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Record U.S. Agricultural Exports to Hong Kong

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Report Highlights:

U.S. agricultural, fish, and forest product exports to Hong Kong reached a record \$2.97 billion in 2010, an impressive 39 percent increase over the previous record of \$2.13 billion in 2009. With the growth Hong Kong cemented its status as the 7th largest export market for U.S. agricultural products. The expansive growth was due to a number of factors, but increased re-export trade to China, an exchange rate advantage for U.S. products over competing countries' products, and strong economic growth were major contributing factors that combined with the traditional advantages of a free market with practically no tariffs and generally reasonable regulations. The following report features a primarily graphical look at this growing market for U.S. agricultural products in Hong Kong.

General Information:

The Hong Kong Market for U.S. Agricultural Products by the Numbers

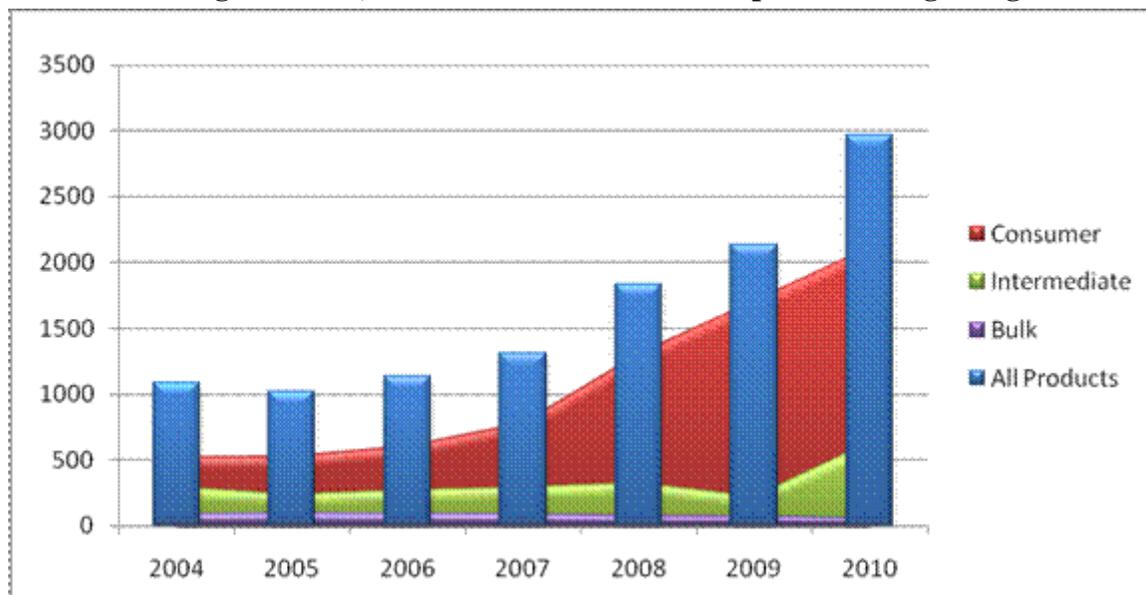
The following report features a primarily graphical look at the market for U.S. agricultural products in Hong Kong. Greater detail of the market and individual products can be found in numerous GAIN reports located at <http://gain.fas.usda.gov/Pages/Default.aspx>.

Record Level of U.S. Agricultural Exports to Hong Kong

U.S. agricultural, fish and forest product exports to Hong Kong reached a record \$2.97 billion in 2010, an impressive 39 percent increase over the previous record of \$2.13 billion in 2009. With the growth, Hong Kong cemented its status as the 7th largest export market for U.S. agricultural products. Looking a little deeper, Hong Kong is revealed to be the 4th largest market for high value consumer oriented products, logging a record \$2.11 billion in 2010. These figures are all the more remarkable considering Hong Kong's population of 7 million living on roughly 423 sq. miles of land.

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Table 1. U.S. Agricultural, Fish and Forest Product Exports to Hong Kong (Million US\$)

