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DRIED FRUITS AND TREE NUTS.

I. Introduction.

A. Dried Fruits.

Dried and preserved fruits are common snack foods. Fruits such as orange peels, plums, and dates are often preserved or dried with added sugar or salt. Unlike in the United States, dried fruits are often not seen as a health food; in Hong Kong, such fruits are more commonly seen as a type of candy.

Chinese-style dried fruits are widely available in Hong Kong. All manners of stores, ranging from the smallest mom-and-pop newspaper stand to the largest supermarkets, carry such dried fruits. Furthermore, these fruits are prominently placed so that they can be impulse purchases for hungry shoppers.

Western-style dried fruits, by contrast, are not well distributed. Outside of upmarket retail outlets, these fruits are rarely available for purchase. Furthermore, even in stores which sell both Chinese and Western style dried fruits, the two types are placed in different areas of the store -- the Chinese-style dried fruits are often placed in the front of the store; the Western-style dried fruits, in the back of the store.

B. Tree Nuts.

Hong Kong consumes large quantities of nuts both as a snack food and as an ingredient in cooked dishes. Peanuts overwhelmingly dominate the nuts market. Served on all occasions and by all manners of hosts and restaurants, peanuts are ubiquitous. Rare is the meal served in a Chinese restaurant that does not begin with a plate of salted peanuts served to whet the patrons' appetites. Furthermore, many Asian dishes include nuts -- most especially almonds, peanuts or walnuts -- as an ingredient for the contrasting flavor and textures they contribute to a well-done dish.

In 1994 Hong Kong imported HK\$1 bn of nuts. China is the leading source-country for nuts, accounting for 53% of all nuts imported into Hong Kong; the United States second, 23%. The other major source-countries for nuts include: Australia, Canada, France, Singapore, Taiwan and Thailand.

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With few exceptions, China and the United States ranked first and second for both quantity and value of nuts imported for all types of nuts recorded in Hong Kong trade statistics.

II. Production.

Dried fruits and nuts are not produced in Hong Kong -- those dried fruits and nuts consumed in Hong Kong are all imported, as explained above, Section I. Hong Kong is now an expensive city for manufacturers to operate in. Hence, it is most cost-effective for low value-added goods such as these to be imported and re-exported, primarily within Asia.

III. Import and Re-export Statistics.

A. Hong Kong statistics and analysis

Dried Fruits.

In 1994 Hong Kong imported more than 30 mn kg of dried fruits of which nearly 17 mn kg, or 56% were re-exported. In toto, Hong Kong consumed 13.2 mn kg, or HK\$131 mn, of imported dried fruits in 1994. The following table, Dried Fruits: Total Imports and Re-exports, 1994, shows that Hong Kong effectively exploits its traditional entrjpot role with the dried fruits which move through it: Hong Kong imported more than 30 mn kg or HK\$307 mn of dried fruits and re-exported 56-57% of the total.

Table 1. Dried Fruits: Total Imports and Re-exports, 1994.

	kg	HK\$1,000
Imports	30,171,177	307,855
Re-exports	16,940,054	175,947
Difference	13,231,123 (44%)	131,908 (43%)

1. Apples.

While the Hong Kong Census and Statistics Department does compile statistics on the imports and re-exports of fresh apples, no such statistics are compiled for dried apples. Hence, the following table, Dried Fruits and Mixtures of Nuts or Dried Fruits: Imports,

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1994, is presented to indicate the total Hong Kong market for many dried fruits, including dried apples. Major source-countries of dried fruits and mixtures of nuts and dried fruits are shown in the table below.

Table 2. Dried Fruits and Mixtures of Nuts or Dried Fruits: Imports, 1994.

Source-Country	Quantity(kg)	Value(HK\$1,000)
USA	776,915	16,553
Thailand	2,010,952	34,198
China	1,881,682	37,131
Other	387,295	6,395
TOTAL	5,056,844	94,277

Similarly, Hong Kong's entrjpot role as played out for dried fruits, such as dried apples, cannot be deduced from the customs statistics made available by the Hong Kong Census and Statistics Department.

The following table, Dried Fruits and Mixtures of Nuts or Dried Fruits: Re-exports, 1994, is therefore presented to indicate total re-exports out of Hong Kong for many dried fruits, including dried apples. The table shows that of the slightly more than 5 mn kg of dried fruit Hong Kong imported in 1994, 3.7 mn kg were re-exported. The four largest recipients of these re-exports were China, 44%; Taiwan, 14%; Singapore, 10%; and the USA, 8%. Hence, Hong Kong consumption of these dried fruits in 1994 was 1.25 mn kg, or 25% of the total quantity imported.

Table 3. Dried Fruits and Mixtures of Nuts or Dried Fruits: Re-exports, 1994.

Recipient-Country	Quantity(kg)	Value(HK\$1,000)
USA	307,745	6,066
Taiwan	506,349	5,589
China	1,647,034	10,842
Singapore	367,312	6,183
Other	901,552	17,387
TOTAL	3,729,992	46,067

2. Apricots.

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Just as the Hong Kong Census and Statistics Department does not compile statistics on imports and re-exports of dried apples alone, no such statistics are available for imports and re-exports of dried apricots. Hence, for an understanding of the overall market for dried fruits such as dried apricots, please see Table 2, Dried Fruits and Mixtures of Nuts or Dried Fruits: Imports, 1994, and Table 3, Dried Fruits and Mixtures of Nuts or Dried Fruits: Re-exports, 1994, above.

