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Report Highlights:

Bite size local news, Post reports and activity summaries wrapped by ATO Hong Kong. In this issue: ATO Hong Kong Wraps Up Its 2023 In-Store Retail Promotions; Hong Kong Economic Woes Continue as Exports Fall for 15 Consecutive Months; Hong Kong Losing Fight To Repair Image as Shopping Heaven; Can Hong Kong Revive Fading Nightlife?; Hong Kong Supermarkets, Restaurants Post Signs Stating Seafood Imported from Western Countries as Japan Releases Fukushima Wastewater; Caterers, Suppliers Mull Impact of Ban on Japanese Fresh Food Imports; Hotel Guests Hit Nearly 1.3 Million in July; Food Expo Ends in Sour Taste; Supermarkets ‘Stormed’ Ahead of Typhoon; It’s Time to Send Waste Packing; Hong Kong Bans Aquatic Products from 10 Japanese Prefectures.

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ATO HONG KONG WRAPS UP ITS 2023 IN-STORE RETAIL PROMOTIONS WITH COOKING DEMONSTRATIONS AT AEON AND ORGANIC SEMINARS AT CITY SUPER

During the weekends of August 12 and August 19, ATO Hong Kong conducted cooking demonstrations as part of its in-store retail promotion at AEON stores and two USDA Organic Seminars and cooking demonstrations at City Super. Food and beverage retail sales in Hong Kong held steady during the pandemic compared to restaurant sales. However, during the first six months of 2023, grocery food sales dropped 7.8 percent to \$3 billion compared to the same period last year. Local retailers attribute the slowdown to Hongkongers traveling more and dining out but hope that sales will pick up by the end of 2023. In close partnership with the Organic Trade Association (OTA), ATO Hong Kong ran two well attended Organic seminars at City Super. Participants were keenly interested in learning about the efforts behind the USDA Organic label, asked thoughtful questions, and requested more seminars in the future. While Hong Kong does not maintain specific statistics on imports of organic products, the Hong Kong organic food market is estimated at around \$92.3 million. According to a survey by the Hong Kong Organic Center, 30 percent of Hongkongers buy organic food and beverage products at least once a week.

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ECONOMY



Hong Kong Economic Woes Continue as Exports Fall For 15 Consecutive Months [[SCMP](#), Aug 24]

Hong Kong exports stayed on a downward trend for the 15th consecutive month falling more than 9 percent year-on-year in July as the contraction in trade with mainland China, the United States and Europe continued. The value of goods sold abroad dropped to \$44 billion in July and imports decreased 7.9 percent to \$48 billion, according to the Census and Statistics Department. The last time Hong Kong saw a 15-month contraction in exports was in 2015-16. Weak overseas demand weighed on the city's economic recovery that recently forced the government to narrow its full-year gross domestic product forecast by 1 percentage point to 4-5 percent in 2023 from the previous 3.5-5.5 percent. Exports to the mainland, the city's largest trade partner, dropped 15.2 percent year-on-year in July. Exports to Asian markets, such as the Philippines, Malaysia, South Korea, and Japan, also fell between 13.2 percent and 29.6 percent year-on-year. Supply chain disruptions led companies to front-load orders to prevent delays in critical components and products necessary for their operations, resulting in high inventories. Improvement in Hong Kong and Asian trade is not expected until the fourth quarter this year at the earliest. **ATO Notes:** Import and export performance is still slacking behind due to low demand, logistics limitations, and competition from other ports in mainland China.

Hong Kong Losing Fight to Repair Image as Shopping Heaven [[The Standard](#), Aug 25]

Hong Kong has struggled to regain its appeal as a global retail paradise since the city reopened in 2023, underscoring the damage caused by years of isolation to its \$360 billion economy. Tourists are not coming in the same numbers as they did before the protests in 2019 and the pandemic restrictions in the following years made Hong Kong a no-go zone. Visitor arrivals in June were 42 percent below the same month in 2018. As a result, consumer spending is weak. The value of June retail sales were the lowest for any June since 2011, after stripping out 2019-2022 figures. In 2018, visitor arrivals totaled 65 million, up 11 percent from the previous year, putting Hong Kong among the most popular tourist destinations globally. Natixis senior economist Gary Ng said: "People are looking for experiences beyond shopping only, which is probably the old model that Hong Kong had." Weak visitor spending is likely to weigh on the local economy, which is showing signs of strain after rebounding in the first quarter of 2023. "Unless tourists come back to pre-2019 levels, Hong Kong's growth will slow down in the second half," said Dr. Alicia Garcia-Herrero, chief Asia-Pacific economist at Natixis and a senior research fellow at European think-tank Bruegel. The government launched a series of campaigns this year to attract visitors and repair the city's image, including a "Hello Hong Kong" tourism campaign. Aviation constraints may also be limiting travel. Hong Kong's airport, previously the world's third busiest in terms of international passenger volume, is operating at 60 percent of capacity compared with pre-Covid-19 levels, largely due to a shortage of workers. Hotels are also yet to return to the levels of

