

Required Report: Required - Public Distribution

Date: September 30, 2021

Report Number: HK2021-0048

Report Name: Food Service - Hotel Restaurant Institutional

Country: Hong Kong

Post: Hong Kong

Report Category: Food Service - Hotel Restaurant Institutional

Prepared By: Chris Li

Approved By: Jennifer Clever

Report Highlights:

Hong Kong is an attractive market for innovative U.S. food and beverage products as well as a gateway to the region. Hong Kong is the sixth-largest export market for U.S. consumer-oriented agricultural products. In 2020, travel restrictions in response to the COVID-19 pandemic decimated tourism to the city and negatively impacted the hospitality sector. Hong Kong's restaurant receipts dropped 29 percent to \$10.2 billion. This drop is smaller than those seen in other tourism-dependent markets as locals spent more on food services in lieu of international travel. Nonetheless, the resulting lower demand from hotels, restaurants, and institutions hampered food imports in 2020. The Hong Kong government has launched multiple stimulus measures to help local residents and businesses cope with the COVID-19 adversity. These measures are expected to aid Hong Kong's economic recovery in the fourth quarter of 2021 and beyond as the pandemic situation improves, and borders reopen.

Market Fact Sheet: Hong Kong *

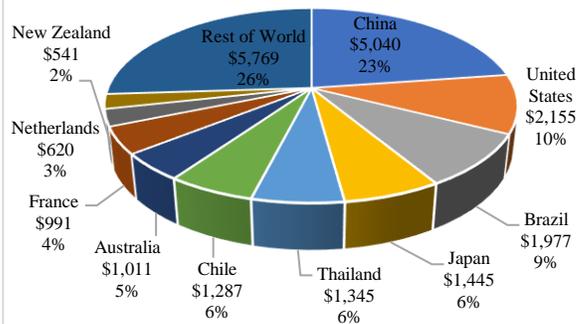
Executive Summary

Hong Kong has a population of 7.5 million and its per capita GDP was \$46,701 in 2020, one of the highest in Asia. Hong Kong is a vibrant city and a major gateway to Asia. Consumers are sophisticated and enjoy cosmopolitan food and beverages. Due to limited arable land, around 95 percent of food in Hong Kong is imported. In 2020, Hong Kong's total imports of agricultural and related products slowed for a second-consecutive year to \$25.5 billion.

Imports of Consumer-Oriented Ag. Products

In 2020, Hong Kong imports of Consumer-Oriented Agricultural Products slowed to \$22 billion, but still comprised 87 percent of overall agricultural imports. Hong Kong's most popular imported products were fresh fruit, seafood, beef, pork, dairy products, poultry meat, prepared food, wine, bakery products, and non-alcoholic beverages. China, the United States, and Brazil were the top three suppliers.

Hong Kong Imports of Consumer-Oriented Agricultural Products 2020 (Million USD)



Food Processing Industry

As land in Hong Kong is limited and extremely expensive, the local food processing sector is small. In 2020, Hong Kong global imports of intermediate products represented 8.2 percent of overall agricultural imports and valued at \$2.1 billion. Imports of bulk agricultural products comprised 1.6 percent and valued at \$403 million.

Food Retail Industry

In 2020, Hong Kong's retail food sector sales held at \$12.7 billion. The Hong Kong food retail market is made up of supermarkets, convenience stores, and traditional markets. Supermarkets account for over 62 percent of retail food sales. There are 790 supermarkets, 1,300 convenience stores, and nearly 100 traditional markets in Hong Kong, making food shopping very convenient. In 2020, online food sales jumped 80 percent and reached \$436 million.

Food Service Industry

The Hong Kong HRI food service market is made up of hotels, restaurants, and institutions, with most food and beverage sales taking place at restaurants. In 2020, Hong Kong's restaurant receipts dropped 29 percent to \$10.2 billion. The number of restaurants dropped 5 percent compared to the previous year to 15,637.

Quick Facts CY 2020

Imports of U.S. Consumer-Oriented Ag. Products

\$2.16 billion

Top 10 U.S. Consumer-Oriented Ag. Imports

Beef, fresh fruit, tree nuts, prepared food, poultry meat, seafood, pet food, processed vegetables, wine, and eggs.

Top Growing Consumer-Oriented Ag. Imports

Tea, fresh vegetables, fresh fruit, eggs, processed vegetables, prepared food, condiments and sauces, and beef.

