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## **Hong Kong**

### **Food Service - Hotel Restaurant Institutional**

**2013**

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**Report Highlights:**

Hong Kong food service sector recorded modest growth in 2012, with restaurant receipts reached US\$12 billion, an increase of 5% over 2011. Hong Kong imports of high value food products from the U.S. reached US\$3.45 billion in 2012, consolidating our position as the leading food supplier to Hong Kong. It is expected that Hong Kong will maintain its position as one of the top 5 markets for U.S. consumer ready food products in 2013, as it continues to be a major buying center and transshipment point for other markets in the region. Economic growth in Hong Kong is forecast to be 3% in 2013. Post expects that U.S. products will continue to fair well due to competitive prices and consumer confidence in the quality and safety of U.S. products.

## SECTION I. HONG KONG MARKET PROFILE

### HRI Food Service Sector

#### 1. Restaurants

Hong Kong restaurant industry's purchases of over US\$4.3 billion in foods and beverages generated sales of over US\$12 billion in 2012, representing an increase of 1.5% and 5% respectively over 2011. It is expected that restaurant purchases and receipts will continue to grow in 2013.

**Table 1 – Hong Kong Restaurants Receipts and Purchases (US\$ Billion)**

	2011	2012	Growth (12 vs 11)
Restaurant Receipts	11.4	12	5%
Restaurant Purchases	4.2	4.3	1.5%

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

- As Asia's most cosmopolitan city, Hong Kong boasts around 14,500 restaurants serving a wide range of world cuisines. These restaurants are comprised of 36% Chinese, 56% non-Chinese restaurants, and 8% fast food outlets. In addition, there are over 1,000 bars, pubs and other eating and drinking establishments.
- **Chinese restaurants:** Chinese restaurants are popular among local citizens and tourists. There are a variety of Chinese restaurants in Hong Kong serving different regional cuisines: Canton, Shanghai, Beijing, Sichuan...etc. A typical lunch at a nice Chinese restaurant costs around HK\$150-300 (US\$19.23-38.46) per person and a typical dinner costs around HK\$200-450 (US\$25.64-57.69) per person.
- **Non-Chinese restaurants:** Many Hong Kong consumers enjoy western food, as do the over 48 million tourists (in 2012). 5-Star and other high-end western restaurants are as likely to be patronized by locals as tourists/visitors. Japanese food, fast food chains, coffee houses and casual dining establishments are also increasing their presence. A typical lunch at a western restaurant costs around HK\$150-350 (US\$19.23-44.87) per person and a typical dinner costs around HK\$250-500 (US\$32.05-64.10) per person.
- **Fast food outlets:** Fast food outlets are popular among Hong Kong consumers. The most popular fast food chains in Hong Kong are McDonald's, KFC and Pizza Hut. There are also some large local fast food chains such as Café De Coral, Maxim's and Fairwood that serve both Chinese and western foods. Competition among fast food chains is intense, as they each try to keep meal prices competitive. The average cost is around HK\$35 (US\$4.49) for breakfast, HK\$50 (US\$6.41) for lunch, HK\$30 (US\$3.84) for afternoon tea and HK\$70 (US\$8.97) for dinner. To further meet competition, many fast food operators have renovated their outlets to make them look more modern, spacious and attractive. To meet the demand of a growing number of health-conscious customers, fast food chains have also introduced more new ingredients and developed health-food options such as salads, fruits, and fresh juices.

- **Coffee Shops:** The coffee shop market continues to grow in Hong Kong’s commercial areas. The two largest coffee house outlets are Starbucks – operating 125 outlets and Pacific Coffee 120 outlets. Most shops also offer basic menus consisting of muffins, pastries, cakes, sandwiches, and bottled beverages (juices and water). McDonald’s has also vigorously expanded its McCafe in order to gain share in this growing market. Of its 235 outlets, 84 include a McCafe inside their shops.

**2. Hotels**

**Table 2 – Hotels, Hostels and Guesthouses in Hong Kong**

	<b>2011</b>	<b>2012</b>	<b>Growth</b>
Number of hotels/guesthouses	836	929	+11%
Number of rooms	69,041	74,212	+7%
Room occupancy rate	89%	89%	-

(Source: Hong Kong Census & Statistics Department)

- Many five-star hotels serve U.S. beef, chicken, turkey, pork, eggs, fish and seafood products, fruits and vegetables, processed products and beverages.
- The Hong Kong Government (HKG) provides a searchable list of licensed Hotels & Guest Houses at:  
[http://www.hadla.gov.hk/en/hotels/search\\_h.html](http://www.hadla.gov.hk/en/hotels/search_h.html)  
[http://www.hadla.gov.hk/en/hotels/search\\_g.html](http://www.hadla.gov.hk/en/hotels/search_g.html)
- A list of Hong Kong hotels are available at:  
<http://www.hkha.com.hk/en/uhi01001.asp?sec=3>  
<http://www.discoverhongkong.com/eng/jsp/hotel/search-index.jsp>

**3. Institutions**

- Institutions like schools, hospitals, and airlines are served by a small number of large catering groups who are generally affiliated with the restaurant sector. These caterers mainly source their ingredients from China where supplies are cheaper and more abundant. They also use ingredients from other countries such as the U.S. when they cannot find the same products in China, or when they want to use products with better quality and taste.
- **Schools:** School regulators prohibit primary and lower secondary students from eating out. Students therefore either pack their lunch boxes or subscribe to school lunch boxes. According to the latest statistics (academic year 2011/2012) of the Education Bureau, there are 568 primary schools and 524 secondary schools. The total number of primary students and lower secondary students amounted to 322,881 and 208,010 respectively. About 70 percent of students buy lunch at schools. A typical lunch box consists of meat, rice and some cooked vegetables. The annual turnover is estimated at US\$250 million. Healthy eating programs are underway to encourage a change in eating trends for schools. Caterers have to register with the Hong Kong Food and Environmental Hygiene Department (FEHD) before they are eligible to bid tenders provided by individual schools. ATO Hong Kong can provide U.S. exporters with the list of registered caterers for school lunch boxes.

