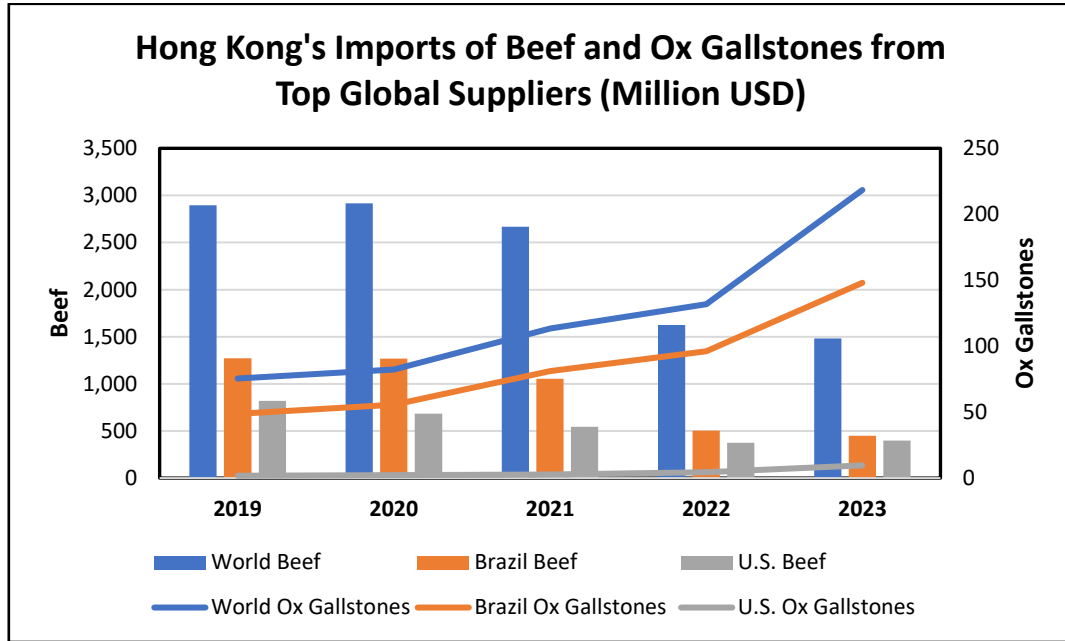




## GROWING SALES IN TRADITIONAL CHINESE MEDICINE SIGNAL STRONG DEMAND FOR U.S. OX GALLSTONES



Data Source: Trade Data Monitor (Ox Gallstones under Commodity HS 05100070)

Recently, ATO Hong Kong has received several inquiries from local importers looking for U.S. ox gallstones -signaling an underlying demand for this byproduct. While ox gallstones may be underutilized in the United States, Hong Kong consumers see the product as a high-value ingredient that can be used to produce Traditional Chinese Medicine (such as Angong Niu Huang Wan or Angong Pill). Last year, the city’s global imports of ox gallstones jumped 66 percent to \$218 million, as sales of Angong Pill have reportedly doubled for some manufacturers. These and other market demand drivers signal great opportunities to expand U.S. exports of ox gallstones. Interested exporters can learn more in ATO’s latest [market development report](#).

### ATTENTION U.S. EXPORTERS! HONG KONG BUYERS ARE LOOKING FOR:

ATO maintains close contacts with buyers from Hong Kong and Macau. Currently Hong Kong buyers are seeking U.S. suppliers of the following products:

- Ox Gallstones (see GAIN [market report](#))
- Chicken Feet
- Ready-to-eat Mixed Salads
- Low Carb, Low Calories & Microwavable Potatoes, and Potato Products
- Cooking Vegetables

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If you are interested in supplying these products, please contact [ATOHongKong@usda.gov](mailto:ATOHongKong@usda.gov) and provide your company information, contact person, and email address. We will connect you directly with interested buyers.

