Market Study Organic Food in Hong Kong

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I. PRODUCT:

1. SACH CHILEAN HARMONIZED SYSTEM CODE:

N/A

2. PRODUCT DESCRIPTION:

According to Food and Environmental Hygiene Department of Hong Kong, "Organic Food" usually refers to produced according to organic standards throughout production, handling, processing and marketing stages, and certified by a certification body or authority of the country of origin.

For planting, the use of chemical pesticides and fertilisers is avoided. The farming process emphasises crop rotation, animal and plant manures, hand weeding and biological pest control.

For raising animals, the use of antibiotics, growth hormones and other animal feed additives is avoided.

No genetic modification and ionising radiation is applied.

Specifically, the organic standard are set by the Codex Alimentarius Commission which established the guidelines for the production, processing, labelling and marketing of organically produced foods. Some other international organizations and countries have also set up similar guidelines that fit their local situations. (The Codex Alimentarius Commission was established by the World Health Organization and the Food and Agriculture Organization in 1963. It was recognised by the WTO as an international authority for setting food-related standards).

Fuente: Food and Environmental Hygiene Department of Hong Kong – www.fehd.gov.hk/english/safefood/library/organic_food/2.html

3. Local harmonized system code:

n/a

II. SITUATION CUSTOMS-TO - CUSTOMS

1. General tariff:

n/a

Hong Kong is a free market without tariffs on imports of food products.

2. Tariff preferential product Chilean (*):

n/a

3. Other countries with tariff advantages:

n/a

4. Other taxes:

n/a

5. Barriers to - tariff

n/a

III. REQUIREMENTS AND ACCESS BARRIERS

1. IMPORT REGULATIONS AND RULES OF ENTRY

HKSAR is a free port and does not levy any Customs tariff on imports and exports. Food and Environmental Hygiene Department of the Government of the Hong Kong Special Administrative Region is responsible for implementing territory-wide policies of food safety control and enforcing the food legislation. Food importers, through close liaison with exporting countries, are responsible for ensuring that food items they procure comply with the local legislation. To help ensure hygienic standards of food, importers are encouraged to obtain health certificates issued by health authorities of countries of origin to accompany their imports certifying that the food products concerned are fit for human consumption.

For more information regarding Imported Food Controls in Hong Kong, please revised the following link from the Food and Environmental Hygiene Department of the Government of the Hong Kong:

www.cfs.gov.hk/english/import/import_ifc.html

2. IDENTIFICATION OF THE AGENCIES WHICH PERMITS ENTRANCE, REGISTRATION OF PRODUCTS AND LABELS MUST BE PROCESSED:

Please revise section 1.2 and 3.1.

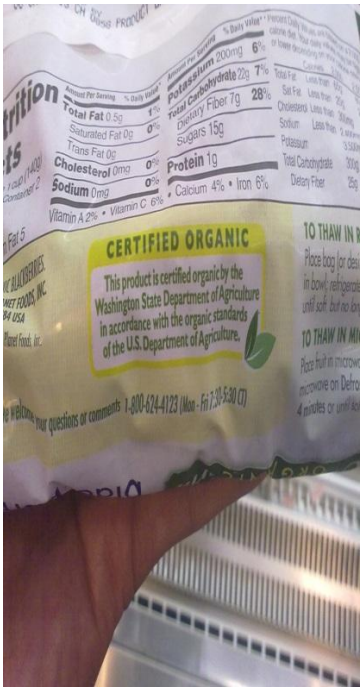
In order to identify organic food, consumers can look for any label from certification bodies or authorities which certified the food as “organic”.

