HONG KONG MARKET PROFILE

HONG KONG: FOREST PROFILE

There is no forestry data available for Hong Kong. Hong Kong has very limited forestry resources, and relies heavily upon imports for all wood products needs.

HONG KONG TRADE OVERVIEW

Hong Kong Export Stats
Commodity: Wood Products (44)
Value: $1,000,000

Partner Country	2003	SHARE	1YR Δ	5YR Δ
World	782.9	100.0%	-16.6%	-36.2%
China	225.9	28.9%	-5.3%	12.8%
United States	142.0	18.1%	-12.6%	35.5%
Malaysia	86.0	11.0%	-31.8%	-62.0%
Indonesia	72.7	9.3%	-23.3%	-58.4%
Taiwan	41.2	5.3%	-9.8%	-40.7%
Thailand	41.1	5.2%	-27.8%	-5.5%
Canada	36.7	4.7%	11.0%	45.0%
Brazil	28.1	3.6%	25.5%	230.4%
Germany	19.9	2.5%	-37.4%	-80.9%
Italy	16.2	2.1%	-28.1%	-78.9%

Hong Kong Import Stats
Commodity: Wood Products (44)
Value: $1,000,000

Partner Country	2003	SHARE	1YR Δ	5YR Δ
World	979.6	100.0%	-13.8%	-34.0%
China	362.1	37.0%	-6.5%	0.1%
United States	131.1	13.4%	-0.9%	54.0%
Indonesia	93.7	9.6%	-13.0%	-56.6%
Malaysia	92.1	9.4%	-33.0%	-55.1%
Canada	45.8	4.7%	3.6%	24.3%
Brazil	32.3	3.3%	21.1%	191.2%
Thailand	23.9	2.4%	-27.5%	-35.9%
Germany	20.7	2.1%	-43.1%	-84.0%
Paraguay	20.4	2.1%	-7.3%	390.5%
Taiwan	19.4	2.0%	1.0%	-37.3%

TOP IMPORTED PRODUCTS

HK IMPORT STATISTICS FROM WORLD						**UNITS: $1,000**		
TYPE	**HS**	**Description**	**2001**	**2002**	**2003**	**1YR Δ**	**5YR Δ**	**% Share**
ALL	44+94	Wood + Furniture	1,946,419	1,972,695	1,705,867	-13.5%	-20.7%	100.0%
ALL	44	ALL WOOD PRODUCTS (EX-FURNITURE)	1,209,575	1,136,047	979,559	-13.8%	-34.0%	57.4%
TOTAL PRIMARY			792,011	764,257	634,163	-17.0%	-39.0%	37.2%
PRIMARY	4407	Lumber	421,142	456,712	376,652	-17.5%	-24.0%	22.1%
PRIMARY	4412	Plywood & Panels	119,783	103,967	99,783	-4.0%	-46.9%	5.8%
PRIMARY	4408	Veneers Sheets	45,332	64,430	61,198	-5.0%	24.8%	3.6%
PRIMARY	4403	Logs	133,908	88,174	61,115	-30.7%	-71.8%	3.6%
PRIMARY	4411	Fiberboard	48,920	34,601	24,010	-30.6%	-61.8%	1.4%
PRIMARY	4410	Particle Board	18,819	13,055	7,129	-45.4%	-70.9%	0.4%
PRIMARY	4402	Wood Charcoal	2,017	2,270	2,629	15.8%	7.6%	0.2%
PRIMARY	4405	Wood Wool or Flour	293	356	680	90.9%	227.5%	0.0%
PRIMARY	4401	Fuel Wood & Wood Chips	534	343	520	51.3%	-13.3%	0.0%
PRIMARY	4406	RR Ties	118	111	371	234.8%	3852.6%	0.0%
PRIMARY	4404	Hoopwood, Poles, Pickets, Stakes	814	220	45	-79.7%	-94.4%	0.0%
PRIMARY	4413	Densified Wood Shapes	332	18	33	79.9%	-45.0%	0.0%
TOTAL SECONDARY			1,154,408	1,208,439	1,071,704	-11.3%	-3.6%	62.8%
SECONDARY	94	ALL WOOD FURNITURE	736,844	836,649	726,308	-13.2%	8.7%	42.6%
SECONDARY	4420	Wood Marquetry Etc.	141,094	107,829	103,491	-4.0%	-12.8%	6.1%
SECONDARY	4421	Articles Of Wood, Nesoi	69,548	74,640	66,284	-11.2%	13.5%	3.9%
SECONDARY	4414	Wood Frames Etc.	59,190	76,367	54,135	-29.1%	-8.4%	3.2%
SECONDARY	4418	Builders' Carpentry	67,902	47,661	52,801	10.8%	-44.2%	3.1%
SECONDARY	4409	Wood, Continuously Shaped	47,982	39,762	36,869	-7.3%	-48.7%	2.2%
SECONDARY	4419	Wood Tableware & Kitchenware	14,765	10,283	15,724	52.9%	-30.3%	0.9%
SECONDARY	4415	Wood Packing Material	11,263	10,852	12,652	16.6%	-4.5%	0.7%
SECONDARY	4417	Tool & Broom Bodies	5,682	3,941	3,054	-22.5%	-36.3%	0.2%
SECONDARY	4416	Cooperage Products	138	455	388	-14.7%	37.2%	0.0%

