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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. Agricultural Exports Grow For The First Time Since 2018; Mainland Tourists Do Not Stay Overnight and Spend Less; Hong Kong's Mega-Event Economy to Surpass Pre-pandemic Levels; Retail Veterans Expect Gradual Effects From Expansion Of The Individual Visit Scheme; Hong Kong Restaurants Grapple With Impending Ban On Plastics; Chinese Restaurants See Business Return; Fast-Food Joint Puts Speed Dating On the Menu; Citizens Crowd Markets For Lunar New Year Shopping; Ethylene Oxide Found in Samples of U.S. Prepackaged Seasoning; Macau Residents Living in Hengqin Allowed To Transport Pets and Plants; Hong Kong Suspends Imports of Poultry Meat And Products From Six U.S. Counties, and areas in Germany, Denmark, Japan, Poland, and Canada.

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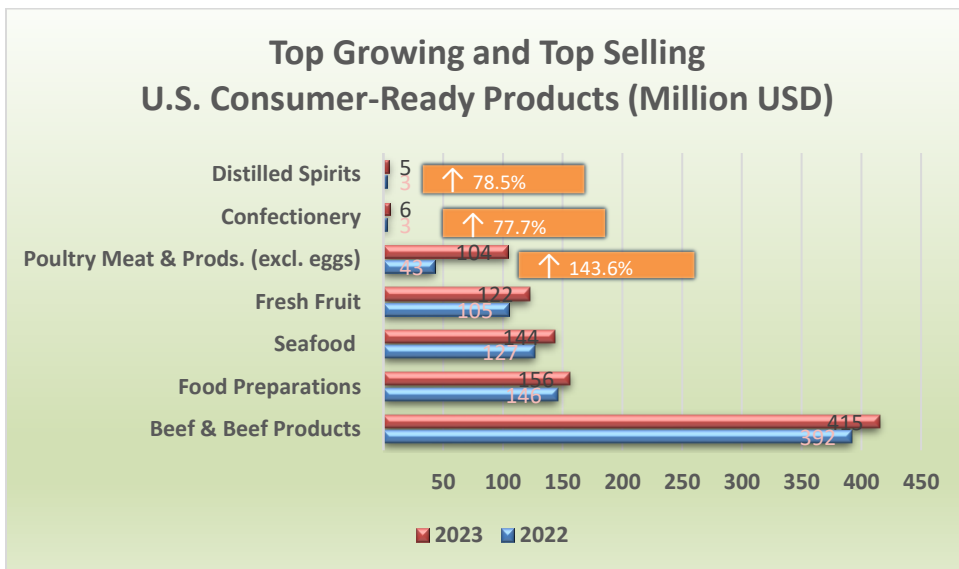
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U.S. AGRICULTURAL EXPORTS GROW FOR THE FIRST TIME SINCE 2018!



Data Source: U.S. Census Bureau Trade Data



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Last year, U.S. food and agricultural exports to Hong Kong grew 15 percent to \$1.7 billion, ending the export slump of the past four years. The uptick in U.S. exports follows the city’s tempered economic recovery in 2023. U.S. sales of consumer-ready products, the top export category for this market, grew 5.6 percent to \$1.3 billion. Major improvements in exports of poultry meat and products (following the

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reinstatement of exports from U.S. counties previously affected with avian influenza), distilled spirits, and confectionary products successfully offset exports plunges in eggs and wine. U.S. exports of beef, fresh fruit, and seafood recovered from 2022 but are still slightly below sales figures in 2021. Hong Kong's global imports of food and agricultural products grew 22 percent in 2023, the United States was its fourth largest supplier.

ATTENTION U.S. EXPORTERS! HONG KONG BUYERS ARE LOOKING FOR:

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

- Chicken Feet
- Ox Gallstones
- 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 and provide your company information, contact person, and email address. We will connect you directly with interested buyers.

ECONOMY



Enter the Dragon: Tens Of Thousands Flock To First Lunar New Year Parade In Hong Kong In Five Years [[SCMP](#), Feb. 10]

Tens of thousands of people flocked to one of Hong Kong's most popular shopping districts for the return of the annual Lunar New Year (LNY) parade after a five-year break. Undeterred by cold weather on the first day of the Year of the Dragon, many of the estimated 44,000 revelers lined the streets ahead of the Saturday night extravaganza. The parade, a Lunar New Year holiday fixture, was last held in 2019. It was cancelled in subsequent years because of political protests and the COVID-19 pandemic.

