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Hong Kong

Livestock and Products Annual

Annual

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Report Highlights:

U.S. pork exports to Hong Kong are performing well in 2012. The first six months of 2012 already reached \$48 million. The rise is greatly due to the increased re-exports of U.S. pork products to China via Hong Kong. Also, Hong Kong currency's peg to U.S. dollar has made U.S. products more competitive when Hong Kong dollars depreciates against other currencies. The increased use of U.S. commodity cuts in fast food chains and Chinese restaurants also have played a role in augmenting Hong Kong imports of U.S. pork. Rising global feed prices likely will impact Hong Kong in 2013 when supply of live pigs from China to Hong Kong will be

reduced as a result of high pork prices in China domestically.

Summary:

Pork production in 2012 is forecast to rise by 3 percent totaling 130,000 MT because supply of live pigs from China has increased following the slackened inflation of pork prices in China compared to 2011. Rising global feed prices are expected to impact the supply of live pigs to Hong Kong next year. With the expected increase in feed prices, there should be upward pressure on pork in China. A buoyant domestic market in China will reduce the incentive of selling live pigs to Hong Kong. Given China's pledge of providing Hong Kong with adequate food producing animals under a quota system, pork production in 2013 will still reach 128,000 MT, slightly decreasing 1.5 percent from the 2012 forecast level.

Pork consumption in 2012 rose slightly to 568,000 MT, representing a modest rise of 2 percent. Pork remains the most favored meat for Hong Kong consumers. Amidst the bigger price increase rate for beef and chicken, there has been some substitution effect towards pork consumption in 2012. The long term trend is the increasing acceptance of chilled pork from China which serves as an alternative to freshly slaughtered pork.

U.S. pork exports to Hong Kong are performing well in 2012. The value of U.S. exports for the first six months of 2012 already reached \$48 million (vs. \$27 million in the same six-month period of 2011). The rise is greatly due to the increased re-exports of U.S. pork products to China via Hong Kong. Also, competitive prices are a determining factor in successfully expanding the U.S. market share from 5 percent in 2011 to 8 percent in 2012. Hong Kong currency's peg to U.S. dollar has made U.S. products more competitive as the Hong Kong dollars depreciates against other currencies. The increased use of U.S. commodity cuts in fast food chains and Chinese restaurants also has had a role to play in augmenting Hong Kong imports of U.S. pork.

Hong Kong's imports of U.S. offals amounted to \$78 million in January – June 2012, far exceeding pork products. The majority of the products are for re-exports to China. However, the ractopamine factor lingering over U.S. pork and offals has triggered the increased imports of European offals, particularly those from Germany. Starting 2011, Germany overtook the U.S. as the largest supplier of offals to the Hong Kong market. Customers in China find the quality of European products acceptable.

However, ractopamine is not an issue in Hong Kong as it is not a prohibited substance according to Hong Kong food law.

Commodities:

Meat, Swine

Production:

Production in 2011 reached 126,000 MT rising 5 percent compared to 2010. The increase was mainly due to the revised estimated weight of live pigs imported from China and those raised locally to 96 kg and 80 kg respectively in 2011. In 2010, the average weight of imported and local pigs weighed 86 kg and 68 kg instead.

In terms of number of live pigs, production in 2011 decreased 9 percent amounting to a total of 1,557,170, with imports from China accounting for 94 percent. Local supplies constituted the remaining 6 percent. The high pork prices in China last year reduced farmers' incentive to sell to Hong Kong as they already secured a good return by selling locally. Thus, Hong Kong had recorded a 10 percent decline in the supply of live pigs imported from China in 2011. In contrast, the local supply increased by 5 percent (Table 1).

Every year, the Hong Kong government will reach an agreement with the Chinese mainland authority on the annual quota of live pigs to be supplied to Hong Kong the following year. Under the agreement, the quota is set at 1.73 million head for 2012. This quota agreement is based on the consideration that there is adequate supply of food producing animals to Hong Kong instead of limiting imports to protect the local industry.