3. Dates.

The Hong Kong Census and Statistics Department does not compile statistics on imports and re-exports of dried dates alone; statistics are compiled, however, on the combined imports and re-exports of fresh and dried dates. The following table, Dates, Fresh or Dried: Imports, 1994, shows that in toto Hong Kong imported 7 mn kg of dates in 1994 sourced primarily from China, 96.9%, and Thailand, 1.6%. The USA supplied an additional 0.8% of total imports.

Table 4. Dates, Fresh or Dried: Imports, 1994.

Source-Country	Quantity(kg)	Value(HK\$1,000)
USA	54,683	1,852
Thailand	111,700	532
China	6,851,587	58,918
Other	54,665	448
TOTAL	7,072,635	61,750

As shown in the following table, Dates, Fresh or Dried: Hong Kong Re-exports, 1994, of the 7 mn kg of dates Hong Kong imported, nearly 4.76 mn kg were re-exported. Local consumption of dates, both fresh and dried, was therefore about 2.25 mn, or 33% of total imports. Key recipients of the re-exported dates were Taiwan with 43% of total re-exports; Singapore, 20%; and Malaysia, 18%. China-sourced dates probably account for most of the re-exports.

Table 5. Dates, Fresh or Dried: Re-exports, 1994.

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Recipient-Country Quantity(kg) Value(HK\$1,000)
Taiwan 2,030,396 17,506
Malaysia 873,728 6,878
Singapore 943,990 7,616

Other	909,060	11,561
TOTAL	4,757,174	43,561

4. Kumquats.

Just as the Hong Kong Census and Statistics Department does not compile statistics on imports and re-exports of dried apples alone, no such statistics are available for imports and re-exports of dried kumquats. Hence, for an understanding of the overall market for dried fruits such as dried kumquats, please see Table 2, Dried Fruits and Mixtures of Nuts or Dried Fruits: Hong Kong Imports, 1994 and Table 3, Dried Fruits and Mixtures of Nuts or Dried Fruits: Hong Kong Re-exports, 1994, above.

5. Mangoes.

The Hong Kong Census and Statistics Department does not compile statistics on imports and re-exports of dried mangoes alone; it does, however, compile data on the combined imports and re-exports of fresh and dried mangoes, avocados, guavas and mangosteens. Total imports of these four products in 1994 were just under 300 mn kg or approximately HK\$250 mn. Hong Kong's customs statistics do not indicate the ratio of mangoes to avocados, guavas and mangosteens. It is therefore not possible for the above figures to be broken down further to give a better understanding of the Hong Kong market for mangoes, fresh or dried.

Detailed re-export data for mangoes, fresh or dried, is also not available. The Hong Kong Census and Statistics Department, however, does indicate total 1994 re-exports for fresh and dried avocados, guavas, mangoes and mangosteens slightly exceeded 5.1 mn kg or HK\$51 mn.

6. Papayas.

Just as the Hong Kong Census and Statistics

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Department does not compile statistics on imports and re-exports of dried apples alone, no such statistics are available for imports and re-exports of dried papayas. Hence, for an understanding of the overall market for dried fruits such as dried papayas, please see Table 2, Dried Fruits and Mixtures of Nuts or Dried Fruits: Imports, 1994 and Table 3, Dried Fruits and Mixtures of Nuts or Dried Fruits: Re-exports, 1994, above.

7. Pears.

The Hong Kong Census and Statistics Department does not compile statistics on imports and

re-exports of dried pears alone. However, for an understanding of the overall market for dried fruits such as dried pears, please see Table 2, Dried Fruits and Mixtures of Nuts or Dried Fruits: Imports, 1994 and Table 3, Dried Fruits and Mixtures of Nuts or Dried Fruits: Re-exports, 1994, above.

8. Peels.

Peels of citrus fruits, such as oranges, and melons are often consumed as a candy-like snack. Hong Kong Customs and Statistics Department compiles import and re-export statistics for peels under the heading "peel of citrus fruits or melons, fresh, frozen, dried or provisionally preserved in brine or other preservative solutions." This catch-all category for peels includes peels which would be eaten like dried fruits, but also includes peels which could be used as an ingredient in cooked foods. In 1994 Hong Kong imported approximately 290,000 kg of peels which were sourced primarily from China, 79%, and the USA, 20%. Total 1994 imports of such peels is illustrated below:

Table 6. Peels: Imports, 1994.

Source-Country	Quantity(kg)	Value(HK\$1,000)
USA	58,200	202
China	228,527	4,33729
Other	833	
TOTAL	287,560	4,568

Slightly more than half of the peels imported

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into Hong Kong are re-exported. Leading recipient-nations are Taiwan, with 39% by value; and the USA and Singapore, 18% each. The following table, Peels: Re-exports, 1994, shows the Hong Kong entriypot role between China, the leading source, and Taiwan, the leading buyer.

Table 7. Peels: Re-exports, 1994.

Recipient-Country	Quantity(kg)	Value(HK\$1,000)
USA	21,721	459
Taiwan	127,726	969
Singapore	24,665	439
Other	26,815	628
TOTAL	200,927	2,495

9. Pineapples.

The Hong Kong Census and Statistics Department does not compile statistics on imports and re-exports of dried pineapples alone. Hong Kong statistics have two separate categories for pineapples: "fresh" and "prepared or preserved". The latter category includes dried

pineapples, in addition to canned pineapples and is herewith presented below. The tables, Pineapples -- Prepared or Preserved: Imports, 1994 and Pineapples -- Prepared or Preserved: Re-exports, 1994, below, indicate the context within which sales of dried pineapples should be viewed but do not indicate the percentage of total pineapple sales occupied by dried pineapples alone. As the following table shows, key source-countries for prepared or preserved pineapples are China, 35%; Thailand, 30%; and the Philippines, 29%. The USA was the fifth largest source-country with 1.7% of total imports.

