

Required Report: Required - Public Distribution

Date: October 05, 2022

Report Number: HK2022-0057

Report Name: Food Service - Hotel Restaurant Institutional

Country: Hong Kong

Post: Hong Kong

Report Category: Food Service - Hotel Restaurant Institutional

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Report Highlights:

Since the COVID-19 outbreak in 2020, travel and dining restrictions decimated tourism to the city and negatively impacted the hospitality sector. Hong Kong's restaurant receipts dropped from \$14.4 billion in 2019 to \$11.9 billion in 2021. The latest wave of the pandemic since January 2022 further hampered the recovery of the food service sector. The Hong Kong government has launched multiple stimulus measures to help local residents and businesses cope with the COVID-19 adversity. Hong Kong is expected to begin seeing economic recovery in the fourth quarter of 2022 due to the stimulus measures, improvements to the pandemic situation, and more open borders.

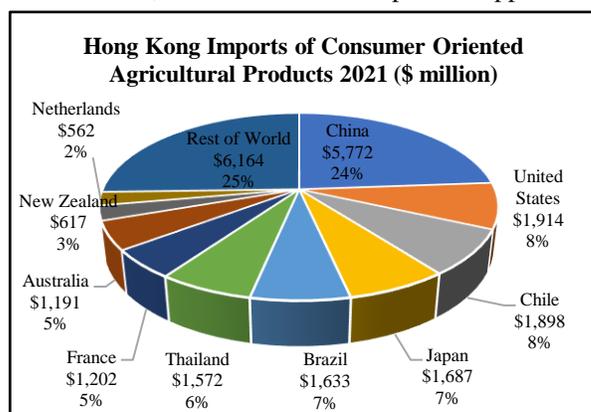
Market Fact Sheet: Hong Kong

Executive Summary

Hong Kong has a population of 7.4 million. In 2021, its per capita GDP was \$49,613, one of the highest in Asia. Hong Kong is a vibrant city and a major gateway to Asia. Consumers are sophisticated and enjoy cosmopolitan food and beverages. Due to limited arable land, around 95 percent of food in Hong Kong is imported. In 2021, Hong Kong's total imports of agricultural and related products grew 8 percent compared to 2020 and reached \$27.6 billion.

Imports of Consumer-Oriented Ag. Products

Hong Kong imports of consumer-oriented agricultural products grew 8 percent to \$24.2 billion in 2021, accounting for 88 percent of all agricultural imports. The top ten imports were fresh fruit, seafood, beef, wine, pork, prepared food, dairy products, poultry meat, non-alcoholic beverages, and bakery products. China, the United States, and Chile were the top three suppliers.



Food Processing Industry

Land is limited and extremely expensive in Hong Kong. Therefore, the local food processing sector is small. In 2021, global imports of bulk products dropped 8 percent to \$371 million and represented 1.3 percent of all agricultural imports. Imports of intermediate agricultural commodities grew 13 percent to \$2.4 billion, representing 8.6 percent of overall agricultural imports.

Food Retail Industry

In 2021, Hong Kong's retail food sales dropped slightly to \$12 billion. The Hong Kong food retail market is made up of supermarkets, convenience stores, and traditional markets. Supermarkets account for over 61 percent of retail food sales. There are over 690 supermarkets, 1,300 convenience stores, and nearly 100 traditional markets in Hong Kong, making food shopping very convenient. In 2021, online food sales grew 14 percent to \$447 million.

Food Service Industry

The Hong Kong HRI food service market is made up of hotels, restaurants, and institutions, with most food and beverage sales at restaurants. In 2021, Hong Kong's restaurant receipts grew 17 percent to \$11.9 billion. There are over 14,000 restaurants in Hong Kong.

Quick Facts CY 2021

Imports of U.S. Consumer-Oriented Ag. Products

\$24.2 billion (up 8 percent from CY 2020)

Top Growing Consumer-Oriented Ag. Imports

Tea, fresh vegetables, fresh fruit, prepared food, eggs, condiments, sauces, processed vegetables, bakery products, and non-alcoholic beverages.

