

Population: 7,413,000

Age 15-64: 5,047,000

Male: 2,236,000

Female: 2,811,000

Urban: 100.0%

Rural: 0.0%

Median Monthly

Wages: ~\$2,400

Male: ~\$2,700

Female: ~\$2,100

Age 15-24: ~\$1,800

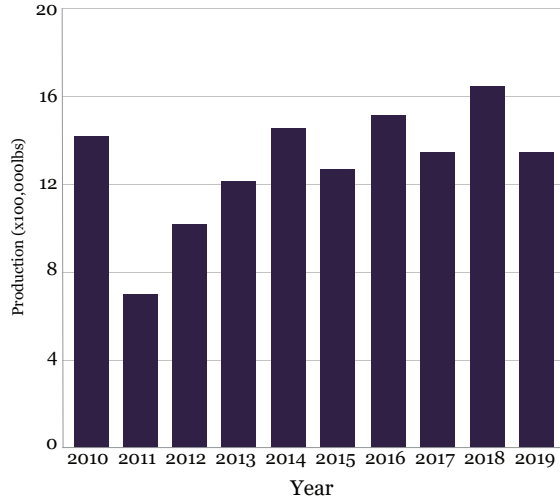
Age 25-34: ~\$2,500

Age 35-44: ~\$2,800

Age 45-54: ~\$2,400

Age 55+: ~\$2,000

Annual Oyster Production in the Hong Kong SAR,
2010-2019, UN FAO



Location of Deep Bay, Hong Kong SAR, AFCD



Production

In 2021, the Agriculture, Fisheries, and Conservation Department (AFCD) of the Hong Kong Special Administrative Region (SAR) of China reported that oyster farms in Hong Kong were producing approximately 271,000 pounds of oyster meat.¹ This would indicate that, based on an assumed weight of 4.0oz per oyster, total production in 2021 likely totaled approximately 1.0-1.1 million pounds. This is a 21-28% decrease from the 1.4 million live weight pounds reported by the United Nations Food & Agricultural Organization (FAO) in 2019.² For details regarding this calculation, refer to the "Oyster Quantity" article at the bottom right of this page.

Oyster farming has occurred in Hong Kong for more than 200 years.³ In recent decades, however, the degree of production has fallen substantially. From 2000-2009, production from Hong Kong oyster farms averaged 2.0 million live weight pounds, indicating that current production levels are anywhere from 40-50% lower than those observed in the previous decade.⁴

The reason for this decline has been attributed to a number of factors including dredging focused on lime harvesting, pollution, and the decline in the number of farmers engaged in the activity.⁵ Efforts by the Nature Conservancy and the University of Hong Kong to restore these farming habitats are currently underway; however, the efficacy of these efforts has yet to be determined.⁶

According to the AFCD, farming is mainly focused in a mud flat in the northeastern region of Hong Kong in an area called Deep Bay, shown above.⁷

Definitions

Trade Value

The customs value is based on the transactional value reported to said customs administrations and is defined as:

"...the price actually paid or payable for goods, including some adjustments... provided that certain conditions for a fair, uniform and neutral valuation are met."⁸

Trade Volume

The World Trade Organization defines its standards for the reporting import and export volumes in terms of "netweight" or as the weight of commodities not including the weight of the packaging in which the commodities are shipped.⁹

Methodology

Oyster Quantity

According to multiple scientific publications, the average weight of an unshucked oyster is between 3.1-5.1oz while meat weights can vary from 0.3-1.0oz.^{10,11} Therefore, Northern Insights calculates volumes based on unshucked oysters weighing 4.0oz with a meat weight of 1.0oz.



Northern Insights, LLC

Market Evaluation - First Phase

Hong Kong Special Administrative Region

HTS 0307.11 - Fresh or Chilled Oysters, Live



2021 HKG Exports:

Value (US\$):

\$1.9 million

Volume (lbs):

498,000

Avg Valuation:

\$3.89/lbs

5-Year Export Avg:

Value (US\$):

\$2.8 million

Volume (lbs):

672,000

Avg Valuation:

\$4.24/lbs

10-Year Export Avg:

Value (US\$):

\$2.8 million

Volume (lbs):

636,000

Avg Valuation:

\$4.34/lbs

Top 2021 Partners:

