



Update on Hong Kong's Imports of Poultry Products and Eggs

In 2022, Hong Kong global imports poultry products slowed slightly while imports of eggs held steady despite tempered demand, and high import prices fueled by ongoing outbreaks of Avian Influenza (AI) around the world. As highlighted in this issue's stories, Hong Kong's Center of Food Safety continues to respond to reported cases of AI in supplier countries. ATO Hong Kong, in collaboration with sister agency the Animal and Plant Health Inspection Service (APHIS), continue to facilitate technical updates to Hong Kong authorities on AI conditions in the United States. As of this issue, 89 counties in 17 U.S. states are not allowed to export poultry products and eggs to Hong Kong. In the first four months of 2023, the city's global imports of poultry products and eggs recovered 4 percent compared to the same period last year. The recovery was driven by a 20 percent increase in imports from China and a modest increase in imports from Brazil. Imports from other top suppliers declined; imports from the United States declined 50 percent. Higher prices are encouraging importers to source eggs from China, Vietnam and South Korea. Nevertheless, the United States remains one of the top 5 suppliers of poultry product and egg products to the city.

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ECONOMY



'Keep Spending' is Main Strategy to Stabilize Economy [[The Standard](#), Jun 5]

Maintaining local consumption levels is the major strategy to stabilize Hong Kong's economy in the first half of this year. Writing in his blog, Financial Secretary Paul Chan pointed to the consumption voucher scheme and the Happy Hong Kong campaign combining to enhance the city's economic recovery. The disbursement of consumption vouchers has injected about \$4 billion in purchasing power, while the Happy Hong Kong campaign has provided more venues for consumption. During recent months, the voucher scheme and the Happy Hong Kong campaign has helped businesses overcome the retail low season. Despite the growth in domestic consumption having slowed only slightly in April, the value of retail sales increased to nearly \$4 billion, and that eased the pressure created by continuous weak exports since last year. The value of retail sales and restaurants' revenues have returned to about 90 percent of levels during the corresponding periods in 2018 and 2019 - before the pandemic. Hong Kong airport's capacity will continue to improve as the aviation sector has been actively increasing its manpower. **ATO Notes:** The government is looking at a steady recovery for Hong Kong's economy. Consumption vouchers given out in April 2023, generated some growth for Hong Kong retail sectors. The government will be pushing out another round of consumption voucher to the public in July 2023, the amount will be \$256 for everyone entitled to this program. In 2022, Hong Kong retail sales (including non-food items) slowed slightly 0.8 percent to \$45 billion. Despite the pandemic, food retail sales have held steady in recent years at \$12 billion.

Hong Kong Named the Second Most Expensive Location in the World [[The Standard](#), Jun 7]

Hong Kong ranked as the second most expensive city to live as an expat, while New York was named the most expensive location in the world, according to a new study from research firm ECA International. Geneva and London remained third and fourth while skyrocketing rents saw Singapore crash into the top five. Lee Quane, the regional director for Asia of ECA, said the housing market in Hong Kong faced a weakening demand while the rents continued to decline, which offset the impact of rising prices for goods and services under the influence of global inflation. **ATO Notes:** Despite a slight decline in per capita income for Hong Kong, the city still maintains one of the highest per capita in the region.

Lawmakers Concerned with Return of Quality of Life After Pandemic for Macau [[Macau Daily Times](#), Jun 8]

Several lawmakers have expressed concerns over what they called the lack of a return of residents' quality of life post-pandemic. While the economic recovery is already happening and major companies are returning to big profits, the same is not happening to most of the population and families that are still struggling to make ends meet. Inflation and interest rates rise are affecting the life of the

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population, with families calling for the reduction of the price of goods. The residents' unemployment rate dropped to 3.6 percent, however, the median income of residents in several sectors, including construction, wholesale, catering, transport, and real estate, remains lower than pre-pandemic. Forecasting an even more serious situation soon, lawmakers called on the government to act now and launch measures to control the consumer price hike as well as compensate for the hike of interest rates through special support. **ATO Notes:** Although Macau's economy seems to improve in the last few months, rising prices for consumer goods and interest rates is still putting pressure on local residents, city observers opine it will take time for Macau to fully recover from the impact of pandemic.

