United States Department of Agriculture
Foreign Agricultural Service

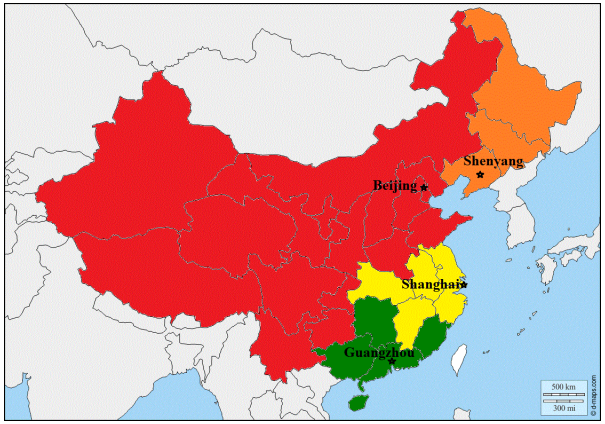
The China market for Hawaiian ag products

A landscape of opportunities and challenges

The USDA Foreign Agricultural Service links U.S. agriculture to the world to enhance export opportunities and global food security.

- Market Intelligence
- Market Access
- Market Development

USDA Mission China



OAA Beijing: 7 Americans, 9 LES

ATO Beijing: 2 American, 8 LES

ATO Guangzhou: 2 American, 8 LES

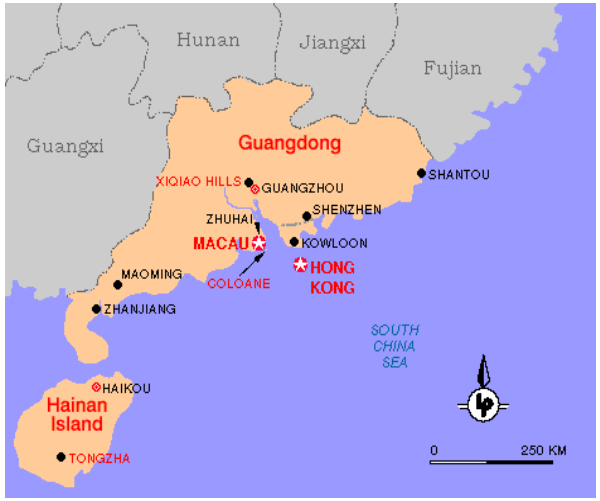
ATO Shanghai: 2 Americans, 9 LES

ATO Shenyang: 1 American, 4 LES

APHIS Beijing: 3 Americans, 2 LES

Total: 17 Americans, 40 LES

Southern China



Rank of Provinces by GDP:

Guangdong: No. 1, 1.54 trillion, **up 7.7%**
Fujian: No. 8, 605 billion, **up 9.6%**
Hunan: No. 9, 568 billion, **up 9.1%**
Guangxi: No. 19, 303 billion, **up 4.35%**
Hainan: No. 28 , 76 billion, **up 9.9%**

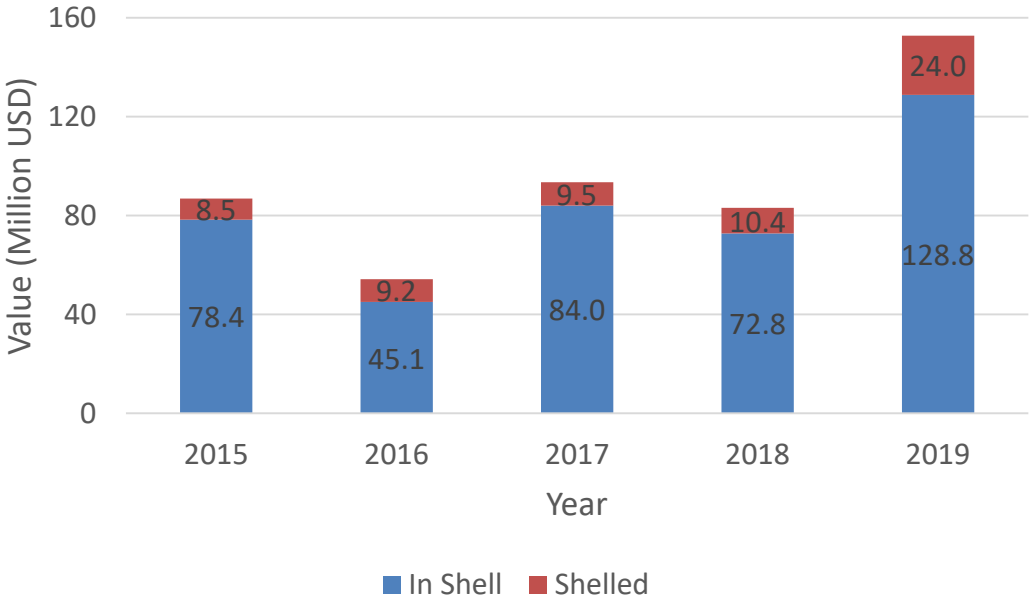
(Source: 2019 data)