1. Macau SAR

\$1.9 million

496,000 lbs

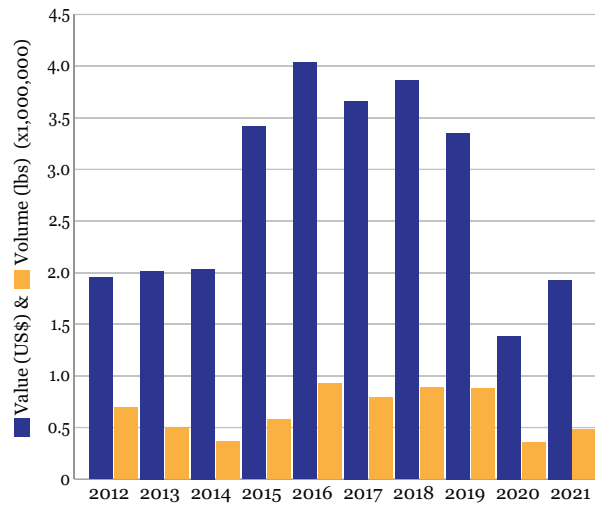
\$3.88/lbs

2. China

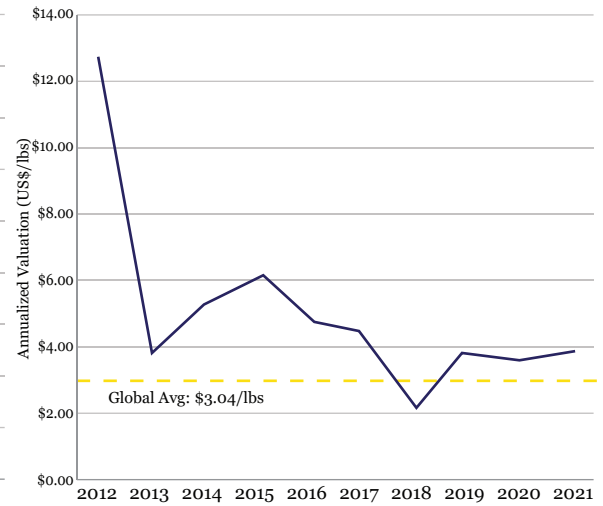
~\$10,000

~1,600 lbs

\$6.74/lbs



Annual Export Value (US\$) and Volume (lbs) of Fresh or Chilled Oysters, 2012-2021, UN Comtrade



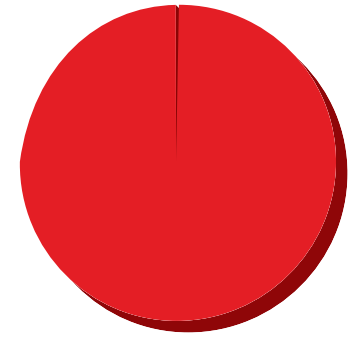
Annualized Average Valuations for Fresh or Chilled Oyster Exports, 2012-2021, UN Comtrade

Export Market

In 2021, Hong Kong reported exporting approximately 500,000 pounds of fresh or chilled oysters valued at \$1.9 million.¹² This is a 27.6% and 36.8% increase over 2020 export levels, respectively. Furthermore, annualized valuations in 2021 rose by 7.1%, increasing from \$3.63/lbs in 2020 to \$3.89/lbs in 2021. Yet despite these increases, these volumes, values and valuations indicate a continuation of a declining trend in all three categories observed since at least 2016.

Since 2012, export markets in the Hong Kong SAR have historically been oriented toward markets in the Chinese Macau SAR. In 2021, the Macau SAR constituted 99.5% of total export market value and 99.7% of export market volume. This is in keeping with the Macau SAR's historic averages from 2012-2021 during which time the Macau SAR represented at least 91.2% of export market share in terms of value as well as 73.6% in terms of volume.

Hong Kong SAR Export Value by Partner, 2021, UN Comtrade



China, Macau SAR China

Definitions

Export Value

World Trade Organization standards indicate that export values are to be reported based on a Free-On-Board (FOB) calculation. That is to say:

"FOB-type values include the transaction value of the goods and the value of services performed to deliver goods to the border of the exporting country."¹³

These FOB calculations typically exclude considerations of costs incurred once a commodity has left the borders of the exporting country, such as the cost of shipping and insurance.

Methodology

Calculating Valuations

The valuation of a good in this context is the result of dividing the annualized reported trade value of a commodity by the reported trade volume. Valuations are a useful analytic metric as they represent the potential sales value of products imported or exported to or from a country.