Table 8. Pineapples, Prepared or Preserved: Imports, 1994.

Source-Country	Quantity(kg)	Value(HK\$1,000)
USA	160,395	1,253
Philippines	2,709,706	17,530
Thailand	2,833,570	16,738
China	3,314,400	9,543
Other	343,881	1,745
TOTAL	9,361,952	46,809

Less than 25% of the prepared and preserved

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pineapples imported into Hong Kong are re-exported. Largest recipients of such re-exports are China itself, with 46%; and Macau and South Korea, with 14% each. Hence, Hong Kong consumes 75% of the pineapples it imports, or just over 7 mn kg. of prepared and preserved pineapples annually.

Table 9. Pineapples, Prepared or Preserved: Re-exports, 1994.

Recipient-Country	Quantity(kg)	Value(HK\$1,000)
Macau	185,975	1,546
South Korea	309,104	1,500
China	586,349	4,977
Other	698,117	2,699
TOTAL	1,779,545	10,722

10. Plums/Prunes.

Despite the ubiquitous availability of dried plums and prunes, the Hong Kong Census and Statistics Department does not compile statistics on imports and re-exports of dried plums and prunes alone. However, to understand the overall market for dried fruits, including dried plums and prunes, please see Table 2, Dried Fruits and Mixtures of Nuts or Dried Fruits: Imports, 1994 and Table 3, Dried Fruits and Mixtures of Nuts or Dried Fruits: Re-exports, 1994, above.

11. Raisins.

Although Hong Kong imports considerable

quantities of raisins, nearly all raisins are re-exported, primarily to other Asian nations. Just one-fourth of all raisins imported by Hong Kong are actually consumed by Hong Kong residents.

The United States is decidedly the single largest source-country for raisins imported into Hong Kong; the USA supplies 75% of all raisins imported. The next most important source country, China, supplies just 8% of all raisins.

Table 10. Raisins: Imports, 1994.

Source-Country	Quantity(kg)	Value(HK\$1,000)
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USA	5,449,774	74,626
China	758,201	8,472
Other	2,184,211	17,353
TOTAL	8,392,186	100,451

Hong Kong re-exported nearly 6.5 mn kg of raisins in 1994, or 77% of total imports. Hong Kong's re-exports of raisins are primarily to China and Macau which each receive nearly one-third of all raisins re-exported from Hong Kong. Hence, Hong Kong consumed just over 1.8 mn kg of raisins in 1994.

Table 11. Raisins: Re-exports, 1994.

Recipient-Country	Quantity(kg)	Value(HK\$1,000)
Macau	1,810,546	24,210
China	2,083,659	26,165
Other	2,578,211	22,727
TOTAL	6,472,416	73,102

Tree Nuts.

After reviewing dried fruits, we now turn to tree nuts. Hong Kong re-exports the majority of the nuts it imports. As shown in the following table, Hong Kong re-exported 42 mn kg of nuts, or 70% of the 60 mn kg of nuts imported, in 1994.

Table 12. Tree Nuts: Total Imports and Re-exports, 1994.

	Kg	HK\$1,000
Imports	60,099,303	980,101
Re-exports	42,165,630	715,842
Difference	17,933,673 (30%)	264,259 (27%)

1. Almonds.

As Table 13, below, shows, most almonds

imported into Hong Kong are from the United States -- more than three times the quantity or value of the almonds sourced from China, the second most important source-country for almonds. In 1994 almonds were imported from

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seven countries of which just two countries -- the United States and China -- accounted for nearly 98.5% of almonds imported by quantity and 98.1% by value.

Table 13. Almonds: Imports, 1994.

Source-Country	Quantity(kg)	Value(HK\$1,000)
USA	2,388,018	72,799
China	700,799	17,160
Other	48,416	1,667
TOTAL	3,137,233	91,626

Hong Kong re-exports nearly 70% of all almonds it imports. Macau receives 62% of all almonds re-exported; China, 30%. No other nation is a key recipient country for almonds from Hong Kong. A large percentage of Macau's imports of these almonds from Hong Kong is destined for further shipment into China: Macau is a small market and does not consume large quantities of any food product, much less almonds. Hence, Hong Kong's total re-exports of almonds are destined primarily for the China market, either directly or indirectly via Macau.

Table 14. Almonds: Re-exports, 1994.

Recipient-Country	Quantity(kg)	Value(HK\$1,000)
Macau	1,364,256	38,932
China	564,312	19,055
Other	152,626	4,442
TOTAL	2,081,194	62,429

2. Cashews.

The Hong Kong market for cashews pales significantly in comparison to the market for other nuts. Of the 5.4 mn kg of cashews Hong Kong imported in 1994, 82% were re-exported. Hong Kong sourced cashew nuts from ten countries of which three countries account for most of Hong Kong's cashew supply: China, 34%; India, 28%; and Indonesia, 22%.

Table 15. Cashew Nuts, Fresh or Dried: Imports, 1994.

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Source-Country Quantity(kg) Value(HK\$1,000)

Indonesia	1,200,435	39,210
China	1,844,174	60,438
India	1,506,517	61,475
Other	882,437	8,532
TOTAL	5,433,563	169,655

1994 re-exports of cashews accounted for 82% by volume of total cashew imports in 1994, or 68% by value. Three countries received nearly three-fourths of all cashews re-exported by Hong Kong: China, 34%; Macau, 21%; and the United States, 19%.