In view of expected increases in feed prices for the remainder of 2012, analysts predicted that there is pressure for farmers to slaughter pigs for the market as early as possible. Thus, this attempt to cut feed costs might increase production in the near future and will have downward pressure on prices and there will be adequate supply of live pigs to Hong Kong. Production for 2012 is expected to rise by 3 percent reaching 130,000 MT or 1,612,700 head.

However, the supply of live pigs for 2013 will likely be reduced because of the impact of rising global food prices. It usually takes seven months to raise a piglet for the market, the full effect of high crop prices on pork supply in China is likely to show up in 2013. China's pork prices in 2013 are expected to rise due to reduced production following high global commodity prices. Consequently, the supply of live pigs to Hong Kong will be affected.

The supply of live pigs raised locally is very stable. The number of farms remains at about 43, producing 92,959 head of live pigs in 2011 or 6 percent of total supplies. However, the average weight is about 96 kg, heavier than the 80 kg average weight of pigs imported from China. Local production for 2012 is expected to rise at least 4 percent given the expected rise in pork prices. For the first six months of 2012, Hong Kong imported a total of 623 breeding pigs compared to 100 head in the same period of 2011. Hence, local production in the late

2012 and 2013 is expected to rise. Nonetheless, increased local production will remain between 6 to 7 percent of total supplies.

Table 1. Hong Kong: Supply and Consumption of Live pigs, in Number of Head

	2008	2009	2010	2011	2010-2011 % change	2012 estimates
Local Supply	87,240	84,655	88,639	92,959	5%	96,700
Imports	1,494,568	1,597,373	1,630,452	1,464,211	-10%	1,516,000
Total	1,581,808	1,682,028	1,719,091	1,557,170	-9%	1,612,700

Source: Hong Kong Agricultural, Fisheries and Conservation Department

Table 2. Hong Kong: Average Wholesale Prices of Live Pigs, in US\$/Metric ton

	2009	2010	2011	2012 Jan- May	% change
Live Pigs	2,065	2,260	3,149	2,904	-8%

Exchange Rate: US\$1.00 = HK\$7.78

Source: Hong Kong Census & Statistics Department

Consumption:

Hong Kong is a mature market with a population of 7.2 million growing at a rate of 0.9 percent. However, Hong Kong continues to see significant increases in tourist visitors, numbering over 42 million in 2011 (representing a jump of 16 percent from 2010). Under these conditions, pork consumption is expected to rise modestly at less than 2 percent to 568,000 MT in 2012.

Hong Kong people eat pork more than any other meat items such as chicken and beef. In 2011, consumption of fresh pork and chilled/frozen pork amounted to 126,061 MT and 331,941 MT respectively (table 4). In general, fresh pork is consumed in households. Chilled and frozen meats are usually used in catering industries. Frozen meats are regarded as inferior goods in Chinese recipe. However, chilled pork from China started to get into Hong Kong market in 2006 to serve as an alternative for household consumption at a more competitive price. The price of 1 kg of chilled pork is about \$0.85 -\$1.27 lower than that of fresh lean pork. This price difference is good enough to encourage consumers to adjust their consumption pattern particularly when the inflation rate is high. (Hong Kong's year-on-year inflation rate in June 2012 was 3.7 percent and food prices alone rose 7.1 percent.) Given this price incentive coupled with the gradual receptivity of chilled/frozen products, the consumption of chilled pork from China increased from around 1,333 MT in 2006 to 15,566 MT in 2011.

In 2012, different meat supplies have had varying increase in prices. Pork, compared to beef and chicken, experienced the lowest price increases as a result of increased live pig supplies from China. As Hong Kong consumers are price sensitive particularly when food inflation is prevailing, the relatively lower increase in retail prices of pork seems to have encouraged some consumers to replace some beef and chicken consumption to pork consumption.

The 2012 wholesale prices of live pigs started to drop as a result of increased supply from China. Between January – May 2012, average wholesale prices of live pigs decreased by 8 percent compared to the entire year of 2011 (table 2). While retail prices still experienced a price increase ranging from 3 to 4 percent depending on the cuts (table 3), the rate of increase is still less than those for beef and chicken. Beef prices increased significantly between 10 to 12 percent and chicken 5 percent.

