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**Report Name:** Food Service - Hotel Restaurant Institutional

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**Report Highlights:**

Hong Kong is the fifth-largest export market for U.S. consumer-oriented agricultural products, by value. With a dynamic food culture, sophisticated buyers, and world-class logistical infrastructure, Hong Kong is a market to promote high-quality, innovative U.S. food and beverage products as well as a gateway to the region. Food imports to Hong Kong are expected to grow at a slower pace in 2019 because of uncertainties from the external environment and dampening domestic consumption.

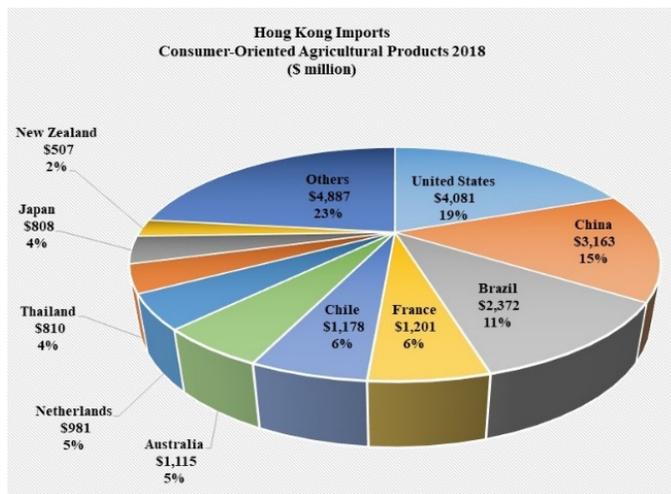
## Market Fact Sheet: Hong Kong

### Executive Summary

Hong Kong has a population of 7.48 million and its per capita GDP was close to \$49,000 in 2018, one of the highest in Asia. Hong Kong is a vibrant city and a major gateway to Asia. Consumers are sophisticated and enjoy cosmopolitan food and beverage tastes. Due to limited arable land, around 95 percent of food in Hong Kong is imported. In 2018, Hong Kong's total imports of agricultural and related products reached \$28.6 billion.

### Imports of Consumer-Oriented Products

Hong Kong imports of Consumer-Oriented Agricultural Products reached \$21.1 billion in 2018, or 74 percent of overall agricultural imports. The more popular imported products were fish, beef, fresh fruit, dairy products, pork, wine and beer, poultry meat, tree nuts, and vegetables. The United States, China, and Brazil were the top three suppliers by value.



### Food Processing Industry

Land is limited and extremely expensive in Hong Kong. Therefore, the local food processing sector is small. Imports of bulk and intermediate agricultural commodities were \$416 million and \$2.24 billion respectively, representing 1.5 percent and 7.8 percent of overall agricultural imports.

### Food Service Industry

The Hong Kong HRI food service market is made up of hotels, restaurants, and institutions, with most food and beverage sales at restaurants. In 2018, Hong Kong's restaurant receipts rose 5.8 percent to US\$15.3 billion.

There are around 14,000 restaurants in Hong Kong. Major restaurant and food service groups include Maxim's, McDonald's Café de Coral, Starbucks, Fairwood, Pacific Coffee, Pizza Hut, Hung Fook Tong, KFC, and Sushi Express.

### Quick Facts CY 2018

**Imports of Consumer-Oriented Ag. Products**  
\$21.1 billion

#### Top 10 Consumer-Oriented Ag. Imports

Fish, beef, fresh fruit, dairy products, pork, wine and beer, poultry meat, tree nuts, processed vegetables, and fresh vegetables

#### Top Growth of Consumer-Oriented Ag. Imports

Processed vegetables, fresh fruit, wine and beer, snack foods, condiment and sauces, eggs, non-alcoholic beverages, fresh vegetables, fish, and processed fruit

#### Food Industry by Channels

##### Consumer-Oriented Ag. Products:

- Gross imports	\$21.1 billion
- Re-exports	\$9.3 billion
- Retained imports	\$11.8 billion
- Retail food sales	\$12.8 billion
- Restaurant receipts	\$15.3 billion

#### GDP/Population

Population: 7.48 million  
GDP: \$365 billion  
GDP per capita: \$48,958

### Strengths/Weaknesses/Opportunities/Challenges

#### Strengths

- Large and free market with affluent customers.
- U.S. products are perceived as high-quality.

