

**Voluntary Report** – Voluntary - Public Distribution

**Date:** May 21, 2024

**Report Number:** HK2024-0030

**Report Name:** The Hong Kong Wonton - Volume 4 Issue 8

**Country:** Hong Kong

**Post:** Hong Kong

**Report Category:** Agriculture in the News, Food Service - Hotel Restaurant Institutional, Retail Foods, Market Promotion/Competition

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**Report Highlights:**

Bite size local news, Post reports and activity summaries wrapped by ATO Hong Kong. In this issue: Baking Seminar Charms Student Chefs With U.S. Ingredients; Hong Kong Economy On Track For Fifth Straight Quarter Of Moderate Growth; Hong Kong March Retail Sales Down 7 Percent; Hong Kong To Sign 20 Cooperation Documents With Shanghai; Macau Trade Down 7 Percent in First Quarter of 2024; Bad Weather And Weaker Yuan Cast Cloud Over Hong Kong Golden Week; 70 Percent Of Local SMEs Report A Decline In Performance; Galaxy To Add Ultra-luxury Capella Hotel In 2025; Hong Kong 7-Eleven Stores Confused Over Plastics Ban; Hong Kong Suspends Imports of Poultry Meat and Products from Three U.S. Counties and Areas in Japan; Can Hong Kong Cultivate Its Agriculture and Fisheries Sectors?



# THE HONG KONG WONTON



wrapped by ATO Hong Kong

Apr. 26 – May 9, 2024 | Vol. 4 Issue #8



## **BAKING SEMINAR CHARMS STUDENT CHEFS WITH U.S. INGREDIENTS**

On May 9, the USA Poultry and Egg Export Council (USAPEEC) and the California Raisin Administrative Committee (CRAC) organized a raisin scone baking class in collaboration with the School of Hotel and Tourism Management of Hong Kong Polytechnic University. Around 40 enthusiastic student bakers enjoyed the hands-on learning along with representatives from the ATO, USAPEEC and CRAC. As the sweet smell of raisin scones filled the workshop, participants learned more about the nutritional benefits and food safety of U.S. eggs and raisins. Thanks to the teaching expertise of the culinary instructor, the cooking class decoded the secret behind wholesome and delectable raisin scones with quality U.S. ingredients. The School of Hotel and Tourism Management has been a great working partner of the ATO, providing great platforms to introduce U.S. food products to aspiring young chefs. Baked goods are extremely popular among Hong Kong consumers and mainland visitors. On weekends, it is not rare to see block-long lines outside fashionable bakeries. This trend presents great opportunities for U.S. ingredients such as dried fruits, edible tree nuts, and flour.

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### ***ATTENTION U.S. EXPORTERS!***

### ***HONG KONG BUYERS ARE LOOKING FOR:***

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ATO maintains close contacts with buyers from Hong Kong and Macau. Currently Hong Kong buyers are seeking U.S. suppliers of the following products:

- Ox Gallstones (see GAIN [market report](#))
- Chicken Feet
- Ready-to-eat Mixed Salads
- Low Carb, Low Calories & Microwavable Potatoes, and Potato Products
- Cooking Vegetables

If you are interested in supplying these products, please contact [ATOHongKong@usda.gov](mailto:ATOHongKong@usda.gov) and provide your company information, contact person, and email address. We will connect you directly with interested buyers.

## ECONOMY



### **Hong Kong Economy On Track For Fifth Straight Quarter Of ‘Moderate’ Growth, Finance Minister Paul Chan Says [[SCMP](#), Apr. 28]**

Hong Kong’s economy is on track to achieve its fifth straight quarter of “moderate” growth, the finance minister has said, vowing to pursue new development opportunities and stimulate local spending through mega events in the coming months. Financial Secretary Paul Chan said the government would continue to build on the economy’s traditional strengths while exploring new sources of growth. He said official figures were expected to show the economy grew between 2.5 percent and 3.5 percent in the first quarter, which aligned with the projected full-year growth figure for 2024. Meanwhile, government economists have projected that economic confidence should gradually improve during the year, while exports of goods will increase if leading global economies cut interest rates as expected. **ATO Notes:** During the first quarter of 2024, merchandise trade increased 10 percent year-on-year, following a full-year 7 percent contraction in 2023. As the government has focused on reviving its tourism industry, the city’s tourist numbers bounced back to 34 million visitors last year: a vast improvement over the last two years but still shy of the 65 million visitors recorded in 2018.

