

THE HONG KONG WONTON

wrapped by ATO Hong Kong

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FEATURED PHOTO:



Photos: Courtesy of Public Affairs Section, U.S. Consulate, Hong Kong and Macau

USA Pavilion Makes a Splash at the 2022 Restaurant and Bar Show

During September 6-8, 2022, ATO Hong Kong hosted the largest national pavilion at the 2020 Restaurant and Bar Show. Acting U.S. Consul General, Colin Crosby, inaugurated the USA Pavilion and joined one of our many cooking demonstrations. A total of seven U.S. Agricultural Cooperators (participating through local representatives) were present at the show. This year, the USA Pavilion also included a “Sustainability Corner.” In addition, at the concurrent event, Natural Organic Asia, ATO did a presentation on “American Food Products: A Tradition in Sustainability” to raise awareness on our longstanding efforts to keep agricultural production sustainable.

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
- Distilled spirits
- Apples, cherries, oranges, and grapes
- Organic products

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.

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OVERALL ECONOMY



Hong Kong Eyes November End to Hotel Quarantine [[The Standard](#), September 1, 2022; various sources]

Hong Kong is targeting to end hotel quarantine in November, ahead of a summit of global bankers and an international rugby competition, even as a resurgence in COVID-19 cases prompts health officials to push back on the plan, according to people familiar with the debate. Chief Executive John Lee is leaning toward scrapping hotel quarantine before the November events to signal Hong Kong is back in business, despite the objections of some in his administration. Health Secretary Lo Chung-mau is among those who want to tighten restrictions as cases surge, one person added, on the hope that suppressing cases will lead to the reopening of the mainland border. The momentum is on the side of ending quarantine on the international border over resuming unimpeded travel with the mainland, as many in the government view public opinion in favor of opening to boost the economy. A final decision will ultimately hinge on the daily case count, the number of fatalities and public perception. **ATO**

Notes: During the first days of September, the daily tally of COVID-19 cases had rebounded to 10,000 infections. The government is expected to remain cautious in its approach to relaxing quarantine and gathering rules. U.S. travelers should note that as of August 30, the U.S. Department of State’s [Travel Advisory for Hong Kong is Level 3: Reconsider Travel](#) in light of arbitrary enforcement of local laws and COVID-19 related restrictions. In addition, please see the U.S. Consulate’s [September 8 health alert](#) urging U.S. citizens to reconsider transiting through Hong Kong.

Reopen Hong Kong, Business Heavyweights Urge [[The Standard](#), September 9, 2022]

Two business heavyweights stated on September 8 that Hong Kong needs desperately to reopen its borders to reconnect with the mainland and the rest of the world to revive the city’s image and economy. Former Wheelock chairman, Peter Woo Kwong-ching said the city should not wait until November to reconnect with the rest of the world. The Chairman of the West Kowloon Cultural District Authority, Henry Tang Ying-yen, said “connecting the world smoothly and conveniently is definitely the lifeline of Hong Kong.” He stated that 70 countries have reopened their borders completely and canceled their immigration restrictions. He cautioned that if the conditions continue, the city will not attract or keep talent. **ATO Notes:** Visitors at the Restaurant & Bar show echoed similar sentiments, pointing to local and international traders preferring to attend a concurrent trade show taking place in Singapore. Some noted that other countries in the region are actively working to attract talent, investment, and convention hosting duties away from Hong Kong.

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Hong Kong Relaxes Testing Arrangements for Returnees from China and Macau [[The Standard](#), September 1, 2022]

The "test-and-hold" procedure for returnees arriving at the airport from Macau and mainland China will be scrapped from September 3. Returnees need only to undertake one nucleic acid test on the second day upon arrival. The government explained that the adjustment came as the infection risk posed to Hong Kong by individuals from Macau and mainland China is very low. No imported case from the mainland or Macau was detected in recent months, according to the government statement issued on September 1. The adjustment can also help Hong Kong allocate resources on nucleic acid testing more accurately and efficiently, given the short incubation period of the Omicron variants, the government noted. The arrangement also applies to those under home isolation or those who return to Hong Kong via the "Reutrn2HK" or "Come2HK" schemes. During this transition period, returnees who have arrived in Hong Kong and have undertaken a nucleic acid test before September 3 will be exempted from taking a second test. **ATO Notes:** This measure is expected to facilitate travel between Hong Kong and China, and Hong Kong and Macau. However, averaging 10,000 COVID-19 daily cases, Hong Kong is currently considered a higher risk area compared with Macau and China. Larger scale opening of the border among the three economies would be possible only when Hong Kong's pandemic situation stabilizes, and a protocol can be established to facilitate cross border travel.