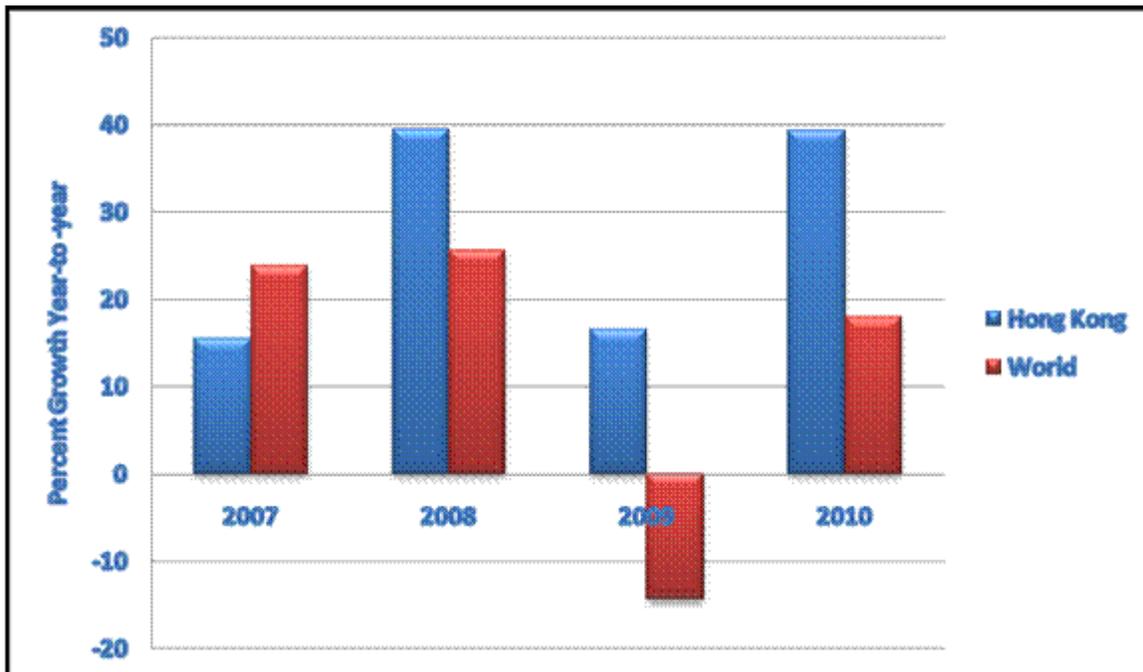


Source: FAS BICO Statistics

Fastest Growing Large Market for U.S. Agricultural Products over Last 2 Years

U.S. agricultural exports to Hong Kong have shown remarkable growth in the past three years growing 126% since the beginning of 2008 from \$1.3 billion to the current record \$2.97 billion. While most major markets shrunk in 2009 following the global slowdown in economic growth, Hong Kong grew a stellar 18% and has followed up that performance with 39% growth in 2010, making Hong Kong the fastest expanding major market for U.S. agricultural products in that time span. Not surprisingly, the strong economic growth in both Hong Kong and China over this period has played a major factor in allowing this export growth.

Table 2. United States: Percent Growth of U.S. Agricultural Exports to Hong Kong vs. World

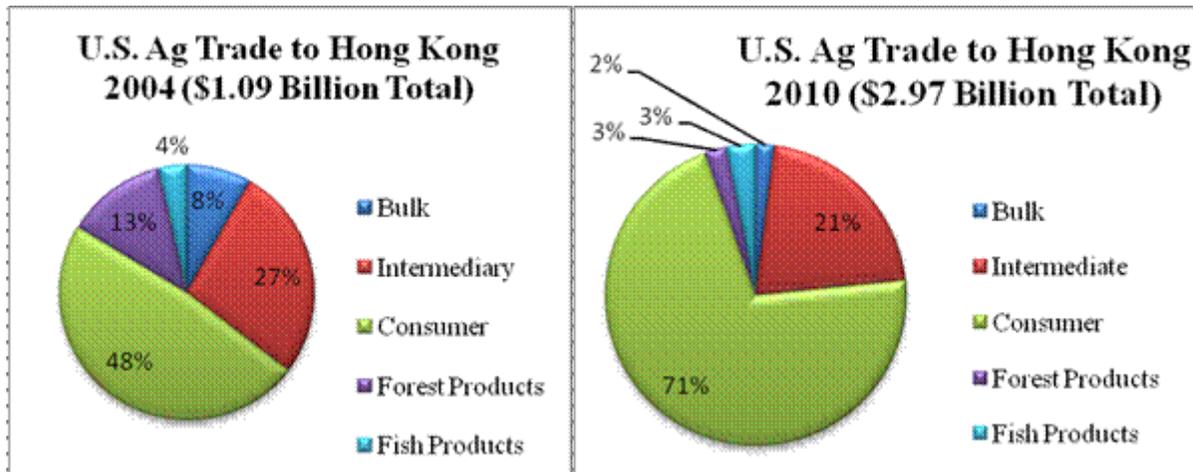


Source: FAS BICO Statistics

Consumer Oriented Products Lead the Way

A closer look at the components of U.S. agricultural trade with Hong Kong shows a clear shift in the product mix towards high-value consumer oriented products, which now comprise 71% of the total U.S. agricultural, fish and forest trade – up sharply from 48% in 2004. Thus, a greater share of the total value of the final consumer product consumed in Hong Kong is captured by U.S. agricultural interests that have added value along the production chain. This shift has also helped make Hong Kong the 4th largest market for U.S. consumer oriented agricultural products in the world with a value over \$2 billion.

