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Report Highlights:

Bite size local news, Post reports and activity summaries wrapped by ATO Hong Kong. In this issue: First Quarter U.S. Exports Grow For the First Time in Five Years; Hong Kong's Economy Can Grow 5.5 percent; Hong Kong Inflation Hits 2.1 percent in April; Confidence In Early Resumption Of Macau's Economic Stability; Macau's Visitor Arrivals Surge to 2.27 Million In April; Opening ceremony of Aberdeen Market, Southern Hong Kong; Macau Retail Sales Are Recovering; ATO Hong Kong Bids Farewell to Senior Agricultural Marketing Specialist Chris Li; ATO Hong Kong Welcomes Agricultural Marketing Specialist Phoebe Guo; The American Harwood Export Council, ATO, and the American Institute of Architects Promote U.S. Harwood at Build4Asia; Hong Kong Airport Authority Plans to Use Logistics Park to Cement Position as Cargo Hub.

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wrapped by ATO Hong Kong

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First Quarter U.S. Exports Grow for the First Time in Five Years

During the first quarter of 2023, total U.S. agricultural and food exports to Hong Kong recovered 3 percent compared to the same period in 2022. This is the first time in five years U.S. agricultural and food exports grew in the first quarter. Higher exports of agricultural-related products, namely seafood (lobsters, crabs, oysters, and clams) and higher-than-expected exports of bulk commodities (primarily cotton) offset a six percent decline in U.S. exports of consumer-ready products. Higher consumption during the Lunar New Year celebrations and the easing of border restrictions with mainland China contributed to the improved export categories.

ECONOMY



Hong Kong's Economy Can Grow 5.5 percent If The City Continues To Ride Current Momentum [SCMP, May 14]

Hong Kong's economy could grow by 5.5 percent if the city continued to ride the current momentum, its financial services chief said. Echoing comments by Hong Kong Monetary Authority chief executive Eddie Yue Wai-man last week, growth this year might be at the high end of the government's estimate

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of 3.5 - 5.5 percent. Recently, many international organizations have launched their economic forecasts, agreeing that the driving force for global economic growth would come from Asia, with the most crucial component being mainland China's economy. Banking giant HSBC said the city might hit 5 percent growth. Goldman Sachs also raised its forecast to 6 percent, up from 4.6 percent, citing the resumption of cross-border travel with the mainland and the return of tourism. **ATO Notes:** If Hong Kong follows the current trend, it is expected that improvements on trade will also recover along with increasing consumption. Tourism and inbound visitors are still the dominant drivers for the city's economic rebound.

Hong Kong Inflation Hits 2.1 percent in April [[RTHK](#), May 22]

Official data released on May 22 showed that the inflation rate in Hong Kong rose to 2.1 percent in April. Netting out the government's one-off relief measures, the Census and Statistics Department said the underlying inflation rate last month was 1.8 percent, slightly higher than the March reading of 1.7 percent. In a statement, a government spokesman said the steepest price hike was recorded for alcoholic drinks and tobacco, which increased by more than 18 percent during the same period last year. The prices of energy-related items have continued to surge, while prices for clothing, footwear, meals out, and takeaway food have also gone up substantially. **ATO Notes:** Looking ahead, domestic cost pressures may increase alongside with the economic recovery. External price pressures should moderate slightly, but they are likely to remain notable in the near-to-medium term.

Hong Kong's Ageing Population to Leave a Shortage of 60,000 Elderly Residences by 2032 [[SCMP](#), May 17]

Hong Kong will face a shortage of over 60,000 residences for the elderly by 2032 as the city's population rapidly ages, it is estimated that Hong Kong will become the world's oldest society by 2050. It is vital that the city creates enough accommodations for the elderly to resolve the "huge social problem." An increasing number of affluent elderly residents reflected they will want to live independently and have active lifestyles in their twilight years. **ATO Notes:** By 2038, it is projected that the percentage of elderly population will rise from 18 percent to 32 percent. The market trend will change with almost one third of its population over 60 years in age. Besides the residential needs, the demand composition for food and food products is also expected to adapt to changing demographics. Consumer preferences for healthier food alternatives, plant-based diets, and functional foods are already on the rise and expected to continue expanding.

