

Outlook for Agricultural Trade and Implications for Northeast Asia

Case Study – Hong Kong as a major destination for Japan Agricultural Exports

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Economic and Trade Information on Hong Kong

	2020	2021
Population, Year-end (mn)	7.43	7.40
Gross Domestic Product (US\$ bn)	343.0	367.9
GDP Per Capita (US\$)	45,843	49,613
Real GDP Growth (%)	-6.5	+6.3
Inflation (% Change in Composite CPI)	+0.3	+1.6
Unemployment Rate (%)	5.8	5.2
Retail Sales Growth (%)	-24.3	+8.1
Number of Visitors (thousand)	3,600	91
Visitor Arrivals Growth (%)	-93.6	-97.4

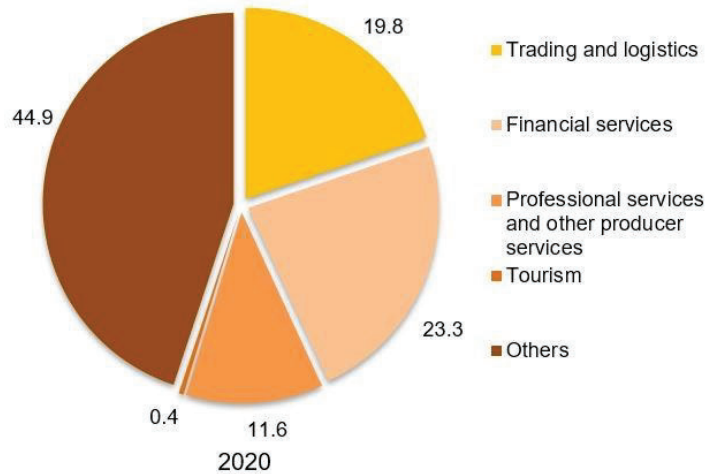
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Hong Kong Economy & GDP



The Four Key Industries

% share of value added in GDP



Low, Simple and Competitive Tax System

The three taxes

- **Profits tax** 16.5% max
- **Salaries tax**: 15% standard rate
- **Property tax**: 15%

Taxes which Hong Kong does not impose

- No sales tax nor VAT
- No withholding tax on dividends and interest
- No capital gains tax
- No tax on dividends
- No estate tax
- No tariffs on most of the imported items



Agricultural Trade Trend between Japan and Hong Kong



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Export trend of Japanese food, agricultural, forestry and fishery products

	2017			2018			2019			2020			2021		
	Export Amount (Billion JPY)	Population (Million)	Per Capita Purchase Amount (JPY)	Export Amount (Billion JPY)	Population (Million)	Per Capita Purchase Amount (JPY)	Export Amount (Billion JPY)	Population (Million)	Per Capita Purchase Amount (JPY)	Export Amount (Billion JPY)	Population (Million)	Per Capita Purchase Amount (JPY)	Export Amount (Billion JPY)	Population (Million)	Per Capita Purchase Amount (JPY)
Hong Kong	187.7	7.3	25,711	211.5	7.4	28,697	203.7	7.4	27,394	206.0	7.5	27,467	219.0	7.6	28,816
Mainland China	100.7	1,421.0	71	133.8	1,427.5	94	153.7	1,433.8	107	163.8	1,439.3	114	222.4	1,444.2	154
USA	111.6	325.1	343	117.6	327.1	360	123.8	329.1	376	118.8	331.0	359	168.3	332.9	506
Taiwan	83.8	23.6	3,555	90.3	23.6	3,828	90.4	23.6	3,831	97.6	23.6	4,143	124.5	23.5	5,293
Korea	59.7	51.1	1,168	63.5	51.2	1,241	50.1	51.2	978	41.1	51.3	801	52.7	51.3	1,027
Vietnam	39.5	94.6	418	45.8	95.6	479	45.4	96.5	471	53.4	97.3	549	58.5	98.2	596
Thailand	39.1	69.2	564	43.5	69.4	627	39.5	69.6	567	40.1	69.8	574	44.1	70.0	630
Singapore	26.1	5.7	4,584	28.4	5.8	4,933	30.6	5.8	5,276	29.5	5.9	5,000	40.9	5.9	6,932
Australia	14.8	24.6	602	16.1	24.9	647	17.4	25.2	690	16.4	25.5	643	23.0	25.8	891
Philippines	14.4	105.2	137	16.5	106.7	155	15.4	108.1	142	15.1	109.6	138	20.9	111.0	188
TOTAL	807.1	7,547.9	107	906.8	7,631.1	119	912.1	7,715.0	118	921.7	7,795.0	118	1,238.5	7,875.0	157