Table 16. Cashew Nuts, Fresh or Dried: Re-exports, 1994.

Recipient-Country	Quantity(kg)	Value(HK\$1,000)
USA	854,407	27,082
Macau	921,040	34,475
China	1,537,665	14,274
Other	1,155,130	40,153
TOTAL	4,468,242	115,984

3. Chestnuts.

Hong Kong is long accustomed to purchasing roasted chestnuts, a popular cool-weather food, to munch on as a snack. Hong Kong imported 5.8 mn kg of chestnuts in 1994. Hong Kong sourced 96% by volume, or 91% by value, of these chestnuts from China.

Table 17. Chestnuts, Fresh or Dried: Imports, 1994.

Source-Country	Quantity(kg)	Value(HK\$1,000)
China	5,620,785	52,430
Other	211,474	5,250
TOTAL	5,832,259	57,680

Hong Kong re-exported 47% of all chestnuts it imported. Most chestnuts were re-exported within Asia: Singapore, 38%; Taiwan, 27%; and China and Thailand, 7% each.

Table 18. Chestnuts, Fresh or Dried: Re-exports, 1994.

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Recipient-Country	Quantity(kg)	Value(HK\$1,000)
Taiwan	754,593	8,098
Thailand	186,092	1,689
China	191,225	2,332
Singapore	1,062,320	10,794
Other	574,765	6,989
TOTAL	2,768,995	29,902

4. Hazelnuts.

Of all the nuts Hong Kong imports, Hong Kong

re-exports a larger percentage of its hazelnut imports and only consumes a very small amount. Hong Kong's total 1994 imports of nearly 120,000 kg were sourced from five nations -- three key players and two minor sources. The three main sources were: Turkey, 33%; and Egypt and China, with 21% each.

Table 19. Hazelnuts: Imports, 1994.

Source-Country	Quantity(kg)	Value(HK\$1,000)
Turkey	39,500	1,473
China	25,400	378
Egypt	25,500	866
Other	28,950	879
TOTAL	119,350	3,596

Hong Kong re-exports the overwhelming majority of all hazelnuts it imports: in 1994 87% of imported hazelnuts were re-exported, primarily to China, 70%, but significant quantities were also re-exported to Macau, 13%, and Australia, 12%.

Table 20. Hazelnuts: Re-exports, 1994.

Recipient-Country	Quantity(kg)	Value(HK\$1,000)
Macau	13,523	503
China	77,252	1833
Australia	11,960	434
Other	1,054	58
TOTAL	103,789	2,828

5. Peanuts.

A. Shelled.

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Of all the nuts imported into Hong Kong, peanuts are the most popular. Nearly all peanuts imported into Hong Kong are shelled, but not roasted or otherwise cooked; shelled peanuts account for 93.5% of all imported peanuts. China is the leading source-country for shelled peanuts, accounting for 95% of all imports; the United States ranks second, 2.5%. Hong Kong consumes just 5.5 mn kg of shelled peanuts annually, or 30% of total imports.

Table 21. Peanuts -- Shelled: Imports, 1994.

Source-Country	Quantity(kg)	Value(HK\$1,000)
USA	431,004	2,314
China	16,593,012	90,377
Other	413,242	2,222
TOTAL	17,437,258	94,913

Most shelled peanuts imported into Hong Kong have not reached their final destination: nearly 70% are re-exported to other nations. The largest

recipient-countries are the Philippines, with 46%; Singapore, 11%; and the USA, 9%.

Table 22. Peanuts -- Shelled: Re-exports, 1994.

Recipient-Country	Quantity(kg)	Value(HK\$1,000)
USA	992,181	6,369
Philippines	5,788,650	34,410
Singapore	1,405,912	8,017
Other	3,876,305	25,221
TOTAL	12,063,048	74,017

B. Unshelled.

Imports of unshelled peanuts pale in comparison to those of shelled peanuts. Despite a seeming aura of added healthfulness, due to the absence of added salt, unshelled peanuts are not a major product in Hong Kong at present. Unshelled peanuts command minimal market share when viewed next to their more popular "relative": the shelled peanut. Less than 7% of all peanuts imported into Hong Kong are imported unshelled.

Of the more than HK\$6 mn unshelled peanuts

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imported in 1994, nearly 85% were imported from China; the USA was the second largest source-country for unshelled peanuts, accounting for 9% of total imports. Hong Kong consumed just HK\$151,000 of imported unshelled peanuts -- or 2.4% of total imports; the remainder were re-exported.

Table 23. Peanuts -- Unshelled: Imports, 1994.

Source-Country	Quantity(kg)	Value(HK\$1,000)
USA	105,537	913
China	1,070,950	5,249
Other	40,488	200
TOTAL	1,216,975	6,362

Hong Kong re-exports nearly all unshelled peanuts it imports: 98% by value or 73% by volume. The three largest recipients of re-exported unshelled peanuts are the Philippines, with 35%; Singapore, 17%; and the USA, 13%.

Table 24. Peanuts -- Unshelled: Re-exports, 1994.

Recipient-Country	Quantity(kg)	Value(HK\$1,000)
USA	59,377	811
Philippines	422,490	2,180
Singapore	155,424	1,067
Other	245,111	2,153
TOTAL	882,402	6,211

6. Pistachios.

Hong Kongers are almost as fond of pistachios as they are about peanuts. Pistachios -- "happy fruit" (hoisumkwok in Cantonese, kaixinguo in Mandarin) -- are sourced primarily from the United States which provides 80% of all pistachios imported. Iran is the second largest source-country of pistachios, accounting for 10%.