#### Weaknesses

- Cost of shipment from the U.S. is high.
- Order size of importers is small.

#### Opportunities

- Hong Kong customers are open to new products.
- Hong Kong is a major trading hub for Asia.

#### Threats

- Keen competition from other food supplying countries.
- Strengthening U.S. dollar will make U.S. products less price competitive.

**Data and Information Sources:** U.S. Census Bureau Trade Data, Global Trade Atlas, Euromonitor International, Hong Kong Census and Statistics Department, Hong Kong Trade Development Council

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## SECTION I. MARKET SUMMARY

Total exports of U.S. agricultural and related products to Hong Kong reached \$4.2 billion<sup>1</sup> in 2018, making Hong Kong the seventh-largest export market by value. For U.S. consumer-oriented exports, Hong Kong ranked fifth in 2018, with exports reaching \$3.8 billion<sup>2</sup>. Top categories for U.S. agricultural exports to Hong Kong include: tree nuts, beef, poultry meat, pork, fresh fruits, processed foods, seafood products, wine and beer, pet food, and chocolate products.

In addition to being a dynamic market, Hong Kong is also a trading hub where buyers make purchasing decisions for a vast range of consumer-oriented products that are transshipped to China and other parts of Asia. Most of Macau’s food imports are purchased, consolidated, and shipped via Hong Kong.

Due to land constraints, local agricultural production in Hong Kong is minimal. As a market which imports 95 percent of local food requirements, Hong Kong at large welcomes foods from around the world. The import regime is transparent. Food and beverage products are imported to Hong Kong without tax or duty with the exception of four commodities, namely liquors, tobacco, hydrocarbon oil, and methyl alcohol. For more information on Hong Kong food import regulations, please refer to [GAIN Report HK1830](#).

Hong Kong recorded per capita GDP of nearly \$49,000<sup>3</sup> in 2018, one of the highest in Asia. However, food imports to Hong Kong are expected to grow at a slower pace in 2019 because of uncertainties from the external environment and dampening domestic consumption. For the first seven months of 2019, U.S. consumer-oriented exports to Hong Kong reached \$1.6 billion, a drop of 18.7 percent. The Hong Kong economy expanded modestly by 0.5 percent in the second quarter of 2019 compared to a year earlier. The Hong Kong government has forecast the economy to grow 0-1 percent in 2019<sup>4</sup>.

**Table 1 – Major Advantages and Challenges in the Hong Kong Market**

Advantages	Challenges
Hong Kong is one of the top markets in the world for food and beverages, processed, fresh, and frozen gourmet products. U.S. exports of consumer-oriented agricultural products to Hong Kong were \$3.8 billion, making it the fifth-largest market for the United States in 2018.	Transportation time and costs, combined with U.S. products’ availability and seasonality (e.g. fresh produce) can make them less competitive than products available from regional suppliers such as China, Australia, and New Zealand.
Hong Kong is a major trading hub where buyers make purchasing decisions for a vast range of consumer-oriented products that are transshipped to China and other parts of Asia.	The importance of Hong Kong as a transshipment point and buying center for regional markets is not widely known to U.S. exporters.
U.S. food products enjoy an excellent reputation among Hong Kong consumers, as they are renowned as high-quality and safe.	Strengthening U.S. dollar will make U.S. products less price competitive.
Hong Kong is a quality and trend-driven market so price is not always the most important factor for food and beverage purchases.	Hong Kong labeling requirements and residue standards can impact trade.