Source

輸出データ：農林水産省
人口：Google Search



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Export Volume of Rice from Japan (by destination)

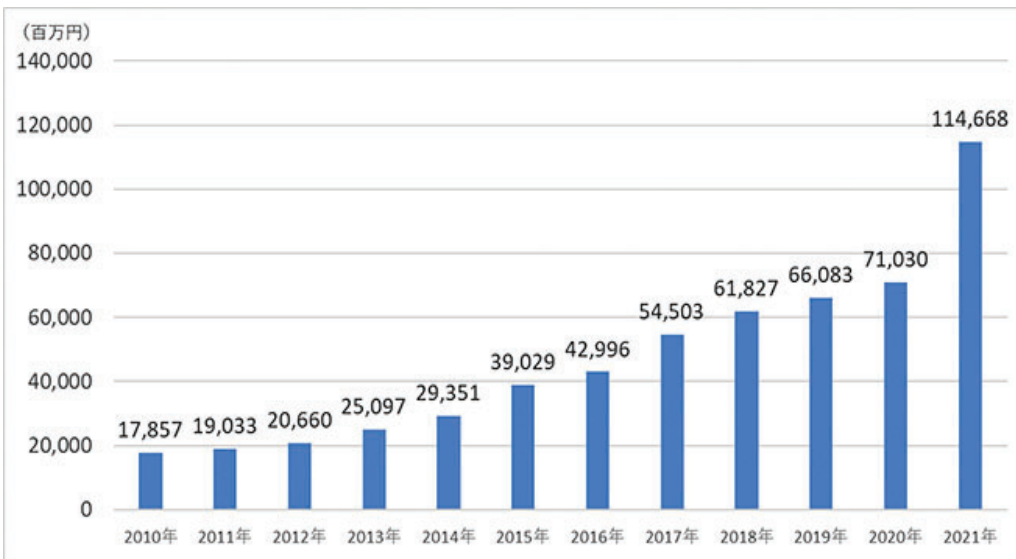
Estimated total demand for rice in Hong Kong: 350,000 tons/year (=import volume)

- Breakdown (estimated value) Long-grain rice (Indica rice): 80%; Short-grain rice (Japonica rice): 20%
- Of the estimated annual demand for short-grain rice of 70,000 tons, the share of Japanese rice is 13% (only 2.6% of the total)
- Hong Kong Kubota: 5,206t/2021 (share 58.2%); Hyakunosha: 4,500t (by 2022)

	2011年	2012年	2013年	2014年	2015年	2016年	2017年	2018年	2019年	2020年	2021年	2022年 (1-3月)
香港	779	916	1,207	1,774	2,519	3,342	4,128	4,690	5,436	6,978	8,938	1,953
シンガポール	598	668	961	1,295	1,850	2,350	2,861	3,161	3,879	3,696	4,972	1,200
アメリカ	46	29	91	81	322	812	986	1,282	1,980	1,989	2,244	538
台湾	183	154	168	407	753	910	943	1,173	1,262	2,004	1,907	390
中国	0	34	46	157	568	375	298	524	1,007	1,002	575	169
タイ	13	19	21	43	208	395	192	320	578	555	625	297
その他	518	391	559	747	1,352	1,925	2,433	2,644	3,239	3,557	3,572	1,060
合計	2,137	2,211	3,053	4,504	7,572	10,109	11,841	13,794	17,381	19,781	22,833	5,607
香港のシェア	36.5%	41.4%	39.5%	39.4%	33.3%	33.1%	34.9%	34.0%	31.3%	35.3%	39.1%	34.8%

Source: Statistics from MAFF; information from HK Kubota and Hakunosha

Japan's liquor exports setting new record! (National Tax Agency export statistics)



品目	数量(kl)	累計金額(千円)		
2203.00-000 ビール	57,499	119.1%	7,360,959	127.5%
2206.00-200 清酒	32,053	147.3%	40,178,177	166.4%
2208.30-000 ウイスキー	12,546	136.0%	46,152,109	170.2%
2208.50-000 ジン及びジュネヴァ	4,249	170.6%	3,037,896	174.2%
2208.70-000 リキュール及びコーディアル	33,223	139.2%	12,068,601	140.0%
2208.90-100 しょうちゅう	2,784	154.9%	1,746,278	145.4%
合計	152,718	134.0%	114,667,624	161.4%

○輸出金額上位10か国・地域 (単位:百万円)