ATO Notes: Hong Kong had the most vivid lunar new year celebration since 2019, showcasing parade, fireworks, and famous performing groups to spark up the city. The Hong Kong Government continues its efforts to bring back shoppers to the city and help accelerate Hong Kong's economic growth. However, visiting mainlanders continue to travel to the city just to spend the day and not stay overnight.

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Mainland Tourists Do Not Stay Overnight And Spend Less During Lunar New Year Holidays [[The Standard](#), Feb. 19]; Over 1.2 Million Mainlanders Visit Hong Kong During LNY Golden Week, Exceeding 2018 Level [[The Standard](#), Feb. 18]

Each mainland tourist spent only \$26 to \$38 on average and returned the same day of their visit to Hong Kong during the Lunar New Year holiday, according to the Travel Industry Council's executive director. About 1.43 million tourists visited Hong Kong during the eight-day Lunar New Year Golden Week, reaching pre-pandemic levels. Of those arrivals during the holiday, over 1.25 million were from mainland. Half of the tour groups did not stay overnight. During the Golden Week, the hotel occupancy rate surpassed 80 percent, which also benefitted businesses in the catering and retail industries. Around 66,000 mainland tourists from 1,980 tour groups visited Hong Kong, accounting for 5.3 percent of total visitors. **ATO Notes:** Despite the recovery in the number of visitors from 2018, travelers are reportedly still cautious about spending. Local traders and industry contacts continue to adapt to changing consumer trends and spending habits.

Some 404,000 Leave Hong Kong As Lunar New Year Holiday Starts [[The Standard](#), Feb. 10]

According to statistics provided by the Immigration Department, 404,000 people left Hong Kong on LNY's Eve and 201,000 came to visit the city. Some 76,000 citizens left using the Lo Wu border point, followed by 73,000 via the airport and 56,000 via West Kowloon station. About 266,000 in total traveled to the mainland via the border points throughout the city. Around 48,000 traveled to Zhuhai or Macau through the Hong Kong-Zhuhai-Macau Bridge and another 10,000 took the ferry to Macau. The airport recorded the highest number of arrivals and departures at around 33,000, of which 25,000 were departures. **ATO Notes:** While there was a peak in people visiting Hong Kong, 400,000 left the city to other locations to spend their spring holidays. Around 66 percent left to mainland, while others left the city to other global locations.

Hong Kong's Mega-Event Economy To Surpass Pre-pandemic Levels [[The Standard](#), Jan. 23]

Secretary for Commerce and Economic Development Algernon Yau Ying-wah said that Hong Kong's mega-event economy is set to surpass pre-pandemic levels by the end of 2024, with exhibitions that temporarily relocated to Singapore and the United Arab Emirates returning to the city this year. The commerce chief also highlighted that three mega events – the world's largest Korean cultural event, K-Con, the U.S. festival ComplexCon, and Super Terminal Expo – will debut in Hong Kong for the first time. Meanwhile, Yau said the city is set to host at least 160 exhibitions and 150 convention meetings this year in both the Hong Kong Convention and Exhibition Centre and AsiaWorld-Expo. **ATO Notes:** Throughout the second half of 2023, 61 exhibitions were held in the city. These exhibitions attracted approximately 80,000 exhibitors and over 1.2 million visitors. After a four-year hiatus, ATO is welcoming the return of U.S. exhibitor delegations with the reappearance of important trade shows such as the Hong Kong Fur Show (in February) and the APLF Leather show (in March).