To respond to complaints that the trade still has raised the retail prices of pork despite of lower wholesale pig prices, the industry explained that there are other factors such as labor costs that have accounted for the price increase in meat supplies. Thus they argue that the lower wholesale prices have helped keep retail prices from increasing even further.

Table 3. Hong Kong: Average Retail Prices of Pork Relative to Beef and Poultry, (Freshly Slaughtered), in US\$/kg

	2009	2010	2011	2012 Jan - May	% change
Chicken (whole chicken)	9.82	9.78	10.72	11.26	5%
Beef (best quality)	12.50	12.61	13.74	15.14	10%
Beef (belly flesh)	9.82	9.91	11.16	12.47	12%
Pork (best cut)	7.23	7.04	8.36	8.61	3%
Pork Chop	7.19	7.08	8.38	8.69	4%

Source : Hong Kong Census & Statistics Department

Table 4. Hong Kong: Pork, Chicken and Beef Consumption 2011, by type, in Metric Tons

	Freshly slaughtered	Chilled/Frozen
Pork	126,061	331,941
Chicken	11,771	503,248*(336,467)
Beef	8,529	108,840

Source: Hong Kong Agriculture, Fisheries and Conservative Department
Hong Kong Census and Statistics Department

Note: *The consumption of chicken is 336,467MT if chicken feet are excluded.

Trade:

U.S. Supplies

U.S. pork supplies to Hong Kong in 2012 are expected to reach \$100 million, rising over 33 percent compared to 2011 and expanding U.S. market share from 5 to 8 percent. The rise is in large part due to the increased re-exports of U.S. pork products to China via Hong Kong. Hong Kong's re-exports of U.S. pork products increased over 34 percent in the first six months of 2012 (table 6). With the expected upward pressure on pork prices in China in 2013 as a result of rising global feed prices, Hong Kong's re-exports of U.S. pork to China is expected to surge so as to meet great demand in China. As such, the forecast of Hong Kong's pork imports from the U.S. in 2013 is to rise further. While Hong Kong still plays a role in re-export trade to China, it is discernible that direct shipment to China has been increasing at a very significant rate of 134 percent in the first half year of 2012 (table 7).

Another reason that prompted the rise of U.S. products to Hong Kong is the relatively smaller increase in average price of U.S. products compared to the major supplier of China. There is always a correlation between market share and price changes. While China's market share tremendously shrank from 34 to 25 percent following a 25 percent increase in average price between January – June 2011 and 2012, the market share of U.S. supplies rose from 5 percent to 8 percent during the same period given its relatively smaller rise in average price (table 8).

The Hong Kong currency is pegged to the U.S. dollar. When the Hong Kong dollar depreciated against other currencies, U.S. products became more price-competitive as a result of the currency peg. Importers also commented that they have received very competitive offers from U.S. suppliers because products have been rejected in other markets as a result of reasons such as ractopamine and quota.

Table 5. Hong Kong: Pork Imports in Value by Suppliers, in US\$ million

Partner Country	Year To Date						
	2009	2010	2011	Jun-11	Jun-12	Market Share	% change
Total	881	892	1,253	500	633	100%	26
China	287	323	334	169	157	25%	-7
Brazil	173	153	266	94	135	21%	43
Spain	62	61	101	35	57	9%	63
Germany	65	51	94	37	43	7%	17

United States	86	73	75	27	48	8%	77
Netherlands	30	36	66	25	30	5%	22
Poland	18	26	46	19	20	3%	6
Italy	19	24	43	18	19	3%	5
Vietnam	29	28	40	10	26	4%	156
France	17	15	28	8	15	2%	86
Canada	20	20	22	9	12	2%	37

