

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

**Date:** 12/11/2009

Required Report - public distribution

**GAIN Report Number:** HK9024

**Hong Kong**

**RETAIL FOOD SECTOR**

## **Retail Food Sector**

**Approved By:**

Anita Katial

**Prepared By:**

Chris Li

**Report Highlights:**

Hong Kong grew to be the 4<sup>th</sup> largest market for U.S. F&B exports in 2009, at a time when other major import markets were shrinking. U.S. exports of high value food products to Hong Kong are expected to grow by 15% and top the US\$1.4 billion mark by the end of 2009, the largest growth among all U.S. export markets in the world! The demand for U.S. products continues to grow, given the weakened U.S. dollar making U.S. food products more competitive. U.S. food products are well-known for their high quality and reliability of food safety. Hong Kong consumers are increasingly more health and safety conscious due to food scares from neighboring countries. With a relatively stable economy, Hong Kong's per capita GDP is set to remain at US\$30,000 in 2009, one of the highest in the world. Top prospects for U.S. F&B export to Hong Kong include red meat, fresh fruit, tree nuts, poultry meat, processed fruit, vegetables, wine, craft beer and cheeses. Wine and beer offer special opportunities as the Hong Kong Government eliminated their excise taxes in 2008.

**Post:**

## Hong Kong

Author Defined:

### SECTION I. MARKET OVERVIEW

#### Food Imports

- Due to limited land resources and rapid urbanization, Hong Kong relies on imports for about 95% of its food supply. Local production contributes only 3% of fresh vegetables, 46% of live poultry, and 7% of live pigs [1].
- Due to its central location, free port status and position as a regional purchasing hub and distribution center, 30% of Hong Kong F&B imports from the world are re-exported. Of which, half are re-exported to Mainland China.

#### Hong Kong's Imports (2005-2009) of Consumer Oriented Ag. Products (COAP) [2] & Seafood

| Supplier    | (US\$ Million)       | 2005  | 2006  | 2007  | 2008   | 2009   | 2009 * Share | Growth 09* v 08 | Re-export as a % of Gross Imports |
|-------------|----------------------|-------|-------|-------|--------|--------|--------------|-----------------|-----------------------------------|
| World       | Gross Imports        | 7,152 | 7,647 | 9,098 | 11,544 | 12,673 | 100%         | 10%             |                                   |
|             | Re-exports           | 1,474 | 1,775 | 2,435 | 3,409  | 3,828  | 100%         | 12%             |                                   |
|             | Retained Imports [3] | 5,678 | 5,873 | 6,663 | 8,135  | 8,845  | 100%         | 9%              | 30%                               |
| China       | Gross Imports        | 1,827 | 1,854 | 2,007 | 2,215  | 2,498  | 20%          | 13%             |                                   |
|             | Re-exports           | 287   | 296   | 309   | 356    | 330    | 9%           | -7%             |                                   |
|             | Retained Imports     | 1,541 | 1,558 | 1,698 | 1,859  | 2,168  | 25%          | 17%             | 13%                               |
| U.S.        | Gross Imports        | 824   | 875   | 1,042 | 1,615  | 1,912  | 15%          | 18%             |                                   |
|             | Re-exports           | 191   | 220   | 328   | 609    | 717    | 19%          | 18%             |                                   |
|             | Retained Imports     | 633   | 655   | 715   | 1,006  | 1,195  | 14%          | 19%             | 38%                               |
| Brazil      | Gross Imports        | 481   | 645   | 989   | 1,441  | 1,600  | 13%          | 11%             |                                   |
|             | Re-exports           | 124   | 273   | 491   | 630    | 766    | 20%          | 22%             |                                   |
|             | Retained Imports     | 357   | 372   | 498   | 811    | 834    | 9%           | 3%              | 48%                               |
| Australia   | Gross Imports        | 440   | 485   | 529   | 613    | 677    | 5%           | 11%             |                                   |
|             | Re-exports           | 37    | 41    | 58    | 59     | 89     | 2%           | 50%             |                                   |
|             | Retained Imports     | 403   | 444   | 470   | 553    | 588    | 7%           | 6%              | 13%                               |
| Japan       | Gross Imports        | 439   | 485   | 573   | 603    | 703    | 6%           | 17%             |                                   |
|             | Re-exports           | 36    | 38    | 36    | 41     | 46     | 1%           | 13%             |                                   |
|             | Retained Imports     | 403   | 446   | 536   | 562    | 657    | 7%           | 17%             | 7%                                |
| Thailand    | Gross Imports        | 319   | 338   | 410   | 486    | 602    | 5%           | 24%             |                                   |
|             | Re-exports           | 143   | 161   | 226   | 267    | 352    | 9%           | 32%             |                                   |
|             | Retained Imports     | 177   | 177   | 184   | 219    | 250    | 3%           | 14%             | 58%                               |
| France      | Gross Imports        | 140   | 147   | 251   | 385    | 418    | 3%           | 9%              |                                   |
|             | Re-exports           | 27    | 39    | 88    | 111    | 125    | 3%           | 13%             |                                   |
|             | Retained Imports     | 114   | 108   | 164   | 274    | 293    | 3%           | 7%              | 30%                               |
| Canada      | Gross Imports        | 216   | 208   | 217   | 342    | 295    | 2%           | -14%            |                                   |
|             | Re-exports           | 27    | 26    | 43    | 133    | 103    | 3%           | -23%            |                                   |
|             | Retained Imports     | 190   | 182   | 173   | 209    | 192    | 2%           | -8%             | 35%                               |
| Netherlands | Gross Imports        | 156   | 166   | 211   | 306    | 309    | 2%           | 1%              |                                   |

|                  |                  |       |       |       |       |       |     |      |     |
|------------------|------------------|-------|-------|-------|-------|-------|-----|------|-----|
|                  | Re-exports       | 28    | 34    | 60    | 100   | 90    | 2%  | -10% |     |
|                  | Retained Imports | 127   | 132   | 151   | 206   | 219   | 2%  | 6%   | 29% |
| Germany          | Gross Imports    | 77    | 86    | 148   | 302   | 266   | 2%  | -12% |     |
|                  | Re-exports       | 20    | 39    | 73    | 180   | 157   | 4%  | -13% |     |
|                  | Retained Imports | 57    | 47    | 76    | 122   | 109   | 1%  | -10% | 59% |
| Total from       | Gross Imports    | 4,919 | 5,288 | 6,378 | 8,307 | 9,280 | 73% | 12%  |     |
| Top 10 Suppliers | Re-exports       | 920   | 1,168 | 1,712 | 2,486 | 2,775 | 72% | 12%  |     |
|                  | Retained Imports | 4,000 | 4,121 | 4,666 | 5,821 | 6,505 | 74% | 12%  | 30% |
| Total from       | Gross Imports    | 2,233 | 2,359 | 2,721 | 3,237 | 3,393 | 27% | 5%   |     |
| Rest of World    | Re-exports       | 554   | 607   | 723   | 923   | 1,053 | 28% | 14%  |     |
|                  | Retained Imports | 1,678 | 1,752 | 1,998 | 2,314 | 2,340 | 26% | 1%   | 31% |

(\* Estimated figures for 2009)

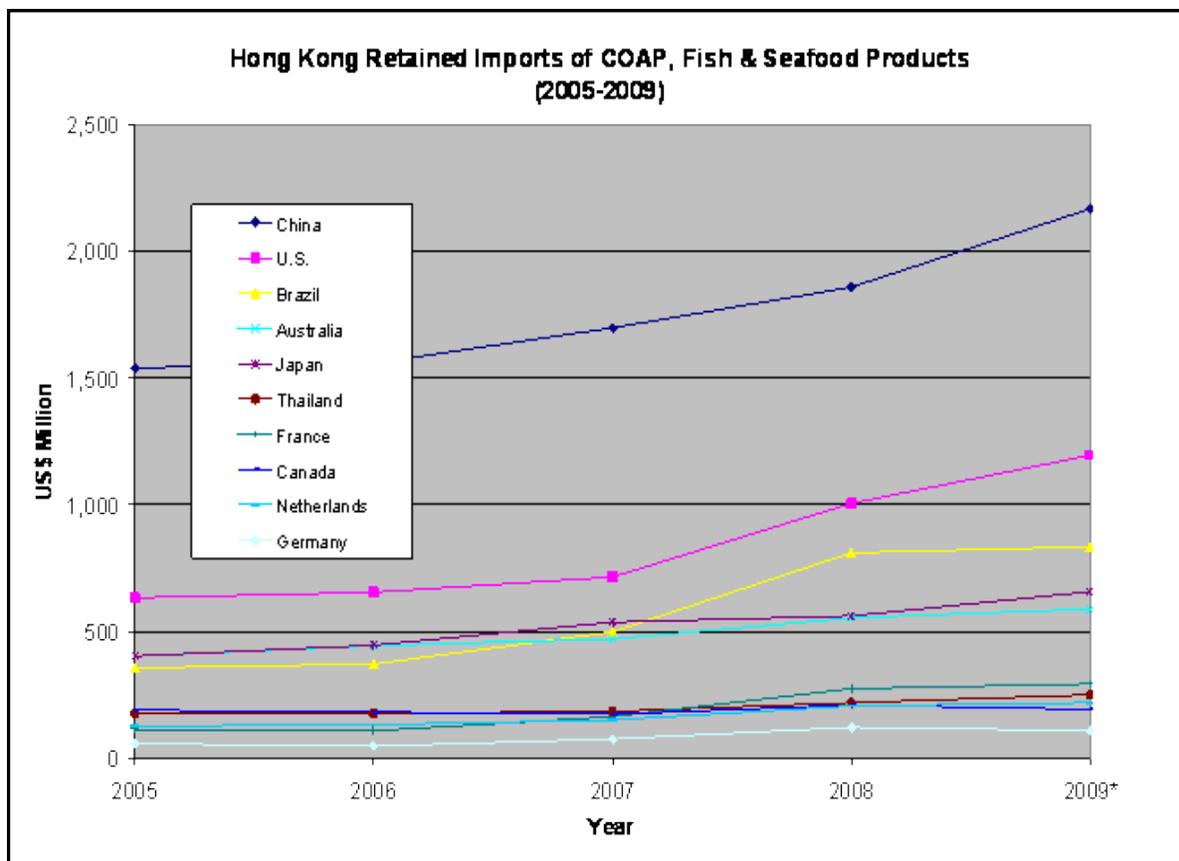
[1] Source: Agricultural Fisheries and Conservation Department of the Hong Kong Government

