

Voluntary Report – Voluntary - Public Distribution

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Report Name: Good Market Prospects for Organic Products in Hong Kong

Country: Hong Kong

Post: Hong Kong

Report Category: Agricultural Situation, Agriculture in the Economy, Agriculture in the News, Special Certification - Organic/Kosher/Halal, Market Development Reports

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Report Highlights:

The Hong Kong market is signaling good prospects for organic products. Over the last decade, sales of organic products from locally certified farms/plants have grown steadily at an average rate of about 10 percent. In 2021, U.S. fresh and chilled organic exports to Hong Kong dropped 11 percent to \$10 million compared to 2020 but held above the five-year average. In addition, the slowdown in U.S. organic exports was far less than the 20 percent decline in conventional U.S. exports. While most U.S. agricultural exports faced shipping logistics challenges last year, the smaller contraction in U.S. exports of organic products reflects the growing popularity of these products in Hong Kong. The city remains the seventh largest destination for U.S. organic exports. A recent survey shows that vegetables and fruits were the most preferred organic products among Hong Kong consumers. Hong Kong allows the use of foreign organic logos and allows the sale of products carrying the USDA organic seal.

Organic products for sale in Hong Kong are not subject to specific legislation for organic certification (be it standards or labeling). Organic products are subject to the same food regulation as conventional foods. Voluntary organic certification is available via a certification service offered by a third-party organic certification agent - the Hong Kong Organic Resource Center. Since its establishment in 2002, it has certified organic farms, aquafarms and food processing plants with the majority engaged in vegetables production. This entity was also accredited by the International Federation of Organic Agriculture Movement (IFOAM).

Given the absence of specific legislation on organic standards, Hong Kong allows the use of foreign organic logos on products certified by foreign authorities. See related GAIN report: [Organic Products Market](#).

According to the Hong Kong Organic Resource Center, the sale of locally certified organic products grew 12 percent in 2021 compared to 2020 and there has been a steady growth in annual sales of over 10 percent in the past ten years. In connection with last year's sales performance of locally certified organic products, the sales of produce, meats and baby foods increased while sales of organic cosmetics declined 20 percent. Contacts at the Center, observe that organic cosmetics are relatively more expensive and the practice of wearing masks during the pandemic greatly reduced the incentive for applying cosmetics.

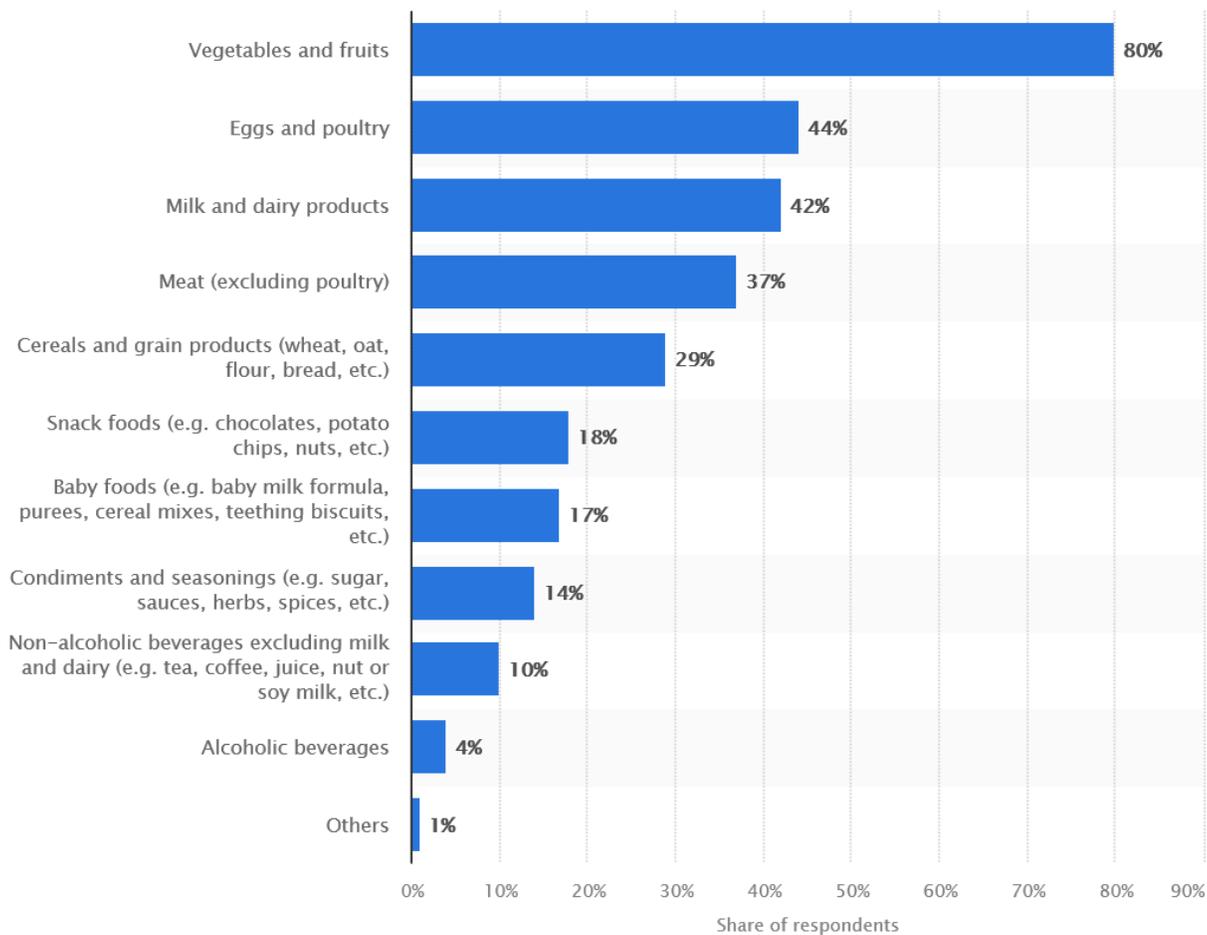
The daily production of locally grown organic vegetables has held steady at around 6 tons, accounting for 14 - 16 percent of local production. Locally grown vegetables, both conventional and organic, satisfy less than 2 percent of total consumption. The majority of vegetables consumption relies on imports from China.

