COVID-19 pandemic severely impacted the hospitality sector reducing demand for these products which are mostly consumed in restaurants and hotels (See latest GAIN Report on [Hotels Restaurants and Institutions]). Facing similar slowdowns in the restaurant business in other markets, in 2020, Hong Kong's re-exports of crustaceans lowered 36 percent to $42 million compared to the previous year. Re-exports of mollusks also dropped 37 percent to $45 million.

In 2020, the United States was the third largest supplier for **chicken products** to Hong Kong with exports valued at $101 million, following China and Brazil. After peaking in 2017, U.S. chicken product exports to Hong Kong have normalized, valued at $433 million in 2018 and $336 million in 2019. During 2018-2019, China's ban on U.S. chicken products fueled shipments to Hong Kong. China's lifting of the ban in November 2019 restored more direct shipments to China. These U.S. products are in direct competition with Brazilian products rather than products from China. The largest export item from mainland China is chilled/frozen whole chicken with head. These products were introduced to Hong Kong with the intention to replace demand for live chickens in wet markets. While households in general prefer U.S. chicken products to Brazil's, medium-to-low-end restaurants' buying decisions depend more on price. This explains the popularity of Brazilian chicken products in the market.

The United States supplies both white and brown **eggs** to Hong Kong. U.S. white eggs are very strong in the market. The majority of white eggs served for breakfast in fast food chains and low-to-medium catering industries are U.S. white eggs. Japan is the main competitor for U.S. white eggs, but their exports target different price market segments. Most imports of Japanese eggs are white and are three times more expensive than U.S. eggs. Japanese eggs are primarily catered to affluent household consumption. The United States used to be the second largest supplier of chicken eggs (in value) falling behind China, but it was overtaken by Japan in 2020. However, during the first seven months of 2021, the United States recovered its market position with Japan trailing closely after. In terms of volume, U.S. eggs have maintained its market position far ahead of Japanese eggs. The competitiveness of U.S. brown eggs depends on the prevailing price. When U.S. brown eggs are more price competitive to those from Malaysia and China, importers in Hong Kong will buy more U.S. supplies.

Major U.S. **dairy** exports to Hong Kong include food preparations for infant use and cheese. Although U.S. dairy exports take up a low share of the Hong Kong market, some of the best sold infant formula and milk powder products in Hong Kong are U.S. brands.

Overall, of the staple foods consumed in Hong Kong, the United States performed particularly well in beef, chicken, and egg products. However, the importance of Hong Kong for U.S. food exports does not solely rely on the domestic staple food market. It also depends on the high-end premium foods market and re-export shipments to China and other regional markets. These premium foods and re-exports products are not necessarily categorized as part of the local daily diet, such as wine and tree nuts.,

Hong Kong Remains a Top Destination for U.S. Consumer-Ready Food Products

Hong Kong has been a major market for U.S. agricultural and related products for decades, ranking 13th in 2020, with an export value of $2.2 billion. High-value, consumer-ready food products constitute most of U.S. agricultural exports to Hong Kong amounting to $1.9 billion. Hong Kong is the sixth largest U.S. export destination for these products.

Table 2 summarizes the top U.S. food exports to Hong Kong in 2020 and where Hong Kong ranks as a market. While many of these food categories were not identified by the survey as staple foods for Hong Kong consumers, these represent key U.S. export interests in this market. A noticeable example is edible tree nuts. In 2020, according to Hong Kong trade data, the city imported a total of $226 million worth of U.S. tree nuts. After averaging $1.1 billion in annual sales between 2016-2018, U.S. – China trade tensions and the pandemic have discouraged U.S. exports of tree nuts to Hong Kong. Last year, the United States was the largest supplier of tree nuts taking 58 percent of the Hong Kong's import market. Fifty-nine percent of Hong Kong's global tree nuts from the world were re-exported.

Hong Kong imported a total of $26 billion worth of agricultural and related products from the world and re-exported 33 percent. That said, regardless of the final destination of U.S. food exports (the Hong Kong market or others), Hong Kong traders are making the ultimate decisions for these shipments. Hence, Hong Kong's importance to U.S. food exporters is not only fueled by local consumption but also by markets beyond its border.

Table 2: U.S. Top Exports to Hong Kong in 2020

	Export Value (US$ Million)	Hong Kong Ranking as a Market for U.S. Products
Agricultural & related products	2,183	13
Beef & Beef Products	666	5
Tree Nuts	270	12
Fresh Fruit	180	6
Food Preparations	176	6
Seafood Products	137	6
Poultry Meat & Prods. (ex. eggs)	107	8
Pork & Pork Products	91	10

Dog & Cat Food	69	5
Wine & Related Products	64	4

Source: U.S. Census Bureau Trade Data - GATS

Attachments:

No Attachments.