- **Hospitals:** The Hospital Authority operates 41 hospitals and medical centers, with a total of over 27,000 beds and staff size of 59,600. The catering services for hospitals are outsourced on a tender basis. The hospitals are served by catering groups, many of which also operate restaurants, fast food chains or school lunch catering services.
- **Airlines:** There are three aircraft catering franchisees at the Hong Kong International Airport, each with a 15-year term:
  - Cathay Pacific Catering Services
  - Lufthansa Service Hong Kong Ltd
  - Gate Gourmet Hong Kong Ltd
- The three airline caterers have a combined capacity of 135,000 meals per day, providing a whole range of in-flight catering services, from preparation and assembly of in-flight dishes to logistics of food delivery and storage of catering utensils.

**Economy**

- With the continued influx of investment, particularly from Mainland China, Hong Kong’s economy continued to grow in 2012. GDP and per capita GDP grew by 5.4% and 4.2%, and reached US\$261 billion and US\$36,557 respectively in 2012.

**Table 3 – Hong Kong: Gross Domestic Product and GDP per capita**

	<b>2011</b>	<b>2012</b>	<b>Growth 12 vs 11</b>
GDP	US\$248 billion	US\$261 billion	+5.4%
GDP per capita	US\$35,100	US\$36,557	+4.2%

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

**Demographics**

- Hong Kong’s population was around 7.2 million in 2012. 1.82 million, or 48% of the total labor force, are women. The large number of employed women is an important influence on the demand in the restaurant business.

**Table 4 – Hong Kong: Labor Force Participation**

	<b>2011</b>	<b>% of Total</b>	<b>2012</b>	<b>% of Total</b>
Labor Force-Men	1.94 million	52%	1.97 million	52%
Labor Force-Women	1.76 million	48%	1.82 million	48%
Total	3.7 million	100%	3.79 million	100%

(Source: Hong Kong Census & Statistics Department)

## Imported Foods vs. Domestic Products

- Due to limited land resources and having a population of 7.2 million, Hong Kong relies on imports for over 95% of its food supply. According to the latest statistics (for 2011) of the Agricultural Fisheries and Conservation Department, the local agricultural industry produced US\$95 million worth of products. It is comprised of US\$31 million in crop production (mainly vegetables), US\$36 million in livestock production, and US\$28 million in poultry production. Local production accounted for 2.3 percent of fresh vegetables, 57 percent of live poultry and 7 percent of live pigs consumed in the territory.
- Due to its central location, free port status and position as a regional purchasing and distribution center, a significant amount of Hong Kong imports are re-exported.

**Table 5 – Hong Kong Imports (2008-2012) of Consumer Oriented Agricultural Products (COAP) & Seafood**

Country	(in US\$ Million)	2008	2009	2010	2011	2012	Growth 12 v 11	Share in 2012	% of Re-exports of Gross Imports
World	Gross Imports	11,080	12,232	14,641	17,664	18,166	3%	100%	29%
	Re-exports	3,388	3,810	4,404	5,140	5,185	1%	100%	
	Retained Imports	7,691	8,423	10,237	12,524	12,981	4%	100%	
United States	Gross Imports	1,624	1,983	2,779	3,370	3,450	2%	19%	43%
	Re-exports	608	752	1,155	1,619	1,476	-9%	28%	
	Retained Imports	1,015	1,231	1,624	1,751	1,974	13%	15%	
China	Gross Imports	1,862	1,955	2,205	2,652	3,044	15%	17%	25%
	Re-exports	344	324	380	494	747	51%	14%	
	Retained Imports	1,518	1,631	1,825	2,158	2,298	6%	18%	
Brazil	Gross Imports	1,442	1,576	1,420	1,650	1,645	0%	9%	33%
	Re-exports	630	738	658	551	540	-2%	10%	
	Retained Imports	812	838	763	1,099	1,105	0%	9%	
Netherlands	Gross Imports	307	323	387	666	860	29%	5%	12%
	Re-exports	100	95	91	111	100	-10%	2%	
	Retained Imports	207	228	295	555	761	37%	6%	
France	Gross Imports	374	437	678	986	815	-17%	4%	23%
	Re-exports	110	114	160	215	190	-12%	4%	
	Retained Imports	264	323	517	771	625	-19%	5%	
Australia	Gross Imports	610	686	666	771	812	5%	4%	12%
	Re-exports	60	92	84	80	99	24%	2%	
	Retained Imports	550	593	582	691	712	3%	5%	
Thailand	Gross Imports	471	575	511	568	612	8%	3%	59%
	Re-exports	265	349	286	312	358	15%	7%	
	Retained Imports	206	226	224	256	254	-1%	2%	
Japan	Gross Imports	601	709	973	958	870	-9%	5%	5%
	Re-exports	41	44	51	51	45	-12%	1%	
	Retained Imports	560	665	923	908	826	-9%	6%	
Germany	Gross Imports	301	286	307	435	392	-10%	2%	33%
	Re-exports	180	168	166	146	131	-10%	3%	
	Retained Imports	121	118	141	289	261	-10%	2%	
Chile	Gross Imports	191	242	260	373	425	14%	2%	74%
	Re-exports	80	154	181	279	314	13%	6%	
	Retained Imports	110	88	79	94	110	17%	1%	
Total of	Gross Imports	7,783	8,773	10,186	12,429	12,925	4%	71%	