HONG KONG MARKET PROFILE

IMPORT OVERVIEW

Hong Kong imported $1.7M worth of forestry products in 2003. Since 1999, imports have been down nearly -21%. Primary imports accounted for 37.2%, and secondary imports commanded 62.8% of the total HK market. HK is another top country where secondary imports outstripped primary imports, and is especially interesting considering the close trading relationship the country maintains with China. China is dominated by raw material demand, the complete opposite of the HK market. Top suppliers to HK are China (37.0%), the U.S. (13.4%), Indonesia (9.6%), and Malaysia (9.4%). HK is seen as a penetration point for mainland China as it is know as a major distribution hub for the Asian region. Many experts view HK as an extension of Chinese trading capacity, with such a heavy geographic and economic link. HK was included in this study due to a strong U.S. presence and increasing market share of U.S. wood products. Hong Kong imports of U.S. products grew by 54% over the period, even with the decline in global demand by HK. The U.S. gained market share as Malaysian and Indonesian exports shrank by more than 50% each. This reduction came in part, to efforts by the "China Economic Area" to source "legal" wood products from countries that do not engage in illegal timber logging. Top import categories were: Wood Furniture, Lumber, Plywood & Panels, Other Wood Products, Veneer Sheets, and Logs.

PRIMARY PRODUCTS IMPORTS

LOGS

HK imports of Logs lost nearly 83% of total volume from 1999 to 2003, dropping to 200,000 m³. Total value of log imports reached $61M which was totally dominated by HW log imports at 90% of the market. Top suppliers to HK were: New Zealand (27.5%), Malaysia (14.4%), the U.S. (13.1%), and Gabon (10.3%). Malaysia-based log products lost 92% of total volume shipped between 1999 and 2003, bearing the brunt of the decline in import volume. The U.S., however, increased exports to HK by nearly 30% over the period. The fastest import growth occurred, however, from New Zealand exports (3,156%). For that reason, New Zealand is currently the top supplier to the HK market.

HK IMPORTS: PRIMARY	UNITS: $1,000			
PRODUCT	**2003**	**% Share**	**1YR Δ**	**5YR Δ**
TOTAL PRIMARY IMPORTS	634,163	37.2%	-17.0%	-39.0%
HW Lumber	345,439	20.3%	-19.0%	-26.9%
HW Plywood	91,397	5.4%	2.4%	-49.7%
HW Veneers	58,346	3.4%	-5.3%	22.6%
HW Logs	55,593	3.3%	-31.1%	-74.2%
SW Lumber	31,213	1.8%	3.6%	37.3%
MDF	20,888	1.2%	-33.0%	-64.9%
SW Plywood	8,257	0.5%	-40.7%	37.7%
Particleboard	5,980	0.4%	-51.2%	-70.9%
SW Logs	5,415	0.3%	-21.2%	644.2%
Other Panel Products	2,929	0.2%	12.1%	-37.4%
SW Veneers	2,852	0.2%	0.6%	98.2%
Hardboard	1,623	0.1%	-11.2%	-32.3%

LUMBER

Imports of Soft and Hardwood lumber dropped to 1.1M m³ over the 5-yr period by 50.1%. However, total value of imports dropped by only 24%, reaching $376.6M in sales. Top suppliers to the HK market in 2003 were: Canada (20.0%), the U.S. (18.5%), Malaysia (15.1%), and Indonesia (11.6%). Canada realized the largest increase in imported products with 5-yr growth of 85.9% (volume). U.S.-based imports were down sharply by volume (-44.5%), but total value strengthened by almost the same margin.