Food Industry by Channels

Consumer-Oriented Ag. Products:

- Gross imports \$24.2 billion
- Re-exports \$7.7 billion
- Retained imports \$16.5 billion
- Retail food sales \$12 billion
- Restaurant receipts \$11.9 billion

GDP/Population

Population: 7.4 million

GDP per capita: \$49,613

Strengths/Weaknesses/Opportunities/Challenges

<i>Strengths</i>	<i>Weaknesses</i>
<ul style="list-style-type: none"> - Large and free market with affluent customers. - U.S. products are perceived as high-quality. 	<ul style="list-style-type: none"> - Cost of shipment from the U.S. is high. - Hong Kong importers' order size tends to be smaller than other export destinations.
<i>Opportunities</i>	<i>Challenges</i>
<ul style="list-style-type: none"> - Hong Kong customers are open to new products. - Hong Kong is a major trading hub for Asia. 	<ul style="list-style-type: none"> - Keen competition from other food supplying countries. - A stronger U.S. dollar makes U.S. products less price competitive. - Inability to meet in-person with Hong Kong buyers.

Data and Information Sources: U.S. Census Bureau Trade Data, Trade Data Monitor, Euromonitor International, Hong Kong Census and Statistics Department, and Hong Kong Trade Development Council. Currency in U.S. dollars unless otherwise stated.

SECTION I. MARKET SUMMARY

Hong Kong is a dynamic export market for U.S. agricultural products. In 2021, total U.S. agricultural exports slowed for the fourth consecutive year to \$1.9 billion.¹ However, Hong Kong is the 15th largest market for U.S. food and agricultural exports. The city is the seventh largest destination for U.S. consumer-oriented exports, accounting for \$1.6 billion.² Top categories for U.S. agricultural exports to Hong Kong included beef, tree nuts, seafood, prepared food, fresh fruit, wine, poultry meat, eggs, processed vegetables, and pork.³

In addition to being a dynamic market, Hong Kong is also a trading hub where buyers make purchasing decisions for a vast range of consumer-oriented products that are transshipped to China and other parts of Asia. Similarly, most of Macau's food imports are purchased, consolidated, and shipped via Hong Kong.

Due to land constraints, local agricultural production in Hong Kong is minimal. As a market that imports 95 percent of its local food needs, Hong Kong welcomes foods from around the world. The city's import regime is autonomous, transparent, and predictable. Food and beverage products are imported to Hong Kong without tax or duty except for four commodities, namely liquors, tobacco, hydrocarbon oil, and methyl alcohol. For more information on Hong Kong food import regulations, please refer to [GAIN Report HK2022-0044](#).

In 2021, Hong Kong's GDP per capita rebounded 8 percent to \$49,613,⁴ still one of the highest GDP per capita in Asia. However, the latest wave of the pandemic since late January 2022 has adversely affected Hong Kong's economic recovery. Considering the latest internal and external conditions as well as the stimulus effect of domestic fiscal measures, the real GDP growth forecast for 2022 is -0.5 to 0.5 percent.⁵

Despite the four-year decline in U.S. food exports to Hong Kong, last year's decline was the least severe drop since 2019. Hence, U.S. food exports to Hong Kong could recover in 2023, but this will greatly depend on the evolution of the pandemic and the relaxation of government quarantine requirements on international travelers and social distancing restrictions. U.S. food sales to Hong Kong will also depend on improvements to shipping logistics and prices.

¹ USDA/FAS Bico Reports, U.S. Census Bureau Trade Data

² USDA/FAS Bico Reports, U.S. Census Bureau Trade Data

³ USDA/FAS Bico Reports, U.S. Census Bureau Trade Data

⁴ "Economic and Trade Information on Hong Kong", Hong Kong Trade Development Council