In Hong Kong there is an independent organic certification organization which works mainly with the local farmers, namely, the **Hong Kong Organic Resource Centre** - www.hkorc.org

Which it has the following label:

Finally, it is not required by the law to have label from certification bodies or authorities before being put on shelves and it is possible to find some foreign certifications, for example NASAA from Australia:

3. Examples of labeling of product



有機
Organic
8.90
有機
Organic
8.90

Organic
SALAD
有機·健康
WESTBRAE N/
ORGANIC SALAD
有機沙拉豆
13.50

有機
Organic
33.90

RICE DREAM
RICE DRINK
Organic!
USDA ORGANIC
有機·健康
精明選
23.90

有機
Organic
8.90
有機
Organic
8.90

IV. STATISTICS - IMPORTS

Since the market for organic food includes a wide range of products and hence a wide range of HS Code it is very difficult to present import statistics of Hong Kong.

All thought we recommend the report “Organic Food in Asia-Pacific” by Data Monitor which included de most important trends in the Asia-Pacific Organic Food Market (please check the following link www.datamonitor.com/store/Browse/?Ntt=Organic%20Food%20in%20Asia-Pacific).

V. PRESENTATION CHARACTERISTICS OF THE PRODUCT

1. POTENTIAL OF THE PRODUCT.

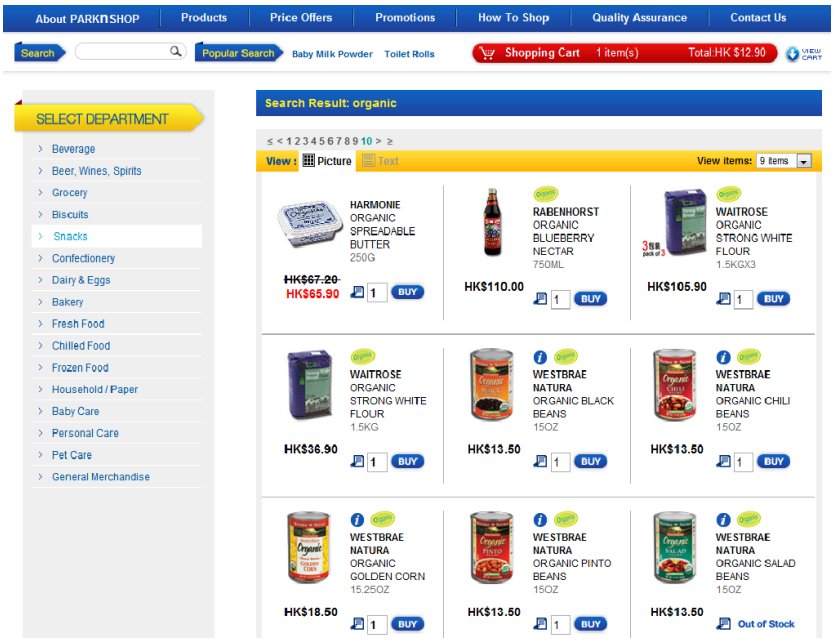
In recent years, because of the rising awareness of food safety, health and environmental protection issue, public become more concerned about the word "organic". "Organic" is now evolving as a high-end lifestyle that pays emphasis on the conservation of the nature and the societal connection between humans.

1.1. FORMS OF CONSUMPTION OF THE PRODUCT.

Cooking Ingredients, Drinks, Fruits and Vegetables are usual.

1.2. NEW TECHNOLOGIES APPLIED TO PRESENTATION/MARKETING OF THE PRODUCT (SALES THROUGH INTERNET, ETC.).

Today is possible to purchase organic products on line using the service provided by Park n Shop, which is one of the largest supermarket chains in Hong Kong.



1.3. COMMENTS OF THE IMPORTERS (INTERVIEWS ABOUT WHAT MOTIVATES SELECTION OF A PRODUCT OR COUNTRY OF ORIGIN).

ThreeSixty, Hong Kong's largest retailer of natural products and organic foods, situated in the center of Commercial area, Central and has branch in Kowloon station. They source from local organic farmers, traditional artisans and producers from around the world. ThreeSixty partners with NGOs (Non-governmental organisation) to provide in-store educational and awareness programs as part of their Corporate Social Responsibility strategies.

