

THE HONG KONG WONTON

wrapped by ATO Hong Kong

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FEATURED PHOTO:



ATO Hong Kong Partners with City' Super, an Upscale Lifestyle Grocery Store, to Highlight Healthy and Delicious U.S. Food Products

During June 9 – 22, 2022, ATO Hong Kong ran a retail promotion at City' Super's four outlets and eShop featuring healthy, organic, natural, and sustainable U.S. food and beverage products. This is the ATO's fourth annual collaboration with the upscale grocery store. ATO also collaborated with two local influencers who shared videos of their shopping experience and showcased recipes cooking healthy dishes made with U.S. ingredients. For more information on Hong Kong's retail market please see our latest [Retail Report](#).

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:

- Frozen Turkeys

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If you are interested in supplying these products, please contact ATOHongKong@usda.gov provide your company information, contact person, and email address. We will connect you with interested buyers.

OVERALL ECONOMY



Hong Kong Border Unlikely to Reopen Before July [[The Standard](#), June 9, 2022; Various sources, June 22]

Outgoing Hong Kong Chief Executive Carrie Lam ruled out the possibility of opening the border with mainland China in the foreseeable future, as Beijing pursues its “Zero COVID” strategy. Last year, Chinese authorities told Hong Kong officials they needed to maintain “no local infections for a while” to reopen the border. Hong Kong’s drift from President Xi Jinping’s zero-tolerance track has left the city in a difficult position, Lam said. While it cannot open the border with the mainland, it still imposes a mandatory seven-day hotel quarantine for most of international arrivals. Lam said much effort is needed to strike a balance between two different sets of pandemic measures in the mainland and overseas. **ATO Notes:** All eyes are on incoming Chief Executive John Lee who will be assuming his new position on July 1. After two months of daily cases in the triple-digits, in recent weeks, Hong Kong’s daily case load has risen to around 1,300 daily cases with officials expecting the daily tally to reach 2,000 cases by the end of June. Nevertheless, residents and the business community anticipate pandemic restrictions could ease after Lee takes office. Specifically, there is general anticipation that quarantine requirements for inbound travelers could ease (in the form of less quarantine days or allowing travelers to quarantine at home). U.S. travelers should note that as of June 22, the U.S. Department of State’s still maintains a [Travel Advisory for Hong Kong - Level 4: Do Not Travel](#) due to arbitrary enforcement of local laws and pandemic measures.

Business Community Pushes for Quarantine-Free Travel [[The Standard](#), June 14, 2022 / [The Standard](#), June 15, 2022]

Speaking on a radio program on June 13, George Cautherley, vice chairman of the International Chamber of Commerce, said that the longer it takes for Hong Kong to open to the world, the bigger the adverse impact on businesses. On the other hand, Hong Kong’s lobby group for fund managers has urged incoming Chief Executive John Lee to scrap quarantine rules for travelers and reopen and restore the city’s status as an international financial center. The city’s financial industry has been “battered” by the quarantine measures, says Sally Wong, chief executive of the Hong Kong Investment Funds Association, which represents firms with more than \$6.7 trillion in assets under management. “The longer we are stuck in this restrictive mode, the more we are reducing our relevance and competitiveness in the international arena,” she said. Even as rival cities such as Singapore, London

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and New York have dropped all restrictions, Hong Kong mandates a seven-day quarantine for all incoming travelers. **ATO Notes:** Hong Kong's tourism and hospitality industries have already suffered great losses due to the city's stringent COVID-19 policies that restricts international travel. The incoming Hong Kong administration has signaled that re-opening of the Hong Kong border is one of its top priorities.

