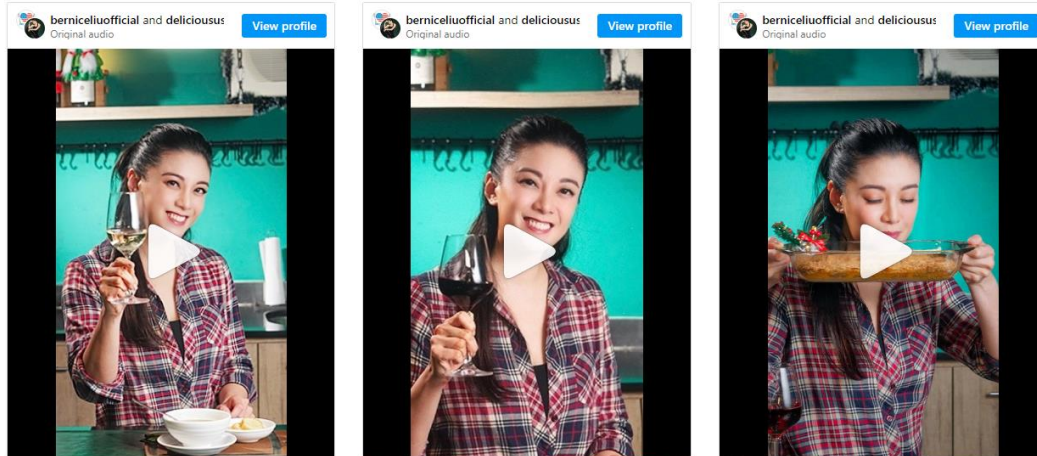


THE HONG KONG WONTON

wrapped by ATO Hong Kong

Dec. 22 - Jan. 4, 2024 | Vol. 4 Issue #1

ATO HONG KONG CELEBRATES THE HOLIDAYS WITH U.S. FOOD INGREDIENTS AND WINES



In December, ATO Hong Kong continued its efforts to encourage home cooks to try U.S. food ingredients and wines during the festive season. ATO partnered with local food and wine connoisseur Bernice Liu to create wine-pairing recipes with U.S. food ingredients. Thus far, the videos published on both Bernice Liu and ATO Hong Kong’s social media platforms generated 29,718 views and received 1,284 reactions. The campaign promoted three recipes featuring 11 U.S. ingredients: [Asparagus Soup with Napa Valley Wine](#), [Roast Beef with Washington State Wine](#) and [Sweet Potato Casserole with West Sonoma Wine](#). A big thanks to the California Wine Institute and the U.S. Meat Export Federation for helping us amplify the reach of the campaign through their local digital platforms.

ECONOMY



Hongkongers Make 1.32 Million Outbound Trips Over The Christmas Break, Beating Levels Recorded Before The Pandemic [[SCMP](#), Dec. 26; [The Standard](#), Dec. 24]

SCMP reported that Hong Kong residents took more than 1.32 million outbound trips over the past three days of the Christmas holidays, exceeding pre-pandemic levels. However, visitor numbers have not recovered to the same extent. Hospitality industry leaders said business was also slower than last Christmas. Over the same period, mainland visitors accounted for 77 percent of arrivals. The number of departures from Saturday to Monday rose 21 percent compared with the same period in 2018 and by 16 percent compared to 2019 – the year protests rocked the city. The number of tourists arriving this Christmas

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decreased 27 percent compared to same period in 2018. Fewer people came to the district over the festive break. **ATO Notes:** According to local media over 570,000 travelers departed Hong Kong to go to mainland China, among them, 430,000 were Hong Kong residents. The airport reports over 76,000 travelers flying to other destinations to celebrate Christmas. The Hong Kong Federation of Restaurants and Related Trades, expects business for the catering sector on Christmas Eve and Christmas Day will be about \$5 million less than last year, or down 15 percent. On the other hand, mainlanders did come to see the city's fireworks show during the New Year's weekend. ATO received anecdotal reports of mainland visitors traveling by train having to wait almost three hours to clear immigration. Local media reported more than 227,000 visitors came to Hong Kong on New Year's Eve. However, following the end of the fireworks show, hundreds of mainland tourists were reportedly stranded along the border opting to return rather than spend money and stay overnight in the city.