Study Shows Confidence In Early Resumption Of Macau's Economic Stability [[Macau Daily Times](#), May 16]

The city's Prosperity Index may stabilize in April – earlier than expected – the Macau Economic Association (MEA) said in a recent statement. The advantageous factors supporting the association's estimation include the escalations in data related to tourism activities, such as average hotel occupancy rate in March having reached 77 percent, the average daily gross gambling revenue (GGR) rose in March to \$53 million and again in April to \$63 million. Despite the "prosperity," the association warned about uneven recovery across the market. It said that except for those enterprises in tourist areas, small and micro enterprises in traditional residential districts had not yet benefited from this round of recovery. These enterprises have not only not seen recovering businesses, but falling consumption, especially during weekends and holidays. A key reason is that many people have decided to travel out of

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Macau on holidays. **ATO Notes:** Macau does not have a diverse economy and consumption is mostly driven by tourism and gaming sectors. Tourists mostly visit larger enterprises as they are agglomerated in tourist attraction locations. The government continues to encourage the diversification of the city's economy.

Macau's Visitor Arrivals Surge to 2.27 Million In April [[Macau Daily Times](#), May 18]

Visitor arrivals totaled 2.27 million last month, representing an upsurge of 274.7 percent year-on-year and a rise of 16.2 percent month-on-month, according to data from the Statistics and Census Service (DSEC). The surge comes amid the current increasing trend in visitors as overnight visitors (1.18 million) soared 550.2 percent and same-day visitors (1.10 million) grew 157.7 percent year-on-year. The number of visitors from mainland China jumped 159.3 percent year-on-year to 1.39 million with those travelling under the Individual Visit Scheme (817,730) surging 589.5 percent. Visitors from Hong Kong rocketed over 1,000 percent (745,282) and from Taiwan 419 percent (33,295) year-on-year respectively. In the first four months of 2023, the number of visitor arrivals expanded 190.8 percent year-on-year to 7.22 million. The local government has been ramping up on promoting the city after a long tourism drought in the city amid the pandemic restrictions. **ATO Notes:** The Individual Visit Scheme begun in late July 2003 allowing travelers from mainland China to visit Hong Kong and Macau on an individual basis. Prior to the scheme, mainland residents could only visit the city on business visas or on group tours. Different from group tours, tourists travelling individually will spend more on shopping, foodstuff, and leisure entertainment like fine dining.

HOTELS, RESTAURANTS, AND INSTITUTIONS



Hong Kong Disneyland on Track to Return to Profitability [[RTHK](#), May 22]

Culture and tourism minister of Hong Kong Kevin Yeung said he is hopeful that Hong Kong Disneyland will be able to balance the books again soon, after eight consecutive years of losses. The park, which is majority owned by the government, lost \$269 million last year amid the pandemic, despite reporting a record number of local visitors. The park's expansion work, including a new area themed around the "Frozen" film series to be opened in November, offered cause for optimism. **ATO Notes:** The increasing inbound tourism has contributed to Hong Kong's economic recovery. Although it has been only a few months since the re-opening of borders, observers are optimistic about growth in different sectors.

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Casino Floors See \$1 Billion In Revenues In May's First Half [[Macau Daily Times](#), May 16]

Casino floors have seen \$1 billion of gross gaming revenue (GGR) in the first 14 days of the month, an average daily run rate of \$71 million, according to investment bank JP Morgan. The ongoing robust recovery, according to the firm, shows elevated baseline demand levels, similar to what was seen during the Lunar New Year in late January this year. **ATO Notes:** Macau's economy is driven by the revenue from its gaming sector. However, as Macau is now focusing on developing its non-gaming activities to attract more mass-market tourists, campaigns like "See You in Macao" is expected to expand the growth in other areas, like hotel, restaurants, and shopping.

