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Report Highlights:

Hong Kong reopened its borders to the world in late 2022, and with mainland China in early 2023. The slow return of inbound tourism has positively improved the situation of the local hospitality and food service sectors. In 2022, Hong Kong's restaurant receipts dropped 6.4 percent to \$11.1 billion compared to 2021 but still above the \$10.2 billion in 2020. While inbound tourism has yet to recover to pre-pandemic levels, these sectors continue to adapt to labor shortages, changes in consumer behavior, and high food prices. The Government has launched the "Happy Hong Kong" campaign and organized different activities or promotions across the city to encourage domestic consumption and also the "Hello Hong Kong" campaign to attract more tourism to the city. Hong Kong's economy is expected to continue recovering and grow between 3 – 5 percent for all of 2023.

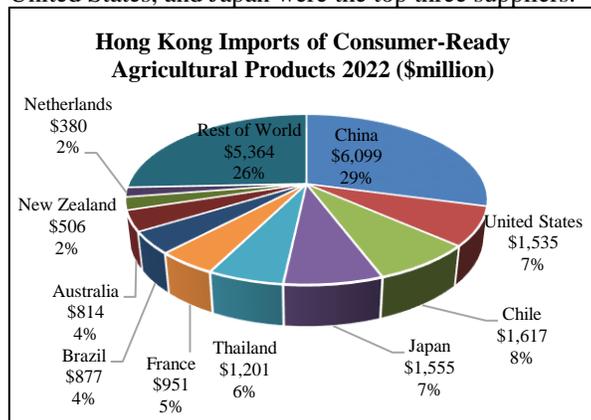
Market Fact Sheet: Hong Kong

Executive Summary

Hong Kong has a population of 7.33 million. In 2022, its per capita GDP was \$49,464, 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 beverage. Due to limited arable land, around 95 percent of food in Hong Kong is imported. In 2022, Hong Kong's total imports of agricultural and related products dropped 12 percent to \$24.2 billion.

Imports of Consumer-Ready Ag. Products

Hong Kong imports of consumer-ready products dropped 14 percent to \$21 billion in 2022, accounting for 86 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 Japan were the top three suppliers.



Food Processing Industry

Therefore, the local food processing sector is small. In 2022, global imports of bulk products grew 0.3 percent to \$372 million and represented 1.5 percent of all U.S. agricultural imports. Imports of intermediate agricultural commodities dropped 1.4 percent to \$2.3 billion, representing 9.7 percent of overall U.S. agricultural imports.

Food Retail Industry

In 2022, Hong Kong's retail food sales remained stable at \$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 700 supermarkets, 1,300 convenience stores, and nearly 100 traditional markets in Hong Kong. In 2021, food and drink e-commerce grew 14 percent to \$447 million and it is projected to reach \$733 million by 2026.

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 2022, Hong Kong's restaurant receipts dropped 6.4 percent to \$11.1 billion. There are over 12,000 restaurants in Hong Kong.

Quick Facts CY 2022

Global Imports of Consumer-Ready Ag. Products

\$21 billion (down 14 percent from CY 2021)

Top Growth of Global Consumer-Ready Ag. Imports

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

Food Industry by Channels

Consumer-Oriented Ag. Products:

- Gross imports \$21 billion
- Re-exports \$7.4 billion
- Retained imports \$13.6 billion
- Retail food sales \$12 billion
- Restaurant receipts \$11.1 billion

GDP/Population

Population: 7.3 million
GDP per capita: \$49,464

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. - Transparent regulations 	<ul style="list-style-type: none"> - Shipment costs from the U.S. remain 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.

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 2022, total U.S. agricultural exports slowed for the fifth consecutive year to \$1.3 billion.¹ However, Hong Kong is the 23th largest market for U.S. food and agricultural exports. The city is the tenth largest destination for U.S. consumer-oriented exports, accounting for \$1.1 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-ready products that are transshipped to China and other parts of Asia. 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 HK2023-0024](#).