Food Industry by Channels

Consumer-Oriented Ag. Products:

- Gross imports \$22 billion
- Re-exports \$6.96 billion
- Retained imports \$15.2 billion
- Retail food sales \$12.7 billion
- Restaurant receipts \$10.2 billion

GDP/Population

Population: 7.5 million
GDP: \$345 billion
GDP per capita: \$46,701

Strengths/Weaknesses/Opportunities/Challenges

<ul style="list-style-type: none"> - Large and free market with affluent customers. - U.S. products are perceived as high-quality. 	<ul style="list-style-type: none"> - Cost of shipment from the U.S. is high. - Hong Kong importers' order size tends to be smaller than other export destinations.
<p>Opportunities</p> <ul style="list-style-type: none"> - Hong Kong customers are open to new products. - Hong Kong is a major trading hub for Asia. 	<p>Challenges</p> <ul style="list-style-type: none"> - Keen competition from other food supplying countries. - A stronger U.S. dollar makes U.S. products less price competitive.

SECTION I. MARKET SUMMARY

Echoing global economic trends as a result of the COVID-19 pandemic, in 2020, Hong Kong's economy contracted 6.1 percent (real terms) from 2019. Ongoing travel restrictions in response to the pandemic decimated the tourism sector, a key economic driver. While Hong Kong hosted 55.9 million travelers in 2019, only 3.6 million tourists visited in 2020¹. During the first half of 2021, the number of visitors dropped to less than 50,000. This has slowed economic activity but also food imports. As a result, in 2020, total exports of U.S. agricultural and related products to Hong Kong slowed for the second consecutive year to \$2.2 billion.² However, Hong Kong was the thirteenth-largest U.S. export market by value. Hong Kong was the sixth largest export destination for U.S. consumer-oriented exports, despite exports slowing to their lowest level since 2009 at \$1.9 billion³. During the first seven months of 2021, these exports dropped 26 percent compared to the same period last year at \$787 million⁴. Top U.S. agricultural exports to Hong Kong included: beef, tree nuts, fresh fruit, prepared food, seafood, poultry meat, pork, pet food, wine, and processed vegetables⁵.

According to local statistics, Hong Kong's economic growth during the first half of 2021 was an impressive 7.8 compared to the same period in 2020. Figures for the second quarter of 2021, show Hong Kong on track to recovery. As of the time of this report, real GDP for 2021 is forecast to grow 5.5 - 6.5 percent⁶ as Hong Kong government measures such as a consumption voucher scheme and other fiscal measures expect to improve domestic economic activity.

Still Hong Kong maintains one of the highest GDP per capita, standing at \$46,701 in 2020⁷. In addition to being a dynamic market, Hong Kong is also a trading hub where buyers make purchasing decisions for a vast range of consumer-oriented products that are transshipped to China and other parts of Asia. Most of Macau's food imports are purchased, consolidated, and shipped via Hong Kong.

Due to land constraints, local agricultural production in Hong Kong is minimal. As a market which imports 95 percent of local food requirements, Hong Kong at large welcomes foods from around the world and its import regime is transparent. Food and beverage products are imported to Hong Kong without tax or duty with the exception of four commodities, namely liquors, tobacco, hydrocarbon oil, and methyl alcohol. For more information on Hong Kong food import regulations, please refer to [GAIN Report HK2021-0031](#).

¹ Hong Kong Tourism Board

² USDA/FAS Bico Reports, U.S. Census Bureau Trade Data

³ USDA/FAS Bico Reports, U.S. Census Bureau Trade Data

⁴ USDA/FAS Bico Reports, U.S. Census Bureau Trade Data

⁵ USDA/FAS Bico Reports, U.S. Census Bureau Trade Data

⁶ "Economic and Trade Information on Hong Kong", Hong Kong Trade Development Council

Table 1 – Major Advantages and Challenges in the Hong Kong Market

Advantages	Challenges
Hong Kong is one of the top markets in the world for food and beverages, processed, fresh, and frozen gourmet products. U.S. exports of consumer-oriented agricultural products to Hong Kong were \$1.9 billion, making it the sixth-largest market for the United States in 2020.	Transportation time and costs, combined with seasonality determining product availability (e.g. fresh produce) associated with importing U.S. food and beverage products to Hong Kong can make them less competitive than products available from regional suppliers such as China, Australia, and New Zealand.
Hong Kong is a major trading hub where buyers make purchasing decisions for a vast range of consumer-oriented products that are transshipped to China and other parts of Asia.	The importance of Hong Kong as a transshipment point and buying center for regional markets is not widely known to U.S. exporters.
U.S. food products enjoy an excellent reputation among Hong Kong consumers, as they are renowned as high-quality and safe.	Hong Kong labeling requirements and residue standards can impact trade.
Hong Kong is a quality and trend-driven market, so price is not always the most important factor for food and beverage purchases.	

