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Report Highlights:

Bite size local news, Post reports and activity summaries wrapped by ATO Hong Kong. In this issue: Happy hour in Hong Kong as government lowers duty on distilled spirits; ATO Hong Kong showcases U.S. ingredients with Golden Week mooncake promotion; mainland visitors give a boost to Hong Kong and Macau during Golden Week; Fine dining goes casual to woo customers; Hong Kong health products and popcorn retail outlets close shop in challenging market.



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wrapped by ATO Hong Kong

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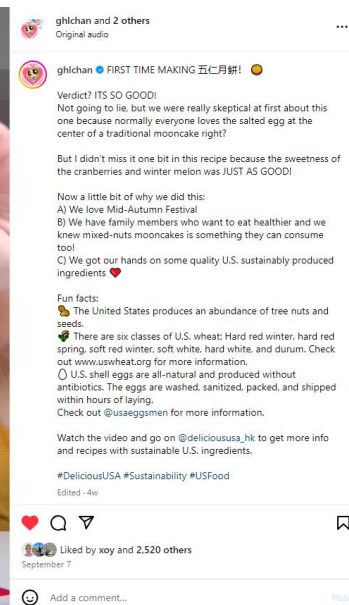
Cheers! Hong Kong Lowers Duty on Distilled Spirits.

On October 16, the Hong Kong Government (HKG) announced a significant reduction in the duty on imported alcoholic beverages with an alcohol content above 30 percent by volume. The new policy reduces the duty from a flat 100 percent tax to a tiered duty in which the initial value up to HKD \$200 (\$25.64) per liter remains at 100 percent, while the duty on value above HKD \$200 (\$25.64) per liter is reduced to 10 percent. The reduction was included in the HKG's annual policy address, which focused on measures to spur economic activity in the region, particularly as it relates to investment and tourism. The lower duty is expected to support greater consumption of distilled spirits and is particularly beneficial to premium brands. For more information, see ATO Hong Kong's GAIN report [Hong Kong Lowers Liquor Tax in Boost to Distilled Spirits Trade](#).



Over the Moon: ATO Hong Kong Showcases U.S. Ingredients with Golden Week Mookcakes

ATO Hong Kong, in collaboration with U.S. Wheat Associates (USW) and USA Poultry and Egg Export Council (USAPEEC) worked with Grace Chan and Lukian Wong, home-cooking and lifestyle influencers to produce a healthy mooncake recipe to promote high-quality U.S. ingredients in local festive delicacies. The fun [promotional video](#), which highlighted U.S. wheat, eggs, and pistachios in several gorgeous mooncakes, were a hit on social media, generating 137,725 views and receiving nearly 3,000 reactions. Do you have a non-branded U.S. food or beverage that you'd like to partner with ATO Hong Kong to promote on social media in 2025? Send us a message at ATOHongkong@usda.gov.



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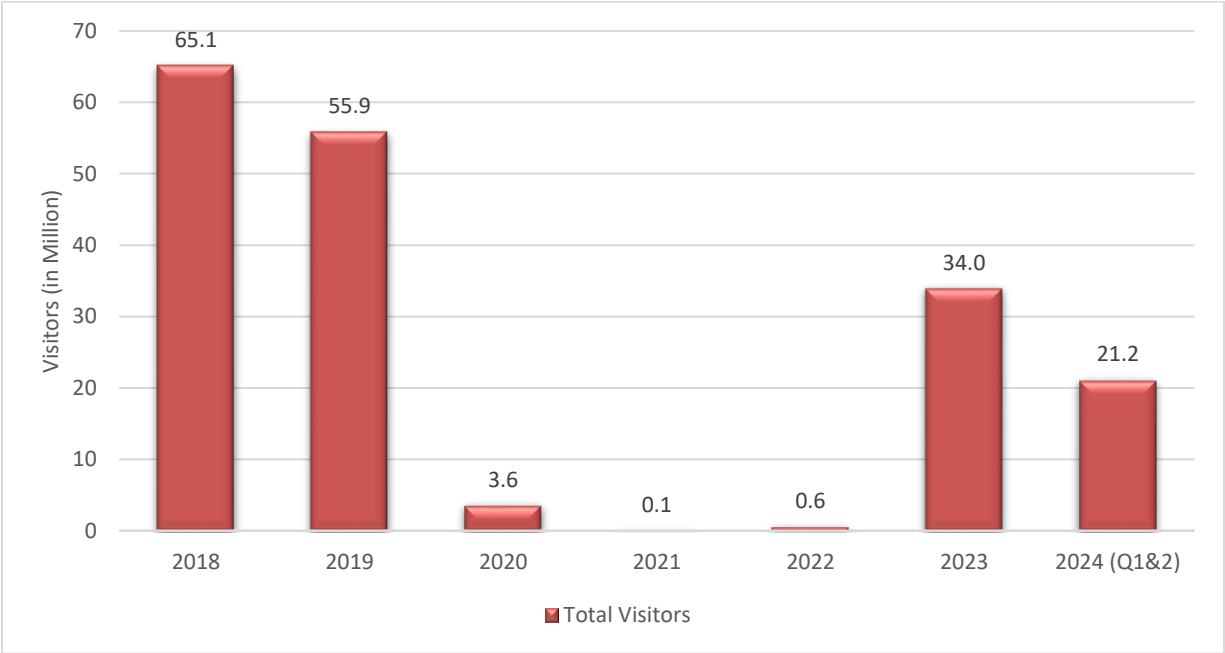
ECONOMY