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## ECONOMY

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### **Hong Kong Emptied Out Over Easter With Record Jaunts To China [[The Straits Times](#), Apr. 2]**

Hong Kong became a ghost town during the Easter holiday, as residents made a record number of trips out of town, particularly to mainland China, leaving bar strips and shopping hot spots empty. A total of 9.3 million departures from the city of 7.3 million people left in March. It was the single highest monthly number since at least 1997. Hong Kong is increasingly losing out to nearby Chinese cities, including tech hub Shenzhen and casino town Macau, as high-speed rail and mega cross-sea bridge make cross-border travel faster and easier than ever before. High rents and limited entertainment offerings Hong Kong have pushed up prices and reduced residents' choices. Dining-in business over the Easter holiday was estimated to have fallen by as much as 40 percent from a year ago, with some 300 restaurants closing operations over the past month. **ATO Notes:** [In recent exchanges with local restaurant operators, there are limited indications that big improvements in sales will occur in the near term. The city's food prices, and strong local currency continues to encourage consumers to travel to nearby economies to shop and dine.](#)

### **Hong Kong Welcomes 100,000 Visitors This Month On 20 Cruise Ships [[SCMP](#), Mar. 27]**

Hong Kong will have welcomed 100,000 visitors on 20 cruise ships by the end of the month, with the first-time arrival of the Serenade of the Seas cruise ship docking on Wednesday amid the tourism minister's upbeat review of enhanced transport arrangements for passengers. Tourists said that they were looking forward to feeling the uniqueness of the fusion cultures in Hong Kong. Tourists who arrived in the city in August complained about long waits for taxis and other modes of public transportation. The Hong Kong Government (HKG) reviewed and improved the situation by offering six transit routes for visitors to travel from the terminal to different subway stations. Free shuttle buses are also available at the terminal to take passengers to the APM Shopping Centre in Kwun Tong. **ATO Notes:** [Visitors have traditionally seen Hong Kong as tourist destination where "east meets west." Local government efforts to maintain Hong Kong's reputation as an international city are ongoing. While tourism has vastly improved, the number of travelers has not yet returned to pre-pandemic levels. Nevertheless, as Hong Kong is an open market for food and agricultural imports and is home to 78 Michelin-starred restaurants, the city remains a taste setter in the region.](#)

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**2023 Annual Earnings Show Increase in Monthly Wages** [[HKSAR - Press Release, Mar. 25;](#) [Macau Daily Times, Mar. 22](#)]

The Census and Statistics Department (C&SD) announced that during May – June 2023 the median monthly wage for Hong Kong employees increased 3.5 percent from the median during the same period in 2022 to \$2,538. The 10th, 25th, 75th and 90th percentile monthly wages were \$1,333 (+3.8 percent), \$1,833 (+4.6 percent), \$3,987 (+3.1 percent), and \$6,218 (+2.6 percent) respectively. **ATO Notes:** Hong Kong per capita GDP is still one of the highest in the region. In 2023, the city’s per capita GDP increased 6 percent from 2022 to \$52,267.

**Easter Holidays Attract Fewer Visitors Than Expected** [[Macau Daily Times, Apr. 4](#)]

The Easter holidays season saw fewer visitors to Macau than expected, according to figures from the Public Security Police Force (PSP) Immigration Department. A total of 476,027 visitors entered Macau in the first five days of the Easter Holiday. This amounts to a daily average of 95,205, almost 5,000 below the forecast from the Macau Government Tourism Office (MGTO). Seventy-five percent of those visitors came from mainland, nineteen percent came from Hong Kong, while two percent arrived from Taiwan and four percent from other foreign locations. **ATO Notes:** While the number of visitors is below Macau’s projection, it still represents a 17 percent increase year-on-year. The hotel occupancy rate stood at 88 percent, similar to the Lunar New Year (LNY) period.

**February Inflation Highest In Four Years, Statistics and Census Service (DSEC) Blames Calendar** [[Macau Daily Times, Mar. 25](#)]

Last month’s inflation reached a four-year peak. According to official statistics, the Consumer Price Index for February 2024 grew 1.5 percent year-on-year. The DSEC said the growth was “partly caused by the relatively high prices during the Lunar New Year.” The service noted that it is common during the season for the prices of goods and services to rise. The price index of Food & Non-Alcoholic Beverages increased but not significantly (0.3 percent). **ATO Notes:** Prices do tend to rise during the holiday season. In January 2024, inflation was lower than February 2024 at 1 percent. Compared to December 2023, inflation was also higher than other months at 1.4 percent.