SECTION II. ROAD MAP FOR MARKET ENTRY

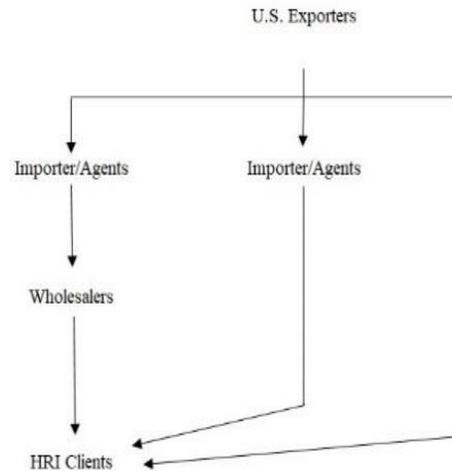
A. Entry Strategy

To enter the Hong Kong market, some promotional/marketing strategies and tactics to consider, include:

- Identification of key players - ATO Hong Kong can provide lists of importers, distributors, USDA commodity cooperators and state/regional trade groups.
- Establishment of a presence in the market – test marketing and stakeholder education may be required prior to entry.
- Invite foodservice buyers to seminars and/or to the United States - ATO Hong Kong/ USDA cooperators organize seminars and trade missions to the United States to introduce U.S. products and U.S. exporters to Hong Kong buyers.

- Participation in trade shows – Hong Kong hosts more than a dozen food-related trade shows and in cooperation with FAS and USDA cooperators and state regional trade groups, the shows provide a platform to highlight the versatility and quality of U.S. food and beverage products.

B. Market Structure



- The Hong Kong’s market structure typically involves a dedicated importer/distributor who deals with the U.S. exporter, and maintains relationships with local resellers. Some special items are imported directly by food service establishments, but most tend to outsource the import burden.
- Hong Kong is a mature trading port, and has developed an effective network of importers, distributors, and wholesalers that support the HRI trade.
- Most importers/distributors service multiple sectors including food service, retail, and wet markets.
- ATO Hong Kong maintains a database of Hong Kong importers servicing the HRI trade, and can provide additional information on specific categories.

C. HRI Food Service Sector Profile

1. Restaurants

Hong Kong boasts over 15,000 eateries⁸, which range from local favorites to high-end fine dining outlets. In 2020, the number of restaurants dropped 5 percent compared to 2019. The Michelin guide 2021 stars 66 Hong Kong restaurants, including seven three-starred establishments, outnumbering the five restaurants in New York City and in London that won the same three stars recognition⁹.

⁸ “Consumer Foodservice in Hong Kong”, Euromonitor International

⁹ Michelin Guide 2021

In 2020, the value of Hong Kong restaurant food and beverage purchases lowered 28 percent to \$3.31 billion. Generated estimated sales also dropped 29 percent to \$10.17 billion compared to 2019. In addition, the share of dining-in sales dropped to 56 percent of total food service sales compared to 86 percent in 2019¹⁰. The sharp decrease was due to lower tourism and social distancing restrictions under COVID-19. As vaccinations have started and the pandemic situation further improves, it is expected that the food service sector will resume growth in the latter half of 2021.

It is important to note that while the impact of lower tourism affected restaurant receipts, the impact in Hong Kong is less pronounced than in other tourism-dependent markets. Local restaurateurs attribute this to the fact that as residents were unable to do their traditional international travel, they opted to spend money on food services or other “revenge spending” and thereby slightly lessening the loss of tourist spending. However, restaurants, particularly large operations such as hotel restaurants, continue to grapple with other issues such as labor shortages. Those employees let go at the onset of the pandemic have moved on to other jobs with better pay and more flexible hours such as food delivery services. In addition, bringing specialized labor from abroad can be reportedly a cumbersome and lengthy process. Shortages and timely foreign supplies of staple restaurant items, such as prepared chicken products (wings) and French fries, is also affecting the Hong Kong restaurant business.

