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**Report Highlights:**

Bite size local news, Post reports and activity summaries wrapped by ATO Hong Kong. In this issue: Consul General Greg May and ATO Hong Kong Open the USA Pavilion and Welcome U.S. Exhibitors at Asia Fruit Logistica 2024; The U.S. Dairy Export Council Showcases the Diversity of U.S. Cheese to Hong Kong Buyers; Alaska Seafood and Wisconsin Ginseng Attend Restaurant and Bar Hong Kong, the Economy Rebounds and Tourists Return to Macau; Hongkongers Continue to Flock to the Mainland for Shopping and Dining; and Hong Kong Re-Lists 46 U.S. Counties in 10 states for Poultry Exports.

# THE HONG KONG WONTON

wrapped by ATO Hong Kong

Aug 17 – Sep 15, 2024, | Vol. 4 Issue #12



## USA PAVILION DAZZLES AT ASIA FRUIT LOGISITICA 2024

The Wonton returns from its summer hiatus just in time to highlight Asia Fruit Logistica 2024! Asia’s leading trade show for fresh produce and related technologies returned to Hong Kong September 4 to 6.

This year, the USDA-endorsed trade show featured over 700 exhibitors, 28 national pavilions, and attracted more than 13,000 attendees from across the region and around the world. U.S. Consul General Greg May opened the pavilion to considerable fanfare with over 60 representatives from U.S. growers, exporters, and trade associations at 15 booths on hand. In addition to the opening ceremony, ATO Hong Kong supported pavilion exhibitors with retail and wet market visits, a night tour of the Yao Ma Tei wholesale market, and a pre-show market briefing. Even a delayed start to the final day due to a category 8 typhoon couldn’t keep exhibitors and buyers from convening. A special ATO thanks to the great support received from our visiting USDA Cooperator Programs representative and to our ATO Guangzhou, Shanghai, and Shenyang colleagues for attending the show!

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## Note from the New Director:

Greetings! As the newly arrived Director of the Agricultural Trade Office (ATO) in Hong Kong, it is my great pleasure to continue the outstanding work of my predecessor and the entire ATO Hong Kong team to deliver another edition of The Hong Kong Wonton. From my previous assignment in Beijing, I recognize the value and utility of the Wonton's "bite size" news and added context and look forward continuing to provide timely and relevant information in a curated format to our stakeholders. I want to extend a special thanks to former Director Jennifer Clever for her amazing work in Hong Kong and welcome each of you to reach out with questions, comments, or feedback on how we can make the Wonton even better. Thanks for your ongoing support and please don't hesitate to contact our office if we can be of assistance in supporting U.S. agricultural exports to Hong Kong and Macau. – Garrett

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## ECONOMY

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### China Trips At 94 Percent Of Pre-Covid Levels [[The Standard](#), Aug. 28]

A recent survey by the Asia Tourism Exchange Center revealed that over 80 percent of Hongkongers visited mainland China at least once this year, with nearly 30 percent spending at least \$513 on their trips. The survey showed that 82 percent of respondents plan to travel to the mainland between one to ten times by year-end, while over 12 percent expect to visit 11 to 20 times. Most Hong Kong tourists cited food and shopping as primary attractions, with nearly 20 percent traveling for relaxation and around 18 percent for sightseeing. There is also a growing interest among younger people in mainland activities such as indoor skiing, facilitated by improved transportation like high-speed rail. **ATO Notes:** For the first 6 months of 2024, Hong Kong received 21 million visitors, a 62 percent increase compared to the previous year. However, during the same period, Hong Kong residents made 50 million departures a nearly 73 percent increase. As reported by HKSAR, the continued lopsided arrivals and departures are negatively affecting local consumption, including food, beverage and hospitality spending. While cross-border consumption is boosted by the Greater Bay Area integration, Hong Kong officials have urged businesses to explore ways to retain and attract residents and tourists in the city. Instead of pursuing a low-cost strategy, local restaurants should focus on differentiation by providing value-for-money services.

