

SE Finance
HD **Hong Kong** provides ideal path into **China** - EXCLUSIVE -
BY ROWAN CALLICK, ASIA-PACIFIC EDITOR
WC 1,045 words
PD 19 March 2014
SN The Australian
SC AUSTLN
ED 1 - All-round Country
PG 18
LA English
CY © 2014 News Limited. All rights reserved.
LP

AUSTRALIAN fine **wine** and food producers are being urged to use **Hong Kong**, where consumers have a similar income to Australia, as a springboard into Asia.

Australia only provided about \$90 **million** of the \$1.1 **billion** worth of **wine** bought last year by **Hong Kong**, where **wine** imports have quadrupled since duties were abolished in 2008.

TD

Fred Lam, executive director of the **Hong Kong** Trade Development Council, has brought to Australia 20 principals of 17 food and **wine** companies, seeking quality Australian suppliers.

“**Business** matching has gone well,” he told The Australian.

He strongly backs the start of negotiations towards a free trade agreement between Australia and **Hong Kong**, which already has a deal with New Zealand, is close to concluding one with Chile and is negotiating with ASEAN.

The previous Labor government rejected a request from **Hong Kong** to start negotiations, but Foreign Minister Julie Bishop said in opposition that she supported such a move.

Mr Lam said: “We in **Hong Kong**, with our seven **million** population of discerning consumers, are a marketing hub for lifestyle products for the rest of **China**.”

“We have 35 **million** tourists from **China** every year, out of 50 **million** overall. **Chinese** consumers see **Hong Kong** very much as a fashion hub, a city that sets lifestyle trends. What is popular in **Hong Kong** tends to be imitated very quickly in the rest of **China**.”

He brought this mission over, he said, because “we still feel there's a knowledge gap between Australian producers and our part of the world. We need more exchange -- more of our companies coming here to get to know your premium but smaller exporters.

“The food and **wine** market tends to be dominated by big brands, but it's not a complete picture of what Australia has to offer. We're not interested in just sourcing from Australia one-off, but establishing a long-term partnership with the right companies.

“**China** is of course an attractive prospect economically, but it can be quite daunting for small and medium companies.

“We have more than 30 years' experience in that market, and a Closer Economic Partnership Arrangement, an FTA, with **China**.”

“Any province in **China** will name **Hong Kong** as the largest investor there by far. We have the infrastructure and the contacts.”

It was a continental-scale market, whose demand could not be met by **Hong Kong** companies alone. “They need to work with the right overseas companies. There's plenty **business** for everybody.”

Mr Lam said he would not stop companies going straight into **China** if they had the resources, know-how and the right people. "But for most firms new to the market, and especially for SMEs," the challenges are considerable -- with **China** comprising about 30 markets, as his council sees it, each with its unique character and requirement," he said.

"We are quite prepared to put money on the table to work with the right companies, products and services on entering the **Chinese** market, or a **Chinese** market. We need to take a very long-term view."

He said that a lot of people interested in exporting to **China** are concerned about intellectual property protection. "That's another good reason why **Hong Kong** makes a very good partner and first step.

"Australians are very familiar with the legal system we have. And we speak English too, or very many of us do."

Mainland **China**, he said, was dominated by **wine** from France and while the new austerity policy from Beijing, intended to combat corruption, might be a blow to the top end European brands, it could be a good time for Australian wines to push in to the market, offering quality for a lower price.

"High net worth individuals and families are coming to **Hong Kong** to **buy** apartments and other big value items, and sometimes through being there they also gain some understanding of other parts of the world -- what they, like Australia, have to offer."

Hong Kong also sees itself as more than a market for **China**. Half the world's population lives within a five-hour flight from the city.

"We are very well connected in ASEAN and Taiwan and other parts of Asia," he said. "A lot of what we import is then re-exported to other parts of Asia. We are the **business** service platform for Asia, and we'd like to see more Australian companies participating in its growth.

"We want to encourage more of your companies to be a little bit more adventurous, to take the first step, to look at what this market is doing and at what your competitors are doing in it, to look at price points and eating habits that you can't just read off a piece of paper.

"We eat out a lot, not only in **Chinese** restaurants. We have 16,000 restaurants overall, from every part of the world -- including, for example, 1000 Japanese restaurants." And as in the rest of Asia, **Hong Kong** people eat hot meals, usually in restaurants, every lunchtime.

He said: "If companies can establish themselves in **Hong Kong**, they may find they have less problems in doing so in other parts of **China** afterwards. Like you, we have two dominant supermarket chains, but a lot of smaller stores selling high-end products. And virtually anyone can be a **wine** importer.

"I intend to take some of your wines home, for instance, and I shall face no questions from customs officers. We have virtually no restriction on importing foodstuffs, we can **buy** fruit and vegetables from all over the world, and those willing to pay a little extra, do so."

On an FTA, he said that while **Hong Kong** was a free port, and it was already easy to export products there, such a deal would provide closer co-operation on services, "and **Hong Kong** is very much a services economy".

There was potential, he said, for **Hong Kong** and Australia to work together in the mainland market. "The development of its services sector, a strong priority for the new leadership in Beijing, needs a lot of outside help." There was also potential in infrastructure and construction, he said.

NS e512 : Physical Trade | e51 : Trade/External Payments | ecat : Economic News

RE austr : Australia | china : China | hkong : Hong Kong | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRIC Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia

PUB News Ltd.

AN Document AUSTLN0020140318ea3j0004t