<sup>1</sup> USDA/FAS Bico Reports, U.S. Census Bureau Trade Data

<sup>2</sup> -ditto-

<sup>3</sup> “Economic and Trade Information on Hong Kong”, Hong Kong Trade Development Council

<sup>4</sup> -ditto-

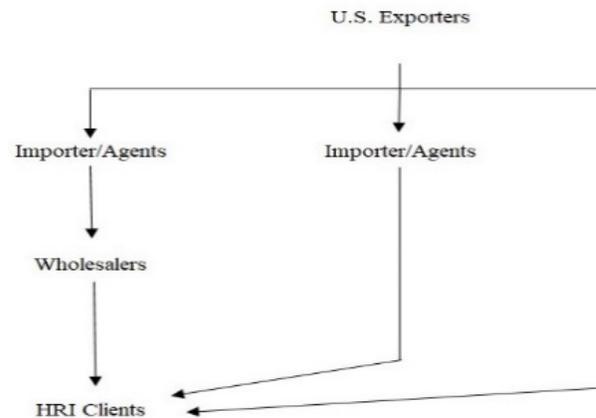
## ***SECTION II. ROAD MAP FOR MARKET ENTRY***

### **A. Entry Strategy**

To enter the Hong Kong market, some promotional/marketing strategies and tactics to consider, include:

- Identification of key players - ATO Hong Kong can provide lists of importers, distributors, USDA commodity cooperators and state/regional trade groups.
- Establishment of a presence in the market – test marketing and stakeholder education may be required prior to entry.
- Invite foodservice buyers to seminars and/or to the United States - ATO Hong Kong/ USDA cooperators organize seminars and trade missions to the United States to introduce U.S. products and U.S. exporters to Hong Kong buyers.
- Participation in trade shows – Hong Kong hosts more than a dozen food-related trade shows and in cooperation with FAS and USDA cooperators and state regional trade groups, the shows provide a platform to highlight the versatility and quality of U.S. food and beverage products.

### **B. Market Structure**



- The Hong Kong market structure typically involves a dedicated importer/distributor who deals with the U.S. exporter, and maintains relationships with local resellers. Some special items are imported directly by food service establishments, but most tend to outsource the import burden.
- Hong Kong is a mature trading port, and has developed an effective network of importers, distributors, and wholesalers that support the HRI trade.
- Most importers/distributors service multiple sectors including food service, retail, and wet markets.
- ATO Hong Kong maintains a database of Hong Kong importers servicing the HRI trade, and can provide additional information on specific categories.

## C. HRI Food Service Sector Profile

### 1. **Restaurants**

Hong Kong boasts around 14,000 restaurants, which range from local favorites to high-end fine dining outlets. The Michelin guide 2019 stars 63 Hong Kong restaurants, including seven three-starred establishments, outnumbering the five restaurants in New York City and three in London that won the same three stars recognition.

In 2018, Hong Kong restaurant food and beverage purchases, valued at US\$4.88 billion, generated estimated sales of US\$15.33 billion, an increase of 4.6 and 5.8 percent\*, respectively, over 2017. Purchases and sales receipts in 2019 are expected to slow down because of uncertainties of external environment and dampening domestic consumption.

**Table 2 – Hong Kong Restaurants Receipts and Purchases (US\$ Billion)**

	2016	2017	2018	Growth (18 vs 17)
Restaurant Receipts	13.77	14.45	15.33	5.8%
Restaurant Purchases	4.56	4.66	4.88	4.5%

(Source: Hong Kong Census & Statistics Department, US\$1=HK\$7.8)

\*Percentages are calculated before numbers are rounded

For Hong Kong statistical purposes, restaurants are grouped into five broad categories: Chinese, non-Chinese, fast food, bars, and other establishments.

#### **Chinese Restaurants**

Chinese cuisine is the top grossing restaurant category, according to Hong Kong Census and Statistics Department, and it will continue its dominant share in the market due to deep-rooted cultural events, such as banquets for weddings and dim sum lunches, often enjoyed by groups of working class adults and families. Among all Chinese cuisines, Cantonese is the most widely available, with others including Shanghainese, Sichuan, and Chiu Chow also providing many options to diners.

