

THE HONG KONG WONTON

wrapped by ATO Hong Kong

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FEATURED PHOTO:



ATO Hong Kong Holds Second American Food Fair at JEBN Stores

From August 4 – 17, 2022, ATO Hong Kong will be celebrating its second American Food Fair at JEBN Retail stores. Twenty-nine locations will showcase a wide range of U.S. beef, pork, seafood, ginseng, dried fruits and nuts. Previously catering mostly to older consumers with more traditional products (such as bird’s nests, ginseng, and Chinese herbal foods), in recent years, the retailer has broadened its product portfolio, bringing its first shipment of U.S. beef in 2021. The expansion of their product offerings, including wine this year, is attracting younger customers and presents opportunities to showcase other U.S. products in the coming years. During the first half of 2022, Hong Kong food retail sales grew 1.8 percent higher compared to the same period in 2021 to \$6.1 billion.

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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:

- Chilled and frozen turkeys

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 Slashes Quarantine to Three Days [The Standard, August 9, 2022, and various Sources]

Starting on August 12, Hong Kong is halving the required number of quarantine days in hotel quarantine days for overseas arrivals to three, Chief Executive John Lee announced on August 8. Travelers will be required to spend four days additional days of medical surveillance during which they have limited freedom of movement. Travelers and Hong Kong residents returning from overseas and Taiwan through Hong Kong International Airport will be given a yellow vaccine pass code on the Leave Home Safe app that will restrict their entry to high-risk or premises with mask-less activities (such as bars and restaurants). Travelers will also be banned from visiting beauty and massage parlors, bath houses, entertainment venues, party rooms, karaoke lounges, nightclubs, mahjong parlors, cruises, indoor and outdoor sports venues, hair salons and religious premises during the four days of medical monitoring. However, they will be allowed to go to places that do not check vaccine pass, such as supermarkets and shopping malls. They can take public transportation, go to work or go to school, as long as they receive a negative result in a rapid antigen test every day until the tenth day of their arrival. **ATO Notes:** The business sector and the general public welcomed the decision as a good step forward. However, analysts opined that the new “3 + 4” quarantine days scheme will be good for residents but will be insufficient to reignite international business or leisure travel to the city. Since the announcement, representatives from the Trade and Exhibition industry have sought further clarity and flexibility for international travelers to be able to visit trade shows during the four days of medical monitoring. U.S. travelers should note that as of August 8, the U.S. Department of State revised its

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Travel Advisory for Hong Kong to Level 3: Reconsider Travel in light of arbitrary enforcement of local laws and COVID-19 related restrictions.

Hong Kong Economy Contracted Again in Second Quarter [[The Standard](#), August 2, 2022]

According to advance estimates released from the Census and Statistics Department on August 1, Hong Kong's economy contracted for a second consecutive quarter with GDP declining 1.4 percent year-on-year. The city's recovery last quarter was "smaller than expected," a government spokesperson said. Momentum was dragged down by continued cargo flow disruptions between Hong Kong and China, as well as from "the recent increase in the number of COVID-19 cases and tightened financial conditions," the spokesperson added. The government said the threat of inflation in the United States and Europe, inflamed by Russia's invasion of Ukraine earlier this year, is expected to "dampen economic growth significantly" for the rest of the year. While China's economy may see some relief, it may not be able to offset the deteriorating situation in advanced economies, it added. **ATO Notes:** The consumption voucher due to be released on August 7 should bring a temporary boost to the economy. However, the revival in domestic and international demand to support economic growth in the second half will depend on how quickly and comprehensively Hong Kong will lift its restrictions on dining and international travels.

