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Report Highlights:

Bite size local news, Post reports and activity summaries wrapped by ATO Hong Kong. In this issue: U.S. Vinters Develop Asian Markets In Earnest; Hong Kong’s First Quarter GDP Expands 2.7 Percent; Unemployment Rate Stays at 3 Percent; Expanded Hong Kong Solo Travel Scheme Will Bring Extra Tourists; Macau’s Economic Output Expected to Return to Pre-Pandemic Levels in 2025; Hong Kong Bakeries Eye China With Faster Customs Clearance Scheme; Hong Kong Trials Digital Yuan For Retail And Cross-border Payments; U.S. Supermarket Chain To Launch Online Shopping in Hong Kong, One Industry Expert Warns Of “Retail Crisis”; Hong Kong Resumes Imports of Poultry Meat and Products From Seventeen U.S. Counties; Hong Kong Suspends Poultry Imports From Four U.S. Counties and Areas in India, Korea, and Australia.



THE HONG KONG WONTON



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U.S. VINTERS DEVELOP ASIAN MARKET IN EARNEST

Vinexpo Asia, Asia’s flagship international wine and spirits trade show, returned to Hong Kong after six years! The three-day event ran from May 28 – 30 and received over 14,000 trade visitors from 60 countries. Sixteen U.S. exhibitors participated this year, including wine industry representatives from California, Washington State, and Oregon. U.S. Consul General, Greg May, accompanied ATO to meet and support U.S. vintners. U.S. exhibitors expressed their enthusiasm in expanding the presence of U.S. wines in Hong Kong and the broader Asia region. Last year, U.S. wine exports to the city dropped to their lowest level since the city abolished tariffs on wine imports in 2008. However, Hong Kong remains the sixth largest export destination for U.S. wines and market opportunities remain as consumers look for new, sustainable, and good value products. For the latest on Hong Kong’s wine market please see our [GAIN wine report](#).

ECONOMY



Hong Kong's First Quarter GDP Expands 2.7 Percent Year-on-year, Tourism, Events To Support Growth [[The Standard](#), May 17]

According to the Hong Kong Government, the city's economy expanded 2.7 percent in the first quarter from a year earlier. Inbound tourism and major business and entertainment events are expected to support growth for the rest of the year. However, the changing consumption patterns may pose challenges while a longer period of "tight financial conditions" may affect local economic confidence and activity. The government maintained its full-year economic growth forecast for 2024 between 2.5 - 3.5 percent. The economy expanded 4.3 percent in the fourth quarter of 2023. **ATO Notes:** As explained in pervious editions, changes in consumer habits since the reopening of the international borders remains a challenge for Hong Kong's retail and food service sectors. The strong local currency (pegged to the U.S. dollar) and high domestic prices has led local consumers to spend outside the city. While other sectors continue to improve, the economic forecast for 2024 remains unchanged.

Unemployment Rate Stays At 3 Percent [[The Standard](#), May 20]

The seasonally adjusted unemployment rate stood at 3 percent between February and April, according to the latest data released by the Census and Statistics Department (C&SD). The total employment increased from 3.68 million in January-March to 3.69 million in February-April. Over the same period, the labor force also increased by around 7,700 to 3.8 million. The number of unemployed people was 113,700, registering a slight 2,000 increase from the figures recorded in January and March. **ATO Notes:** Earlier this year, the government implemented a talent scheme to attract international talent to the city.

Shenzhen Plans To Rebuild Luohu Port To Facilitate Co-location Arrangement [[The Standard](#), May 13]

The Shenzhen local government is planning to rebuild the Luohu Port located in the Luohu district and aims to implement a co-location arrangement at the checkpoint by extending the East Rail Line to cross the border. A representative for the Shenzhen authorities said the new Luohu Port, with the co-location immigration clearance, will allow the East Rail Line to connect the core areas of Shenzhen's Luohu district and Hong Kong Island. The travel time between the two core areas will also be reduced to 50 minutes, promoting deep integration in industrial development between the two regions. **ATO Notes:** Currently, West Kowloon High Speed Rail Station is an example of a transportation port with co-location arrangement. The advantage of co-location arrangements is expected to enhance efficiency and flexibility for transportation services. In the case of West Kowloon Station, visitors are only required to do a one spot immigration clearance for both locations in a single trip travel.