[2] Consumer Oriented Agricultural Products (COAP) refers to agricultural products that require little or no additional processing and are generally ready for final consumption at either the food retail or food service level. Examples of COAP are: red meat, poultry meat, snacks, breakfast cereals, pancake mix, fruits and vegetables, fruit and vegetable juices, tree nuts, wine, beer, cut flowers and pet foods. Source of data: Hong Kong Census & Stat. Dept.

[3] Retained Imports = Gross Imports (from a certain supplying country) into Hong Kong less Re-exports (of products originated from that supplying country)

- 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. Hong Kong’s gross imports of COAP and Seafood products are expected to reach US\$9.8 billion and US\$2.4 billion respectively in 2009, an increase of 12% and 2% over 2008. Compared to other major world markets, Hong Kong was relatively unaffected by the global economic crisis over the last year because of its strong economic ties with mainland China. The continuous influx of tourists and capital contributed to the economy maintaining stability. As a result, the demand for food imports continued to grow in 2008 and 2009. Major import items include red meats, fruits, poultry meat, seafood and tree nuts.
- “Retained” imports of COAP and seafood products have grown from US\$5.7 billion in 2005 to US\$8.8 billion in 2009, an increase of over 50%. The following charts show the market share of the major suppliers of these products in 2005 and 2009 (figures for 2009 are estimated).

### **Market Share of Agricultural Product Suppliers to Hong Kong**



(Source: Calculations based on World Trade Atlas data)

- China continues to lead as the largest supplier of COAP and Seafood products to Hong Kong, followed by the U.S. In 2009, we estimate that retained imports of products from China and the U.S. will reach US\$2.2 billion and US\$1.2 billion respectively, representing market shares of 25% and 14%.
- The following table shows the most popular COAP and Seafood products that Hong Kong imported from the world:

**Hong Kong Imports of COAP and Seafood Products from the World (US\$ million)**

| HS Code             | Description  | Jan-Sep 2008 (A) | Jan-Sep 2009 (B) | Growth (B)/(A) |
|---------------------|--|------------------|------------------|----------------|
|                     | Consumer Oriented Agriculture Total                | 6,564            | 7,335            | 11.76%         |
|                     | Fish & Seafood Products                            | 1,774            | 1,818            | 2.46%          |
| <b>TOP 20 ITEMS</b> |  |                  |                  |                |
| 0206                | Ed Offal, Bovine, Swine, Sheep, Goat, Horse, Etc.  | 949              | 1,028            | 8.30%          |
| 0207                | Meat & Ed Offal Of Poultry, Fresh, Chill Or Frozen | 823              | 880              | 6.96%          |
| 0307                | Molluscs & Aqua Invert Nesoi, Lve Etc.; Flours Etc | 504              | 560              | 11.20%         |
| 0203                | Meat Of Swine (Pork), Fresh, Chilled Or Frozen     | 496              | 393              | -20.64%        |
| 0306                | Crustcns Lve Frsh Etc, Ckd Etc.; Flrs Mls H Cnsump | 333              | 371              | 11.45%         |
| 0802                | Nuts Nesoi, Fresh Or Dried                         | 268              | 351              | 31.24%*        |
| 2204                | Wine Of Fresh Grapes; Grape Must Nesoi             | 247              | 350              | 41.57%*        |
| 1602                | Prepared Or Preserv Meat, Meat Offal & Blood Nesoi | 291              | 325              | 11.81%         |
| 2201                | Waters, Natural Etc, Not Sweetened Etc; Ice & Snow | 222              | 324              | 45.87%*        |
| 0402                | Milk And Cream, Concentrated Or Sweetened          | 228              | 304              | 33.35%*        |
| 0202                | Meat Of Bovine Animals, Frozen                     | 217              | 297              | 36.84%*        |

|        |   |     |     |         |
|--------|---|-----|-----|---------|
| 0305   | Fish, Dried, Salted Etc, Smoked Etc; Ed Fish Meal   | 352 | 288 | -18.29% |
| 0810   | Fruit Nesoi, Fresh                                  | 206 | 271 | 31.83%  |
| 0806   | Grapes, Fresh Or Dried                              | 137 | 219 | 59.78%* |
| 210690 | Food Preparations Nesoi                             | 177 | 209 | 17.83%  |
| 0301   | Fish, Live  | 171 | 185 | 8.11%   |
| 0805   | Citrus Fruit, Fresh Or Dried                        | 155 | 165 | 6.60%   |
| 1905   | Bread, Pastry, Cakes Etc; Comm Wafers, Emp Caps Etc | 142 | 143 | 0.44%   |
| 2202   | Waters, Sweetened Etc & Oth Nonalc Beverages Nesoi  | 113 | 119 | 5.16%   |
| 2103   | Sauces & Prep; Mixed Condiments, Mustard Flour Etc  | 110 | 117 | 5.97%   |

(Source: Calculations based on World Trade Atlas data)

(\* Fastest-growing items are marked with an asterisk)

- **Hong Kong agricultural imports from the U.S.**

For the first 9 months of 2008, Hong Kong imported over US\$1.2 billion worth of COAP from the U.S., which accounted for 16% of the market share. The top U.S. exports to Hong Kong in 2009 are meat, tree nuts, fruit & vegetables (please see table below). U.S. products have been more price-competitive because of the weakening of the U.S. Dollar. In addition, the frequent food scares originating from food supplies in China have also driven the demand of high quality products from the U.S., and are opening up more opportunities for organic products.

**Hong Kong Imports of COAP and Seafood Products from the U.S. (US\$ million)**

| HS Code             | Description  | Jan-Sep 2008 (A) | Jan-Sep 2009 (B) | Growth (B)/(A) |
|---------------------|--|------------------|------------------|----------------|
|                     | Consumer Oriented Agriculture Total                | 995              | 1,180            | 19%            |
|                     | Fish & Seafood Products                            | 71               | 83               | 16%            |
| <b>TOP 20 ITEMS</b> |  |                  |                  |                |
| 0802                | Nuts Nesoi, Fresh Or Dried                         | 146              | 261              | 79%*           |
| 0206                | Ed Offal, Bovine, Swine, Sheep, Goat, Horse, Etc.  | 184              | 161              | -13%           |
| 0207                | Meat & Ed Offal Of Poultry, Fresh, Chill Or Frozen | 89               | 117              | 32%*           |
| 0805                | Citrus Fruit, Fresh Or Dried                       | 83               | 84               | 2%             |
| 0307                | Molluscs & Aqua Invert Nesoi, Lve Etc.; Flours Etc | 42               | 50               | 19%            |
| 0806                | Grapes, Fresh Or Dried                             | 36               | 48               | 32%*           |
| 0809                | Apricots, Cherries, Peaches, Plums & Sloes, Fresh  | 33               | 44               | 35%*           |
| 0202                | Meat Of Bovine Animals, Frozen                     | 26               | 43               | 63%*           |
| 0203                | Meat Of Swine (Pork), Fresh, Chilled Or Frozen     | 85               | 39               | -54%           |
| 210690              | Food Preparations Nesoi                            | 22               | 36               | 66%*           |
| 2004                | Vegetables Nesoi Prepared Or Preserv Nesoi, Frozen | 20               | 34               | 72%*           |
| 0808                | Apples, Pears And Quinces, Fresh                   | 29               | 33               | 11%            |
| 2204                | Wine Of Fresh Grapes; Grape Must Nesoi             | 11               | 29               | 161%*          |
| 1602                | Prepared Or Preserv Meat, Meat Offal & Blood Nesoi | 14               | 21               | 47%*           |
| 1601                | Sausages, Similar Prdt Meat Etc Food Prep Of These | 17               | 19               | 13%            |
| 230910              | Dog And Cat Food, Put Up For Retail Sale           | 16               | 19               | 15%            |
| 0306                | Crustcns Lve Frsh Etc, Ckd Etc.; Flrs Mls H Cnsump | 12               | 18               | 51%*           |
| 2103                | Sauces & Prep; Mixed Condiments, Mustard Flour Etc | 15               | 18               | 15%            |
| 2005                | Vegetables Nesoi Prepared Etc Nesoi, Not Frozen    | 12               | 17               | 41%*           |
| 121120              | Ginseng Roots, Fresh Or Dried                      | 10               | 17               | 81%*           |

