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Report Highlights:

Bite size local news, Post reports and activity summaries wrapped by ATO Hong Kong. In this issue: ATO Joins California Wine Institute to Kick Off California Wine Month; Financial Secretary Uncertain Hong Kong Can Achieve Growth Relying Only on Local Consumption and Tourism; Hong Kong Exports Fall; Hong Kong Economy expected to Fully Revive in Q4; Macau Pleased with Holiday Tourist Hikes; Macau International Travel Expo Invites 23 UNESCO Creative Cities; MGM Co-hosts Youth Culinary Program; 7-Eleven Infuses AI in Latest Campaign; Commissioner of Customs Sings Customs Agreements to Crack Down Customs Crimes; Hong Kong and Macau Governments Consider Import Control Measures on Japanese Seafood Products in Response to Japan's Water Disposal Plans.

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ATO JOINS CALIFORNIA WINE INSTITUTE TO KICK OFF CALIFORNIA WINE MONTH

The California Wine Institute (CWI) launched the fifth edition of its annual *California Wine Month* at a press event on June 29. Christopher Beros - CWI Director for Greater China & Southeast Asia and ATO Hong Kong Director, Jennifer Clever, welcomed around 80 wine professionals and media attendees to sample over 60 California wines featuring different varietals from across the state. This summer, the *California Wine Month* campaign will include a series of seminars, workshops, in-store promotions, and the return of “Music in the Vineyards” events. In 2022, the United States was the fifth largest supplier to Hong Kong’s \$1 billion wine market, and the city was the fifth largest export destination for U.S. wine. In the first four months of 2023, the city’s imports of U.S. wine recovered 2.7 percent compared to the same period last year.

ECONOMY



Paul Chan Uncertain if Hong Kong Could Achieve 5.5 Percent Growth Relying Only on Local Consumption and Tourism [[The Standard](#), Jun 25]

Financial Secretary Paul Chan said that there was still uncertainty about reaching the government's predicted economic growth of up to 5.5 percent this year. Speaking on a radio program, Chan stated that after the opening of borders, the number of tourists has returned to half of the pre-pandemic level, with retail volume nearly recovering to 90 percent. He said whether the city could achieve the upper end of the expected growth of 5.5 percent would depend on the external environment, as Hong Kong's export

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performance is currently facing significant challenges. Chan added that despite handing out consumption vouchers, there is still a limit to what it could accomplish when trying to safeguard local medium- and small-sized companies via local consumption. **ATO Notes:** According to Hong Kong Census statistics, in the first four months of 2023, the number of visitors to the city grew 45 percent to 7.3 million compared to the same period in 2022. While the return of travelers improved receipts for some service sectors, improvements on import and export trade continues to lag. Reportedly, logistics remain a challenge as transit routes to Hong Kong have not fully normalized from the pandemic. U.S. exporters traveling to Hong Kong should consult the latest U.S. Department of State's [Travel Advisory](#) updated on June 30.

Hong Kong Exports Fall as Global Demand Slump Weighs on Economy [[The Standard, Jun 27](#)]