Source : Hong Kong Census & Statistics Department

Table 6. Hong Kong: Pork Re-exports by Major Suppliers, MT

Country of Origin	Calendar Year					Year To Date		
	2007	2008	2009	2010	2011	Jun-11	Jun-12	%Δ 12/11
Total	81,990	217,196	152,694	154,250	149,552	58,073	53,626	-7.66
U.S.	4,682	37,284	26,776	20,738	23,816	6,902	9,247	33.97
Germany	9,995	28,961	21,900	30,531	22,861	10,790	8,593	-20.36
Spain	14,516	32,012	25,118	18,433	18,463	6,754	4,911	-27.29
Brazil	17,408	23,164	18,021	13,964	15,466	5,157	6,600	27.99
Netherlands	5,880	16,669	8,109	7,901	10,512	4,822	3,345	-30.64

Source : Hong Kong Census & Statistics Department

Table 7. United States: Pork and Offals Exports, US\$ million

Partner Country	US\$ million			Year To Date		
	2009	2010	2011	May-11	May-12	%Δ 12/11
Total	4,030	4,514	5,858	2,255	2,599	15%
China	41	131	628	117	274	134%
Hong Kong	305	221	190	55	90	62%

Source : GTI-Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

Table 8. Hong Kong: Unit Price of Pork vs Market Share, January - June

	Unit Price, \$/MT			Market Share %	
	2011	2012	% change	2011	2012
World	2,392	2,847	19.02	100.00	100.00
China	3,016	3,752	24.41	33.82	24.75
Brazil	3,005	2,924	- 2.69	18.79	21.32
Spain	1,890	2,391	26.49	6.97	8.96
United States	3,058	3,398	11.13	5.43	7.59

Source : Hong Kong Census & Statistics Department

The increased use of U.S. commodity cuts in Chinese restaurants and fast food chains has also triggered the rising demand for U.S. frozen pork in the Hong Kong market. U.S. frozen pork imports rose by 151 percent between January – June 2011 and January – June 2012 (table 9).

U.S. chilled pork is regarded as a premium product. It is predominantly retained in Hong Kong for domestic use. They are supplied to high-end restaurants and retail outlets. Key competitors for this niche market are products from Canada and Australia.

Hong Kong is expected to import \$156 million of U.S. pork offals in 2012, at a level even higher than pork products. Offals account for the major share of Hong Kong’s pork products from the U.S. because they are largely re-exported to China where there is huge demand. Almost 100 percent of Hong Kong’s offals imports from the world was re-exported between the first six months of 2012 (table 10). Popular offal items include front and hind feet, stomach, kidneys, hearts, and tongues. Importers indicated that the product specification of U.S. offals, such as the trimming of tongues and scalding of stomach, can meet their Chinese clients’ expectation, thus U.S. offals are popular in China.

Table 9. Hong Kong: Pork Imports from the U.S. by Categories, in US\$ million

				Year To Date			
	2009	2010	2011	06/2010	06/2011	Market Share	% change
Pork	86	73	75	27	48	8%	77
chilled pork	1	2	3	2	1	3%	-64
frozen pork	61	50	46	13	33	9%	151
processed pork	24	21	26	12	14	6%	16
Variety meat	229	205	159	67	78	19%	16%

Source : Hong Kong Census & Statistics Department

Table 10. Hong Kong: Percentage of Imports being Re-exported, Jan – Jun, in MT

	Pork		Offal	
	2011	2012	2011	2012
Imports	209,182	222,258	234,196	202,755
Re-exports	58,073	53,626	176,783	203,355
% Re-exported	28%	24%	75%	100%

Source : Hong Kong Census & Statistics Department

Other Suppliers

China is the largest supplier of pork products to Hong Kong. However, the high pork prices in China have pushed up average supply cost of pork products to Hong Kong by 25 percent in January – June 2012 compared to the same period last year, reducing the market share from 34 to 25 percent. Of all pork products, China is the key supplier for chilled pork (89%) and processed pork products (27%) to Hong Kong, exporting \$20 million and \$65 million respectively in the first six months of 2012.

