

THE HONG KONG WONTON

wrapped by ATO Hong Kong

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FEATURED PHOTO:



Showing Love with U.S. Foods

ATO Hong Kong wished social media followers a Happy Valentine's Day by digitally featuring popular U.S. food products on Facebook and Instagram during Valentine's Day week. The postings reached over 26,000 social media accounts and delivered over 36,000 impressions.

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OVERALL ECONOMY



Hong Kong COVID-19 Update [Various Sources, March 3, 2022]

After two years of limited outbreaks, in the past two weeks, new daily cases have jumped from a few hundred to more than 50,000. The Hong Kong government extended flight bans (including flights from the United States) and other social distancing measures to April 20. While local media outlets continue to report conflicting information regarding when and how the government will conduct its mandatory citywide testing and lockdowns, an official announcement has not been made. The uncertainty has led Hong Kong consumers to respond with panic buying and empty supermarket shelves. Fresh food supplies from mainland China continue at 70-90 percent from usual levels (depending on the product) primarily due to COVID-19-related disruptions to ground cross-border trade. Hong Kong and mainland authorities continue to work to ensure sufficient food supplies, relying more on sea transport and restarting rail transportation reportedly ceased since 2007. However, the one-to-two day delay of maritime shipping, and staff shortages due to increased infections are limiting stores' ability to restock grocery shelves fast enough to keep up with the rate of panic purchases. In addition, grocery stores and mass transit are shortening their hours of operations to reduce the risk of transmission. The U.S. Centers for Disease Control and Prevention (CDC) raised its [Traveler's Health Notice](#) for Hong Kong to Level 3, and on March 1, the U.S. Department of State raised its [Travel Advisory for Hong Kong to Level 4: Do Not Travel](#).

Mandatory Universal COVID-19 Tests for All Hong Kongers [[The Standard](#), February 23, 2022]

Hong Kong Chief Executive, Carrie Lam, announced that all 7.5 million Hong Kong residents must undergo three mandatory Covid-19 tests beginning in March, with rapid tests in between testing dates. Some 12,000 isolation facilities will be created by end of February, with another 16,000 units in March from hotels and at the Cruise Terminal. Temporary hospitals will also be built to treat COVID-19 patients. The Hong Kong government will also move schools' summer holiday to March-April to vacate school premises and facilitate space for citywide testing. **ATO Notes:** The new measures are part of the Hong Kong government's plan to control its toughest wave of the pandemic. The pandemic situation is expected to improve by the end of April, followed by the relaxation of the social distancing and dining restrictions.

Hong Kong Government Forecasts Economic Growth Despite the Pandemic [[Hong Kong Government Budget](#), February 23, 2022]

In his annual budget speech, Financial Secretary Paul Chan reported that Hong Kong's economic performance during the first quarter is not optimistic given the adverse impacts of the recent local

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pandemic conditions. However, he anticipated that Hong Kong's economy will perform better in the second half of this year and grow 2- 3.5 percent (real terms) for the whole year. **ATO Notes:** The government hopes that the mandatory universal COVID-19 testing and other related measures will gradually bring the pandemic under control, and maintain a "dynamic zero infection" status where consumption and investment demand can regain steam. A stabilized pandemic situation will also create favorable conditions for the resumption of quarantine-free travel between China and Hong Kong, thereby injecting greater impetus into the economy.

Hong Kong Budget Splashes \$8.7 billion to Fight COVID-19 [[The Standard](#), February 23, 2022]

Financial Secretary, Paul Chan, announced that the government will spend \$8.7 billion to fight the pandemic. Within this budget, \$2.8 billion will be used to strengthen testing capacity; another \$0.77 million will be used to purchase COVID-19 vaccines, while other departments will get another \$0.9 million for anti-pandemic supplies and implementing related measures. In addition, \$64 million will be allocated to enhance environmental hygiene services. **ATO Notes:** The Hong Kong government's anti-epidemic funding will be injected with another \$7.5 billion for the construction of pandemic-response facilities. Mr. Chan added he has also reserved \$2.6 billion for potential anti-pandemic needs.

New Round of Consumer Vouchers to Boost Consumption [[The Standard](#), February 23, 2022]

Financial Secretary, Paul Chan, announced in his budget that Hong Kong residents will receive an electronic consumption vouchers worth \$1,282, which is double the amount given out last year. Citizens will receive their first installment of \$641 in mid-April and their second installment of \$641 in the summer. **ATO Notes:** The social gathering restrictions are set to expire on April 20, and the vouchers are expected to boost consumptions at retailers and restaurants when the pandemic situation improves. Public opinions about the new round of consumption vouchers differ, some opine that cash would be preferable; others support the targeted use of the voucher but state that it may not be sufficient to boost economic activity.