1.21 Million Mainland Visitors Enter HK During National Day Golden Week [[The Standard, Oct.8](#)]; More Traffic Out of Hong Kong Than Into City Over ‘Golden Week’ Holiday [[SCMP, Oct.8](#)]

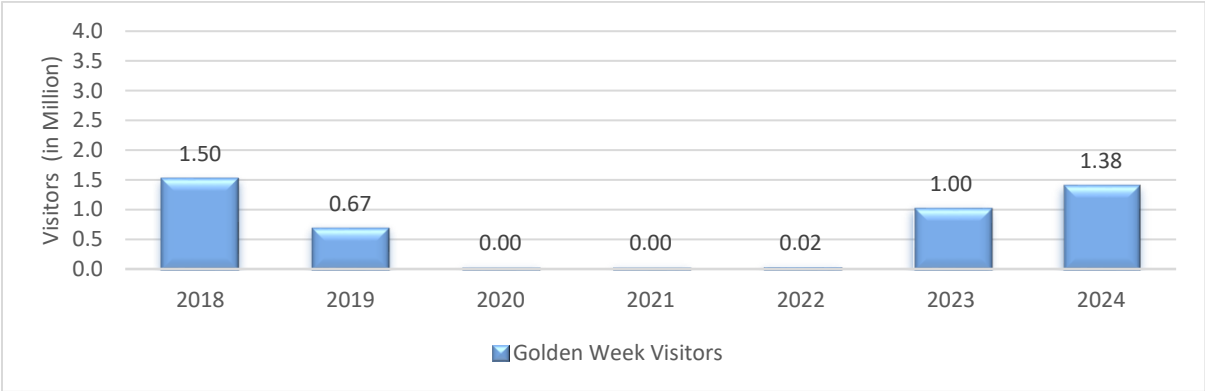
During this year's National Day Golden Week, from October 1 to 7, over 1.21 million visitors from mainland China arrived in Hong Kong, a 10 percent increase from last year and surpassing the government's estimate. However, during the same period nearly 1.8 million Hong Kong residents travelled out of the city, surpassing the mainland Chinese arrivals. Despite departures eclipsing arrivals, the tourism saw some positive signs, with 1,050 tour groups visiting Hong Kong (a 30 percent increase from prior year) and overall departures down from 1.83 million in 2023. **ATO Notes:** Hong Kong consumers continue to be attracted to the mainland for shopping, dining, and holidays. While the trend of mainlanders visiting Hong Kong grows, it has yet to surpass the number of departures during key holiday seasons, which continues to weigh on Hong Kong's overall consumption.