Hong Kong Exports Grow in Value but Drop in Volume [[The Standard](#), June 15, 2022]

This year's strong growth in Hong Kong's total export value will be mainly driven by cost-induced price rises, while export volumes are likely to remain stagnant or even decline, said the Hong Kong Trade Development Council (HKTDC) on June 14. According to data from the Census and Statistics Department, the value of total exports increased 10.3 percent year-on-year in the first quarter of 2022, but the total volume dropped 6 percent. Nevertheless, expecting a strong recovery in Hong Kong's trade performance during the second half of the year, the HKTDC forecasts an 8 percent rise in the city's exports for 2022. Local exporters have begun to regain confidence as the impact of the COVID gradually subsides and supply chain disruption and logistics bottlenecks show signs of easing, the statement said. However, trader sentiment remains cautious, with many concerned that the challenging external backdrop may undermine a full recovery of global demand in the wake of the pandemic, the HKTDC stated. **ATO Notes:** Trading is an important component of the Hong Kong economy. Good business prospects will encourage Hong Kong traders to engage in faster product turnovers and contribute to the city's economic recovery.

Hong Kong's Economic Competitiveness Ranking Climbs [[The Standard](#), June 16, 2022]

On June 15, the Swiss-based International Institute for Management Development released the latest World Competitiveness Yearbook showing Hong Kong as the world's fifth most competitive economy after Denmark, Switzerland, Singapore, and Sweden. Hong Kong last topped the ranking in 2016 and 2017 as the institute said the city had the highest government and business efficiency among 63 economies at that time. The latest report said Hong Kong remained first in the subcategory of business legislation and maintained its top-three position in public finance, taxation, and international investment. The institute said Hong Kong is facing challenges this year, including controlling the pandemic and reviving the economy. **ATO Notes:** Despite the difficulties under the pandemic, Hong Kong remains a competitive economy and viable market for U.S. food and beverage exports. If the pandemic situation further improves, Hong Kong's economy is expected to pick up during the second half of the year.

More Employers to Expand than Downsize [[The Standard](#), June 15, 2022]

Nearly two in five employers are looking to expand their workforce in the next three months, but 27 percent plan to downsize, according to the survey of 515 Hong Kong employers conducted by ManpowerGroup, a human resources organization. The survey also found that employers in catering, hotels and construction sectors are optimistic about employment in the next quarter. Lancy Chui, senior vice president at ManpowerGroup Greater China, said the restaurant industry sales are projected to grow as the pandemic situation stabilizes, dine-in services are extended until midnight

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and the second half of the consumption voucher is released. **ATO Notes:** Employers are more optimistic about the business environment in the second half of the year. The propensity to expand will grow if the pandemic situation improves further and travel restrictions are lifted.

Hong Kong Unemployment Rate Drops [[The Standard](#), June 17, 2022]

Hong Kong's latest unemployment rate dropped to 5.1 percent as the city's labor minister expected the market to further improve following relaxed COVID-19 restrictions and the distribution of the second consumption voucher. During the March-May period, the combined unemployment rate for the consumption and tourism-related sectors fell to 8.8 percent. The most distinct decrease in unemployment rates could be seen in the food and beverage services, followed by the retail sector. **ATO Notes:** Although the latest unemployment rate in the food and beverage sector dropped to 11 percent, it is still considered a high unemployment rate. However, Hong Kongers are still worried about a rebound of the fifth wave and a possible sixth wave as autumn approaches. Further improvements in the sector's unemployment rate will remain contingent upon the pandemic situation and restaurants' ability to regain a pre-pandemic level of business.

Inflation and The Rising Cost of Food in Hong Kong [[The Standard](#), June 20, 2022]

According to the Census and Statistics Department, the Hong Kong's overall consumer price index rose 1.2 percent compared the same month last year. The price of basic food rose 4.9 and takeaway food rose 3.5 percent. Meanwhile, the cost of electricity, gas, and water fell 4.9 percent, and housing prices fell 0.5 percent. External price pressures are expected to continue in some of the major imports. The spokesman for the department noted that inflation in Hong Kong inflation will grow moderately in the near term.