Rocketing importance on healthy and organic food triggered by numerous cases of Chinese food scandal, causes Western imported food enjoy a higher reputation and food provided by ThreeSixty can provide confident to customers as the products pass through the western standard.

Organic food importer mentioned that even though the demand for organic product is growing, the consumption of organic product is relatively low, as the price sensitivity of Hong Kong people is very high which be reflected from the figure in Section X (Factors Influence Consumers on Choosing Food) and organic food is considered more expensive than the ordinary ones due to cost subjected to the handling process.

1.4. Seasons of higher demand/consumption of the product.

Organic products are available all year round.

1.5. Main areas or centers of consumption of the product.

Home consumption and in specialized restaurants.

VI. MARKETING AND DISTRIBUTION CHANNELS

Regarding the marketing and distribution channels for Organic Products in Hong Kong, it is important to note that there are two main channels.

The first one is promoted by the government by its Agriculture, Fisheries and Conservation Department (AFCD) with the help of the Vegetable Marketing Organization (VMO). Because during the 90's, the local agricultural sector continued to decline due to rapid urbanization and the profound shift in the economic structure. Amid growing public concerns over food safety and environmental protection, the government had begun to promote organic farming. While organic farming can produce food in an environmentally friendly and sustainable manner and

better protect our farmlands and countryside, it also opens up a niche market that can bring in a premium for local farmers. AFCD and VMO have been working closely in the marketing and promotion of organic vegetables. VMO has been collecting the vegetables produced by organic farmers and distributed via their wholesale markets.

For more information on the Vegetable Marketing Organization please revise the following link:

www.vmo.org/en/index/

The second channel of distribution is the traditional one, namely supermarkets like ParknShop, City'super and Welcome and specialty stores like Greendotdot and ThreeSixty.

VII. REFERENCE PRICING - RETAIL AND WHOLESALE

Brands	Country of origin	Price (HKD)	Venue
Freshmarket (own Brand of ParknShop) Kiwi	Italy	$12.9 (4pc)	ParknShop
Fresh market (Blueberries)	n/a	$33.9 (125g)	ParknShop
Freshmarket (Bean Sprout)	Hong Kong	$8.9 (400g)	ParknShop
Grace Cup (Choi Sum)	China	$15.9 (250g)	ParknShop
Dream (Rice Drink)	USA	$23.9	ParknShop
Westsoy (Soymilk)	USA	$10.9	ParknShop
Waitrose (Soymilk)	UK	$16.9	ParknShop
Happy Herd (Skimmed Milk)	Australia	$23.5	ParknShop
Happy Herd (Low-Fat Milk)	Australia	$23.5	ParknShop

Source: Street Day's Organic Food 2012

VIII. STRATEGIES AND CAMPAIGNS OF PROMOTION

USED BY COMPETITION

Discount Promotion and Cooperation with NGOs are the main methods for organic food to enhance competiveness in Hong Kong, it's important to note that supermarkets in which it is possible to find organic products (for example ParknShop and City'super), do not offer any discount for this kind of products.

Regarding Cooperation with NGOs, the Hong Kong Organic Resource Centre (HKORC) is not solely an independent organic certification agent, but also aims to promote awareness of consumers and general public about organic products. HKORC also provides marketing information to the organic sector, organize fairs, carnival to educate the public about organic food and invite celebrities to share the advantages of organic products. These direct contacts with consumers helps in receiving feedback on the products and contacts with media and journalists can increase the exposure of the products.

As an example of these, the HKORC organized last year the Hong Kong Organic Day, which included the Hong Kong Organic Share Carnival. Please revise bellow the pictures of the event.