China market - Consumers

- Growing middle class
- Expanding tastes and interest in imported food
- Food safety and quality
- Bilateral tensions have little impact on consumers

Macadamia Nuts

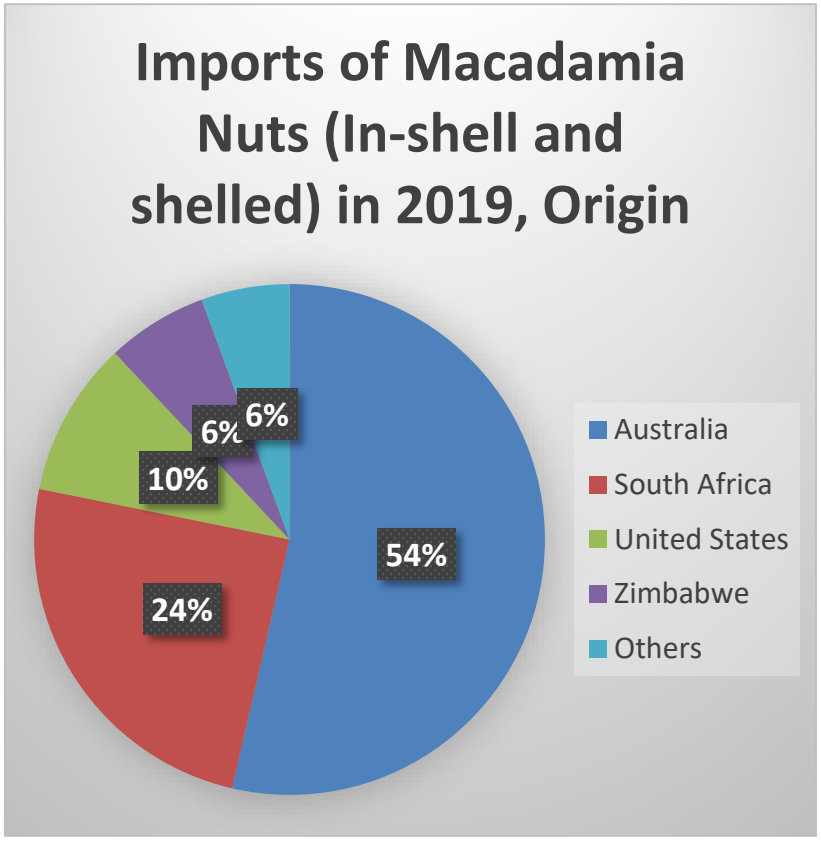
China Total Imports of Macadamia Nuts, by year



¥229.90

Macadamia Nuts – cont.