Top 10 Suppliers	Re-exports	2,418	2,830	3,213	3,857	4,000	4%	77%	31%
	Retained Imports	5,364	5,943	6,974	8,573	8,925	4%	69%	
Total of Rest of World	Gross Imports	3,297	3,460	4,454	5,234	5,241	0%	29%	23%
	Re-exports	970	980	1,191	1,283	1,186	-8%	23%	
	Retained Imports	2,327	2,480	3,263	3,951	4,056	3%	31%	

(Source: Calculations based on Global Trade Atlas data)

(Retained Imports = Gross Imports into Hong Kong – Re-exports out of Hong Kong)

- Hong Kong is a mature and sophisticated market with a growing demand for gourmet foods. At the same time, most Hong Kong shoppers are price conscious consumers looking for “value for money” products. The continuous influx of tourists and capital contributed to the economic growth in Hong Kong. As a result, the demand for food imports continued to grow in 2012. Major import items included red meats, fruits, poultry meat, seafood and tree nuts.
- Thanks to the growing economy and consumer affluence, total retained imports of consumer-oriented agricultural products (COAP) and Seafood products in Hong Kong managed to grow by 4% in 2012.
- The U.S. consolidated its position as the largest supplier of COAP and Seafood products to Hong Kong in 2012. Retained imports of these products from China and the U.S. in 2012 reached US\$2.3 billion and US\$2 billion, representing market shares of 18% and 15% respectively.
- Hong Kong’s status as a gateway for trade with other markets in the region is increasingly opening up greater avenues for U.S. high value food products. In 2012, Hong Kong imported over US\$18 billion COAP and Seafood from the world and re-exported 29% of these products.

### **Outlook of the HRI Sector in 2013**

- The outlook for food imports and spending on food is less optimistic as the Hong Kong economy is expected to grow at a slower pace at 3 percent in 2013. However, U.S. agricultural products are well known in the market for their good taste and quality. In addition, the peg between U.S. dollar and HK dollar will provide much needed foreign exchange stability which will make buying U.S. products more advantageous. Moreover, Hong Kong will continue to be a major tourist destination where tourists spend significantly on food and beverage.

### **Import Regulations**

#### ***Duties***

With the exception of spirits, all food and beverage products can be imported to Hong Kong duty free.

#### ***Certificates & Permits***

In Hong Kong, the legal framework for food safety control is defined in part V of the Public Health and Municipal Services Ordinance and the Food Safety Ordinance. The basic tenet is that no food intended for sale should be unfit for human consumption. Technical requirements for imports vary significantly according to the product. Products which require import permits/health certificates include meat, milk and frozen confections. The Hong Kong Government (HKG) also plans to implement a health certification requirement for eggs and seafood products. The HKG accepts import applications from Hong Kong importers. In other words, local importers and not U.S. exporters are required to apply for import permits. U.S. exporters need to supply their agents/importers with necessary documentation such as health certificates from the U.S. government.

### ***Labeling***

All prepackaged food products in Hong Kong have to comply with Hong Kong's labeling regulation. There are also labeling requirements for allergens and nutrients. U.S. labels may not be able to meet with Hong Kong labeling requirements particularly for products with nutritional claims. However, the Hong Kong government allows stick-on food labels, which could be arranged by Hong Kong importers with the permission of the manufacturers.

The marking or labeling of prepackaged food can be in either the English or the Chinese language or in both languages. If both languages are used in the marking and labeling of prepackaged food, the name of the food, ingredient lists and nutrition information have to be provided in both languages.

### ***Labeling for Biotech Food***

The HKG does not have any specific biotechnology regulations with regard to the labeling of biotech food products. It makes no distinction between conventional and biotech foods. All are subject to the same food safety regulation. The HKG continues to promote voluntary labeling of GMO products as a viable alternative for the trade. The guidelines on labeling for biotech foods, released in 2006, are advisory in nature and do not have any legal effect. The threshold level applied in the guidelines for labeling purpose is 5 percent, in respect of individual food ingredient. Negative labeling is not recommended.

### ***Organic Certification***

While the Hong Kong Organic Center provides organic certification for local produce, Hong Kong does not have a law regulating organic food products. U.S. organic products can be sold in Hong Kong with the USDA organic logo.

### ***Others***

Under the food ordinances, there are regulations governing the use of sweeteners, preservatives, coloring matters, and metallic contaminants. The Hong Kong government enforces its food safety control according to Hong Kong's food regulations. In the absence of a particular provision in Hong Kong food regulations, the HKG would draw reference from Codex and/or conduct risk assessments to determine whether a food meets the food safety standard.

In 2012, Hong Kong enacted its first-ever pesticide residue regulation, which will be implemented in August 2014. Its framework is largely built on Codex's standard, supplemented by standards adopted in China, Thailand the U.S.

For details on Hong Kong’s general import regulations for food products, please refer to [GAIN Report #1233](#).