Table 2 – Hong Kong Restaurants Purchases and Receipts (USD billion)

	2018	2019	2020	Growth (20 vs 19)
Restaurant Purchases	\$4.88	\$4.63	\$3.31	-28%
Restaurant Receipts	\$15.33	\$14.42	\$10.17	-29%

(Source: Hong Kong Census & Statistics Department, USD1=HKD7.8)

For Hong Kong statistical purposes, restaurants are grouped into five broad categories: Chinese, non-Chinese, fast food, bars, and other establishments.

Chinese Restaurants

Chinese cuisine is the top grossing restaurant category, according to Hong Kong Census and Statistics Department, and it will continue its dominant share in the market due to deep-rooted cultural events, such as banquets for weddings and dim sum lunches, often enjoyed by groups of working-class adults and families. Among all Chinese cuisines, Cantonese is the most widely available, with others including Shanghainese, Sichuan, and Chiu Chow also providing many options to diners.

Non-Chinese Restaurants

Due to its history as a global trade hub, sophisticated and affluent Hong Kong consumers have an enthusiasm for a range of international cuisines made from high-quality ingredients. Footprints of restaurants offering non-Chinese cuisine options include Western, Japanese, Korean, Thai, Vietnamese, Indian, and more, are found everywhere in Hong Kong, leading

¹⁰ “Consumer Foodservice in Hong Kong”, Euromonitor International

to numerous opportunities for usages of U.S. foods and beverages as ingredients and for pairing.

Fast Food

Fast food outlets suit Hong Kong's quick-paced lifestyle where dining out twice per day at convenient locations is not uncommon. Competition among fast food chains is intense as brands strive to retain customers and raise brand awareness. McDonald's and KFC are the leading Western style fast food chains, and Café De Coral and Fairwood are the leading local fast food chains, by brand share of foodservice value¹¹. Western style outlets including PretA Manger and Oliver's Super Sandwich are often located at areas easily accessed by office workers who appreciate healthy and light options such as salad and sandwiches.

Bars

Hong Kong's vibrant nightlife is renowned and is served by over 700 bars and pubs across Hong Kong¹². In 2020, the number of bars lowered about 3 percent compared to 2019. Lan Kwai Fong in the Central business district is home to over 90 bars and restaurants¹³. It is a place where locals, expats, and tourists gather for drinks in the evenings and during special occasions, e.g. New Year's Eve and the beer festival.

Other Establishments

"Tea restaurants" offer a range of localized Western and Chinese cuisines and beverages. Milk tea is a particular local favorite consisting of adding milk (evaporated or condensed) to various tea combinations. Hong Kong also has a vibrant coffee culture. Independent specialist coffee shops have grown in number of outlets and sales the past several years. The leading chains, by brand share of foodservice value, are Starbucks, McCafe, and Pacific Coffee¹⁴.

2. Hotels

There are over 310 hotels providing over 87,000 rooms for visitors to Hong Kong¹⁵.

3. Institutions

Hong Kong's institutional foodservice sector consists of hospitals, residential care facilities, schools, prisons, and travel industry catering facilities. Many of these facilities, especially those operated by the government, purchase food supplies through tenders where price, quality, consistency, and stable supply matter. Experienced local importers are familiar with the process and requirements.

¹¹ "Consumer Foodservice in Hong Kong", Euromonitor International

¹² "Consumer Foodservice in Hong Kong", Euromonitor International

¹³ Hong Kong Tourism Board

¹⁴ "Consumer Foodservice in Hong Kong", Euromonitor International

¹⁵ Hong Kong Tourism Board

Hospitals

Hong Kong has 43 public hospitals and institutions¹⁶, managed by the Hospital Authority, and 13 registered private hospitals¹⁷. Some of the meal services are outsourced to caterers and distributors.

Schools

There are 1,046 kindergartens, 589 primary schools, 506 secondary schools, and 22 degree-awarding institutions in Hong Kong¹⁸. The Hong Kong government provides nutritional guidelines for students' lunch and the appropriate procedures to select school lunch suppliers.

Prisons

The Hong Kong Correctional Services managed some 28 correctional facilities including prisons and rehabilitation centers¹⁹. Inmates receive meals that are prepared according to health guidelines.

