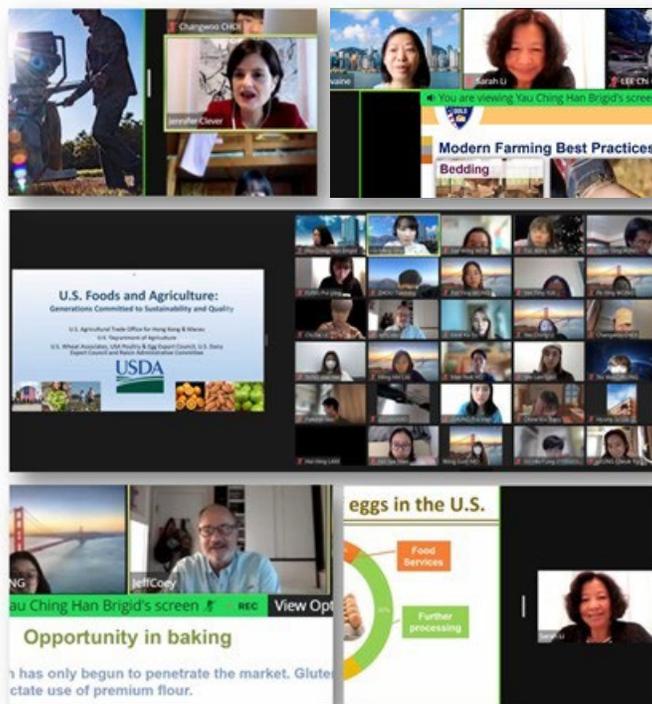


# THE HONG KONG WONTON

wrapped by ATO Hong Kong

March 4 – 17, 2022 | Vol. 2 Issue #5

## FEATURED PHOTO:



### ATO Hong Kong Goes Back to School!

#### Virtual U.S. Foods and Agriculture Seminar at Hong Kong's Polytechnic University

On March 15, 2022, ATO Hong Kong gave a lecture on U.S. foods and agriculture to around 80 students from different majors as part of the University's course "Evolution of World Cuisine." The platform also allowed ATO to introduce a few U.S. foods thanks to the active participation of U.S. Wheat Associates, USA Poultry & Egg Export Council, U.S. Dairy Export Council, and the Raisin Administrative Committee. Originally intended as an in-person event, the virtual seminar facilitated a dynamic set of question and answer session where U.S. panelists addressed topics such as sustainability, climate change, supply chain issues, and quality standards of U.S. foods. This successful collaboration has paved the way for future opportunities to work with Polytechnic University and continue promoting U.S. foods in Hong Kong.

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## OVERALL ECONOMY

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### **Hong Kong Authorities to Provide Update on COVID-19 Strategy [Various Sources, March 17, 2022]**

Currently, Hong Kong's new reported cases are averaging between 20,000 – 30,000 a day, leading some local experts to believe that the fifth wave of the pandemic may have peaked during the first week of March. However, local health authorities have cautioned the city not to let down its guard as total cases have reached around 800,000 and deaths to nearly 5,000, most of them in the past three weeks. Social distancing measures continue to be enforced, albeit with some variations. As of this week, hair salons have re-opened but government-managed beaches will be closed. Speaking at a regular COVID-19 media briefing, Chief Executive Carrie Lam said she would provide an update on the city's COVID-19 strategy during the week of March 21. Acknowledging that residents and business in Hong Kong are losing patience with the current situation, she stated that the local government is reviewing the future direction of all the measures including flight bans, quarantine periods for arrivals, city-wide testing, school resumption, and other social distancing measures. Food supplies from China are stable, despite ongoing lockdowns in the mainland as workers involved in delivering supplies are exempted from current restrictions. U.S. travelers should note that the U.S. Centers for Disease Control and Prevention (CDC) raised its [Traveler's Health Notice](#) for Hong Kong to Level 3, and the U.S. Department of State raised its [Travel Advisory for Hong Kong to Level 4: Do Not Travel](#).