⁵ "Hong Kong Economy", Hong Kong Government

Table 1 – Major Advantages and Challenges in the Hong Kong Market

Advantages	Challenges
Hong Kong is one of the top markets in the world for food and beverages, processed, fresh, and frozen gourmet products. U.S. exports of consumer-oriented agricultural products to Hong Kong were \$1.6 billion, making it the seventh-largest market for the United States in 2021.	Transportation time and costs, combined with seasonality determining product availability (e.g. fresh produce) associated with importing U.S. food and beverage products to Hong Kong can make them less competitive than products available from regional suppliers such as China, Australia, and New Zealand.
Hong Kong is a major trading hub where buyers make purchasing decisions for a vast range of consumer-oriented products that are transhipped to China and other parts of Asia.	The importance of Hong Kong as a transshipment point and buying center for regional markets is not widely known to U.S. exporters.
U.S. food products enjoy an excellent reputation among Hong Kong consumers, as they are renowned as high-quality and safe.	Hong Kong labeling requirements and residue standards can impact trade.
Hong Kong is a quality and trend-driven market, so price is not always the most important factor for food and beverage purchases.	Competition in the Hong Kong market is keen, a stronger U.S. dollar will continue to lessen the competitiveness of U.S. foods.
	Ongoing disruptions on shipping logistics (including limited air cargo space due to reduced flights).

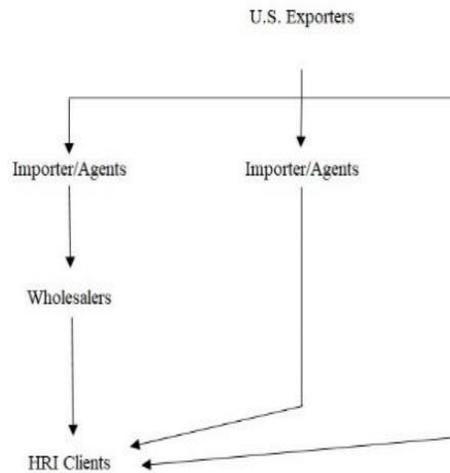
SECTION II. ROAD MAP FOR MARKET ENTRY

A. Entry Strategy

To enter the Hong Kong market, some promotional/marketing strategies and tactics to consider, include:

- Identification of key players - ATO Hong Kong can provide lists of importers, distributors, USDA commodity cooperators and state/regional trade groups.
- Establishment of a presence in the market – test marketing and stakeholder education may be required prior to entry.
- Invite foodservice buyers to seminars and/or to the United States - ATO Hong Kong/ USDA cooperators organize seminars and trade missions to the United States to introduce U.S. products and U.S. exporters to Hong Kong buyers.
- Participation in trade shows – Hong Kong hosts more than a dozen food-related trade shows and in cooperation with FAS and USDA cooperators and state regional trade groups, the shows provide a platform to highlight the versatility and quality of U.S. food and beverage products.

B. Market Structure



- The Hong Kong’s market structure typically involves a dedicated importer/distributor who deals with the U.S. exporter and maintains relationships with local resellers. Some special items are imported directly by food service establishments, but most tend to outsource the import burden.
- Hong Kong is a mature trading port, and has developed an effective network of importers, distributors, and wholesalers that support the HRI trade.
- Most importers/distributors service multiple sectors including food service, retail, and wet markets.
- ATO Hong Kong maintains a database of Hong Kong importers servicing the HRI trade and can provide additional information on specific categories.

C. HRI Food Service Sector Profile

1. Restaurants

Hong Kong boasts over 14,000 restaurants⁶ which range from local “dives” to high-end fine dining outlets. The Michelin Guide 2022 stars 86 restaurants in Hong Kong and Macau, including seven three-starred establishments in Hong Kong, outnumbering the five three-starred restaurants in both New York City and London.⁷ In 2021, Hong Kong restaurant food and beverage purchases, valued at \$3.9 billion, generated estimated sales of \$11.9 billion, an increase of 17 percent for both over 2020. The recovery was due to improved local COVID-19 conditions in 2021 which encouraged more Hong Kong residents to dine at restaurants.