Restaurants, Retail Businesses Continue to Rise In Macau [[Macau Daily Times](#), May 22]

Restaurants and retail businesses in Macau continued to rise in March compared to the same period last year. The latest report from the Statistics and Census Service indicated that the revenue of the interviewed restaurants and similar establishments rose by 54.7 percent year-on-year in March. Sales of the interviewed retailers grew by 54.3 percent. In comparison with February, the revenue of the interviewed restaurants went up by 1.8 percent whereas sales of the interviewed retailers dropped by 4.1 percent. Meanwhile, about 30 percent of the interviewed retailers forecast for a continual sales growth in April. **ATO Notes:** Through the improvement of restaurants and retail sectors, the government of Macau continues to provide incentives to grow other sectors beyond the gaming business.

Macau Gaming Revenue Expected to Exceed Official Targets in 2023 [[The Macao News](#), May 16]

This year, Macau's gross gaming revenue (GGR) will exceed the government target of \$16.3 billion, says the Macau Economic Association. In its latest report, the association says that "based on the current economic situation", GGR "should perform better," noting that 38 percent of the official target, or \$6.2 billion, had already been made in the first four months of the year. The prediction comes in the wake of robust estimates of GGR for the first half of this month. Analysts at Deutsche Bank say Macau could generate more than \$21 billion in GGR this year, while JP Morgan estimates that casino earnings will reach or even exceed pre-pandemic levels in 2024 or 2025. Experts have warned that an ongoing labor shortage could hinder Macau's recovery.

Macau Hotel Group Galaxy Revenue Soars [[The Standard](#), May 23]

Macau Hotel Group Galaxy Entertainment's revenue grew by a remarkable 72 percent to \$904 billion for the first quarter of 2023 compared to a year ago, primarily due to robust demand over the Chinese New Year Golden Week. The Macau gaming operator also achieved a notable turnaround, reporting a profit for the first quarter. This is in stark contrast to the loss recorded in the same period last year. The company said it observed strong demand and positive growth in visitor arrivals, hotel occupancy, gaming revenue and retail sales following China's reopening in January. **ATO Notes:** As visitors are gradually returning to Macau, it is expected that Macau's gaming revenue will continue to grow in the second half of the year.

The Macau Institute for Tourism Studies Runs Macanese Food Buffet Every Saturday [[Macau Daily News](#), May 23]

The Macao Institute for Tourism Studies (IFTM) has announced that it will start operating a Macanese food lunch and dinner buffet at its Educational Restaurant (a Michelin Green Star restaurant) every Saturday. At the same time, gastronomic merchandise, such as Macanese shrimp paste and fig preserve, will also be available for sale. The buffet will feature some of the most iconic Macanese dishes, such as

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steamed stuffed bitter melon, Macanese sauteed mixed vegetables and pickled starfruit. According to the IFTM, this initiative aims to prevent Macanese culture, and its intangible cultural heritage, from going extinct. **ATO Notes:** The IFTM is a public institution of higher education located in Macau. Its Educational Restaurant not only offers a practical learning environment for students, but also quality food. Besides offering a Macanese menu, they also have a Western menu that featuring Angus beef from United States and lobsters from various locations.

RETAIL



Opening ceremony of Aberdeen Market, Southern Hong Kong [[Press Release HKSAR](#), May 19]

The opening ceremony of the overhauled Aberdeen Market under the Food and Environmental Hygiene Department (FEHD) marks the official launch of the market as well as a milestone in the Market Modernization Program (MMP). The overhaul of the Aberdeen Market is a pioneering project of the MMP, which aims to enhance the business environment for tenants and the competitiveness of markets through improvement works while providing patrons with a more pleasant shopping experience. About 80 stalls, are distributed over three floors and will mainly sell vegetables, fruits, poultry, fresh meat, frozen meat, and other dry and wet goods. **ATO Notes:** Wet markets remain essential spaces in Hong Kong's local communities. They are vital sources of fresh food for consumers offering a wide variety of live seafood, fresh meat, vegetables, and fruits and much more.