One-fourth Of Hongkongers Deterred From Visiting Japan Amid Nuclear Water Concerns [[The Standard](#), Feb. 18]

About 25 percent of Hong Kong consumers were deterred from visiting or buying daily necessities from Japan due to the discharge of Fukushima nuclear wastewater, according to a survey. Among those aged 50 and over, more than 60 percent of the respondents avoided eating food from Fukushima, and more than 30 percent are deterred from traveling to Japan. However, for those aged 20 - 29, less than 40

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percent are concerned about eating Fukushima food, and nearly 80 percent are willing to visit Japan. People believed that instead of imposing import restrictions to lower the potential health risks it would be more effective to conduct comprehensive radiation level testing on imported Japanese foods, announce test results, and monitor radiation levels in the local environment and seafood. **ATO Notes:** Consumer concerns about nuclear wastewater, have not deterred Hong Kong travelers from visiting Japan, which is still one of the favorite vacation spots. In 2023, Hong Kong visitors to Japan reached 92.3 percent of pre-pandemic levels, totaling 2.11 million with consumers spending about \$3 billion, and placing Hong Kong as Japan's 4th largest source of tourists. In 2023, while Japan still ranked as the third largest supplier of food and agricultural products to Hong Kong, the city's imports from Japan slowed 3 percent year-on-year.

Macau Hosts 1.5 Million Visitors In 10 Day Lunar New Year [[Macau Daily Times](#), Feb. 20]

According to the Public Security Police Force (PSP), border movements will reach 6 million over the 10 days of the LNY holidays. Over 3 million were movements related to visitors' entry and exit. As expected, the busiest border post was the Border Gate accounting for 1 million crossings. It was followed by the Hong Kong-Zhuhai-Macau Bridge (HZMB) with over 700,000 visitors. The third largest movement was the Macau Port Area at Hengqin Port, which recorded 457,233 crossings. The majority of those arriving from Hong Kong via the HZMB accounted for 181,452, Taipa Ferry Terminal 36,306. Foreign visitors arrived mostly via the HZMB with 34,090 crossings, followed by the Macau International Airport with 11,343. **ATO Notes:** While Hong Kong struggled to get more visitors to come to the city and spend the night, Macau captured substantial visitors from Hong Kong with at least 1 million travelers. Compared to Hong Kong, Macau has less foreign visitors. People in Hong Kong still see Macau as a getaway spot for short vacations.



HOTELS, RESTAURANTS, AND INSTITUTIONS

Retail Veterans Expect Gradual Effects From Expansion Of The Individual Visit Scheme [[The Standard](#), Feb. 26]

The retail industry welcomed the expansion of the individual visit scheme, a scheme allowing Chinese tourists to visit Hong Kong without a guided tour, to include Qingdao and Xian starting March 6, 2024. The industry believes the move will gradually stimulate businesses in the tourism, retail, dining, and hotel sectors. Visitors from these two cities will likely arrive in Hong Kong by air, which is expected to benefit the hotel sector and nighttime markets. Mainland visitors will aspire to dine at Chinese restaurants and experience the city's unique culinary culture, such as “cha chaan teng” and Hong Kong-style milk tea. **ATO Notes:** Cha Chaan Teng also known as the Hong Kong-style café featuring Hong Kong-style food tend to feature a mixture of Western and Asian quick meals. Milk tea is one popular example, as well as soup-base BBQ pork spaghetti and Fried Egg Toast. Quick preparation time and quality ingredients are some of the advantages consumers see in Hong Kong-styled cafés. Eggs, dairy, bread, and noodles are common ingredients used. Recently, restaurant receipts for Chinese restaurants

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have fared better than other cuisine restaurants. This can be a function of the time of year as consumers gravitate to more traditional dishes over the holidays. However, it is also indicative of the influx of mainland consumers (who prefer traditional cuisine), the outflow of Hong Kong travelers, and the impact these changes are having on the city's demand for food, compelling the food service sector to reevaluate their current offerings.

Online Food Orders More Expensive Than Take Out [[The Standard](#), Feb. 15]

The Consumer Council tested six ordering platforms, Deliveroo, Foodpanda, KeeTa, KFC, McDelivery, and Pizza Hut and found that about 83 to more than 90 percent of food prices are higher than the average takeout price. Only about 9 to nearly 14 percent of food prices were cheaper. Among the food samples, the higher percentages of price difference on each platform were found to be rolls with chopped scallions and fresh tortellini, which had a difference of 62 percent on Deliveroo, and mushroom cream chicken soup, which had a difference of 53 percent on Keeta, etc. As for the three chain restaurant platforms, only Pizza Hut's food prices are roughly the same as its restaurant takeout prices, and two of the food items are slightly lower on the platform. **ATO Notes:** Most delivery platforms, require a service charge which varies from \$3 to \$5 per order. While direct restaurant delivery only requires customers to meet a minimum quantity order to get free delivery, delivery servicing platforms add additional delivery charges on top of the overall transaction. Some platforms include an additional surge charge during “peak hours.”