### **Hong Kong March Retail Sales Down 7 Percent, Snapping 15 Months Of Growth [[The Standard](#), May. 4]**

Hong Kong's March retail sales fell 7 percent from a year earlier, partly due to a high base of comparison for visitor spending and the Easter holidays, according to government data. Compared to a 2 percent rise in February, March sales decreased to \$4 billion, snapping 15 consecutive months of growth. Hong Kong visitor arrivals continue to increase following the pandemic lockdown, contributing to the 3 percent growth in the local economy in the first quarter. Although arrivals are increasing there are signs that tourists are spending less. **ATO Notes:** March visitor arrivals stood at 3.4 million, compared to 4 million in February, and 3.8 million in January. The number of mainland visitors stood at 2.5 million in March, up 25 percent from the same period in 2023. The drop in retail sales during March could reflect a normalization in sales figures following the seasonal boost to economic activity during the calendar and Lunar New year holidays.

### **64 Family Offices Setting Up Or Expanding Business In Hong Kong [[The Standard](#), Apr. 24]**

Invest Hong Kong, under the Commerce and Economic Development Bureau, has assisted 64 family offices in setting up or expanding their businesses in the city. This figure includes 49 mainland family offices, eight from Asia, and seven from North America and Europe. As of the end of 2023, around 2,700 family offices were operating in the city, with over half of them set up by individuals having a wealth of \$50 million or more. Additionally, 136 family offices are either preparing to establish a presence locally or have already decided to do so, with 82 originating from the mainland. **ATO Notes:** In 2023, Hong Kong hosted 1,336 regional headquarters, 2,311 regional offices, and 5,392 local offices

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with parent companies outside the city. Over the last two years, regional businesses have decentralized from Hong Kong with a decrease of 4 percent. However, the number of local offices increased 4 percent.

## **Hong Kong To Sign 20 Cooperation Documents With Shanghai To Boost Ties In Digital Economy, Finance, Among Other Fields [SCMP, Apr. 26]**

Hong Kong will sign 20 cooperation documents with Shanghai to strengthen ties across various industries. The two cities had reached a consensus on 65 projects spanning 15 sectors, such as innovation, technology and industrial development, urban and planning management, finance, and the digital economy. The city has become one of Shanghai's major export markets and its largest source of foreign investment. **ATO Notes:** In 2023, Hong Kong was mainland China's fourth-largest trading partner following the United States, Japan, and South Korea. According to China's Customs Statistics, total bilateral trade (agricultural and non-agricultural) between the mainland and Hong Kong accounted for five percent of mainland's total external trade or \$288 billion. Exports from mainland China to Hong Kong stood at \$275 billion, making Hong Kong the second-largest export market, after the United States.

## **Trade Down 7 Percent in First Quarter of 2024 [Macau Daily Times, Apr. 30]**

External merchandise trade totaled \$4.6 billion in the first quarter of 2024, down 7 percent compared to the same period last year, according to data from the Statistics and Census Service (DSEC). The total value of merchandise exports grew 5 percent year-on-year to \$412 million, while imports dropped 8 percent year-on-year to \$4.2 billion. Analyzed by destination, merchandise exports to the Belt and Road Countries increased 40 percent and exports to the European Union increased 133 percent. **ATO Notes:** In 2023, Macau's GDP increased 81 percent. While total trade grew 1 percent to \$20 million, retail sales propelled 43 percent to \$11 million. Despite the external trade's slow performance during the first quarter, prospects on Macau's overall economy for 2024 remain optimistic.

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## *HOTELS, RESTAURANTS, AND INSTITUTIONS*

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## **Bad Weather And Weaker Yuan Cast Cloud Over Hong Kong 'Golden Week' Hopes And Could Cut Trade In Restaurants By 30 Percent [SCMP, Apr. 29]**

Hong Kong restaurants could see as much as a 30 percent drop over the Labor Day "golden week" holiday compared to last year, despite the arrival of an estimated 800,000 tourists from mainland China. Restaurant operators say the shrinking spending power of visitors from across the border and the recent rainy weather could hit business hard. An economist agreed Hong Kong's high prices and mainland's weak economy did not bode well for the city over the May 1 - 5 holiday. For starters, Hong Kong is not cheap and coupled with a weak renminbi, products in the city have become even more expensive. He added that the city also faced keen competition from alternative destinations. Immigration officials predicted a week before the start of the mainland holiday that the first day would see peak travel at land

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border crossings, with a million trips in and out of the city on May 1 alone. **ATO Notes:** Despite the high number of anticipated visitors, business operators in Hong Kong were cautiously optimistic about sales during “Golden Week.” While the crowded streets confirmed the anticipated increase in mainland tourists, restaurant operators noted that changes in spenders’ habit and the overall business sentiment was not as good as pre-pandemic years.

## **70 Percent Of Local SMEs Report A Decline In Performance [The Standard, May. 3]**

Nearly 70 percent of local small and medium enterprises (SMEs) reported a decline in business performance compared to pre-pandemic levels, according to a recent survey conducted by the Hong Kong Small and Medium Enterprises Association and JCI Dragon Hong Kong. The survey interviewed 568 SMEs across various industries, including retail, catering, tourism, and services. The study revealed that since the border reopening, 69 percent of enterprises experienced a drop in business, while only 4 percent reported an increase. In addition, more than 70 percent of respondents expressed concern about the impact of changes in citizens' spending power on their businesses. The survey indicated that approximately 75 percent of SMEs are willing to undergo business transformation, and 35 percent would consider expanding their operations when the time is right.