Hong Kong's exports fell in May for a 13th consecutive month as weak demand for goods from China and the world continue to pose challenges for the financial hub's economic outlook. Overseas shipments dropped 15.6 percent from a year earlier, according to the Census and Statistics Department. Imports fell 16.7 percent from a year ago, exceeding the median estimate of a 10.2 percent decline in a Bloomberg survey. The trade deficit stood at \$3.4 billion. Exports were weak across the board. Shipments to China fell 17.5 percent in May from last year, worse than April's 12.9 percent decline. In recent weeks, the world's second-largest economy has faced concerns about its slowing recovery. Exports to India fell 30.7 percent, while those to the United States, Japan, and Korea also recorded double-digit drops. "The rate hikes from Hong Kong's major trade partners have hampered demand," contributing to the decline in exports, said Samuel Tse, economist at DBS Bank Ltd. Another factor is that cargo and capacity flight in Hong Kong are also still lower than pre-pandemic levels, he added. Trade performance in the latter half of the year will depend on "whether the Chinese economy rebounds on stimulus and other trading partners' factory activities resume," Tse said. The city's exports have struggled over the past year because of waning demand from China and the rest of the world, becoming a key challenge to the financial hub as it recovers post-pandemic. Hong Kong emerged from recession in the first quarter as its borders reopened and spending recovered, offering some optimism for the economic outlook in 2023. A tourism comeback, particularly from mainland visitors, is helping growth. Bloomberg Economics forecasts a 5.2 percent expansion in gross domestic product this year. **ATO Notes:** Trade is a major industry driver for Hong Kong (contributing 23.7 percent in GDP in 2021). Despite improvements derived from the return of tourism, improvements in other critical sectors, such as trade, will determine whether the city's economic performance will reach some of the more optimistic forecasts.

Economy Expected to Fully Revive in Q4 [[The Standard, Jun 28](#)]

Hong Kong will have to wait until the fourth quarter or next year before the economy fully revives, Secretary for Commerce and Economic Development Algernon Yau Ying-wah predicted. When speaking to RTHK, Yau noted that the city's export has dropped due to global economic situations, supply chain issues, and geopolitical disputes. "As stated by the financial secretary, the revival of Hong Kong's economy will have to depend on the domestic market and tourism services. I believe the revival will take a long time, and we should be seeing some progress starting from the fourth quarter or next year," Yau said. "We are also working hard to develop new economies, including [markets in] the Middle East, Central Asia, and the Association of Southeast Asian Nations. Many foreign enterprises are interested in developing their businesses in Hong Kong, which also provides opportunities in the Greater Bay Area" Yau added. **ATO Notes:** Currently, the economy is still depending heavily on domestic

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demand and tourism as drivers for economic improvement. However, economic observers opine that the city will require more foreign investments and a recovery of the trade deficit in order for the city's economy to return to previous prosperous levels.

Macau Pleased with Holiday Tourists Hikes [[Macau Daily Times, Jun 27](#)]

The head of the local tourism board has expressed satisfaction with the nearly 300,000 tourists visiting Macau during the Tuen Ng Festival holiday. Over 200,000 tourists visited Macau in two of the past three days, which were public holidays in mainland China, said the Macau Government Tourism Office (MGTO) Director, Maria Helena de Senna Fernandes. She hoped to take the opportunities presented by different festivals or holidays to attract more tourists. The official pledged the mainland market would not be the MGTO's sole target. Besides tourists from Hong Kong, the MGTO will also work harder to attract tourists from other markets. Plans exist to promote Macau in Korea, Singapore and Malaysia in July, Senna Fernandes revealed. Transport subsidies for tourists will be adjusted to focus more on those from foreign source markets, the director added. **ATO Notes:** The increasing number of tourists entering Macau is a positive sign for its overall economy. As mentioned in previous editions, Macau's government intends to diversify its businesses and industries by adding more tourist attractions, exhibition facilities, cultural events to expand the type of tourists coming to Macau.

Macau Remains One of the Most Attractive Holiday Destinations [[Macau Daily Times, Jun 28](#)]

Research from travel agency giant Ctrip shows that, during the Dragon Boat Festival, Macau is among the most popular destinations for Chinese outbound travel. Over the past long weekend, the city has seen some 367,000 visitors, the majority of whom are from the mainland. According to the release, "the primary groups engaged in outbound travel from mainland China were individuals born in the post-80s (37 percent) and post-90s (36 percent), generations who prefer leisurely holidays." Aside from Macau, Hong Kong, Bangkok, Tokyo and Singapore were also the most popular destinations, with post-80s and post-90s spending an average of \$415 per hotel booking. Hong Kong was the most popular option from mainland travelers, with hotel orders from the Chinese mainland to Hong Kong increasing more than 18 times year-on-year. Many travelers chose to take the high-speed rail to Hong Kong, with orders for high-speed rail on Ctrip's platform rising by more than 60 percent compared to last month. Most millennials opted for destinations based on proximity, visa and flight convenience. Meanwhile, as one of the last short holidays of this year ends, data shows a growing trend for summer vacations, with search data rising 50 percent from the previous year. "Families are eager to explore and make memories together this summer. In fact, as of June 14th, Ctrip has seen a surge in orders for parent-child tours, making up over 30 percent of all summer bookings and more than seven times compared to last year." **ATO Notes:** Studies showed that generation from 80s and 90s in China are dominating the engagement in overall outbound travel to Macau. Hong Kong and Macau are still attractive destination choices due to their proximity to China. More travelers are expected to come during the summer holidays.