What To Expect From Hong Kong In 2024 [SCMP, Jan. 1]

Hong Kong can expect more shake-ups in its political, legal, and environmental scenes in 2024. Here are the biggest topics set to dominate headlines in 2024. **ATO Notes:** In addition to the ongoing economic recovery, this article provides additional context on the environment Hong Kong consumers will be navigating in 2024.

Hong Kong Is The 12th Richest Region In The World: Global Finance [The Standard, Dec. 26]; Macau's Purchasing Power in 2023 Nearly 30 Percent Lower Than Pre-pandemic Levels [Macau Daily Times, Dec. 28]

Hong Kong is the world's 12th richest region in 2023, according to a report released by Global Finance magazine, trailing Macau which ranked 5th. Ireland was crowned the richest country, followed by Luxembourg in second place and Singapore in third. The United States and the U.K. ranked 9th and 31st respectively, while China ranked 77th. **ATO Notes:** The Global Finance dubbed Macau as "Las Vegas of Asia." A city with a population of about 700,000 but with more than 40 casinos in operation in a territory of about 30 square kilometers. A major economic recovery fueled by the performance of the gaming industry brought Macau to 5th place globally in 2023.

Ho Lat Seng Expects This Year's GGR To Surpass \$23 Billion [Macau Daily Times, Dec. 22]

The city's gross gaming revenue (GGR) is expected to surpass \$23 billion, according to Chief Executive Ho Lat Seng. In last year's budget, the government predicted this year's GGR would be \$17 billion. However, during the first 11 months of the year the GGR had already reached \$21 billion. The Macau government's contracts with the six gaming concessionaires stipulated that an additional 20 percent of its pledge in the non-gaming investment will be required if gaming revenues recover to \$23 billion this year. On the economic recovery, Ho said revivals have been uneven, with some districts having recovered better than others. The more reinigorated districts are tourism districts. **ATO Notes:** Although Macau is pushing to diversify business operations, gaming revenue is still the dominate driver of positive returns. While Macau is expecting to surpass its initial annual gaming revenue prediction, the current economic performance is still at 70 percent of 2019.

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Christmas Holiday Arrivals Exceed Pre-pandemic Levels [[Macau Daily Times](#), Dec. 28]

During the handover day, winter solstice and Christmas holidays, visitor arrivals in Macau reached 679,584. Provisional data shows that over 456,000 visitors traveled to Macau from December 23 - 26, an average of 114,000 per day. The figure represents a 1 percent increase compared to the same period in 2019, signaling a robust recovery in tourism, according to the Macau Government Tourism Office. The average hotel occupancy rate during the three-day period reached 91 percent, an increase of 3 percentage points compared to the November average of 88 percent. Most of the arrivals were from the Border Gate and the Hong Kong-Zhuhai Macau Bridge, totaling 225,414 and 202,432 respectively. **ATO Notes:** In the first ten months of 2023, U.S. exports of consumer-ready food and agricultural products to Macau tripled to \$9 million dollars compared to the same period in 2022 and surpassed the highest annual value since 2012. The leap in sales was driven primarily by U.S. exports of distilled spirits, beef, and pork.

Macau Economy To Surge Up To 21 Percent In 2024 [[Macau Daily Times](#), Dec. 27]

Macau's economy is forecasted to grow between 8 – 21 percent in 2024, driven by diversification efforts. The University of Macau's (UM) Macroeconomic Forecast for Macau 2024 anticipates an increase in service exports between 10 – 27 percent, potentially resulting in government revenues between \$12 - \$14 billion. Under optimistic projections – assuming no major public health-related disruptions to Macau's business operations – the UM research team predicts that mainland visitor arrivals in 2024 may return 2019 levels. **ATO Notes:** In 2023, the number of visitors to Macau have prominently improved. Between January – October, arrivals from Hong Kong reached close to 6 million (or 97 percent of 2019 figures year-on-year), visitors from mainland reached 15 million (or 64 percent of 2019 figures in the same period). In addition to global destinations, Hong Kong residents are interested in neighboring cities in mainland and Macau as popular and more affordable travel options. The overall situation reflects Hong Kong residents are still “revenge traveling” following pandemic restrictions.