PANEL PRODUTS: PLYWOOD, VENEERS, FIBERBOARD, AND PARTICLEBOARD

Plywood imports saw significant drops in volume imported from 1999 to 2003. Total imports reached 51.4M m² in 2003, down more than 50%. Total value of imports dropped to $99.7M in 2003, with similar trends. Top suppliers to this market were: Malaysia (37.8%), Indonesia (33.7%), and China (25.7%). The U.S. has lost significant market share over the period and does not currently have a significant presence in this product category.

Imports of veneers grew steadily through the period at 24.8%. Total value of imports to HK reached $61M in 2003. The top suppliers of veneers to HK were: the U.S. (36.6%), Taiwan (12.3%), Malaysia (10.4%), and China (8.0%). U.S. veneers saw significant growth of 60% over the period, while Taiwan (242.7%) and China (250.8%) ramped up exports to HK.

The total value of fiberboard imports since 1999 has plummeted to $24M. This represents a drop of over 60% in the period analyzed. Thailand, Malaysia, and Australia, being three of the top four markets, have all seen marked drops in fiberboard value. Indonesia was the only country to see significant increases over the period. The U.S. holds 3.5% of this market and is down 42.6% since 1999.

Particleboard imports have performed worse than fiberboard as the HK market continues to decrease demand for these products. Total value of imports was down almost 71% since 1999. The U.S. no longer has a significant presence in this market.

SECONDARY PRODUCTS IMPORTS

HK IMPORTS: SECONDARY	UNITS: $1,000			
PRODUCT	**2003**	**% Share**	**1 YR AGR**	**5 YR AGR**
TOTAL SECONDARY	1,071,704	62.8%	-11.3%	-3.6%
Household Furniture	106,010	6.2%	-12.4%	29.3%
Wood Framed Seats	99,046	5.8%	-13.6%	-19.5%
Pencil Slats	59,105	3.5%	-11.8%	29.2%
Builders Carpentry	52,112	3.1%	15.1%	-32.9%
Office Furniture	38,643	2.3%	5.7%	-15.4%
HW Flooring, Molding, Siding	36,255	2.1%	-12.3%	-55.3%
Kitchen Furniture	27,236	1.6%	-26.8%	-4.7%
Packing Materials	12,652	0.7%	16.6%	-4.5%
SW Flooring, Molding, Siding	1,303	0.1%	63.6%	-83.1%
Cooperage Products	388	0.0%	-14.7%	37.2%
Wood Furniture Parts	-	0.0%		

Imports of secondary products reached $1.07Bn in 2003, down slightly (-3.6%) over 1999. Secondary imports accounted for almost 63% of the total HK demand in 2003. Wood Furniture had a commanding share of secondary imports, accounting for nearly 75% of the secondary market, and 42.6% of the total import market. Household furniture led the way with $106M in total value in 2003, up almost 30%. Other Wood Products imports with significant share were Woof Framed Seats (5.8%), Office Furniture (2.3%), and Kitchen Furniture (1.6%). Other dominant products within the secondary category for HK are listed in the adjacent chart by market share in $1,000 USD. As evidenced by the table, Wood Furniture dominated the landscape, followed by Pencil Slats, and Builders Carpentry. The latter two categories represent the largest non-furniture imports to HK. The country's cosmopolitan/urban demand for wood products can be readily seen in the size and selection of secondary imports from the world. The top three import categories following Wood Furniture were not listed in the adjacent graph due to the nature of the products. However, these products deserve mentioning based on market size. Wooden Marquetry, Wood Picture Frames Etc., and Articles of Wood (nesoi) were the top three non-furniture secondary products imported by HK. These products reached values of $103M, $54M, and $66M in 2003, respectively. Combined, these products accounted for 13.2% of the entire forest products market in HK.