Macau Holds Citywide Mass Testing amid Rising COVID-19 Cases [[The Standard](#), June 21, 2022]

On June 20, Macau began its second day of mass testing after at least 36 locally transmitted COVID-19 cases were found during the weekend. Most businesses were closed along with government offices, but casinos remained open. Macau authorities expect the COVID-19 caseload to continue to rise but added that the situation would improve when a temporary hospital is up and running to admit patients. Residents have been urged to stay at home and only take public transport if they have a green health code. Panic buying and long queues in supermarkets were also seen during the day, but authorities said the city had sufficient supplies and called for calm. **ATO Notes:** With a population of less than 700,000, Macau has been able to conclude a citywide testing within two days. As of the date of this report, the city was preparing for another round of citywide testing as it faces the most severe pandemic outbreak since 2020. Hotels and casinos have expressed disappointment over the developments with casino shares tumbling.

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HOTELS, RESTAURANTS AND INSTITUTIONS



Last Batch of Sponsored Local Tours Ready for Grabs [[The Standard](#), June 14, 2022]

Hong Kong Tourism Board's last batch of Spend-to-Redeem "Local Tours" with more than 40 itineraries will open for registration. Similar to previous batches, the new itineraries cover four themes – Lively Culture, Neighborhoods, Scenic Harbor and Gastro-Fantasies. Among the attractions, some tours offer appealing culinary experiences, including hotel lunch/dinner buffet, Japanese and Korean barbeque, all you-can-eat dim sum, seafood meal, and thematic restaurant lunch, making the tours the go-to choices for food lovers. All tours have a limited quota and are available on a first-come, first-served basis. **ATO Notes:** The sponsored local tours aim to satisfy Hong Kongers' need for sightseeing and enjoying good food. In the near term, the program provides a lifeline to the long-suffering local tourist attractions. However, in the long-term survival for the hospitality sector requires the return of multi-million international visitors.

Local Fast-food Chain Set to Increase Prices amid Profit Plunge [[The Standard](#), June 16, 2022]

Local fast-food chain Cafe de Coral said it may raise its price by \$0.13 a meal after its net profit plunged 94 percent for the fiscal year ending in March 2022. The fast-food chain recorded an annual net profit of \$2.7 million compared to \$46 million in the previous fiscal year, mainly due to lower COVID-19 government subsidies, the fifth wave of the pandemic in Hong Kong, as well as pandemic restrictions in the mainland. As consumers are currently not receptive to price increases amid economic uncertainty, the company will reportedly control costs by adjusting its menus to avoid passing the costs to customers. Over the next three years, Cafe de Coral said it aims to improve profit margins in Hong Kong and grow the retail network to 280 stores in the mainland. **ATO Notes:** Café de Coral is one of the largest local fast-food chains serving over 300,000 diners daily at more than 160 outlets in Hong Kong. The chain's situation illustrates how the local food service sector has suffered under pandemic, how they are coping with the challenges, and how the government has helped.

Bar-Goers Must Test Negative [[The Standard](#), June 15, 2022 / [The Standard](#), June 18, 2022]

Starting June 16, people planning for a night out in Hong Kong must present a negative rapid test result taken within 24 hours before entering bars and nightclubs. The measure was revealed by Secretary for Food and Health Sophia Chan, who said it was needed following the emergence of multiple COVID-19 clusters in bars. People must present a photograph of the test result; they also must write their names on the test kit and the date and time the test was taken. The Food and Environmental Hygiene Department will also step-up inspections at bars. Chairman of the Hong Kong Bar & Club Association, Chin Chun-wing, said people in the business understand the need for action, and he agrees the rapid test requirement can help reduce risks of outbreaks at bars. **ATO Notes:** The tightened rule should help

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reduce the number of COVID-19 clusters in bars but will inevitably reduce businesses, especially from ad hoc bar-goers. The bar industry slammed the new requirement as unreasonable, adding that it is a massive blow to the industry's business.