## **‘We Will Not Reopen In Hong Kong’: Chef Alain Ducasse Focused On Earning A Third Michelin Star For Macau Restaurant [SCMP, Apr. 25]**

If one were to compare chefs and rock stars, Alain Ducasse might be the culinary equivalent of Mick Jagger. Ducasse was one of the first chefs in the world to own three-Michelin-star restaurants in three cities and is one of two chefs whose restaurants held 21 Michelin stars. He acknowledges the shift towards plant-based diets in recent years but suggests that a soft approach will be more effective. Rech, a high-end French seafood restaurant, closed in 2020 during the pandemic. For now, Hong Kong’s loss is Macau’s gain as he aims for a third Michelin star for his restaurant Alain Ducasse at Morpheus in Macau. **ATO Notes:** In response to Hong Kong current business atmosphere, some entrepreneurs have chosen to temporary relocate to other locations. According to operators, currently, Macau presents a more positive business environment with its influx of visitors and the revival of its tourism industry.

## **Galaxy To Add Ultra-luxury Capella Hotel To Portfolio In 2025 [Macau Daily Times, Apr. 26]**

Galaxy Entertainment Group (GEG) has announced a landmark collaboration with Capella Hotels and Resorts, named the “Best Hotel Brand in the World” by Travel + Leisure Magazine in 2023. The new Capella property at Galaxy Macau, set to open in mid-2025, will join the world’s largest collection of nine high-end hotels under one roof, redefining Macau’s offering of ultra-luxury experiences. Acclaimed chef Vicky Cheng will debut his first international fine dining concept. Recent awards for Cheng include ranking fifth on Asia’s 50 Best Restaurants 2024 and securing the Highest Climber award. **ATO Notes:** One of the indicators that have demonstrated the revival of the city’s tourism industry is its hotel occupancy rate. In 2023, the hotel occupancy rate reached 82 percent, almost a full recovery to pre-pandemic levels. With the city’s plans to host more MICE events, hotels are expected to expand their offerings.

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## Hotel Occupancy Bounces Back in the First Quarter, City To See More Hotel Rooms [[Macau Daily Times](#), Apr. 30]

Macau's tourism industry has experienced a robust recovery in the first quarter of 2024, as evidenced by hotel occupancy rates. Data from the Statistics and Census Service (DSEC) indicates total available guest rooms increased 20 percent to 47,000. The average occupancy rate of guest rooms rose 10 percentage points to 85 percent in the first quarter, with 5-star, 4-star, and 3-star hotels seeing significant increases. The number of hotel guests totaled 3.8 million, up 40 percent year-on-year and 8 percent compared to 2019. **ATO Notes:** In March 2024, the average occupancy rate increased 6 points to 84 percent, and the number of guests grew 26 percent to 1.2 million.

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## RETAIL

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## Hong Kong Welcomes More Than 173,000 Mainland Chinese Visitors On First Day Of ‘Golden Week’ Break [[SCMP](#), May. 1]

According to the Immigration Department, about 295,800 people, including roughly 184,440 residents, left the city on the May 1 holiday. Some of the 173,474 mainland visitors arrived via the West Kowloon high-speed rail. The station's concourse was busy but not overcrowded, with passengers swiftly clearing out. Tourists arriving at the station said they were looking forward to sampling a wide range of activities and experiences. They were also keen to shop at the city's duty-free stores, with expected expenditures of \$552 on accommodation, food, and transport. **ATO Notes:** While the city recorded a good number of visitors during the golden week break, retail sales dropped 7 percent. Retailers report that shopping habits have shifted and that “budget travel” is the current trend.

## Hong Kong 7-Eleven Stores Confused Over Plastics Ban [[SCMP](#), Apr. 28]

A reporter who visited three shops with on-site snack bars at 7-Eleven got conflicting answers about eating freshly cooked food such as siu mai (Chinese dumpling), fish balls, and noodles inside the premises. The inconsistent and ambiguous application of the ban at food outlets also epitomized the latest complication supermarkets have on the use plastic containers for pre-packaged sushi products. Officials said if a supermarket or convenience store supplied made-to-order food, such as fried noodles, and had an on-site dining area, then the meal would be considered dine-in. Plastic tableware and packaging would be prohibited. However, pre-packaged food placed on shelves, such as boxed sushi or sandwiches, was considered takeaway and therefore plastic packaging would be allowed. **ATO Notes:** Under the first phase of the ban (already in effect) restaurants are prohibited from offering Styrofoam products and throwaway plastic items such as cutlery and straws to dine-in and takeaway customers. Plastic cups, containers or lids for food supplied to dine-in customers are not allowed. The 7-Eleven snack bars, labelled as “7-Eleven Food Stalls”, offer a variety of made-to-order food items in more than 260 locations. Some 7-Eleven have dine-in counters and some do not, which has created a lot of confusion among retailers.