国・地域	2020年	対前年 増減率	2021年 (1-12月)	対前年同期 増減率
中華人民共和国	5,792	+15.8%	10,279	+77.5%
アメリカ合衆国	5,070	▲25.0%	9,591	+89.2%
香港	6,178	+56.7%	9,308	+50.7%
シンガポール	1,113	+30.0%	1,802	+61.8%
台湾	1,430	+5.3%	1,726	+20.7%
大韓民国	979	▲28.0%	1,503	+53.5%
オーストラリア	491	+11.9%	730	+48.8%
カナダ	429	▲21.6%	676	+57.5%
マカオ	207	▲14.6%	563	+214.8%
フランス	215	▲42.4%	490	+130.3%
(参考)EU・英国	1,106	▲22.2%	2,036	+84.2%

○輸出単価上位10か国・地域 (単位:円/L,百万円)

国・地域	輸出単価 (2021年)	(参考) 輸出金額
マカオ	5,069	563
香港	2,870	9,308
シンガポール	1,960	1,802
アラブ首長国連邦	1,627	175
中華人民共和国	1,414	10,279
英国	1,119	444
フランス	1,117	490
アメリカ合衆国	1,087	9,591
マレーシア	998	334
オーストラリア	977	730
(参考)EU・英国	747	2,036

Reasons behind the growth? A quick analysis



香港貿發局

Active exchange between HK and Japan

Number of Foreign Visitors to Japan

	Country/ Region	Population (million)	No. of visitors to Japan
1	Chinese Mainland	1,400.5	9,594,394
2	Korea	51.7	5,584,597
3	Taiwan	23.6	4,890,602
4	Hong Kong	7.5	2,290,792
5	US	328.2	1,723,861

Source: JNTO & respective country/ region's statistics (2019)



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Active exchange between HK and Japan

Japanese population

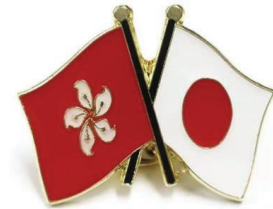
	Metropolitan areas	Population
1	Los Angeles	68,595
2	Bangkok	57,486
3	Shanghai	41,756
4	New York	40,496
5	Singapore	36,797
6	Sydney	34,679
7	Greater London	34,125
8	Vancouver	27,962
9	Hong Kong	24,205
10	Honolulu	21,329

Source: Statistics of MOFA (2019)

Foreign companies operating in HK

	Country/region	No. of cos
1	Chinese mainland	1,986
2	Japan	1,398
3	US	1,283
4	UK	665
5	Singapore	453

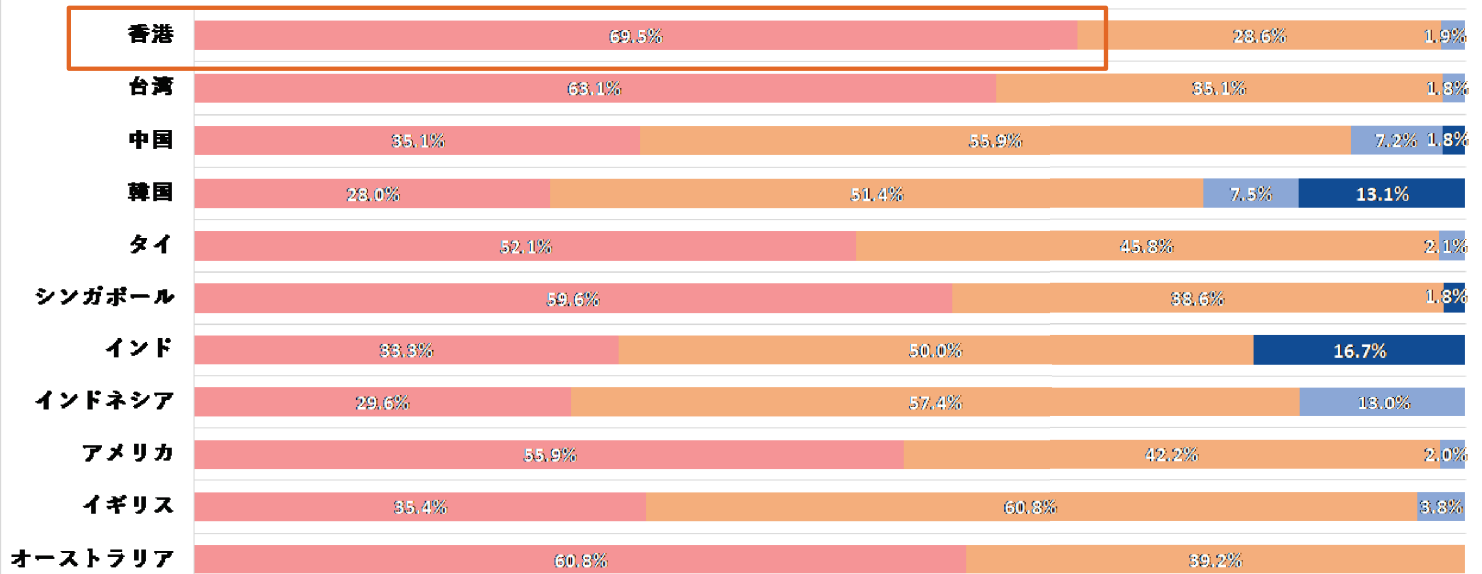
Source: Statistics of HKSAR Govt (2020)