#### **Non-Chinese Restaurants**

Due to its history as a global trade hub, sophisticated and affluent Hong Kong consumers have an enthusiasm for a range of international cuisines made from high-quality ingredients. Footprints of restaurants offering non-Chinese cuisine options include Western, Japanese, Korean, Thai, Vietnamese, Indian, and more, are found everywhere in Hong Kong, leading to numerous opportunities for usages of U.S. foods and beverages as ingredients and for pairing.

#### **Fast Food**

Fast food outlets suit Hong Kong's quick-paced lifestyle where dining out twice per day at convenient locations is not uncommon. Competition among fast food chains is intense as brands strive to retain customers and raise brand awareness. McDonald's and KFC are the leading Western style fast food chains, and Café De Coral and Fairwood are the leading local fast food chains, by brand share of foodservice value<sup>5</sup>. Western style outlets including Pret A Manger and Oliver's Super Sandwich are often located at areas easily accessed by office workers who appreciate healthy and light options such as salad and sandwiches.

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<sup>5</sup> Euromonitor International "Limited-Service Restaurants in Hong Kong, China" April 2019

## **Bars**

Hong Kong's vibrant nightlife is renowned and is served by over 700 bars and pubs across Hong Kong<sup>6</sup>.

Lan Kwai Fong in the Central business district is home to over 90 bars and restaurants<sup>7</sup>. It is a place where locals, expats, and tourists gather for drinks in the evenings and during special occasions, e.g. New Year's Eve and the beer festival. According to Euromonitor, foodservice sales value in bars and pubs increased at a compound annual growth rate of 4.4 percent during 2013-2018<sup>8</sup>, reflecting growing opportunities for imported alcoholic beverages.

## **Other Establishments**

"Tea restaurants" offer a range of localized Western and Chinese cuisines and beverages. Milk tea is a particular local favorite consisting of adding milk (evaporated or condensed) to various tea combinations. Hong Kong also has a vibrant coffee culture. Independent specialist coffee shops have grown in number of outlets and sales the past several years. The leading chains, by brand share of foodservice value, are Starbucks, Pacific Coffee, and McCafe<sup>9</sup>.

## **2. Hotels**

In 2018, tourist arrivals reached 65.1 million, with visitors from Mainland China representing 78 percent of travelers. Visitor numbers grew by 11 percent in the first seven months of 2019<sup>10</sup>, showing opportunities for the hospitality industry and demand for accommodation at every price level.

To meet the continued rise in the number of visitors, Hong Kong's hotel room supply continues to increase. Up to March 2019, there were 297 hotels offering 83,138 rooms, compared with 225 hotels and 70,017 rooms in 2013<sup>11</sup>, reflecting growth rates of 32 percent and 19 percent, respectively. The room occupancy rate was 92 percent in 2019 (March). Hotels in Hong Kong offer premium dining experience including buffets and occasional menus by celebrity chefs from overseas. Local residents fill dining outlets in hotels, especially during festivals when families and friends gather for celebrations.

## **3. Institutions**

Hong Kong's institutional foodservice sector consists of hospitals, residential care facilities, schools, prisons, and travel industry catering facilities. Many of these facilities, especially those operated by the government, purchase food supplies through tenders where price, quality, consistency, and stable supply matter. Experienced local importers are familiar with the process and requirements.

### **Hospitals**

Hong Kong has 43 public hospitals and institutions, managed by the Hospital Authority, and 12 registered private hospitals. Some of the meal services are outsourced to caterers and distributors.