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## **150,400 Hongkongers Have Moved To UK Using BN(O) Pathway** [[SCMP](#), Aug. 22]

From 2021 to June 2024, approximately 150,400 Hongkongers have moved to Britain, with 26,400 emigrating in the past year. However, British authorities report a decline in application numbers, with only 5,700 received and 7,664 visas granted in the most recent quarter, down from over 30,000 applications per quarter when the scheme began. The visa allows eligible Hongkongers to live, work, and study in the UK for up to five years, after which they can apply for citizenship. **ATO Notes:** Due to an outflow of population, Hong Kong's population dropped to 7.3 million in 2022, but has since rebounded to 7.5 million as some citizens have returned following the end of COVID-related restrictions and new arrivals from outside the HKSAR, particularly from mainland China. The rebounding population is expected to boost food use consumption for a wide array of consumer-oriented products.

## **Macau GDP Soars 15.7 Percent** [[Macau Daily Times](#), Aug. 26]

Macau's GDP grew by 16 percent year-on-year in the first half of 2024, reaching \$26 billion, surpassing the \$25 billion mark for the first time since the first half of 2019. Overall economic output recovered to 86 percent of its pre-pandemic level. Key drivers include an 18 percent increase in service exports and a 3 percent rise in domestic demand. Gaming and tourism services exports grew by 40 percent and 3 percent, respectively. Private consumption expenditure rose by 8 percent, driven by higher incomes. **ATO Notes:** The rebound in Macau's GDP, which suffered a sharp decline during the pandemic, has been driven by a recovery in tourism and higher disposable income for residents (see below on Tourism rebound).

## **Macau Sees Record Tourist Traffic As Summer Vacation Ends** [[Macau Daily Times](#), Aug. 26]

Macau experienced a surge in tourist traffic, with a record 166,562 visitors on August 24, surpassing pre-pandemic levels. From July 1 to August 24, Macau welcomed 5.9 million tourists, averaging 107,313 daily visitors. International tourist numbers rebounded to 75 percent of 2019 levels. The Macau Government Tourism Office (MGTO) attributed this growth to initiatives like increased tax-free allowances, enhanced travel options, and the "Stay Chill, Play Cool" project. Upcoming celebrations for the 75th anniversary of the People's Republic of China and the 25th anniversary of Macau's return to China are expected to attract more visitors.

## **Survey: Residents Show Increased Interest In Mainland Travel** [[Macau Daily Times](#), Aug. 28]

A survey by the Asian Tourism Exchange Center revealed that Beijing, Shanghai, and Guangdong are the top destinations for Macau and Hong Kong residents, with emerging hotspots like Chongqing, Guizhou, and Tibet. Travel has rebounded post-pandemic, with Hong Kong reaching 94 percent of 2019 levels and Macau increasing by over 20 percent. About half of respondents plan to travel to the mainland more often than in 2019, driven by cultural attractions and a favorable exchange rate. Notably, 61 percent of Macau residents and over 82 percent of Hong Kong residents expect to visit the mainland one to ten times. In 2019, Macau residents visited 40 times on average, while Hong Kong residents averaged 11 times. **ATO Notes:** Just like Hong Kong, Macau residents are heading North for visits and shopping. With its proximity to mainland borders, it's not surprising Macau locals pay more visits to mainland than Hong Kong.

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## HOTELS, RESTAURANTS, AND INSTITUTIONS

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### **Can Mainland Chinese Restaurants Break Into Hong Kong's Dining Scene Amid Changing Tastes? [SCMP, Aug. 24]**

Mainland Chinese restaurants have become popular in Hong Kong, overcoming past skepticism related to food safety scandals. This trend is driven by an increasing number of mainlanders in Hong Kong and locals exploring mainland cuisine. Customers appreciate the quality and flavor of dishes like Suancai fish. Mainland brands, including hand-crushed lemon tea chains, are also gaining traction. However, challenges like high rents and different business environments pose obstacles for these chains. **ATO Notes:** Some mainland Chinese restaurants have closed soon after the business expansion due to the high rent and wages in Hong Kong. In the second quarter of 2024, total restaurant receipts dropped 4 percent to \$3.4 billion compared to the first quarter, and Chinese restaurant receipts dropped 4 percent to \$1.2 billion.