Table 3. Relative Share By Type of Product of U.S. Exports to Hong Kong

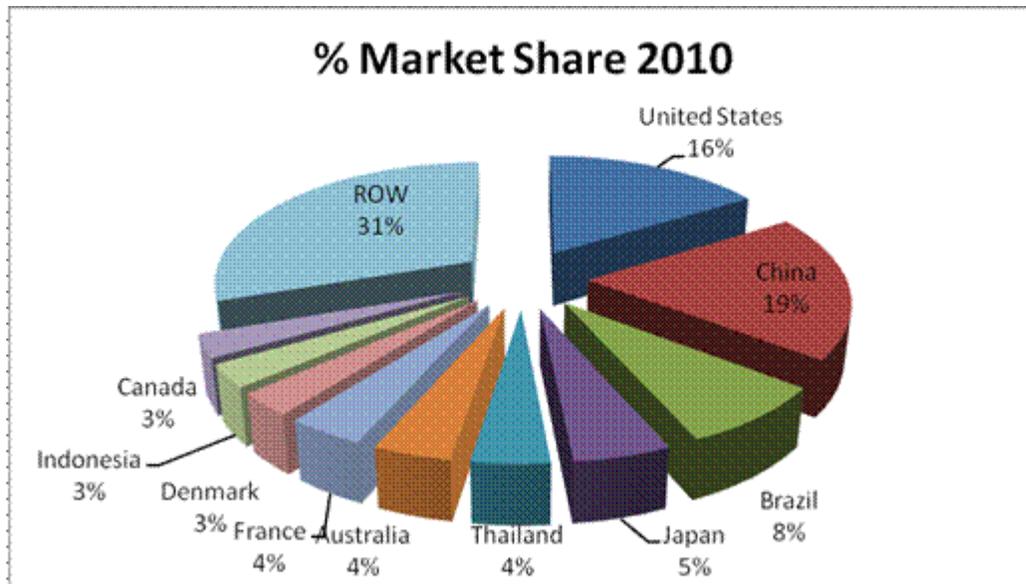


Source: FAS BICO Statistics

U.S. Market Share Growing

Not only has the overall value of U.S. agricultural trade grown significantly over the past few years, but U.S. market share has also increased relative to its major competitors. According to official Hong Kong statistics, Hong Kong imported \$19.5 billion in agricultural, fish and forest products in 2010. The U.S. provided approximately 16% of those gross agricultural imports to Hong Kong, up from 13.2% in 2008. Particularly in the past year, the U.S. has benefitted from a relative exchange rate advantage over major competitors, including China.

Table 4. Percent Share of Hong Kong Agricultural Products Market by Country



Source: Hong Kong Census and Statistics Department

The overall trade figures can be broken down further into two main categories, retained imports and re-

exports, each with positive implications for U.S. agriculture.

Table 5. Hong Kong: Agricultural and Fisheries Product Imports (Million \$US)

Rank	Supplier	(US\$Million)	2008	2009	2010	Share in 2010	Growth 10 v 09
	The World	Gross Imports	15,477	16,262	19,551	100%	20%
		Re-exports	5,070	5,190	6,158	100%	19%
		Retained Imports	10,407	11,072	13,394	100%	21%
1	China	Gross Imports	3,144	3,368	3,749	19%	11%
		Re-exports	706	619	716	12%	16%
		Retained Imports	2,438	2,750	3,033	23%	10%
2	United States	Gross Imports	2,050	2,243	3,124	16%	39%
		Re-exports	817	899	1,331	22%	48%
		Retained Imports	1,232	1,344	1,794	13%	33%
3	Brazil	Gross Imports	1,520	1,661	1,491	8%	-10%
		Re-exports	683	783	699	11%	-11%
		Retained Imports	837	878	791	6%	-10%
4	Japan	Gross Imports	668	776	1,056	5%	36%
		Re-exports	67	74	91	1%	23%
		Retained Imports	601	702	965	7%	37%
5	Thailand	Gross Imports	783	880	817	4%	-7%
		Re-exports	326	388	331	5%	-15%
		Retained Imports	458	492	486	4%	-1%
6	Australia	Gross Imports	715	762	763	4%	0%
		Re-exports	81	109	108	2%	-1%
		Retained Imports	634	653	655	5%	0%
7	France	Gross Imports	398	461	703	4%	52%
		Re-exports	117	121	168	3%	39%
		Retained Imports	280	340	534	4%	57%
8	Denmark	Gross Imports	512	434	647	3%	49%
		Re-exports	459	391	489	8%	25%
		Retained Imports	53	43	158	1%	269%
9	Indonesia	Gross Imports	505	507	626	3%	24%
		Re-exports	104	104	130	2%	24%
		Retained Imports	401	402	497	4%	23%
10	Canada	Gross Imports	567	477	623	3%	31%
		Re-exports	266	190	244	4%	28%
		Retained Imports	301	287	379	3%	32%
	Total of Top 10 Suppliers	Gross Imports	10,861	11,569	13,598	70%	18%
		Re-exports	3,627	3,680	4,307	70%	17%
		Retained Imports	7,235	7,890	9,292	69%	18%
	Total of Rest of The World	Gross Imports	4,616	4,693	5,953	30%	27%
		Re-exports	1,443	1,510	1,851	30%	23%
		Retained Imports	3,173	3,182	4,102	31%	29%