HOTELS, RESTAURANTS, AND INSTITUTIONS



No High Hopes For Restaurants As Hongkongers Prefer Stay-at-home Hotpots This Winter Solstice [[The Standard](#), Dec. 22]

This Winter Solstice, many Hong Kong citizens flocked to Kowloon City Market and some of them said they are willing to spend up to \$641 to buy better quality ingredients. Some consumers commented the atmosphere will be better to have the Winter Solstice feast at home, adding that they have family members finally returning from overseas. Others said they will buy more seafood and cook a warm meal to share with their family. They also expected to spend about \$256 to \$385. A shopkeeper said business boomed by almost 50 percent and attributed the increase to the cold weather. Shops that sell vegetables also

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expect business to increase about 30 percent. However, the catering industry is rather pessimistic and only expects a 10 percent rise, as only the first round of dinner hours has been fully reserved. Even with the slight holiday push, business is only about 70 percent of pre-pandemic levels. **ATO Notes:** Hotpot dinner is one of the favorite conventional meals for Hong Kong consumers to celebrate with family and friends as it is easy to prepare. People gather at one table to chat, cook, and enjoy their food. Ingredients like seafood and beef are preferred ingredients. U.S. beef and seafood like scallops, shrimps, fishes, and crabs are popular choices. In the first 10 months of 2023, U.S. beef exports increased 4 percent to \$344 million compared to the same period in 2022; U.S. seafood exports increased 15 percent to \$120 million.

Catering Industry Business Slumps 10 Percent This Christmas Eve [[The Standard](#), Dec. 25]

The catering industry said the business on Christmas Eve decreased more than 10 percent year-on-year as customers opted to travel overseas. Simon Wong Ka-wo, president of the Hong Kong Federation of Restaurants & Related Trades Limited, stated that some hotel buffets do not require reservations this year, and walk-in customers can still get seats. Wong believes the overall business volume on Christmas Eve this year was about \$49 million, compared to nearly \$55 million last year. **ATO Notes:** What would typically be considered a high season for business, this holiday season is characterized by three consumer trends that continue to temper the city's food service industry: (1) Hongkongers opting to go to mainland to dine and shop; (2) customers traveling to other destinations for the holidays; (3) those customers that stayed in the city chose to dine at home. In addition, mainlanders traveling to Hong Kong are opting not to stay overnight which lessens the number of dining out opportunities in the city. The food service sector cautiously hopes that sales improve during the upcoming Lunar year festivities in mid-February.

Foodpanda And Deliveroo Amend Provisions For Restaurants To Enjoy Greater Partnership Freedom [[The Standard](#), Dec. 29]

The Competition Commission has accepted the commitments by Foodpanda and Deliveroo that they will amend their respective agreements with partnering restaurants so that restaurants can enjoy greater freedom in partnering with more than one online food delivery platform. The two giants also offered to amend provisions to make it easier for restaurants to switch from working exclusively with either platform to also partnering with other online food delivery platforms. They will remove provisions that prevent restaurants from offering lower menu prices to consumers on their own direct channels and/or, in the case of Foodpanda only, on competing online platforms. **ATO Notes:** Foodpanda and Deliveroo are the top food delivery services in Hong Kong. The Competition Commission stated this new provision is advantageous for both restaurants and consumers as the agreement will offer more flexibility and eliminate the monopoly among all online catering platforms which is expected to contribute towards a healthier Hong Kong market.