Hong Kong Business Sector Worries about Recovery [[The Standard](#), August 5, 2022]

The Hong Kong General Chamber of Commerce has slashed its 2022 Hong Kong economic forecast to -0.5 percent, down from its February estimate of 1.2 percent. More than two-and-a-half years of COVID-19 restrictions are taking a heavy toll on businesses and the economy, exacerbated by ongoing supply chain bottlenecks and the war in Ukraine, the chamber said. Chief executive George Leung said the conflict in Ukraine and growing geopolitical tensions have fueled global inflation, which has led the U.S. Federal Reserve and other central banks to aggressively raise interest rates. The resultant squeeze on consumers' spending power, both domestically and in global markets, could have dire consequences on business confidence and their willingness to invest, he said. "The continued closure of the border between Hong Kong and Mainland China, as well as with the rest of the world, is impeding investment decisions and stifling any prospect of economic recovery. We need a concrete timetable to reopen Hong Kong to ensure we can continue to attract talent to the city and businesses to invest here," said Leung. **ATO Notes:** Several analysts are revising downward their expectations for Hong Kong's 2022 economic performance. Many are skeptical that the recent measures reducing the required days of quarantine will bring back international visitors to the city.

Demand for Flights to Hong Kong Surges amid Quarantine Reprieve [[The Standard](#), August 10, 2022]

Hong Kong based carrier Cathay Pacific has jacked up air fares from London to as much as \$2,228 for flights from August 11 to next week after Hong Kong cut hotel quarantine to three days for overseas arrivals. By 8pm on August 9, Cathay's website showed economy tickets for direct flights from London's Heathrow to Hong Kong on Sunday were sold out. Prices of tickets from Hong Kong to London have also skyrocketed. China's largest online travel agency, Trip.com, said Hong Kong's decision to reduce the number of days for hotel quarantine set off an immediate surge in flight bookings to the city.

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Although traveling to the mainland from Hong Kong still requires seven days in a hotel followed by three days of health monitoring, many mainland residents transit through Hong Kong as it is the easiest way to reach China because international flights to the country are rare and costly. **ATO Notes:** The surge in demand for flights to Hong Kong reflects that Hong Kong still possesses the attributes of a popular travel destination as well as a major travel hub in Asia. Hong Kong is expected to further open the city for international travelers towards the end of the year and the demand for flights to Hong Kong and hotel rooms will continue to grow.

Hong Kong's Airline Firm Warns City is "Far Behind" Other Aviation Hubs [[South China Morning Post](#), August 10, 2022]

Hong Kong's Cathay Pacific Airways has announced a loss of \$636.8 million for the first half of 2022, a 33.9 percent drop from the same period last year amid a strong rebound in passenger flights. Cathay Pacific welcomed the Hong Kong government's move to shorten the length of quarantine and believed that the relaxed measure will provide travel incentive for Hong Kong residents. Under the revised quarantine measure, Cathay aims to operate up to about a quarter of its pre-pandemic passenger flight capacity and 65 percent of their pre-pandemic cargo flight capacity by the end of this year. However, the Chairman said the city's strict anti-epidemic travel measures for aircrews were the "single biggest impediment" to the company's plans to operate more flights. He urged the government to issue a "clear road map" on when all travel restrictions would be removed. **ATO Notes:** Hong Kong leaders are aware of the need to rebuild Hong Kong's image as an international city and appear to work in that direction. Currently, Hong Kong-based aircrews for passenger flights are required to quarantine for three nights at a designated hotel upon arriving in the city and locally-based cargo crews are exempt from the measure. Hong Kong also switched off the much-criticized circuit-breaker system that banned airline routes that brought infected passengers to the city in July.

Macau to Reopen with No COVID-19 Cases for Nine Straight Days [[The Standard](#), August 1, 2022]

Macau will reopen public services and entertainment facilities, and allow dining-in at restaurants from August 2, authorities said, as the world's biggest gambling hub seeks a return to normalcy after finding no COVID-19 cases for nine straight days. Beauty salons, fitness centers, and bars too will be allowed to resume operations, the Macau government said in a statement on August 1. Health authorities will require residents to wear masks when they go out and must show a negative COVID-19 test within three days to enter most venues. Macau has reported around 1,800 infections since mid-June when it was hit with its worst COVID-19 outbreak that forced the closure of casinos and locked down most of the city. Macau reopened its casinos on July 23, as authorities began unwinding stringent measures which required most businesses and premises to temporarily close. This is the first time Macau has had to grapple with the fast-spreading Omicron variant. More than 90 percent of Macau's residents are fully vaccinated against COVID-19 but authorities have closely followed China's zero-COVID-19 mandate. **ATO Notes:** While Macau's casinos are re-opened, it is likely businesses will pick up at a slower pace for at least a few weeks as the stringent social distancing restrictions are still in place. The return to pre-COVID-19 normalcy would depend on how quickly and openly Macau will lift its travel restrictions to welcome the return of international visitors.

