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**Report Highlights:**

Bite size local news, Post reports and activity summaries wrapped by ATO Hong Kong. In this issue: Data Show Mixed Results for U.S. Agricultural Exports to Hong Kong in 2024; U.S. tariffs on Hong Kong exports draw strong rebuke but no immediate retaliation on U.S. goods; U.S. pet food brands attract Hong Kong pet lovers at Pet Show 2025; Hong Kong lawmaker calls for expanding Shenzhen visa program to Beijing, Shanghai, and Guangzhou to boost tourism; Restaurant confidence rises as retail sales continue to slump; and Macau shoppers shift to online buying and digital payments.



# THE HONG KONG WONTON

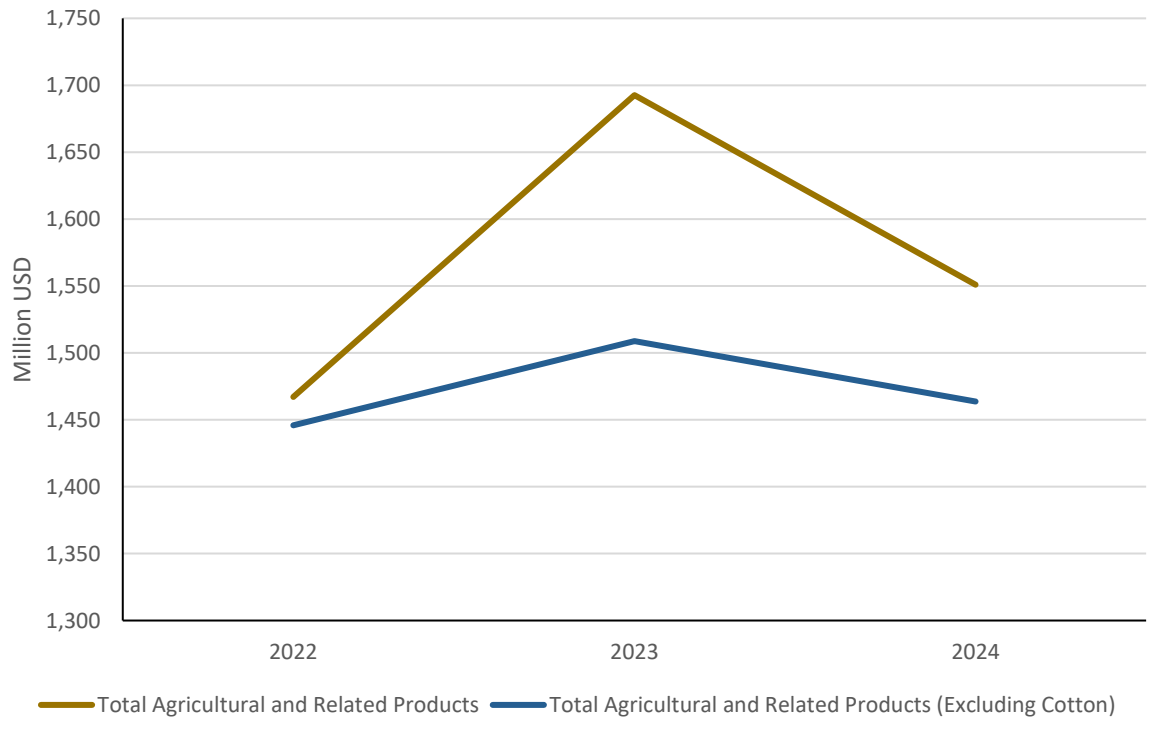
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## Data Show Mixed Results for U.S. Agricultural Exports to Hong Kong in 2024

