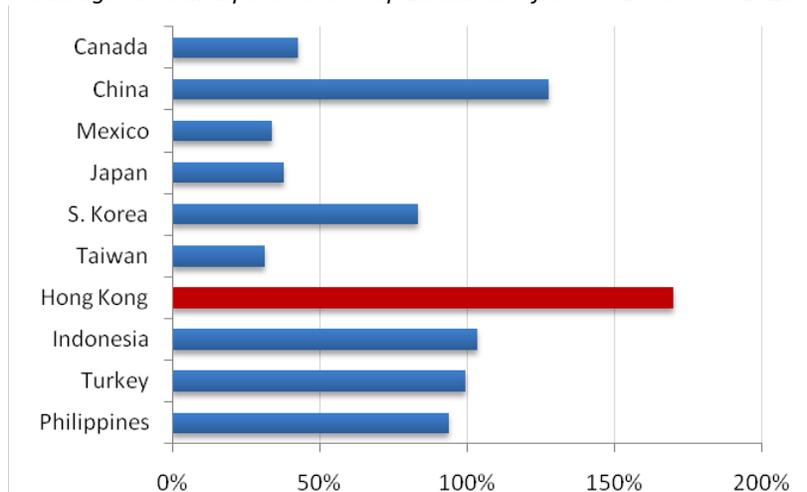


U.S. Export Pace to Hong Kong Surpasses Major Markets

Over the past five years, Hong Kong has, on a percentage basis, emerged as the fastest-growing agricultural export market among the top 10 U.S. markets. Much of this growth is supported by Hong Kong's surge in transshipments to the rapidly advancing economies of China and Vietnam, its major export partners. Hong Kong re-exports roughly 40 percent of its agricultural imports. Other factors leading to U.S. agricultural export success include Hong Kong's business-friendly environment, large middle class and interest in high-value products. Shipments are forecast to rise further as Hong Kong and its trading partners recover from the global economic slowdown.

Export Growth to Hong Kong Fastest Among Leading Markets

U.S. agricultural exports to the top 10 markets from FY 2006 to FY 2010



Record Agricultural Exports to Hong Kong

Agricultural exports to Hong Kong reached a record \$2.5 billion in fiscal year 2010, securing its rank as the seventh-largest market for U.S. agricultural exports for a second consecutive year. FY 2011 exports are expected to remain strong as the export pace is up 36 percent, valued at \$1.8 billion, for the first half of the fiscal year. With more than 95 percent of its food supply imported, Hong Kong depends on trade to meet its own consumption needs as well as for re-export. Agricultural exports from all global suppliers to Hong Kong doubled from FY 2006 to reach \$14.4 billion in FY 2010.

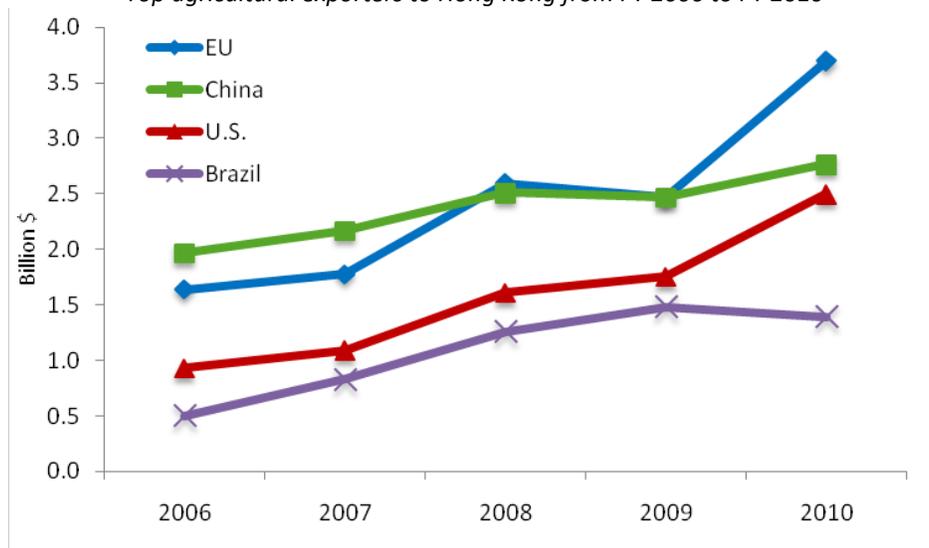
U.S. Market Share Strengthens

Top suppliers to Hong Kong include the European Union, China, the United States and Brazil. The EU was the leading supplier in FY 2010 with one-fourth of the market; over half of its exports were comprised of hides and skins and wine. China's major agricultural shipments included live swine, red meat and poultry. Meanwhile red meat, poultry and variety meats comprised most of Brazil's exports. Sales from the United States swelled due to shipments of tree nuts, red meat, fresh fruit, poultry and hides and skins. From FY 2006 to FY 2010, the U.S. share of Hong Kong's imports rose from 12 to 17 percent, while the EU and Brazil's shares grew

slightly to reach 26 (\$3.2 billion) and 19 percent (\$1.5 billion), respectively, and China's share contracted to 19 percent (\$2.6 billion) in FY 2010.