Chilled pork from China is largely consumed in households and Chinese restaurants. They are imported as an option to replace freshly slaughtered pork. On the front of processed pork products, China supplies a large amount of relatively more economical ham and sausages supplying the fast food chains and wet markets. Additionally, the majority of meat balls and Chinese dim-sum are processed in China supplying the Chinese restaurants in Hong Kong with the benefit of economies of scale. These commodities are too costly to be produced by professional chefs in Hong Kong.

For frozen pork products, Brazil is the largest supplier accounting for a market share of 34 percent. Stimulated by the lower average supply cost and the reduced supply from China, the supply tremendously rose by 51 percent in January – June 2012 compared to the same period in 2011.

In recent years, Spain has successfully established a foothold in the Hong Kong market in the selling of high-end ham. Iberico ham and dry cured ham are well-received in Hong Kong. They are promoted and sold at high-end supermarkets. That explained why Hong Kong’s imports of processed pork products from Spain was able to demonstrate strong growth of 46 percent totaling \$46 million in the first six months of 2012, following a 71 percent growth in 2011 at an import level of \$89 million (table 14).

Table 11. Hong Kong: Pork Offal Imports in Value by Suppliers, in US\$ million

Partner Country				Year To Date			
	2009	2010	2011	Jun-11	Jun-12	Market Share	% change
Total	830	831	878	373	418	100%	12%
Germany	165	169	218	84	108	26%	28%
United States	229	205	159	67	78	19%	16%
Netherlands	90	92	112	47	56	13%	20%
Brazil	81	83	96	43	56	13%	30%
United Kingdom	26	29	50	19	20	5%	8%
Belgium	36	35	43	19	19	4%	-3%
Denmark	39	40	38	20	14	3%	-31%
Spain	25	34	34	19	15	3%	-21%

Canada	80	75	32	16	10	2%	-34%
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Source : Hong Kong Census & Statistics Department

Table 12. Hong Kong: Chilled Pork Imports in Value, US\$ thousand

Partner Country				Year To Date			
	2009	2010	2011	Jun-11	Jun-12	Market Share	% change
Total	48,905	46,596	50,336	23,936	22,222	100%	-7.16
China	44,438	41,688	44,410	20,509	19,885	89%	-3.05
United States	1,340	1,930	2,746	1,778	642	3%	-63.9
Australia	1,455	1,468	1,573	805	813	4%	1.03
Canada	173	385	493	256	277	1%	7.96
France	74	275	474	215	209	1%	-2.78
Japan	332	423	290	133	106	0%	-20.1
Thailand	1,029	413	289	228	123	1%	-45.99

Source : Hong Kong Census & Statistics Department

Table 13. Hong Kong: Frozen Pork Imports in Value, US\$ million

				Year to Date			
	2009	2010	2011	Jun-11	Jun-12	% change	Market Share
Total	489	495	696	266	370	39.03	100%
Brazil	155	136	243	83	125	51.15	34%
China	144	172	157	86	71	-16.49	19%
Germany	41	37	73	27	37	37.28	10%
Netherlands	20	26	54	20	23	17.18	6%
United States	61	50	46	13	33	150.92	9%

Source : Hong Kong Census & Statistics Department

Table 14. Hong Kong: Processed Pork Imports in Value, US\$ million

Partner Country				Year To Date			
	2009	2010	2011	Jun-11	Jun-12	Market Share	% change
Total	343	350	506	211	241	100%	14.4
China	99	109	133	63	65	27%	3.33
Spain	59	52	89	31	46	19%	45.71
Poland	17	25	42	17	19	8%	12.3
Italy	19	23	37	15	16	7%	4.88
United States	24	21	26	12	14	6%	15.69

Source : Hong Kong Census & Statistics Department

Re-exports

Hong Kong maintains its significant role as an re-export center for meat shipments to China. Despite more direct shipments to China in the past few years given the costly terminal handling fees in Hong Kong, the decision makers of many business transactions are Hong Kong traders.

About 24 and 100 percent of Hong Kong’s pork and offals imports respectively were re-exported in January – June 2012. China is the largest re-export market followed by Vietnam.