**Table 6 – Hong Kong:  
Summary of the Key Strengths and Challenges for the Market**

Strengths	Weaknesses
<p>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 high value food and beverage (HVFB) products to Hong Kong were close to US\$2.9 billion, consolidating its position as the 4th largest market for the United States in 2012.</p>	<p>U.S. food products are not always price competitive. China is the largest competitor of U.S. food products.</p>
<p>Hong Kong is a major trading hub where buyers make purchasing decisions for hundreds of millions of dollars of consumer oriented products that are transshipped to China and other parts of Asia.</p>	<p>Lengthy transportation time and availability of product due to seasonality (e.g. fresh produce) associated to importing U.S. food and beverage products to Hong Kong can make them less competitive than products available in the region or from China, Australia, and New Zealand (favorable in terms of location).</p>
<p>U.S. food products enjoy an excellent reputation among Hong Kong consumers, as they are renowned for high quality and food safety standards.</p>	<p>The importance of Hong Kong as a transshipment point and buying center for China and elsewhere is not widely known to U.S. exporters.</p>
<p>The U.S. is the 2nd largest supplier of agricultural, fisheries, and forestry products to Hong Kong. For HVFB products, the United States maintained its position as the largest supplier to Hong Kong in 2012.</p>	<p>Hong Kong labeling and residue standards differ in some cases, which can impede trade.</p>
<p>Technical barriers to imports of U.S. products are generally very low.</p>	<p>Numerous Hong Kong food regulations are not in line with Codex, which can complicate import clearances.</p>
<p>There is a wide variety of U.S. products available to Hong Kong consumers (over 30,000 different items).</p>	<p>While Hong Kong has one of the busiest container terminals in the world, it also has the most expensive port handling charges.</p>
<p>The link between the Hong Kong Dollar (HKD) to the U.S. Dollar help insulate the HKD from currency fluctuations.</p>	<p>Hong Kong’s top supermarkets are a duopoly that often request slotting fees.</p>
<p>In general, implementation and application of regulations is transparent and open.</p>	<p>Inflation is on the rise in Hong Kong. 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.</p>

Hong Kong exporters choose to work with Hong Kong importers and distributors to get their products to Mainland China because of Hong Kong's dependable legal system, financial system and rule of law.	
Most transshipments to Macau are purchased, consolidated, and shipped via Hong Kong.	
Demand is increasing most rapidly for "healthy" and gourmet foods, market segments where the United States is especially strong.	
Hong Kong concerns over food safety have made U.S. food products as a top choice for quality and safety.	
Hong Kong's modern and efficient port terminal and free port status make it an attractive destination and for re-exports.	
Hong Kong is a "quality" and trend driven market so price is not always the most important factor for food and beverage purchases.	
Hong Kong is a dynamic market with a sophisticated international community where new high quality products are readily accepted.	
Hong Kong is entirely dependent on imports for meeting its food needs. With continued economic growth, U.S. HVFB exports to Hong Kong grew by nearly 13% in 2012 compared to 2011 and consolidated its position as our 4th largest market for HVFB products in the world.	
Lack of local production means virtually no protectionist pressures for food and agricultural products.	
Hong Kong is in an economically vibrant region and its economy is expected to grow by 3% in 2013.	
Hong Kong's duopolistic 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.	

## **SECTION II. ROAD MAP FOR MARKET ENTRY**

### **Exporting and Selling**

- Since very few hotels, restaurants or institutions import directly from exporters, most suppliers sell to importers for further distribution to the HRI sector in this market.

## **Establishing a Business in Hong Kong**

If U.S. restaurant chains or caterers want to establish a stronger foothold in Hong Kong, they are allowed to incorporate freely. However, there are two market entry channels that U.S. companies may consider in their attempt to establish a presence in Hong Kong's HRI sector.

### **1. Franchising**

- The concept of franchising has been growing in Hong Kong for the past decade. Nearly 80 % of the franchise operations in Hong Kong are of U.S. origin. Home-grown franchises have also developed, especially in catering.

### **2. Joint Ventures**

- Joint ventures or strategic alliances can be very helpful in entering the market, and are particularly important in competing for major catering projects.
- In order to attract foreign investment, the HKG set up a special department called "Invest Hong Kong" to help overseas companies establish a presence in Hong Kong by providing all the support needed to establish and expand their operations ([www.investhk.gov.hk](http://www.investhk.gov.hk)).
- Entering the Hong Kong market with products suitable for the HRI trade can be handled in a number of ways. Certainly the end customer, the hotel, restaurant, institution or caterer has an influence on the selection of products or ingredients but the choice is all very much guided by a network of reliable and trusted suppliers.

### **3. Setting up a Representative Office**

- One of the most effective but costly means that U.S. companies can use to sell their products to this market is to set up a representative office in Hong Kong. Information on how to set up a new business in Hong Kong can be found at: [http://www.success.tid.gov.hk/english/inf\\_ser/bus\\_sta\\_up\\_inf\\_ser/bus\\_sta\\_up\\_inf\\_ser.html](http://www.success.tid.gov.hk/english/inf_ser/bus_sta_up_inf_ser/bus_sta_up_inf_ser.html)

### **4. Appointing Agents**

- U.S. exporters may consider hiring a local agent. A key consideration is whether the prospective agent has a good marketing record and widespread distribution network. The advantage of having an agent is that it can help with marketing and distribution. Some companies may secure a very competitive price package with TV, magazine and radio for advertisements. In addition, well-established companies have extensive distribution networks not limited to the HRI sector but also to retail outlets.
- Importers and distributors tend to focus on specific categories of products and end markets. Research should be carried out to ensure the importer/distributor selected is appropriate for your products.