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Asians and Americans Top List of Foreign Visitors to Macau [[Macau Daily Times](#), Jun 30]

Often statistically labeled as “others” during the major holidays and celebratory seasons in Macau, foreign visitors occupied just a small percentage (3.8 percent) of all the visitors to Macau in the first five months of 2023. According to the official statistics released by the Statistics and Census Service (DSEC), the top 10 countries contributing most to the number of entries of foreign visitors in Macau are countries in Asia. At the top, the Philippines contributed 89,047 entries from January to May this year. This figure is more than double the second highest contributor, which is Indonesia (43,241). The top 3 closes with South Korea, with 31,877 visitors. Occupying the fourth position supplying more international visitors to Macau is the United States with around 21,780 visitors. **ATO Notes:** It is worth noting that most Philippines and Indonesian travelers are household workers traveling from Hong Kong or mainland China. They tend to travel to Macau for leisure but also as a method for renewing their visa without the need to return to their home country.

HOTELS, RESTAURANTS, AND INSTITUTIONS



Macau International Travel Expo Focus Invites Chefs from 23 UNESCO Creative Cities [[Macau Daily Times](#), Jun 27]

Beginning Friday, the 11th Macau International Travel (Industry) Expo (MITE) will have a special focus on gastronomy with the presence of chefs from 23 UNESCO Creative Cities of Gastronomy who will demonstrate their culinary skills. Concurrently, there will be a Gastronomy Pavilion and the newly launched “The Cellar,” reinforcing the focus on food and beverages as part of Macau’s means of attracting travelers. The chefs’ event, “The City of Gastronomy Showcase,” is the Macau Government Tourism Office’s (MGTO) first excursion into a large-scale international gastronomic exchange after the pandemic and will include 24 sessions of culinary showcases at the MITE over three days (until July 2). Additionally, the chefs from the 23 Creative Cities of Gastronomy will partner with chefs, from local integrated resorts and hotels in an exchange of culinary arts. In the Gastronomy Pavilion, 18 local catering businesses will serve signature delicacies, some of which were winners of the iFood Award 2022. At this year’s debut – The Cellar – 16 wine sellers from the mainland, Hong Kong and Macau will feature wine and liquor from Portugal, France, Italy and other countries. Bartenders from the six integrated resorts will perform mixology displays with cocktails of their creation including one special cocktail dedicated to this year’s MITE edition. Side activities such as the “Introduction to Wine and Winemaking” certificate course, “Wine Tasting” sessions, a “Meet the Macau Beer Master” workshop, and the “Macau Beer Drinking Contest” will also take place. **ATO Notes:** With the theme “The City of Gastronomy Showcase”, the city aims to collaborate with chefs from the 23 Creative Cities of Gastronomy to promote its catering business through the demonstration of signature delicacies and wine from different countries including the United States. San Antonio and Tucson in the United States are also cities under UNESCO’s City of Gastronomy.

