

THE HONG KONG WONTON

wrapped by ATO Hong Kong

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FEATURED PHOTO:



Food Export Northeast and Midwest Launch “Fun, Healthy and Party Needs” U.S. Food In-Store Promotion with A&M

The retailer A&M has two outlets located in prime areas in Hong Kong and are specifically dedicated to selling U.S. grocery items, snacks, and household products. Food Export Northeast and Midwest’s promotion, running from January 12-31, 2022, also includes consumer giveaways.

OVERALL ECONOMY



Hong Kong Tightens COVID-19 Measures Looking to Curb Fifth Wave [Various Sources]: Effective January 8, Hong Kong banned inbound flights from several countries (including the United States). Local authorities also imposed a curfew on in-dining services from 6pm to 5am, restricted the use of gyms and other service facilities. Initially imposed for two weeks, these measures, as well as the ban

THE HONG KONG WONTON

on inbound flights from high-risk countries have been extended until early February. After months of no local cases reported, the announcement of the first three local transmissions of the Omicron variant on December 27, has placed local health officials on high alert. The Hong Kong government is already discussing a fifth round of financial support to aid impacted businesses.

Hong Kong Financial Chief Predicts Economy to Keep Growing in 2022 [[South China Morning Post, January 2, 2022](#)]

Financial Secretary Paul Chan said that Hong Kong's growth could reach 6.4 percent for 2021 after the city emerged from a pronounced recession. He predicts that Hong Kong's economy will continue to grow in 2022 but the "breadth, depth and speed" of the expansion will be affected by Omicron, inflation and geopolitical tensions. **ATO Notes:** The Financial Secretary had met with representatives from various sectors and organizations to gather input for his 2022-23 budget, which he will deliver in late February. It is expected that there will be new government measures to stimulate business activities and strengthen the economy.

Vaccine Passport Plan Triggers Surge in Jabs [[South China Morning Post, January 4, 2022](#)]

Hong Kong has marked a recent surge in bookings for COVID-19 vaccinations, seemingly sparked by a contentious vaccine passport plan which will prohibit those who have not been vaccinated from entering restaurants and entertainment venues. Under the plan, diners – except for those with medical exemptions – must have received at least one dose of a Covid-19 vaccine to enter restaurants. **ATO Notes:** The catering industry fears that the new plan, if implemented before the Chinese New Year holidays (early February), would lead to a 20-30 percent loss in business. The government later announced that the launch of the scheme would be postponed until February 24 to allow more time for people to get vaccinated.



HOTELS, RESTAURANTS AND INSTITUTIONS

Fast Food Shops Said Fries Will Keep Flying to Hong Kong [[Hong Kong Standard, December 30, 2021](#)]

The pandemic disrupted the global logistics chain, with potatoes being the latest product affected. Taiwan MOS Burger announced that it has started rationing fries due to delays in sea cargo transport. Earlier in December, McDonald's Japan said it is selling only small-sized French fries for a week to avoid shortages. However, Hong Kong MOS Burger said it has a stable supply of fries. McDonald's said the same but added that it will closely monitor the global supply chain to ensure a stable supply of food

THE HONG KONG WONTON

amid the COVID-19 epidemic. **ATO Notes:** McDonald's stated it has taken the measure to ensure that customers can still order fries, even though the "stable procurement of resource materials" is proving difficult.

New Government App to Facilitate Vaccination Checks [[Hong Kong Standard](#), January 4, 2022]

In a meeting with the catering representatives, Hong Kong government officials said that a new mobile app similar to Health Code is being developed, and it will distinguish the unvaccinated by color. Under the new vaccine passport plan, restaurants that let unvaccinated diners enter will be punished along with the diner concerned. Noncompliant eateries will have to suspend dinner dine-in service. The government will exempt children under 12 – who are not eligible to get vaccinated-- to enter restaurants when accompanied by their parents. However, the elderly who are currently exempted from using the LeaveHomeSafe app will no longer be exempted. **ATO Notes:** The catering industry is concerned that front-line staffs will have to check a diner's LeaveHomeSafe app as well as the person's vaccination record and it will be a heavy burden on front line workers who are already in short supply.

Tough Anti-Pandemic Restrictions Return, Aggravating the Beleaguered Catering Industry [[South China Morning Post](#), January 6, 2022]

The Hong Kong government abruptly announced tough anti-pandemic restrictions amid a local Omicron outbreak. The revival of strict social-distancing rules will see dine-in service in restaurants end at 6pm, reduced caps on the number of patrons eateries can seat and the closure of 15 types of businesses – including fitness centers, beauty parlors, cinemas, theme parks, bars and pubs – for two weeks starting January 7. **ATO Notes:** The catering industry predicts that the restrictive measures would lead to a loss of business of up to \$1.03 billion. The measures would also set to reduce the demand for food imports for the food service sector. The Hong Kong government has extended these measures until February 3.

RETAIL



Retail Sales Up 7.1 Percent in November but Below Market Expectations [[Hong Kong Standard](#), January 3, 2022]

Hong Kong's retail sales rose ten months in a row, up 7.1 percent in November to \$3.9 billion year on year, but was short of the estimated market growth of 9.7 percent. Online retail sales, which accounted for 11.2 percent in value terms in November, jumped 27.6 percent from last year. For the

THE HONG KONG WONTON

first 11 months of 2021, total retail sales increased by 8.3 percent compared with the same period in 2020, with online sales up 40.1 percent from the previous year. Sales of commodities in supermarkets, however, decreased 3.2 percent in November. **ATO Notes:** Consumption sentiment remained positive thanks to the entrenched economic recovery and the government’s Consumption Voucher Scheme. As most Hong Kong consumers are not traveling abroad, retail sales were expected to sustain good growth momentum during the festive season in December.