Hong Kong Restaurants Grapple With Impending Ban On Plastic, With Some Saying It Costs Too Much To Go Green [[SCMP](#), Feb. 11]

Hong Kong's catering trade has said it is struggling to adjust ahead of a ban on single-use plastics, with many restaurants worried they will have to pass higher costs to their customers, which could drive business even further away. Many agreed the ban was necessary but said the increase in cost, difficulties finding suitable alternatives, unclear guidelines, and a desire to use up their stocks of plastic utensils were proving difficult. Hong Kong will introduce its ban on single-use plastics from April 22, 2024. Restaurants will be banned from offering customers Styrofoam products and disposable plastic straws, stirrers, cutlery, or plates for dine-in and takeaway services in the first phase. **ATO Notes:** According to research, eco-friendly utensils cost about 40 to 60 percent more than plastic, and the quality could fluctuate widely. A pack of 100 plastic forks cost \$3, but its cheapest eco-friendly, wooden alternative was \$4 for the same quantity. It is important to note for U.S. exporters that pre-packaged single-use plastics are excluded from this ban. As long as the plastic is inserted or is a part of the product during the packaging process, the product will be excluded from these additional charges.

Lunar New Year Business Recovers To 95 Percent Of Pre-pandemic Level [[The Standard](#), Feb. 12; [The Standard](#), Feb. 12]

Chinese restaurant businesses have recovered to 95 percent of pre-pandemic levels as diners flocked in, according to a veteran of the catering sector. This year, restaurants have raised menu prices by 5 to 10 percent due to increased labor and ingredient costs. The average spending per person in Chinese restaurants during the evening ranges from \$32 to \$64, and customers are willing take on those expenditures. **ATO Notes:** There is also a report on a Mong Kok restaurant which increased its service charge from the usual 10 percent to 30 percent during LNY which drew criticisms within the industry.

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Chinese Restaurant Sees Business Return To Pre-pandemic Levels For Lunar New Year Reunion Dinner [[The Standard](#), Feb. 9]

A manager of a Chinese restaurant in Mong Kok said Friday that tables have been fully booked for reunion dinners but expects business is neither increasing nor dropping on LNY's Eve. The manager pointed out that this year's reunion dinner business is expected to have a 50 percent table turnover rate, similar to pre-pandemic levels. However, due to inflation, the cost of ingredients and labor has increased, leading to fewer diners choosing the more expensive menu sets. **ATO Notes:** Mong Kok is one of the busiest shopping areas in Hong Kong filled with a mixture of shops and restaurants easily accessible via public transport. In addition to losing customers and facing a lackluster night life, restaurants in Hong Kong continue to deal with high labor and ingredient costs which has inevitably led them to raise menu prices, particularly during the holiday season. While set tasting menus, especially thematic set menus have been popular, higher prices have reportedly prompted consumers to opt for cheaper items on the menu instead of tasting sets.

Fast-Food Joint Puts Speed Dating On The Menu [[The Standard](#), Feb. 15]

A fast-food restaurant, Tomato C Hing in Lai Chi Kok, organized five speed dating events prior to Valentine's Day with the aim of connecting single customers in a comfortable environment. The restaurant responded to requests from diners who were interested in such events. Each event had a total of 20 participants, comprising of 10 males and 10 females. The restaurant charged each participant between \$25 and \$37, which included the cost of dinner. **ATO Notes:** Restaurants are being creative hoping to attract different set of customers and drive people's interest to spend and eat out. Online dating is more popular than speed dating, but customers responded positively to this theme. If the promotion is successful, this may offer a new promotion strategy for other restaurants to adopt.