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## *HOTELS, RESTAURANTS, AND INSTITUTIONS*

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**Hong Kong Restaurants Lament Drop In Business Over Easter Holiday, Hit Hard By Residents Heading To Mainland China And High Rent** [[SCMP, Mar. 31](#)]

An owner of a restaurant chain with about 30 branches in the city reported a 30 percent drop in business in the first three days of the Easter break compared with last year, with his establishments in the North district and the New Territories hit the hardest. Businesses have grown in tourist areas but cannot cover the loss from other locations. Despite the economic environment, landlords continue raising rent which makes it hard for operators to compete with other cities in the Greater Bay Area that offer lower operating costs. With the sadden

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business atmosphere, a concerned group of residents set up a Facebook group to share news about store closures and performance. The popularity of this group has soared over the weekend, with the number of followers jumping from 8,000 to 290,000. **ATO Notes:** [Outside of the pressure on business operators, these closures have prompted concerns among netizens. Immigration figures showed a combined 1.8 million residents departed the city during the four-day Easter holiday period, while the city only welcomed 397,000 visitors, mostly from mainland China.](#)

## **Hong Kong Restaurant Chain Kam Kee Shuts Seven Of Its Stores** [[The Standard](#), Mar. 26]

Kam Kee Cafe has closed seven of its shops in the New Territories, with the owner saying locals now prefer crossing the border for cheaper shopping. Chairman of the Group, Rayman Chui Man-wai, described this as a desperate move in the struggle for survival. He said the sales for shops located in the New Territories were 20 to 30 percent less than those in other districts, and that the group will turn their focus to the Yau Tsim Mong and West Kowloon districts following their restructuring. Chui attributed the closure to the economic slowdown, which sent flocks of residents to mainland China for cheaper food and entertainment. He also noted that mainlanders' spending power was not as strong as the pre-pandemic period. **ATO Notes:** [Since the pandemic, the city's food service sector has faced continuous challenges. There was some hope that restaurant sales would improve during the end of year and new year holidays. However, while full sales figures are not yet available, the sights of empty restaurants and the overall sentiment of restaurant operators hints that sales were underwhelming. Following the holidays, restaurant chains are strategically closing shops that generate less sales and are focusing resources on locations that are at least maintaining sales.](#)

## **Hong Kong Sevens 2024, Party Starts As Rugby Fans Arrive From Around The World** [[SCMP](#), Apr. 5]

The party is back on in full swing for rugby fans ahead of this weekend's sell-out Hong Kong Sevens with spectators descending on the city from around the world, although bar operators have said business is still far from pre-pandemic levels. Pubs and bars in Wan Chai were brimming on Thursday with decreasingly sober patrons as the night went on. Bar operators were also celebrating the uptick in business and expected an extra 20 percent in business over the weekend. However, there was still a sharp contrast compared to pre-pandemic times. **ATO Notes:** [This annual sporting event was a welcome change in energy following the lackluster Easter holiday spending and consumer vibe. Although bar operators commented that business was still not as good as pre-pandemic levels, at least the event has drawn international visitors to return to the city to spend \(on hotel and restaurants\) and enjoy the sporting event.](#)

## **Uncertainty Looms Over The Future Of Temple Street Night Market** [[The Standard](#), Mar. 21]

The six-month-long Temple Street Night Market has attracted tourists with a daily footfall of up to 8,000 people. However, with only two months remaining, many vendors are unsure if the market will continue. The Chairman of the Yaumatei Temple Street Association of Hawkers and Shop Operators mentioned on a radio program that tourists make up roughly 75 percent of visitors at the night market. The vendors hope the market continues beyond

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the stipulated six months, especially the dry goods stalls, as they greatly benefit from the thousands of daily visitors. **ATO Notes:** Temple Street is an attractive spot for operators given favorable rent compared to space at a rental shop and or at a commercial building. In addition, the openness and location of Temple Street also provides good foot traffic for business operators.

## **Hotel Occupancy Rate Close to 90 Percent In February Due to Lunar New Year [[Macau Daily Times](#), Mar. 27]**

The hotel occupancy rate in Macau experienced a significant boost compared to the previous year, rising 12 percent to reach 90 percent in February. The average price of hotel rooms increased 28 percent to \$198. The Macau Hotel Association reported that the hotel average room rates and occupancy rates for five-star, four-star, and three-star hotels in February were \$222 (90.9 percent), \$139 (82.4 percent), and \$135 (92.0 percent) respectively. **ATO Notes:** Macau welcomed a total of 3.3 million visitors in February 2024. Visitor arrivals doubled compared to February 2023 with 1.6 million visitors. Hotel occupancy continues to improve in 2024 from the 75 percent rate in 2023.