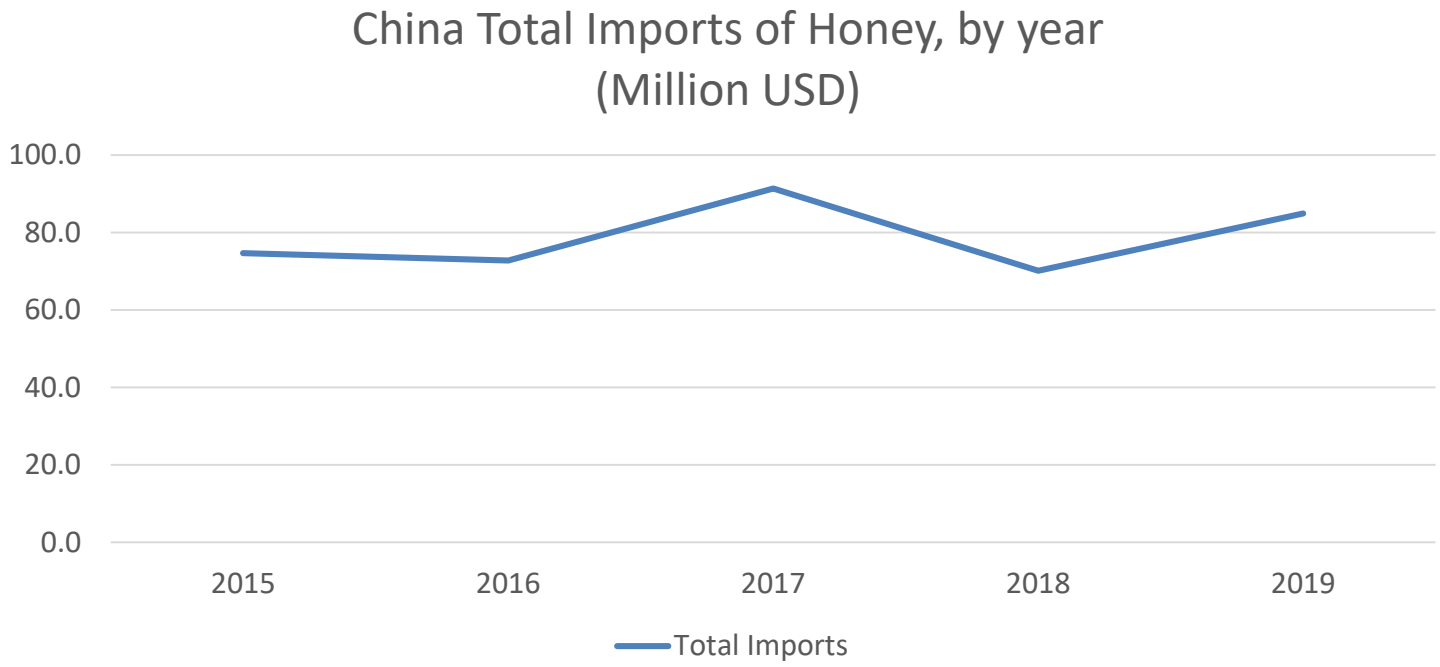
- **Tariffs:**
  - Australia: 0%
  - South Africa:
    - 19% + 13% VAT
  - *USA:*
    - *After exclusion: 27% + 13% VAT*
    - *Without exclusion: 27% + 15% + 13% VAT*



Macadamia Nuts – cont.

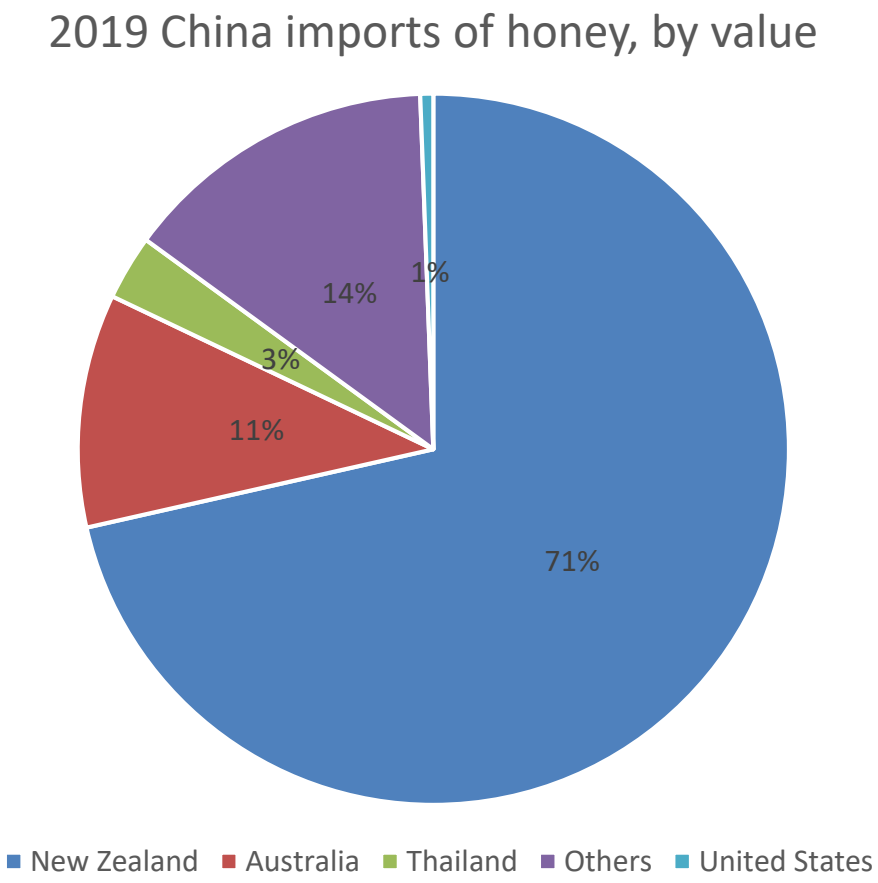
- Good consumer awareness
- Considered premium product
- Room for growth: Confectionary, snack food

