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Report Highlights:

Bite size local news, Post reports and activity summaries wrapped by ATO Hong Kong. In this issue: New York Wines Uncork Potential in Hong Kong; Over One Million Hong Kong Cross-border Trips Over Festival Weekend; InvestHK's Seminar Tells Foreign Investors About F&B Opportunities In GBA Via Hong Kong; Hong Kong To Consider More High-speed Sleeper Trains to Beijing, Shanghai; Nearly 80 Kindergartens Have Closed Down In Four Years Due To Low Fertility Rate; Catering Revenue Down By 30 Percent Over Tuen Ng Festival; Why Short-term Outlook For Hong Kong's Retail Sector Remains Bleak; American Sam's Club In Shenzhen Launches Online Shopping And Delivery For Hong Kong; Hong Kong Suspends Imports Of Poultry Meat And Products From Two U.S. Counties.

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NEW YORK WINES UNCORK POTENTIAL IN HONG KONG

On June 1, ATO Hong Kong joined the New York Wine & Grape Foundation as they hosted a masterclass and trade tasting in collaboration with Somm’s Philosophy and Reeze Choi, second runner-up at the 2023 ASI Best Sommelier in the World. A group of 20 seasoned sommeliers and traders tasted 18 wines from New York State. Participants were enthused to discover the geographically diverse wine-making techniques in New York State. Although new wines are facing difficult times entering the market due to the city’s slow economic recovery, traders were receptive to wines featured at the masterclass and expressed interest in looking for ways to introduce New York wines in the market. Tasting events, even online tasting events with samples are still very popular activities among local sommeliers and traders as they look to connect their customers with actual producers. Although sales of red and old world wines dominate the market, consumers in the city are open to new profiles. For the latest on Hong Kong’s wine market please see our [GAIN wine report](#).

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ECONOMY



Over One Million Hong Kong Cross-border Trips Over Festival Weekend, But Only 424,840 Enter the City [[SCMP](#), June 11]; More People Go North Than South [[Yahoo! News](#), June 5]

Hong Kong residents made more than a million trips across the border over the Dragon Boat Festival holiday. It is more than three times the number of visitors who traveled in the opposite direction. The grim news sparked a warning from the retail industry that major holidays were no longer guaranteed to drum up an increase in business for the city. Peak seasons and holidays nowadays no longer manifest the same way. **ATO Notes:** This longstanding trend of Hong Kong consumers traveling out of the city to spend continues to put pressure on Hong Kong's food and retail industry. According to official statistics for 2023, more than 72 million Hong Kong travelers left the city but merely 27 million visited Hong Kong in 2023— a difference of 45 million travelers. In the first four months of 2024, around 33 million departures were registered and only 6 million mainland visitors came to the city. It is becoming a habitual pattern for residents to consume, travel, and play in cities within the “one-hour living circle” (understood as the Greater Bay Area, or GBA). However, most of the consumer spending is currently taking place outside of Hong Kong.

InvestHK's Seminar Tells Foreign Investors About F&B Opportunities in GBA Via Hong Kong [[HKSAR - Press Release](#), June 7]

Invest Hong Kong held a seminar that offered the latest food and beverage (F&B) industry development in the Guangdong-Hong Kong-Macau GBA and how foreign F&B companies can tap into the GBA market via Hong Kong. One of the speakers said that the GBA presents tremendous opportunities for food services and trading businesses with over 86 million consumers with rising incomes. Speakers emphasized that Hong Kong serves as the vital connector bringing international businesses to the GBA. Businesses from around the world should make good use of Hong Kong's unique advantages to capture the exciting opportunities in the GBA. **ATO Notes:** Hong Kong is the most open and international market in Asia. Recently, mainland and Hong Kong officials agreed on new customs procedures to facilitate the entry of non-alcoholic and non-dairy beverages, pastries, bread, confectionary, and chocolates made in Hong Kong. Greater demand for Hong Kong-made baked goods could translate into opportunities for imports of ingredients like flour, dried fruits, and edible tree nuts. However, Hong Kong's food processing industry remains limited primarily due to land limitations. Traders opine that while the potential to expand services and trading opportunities for food and beverage in the GBA is there, until regulations pertaining to the movement of food and beverages within GBA cities is streamlined or further integrated, it will be difficult for that potential to fully materialize.