### **More E-Vouchers to Spend from April [[The Standard](#), March 8, 2022]**

Financial Secretary Paul Chan stated that the first \$641 installment of the consumption vouchers will be distributed to over 6.3 million Hong Kong residents in April with vouchers expiring on October 31. Mr. Chan had announced earlier in his budget address that eligible residents will each receive \$1,282 worth of spending vouchers. While the exact date of distribution has yet to be decided, Chan said the vouchers will be given out within April. **ATO Notes:** Hong Kong residents generally welcome the e-vouchers, but the timing of the launch will be critical. As the number of COVID-19 cases is still on the rise, an early launch of e-vouchers would encourage consumers to spend more on anti-pandemic items such as medicine, masks and sanitizers, rather than on consumer goods and dining out.

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## HOTELS, RESTAURANTS AND INSTITUTIONS



### E-Commerce Platform Partners with Restaurants for Deliveries [[The Standard](#), March 6, 2022]

The largest local e-shopping platform HKTVMall will allow customers to pick up their orders at partner restaurants as soon as March 8, after infections strained its delivery service. The online shopping platform announced that it has signed agreements with 39 restaurants and it is in discussion with another 194 eateries. The restaurants will help store frozen products in their fridges in return for a commission. The arrangement will help the mall handle an additional 2,925 orders a day. The company said it faces severe shortage in manpower due to surging COVID-19 infections. It is making every effort to sustain operations, with some back end office staff helping with warehouse and front line tasks.

**ATO Notes:** Many restaurants have suspended dine-in operations due to a lack of staff and customers. HKTVMall's partnership with restaurants provided a win-win lifeline for both parties amid the worst time of the pandemic.



### McDonald's Cuts Opening Hours, Temporarily Closes 38 Outlets [[RTHK Latest News](#) and [McDonald's Facebook Post](#), March 7, 2022];

McDonald's on March 7, 2022 announced that as the COVID-19 pandemic has seriously affected manpower and logistics, it is shortening the opening hours for the majority of its 245 outlets in Hong Kong, while 38 branches will temporarily close. The company stated on its Facebook page that its overnight services, including deliveries, will be suspended, warned that waiting times at restaurants will be longer, and that the supply of certain products is not stable. McDonald's said it hopes to maintain a minimum service in each district. **ATO Notes:** There were mixed comments in response to the chain's Facebook announcement. Some complained inability to place an order and asked about the annual March 14 pie promotion, in which the chain typically sells pies for less than a U.S. dollar. McDonald's replied it was not running the promotion. (The caption on Facebook visual reads: As the pandemic remains severe, we are determined to continue our service)

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## **More Eateries Suspend Operations Citing Labor Shortages Due to COVID-19 [[The Standard](#), March 8, 2022]**

In addition to McDonald's, a major competitor, KFC, also announced that it would close some outlets and adjusted the operating hours of other branches. Pizza Hut suspended operations of 28 of its outlets and it will also adjust the operation hours of other outlets. Local fast food chain Café de Coral halted dine-in services at most of its outlets. Another catering operation, LH Group, suspended all of its 46 branches to cut costs and ensure the safety of employees. Prominent rice noodles chain TamJai SamGor Mixian temporarily closed 34 of its outlets. **ATO Notes:** These are some of the food chains and eateries that have announced shrinking operations due to the infections among employees, customers and service providers. The contraction of the food service sector is expected to continue at least until the number of COVID-19 cases drops significantly, and the government relaxes stringent social gathering rules.