HONG KONG MARKET PROFILE

U.S. EXPORT OVERVIEW

HK represents the 10th largest U.S. export market at $144.5M in 2003. The U.S. has seen increased exports every year except 2003, which was down -12.7% year over year. Over the 5-yr period, U.S. exports gained 33.0% in total value of shipments. The leading competitor for U.S. forestry products to HK is China, of course, with a dominant 37% of imports. The U.S. is followed by Indonesia (9.6%), Malaysia (9.4%), and Canada (4.7%). The U.S. maintains a strong market share in HK of 13.4% with significant gains made over Indonesia (-56.6%), Malaysia (-55.1%), China (.1%), and Thailand (-35.9%) from 1999-2003. U.S. export growth to HK comes almost entirely on the back of primary export gains, with the highest % market share of any top 10 country. This gives evidence to the concentrated nature of the U.S.-HK relationship, and presents an opportunity for U.S. firms to diversify exports to this market. Top U.S. categories exported to HK were Lumber, Logs, and Veneer Sheets. There were no significant secondary products exports to the HK market.

US EXPORT STATS:		HONG KONG				UNITS: $1,000		
TYPE	HS	DESCRIPTION	2001	2002	2003	1YR Δ	5YR Δ	SHARE
TOTAL	44+94	Total Wood Products + Furniture	137,895	165,551	144,501	-12.7%	33.0%	100.0%
TOTAL	44	Total Wood Products	134,271	162,441	142,011	-12.6%	35.5%	98.3%
TOTAL PRIMARY		Total Primary	129,914	158,272	136,035	-14.0%	36.1%	94.1%
PRIMARY	4407	Lumber	83,853	88,297	73,071	-17.2%	4.6%	50.6%
PRIMARY	4403	Logs	21,547	44,359	37,855	-14.7%	382.0%	26.2%
PRIMARY	4408	Veneer Sheets	21,623	23,834	22,593	-5.2%	14.4%	15.6%
PRIMARY	4411	Fiberboard	975	463	788	70.2%	-14.3%	0.5%
PRIMARY	4410	Particleboard	900	357	706	98.0%	-12.1%	0.5%
PRIMARY	4412	Plywood & Panels	471	716	691	-3.4%	112.4%	0.5%
PRIMARY	4402	Wood Charcoal	4	117	213	81.9%	4693.8%	0.1%
PRIMARY	4413	Densified Wood Shapes	172	108	103	-4.1%	32.4%	0.1%
PRIMARY	4401	Fuel Wood & Wood Chips	194	16	10	-36.4%	-93.3%	0.0%
PRIMARY	4404	Hoopwood, Poles, Pickets, Stakes	168	4	3	-31.5%	-95.6%	0.0%
PRIMARY	4405	Wood Wool	6	-	-	#DIV/0!	-100.0%	0.0%
PRIMARY	4406	RR Ties	-	-	-	#DIV/0!	-100.0%	0.0%
TOTAL SECONDARY		Total Secondary	7,981	7,279	8,466	16.3%	-2.7%	5.9%
SECONDARY	94	All Wood Furniture	3,623	3,110	2,490	-19.9%	-34.9%	1.7%
SECONDARY	4421	Articles Of Wood, Nesoi	1,361	1,434	1,524	6.3%	25.7%	1.1%
SECONDARY	4417	Tool & Broom Bodies	1,189	809	1,064	31.6%	71.5%	0.7%
SECONDARY	4418	Builders' Carpentry	624	708	1,060	49.7%	-21.5%	0.7%
SECONDARY	4409	Wood, Continuously Shaped	280	371	898	142.3%	-23.7%	0.6%
SECONDARY	4420	Wood Marquetry Etc.	328	301	633	110.0%	431.1%	0.4%
SECONDARY	4415	Wood Packing Material	334	432	451	4.3%	365.2%	0.3%
SECONDARY	4414	Wood Frames Etc.	207	64	319	400.7%	106.6%	0.2%
SECONDARY	4419	Wood Tableware & Kitchenware	17	44	27	-40.0%	-80.6%	0.0%
SECONDARY	4416	Cooperage Products	18	6	-	-100.0%	-100.0%	0.0%