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service seen before the pandemic. As tourism numbers remain low, Hongkongers are not picking up the slack. Instead, they are choosing to travel to the mainland where goods and services are cheaper, helped by the slumping renminbi. In June, there were some five million trips by locals to mainland China, about 80 percent of the comparable period in 2018, according to data by the Census and Statistics Department. “It is not worth shopping in Hong Kong,” said Ms. Crystal Chan, a 22-year-old university student who has visited neighboring Shenzhen five times in the past three months. **ATO Notes:** ATO Hong Kong continues to anecdotes from restaurateurs and retailers that Hongkongers are flocking to mainland cities like Shenzhen to shop and dine instead of staying in Hong Kong particularly during the weekends. They comment that even if customers returned, they continue to be limited by staff shortages.

Can Hong Kong Revive Fading Bazaars to Bring Local Flavor to Nightlife? Industry Chiefs Turn to Famous Markets of Bangkok, Taipei for Inspiration [[SCMP](#), Aug 29]

It was just after 10pm on a weekday at Hong Kong’s well-known Temple Street Night Market, and clothes vendor Leung Siu-chun sighed as she counted her takings from selling qipao and tang suits at about \$13 an item. In better times, Temple Street presented a mix of old and new and drew visitors who swarmed its numerous stalls selling clothes, souvenirs, jade, antiques, mobile phones and watches. The subdued state of the street market reflects the situation across the city, alongside the trend of Hongkongers heading to mainland Chinese cities such as Shenzhen to dine and shop on weekends. Raymond Chan Kam-wing, chairman of the Yaumatei Temple Street Association of Hawkers and Shop Operators supported the idea of adding more night bazaars, saying they could revitalize the city’s night scene at a time when tourists were seeking “local experiences” and Hongkongers had changed their lifestyle. **ATO Notes:** Temple market was once a popular tourists night zone with stalls offering a variety of goods from fashion to food. The dispirited situation in temple market has represented the genuine retail performance across the city. Retail associations have therefore suggested the government’s support for innovative ways to boost its “night life” business.

Sino Malls Answer Hong Kong Government’s Call to Boost Local Economy with Bustling Night Offerings [[The Standard](#), Aug 24]

As the HKSAR government is introducing night bazaars to drive the city’s economic recovery, Sino Group’s shopping malls is giving a boost to liven up the mood and atmosphere of night markets by giving out 10,000 free coupons to redeem alcoholic drinks, as a celebration of this year’s Mid-Autumn Festival, which falls on 29 September this year. At the same time, major Sino shopping malls will be holding Mid-Autumn Festival events to encourage spending after 8 pm. **ATO Notes:** In response to the HKG announcement to boost “night life” and businesses in Hong Kong, well known and top retail developers, Sino Group, has introduced campaigns at different locations to offer free drinks and spending coupons. However, skepticism among local retailers and restaurateurs remains as they note Hongkongers’ habits have changed and do not want to stay out late at night. Reduced-operating hours imposed intermittently during the pandemic accustomed shoppers and dinners to go home at around 10pm, it is unclear how long these adopted habits will continue to linger.

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HOTELS, RESTAURANTS, AND INSTITUTIONS



Hong Kong Supermarkets, Restaurants Post Signs Stating Seafood Imported from Western Countries as Japan Starts Releasing Fukushima Wastewater [[SCMP](#), Aug 24]