HOTELS, RESTAURANTS, AND INSTITUTIONS



Staunton's bar and restaurant in Hong Kong reopens under new management with blessings from the former owner [[SCMP](#), Jun 6]

Riding up the Mid-Levels escalator in Hong Kong, it was customary that the area surrounding Staunton's Wine Bar & Cafe would be full of customers enjoying a drink, sitting on the steps and socializing in the open air. At least, that was the case until it closed in early 2022 – a victim of the pandemic, like many others in the Soho district on Hong Kong Island. However, now the sight of loiterers hanging around the iconic corner location is coming back. Staunton which originally opened in 1997, reopened earlier in June, albeit with slightly different management. A former manager, Vinay Kapoor, is now the new owner. The old owner, Nick Bryant, gave his full blessing for the takeover and reminded Vinay to carry on the Staunton's tradition of quality food and consistence service to their customers. **ATO Notes:** In 2022, there were about 17,100 restaurant establishments. According to local statistics, in 2022, the value of total restaurant receipts dropped 6.3 percent to \$11 billion. The decline in business receipts was mainly due to the local epidemic situation and related restrictions causing disruptions to restaurant operations. The reopening of this restaurant located in one of the most attractive areas in Hong Kong is showing a good sign of investor's confidence for the Hong Kong food service market. In March 2023, the value of Hong Kong restaurant receipts increased 137 percent compared to February.

Macau's Gross Gaming Revenue To Recover 74 Percent Of the 2019 Level By Next Year [[Macau Daily Times](#), Jun 6]

Deutsche Bank Securities Inc. expects Macau's gross gaming revenue (GGR) to reach 74 percent of pre-pandemic levels in 2024. The analysts also noted Macau's spending per mass-market visitor rose 35 to 40 percent in April compared to the same period in 2019, highlighting a "very encouraging" trend. May revenue from the casino sector has surged 366 percent from a year ago to total \$2 billion in May, again

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hitting a three-year high following the end of pandemic-related restrictions that led to heavy losses and economic downturn. For the first five months in 2023, revenues aggregated \$8 billion, up 172.9 percent year-on-year. **ATO Notes:** Since the lifting of border restrictions, the gaming revenue in Macau has kept its growing trend. The return in gaming revenue has also supported recoveries in other sectors, including hotel and restaurant receipts.

David Beckham's Dazzling Appearance at Hong Kong and Macau [[SCMP, May 29](#)]

Las Vegas Sands and Sands China celebrated Macau's renewed tourism with the grand opening of The Londoner Macao on Cotai Strip on May 25. Besides A-listers and top Macau officials, the event was officiated by the international football legend David Beckham as a contributing designer of the new hotel, which includes forthcoming Pub & Grill restaurant by Chef Gordon Ramsay. The hotel launch, originally scheduled to open in 2019, was postponed due to the pandemic. During his visit, Beckham also attended two commercial events in Hong Kong and Macau, which drew a big crowd of consumers and fans. **ATO Notes:** The return of large-scale events and the appearance of international celebrities in Hong Kong and Macau signal the cities' economic recovery. Food service and retail sales are forecast to continue improving.



RETAIL

Stalls Offered Free Tasting During the Last Day at Kwan Tong Gourmet Market [[The Standard, Jun 4](#)]

Visitors were treated to free food on the final day of the third Happy Hong Kong Gourmet Marketplace in Kwun Tong Promenade on Sunday. Many stalls were filled to the brim with visitors at noon, while some offered free tasting as promotions, leading many to queuing up to try their products. Gourmet Marketplaces was one of the Happy Hong Kong events organized by the Home Affairs Department, showcasing local, mainland, and international delicacies, with the first of the series being held in April at the Hong Kong Convention and Exhibition Centre. **ATO Notes:** The Kwan Tong Gourmet Market is an extension of the Government's Happy Hong Kong campaign to offer leisure and entertainment weekend activities to the public. The market also featured international delicacies, Chinese cuisines and local flavors. The government is encouraging local consumption and food shows as the receipts from food retail and restaurant service contribute significantly to Hong Kong's economy. According to government figures, in 2021, the combined total receipts from wholesale, retail, and restaurants relating to food accounted for \$19 million.