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All International Merchandise Trade Statistics cited, as well as the analysis of said statistics, were derived from those provided by the United Nations Comtrade database as maintained by the United Nations Statistics Division



2021 HKG Imports:

Value (US\$):
\$38.5 million
Volume (lbs):
9.2 million
Avg Valuation:
\$4.19/lbs

5-Year Import Avg:

Value (US\$):
\$34.9 million
Volume (lbs):
9.0 million
Avg Valuation:
\$3.86/lbs

10-Year Import Avg:

Value (US\$):
\$34.3 million
Volume (lbs):
9.1 million
Avg Valuation:
\$3.78/lbs

Top 2021 Partners:

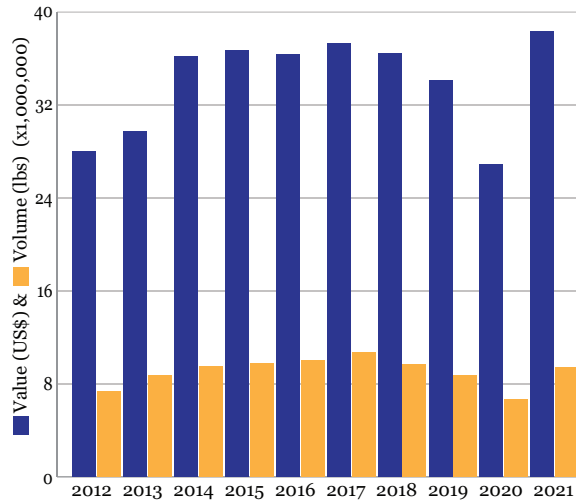
1. France
\$12.9 million
2.8 million lbs
\$4.60/lbs

2. Canada
\$6.3 million
1.1 million lbs
\$5.81/lbs

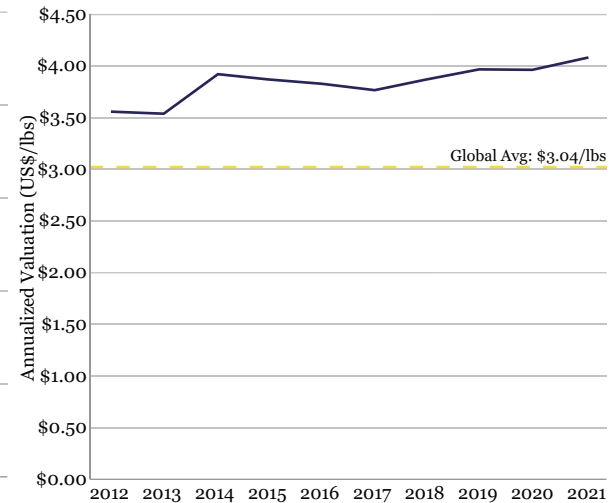
3. China
\$4.6 million
1.9 million lbs
\$2.36/lbs

4. United States
\$4.2 million
1.2 million lbs
\$3.44/lbs

5. Japan
\$4.0 million
655,000 lbs
\$6.16/lbs



Annual Import Value (US\$) and Volume (lbs) of Fresh or Chilled Oysters, 2012-2021, UN Comtrade

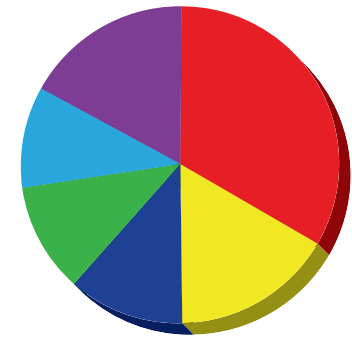


Annualized Average Valuations for Fresh or Chilled Oyster Imports, 2012-2021, UN Comtrade

Import Market

In 2021, the Hong Kong SAR reported importing 9.2 million pounds of fresh or chilled oysters valued at \$38.5 million.¹⁴ This is a 30.0% and 24.2% increase over 2020 import levels, respectively. Furthermore, annualized valuations in 2021 rose by 6.6%, increasing from \$3.93/lbs in 2020 to \$4.19/lbs in 2021. This \$4.19/lbs valuation is the highest valuation achieved in the import market since 2012. The bar chart above depicts import values and volumes from 2012-2021 while the pie chart to the right depicts the apportionment of fresh or chilled oyster import values by import partner.

Hong Kong SAR Import Value by Partner, 2021, UN Comtrade



France Canada China
United States Japan Other

France was the Region's largest import partner in 2021, constituting 33.3% of all fresh or chilled oyster imports. This is a significant increase in market share from the 23.2% market share for which French imports accounted in 2012, however, France remained the Region's single largest import partner, in terms of trade value, from 2012-2021.