Hong Kong To Consider More High-speed Sleeper Trains to Beijing, Shanghai [[SCMP](#), June 8]

Hong Kong will discuss increasing the frequency of high-speed sleeper trains to Beijing and Shanghai if there is demand. Hong Kong's Secretary for Transport and Logistics said the new sleeper-train service between the city to Beijing and Shanghai would be attractive to business travelers and tourists. Under the new regular service, trains departing from Hong Kong's West Kowloon would take about 12.5 hours to get to Beijing West railway station and around 11 hours to Shanghai Hongqiao railway station. The trains would run between Friday and Monday. **ATO Notes:** It takes around 2.5 hours to travel by air to Shanghai and 4 hours to Beijing. Flight schedules and choices are varied, and prices are also competitive. However, this new proposal offers more alternatives for commuters. It also signals increased future collaborations between the cities.

Nearly 80 Kindergartens Have Closed Down In Four Years Due To Low Fertility Rate [[Oriental Daily](#), June 11 - Chinese language only]

Hong Kong's fertility rate is nearly the lowest in the world, resulting in a structural decline in school-age students, and 60 kindergartens have closed in the past three school years, the Education Bureau also pointed out that for eight months from September 2023 to April 2024, a total of 14 kindergartens closed, and the Lutheran Caring Kindergarten also said earlier that it would close its operation due to operational difficulties. The information provided by the authorities also showed that the 3-year-old school-age population was declining rapidly. **ATO Notes:** According to government data, the city's population aged 0-4 and 5-9 years old have dropped since 2020 from a total of 7.2 percent to 6.1 percent. While the total Hong Kong population recovered to 7.5 million as of February 2024, the composition of the city's population (and by extension consumers) has been shifting significantly in recent years. With the increase in senior population, consumer interest in healthier and functional foods is expected to keep rising. Local media reports that despite a recent government policy to encourage childbearing, parents in the city still face real difficulties accessing supporting services and education.

Freebies And Discounts On Offer As Part Of July First Handover Anniversary [[The Standard](#), June 11]

Speaking to the press ahead of his weekly executive council meeting, the Hong Kong leader said citizens will be able to enjoy a number of freebies to celebrate the occasion. On July 1st, all tram, MTR light rail rides and bus routes on New Territories will be free. MTR rides will be free of charge for children aged between 3-11. Free access is offered to regular exhibitions for Hong Kong Science Museum, Hong Kong Museum of Art, and M+. Ocean Park Hong Kong and Peak Tram will offer discount to children and the elderly. Nevertheless, discount offers from over a thousand restaurants will be offered the same day. **ATO Notes:** Retail and food sales results from the last holiday were not as good as expected. Hong Kong is still looking for different ways to attract tourists and encourage residents to stay and spend in the city, particularly as it faces strong competition from international destinations like Japan and other GBA cities.

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HOTELS, RESTAURANTS, AND INSTITUTIONS



Hong Kong's First Water Rate Rise In Three Decades To Be 'Definitely' Passed On To Consumers, Industry Leaders Say [[SCMP](#), June 3]

The Water Supplies Department is planning to increase Hong Kong water charges, the first revision since 1995. Eric Chau Hon-keung of the Laundry Association of Hong Kong and Simon Wong, honorary president of trade group the Institute of Dining Professionals voiced concerns that the water rate rise would extensively affect the hospitality and catering industry. They also warned that raising water prices would trigger an increase in other utilities and lead to higher inflation rates. **ATO Notes:** In April of 2024, the year-on-year consumer prices rose 1.1 percent, smaller than the 2 percent increase recorded last month. The city's restaurant sector continues to face several difficulties with rising operational costs and far less customers.