## Marketing Strategies

- Identify key players for the products - ATO Hong Kong can provide lists of importers, distributors, commodity cooperators and regional business groups.
- Test marketing maybe required prior to establishing a presence in the market.
- Communicate product benefits to end-users - although distributors maintain the relationships with their customers, end users assert influence over the buying decisions. It is important to directly educate all stakeholders as to the features and benefits of your products.
- Participate in or visit trade shows – Hong Kong has an excellent reputation of hosting international trade shows. In cooperation with cooperators and regional groups, the shows will demonstrate the versatility and safety of U.S. food products. Some major shows include:

**Table 7 – Hong Kong:  
Trade Shows Featuring Food & Agricultural Products**

Date	Name of Show	Website
May 7-10, 2013	HOFEX*	<a href="http://www.hofex.com">http://www.hofex.com</a>
Aug 15-19, 2013	HKTDC Food Expo	<a href="http://www.hktdc.com/fair/hkfoodexpo-en/HKTDC-Food-Expo.html">http://www.hktdc.com/fair/hkfoodexpo-en/HKTDC-Food-Expo.html</a>
Sep 3-5, 2013	Restaurant and Bar	<a href="http://www.restaurantandbarhk.com">http://www.restaurantandbarhk.com</a>
Sep 3-5, 2013	Asian Seafood Exposition	<a href="http://www.asianseafoodexpo.com">http://www.asianseafoodexpo.com</a>
Sep 3-5, 2013	Frozen Food Asia	<a href="http://www.frozenfoodasia.com">http://www.frozenfoodasia.com</a>
Sep 4-6, 2013	Asia Fruit Logistica*	<a href="http://www.asiafruitlogistica.com/en">http://www.asiafruitlogistica.com/en</a>
Nov 7-9, 2013	Hong Kong Int'l Wine & Spirits Fair	<a href="http://hkwinefair.hktdc.com">http://hkwinefair.hktdc.com</a>
Dec 5-7, 2013	Agri-Pro Expo Asia	<a href="http://www.verticalexpo.com/eeditor/index.php?expo_id=8#">http://www.verticalexpo.com/eeditor/index.php?expo_id=8#</a>

(\* USDA-endorsed trade show, more information on USDA-endorsed trade shows can be found at: [http://www.fas.usda.gov/agx/trade\\_events/usda\\_shows.asp](http://www.fas.usda.gov/agx/trade_events/usda_shows.asp))

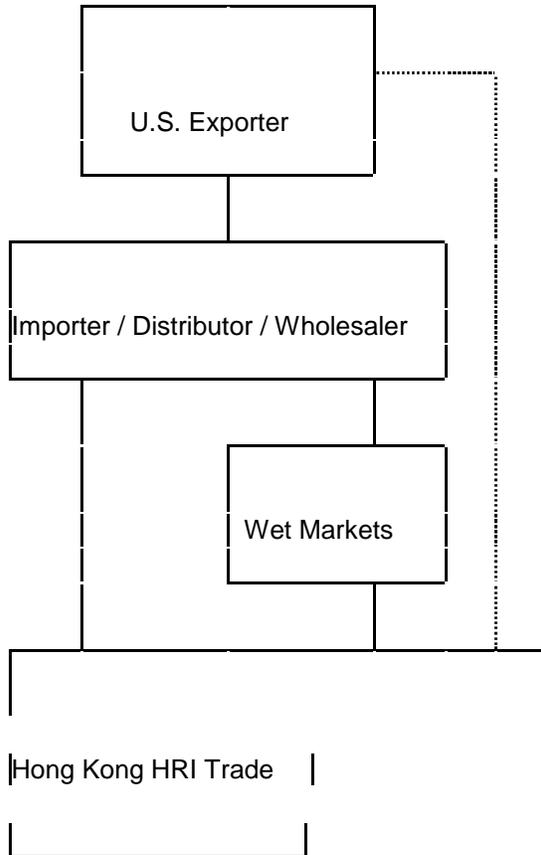
- Stage menu promotions with major restaurant chains - Menu promotion dollars will be maximized if spent on promotion events held with the major restaurant chains. With the restaurant chains' announced intention to have an image overhaul, this provides for an opportunity to introduce new U.S. foods.
- Invite restaurant owners/chefs to seminars and/or to the U.S. - ATO Hong Kong work collaboratively with cooperators to organize seminars and trade missions to the U.S. with an intention to introduce U.S. products, meet U.S. exporters, and share with them food service operations in the U.S.

## MAP Program

Small to medium sized U.S. food companies wishing to export their products can get funding

assistance from the USDA Market Access Program (MAP). The reimbursement rates for branded promotions are equal to the percentage of U.S. origin content of the promoted agricultural commodity or a rate of 50 percent, whichever is the lesser. If you are a producer or exporter and want to participate in the MAP, please contact a trade association that represents your specific product. If no trade association is applicable, please contact one of the four State regional trade groups: Food Export USA - Northeast (FEUSA), Food Export Association of the Midwest USA (FEA), Southern US Trade Association (SUSTA), and Western US Agricultural Trade Association (WUSATA). For details of the MAP program and a list of trade associations, please contact our office or visit the website: <http://www.fas.usda.gov/mos/programs/maptoc.html>

**Market Structure**



- 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 has a resourceful database of Hong Kong importers servicing the HRI

trade. For information regarding specific category suppliers, the ATO Hong Kong can provide additional information.