⁶ “Number of food services establishments”, Hong Kong Census and Statistics Department

⁷ Michelin Guide 2022

Table 2 – Hong Kong Restaurants Purchases and Receipts (\$ billion)

	2019	2020	2021	Growth (21 vs 20)
Restaurant Receipts	14.4	10.2	11.9	17 percent
Restaurant Purchases	4.6	3.3	3.9	17 percent

(Source: Hong Kong Census & Statistics Department, USD1=HKD7.8)

For Hong Kong statistical purposes, restaurants are grouped into five broad categories: Chinese, non-Chinese, fast food, bars, and other establishments.

Chinese Restaurants

Chinese cuisine is the top grossing restaurant category, according to Hong Kong Census and Statistics Department, and it will continue its dominant share in the market due to deep-rooted cultural events, such as banquets for weddings and dim sum lunches, often enjoyed by groups of working-class adults and families. Among all Chinese cuisines, Cantonese is the most widely available, with others including Shanghaiese, Sichuan, and Chiu Chow also providing many options to diners.

Non-Chinese Restaurants

Due to its history as a global trade hub, sophisticated and affluent Hong Kong consumers have an enthusiasm for a range of international cuisines made from high-quality ingredients. Footprints of restaurants offering non-Chinese cuisine options include Western, Japanese, Korean, Thai, Vietnamese, Indian, and others. These establishments are found everywhere in Hong Kong, leading to numerous opportunities to use U.S. foods and beverages as ingredients or for pairing.

Fast Food

Fast food outlets suit Hong Kong's quick-paced lifestyle where dining out twice per day at convenient locations is not uncommon. Competition among fast food chains is intense as brands strive to retain customers and raise brand awareness, but some newer, leading U.S. fast food chains such as Five Guys and Shake Shack have a strong presence here. McDonalds and KFC are the leading Western style fast food chains, and Café De Coral and Fairwood are the leading local fast-food chains, by brand share of foodservice value. Western style outlets including Pret a Manger and Oliver's Super Sandwich are often located at areas easily accessed by office workers who appreciate healthy and light options such as salad and sandwiches.

Bars

Hong Kong's vibrant nightlife is renowned and is serviced by over 680 bars and pubs across Hong Kong.⁸ Lan Kwai Fong in the Central Business District is home to over 90 bars and restaurants.⁹ It is a place where locals, expats, and tourists gather in the evenings and during special occasions, e.g., New Year's Eve and the beer festival.

⁸ Euromonitor International

⁹ Hong Kong Tourism Board

Other Establishments

“Tea restaurants” offer a range of localized Western and Chinese cuisines and beverages. Milk tea is a particular local favorite consisting of adding milk (evaporated or condensed) to various tea combinations. Hong Kong also has a vibrant coffee culture. Independent specialist coffee shops have grown in number of outlets and sales the past several years. The leading chains, by brand share of foodservice value, are Starbucks, McCafe, and Pacific Coffee.¹⁰

2. Hotels

There are over 300 hotels providing more than 89,000 rooms for visitors to Hong Kong.¹¹

3. Institutions

Hong Kong’s institutional foodservice sector consists of hospitals, residential care facilities, schools, prisons, and travel industry catering facilities. Many of these facilities, especially those operated by the government, purchase food supplies through tenders where price, quality, consistency, and stable supply matter. Experienced local importers are familiar with the process and requirements.

Hospitals

Hong Kong has 43 public hospitals and institutions,¹² managed by the Hospital Authority, and 13 registered private hospitals.¹³ Some of the meal services are outsourced to caterers and distributors.

Schools

There are 1,042 kindergartens, 591 primary schools, 508 secondary schools, and 22 degree-awarding institutions in Hong Kong.¹⁴ The Hong Kong government provides nutritional guidelines for students’ lunch and the appropriate procedures to select school lunch suppliers.

Prisons

The Hong Kong Correctional Services managed some 29 correctional facilities including prisons and rehabilitation centers.¹⁵ Inmates receive meals that are prepared according to health guidelines.