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Macau Gaming Revenue in July – Worst since Pandemic [[The Macao News, August 1, 2022](#)]

Macau's gross gaming revenue (GGR) in July dropped by 84 percent month-on-month to just \$49 million, the worst since the pandemic began, according to the Macau Gaming Inspection and Coordination Bureau. The figure was also a decrease of 95.3 per cent year-on-year from \$1.05 billion as the Macau government shut down government departments and businesses for weeks – including casinos for nearly two weeks in July. In total, Macau's GGR in the first seven months of the year dropped by 53.6 percent year-on-year and an 85 percent drop from the same period in 2019 (pre-pandemic). **ATO Notes:** The six gaming operators are current casino license holders in Macau. Their licenses will expire by the end of the year. They are soaking up losses as they prepare to bid for new licenses in a business that generated \$36 billion in revenue in 2019, the last year before COVID-19 curbs slammed the sector. The downturn has already seen the city losing its title as the top gambling hub to Las Vegas. Even after the border with mainland China reopens, recovery may remain slow as it takes time to rebuild confidence among customers and they may choose not to visit, fearing future curbs on any recurrence of local infections.

Macau Resumes Quarantine Free Travel with China [[The Standard, August 3, 2022](#)]

Zhuhai health authorities announced that starting August 3, passengers entering Zhuhai from its neighboring Macau could be exempted from mandatory quarantine by holding a negative PCR test result issued within 24 hours. The current anti-pandemic prevention and control measures will remain the same for those entering Macau from various ports. People leaving Macau for Zhuhai must have a certificate that shows a negative COVID-19 test within the past 24 hours and take two additional tests within three days of arriving in the Chinese city. Macau has recorded zero community-originating COVID-19 cases for nine consecutive days, and all the results from the 14th round of citywide nucleic acid testing were negative. On the other hand, an Executive Order enabled the resumption of operation, from August 2, of several leisure facilities such as beauty salons and gyms. Dine-in services at restaurants and other food and beverage establishments – that had also been banned under a previous Executive Order – will be permitted from August 2. **ATO Notes:** This is a step to facilitate cross border travel between Macau and China, after Macau has undertaken citywide COVID-19 tests and registered no new cases for more than ten straight days. However, visitors arriving in Macau are still subject to seven days quarantine. It is expected that Macau will relax quarantine requirement by the fourth quarter of the year when global pandemic situation further improves.

Macau Cuts Quarantine Period from Ten to Seven Days [[The Standard News, August 6, 2022](#)]

Macau implemented a “7+3” medical observation policy for inbound travelers from Hong Kong, Taiwan, or other international locations. From August 6, the concerned individuals will be quarantined for a shorter seven-day period at the designated hotels instead of 10 days if they test negative for COVID-19 upon entry into Macau. After the seven days of medical observation, they must undergo self-health management for three more days and self-health monitoring afterward. **ATO Notes:** This is a step forward to re-open Macau for visitors. However, the seven-day quarantine requirement is still a hurdle to business visitors and tourists to visit the city.