'Reverse Quarantine' Under Consideration but No Timetable Yet [[The Standard](#), September 3, 2022]

Although Hong Kong has reached a consensus on the "reverse quarantine" arrangement with Guangdong and Shenzhen, Chief Secretary Chan Kwok-ki said on September 3 that Hong Kong has yet to finalize a timetable. In a TV interview, Chan expressed that it costs citizens less to undergo quarantine in Hong Kong than on the mainland. "If citizens undergo quarantine in Hong Kong, the price is cheaper. For those who need to travel to the mainland, the 'reverse quarantine' arrangement can also be another option. He noted that Hong Kong is still mulling relevant details with the Shenzhen counterparts, and they will need Beijing's approval before the arrangement comes into effect. Regarding media reports that the government is inclined to eliminate hotel quarantine by November, Chan said there is no finalized decision on the matter at this point. Yet, he continued authorities will closely monitor how the pandemic develops. "If the pandemic is under our control, we definitely will relax the measures as much as possible. The city also needs to revive its economy gradually." **ATO Notes:** If approved, the "Reverse Quarantine" is intended to allow travelers wishing to visit the mainland to quarantine in Hong Kong facilities instead of hotels in China. Upon completing quarantine, travelers could travel to China under a special closed loop arrangement and subject to an additional 3 days under household observation.

Macau's GDP Drops 39.3 Percent in Second Quarter [[Macau Post Daily](#), August 26, 2022]

Macau's gross domestic product (GDP) fell 39.3 percent year-on-year during the second quarter of this year, the Statistics and Census Bureau (DSEC) announced on August 26. It was the third consecutive quarter of year-on-year negative GDP growth. GDP fell 8.9 percent in the first quarter of 2022 and 4.4 percent in the fourth quarter of last year. A DSEC statement blamed Macau's recent COVID-19 outbreak for the decline, pointing out that in the second quarter, the number of visitor arrivals dropped 27.5 percent and overnight visitors declined 47 percent. As a result, according to the bureau,

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exports of services decreased 48.6 percent year-on-year, of which exports of gaming services and exports of other tourism services fell 69.6 percent and 41.4 percent, respectively. Domestic demand shrank 12.2 percent year-on-year. **ATO Notes:** Macau has been closely following China's "zero COVID-19 policy" and its restrictive measures have hindered international travel. The gradual opening of the city was hard-hit by the latest COVID-19 outbreak which prompted another city-wide lockdown. The Macau business community hopes the city will consider an approach to welcome back international travelers and boost its beleaguered economy.

Nationals of 41 Countries Allowed Entry to Macau [[The Macao News](#), August 30, 2022]

Starting on 1 September, nationals from 41 foreign countries including the United States will be allowed to enter Macau directly from Hong Kong and Taiwan as well as from all foreign countries and regions without having to apply for entry beforehand. Travelers will still have to undergo seven days of quarantine in a designated hotel followed by another three days of self-health monitoring. Macau's borders have been closed to foreign residents and only mainland Chinese, Hong Kong, Taiwan, and Macau residents have been allowed to enter the city since March 2020. In late May this year, Macau extended these exemptions to foreigners of Portuguese nationality. **ATO Notes:** Macau is gradually relaxing its travel restrictions to welcome back international travelers. If Macau's pandemic situation continues to improve, it is expected that Macau will further ease travel restrictions toward the end of the year.

