



INSIDE CHINA

Japan's food exporters target GBA

Strong demand for the country's cuisine is creating more interest in Hong Kong's role as a gateway to the region.

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Japanese cuisine is a firm favourite with diners in both Hong Kong and Mainland China. Data from the Ministry of Agriculture, Forestry and Fisheries of Japan shows that the mainland has, for the first time become the leading market for Japanese food exports.

The Hong Kong Trade Development Council (HKTDC) Transformation Sandbox (T-box) recently arranged a webinar for Japanese exporters, showing them how to use Hong Kong and the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) as a springboard into the mainland market.

GBA gateway

Yoshihiro Watanabe, Operations Director in the Gifu Prefecture Industrial Economic Promotion Centre, said Hong Kong has long been on the map for enterprises in Gifu Prefecture, a largely rural area between Nagoya and Kyoto. Mr Watanabe said he hoped Japanese companies could gain a deeper understanding of the food market in Hong Kong and the GBA through the HKTDC.

"This seminar shares the trends of the food industry in terms of logistics and development. We look forward to the further stabilisation of the global epidemic and the restoration of free customs clearance in the international arena. [When this happens] we will be able to promote and hold different activities in Hong Kong again," Mr Watanabe said.

Ricky Fong, Director of the HKTDC Japan (Osaka) Office, said Hong Kong people have always been keen to travel to Japan and have shown an even greater demand for Japanese food amid the pandemic.

"Hong Kong people's enthusiasm for Japanese food and their purchasing power cannot be ignored. Japan's exports of agricultural, forestry and aquatic products to Hong Kong exceeds HK\$11.6 billion [US\$1.48 billion] a year, accounting for less than 5% of Hong Kong's imports of similar food products."

Mr Fong said that as more and more people in the mainland pursue a high-quality life, their demand for imported food will grow. As a gateway to the GBA, Hong Kong's convenient transport network has helped Japanese companies connect with the GBA and its population of 86 million.

"When Japanese farmers deliver the food they picked in the morning to Narita or Kansai Airport, they can clear customs in Hong Kong in the afternoon and arrive at retail stores and restaurants in Hong Kong in the evening. In response to the high demand for Japanese fresh food from the people in the GBA, we hope that in the near future we will be able to deliver Japanese food to the Greater Bay Area via Hong Kong on the same day," Mr Fong said.

Customs requirements



Wing Chu, Business Advisory head at HKTDC Research

Wing Chu, Business Advisory head at HKTDC Research, pointed out that the mainland had become a huge consumer market, with food imports reaching US\$208.9 billion in 2021. Hong Kong enterprises can export food to the mainland through two channels: "general trade" and "cross-border e-commerce".

"As an entrepot, Hong Kong exports a large amount of food to the mainland every year, and more than 90% of these foods come from Europe, North America and Asia. It is worth noting that starting from 1 January this year, all foreign food manufacturers

must obtain an import registration certificate from the mainland's General Administration of Customs when entering the mainland market. Among them, 18 types of imported food from overseas manufacturers require certification," Mr Chu said.

Mr Chu suggested overseas food traders who intend to enter the mainland market use cross-border business-to-consumer (B2C) channels to test product demand in small batches – in which case they are exempt from needing a registration certificate. The food has to be sold directly to individual consumers on a B2C basis and cannot be resold or sold in bulk.

"The advantage of cross-border e-commerce is that import tax and value-added tax is 30% lower than that for general traders. Import duties are also exempted, and food can be imported into the mainland through simple channels," Mr Chu explained.

"As exporters scramble to enter the mainland market, high-quality imported food traders will have a competitive advantage, especially Hong Kong enterprises engaged in food re-exports. If you have a deeper understanding of the mainland market and relevant regulations, you can also take advantage of the Comprehensive Economic Partnership Agreement (CEPA) to enter the mainland market. Overseas companies such as Japan can also partner with Hong Kong companies to develop the Greater Bay Area and the mainland market."

Domestic market

Anson Poon, Senior Supply Chain Consultant at GS1 Hong Kong, said GS1 is a global standard organisation that provides globally unique identification keys for identifying trade items, logistics units, locations and assets in the supply chain, from manufacturers to consumers. The keys, like GTIN (Global Trade Item Number) or commonly named barcode, is the most widely used business standard in the world and helps to improve information exchanges between businesses. The GS1 barcode is scanned as often as 6 billion times a day.



Anson Poon, Senior Supply Chain Consultant at GS1 Hong Kong

From the beginning of this year, several product categories entering the mainland – including infant food, pasta, biscuits, beer and cosmetics – must enter the GTIN (GS1 product barcode) at import declaration. By using GTIN, enterprises can now enjoy an intelligent

auto-fill feature. The declaration elements such as classification, country of origin and specification will automatically be identified. This simplifies and speeds up the declaration process and improves accuracy.

Mr Poon added that the association had developed "ezTRACK" on the basis of the EPCIS data-sharing standard, allowing enterprises to review in real time. A variety of information critical to business operations, including production progress, product inventory data and delivery schedules, also lets companies and trading partners communicate information anytime, anywhere.

Japanese food showcase

Many overseas food brands use Hong Kong companies to successfully access the GBA. OSK Hong Kong, a half-century-old food supplier, has its own logistics team and 31 retail stores in Hong Kong. It imports as many as 3,000 types of food products from Japan, Korea, Taiwan, Europe and other offshore economies.



Dr Wong Wai-hung, CEO of OSK

Dr Wong Wai-hung, CEO of OSK, said the company had brought Japanese snacks to Hong Kong as early as the 1980s. Currently, it imports more than 15 well-known Japanese food brands, including Nissin, Fujiya, Sanko Seika and YBC. He believes many Hong Kong companies are willing to cooperate with Japanese food vendors given the guaranteed quality of Japanese food and their common business philosophy and target market.

"Japanese food is very popular among mainland consumers. According to data

from the Japanese Ministry of Agriculture and Forestry, Mainland China imported HK\$14.95 billion (US\$1.9 billion) worth of Japanese food last year, a year-on-year increase of 23% even amid the COVID-19 pandemic. The mainland became the largest importer of Japanese food for the first time, replacing Hong Kong, which had been the largest importer of Japanese food for 16 consecutive years."

Dr Wong believes the upsurge in popularity of Japanese food products in the mainland could lead Japanese food suppliers to take advantage of Hong Kong's international logistics and trade advantages and use the GBA as an entry point to fully explore the gigantic mainland market. Suppliers could use exhibitions in the mainland to explore the market there, he said, adding that OSK participated in the HKTDC Food Expo previously.

“As online shopping has boomed in recent years, our products continue to be listed in major chain supermarkets and leading digital shopping platforms in Hong Kong and the mainland, such as HKTV Mall, Tmall, JD.com and Taobao, [helping us] to achieve simultaneous online and offline development.”

T-box transforms SMEs

Since the launch of T-box, the HKTDC's SME support programme, the response has been very positive, with more than 2,000 companies participating and over 450 free consultations – provided by professional organisations, chambers of commerce, government agencies and representatives of the consulates of various countries in Hong Kong – being arranged. More details [here](#).

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