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MGM Co-hosts on Youth Culinary Program [[Macau Daily Times, Jun 27](#)]

MGM joined hands with Education and Youth Development Bureau (DSEDJ) and Macau Cuisine Association to launch the new “MGM Youth Development Series: Youth Culinary Experiential Program and Culinary Arts Community Outreach eLearning Program.” Under the theme of culinary art and Macau’s legacy of “Creative City of Gastronomy,” the program offers both online and offline experiential learning opportunities for local youth, benefitting an estimated of over 1,000 local secondary school students annually. In addition, MGM also hosted the “MGM Parent & Children Culinary Experience”, where parents and children teamed up to learn the art of Macanese cooking. Wong Ka Ki, deputy director of DSEDJ, said, “The MGM Youth Development Series provides a precious opportunity for culinary exchange and learning, which is conducive to the cultivation of applied technical talents. The bureau will continue to cope with the needs of social development for the nurturing of applied technology talents.” **ATO Notes:** Riding on the above event, MGM also extended its effort to promote youth culinary education. Development on food and beverage sector is apparently another focus for Macau as gourmet dining has become an essential tourist attraction for the city. The increasing demand for luxury meals presents good prospects for exports of U.S. food ingredients.

Green Hotel Award Presented to 27 Hotels [[Macau Daily Times, Jun 28](#)]

The 2022 Macau Green Hotel Award Presentation Ceremony presented awards to 27 hotels, with nine hotels winning the gold award. Tam Wai Man, director of the Environmental Protection Bureau, said in that many hotels have installed electric vehicle charging facilities, some of which are open to the public. Among the 54 award-winning hotels, 40 percent use electric vehicles and 20 percent use natural gas vehicles. Some hotels have installed solar water heating systems, and the total amount of waste resources recovered was 64,000 metric tons. **ATO Notes:** Sustainability is a mainstream topic and Macau has bundled this concept with its hotels with the Green Hotel Award. There were 54 awards presented and 50 percent of the awards went to Macau hotels. The nine hotels to receive a Gold Award were Sands China’s Conrad, The Londoner, Sheraton, St. Regis, MGM, Melco’s Studio City, Ritz-Carlton, Banyan Tree and JW Marriott at Galaxy Macau.

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RETAIL



7-Eleven Infuses AI technology “Explore the Foodie-verse” in Latest Campaign [[The Standard, Jun 30](#)]

Artificial intelligence (AI) and metaverse have swept the world by storm; one of the latest brands to tap into the power of technologies is 7-Eleven. With its extensive store network across Hong Kong, 7-Eleven has long been a household name in the city. 7-Eleven’s very own brand 7-SELECT takes this philosophy a significant step further by offering a line-up of over 400 high-quality yet affordable ready-to-eat items – delicious dim sum, meal boxes, handrolls, sandwiches, salad, fruit boxes and many more – regularly rolling out new flavors and varieties to entice customers and their taste buds. By combining AI technology and computer-generated graphics, this mesmerizing three-dimensional world is home to a bonanza of flavors and irresistible ready-to-eat items. Among more than 400 product line-ups, some directly imported from Japan, the campaign has given new life into 7-SELECT’s top five categories of ready-to-eat offerings. These include the ever-popular Japanese Style Sandwich, Chicken Leg, Onigiri, Juice & Fruit Tea, and Milk Tea ranges. **ATO Notes:** There are around 1,300 convenient stores in Hong Kong operated by two major retail brands, 7-Eleven and Circle K. Convenient stores in Hong Kong have been dominating the streets with offerings of packaged foods, convenient hot shops for fast food and services like battery, metro card recharging, and bill payments. The fast-food point is popular as it is cheap, clean, and convenient for busy Hongkongers. The selection of food is very limited to popular street food like meat dumplings, sausages, and noodles.