Expanded Hong Kong Solo Travel Scheme Will Bring Extra 300,000 Tourists, Up To \$192 Million: John Lee [SCMP, May 14]

The expansion of mainland China's solo traveler scheme is expected to bring about 300,000 extra visitors to Hong Kong and generate up to \$192 million in additional revenue each year. The eight cities are Taiyuan in Shanxi; Hohhot in Inner Mongolia; Harbin in Heilongjiang; Lhasa in Tibet; Lanzhou in Gansu; Xining in Qinghai; Yinchuan in Ningxia; and Urumqi in Xinjiang. Visitors from the eight newly added cities are expected to help boost the economy. Tourism Board would also distribute \$26 vouchers to travelers from the eight cities added to the Individual Visit Scheme. Transport and Logistics Bureau and the Airport Authority are committed to work with airlines to boost services on these routes. **ATO Notes:** Under the solo traveler scheme, tourists from eligible mainland cities can apply for a visa to stay in Hong Kong or Macau up to seven days. They can choose from single-entry or double-entry visas, valid for three months or a year.

Hong Kong's Bun Festival On Cheung Chau May Attract 60,000 Visitors Amid Ramped-up Promotion Drive [SCMP, May 14]; 25,000 People Flock To Hong Kong's Cheung Chau For Famed Parade And Festival, But Bun Competition Too Late For Some [SCMP, May 15]

The organizers of Hong Kong's annual bun festival on Cheung Chau island are expecting 60,000 visitors, hoping to beat last year's figure with the help of the city's recent promotion efforts targeting mainland Chinese tourists. By the end of the event, Sun Ferry said at least 25,000 people had made the trip from Central to Cheung Chau as of 5:00 p.m. By 8:00 p.m., the number of passengers using its service going in either direction had reached 51,000, an increase of 19 percent from last year. A cake shop owner shared that business was better than expected, rising 10 percent compared to last year. However, a café owner observed a general trend of more mainland Chinese tourists and fewer visitors from other international origins compared to pre-pandemic years. **ATO Notes:** Last year, Cheung Chau received 40,000 visitors during the festival. This year's result exceeds last year's figure but still 18 percent less than the organizer's expectation. Unfortunately, as the event took place on a Sunday, visitors chose not to stay late because many had to return to work early the next day.

Economic Output Expected to Return To Pre-pandemic Levels In 2025 [Macau Daily Times, May 31]

The International Monetary Fund (IMF) highlighted the strong recovery of Macau's economy post-pandemic and agreed that the implementation of effective economic diversification policies would "strengthen the city's economic resilience." With a sustained recovery in the tourism sector and a rebound in private investment, the IMF forecasted a 14 percent growth for Macau's economy this year, with economic output expected to return to pre-pandemic levels in 2025. **ATO Notes:** While Macau's economic recovery has been attributed to its efforts to diversify its economy, the gaming industry is still the dominant driver for Macau's economic success. For the first quarter of 2024, there was a 57 percent improvement in gaming revenue year-on-year compared to 2023.