HOTELS, RESTAURANTS AND INSTITUTIONS

Food Deliveries Cannot Satisfy Surge in Orders [[The Standard](#), February 22, 2022; [The Standard](#), February 23, 2022]

Customers of two local takeaway platforms, Deliveroo and Foodpanda, complained that recently, they could not get delivery service as the current COVID-19 outbreak prompted a surge in orders. Many left

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messages on Deliveroo's social media page, saying the app said no restaurant was available and that they could not use the delivery service. Some who paid monthly fees were concerned they could not use its service despite the membership. In response, Deliveroo said the surge in orders and the cold weather limited the choice of restaurants and increase delivery time. A Deliveroo survey carried out in December found that 60 percent of Hong Kongers consider food delivery to be a necessity. Andrew Hui Chee-yin, General Manager of Deliveroo Hong Kong, concluded after the survey that food delivery has become more popular as a result of the pandemic, brought on by social-distancing measures that encouraged Hong Kongers to dine home. **ATO Notes:** High demand for food deliveries will continue as dining restrictions (limiting two people per table for daytime dining and a ban on evening dining) will continue at least until April 20. The increasing popularity of food delivery has provided a lifeline for restaurants during the pandemic. Nevertheless, the food service sector hopes social gatherings and dining-out will return after the pandemic situation normalizes.

Vaccine Pass Launches with Two Diners per Table [[The Standard](#), February 24, 2022]

Hong Kong's vaccine pass scheme and other tightened social distancing measures started on February 24. Customers will now have to carry their vaccination records when they enter premises such as shopping malls and restaurants using the government's LeaveHomeSafe mobile app. Only vaccinated people are eligible to enter a long list of regulated premises, including malls, supermarkets, wet markets and restaurants. In addition, restaurants are only allowed to serve up to two diners per table, and people are required to wear a mask while jogging and hiking. **ATO Notes:** With the tightening of social measures, customers are opting for takeaway options at restaurants. As only those who have received at least one vaccination are allowed to enter malls, supermarkets and wet markets, mall entrances were seen crowded with people looking to scan the app's QR code. On the day of the vaccine pass launch, some seniors reportedly struggled with using the LeaveHomeSafe app before entering various premises. Prior to the fifth wave, the app would notify users whether or not they had been in close contact with another customer who tested positive. However, given the surge in COVID-19 cases, that feature of the app has been disabled. Eateries predicted business is likely to drop to below 20 percent of pre-pandemic levels.

More Restaurants and Bars to Close amid Tougher COVID-19 Restrictions [[The Standard](#), February 24, 2022]

About 5,000 restaurants, or almost one third of Hong Kong's eateries, are considering shutting down for months in order to cut costs, said Simon Wong, president of the Hong Kong Federation of Restaurants and Related Trades. More than 1,200 restaurants have already suspended business and 300 have permanently closed, he added. A prolonged loss of business may see the closure of half of Hong Kong's 2,000 bars, according to Allan Zeman, chairman of Lan Kwai Fong Group, a prominent businessman, and catering services operator. **ATO Notes:** The food service sector is expected to sustain heavy losses in the first quarter of the year. There are concerns that government stimulus measures will not be enough to offset losses. More restaurants are expected to close temporarily or permanently, as the current social gathering restrictions will continue at least until April 20.

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RETAIL



Panic Buying Continues amid Confusing Lockdown Information [[The Standard](#), March 2, 2022]

Hong Kongers continue to strip grocery store shelves bare following mixed messages over the government's intended plan for a lockdown this month. Photos and video circulating on social media showed people having trouble finding a variety of items including meat, vegetables, frozen food, noodles, toilet paper and medicines. **ATO**

Notes: The Chairman of the Hong Kong Food Council, Thomas Chan, said the city's food supplies

are stable and suppliers have already increased frozen meat imports to cope with the shortage of fresh meat supply due to the temporary closures of two slaughterhouses (see related story in the Trade Section). He added that most supermarkets in Hong Kong are currently short staffed due to employees contracting COVID-19 or having to undergo mandatory quarantine leaving supermarkets unable to restock the empty shelves.

Supermarkets Shorten Business Hours to Reduce Risks [[The Standard](#), March 2, 2022]

One of the two largest supermarket chains, ParknShop, has shortened operation hours with stores opening at 8am and some of them closing as early as 3pm. While about a dozen outlets will close at 3pm, their other 200 plus stores will close about two hours earlier than usual. Watsons drug store chain, from the same group, made a similar announcement. Another supermarket giant, Wellcome, said most of its 320 branches will close early in the evening, with seven of their smaller branches closing at 5pm. Mannings drug store chain, like Wellcome under the Dairy Farm Group, closed 53 out of around 350 branches until further notice. Another 38 stores will temporarily suspend online pickup services. **ATO Notes:** Retailers including other supermarkets and department stores are adjusting their operation as the number of COVID-19 cases continues to grow, and the infected have included some of their staff, customers, and service providers. It is expected that these entities will resume normal operating hours when the number of daily cases drops and after the mandatory citywide COVID-19 testing.

