

HONG KONG

1. CHARACTERISTICS OF THE MARKET

Hong Kong is a large market with a population of 5.8 million. Food supplies are in great demand and more than 90% of the beef consumed is from imports. In 1992, Hong Kong imported 149 million head of live bovine animals, all of which came from China (valued at Cdn\$47.9 million). The live bovine animals were slaughtered daily in local government regulated slaughterhouses to supply fresh beef to the local market.

In addition, Hong Kong imported a total of 472,579 MT of meat and meat preparation, a value which amounted to Cdn\$8700 million. Out of these imports, 31,974 MT was meat of bovine animals, valued at Cdn\$139 million. Major players include the U.S. (5,224 MT and Cdn\$35.4 million), Brazil (10,371 MT and Cdn\$32.6 million), New Zealand (3,671 MT and Cdn\$23.8 million), and China (6,055 MT and Cdn\$12 million). Canada's share was 155 MT, valued at Cdn\$0.82 million.

Out of the imports of meat and meat preparation, 18,084 MT were edible offals of bovine animals, 99% of them are frozen offals and valued at Cdn\$37.4 million, and major players include: Argentina (6,732 MT and Cdn\$15 million), Brazil (4,675 MT and Cdn\$9.2 million), and Australia (3,267 MT and Cdn\$6.2 million). Canada's share was 115 MT, valued at Cdn\$0.21 million.

Domestic supply of beef is insignificant and there is no government subsidy for beef farms.

Beef is excellent for steak, barbecue, and other recipes at home, restaurants, or hotels. However, Hong Kong consumers generally cannot distinguish high quality beef from poor quality beef.

Generally, western beef is perceived to have a higher quality image. The Americans are doing particularly well in portraying the quality image by emphasizing the use of high quality 100% American beef in very popular fast-food chains like McDonald's, Burger King, Pizza Hut, etc. Because of the heavy advertisements with these retail outlets and the influence of the "cowboy" movies in the past, the U.S. is perceived to be the place from which good beef meat is imported. However, western beef is also perceived to be more expensive than the beef from China or South America.

2. MARKET OPPORTUNITIES FOR CANADIAN PRODUCT

Canadian beef is perceived to be similar to or slightly better in quality than the American beef, however, consumers also perceived that the price of Canadian beef is far more