2024 Lunar New Year Arrivals Slightly Beat 2019, Hotel Occupancy At 95 Percent [[Macau Daily Times](#), Feb. 19]

One possible reason for this year's higher visitor numbers was that, in 2019, the first day of the LNY was a Monday, while this year it was a Saturday coinciding with a weekend, which always brings more visitors to Macau. In addition, during 2019's "Golden Week," there was only one weekend at the end of the week. However, this year, the new year began on a weekend, which was followed by a public holiday in Macau on the Monday and the neighboring region, namely Hong Kong. As expected, visitors from mainland China topped the list of tourism sources by a large margin with the results after eight days showing that 76.2 percent of all visitors entering Macau came from mainland. While both mainland and Hong Kong grew their representation, the number of foreigner visitors fell, this is the group the local government has declared it wants most to attract.

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RETAIL



Instant Noodles Too Salty, Says Consumer Watchdog [[The Standard](#), Feb. 15]

The Consumer Council tested 19 samples of prepackaged instant noodles sold in Hong Kong and found that the sodium content of one whole serving noodles with soup and sauce of all samples exceeded the recommended adult intake limit per meal. Its test also found that the saturated fat content of one whole serving in nine samples exceeded the adult intake limit per meal. **ATO Notes:** The Hong Kong Consumer Council will randomly investigate food products available in the market to ensure they are meeting recognized health and food safety standards. Recognized food standards from WHO, FDA and Codex are usually referenced. Instant noodle is a diet custom brought from Japan to Hong Kong, it is a widely accepted form of food in Hong Kong meals. According to Euromonitor, in 2023, the retail value of instant noodle in Hong Kong grew 3 percent to \$244,000.

CityU's Vet Program Savors Sweet Success [[The Standard](#), Feb. 15]

City University's Tai Po farm is producing delicious ice cream and selling these at a reasonable price. The sweet treat is \$3.6 a cup and comes in grapefruit, black sesame, strawberry, hojicha, chocolate and milk flavors. The ice-cream was unveiled through a blind tasting game on Valentine's Day. The university farm in Lam Tsue has been primarily serving as a training center for students in the Bachelor of Veterinary Medicine program since November 2022. The farm provides students with valuable learning opportunities and hands-on experiences in various aspects, including animal handling, veterinary examination, animal welfare and husbandry, farm management and food production and safety. **ATO Notes:** Hong Kong's agricultural production is limited. This farm is the only farm in Hong Kong that raises local cattle and produces dairy products. Since it is not a revenue driven establishment, its production is also limited. The only known retail channel so far is at City University's own catering channel within campus. Here again, the theme of Valentine's Day served as a good gimmick to introduce a new product to consumers.

Citizens Crowd Markets for Lunar New Year Shopping [[The Standard](#), Feb. 9]

On LNY's Eve, many citizens were seen flocking to the market early morning to buy food and prepare for the year-end reunion dinner. The Kowloon City Market was crowded with substantial queues at vegetable stalls, seafood stalls, and chicken stalls. A shopper said that she had spent about \$385 to \$513 on fish, shrimp, meat, vegetables, and thought the price was normal for a reunion dinner. She added that she did not have time to shop before and believed buying the food on the day was better because it would be fresher. Many citizens coming out to shop also stated that the market was lively today and had a LNY atmosphere. **ATO Notes:** Compared to the atmosphere in restaurants, the situation at retail and wet market seemed livelier and more festive. Even if the cost at some restaurants might be similar to the cost of cooking at home, people still choose to make their own meals. This trend might be a continuation of a trend developed during the pandemic where people felt better gathering at home for a more private, less crowded environment, and a guaranteed quality food selection.

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TRADE



CFS Finds Ethylene Oxide In Samples Of U.S. Prepackaged Seasoning [[CFS - Press Release](#), Feb. 9]

The Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department announced that samples of prepackaged seasoning packed in or manufactured in the United States were found to contain pesticide residue, namely ethylene oxide. The items in question include a chili powder manufactured by Spice Islands, ground nutmeg, and basil leaves packed by Badia. Products in the market have been instructed to be removed from shelves. According to the Pesticide Residues in Food Regulation (Cap. 132CM) laid out under the Hong Kong legislation, a food for human consumption containing pesticide residue may only be sold if consumption of the food is not dangerous or prejudicial to health. [For more details on the referenced legislation please visit Cap. 132CM Pesticide Residues in Food Regulation \(elegislation.gov.hk\)](#). U.S. exporters interested in exporting to Hong Kong and learning more about Hong Kong's regulations can consult ATO's latest [Food and Agricultural Import Regulations and Standards Report](#) or contact our office ATOHongKong@usda.gov.

