

THE HONG KONG WONTON

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FEATURED PHOTO:



In Case Y'all Missed It: ATO Hong Kong Connects with Southern U.S. States

On April 20, in collaboration with the Southern United States Trade Association (SUSTA), ATO Hong Kong provided a virtual market briefing to 18 U.S. exporters representing companies in the Southern United States. The ATO invited Citysuper, a local upscale retailer, to share the importer's point of view, developments in the local retail market and opportunities for U.S. exports. During the session, speakers highlighted growing trends in the Hong Kong market such as healthy foods with natural ingredients, ready-made meals, vegan or vegetarian options, and unique foods. Given Hong Kong's demographics, functional foods and pet care were identified as good export prospects. The United States remains Hong Kong's second largest supplier of consumer-ready products.

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OVERALL ECONOMY



Hong Kong Begins to Ease Social-Distancing Restrictions as the City Emerges from its Deadliest Wave of COVID-19 [Various Sources, April 21]

Hong Kong's pandemic situation continues to improve with daily infections staying below 1,000 since April 15. As scheduled, the government began to scale back restrictions on April 21 allowing dine-in services until 10pm and expanding the number of diners per table to four. **ATO Notes:** On April 18, the U.S. Centers for Disease Control and Prevention (CDC) dropped its "Do Not Travel" COVID-19 recommendations for about 90 international destinations, including Hong Kong. However, U.S. travelers should note that as of April 18, 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.

Fifth Round of Consumption Vouchers Prompt Spending [[The Standard](#), April 3, 2022; [The Standard](#), April 8, 2022; [The Standard](#), April 11, 2022]

On April 7, the Hong Kong government disbursed this year's electronic consumption vouchers to about 6.3 million Hongkongers. Many people flocked to collection points at subway stations to redeem the first installment of consumption vouchers (\$641). Meanwhile, malls and merchants launched promotions to boost their business. Maureen Fung, executive director of local property developer Sung Hung Kai Properties, said foot traffic increased in the group's 15 malls on April 7. She believed merchants selling electronic products, electrical appliances, personal care and health products, as well as jewelry, will benefit the most. However, some consumers stated they will use the vouchers for their daily expenses at grocery stores and wet markets. Some businesses, especially restaurants, are not optimistic that the first installment will significantly boost consumption. They comment that people are still cautious about their spending amid the pandemic. A restaurant manager commented that with evening dining banned until April 21, the voucher is likely to only improve the restaurant's business by about 2 percent. **ATO Notes:** As vouchers are valid for seven months (expiring on October 31), restaurants hope that their business will pick up as social-distancing restrictions are relaxed. Already on April 21, local foodies were flocking to restaurants for evening dine-in services.

Hong Kong Amends Regulation on Handling of COVID-19-Infected Animals [[News.gov.hk](#), April 18, 2022]

The Agriculture, Fisheries & Conservation Department (AFCD) explained via press release that under a recent amendment to the Prevention and Control of Disease Regulation, a health officer may order disease control measures to pet animals in the event there is suspicion of infectious disease. These

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measures include pet owners relinquishing their pets to the government for quarantine or culling. According to an AFCD spokesman, there is currently no evidence showing that infected animals, such as cats and dogs, would transmit the virus to humans while earlier this year, there was a case of hamsters spreading the virus to humans. **ATO Notes:** The regulation was amended considering recent cases of hamster owners refusing to surrender their pets after a government's investigation showing a hamster-to-human transmission of COVID-19 in early 2022. See other GAIN-related reports on this issue: [Hong Kong Suspends Imports of Small Mammals Amid Fears of COVID Transmissions](#) and [Hong Kong Narrows the Ban on Imports of Small Mammals To Only Hamsters](#)

Hong Kong Zero-COVID Policies Create Mountains of Plastic Waste [Reuters, April 19, 2022]