(Source: Calculations based on World Trade Atlas data)

(\* Fastest-growing items are marked with an asterisk)

- For seafood products, Japan, Australia, China, Indonesia, New Zealand and the U.S. are the top six suppliers to Hong Kong. The U.S. is expected to export US\$110 million worth of seafood products to Hong Kong and maintain 4.5% of the market share in 2009, a rise of 16% over 2008. The high quality of U.S. seafood products and the weak U.S. Dollar contribute to its export growth.

## **Outlook for 2010**

- Nearly 75% of Hong Kong's imports of US agricultural products consist of consumer oriented products. These products have enjoyed moderate growth in 2009 and it is expected that, as the global economy recovers, the demand for those products is expected to continue in 2010. While some luxury or fine food items are likely to see reduced demand, overall quantity is expected to hold up well. Traders estimate that there will be an increase of 10% in the value of Hong Kong's imports of agricultural products in 2010.

## **OUTLOOK FOR U.S. HIGH VALUE FOOD PRODUCTS**

### RED MEAT

While the import value is expected to drop due to lower prices and demand for cheaper cuts, import quantity for red meat is expected to increase moderately as global economy begins to pick up in 2010. Imports of US red meat are expected to increase with growing consumer demands for higher quality products. Transshipments of US meat are also expected to increase in 2010.

### WINE

As wine imports have grown from a low base and the Hong Kong Government's elimination of its excise tax on wine in February 2008, it is expected that U.S. wine imports will continue to grow in 2010, and the US will gain market share.

### POULTRY

As poultry meat is a cheaper source of protein, we expect imports will rise in 2010. As feed prices decline and consumers choose cheaper poultry products, it is expected that the value of imports will remain constant in 2010.

### FRESH FRUITS

Hong Kong residents typically consume more fresh fruits during economic downturns. However, consumers are likely to source cheaper fruits and therefore the increase in import quantity may be offset by the drop in import price.

### FRESH VEGETABLES

Hong Kong residents typically consume more fresh vegetables during economic downturns. However, consumers are likely to source even cheaper vegetables from their major supplier - mainland China. The drop in import price is expected to outweigh the increase in import quantity and cause a drop in overall import value. As the economy is expected to improve in 2010, demand for higher quality produce from the U.S. is expected to grow.

### DAIRY PRODUCTS

Overall imports of dairy products are expected to drop in quantity and remain at the same level in value. However, US dairy products are expected to grow because many consumers are wary of Chinese dairy products, will look for high quality and safer dairy products from the US.

### SNACK FOODS

Snacks are regarded as non-essential & luxury products. Imports of these products are therefore expected to drop in quantity and value. US snacks are generally more expensive than snacks from China and other Asian countries and it is expected the demand for US snacks will pick up in 2010 as economy is expected to improve.

## TREE NUTS

Although tree nuts are regarded as a non-staple food among Hong Kong consumers, it is expected that both quantity and value of imports will increase in 2010, as the demand in Hong Kong and mainland China continues to grow.

### Economy

- Hong Kong continues to benefit from strong economic growth in Mainland China and therefore has been slightly affected by the global financial crisis over the last year. The following figures illustrate the growth of Hong Kong's economy and the purchasing power of its consumers:

|                | 2007            | 2008            | Growth<br>08 vs 07 | 2009*            | Growth<br>09 vs 08 |
|----------------|-----------------|-----------------|--------------------|------------------|--------------------|
| GDP            | US\$202 billion | US\$215 billion | +6.3%              | US\$210 billion* | -2.5%*             |
| GDP per capita | US\$29,205      | US\$30,840      | +5.5%              | US\$30,000*      | -2.7%*             |

(\* Estimate based on government forecast, analysis of the economy and market trends)

- Competitiveness of U.S. Products Continues in 2010:** Hong Kong grew to be the 4<sup>th</sup> largest market for U.S. exports of consumer-oriented food products in 2009. These U.S. exports are now expected to reach US\$1.3 billion in 2009, a growth of 15% over 2008 [4]. U.S. food traders are aggressively seeking ways to penetrate international markets, as well as take advantage of their much needed foreign exchange stability as the Hong Kong dollar is linked to the US dollar. In addition, Hong Kong consumers are increasingly concerned about the safety of food imports from China. U.S. food products, organic, health foods and gourmet products are well-known in Hong Kong for their high quality and are therefore likely to enjoy more opportunities as Hong Kong consumers are becoming more health and safety conscious. Tightened food supplies from Mainland China such as pork, eggs and milk are expected to continue in 2009 and thus lead Hong Kong food traders to seek imports from the US.

[4] Source: BICO trade statistics for U.S. food exports to Hong Kong, FAS website

### Summary of the Key Strengths and Challenges for the Hong Kong Market

| Strengths  | Weaknesses  |
|--|---|
| The Hong Kong market 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 products to Hong Kong reached US\$1 billion for the first 9 months of 2009, making it the 4th largest market for the U.S. and the fastest growing major market in the world in 2009. | U.S. food products are not always price competitive. China is the largest competitor of U.S. food products.   |
| 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 S.E. Asia.  | Lengthy transportation time associated to importing U.S. food products to Hong Kong can make them less competitive than products available in the region or from China, Australia New Zealand. Their proximity avails for quicker delivery of |

|   |   |
|---|---|
|   | product (processed and fresh).  |
| U.S. food products enjoy an excellent reputation among Hong Kong consumers, as they are renowned for high quality and food safety standards, as well as healthy and nutritious.   | The importance of Hong Kong as a transshipment point and buying center for China and elsewhere is not widely known to U.S. exporters. |
| The U.S. is the 2 <sup>nd</sup> largest food supplier to Hong Kong next to China.   | Hong Kong labeling and residue standards differ in some cases, which can impede trade.  |
| Technical barriers to imports of U.S. products are generally very low.  | Numerous HK food regulations are not in line with Codex, which can complicate import clearances.                                      |
| There is a wide variety of U.S. products available to Hong Kong consumers (over 30,000 different items). The link between the Hong Kong Dollar (HKD) to the U.S. Dollar help insulate the HKD from currency fluctuations. | While Hong Kong has the 2 <sup>nd</sup> largest container terminal in the world, it has the most expensive port handling charges.     |
| Most trans-shipments to Macau are purchased, consolidate and shipped via Hong Kong.   | Hong Kong's top supermarkets are a duopoly that often request slotting fees.  |
| In general, HKG in its implementation and application of regulations is transparent and open.   |   |
| Hong Kong exporters choose to work with Hong Kong importers and distributors to get their products to China because of Hong Kong's dependable legal system, contracts and rule of law.                                    |   |
| 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" 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.  |   |
| Despite the financial crisis, Hong Kong is entirely   |   |

|  |  |
|--|--|
| dependent on imports for meeting its food needs. Thus, food consumption and demands are expected to remain stable during the global economic crisis.   |  |
| Products containing biotech ingredients are not controversial in Hong Kong in general.   |  |
| Lack of local production means virtually no protectionist pressures for food and agricultural products.  |  |
| Hong Kong has a very strong economy and is in an economically vibrant region.  |  |
| 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. |  |

## Retail Sales and Outlets

- Total retail sales of food and drinks in Hong Kong for 2009 are expected to reach US\$7.99 billion, representing a growth of 1.4% compared to 2008. The global financial crisis is expected to have nominal impact on the food retail sector and food retail sales, which are expected to maintain at a level of US\$8.1 billion in 2010.

**F&B Retail Sales between 2005–2010, in US\$ billion**

|                           | <b>2005</b> | <b>2006</b> | <b>2007</b> | <b>2008</b> | <b>2009*</b> | <b>2010**</b> |
|---------------------------|-------------|-------------|-------------|-------------|--------------|---------------|
| Supermarkets/Dept. stores | 3.43        | 3.61        | 3.85        | 4.32        | 4.46         | 4.5           |
| Other outlets             | 2.94        | 3.15        | 3.38        | 3.56        | 3.53         | 3.6           |
| <b>Total</b>              | <b>6.37</b> | <b>6.76</b> | <b>7.23</b> | <b>7.88</b> | <b>7.99</b>  | <b>8.1</b>    |



- Overall, wet markets are strong in fresh foods, while supermarkets are strong in processed, chilled and frozen, high added value, and canned food products. The competition between wet markets and supermarkets has intensified in recent years. Some wet markets have turned air-conditioned and provide free shuttle to nearby residential areas.