Table 25. Pistachios: Imports, 1994.

Source-Country Quantity(kg) Value(HK\$1,000)

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USA	8,296,644	149,001
Iran	953,505	20,869
Other	1,165,478	27,957
TOTAL	10,415,627	197,827

Hong Kong re-exports slightly more than HK\$130 mn of pistachios annually, or 67% of total pistachio imports. Hence, Hong Kong consumes about 2.5 mn kg of pistachios annually. The three main recipients of these pistachios are: Macau, 46%; China, 38%; and Taiwan, 10%. A large percentage of Macau's imports of these pistachios from Hong Kong are re-exported to China. Hence, China's share of Hong Kong's total re-exports is under-estimated in the following table. The United States -- the source for nearly all of Hong Kong's pistachio imports -- also imports significant quantities of pistachios from Hong Kong. The pistachios which the United States purchases from Hong Kong are primarily from the Middle East and Asia -- areas for which Hong Kong is a convenient, and logical, transshipment locale.

Table 26. Pistachios: Re-exports, 1994.

Recipient-Country	Quantity(kg)	Value(HK\$1,000)
Taiwan	496,738	13,367
Macau	3,458,992	61,429
China	3,681,770	50,547
Other	330,634	7,003
TOTAL	7,968,134	132,346

7. Walnuts.

Nearly all the walnuts imported into Hong Kong are sourced from China. Of the five minor source-countries, which together account for just 1.1% of imported walnuts by quantity, the United States ranks third behind France and Singapore.

Table 27. Walnuts: Imports, 1994.

Source-Country	Quantity(kg)	Value(HK\$1,000)
USA	3,964	107
China	4,153,190	71,588
Other	43,524	900

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TOTAL	4,200,678	72,595
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Hong Kong does not consume considerable quantities of walnuts: 92% of the walnuts Hong Kong imports are re-exported to countries all over the world. Leading recipients of re-exported walnuts are the United Kingdom with 36%; Japan, 14%; and Canada, 8%.

Table 28. Walnuts: Re-exports, 1994.

Recipient-Country	Quantity(kg)	Value(HK\$1,000)
United Kingdom	1,175,632	24,268
Canada	326,158	5,398
Japan	397,135	9,089
Other	1,898,925	28,392
TOTAL	3,350,431	67,147

8. Other Nuts.

This catch-all category accounts for 20% of all nuts imported into Hong Kong in 1994 -- only peanuts are imported in larger quantities -- excluding those nuts listed separately above, 1-7. Hong Kong sourced large quantities of these nuts from the following countries: China, 48%; Thailand, 28%; North Korea, 12%; and Australia, 7%. Hong Kong sourced few nuts from the USA: the USA accounts for just 1.4% of all "other" nuts imported by Hong Kong in 1994.

Table 29. Other Nuts: Imports, 1994.

Source-Country	Quantity(kg)	Value(HK\$1,000)
USA	167,500	7,529
Thailand	3,419,540	31,571
China	5,883,992	202,790
North Korea	1,472,720	7,271
Australia	851,028	26,645
Other	511,580	10,041
TOTAL	12,306,360	285,847

Hong Kong re-exports 70% of the "other" nuts it imports. In 1994 Hong Kong re-exported nearly 8.5 mn kg of these nuts, primarily to three countries: China, 32%; Japan, 27%; and the USA, 13%.

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Table 30. Other Nuts: Re-exports, 1994.

Recipient-Country	Quantity(kg)	Value(HK\$1,000)
USA	1,100,436	32,847
Japan	2,297,988	88,600
China	2,741,852	29,829
Other	2,339,119	73,702
TOTAL	8,479,395	224,978

IV. Trade Patterns.

A. Ratio of local production to imported products.

1. Dried Fruits.

At present, all dried fruits consumed in Hong Kong are imported; there is no local production of dried fruits. Some Hong Kong companies re-package imported dried fruit -- such packages are not always labelled "imported", however.

2. Tree Nuts.

Hong Kong does not produce nuts locally. Hence, the Hong Kong market for nuts is 100% imported nuts.

V. Market Share.

A. Locally produced goods.

There is no local production of dried fruits and tree nuts.

B. Imported goods, broken down by source-country.

All dried fruits and nuts sold in Hong Kong are imported. The leading source-countries for dried fruits are China and the United States which account for 43% and 22% of total imports by volume, or 37% and 31% by value. Another major source-country is Thailand which supplies 16% by volume of dried fruits imported, or 18% by value.

The two leading source-countries for nuts are China and the United States. Combined, these two countries account for slightly more than three-fourths of all nuts sold in Hong Kong.

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VI. Consumption Data.

A. Per capita consumption data.

Per capita consumption is derived according to the following formula: Imports minus Re-exports divided by population (6 mn in 1994).

1. Dried Fruits.

Per capita consumption of dried fruits was slightly over 2 kg, or HK\$22, in 1994. The following chart shows per capita consumption of

each dried fruit analyzed above, Section III.

Table 31. Dried Fruit: Per Capita Consumption, 1994.

	grams	HK\$1
Mixed	221	8.04
Dates	386	3.03
Peels	14	.35
Pineapples	1,264	6.01
Raisins	320	4.56
TOTAL	2,205	22.00

2. Nuts.

Per capita consumption of nuts was nearly 3 kg, or HK\$44, in 1994. The following chart shows per capita consumption of each nut analyzed above, Section III.