Despite the growth in sales over the years, authorities at the Center see unpromising prospects for the expansion of local organic farming as the city's government is constantly looking for opportunities to convert scarce arable lands into land for property development. According to the Center, there have been many cases where the government has requested local farms to surrender their farms for development, while providing compensation. Such uncertainty has reduced the incentive for farmers to invest and adopt new technologies, as organic farms in Hong Kong are likely to begin to turn a profit only after five years in operation.

Currently, the government is planning to develop the northern part of the city, where there are arable lands and fishing ponds. The Center has urged the government to earmark 1,000 hectares of land for farming so that the supply of local vegetables can be raised from the existing 1.4 percent to 10 percent.

Top Organic Products Categories in Hong Kong

According to a survey conducted by Statista incorporation with Rakuten Insight, vegetables and fruits are the most sought-after organic products in Hong Kong (80 percent) followed by eggs and poultry (44 percent) and milk and dairy products (42 percent). The popularity of organic vegetables in Hong Kong could be ascribed to consumers' concern about the risks of pesticide contamination on produce supplies in Hong Kong. The survey was conducted in November 2021 covering 3,810 respondents.



Source: Statista in Cooperation with Rakuten Insight

U.S. Export of Organic Products to Hong Kong

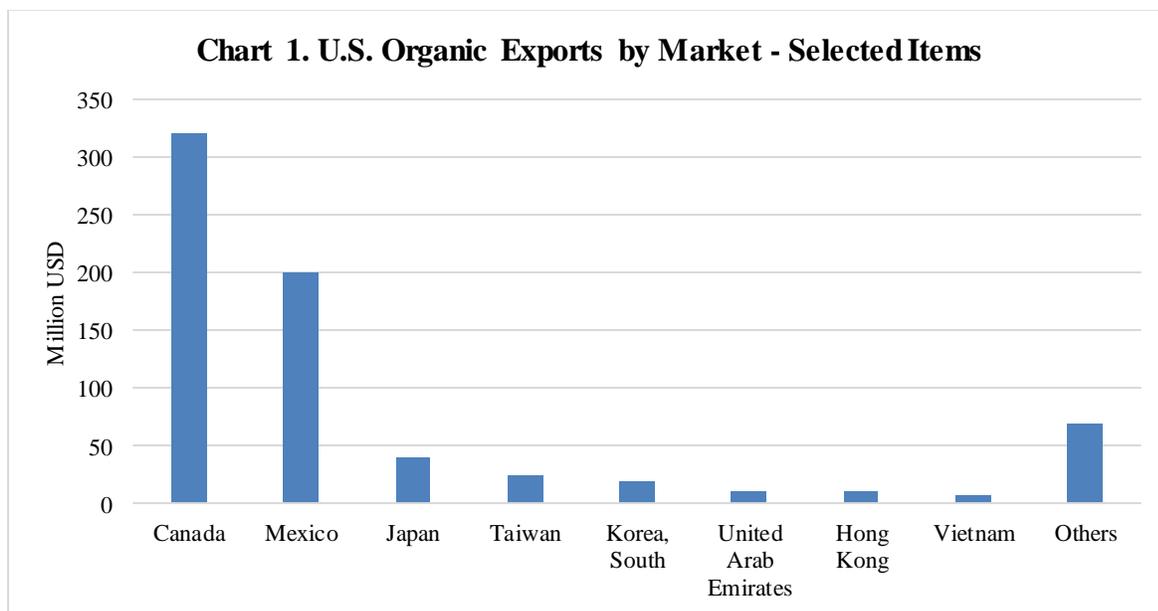
Given that Hong Kong does not have a legislation stipulating organic standards, Hong Kong recognizes the USDA organic seal and allows the sale of products carrying the USDA organic seal in the market. Local consumers have high confidence in the organic substance behind USDA's organic seal and products are sold at a premium at high-end retail outlets. Nonetheless, Hong Kong consumers are equally confident about European and Australian organic products. Since transport time between Hong