- Given below is a partial list of catering franchises in Hong Kong

<b>Name of Franchise</b>	<b>No. of Outlets</b>
Ajisen-Ramen ( <i>catering - Japanese noodles restaurant</i> )	30
Double Star ( <i>catering - coffee shop</i> )	2
Genki Sushi ( <i>catering - Japanese restaurant/takeaway</i> )	47
Grappa's Ristorante ( <i>catering - Italian restaurant</i> )	4 (+ 1 wine bar)
Hui Lau Shan ( <i>catering - herbal tea house and health food</i> )	52
Hung Fook Tong ( <i>catering - herbal tea house</i> )	60
Jollibee ( <i>catering - restaurant</i> )	1
Kentucky Fried Chicken ( <i>catering - fast food restaurant</i> )	59
Kung Wo Tong ( <i>catering - herbal tea house</i> )	10
Kung Wo Beancurd Products ( <i>catering - beancurd drinks and products</i> )	3
Magic House Superstore Ltd ( <i>catering - ice cream and snacks</i> )	52
McDonald's ( <i>catering - fast food restaurant</i> )	235
Mian Cafe ( <i>catering - cafe</i> )	8
Mrs. Fields Cookies ( <i>catering - bakery</i> )	15
Pie & Tart Specialists ( <i>catering - pie and tart</i> )	13
Pizza Box ( <i>catering - pizza delivery</i> )	14
Pizza Hut Restaurants ( <i>catering - restaurants</i> )	43
Saint's Alp ( <i>catering - Taiwanese tea house</i> )	5
Strawberry Forever ( <i>catering - western dessert house</i> )	1
TGI Friday's ( <i>catering - restaurant</i> )	1
Yoshinoya ( <i>catering - Japanese restaurant</i> )	54

- Given below is a partial list of restaurants in Hong Kong

<b>Company Name</b>	<b>Type of Food</b>	<b>No. of Outlets</b>
Maxims	Chinese Restaurants /fast food / Max Concepts / bakery	339
McDonalds	Fast Food - Burgers	235 (84 McCafe)

Café de Coral	Chinese fast food / lunch boxes	151
Fairwood	Chinese Fast food	105
KFC	Fast Food - Chicken	59
Starbucks	Coffee & snacks	125
Pizza Hut	Pizza, local menu	43
Pacific Coffee	Coffee & Snacks	120
Deli France	Bakery, Fast Food Sandwiches	32
Steak Expert	Steak house	20
Spaghetti House	International	18
Epicurean	International	15
Café Deco Group	International	37
Lan Kwai Fong Entertainment	International	4
Oliver's Super Sandwich	Fast Food Sandwiches / Salads	20
Mix	California Smoothies & Wraps	5
Pret a Manger	Fast Food Sandwiches / Salads	13
Chiram Restaurants Ltd	International	7
Eclipse Management	International	9
Outback Steakhouse	Australian / American style Steak House	8
Red Ant	Chinese	7
Elite Concepts	International	6
California Pizza Kitchen	American style pizza	4
Dan Ryan's	American Style dining	3
Ruby Tuesday's	American Style dining	6
Burger King	Fast Food - Burgers	12
Jimmy's Kitchen	International	2
Ruth's Chris Steakhouse	American Style Steak House	2
Bubba Gump	American Style dining	1
Harlan's	International	2
Lawry's The Prime Rib	American Steak House	1
Morton's the Steakhouse	American Steak House	1
TGI Fridays	American Style dining	1
Tony Roma's	American Style dining	Closed

### **SECTION III. COMPETITION**

Note: Trade Statistics for 2012; Market Share in terms of Gross Import Value

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

**Table 8 – Major Product Categories of Hong Kong’s Imports of COAP and Seafood Products And Competition**

<b>Product Category</b>	<b>Major Supply Sources</b>	<b>Strengths of Key Supply Countries</b>	<b>Advantages and Disadvantages of Local Suppliers</b>
<p><b>Red Meats, chilled/frozen</b></p> <p>Imports US\$3 billion 1,033,120 MT</p> <p>Retained Imports US\$2.2 billion 511,203 MT</p>	<p>1. Brazil – 35%</p> <p>2. U.S. – 15%</p> <p>3. China – 9%</p> <p>4. Germany – 8%</p>	<p>Products from Brazil and China are price competitive, but they are of different market segments from U.S. products.</p> <p>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. Market share of U.S. beef gradually picked up following Hong Kong’s opening to U.S. beef since the beginning of 2006. Hong Kong re-opened its market for U.S. bone-in beef in February 2013.</p> <p>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.</p>	<p>Local production is largely on freshly slaughtered meats.</p>
<p><b>Red Meats, Prepared/preserved</b></p> <p>Imports US\$873 million 346,872 MT</p> <p>Retained Imports US\$791 million 289,2320 MT</p>	<p>1. China – 30%</p> <p>2. U.S. – 16%</p> <p>3. Spain – 9%</p>	<p>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.</p>	<p>Local production is insignificant.</p>
<p><b>Poultry Meat (Fresh, chilled &amp; frozen)</b></p> <p>Imports US\$1.42 billion 931,847 MT</p> <p>Retained Imports US\$777 million</p>	<p>1. Brazil – 36%</p> <p>2. U.S. – 29%</p> <p>3. China – 17%</p>	<p>Brazil took over as the leading supplier of poultry for Hong Kong market in 2004, when Hong Kong banned entry of U.S. poultry products (between February 11, 2004 and April 30, 2004) due to outbreaks of Avian Influenza cases in the U.S. Though the ban was then lifted, Brazil continued to be the largest</p>	<p>Local production is on freshly slaughtered meats.</p> <p>HRI sector tends to use chilled and frozen chicken products rather than freshly slaughtered chickens because the latter are far more expensive</p>