Restaurants and Malls Filled Celebrating Father's Day [[The Standard](#), June 20, 2022]

Restaurants were filled with families celebrating Father's Day on June 19, despite the government calling on people to reduce cross-family gatherings after the number of COVID-19 cases increased in recent days. Hong Kong Federation of Restaurants and Related Trades president, Simon Wong, said the booking rate for dinner on Father's Day was between 80 to 90 percent. However, the business was still 30 percent off as the economy is weak and big families were celebrating at home as restaurants could only have eight diners per table. "I believe this year restaurants would generate about \$38.5 million in business," Wong said. Meanwhile, 15 malls under local property developer Sun Hung Kai Properties (SHKP) saw a 20 percent boost in both customer flow and business over the Father's Day weekend compared to last month. SHKP executive director Maureen Fung said local restaurants in the malls had two or three more rounds of business while customers ordered a few more expensive dishes to celebrate Father's Day, prompting the catering business to increase 20 to 30 percent. **ATO Notes:** Despite the resurgence of COVID-19 cases, the rate of growth in daily cases is still slower compared to the fifth wave. About 88 percent of Hongkongers now have two doses of the vaccine which has increased general calm and safeguarded Hong Kongers' eagerness to go shopping and dining.

NFT Emerging in Food and Beverage Marketing in Hong Kong [Various sources: [AM730](#), June 15, 2022; [Media Outreach](#), June 15, 2022; [Lifestyle Asia](#), March 31, 2022; [Hive Life](#), May 13, 2022; [AM730](#) June 1, 2022]

Popular local noodle chain TamJai launched their charitable Non-fungible token (NFT) sales in June 2022. There will be an auction on June 28 for special edition NFTs that the winners will get 365 bowls of noodles in a year and will have the opportunity to host parties at TamJai noodle shops. Recently, Hong Kong has seen a rising trend in food and beverage marketing linking food to lifestyle, brand stories, and exclusive benefits for the members in the NFT community. HangryPiggy, a food and beverage themed NFT series, announced their launch on June 30, planning to offer owners benefits of dining at local restaurants that are specialized in traditional snacks. Previously, another group of enthusiasts initiated the DREAMX NFT project that connects their holders to a community of renowned chefs, mixologists, offers at renowned restaurants and bars, and experience packages such as cocktail sets, free-flow set lunches and gin-tasting sessions. Speaking to the high-end market, Hong Kong-based tech firm Gourmeta launched NFT auctions at an upscale dining outlet and Michelin-starred restaurants in April and May 2022 where successful bidders gained exclusive access to fine dining experience at the restaurants. The retail sector also is riding the trend. The 50-years-old rice brand, Chewy, has developed their NFT in response to consumers stocking up rice and noodles during the fifth wave of pandemic in 2022. Chewy's NFTs allow owners to redeem rice enough for half a year consumption for a family of four. There are other businesses in the food and beverage industry introducing NFTs to stay on the radar of younger generations. **ATO Notes:** As Hong Kong is an experienced-based market with tech-savvy consumers, NFT will continue to gain popularity among

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food and beverage marketers who desire to create a young and vibrant brand image. The execution could be challenging as it requires collaboration across different businesses and consumers will have high expectations on what they get. This is still a relative new concept to reach mass audiences.

Macau's Gaming Revenue Revised Downward [[Macau News](#), June 9, 2022]

The Macau government will not come up with an “exact” figure in its revised forecast for Macau’s gross gaming revenue (GGR) for the remainder of the year, Secretary for Economy and Finance Lei Wai Nong has announced. In the first five months of this year, Macau’s GGR was down 44 percent year-on-year to \$2.94 billion, only 18.3 percent of the government’s \$14.6 billion forecast. The Secretary underlined that Macau’s economic performance is “closely related” to the number of visitors, adding that the government will make good use of alternative channels to attract more visitors if the pandemic situation in mainland China and other neighboring regions remains stable. **ATO Notes:** Small hotels and casinos in Macau were seriously hit under the pandemic because of the lack of tourists. As international travel to Macau remains restricted, the negative impact is now reaching large hotels and casinos. The Macau government has been in talks with Chinese authorities to re-open its border to Chinese residents. It is expected that new Hong Kong Chief Executive John Lee will also resume these talks with Macau to facilitate travel and boost the economies.