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## **RETAIL**

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## **Hong Kong Shopping Centers Offer Free Parking For First Time In 20 Years As 541,000 People Leave City On Second Day Of Easter Break [[SCMP](#), Mar. 30]**

Some of Hong Kong's big shopping centers are offering free parking for the first time in more than two decades in a bid to lure customers, with hundreds of thousands of people leaving the city for a second straight day over the Easter holiday weekend. According to the Immigration Department data about 541,000 people, including 365,000 residents, left the city. About 376,000 people entered over the same period. Some of Hong Kong's large shopping centers, adopted motorist-friendly policies to drive footfall and free parking up to 5 hours to attract visitors. Consumers responded positively to the promotion. **ATO Notes:** Many people left Hong Kong during Easter holidays and locals are reportedly still on "travel revenge" mode facilitated by the current currency situation. Hong Kong residents continue to choose other nearby locations that can offer better prices and different experiences to spend their weekends and short holidays.

## **Retail Sales Rose Modestly Over A Year Earlier [[HKSAR - Press Release](#), Apr. 3]**

According to the C&SD, during the first two months of 2024, the value of total retail sales increased 1.4 percent compared with the same period in 2023. Retail sales tend to show greater volatility in the first two months of a year due to the timing of the Lunar New Year. Consumer spending in the local market normally reaches a seasonal high before the festival. As this year, the Lunar New Year fell on February 10 (compared to January 22 last year) it is more appropriate to analyze the retail sales figures for January and February combined to



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make a year-on-year comparison. Retail sales for food, alcoholic drinks and tobacco increased slightly (0.1 percent) compared to 2023. **ATO Notes:** Although the value of retail sales increased during the first two months of 2024, the improvement is too small to offset the loss in other sectors. Boosting local consumption and tourism have been the focus towards the city's economic recovery since the end of the pandemic as other key sectors such as import and export trade continue to mend.

## Macau Businesses Struggle Without Local Customer Base [[Macau Daily Times](#), Apr. 4]

Businesses in Macau's residential neighborhoods sat quietly over the recent Easter holiday, illustrating that more Macau residents are choosing to spend their money across the border in mainland China, while visitors remain exclusively in the city's tourist areas. Business owners in Macau's Northern District acknowledged that proximity to China means residents "can go outside of Macau to spend at practically no cost." Residents in the Northern District said the Northbound Travel for Macau Vehicles program has also contributed to the decline in local spending. While small and medium enterprises suffer from this situation, stores in Macau's casino and tourist districts reported decent business sales during Easter. **ATO Notes:** Non-tourist businesses in Macau are also dealing with the loss of local consumers who travel north for entertainment and dining, as access to mainland from Macau is even more convenient than Hong Kong. Hence, Macau operators catering to local customers are finding it very difficult to increase sales.

## TRADE



## SUNKIST Promotes Versatile Culinary Applications For U.S. Citrus Fruits

On March 21, 2024, Sunkist organized a Sunkist Bakery Training Workshop at Towngas Cooking Center to promote in-season citrus products. Tailor-made baking recipes using Sunkist Navel Oranges, Cara Cara Oranges, Blood Oranges, and Lemons were presented at the workshop followed by a sample tasting session. The workshop not only encouraged participants to experience the unique flavors of U.S. citrus, but also inspired consumers to explore the possibilities of its baking applications. **ATO Notes:** Hong Kong consumers' demand for high quality fruits from the United States grows with enthusiasm. In 2023, U.S. exports of fresh fruits increased by 4.1 percent to \$ 12.7 million year-on-year.