Chart 1. Hong Kong: Visitors Slowly Rebounding (2018 – Q2 2024)



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Chart 2. Hong Kong: Golden Week Visitors (2018 – 2024)



Tourism Has Rebounded Worldwide. But Not In Hong Kong. [NY Times, Oct.11]

In 2018, Hong Kong welcomed a record 65 million tourists, but in 2023, the number dropped to just 34 million. Despite efforts like airline ticket giveaways and holding large-scale events, tourism recovery lags behind other Asian destinations. Small businesses and luxury hotels still struggle. Factors include political unrest, flight connectivity issues, and competition from other cities. Recent data shows a slight increase in visitors, but the overall rebound remains slow, with fewer long-haul tourists from Western countries and a shift in consumer habits. **ATO Notes:** The NYT article makes an important distinction between Hong Kong travelers pre-COVID and those arriving in 2023 and 2024. The number of travelers from the U.S. and EU are down, with most of the uptick coming from mainland travelers who tend to spend less time and less money in the region. Separately, adjacent markets have been capitalizing on different opportunities and formats to boost tourism. For example, Taylor Swift’s concert in March has generated a significant tourism revenue for Singapore. Korea Tourism Organization has appointed K-pop group as honorary ambassador to promote Korea to the world. Hong Kong’s government is eyeing a boost in the economy with Coldplay concert and Rugby Sevens at the soon-to-open mega stadium Kai Tak Stadium early next year.

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HOTELS, RESTAURANTS, AND INSTITUTIONS (HRI)



The Hong Kong Fine-dining Restaurants Serving Cheaper, Casual Menus To Draw New Customers [[SCMP](#), Sep.29]

Hong Kong's restaurant industry is adapting to challenges from Shenzhen competition and increased post-Covid travel. Residents have less to spend on fine dining, prompting restaurateurs to cater to budget-conscious customers. Fine dining restaurant Auor launched The Laksa Club Lunch with affordable yet luxurious dishes, attracting more customers. Fireside in Central switched to an à la carte menu, focusing on meat offerings and casual dining, which boosted customer loyalty. Frank's American-Italian diner introduced a B-boy Special menu to cater to breakdancers, offering affordable meals. These strategic pivots have successfully drawn new customers and increased business. **ATO Notes:** Hong Kong is facing intense competition from neighboring markets, as residents flock to mainland China for much value-for-money dining experiences. Advanced booking used to be a familiar practice for fine-dining restaurants in the city. With customers increasingly booking last minute or walking in, it has become challenging for upscale dining restaurants to manage ingredient supplies. Offering more accessible dining options may enable restaurants to better budget expenses while attracting new clientele.

Hong Kong Stock Market Boom Gives Restaurants Boost Amid National Day 'Golden Week' holiday [[SCMP](#), Oct.5]

Hong Kong's recent stock market boom and mainland China's "golden week" holiday have boosted business for restaurants and small to medium-sized hotels. The Hang Seng Index rose 10.2 percent this week, driven by Beijing's stimulus package. It is estimated that the food and beverage sector revenue at US\$38.4 million for October 1. Hotels report full occupancy and stable room tariffs, adapting to last-minute booking and spontaneous travelling trends. **ATO Notes:** The estimated revenue during the "Golden Week" this year was similar to the performance in 2023. Restaurant receipts in October 2023 reached \$ 1.16 billion, an increase of 4 percent from pre-pandemic levels in 2019. Despite the challenging outlook for tourism and restaurants, the strong Golden Week sales are making industry professionals cautiously optimistic.

Hotel Occupancy At 95 Percent During Golden Week [[Macau Daily Times](#), Oct.10]

Hotels in Macau experienced record occupancy rates during China's October Golden Week, with an average of 94.5 percent from Oct. 1-7. Macau welcomed 993,117 visitors during Golden Week. Most visitors were from the mainland, with an average daily count of 118,025, up 34.7 percent year-on-year, while Hong Kong visitors averaged 16,715 daily, down 21.80 percent year-on-year. **ATO Notes:** The Macao Government Tourism Office (MGTO) has been ramping up efforts to promote Macao as a premier tourist destination in Asia. Following its participation at Tourism Expo Japan 2024 in September, MGTO launched the newest campaign "Experience Macao Limited Edition", with attractive prizes like round-trip flights and hotel accommodation, to engage international visitors.