THE HONG KONG WONTON

HOTELS, RESTAURANTS, AND INSTITUTIONS



Hong Kong Loses Malaysian Visitors To Thailand Due To Limited Halal Options, Says Lawmaker Citing Southeast Asian Nation's Tourism Officials [SCMP, May 13]

Malaysian officials shared that some of its Muslim citizens preferred Thailand over Hong Kong because of convenience in dining out. Hong Kong should roll out a government halal certification system soon to attract more tourists from the country and the Middle East. Two months ago, the city's Tourism Board officials said it was considering establishing a new scheme next year. The city currently relies on a halal certification system run by the Incorporated Trustees of the Islamic Community Fund of Hong Kong, but it has often been accused of being too strict for restaurants to qualify. **ATO Notes:** Currently, there are 116 Halal-certified food premises in Hong Kong. In the first three months this year, Malaysian visitors made more than 90,000 trips to Hong Kong, triple the number during the same period last year.

Most Hong Kong Restaurants Willing To Lend Customers Containers For Takeaway Orders, Survey Finds, But Industry Leader Casts Doubt On Idea [SCMP, May 13]

Nearly 70 percent of restaurants are willing to take part in lunchbox lending for takeaway orders, a green group's survey has found after Hong Kong authorities banned disposable plastics last month. Although paper, wood and bamboo are easier to decompose than plastics, utensils made of such materials are still disposable. Greeners Action surveyed 171 restaurants between March and April, close to two-fifths said they were willing to set up reusable container rental machines on their premises. **ATO Notes:** The city is adapting to the city's new policy banning the use of disposable plastics in the catering sector. Under this scheme, caterers are bearing the burden of greater costs as alternative types of utensils are more expensive. However, consumers have seen additional charges in their takeaway receipts. According to official statistics, in April 2024, overall consumer prices rose 1.1 percent year-on-year. The index for meals out and takeaway food increased 3.1 percent.

Hong Kong Bakeries Eye Mainland China As Faster Customs Clearance Eases Path To Send Croissants, Egg Tarts And Other Fresh Treats [SCMP, May 12]

Hong Kong bakeries selling locally made croissants, Portuguese tarts, egg rolls and biscuits are eyeing opportunities in mainland China as new customs procedures will make it easier to send their fresh, sought-after goods across the border. Entry barriers to the vast market will be lowered after authorities on both sides of the border agreed to allow certain Hong Kong-made food products to be released from mainland customs as soon as sampling tests were completed. This faster clearance arrangements will cover non-alcoholic and non-dairy beverages, pastries, bread, confectionery, and chocolates. Hong Kong bakeries saw the change as a good opportunity to break into or expand their presence in the mainland market. Bakehouse founder Gregoire Michaud and his bakery chain had already looked into expanding across the border by assessing the different rules and regulations. His chain enjoys rave reviews on mainland social media platform Xiaohongshu, with his Causeway Bay outlet considered a must-visit

THE HONG KONG WONTON

spot for fans of freshly made Portuguese egg tarts and croissants, among other goods. **ATO Notes:** There is a combined population of 86 million in the Greater Bay Area, the new scheme is expected to reduce transportation costs and facilitate the entrance of selected Hong Kong-made goods. In 2023, around \$364 million of Hong Kong-manufactured non-alcoholic and non-dairy beverages, pastries, bread, confectionery, and chocolates were exported to mainland. Greater demand for Hong Kong-made baked goods could also lead to increased opportunities for imports of U.S. ingredients such as flour, dried fruits, and edible tree nuts.

MGM Expands To Korean Market [[Macau Daily Times](#), May 31]

MGM Resorts International is working to strengthen its presence in the Korean tourism market. The company is participating in the “Experience Macau Roadshow in Korea” organized by the Macau Government Tourism Office to showcase Macau’s potential to Korean visitors. MGM is promoting performances like the residency show “MGM 2049” collaboration with Chinese filmmaker Zhang Yimou. The company also showcased Forbes and Michelin-starred dining options to highlight Macau’s development as a “Creative City of Gastronomy.” **ATO Notes:** Referencing new investments in different businesses in Macau, development plans are expanding to include cultural and artistic experiences beyond gaming.