Airlines

Hong Kong is located less than five flying hours from half of the world’s population, so its airport is very busy. Connected to over 220 destinations, the Hong Kong airport handled 71.5 million passengers in 2019, and their three aircraft caterers have a combined capacity of

¹⁰ Euromonitor International

¹¹ Hong Kong Tourism Board

¹² Hong Kong Hospital Authority

¹³ Hong Kong Private Hospital Association

¹⁴ Education Bureau, Hong Kong SAR Government

¹⁵ Correction Services Department, Hong Kong SAR Government

198,000 meals per day for plane passengers. However, passenger traffic remained at a significantly low level compared to the pre-pandemic levels. In 2021, Hong Kong airport only handled 1.4 million passengers and 144,815 flights, marking year-on-year declines of 84.7 percent and 9.9 percent, respectively.¹⁶

Cruise Ships

Hong Kong's Kai Tak Cruise Terminal can accommodate the largest ships in the cruise industry. The number of ship calls reached 218 and the number of cruise passengers throughout reached 903,060 in 2019 but dropped to 84 calls and 253,017 cruise passengers in 2021.¹⁷ As the latest wave of the pandemic hit Hong Kong in January 2022, the cruise terminal suspended operation.

Entertainment Parks

The two major theme parks in Hong Kong are Disneyland and Ocean Park. Disneyland operates thirty-six food outlets,¹⁸ and Ocean Park houses nine.¹⁹ They include restaurants and cafes that offer various cuisines.

D. Outlook for 2022/2023

Since early 2020, COVID-19 has hit Hong Kong in several waves, adversely affected the Hong Kong economy, especially the food service sector as international travel was restricted, and theme parks, cruise terminals, and schools closed following the Hong Kong government's restrictions on gatherings and dining. Hong Kong's economy rebounded to 6.3 percent in 2021 as the local pandemic situation improved. However, in January 2022, the fifth and deadliest wave of the pandemic led the government to reintroduce restrictions on gatherings and dining. As a result, Hong Kong's real GDP contracted 2.6 percent in the first six months of 2022.²⁰ For the same period, restaurant receipts dropped 14 percent to \$4.8 billion compared to the same period in 2021.²¹ For the first eight months of 2022, Hong Kong imports of consumer-oriented agricultural products dropped 13.5 percent to \$14.1 billion compared to the same period in 2021.²² As the pandemic situation began to stabilize in late April, the Hong Kong government started to gradually relax some of the COVID-19 restrictions. The Hong Kong government has also implemented multiple measures to support businesses and individuals as the pandemic continues to severely damage the global economy. As of September 28, 2022, the total relief provided by the Hong Kong Government has reached \$44.7 billion,²³ including \$8.5 billion consumption vouchers to boost spending. Hong Kong's economy is expected to pick up toward the end of 2022 and beyond as the pandemic situation further improves and borders reopen.

¹⁶ Hong Kong Airport Authority

¹⁷ Cruise Passenger Statistics, Hong Kong Tourism Board

¹⁸ Hong Kong Disneyland

¹⁹ Hong Kong Ocean Park

²⁰ Hong Kong Census and Statistics Department

²¹ Hong Kong Census and Statistics Department

²² Trade Data Monitor

²³ Anti-epidemic Fund, Hong Kong SAR Government

SECTION III. COMPETITION

Due to land constraints, Hong Kong produces a minimal amount of its food requirements, depending on global sources to meet about 95 percent of its needs. Hong Kong imports of consumer-oriented agricultural products from all origins grew 8 percent to \$24 billion in 2021.

Table 3 – Hong Kong Imports of Consumer-Oriented Ag. Products (2017-2021)²⁴

Partner	Calendar Year (Value: \$ million)					Share 2021	Growth 2021 v 2020	Growth 2021 v 2017
	2017	2018	2019	2020	2021			
China	5,101	5,179	4,986	5,054	5,772	24%	14%	13%
United States	4,359	4,303	3,383	2,162	1,914	8%	-11%	-56%
Chile	698	1,205	1,436	1,287	1,898	8%	48%	172%
Japan	1,205	1,383	1,350	1,462	1,687	7%	15%	40%
Brazil	2,234	2,475	1,998	1,977	1,633	7%	-17%	-27%
Thailand	1,012	1,117	1,223	1,534	1,572	6%	2%	55%
France	1,438	1,540	1,179	991	1,202	5%	21%	-16%
Australia	1,326	1,228	1,146	1,013	1,191	5%	18%	-10%
New Zealand	481	541	672	541	617	3%	14%	28%
Netherlands	1,082	999	854	620	562	2%	-9%	-48%
Total of Top 10 Partners	18,937	19,970	18,226	16,640	18,049	75%	8%	-5%
Total of Rest of the World	6,859	6,917	6,528	5,843	6,164	25%	5%	-10%
World	25,796	26,887	24,754	22,483	24,213	100%	8%	-6%