### **Schools**

There are 1,033 kindergartens, 587 primary schools, 506 secondary schools, and 21 degree-awarding institutions in Hong Kong. The Government provides nutritional guidelines for students' lunch and the

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<sup>6</sup> Euromonitor International "Cafes/Bars in Hong Kong, China" April 2019

<sup>7</sup> Hong Kong Tourism Board webpage about Lan Kwai Fong at <http://www.discoverhongkong.com/us/dine-drink/where-to-eat/lan-kwai-fong.jsp>

<sup>8</sup> Same source as footnote 5

<sup>9</sup> Same source as footnote 5

<sup>10</sup> Hong Kong Tourism Board Research & Statistics

<sup>11</sup> Hong Kong Tourism Board Research & Statistics

appropriate procedures to select school lunch suppliers. The Department of Health leads an “EatSmart at School” campaign to encourage healthy eating such as reduced sodium and inclusion of fruits.

### Prisons

The Hong Kong Correctional Services managed some 28 correctional facilities including prisons and rehabilitation centers. Inmates receive meals that are prepared according to health guidelines.

### Airlines

Hong Kong is located less than five flying hours from half of the world’s population so its airport is very busy. Connected to over 220 destinations, the Hong Kong airport handled 74.7 million passengers in 2018, and their three aircraft caterers have a combined capacity of 198,000 meals per day for plane passengers<sup>12</sup>.

### Cruise Ships

Hong Kong is increasingly popular as a cruise hub due to the development of the Kai Tak Cruise Terminal that can accommodate the largest ships in the cruise industry. The number of ship calls surged from 89 in 2013 to 245 in 2017. The number of cruise passengers throughout in Hong Kong surged from 191,000 in 2013 to 875,212 in 2018<sup>13</sup>.

### Entertainment Parks

The two major theme parks in Hong Kong are Disneyland and Ocean Park. Disneyland operates twenty dining outlets, and Ocean Park houses eight. They include restaurants and cafes that offer various cuisines.

## SECTION III. COMPETITION

Due to land constraints, Hong Kong produces a minimal amount of its food requirements, depending on global sources to meet about 95 percent of its needs. Hong Kong imports of Consumer-Oriented Agricultural Products from all origins reached \$21.1 billion in 2018.

**Table 3 – Hong Kong Imports of Consumer-Oriented Ag. Products (2014-2018)<sup>14</sup>**

	(in \$ million)	2014	2015	2016	2017	2018	Growth 18 v 17	Re-exports vs Gross Imports	Share of World
World	Gross Imports	19,600	18,006	19,755	20,427	21,103	3%	44%	100%
	Re-exports	5,780	6,497	7,933	8,967	9,328	4%		100%
	Retained Imports	13,819	11,509	11,822	11,460	11,775	3%		100%
United States	Gross Imports	3,894	3,616	3,920	4,152	4,081	-2%	41%	19%
	Re-exports	1,152	1,166	1,697	1,757	1,681	-4%		18%
	Retained Imports	2,742	2,450	2,223	2,395	2,400	0%		20%
China	Gross Imports	2,706	2,736	2,912	3,115	3,163	2%	19%	15%
	Re-exports	438	392	439	609	592	-3%		6%
	Retained Imports	2,269	2,344	2,473	2,505	2,571	3%		22%
Brazil	Gross Imports	2,492	1,713	1,986	2,163	2,372	10%	35%	11%
	Re-exports	943	1,128	996	628	834	33%		9%
	Retained Imports	1,549	584	990	1,535	1,538	0%		13%
France	Gross Imports	794	1,045	1,180	1,134	1,201	6%		6%

<sup>12</sup> <https://www.hongkongairport.com/en/the-airport/aviation-logistics-services/>

<sup>13</sup> Research Office – Legislative Council Secretariat – “Cruise Tourism in Hong Kong”

<sup>14</sup> Calculations based on Global Trade Atlas data

	Re-exports	232	422	484	644	452	-30%	38%	5%
	Retained Imports	562	623	696	489	749	53%		6%
Chile	Gross Imports	474	489	791	677	1,178	74%		6%
	Re-exports	293	365	625	526	976	85%	83%	10%
	Retained Imports	181	124	166	150	202	34%		2%