New Japanese Sushi Brand Lands in Hong Kong [[The Standard, Jun 29](#)]

A popular Japanese conveyor belt sushi restaurant chain - HAMA-SUSHI, has landed in Hong Kong. Japanese restaurant group Zensho Holdings Co Ltd opened its first HAMA-SUSHI conveyor belt restaurant in Hong Kong on Thursday, which offers a wide range of sushi and side dishes at affordable prices. Government department Invest Hong Kong said in a statement today that it is happy to see that a new sushi brand is joining the city’s thriving food and beverage sector, providing more choices of sushi restaurants to consumers in Hong Kong. The restaurant group opened its first Japanese beef rice shop, SUKIYA, in Hong Kong in 2019 and has since expanded to eight outlets. Senior Director of Zensho Hong Kong Co Ltd, Toyoki Hayashi, said the new restaurant HAMA-SUSHI offers more than 70 different kinds of sushi and side dishes at affordable prices. “Hong Kong is an international market, and people here love Japanese sushi. It is a great market for our overseas expansion.” He added. **ATO Notes:** Hong Kong boasts a variety of international cuisines, including Japanese food given Hong Kong consumers interest in travelling overseas. During the pandemic, Sushiro launched its first outlet in Hong Kong with great success. As the Hong Kong government decides how to inspect seafood imported from Japan following news of Japan’s water disposal plans following the Fukushima incident, businesses such as these are likely to look for other seafood supplying countries.

TRADE



Commissioner of Customs and Excise Signs Customs Co-operative Arrangements with Overseas Customs Administrations to Crack Down Customs Crimes and Facilitate Trade [[HKSAR Website](#), Jun 26]

On June 22 and 23, Ms. Ho took the opportunity to meet with the Chairman of the General Authority of Customs of Qatar, Mr. Ahmed bin Abdullah Al Jamal, and the Director-General of the Directorate-General for Taxation and Customs Union of the European Commission, Mr. Gerassimos Thomas, respectively, to discuss closer collaboration and explore more co-operation opportunities. In addition, Ms. Ho had in-depth exchanges with the Minister of the General Administration of Customs of the People's Republic of China, Mr. Yu Jianhua, and the Director-General of Macau Customs Service, Mr. Vong Man-chong, on co-operation between the Mainland Customs, Hong Kong Customs and Macau Customs. In addition, Ms. Ho signed Customs Co-operative Arrangements with the Deputy National Superintendent of Customs of the National Superintendency of Customs and Tax Administration of the Republic of Peru, Ms. Martha Elba Garamendi Espinoza, and the Commissioner General of the Maldives Customs Service of the Republic of Maldives, Mr. Abdulla Shareef, on June 23 and 24 respectively, with the aim to strengthen intelligence exchanges and information sharing, crack down cross-boundary customs crimes, and facilitate trade. Currently, Hong Kong Customs has established 31 similar co-operative instruments with the General Administration of Customs of the People's Republic of China and 30 overseas Customs administrations. **ATO Notes:** The Hong Kong government is expanding efforts against smuggling activities especially after the reopening of the borders. Hong Kong imported \$250 million of agricultural and related goods from Peru in 2022, and the top importing category was fresh fruit. Last year, Hong Kong imported \$6 million worth of agricultural and related goods from Maldives, primarily seafood products.

Customs Seized the Largest-ever Haul of Smuggled Goods with Market Value of \$192 Million [[The Standard](#), Jun 27]

The largest-ever haul of smuggled goods with a market value of \$192 million in electronic devices, expensive food items, table wines, music records and endangered species, has been seized by Customs officers at the Kwai Tsing Container Terminals. Seized goods included about a billion new computer circuits, dried seafood, 20,000 bottles of red wine and shark fins. There have been 30 percent more cases in the first half of this year compared to the whole of last year. Endangered Species Protection Officer of the Agriculture, Fisheries and Conservation Department Ken Chan Hon-ki, said the dried seafood includes critically endangered species such as guitarfish.

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Hong Kong Customs Detects Suspected Frozen Wagyu Beef Smuggling Case Involving Speedboat [\[HKSAR Website, Jun 30\]](#)

Hong Kong Customs mounted an anti-smuggling operation in the western waters of Hong Kong and detected a suspected smuggling case involving a speedboat. A batch of suspected smuggled frozen Wagyu beef with an estimated market value of about \$179,000 was seized. Customs stressed that it will keep up its enforcement action and will continue to vigorously combat sea smuggling activities through proactive risk management and intelligence-based enforcement strategies, along with mounting anti-smuggling operations.

