

4. Import Mechanism

Presently, all wheat imports are handled by agents and purchased by three privately owned flour mills. Feed grains are imported by importers, who sell to distributors, who in turn supply to local farmers, feedmills, etc. There are several feedmills in Hong Kong and most of them are operating on a small scale with the exception of three feedmills which are fully equipped with modern machinery and are capable of producing feed according to the individual customer's specifications. No changes are expected in the import structure or procedures in the future.

5. Grain Industry Infrastructure

There will be no changes in handling, storage or processing facilities in the near future. As mentioned in our last report, Far East Flour Mills Limited has built a new flour mill plant in Shekou, Shenzhen and the construction is now completed. It is reported that the new plant will start production in August 1984. Part of the production will be consumed in China and the balance will be exported to Hong Kong.

6. Government Policies Affecting Grain and Agriculture

As Hong Kong is a free port, there are no government restrictions or duties governing the importation of wheat and flour to this area. The grain trade is entirely in private hands. The only government policy for reserve stocks of grains applies to rice. Licensed importers of this commodity are required to maintain a local stock of rice equivalent to 2½ months consumption. The bulk of animal products for human consumption is imported, China being the main supplier.

7. Canadian Grain Marketing Prospects

Sales of Canadian wheat will continue to depend on price. Canadian high protein wheat is well favoured by the local flour mills. If Canadian wheat suppliers/exporters can arrange shipments for the flour mills in Hong Kong, render better service and obtain favourable ocean freight rates through negotiations with shipping companies - there is a good chance of increasing the sales of Canadian wheat in this region.

Do not foresee any potential for special crops in this market because these products are not consumed by the majority of the Chinese population with the exception of mustard and lentils which have some small demand.