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## **Macau Partners With Mei Tuan For “Joyful Meeting” Promotion [[Macau Daily Times](#), Apr. 28]**

The Macau Government Tourism Office (MGTO) and e-commerce platform Mei Tuan launched the ‘Joyful Meeting’ initiative to promote Macau’s tourism and community economy both online and in-person. The promotion created a thematic page on the apps Mei Tuan and Dian Ping called “Macao Community Tourism”, which disseminates information on community tourism strategies, as well as coupon discounts at restaurants and hotels. The MGTO and Mei Tuan will distribute \$350,000 in discounts for both gastronomy and hotel vouchers to boost spending in different neighborhoods. **ATO Notes:** Mei Tuan is a Chinese shopping platform that offers entertainment, dining, delivery, travel, etc. Like Groupon, the platform also offers special deals and vouchers for local services and entertainments. There are more and more Chinese corporations extending their business in Hong Kong and Macau as a testing ground before they enter other Asian and Western markets.



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## **TRADE**

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## **Hong Kong Suspends Imports Of Poultry Meat And Products From Three U.S. Counties [[HKSAR Press Release](#), Apr. 30]**

The Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department (FEHD) has suspended imports from Newaygo, Ottawa, and Gratiot Counties in the State of Michigan following a notification from the World Organization for Animal Health (WOAH) about outbreaks of highly pathogenic H5N1 avian influenza (AI). **ATO Notes:** As of this report, a total of 80 U.S. counties in 22 states are currently banned from exporting poultry meat and eggs to Hong Kong due to AI. However, the timely reinstatement of imports from other U.S. counties facilitated the recovery of U.S. poultry exports to the city in 2023. This recovery continued for the first quarter of 2024 with exports growing 189 percent to \$35 million. Conversely, the recovery of U.S. egg exports remains elusive with sales sliding 10 percent to \$600,000 during the same period in 2024.

## **Hong Kong Suspends Imports Of Poultry Meat And Products From Areas in Japan [[HKSAR Press Release](#), May. 2]**

CFS has suspended imports from Chiba Prefecture in Japan in response to a notification from the World Organization for Animal Health (WOAH) about outbreaks of the highly pathogenic H5N1 avian influenza. **ATO Notes:** In 2023, Japan was Hong Kong’s second largest supplier of eggs and fifth supplier of poultry. Last year, imports of Japanese poultry grew 20 percent. This trend continued in the first quarter of 2024, with imports growing 10 percent to \$2.5 million. While the city’s imports of Japanese eggs fell 16 percent in 2023, these have recovered in the first quarter, growing 25 to \$12.8 million. Last year, Hong Kong’s global imports of poultry meat grew 2 percent to \$954 million while global egg imports increased 5 percent to \$316 million.

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## Can Hong Kong Cultivate Its Agriculture and Fisheries Sectors? Experts Say More Policy Support Needed To Tend To Neglected Farming Scene [[SCMP](#), Apr. 27]

Agriculture and fisheries blueprint outlines ambitious plans but farming still viewed as a sunset industry in Hong Kong. Several young people are drawn to agriculture courses offered at three universities. From the floating farm off the coast of Hong Kong's Sai Kung peninsula, a young aqua farmer produces 200,000 fish each year for the city's dining tables. His 20,000 square feet farm, Hong Kong Aquaculture, produces five types of fish popular with residents – cobia, sea bass, pompano, spinefoot, and batfish. His fish farm is one of 100 the government aims to expand to increase the supply of fresh fish 10-fold to 6,000 tons in the next 15 years. That target was set by the Agriculture, Fisheries and Conservation Department (AFCD) which aims to quadruple the annual production of vegetables from about 15,000 tons to about 60,000 tons, while all livestock farms will switch completely to efficient multi-story farms, increasing the annual production by 10 percent. **ATO Notes:** Hong Kong imports over 90 percent of its food needs, primarily from the mainland. According to official data, last year, Hong Kong imported more than 37 percent of its food from mainland, 7 percent from Japan, 7 percent from the United States, and the rest from other suppliers. Hong Kong produces under 2 percent of the 780,000 tons of vegetables consumed each year, relying on daily imports brought from mainland. The fisheries industry, valued at \$295 million, contributes 15 percent to the local 237,000 tons annual seafood consumption. The city produces only 0.02 percent of the eggs consumed, and 14 percent of fresh pork from 43 pig farms.

Hungry for more information about the Hong Kong and Macau markets?

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### Attachments:

No Attachments.