Import of Poultry Meat and Products from Victor Khanye Local Municipality of Mpumalanga Province in South Africa Suspended [\[HKSAR Website, Jun 27\]](#)

The Centre for Food Safety (CFS) announced on June 27 that it will immediately suspend the importation of poultry and meat and products from the affected areas in South Africa following an outbreak notification of highly pathogenic H7 avian influenza from the World Organization for Animal Health (WOAH). According to the Census and Statistics Department, no poultry meat was imported into Hong Kong from South Africa in the first three months of this year. **ATO Notes:** In 2022, Hong Kong's global imports of poultry decreased 7.5 percent to \$934 million. There have been no imports of poultry or egg products from South Africa since 2021. In the first five months of 2023, Hong Kong's total imports of poultry products increased 2.2 percent to \$496 million compared to the same period last year.

Import of Poultry Meat and Products from Municipality of Gotland of Gotland County in Sweden Suspended [\[CFS Website, Jun 29\]](#)

CFS announced immediate suspension of imports of poultry and meat and products from the affected areas in Sweden following an outbreak notification of highly pathogenic H5N1 avian influenza from the Swedish Board of Agriculture. According to the Census and Statistics Department, Hong Kong imported about 40 kilograms of frozen poultry meat from Sweden in the first three months of this year. **ATO Notes:** There are no imports of egg products from Sweden to Hong Kong. In the first five months of 2023, Hong Kong imports of Swedish poultry increased 23 percent to \$268,000 compared to the same period last year.

Daily Radiological Test Updates on Imported Japanese Food Once Discharge Plan Starts [\[The Standard, Jun 28\]](#)

Results of radiological tests on imported Japanese food products will be released every working day once Japan commences the discharge of Fukushima nuclear plant wastewater into the ocean, the environment chief said on Wednesday. Speaking at the LegCo meeting, Secretary for Environment and Ecology Tse Chin-wan said the Centre for Food Safety (CFS) had expanded the radiological testing on all imported Japanese aquatic products and stepped-up radiological tests on other processed food imported from Japan since mid-June. CFS will step up the dissemination of information by releasing the relevant test results on its website and issuing press releases regularly after Japan starts the discharge plan. Tse stated that once the discharge has commenced, the government will immediately take stringent import control measures, including prohibiting the import of aquatic products from the highest-risk coastal prefectures near Fukushima and imposing strict import control on products from the affected regions unless they provide radiation certificates. The authorities also planned to put all fresh, chilled, frozen, and dried aquatic products, seaweed, and sea salt from the affected prefectures under the scope

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of the tightened import control measures, Tse added. Authorities will further enhance the testing arrangement, including tests on relevant processed food of aquatic products to provide dual protection and ensure food safety. As for Japanese food products which are still allowed to be imported, enhanced testing will be applied even if radiation certificates accompany them. **ATO Notes:** Japan is the second largest seafood supplier to Hong Kong. In 2022, Hong Kong imported \$482 million worth of Japanese seafood products; scallops and sea cucumbers were the top imports.

Macau's Food Safety Authority Does Not Rule Out Inspecting Food Imports from Japan [[Macau Daily Times, Jun 30](#)]

As Japan considers disposing of allegedly nuclear-contaminated water from Fukushima into the nearby ocean, stricter measures will be implemented on fresh and live food from the city, O Lam, vice president of the Municipal Affairs Bureau's Administrative Council, has said. The official did not rule out the possibility of conducting sampled inspections on all food imported from Japan. Earlier, the official disclosed that once the water is disposed of, the bar on imports will be expanded to nine major prefectures. **ATO Notes:** Japan is the second largest seafood supplier to Macau, last year, the city imported \$40 million of seafood products from Japan.

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Attachments:

No Attachments.