Macau's August Gaming Revenue Drops by 50 Percent [[The Macao News](#), September 1, 2022]

Macau casinos' gross gaming revenue (GGR) in August dropped by 50.7 percent year-on-year from \$553 million to \$273 million. However, last month's result was more than five times the GGR in July — \$50 million — the worst since the pandemic began, according to the Gaming Inspection and Coordination Bureau (DICJ). The city faced its worst COVID-19 outbreak that began on June 18 and only started to recover in early August as Macau's visitor arrivals picked up again. Meanwhile, the government reported a 37.1 percent year-on-year drop in its income from direct gaming taxes in the first seven months of the year to a total of \$1.7 billion, according to the Financial Services Bureau. Direct gaming taxes accounted for 66.2 percent of the government's current receipts between January and July. Casinos in Macau pay 35 percent of their GGR as direct tax to the government, with an additional five percent of their GGR paid into the public coffers as a levy for a range of social, economic, and cultural development purposes. **ATO Notes:** The drop in gaming revenue is proxy for how hard-hit Macau's economy has been under the COVID-19 pandemic and its stringent travel restrictions.

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HOTELS, RESTAURANTS AND INSTITUTIONS



Rapid Tests Required for Diners [[The Standard](#), August 29, 2022]

Hong Kong diners are complaining about the inconvenience of the government's extended requirement on patrons at tables of eight or more people to present a negative rapid COVID-19 test, announced on August 27. Guests at banquets must also show photos of rapid antigen test (RAT) results taken within 24 hours, which must be marked with name, date, and time. Diners can skip the test if they can provide negative PCR test results taken within 48 hours. The new arrangement came into effect on August 28 as the daily COVID-19 caseload in Hong Kong neared 10,000. Groups of eight diners or above all must undergo RATs, even if they are sitting at two different tables. Groups of less than eight diners are not subject to the new arrangement. The vice-general manager of London Restaurant, William So, said some customers have canceled their reservations since the government announced the new arrangement on August 27. Hence, he believes restaurants will see a drop of 10 to 20 percent in overall business and the potential business during the Mid-Autumn Festival holidays (September 10-12) will also be one-third less than pre-pandemic levels. However, the chairman of the Association for Hong Kong Catering Services Management, Leung Chun-wah, who owns the Lucky Dragon Palace Restaurant in Ngau Chi Wan, said that so far, no customers have canceled their bookings at his restaurant. **ATO Notes:** Some citizens considered the new measure necessary to protect the community, especially more vulnerable populations such as senior citizens and children. Some residents opined that the measure is unnecessary, is a nuisance, and easy to circumvent. It is expected the government will impose stricter measures if the number of COVID-19 cases continues to rise. The changes in regulations affecting gatherings and dining also continue to present a real logistical concern to organizing in-person promotional events. Post strongly recommends developing back up plans that include splitting larger events into a few smaller scale programs.

Macau Eased Banqueting Regulations [[The Macao News](#), August 30, 2022]

Banqueting restrictions in Macau have been relaxed, with regulations on both the number of guests and compulsory nucleic acid testing (NAT) requirements eased. The relaxed measures for the organization of banquets took effect on August 29 when the Health Bureau amended its guidelines. According to the new guidelines, public entities, as well as private organizations or community associations whose operations are subsidized by the government, are allowed to hold social dining gatherings for up to 49 guests. Public entities, as well as private organizations or community associations which receive government subsidies, are only permitted to hold dining gatherings with 50 to 299 guests "if very necessary." However, all those attending or working for such gatherings must present a NAT certificate confirming a negative COVID-19 result, regardless of whether they have been fully inoculated against the virus or not. Individuals or companies, as well as private organizations or community associations which do not receive any government subsidies, are allowed to hold social

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eating gatherings with up to 299 guests, without the need for those attending or working for such gatherings to undergo a NAT. **ATO Notes:** Macau is gradually relaxing its dining restrictions to welcome back in-person dining and banqueting activities. If Macau's pandemic situation continues to improve, it is expected that Macau will further ease dining restrictions toward the end of the year.