Honey


China Total Imports of Honey, by year
(Million USD)
100.0
80.0
60.0
40.0
20.0
0.0
2015
2016
2017
2018
2019
Total Imports

Honey

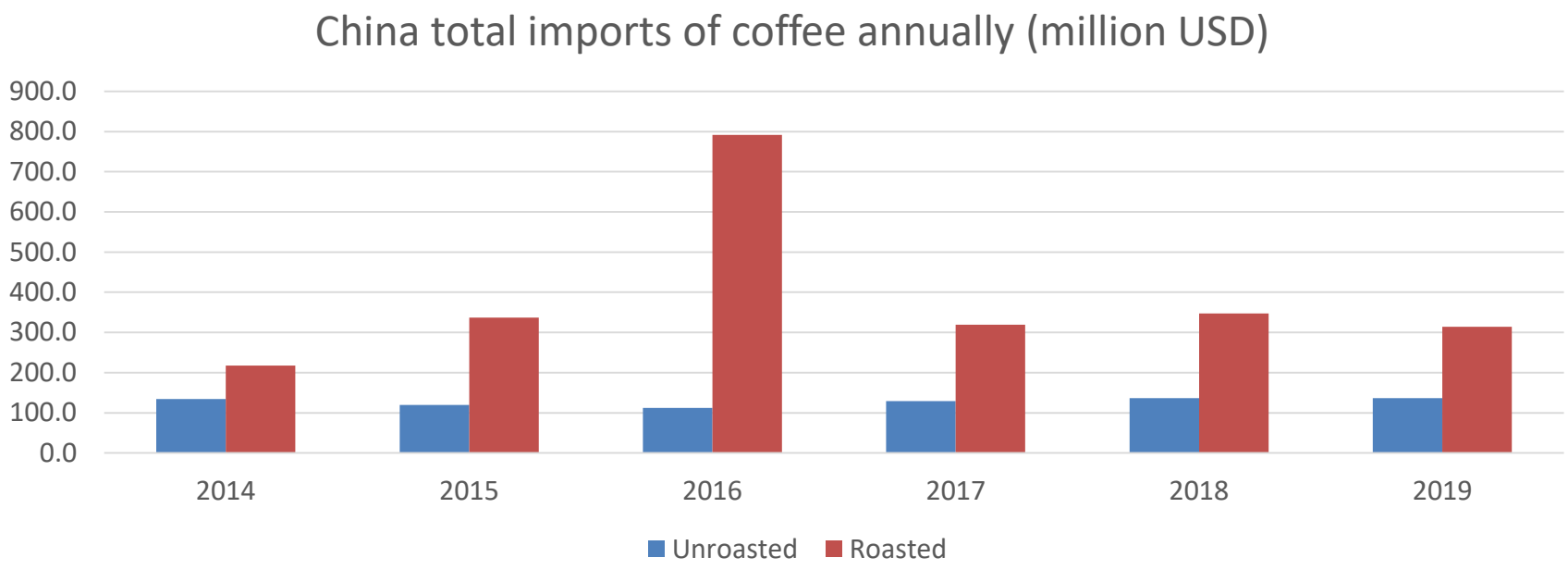
- **Tariffs:**
  - New Zealand: 0%
  - Australia: 0%
  - *USA: 15% + 9% VAT* (small quantities so have not seen tariff exclusion)



Honey – cont.

- **Differentiation is key**
- **Key messaging**
  - Food safety
  - Quality
  - Less pollution
- **Ecommerce and High-end retail**