RETAIL

Second Batch of Consumption Vouchers Available in August [[The Standard](#), June 13, 2022]

Hongkongers will get their hands on the second batch of consumption voucher (\$641) starting in August. Financial Secretary Paul Chan encouraged consumers to enjoy the most consumer benefits by switching the usage to electronic payments, adding that major payment platforms have added about 6.65 million consumer accounts and about 130,000 merchant users. Consumption spending was weak in the first quarter of this year due to the fifth wave and total retail sales dropped about 3 percent. However, online sales increased 36 percent to over \$1.4 billion year-on-year. **ATO Notes:** Local payment platform “PayMe” said it will launch rewards worth \$5.1 million for people who switch to its platform to receive the consumption voucher. Another platform “Octopus” will offer rewards worth of \$32 million to attract people to spend through their Octopus cards. Other payment platforms and shopping malls are also planning reward programs with the hope of welcoming the spending spree upon distribution of the consumption vouchers in August. For more information on Hong Kong’s food retail sector, please see our latest [retail report](#).

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TRADE



No Gobble as U.S. Turkey Supplies in Hong Kong Wobble [Various Trade Sources]

This year, Hong Kong importers are finding it hard and expensive to obtain U.S. turkeys. The prevailing cases of avian influenza in the United States and continuing shipping issues contributed to this year's tight supplies. Compared to other trading partners in the region, the Hong Kong government has maintained a measured response to U.S. reports of avian influenza, limiting imports bans only to the county level. Local representatives for the U.S. Poultry and Egg Export Council (USAPEEC) commented that the avian influenza situation in United States has impacted turkey supplies as many bird populations had to be culled and the production cycle for turkeys is longer compared to other poultry. Hence, U.S. turkey supplies are expected to remain tight. In 2021, U.S. turkey exports to Hong Kong declined 10 percent to \$1 million but accounted for 94 percent of all turkey supplies in Hong Kong. However, during the first four months of 2022, Hong Kong trade statistics show no imports from the United States while Australia and the United Kingdom appeared as the only suppliers. **ATO Notes:** ATO continues to receive inquiries from importers looking to source U.S. turkeys.

Polluter Pays Principle Introduces New Levies on Beverage Containers ([Gain Report](#))

The Hong Kong Environmental Protection Department is in the process of mapping out legislative initiatives coupled with public education to enhance waste management. U.S. food exports to the city could be impacted by the government's adoption of various producer responsibility schemes (PRs) relating to plastic and glass beverage containers by which manufacturers/importers are expected to pay a levy. In 2021, Hong Kong passed a bill to charge for municipal waste and the implementation date is pending. In addition to legislative measures for waste management, the government is conducting a publicity campaign to educate the public. Hence, the Hong Kong food industry is expected to adapt to the growing trend towards simple and environmental-friendly packaging. In 2021, the United States exported a total of \$96 million worth of juices, wine, and spirits to Hong Kong.

Hong Kong Red Cross Finds that Many Help Seekers have 2 Days or Less Food Reserves [[ReliefWeb](#), June 14, 2022]

The Hong Kong Red Cross (HKRC) provided a series of humanitarian services to support vulnerable groups and people affected during the fifth wave of COVID-19. HKRC found that almost 40 percent of citizens who received emergency supplies only have 2 days or less of food reserves, with some cases having only 1 day of supplies. In conversations with the hotline callers, HKRC also realized that some people hesitate to seek help from relatives or friends because they do not want to be a burden or be

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rejected. Therefore, the organization has introduced the "Store Up Strategy" and is calling for the public to strengthen disaster preparedness and establish stronger community network for possible emergency situations in the future such as the pandemic or extreme weather. Considering the constraint of size of most households in the city, the HKRC suggests citizens to consistently keep three days of food reserves at home, work with neighbors and families to take care of one another especially the elderly. **ATO Notes:** Due to the convenience, small home size, and the preference for fresh food, many people shop daily for food and keep only minimal amount of food at home. People rarely reserve water supplies or have discussed a detailed emergency plan with families and neighbors. Hence, some organizations are looking to educate Hong Kongers on preparedness strategies that are compatible with local conditions.

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

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