Table 32. Nuts: Per Capita Consumption, 1994.

	grams	HK\$1
Almonds	176	4.87
Peanuts -- Shelled	896	3.48
Peanuts -- Unshelled	56	.03
Pistachios	408	10.91
Walnuts	142	.91
Cashews	161	8.95
Hazelnuts	3	.13
Chestnuts	511	4.63
Other	638	10.14
TOTAL	2,989	44.00

B. Trend analysis: historical vs. current patterns.

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Per capita consumption of dried fruits increased in 1994 over 1993 while per capita consumption of tree nuts declined. Over the last few years many people have become more aware of the nutritional content of their food. This trend may be one factor behind the move away from nuts, a high fat product food, toward dried fruits, a perceived "healthy" food.

1. Dried Fruits.

The following table, Dried Fruits: Per Capita Consumption, 1993-1994, shows that per capita consumption of dried fruit increased by more than half in 1994. The fruits enjoying the greatest increase in popularity were dates, 100%, and pineapples, 67%. Consumption of raisins, a perennial favorite, changed little in 1994 over 1993 while peels remained constant at average per capita consumption of just 14 grams. While mixed dried fruit remains an important market segment, per capita consumption declined modestly in 1994 to 221 grams.

Table 33. Dried Fruits: Per Capita Consumption, 1993-1994.

	Grams		Rate of Increase
	1993	1994	Year-on-Year
Mixed	234	221	-6%
Dates	193	386	100%
Peels	14	14	0%
Pineapples	755	1,264	67%
Raisins	227	320	16%
TOTAL	1,445	2,205	53%

2. Nuts.

Nuts declined minimally in popularity in 1994 as opposed to 1993, registering a 3.4% drop in per capita consumption. The greatest increase in per

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capita consumption was for shelled peanuts, 486%, and pistachios, 136%. While shelled peanuts enjoyed a tremendous surge in per capita consumption from 153 grams to 896 grams, per capita consumption of unshelled peanuts plummeted from 1299 grams to a mere 56 grams. Total per capita consumption of peanuts dropped from 1452 grams to 952 grams -- a decline of 34%. The decline in popularity of peanuts, a long-time favorite -- a mainstay of Chinese cuisine, may reflect two, inter-related trends: first, the increased availability of other nuts, especially so-perceived "gourmet" nuts such as pistachios; and second, an increasingly affluent Hong Kong which is willing to purchase more expensive nuts for a change of pace.

Table 34. Nuts: Per Capita Consumption, 1993-1994.

	Grams		Rate of Increase
	1993	1994	Year-on-Year
Almonds	141	176	25%
Peanuts -- Shelled	153	896	486%
Peanuts -- Unshelled	1299	56	-96%
(Peanuts -- Total)	(1452)	(952)	(-34%)
Pistachios	173	408	136%
Walnuts	127	142	12%
Cashews	314	161	-51%
Hazelnuts	9	3	-67%
Chestnuts	454	511	13%
Other	426	638	50%
TOTAL	3,095	2,989	-3.4%

VII. Product Variety.

Key brands and production venue (i.e., country).

The following list is not intended to be complete. It is furnished for reference with the understanding that no discrimination is intended and no guarantee of reliability of product availability and/or pricing is implied.

1. Dried Fruit.

- a. Del Monte, USA
 - Prunes -- medium; 454 g., HK\$11.80
 - Prunes -- pitted; 650 g., HK\$29.80.

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Raisins; 425 g., HK\$13.40.

- b. Diamond Brand, Australia
 - Raisins; 10 oz.
- c. Eden's Natural Synergy, Great Britain
 - Dried fruit; HK\$21.90.
- d. Happy, Hong Kong
 - Assorted Chinese-style.
- e. Hong Fat, Hong Kong
 - Assorted Chinese-style.
- f. Ka Po, China
 - Assorted Chinese-style.
- g. Natural Farm Food Company
 - Fruit chips, strawberries; 35 g., HK\$12.90.
- h. No Frills, Hong Kong
 - Assorted Chinese-style.
- I. Park 'N Shop, Hong Kong
 - Raisins; 425 g., HK\$8.90.
- j. Sunmaid, USA
 - Raisins; 250 g., HK\$8.20.
- k. Sunsweet, USA
 - Prunes; 250 g., HK\$8.90.
- l. Wah Yuen, Hong Kong
 - Assorted Chinese-style.

2. Tree Nuts.

- a. Blue Diamond, USA
 - Almonds; 150 g., HK\$23.80.
- b. Eagle's, USA
 - Cashews; 127 g., HK\$21.90.
 - Peanuts; 140 g., HK\$11.90.
- c. Eden's Natural Synergy, Hong Kong
 - Nuts, trail mix; HK\$21.90.
- d. Grand Plan, Hong Kong
 - Pistachios; 200 g., HK\$17.90

e. Ideal, Hong Kong

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Almond flakes.

f. Indonesia

Shelled peanuts; 180 g., HK\$5.90.

g. Indonesia

Shelled peanuts; 185 g., HK\$7.00.

h. Mauna Loa, USA

Macadamia nuts; 3.5 oz, HK\$29.80.

I. No Frills -- Wellcome, Hong Kong

Peanuts (unshelled); 400 g., HK\$8.50.

j. Planters, USA

Cashews, mixed nuts, pistachios; small package (approx 6 oz), HK\$6.00; bottle (6.5-8 oz), HK\$23-35.00; small tin (6-6.5 oz), HK\$12-24.80; large tin (12 oz), HK\$22.60-24.00.

k. Rainbow, Hong Kong

Peanuts (shelled, spiced and shelled); 100 g., HK\$3.60.