Catering Revenue Down By 30 Percent Over Tuen Ng Festival [[RTHK](#), June 10]

Simon Wong, head of the Federation of Restaurants and Related Trades, pointed out that the local catering sector noticed a decrease in revenues of 30 percent year-on-year during the "long weekend" of Dragon Boat Festival. He appealed to the local hospitality industry and encouraged local caterers to learn from industry peers in mainland, applying technology into daily operations in response to the labor crunch. **ATO Notes:** In the first quarter of 2024, Hong Kong's restaurant receipts grew slightly 2 percent to \$3.6 billion year-on-year. However, labor in consumption and tourism sectors (retail, accommodation, and food services industries) shrank 17 percent compared to the same period in 2019.

MGTO Prepares Launch Of Halal Food Certification [[Macau Post Daily](#), June 5]

Expanding the source of tourist arrivals is Macau's priority. One of the key initiatives is to offer Muslim-friendly food options. To further boost the local tourism industry, the Macau Government Tourism Office (MGTO) is preparing to launch halal food certification programs. An official timeline for the launch is not yet available. By introducing halal-certified food to local restaurants, MGTO aims to provide more choices for Muslim travelers, particularly those from Northwest China and Southeast Asia. **ATO Notes:** Macau has been recently awarded the title of Culture City of East Asia 2025. MGTO plans to intensify its efforts in promoting more "tourism + culture" and "tourism + sports" programs to attract more international visitors to Macau. As mentioned in the Wonton's last edition, Hong Kong is also working on strengthening the Halal Food Certification for its restaurants.

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Barcelona’s Disfrutar Tops 2024 World’s 50 Best Restaurants; 2 in Hong Kong Fast Risers [[SCMP](#), June 7]

In early June, World’s Best Restaurant awards ceremony was held in Las Vegas. Hong Kong was proud to have two awardees. Vicky Cheng’s elegant modern Chinese restaurant Wing in Hong Kong swept in at the 20th place to pick up the Highest New Entry Award. The Chairman ranked 26th and took the Highest Climber Award with a significant jump from the 50th place in 2023. **ATO Notes:** Hong Kong boasts over 14,000 restaurants which range from local “dives” to high-end fine dining outlets. The Michelin Guide 2024 awarded 95 restaurants in Hong Kong and Macau, including seven 3-starred establishments in Hong Kong.

Macau Turns On Its Gastronomic Allure In ‘Tasty June’ [[The Standard](#), June 12]

June 14-23, MGTO will organize the ‘International Cities of Gastronomy Fest Macau.’ This event will showcase Macau’s culinary culture and attractions, including the ‘International Gastronomy Promenade,’ ‘City of Gastronomy Showcase,’ and ‘International Gastronomy Forum. Around 100 food stalls, with dining area, game zone, waterfront bar, and scheduled performances will be arranged for visitors. **ATO Notes:** In April 2024, visitors to Macau increased 14 percent year-on-year to 2.6 million, recovering to 76 percent of visitor levels in April 2019. The recovery was led by visitors from South Korea and Southeast Asian countries. Macau authorities are promoting non-gambling and diverse activities such as concerts, shopping, and in-depth local tours to attract visitors.

RETAIL



Why Short-term Outlook For Hong Kong’s Retail Sector Remains Bleak [[SCMP](#), June 11]

Hong Kong’s retail industry cannot seem to catch a break. No sooner did China’s economy reopen at the beginning of last year, providing a boost to high street shop rents that had just begun to rise again after several years of steep declines, than scores of Hongkongers flocked to the mainland to do their shopping. It is indicative of a “domestic consumption leakage” a worrying post-pandemic trend that has dealt another blow to the city’s ailing retail sector. Public holidays and long weekends, normally a boon for retailers, have become a source of anxiety for the city’s landlords and tenants because the longer the holiday, the greater the desire to travel. **ATO Notes:** Hainan, a popular island in mainland, is set to become a fully duty-free city next year. This will add to the current list of attractive destinations already competing with Hong Kong to attract travelers.