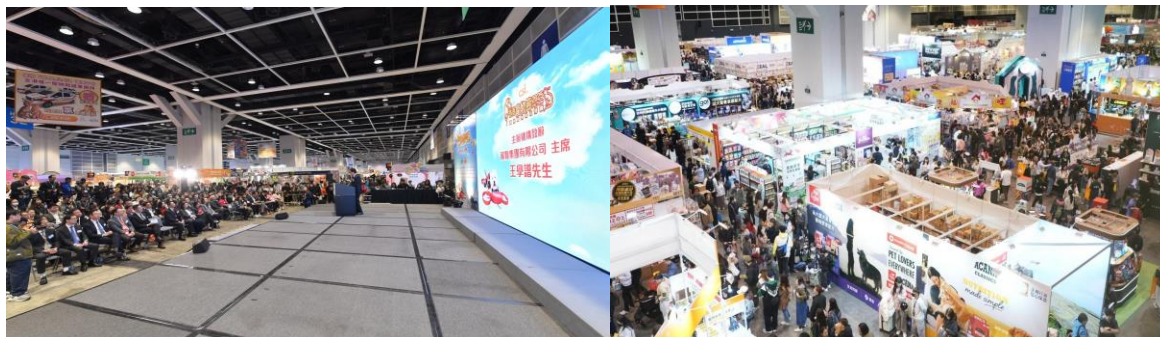
U.S. exports of agricultural and related products to Hong Kong reached \$1.55 billion in 2024, a slight decline from the previous year. Higher exports of poultry (+29 percent), bakery goods, cereals, and pastas (+18 percent), and food preparations (+9 percent), were offset by declines in wine (-32 percent), dairy (-12 percent), and fresh fruit (-9 percent). Notably, exports of cotton, often reported as such due to buyer procurement offices being located in Hong Kong (as opposed to the physical commodity actually shipping to the territory), declined 53 percent, or \$87 million. Excluding cotton, U.S. agricultural exports to Hong Kong declined 3 percent year-on-year. Hong Kong remains a top market by value for many U.S. consumer - oriented products, including ginseng (#1, \$19 million), seafood (#6, \$139 million) beef (#7, \$400 million), fresh fruit (#7, \$111 million), food preparations (#7, \$171 million), poultry (#10, \$135 million), wine (#10, \$26 million), pet food (#11, \$26 million), processed vegetables (#13, \$42 million), fruit and vegetable juices (#16, \$7 million), processed fruit (#17, \$13 million), pork (#18, \$32 million), and tree nuts (#18, \$145 million).

### U.S. Agricultural and Related Products Exports to Hong Kong, With and Without Cotton



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## U.S. Pet Food Brings the Treats to Hong Kong Pet Show 2025



Hong Kong Pet Show 2025 was held from Feb 6-9 at Hong Kong Convention Center. The show featured over 1,000 booths offering a wide range of pet food and pet products. According to the organizer, onsite sales to consumers at the show reached \$13 million (HK\$100 million). Numerous of U.S. pet food brands were showcased by local Hong Kong distributors, such as Primal, RAWZ, Catit, Carnivore Meat, and Milk Bone. U.S. pet food brands are well-regarded in Hong Kong for their safety and quality, positioning them as top-tier products for Hong Kong’s pet lovers. According to the Exhibition Group Chairman "the pet market in Hong Kong is enormous, with an annual market value exceeding \$795 million (HK\$6.2 billion)." During the show, ATO Hong Kong visited U.S. pet food booths and suppliers and discussed market trends with local distributors. Catch some of the action from our [highlight reel](#).

## ATO and U.S. Consulate Public Diplomacy Section Partner to Toast U.S. Wines for Valentine’s Day



To mark Valentine’s Day, ATO Hong Kong worked with the U.S. Consulate’s Public Diplomacy Section to promote U.S. wines on the Consulate and ATO’s [Facebook](#) and [Instagram](#). The post, which reached a combined 90,600 followers, highlighted characteristics of California, Oregon, and Washington as major wine producing regions in the United States. Hong Kong is the 10<sup>th</sup> largest market for U.S. wine, with exports reaching \$26.4 million in 2024.

## ECONOMY



### **Golden Week Brings 1.4 Million Tourists to Hong Kong [[Hong Kong Business](#), Feb.7]**

During the Chinese New Year Golden Week from January 28 to February 4, Hong Kong welcomed 1.4 million visitors, with 1.2 million coming from Mainland China. Popular tourist spots such as the West Kowloon Cultural District, Ocean Park, Hong Kong Disneyland, the Peak Tram, and Ngong Ping 360 experienced high visitor numbers. Hotel occupancy reached 90 percent. Additionally, over 2,200 Mainland inbound tour groups, representing 7 percent of all Mainland visitors, visited during this period.

**ATO Notes:** Hong Kong Tourism Board (HKTB) announced in January that Hong Kong received 45 million of visitor in 2024, up 32 percent compared to the previous year. Although visitor levels remain below their pre-pandemic high of 65 million, the upward trend is helping to boost the HRI sector.

### **Call to Expand Hong Kong Multiple-entry Visas to Beijing, Shanghai and Guangzhou [[SCMP](#), Feb.8]**

A Hong Kong lawmaker suggested expanding the multiple-entry visa scheme for Shenzhen residents to include Beijing, Shanghai, and Guangzhou to attract more overnight visitors. The current scheme allows Shenzhen residents unlimited trips to Hong Kong within a year, with each visit capped at seven days. Legislator Perry Yiu noted that Shenzhen visitors are familiar with Hong Kong and unlikely to stay overnight. He also requested better infrastructure to support tourism growth. Travel Industry Council executive director Fanny Yeung highlighted the need for more tour guides. **ATO Notes:** According to HKTB's data, the per capita spending of visitors has dropped, from \$756 (HK\$5,900) in Q1 2024 to \$692 (HK\$5,400) in Q2. Boosting the number of visitors is one way to compensate for declining spending levels.