Hong Kong Restaurants Feel Pinch With New Year Visitor Numbers At 66 Percent Of Pre-pandemic Levels [[SCMP](#), Dec. 31]

The number of travelers visiting Hong Kong during the New Year holiday is at 66 percent of pre-pandemic levels, with the catering industry complaining about a business slump as more people opt to spend the long weekend elsewhere. With the city holding its biggest and

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longest countdown fireworks yet to ring in 2024, a catering industry leader said restaurants on both sides of Victoria Harbor were fully booked on Sunday night, but ones elsewhere were “quite deserted.” Overall restaurant business volume on New Year’s Eve would be worth about \$49 million, \$5 million less than last year when pandemic-related social-distancing measures were still in place. **ATO Notes:** Visitors to Hong Kong have not yet recovered to pre-pandemic levels and Hongkongers are leaving town to celebrate the holidays. In the first ten months of 2023, U.S. exports of consumer-ready products slowed one percent year-on-year driven by a dramatic drop in exports of eggs (as importers have switched to other more price competitive suppliers following avian influenza outbreaks in the United States); followed by significant drops in exports of wine, beer, tree nuts, and dairy products. Conversely, U.S. poultry exports continued to recover following the reinstatement of U.S. counties eligible to export in mid-2023. In addition, U.S. exports of distilled spirits exports leaped; seafood and fresh fruit exports continued to grow, while beef exports held steady.

McDonald’s To Increase Prices in Hong Kong By 2.6 Percent In New Year [SCMP, Dec. 30]

Fast-food chain McDonald’s will increase most of its prices in Hong Kong by \$0.13 next week, blaming the high cost of local labor, global consumer goods and food for the rising operating expenses. The changes set to take effect on January 2, will apply to all products sold at McDonald’s, except for the six-piece sharing buckets of chicken, which will undergo a \$0.40 increase. Facing the continued high prices of global consumer goods and international food, as well as the increasing cost of human resources for Hong Kong’s food and beverage industry, the franchise stated overall operation costs have continued to soar. McDonald’s is not alone in adjusting prices in the new year. The basic tariffs of the city’s two electricity providers will rise to 4 percent in January, although both firms are cutting their fuel charges by as much as 44 percent. **ATO Notes:** Until this recent announcement, McDonald’s was the only fast-food giant to withhold passing on higher prices on to consumers due to the recent price inflation.

Hundreds Of Hongkongers Tour Newly Opened Border Town Of Sha Tau Kok On New Year’s Day [SCMP, Jan. 1]

Hundreds descended on the Hong Kong border town of Sha Tau Kok to taste local delicacies, enjoy the sights and wave at mainland Chinese residents just steps away, as the area further opened to visitors on the first day of the year. Authorities had previously announced that up to 1,000 people a day could apply for a Closed Area Permit to visit the area, except for Chung Ying Street, starting January 1, 2024. Seven-hundred slots were reserved for tour groups and 300 for individuals. The street, which is not open to tourists, is an avenue in which Shenzhen and local authorities share jurisdiction and where residents of both places can run shops and visit it at the same time. Yan Wong, who runs a restaurant on Chung Ying Street, said the visitors were fed local Hakka delicacies such as poon choi - a communal dish consisting of a pot filled with layers of ingredients like seafood, vegetables, and meats. **ATO Notes:** Poon choi, like hotpot, is another communal dish that bring families and friends together for Hong Kong residents to enjoy. Ingredients of poon choi are similar to hotpot, with less beef but focused on premium seafoods like abalone, sea cucumber, and shrimp.

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RETAIL



Over 30 Percent Of Men To Spend Up To \$128 On Christmas Gifts [The Standard, Dec. 21]

More than 30 percent of Hong Kong men are expected to spend between \$64 - \$128 on Christmas gifts for their partners, a survey found. HK Romance Dating surveyed 677 Hongkongers from mid-November to early December and found over 60 percent of them plan on spending more during Christmas compared to last year. Electronic devices are the most popular gifts for women as over one-fifth of female respondents want these, while only six and seven percent want to receive jewelry or handbags. For both men and women, enjoying a Christmas feast remains the most popular option to celebrate the holiday. However, people will not spend more than \$641 for a Christmas feast like before. **ATO Notes:** Instead of spending money on thrifter items, Hong Kong consumers tend to opt for luxury gifts and meals for their partners. While residents are concerned about the impact of inflation on every-day items, they are more willing to spend more money on gifts. Projecting this consumer trend on to premium agricultural goods, distilled spirits and seafood are potentially trendy products.

