

Hong Kong Retains Market Opportunities

By Caroline Yuen

Although it returned to China's rule in 1997, Hong Kong still retains its status as a customs territory separate from mainland China for 50 years. With this unique trade arrangement, Hong Kong controls all facets of trade and works directly with the international community. It remains a free port with its traditional free trade policies.

Hong Kong's essentially duty-free import zone made it a premier market for \$1.1 billion worth of U.S. exports in 2002. Only four products have duties—liquor (including wines), tobacco, hydrocarbon oils and methyl alcohol.

Binding Ties Free Up Trade

A sluggish economy has encouraged government and commercial sectors to push further economic integration between Hong Kong and the Pearl River Delta region in southern China. The Hong Kong and mainland Chinese governments signed the Closer Economic Partnership Arrangement in June 2003.

Rules Via Mail or Internet

A recent trademark ordinance provides an added bonus for exporters—more protection for brands and other intellectual property. As a service to importers, Hong Kong has an online site that contains all registered trademarks and the trademark applications in force at:

www.ipsearch.ipd.gov.hk

Effective Jan. 1, 2004, China cut tariffs on 273 Hong Kong-origin products to zero, with a phase-out of additional tariffs by 2006. Food and agricultural products were not included, except for ice cream. Both sides also agreed to promote cooperation in market access.

Getting Ready for Hong Kong

The FEHD (Food and Environmental Hygiene Department) calls the shots on Hong Kong food safety and enforces food-related legislation. The FEHD decides what products need health certificates from the country of origin or should be analyzed for bacteriological or chemical content.

Imports of frozen or chilled meats are subject to import licensing control. The FEHD recognizes country-of-origin certificates issued by USDA, but still requires permits for ground and chilled meats.

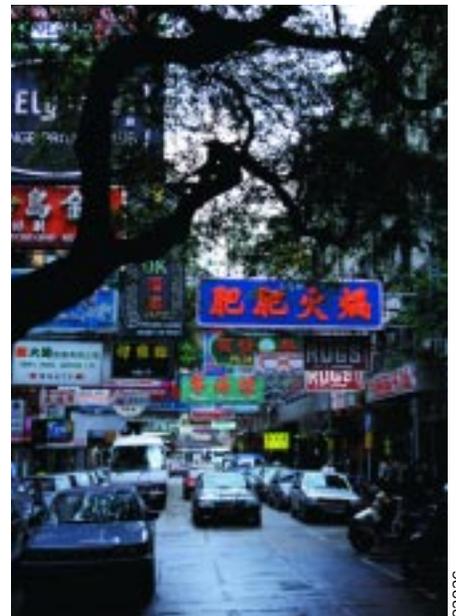
Dairy products and frozen confections also are subject to special approvals before entry.

The FEHD encourages importers of fish and seafood to obtain country-of-origin health certificates. Considered high-risk, seafood products are subject to random inspection and sampling.

There are few restrictions or requirements for entry of horticultural products.

U.S. exporters can purchase Hong Kong's basic (main) ordinance and subsidiary legislation from:

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Licenses or phytosanitary certificates are not usually required for fruits and vegetables, cut flowers, grains, timber or tobacco. Exceptions are plants for propagation that require import licenses in advance.

Live animals require permits in advance and must be imported by a Hong Kong-based importer. Some live animals are subject to quarantine.

The humane treatment of imported animals is regulated. Specific requirements direct imports of breeding pigs, horses, birds, dogs and cats. All animals must have valid veterinary health certificates issued by the country of origin.

Imports of exotic meats and endangered species of animals and plants face strict regulation. Chemical residues in food animals are also closely monitored.

Labeling? Chinese or English OK

Food and drug regulations require uniform labeling on prepackaged foods. Labeling can be in English, Chinese or both. Stick-on labels are acceptable if they



meet local requirements. Nutritional labeling is not required, but these designations are:

- Food name
- Ingredients
- Expiration or “use by” date
- Special conditions of storage or use, if any
- Name and address of manufacturer or packer
- Weight or volume

Health foods are subject to several ordinances, but generally should meet the labeling requirements for pre-packaged foods.

Some products are exempt from labeling, such as individually wrapped confectionery items or preserved fruit products intended for sale as single items, pre-packaged foods for catering use and products containing more than 1.2 percent alcohol by volume.

Labeling Changes in the Works

The Hong Kong government has proposed some amendments to its food regulations that may affect labeling: listing allergenic substances or food additives, a more flexible expiration date format and strengthened alcoholic beverage rules.

The labeling of foods from biotechnology has been under discussion since 1999. At this time, no legislation has been passed, but a request for voluntary labeling, supplemented by a mandatory pre-market safety assessment, will likely occur.

Though not yet proposed officially, legislation for nutrition labeling requirements is also expected in two phases—on a voluntary basis first that will allow suppliers to become familiar with the prescribed format, followed by a mandatory system.

Expect beefed up standards of import controls for fish, fodder, carcasses and parts

“One Country, Two Systems”

When the United Kingdom relinquished its claim on Hong Kong on July 1, 1997, the Hong Kong Special Administrative Region was created.

A constitutional framework was written and incorporated into Hong Kong’s Basic Law. The framework institutionalized the concept of “one country, two systems,” effective until the year 2047.

This framework prescribes that the social, economic and political systems in Hong Kong will be different from those in mainland China. Apart from foreign affairs and defense, the Basic Law guarantees Hong Kong residents their independence.

of animals, birds and fish, especially from countries with serious veterinary diseases.

Some Additives Have Specific Standards

Though Hong Kong currently has no requirements for listing added vitamins and minerals and seasoning substances, there is a list of permitted food preservatives, coloring matter and artificial sweeteners (and the allowed amounts). Pesticide residue tolerances adhere to Codex Alimentarius levels. ■

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