In 2022, despite slowing 0.3 percent, Hong Kong's GDP per capita was \$49,464,⁴ still one of the highest GDP per capita in Asia. Despite the fifth-year decline in U.S. food exports to Hong Kong, U.S. remained the second largest supplier country for Hong Kong. With the lifting of all COVID-19 restrictions, Hong Kong is already on track for economic recovery. During the first six months of 2023, Hong Kong total retail sales went up 18 percent to \$4 billion compared to the same period last year, signaling support for an economic rebound from the recession triggered by the global pandemic. However, during that same time period, sales at supermarkets lowered 7.8 percent to \$3 billion. Sales in all food categories dropped except for alcoholic beverages at non-supermarket locations.⁵

U.S. food sales to Hong Kong will remain chiefly dependent on evolving consumer changes following the reopening of the borders, and prices. Major export items continue to be grocery products, meats, tree nuts, seafood, fresh fruit, wines, pet food, and eggs. In addition, demand for natural, plant-based, and organic food and beverages continues to grow. In 2022, Hong Kong's economy decreased by 3.5 percent⁶ compared to the previous year. However, the city's economy rebounded in the first quarter growing 2.7 percent⁷ supported by the return of inbound tourists and improved local consumption. However, the recovery lost momentum in the second quarter growing 1.5 percent as tourism continued to recover but still far from pre-pandemic levels. In addition, other critical sectors of the city's economy

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 Census and Statistics Department (as of August 2023)

⁶ "Economic and Trade Information on Hong Kong," Hong Kong Trade Development Council

⁷ "Hong Kong Economy," Hong Kong Government

such as export and import trade continued to lag. Nevertheless, the economy is expected to recover and grow between 3-5 percent in 2023⁸.

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 \$1.4 billion, making it the tenth-largest market for the United States in 2022.	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.	Competition in the Hong Kong market is keen, a stronger U.S. dollar will continue to lessen the competitiveness of U.S. foods.
Hong Kong is a quality and trend-driven market, so price is not always the most important factor for food and beverage purchases.	Shipping logistics conditions have improved significantly but still remain a concern.

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:

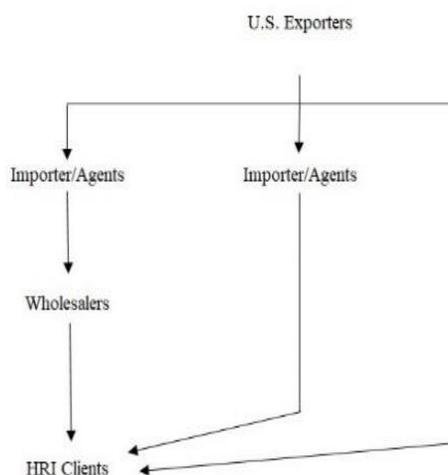
- Identification of key players - ATO Hong Kong can provide lists of importers, distributors, USDA commodity cooperators and state/regional trade groups.
- Establishment of a presence in the market – test marketing and stakeholder education may be required prior to entry.
- Invite foodservice buyers 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

⁸ “Hong Kong Economy,” Hong Kong Government

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 restaurants⁹ which range from local “dives” to high-end fine dining outlets. The Michelin Guide 2023 stars 94 restaurants in Hong Kong and Macau, including seven three-starred establishments in Hong Kong, outnumbering the five three-

⁹ “Number of food services establishments,” Hong Kong Census and Statistics Department

starred restaurants in both New York City and London.¹⁰ In 2022, Hong Kong restaurant food and beverage purchases, valued at \$3.7 billion, a decrease of 4.5 percent compared to 2021. Generated sales were estimated at \$11.1 billion, equivalent to a decrease of 6.5 percent from last year. Ongoing disruptions to normal food service operations in response to the city’s most severe wave of the pandemic led to weaker sales performance.

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

	2020	2021	2022	Growth (22 vs 21)
Restaurant Receipts	10.2	11.9	11.1	- 6.5 percent
Restaurant Purchases	3.3	3.9	3.7	- 4.5 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.

¹⁰ Michelin Guide 2023

Bars

Hong Kong's vibrant nightlife is renowned and is serviced by around 600 bars and pubs across Hong Kong.¹¹ Lan Kwai Fong in the Central Business District is home to over 90 bars and restaurants.¹² 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.

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, Pacific Coffee and McCafé.¹³

2. Hotels

There are over 300 hotels providing more than 89,000 rooms for visitors to Hong Kong.¹⁴

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,¹⁵ managed by the Hospital Authority, and 13 registered private hospitals.¹⁶ Some of the meal services are outsourced to caterers and distributors.