Michelin-starred Sushi Master Hiroyuki Sato Returns To Present Seasonal Omakase At MGM [[Macau Daily Times](#), May 29]

Celebrating the mastery of an authentic Edomae-style omakase experience, SUSHIDAN at Rossio of MGM MACAU is set to captivate connoisseurs with its Stellar Omakase – Summer Sea with the return of Michelin-starred sushi chef Hiroyuki Sato, who will join forces with SUSHIDAN’s head chef Manato Ueno to present a limited-time omakase dinner from June 18 to 21. For a unique and authentic tasting experience, the finest seasonal ingredients are directly from fish auctions in Japan. **ATO Notes:** In 2023, Macau’s global seafood imports jumped 67 percent to \$628.6 million. China, Indonesia, and Vietnam were the top three suppliers. While Japan ranked as the city’s fifth largest seafood supplier, Macau imports of Japanese seafood also increased 13 percent to \$45 million. However, during the first quarter of 2024, Macau’s global seafood imports dropped 23 percent. Similarly, imports of Japanese seafood slowed 7 percent. Nevertheless, this active promotion signals that the impact of Macau’s ban imposed on Japanese food in 2023 was short-lived as consumers in Macau are being actively encouraged to purchase Japanese seafood once again.

RETAIL



Hong Kong Trials Digital Yuan For Retail And Cross-border Payments [[Yahoo! Finance](#), May 20]

The Hong Kong Monetary Authority (HKMA) announced Friday the launch of a digital yuan pilot program. The digital yuan, or the e-CNY, allows retail transactions and cross-border payments within the city. It is designed to offer a digital alternative to cash payments for Hong Kong residents while integrating China's central bank digital currency (CBDC) into its financial system. The e-CNY wallets are expected to gain more functionalities as merchant adoption grows, facilitating wallet top-ups without the need for a mainland bank account. Individual transactions and daily spending are capped at \$276 and \$690, respectively, with a maximum wallet balance of \$1,380. Over 10 million merchants across 17 provinces and cities in mainland China now accept the digital currency. **ATO Notes:** The integration of e-CNY for Hong Kong residents traveling to mainland is likely to reinforce current spending trends and challenges in retail and food service performance in Hong Kong. Since the reopening of the international borders, residents continue to flock to mainland in search for cheaper offerings. This tool will make it even easier for Hong Kong consumers to shop and dine in mainland.

Hong Kong and Singapore Retail Fortunes Pick Up, But Lion City Could Win In The Long-term [[SCMP](#), May 20]

Hong Kong and Singapore face extensive retail leakage, with residents in Asia's top financial hubs preferring to shop and dine across their borders – Shenzhen for Hongkongers and Johor Bahru for Singaporeans – where they get more bang for their buck. Analysts expect the trend to persist, calling it a “new normal” in the case of Hong Kong, and one that is going to become increasingly significant in Singapore. Both markets have their own good and not-so-good things but the Singapore market in the short term is more attractive than Hong Kong because Singapore has become a bigger market for Asia.

U.S. Supermarket Chain Sam's Club To Launch Online Shopping In Hong Kong; One Industry Expert Warns Of 'Retail Crisis' [[SCMP](#), May 12]

U.S. supermarket chain Sam's Club is planning to launch online shopping and delivery services in Hong Kong, an expansion one industry observer has warned will spark a “retail crisis.” The megastore is planning to roll out e-commerce service for Hongkongers in two months, with one employee adding that free delivery service was available with purchases of \$83. **ATO Notes:** Hong Kong retailers have already been competing for consumers with mainland-based retailers who can now offer Hongkongers a convenient payment tool (see related story above on the digital yuan). According to the article, in March, the city's retail sales dropped 7 percent year-on-year, its worst performance in two years. New online offerings are expected to increase pressure on the local retail scene particularly for popular online platforms like HKTVmall. Hong Kong retailers continue to work on product differentiation, promotions, and other creative marketing to stay above water.

