

# THE HONG KONG WONTON

wrapped by ATO Hong Kong

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## FEATURED PHOTO:



### ATO Hong Kong Rallies Home Cooks in 3-day Virtual U.S. Food Challenge:

During September 21 to October 26, ATO Hong Kong’s *Delicious USA* digital media program challenged home chefs to create three dishes using U.S. ingredients, share recipe pictures, and describe why they chose U.S. products. Participants showed off their creativity with a wide range of U.S. ingredients including beef, pork, chicken, seafood, sausages, bacon, eggs, cheese, milk, vegetables, fruits, soup, baking ingredients, pasta, and condiments. The recipes included a spectrum of Chinese, Western, Japanese, and Southeast Asian cuisines which highlighted the versatility of U.S. products available in the Hong Kong market. The four winning chefs received supermarket coupons sponsored by a digital media contractor. As food retail remains one of the strongest market channels, *Delicious USA* allows ATO Hong Kong to continue engaging local consumers and building the U.S. food brand.

# THE HONG KONG WONTON

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## OVERALL ECONOMY

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### **Hong Kong Recovery is on Track with Economy Growing 5.4 Percent in Third Quarter, but Rising Inflation Poses Threat** [[South China Morning Post, November 1, 2021](#)]

Hong Kong's recent economic recovery gained traction in the third quarter, with 5.4 percent growth over the same period last year, but rising inflation poses a threat. The Hong Kong government's advance estimate showed GDP on track for further improvement during July-September from the economic havoc caused by the COVID-19 pandemic. This improvement is supported by robust export growth and buoyant private consumption related to the recent government's e-voucher scheme. However, the city faced growing pressure from inflation as a result of high overseas energy and commodities prices, and global shipping costs. In the first nine months of 2021, GDP grew 7 percent compared to the same period last year, exceeding the government's forecast of 5.5-6.5 percent for the whole year. **ATO Notes:** The Hong Kong government projects the economy will grow about 6.5 percent in 2021.

### **Rising Vegetable Prices Distress Hong Kongers** [[Oriental Daily, October 29, 2021](#)]

Wholesale prices for vegetables coming from mainland China have risen sharply since early October. Prices for some commonly consumed vegetables have risen between 26 to 113 percent. According to the president of the Hong Kong Imported Vegetable Wholesale Merchants Association, prices are the highest level in the last eight to ten years. Government restrictions in response to COVID-19 have impacted mobility of agricultural and logistical workers and extreme weather conditions (typhoons) have reduced vegetable harvest in the mainland. **ATO Notes:** The Hong Kong Census & Statistics Department's 2019-20 Household Expenditure Survey shows that an average household spends 12 percent of their total food expenditures (other than dining out and takeaway) on fresh vegetables, the second highest food item after pork. Freshness is important to Hong Kong consumers and many shop daily for fresh vegetables in local wet markets chiefly sourced from mainland. Hong Kong consumers are bound to continue paying high prices as alternative suppliers of fresh vegetables are limited.

### **U.S. Orange Import Prices Soar as Pandemic Continues to Disrupt Supply Chains** [[Oriental Daily, October 27, 2021](#)]

Unreliable shipping schedules and rising transport costs have catapulted the import cost of U.S. oranges by 79 percent. Hong Kong fruit traders commented that the frequency of U.S. shipments has slowed from three times a week to once every two weeks, doubling or tripling logistic costs. Importers

# THE HONG KONG WONTON

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are now opting to source more fruits from the region, particularly from mainland China. **ATO Notes:** U.S. has been the largest supplier of citrus fruit to Hong Kong, supplying 34 percent of Hong Kong imports in 2020. Over the past five years, U.S. orange sales to this market averaged \$60 million. During the first seven months of 2021, Hong Kong citrus imports from Chile, this year's largest supplier, grew 37 percent. Imports from Thailand and mainland China also expanded while imports from the United States and Australia dropped.

## **Food Prices Surge as Supply Chain Woes Bite [[The Standard](#), October 26, 2021]**

Traders from different sectors report food prices are rising due to supply chain disruptions caused by delayed shipments and the COVID-19 pandemic. The chairman of Hong Kong Shippers' Council anticipates that the current slow turnover of cargo ships will continue for some years with costs already being passed to consumers. In general, logistics costs have risen 30 percent while the price of shipping containers increased 10-fold compared to pre-pandemic years. As a result, this year, prices for chicken wings are expected to rise 10-15 percent. Prices for rice from Vietnam and Thailand, Hong Kong's largest suppliers, have also increased with wholesale prices rising 20-30 percent. The appreciation of the Chinese RMB and rising demand in mainland China, have also fueled the cost of food supplies from mainland. The market has already noticed the surge in beef prices (8 percent) and produce. Pork seems to be the only exception and pork traders expect pork prices will remain the same or rise slightly by the end of the year. **ATO Notes:** Experienced Hong Kong traders are coping with global shipping issues by modifying their procurement schedules. While Hong Kong is not experiencing shortages of food supplies, the stock of certain products (except rice) might not be replenished in a timely manner. Latest government statistics show that for September 2021 prices for meals and takeaway food increased 2.8 percent compared to last year, basic food prices have risen 1.3 percent.