U.S. EXPORTS- PRIMARY

U.S. PRIMARY EXPORTS:	HK	FACTOR:	VALUE ($000)	MARKET
PRODUCT	2003	5YR Δ	1YR Δ	SHARE
HW VENEERS	$20,505	38.0%	-0.8%	13.3%
HW LUMBER, YELLOW POPLAR	$15,122	162.3%	-4.9%	9.8%
HW LOGS, WALNUT	$12,075	3570.2%	13.1%	7.8%
HW LUMBER, OTHER TEMPERATE	$11,471	44.5%	-22.1%	7.4%
HW LUMBER, WALNUT	$9,814	1158.2%	-15.9%	6.4%
HW LUMBER, RED OAK	$9,088	-56.1%	-19.0%	5.9%
HW LUMBER, MAPLE	$6,616	-21.4%	-37.8%	4.3%
HW LUMBER, WESTERN RED ALDER	$6,114	-21.4%	17.4%	4.0%
HW LOGS, YELLOW POPLAR	$5,585	6969.6%	-51.5%	3.6%
HW LUMBER, CHERRY	$5,292	72.3%	-18.5%	3.4%

Primary products exports to HK represent 94.1% of total forestry exports to that market. Lumber exports to HK totaled $73M in 2003. Log exports were the second largest category with $37.8M in exports. Veneer Sheets were the only other high volume exports with $22.5M sold to HK in 2003. HW products represent the top 10 highest value U.S. primary exports to HK. Hardwood Lumber exports to HK in 2003 were almost $71M with export growth of 10.9%. HW Lumber represented 46.0% of total forest products exports to HK. SW Lumber exports were not significant as HWs were the dominant lumber products. HW Log exports $32.7M, or 21.2% of the market. SW Log exports in 2003 reached $3.7M on growth of 645% over the period. Several species of logs and lumber are dominant in category such as: Yellow Poplar lumber (9.8%), Walnut Logs (7.8%), Other Temperate Lumber (7.4%), Walnut (6.4%), Red Oak (5.9%), and Maple Lumber (4.3%). Hardwood Veneers represent the largest sub-category of primary products exported to HK, with 13.3% of the total market and sales just over $20.5M. SW Veneers contributed $2.1M worth of export sales to the sizeable Veneer export market.

Some of the highest performing export products in HK also boast the highest volume/value in USD. Yellow poplar logs have seen accelerated export demand since 1999, with the exception of 2003. Walnut represents the #1 HW log species exported to HK, but has also displayed high growth in terms of total value since 1999. Walnut lumber also represents a high performing species for primary products. The single largest product displaying strong growth over the period was HW Veneers, with a 38% increase over 1999 levels. Several softwood products have also seen surges in demand from the HK market such as Southern Yellow Pine Lumber (469.0%) and other Coniferous logs (443.1%), over the 5-yr period.

U.S. EXPORTS BY GROWTH: HK PRIMARY			
VALUES IN $1000			
PRODUCT	2003	5YR Δ	1YR Δ
HW LOGS, YELLOW POPLAR	$5,585	6969.6%	-51.5%
HW LOGS, WALNUT	$12,075	3570.2%	13.1%
HW PLYWOOD	$516	2480.0%	11.4%
HW LOGS, OTHER TEMPERATE	$2,361	1249.1%	-48.8%
HW LUMBER, WALNUT	$9,814	1158.2%	-15.9%
HW LUMBER, TROPICAL	$278	717.6%	135.6%
SW LUMBER, S. YELLOW PINE	$1,949	469.9%	125.1%
SW LOGS, OTHER CONIFEROUS	$2,547	443.1%	-28.1%
HW LOGS, WHITE OAK	$2,228	377.1%	78.1%
HW LUMBER, YELLOW POPLAR	$15,122	162.3%	-4.9%
OTHER PANEL PRODUCTS	$710	135.9%	19.1%
HW LOGS, ASH	$732	106.8%	-46.5%
HW LUMBER, CHERRY	$5,292	72.3%	-18.5%
HW LOGS, CHERRY	$2,392	63.6%	18.8%
HW LOGS, RED OAK	$5,168	48.1%	30.2%
HW LUMBER, OTHER TEMPERATE	$11,471	44.5%	-22.1%
HW VENEERS	$20,505	38.0%	-0.8%

U.S. EXPORTS- SECONDARY

U.S. exports of secondary products to HK represent only 5.9% of the total value of U.S. exports to the region, reaching $8.4M in 2003. Secondary products exports have seen lackluster performance, down -2.7% since 1999. Wood Furniture represents the dominant category for secondary products with all four top sub-categories making the list. The single largest secondary export to HK was Wood Household Furniture with .7% of the market (bedroom and living room).