## **Hong Kong Restaurant Operators Think Small as They Beat COVID-19 Slump [[South China Morning Post](#), March 8, 2022]**

Food and beverage operators in Hong Kong are switching to smaller outlets amid a difficult operating environment under tightened COVID-19 measures. In the past five months, Singapore-based Flash Coffee has opened nine stores in Hong Kong, including some as small as 215 square feet. They launched a delivery app allowing customers to order, customize and pay for their coffee online. Jonathan Tsao, manager for Hong Kong Flash Coffee believes that limited headcount per outlet and smaller shop size would prove resilient in the current pandemic environment. They also are keen to invest in Hong Kong as soon as the city is safe. Market observers also said that they had noticed a trend among food and beverage investors for smaller spaces. A representative of a commercial real estate company observed that instead of opening one big restaurant, operators now prefer to open many smaller outlets in different locations. Another market expert said smaller spaces for restaurants can help reduce rental expenses. **ATO Notes:** While Hong Kongers have developed the habit of ordering takeaway and using app-based services during pandemic, this trend is expected to stay when normalcy resumes. That said, there is demand for restaurants of all sizes as Hong Kongers like to dine out with families and for business purposes. Post foresees demand for larger space for events and banquets will pick up once COVID-19 control measures are lifted or relaxed resembling the recovery path seen before the start of the fifth wave.

## **HKTVMall and SF Express HK Strive to Resume Delivery Services as They Fight Operational Challenges [various sources from March 4-15, 2022: [South China Morning Post](#); [The Standard](#); [HKTVMall Facebook Post](#); [SF Express HK Facebook Post](#)]**

In early March, HKTVMall announced that their delivery wait time would be longer and some orders canceled due to lack of logistical manpower as some staff were in isolation due to COVID-19. Post found that in early March, the wait time on delivery orders from HKTVMall was over 15 days. SF Express Hong Kong announced the suspension of door delivery starting from March 5 also citing pandemic-related challenges. On March 15, HKTVMall conveyed on its Facebook page that delivery service was largely back to normal. They reported that 244 infected staff members had recovered and

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returned to work, and that they had expanded storage and delivery capacities to cope with the surge in orders. On the same day, SF Express HK also announced that they have resumed delivery services in industrial and commercial areas while some other services have not yet resumed to full capacity.

## **Restaurant Chains and Local Eateries Re-Opened after Temporary Closures [various sources: [Ming Pao](#), March 16, 2022; [HK01](#), March 17, 2022; [Yahoo News](#), March 15, 2022; [HK01](#), March 12, 2022]**

LH Group, the restaurant group that operates 46 outlets, reopened some of their restaurants in mid-March after the temporary closure of all their outlets started on February 28, 2022. The group had temporarily suspended operations because 15 percent of their staff was infected with COVID-19 and they faced tremendous challenges posted by pandemic-related restrictions. Now that many staff members have recovered from the virus and hope to receive income after exhausting their paid-leave, the group decided to partially open some outlets. Another chain, Tao Heung, who operates over 45 Chinese restaurants and bakeries, announced on March 16, the reopening of part of their outlets after their temporary closure on March 1. Two renowned local beef noodle soup restaurants temporary closed their shops because of the lack of fresh beef due to closure of Hong Kong's chief slaughterhouse. They too have resumed businesses. Some other local eateries also have announced resumption of operations in mid-March. **ATO Notes:** Simon Wong, President of the Hong Kong Federation of Restaurants & Related Trades, said that over 3,000 eateries have suspended operations since the fifth wave began, and an estimated number of 60,000 foodservice industry workers are out of job. Some restaurateurs decided to continue operations, even the businesses may result in losses, to provide some income for staff and the companies (source article: [AM730](#), March 16, 2022).

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## *RETAIL*

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## **Japanese Supermarket Suspends “Discount Super Day” [[The Standard](#), March 5, 2022]**

Japanese supermarket AEON announced on March 5 that its Wednesday discount “Super Day” will be temporarily canceled due to the severe development of the pandemic. Previously, long lines were spotted outside several branches on the discount day, while the inside was flooded with crowds fighting over items on the shelves over the mixed messages of a possible full-scale lockdown. The situation soon drew the attention of the public as people worried that COVID-19 is more likely to be transmitted in such a packed environment. **ATO Notes:** The suspension of “Discount Super Day” is expected to reduce gatherings and crowds and hence curb the spread of the pandemic. AEON and other retailers have scaled down their operations due to a surge in COVID-19 cases among their

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customers, staff and service providers. Resumption of normal retail operations will depend on factors such as the number of pandemic cases, available manpower, and vendors' capacity to continue adapting to the changing situation.