### **Can Chinese Wine Become Mainstream After Support From Hong Kong's CY Leung? [SCMP, Aug. 19]**

Former Hong Kong leader Leung Chun-ying suggested making Chinese wines mandatory for National Day celebrations, citing improved quality and reasonable prices. While some support this, others are skeptical. While some Chinese wines have gained international recognition, they still face challenges like high costs and limited export volumes. In Hong Kong, they are available in luxury hotels but not widely popular due to high prices. Experts believe National Day could promote these wines, but caution against over-commercialization. The market is expected to grow, but maintaining quality is crucial. **ATO Notes:** In the first seven months of 2024, Hong Kong's global wine imports dropped 14 percent year-on-year to \$555 million. 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](#).

### **Hong Kong's Kam Kee Holdings Vows To Carry On Despite Closing 11 Restaurants This Year [SCMP, Aug. 19]**

Kam Kee Holdings, a prominent Hong Kong restaurant group, has vowed to continue operations despite closing 11 of its 40 restaurants this year due to financial difficulties. The closures are attributed to high rents, labor shortages, the impact of the COVID-19 pandemic, and changed spending habits among visitors and Hongkongers. The restaurant industry has struggled as Hongkongers flock to neighboring destinations such as Shenzhen after the post-pandemic border reopening, with the cost of living in the mainland city considered more affordable. Kam Kee Holdings remains optimistic about the future and is committed to maintaining its presence in Hong Kong's competitive food and beverage industry.

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**ATO Notes:** Hong Kong boasts over 14,000 restaurants which range from local “dives” to high-end fine dining outlets. According to Monthly Survey on Business Situation of Small and Medium-sized Enterprises (SMEs) for August 2024 by The Census and Statistics Department, the current diffusion index (DI) on business receipts for restaurants increased from 31.4 to 34.7 as compared to previous month. To get the upper hand in the fierce competition, restaurateurs should focus on food quality and create unique dining experience for the consumers.

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## RETAIL

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### **Hong Kong Exco Convenor Regina Ip Appeals For Retail Rent Cuts To Help Businesses [SCMP, Aug. 17]**

Hong Kong government adviser Regina Ip Lau Suk-yea urged shopping center owners to cut rents to help businesses survive, after finding over 100 empty shops in the Southern district. She noted stark contrasts between vacant stores in Chi Fu Landmark, Marina Square, and Aberdeen Market, and the bustling new Southside shopping center. Ip emphasized the need for rent reductions and innovative changes to attract shoppers and boost local spending. Retail sales have declined, and many businesses face high rents and competition from mainland China. Retail vacancy rates in key areas remain high, despite a slight improvement from 2022. **ATO Notes:** The overall picture of retail outlet numbers dropped a slight 0.4 percent compared to 2023 year-on-year. However, retail food outlets and supermarkets remained stable with an increase of 1 percent. This indicates that retail businesses for food continue to see modest growth despite the sluggish economy.

### **Government Must Do More To Tackle Food Insufficiency In Hong Kong [SCMP, Aug. 25]**

A survey by local NGO Food Grace revealed alarming food insufficiency among underprivileged Hongkongers, with over 40 percent going hungry to save money and 77 percent prioritizing price over nutrition. Nearly half lack sufficient nutrients, and 44 percent have reduced meals. The survey, involving 509 residents, highlights the severity of food woes, especially in Kwai Tsing and Sham Shui Po districts. Authorities are urged to enhance food assistance, stabilize prices, and address substandard housing that limits cooking facilities. The NGO also calls for tackling food waste and improving food bank provisions. Systemic change, not just handouts, is needed to address hunger. **ATO Notes:** Hong Kong’s population that live below the income standard include new immigrants from mainland and South Asian countries. For 2023, Hong Kong’s composite consumer price increased 2.7 percent for food comparing to 1.9 percent in previous year.

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TRADE



## Alaska Seafood Promotion with Hong Kong's Leading Retailer - DFI Group

From August 28 to September 18, Alaska Seafood Marketing Institute (ASMI) held an in-store promotion in six supermarket outlets in collaboration with DFI Retail Group, a leading pan-Asian retailer that operates in 13 countries and territories. The retail promotion and public tasting featured Alaska sablefish and pollock at Wellcome and Market Place stores. ATO Hong Kong amplified ASMI's promotional efforts on social media to increase consumer awareness. During the first seven months of 2024, U.S. exports of seafood to Hong Kong held steady at \$76.9 million.