Environmentalists say Hong Kong's zero-COVID policy is hurting the environment by generating excess waste as arrivals sent to quarantine hotels are met by staff wearing full PPE protective outfits, TV remote controls in hotels are wrapped in cellophane, and food is served with plastic cutlery. Hong Kong disposes of over 2,300 metric tons of plastic waste a day, and with a recycling rate of just 11 percent, most of the waste goes into landfills. A government spokesperson said officials were aware of a surge in disposable waste since COVID-19 began, urging people to adopt a green lifestyle to the extent possible. Edwin Lau, with the local environmental group "The Green Earth," said Hong Kong's approach to COVID-19 reflected its lack of environmental awareness. Paul Zimmerman, an elected district councilor, said the quarantine facilities are also wasteful because they do not meet the standard of long-term use. **ATO Notes:** The Council for Sustainable Development released a report after public consultation that involved more than 2,600 participants and around 9,400 submissions. Among the 24 recommendations considered is doubling the levy for plastic shopping bags and banning the sale and distribution of single-use plastics within three years. Environmental groups have argued that despite the measures, it failed to set out a specific target or a timetable for plastic reduction and recycling. The latest statistics show a daily quantity of 2,312 metric tons in 2020, slightly lower than 2019's 2,320 metric tons ([SCMP](#), April 14, 2022).

Hong Kong Disneyland Initiatives to Cheer Up Community during the Pandemic [The Standard, April 7, 2022]

In light of the widespread impact of the fifth wave of COVID-19, the Hong Kong Disneyland Resort (HKDL) is launching a series of exciting community support initiatives to spread joy, positivity, and Disney magic. These include supporting the establishment and operations of important facilities, producing free online videos for families and children, and showing appreciation to medical staff and frontline workers for their professionalism and sacrifice. At the same time, HKDL partnered with local charities and NGOs to support over 2,000 local ethnic minority families. Through delivering necessities, such as Halal food and essential materials, HKDL hopes to alleviate their stresses and bring blessings during these challenging times. HKDL also launched the Disney Meal Box Express program last June to provide local families with over 12,500 freshly prepared and nutritious meal boxes. In partnership with local food charity, Foodlink Foundation, the resort also extended its surplus food donation program to offer more meals to local residents. **ATO Notes:** This is another example of a company showing good social responsibility to help the needy during the pandemic. Restaurants donated meal vouchers to low

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in-come families, major food retailer Wellcome offered “locked low prices” to alleviate the hardships endured by Hongkongers. As the community continues to demonstrate a high level of resilience, there is optimism that Hong Kong will return to its pre-COVID vibrancy towards the second half of 2022.

Macau to Launch a New Round of the Consumption Benefit Scheme [[The Macao News](#), April 13, 2022]

Macau residents can look forward to a new round of the electronic consumption benefit scheme in May. Chief Executive Ho Iat Seng announced that the government is also studying other possible measures that can support small-to-medium enterprises (SMEs), such as subsidizing their water and electricity bills. Macau residents have already received this year’s cash handout (\$1,245) in early April and were urged to spend it to support SMEs’ business operations, stabilize employment, and boost the economy. Ho also added that eligible residents will start receiving a tax rebate on their personal income tax next month, also urging residents to spend more. **ATO Notes:** Macau has 1/6 the size of Washington D.C. and a population of around 650,000. Macao’s economic scale is small and highly dependent on its tourism and gaming industries, which have been adversely affected under the pandemic. The Macau government measures are set to alleviate some of the hardships endured by its residents and businesses, but the larger scale of economic recovery will depend on the evolution of the pandemic and the relaxation of international travel restrictions.

Malls Business Rises Over 50 percent during Easter Holidays [[The Standard](#), April 18, 2022; [The Standard](#), April 19, 2022]

Business at shopping malls rose over 50 percent during the four-day Easter holiday with foot traffic increasing 25 percent compared to March. According to a local property developer, local consumption rebounded, and retail sales improved in the last two weeks after the government disbursed the first batch of consumption vouchers. Restaurants in malls are optimistic about the lifting of the dine-in ban on April 21 as many restaurants have already received dinner bookings. Another property developer reported rises in business and foot traffic compared to last month. Over 300 merchants in malls have rolled out rebates in the past two weeks and given out 15,000 rewards for customers who use their spending vouchers. **ATO Notes:** Hong Kong residents have been longing for gathering and spending opportunities. The large-scale gatherings and spending during Easter holidays are positive signs for the retail and food service sectors, and the economy. Increased spending is expected to help the economic recovery with the gradual easing of pandemic restrictions.