Coffee

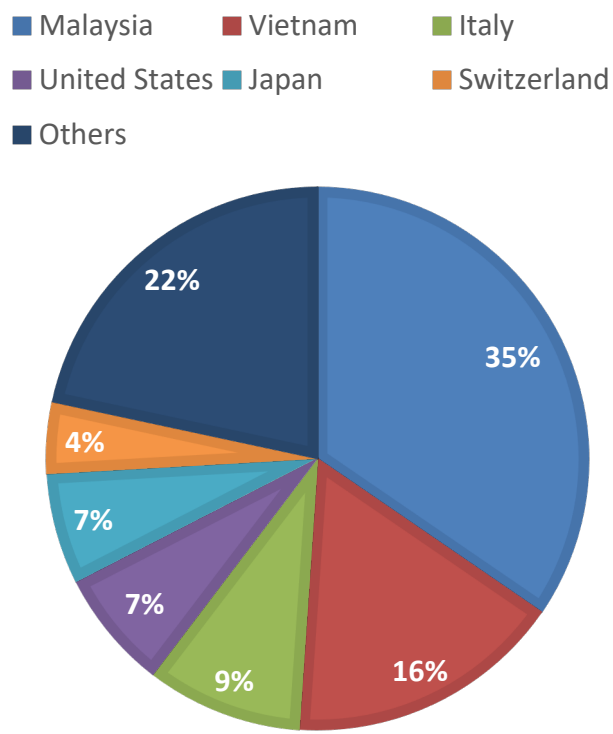

China total imports of coffee annually (million USD)
900.0
800.0
700.0
600.0
500.0
400.0
300.0
200.0
100.0
0.0
2014
2015
2016
2017
2018
2019
Unroasted
Roasted

Espresso
intenso
LAVAZZA
QUALITÀ ROSSA
illy
168.
208.
99.