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Short of Staff not Stuff at Supermarkets [[The Standard](#), March 3, 2022]

Hong Kongers have continued their panic buying for several days in a row following mixed messages from the government over whether it would impose a lockdown during the citywide compulsory testing. Long lines were seen outside food retail stores as people rushed to stock up on groceries whereas retailers have shortened their operation hours. Chairman of the Hong Kong Food Council, Ng Wing-yan, said that food supply to Hong Kong is stable, supermarkets are seeing empty shelves mainly because of a lack of staff who can refill stocks, not because of a shortage of food supplies. Mr. Wing-yan added that some supermarkets may have manpower issues as their staff or household contacts have been infected, so the shelves are not being refilled, while some transportation and warehouse workers have also been infected. He expected that the situation will be temporary and the government will provide details on how citizens can purchase daily necessities and other necessary services in the event of a lockdown.

Online Retailer Offers Win-win Plan to Expand Its Delivery Capacity and Help Struggling Restaurants [[Marketing Interactive](#), March 1, 2022]

Online retailer, HKTVMall, will partner with struggling restaurants in Hong Kong to utilize their locations as temporary self-pick up stations. The restaurants will need to meet requirements such as having appropriate freezers and refrigerating facilities, and will earn at least \$288 per day under the partnership. According to the [South China Morning Post](#), the scheme aimed at achieving a win-win situation with the catering industry as HKTVMall is also suffering from an acute shortage of frontline delivery workers to cope with a surge in orders. The report added that HKTVMall has received more than 100 inquiries from restaurants already, offering more than 200 locations to join the scheme. **ATO Notes:** More and more Hong Kongers have turned to online shopping to reduce going out to the public and to stock up on essentials before a potential lockdown. Post notes that in March, the wait time for delivery on orders from HKTVMall is over 15 days compared to the usual 2-3 days window prior to the start of the fifth wave. In addition, staple food items are running out in both online and brick and mortar shops. While food supplies to Hong Kong remains generally stable, local panic buying and the increased number of retail and delivery staff in isolation due to COVID-19 have caused empty shelves scenarios and delay in deliveries in many supermarkets and online shops.

TRADE



Packaging Samples of Imported Frozen Beef (Brazil) and Frozen Pork Skin (Poland) Test Positive for COVID-19 [[Hong Kong Government Press Release](#), February 21, 2022]

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The Center for Food Safety (CFS) received testing reports that packaging samples of imported frozen food items were found to be positive for the COVID-19 virus during precautionary testing. Earlier, the CFS collected 36 samples for testing from a batch of around 1,100 cartons of frozen beef (total of around 29 tons) imported from Brazil via sea. Test results showed one outer packaging sample and two inner packaging samples to be positive for the virus. In addition, the CFS also collected 12 testing samples from a batch of around 300 cartons of frozen pork skin (total of around seven tons) imported from Poland via sea. Test results showed one inner packaging sample to be positive for the virus. Both shipments have been stored in warehouses and have not entered the market. The CFS has ordered the respective importers to dispose of the entire batches of affected products. Operators of the concerned warehouses were asked to conduct thorough cleaning and disinfection. **ATO Notes:** Following China's practice, the CFS started to test imported frozen foods and their packaging against COVID-19 since mid-2020. Up to now, over 29,000 food samples and their packaging have been collected for testing. Apart from the samples mentioned above, only pomfret fish and packaging from Indonesia announced in August 2021 ([GAIN Report](#)), and cuttlefish slice surface and inner packaging samples from Malaysia announced in November 2021 ([GAIN Report](#)) have been found to be positive. As a matter of practice, during testing, the products being tested are held at the warehouse. Only if the tests are completed and results are negative then the products are released to the market for sale.

Hong Kong Temporarily Suspends Poultry and Egg Products from Five U.S. Counties in Response to Reported Cases of Avian Influenza [ATO Hong Kong]

In response to reported cases of High Path Avian Influenza (HPAI) in the United States, Hong Kong has imposed temporary trade suspensions on a county-regionalization basis. As of March 1, 2022, poultry and egg products from the following U.S. counties are not allowed entry to Hong Kong: Dubois and Greene County of Indiana; Fulton and Webster County of Kentucky and New Castle County of Delaware. The current ban has not imposed a significant impact on U.S. poultry and egg exports to this market. In 2021, Indiana was the seventh largest U.S. poultry exporter state to Hong Kong, selling primarily turkey. Delaware is the twelfth largest supplier state and Kentucky did not export any poultry products to Hong Kong. Regarding egg products, Delaware was the largest supplying state for Hong Kong out of the three affected states but its egg exports accounted for only 1.7 percent of total U.S. exports to Hong Kong in 2021.