U.S. SECONDARY EXPORTS:	HK	FACTOR:	VALUE ($000)	MARKET
PRODUCT	2003	5YR Δ	1YR Δ	SHARE
WOOD HOUSEHOLD FURNITURE	1,045	-50.6%	24.9%	0.7%
WOOD OR WOOD FRAME SEATS	706	-15.8%	-20.9%	0.5%
FAB. STRUCTURAL WOOD MEMBERS	588	11660.0%	201.5%	0.4%
HW FLOORING	466	-3.9%	1036.6%	0.3%
WOOD FURNITURE PARTS	427	63.0%	-65.0%	0.3%
WOOD PACKING MATERIAL	407	319.6%	2.0%	0.3%
WOODEN OFFICE FURNITURE	277	-54.4%	193.4%	0.2%
HW MOLDING	219	5375.0%	-12.7%	0.2%
SW MOLDING	66	500.0%	144.4%	0.0%
WOOD KITCHEN CABINETS	35		-47.6%	0.0%

Highest performing sectors for secondary products to HK were Fabricated Structural Wood Members (builder's carpentry) and Hard/Softwood Molding, while total value of exports does not substantiate much additional discussion of prospects for the future. Wood packing material showed gains over the 5-yr period.

U.S. EXPORTS BY GROWTH: HK SECONDARY			
VALUES IN $1000			
PRODUCT	2003	5YR Δ	1YR Δ
FABRICATED STRUCTURAL WOOD MEMBERS	$588	11660.0%	201.5%
HW MOLDING	$219	5375.0%	-12.7%
SW MOLDING	$66	500.0%	144.4%
WOOD PACKING MATERIAL	$407	319.6%	2.0%
WOOD FURNITURE PARTS	$427	63.0%	-65.0%
HW FLOORING	$466	-3.9%	1036.6%
WOOD OR WOOD FRAME SEATS	$706	-15.8%	-20.9%
WOOD HOUSEHOLD FURNITURE	$1,045	-50.6%	24.9%

SOUTH CAROLINA EXPORTS

	SC EXPORTS TO HK	TOTAL VALUE						
HTS	**Description**	**2003**	**SC 1YR**	**SC 5YR**	**US 5YR**	**% SHARE**	**SC RANK**	**% SC SHARE**
44+94	Wood + Furniture	3,633,528	-23.2%	320.6%	39.6%	100.0%		
44	Wood	3,590,938	-24.1%	315.7%	35.5%	98.8%	13	2.51%
4407	Lumber > 6Mm Thick	3,416,669	16.1%	494.1%	4.6%	94.0%	7	4.67%
4403	Rough/Not Sapwood	87,299	-93.5%	112.5%	382.0%	2.4%	27	0.23%
	All Wood Furniture	83035	-	-	-34.9%	2.3%	-	-
4411	Fibrbrd Of Wd/Ot Lign	49,510	-	-80.0%	-14.3%	1.4%	3	6.28%
4418	Blders'Joinry+Carpntr	20,436	32.1%	-	-21.5%	0.6%	8	1.95%
4417	Tool/Tl+Broom Body/Et	17,024	348.9%	-	71.5%	0.5%	13	1.60%
4408	Veneer Sheet	0	-100.0%	-	14.4%	0.0%	-	0.00%
4415	Pack/Etc;Pallet/Collr	0	-	-	365.2%	0.0%	-	0.00%
4412	Plywood/Veneer/Etc	0	-	-	112.4%	0.0%	-	0.00%

HK is South Carolina's 6th largest export market and commands 5.8% of the total market for forestry products. South Carolina forestry products have seen much success in reaching the HK market, with exports increasing 320.6% over the 5YR period to \$3.6M in 2003. Exports reached a high in 2002 of \$4.7M, but dropped off -23.2% in 2003. Exports to HK have followed a similar pattern as China, due to the close proximity and trade relationship that the two countries share. Chinese demand has obviously trickled down and through the HK market, being one of the major commercial ports in the Asian Pacific. Exports to HK were overwhelmingly raw materials, with Lumber representing 94% of the entire export market. Lumber exports were split between Other Hardwoods and Oak, having 51.4% and 48.6% of the market each, respectively.