Hong Kong Organic Day 25 March

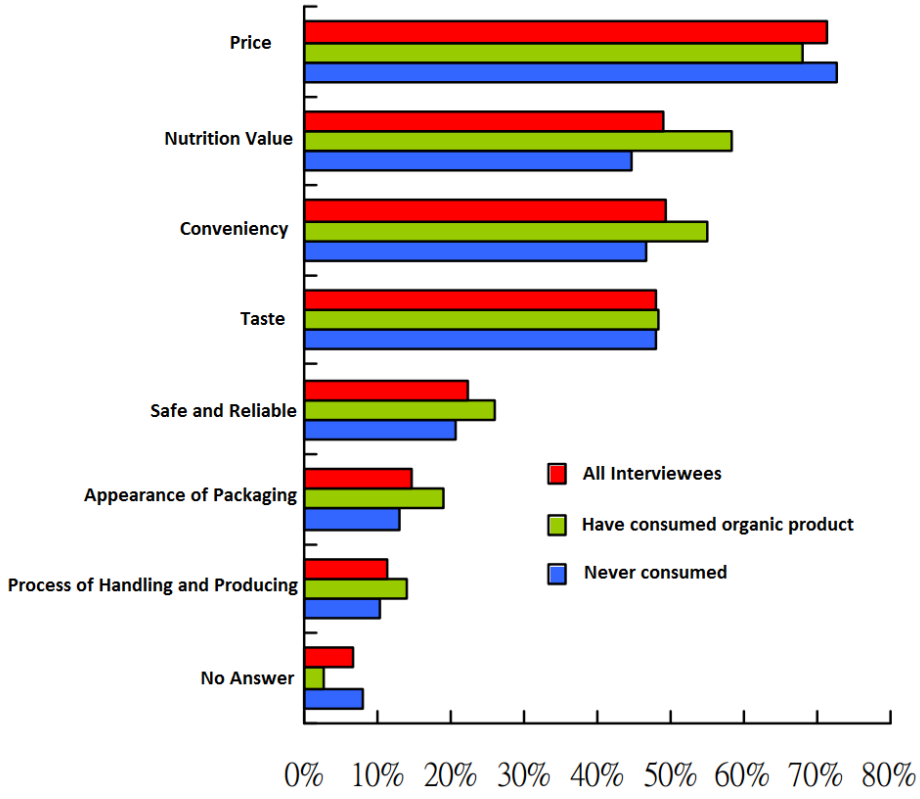
Hong Kong Organic Share Carnival

IX. PRESENTATION CHARACTERISTICS OF THE PRODUCT

X. SUGGESTIONS AND RECOMMENDATIONS

From the below figure, exporters should be advised that price is the top priority affecting consumers' decision of purchasing organic products. Secondly, as consumers of organic are generally more conscious of the nutrition content, they will turn over the product and look at the nutrition value.

Factors Influence Consumers on Choosing Food



Source: Hong Kong Organic Resource Centre

XI. FAIRS AND EVENTS TO BE HELD IN THE MARKET IN RELATION TO THE PRODUCT

NPEA – 10th Natural Products Expo Asia

Show Dates: 23-25 August 2012

Place: Hong Kong Convention & Exhibition Centre

Show Floor Hours: Thu & Fri 10:00-18:00, Sat 10:00-1730

For more information: http://www.naturalproductsasia.com/ea12/public/enter.aspx

XII. RELEVANT SOURCES OF INFORMATION IN RELATION TO THE PRODUCT

1. Hong Kong Trade Development Council

www.hktdc.com

2. Centre for Food Safety

www.cfs.gov.hk

3. Census and Statistics Department

www.censtatd.gov.hk

4. Hong Kong Customs and Excise Department

www.customs.gov.hk

5. Hong Kong General Chamber of Commerce

www.chamber.org.hk

6. Chinese General Chamber of Commerce

www.cgcc.org.hk

7. Food and Health Bureau

www.fhb.gov.hk

8. The Hong Kong Organic Resource Centre

www.hkorc.org

9. The Hong Kong Organic Certification Centre

www.hkgardenfarm.org

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