## **Import Regulations**

- **Import Duties & Import Certificates**

With the exception of spirits, all food and beverage products can be imported to Hong Kong duty free. Technical requirements for imports vary significantly according to the product. Products which require import permits/health certificates include meat, milk and frozen confections. (The HKG plans to implement an egg imports health certification requirement). Currently, 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. For details on Hong Kong's general import regulations for food products, please refer to GAIN Report #9018.

- **New Nutritional Labeling Law**

Hong Kong's Legislative Council on May 28, 2008 passed a nutrition labeling regulation, which will take effect July 1, 2010. Hong Kong's nutrition labeling regulation requires all prepackaged food sold in Hong Kong have to label energy plus seven nutrients namely, protein, carbohydrate, fat, saturated fat, trans fat, sodium and sugars. Products selling less than 30,000 units a year can apply for small volume exemption provided that the products do not carry any nutritional claims. Traders applying for exemption have to pay HK\$345 (US\$44) per product variety for the first year and HK\$335 (US\$43) for annual renewal.

Hong Kong's nutrition labeling regulation is unique; as all imported foods making nutrition claims from all sources will have to be re-labeled for the Hong Kong market. Despite the U.S. requiring the labeling of 15 energy/nutrients, U.S. products still cannot meet the Hong Kong nutrition labeling requirements due to different nutrient definitions, rounding practices, and recommendations for daily consumption. Virtually all U.S. products carrying claims will require labeling changes and/or nutrient testing.

Sources indicated that major retailers have notified their suppliers that they would only accept products with nutrition labels complying with Hong Kong's new regulation after January 1, 2010, six months earlier than HKG's enforcement date.

Details of the regulation are contained in the Technical Guidance Notes on Nutrition Labeling and Nutrition Claims, which are available at:

[http://www.cfs.gov.hk/english/food\\_leg/food\\_leg\\_nl\\_guidance.html](http://www.cfs.gov.hk/english/food_leg/food_leg_nl_guidance.html).

Further supplementary information will be provided in the form of FAQ on the Hong Kong government's Center for Food Safety website:

<http://www.cfs.gov.hk/eindex.html>

For more information on the impact of Hong Kong's nutrition labeling regulation, please see

reports HK#7011 & HK#8017.

- **Preservatives Regulations**

Hong Kong amended its Preservatives Regulation, which became effective July 1, 2008. Compared to the original regulation, in which one preservative (propyl para-hydroxybenzoate) is no longer allowed for use, and eleven additional preservatives permitted in the new standard, as listed below:

Guaiac resin  
Isopropyl citrates  
Stannous chloride  
Tertiary butylhydroquinone (TBHQ)  
Thiodipropionic acid  
Dimethyl dicarbonate  
Ferrous gluconate  
Formic acid  
Hexamethylene tetramine  
Lysozyme  
Pimaricin

Another change brought about by the regulation amendment is the adoption of a food category system based on Codex's GSFA (Codex General Standard for Food Additives) and the incorporation of those preservatives and antioxidants, as well as their permitted levels of use, in GSFA.

To help trade better understand the amended regulation, the HKG issued a "User Guideline", which provides the definition of each food category of the newly adopted food category system. Also, the Guidelines include some questions and answers pertaining to the amended regulations. The full Guidelines are available at the following website: [http://www.cfs.gov.hk/english/whatsnew/whatsnew\\_fstr/files/User\\_Guideline\\_e.pdf](http://www.cfs.gov.hk/english/whatsnew/whatsnew_fstr/files/User_Guideline_e.pdf)

Hong Kong's Preservatives Regulation adopts the principle of a positive list. In other words, Hong Kong does not allow any preservatives or antioxidants in foods if they are not expressly permitted by the Preservatives Regulation. The list of permitted preservatives and their maximum permitted levels may be retrieved from the following website: <http://www.legco.gov.hk/yr07-08/english/subleg/negative/ln085-08-e.pdf>

More information on the amended Preservatives Regulation, please see gain reports HK#7018 and HK#8021.

- **Biotech Food Related Regulations**

The HKG does not have any specific biotechnology regulations with regard to the labeling of biotech food products. The HKG makes no distinction between conventional and biotech foods. All are subject to the same food safety regulation.

The HKG, after evaluating the impact of its voluntary labeling scheme for biotech food products, released its conclusions to the Legislative Council on July 8, 2008, suggesting there is no need for a mandatory labeling law in Hong Kong. The HKG noted difficulty in carryout a law that currently does not have an international standard to back it up. As a

result of its evaluation, the HKG plans to continue to promote voluntary labeling of GMO products as a viable alternative for the trade.

The HKG released a set of guidelines on voluntary labeling for biotech foods in 2006. The guidelines on labeling for biotech foods are advisory in nature and do not have any legal effect. Adoption is entirely voluntary and is not binding. The guidelines apply to prepackaged food. The guidelines are based on the following four principles.

- The labeling of biotech food will comply with the existing food legislation.
- The threshold level applied in the guideline for labeling purpose is 5 percent, in respect of individual food ingredient.
- Additional declaration on the food label is recommended when significant modifications of the food, e.g. composition, nutrition value, level of anti-nutritional factors, natural toxicant, presence of allergen, intended use, introduction of an animal gene, etc, have taken place.
- Negative labeling is not recommended.

As the guideline is voluntary, U.S. food exports should not be affected if they choose not to have any biotech labeling. However, it should be noted that the HKG does not encourage negative labeling particularly for the use of the following terms:

- GMO free
- Free from GM ingredients, etc

For products with such definite negative labeling, the HKG may take the initiative to test the products against GM ingredients and zero tolerance will be adopted for testing purposes. If products are found to have misleading labeling, a retailer may be subject to prosecution under Section 61 – False Labeling and Advertisement of Food or Drugs of Chapter 132 Public Health and Municipal Services Ordinance.

(Available at <http://www.legislation.gov.hk/eng/home.htm>)

If the trade chooses to apply negative labeling, the government advises to use less definite terms such as “sourced from non-GM sources” (which contains less than 5 percent of GM content) and to have documentation to substantiate such declaration.

For more details on the voluntary labeling guidelines and biotechnology in Hong Kong, please refer to Gain Report HK#6026 & HK#8019 respectively.

- **Certification Requirements for Seafood Products**

HKG is in the process of drawing up new certification requirements for all fish and seafood products. Currently, it is not mandatory to provide health certificates for seafood imports to Hong Kong, though U.S. exporters usually provide health certificates (on a state level) for shipments in order to facilitate customs clearance.

## **General Consumer Tastes and Preferences**

- There is a growing popularity of frozen foodstuffs because more and more consumers believe that frozen foods are more hygienic. However, Hong Kong consumers in general still

prefer fresh foodstuffs, particularly fish and poultry meat.

- Due to the increasing prevalence of dual income families, ready-to-cook food has become more popular. The major supermarket chains in Hong Kong have been putting more emphasis on convenience foods, especially in their pre-prepared sections that are virtually serving ready-to-eat foods.
- There is most potential for growth in the processed/convenience sectors of Hong Kong's retail food markets for U.S. high value consumer foods such as general grocery items, ingredients for home meal replacement, and health food.
- Hong Kong consumers have become more aware of food safety issues and nutrition values of food products. Clear indications of nutritional value on the package have been a good marketing strategy for health foods.
- The sales of organic products have been increasing steadily. A representative of one of the largest supermarket chains revealed that there were only 200 organic items for sale five years ago compared to over 2000 items currently. The price discrepancy between conventional and organic foods has also narrowed over the years. Currently, organic products are priced between 20-40% higher. The most popular organic products are baby foods, vegetables, fruits, eggs, fresh meats, and fruit juices.
- Health foods continue to grow in popularity in Hong Kong because of consumers' desire to enhance general health. The latest trend in health foods now is "low Glycemic Index" and "Antioxidants".
- Foods categorized as natural and having benefits to health are also appealing to Hong Kong consumers. For example, nut suppliers promote nuts as healthy snacks good for the heart, and many cereals are marketed as an effective means of controlling cholesterol.
- Consumption of wine is growing in popularity in Hong Kong. Hong Kong's wine imports for the first 8 months in 2009 reached US\$302 million and 22.3 million liters, an increase of 43% in value and 35% in quantity compared with the same period in 2008. In February 2008, the HKG eliminated its import duty on wine and stimulated a surge in volumes and quantity of wines imports into Hong Kong. For more information on the wine market in Hong Kong, please refer to GAIN Report #HK9013.
- Demand for promotion package and discounts. Consumers are very price sensitive. Marketing tactics such as selling bundled economy packs or enclosing complimentary samples are usually used to stimulate sales. The most direct and effective marketing tool is to offer discounts.
- Because of the limited living space in Hong Kong, it is inconvenient for Hong Kong consumers to store food products. Therefore, bulk-pack food products do not sell well in Hong Kong, and small package food products are preferred.