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## **A Chance For U.S. Bred Horses To Make History [[The Standard](#), Mar. 22]**

Chancheng Glory and Ensued have a shot at becoming the first American-bred winner of the \$3.3 million 147th BMW Hong Kong Derby (2000m) at Sha Tin on Sunday afternoon. Bred in Iowa, Chancheng Glory is owned in Hong Kong by the Chancheng Racing Syndicate, who have raced two American-bred horses in the city under this ownership name, recording 12 wins in total. Chancheng Glory rattled off four straight wins earlier this season after scoring on debut in 2023, while their initial horse, Chancheng Prince, is a seven-time winner in Hong Kong. Chancheng Glory is a son of Mor Spirit, while Ensued is by Lemon Drop Kid, winner of the 1999 G1 Belmont Stakes (2400m, dirt) at Belmont Park in New York. Ensued arrived in Hong Kong after three winless outings in the UK. **ATO Notes:** According to a report from the U.S. Livestock Genetics Export Incorporation, Hong Kong is still a developing market for U.S. bred horses. Currently, the Hong Kong market is dominated by Australian-bred horses. With the introduction of the Horse Racing Integrity and Safety Act enacted in the United States and the general phase out of race day medication, the Hong Kong Jockey Club restarted purchases of U.S. bred horses in 2021. Chancheng Glory and Ensued recent winnings has increased Hong Kong buyer's confidence and interest for U.S. yearlings.

## **Kobayashi Pharma Hong Kong Urges Customers To Steer Away From Its Red Yeast Rice Products [[The Standard](#), Mar. 26]**

Kobayashi Pharmaceutical's Hong Kong branch asked Hong Kong consumers to avoid purchasing its red yeast rice products, which are being recalled due to reports of kidney and other health problems. **ATO Notes:** The release of these news has raised concerns in Hong Kong as the situation has taken lives in Japan and the same product has been identified in the Hong Kong market. The product in question is categorized as a health supplement. In 2023, Hong Kong imported \$1.7 million of yeast as a baking powder from global suppliers. The United States was the third largest supplier of red yeast.

## **First Feedback On Waste Charge Trial To Come In May [[The Standard](#), Mar. 26; [The Standard](#), Mar. 26]**

The city's legislature will receive its first feedback on the trial run of the waste-charging scheme in May at the earliest, enabling the government to develop practical plans for the citywide launch of the scheme on August 1. The trial run involves 14 premises, including the West Kowloon government offices, two public housing estates, three private residential buildings, two malls, two residential care homes, and four restaurants. However, some legislative and district councilors raised concerns and made suggestions. For examples, school-related issues, collection issues and adequate recycling facilities. **ATO Notes:** While the scheme does not extend prepackaged products, consumers are increasingly interested in eco-friendly packaging which can present a good marketing approach to consider when presenting new U.S. products to distributors in Hong Kong.

## **Hong Kong Customs Seizes Suspected Smuggled Dried Fish Maws, Tobacco Products, And Pharmaceutical Products Worth \$256,000 [[HKSAR - Press Release](#), Mar. 22]**

Hong Kong Customs detected a suspected smuggling case involving a medium goods vehicle at the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port, including 25 kilograms of dried fish maws, 127 kilograms of tobacco products and about 3,500 boxes of pharmaceutical products, with a total estimated market value of about \$256,000. **ATO Notes:** Dried fish

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maws are popularly used as a soup ingredient or high-end dish in Chinese meals. It is believed to have beauty functions, providing extra collagen. Dried fish maws are a by-product from large fish (for example, cod fish, seabass, croaker, or sturgeon). The retail price ranges from \$21 per 100 grams to \$166 per 100 grams (price reference from online shopping platform) depending on the product size and origin. The premium priced items come from the United States, the European Union or Australia, less premium options come from South Africa.

## **The United States Records Second-ever Human Bird Flu Case Amid Concerns Over Global Strain Of Virus [SCMP, Apr. 2]**

A person in the United States is recovering from bird flu after being exposed to dairy cattle, officials said on Monday amid rising concern over the current global strain of the virus. It is only the second case of a human testing positive for bird flu in the country, and comes after the infection sickened herds in Texas, Kansas, and several other states over the past week. The Texas health department said the cattle infections do not present a concern for the commercial milk supply, as dairies are required to destroy milk from sick cows. Pasteurization also kills any viruses. **ATO Notes:** ATO Hong Kong continues to coordinate with sister agency the Animal & Health Inspection Service (APHIS) in facilitating pertinent information to Hong Kong authorities as the situation evolves.

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