## U.S. Seafood and Ginseng Offer Wholesome Ingredients at Restaurant & Bar Show



ATO Hong Kong joined the Alaska Seafood Marketing Institute (ASMI) and Ginseng Board of Wisconsin at the Restaurant, Bar & Café Hong Kong (RBHK) trade show from September 3-5 to exhibit a wide range of Alaskan wild-caught seafood and Wisconsin ginseng known for health benefits and bold flavors. RBHK attracted more than 8,000 visitors over the three days as the major trading platform targeting regional F&B communities. During the

first seven months of 2024, U.S. exports of seafood to Hong Kong held steady at \$76.9 million, U.S. exports of ginseng to Hong Kong dropped 30 percent to \$11.9 million compared to the same period in 2023.

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## Shaping Hong Kong's Appetite For USA Cheese

On August 29 and 30, ATO Hong Kong joined a visiting delegation from the U.S. Dairy Export Council on the "Classic and Innovation, Discover Cheese from the USA" mission. Seven U.S. cheesemakers and traders took the opportunity to recognize key Hong Kong traders for their longstanding partnership and explore new development potential, including California Milk Advisory Board, Dairy Farmers of American, Interra USA, Orange Cheese Co, Schreiber Foods, Schuman Cheese and Talmera USA. The gathering, which attracted about 60 local traders, provided an opportunity for attendees to taste a wide diversity of U.S. cheese and interact directly with U.S. exporters. Overall, guests were impressed by the U.S. cheese varieties and taste profiles. During the first seven months of 2024, U.S. exports of cheese to Hong Kong totaled \$4.6 million. United States is the 5<sup>th</sup> largest supplier of cheese to Hong Kong by value.

## Hong Kong Resumes Imports of Poultry Meat and Products From 46 U.S. Countries [ATO Update, Aug. 23]

The Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department (FEHD) has resumed imports from 46 highly pathogenic avian influenza (HPAI) affected counties in the states of Texas, Massachusetts, Kansas, Michigan, New York, North Dakota, Missouri, California and South Dakota. **ATO Notes:** As of this report, only 29 U.S. counties in 7 States are currently banned from exporting poultry meat and eggs to Hong Kong due to HPAI. Timely reinstatement of imports from other U.S. counties have 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 Vows Tougher Action On Japanese Seafood Imports If Nuclear Contamination Worsens [SCMP, Aug. 24]

Hong Kong has warned of stricter restrictions on Japanese seafood imports if nuclear contamination from Fukushima worsens, following a ban on aquatic products from 10 Japanese prefectures last year. Despite Japanese authorities' calls to lift the ban, Hong Kong remains firm due to ongoing concerns about treated wastewater discharge. Industry leaders argue current controls are sufficient and further restrictions are unnecessary, though the ban has significantly impacted local Japanese restaurants. **ATO Notes:** Although the Hong Kong Government continues to remind its public about the nuclear discharge situation in Japan, even extending the ban on Japanese seafood imports, Hong Kong citizens' demand for Japanese seafood has not waned. In 2023 and the first 6 months of 2024, Japan was the second largest seafood supplier to Hong Kong after China. Scallops, sea cucumbers, crustaceans, fish, and abalone are the top 5 items Hong Kong imported from Japan.



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## **Hong Kong Suspends Imports of Poultry Meat and Products From One U.S. County [[HKSAR - Press Release, Aug. 26](#)]**

The Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department (FEHD) has suspended imports from Hillsborough County, Florida following a notification from the World Organization for Animal Health (WOAH) about outbreaks of highly pathogenic avian influenza (HPAI). **ATO Notes:** In 2023, U.S. poultry meat exports recovered significantly to \$105 million. In contrast, U.S. egg exports contracted and continue to do so since the issuance of the AI-related bans. During the first six months of 2024, U.S. poultry exports improved, jumping 94 percent to \$72.5 million, while U.S. egg exports dropped 75 percent to \$1 million.

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

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### **Attachments:**

No Attachments.