## **SECTION II Road Map for Market Entry**

### **A. Entry Strategy**

To set up a representative office in Hong Kong is one of the most effective means that U.S. companies can use to sell their products to this market, but it is very costly. Apart from this entry

strategy, there are three different ways for new-to-market exporters to get into the Hong Kong market:

1. Through agents: U.S. exporters may consider hiring a local agent. There are several factors to consider when hiring an agent. 1) Does the prospective agent already have an account with major supermarkets? Supermarkets will more readily accept new brand products when the agent already has an account with the supermarkets. 2) Does the prospective agent have a good marketing record and widespread distribution network?

The advantage of having an agent is that it can help with marketing and distribution. In addition, well-established companies have extensive distribution networks not limited to one or two supermarkets but to very extensive distribution outlets.

2. Direct to supermarkets: For branded products to sell direct to supermarkets, supermarkets usually require exclusive rights in selling the products in Hong Kong through their own outlets only. Otherwise, they will not consider any direct imports. In this case, expensive listing fees may be waived. For non-branded and large turnover products such as fruit, meat, and vegetables, supermarkets tend to buy direct from overseas exporters to cut costs.

Direct selling to supermarkets is difficult to handle because they demand strict on-time delivery and very often will not be able to take a whole container. Logistics is the largest problem that U.S. exporters have to deal with if they want to sell direct to supermarkets. However, they can better test the market if dealing directly with retailers.

3. Through consolidators: Major supermarkets in Hong Kong work with U.S. consolidators for some of their products. Their purpose is to introduce new products, which have already been very popular in other overseas markets, to Hong Kong.

Supermarkets in Hong Kong sometimes rely on consolidators to offer them new products for consideration. More often, supermarkets in Hong Kong conduct researches to identify unmet consumer needs and ask consolidators to source new products to meet those needs.

## **B. Market Structure**



- U.S. exporters intending to sell to supermarkets can go through either one of the above channels. While certain supermarkets have tried to order an assortment of imports through consolidators, the bulk of supplies come from local agents or importers.
- Convenience stores and traditional retail outlets buy goods from local importers and agents. Due to relatively little turnover, they are not interested in buying direct from exporters or through consolidators. Therefore, U.S. food exporters have to go through Hong Kong importers to have their products sold in convenience stores or traditional markets.
- To promote U.S. food products, ATO will participate major trade shows in Hong Kong such as Vinexpo Asia Pacific (May 2010), the Natural Products Expo Asia (June 2010), Restaurant and Bar Show (September 2010), Asia Fruit Logistica (September 2010) and the 3<sup>rd</sup> Hong Kong International Wine & Spirits Fair (Oct/Nov 2010). U.S. exporters may wish to consider participating in these trade shows so as to introduce their products to Hong Kong buyers as well as buyers from other countries in the region.

## Supermarkets

### Profiles of Leading Supermarket Chains in Hong Kong

| Name of Retailer | Ownership | Food Sales         | No. of Outlets | Type of Purchasing agent                       |
|------------------|-----------|--------------------|----------------|--|
| Wellcome         | Hong Kong | over US\$1 billion | 253 [6]        | Importers/Agents<br>Exporters<br>Consolidators |
| ParknShop        | Hong Kong | over US\$1 billion | 260 [7]        | Importers/Agents<br>Exporters<br>Consolidators |

|                                      |           |                       |  |                                |
|--------------------------------------|-----------|-----------------------|--|--------------------------------|
| China Resources Vanguard Supermarket | China     | not available         | 97 [8]   | Importers/Agents Exporters     |
| Dah Chong Hong                       | Hong Kong | not available         | 72 [9]   | Importers/Agents Exporters     |
| Jusco Stores (HK) Ltd.               | Japan     | About US\$247 million | 6 within department stores and 3 separate stores [10]                              | Importers/Agents               |
| CitySuper                            | Hong Kong | not available         | 4 and 1 other called Log-on selling snacks only; 1 convenience store called Pit-in | Importers/Agents Consolidators |
| Oliver Delicatessen                  | Hong Kong | Not available         | 1  | Importers/Agents Consolidators |
| Uny                                  | Japan     | Not available         | 1  | Importers/Agents               |
| Sogo                                 | Japan     | Not available         | 2  | Importers/Agents               |

[6] Website of the Dairy Farm Group

[7] Website of the Cheung Kong Group and Hutchison Whampoa Group

[8] Website of CRC Shop

[9] Website of DCH Food Mart

[10] Annual Report of AEON (HK) Stores Company Ltd.

- There are two dominant supermarket chains in Hong Kong: The Wellcome Co. Ltd. that has 250 outlets and ParknShop that has 260 outlets. Combined, they account for nearly 80% of all supermarket turnovers in Hong Kong. Both supermarkets are able to work closely with real estate developers to open stores in strategic locations, thus maintaining their significant market share. The other players include: CR Vanguard Supermarket (CRC), Dah Chong Hong, Jusco and City Super.
- In the past decade, a “superstore” concept has emerged in the operation of supermarkets, blending the Western supermarket style with a traditional Hong Kong wet market. Superstores offer traditional Chinese fresh food like live fish, meats, ready-to-eat foods and market-style fruit and vegetables as well as the most extensive range of international products.
- ParknShop opened its first superstore in 1996 with a floor area of 45,000 sq. ft. Presently, its largest supermarket in Hong Kong has a floor area of 72,000 sq. ft. giving customers a modern one-stop shopping solution. The store sells over 20,000 product categories ranging from snacks to electrical household appliances. The ParknShop supermarket chain carries two of its own-label product lines, namely PARKnSHOP and Best Buy, first introduced in 1995. ParknShop is also associated with three other supermarkets by the name of Great, Taste, and Gourmet. These three high-end supermarkets cater mostly to the expatriates and more affluent clientele. They are ideal outlets for innovative, quality and priced international food products. These stores also carry a wide selection of organic products. Great adopts a stylish international food hall concept and its flagship store offers over 46,000 gourmet items. The first 35,000 square feet TASTE food galleria was opened in November 2004, and features more than 25,000 quality food items sourced from around the world. Gourmet, opened in 2005, occupied 15,000-square-foot store offering a selection of over 20,000 products carried across 30 merchandise categories of quality and premium foods.

- Dairy Farm, which owns another major supermarket chain – Wellcome, has opened an upscale supermarket in Hong Kong’s central commercial area catering to the more affluent clientele. The new store called “Three Sixty” was opened in November 2006. With a floor area of 23,000 square feet, it is Hong Kong’s largest retail outlet for organic and natural products. About 6,000 items or 70% of the items in the store will be organic or natural products. The store includes an organic sector for baby products. “Health” and “natural” are the key concepts of this store. The second “Three Sixty” was opened in October 2007.
- China Resources Vanguard focuses on local customers. While carrying a variety of products from different countries, a major portion of them comes from China.
- Dah Chong Hong’s outlets are generally located near wet markets. While being an importer of a variety of products, its retail outlets focus on frozen meat and seafood products. Dah Chong Hong is a major food importer too.
- CitySuper and Oliver Delicatessen capture an upscale market. Clientele includes mainly well-off middle class and expatriates. Customers are generally receptive to western foods. Both high-end supermarkets require no listing fees.
- Gateway Superstore and PrizeMart are two supermarkets in Hong Kong selling primarily U.S. products. PrizeMart has 11 stores and Gateway has 2 stores. Both supermarkets import directly from US consolidators and do not charge listing fees.
- Jusco, Sogo and Uny are Japanese department stores with a supermarket section. These supermarkets attract many middle-class customers, who are receptive to new products and do not mind to pay for higher prices for higher quality products. These three stores are popular spots for in-store promotions as they are packed with consumers seven days a week. In 2006, Jusco opened 2 separate supermarkets, which were not set up within a department store.
- Hong Kong supermarkets that require listing fees, are fees charged to allow a new product to be put on their shelves. This is a one-off fee for a trial period. The listing fees are extremely negotiable and vary greatly among different supermarket chains. Major supermarket chains, such as Wellcome and ParknShop which have many branch stores, have expensive listing fees. Industry sources revealed that key supermarket chains may charge HK\$1,000 (US\$130) per SKU for each of its store. A 30% discount may be offered to certain suppliers. The discount offered varies tremendously depending on the popularity of the products and the bargaining power of the supplying companies. Agents/importers will not bear this cost as it is normally just transferred to their principals.
- U.S. exporters should be prepared to encounter numerous trading term demands from Hong Kong food retailers, such as promotional discounts (number of discount promotions offered each year); back-end income (flat rebate per year that a U.S. exporter has to pay to the retail chain based on the annual turnover); D.G.A. (Distribution allowance - the fee that the supermarkets charge for distributing the products from its warehouse to its many branch stores); and incentive rebate (a percentage of turnover rebated to the supermarkets in case sales exceed the agreed amount). It can be expected that the bigger the supermarket, the harsher the trading terms. For general reference, about 15% of the annual turnover has to be rebated to the major supermarkets and 8% to small ones. Agents representing very popular items with large turnover usually have a stronger bargaining power and will be able to negotiate for a lower rebate rate.
- In face of strong competition, major supermarket stores often offer discounts and tend to transfer the cost to suppliers by requesting lower prices for supplies. Given supermarkets’

strong bargaining power, many suppliers have to give supermarkets special discounts which ordinary retailers do not enjoy.