Macau’s Consumer Confidence Index Drops Slightly in the First Quarter of 2022 [[Macao Daily Times](#), April 14, 2022]

Macau’s Consumer Confidence Index continued to dropped 1.68 percent in the first quarter of 2022 to a total score of 74.48 compared to the previous quarter (at 75.75), according to a study by the Macau University of Science and Technology (MUST). The Price Level sub-index declined the most by 4.65 percent, while the Employment Situation sub-index declined 3.95 percent to 67.41, the Local Economy sub-index lowered 2.55 percent to 72.31, the Investment in Stocks sub-index lowered 2.78 percent to 73.92, and the Living Standard sub-index dropped slightly 0.92 percent to 84.42. The Property

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Purchase sub-index grew 4.57 percent to 77.72, the only sub-index showing growth. MUST explained that the decline is due to the COVID-19 pandemic, escalating international geopolitical conflicts, and shrinking domestic demand. The study suggested economic diversification and strengthened regional cooperation. **ATO Notes:** The Consumer Confidence Index for the first quarter of 2022 continued the declining trend but at slower rate. Given the recent outbreak of COVID-19 cases in mainland China, the flow of Chinese tourists to Macau has slowed significantly, impacting the Macau's economy for the second quarter. Macau is basically closed to international visitors but open to Chinese residents. Although the pandemic situation in Macau remains under control, the economic cost of closed borders is significant. The study pointed out the need for Macau to diversify its economy; this has been a long-time objective of the Macau government. However, as of today, the Macau economy still relies on the gambling industry supporting its employment, hospitality business, and government revenue.



HOTELS, RESTAURANTS AND INSTITUTIONS

Iconic American and London Restaurants Red Lobster and Duck and Waffle Closed their Doors in Hong Kong [Timeout Hong Kong, [April 6](#) and [April 12, 2022](#)]

Both restaurants opened in 2019, Red Lobster and British restaurant, Duck and Waffle, known for its signature all-day breakfasts, closed their shops in Hong Kong. Their shops were located in prime tourist and shopping areas and their opening in Hong Kong stirred excitement within Hong Kong's foodie community and bookings were always full. Duck and Waffle have made no announcements on why the restaurant closed while Red Lobster announced its decision on Facebook. Fans left comments expressing their disappointment. **ATO Notes:** Simon Wong, president of the Hong Kong Federation of Restaurants and Related Trades estimates that in the last two months, about 500 restaurants closed due to the fifth pandemic wave. The relaxation of social-distancing measures on April 21 is estimated to help restaurants to increase business by 60 percent ([Mingpao](#), April 7, 2022).

Hotel Buffet Dinners in High Demand as the Government Relaxes Foodservice Restrictions [[Mingpao](#), April 16, 2022]

From April 21, dine-in restrictions will relax to allow dinners until 10 pm and four people per table instead of two. The Mingpao reporter interviewed eight renowned hotels in Hong Kong and three of them already have been fully booked for buffet dinners on April 21, and four were fully booked for Sunday April 24. Restaurant industry insiders estimate that the relaxation of restrictions will benefit buffets and small to medium-sized restaurants, especially on Mother's Day in May and as consumers

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spend their consumption vouchers, foodservice sales are expected to increase 20 percent. A manager at a Chinese restaurant says they received increased reservations as April 21 neared, and many customers are booking lunches, and some already booked Mother's Day dinners. Their business has only reached 12 to 15 percent of the pre-fifth wave sales since the government imposed dine-in restrictions. **ATO Notes:** Foodservice operators in Hong Kong have quickly adapted to the resumption of business after previous waves. Although business is still struggling despite the first easing of restrictions, there is general hope for a more favorable environment starting in May with business going back to at least pre-fifth wave capacity in the summer.