Kong and Australia is relative less, Australian organic products certainly have a competitive edge and thus are popular in Hong Kong.

U.S. statistics show that in 2021, total U.S. organic food exports to Hong Kong accounted for \$10 million, making Hong Kong the 7th largest market for U.S. exports. Last year, disruptions to supply chain logistics lowered sales of U.S. organic products to Hong Kong by 11 percent (see related [GAIN report: Flight Suspensions Add to U.S. Agricultural Shipping Woes](#)). However, U.S. organic exports in 2021 were still above the five-year average. By comparison, U.S. exports of all fresh fruits and vegetables to Hong Kong declined 20 percent to \$151 million. Despite facing the same logistic challenges, the lower rate of decline rate in organic exports is evidence of Hong Kong’s keen demand for organic produce.

In fact, U.S. organic exports to Hong Kong may be actually higher as the available export data captures only a selected variety of organic food products, namely produce. As an example, the value of exports of processed organic food items, often found in high-end supermarkets and specialty shops in Hong Kong, are currently not captured in the U.S. organic food export statistics.

Within the U.S. export data available, the top organic produce items exported are berries vinegar, grapes and lemons.



Source: GATS – U.S. Census Bureau Trade Data

Table 1. U.S. Total Organics-Selected Exports to Hong Kong, in Thousands of USD

Product	2017 Value	2018 Value	2019 Value	2020 Value	2021 Value
Total Organics-Selected	9,141	7,721	9,270	11,468	10,254
Apples Fresh	303	2,850	1,614	623	2,114
Berries Fresh	552	2,154	3,223	2,356	1,974
Vinegar and Substitutes	0	196	295	351	1,778
Grapes Fresh	1,597	53	1,958	4,588	1,572
Lemons Fr/Dr	690	0	0	0	1,313
Celery Fr/Ch	450	380	222	670	730
Peach/Nectarine Fresh	210	0	169	130	393
Asparagus Fr/Ch	92	25	55	22	108
Peppers Fr/Ch	0	42	93	165	58
Fruit Prep	7	332	55	167	57
Coffee Roast Not Decaf	287	238	209	24	41
Cherries Fresh	220	61	489	115	31
Tomato Sauce Ex Ketchup	109	136	3	0	17
Cauliflower Fr/Ch	38	53	0	777	16
Cucumbers Fr/Ch	0	0	0	0	16
Onion Sets Fr/Ch	0	0	0	0	14
Milk	73	8	9	0	8
Tomato Other Fr/Ch	0	0	0	0	6
Lettuce Not Head Fr/Ch	419	405	237	13	3
Pears Fresh	93	0	0	0	3
Cherry Tomato Fr/Ch	0	0	0	296	0
Head Lettuce Fr/Ch	35	0	0	15	0
Carrots Fr/Ch	450	224	0	0	0
Grapefruit Fresh	161	0	0	0	0
Oranges Fr/Dr	2,824	266	119	1,096	0
Strawberries Fresh	45	255	464	0	0
Cult Blueberries Fresh	448	43	44	34	0
Peas Fr/Ch	31	0	0	0	0
Vegetables Prep/NT FZ	6	0	12	27	0

Source: Source: GATS – U.S. Census Bureau Trade Data

Opportunities for Showcasing your Organic Products in Hong Kong:

LOHAS Expo (Annual Trade Show)

Show Date: June 10, 2022 - June 12, 2022

Venue: HKCEC - Hall 3F & G, Hong Kong Convention & Exhibition Centre

Website: <https://lohasexpohk.com/en/#>

Description: LOHAS Expo, the exhibition for “Lifestyles of Health and Sustainability”. The expo addresses the demand for products in harmony with sustainable, healthy and environment-friendly living which include organic food, natural products, health food & supplements, natural personal care, eco leisure, eco/green living products. The expo will be held concurrently with Vegetarian Food Asia during June 10-12, 2022 at the Hong Kong Convention & Exhibition Centre.

U.S. organic producers interested in exporting to the Hong Kong market can contact the Agricultural Trade Office at atohongkong@usda.gov or visit our [website](#) for further assistance.

Attachments:

No Attachments.

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