- There is excellent growth potential in Hong Kong’s retail food market for U.S. grocery store items, particularly new and different items, as food retail outlets continue to increase and diversify. Because of established ties and traditional relationships, most of Hong Kong’s supermarket chains traditionally looked to Britain, Australia, New Zealand, and Canada for supplies. In recent years, however, buying habits are shifting and many more American items are now available on local grocery store shelves. Supermarkets tend to use consolidators to help them source new products which are popular in the United States.

### Market Entry Approach

- Through setting up a representative office in Hong Kong: While this is the most effective approach, it is very costly.
- Through U.S. Consolidators: Major supermarkets in Hong Kong work with U.S. consolidators for some of their products. However, the product quantities requested per shipment are usually small, especially when new products are purchased to test the market.
- Through Hong Kong agents: This is the most popular approach. 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/radio for advertisements. In addition, well-established companies have extensive distribution networks not limited to one or two supermarkets.
- Direct to Supermarkets: For branded products to sell direct to supermarkets, supermarkets usually require exclusive rights in selling the products in Hong Kong through their own outlets only. Otherwise, they will not consider any direct imports. In this case, expensive listing fees may be waived. For non-branded and large turnover products such as fruit, meat, and vegetables, supermarkets tend to buy direct from overseas exporters to cut costs.
- Direct selling to supermarkets is difficult to handle because they demand strict on-time delivery and very often will not be able to take a whole container. Logistics is the largest problem that U.S. exporters have to deal with if they want to sell direct to supermarkets. However, they can better test the market if they deal directly with retailers.

### Convenience Stores

**Profiles of Leading Convenience Stores in Hong Kong**

| <b>Retailer Name</b> | <b>Ownership</b> | <b>No. of Outlets</b> | <b>Locations</b> | <b>Purchasing agent</b> | <b>Year established</b> | <b>Clients' age</b> |
|----------------------|------------------|-----------------------|------------------|-------------------------|-------------------------|---------------------|
| 7-Eleven             | Hong Kong        | 899 [11]              | Hong Kong        | Importers Agents        | 1981                    | 15-35               |
| Circle K             | Hong Kong        | 284 [12]              | Hong Kong        | Importers Agents        | 1985                    | 15-35               |

[11] Website of the Dairy Farm Group

[12] Website of the Li & Fung Group

- There are over 1,000 convenience stores in Hong Kong. Two major chains dominate the market: 7-Eleven (899 outlets) and Circle K (284 outlets). They are targeting the customer age group of 15-35. Convenience stores are characterized by round-the-clock operation. Since only a limited choice of brand names is available and prices are generally less competitive, most purchases are "convenience" in nature, i.e. goods are normally bought in small quantities for immediate consumption. Popular items at these stores include packaged drinks, beer and snack food. The average size of a convenience store is 1,000 sq. ft. Listing fees are also required for convenience stores.
- 7-Eleven is owned by Dairy Farm, which is also the parent company of the giant supermarket chain of Wellcome. Circle K is owned by local trading conglomerate Li & Fung Group. Many of 7-Eleven and Circle K stores are strategically located in MTR (subway) and KCR (train) stations, popular shopping malls and housing developments throughout Hong Kong.

#### Market Entry Approach

- Convenience stores largely buy goods from local importers and agents. Therefore, U.S. food exporters have to go through Hong Kong importers to have their products sold in convenience stores.

#### Traditional Markets

- Traditional markets include wet markets and mom-and-pop shops. They are widespread throughout the territory. Traditional markets used to account for the lion's share of food retail. For example, they occupied around 54% of total retail food sales between 1995 and 1997. Yet supermarkets sales have exceeded traditional markets sales since 1998, and the dominating trend of the former is likely to persist and deepen in the future. Despite the growing significance of supermarkets in terms of food retailing, traditional markets remain as key food retail outlets, particularly for seafood, meat and groceries. Wet markets in Hong Kong have changed gradually over the years. The newly built markets are built and managed by the Hong Kong government with air-conditioning, more hygienic and pleasant environment than the old ones. Some, but not all, stalls in wet markets have freezers and chilling equipment, which is necessary to maintain food quality.
- Mom-and-pop shops around housing estates and schools are ideal retail outlets for drinks and snack foods. Such traditional markets offer small stalls and personal services that many Hong Kong consumers enjoy.
- Yu Kee, a traditional mom-and-pop shop, which started business in 1990, has expanded to 110 [13] stores spreading all over Hong Kong in recent years. The stores have floor area ranging around 1,500 sq. feet each. They sell mainly processed foods and produce. Most of the food supplies in these shops come from China and South East Asia. While they also import snack foods and drinks from Europe, U.S. foods are not yet on their shelves. The stores feature cheap prices and are after the mass market.

## Market Entry Approach

- U.S. food exporters must go through local importers or agents that have good distribution networks.

## Trends in Promotional/Marketing Strategies and Tactics

- Supermarkets expanding store size: The supermarket industry is undergoing a face-lift to introduce larger size stores with an objective to provide one-stop shopping and convenience for customers. In addition to traditional grocery and household products, supermarkets are moving towards larger, more modern stores with more fresh food.
- Increasing demand for promotion package and discounts: Hong Kong consumers are very price sensitive. Marketing tactics such as selling larger economy packs or enclosing complimentary samples are usually used to stimulate sales. The most direct and effective marketing tool is to offer discounts.
- In face of strong competition, major supermarket stores often offer discounts and tend to transfer the cost to suppliers by requesting lower prices for supplies. Given supermarkets' strong bargaining power as they have many retail outlets, many suppliers have to give supermarkets special discounts which ordinary retailers do not enjoy.
- Consumers becoming increasingly health-conscious and organic products picking up in popularity. There has been a gradual shift in what food consumers want in Hong Kong. The importance of meat, especially red meat, has declined among some consumers, while other food groups, such as fruits and vegetables, are gaining in popularity. Consumers increasingly look for freshness, healthiness, new varieties and shorter meal-preparation time for food. Consumers want foods of higher nutritional value, but also increasingly pay attention to food safety and hygiene. In short, the marketing trend is to position food products as healthy, natural, nutritional, etc.
- Internet direct sales of food: Major supermarkets like ParknShop and Wellcome offer grocery shopping over their website. The service is however not attracting a lot of interest, due to the convenience of shopping in Hong Kong, security concerns over payment via the internet and the cost of delivery.
- However, the at-work population in Hong Kong is becoming a coveted audience among marketers to leverage the internet as a medium of advertising. The at-work online audience is large and growing - out of the total Hong Kong workforce of 3.52 million, about 20 % regularly go online at work. These regular Hong Kong internet users are a demographically attractive group of individuals who have higher than average incomes, educations and tendencies to shop and buy online.
- Growing awareness of U.S. products fit supermarkets' needs to diversify product range: with awareness of the high quality and variety of U.S. food products increasing among supermarkets, there are many opportunities to introduce new U.S. products to the local market. ATO Hong Kong selectively invites key supermarket buyers to the United States on buying missions, which are followed by in-store promotions highlighting U.S. products. Buyers from Hong Kong supermarkets realize the quick-changing consumption temperament of local consumers, and many have expressed the need to source new

products to capture changing tastes. With strong support from exporters and state regional trading groups, the ATO continues its efforts to promote U.S. products and help supermarkets expand their range of U.S. products.