The United States Gains Ground over China on Agricultural Exports to Hong Kong

Top agricultural exporters to Hong Kong from FY 2006 to FY 2010



Hong Kong's Demand for High-Value Agricultural Products Remains High

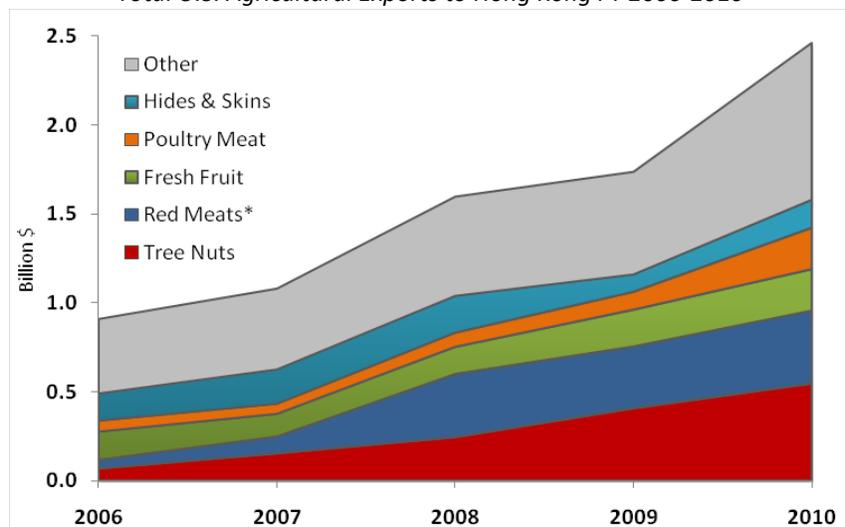
In contrast to China, where bulk commodities comprise 77 percent of U.S. agricultural exports, consumer-oriented products comprise more than 75 percent of U.S. exports to Hong Kong. According to IHS Global Insight, China's per capita gross domestic product¹ is \$6,900 while Hong Kong's per capita GDP is \$31,800. This relationship between purchases and income supports the assertion that as incomes rise, consumers improve their diets and buy more high-value products. While at times some U.S. products may be higher priced than regional supplies, Hong Kong's consumers value quality and purchase U.S. products because they are known for having high food safety and quality standards. Although Hong Kong's economy slowed in 2009 due to the global economic recession, the economy rebounded in 2010 and USDA projects an average annual GDP growth rate of 4.4 percent over the coming decade. This GDP growth rate is higher than our top six trading partners, excluding China.

Tree Nut Exports to Hong Kong Soar

The rapid surge in U.S. exports of tree nuts to Hong Kong indicates changing consumption patterns from a special occasion treat to a regularly consumed snack. Between FY 2006 and FY 2010, Hong Kong's total tree nut imports expanded over 230 percent to reach \$903 million. The United States supplied two-thirds of Hong Kong's tree nut imports with \$549 million shipped in FY 2010. Top growth products exported within the past five years include almonds, pistachios, pecans and walnuts. U.S. pistachio exports to the world are forecast to rise 20 percent in FY 2011 due in part to strong shipments to Hong Kong and China.

Consumer-Oriented Products Dominate U.S. Agricultural Shipments to Hong Kong

Total U.S. Agricultural Exports to Hong Kong FY 2006-2010



Hong Kong's Distinct Market Continues to Expand

Hong Kong's near total dependence on trade for consumption as well as its role as an enormous regional transshipment hub makes it a unique market. Re-export trade can be volatile and depends on the importing country's import policies and overall economy. However, the continued global economic recovery and the rapid economic growth of Hong Kong's top export partners, China and Vietnam, should maintain Hong Kong's status as a vital hub for U.S. agricultural products. Although shipments from competitors may also grow, the United States maintains a competitive advantage for products such as tree nuts and certain cuts of red meats. Other top prospects for U.S. products include poultry meat, fresh and processed fruit, vegetables and wine. Total U.S. agricultural exports are forecast to grow 34 percent from FY 2010 levels to reach \$3.3 billion in FY 2011.

ⁱ Real purchasing power parity 2005 U.S. dollars.