U.S. shipments to China are significantly affected by China’s prohibition on ractopamine. Reportedly, the Chinese government has been conducting surveillance on U.S. products to test against ractopamine. Importers indicated that some of their U.S. suppliers are seriously considering to stop using ractopamine in their swine supplies in order to have access to the China market.

The ractopamine serves as a catalyst stimulating increasing imports of European offals shipments to China. Offals from Germany and Netherlands are very popular in China. As the majority of Hong Kong’s offal imports are for re-exports, their import figures to Hong Kong are able to reflect their performance in China. The table below (table 15) indicated that the market share of offals from Europe increased by varying degree whereas that from the U.S. decreased from 26 percent in 2008 to 12 percent in 2012.

Table 15. Hong Kong: Market Share of Offals from Major Suppliers (in terms of volume)

Partner Country	Calendar				Jan-Jun2012
	2008	2009	2010	2011	
Total	100%	100%	100%	100%	100%
Germany	22%	23%	24%	27%	28%
United States	26%	27%	23%	15%	14%
Netherlands	11%	10%	11%	12%	12%
Brazil	7%	8%	8%	10%	12%
United Kingdom	4%	4%	5%	8%	6%

Source : Hong Kong Census & Statistics Department

Reportedly some European products, which do not have access to the China market, are repackaged in Hong Kong and re-exported as U.S. products. It was reported that a Hong Kong company was prosecuted for the violation of the “Trade Description Ordinance” when his German products were found repackaged as U.S. products and were ready to be shipped to China. The shipment involved a total of 270 boxes of pork hind feet with an approximate amount of US\$87,000. The company was fined US\$3,600.

As there existed the situation that European products were repackaged and re-exported as U.S. products, it explained why Hong Kong’s re-export figures for U.S. pork products would far exceed imports as some of the re-exports were de-facto originated from Europe. In stark contrast, trade statistics indicate that a large amount of European offals imports were retained in Hong Kong, but trade contacts contend that in reality these products were likely re-exported out of Hong Kong as U.S. products (table 16).

Table 16. Hong Kong: Retained Offals Imports by Major Suppliers, MT

	2010	2011	Jan-Jun 2012
Total	16,843	125,466	-600
United States	-64,167	-77,777	-66,395
Germany	46,792	66,202	8,576
Netherlands	30,028	32,197	12,393
Canada	-15,450	-9,187	2,932
United Kingdom	14,934	21,031	4,882

Source : Hong Kong Census & Statistics Department

Table 17. Hong Kong: Pork Exports in Value, US\$ million

Partner Country				Year To Date			
	2009	2010	2011	Jun-11	Jun-12	Market Share	%Δ 12/11
Total	213	215	238	89	103	100%	16.38
China	92	146	170	62	63	61%	2.53
Vietnam	23	23	35	13	21	20%	62.68
Macau	22	23	33	14	18	18%	27.96

Source : Hong Kong Census & Statistics Department

Table 18. Hong Kong: Offal Exports in Value, US\$ million

Partner Country				Year To Date			
	2009	2010	2011	Jun-11	Jun-12	Market share	%Δ 12/11
Total	552	653	457	218	250	100%	14.89
China	260	545	381	187	205	82%	9.61
Vietnam	84	41	59	25	35	14%	37.49
Taiwan	205	64	13	5	9	3%	87.17
Macau	3	2	3	1	2	1%	59.49

Source : Hong Kong Census & Statistics Department

Table 19. Hong Kong: Swine Meat, Product, Supply and Demand Data Statistics

Meat, Swine Hong Kong	2011		2012		2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	0	0	0	0		0
Beginning Stocks	0	0	0	0		0
Production	114	126	116	130		128
Total Imports	432	432	400	438		445
Total Supply	546	558	516	568		573
Total Exports	0	0	0	0		0
Human Dom. Consumption	546	558	516	568		573
Other Use, Losses	0	0	0	0		0
Total Dom. Consumption	546	558	516	568		573
Ending Stocks	0	0	0	0		0
Total Distribution	546	558	516	568		573
CY Imp. from U.S.	32	0	0	15		15
CY. Exp. to U.S.	0	0	0	0		0