RETAIL



Hong Kong Organic Market Sees Boom [[The Standard](#), August 30, 2022]

Three in four Hongkongers purchased organic products in 2021, a historic high for an annual survey that has been ongoing since 2004 and that found locals spent \$1 billion in the latest period. The findings showed buying power and money spent on organic products last year were close to pre-pandemic levels in 2019. The poll by Hong Kong Organic Resource Centre surveyed 811 adults about their consumption habits on organic products in 75 locations near wet markets and supermarkets between June 4 and June 30 this year. Organic vegetables and fruits were popular with Hongkongers, with 88.7 and 65.7 percent of the respondents, respectively, purchasing these products over the past year, dropping only 0.7 and 4.3 percentage points compared to the 2020 survey. **ATO Notes:** Hong Kongers are health-conscious, and they have become more so under the pandemic. It is expected that the trend will continue even as the pandemic situation improves. At the recent Restaurant & Bar show, visitors expressed a great deal of interest in sourcing U.S. organic products, including providing online platforms to boost organic offerings. At the USA Pavilion's "Sustainability Corner" the factsheet on U.S. organic production, was the most popular item. This trend poses good prospects for U.S. organic exports, as the USDA organic logo is recognized and well received in Hong Kong.

Hong Kong Retail Sales Better Than Forecast [[The Standard](#), September 1, 2022]

Hong Kong's retail sales rose more than expected in July, reversing two months of declines, as the city attempts to mount a recovery from COVID-19 restrictions and other headwinds. Retail sales value rose 4.1 percent in July from a year ago, the Census and Statistics Department said on August 31. Economists surveyed by Bloomberg, had estimated a media rise of just 1.4 percent. Sales volume increased 1 percent from a year ago, compared to economists' forecast of a 1.1 percent decline. However, the value of total sales in the first seven months of the year was still down 1.7 percent compared to last year. Analyzed by type, the value of sales of commodities in supermarkets rose 1.7 percent in July, while that of jewelry, watches and clocks, and valuable gifts jumped 28.3 percent. On the other hand, sales of goods in department stores dropped 9.7 percent and that of motor vehicles and parts declined 11.9 percent. Consumer spending in July got a boost from an improving labor market, while consumption vouchers issued from August will provide additional support in the coming months, a government spokesman said. However, there were risks that tighter financial conditions and

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development of the local epidemic will also have bearings on the performance of the retail sector. **ATO Notes:** The retail data covers consumer spending on goods but not services such as catering, medical-care, and entertainment. Those services account for more than 50 percent of total consumer spending. Hong Kong food service sector remains weak under the pandemic. More recovery would be made possible only if Hong Kong can ease its stringent travel restrictions to welcome back international travelers.

TRADE



ATO Hong Kong Launches Delicious USA Media Tasting Sessions [August 31, 2022]

On August 31, 2022, ATO Hong Kong hosted a lunch tasting session for 16 print and media representatives and a dinner session gathering 18 influencers. At the sessions, ATO publicizes its fourth annual Delicious USA restaurant promotion that will run from September 16 to October 16, 2022. The month-long festival celebrates the sustainability, versatility, and assured quality of U.S. food and beverages. Highlighting the versatility and sustainability of the U.S. harvest, this year, Delicious USA encompasses a total of 31 restaurants. Restaurant chefs will present one or more special dishes featuring U.S. ingredients for Hong Kong diners to enjoy.



Hong Kong Exports Decline For a Third Month [[The Standard](#), August 25, 2022]

Hong Kong's exports plunged in July as disruptions along the border with China and cooling demand across the global economy weighed heavily on trade. Overall exports plummeted 8.9 percent last month from a year earlier, the Census and Statistics Department said on August 25. This figure is more severe than the 4.8 percent fall predicted by economists and marked the third consecutive monthly decline. It was the worst export performance since March, when the COVID-19 lockdowns in China

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affected the flow of goods. Imports surprisingly fell 9.9 percent during the month, compared to economists' forecast for a 0.5 percent decrease - the worst result since 2020. The trade deficit was \$3.5 billion, compared with a \$8.8 billion deficit in June. Hong Kong's exports have been weighed down for months by interruptions to trade with China, as strict COVID-19 restrictions have hamstrung logistics and supply chains. The financial and commerce hub is also grappling with global inflation and tightening monetary policy, as the city has been forced to follow the hawkish Federal Reserve in several rate hikes to maintain the local dollar's peg to the U.S. dollar. The government attributed July's poor showing to a worsening external environment, ongoing disruptions on the border with the mainland, and interest rate hikes. **ATO Notes:** Hong Kong has been a trading hub in the region and imports/exports are key components of the Hong Kong economy. The consecutive drops in exports marked contractions in the global economy further hampering Hong Kong's economic growth.

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

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