Growth in Lumber exports came on the back of strong growth in each of the two categories above. Other Hardwoods recorded a 5-yr increase of 378.5%, while Oak outperformed all categories combined with a growth rate of 697.5% from 1999 levels. SC exports of lumber far outpaced the national growth rate of only 4.6% and represent a strong growth market in HK. SC was the 7th largest exporter of Lumber to HK, with 4.67% of the market in 2003. Logs have historically been moderately strong exports, with record exports in 2002 (\$1.3M), but have since fallen off in 2003 (\$87,000). Another category that has fallen off completely is Veneer Sheets, with \$1.1M in 2001, falling to \$0 in 2003. Another notable category, albeit in small volumes, SC ranked 3rd in exports of Fiberboard to HK.

BEST GROWTH PROSPECTS

BEST PROSPECTS- U.S. PRIMARY

HW LOGS:	WALNUT, YELLOW POPLAR, CHERRY
VENEERS:	HW VENEERS
HW LUMBER:	YELLOW POPLAR, WALNUT, CHERRY, OTHER TEMPERATE

BEST PROSPECTS- U.S. SECONDARY

WOOD, CONT. SHAPED: HW FLOORING, HW MOLDING

BEST PROSPECTS- SOUTH CAROLINA

LUMBER:	OAK, OTHER HW
LOGS:	OAK (QUERCUS)

ECONOMIC FACTORS (GENERATING DEMAND)

Note: Information is limited for HK, due to its relationship with China. HK, Macau, Taiwan, and China are considered the China Economic Area. As such, HK market profile has been incorporated in with the Chinese market assessment. However, economic data is provided to show comparisons between the two economies.

GDP GROWTH

HK: INDICATORS	1999	2000	2001	2002
GDP per head ($ at PPP)	22,660	25,671	26,214	26,760
GDP (% real change pa)	3.37	10.17	0.63	2.25
Government consumption (% of GDP)	9.63	9.33	10.07	10.34
Budget balance (% of GDP)	0.8	-0.61	-4.95	-4.85
Consumer prices (% change pa; av)	-3.97	-3.75	-1.61	-3.03
Public debt (% of GDP)	0	0	0	0
Labor costs per hour (USD)	5.44	5.53	5.41	5.02
Recorded unemployment (%)	6.25	5.11	4.93	7.24
Current-account balance/GDP	7.46	5.5	7.49	10.73
Foreign-exchange reserves (m$)	96,236	107,542	111,155	111,898

A bustling free market economy highly dependent on international trade, HK is considered the doorway into Asia by many, due to its proximity and developed infrastructure.[1]

Natural resources are limited; food and raw materials must be imported. In essence, HK is a proverbial import dependent nation-state. HK boasts the world's largest container port. HK's gross domestic product (GDP) leapt 6.8 per cent in real terms in the first quarter of 2004 over a year earlier - the highest growth in more than three years – according to government economists. The HK economy has exhibited a solid, broad-based upturn. In the first half of 2004, real GDP rose by 9.5% from a year earlier amid robust performance of the external sector and an upsurge of consumer spending and investment. The official forecast of GDP growth was lately revised to 7.5% for the whole of 2004, 1.5 percentage points higher than the earlier forecast.Inflation is expected to return to HK before the year-end following six years of deflation as the economic recovery continued to pick up momentum in the first quarter of 2004, Elley Mao, acting government economist, said. The GDP increased 4.9 per cent when compared with the fourth quarter of 2003. HK also boasted stronger import growth than export growth, for the first 8 months of fiscal 2004, which is atypical for Asian countries currently (-3.0%).[2]

[1] Source: China Daily, Economic Profile. http://www.chinadaily.com.cn/english/doc/2004-05/31/content_335194.htm
[2] Source: TDC Trade. "Economic & Trade Info on HK". http://www.tdctrade.com/main/economic.htm

COUNTRY INFORMATION SOURCES

GOVERNMENT

None Listed

TRADE ASSOCIATIONS

American Forest & Paper Association
AF&PA/AHEC - Southeast Asia
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AHEC - Southeast Asia & Greater China
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Website: http://www.ahec-seasia.org

American Hardwood Export Council (AHEC), China
Room 528, AIA Tower, New World Center, 20 Salisbury Road,
Tsimshatsui, Kowloon, HK
Profile: AHEC is the leading international trade association for the American hardwood industry-export of lumber, veneer, plywood, flooring, moulding and dimension materials.
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RESEARCH/EDUCATION

None Listed

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