Macau Retail Sales Are Recovering [[The Macao News](#), May 25]

Macau retail sales in the first three months of 2023 jumped by almost 30 percent year-on-year to reach \$3 billion, according to the latest figures from the Macau Statistics and Census Service. The bureau attributed the spike to the relaxation of border control measures in the wake of the COVID-19 pandemic. Chinese foodstuffs were the biggest sellers, jumping by more than 230 percent year-on-year, with sales of watches and jewelry growing by almost 53 percent. Leather goods and cosmetics also posted big gains. In a survey, more than 48 percent of the retailers said they expected the sales volume to stay stable in the second quarter of 2023, while almost 34 percent anticipated an increase. Meanwhile, more than 75 percent of retailers predicted that prices would remain steady in the second quarter. **ATO Notes:** While the return of visitors to Macau is mainly boosting the city's food service sector, Macau's food retail sector is gradually enjoying the benefits as tourists also like to buy quality foods available in Macau.

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TRADE



ATO Hong Kong Bids Farewell to Senior Agricultural Marketing Specialist Chris Li



Chris will be retiring in July 2023 after nearly 22 years of dedicated service. Since joining FAS in 2001, he diligently executed trade shows and in-store retail promotions, he compiled insightful market reports, hosted countless trade missions, and gave the best market tours! Over the past year, he provided invaluable support to the annual Delicious USA campaign and help onboard new staff joining the ATO team. Above all, his professionalism and “can do” attitude helped the office accomplish multiple activities as the city faced its deadliest wave of the pandemic. We are grateful for his service and wish him the best in his well-deserved retirement. To ensure we

continue to serve your trade needs, please direct any future trade inquiries to ATOhongkong@usda.gov.

ATO Hong Kong Welcomes Agricultural Marketing Specialist Phoebe Guo

ATO is delighted to welcome our new Agricultural Marketing Specialist, Phoebe Guo. Phoebe is an experienced marketing & communications professional with solid event-management skills. She has a master’s degree in arts (specialized in Integrated Marketing Communication). Prior to FAS, Phoebe worked for the French Trade Commission for almost 10 years, with a significant role at F&B and Communications departments. She also developed extensive networks with local media and stakeholders in various industries, arts, culture, lifestyle, technology etc. Phoebe will lead ATO’s outreach and promotional efforts targeting the food services sector, our Delicious USA campaign, and social media engagement. Outside of the office, she enjoys yoga and spending time with family and friends.



The American Harwood Export Council, ATO, and the American Institute of Architects Promote U.S. Harwood at Build4Asia

ATO joined the American Harwood Export Council (AHEC) and the American Institute of Architects (AIA) at the opening of their forum “Decarbonizing Design for Our Future” at the Build4Asia Trade Show. Build4Asia is Hong Kong’s top show which covers every facet of the construction industry from building materials, automation, and smart city technologies. Participants at the well-

attended forum had the opportunity to hear from American and regional architects and designers about how U.S. forestry products can be a part of the solution of decarbonizing designs and creating

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sustainable and livable spaces. In the first quarter of 2023, U.S. exports of forestry products to Hong Kong increased 50 percent compared to the same period last year to \$6.6 million.

Hong Kong Suspends Imports of Poultry Eggs from Areas in India [[Center for Food Safety](#), May 11]

The Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department (FHED) announced on May 11 that in view of a notification from the World Organization for Animal Health (WOAH) about outbreaks of highly pathogenic H5N1 avian influenza in Purnia District and Bhagalpur District of Bihar State in India, the CFS suspended the importation of poultry eggs from the affected areas in India. **ATO Notes:** According to Hong Kong statistics, the city does not import eggs from India. Last year, the volume of Hong Kong's global egg imports contracted 4 percent but increased 10 percent in value due to high egg prices. In the first quarter of 2023, the city's global egg imports increased 4 percent in value and 13 percent in volume, with mainland China and Japan as main suppliers.

Imported Malaysian Ice-cream Samples Detected with Coliform Bacteria Exceeding Limit [[Press Release HKSAR](#), May 23]

Hong Kong authorities announced on May 23 that samples of a kind of ice-cream imported from Malaysia were found to contain coliform bacteria exceeding the legal limit. The affected products have been marked and sealed and have not entered the market. The CFS collected samples of the ice-cream at the import level for testing under its routine Food Surveillance Program. The test results showed that two samples contained 250 coliform bacteria per gram, exceeding the legal limit. Under the Frozen Confections Regulation (Cap. 132AC), frozen confection for sale should not contain more than 100 coliform bacteria per gram. **ATO Notes:** Malaysia is not a major exporter of ice cream to Hong Kong. Given the high cost of cold-chain transit, dairy imports into Hong Kong are mostly cheese products, dry or fluid milk and cream. In 2022, the city's total ice cream imports from the world were valued at \$46 million.