333,010 MT		competitor due to price competitiveness of its products and established business relationship between Brazilian exporters and Hong Kong importers.	
<b>Dairy Products</b> Imports US\$1.25 billion 233,608 MT Retained Imports US\$1.11 billion 213,795 MT	1. Netherlands – 44% 2. New Zealand – 11% 3. Ireland – 9% 4. U.S. – 1%	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.
<b>Eggs</b> Imports US\$180 million 2.2 billion eggs Retained Imports US\$177 million 2 billion eggs	1. China – 52% 2. U.S. – 24% 3. Thailand – 8%	Eggs from China are price competitive. 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. U.S. 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.	Local production is insignificant.
<b>Fresh Fruit</b> Imports US\$1.76 billion 1,584,148 MT Retained Imports US\$847 million 623,188 MT	1. U.S. – 25% 2. Chile – 19% 3. Thailand – 18%	U.S. fresh fruits are highly regarded as having good quality. Chile’s biggest fruit item to Hong Kong is grapes. The supplying season is different from the U.S. Thai Trade commission in Hong Kong aggressively sponsors trade promotion activities. Thai’s	No local production.

		tropical fruits are very popular in Hong Kong.	
<b>Fresh Vegetables</b>  Imports US\$349 million 823,002 MT  Retained Imports US\$345 million 820,705 MT	1. China – 78%  2. U.S. – 7%  3. Australia – 3%	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.
<b>Processed Fruit &amp; Vegetables</b>  Imports US\$465 million 227,475 MT  Retained Imports US\$345 million 171,343 MT	1. China – 29%  2. U.S. – 28%  3. Thailand – 7%	Supplies from China are price competitive. Besides, some international brands have operations in China and their exports to Hong Kong are considered as imports from China.	Local production is insignificant.
<b>Tree Nuts</b>  Imports US\$1.69 billion 360,768 MT  Retained Imports US\$771 million 72,096 MT	1. U.S. – 73%  2. Iran – 16%  3. S. Africa – 4%	The U.S. is very strong in supplying almonds, walnuts, hazelnuts and pistachios.  Some of the imports are re-exported to Vietnam and China for processing.	No local production
<b>Wine</b>  Imports US\$978 million 47.6 million liters  Retained Imports US\$763 million 30.4 million liters	1. France – 56%  2. U.K. – 12%  3. Australia – 7%  4. U.S. – 6%	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 California wine.  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.

#### SECTION IV. BEST CONSUMER ORIENTED PRODUCT PROSPECTS

Notes

- :
- 1 95% 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. U.S. exports to Hong Kong are also based on imports minus exports.
  - 2 Import tariff rates for all food and beverage products in the tables are zero except for spirits with alcohol content greater than 30%, which is 100%.
  - 3 Products listed below are either enjoying a large market import value or a significant growth rate for the last 5 years (2008-2012).

**Table 9 – Hong Kong: Top 10 Prospects**

<b>Product Category</b>	<b>2012 Retained Imports (MT)</b>	<b>2012 Retained Imports (US\$ million)</b>	<b>2008 – 2012 Average Annual Retained Import Growth</b>	<b>Key Constraints Over Market Development</b>	<b>Market Attractiveness For USA</b>
<b>Fish &amp; Seafood Products</b>	204,779 MT	US\$2.6 billion	+3% (volume)  +10% (value)	Major suppliers of fish and seafood products are China (24%), Japan (14%), Australia (7%) and the US (6%).	U.S. fish and seafood products are perceived as high quality and safe.  Many 5-star hotels in Hong Kong are carrying Alaska seafood products such as king salmon, king crab, snow crab, black cod and halibut. It is anticipated that these seafood products will continue to be popular among HRI sector in Hong Kong.
<b>Fresh Fruit</b>	623,188 MT	US\$847 million	+4% (volume)  +9% (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 travel time for shipments from these	U.S. fresh fruit are well known for their large variety, good quality and tastes.  U.S. was the largest supplier (25%) of fresh fruit to Hong Kong followed by

				countries to Hong Kong also render their products "fresh" to Hong Kong consumers.	Chile (19%) and Thailand (18%).
<b>Poultry Meat (Fresh, chilled &amp; frozen)</b>	333,010 MT	US\$777 million	+1% (volume)  +6% (value)	Brazil moved in as the no. 1 poultry exporter to Hong Kong when U.S. poultry imports were temporarily banned during February 11 to April 30, 2004 due to Avian Influenza cases in the United States. Though the ban was later lifted, Brazil continued to be the largest competitor due to price competitiveness of its products and established business relationship between Brazilian exporters and Hong Kong importers.	Hong Kong imported US\$406 million worth of poultry products from the U.S., accounting for 29% of the market share.  U.S. products are highly regarded in food quality and food safety. More popular U.S. chicken products include chicken wing mid joints and chicken legs because of their sizes and quality. These two products are particularly popular among Hong Kong style cafes.
<b>Pork</b>	318,628 MT	US\$1.03 billion	+5% (volume)  +12% (value)	China and Brazil are the top suppliers of pork to Hong Kong because their products are very 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 enjoys the advantage of low processing cost.	Hong Kong imported US\$86 million worth of pork from the U.S., accounting for 7% of the market share.  U.S. products are highly regarded for quality and food safety.
<b>Processed Fruit &amp; Vegetables</b>	171,343 MT	US\$345 million	+0% (volume)  +8% (value)	China is the largest supplier (29%), closely followed by the U.S. (28%).  Some international brands have operations in	U.S. processed fruit and vegetables are well known of their superior quality and tastes. U.S. processed fruit and vegetables such as