**Table 4 – Top 10 Hong Kong Imports of Consumer-Oriented Agricultural Products and Competition<sup>15</sup>**

Product Category			Major Supply Sources <sup>16</sup>	
<b>Fish Products</b>			1. China – 29%	
Gross Imports	\$3.81 billion	374,491 MT	2. Japan – 14%	
Retained Imports	\$3.18 billion	296,357 MT	4. United States – 5%	
<b>Beef and Beef Products</b>			1. Brazil – 46%	
Gross Imports	\$3.5 billion	816,755 MT	2. United States – 29%	
Retained Imports	\$2.95 billion	613,335 MT	3. Australia – 5%	
<b>Fresh Fruit</b>			1. Chile – 36%	
Gross Imports	\$3.16 billion	1,777,872 MT	2. Thailand – 15%	
Retained Imports	\$1.19 billion	689,916 MT	3. United States – 11%	
<b>Dairy Products</b>			1. Netherlands – 37%	
Gross Imports	\$1.99 billion	317,082 MT	2. New Zealand – 16%	
Retained Imports	\$664 million	224,010 MT	8. United States – 3%	
<b>Pork and Pork Products</b>			1. China – 21%	
Gross Imports	<b>\$1.9 billion</b>	<b>760,091 MT</b>	2. Brazil – 20%	
Retained Imports	\$912 million	356,293 MT	3. United States – 18%	
<b>Wine and Beer</b>			1. France – 58%	
Gross Imports	\$1.71 billion	221 million liters	2. Australia – 12%	
Retained Imports	\$1.24 billion	173 million liters	4. United States – 4%	
<b>Poultry Meat and Products</b>			1. United States – 28%	
Gross Imports	<b>\$1.6 billion</b>	<b>853,241 MT</b>	2. China – 28%	
Retained Imports	\$578 million	240,244 MT	3. Brazil – 23%	
<b>Tree Nuts</b>			1. United States – 80%	
Gross Imports	\$1.3 billion	244,455 MT	2. South Africa – 5%	
Retained Imports	\$497 million	52,849 MT	3. Thailand – 7%	
<b>Processed Vegetables</b>			1. China – 62%	
Gross Imports	<b>\$507 million</b>	<b>194,779 MT</b>	2. United States – 16%	
Retained Imports	\$369 million	146,621 MT	3. Japan – 5%	
<b>Fresh Vegetables</b>			1. China – 76%	
Gross Imports	\$448 million	828,907 MT	2. United States – 5%	
Retained Imports	\$439 million	823,106 MT	3. Australia – 4%	

<sup>15</sup> Calculations based on Global Trade Atlas data

<sup>16</sup> Ranking and market share by gross import value in 2018

#### **SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES**

**Table 5 – Best Growths of Hong Kong’s Imports of Consumer-Oriented Agricultural Products<sup>17</sup>**

<b>Category</b>	<b>2014 (\$ million)</b>	<b>2018 (\$ million)</b>	<b>Average Annual Growth</b>
Processed Vegetables	338	507	10.68%
Fresh Fruit	2,186	3,161	9.66%
Wine & Beer	1,244	1,714	8.34%
Snack Food	292	378	6.64%
Condiments & Sauces	252	294	3.93%
Eggs & Products	221	239	1.99%
Non-Alcoholic Beverages	240	255	1.49%
Fresh Vegetables	428	448	1.15%
Fish Products	3,646	3,812	1.12%
Processed Fruit	202	209	0.74%

#### **SECTION V. KEY CONTACTS AND FURTHER INFORMATION**

##### Post Contact

Agricultural Trade Office, Consulate General of the United States, Hong Kong and Macau

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Website: <http://www.usconsulate.org.hk>

<http://www.usfoods-hongkong.net>

[Other Hong Kong Government / Semi-Government Contacts](#)

##### **Attachments:**

No Attachments

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<sup>17</sup> Global Trade Atlas