## **Supermarkets Fill Shelves with Slower-Moving Products** [[The Standard](#), March 7, 2022]

Supermarkets have adopted a "special strategy" of filling shelves with less popular brands of instant noodles after they were emptied by panic-buying customers. A supermarket filled the racks with Shin ramen from South Korea, which some people find too spicy. Another supermarket surprised customers as it displayed two full shelves of Indomie, which is quite popular among youngsters. **ATO Notes:** This is an illustration of the Hong Kongers' panic buying under the pandemic that has emptied many supermarket shelves and how supermarkets have creatively reacted by showcasing their slower moving products. It is expected that supermarkets will again fill the shelves with fast moving items as food supply returns to normal and recovered staff returns.

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*TRADE*

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## **Fresh Meat Supply Hoped to Return to Normal Levels** [[The Standard](#), March 7, 2022]

Mainland butchers will start working at Hong Kong's major slaughterhouse on March 7 - the first day of the abattoir's reopening after most of its infected workers have recovered. Sources said 2,000 pigs will be supplied to Hong Kong from the mainland. The pigs will be slaughtered early on March 8 and hit local markets shortly afterward. Major beef and pork wholesaler, Ng Fung Hong, expects the supply of fresh pork, beef and lamb to return to normal. Pork Traders General Association chairman, Hui Wai-kin, said most of the local abattoir workers have recovered from COVID-19 after a week. He expects that around 70 percent of workers have resumed work. Meanwhile, a government spokesman announced that the wholesale prices of vegetables have dropped back to normal. **ATO Notes:** Sheung Shui, Hong Kong's largest slaughterhouse has resumed operations and imports of live pigs from mainland. The rise of COVID-19 cases impacted butchers, truck drivers and workers, prompting authorities to bring specialized labor from mainland to rehabilitate slaughterhouse operations.

**Another Major Trade Show, Asia Fruit Logistica 2022, Moves Out of Hong Kong amid Strict Travel Restrictions:** Asia Fruit Logistica, a USDA-endorsed show, is Hong Kong's largest specialized trade show for agricultural produce. The last edition of this annual show (in 2019) hosted more than 800 exhibitors and over 12,000 local and regional buyers. At that time, 13 U.S. exhibitors joined the show. Hong

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Kong's fresh fruit import market, valued at \$4.5 billion in 2021, grew 22 percent compared to pre-pandemic years. In 2021, Hong Kong was the sixth largest market for U.S. fresh fruit despite a 19 percent drop in U.S. exports to \$145.8 million. The show organizers cited Hong Kong's and mainland China's strict restrictions on inbound travelers as the reason to relocate the 2022 edition of the show to Bangkok, Thailand. Inability to secure international participation has caused the relocation or cancellation of various trade shows, including Vinexpo 2022.

**Hong Kong Expands Temporary Suspension on Imports of U.S. Poultry and Eggs to additional Counties Affected with High Path Avian Influenza (HPAI):** As of March 11, 2022, Hong Kong has suspended the importation of poultry and egg products from nine U.S. counties following USDA announcements confirming HPAI cases in commercial flocks. As Hong Kong continues to limit the bans to the county level, the impact on U.S. exports has been minimal. Among the newly affected U.S. states, Maryland was the fifth largest egg supplier to Hong Kong, with exports rising 10 percent in 2021 to \$3 million. In 2021, egg exports from Iowa reached \$1 million and Iowa was the only affected state to ship poultry to this market.

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

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*Exchange Rate Post Uses: US\$1=HK\$7.8*

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