### **Hong Kong Economy Grows by 2.5 Percent in 2024, in Line with Forecasts [[SCMP](#), Feb.13]**

Hong Kong's economy grew by 2.5 percent in 2024, down from 3.2 percent in 2023. December retail sales fell by 9.7 percent year-on-year, marking ten consecutive months of decline. A retail industry survey found 60 percent of businesses predicted a sales decline for the first two months of 2025. Fourth-quarter GDP grew by 2.4 percent year-on-year. Economists noted that challenges such as weak consumer and business confidence, changing spending patterns, reduced purchasing power of tourists, and elevated interest rates could drag down the pace of growth. **ATO Notes:** Hong Kong's economy continues to face economic headwinds. Closer integration with the mainland economy has further impacted economic growth as China's economy and consumption slows. Hong Kong consumers continue to spend, but many prefer to spend while on travel outside the region. In 2023 Hong Kong residents departed the region 72.2 million times, yet through November 2024 that same number reached 94.4 million.



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## HOTELS, RESTAURANTS, AND INSTITUTIONS

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### **Hong Kong Restaurant Confidence Index Rises to 6 in Q4 2024** [[Hong Kong Business, Jan.22](#)]

The Restaurant Confidence Index in Hong Kong improved from 5.1 to 6 in Q4 2024, driven by stable dine-in revenues and the growing importance of food delivery platforms, according to Deliveroo. Food delivery remains crucial, with 93 percent of restaurants considering it vital for their business. The festive season boosted performance, with 61 percent of restaurants reporting stable or increased dine-in revenue and 59 percent seeing steady or growing takeaway revenue. Looking ahead, 63 percent of restaurants expect the Lunar New Year and Valentine's Day to positively impact their business. Additionally, 28 percent plan special festival menus, and 20 percent are organizing promotional events to attract customers. **ATO Notes:** Total restaurant receipts in Q4 increased by 0.4 percent year-over-year to reach \$3.53 billion. Hong Kong's restaurant receipts in 2024 were on par with 2023, valued at \$14 billion.

### **Restaurant Receipts Rose While Retail Sales Fell In November 2024** [[Macau Daily Times, Jan.22](#)]

In November 2024, Macau's hospitality sector saw a 1.9 percent year-on-year increase in receipts, with Japanese and Korean restaurants performing well. However, compared to October 2024, restaurant receipts declined by 4.2 percent, mainly due to a post-National Day holiday slump. The retail sector experienced a significant downturn, with sales dropping 9.2 percent year-on-year, particularly in watches, jewelry, cosmetics, and leather goods. On a brighter note, motor vehicle sales rose by 26.9 percent. Looking ahead, 35 percent of restaurants and 42 percent of retailers expect increased receipts in December 2024, driven by the Christmas season. The Business Outlook Index indicates a positive trend for both sectors. **ATO Notes:** Receipts at western restaurants in November were 1.6 percent lower compared to October, but increased by 4 percent year-on-year.

### **Hong Kong Hotels' Lunar New Year Occupancy Rates above 90 Percent but Few Big Spenders** [[SCMP, Jan.30](#)]

Hong Kong's hotels reported over 90 percent occupancy rates during Lunar New Year, down slightly from 2024. Industry insiders attribute this to shorter stays and mainland Chinese visitors' reluctance to spend. Travel Industry Council chairman Tommy Tam noted a 15 percent increase in mainland tourists due to mega-events and relaxed visa restrictions. However, many Shenzhen visitors did not stay overnight, impacting hotel business. Director of CTS HK Metropark Hotels Management Jack Cheung noted that Mainland visitors prefer inexpensive local eateries like noodle restaurants and cha chaan teng, resulting in minimal extra spending at the hotels or on room service. **ATO Notes:** Hong Kong Tourism Board has launched a "Pandastic" campaign to allure tourists to the city during the Chinese New Year (CNY), with panda-themed trains, installations and CNY night parade. Hong Kong resumed a 3 percent hotel accommodation tax (HAT) on January 1, 2025. Annually, it's estimated to generate \$141.3 million in revenue for the Hong Kong government.