Fresh Food Supplies from Mainland Normalize in late February [[Hong Kong Government Press Release](#), February 28, 2022]

A Hong Kong government announcement on February 28, reported that about 2,200 tons of vegetables were sourced from China by sea and land transportation, roughly 90 percent of normal supplies. Supplies of chilled meat from China increased 170 percent, while chilled poultry supplies were about 90 percent of the normal daily average. Both governments are reportedly testing railway options to continue supplying a variety of goods to Hong Kong, according to local media.

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Hong Kong' Chief Slaughterhouse Temporarily Suspends Imports of Live Pigs and Cattle from Mainland, Halting Operations due to COVID-19 [[RTHK](#), February 18, [Ming Pao Daily](#), February 28, 2022, and other sources]

The operator of Sheung Shui, Hong Kong's largest slaughterhouse, reported to local authorities that it will temporarily suspend operations as one fourth of its workers have been confirmed positive for COVID-19. The slaughterhouse had already suffered a one-day suspension on February 19 but resumed limited operations after disinfection. As a result, starting February 26, the entity suspended imports of live pigs and cattle from China. A small slaughterhouse (typically handling only 1 percent of total supplies) closed and reopened at limited capacity. In the meantime, the Hong Kong government encouraged consumers to purchase chilled and frozen meats. **ATO Notes:** Sheung Shui is Hong Kong's largest slaughterhouse, handling about 4,000 pigs and 40 cattle each day. The smaller slaughterhouse, usually handles a few hundred pigs each day. According to the Sheung Shui operator, the sole importer of live pigs for consumption is arranging the arrival of 38 skilled workers from mainland China to work on the slaughterhouse. These workers will stay in Hong Kong for two months in a close loop environment. However, the industry is still short of buyers and truck drivers as many are infected or quarantined. Hence, industry contacts expect Hong Kong to restart importing live pigs from mainland, at the earliest, on March 9.



Data Source: Food and Environmental Hygiene Department

British Consulate Launches Food Festival Promoting UK Agricultural Products in March [[Lifenews HK](#), February 21, 2022 and [Feather and Bone](#)]

Feather and Bone (FAB) – a butcher, deli and gourmet food chain – partnering with the British Consulate General Hong Kong, is running a food promotion “FABulously British” during March 1-22, featuring over 100 food and beverage products from the United Kingdom in their shops, restaurants and online shopping platform. “Hong Kong is a place that prizes the finest products from around the world and, as many of us are enjoying more cooking at home due to COVID-19, this promotion will allow Hong Kong families to prepare meals worthy of any of the city's finest restaurants” stated Brian Davidson CMG, British Consul General to Hong Kong and Macau. **ATO Notes:** In the absence of international trade shows and regular inbound trade missions, Hong Kong's major food suppliers,

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including the United Kingdom, are gearing up promotions and partnerships to keep Hong Kongers interested in their products. Similar to previous years, ATO Hong Kong is planning promotions in 2022 featuring U.S. products at different local retailers and targeting the food service sector with our USA branding program, Delicious USA.

Hong Kong Moves to Amend Legislation to Include CBD as a Dangerous Drug [[Gain Report](#), February 25, 2022]

In the past, the eligibility of food and non-food products containing cannabidiol (CBD) in the Hong Kong market has been ambiguous. Currently, the Hong Kong government is moving forward with a legislative amendment to control CBD under the Dangerous Drugs Ordinance. Reportedly, the government aims to have the corresponding legislative work completed this year, at the earliest. In addition, as Hong Kong maintains a zero-tolerance policy for tetrahydrocannabinol (THC), the government has pledged that, it will continue to test CBD products in the market and seize products found to contain THC. **ATO Notes:** In Hong Kong, cannabis, cannabis resin, THC and certain other cannabinoids are already controlled under the Dangerous Drugs Ordinance (DDO). The trading and use of these substances are subject to strict permit controls. However, CBD, which may contain THC, is not a regulated substance under the regulation. Thus, the eligibility of food and non-food products containing CBD in Hong Kong has been uncertain. In recent years, with the growing global popularity of CBD ingredients and the fact that CBD is not explicitly prohibited, the Hong Kong retail market has witnessed the emergence of CBD products. Hong Kong traders bring in CBD products, with or without THC-free certificates. On occasion, local law enforcement agencies have launched operations at various locations to seize CBD-labeled products and test for THC.

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

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