Airlines

Hong Kong is located less than five flying hours from half of the world's population so its airport is typically very busy. Connected to over 220 destinations, the Hong Kong airport handled 71.5 million passengers in 2019, and their three aircraft caterers have a combined capacity of 198,000 meals per day for plane passengers. However, under COVID-19, the Hong Kong airport handled 87.7 percent less passengers at 8.8 million and 61.7 percent less flights.²⁰

Cruise Ships

Hong Kong's Kai Tak Cruise Terminal can accommodate the largest ships in the cruise industry. The number of ship calls reached 218 and the number of cruise passengers throughout reached 903,060 in 2019 but dropped to 25 calls and 103,444 cruise passengers in 2020²¹.

Entertainment Parks

The two major theme parks in Hong Kong are Disneyland and Ocean Park. Disneyland operates thirty-six food outlets²², and Ocean Park houses nine²³. They include restaurants and cafes that offer various cuisines. Park operations were also severely affected by the COVID-19 pandemic.

¹⁶ Hong Kong Hospital Authority

¹⁷ Department of Health, Hong Kong SAR Government

¹⁸ Education Bureau, Hong Kong SAR Government

¹⁹ Correction Services Department, Hong Kong SAR Government

²⁰ Hong Kong Airport Authority

²¹ Cruise Passenger Statistics, Hong Kong Tourism Board

²² Hong Kong Disneyland

²³ Hong Kong Ocean Park

D. Impact of COVID-19

COVID-19 has adversely affected the Hong Kong food service sector as international travel was restricted, and theme parks, cruise terminals, and schools closed following the Hong Kong government's restrictions on gatherings and dining.

While the food service sector was seriously hit, social distancing and stay-home measures aimed at curbing the spread of COVID-19 boosted the food delivery market, with luxury hotels, high-end restaurants, and top-notch cake shop joining these platforms. The main delivery platforms, Deliveroo, Foodpanda, Uber Eats, and other smaller operators, have seen a significant increase in orders and new food outlets signing up since the outbreak of the pandemic. Restaurant groups ranging from fast food chains to luxury hotels, have introduced or strengthened their own delivery services to compensate the loss of their dine-in businesses. According to Statistica, revenue in the online food delivery segment is projected to reach \$839 million in 2021²⁴.

While food deliveries cannot totally replace dining-in at restaurants especially for events like weddings, banquets, and parties, they provide a lifeline to the hard-hit catering industry to complement their businesses.

E. Outlook for 2021/2022

The Hong Kong government has implemented multiple measures to support businesses and individuals as the pandemic continues to severely damage the global economy. The total relief provided by the Hong Kong government has reached \$41 billion²⁵. The Hong Kong government also handed out \$4.63 billion consumption vouchers to Hong Kong residents to boost local spending and accelerate the city's economic recovery amid the COVID-19 pandemic. In addition, the Hong Kong government is also in discussions with authorities in China and Macau to increase cross-border passenger traffic.

There are already some signs of recovery. For the second quarter of 2021, Hong Kong year-on-year GDP grew by 7.6 percent²⁶, and Hong Kong's imports of consumer-oriented agricultural products for the first eight months of 2021 reached \$16 billion, an increase of over 8 percent over the same period in 2020²⁷. Restaurant receipts for the first half of 2021 were \$5.52 billion, an increase of 0.53 percent over the same period in 2020. Hong Kong's economy is expected to continue to grow in the fourth quarter of 2021 and beyond as the coronavirus situation further improves, and international borders reopen.

²⁴ "Online Food Delivery – Hong Kong", Statista Market Forecast

²⁵ Anti-epidemic Fund, Hong Kong SAR Government

²⁶ "Economic and Trade Information on Hong Kong", Hong Kong Trade Development Council

²⁷ Trade Data Monitor

SECTION III. COMPETITION

Due to land constraints, Hong Kong produces a minimal amount of its food requirements, depending on global sources to meet about 95 percent of its needs. Hong Kong imports of Consumer-Oriented Agricultural Products from all origins reached \$22 billion in 2020.

