

Hong Kong Commissioner Touts Trade Opportunities for California Business

The Hong Kong commissioner to the United States, Clement C. M. Leung, JP, highlighted the numerous trade opportunities and advantages Hong Kong offers to California businesses at a California Chamber of Commerce international luncheon forum on February 6.

The event was attended by Assembly members Travis Allen (R-Huntington Beach), Brian Jones (R-Santee), and Sebastian Ridley-Thomas (D-Los Angeles); representatives from the Governor's Office of Business and Economic Development (GO-Biz); and representatives from the U.S. Department of Commerce and U.S. Commercial Service.

Leung introduced Hong Kong as a "place where the East meets the West," a launching pad both for U.S. businesses looking to enter the Asia market and for Chinese enterprises, which are venturing out onto the global stage.

Access Huge Population

Hong Kong is at the heart of a rapidly growing East Asia, giving the city economic and strategic importance. Within a five-hour flight, one can access half of the world's population in mainland China. This strategic role is why U.S. companies have flocked to the region, establishing more than 1,300 firms, Leung said.

"These companies look beyond the Hong Kong domestic market and utilize the city for the regional operations to serve the Asia Pacific, particularly the mainland," he said.

A burgeoning middle class and growth in affluent customers in China is having an impact on tourism and driving demand for luxury goods. For these customers, Hong Kong serves as a "shop window"—about 40 million mainland Chinese tourists visited the city in 2013, Leung said.

"The city has become an ideal showroom for overseas companies to raise the profile of their goods to an increasingly affluent and brand-conscious mainland middle-class," he said.

Wine Trading

One sector that is benefiting from the tastes of China's growing middle class is the wine industry, which is expected to see a 40% growth in sales in Hong Kong by 2017. In China, wine has become popular among the middle class, as it's considered to be "stylish," Leung said.

In February 2008, the city eliminated

Kong to see where it can expand market share.

The United States' share of the wine market is small, and California in particular has good wine products, Leung said.

"[California wine is] undervalued and the small percentage that you have in the regional market means that there is tremendous potential for growth," he said.

Hong Kong Economy

In addition to its prime location, Hong Kong remains a free port and has a free trade agreement with mainland China, the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA). The trade agreement provides that all goods manufactured in Hong Kong, which meet the CEPA rules of origin, face zero tariffs upon being imported into mainland China.

In 2013, Hong Kong had a 4% increase in real gross domestic product and its jobless rate was at 3.2%.

The United States is Hong Kong's second largest trading partner (mainland China being its first largest trading partner) and is California's sixth-largest export destination, exporting approximately \$7.8 billion in 2012. Hong Kong's value of imports per capita from

the United States in 2012 was \$5,239, which is substantially above that of many U.S. major trading partners, including Mexico, Australia, Japan and the European Union.

More Information

Interested businesses may contact the *Hong Kong Economic and Trade Office* in San Francisco, (415) 835-9300, for more information.

The office represents Hong Kong on matters related to economy and trade in the United States, and helps foster trade and commercial ties between the two countries.

Information also is available at the CalChamber trading partner portal, www.calchamber.com/hongkong.

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Clement C.M. Leung (left), Hong Kong commissioner to the U.S., and Margaret Wong, president and CEO of McWong International, and member of the CalChamber Board.

wine duties and saw total wine imports increase more than 180%—from \$367 million in 2008 to about \$1 billion in 2012. Wine sales in China reached \$40.5 billion in 2012, according to Euromonitor International. The United States is the fourth largest wine exporter to Hong Kong in terms of value and the third in terms of quantity. Compared with 2008, Hong Kong imports of U.S. wines increased by 264%, reaching nearly \$67 million in 2012.

In May 2010, Oregon and Washington each signed a Memorandum of Understanding on Cooperation in Wine-Related Businesses with Hong Kong. At the luncheon, Leung questioned why California is lagging behind "both its neighbors," and encouraged the California wine industry to take a closer look at Hong