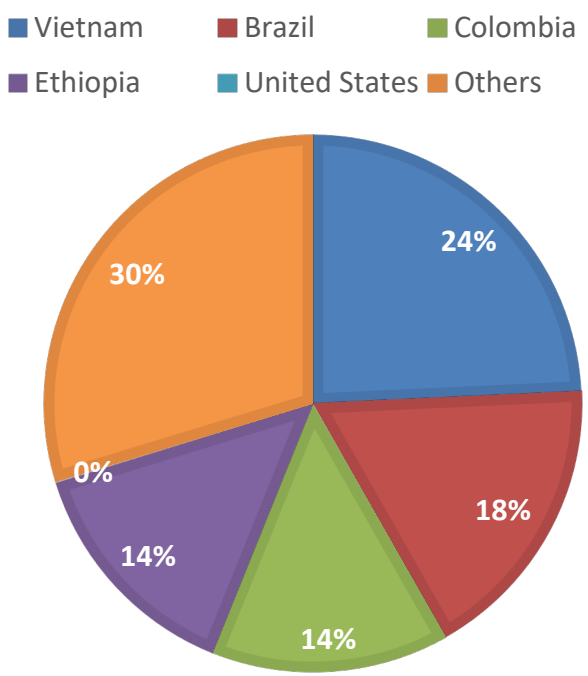
ETHIOPIA
SOUTH OF THE CLOUDS
AUTUMN BLEND
ITALIAN ROAST

Coffee

2019 CHINESE SOURCES OF IMPORTED COFFEE, ROASTED

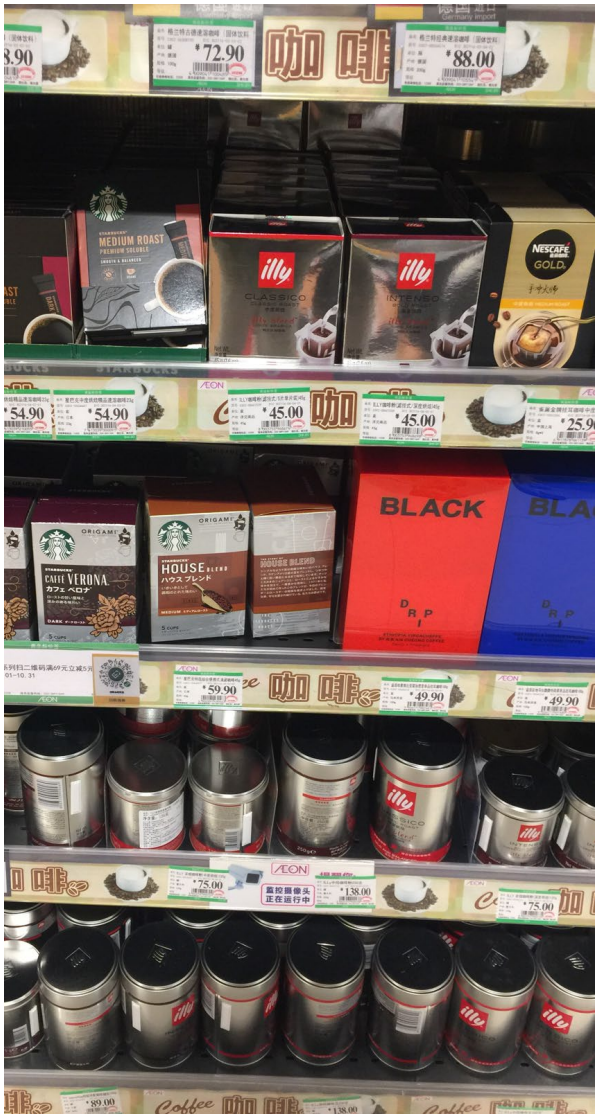


2019 CHINESE SOURCES OF IMPORTED COFFEE, UNROASTED



Coffee

- **Tariffs (Roasted):**
  - Malaysia: 15% + 13% (30% + 17% VAT instant)
  - Vietnam: 15% + 13% VAT
  - *USA: 25% + 13% VAT*
- **Tariffs (Unroasted):**
  - Vietnam: 8% + 13% VAT
  - Brazil: 8% + 13% VAT
  - *USA: 18% + 13% VAT*



Coffee trends

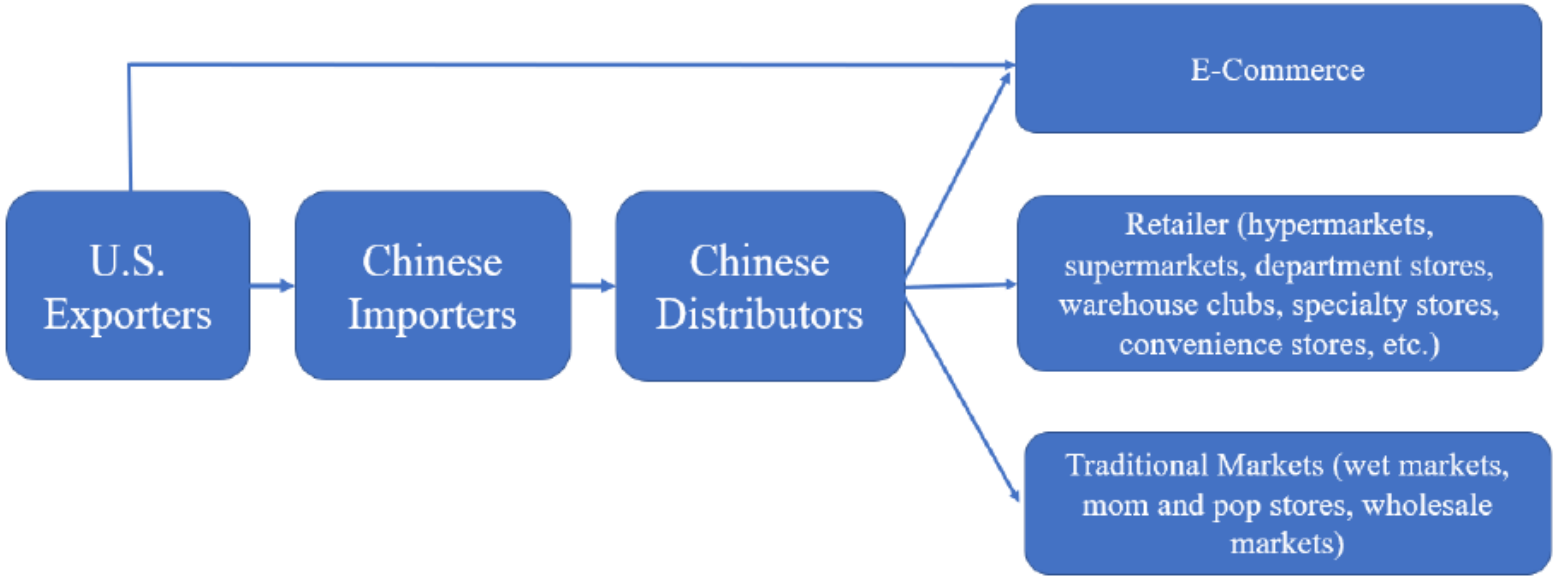
- Coffee is growing in popularity, but milk-heavy drinks and new style Chinese teas are popular as leisure
- Growing specialty and boutique coffee shop culture throughout China, some shops seek to roast their own beans
- Opportunities for roasted in high-end retail and online; for unroasted through distributors to boutique coffee shops

China market - importers

- **Price sensitive**
- **Uncertainty**
- **Relationships are key**
  - Face-to-face is best; Virtual also accepted
- **Seek coordination and support on market promotion and development**

Channels

- **Importer/ distributor**
- **eCommerce**
- **Cross Border eCommerce**



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