Supermarkets and Japanese restaurant chains in Hong Kong put out prominent signs on Thursday stating they offered Norwegian salmon or Canadian shellfish as Japan went ahead with a controversial plan to release treated radioactive water into the sea. At one Causeway Bay branch of the Wellcome supermarket chain, a sign displayed at the sushi section identified the different sources of the fresh seafood being sold. The company said its salmon came from Norway, shrimp sashimi from Argentina, and sea urchin, surf clams and green whelk from Canada. The bid to reassure consumers over the origins of the products came as Hong Kong banned aquatic products from 10 Japanese prefectures after the country began discharging treated wastewater from the Fukushima nuclear power plant into the Pacific Ocean. The city government has also stepped-up testing of food imports from the country. At the Genki Sushi restaurant in the Domain shopping Centre in Yau Tong, one of the chain's 74 outlets in Hong Kong, stickers informed patrons that the salmon served came from Norway. Sushi Express, which has 35 outlets citywide, published a statement on its social media page saying its restaurants did not use any products from the 10 prefectures. At Okonomi Japanese Food, which has been serving sushi for more than two decades, the owner said she was hit with a surge of patrons ordering sashimi on Wednesday night. According to the report published by the Agriculture, Fisheries and Conservation Department, as of Thursday noon, all 50 food samples from local fish culture zones and wholesale markets passed radiation tests. The Centre for Food Safety said all six samples of aquatic products, meat and other foods it had tested as of noon were satisfactory. Hong Kong is Japan's second-largest market for fisheries exports. In 2022, the city imported Japanese seafood products worth about \$536 million, accounting for more than 20 percent of the country's total marine product exports, according to government data. **ATO Notes:** Both retail outlets and restaurants in Hong Kong have issued signage highlighting the origins of their food offerings. As previously reported, while traders comment that orders for Japanese seafood products are down, they expect the negative impact to be short-lived particularly as the media attention to this issue fades to the next hot topic.

Caterers, Suppliers Mull Impact of Ban on Japanese Fresh Food Imports [[The Macau Daily Post](#), Aug 24]

Three representatives from two business sectors have shared their views on the local government's ban on the import of certain Japanese food products, with all saying that Macau's food and beverage industry and, in particular, local Japanese restaurants were expected to be affected "quite a bit" by the discharge of radioactive water from the crippled Fukushima nuclear plant into the Pacific Ocean, which started yesterday. In accordance with Chief Executive Order No. 134/2023 which was published in the Official Gazette (BO) on Wednesday, the local government's ban on the import of live and fresh food

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products, food products of animal origin, sea salt and seaweed from 10 areas in Japan – Tokyo, Fukushima, Chiba, Tochigi, Ibaraki, Gunma, Miyagi, Niigata, Nagano and Saitama – took effect on August 23. The food products include vegetables, fruit, milk and dairy products, as well as aquatic products, meat products and eggs, among others. Macau Catering Industry Association President Aeson Lei Ian Leong said “10 percent of local Japanese restaurants will be affected to some extent.” Lei said that he expected a greater impact on some high-end Japanese restaurants in Macau. He underlined that the local suppliers have been constantly looking for suitable substitutes outside the nine Japanese prefectures and Tokyo Metropolis covered by the ban. Chan, chairman of The United Association of Food and Beverage Merchants of Macau, said that the local trade was “well-prepared” to deal with the ban, including seeking alternative sources of goods from other regions and countries, such as Canada, South Korea, Taiwan, and the United States. **ATO Notes:** In addition to seafood, Macau has added others live and fresh food products including vegetables, fruit, milk, and dairy products, as well as aquatic products, meat products and eggs. In a recent visit to Macau, traders told ATO that similar to Hong Kong traders they expect the impact to be temporary and they expect orders for Japanese products to resume.

Hotel Guests Nearly Hits 1.3 Million in July [[Macau Daily Times](#), Aug 30]

A total of 1,279,000 guests checked into the city’s hotel establishments in July, leaping 335 percent year-on-year, albeit from a low base as the city was in a partial lockdown last summer. The latest Statistics and Census Service report showed guests from mainland China and Hong Kong stood at 946,000 and 200,000, respectively. The average occupancy rate of guest rooms in July rose 50.2 percentage points year-on-year to 89 percent, according to the report. The number of visitors arriving on package tours totaled 110,000 last month. Meanwhile, 42,000 Macau residents purchased outbound services through travel agencies, an uplift of 2,730.4 percent year-on-year. **ATO Notes:** Macau has reported another month of good news by hitting new growth in tourist receipts. The guests are primarily coming from Hong Kong and Mainland. This co-relates to Hong Kong “revenge spending/traveling” practice observed in the post summer months, which locals flogged outbound for travels.

RETAIL



Food Expo Ends in Sour Taste [[The Standard](#), Aug 22]

The five-day Food Expo ended with 50,000 visitors more than last year following a resumption of tasting, but some vendors said sales dropped by up to 45 percent compared to last year. Shoppers found prices at the expo, held at the Hong Kong Convention and Exhibition Centre, to be unattractive amid a turnout of nearly 480,000 people, 50,000 more than last year. "This year's Food Expo and the concurrent events have been truly exciting and bustling, with the number of visitors and exhibitors' sales showing