HK people's impression on Japan

日本が好きですか (2020)

■ 大好き ■ 好き ■ 嫌い ■ 大嫌い



出処: アウンコンサルティング株式会社 (2020)

Impact of "missing Japan"

~ Trade growth during the pandemic

- Japan loved by most HK people, if not all
- HK visitors familiar with every corner of Japan, can name most of the prefectures
- Japanese food considered as world's best gourmet by HK
- Language barrier eased by Japanese Kanji
- Love of Japanese movies, TV dramas, manga, anime and characters
- Enjoying Japanese food, fruit and sake at home during pandemic lockdown

2021年1月5日
読賣新聞福岡版
夕刊記事



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HK's overall imports of agricultural, forestry and fishery products

単位：百万香港ドル

	2017			2018			2019			2020			主な輸入先
	輸入計	日本	シェア	輸入計	日本	シェア	輸入計	日本	シェア	輸入計	日本	シェア	
肉類・同調製品	57,961	581	1.0%	56,799	556	1.0%	47,559	605	1.3%	46,290	757	1.6%	ブラジル
野菜・果実	41,670	1,070	2.6%	44,730	1,231	2.8%	42,489	1,297	3.1%	42,489	1,450	3.4%	チリ
魚介類・同調製品	28,118	3,788	13.5%	30,220	4,337	14.4%	22,969	3,938	17.1%	22,969	3,543	15.4%	中国
その他食品・加工食品	14,428	1,270	8.8%	16,121	1,625	10.1%	15,268	1,527	10.0%	15,268	1,979	13.0%	中国
アルコール飲料	17,654	332	1.9%	18,725	418	2.2%	12,535	455	3.6%	12,535	684	5.5%	フランス
乳製品・鶏卵	14,661	281	1.9%	16,726	358	2.1%	11,825	418	3.5%	11,825	683	5.8%	中国
食肉用家畜	4,816	10	0.2%	5,748	10	0.2%	8,464	8	0.1%	8,464	11	0.1%	中国
穀物・同調製品	8,341	1,234	14.8%	9,156	1,389	15.2%	8,082	1,355	16.8%	8,082	1,293	16.0%	中国
水・清涼飲料水	7,182	229	3.2%	7,391	279	3.8%	6,715	261	3.9%	6,715	275	4.1%	中国
コーヒー・茶・香辛料	7,565	277	3.7%	6,786	266	3.9%	5,630	268	4.8%	5,630	264	4.7%	中国
砂糖・同調製品・蜂蜜	2,954	521	17.6%	2,842	579	20.4%	1,996	569	28.5%	1,996	428	21.5%	中国
飼料	1,479	68	4.6%	1,504	79	5.2%	1,804	80	4.4%	1,804	137	7.6%	アメリカ
合計	206,830	9,660	4.7%	216,746	11,126	5.1%	185,336	10,780	5.8%	184,067	11,506	6.3%	

≒2.60兆円 ≒1622億円

Ranking of major import partners (based on value):

- ①China ②USA ③Brazil ④Thailand ⑤Japan



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Fruits from Japan



Fish, Meat and Vegetables from Japan



To cite some more hot examples...



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Strong demand for Japanese rice



香港に渡った1.5tのお米たち。到着して1週間、ほぼ売り切れとのこと。買ってくれた友人からのメッセージや、オリジナルパッケージまで作って販売してくれている行きつけだったお店。なんと嬉しいことでしょう。香港から佐渡に渡り、こんな展開になるとはさすがに想像できませんでした。依屋玄兵衛の周ちゃん、元気一杯、そして買ってくれた皆様、本当にありがとうございます。... See more



香港への輸出のためトラックに積み込まれる県産コシヒカリ=長岡市



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Promotion for fresh eggs from Japan

In fiscal 2021, the export volume of eggs produced in Japan was 21,956 tons, of which **21,600 tons** was destined for Hong Kong, accounting for **98% of the total**.