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HOTELS, RESTAURANTS AND INSTITUTIONS



Higher Bills for Diners [[The Standard](#), August 1, 2022]

Hong Kong's restaurants and caterers are warning diners to be prepared for higher bills as they grapple with rising prices and dwindling revenues while hoping that the second round of consumption vouchers will boost their flagging fortunes. Food inflation has soared amid the unrelenting COVID-19 pandemic, the war in Ukraine, sky-high oil prices and supply shortages, they say, adding that prices of frozen meat, eggs, canned food, fruits and other ingredients have all shot up. Simon Wong, president of the Hong Kong Federation of the Restaurants and Related Trades, believes many restaurants and tea shops are planning to increase prices by 10 percent amid the current recession and the rise of COVID-19 infections since June. Others, he said, are worried that they may lose customers if they raise prices, and this will lead them to serve smaller portions and use cheaper ingredients to offset their higher costs. **ATO Notes:** The second round of consumption vouchers totaling \$4.2 billion will be distributed to the city's residents starting August 7. The vouchers will prompt spending at restaurants and partly offset the negative impact by increased menu prices. The sector is hopeful that the Hong Kong government is planning to re-open the city to international travelers towards the end of the year, and that will help eventually bring multi-million tourists back to the city to boost the beleaguered food service sector.

Restaurant Receipts Dropped 5.5 Percent in Second Quarter [[Hong Kong Census and Statistics Department](#), August 3, 2022]

According to the Hong Kong Census and Statistics Department, in the second quarter of 2022, total restaurant receipts were provisionally estimated at \$2.8 billion, a 5.5 percent reduction compared to last year. Analyzed by type of restaurant, total receipts for Chinese restaurants decreased 7.4 percent in value and 10.5 percent in volume. Total receipts for non-Chinese restaurants decreased 5.8 percent in value and 9.1 percent in volume. Total receipts for fast-food shops decreased 2.4 percent in value and 5.4 percent in volume. Total receipts for bars decreased 14.9 percent in value and 17 percent in volume. As for miscellaneous eating and drinking establishments, total receipts decreased 2.8 percent in value and 6 percent in volume. Comparing the first half of 2022 with the same period in 2021, total restaurant receipts decreased by 13.6 percent in value and 16.4 percent in volume. **ATO Notes:** The restaurant business was hard-hit during the first quarter of the year under the fifth wave of the pandemic. Business visibly improved in the second quarter as the pandemic situation improved, social distancing measures relaxed and consumption vouchers were distributed. It is important to note that the higher drop in bar receipts compared to restaurants is greatly attributed to the fact that these establishments continue to face additional COVID-19 restrictions, which have deterred some consumers. The upcoming disbursement of the second batch of consumption vouchers on August 7 is

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likely to spur demand. Yet, the long-term economic revival of restaurant business will depend on how the local epidemic evolves and how the tighter financial conditions affect consumer's spending power and sentiment.

Iconic Chinese Restaurant “Defeated by the Pandemic” [[The Standard](#), August 10, 2022]

Iconic dim sum restaurant “Lin Heung Tea House” shut down after 94 years of operation, with the owner saying it was “defeated by the pandemic.” The restaurant's parent company, Lin Heung Group, announced on social media early August 9 morning the closures of two of its eateries. The 94-year-old Lin Heung Tea House, formerly known as the Guangzhou Cake Shop, opened in Hong Kong in 1918, selling Chinese cakes and buns on the ground floor and operating a dim sum restaurant upstairs. The restaurant was named “Lin Heung,” which means fragrant lotus. It was one of the few remaining Chinese restaurants to keep up the tradition of letting diners choose their dim sum from a trolley, rather than ordering from a menu. It was listed among the 64 venues in Hong Kong that were selected for the Michelin Bib Gourmand distinction, which is awarded to venues that offer high-quality food at affordable cost. **ATO Notes:** Many restaurants have closed or operated at a loss due to stringent dining restrictions under COVID-19. Lin Heung is one of several iconic restaurant “casualties” under the pandemic.