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RETAIL



Chinese Tea Chain Enters HK Market [[The Standard](#), Sep.28]

The Chinese tea chain Chagee will open its first store in Hong Kong, leveraging the city's status as an international financial center to boost global brand awareness. Hong Kong's diverse market is deemed a springboard for Mainland enterprises to test and adapt products for global expansion. Chagee aims to celebrate friendships worldwide through its Chinese tea offerings in Hong Kong. **ATO Notes:** The rise of Chinese tea chains has increased in the Hong Kong market, showcasing a rich cultural history and changing consumer tastes. In recent years, there has been a significant increase in tea shops throughout Hong Kong, providing a wide variety of teas that extend beyond classic Chinese varieties. The younger demographic, especially, is fueling the desire for innovative tea experiences, frequently pursuing distinctive blends that feature surprising flavors or promote health advantages.

Capitalizing On Health Trends: The Strategic Move Of China Wantian And Hin Sang Into The Booming Functional Food And Health Sector [[Asia Food Journal](#), Oct.10]

China Wantian Holdings Limited and Hin Sang Group have signed a strategic cooperation agreement to enter the functional food and health market. The partnership will focus on three areas: establishing 100 health soup chain stores, launching a premium health gift series, and creating a Functional Food and Herbal Life Science Research Institute. The partnership aligns with China's "Healthy China 2030" blueprint and is expected to drive product innovation, optimize operational efficiency, and accelerate market expansion, leading to strong long-term returns. **ATO Notes:** Hong Kong's consumers, increasingly health-conscious in the post pandemic era, are keenly aware of the benefits associated with functional foods. They are interested in products that address specific health concerns such as boosting immunity, digestive health, and improving mental clarity. Popular categories include probiotics, omega-3 products, fortified snacks, plant-based and organic items. Additionally, the region's aging population has led to growing demand for functional foods that support chronic disease management and healthy aging. Cultural factors also play a crucial role, as traditional Chinese medicine principles often merge with modern health trends in Hong Kong, creating a combined effect that fuels the interest in functional foods.

Health Product Chain To Shut All 19 Hong Kong Outlets Along with U.S. Popcorn Chain [[SCMP](#), Oct.8; [HKFP](#), Oct.9]

CR Care, a health product chain under the state-owned China Resources Group announced that it would close all 19 of its Hong Kong branches due to 'external uncertainties and various operational challenges'. Additionally, American popcorn chain Garrett Popcorn announced it will close all five branches in Hong Kong, 13 years after opening its first store in the city. Provisional retail sales for August dropped by 11.8 percent compared with a year earlier, and restaurant receipts fell by 4.6 percent

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in the second quarter of 2024. **ATO Notes:** Retail and foodservice sectors in Hong Kong are facing economic headwinds, with changing consumer habits, cautious spending and high costs. In the second quarter of 2024, retail sales dropped 11 percent year-on-year to \$11.5 billion and restaurant receipts dropped 2 percent year-on-year to \$3.4 billion. The closure of CR care will likely create challenges for promoting products such as U.S. ginseng.

‘Gachapon & Super Convenience Store’ Opens In Zape [The Macau Post Daily, Oct.9]

Tiffany Lifestyle, a Japanese-themed "gachapon and super convenience store," opened on September 28 in Zape. Managed by Yamanaka Tetsuya of China Star Entertainment Group, the store offers various amusement facilities, including claw machines, capsule toy dispensers, a beverage kiosk, and a convenience store selling Japanese items. It also features sticker photo booths, costume services, and a resting space. The second floor hosts live streaming e-commerce for Macau souvenirs and selected Japanese goods, emphasizing a unique physical shopping experience. **ATO Notes:** The integration of Gachapon machines into convenience stores creates a unique shopping experience, blending the excitement of collectible vending with daily essentials shopping. This business model aims to attract customers to increase their dwell time and encourage impulse purchases especially among younger shoppers.



TRADE

The Hong Kong Gin Makers Hoping To Break Into Japan And Whisky Production In Hokkaido [SCMP, Oct.4]

Hong Kong award-winning gin makers Perfume Trees Gin announced that they are setting up Tankyu Distillery in a brand-new facility in Hokkaido, Japan, in early 2025. The distillery, supported by the local Japanese government, will have a capacity of 76,000 liters annually. It will operate under the model of “publicly built, privately operated,” with the local government providing a significant portion of the financial support and materials for the distillery’s construction. **ATO Notes:** In the first eight months of 2024, Hong Kong’s global imports of distilled spirits grew 3 percent year-over-year and reached \$510 million. Domestic consumption of locally produced and imported spirits saw steady development.