Microbiologist Warns about the “Cycle” of Shutting Down Premises Again if Cases Rebound in the Future [RTHK, April 14, 2022]

University of Hong Kong microbiologist Siddharth Sridhar opined that it is the right time to ease the social distancing measures as Hong Kong now is at the end of the fifth wave. He also said it is inevitable that cases will rebound in future but shutting down premises again would mean “we’re stuck in the cycle.” While he doesn’t think the city is ready to live with the virus, he states that Hong Kongers need sensible social distancing measures that reduce the impact of COVID-19 on society at large – to protect the people who need the most help, the elderly and people with the chronic conditions. Richard Feldman, chairman of the SoHo Association, welcomes the return of nighttime dine-in and hopes the government will provide clear guidelines for bars and pubs so these too can reopen. He believes bar and pubs will fully support the measures that enable them to resume business. **ATO Notes:** The City University of Hong Kong conducted an online survey in November 2021 among 1,501 Hong Kongers aged 20 or above. The results show that 34.9 percent of the respondents support the zero-COVID policy and 50.8 percent of them support living with the virus. The professor who leads the research believes that the public expects policies addressing living with the virus. It is important for the government to cope with the anti-pandemic fatigue ([AM730](#), March 31, 2022). Hung, Fan Ngai Ivan, Clinical Professor of Department of Medicine at the University of Hong Kong, stated in a news program that in the long term, it is very difficult to achieve the zero-COVID policy, despite tremendous efforts and resources. He added that COVID-19 is expected to become an endemic disease. The most important work is to push a higher rate of vaccination that will reduce severe cases and death rate, the stress on the medical system, and impacts on the economic activities ([881903.com](#) and [Headline Daily](#), April 19, 2022).

Hong Kong Tycoon Joseph Lau Made a Good Fortune at Wine Auction [HK01, April 14, 2022]

Hong Kong Tycoon Joseph Lau sold his collection of 414 wines for around \$8.1 million at Christie's British auction house, far exceeding the estimated value. Half of the buyers came from mainland China, and around 40 percent of them were from Taiwan and Hong Kong. Buyers trusted the values in the wines as they came from Mr. Lau. The tycoon started his involvement in wine auction in London and New York before Hong Kong become active in wine auctions. He is known for generously serving fine wines at parties and buying wines at auctions to enrich his collection. **ATO Notes:** Hong Kong is one of the top global wine auction centers. According to an article in [Vino Joy News](#), Auction house Sotheby's

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three-day sales series in Hong Kong in October 2021, featuring five auctions, resulted in a total sales of \$25 million, making it the third highest total for the Sotheby's Wine & Spirits Sales Series in Asia.

Bar Operators Advised to Change License from Bars to Restaurants [[HK01](#), April 14, 2022]

The first phase of the Hong Kong government easing of social distancing measures does not include re-opening of bars and pubs. The city's bars have been closed for most of the year due to COVID-19 control policies. The Hong Kong Bar and Club Association recommends bar operators change their license from bars to restaurants with a liquor license, to avoid potential closure of bars in the future. Chin Chun-wing, the Chairman of the Association, said some bars have taken this approach since the third wave to minimize losses. He said the industry has lost 20,000 workers, around 90 percent of all staff members. He added that there are almost 80,000 premises holding liquor licenses, and only around 1,000 of them are registered as bars. He estimated there will be more and more bars changing to restaurants, as restaurants faced fewer restrictions than bars. **ATO Notes:** There have been controversies during COVID-19 as the government banned operations in bars and pubs. Some bar industry operators opined that it is unfair that bars remain closed when restaurants can continue to sell alcoholic beverages, people also buy and consume alcoholic beverages in open areas. Restaurants operating more like bars are in a "grey area" and are not forced to observe the regulation. (Various sources, examples: [Wenweipo](#), April 4, 2020; [Now](#), September 4, 2020; [Headline Daily](#), April 1, 2022)