RETAIL

June Retail Sales Slip but Vouchers Offer Hope [[The Standard](#), August 3, 2022]

The Hong Kong Census and Statistics Department said retail sales in June 2022, decreased 1.2 percent year-on-year and provisionally estimated at \$3.6 billion. A government spokesman said that retail sales improved in the second quarter, with the value rebounding sharply from the first quarter and reverting to mild year-on-year growth. Yet the momentum softened in the latter part of the quarter alongside the increased number of local COVID-19 cases and sharp interest rate hikes by many major central banks, with retail sales registering a modest year-on-year decline in June. The spokesman pointed out that the upcoming disbursement of the second round of consumption vouchers will help support demand, but retail sales down the road will also depend on how the pandemic evolves and how tighter financial conditions affect spending power and sentiment. **ATO Notes:** Retail sales for food have been stable at around \$12 billion annually for the past few years, even when the pandemic hit Hong Kong. For the first six months of 2022, food retail sales were \$6.1 billion, a modest increase of 1.8 percent over the same period in 2021. The release of consumption vouchers in August will further boost spendings but probably more on consumer goods and dining at restaurants than food sales at the retail level.

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Vouchers Spark Consumption at Restaurants and Malls [[The Standard](#), [The Standard](#), August 8, 2022]

Simon Wong, President of the Hong Kong Federation of Restaurants & Related Trades, said restaurants have seen a near 15 percent growth thanks to the consumption vouchers. Following the launch of the second phase of the Hong Kong government's consumption voucher scheme on August 7, the 12 shopping centers under property developer Sun Hung Kai Properties expect a 20 percent sales increase in the third quarter, especially in shops selling pricier products such as jewelry and electronic appliances. Consumers are ready to spend more in the wake of the 2022 Consumption Voucher Scheme Phase II, with three of Hong Kong property developer Sino Group's three major shopping malls – recording a total of over 880,000 visitors on August 7. "The local food and beverage industry and the retail industry are gradually recovering," says Bella Chhoa, Director – Asset Management of Sino Group. "Consumption sentiment is expected to remain stable in the second half of the year with an increase of 10 percent in the number of shoppers and turnover of Sino Group's three major shopping malls in the third quarter." **ATO Notes:** While the consumption vouchers can boost spending in the short-term, Hong Kong's unemployment rate remains high, and the income of citizens has decreased. Hence the public has become more cautious about their consumption. The business sector and public look forward to quarantine-free travel before the end of the year to attract more visitors to boost the economy.

Impossible Foods Debuts Vegan Chicken Nuggets in Asia with Hong Kong Launch [[Green Queen](#), August 5, 2022]

Impossible Foods is bringing its vegan nuggets to Hong Kong as it identifies expansion opportunities across Asia where its competitor has dominated for the last several years. The General Manager of Impossible Foods Hong Kong stated that their nuggets are one of their most popular products because of their taste. Hong Kongers can try the nuggets at several pop-ups happening throughout the city and the product will be available at some of the stores of major supermarket chains. On a bilingual poster for the Hong Kong market, Impossible Foods touts their chicken nuggets containing 55 percent less saturated fat than the leading U.S. chicken nuggets and that consumers may enjoy delicious food while caring the planet. **ATO Notes:** Plant-based meat products are getting more attention and some fast-food chains are featuring plant-based meats in response to the trend. Some supermarkets also have designated areas for plant-based meat. Consumers in Hong Kong can find plant-based meat options offered by at least six brands ([Lifestyle Asia](#), April 22, 2022).

Hong Kong Tourism Board Offers Over 48,000 Hot Summer Deals [[The Standard](#), August 9, 2022]

From August 11 to 25, the third batch of the Hong Kong Tourism Board's more than 48,000 Hot Summer Deals offers will be available. Released on a "first come, first served" basis on the Discover Hong Kong website, offers include discounted deals at 62 retail and dining merchants. The offers include more than 200 Quality Tourism Services (QTS) certified retail and dining merchants as well as theme parks and attractions. Many offer attractive discounts of up to 75 percent. **ATO Notes:** The Hong Kong Tourism Board has been offering hot deals for local residents to enjoy spending and sightseeing in the city amid restricted international travels under COVID-19. These offers are popular among local residents, who still prefer the option of in-person travels outside Hong Kong. As Hong

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Kong shortens the quarantine period to three days and set to further open the city towards the end of the year, it is expected that the Tourism Board will organize more promotions and offer more deals for international travelers in the next few months.