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positive signs, underlining strong public demand and appetite for food shopping," said Sophia Chong Suk-fan, deputy executive director of expo organizer Hong Kong Trade Development Council. "The two trade fairs, including the rebranded Food Expo PRO and concurrent Hong Kong International Tea Fair, were well supported by group pavilions and exhibitors from a vast spectrum of countries and regions. Many citizens seized their last opportunity to visit the expo armed with shopping carts, looking to take advantage of clearance sales offered by stall operators. A couple, the Huis, specifically came on the last day, spending two hours to stock up on \$384.6 worth of frozen seafood and health supplements. They said this year's offers were not particularly attractive, as the prices were similar to those found in supermarkets. Another visitor Mak Man-yi said: "The exhibition mainly sells products that we can buy at outside outlets, and the prices are not cheaper than outside." **ATO Notes:** Food expo has succeeded in receiving more visitors in compared to last year, however, sales have dropped. This has been unpleasing for both exhibitors and visitors because exhibitors wished for sales, while visitors are looking for discounted goods. Visitors complained about not finding deeper price cuts and new items at the event. Hunger for new items is something the ATO continues to hear from trade show visitors, both buyers and consumers are more interested in new products rather than products already in market.

Supermarkets ‘Stormed’ Ahead of Typhoon [[The Standard](#), Aug 31]

Many shop shelves were left empty at supermarkets on Thursday afternoon amid a last-minute scramble for groceries after the government announced the Number 8 signal for Super Typhoon Saola. Fresh produce including vegetables and meat, as well as goods such as noodles and bread, were sold out in some stores. Meanwhile, in wet markets, people were left with limited choices in fresh produce as most were already sold out. **ATO Notes:** This is a very common practice in Hong Kong following a typhoon signal 8 warning. Many Hongkongers tend to also stock on nonperishable products as fresh offerings diminish, but not to the extent seen in Western markets face extreme weather conditions given limited kitchen and storage space in Hong Kong homes.

It's Time to Send Waste Packing [[The Standard](#), Aug 29]

The "Zero Packaging Fiesta" plastic-free campaign will be held in Kwun Tong as the organizer said Hong Kong still lags behind Western countries in policy-making and promotion to reduce plastic packaging. Greeners Action's executive director Angus Ho Hon-wai said packaging has become ingrained as a practice, as businesses value packaging aesthetics to catch consumers' attention. However, the public have increasingly become more aware of the concept with an increase of package-free stores in the city over the past three years. But Hong Kong still lags behind Western countries when it comes to policy-making and business cooperation relating to the issue, Ho said. "Some supermarkets pack 80 to 90 percent of its fruits and vegetables, including pineapples and watermelons, which is nonsensical." The group has communicated with supermarkets about implementing plastic-free policies, but the feedback was passive. "ParknShop said suppliers would not change their supply line just to cater to the needs of a small city of 7 million people," Ho said. **ATO Notes:** Hong Kong is moving towards sustainable and green practices at retail. A levy on the use of retail plastic bags has been in place since 2022.

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TRADE



Hong Kong Bans Aquatic Products from 10 Japanese Prefectures Starting Thursday [[The Standard](#), Aug 22; [The Standard](#), Aug 24]

Hong Kong will ban the import of aquatic products from 10 Japanese prefectures starting August 24, 2023, Secretary for Environment and Ecology Tse Chin-wan confirmed on Tuesday. Yet, Tse did not give the exact length of how long the ban will stay in place. “It depends on the data and information we can collect and provided by Japanese authorities after the discharge [of treated radioactive water],” Tse said. The government will only consider easing the ban if Japan’s handling on the disposal can give authorities faith on the safety of Japanese food, he added. The 10 metropolis and prefectures are namely Tokyo, Fukushima, Chiba, Tochigi, Ibaraki, Gunma, Miyagi, Niigata, Nagano and Saitama. The ban will cover living, chilled, frozen, and dried aquatic products, seafood reserved by other means, sea salt, processed and unprocessed seaweed. Tse added that Hong Kong authorities will strengthen the monitoring of aquatic products and radioactive levels in the environment. Latest monitoring figures including the radioactive levels of local fishing and Hong Kong waters will be released on the center’s website daily. When asked if authorities will offer any help to restaurants, Tse said “the best thing to do is to ensure that all food that can be imported to Hong Kong is safe.” Tse also said authorities will discuss with the catering sector to introduce a certification system to protect food safety. When asked about not banning all imports like the mainland does, the SAR government said their intention is the same as that of Chinese customs, which is to ensure food safety and protect citizens' well-being. Both the mainland and Hong Kong have their own system and management and formulate relevant measures in accordance with respective legislations, the government also said. **ATO Notes:** In 2022, Hong Kong imported 3.5 billion of seafood products from the world, Japan is the city’s second largest seafood supplier absorbing 14 percent of global imports. Some most popular imported seafood goods from Japan include scallops, urchins, and sea cucumbers.

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