Hong Kong Retail Sector Calls For Duty-free Shopping Allowance To Be Raised As Sales Decline Worse-than-expected 14.7 Percent In April [[SCMP](#), May 31]

Hong Kong’s retail industry has urged authorities to raise the duty-free shopping allowance for mainland Chinese tourists as soon as possible. Tourists from across the border who make purchases in Hong Kong that exceed \$690 per trip are required to pay a tax of 13 to 50 percent to the mainland government. In

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contrast, the southern island province of Hainan has a tax-free purchase limit of \$13,790 per year. The latest shortfall in retail sales signals that Hong Kong faces persisting problems in household confidence, waning competitiveness, and changing tourism spending patterns. The retail industry has suggested the government focus on quality improvement in policies to “reignite the growth engine.” **ATO Notes:** Provisional figures released by the Census and Statistics Department showed that sales in April reached \$4 billion. It was the second consecutive contraction following 15 months of continuous growth after the pandemic. Supermarkets sales decreased by 3 percent. Food, alcoholic beverages, and tobacco decreased by 12.2 percent. Sales of jewelry, watches, clocks, and valuable gifts were the worst performers with a drop of 28.7 percent, followed by sales of electrical goods which dropped 26.5 percent, footwear and other clothing accessories decreased 26.3 percent.

American Sam’s Club In Shenzhen Launches Online Shopping And Delivery For Hong Kong [SCMP, June 7]

Sam's Club, a U.S. supermarket chain in Shenzhen, has officially announced the launch of online shopping and delivery service for Hongkongers through its app. The service will include Cantonese customer support and offer next-day delivery. The company will handle its own deliveries, with a fee of \$3.8 for the first 1 kilogram of items and \$0.6 for each additional kilogram. Delivery is available throughout Hong Kong, including the outlying islands. **ATO Notes:** As cross-border spending continues to rise, local retailers in Hong Kong are preparing to enhance their offerings to remain competitive. Strategies include upgrading online stores with promotions, expanding global sourcing networks, and speeding up delivery times.



TRADE

Hong Kong Suspends Imports Of Poultry Meat And Products From Two U.S. Counties [HKSAR - Press Release, June 11; CFS - Press Release, June 4]

The Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department (FEHD) has suspended imports from Cherokee County and Sioux County, State of Iowa 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 severely contracted since the issuance of the AI-related bans. During the first four months of 2024, U.S. poultry exports continued to improve, jumping 167 percent to \$48.7 million, while U.S. egg exports dropped 26 percent to \$0.9 million. From January to April 2024, Hong Kong’s global imports of poultry meat expanded 14 percent to \$343 million compared to last year, and the United States became one of the city’s top three supplying countries. During that same period, Hong Kong’s global egg import also grew 10 percent to \$102 million, with China and Japan as the dominant suppliers.

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Marine Police Bust Smuggling of Shark Fins And Tablets Worth \$269,000 [[The Standard, June 7](#)]
Marine police had discovered a smuggling case at Chi Ma Wan Peninsula and seized \$269,000 worth of shark fins and electronic tablets near Chi Ma Wan. **ATO Notes:** Under the [Protection of Endangered Species of Animals and Plants Ordinance](#), Hong Kong restricts the importations of shark fins from endangered species. However, it allows the importation from non-endangered species and the city remains major trading port for shark fins. In 2023, Hong Kong imported \$101 million of shark fins from its global suppliers with an increase of 29 percent from the previous year. At the same time, Hong Kong also exported \$57 million to its global buyers.

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

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No Attachments.