- To promote U.S. food products, the ATO sponsors major trade shows in Hong Kong and Macau, such as:

|   |   |                 |
|---|---|-----------------|
| Vinexpo Asia Pacific 2010               | <a href="http://www.vinexpo.com/en/asia-pacific-2010/">http://www.vinexpo.com/en/asia-pacific-2010/</a> | May 25-27, 2010 |
| Asia Fruit Logistica 2010               | <a href="http://www.asiafruitlogistica.com/">http://www.asiafruitlogistica.com/</a>                     | Sep 8-10, 2010  |
| 3rd Hong Kong Int'l Wine & Spirits Fair | <a href="http://hkwinefair.hktcdc.com/">http://hkwinefair.hktcdc.com/</a>                               | Nov 2010        |
| HOFEX 2011                              | <a href="http://www.hofex.com/">http://www.hofex.com/</a>   | May 11-14, 2011 |

### SECTION III. COMPETITION

Note: Estimated statistics for 2009; Market Share in terms of Import Value  
Source: World Trade Atlas – Hong Kong Census & Statistics Department

#### **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>    |
|---|---|---|---|
| <b>Breakfast Cereals &amp; Pancake Mixes</b><br><br>Imports<br>US\$29 million<br>9,731 MT<br><br>Retained Imports<br>US\$26 million<br>9,051 MT | 1. China – 53%<br><br>2. Thailand – 12%<br><br>2. U.S. – 7% | China is the largest supplier, imports include some international brands, which have manufacturing establishments in China.<br><br>In recent years, Thailand has been a popular tourist resort for Hong Kong residents, who are becoming increasingly receptive to Thai tastes and cuisine. This is conducive to the growth of Thai food exports to Hong Kong.<br><br>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>Red Meats, chilled/frozen</b><br><br>Imports<br>US\$2.4 billion  | 1. Brazil – 34%<br><br>2. U.S. – 14%                        | Products from Brazil and China are price competitive, but they are of different market segments from U.S. products.   | Local production is largely on freshly slaughtered meats. |

|   |   |  |  |
|---|---|--|--|
| <p>1,194,932 MT</p> <p>Retained Imports<br/>US\$1.34 billion<br/>455,025 MT</p>   | <p>3. China – 10%</p> <p>4. Germany – 8%</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 increased to 7% in 2006 following Hong Kong’s opening to U.S. beef since the beginning of 2006. Hong Kong currently allows U.S. boneless beef derived from animals less than 30 months of age.</p> <p>Bone-in beef and offals from the U.S. are not yet allowed entry into Hong Kong. Hong Kong Government adopt zero tolerance on bone fragments.</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><b>Red Meats, Prepared/preserved</b></p> <p>Imports<br/>US\$514 million<br/>269,796 MT</p> <p>Retained Imports<br/>US\$415 million<br/>204,559 MT</p>              | <p>1. China – 31%</p> <p>2. Spain – 12%</p> <p>3. U.S. – 11%</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. About 51% of the U.S. preserved red meat exports to Hong Kong belong to sausages. The U.S. is the largest supplier of sausages in the Hong Kong market.</p>  | <p>Local production is insignificant.</p>  |
| <p><b>Poultry Meat (Fresh, chilled &amp; frozen)</b></p> <p>Imports<br/>US\$1.2 billion<br/>798,132 MT</p> <p>Retained Imports<br/>US\$564 million<br/>297,220 MT</p> | <p>1. Brazil – 57%</p> <p>2. China – 18%</p> <p>3. U.S. – 13%</p> | <p>Brazil became 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 continues to be the largest supplier due to price competitiveness of its products</p>  | <p>Local production is on freshly slaughtered meats. HRI sector tends to use chilled and frozen chicken products rather than freshly slaughtered chickens because the latter are far more expensive.</p> |

|   |  |   |  |
|---|--|---|--|
|   |  | <p>and established business relationship between Brazilian exporters and Hong Kong importers.</p> <p>The reduced supplies of live chickens to Hong Kong have resulted in increased demand for chilled whole chickens from China.</p> <p>Hong Kong's new certification requirement for U.S. chicken feet, which took effect in May 2005, has reduced U.S. chicken feet supplies to Hong Kong. By the new requirement, U.S. chicken feet are required to have ante mortem and post mortem inspection.</p>   |  |
| <p><b>Dairy Products</b></p> <p>Imports<br/>US\$504 million<br/>156,861 MT</p> <p>Retained Imports<br/>US\$440 million<br/>142,816 MT</p> | <p>1. Netherlands – 29%</p> <p>2. Ireland – 18%</p> <p>3. Japan – 12%</p> <p>U.S. – 1%</p> | <p>Netherlands is strong in dairy product supplies and it has established position in Hong Kong.</p> <p>Dairy products from Netherlands and New Zealand primarily include concentrated dairy and cream.</p> <p>Chinese dairy products to Hong Kong primarily include not-concentrated milk and cream.</p> <p>Dairy products from the U.S. primarily include ice cream.</p> <p>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.</p> | <p>Local companies supply fresh milk drinks, which are processed in Hong Kong with milk originated from farmlands in the southern part of China.</p> <p>Local companies can easily fulfill local milk registration requirements.</p> |
| <p><b>Eggs</b></p> <p>Imports<br/>US\$122 million<br/>1.82 billion eggs</p> <p>Retained Imports</p>                                       | <p>1. China – 54%</p> <p>2. U.S. – 17%</p> <p>3. Thailand</p>                              | <p>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</p>   | <p>Local production is insignificant.</p>  |

|   |   |   |  |
|---|---|---|--|
| <p>US\$121 million<br/>1.81 billion eggs</p>  | <p>- 17%</p>  | <p>Chinese eggs.</p> <p>U.S. dominates the white egg markets.</p> <p>In recent months, 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.</p>  |  |
| <p><b>Fresh Fruit</b></p> <p>Imports<br/>US\$1.36 billion<br/>1,470,078 MT</p> <p>Retained Imports<br/>US\$654 million<br/>573,629 MT</p>   | <p>1. Thailand - 27%</p> <p>2. U.S. - 22%</p> <p>3. Chile - 16%</p> | <p>U.S. fresh fruits are highly regarded as having good quality.</p> <p>Thai Trade commission in Hong Kong aggressively sponsors trade promotion activities. Thai's tropical fruits are very popular in Hong Kong.</p> <p>Chile's biggest fruit item to Hong Kong is grapes. The supplying season is different from the U.S.</p>  | <p>No local production.</p>  |
| <p><b>Fresh Vegetables</b></p> <p>Imports<br/>US\$203 million<br/>615,015 MT</p> <p>Retained Imports<br/>US\$197 million<br/>609,478 MT</p> | <p>1. China - 72%</p> <p>2. U.S. - 8%</p> <p>3. Australia - 4%</p>  | <p>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.</p> <p>Australian products are advantaged over American products because of shorter freight time and lower transportation cost.</p> <p>High-end restaurants and five-star hotels prefer to use high quality U.S. products. A lower U.S. dollar value helps U.S. exports to Hong Kong.</p> | <p>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.</p> |
| <p><b>Processed Fruit &amp; Vegetables</b></p> <p>Imports<br/>US\$336 million</p>   | <p>1. U.S. - 33%</p> <p>2. China - 29%</p>                          | <p>Supplies from China are price competitive. Besides, some international brands have operations in China and their exports to Hong Kong are</p>  | <p>Local production is insignificant.</p>  |

|   |  |   |  |
|---|--|---|--|
| <p>222,194 MT</p> <p>Retained Imports<br/>US\$256million<br/>172,825 MT</p>   | <p>3. Thailand<br/>– 9%</p>  | <p>considered as imports from China.</p> <p>Products from the U.S. are more for the high-end market. Potato chips and French fries are major U.S. export categories to Hong Kong.</p>   |  |
| <p><b>Tree Nuts</b></p> <p>Imports<br/>US\$481 million<br/>141,022 MT</p> <p>Retained Imports<br/>US\$227 million<br/>53,1561 MT</p>                | <p>1. U.S. –<br/>72%</p> <p>2. Iran –<br/>15%</p> <p>3. Mexico –<br/>3%</p>                              | <p>38% of the tree nuts imported to Hong Kong are pistachios.</p> <p>The U.S. is very strong in supplying almonds, hazelnuts and pistachios.</p> <p>Some of the imports are re-exported to China for processing.</p>  | <p>No local production</p>   |
| <p><b>Fruit &amp; Vegetable Juices</b></p> <p>Imports<br/>US\$28 million<br/>20,675 MT</p> <p>Retained Imports<br/>US\$25 million<br/>18,403 MT</p> | <p>1. U.S. –<br/>39%</p> <p>2. China –<br/>13%</p> <p>3. Australia –<br/>8%</p>                          | <p>U.S. products are highly regarded in the local market.</p> <p>Products from China include international brands manufactured in China.</p> <p>Australian products are generally perceived as natural.</p>   | <p>Local companies are well established in the market with well distribution and marketing network. However, they rarely are considered as premium products.</p> |
| <p><b>Wine</b></p> <p>Imports<br/>US\$443 million<br/>30.8 million liters</p> <p>Retained Imports<br/>US\$349 million<br/>24.1 million liters</p>   | <p>1. France –<br/>53%</p> <p>2. U.K. –<br/>16%</p> <p>3. Australia –<br/>9%</p> <p>4. U.S. –<br/>8%</p> | <p>France is the major supplier for wine. French wine is highly regarded in Hong Kong though expensive.</p> <p>Hong Kong people are becoming more familiar with California wine.</p> <p>The Hong Kong Government abolished the tax on wine in February 2008. The new policy has attracted more wine imports into Hong Kong.</p> | <p>Hong Kong does not have any wine production.</p>  |

#### 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 an 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 (2004-2008).