				China and their exports to Hong Kong are considered as imports from China.	potatoes, nuts, sweet corn, mushrooms, peaches and pineapples will continue to be in large demand in Hong Kong.
<b>Beef</b>	171,969 MT	US\$820 million	+19% (volume) +25% (value)	Because of BSE cases in the U.S., Hong Kong banned U.S. beef since 2005. Brazil beef took the opportunity to gain market share. Market share of U.S. beef gradually picked up following Hong Kong's opening to U.S. beef since the beginning of 2006. Hong Kong re-opened its market for U.S. bone-in beef in February 2013.	Hong Kong consumers have high regards for U.S. beef in terms of quality and safety. The re-opening of the Hong Kong market for U.S. bone-in beef presents good opportunities.
<b>Wine</b>	30.4 million liters	US\$763 million	+7.8% (volume) +31% (value)	Competition is keen in Hong Kong. Major competitors come from France and Australia. French wine is traditionally more popular in Hong Kong.	Hong Kong imported US\$63 million of U.S. wine in 2012, accounting for 6% of the market share.  The HKG abolished the import tax on wine and beer in February 2008.  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 their exports.
<b>Tree Nuts</b>	72,096 MT	US\$771 million	+0% (volume) +24% (value)	The U.S. is very strong in supplying almonds, hazelnuts and pistachios.  Some of the imports are re-exported to Vietnam	No local production

				and China for processing.	
<b>Fruit &amp; Vegetable Juices</b>	17,265 MT	US\$34 million	-6% (volume) +3% (value)	The U.S. is still the market leader. Hong Kong imported US\$18 million worth of fresh fruit juices in 2012, accounting for a market share of 51%.	Given the high quality of U.S. fruit & vegetable juices, U.S. fruit and vegetable juices such as orange juices, apple juices, grape juices, grapefruit juices, tomato juices and pineapple juices are expected to continue to be popular in 2013.
<b>Organic Food and Beverage</b>	Statistics not available  (The size of the Hong Kong organic food and beverage market is estimated at US\$500 million, with an annual growth of 10-15%)	Statistics not available	Statistics not available	Organic F&B products are generally 20-40% higher in prices compared to non-organic products.  There are many organic standards in the market and the poor quality of a country's organic products may negatively affect the image of organic products from all supplying countries.	As Hong Kong consumers are becoming more health-conscious, the demand for organic products is expected to grow in 2013.  USDA Organic enjoys an excellent reputation among consumers in Hong Kong. Consumers generally have more confidence on USDA Organic standards than other countries'.  Grain products, soybeans, cereals, oats, noodles...etc are in good demand.  Other products such as organic meat (beef and pork), condiments, poultry, eggs etc are starting to have more interest in the market.  There is also a strong demand for organic vegetables

					and fruits, organic coffee and tea products.
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**SECTION V. KEY CONTACTS AND FURTHER INFORMATION**

Post Contact

Foreign Agricultural Service (FAS)

Home Page: <http://www.fas.usda.gov>

Agricultural Trade Office

American Consulate General

18<sup>th</sup> Floor, St. John’s Building

33 Garden Road, Hong Kong

Tel: (852) 2841-2350

Fax: (852) 2845-0943

E-Mail: [ATOHongKong@fas.usda.gov](mailto:ATOHongKong@fas.usda.gov)

Web site: <http://www.usconsulate.org.hk>

<http://www.usfoods-hongkong.net>

**Department to Implement Food Safety Control Policy**

Food & Environmental Hygiene Department

43<sup>rd</sup> Floor, Queensway Govt Offices

66 Queensway, Hong Kong

Tel: (852) 2868-0000

Fax: (852) 2834-8467

Web site: <http://www.fehd.gov.hk>

**Department to Control the Importation of Plants & Live Animals**

Agriculture, Fisheries & Conservation Department

5<sup>th</sup> -8<sup>th</sup> Floors, Cheung Sha Wan Govt 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 to Issue License for Imported Reserved Commodities**

Trade & Industry Department

18<sup>th</sup> 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 to Register Health Foods Containing Medicine Ingredients**

Department of Health  
Pharmaceuticals Registration  
Import & Export Control Section  
18<sup>th</sup> 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 to Issue License for Imported Dutiable Commodities**

Hong Kong Customs & Excise Department  
Office of Dutiable Commodities Administration  
6<sup>th</sup> -9<sup>th</sup> 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 for Trade Mark Registration**

Intellectual Property Department  
Trade Marks Registry  
24<sup>th</sup> and 25<sup>th</sup> 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  
9<sup>th</sup> - 11<sup>th</sup> Floors, Citicorp Center,  
18 Whitfield Road, North Point, Hong Kong  
Tel: (852) 2807-6543  
Fax: (852) 2806-0303  
Home Page: <http://www.hktourismboard.com>

**Semi-Government Organization Providing Hong Kong Trade Information**

Hong Kong Trade Development Council  
38<sup>th</sup> Floor, Office Tower, Convention Plaza  
1 Harbor Road, Wan Chai, Hong Kong  
Tel: (852) 2584-4188  
Fax: (852) 2824-0249

Home Page: <http://www.tdctrade.com>