VIII. Market Opportunities.

A. Prospects for US firms to sell products into Hong Kong

Dried fruits and tree nuts have increased in popularity in recent years, creating ample opportunities for a well-positioned manufacturer to gain significant market share -- either of newly converted customers or of existing consumers. Aside from the "eternal verities", 1-3 below, there are two concerns specific to both dried fruits and tree nuts.

First, Hong Kongers distinguish between Chinese- and Western-style dried fruits. Since the Western-style dried fruit market is not yet well-established, it will be easier for a new brand to enter this market than the Chinese-style dried fruit market. The most successful brands will have a comprehensive product range: apples, apricots, figs, mixed fruit, etc.

Second, while raw nuts can compete with currently available brands on the basis of price and

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quality, roasted nuts are handicapped by the added labor costs required. Many firms roast and pack nuts in Hong Kong and China using low priced nuts produced in Asia.

For a product to sell well, there are three issues of paramount importance: first, retail availability; second, pricing; third, packaging and product positioning. These three issues are addressed in order:

1. Retail availability.

Two Hong Kong supermarkets -- Park 'N Shop and Wellcome -- dominate the food retailing sector in Hong Kong. Top selling products are carried in both stores as well as the myriad smaller stores which dot the Hong Kong landscape; niche products and less well-known brands, however, are often carried in just one of the two supermarkets and/or the smaller stores. To succeed, a new entrant to the Hong Kong market will therefore need to get its products carried by both major supermarkets as well as leading smaller stores.

Many products are carried by Hong Kong stores only if their Hong Kong agent has the clout to request, and receive, valuable shelf space from the supermarket chains. While many of the leading, well-established trading firms and agents already carry dried fruits and tree nuts among their product line, there are some exceptions. If a new entrant works with a less well-known, less prominent agent or trading company, it will face a slightly rockier battle to get its products into the stores as its agent will not wield as much clout as the major players.

2. Pricing.

In tandem with Hong Kong's increased prosperity, Hong Kong's preference for upmarket, high quality products has become more pronounced. Hong Kong residents are willing to pay premium prices for high quality products provided they get good "value for their money". The price range of products currently available in Hong Kong's supermarkets as shown above, Section VIII, is wide. Upon

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first entering the Hong Kong market, a new product might well aim for the middle or low end of this range in order to persuade Hong

Kong's price-conscious public to try their product. Later, after the product is established, the price can be raised. Alternatively, given the premium Hong Kong attaches to name brands and premium images, a new entrant might well cultivate an aura of snob appeal to be leveraged for good sales.

3. Packaging and Product Positioning.

Much of the appeal of dried fruits and tree nuts derives from their positioning as

healthful snack foods. Hence, this product image must be well-leveraged in order to gain a modicum of support for a new product/brand.

To wit, a package which allows the customer to see the product (i.e., clear plastic wrapping or bottle) may leverage this image more effectively than a dark or brightly colored plastic package, much less a box. Furthermore, the graphics on the package and related advertising and promotional materials should emphasize -- in both Chinese and English -- that dried fruits and tree nuts are natural food products which can be safely consumed plain or in cooked food.

IX. Relevant Regulations and Restrictions.

A. Industry regulations and restrictions

Hong Kong's food labelling laws, in effect since 9 August 1987, established requirements for the marketing and labelling of prepackaged foods. Prepacked foods are defined as those foods for which the contents cannot be altered without opening or changing the packaging and for which the food is ready for presentation to the ultimate consumer or catering establishments as a single food item.

Product labelling must contain the following information: name, ingredients -- in descending order of weight or volume, shelf life, conditions of storage and use, weight and volume, and name

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and address of manufacturer or packer. Minimum product durability must be indicated with a phrase such as "Best Before", "Sell By" or "Consume By" in both English and Chinese. Furthermore, dates must be expressed in terms of day, month, year in both Chinese and English unless Arabic numbers are used. If special storage conditions or usage instructions apply, explanatory statements must be included on the product's label.

Complete Chinese language labelling is not required if the information is provided in full in English; however, at a minimum, the package must state in Chinese "Consume before date stamped on package". If both languages are used, then the product name and ingredients must appear in both languages.

Select products -- individually wrapped confectionery products and preserved fruits not enclosed in any further packaging intended for sale as single items -- and prepackaged food for sale at catering establishments for immediate consumption are exempt from labelling requirements. However, any ingredients labelling which does appear must conform with the regulations.

B. Import regulations and restrictions

The importation of dried fruits and tree nuts into Hong Kong is governed by Food and Drugs of the Public Health and Municipal Services Ordinance Cap. 132 and its subsidiary legislation which are enforced by the Hygiene Division of the Department of Health.

This legislation states, "Countries exporting food products, agricultural produce or otherwise, to Hong Kong are expected to grow, harvest and process food according to the Code of Hygienic Practice recommended by the Codex Alimentarius Commission of the Food and Agriculture Organization of the United Nations, World Health Organization or other Good Manufacturing or Agricultural Practice of recognized standards as appropriate. To ensure the quality and wholesomeness of the food, competent authorities of country of origin are requested to issue health certificates in respect of their products for export to Hong Kong."

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The health certificate requested by Hong Kong's governmental authorities should be based on the following:

Health Certification of Food in General.

(A) Health certification to be made by the competent authority of the country of origin.

(B) Health certification:

(I) The (name of imported food product) is processed and packed under hygienic conditions.

(ii) The (name of imported food product) does not contain any substance or substances in such amount as to be poisonous, harmful or injurious to health.

