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Access of Bone-in Canadian Beef to Hong Kong Moves to the 2nd Phase

Report Categories:

Agriculture in the News

Market Development Reports

Approved By:

Anita Katial

Prepared By:

Caroline Yuen

Report Highlights:

On June 30, 2009, the Hong Kong Government (HKG) announced that the relaxation of its import controls on beef from Canada would be advanced to a second phase under an agreement with the Government of Canada. This comes only four months after phase I was initiated on March 9, 2009, within the "agreement" timeframe. Under the second phase, all Canadian beef products will have access to Hong Kong, regardless of age, except T-bones. In January 2009, both governments agreed to open Hong Kong's market to bone-in beef on a 3-phased approach. Hong Kong's imports of Canadian bone-in beef have been on the rise since Phase I began. Canadian beef exports to Hong Kong jumped from \$2.14 million in April 2009 to \$2.99 million in May 2009, representing an increase of 40%. Out of the \$2.99 million of Canadian beef exports, \$1.04 million or 35% were bone-in products. Canadian beef traders estimate that open access for bone-in Canadian beef and offals will boost beef trade by US\$26 million in additional sales to Hong Kong in 2009. Meanwhile U.S. beef exports to Hong Kong had a very modest growth of only 2% between May and April 2009.

General Information:

The Canadian and Hong Kong governments agreed to open the Hong Kong market to bone-in beef on a 3-phased approach in January 2009. The first phase started on March 9, 2009 when Canadian beef rib cuts and other bone-in products (except vertebral column cuts) from cattle under 30 months (UTM) old were allowed for import into Hong

Kong. The HKG announced on June 30, 2009 that, with immediate effect, access of Canadian bone-in beef to Hong Kong would move to the second phase. The second phase allows for the imports of boneless beef, beef rib cuts and other bone-in products (except vertebral column cuts) from cattle 30 months of age or more, as well as tails and offals into Hong Kong. The third phase, which is expected to start by the end of 2009, will allow entry of T-bones from animals UTM.

Background

The HKG banned the entry of Canadian beef effective May 2003 following a BSE incident in Canada. The market was partially opened to boneless Canadian beef from UTM cattle since November 2004. The HKG then insisted on a phased approach towards relaxing its import controls on Canadian bone-in beef, even though Canada was classified as having a Controlled BSE risk status according to the World Organization for Animal Health (OIE).

It was not until January 2009 when the Canadian Government accepted the HKG's proposal for further opening its beef market in Hong Kong in a phased approach.

Updates

The HKG has kept to its agreement to have a phased approach that follows a specific timeline. The first phase would be concluded within four months if Canadian beef shipments were able to meet Hong Kong's import requirements. Thus, the HKG announced the beginning of second phase on June 30. The HKG reported that more than 200 tonnes of bone-in beef products have been inspected and found to have met Hong Kong's import requirements since the implementation of the first phase.

The Canadian government is expecting that following a three-to-six month period of smooth imports of beef products under Phase II, it will transition to Phase III whereby T-bones from animals UTM will be open for export to the Hong Kong market.

All Canadian plants approved for boneless product exports to Hong Kong are automatically approved for bone-in cuts to Hong Kong according to the phase schedule. Currently, there are 23 Canadian facilities certified to export beef products to Hong Kong.

Trade

Hong Kong's imports of Canadian bone-in beef grew by \$1.04 million from April to May 2009. Canadian bone-in and boneless beef accounted for a share of 35% and 63% respectively of its overall beef exports to Hong Kong in May 2009.

Canadian bone-in imports consist of mostly short ribs and a little prime rib. These are cuts that U.S. products would be very competitive in trading if they were allowed entry into Hong Kong. Canadian bone-in products are reaching both the catering and retail sectors. Overall, Canadian bone-in products are well-received by the Hong Kong market.

Canadian beef industry estimates an additional US\$26 million in beef sales to Hong Kong in 2009.

Hong Kong's Beef Imports from Canada, Bone-in Vs Boneless (US\$ million)

Hong Kong Beef Imports from Canada Millions of US Dollars						
HS	Description	Jan 09	Feb 09	Mar 09	Apr 09	May 09
020130	Cuts Boneless (chilled)	0.12	0.19	0.1	0.06	0.25
020120	Cuts With Bone (chilled)	0	0	0	0	0.03
020230	Cuts Boneless (frozen)	0.84	3.2	2.03	1.62	1.62
020220	Cuts With Bone (frozen)	0	0	0	0.24	1.01

Hong Kong's Beef Imports from Major Supplying Countries (US\$ '000) by Year

World Trade Atlas beef & offals Selected Product Groups - Hong Kong - Imports -Total- Millions of US Dollars							
Country	2002	2003	2004	2005	2006	2007	2008
World	256	322	279	320	384	528	814
Brazil	68	103	131	141	189	284	465
Argentina	19	30	40	36	33	50	82
Australia	20	20	27	35	40	50	57
U.S.	86	109	7	0	16	37	55
China	22	24	29	29	31	33	43
Canada	7	2	11	41	33	30	34
New Zealand	-	17	20	15	18	21	30

Hong Kong's Beef Imports from Major Supplying Countries (US\$ '000) By Month

World Trade Atlas beef & offals Selected Product Groups - Hong Kong - Imports -Total- Millions of US Dollars							
Country	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jan - May 09	May/Apr
World	56.23	76.31	79.84	99.12	99.92	411.42	1%
Brazil	30.92	44.99	46.08	59.64	57.53	239.16	-4%

Argentina	6.53	7.02	8.33	10.70	9.95	42.54	-7%
Australia	3.88	6.28	5.61	7.73	8.39	31.89	8%
New Zealand	2.08	2.67	4.56	4.85	5.53	19.69	14%
Uruguay	3.59	4.02	4.21	4.28	4.48	20.59	5%
U.S.	3.31	2.91	3.51	4.70	4.77	19.19	2%
China	2.84	2.40	3.25	3.46	3.59	15.54	4%
Canada	1.09	3.85	2.33	2.14	2.99	12.42	40%

Source : World Trade Atlas – Hong Kong Census & Statistics Department