Schools

There are 1,026 kindergartens, 593 primary schools, 510 secondary schools, and 22 degree-awarding institutions in Hong Kong.¹⁷ The Hong Kong government provides nutritional guidelines for students' lunch and the appropriate procedures to select school lunch suppliers.

¹¹ Euromonitor International

¹² Hong Kong Tourism Board

¹³ Euromonitor International

¹⁴ Hong Kong Tourism Board

¹⁵ Hong Kong Hospital Authority

¹⁶ Hong Kong Private Hospital Association

¹⁷ Education Bureau, Hong Kong SAR Government

Prisons

The Hong Kong Correctional Services managed some 29 correctional facilities including prisons and rehabilitation centers.¹⁸ 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 198,000 meals per day for plane passengers. Despite the major drop during pandemic, passenger traffic started to improve as Hong Kong progressively lifting the restrictions. In 2022, Hong Kong airport handled 5.7 million passengers, marking year-on-year increase of 322 percent and 138,700 flights, a decrease of 4.2 percent.¹⁹

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 4 calls and 11,843 cruise passengers in 2022 as the cruise terminal suspended operation during the pandemic²⁰. Cruises have returned to Hong Kong since January 2023, the number of cruise passengers arose to 41,550 in the first quarter of 2023, a strong signal of recovery for cruise business.

Entertainment Parks

The two major theme parks in Hong Kong are Disneyland and Ocean Park. Disneyland operates thirty-seven food outlets,²¹ and Ocean Park houses nine.²² They include restaurants and cafes that offer various cuisines.

D. Outlook for 2022/2023

Since Hong Kong reopened the borders to the world in late 2022 and to mainland China in early 2023, the city's economy started to rebound. As a result, Hong Kong's real GDP grew 1.5 percent year-on-year in the first six months of 2023. The adverse economic effects of 2022 lingered on the city's imports during the first half of 2023. From January to June in 2023, Hong Kong global imports of consumer-ready food products dropped 2.3 percent to \$12 billion compared to the same period in 2022. Restaurant receipts grew 82 percent to \$3.53 billion. However, the recovery remains tempered by labor shortages. The government is actively working on different plans to import labor to support different sectors in the economy including food service and retail. While the tourism sector surged in the second quarter to 8.5 million from 4.4 million in the first quarter, tourism is still a long way from pre-pandemic levels. The Government has launched a series of campaigns to expand inbound tourism "Hello Hong Kong" and also encourage domestic consumption "Happy Hong Kong." Planned activities across Hong Kong include large-scale gourmet markets in various districts, a large-scale sea-land carnival at Victoria

¹⁸ Correction Services Department, Hong Kong SAR Government

¹⁹ Hong Kong Airport Authority

²⁰ Cruise Passenger Statistics, Hong Kong Tourism Board

²¹ Hong Kong Disneyland

²² Hong Kong Ocean Park

Harbor and other entertainment events on pop culture, sports and music. These campaigns are expected to stimulate local consumption and boost the economy in the second half of 2023. Another variable impacting the outlook for 2023 is the evolving consumer behavior following the reopening of the borders between Hong Kong and China. As of this report, local media and anecdotal accounts indicate that more Hongkongers are traveling to mainland over the weekend to dine out as it is cheaper and something different to do than dining in the city. This is further discouraging the food service sector's ability to extend operating hours or even stay open during weekends. Prior to the pandemic, restaurants used to close after midnight. However, after the pandemic, restaurants now close between 10-11pm as labor shortages have slowed the return to extended opening hours. Hence, the sector remains skeptic that restaurant sales will fully bounce back to pre-pandemic levels in 2023.

SECTION III. COMPETITION

Due to land constraints, Hong Kong produces a minimal amount of food, and depends on global sources to meet about 95 percent of its needs. **Hong Kong imports of consumer-oriented agricultural products²³ from all origins dropped 14 percent to \$21 billion in 2022.**