### Top 10 Prospects in 2009

| Product Category                   | 2008 Retained Imports (MT)      | 2008 Retained Imports (US\$ million)                                | 2004 – 2008 Average Annual Retained Import Growth | Key Constraints Over Market Development   | Market Attractiveness For USA   |
|------------------------------------|---------------------------------|---|---|---|---|
| <b>Fish &amp; Seafood Products</b> | Volume statistics not available | US\$2.6 billion<br><b>Expected to reach US\$2.7 billion in 2009</b> | +6.3% (value)                                     | Major suppliers of fish and seafood products are Japan (15%), Australia (12%), China (12%), Indonesia (5%), New Zealand (4%) and the US (5%). | US fish and seafood products are perceived as high quality and safe.<br><br>Retained imports of US fish and seafood products have grown by over 28% between 2004 and 2008.<br><br>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>                 | 531,671 MT                      | US\$596 million   | -1.7% (volume)                                    | The Hong Kong fresh fruit market had  | US fresh fruit are well known for their   |

|                         |   |   |                                      |  |   |
|-------------------------|---|---|--------------------------------------|--|---|
|                         | <b>Expected to reach 595,000 MT in 2009</b>                   | <b>Expected to reach US\$670 million in 2009</b>                        | +4.5% (value)                        | <p>negative volume growth over the past 5 years because of bad crops in some categories.</p> <p>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 countries to Hong Kong also render their products "fresh" to Hong Kong consumers.</p>   | <p>large variety, good quality and tastes.</p> <p>US was the largest supplier (28%) of fresh fruit to Hong Kong, followed by Thailand (23%).</p> <p>The top US fruit exports to Hong Kong are citrus products (US\$99 million), grapes (US\$78 million), apples (US\$40 million), cherries (US\$23 million), plums, sloes &amp; peaches (US\$16 million) and strawberries (US\$11 million).</p> <p>These US products will continue to be popular among Hong Kong consumers.</p> |
| <b>Poultry Products</b> | 321,332 MT<br><br><b>Expected to reach 328,000 MT in 2009</b> | US\$616 million<br><br><b>Expected to reach US\$610 million in 2009</b> | -6.6% (volume)<br><br>+10.6% (value) | <p>Brazil is the leading supplier of poultry for Hong Kong. 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 U.S. Though the ban was later lifted, Brazil continues to be the largest supplier due to price advantage of its products and its exporters' relationships with Hong Kong importers. The reduced supplies of live chickens from China</p> | <p>U.S. exported US\$137 million worth of chicken products to Hong Kong, accounting for 12% of the market share.</p> <p>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.</p>   |

|   |  |  |   |   |   |
|---|--|--|---|---|---|
|   |  |  |   | <p>to Hong Kong have resulted in increased demand for chilled whole chickens from China as an alternative.</p> <p>Hong Kong's new certification requirements for U.S. chicken feet, which took effect in May 2005, reduced U.S. chicken feet supplies to Hong Kong. By the new standard requirement, U.S. chicken feet are required to have ante mortem and post mortem inspection.</p> |   |
| <b>Pork</b>                             | <p>172,599 MT</p> <p><b>Expected to reach 172,600 MT in 2009</b></p> | <p>US\$462 million</p> <p><b>Expected to reach US\$460 million in 2009</b></p> | <p>+2% (volume)</p> <p>+16% (value)</p> | <p>China and Brazil are the top suppliers of pork to Hong Kong because their products are very price competitive.</p> <p>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.</p>                                 | <p>U.S. exported US\$102 million worth of pork to Hong Kong, accounting for 16% of the market share.</p> <p>U.S. products are highly regarded for quality and food safety.</p>  |
| <b>Processed Fruit &amp; Vegetables</b> | <p>173,704 MT</p> <p><b>Expected to reach 173,700 MT in 2009</b></p> | <p>US\$249 million</p> <p><b>Expected to reach US\$288 million in 2009</b></p> | <p>+2% (volume)</p> <p>+6% (value)</p>  | <p>China is the largest supplier (30%), closely followed by the US (30%).</p> <p>Some international brands have operations in China and their exports to Hong Kong are considered as imports from China.</p>  | <p>US processed fruit and vegetables are well known of their superior quality and tastes. US processed fruit and vegetables such as potatoes, nuts, sweet corn, mushrooms, peaches and pineapples will continue to be in large demand in Hong Kong.</p> |

|                            |  |  |  |  |  |
|----------------------------|--|--|--|--|--|
| <p><b>Beef, Frozen</b></p> | <p>72,958 MT</p> <p><b>Expected to reach 80,680 MT in 2009</b></p>                   | <p>US\$270 million</p> <p><b>Expected to reach US\$308 million in 2009</b></p> | <p>+14% (volume)</p> <p>+28% (value)</p> | <p>Because of BSE cases in the U.S., Hong Kong currently allows boneless beef derived from cattle under 30 months of age from U.S. E.V (Export Verification) approved plants.</p> <p>Bone-in beef and variety beef from the U.S. are not yet allowed in.</p> <p>Currently only 25 plants have been EV approved and are eligible to export beef products to Hong Kong.</p> <p>Short U.S. beef supplies make U.S. beef very expensive.</p> <p>Brazil beef took the opportunity to gain market shares. Brazil beef imports grew from US\$49 million in 2004 to US\$160 million in 2008.</p> | <p>U.S. exported US\$38 million worth of beef to Hong Kong in 2008, accounting for 12% of the market share. Although U.S. beef were banned entry in Hong Kong in 2004 and 2005, Hong Kong consumers still have high regards for U.S. beef in terms of quality and safety.</p> <p>More popular U.S. beef products in 2009 include: strip loin, rib eye and tenderloin.</p>    |
| <p><b>Wine</b></p>         | <p>23.4 million liters</p> <p><b>Expected to reach 36 million liters in 2009</b></p> | <p>US\$279 million</p> <p><b>Expected to reach US\$391 million in 2009</b></p> | <p>+15% (volume)</p> <p>+40% (value)</p> | <p>Competition is keen in Hong Kong. Major competitors come from France and Australia. French wine is traditionally more popular in Hong Kong.</p>   | <p>U.S. exported US\$19 million of wine to Hong Kong in 2008, accounting for 5% of the market share.</p> <p>The HKG abolished the import tax on wine and beer in February 2008. The HRI sector in Macau is growing, making it an excellent opportunity for U.S. wine traders to expand their exports.</p> <p>Hong Kong consumers are getting more and more interested in</p> |

|                                     |   |  |                                 |   |  |
|-------------------------------------|---|--|---------------------------------|---|--|
|                                     |   |  |                                 |   | wine drinking practice. The total elimination of the excise tax on wine would probably help nurture wine drinking culture in Hong Kong.  |
| <b>Beer</b>                         | 156 million liters<br><br><b>Expected to reach 157 million liters in 2009</b>   | US\$89 million<br><br><b>Expected to reach US\$105 million in 2009</b> | +6% (volume)<br><br>+6% (value) | China and Korea are major suppliers of beer and their beers have been very price competitive.   | Hong Kong abolished the 20% excise tax on beer imports and created opportunity for US beer to gain more market shares in Hong Kong.  |
| <b>Fruit &amp; Vegetable Juices</b> | 21,724 MT<br><br><b>Expected to reach 21,535 MT in 2009</b>   | US\$31 million<br><br><b>Expected to reach US\$25 million in 2009</b>  | +1% (volume)<br><br>+9% (value) | The US is still the market leader, exported US\$13 million worth of fresh fruit juices to Hong Kong, accounting for a market share of 41%.  | Given the high quality of US fruit & vegetable juices, US 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 very popular in 2010.   |
| <b>Organic Food and Beverage</b>    | Statistics not available<br><br>(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.<br><br>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 will continue to grow in 2010.<br><br>USDA Organic enjoys an excellent reputation among consumers in Hong Kong. Consumers generally have more confidence on USDA Organic standards than other countries'. |

|  |  |  |  |  |  |
|--|--|--|--|--|--|
|  |  |  |  |  | <p>soybeans, cereals, oats, noodles...etc are in good demand.</p> <p>Other products such as organic meat (beef and pork), condiments, poultry, eggs etc are starting to have more interest in the market.</p> <p>There is also a strong demand for organic vegetables and fruits, organic coffee and tea products.</p> |
|--|--|--|--|--|--|

## 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)  
Internet Homepage: <http://www.usconsulate.org.hk>  
<http://www.usfoods-hongkong.net>

### Department to Implement Food Safety Control Policy

Food & Environmental Hygiene Department  
43/F., 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  
5-8/F., Cheung Sha Wan Govt Offices  
303, Cheung Sha Wan Rd  
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/F., 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  
6-9th 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  
24th and 25th 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: [www.hktourismboard.com](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>