RETAIL



Major Food Retailer Extends Low Price Program [[The Standard](#), April 1, 2022]

In light of the fifth wave of COVID-19 outbreak, Wellcome, a major food retail chain with over 280 stores is extending its popular 'Low Prices Locked' program to help the Hong Kong community weather challenging times. Starting from April 1, the prices of over 800 food and daily essentials will be locked for a minimum of 6 months, providing customers with stability, transparency, and protection against price fluctuations. The 'Low Prices Locked' program was first launched in October 2020. Under the extended 'Low Prices Locked' program, customers will benefit from a diverse array of over 800 food and daily essentials, including various fresh foods, dairy products, oil, rice, canned foods, snacks, and household and cleaning products. **ATO Notes:** This is an example of a company showing good social responsibility to help the needy during the pandemic. McDonald's and other restaurants donated meal vouchers to low income families. The local retail and food service industries are looking to help the community through this difficult time. All eyes are on the second half of the year, when local

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conditions are expected to improve. Another major retailer commented that recently his U.S. suppliers have doubled, and even tripled in some cases, the costs of shipping. This could lessen the attractiveness of U.S. products as food retailers are looking for ways to minimize passing the costs down to their customers.

TRADE



ATO Hong Kong Hosts Virtual Easter “Egg Hunt”

Easter is widely celebrated in Hong Kong and local schools schedule a week for Easter break, like U.S. schools observe Spring Break. Restaurants, hotels and retailers push Easter deals such as chocolate eggs, special menus, staycation deals, and family activities packages. ATO Hong Kong developed an “Egg Hunt” on its Delicious USA [Facebook](#) and [Instagram](#) accounts, encouraging consumers to look for foods made with eggs. This was a way to raise awareness on the versatility and importance of U.S. eggs as a kitchen staple. ATO Hong Kong supported the postings with advertisements and reached over 15,000 social media accounts.

Hong Kong’s Surveillance System Detects 2,000 Food Incidents in 2021 [[Food Safety News](#), April 17, 2022]

The Hong Kong government maintains a Food Incident Surveillance System (FISS) to monitor and to proactively respond to food incidents outside Hong Kong. In 2021, the CFS detected around 2,200 food incidents, including approximately 380 food incidents with undeclared allergens. The CFS issued 196 food incident posts, 21 press releases, 23 trade alerts and 17 food alerts/allergy alerts, involving chemical hazards (e.g. metallic contaminants, toxins, undeclared allergens), microbiological hazards (e.g. Listeria, Salmonella, E. coli), physical hazards (e.g. foreign bodies) and other issues (e.g. incorrect date labeling). **ATO Notes:** This surveillance led to the suspension of oysters harvested from Samish Bay, in Washington State in July 2021. ATO coordinated with Washington State authorities to provide information and Hong Kong lifted the ban in November 2021. If a serious overseas food incident results in a trade ban, the Hong Kong government is conscious to limit the ban to only the affected area to minimize the potential impact on international trade. Trading partners can mitigate adverse effects by

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promptly responding to CFS information requests to better assess the situation. If a ban is imposed, it is crucial to provide a timely report that includes investigation results and remedial actions to facilitate resumption of trade.

Skyrocketing U.S. Egg Prices Likely to Discourage Hong Kong Imports: Different than other countries in the region, Hong Kong has limited its bans on imports of poultry and eggs to only U.S. counties reporting cases of Avian Influenza (AI). As of April 22, 2022, sixty-four U.S. counties in sixteen states have been banned. This approach has minimized adverse effects on U.S. exports to the city. However, this year's scale of AI cases has further raised U.S. egg prices, already one of the most expensive egg choices in Hong Kong. A key importer commented that the current offer price of U.S. eggs has already doubled, and at that price, importers are more likely to import from China during the next couple of months. In the last four years, U.S. eggs are one of the few products with expanding exports to this market, reaching \$50 million in 2021. For the first two months of 2022, the value of U.S. egg exports to Hong Kong increased 4 percent year on year while U.S. poultry exports dropped 5 percent.

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

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