Table 4 – Top 10 Hong Kong Imports of Consumer-Oriented Agricultural Products and Competition²⁵

Product Category	Major Supply Sources ²⁶		
Fresh Fruit	1. Chile – 42%		
Gross Imports	\$4.49 billion	1,841,097 MT	2. Thailand – 20%
Retained Imports	\$16 billion	669,589 MT	5. United States – 5%
Seafood	1. China – 35%		
Gross Imports	\$3.59 billion	369,052 MT	2. Japan – 14%
Retained Imports	\$3.15 billion	319,679 MT	7. United States – 3%
Beef and Beef Products	1. Brazil – 39%		
Gross Imports	\$2.67 billion	719,694 MT	2. United States – 20%
Retained Imports	\$2.47 billion	688,306 MT	3. Australia – 6%
Wine and Related Products	1. France – 57%		
Gross Imports	\$1.47 billion	56 million liters	2. Australia – 17%
Retained Imports	\$1.23 billion	44 million liters	5. United States – 3%
Pork and Pork Products	1. Brazil – 26%		
Gross Imports	\$1.43 billion	516,774 MT	2. China – 18%
Retained Imports	\$1.33 billion	477,276 MT	8. United States – 3%
Soup and Other Prepared Food	1. United States – 22%		
Gross Imports	\$1.37 billion	146,454 MT	2. China – 17%
Retained Imports	\$450 million	113,985 MT	3. Japan – 13%
Dairy Products	1. New Zealand – 27%		
Gross Imports	\$1.29 billion	261,311 MT	2. Netherlands – 22%
Retained Imports	\$692 million	208,498 MT	9. United States – 3%

²⁴ Calculations based on Trade Data Monitor data

²⁵ Calculations based on Trade Data Monitor data

²⁶ Ranking and market share by gross import value in 2021

Poultry Meat and Products			1. China – 62%
Gross Imports	\$1.01 billion	387,206 MT	2. Brazil – 17%
Retained Imports	\$936 million	333,328 MT	4. United States – 3%
Non-Alcoholic Beverages			1. China – 77%
Gross Imports	\$952 million	348 million liters	2. Japan – 5%
Retained Imports	\$833 million	234 million liters	7. United States – 1%
Bakery Products			1. China – 37%
Gross Imports	\$902 million	307,772 MT	2. Japan – 23%
Retained Imports	\$358 million	228,839 MT	10. United States – 2%

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

Table 5 – Best Growths of Hong Kong’s Imports of Consumer-Oriented Agricultural Products²⁷

Category	(Value: \$ million)		Average Annual Growth
	2017	2021	
Tea	134	278	19.97%
Fresh Vegetable	469	812	14.72%
Fresh Fruit	2,635	4,492	14.27%
Prepared Food	976	1,374	8.94%
Eggs	202	277	8.18%
Condiments & Sauces	289	380	7.07%
Processed Vegetables	411	498	4.93%
Bakery Goods	861	902	1.18%
Non-Alcoholic Beverages	922	952	0.80%

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

Post Contact

Agricultural Trade Office, Consulate General of the United States, Hong Kong and Macau
18th Floor, St. John’s Building
33 Garden Road, Central, Hong Kong
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Website: <http://www.usconsulate.org.hk>
<http://www.atohongkong.com.hk>

Other Hong Kong Government / Semi-Government Contacts

Please refer to [GAIN Report HK2022-0044](#).

Attachments:

No Attachments

²⁷ Calculations based on Trade Data Monitor data