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## **Hong Kong Restaurants Pull in HK\$27.6 billion in Fourth Quarter** [[SCMP, Feb.6](#)]

In the fourth quarter of 2024, Hong Kong diners spent \$3.5 billion (HK\$27.6 billion), marking a 0.4 percent year-on-year growth. The government attributes this increase to a recovering mainland Chinese economy and improvements in local tourism and market sentiment. In 2024, total restaurant receipts reached \$14 billion (HK\$109.4 billion), which is 0.1 percent lower than in 2023. Chinese restaurants and bars saw declines in receipts, while non-Chinese eateries and fast-food restaurants experienced growth. Despite Hong Kong's low unemployment rate, competition from Shenzhen, weak domestic confidence, outbound trips, and changes in tourists' spending patterns are impacting local businesses, according to economists. **ATO Notes:** [CBRE reported](#) that the F&B industry accounted for 32 percent of leasing volume in Q4 2024. Restaurateur contacts report increasing confidence that the worst of the economic challenges are behind them and cautious optimism that efforts by the Hong Kong government to boost tourism and consumption will grow demand.

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## RETAIL

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## **Macau: Special Report – New consumer habits came to stay** [[Macau Business, Jan.31](#)]

In Macau food delivery services surged during the pandemic and continued afterward. This shift in dining habits has left many restaurant owners struggling, with numerous establishments forced to close. Another trend linked to the pandemic has been the growth of online supermarkets and establishments that accept digital orders. Before the pandemic, there were just 118 businesses, that number has likely doubled. The rise of electronic payments has been transformative. Paying via smartphone is now the norm, whether ordering food at home or shopping on platforms like Taobao. The Government played a key role in promoting this trend. **ATO Notes:** [Similar to Hong Kong, residents of Macau are opting to dine out less and are choosing to cook at home more regularly. Shopping is increasingly occurring online or across the border in Zhuhai and digital payments have largely been adopted in Macau, but adoption is still lagging in Hong Kong.](#)

## **8 Arrested in Hong Kong over Illegal Tours, Cross-Border Shopping Services** [[SCMP, Jan.21](#)]

Hong Kong police arrested eight mainland Chinese visitors in the past week for working in Hong Kong illegally as tour guides or cross-border shopping couriers. They were involved in reverse purchasing, where mainland individuals were hired by Hongkongers to buy food, groceries, and other daily necessities across the border, and then physically bring the items back to Hong Kong for a fee. The illegal tour guide services included showing mainlanders around Hong Kong, introducing them to local attractions, and helping them take photos for a fee. **ATO Notes:** [This situation reflects Hong Kong resident's continued attraction to lower-cost mainland retailers. Although the HKSAR government has attempted to restrict illicit movement of goods, especially prohibited items such as meat and eggs, Hong Kong residents continue to seek options outside of high-priced retail chains.](#)

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## TRADE

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### **HKSAR Government Expresses Strong Disapproval of US' Imposition of Additional Duty on Products of Hong Kong and Temporary Suspension of Inbound Postal Items Containing Goods from Hongkong Post [[HKSAR Press Release, Feb 5](#)]**

The Government of the Hong Kong Special Administrative Region (HKSAR) stated that, “The United States' imposition of additional duty on products of Hong Kong ignores the basic fact that Hong Kong is a separate customs territory, which is recognized by the World Trade Organization (WTO) and clearly stipulated in Article 116 of the Basic Law. We have been a staunch supporter of rule-based multilateral trading system, maintaining constructive and mutually beneficial trade relations with our trading partners all over the world including the United States.” In 2023, the United States was the third largest trading partner of Hong Kong, with the total merchandise trade value at \$60.3 billion. During the past 10 years, U.S trade surplus amounted to \$271.5 billion with Hong Kong.

### **Hong Kong Suspends Imports of Poultry Meat and Products from 21 U.S. Counties [[CFS – Press Release, Feb.10](#); [CFS – Press Release, Feb. 3](#)]**

The Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department (FEHD) has suspended poultry imports from 21 counties following a notification from the World Organization for Animal Health (WOAH) about outbreaks of highly pathogenic avian influenza (HPAI). **ATO Notes:** In 2024, U.S. poultry meat exports to Hong Kong grew 29 percent to \$135 million. In contrast, U.S. egg exports contracted 80 percent to \$1.6 million. Hong Kong suspends poultry imports due to HPAI detections based on country-level reported outbreaks.

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## ATO EVENTS CALENDAR



## UPCOMING EVENTS

Feb 2025	2/6-9	Pet Show Hong Kong
	2/6-19	Kai Bo Retail In-store Promotion (ATO HK, USMEF, Sunkist Growers, Washington Apple Commission)
	2/19-22	Hong Kong International Fur & Fashion Fair (Wisconsin Department of Agriculture)
	2/21-23	Vegetarian Food Asia
Mar 2025	3/12-14	APLF Leather
Apr 2025	4/2-3	Educational Workshops at the Hong Kong Polytechnic University (ATO HK, U.S. Wheat Associates, U.S. Dairy Export Council, Raisin Administrative Committee)
May 2025	5/12-16	USDA Agribusiness Trade Mission
	5/14-16	HOFEX/ProWine



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## **Attachments:**

No Attachments.