(iii) The (name of imported food product) is fit for human consumption and is permitted to be sold as food for human consumption in (name of the country of origin).

X. Major Trade Contacts.

A. Governmental

Hygiene Division
Department of Health
18/F, Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong
Tel:2961-8807

B. Private Sector

The following list is not intended to be complete.
It is furnished for reference with the
understanding that no discrimination is intended
and no guarantee of reliability is implied.

1. Albert Wong & Co.
Room B1, 18/F Chung Hing Commercial Bldg.
62-63 Connaught Road
Central, Hong Kong
Tel:2545-0647
Fax:2542-1726

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Distributor/Wholesaler.

2. Asian Food Industries
Agent for No Frills.
33/F Windsor House
311 Gloucester Road
Causeway Bay
Hong Kong
Agent, Distributor.
3. Britannia Brands (HK) Ltd.
929-931 New World Office Bldg. East Wing
Kowloon, Hong Kong
Tel:2739-2823
Fax:2731-8741
Distributor/Wholesaler.
4. Duty Free Shoppers Ltd.
6/F Chinachem Golden Plaza
77 Mody Road
Tsimshatsui East, Kowloon
Hong Kong
Tel:2732-5211
Fax:2724-5606
Distributor/Wholesaler.
5. Eastern Zone Company Ltd.
21-A Chai Wan Industrial Centre
20 Lee Chung Street
Chai Wan, Hong Kong
Tel:2898-8632
Fax:2898-8440
Producer/Competitor.
6. Eden's Natural Synergy.
23/F, Fortei Building
98 Texaco Road
Tsuen Wan, New Territories
Hong Kong
Tel:2408-2616
Fax:2408-7717
Producer/Competitor.
7. Edward Keller Co.
Foods Department
36/F Windsor House
311 Gloucester Road
Hong Kong
Tel:2898-8632
Fax:2898-8440
Distributor/Wholesaler.

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8. Far East Asia Strategic Trading Co. Ltd.
Room 1301-02, Workingfield Commercial Building
408-412 Jaffe Road
Wanchai, Hong Kong
Tel:2572-2931
Fax:2573-5678
Contact Person: Ms. Deborah A. Lee, Director of
Marketing
Producer/Competitor.
 9. Fleetwood International Ltd.
8/F, Hong Kong Spinners Industrial Building
818 Cheung Sha Wan Road
Kowloon, Hong Kong
Tel:2370-7568
Fax:2742-2343
Contact Person: Mr Raymond Sin, Sales &
Marketing Manager
Producer/Competitor.
 10. Grand Plan Enterprises Ltd.
7/F Mon Hing Factory Building
20 Catchick Street
Kennedy Town
Hong Kong
Tel:2818-5761
Fax:2855-1597
Producer/Competitor.
 11. Great Favour Nuts & Native Products Ltd.
Room 2303-2304A Wing Tuck Commercial Bldg.
177-183 Wing Lok Street West
Hong Kong
Tel:2815-0110
Fax:2815-1003
Producer/Competitor, Distributor/Wholesaler.
 12. Happy Cereals and Oils Co.
Flat A17, 12/F
Hi-Tech Industrial Centre
5-21 Pak Tin Park Street
Tsuen Wan, New Territories
Hong Kong
Tel:2415-7107
Fax:2413-7277
Producer/Competitor.
 13. Hing Chan Peanuts and Seeds Factory
142 Wing Lok Street, G/F
Hong Kong
Producer/Competitor.

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14. Hong Fat Hong Provision Manufacturing Ltd.
Tel:2614-4588
Fax:2614-3129
Producer/Competitor.
 15. Kam Wah Beans and Flour Co.
454 Des Voeux Road West, 10/F

- Hong Kong
Producer/Competitor.
16. Natural Farm Food Company
9/F, Tung Cheong Industrial Building
177-181 Yeung Uk Road
Tsuen Wan, New Territories
Hong Kong
Tel:2408-0333
Fax:2408-1379
Producer/Competitor.
17. Oliver's
33/F Windsor House
311 Gloucester Road
Causeway Bay
Hong Kong
Tel:2576-8077
Fax:2577-0420
Distributor/Wholesaler.
18. Ponti Trading Ltd.
Unit D, 2/F, Luk Hop Industrial Building
5 Luk Hop Street
San Po Kung, Kowloon
Hong Kong
Tel:2328-3218
Fax:2322-5757
Producer/Competitor.
19. Wah Yuen Foods (H.K.) Co. Ltd.
G/F, 260 Hai Tan Street
Kowloon, Hong Kong
Tel:2720-2514
Producer/Competitor.
20. Wan Tom Food Company Ltd.
Agent for Ka Po dried fruits.
Room 27, 9/F
Pacific Trade Centre
2 Kai Hing Road
Kowloon Bay, Kowloon
Hong Kong
Tel:2751-1821

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Fax:2754-3945
Producer/Competitor.

21. Watson's The Chemist Ltd.
10/F Watson House
1-5 Wo Liu Hang Road
Fo Tan, Shatin
New Territories
Hong Kong
Tel:2606-8833
Fax:2601-5942
Contact Person: Mrs. Celia C. M. L. Mounger
Regional Merchandising
Development Director
Producer/Competitor.
22. Yat Loong
Agent for Ideal brand.
Stage 1, Block D, 10/F

Kwai Tak Industrial Centre
15-33 Kwai Tai Street
Kwai Chung, New Territories
Hong Kong
Tel:2428-0263, 2428-0268
Fax:2481-4627
Producer/Competitor.

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