Two Mainlanders Arrested for Smuggling \$0.2 Million of Frozen Wagyu [[The Standard](#), May 19]

Two mainland men were arrested during an anti-smuggling operation, in which officers seized about 560 kg of frozen Wagyu beef worth \$0.2 million on a speedboat near Lung Kwu Sheung Tan beach. Officers intercepted the speedboat in the waters west of the border, on which officers seized 21 boxes of Wagyu beef. Police warned the public that smuggling is a serious offense and the maximum penalty upon conviction carries a \$0.1 million fine and seven years imprisonment. **ATO Notes:** The product's country of origin was not specified. In the first fourth months of 2023, the city's global beef imports slowed 21 percent compared to the same period last year to \$434 million.

Hong Kong Customs Detects Smuggling Cases Involving Dried Shark Fins [[Press Release HKSAR](#), May 19]

Hong Kong Customs mounted a special enforcement operation and detected a smuggling case involving a river trade vessel and two smuggling cases involving ocean vessels. Customs discovered that criminals intended to use a river trade vessel to smuggle goods to Macau in mid-April. Four containers were originally scheduled to be shipped from Hong Kong to Macau but were requested en route to be returned to Hong Kong. Customs officers inspected the four containers upon their arrival in Hong Kong and found about five tons of suspected scheduled dried shark fins and a batch of suspected controlled

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medicines in two of the containers. The estimated market value was about \$21 million worth for shark fins. Under the Import and Export Ordinance, any person found guilty of importing or exporting unmanifested cargo is liable to a maximum fine of \$0.3 million and imprisonment for seven years.

Hong Kong Airport Authority Plans to Use Logistics Park to Cement Position as Cargo Hub [SCMP, May 18]

Hong Kong International Airport aims to have its logistics park in mainland China handling 1 million tons of cargo per year by 2025 in a bid to cement its position as a hub and better connect the city with the Greater Bay Area. The cargo throughput at the logistics park in Dongguan is expected to double to 2 million tons. It is the authority's first offshore security check-up facility for air cargo. The 2 million ton figure represents about half of the airport's total of 4.2 million tons throughput last year when it was ranked the world's busiest cargo airport. The authority was in discussions with Hong Kong customs for arrangements to facilitate quicker clearance of goods. Under the authority's sea-air transshipment initiative, mainland goods are checked by Hong Kong aviation security staff and undergo palletization at the logistics park. From there, they are sent to a port nearby and transhipped to the airside intermodal cargo pier at Hong Kong airport and placed on flights to overseas destinations. **ATO Notes:** This plan will set a new way to transport goods and get them straight into the airport. With the third airport runway opening in Hong Kong, this also signifies increasing trade and cargo exchange happening in Hong Kong including goods imported from the United States.

Soybeans in Space? - Hong Kong Sends Soil Bacteria on China's Tianzhou 6 Cargo Craft to Create Tougher Strain in Crop Research [SCMP, May 15]

Hong Kong researchers have sent specimens of a soil bacteria to space on mainland China's Tianzhou 6 cargo craft, aiming to develop new strains through gene mutation that can improve the cultivation of soybeans. The project led by a research team from Chinese University (CUHK) on space mutagenesis of the bacteria rhizobia marked the city's first agricultural research project to be launched into orbit. It was hoped that by optimizing the use of rhizobia, the study could eventually reduce the use of chemical nitrogen fertilizers, improve soil conditions, and contribute to a sustainable environment. China faces challenges in soybean production, importing 80 percent of its needs. Soybeans accounted for about 70 percent of the world's plant protein and nearly 30 percent of vegetable oil. **ATO Notes:** Hong Kong has minimal manufacturing needs for soybeans but imported \$88 million of soyabean oil in 2022. Its top suppliers include China, Thailand, Taiwan, and the United States. U.S. exports of soybean oil to the city were valued at \$4 million.

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

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Attachments:

No Attachments.