THE HONG KONG WONTON

Only One Supermarket Kept Prices Steady Between April and May [[Macau Daily Times, May 28](#)]

A regular monthly price inspection of a series of products in local supermarkets has found that in general, only one store kept the prices stable since the last inspection a month ago, the Consumer Council (CC) shows in their most recent report on the topic. The supermarket located at Jardim Triangular da Areia Preta has maintained the prices of 108 common use household products, including rice, noodles, canned foods, beverages, and personal hygiene products, among others. Citizens can search on CC webpage or mobile application for the “Cheaper Supermarkets” listing for more economic prices. In a different price inspection from the same entity, the inspectors found no differences in the prices of eight popular bakery products from the previous inspection with all the prices remaining stable from the previous month. **ATO Notes:** In April of 2024, the inflation rate in Macau increased 1 percent. However, the percentage point has been dropping compared to the last two months (1.09 percent increase in March and 1.46 percent in February).

TRADE



Hong Kong Resumes Imports Of Poultry Meat And Products From Seventeen U.S. Counties [ATO Update, May 20]

The Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department (FEHD) has resumed imports from 17 AI affected counties in the State of Arkansas, Wisconsin, Colorado, Ohio, Nebraska, Indiana, Oregon, and North Carolina. **ATO Notes:** As of this report, a total of 67 U.S. counties in 15 states are currently banned from exporting poultry meat and eggs to Hong Kong due to AI. Timely reinstatement of imports from other U.S. counties have facilitated the recovery of U.S. poultry exports to the city in 2023. 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 Four U.S. Counties [[CFS - Press Release, May 13](#); [CFS - Press Release, May 20](#); [CFS - Press Release, May 27](#)]

The Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department (FEHD) has suspended imports from Dodge County and Morrison County, State of Minnesota; San Francisco County, State of California; and Jerome County, State of Idaho following a notification from the World Organization for Animal Health (WOAH) about outbreaks of highly pathogenic H5N1 avian influenza (AI). **ATO Notes:** In 2023, U.S. poultry meat exports recovered significantly to \$104.4 million. In contrast, U.S. eggs export have contracted since the issuance of the AI-related bans. During the first three months of 2024, U.S. poultry exports continued to improve, jumping 189 percent to \$35.3 million, while U.S. egg exports dropped 10 percent to \$0.6 million.

THE HONG KONG WONTON

Hong Kong Suspends Imports Of Poultry Meat And Products From Areas in India, Korea and Australia [CFS - Press Release, May 27; CFS - Press Release, May 27]

CFS has suspended imports from Ranchi District of Jharkhand State in India; Changnyeong-gun of Gyeongsangnam-do Province in Korea; and Corangamite Shire of State of Victoria in Australia 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, only Australia was among the top 10 poultry suppliers to Hong Kong, with the city's imports of Australian poultry falling 22 percent to \$4 million. Last year, South Korea was the city's fifth largest egg supplier, and Australia the sixth. However, in the first quarter of 2024, supplies from both countries slumped. Hong Kong imports of South Korean eggs dropped 22 percent to \$1.1 million while imports of Australian eggs dropped 21 percent to \$1.3 million.

Customs Discovers First Taiwan Vessel Smuggling Case Involving About \$21 Million Worth Of Goods [The Standard, May 14]

Customs discovered an ocean-going vessel smuggling goods to Taiwan at the Kwai Chung Container Terminals and seized a large batch of unmanifested goods with an estimated market value of about \$160 million. Upon examination, customs officers found a large batch of unmanifested goods, including suspected scheduled dried shark fins and skins, scheduled wood furniture, electronic components, and electronic products, which are popular items in mainland. This is also the first-time customs have discovered a smuggling case on an ocean-going ship bound for Taiwan. However, officials believe that the criminals may have tried to evade customs detection by taking a roundabout route, first smuggling the goods to Taiwan and then to the mainland. Had these products been successfully smuggled to the mainland, it is estimated that \$4 million in tax would have been evaded.

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

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No Attachments.