Tariffs

The Hong Kong SAR is a "free port," meaning that its government does not levy tariffs, quotas or surcharges against goods being imported.¹⁵

Definitions

Import Value

World Trade Organization standards indicate that import values are to be reported based on a Cost-Insurance-Freight (CIF) calculation. That is to say:

"CIF-type values include the transaction value of the goods, the value of services performed to deliver goods to the border of the exporting country and the value of the services performed to deliver the goods from the border of the exporting country to the border of the importing country."¹⁶

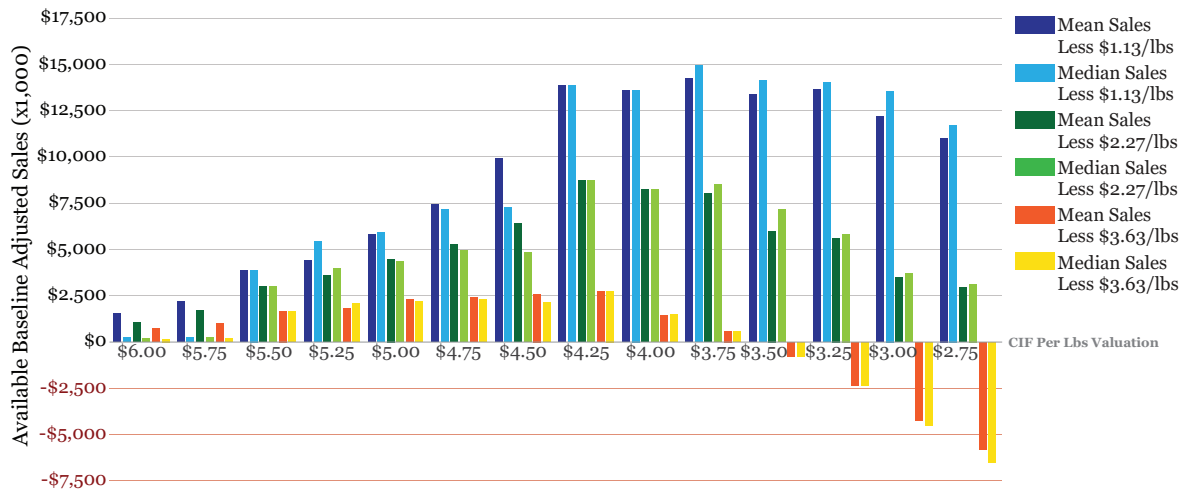
Costs associated with services in this case can include transportation, handling, and insurance costs.



Major Airports:
- Hong Kong International Airport (HKG)

Major Ports:
- Port of Hong Kong

Mean & Median Baseline Annual Sales Available for Products Sold at a Set Unit Valuation After Adjusting for Shipping Costs, Based on Hong Kong SAR Import Values, Volumes, & Valuations from UN Comtrade, 2012-2021



Logistics

With an average 10-year import valuation of \$4.19/lbs, the Region remains a high-value market worth consideration even under current conditions of elevated air shipping rates.¹⁷ The chart above depicts the total potential baseline sales available to farms exporting to the Region after paying shipping rates of \$1.13/lbs, \$2.27/lbs, and \$3.63/lbs have been paid based on the mean and median trade values being reported in specific valuation groupings.

As depicted, the largest sales value can potentially be achieved for those farms exporting at a CIF valuation \$3.75/lbs, however, this would necessarily imply that a farm would receive \$0.12/lbs if an average shipping rate of \$3.63/lbs were to be levied. An average valuation of \$4.25/lbs would result in only a marginal drop in baseline sales value under a shipping rate of \$1.13/lbs while also resulting in the highest sales value acquired under a shipping regime of \$3.63/lbs. At this valuation, a farm would receive anywhere from \$0.62-\$3.12/lbs depending on the shipping rates or, assuming oysters of a weight of 4oz, \$0.16-\$0.78/oyster.

This valuation would enable farms to access an existing import market with an average import volume of 4.4 million pounds with an additional domestic market volume of as much as 250-330 thousand pounds.

Assessment

The Hong Kong SAR was the second largest

market in the world in 2021 in terms of value and has consistently vied with the United States as being the largest from 2012-2021. In addition, annualized valuations for imports in the Hong Kong SAR have consistently been greater than those in the United States with a 10-year mean valuation of \$3.78/lbs, a valuation which is 25.6% greater than that of the United States during the same period.

Furthermore, the predominance of French imports indicates a potential weakness in the demand market for an entrant whose quality and branding can rival that of French brands. Shipping from France to the Asia Pacific is likely to result in a relatively high shipping cost for French distributors due to the difficulty in maintaining the freshness of the product across such a long distance. As such, margins for these exports may be tighter than those for an entrant whose location enables faster transport and, as such, a greater chance of freshness. In fact, this dynamic may be why Canadian exporters are able to consistently maintain import volumes of greater than a million pounds despite valuations of more than \$0.50/lbs greater than that of French exports.

Therefore, a new entrant to the global fresh or chilled oyster market may be able to acquire a portion of either the Canadian or French market share, or perhaps even both, by providing a product of equal quality for a CIF valuation of between \$3.75-\$4.25/lbs.



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