Sake Targets Family Gatherings as Dinner Ban Disrupts its Robust Sales in Hong Kong [[Hong Kong Economic Times](#), January 10, 2022]

According to the Japan Food Product Overseas Promotion Center (JFOODO), Hong Kong has been Japan’s largest food export market for 15 consecutive years and has become the largest export market for sake, with imports growing 57 percent compared to 2020. A sake sommelier stated that the sales of sake rely almost entirely on dinner sales, and because of the chilling requirement, sake sales associated with takeaways are trivial. He also mentioned that restaurants who have already stocked up can now only push lunch promotions and takeaways targeting family gatherings. JFOODO representative says that their organization launched the “Sake and Seafood” promotion since 2019 and has expanded the collaboration to include 100 Cantonese and Japanese restaurants in 2021. He saw that both contemporary and traditional Chinese restaurants are opening up for sake on-trade sales, signaling that receptivity has increased among the industry and the public. The sommelier added that applicants for sake appreciation courses have increased significantly. In his view, the sophistication in pairing and appreciation will lead to increased demand in the long run. **ATO Notes:** Hong Kong is the fifth largest export market of U.S. wines by value in Jan-Nov 2021 and has always been a vibrant wine market due to the sophistication in wine appreciation, strong know-how of traders, and consumers’ never satiated appetite for high-quality products. During COVID-19, wine tasting activities and promotions were still taking place in smaller sizes and different formats. The ATO plans to work with different wine groups to promote U.S. wines in Hong Kong despite the ongoing challenges posed by the pandemic.

TRADE



Hong Kong’s Food Tech Accelerator Program [[DDC Enterprise Ltd](#), December 7, 2021]

DayDayCook, an e-commerce food startup, announced its launch of a Food Accelerator Program with the goal of building a world-class food tech ecosystem in Hong Kong and kickstarting a stream of

THE HONG KONG WONTON

commercially viable products and innovative solutions. This Food Accelerator Program has pulled together a strong network of investor partners and facilitates food startups to commercialize their products by offering one-on-one mentoring with industry experts. Eight companies have been chosen for the initial cohort which includes areas in developing alternative proteins, food as medicine, food distribution, product innovation, and smart farming. **ATO Notes:** Established by a former banker, DayDayCook successfully obtained funding from investors such as Alibaba Entrepreneurs. It offers multifunctional food platform food blogs, recipes, food videos, etc.

Plant-based Pork Targeting Chinese Restaurants [[Hong Kong Economic Journal](#), December 20, 2021]

Good Food Tech launched its plant-based pork in March 2021. The company initially focused on B2B and restaurants offering Chinese cuisine and dim sum. Currently, over 20 restaurants have incorporated this company's plant-based pork in their menus. Good Food Tech started to develop plant-based pork in Hong Kong since 2019 and successfully obtained \$18 million research funding from Hong Kong's Science and Technology Park. The company's rented food manufacturing plant is capable to produce 300 MT of minced "pork" and 100 MT of pork fillings each year. Its other "pork" products include meat balls and "pork" sausage patties. **ATO Notes:** The popularity of plant-based meats is gradually rising in Hong Kong. Similar to other markets, its popularity has been propelled in recent years by vegan diets, climate change, and health consciousness. Impossible Foods and Beyond Meat are pioneers in this market which were first introduced in restaurants with Western cuisines. Chinese restaurants' using plant-based meats demonstrates the growing acceptance of these alternative food products. Good Food Tech's plant-based meats are less expensive than other competitors' but are price comparable with frozen meats products.

Canadian Beef's Access to Hong Kong Not Affected by the Atypical BSE Case [[South China Morning Post](#), December 21, 2021]

Canada has reported a case of atypical bovine spongiform encephalopathy (BSE) in an 8-1/2-year-old beef cow in the province of Alberta. The World Organization for Animal Health said the carcass did not enter the human food or animal feed chains. Thus far, the Hong Kong government has not imposed trade restrictions on Canadian beef given that the BSE is atypical. **ATO Notes:** Hong Kong banned the entry of Canadian beef since May 2003 after the detection of BSE in Alberta Canada. The ban was lifted by phases starting November 2004. Currently, Canada is Hong Kong's sixth largest beef supplier. From January to November 2021, Hong Kong imported \$69 million worth of beef products from Canada, a drop of 22 percent compared to the same period last year.

Flight Suspensions Add to U.S. Agricultural Shipping Woes [GAIN Report]

In response to Hong Kong's new quarantine requirements on locally based cargo crew, on December 30, 2021, Cathay Pacific Airlines announced the suspension of all long-haul cargo and cargo-only passenger flights until January 6, 2022. Post estimates the impact of the seven-day flight suspension on U.S. agricultural and food exports at \$2.6 million. According to a logistics trade entity, this new quarantine measure could raise shipping costs and further disrupt future supplies of fresh produce, seafood, and premium meats. In addition, the government's January 5 announcement suspending in-

THE HONG KONG WONTON

bound passenger flights from various countries, including the United States, will extend the impact on U.S. agricultural trade as passenger flights also carry cargo. Hong Kong's Chief Executive Carrie Lam conveyed on January 12, she expects some goods, including premium foods, to become unavailable or their prices to rise.

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