Table 3 – Hong Kong Imports of Consumer-Oriented Ag. Products (2016-2020)²⁸

Partner	Calendar Year (Value: USD million)					Growth 20 v 19	Share 2020
	2016	2017	2018	2019	2020		
China	4,851	5,089	5,161	4,969	5,040	1%	23%
United States	4,146	4,346	4,298	3,375	2,155	-36%	10%
Brazil	2,047	2,234	2,475	1,998	1,977	-1%	9%
Japan	1,227	1,196	1,373	1,337	1,445	8%	7%
Thailand	883	847	929	1,039	1,345	30%	6%
Chile	822	698	1,205	1,436	1,287	-10%	6%
Australia	1,329	1,321	1,220	1,140	1,011	-11%	5%
France	1,480	1,438	1,540	1,179	991	-16%	4%
Netherlands	1,222	1,082	999	854	620	-27%	3%
New Zealand	388	481	541	672	541	-20%	2%
Total of Top 10 Partners	18,395	18,733	19,740	18,001	16,411	-9%	74%
Total of Rest of the World	6,651	6,813	6,850	6,455	5,769	-11%	26%
World	25,046	25,546	26,590	24,456	22,180	-9%	100%

²⁸ Calculations based on Trade Data Monitor data

**-Table 4 – Top 10 Hong Kong Imports of
Consumer-Oriented Agricultural Products and Competition²⁹**

Product Category (Value in USD)			Major Supply Sources ³⁰
Fresh Fruit			
Gross Imports	\$3.68 billion	1,804,167 MT	1. Chile – 34%
Retained Imports	\$1.15 billion	618,089 MT	2. Thailand – 22%
			4. United States – 7%
Fish Products			
Gross Imports	\$3 billion	331,297 MT	1. China – 35%
Retained Imports	\$2.61 billion	291,012 MT	2. Japan – 16%
			6. United States – 3%
Beef and Beef Products			
Gross Imports	\$2.92 billion	719,694 MT	1. Brazil – 44%
Retained Imports	\$2.8 billion	688,306 MT	2. United States – 23%
			3. Australia – 5%
Pork and Pork Products			
Gross Imports	\$1.65 billion	651,816 MT	1. Brazil – 24%
Retained Imports	\$1.48 billion	592,566 MT	2. China – 14%
			6. United States – 7%
Dairy Products			
Gross Imports	\$1.36 billion	261,998 MT	1. Netherlands – 26%
Retained Imports	\$700 million	205,349 MT	2. New Zealand – 22%
			10. United States – 3%
Poultry Meat and Products			
Gross Imports	\$1.16 billion	566,968 MT	1. China – 44%
Retained Imports	\$1.01 billion	475,448 MT	2. Brazil – 21%
			3. United States – 9%
Soup and Other Prepared Food			
Gross Imports	\$1.1 billion	140,173 MT	1. United States – 18%
Retained Imports	\$343 million	105,258 MT	2. China – 18%
			3. Japan – 13%
Wine and Related Products			
Gross Imports	\$1.06 billion	55 million liters	1. France – 60%
Retained Imports	\$923 million	47 million liters	2. Australia – 10%
			5. United States – 5%
Bakery Products			
Gross Imports	\$870 million	302,234 MT	1. China – 37%
Retained Imports	\$407 million	229,601 MT	2. Japan – 20%
			9. United States – 3%
Non-Alcoholic Beverages			
Gross Imports	\$866 million	317 million liters	1. China – 76%
Retained Imports	\$745 million	189 million liters	2. Japan – 4%
			4. United States – 3%

²⁹ Calculations based on Trade Data Monitor data

³⁰ Ranking and market share by gross import value in 2020

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

Table 5 – Best Growths of Hong Kong’s Imports of Consumer-Oriented Agricultural Products³¹

Category	(Value: USD million)		Average Annual Growth
	2016	2020	
Tea	119	242	19.39%
Fresh Vegetables	459	712	11.60%
Fresh Fruit	2,595	3,680	9.13%
Eggs & Products	196	242	5.32%
Processed Vegetables	428	515	4.72%
Soup & Other Food Preparations	959	1,098	3.44%
Condiments & Sauces	280	319	3.34%
Beef & Beef Products	2,606	2,917	2.86%

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

Post Contact

Agricultural Trade Office, Consulate General of the United States, Hong Kong and Macau

18th Floor, St. John’s Building

33 Garden Road, Central, Hong Kong

Tel: (852)-2841-2350

Fax: (852)-2845-0943

Email: Atohongkong@usda.gov

Website: <http://www.usconsulate.org.hk>

<http://www.atohongkong.com.hk>

Other Hong Kong Government / Semi-Government Contacts

Please refer to [GAIN Report HK2021-0031](#)

* **Data and Information Sources:** U.S. Census Bureau Trade Data, Trade Data Monitor, Euromonitor International, Hong Kong Census and Statistics Department, and Hong Kong Trade Development Council. Currency in U.S. dollars unless otherwise stated.

Attachments:

No Attachments

³¹ Calculations based on Trade Data Monitor data