In September 2022, **Japan Poultry Farming Association** started a promotion targeting HK's popular restaurants, aiming to further increase the consumption and unit price of Japanese eggs and its popularity.

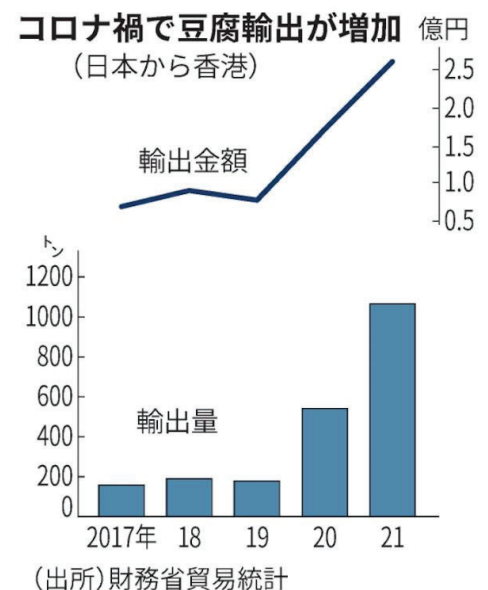
Source: Hong Kong Post 2022.09.29

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Japanese tofu enjoys rapid growth in HK

- According to trade statistics, exports of Japanese tofu to Hong Kong increased from **179 tons** in 2019 to **1,067 tons** in 2021. In 2022, it exported **867 tons** from January to June.
- New factories are planned, to produce products for overseas markets, and against the backdrop of the weak yen, the company plans to increase the ratio of overseas business to **10% of total sales** by 2024.

Source <https://www.nikkei.com/article/DGXZQOFD263AD0W2A520C2000000/?unlock=1>



(出所)財務省貿易統計

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Concerted efforts from the related businesses in Hong Kong



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Don Don Donki in rapid advance!

Annual sales of Hong Kong stores exceeded 30 billion yen (accounting for about 80% of profits in Asia)



The **10th store in HK**, the Whampoa Garden store, opened on August 17th, with an area of 1,750 sqm. It includes the 4th branch of **SEN SEN SUSHI**, an in-house sushi restaurant with carefully selected fresh ingredients.



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Examples of Japanese companies expanding business in HK

- Sukiya
- Sushiro
- Chateraise
- Komeda Coffee

'Japan quality' is the keyword!



B-class gourmet from Japan is also very popular!

Mensen Shoyubo Shugetsu, a tsukemen restaurant from Matsuyama, Ehime Prefecture, has been selected by Michelin Guide Hong Kong and Macau.



Future Growth Potential via HK



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Greater Bay Area in the center of South China (Pearl River Delta)



HK SAR



Macao SAR



9 cities in PRD

- 廣州市
- 深圳市
- 佛山市
- 東莞市
- 惠州市
- 中山市
- 江門市
- 珠海市
- 肇慶市



Note: According to the Guangdong-Hong Kong-Macao Greater Bay Area Development Plan Outline, Hong Kong, Macao, Guangzhou and Shenzhen are designated as four "core engines" for regional development.



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Comparison with the world's three largest bay areas by major indicators

	Guangdong-HK-Macao	San Francisco	NY Metropolitan	Tokyo Metropolitan
Area (square km)	56,098	17,887	21,479	36,899
Population (million people)	86.17	7.75	19.30	44.28
GDP (billion USD)	1,671.7	946.6	1,772.3	1,976.8
Per capita GDP (USD)	19,400	122,093	91,812	44,855
No. of air passengers (million people/ year)	223.2	86.0	140.0	127.8
Air cargo handling volume (million tons/ year)	8.11	1.22	2.33	3.28
Sea container handling volume (million TEU/ yera)	67.89	2.55	7.47	7.49
GDP composition ratio of tertiary industry (%)	66.2	71.6	82.9	74.5

HK as the hub for cross-border e-commerce

- Easy import and export procedures due to **free trade port**
- Cross-border e-commerce companies utilize the **international logistics hub function** of **HK International Airport** to collect cargo from all over the world and enable small-lot deliveries to the South China region in a timely manner
- **Central warehouse function** in HK allows **import and storage of products**, therefore packaging, customs inspection, and delivery to mainland China can be done after receiving orders from the final customers
- HK also serves as a **financial, brand and licensing center** for cross-border e-commerce businesses.
- Expansion of cross-border e-commerce in the Greater Bay Area can be expected **by utilizing HK's logistics advantages**



Accessibility in the Greater Bay Area

A sophisticated transport network connects the cities in the GBA, with the goal of "one hour access between major cities in the GBA" gradually being realised.



Source: InvestHK



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