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Hong Kong Retail Sales' Consecutive Growth in April [[The Standard](#), June 2]

Hong Kong retail sales performed better than estimated and increased by 15 percent year-on-year in April to \$4 billion, according to provisional data provided by the Census and Statistics Department, which marked a fifth consecutive monthly growth. In terms of volume, total retail sales increased by 13.3 percent in April compared to a year earlier, versus a 39.3 percent year-on-year increase in March. The sales were mainly boosted by jewelry, watches and clocks, and valuable gifts, which jumped 75.2 percent from a year earlier, suggesting an impact from visitors. This was followed by a 38.6 percent rise in ready-to-wear apparel and a 34.8 percent growth in medicines and cosmetics. In contrast, online sales dropped 11.9 percent to 280 million in April from the previous year, resulting in a 6.9 percent decline for the first four months. Looking ahead, a survey by HKRMA, which interviewed 3,700 retail stores involving 61,000 staff, suggested that retailers expect to see a single digit to low double-digit growth in sales in the next quarter. **ATO Notes:** As the inbound tourism revives and local consumption sentiment recovers, it's estimated that the retail sector in Hong Kong will continue to improve, especially with the new round of government's economic stimulus (e.g. consumption vouchers).



TRADE

Hong Kong-Zhuhai-Macau Bridge In Action for Transport of Passengers and Goods [[Macau Daily Times](#), Jun 7]

Passengers arriving at Hong Kong airport whose final destination is Macau will soon be able to transfer directly to Macau via the Hong Kong-Zhuhai-Macau Bridge (HZMB) without going through immigration and entering Hong Kong, local authorities said yesterday at the Legislative Assembly (AL) during the continuation of the two-day Q&A session between lawmakers and government officials. A representative from the Transport Bureau (DSAT) stated that further details would be "soon revealed," disclosing that the method will be similar to past measures that provided passengers with the ability to acquire tickets for a direct transfer bus service during their airport ferry service, and staff from the same operator would handle the passenger luggage at the airport and transfer it onto the same bus to Macau. Moreover, the Goods Transfer Center that will allow goods and products to be transported from Hong Kong to Macau via the HZMB more quickly and directly will enter into operation in the second half of this year. The construction of the facilities concluded in early May and work is now being undertaken in relation to the center's operations. The transference area is now being prepared and the surveillance system that will inspect the truck routes has already been installed. Customs inspection procedures are expected to take around 40 minutes, and this will provide an inspection capacity of 396 vehicles per day. **ATO Notes:** The government of Macau is actively discussing the maximizing usage of the HZMB, which is now opened and connecting Hong Kong, Zhuhai and Macau directly. Currently, only registered vehicles are permitted to transit through the bridge. Travelers must go through immigration at both ports with their luggage to transit between the locations. If the proposal extends to the transit of goods, it will facilitate goods transfer operation between Hong Kong and Macau and even China. In

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2022, Hong Kong has re-exported 14 percent of agricultural goods to Macau according to Hong Kong statistics.

Proposing Amendments on Preservatives in Food Regulation [[CFS Website](#), May 29]

The Government launched a public consultation exercise proposing amendments to the Preservatives in Food Regulation (Cap. 132BD) (the Regulation). The Consultation period will last until August 28. The Government proposes to enhance and update the Regulation to keep local standards of preservatives and antioxidants in food on par with international standards. At the same time, putting more preservatives and antioxidants under regulation would enhance clarity and offer more choices of permitted preservatives and antioxidants applicable to a wide range of food categories to the food trade. The proposed amendments include: updating the definitions of "preservatives" and "antioxidants" with reference to the definitions of the Codex; updating the list of permitted preservatives/antioxidants; and updating/stipulating the maximum permitted levels of the permitted preservatives/antioxidants in specific food categories. The Government proposes that a transitional period of 18 months be given after enactment of the amended legislation, so that the food trade and other stakeholders will have reasonable time to make adjustments to comply with the amended Regulation. **ATO Notes:** The Hong Kong Government has already notified the World Trade Organization about the proposed amendments. ATO is working with Washington and industry colleagues to review. Interested U.S. exporters can consult the press release and [consultation paper](#), GAIN report is forthcoming.