TRADE



Tasting Ban for Hong Kong Food Expo [[The Standard](#), August 3, 2022]

The Food Expo organizer has rejected a call to allow people to taste the delicacies on sale at this year's event - which starts August 11 - citing public health concerns amid a rebound in COVID-19 cases. The Hong Kong Trade Development Council (HKTDC) is still expecting hundreds of thousands of visitors to attend the five-day event. Sophia Chong, deputy executive director of HKTDC, said despite the no-tasting rule last year, sales were satisfactory. Unlike certain trade shows which are business-to-business only, public shows have far more visitors and so the council has to be responsible and ensure people's safety, she added. Her comments come as Simon Wong, president of the Federation of Restaurants and Related Trades, worried that the no-tasting rule would affect exhibitors' businesses and thus suggested the organizer set up a designated tasting area outside the fairground. Some exhibitors participating this year said the no-tasting rule would affect their business. **ATO Notes:** Hong Kong consumers generally like to taste the foods before making their purchase decisions. Therefore, the tasting ban is likely to affect a bustling atmosphere at Food Expo and reduce the propensity to spend at the show.

NGO Takes Food Waste Recycling into Own Hands [[Hong Kong Free Press](#), August 7, 2022]

A non-profit organization Eco Community Promotion Association Limited (ECPAL) placed eight food waste recycling bins across Hong Kong residential areas and the bins are padlocked. The co-founder said it is because they run a subscription-based food waste recycling program, with each household paying \$14.1 per month to get their food waste handled and processed. Subscribers are given the passcode to unlock the bin. The NGO wants to educate people to the fact that they need to pay a price for their waste. The NGO also collaborates with foodservice businesses charging a slightly higher fee. The founder said Hong Kong was "far behind" in terms of food waste recycling compared to other economies. He has heard of the government food waste recycling initiative but thinks that it does not have a continuous plan. It does not have a roadmap to extend it to the whole Hong Kong. An academic said the government needs to do more than just educating the public on waste reduction and separation. He said the city needs more collection and treatment facilities, and he thinks the building pace of current treatment facilities is too slow. **ATO Notes:** According to the [Environmental Protection](#)

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Department, in 2020, about 10,809 metric tons of municipal solid waste (MSW) were disposed at Hong Kong's landfills on a daily basis. Of these, about 3,255 metric tons, 30 percent, were food waste, constituting the largest MSW category. The government has launched a series of solutions that include educational program and a pilot scheme on food waste collection to promote responsible handling of food waste.

Haagen-Dazs Ice Cream Products to be Pulled from Hong Kong Shelves over Pesticide Fears [[South China Morning Post](#), August 4, 2022] Hong Kong has ordered two popular Haagen-Dazs ice cream products to be removed from shelves, upon receiving notification from the Rapid Alert System for Food and Feed [RASFF] of the European Commission that the products may be contaminated with a pesticide, ethylene oxide, which is not authorized by the EU. The products were imported by General Mills Hong Kong. The Center for Food Safety issued a Food Alert and press release on the incident. The CFS contacted and ordered the importer to stop selling and to initiate a recall of only the affected batches. **ATO Notes:** Hong Kong's Pesticide Residues in Food Regulation (Cap. 132CM) (Regulation) has been in effect since August 2014. In short, the Regulation sets out a list of maximum residue limits (MRLs)/ extraneous maximum residue limits (EMRLs) for specified pesticide-food pairs and a list of exempted pesticides. The presence of any pesticide residues in food exceeding the specified MRLs/EMRLs is not permitted under the Regulation. For pesticide residues with no specified MRLs/EMRLs, import or sale of food containing such pesticide residues is allowed if the consumption of the food in question is not dangerous or prejudicial to health. Given this provision, Hong Kong is adopting a "modified positive list." Ethylene oxide is not on Hong Kong's positive pesticide list.

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

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