Balance	0	0	0	0	0	0
Inventory Balance	0	0	0	0	0	0
Weights	0	0	0	0	0	0
Production Change	-5	-5	2	3		-2
Import Change	24	24	-7	1		2
Export Change	0	0	0	0		0
Consumption Change	17	17	-5	2		1
Imports Percent Consumption	79	77	78	77		78
Exports Percent Production	0	0	0	0		0
Population	7,122,508	7,122,508	7,153,519	7,153,519		7,182,724
Per Capita Consumption	77	0	72	0		0
TS=TD		0		0		0

Not Official USDA Data

Note: PS&D production figures include local and imported pigs slaughtered in Hong Kong. All numbers used in the PS&D table are in carcass-weight equivalent, using a conversion factor of 1.30. Imports are calculated as Imports minus Re-exports. Exports are calculated as Exports minus Re-exports.

Table 20. Hong Kong: Pork Imports in Volume by Suppliers, in Metric Ton

Partner Country	Year To Date						
	2009	2010	2011	Jun-11	Jun-12	Market Share	%Δ 12/11
Total	436,567	420,852	481,495	209,182	222,258	100%	6
China	104,982	119,467	100,332	56,119	41,740	19%	-26
Brazil	76,794	59,083	86,623	31,295	46,142	21%	47
Germany	43,846	35,895	50,195	22,717	22,251	10%	-2
Spain	42,335	37,876	47,410	18,444	23,720	11%	29
Netherlands	18,451	20,463	30,538	13,004	13,051	6%	0
Poland	12,228	17,727	26,690	12,708	10,233	5%	-19
U.S.	48,305	33,851	23,831	8,891	14,131	6%	59
Italy	13,285	16,443	20,528	9,046	7,118	3%	-21
France	9,371	8,402	12,689	4,281	6,263	3%	46
U.K.	7,953	9,225	12,030	4,424	5,927	3%	34

Source : Hong Kong Census & Statistics Department

Table 21. Hong Kong: Pork Exports by Destination, Jan – June, in Metric Tons

Partner Country				Year To Date			
	2009	2010	2011	Jun-11	Jun-12	Market Share	% change
Total	152,694	154,250	149,552	58,073	53,626	100%	-8
China	72,757	118,879	115,113	43,511	34,227	64%	-21
Vietnam	17,623	13,543	23,973	9,731	13,313	25%	37
Macau	8,276	7,904	9,922	4,703	5,370	10%	14
Taiwan	53,741	13,863	287	76	613	1%	707
Malaysia	27	32	76	10	0	0%	-96
Thailand	3	4	51	1	1	0%	4

Source : Hong Kong Census & Statistics Department

Policy:

Importers complain that the Hong Kong government has stepped up inspection rate for imports regardless country of origin. To allow inspectors to do the inspection, shipments have to be taken to warehouses and cannot be released before inspection. Importers complain that there are not enough warehouses in Hong Kong and the entire procedure will incur additional costs for them.

Importers expressed their concerns to the Hong Kong Food and Environmental Hygiene Department. The government explained that the random checking procedure has been in place for years. It was temporarily interrupted since last March following the nuclear incident in Japan because manpower was arranged for inspecting food imports from Japan. The random checking procedure for meat products has gradually resumed since early 2012, thus giving an impression that inspection has been stepped up.

In response to meat importers' request to reduce meat inspection rate each day, the FEHD agreed to lower the inspection rate and will monitor the situation on the grounds that meat inspection in the last 3 years has been satisfactory and the fact that there is lower risk for frozen meats than chilled meat. The FEHD emphasized that inspection will be maintained at a rate which is sufficient to monitor the safety of meat imports.

To expediting sampling and shipment release, the FEHD also agreed to increase manpower to complete the process within 10 working days, starting from the date FEHD receives product arriving notification or shipment arrival date (whichever is later).

However, the FEHD rejected the request to take samples at Customs counter at the Terminal because of food safety concerns as Customs facilities are not meant for meat inspection.