Customs Seizes Dried Shark Fins Worth About \$423,000 [[The Standard](#), Feb. 16]

Customs announced that they have seized about 1,200 kilograms of dried shark fins, with an estimated market value of about \$423,000. Through a risk assessment, customs officers selected a 40-foot seaborne container arriving in Hong Kong from Guyana for inspection at the Kwai Chung Customhouse Cargo Examination Compound. The batch of dried shark fins listed under the Protection of Endangered Species of Animals and Plants Ordinance was found inside the container. **ATO Notes:** [As previously reported, Hong Kong is a top transit point for dried shark fins. However, not all types of shark fins are legal for trade in Hong Kong. For more details please consult Hong Kong's Ordinance.](#)

Macau Residents Living In Hengqin Allowed To Transport Pets and Plants [[Macau Daily Times](#), Feb. 20]

Authorities have confirmed Macau residents who study, work, set up businesses or live in Hengqin can transport animal and plant products without applying for import licenses or making declarations from March 1, 2024. Owners of cats and dogs can pass through the border as long as the animals have been implanted with electronic microchips by the Municipal Affairs Bureau and have the "International Vaccination Certificate for Dogs and Cats" and a valid "Travel Endorsement for the In-depth Cooperation Zone" issued by the bureau. **ATO Notes:** [Hengqin is adjacent to Macau's Taipa district, with a population of around 3,000 people. Part of Hengqin is leased to Macau by the People's Republic of China in 2009. Since then, the area is special administrative region. Macau like other global economies requires a health certificate for pets and plants transit. However, to ease the border restrictions for this special administration area, the requirement has been recently removed.](#)

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Hong Kong Suspends Imports Of Poultry Meat And Products From Six U.S. Counties [[CFS - Press Release, Feb. 5](#); [CFS - Press Release, Feb. 14](#); [CFS - Press Release, Feb. 19](#); and [CFS - Press Release, Feb. 26](#)]

The Centre for Food Safety (CFS) has suspended imports from Duplin County and Lenoir County, State of North Carolina; Delta County, State of Colorado; Miami-Dade County, State of Florida; Gage County, State of Nebraska; and Daviess County, State of Indiana following the notifications 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 23 states are currently banned from exporting poultry meat and products to Hong Kong due to AI. In 2023, U.S. poultry exports recovered close to 2020 levels, reaching \$104.4 million following the reinstatement of imports from several counties at the beginning of the year. Hong Kong was once again one of the top 10 market for U.S. poultry exports. Conversely, last year U.S. eggs exports plunged 56 percent to a record low of \$8.2 million.

Hong Kong Suspends Imports Of Poultry Meat And Products From Areas In Germany, Denmark, Japan, Poland and Canada [[CFS - Press Release, Feb. 5](#); [CFS - Press Release, Feb. 6](#); [CFS - Press Release, Feb. 7](#); [CFS - Press Release, Feb. 8](#); [CFS - Press Release, Feb. 14](#); [CFS - Press Release, Feb. 20](#); and [CFS - Press Release, Feb. 21](#)]

CFS announced that in view of a notification from the WOAHA about outbreaks of highly pathogenic H5N1 avian influenza, it has suspended imports from the district of Schwalm-Eder-Kreis in Germany, Aabenraa Municipality and Sorø Municipality in Denmark, Kagawa Kagoshima Prefectures in Japan, Międzychodzki District, Gorzowski District, Iławski District, Brzeski District, Koniński District, and Ostrowski District in Poland, and Drummond Regional County, and Essex County in Canada. **ATO Notes:** Looking at the full year results in 2023, Hong Kong global imports of poultry increased 2 percent to \$954 million while global imports of eggs increased 5 percent to \$316 million. The United States was the fourth largest supplier of poultry and eggs to Hong Kong.

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

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Attachments:

No Attachments.