Hong Kong Resumes Imports of Poultry Meat and Products From 5 U.S. Counties [ATO Update, Oct. 4]

The Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department (FEHD) has resumed imports from 5 highly pathogenic avian influenza (HPAI) affected counties in the states of Weld County, State of Colorado, Sioux County, Cherokee County and Sac County, State of Iowa and Roosevelt County, State of New Mexico. **ATO Notes:** As of this report, only 28 U.S. counties in 5 states are currently banned from exporting poultry meat and eggs to Hong Kong due to HPAI. Timely

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reinstatement of imports from other U.S. counties has facilitated the recovery of U.S. poultry exports to the city in 2023 and first half of 2024. U.S. exporters of poultry meat and products are encouraged to check the export library (published by USDA's Food Safety and Inspection Service) for the latest on U.S. locations eligible for exports to Hong Kong.

Hong Kong Suspends Imports Of Poultry Meat And Products From Two U.S. Counties [[CFS - Press Release, Oct. 7](#); [CFS - Press Release, Oct. 14](#)]

The Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department (FEHD) has suspended imports from Lincoln County and Canyon County of State of Idaho following a notification from the World Organization for Animal Health (WOAH) about outbreaks of highly pathogenic H5N1 avian influenza (AI).

Deep Bay Not Suitable For Edible Raw Oyster Farming Development Due To Pollution [[The Standard, Oct.9](#)]

Lawmaker Rebecca Chan Hoi-yan suggested a shift towards locally farmed oysters as many residents consume imported ones. Secretary for the Environment and Ecology Tse Chin-wan expressed concerns over developing edible raw oyster farming in Deep Bay and Lau Fau Shan due to pollution risks. The government is cleaning up the area, removing around 4,000 of the 14,000 oyster rafts. **ATO Notes:** Limited fisheries industries do operate in Hong Kong, including oyster farming. However, water pollution in Hong Kong has made oyster farming more difficult to sustain and especially as Hong Kong authorities suggest minimizing the activity for food safety reasons. Oyster consumption in Hong Kong is still strong. In 2023, Hong Kong imported \$4.4 million of fresh, chilled and frozen oysters. U.S. oysters ranked fourth behind France, China, and Japan.

Health Inspector of Centre for Food Safety Charged By ICAC Admits Stealing Food Samples By Abusing Power [[ICAC, Oct.3](#)]

A Health Inspector from the Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department (FEHD) has admitted to stealing food samples. The ICAC charged several Health Inspectors for abusing their power by not properly disposing of unused food samples after testing. The Health Inspector was found with various unused food samples at his home. Four other Health Inspectors face charges of conspiracy to steal. The ICAC has provided corruption prevention recommendations and additional integrity training to FEHD staff.

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ATO LOOK AHEAD CALENDAR



Catch the latest activities and events that ATO Hong Kong is hosting, sponsoring, or otherwise participating in. Updates will be added as new events are confirmed. If you have questions about any of the upcoming events, please contact us at ATOHongKong@usda.gov.

USDA United States Department of Agriculture

DELICIOUS USA

UPCOMING EVENTS

Month	Date	Event
Oct 2024	10/23	U.S. Wine Masterclass (CWI)
	10/23-27	AIA International Conference Hong Kong (AHEC)
	10/31-11/7	JEBN Retail In-store Promotion (ATO HK)
Nov 2024	11/4	Delicious USA 2024 Media Launch (ATO HK)
	11/7-9	Hong Kong International Wine & Spirits Fair
	11/8	The Geographical Diversity of U.S. Wine with Mr. Reeze Choi (3rd of ASI Best Sommelier of the World 2023) (ATO HK)
	11/11 - 12/12	Delicious USA 2024 Restaurant Promotion in Hong Kong and Macau - Taste the Finest (ATO HK)
	11/19	The Great American Texas BBQ 2024 (USMEF, USAPEEC, ATO HK)
	11/22-24	International Food Beverage Asia Fair in Macau
2025	2/6-9	Pet Show Hong Kong
	2/21-23	Vegetarian Food Asia
	5/14-16	HOFEX / ProWine

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Attachments:

No Attachments.