Table 3 – Hong Kong Imports of Consumer-Oriented Ag. Products (2018-2022)²⁴

Partner	Calendar Year (Value: \$ million)					Share 2022	Growth 2022 vs 2021	Growth 2022 vs 2018
	2018	2019	2020	2021	2022			
China	5,179	4,985	5,054	5,772	6,099	29%	6%	18%
United States	4,303	3,382	2,162	1,913	1,534	7%	-20%	-64%
Chile	1,205	1,436	1,286	1,898	1,617	8%	-15%	34%
Japan	1,382	1,349	1,461	1,687	1,555	7%	-8%	13%
Brazil	2,474	1,998	1,976	1,633	877	4%	-46%	-65%
Thailand	1,116	1,222	1,534	1,572	1,201	6%	-24%	8%
France	1,539	1,178	990	1,202	951	5%	-21%	-38%
Australia	1,228	1,145	1,012	1,190	813	4%	-32%	-34%
New Zealand	540	672	540	616	506	2%	-18%	-6%
Netherlands	998	853	620	562	379	2%	-32%	-62%
Total Top 10 Partners	19,969	18,226	16,640	18,049	15,537	74%	-14%	-22%
Total Rest of the World	6,917	6,527	5,842	6,163	5,363	26%	-13%	-22%
World	26,887	24,754	22,483	24,212	20,901	100%	-14%	-22%

²³ Consumer Oriented Agricultural Products (excl. tobacco, incl. rice and seafood)

²⁴ Calculations based on Trade Data Monitor data

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

Product Category			Major Supply Sources²⁶
Fresh Fruit			1. Chile – 43%
Gross Imports	\$3.69 billion	1,378,288 T	2. Thailand – 16%
Retained Imports	\$1.1 billion	576,013 T	5. United States – 5%
Seafood			1. China – 34%
Gross Imports	\$3.48 billion	341,863 T	2. Japan – 14%
Retained Imports	\$2.95 billion	302,539 T	7. United States – 2%
Beef and Beef Products			1. Brazil – 31%
Gross Imports	\$1.62 billion	334,971 T	2. United States – 23%
Retained Imports	\$1.25 billion	180,086 T	3. Australia – 7%
Wine and Related Products			1. France – 58%
Gross Imports	\$1.01 billion	47 million liters	2. Australia – 14%
Retained Imports	\$782 million	38 million liters	5. United States – 4%
Pork and Pork Products			1. China – 32%
Gross Imports	\$900 million	277,419 T	2. Brazil – 25%
Retained Imports	\$796 million	226,965 T	8. United States – 4%
Soup and Other Prepared Food			1. China – 21%
Gross Imports	\$1.30 billion	144,654 T	2. United States – 20%
Retained Imports	\$414 million	114,599 T	3. Japan – 9%
Dairy Products			1. New Zealand – 28%
Gross Imports	\$1.03 billion	237,018 T	2. Netherlands – 16%
Retained Imports	\$560 million	198,743 T	9. United States – 3%
Poultry Meat and Products			1. China – 68%
Gross Imports	\$935 million	302,536 T	2. Brazil – 11%
Retained Imports	\$875 million	262,689 T	4. United States – 4%
Non-Alcoholic Beverages			1. China – 78%
Gross Imports	\$963 million	343 million liters	2. Japan – 5%
Retained Imports	\$829 million	238 million liters	7. United States – 1%
Bakery Products			1. China – 38%
Gross Imports	\$904 million	279,653 T	2. Japan – 21%
Retained Imports	\$345 million	215,812 T	10. United States – 2%

²⁵ Calculations based on Trade Data Monitor data

²⁶ Ranking and market share by gross import value in 2022

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

Table 5 – Hong Kong’s Top Growing Imports of Consumer-Oriented Agricultural Products²⁷

Category	(Value: \$ million)		Average Annual Growth
	2018	2022	
Condiments & Sauces	294	535	16.13%
Fresh Vegetables	448	792	15.29%
Tea	185	241	6.73%
Eggs	239	302	6.02%
Fresh Fruit	3,161	3,687	3.93%
Pet Food	134	156	3.89%
Prepared Food	1,215	1,296	1.63%
Processed Vegetables	539	571	1.47%
Non-Alcoholic Beverages	944	963	0.50%
Coffee, Roasted and Extracts	142	143	0.10%

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

Tel: (852)-2841-2350

Fax: (852)-2845-0943

Email: Atohongkong@usda.gov

Website: <http://www.usconsulate.org.hk>

<http://www.atohongkong.com.hk>

Other Hong Kong Government / Semi-Government Contacts

Please refer to [GAIN Report HK2023-0024](#).

Attachments:

No Attachments

²⁷ Calculations based on Trade Data Monitor data