Travel Period Bites Chunk Off Food Expo Sales [The Standard, Dec. 28]

Many of the 500 exhibitors at the Hong Kong Food Festival said sales dropped by as much as 50 percent amid the rush of locals to the mainland during the four-day Christmas break. This was the first time since the pandemic that visitors were allowed to attend all five-days of the event. However, this did not increase attendance at the expo. There were also fewer young customers, reportedly the expo's main target group. People are traveling to different places, the economy is not great, and many people are out of work, so consumers are more cautious with how they spend their money. Some stalls had to offer bigger discounts in order to move products on the last day of the expo. **ATO Notes:** This news echo how Hong Kong consumers are not willing to spend more on daily food goods. This holiday season, consumer spending seems focused on luxury gifts and travel.

Hong Kong's Luxury Retail Sector Likely To Regain Ground Lost To Protests, Pandemic In 2024 As High-end Brands Make A Return [SCMP, Dec. 31]

Hong Kong's luxury retail market is likely to regain some lost ground in 2024 as high-end brands slowly find their way back to the city. Hongkong Land, the biggest commercial landlord in the main business district of Central, is particularly optimistic that brands and tenants are finding new impetus to expand their presence. Luxury lifestyle brands such as Sotheby's auction house and The Macallan, a whisky brand, are taking advantage of the cheaper rates for premium space that have become available. The developer has seen a 15 percent increase in footfall in 2023 compared with 2022, while Christmas promotions are tipped to boost sales by 20 percent during the festive period. Given Hong Kong's unique draws, such as a low tax environment, a diverse population and its reputation as a prime

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international shopping destination, the city has always been and will remain an important location for luxury brands. **ATO Notes:** Aged distilled spirits are within Sotheby's auction portfolio. Sotheby's move to Hong Kong signal's confidence in the Hong Kong's luxury market, including premium distill spirits. Presently, Hong Kong maintains a 100 percent tariff on imported alcoholic beverages with more than 30 percent alcohol content.

TRADE



About 2,800 Pigs Will Be Culled After Samples Test Positive For African Swine Fever [[The Standard](#), Dec. 23]

Roughly 2,800 pigs on a farm in Yuen Long will be culled after samples from at least four pigs tested positive for African Swine Fever (ASF) virus. Hong Kong authorities have immediately suspended transportation of any pigs from the farm until further notice according to the ASF contingency plan. **ATO Notes:** As of this report, Hong Kong has already culled 11,000 pigs because of the recent ASF outbreak. According to local records, the average live pig price remained at \$157 per head and as total supply was balanced by increasing imports from mainland. After the reopening of the mainland borders, there are no reports of consumer concerns on either price or supplies for fresh pork. On the contrary, Hong Kong consumers seem to gain a greater acceptance for pigs from mainland.

Hong Kong Suspends Imports Of Poultry Meat And Products From Four U.S. Counties [[HKSAR - Press Release](#), Dec. 27]

The Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department has suspended imports from King County of the State of Washington, Muskegon County of the State of Michigan, Latah County of the State of Idaho, and Lake County of the State of South Dakota in the United States following a notification from the World Organization for Animal Health (WOAH) about outbreaks of highly pathogenic H5N1 avian influenza (AI). **ATO Notes:** As of this report, a total of 71 U.S. counties in 19 states are currently banned from exporting poultry meat and products to Hong Kong due to AI. However, the reinstatement of imports from other U.S. counties have spurred the value of U.S. poultry exports to the city to recover significantly, reaching \$81 million in the first ten months of 2023 and already exceeding the total value of exports in 2022. Conversely, during the same period, the situation for U.S. eggs exports has not improved. U.S. egg exports declined 60 percent compared to last year.

Hong Kong Suspends Imports Of Poultry Meat And Products From Areas In France And Poland [[HKSAR - Press Release](#), Dec. 27]

The Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department announced that in view of a notification from the World Organization for Animal Health (WOAH) about outbreaks of the highly pathogenic H5N1 avian influenza, it has suspended imports from Nord Department and Somme Department in France, and Lipnowski District of Kujawsko-pomorskie Region in Poland. **ATO Notes:** The affected countries mentioned in this

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story are not top suppliers to Hong Kong. In 2022, Hong Kong's global imports of poultry meat were \$935 million while global imports of eggs and egg products were \$302 million. During the first ten months of 2023, global of imports of these products have increased.

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

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