Harmful Substances in Food Regulation Amendment Starts in Phases as of June 1 [[CFS Website](#), Jun 1]

The Harmful Substances in Food (Amendment) Regulation 2021 (the Amendment Regulation) comes into operation in two phases - the provisions stipulating the maximum levels of harmful substances in food have commenced today while the provisions relating to specifying partially hydrogenated oils (PHO), the main source of industrially produced trans fatty acids (IP-TFAs), as a prohibited substance in food, and the related marking and labelling requirement will be effective on December 1. The Amendment Regulation enhances the regulation of harmful substances such as industrially produced trans fats and mycotoxins in food with a view to further safeguarding food safety in Hong Kong. It also strengthens the regulatory control of three types of mycotoxins, i.e. aflatoxins, deoxynivalenol (also known as vomitoxin) and patulin, in food, as well as sets or updates the maximum levels for five other harmful substances (i.e. benzo[a]pyrene, glycidyl fatty acid esters, melamine, 3-monochloropropane-1,2-diol and erucic acid) in edible fats and oils, condiments or formula products intended for infants. The provisions stipulating the maximum levels of these substances in food will all come into force on June 1. **ATO Notes:** The government of Hong Kong has been working to update its regulations in order to align with international standards. The amendment on Harmful Substances in food has been under discussion since 2021. Amendments will be fully implemented by December 1, 2023. GAIN reports forthcoming.

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Monthly Food Surveillance Results Posted from Center of Food Safety [[CFS Website](#), May 31]

The Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department have released the findings of its food safety report for last month. The results of about 3,600 food samples tested will a 99.9 percent of satisfactory level. The samples comprised about 500 samples of vegetables and fruit and their products; about 300 samples of cereals, grains and their products; about 400 samples of meat and poultry and their products; about 1,100 samples of milk, milk products and frozen confections; about 500 samples of aquatic and related products; and about 800 samples of other food commodities (including beverages, bakery products and snacks). The three unsatisfactory samples comprised a sweet pepper sample with excessive metallic contaminant, a grass carp sample found with malachite green, and a prepackaged frozen confection product sample detected with milk solids other than fat at a level not in compliance with regulations. The CFS has taken follow-up actions on the above-mentioned unsatisfactory samples including informing the vendors concerned of the test results, instructing them to stop selling the affected food items and tracing the sources of the food items in question. **ATO Notes:** No cases of U.S. food imports were reported among the unsatisfied sample under this round of surveillance. As Hong Kong imports 95 percent of its food needs, the monthly Food Surveillance Program has been in place since 2007. For 2022, 63,800 samples were selected and tested with an overall satisfactory rate of 99.8 percent. Within all unsatisfied samples, only one sample was reported as imported from the United States and item in question was immediately recalled.

Suspended Poultry Meat and Products from Argentina and UK [[CFS Website](#), May 31]

The Center for Food Safety (CFS) of the Food and Environmental Hygiene Department announced that in view of notifications from the World Organization for Animal Health (WOAH) about an outbreak of highly pathogenic H5 avian influenza in Diamante Department of Entre Ríos Province in Argentina and an outbreak of highly pathogenic H5N1 avian influenza in Wealden District of East Sussex County in the United Kingdom (UK), the CFS has instructed the trade to suspend the import of poultry meat and products (including poultry eggs) from the above-mentioned areas with immediate effect to protect public health in Hong Kong. According to the Census and Statistics Department, Hong Kong imported about 110 tons of frozen poultry meat from Argentina, and about 10 tons of chilled poultry meat and about 90,000 poultry eggs from the UK in the first three months of this year. **ATO Notes:** Different exporting locations are being affected by avian influenza including the United States. Recently, following communications with USDA's Animal and Plant Health Inspection Service (APHIS), Hong Kong has resumed imports from some U.S. counties. As of the day of this report, 89 counties in 17 U.S. states are affected by AI suspensions. During the four months of 2023, U.S. poultry products and egg exports to Hong Kong dropped 29 percent to \$19.6 million. In 2022, the United States remained one of the top five poultry product and egg suppliers to Hong Kong. Higher egg prices are encouraging importers to source from China, Vietnam and South Korea.

Suspended Poultry Meat and Products from a District in Poland [[CFS Website](#), May 31]

CFS announced that in view of a notification from the General Veterinary Inspectorate of Poland about an outbreak of highly pathogenic H5N1 avian influenza in Kętrzyński District of Warmińsko-Mazurskie Region in Poland, the CFS has instructed the trade to suspend the import of poultry meat and products

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(including poultry eggs) from the area with immediate effect to protect public health in Hong Kong. According to the Census and Statistics Department, Hong Kong imported about 740 tons of frozen poultry meat from Poland in the first three months of this year. **ATO Notes:** Poland is not a major supplier to Hong Kong, it used to export \$2 million worth of eggs and \$7 million of poultry in 2022. The overall poultry product supply to Hong Kong has been affected by avian influenza, mainland China is the only supplier unaffected by current suspensions.

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

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