## **Hong Kong Needs another Incinerator, says Wong Kam Sing, Secretary for the Environment [[Sing Tao Daily](#), October 24, 2021]**

The Hong Kong government will impose household waste disposal charge in 2023 at the earliest following its 18-months window to set up the system. Secretary for the Environment, Wong Kam Sing, said the government will test run the kitchen compost waste collection system at a private residential estate, Hang Fa Cheun, starting from November 2021 and will gradually expand the test to public housing estates. The cost of turning food waste to energy is high but Secretary Wong believes it will be substantially lowered when the scheme rolls out to a larger scale in the future. However, food waste processing facilities in Hong Kong will not be enough to process all the collected compost when the waste disposal scheme begins in two years' time. It is necessary for the city to build an extra incinerator, following the completion of the first one around 2025, but the date and location are to be determined. **ATO Notes:** Under the new waste-charging scheme that passed the Legislative Council on August 26, 2021, households will need to pay for solid waste disposal by buying designated garbage bags. A typical household is estimated to pay around \$6.5 each month. Under the current discussion

# THE HONG KONG WONTON

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between the government and the foodservice sector, restaurants will be exempted from the charge if they categorize their waste properly according to regulations.

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## *HOTELS, RESTAURANTS AND INSTITUTIONS*

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### **Hong Kong Restaurant Receipts up a Whopping 44 percent in Third Quarter of 2021 [[South China Morning Post](#), November 4, 2021]**

Between July and September, restaurant receipts were \$3.1 billion, a significant improvement of 44 percent over the same period last year. During July and August, thousands of Hong Kong restaurants offered vaccinated diners deep discounts in a bid to both lift the city's inoculation rate and drum up business. The discounts coincided with the government's distribution of \$642 in e-vouchers. In the first nine months of 2021, restaurant receipts jumped 12.9 percent over the same period last year.

**ATO Notes:** The Hong Kong Federation of Restaurants and Related Trades expects business will continue to improve with the arrival of the holiday season.

### **Higher Beef Prices Push Hotpot Tabs Higher [[The Standard](#), October 20, 2021]**

Hong Kong's sole agent for live cattle supply, Ng Fung Hong, announced that starting October 21, the wholesale price per 100 catties (60 KG) of fatty beef will rise 8 percent from \$677 to \$732. The price for "improved beef" – a Chinese term for cattle raised in mainland - will rise 3 percent from \$618 to \$637. Ng Fung Hong explained that the price increase was driven by the rising demand in China and rising farming cost. This jump in prices was higher than normal. The trade is expected to pass on the increased cost to consumers, but not with concerns that the rise could deter potential customers from purchasing. Winter is approaching and beef is a popular dish utilized for hotpot. **ATO Notes:** Over the past two decades, Hong Kong trends reflect consumers moving away from freshly slaughtered beef and opting instead for chilled and frozen beef given their convenience and price. The increase in fresh beef prices will further deepen this substitution both at the retail and food service levels. U.S. beef is popular for Hong Kong consumers to use for hotpot. The increase in fresh beef prices will narrow the price gap between U.S. and Chinese beef and encourage demand for U.S. beef for hotpot dishes for both household and restaurant consumption.

# THE HONG KONG WONTON

## Impossible Pork Launches in Hong Kong [[Lifestyle Asia](#), October 5, 2021]

Impossible Foods launched Impossible Pork in Hong Kong after it was first served in New York. During October 4-8, the Impossible Pork food truck parked in a restaurant district in Hong Kong. Each day the food truck gave away bento boxes with different themes featuring popular dishes from renowned local restaurants such as dim sum, suckling pig, and some East-Meets-West Bites. Impossible Pork is served in 40 restaurants and its packaged products are available in over 100 retail outlets. **ATO Notes:** Hong Kong is the first market outside the United States that Beyond Meat and Impossible Foods became available. In 2019, Green Monday, a local organization advocating for at least one plant-based day per week, revealed results of their biennial Hong Kong Vegetarian Habit Survey showing that almost a quarter of the Hong Kong population follows a flexitarian diet and that 70 percent of the population is willing to try the diet.