Source: Hong Kong Census and Statistics Department

More U.S. Agricultural Products Being Purchased by Hong Kong Consumers

When looking at retained imports, Hong Kong statistics show that the U.S. is gaining market share relative to its main competitors, including the largest exporter of agricultural products to Hong Kong - Mainland China. Despite China's geographical advantages, the U.S. has managed to steadily increase market share of those products destined to be consumed in Hong Kong. The U.S. now captures 13.4% of the market, up from 10.7% in 2007.

Table 6. Hong Kong: Percent Market Share of Retained Agricultural Imports

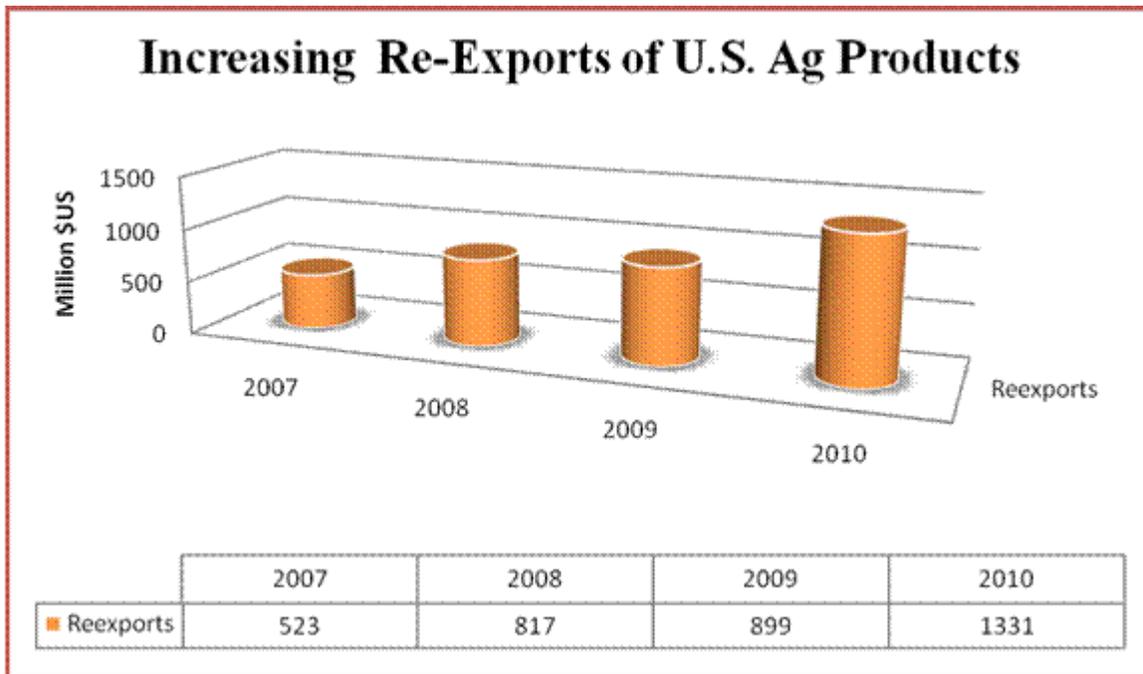


Source: Hong Kong Census and Statistics Department

Hong Kong Expands Role as Regional Trading Hub for U.S. Agricultural Products

The second component of Hong Kong trade statistics, re-exports, also points to another important feature of Hong Kong. Despite healthy increases in direct trade of agricultural products to many neighboring countries, Hong Kong's role as a trading/purchasing hub for U.S. agricultural products has hardly diminished. In fact, statistics show strong growth in the re-export of U.S. agricultural products from Hong Kong to the region. The business-friendly environment combined with the ability of Hong Kong to act as a bridge between the U.S., China, and others in the region suggest that Hong Kong will remain a vital hub for U.S. agricultural products, where key regional players make their buying decisions, for the foreseeable future.

Table 7. Hong Kong: Re-exports of U.S. Agricultural Products (Millions \$US)



Source: Hong Kong Census and Statistics Department