Picture by [Foodie](#)

## The Tech-Enabled Start-up Coffee Chain, Flash Coffee, Expands to Hong Kong [[Bar Talks](#), October 4, 2021]

The tech-enabled start-up coffee chain, [Flash Coffee](#), known for affordable prices and use of technology in customer experience, is expanding to Hong Kong. A latte or cappuccino is selling at \$3.2. The menu for the Hong Kong shops is adapted to the local taste and culture including flavors such as black sesame latte, Flash yuen yeung (mix of coffee and tea) etc. Flash Coffee opened its first Hong Kong shop in mid-September and is planning to open at least three more. Another article says the company targets to reach number of 50 stores by mid-2022 ([Source article](#)). **ATO notes:** According to Euromonitor International, foodservice value in Café, Specialist Coffee and Tea Shops dropped from \$489 million in 2019 to \$352 million in 2020 due to the pandemic, but the coffee and tea culture remains strong. Independent coffee shops who offer “Instagram-able” features and specialist cafes bringing special experience are gaining popularities. Flash Coffee has launched soft opening of two other shops in mid- and late- October.

# THE HONG KONG WONTON

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## RETAIL

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### Hong Kong Retail Sales Rise 7.3 percent in September as E-Voucher Scheme Boosts Consumer Confidence [[South China Morning Post](#), November 2, 2021]

Hong Kong's September retail sales grew \$3.6 billion, a rise of 7.3 percent compared to the same month last year, fueled by the \$4.6 billion government e-voucher scheme. September online sales were robust, soaring 30.5 percent year-on-year to \$295 million and accounting for 8 percent of the total retail revenue. During the first nine months of this year, online transactions leaped 43.5 percent from the corresponding period in 2020. **ATO Notes:** Despite the overall rise in retail, sales of food commodities at supermarkets lowered 4.9 percent during the same month. As the local COVID-19 situation and continues to improve, consumers are likely dining-out more instead of buying and preparing meals at home.

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## TRADE

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### The Wine and Dine Festival Returns with a “City Wine Walk” Format (November 1 – 30, 2021) [[Discoverhongkong](#)]

The Hong Kong Wine and Dine Festival, organized by the Hong Kong Tourism Board, is showcasing the best in the city's food and beverage industry with specially designed menus and events that diners can enjoy throughout November. Wine and food lovers can purchase a digital tasting pass which will allow them to try wines and special menus at more than 50 restaurants and bars in Kennedy Town, Central, Wan Chai and Tsim Sha Tsui. Hundreds of restaurants will also be offering special menus and discounts during the period. In addition, more than 20 hotels across Hong Kong are introducing gastronomic staycation offers that are tailor-made for the Wine & Dine Festival. **ATO Notes:** The Wine and Dine Festival, a traditionally popular in-person outdoor consumer event, went digital in 2020. The new

# THE HONG KONG WONTON

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decentralized format of the show is expected to improve the seller and consumer experience pending the return of the in-person event. Contact ATO for more information about the show.

## [Vegetarian Food Asia and LOHAS 2022 \(February 18 - 22, 2022\)](#)

Vegetarian Food Asia (VFA), together with LOHAS Expo, will take place February 18 to 22, 2022. VFA is Hong Kong's most comprehensive vegetarian and green lifestyle exhibition. LOHAS Expo focuses on promoting LOHAS (Lifestyles Of Health And Sustainability) products and services. The two shows are set to be in-person events for public visitors. VFA and LOHAS Expo 2021 included 250 exhibit booths, 100+ side events, and a record-high number of visits at 40,625 (up 25 percent from 2020). **ATO Notes:** Please contact Post if you want to know more about VFA and LOHAS Expo.

## **U.S. Christmas Trees, Fruits May Lose Market Share in Hong Kong Due to Supply Chain**

**Havoc:** Backups at U.S. ports, limited freight capacity, surging shipping costs, and delivery delays combined to cause the supply of popular U.S. products in Hong Kong to fall drastically, leading some vendors to look for alternatives from other countries, according to representatives of the Hong Kong Logistics Association and the Hong Kong Food Council. The owner of Fu Kee Florist, which has always imported Christmas trees from the United States, told local media that rising freight cost is just part of the problem, as his trees have not even been loaded onto vessels yet, and some florists have decided to import Christmas trees from Europe this year to avoid shipping delays. The owner of Fu Wing Fruit Shop noted that delivery of U.S. oranges has become erratic, and the transportation cost has doubled or even tripled. Another fruit wholesaler told local media that it was replacing mainly U.S. imports with mainland Chinese products instead.

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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