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Report Highlights:

Bite size local news, Post reports and activity summaries wrapped by ATO Hong Kong. In this issue: Getting Ready for Lunar New Year With American Lobster; Join us Asia Fruit Logistica 2024; Hong Kong Economy Rebounds to Expand 3.2 Percent in 2023; Consumer Price Index Rises; Macau Businesses Close Out Better in 2023; Macau Hotelier Finds Transport Still a Challenge to Tourism; Why Hongkongers Should Resist Costco FOMO; ATO Sees Great Potential For U.S. Niche Products At Hong Kong's Pet Food Show; Hong Kong Delays Waste Charging Scheme; Farmers Expect 30 Percent Vegetable Loss If Chilly Weather Persists; Hong Kong Suspends Imports of Poultry Meat and Products from One U.S. County and Areas in Sweden, Germany, Poland, and Korea; Hong Kong Restores Imports of Poultry from Two U.S. Counties.

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wrapped by ATO Hong Kong

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GETTING READY FOR LUNAR NEW YEAR WITH AMERICAN LOBSTER: ATO HONG KONG JOINS FOOD EXPORT USA ON U.S. LOBSTER PROMOTION



Hong Kong has been a great customer of U.S. lobsters and the top export destination for many years. On January 18, 2024, ATO Hong Kong and the U.S. Consulate’s Public Diplomacy Section joined Food Export USA - Northeast to promote a month-long Tasting menu featuring American Lobster. At the launch, three influencers were introduced to a specially curated menu featuring different preparations of U.S. lobster, a perfect ingredient for the Lunar New Year festive season. Attending influencers shared their special dining experience on social media. Targeting new neighborhoods in Hong Kong, the promotion will run until February 18.

ATTENTION U.S. EXPORTERS!
CURRENT & UPCOMING EVENTS:



Join Us at Asia Fruit Logistica 2024!
Preparations are already underway for the USDA-endorsed USA Pavilion. Scheduled to take place this **September 4-6** in Hong Kong, Asia Fruit Logistica (AFL) is the largest fruit and vegetable trade show in Asia. This is a great opportunity to engage and expand your relationships with fresh produce traders in Asia. See video highlight from last year’s USA Pavilion on ATO Hong Kong’s [LinkedIn](#) page. For details on how to join, please contact our office Atohongkong@usda.gov, anne.buckley@usda.gov, or Michelle Barker: mbarker@bfor.com or visit the AFL website <https://www.asiafruitlogistica.com/>.

ECONOMY



Hong Kong Exports Jump 11 Percent in December, Full-year Figure Still Down 7.8 Percent [SCMP, Jan. 25]; Hong Kong Economy Rebounds To Expand 3.2 Percent In 2023 [The Standard, Jan. 31]

Hong Kong's economy rebounded 3.2 percent in 2023, benefiting from a rise in inbound tourism and private consumption but weighed down by China's lackluster post-pandemic recovery. Hong Kong exports jumped 11 percent in December year-on-year but declined 7.8 percent in 2023 against 2022. The government warns that a global economic slowdown amid heightened geopolitical tensions would continue to weigh on trade and the city's economy. December's increase took the monthly value of exports to \$49.41 billion and marked the strongest monthly showing since January 2022. Imports decreased 5.7 percent last year compared with 2022, leaving the city with a trade deficit of \$60 billion.

ATO Notes: Despite the positive trade results during December, local contacts are not optimistic that sales will pick up significantly in the first two quarters of 2024, an otherwise typical peak time for food sales. Some hope that the demand picture will become clearer after the Lunar New Year holidays. According to the November retail sales figures, the sales value for food and alcoholic beverages other than supermarkets increased 6.3 percent, while sales at supermarkets decreased 5 percent.

Consumer Price Index Rose 2.4 Percent in December 2023 [HKSAR Press Release, Jan. 22]

The Consumer Price Index (CPI) figures for December 2023 released by the Census and Statistics Department (C&SD) showed that overall consumer prices rose 2.4 percent in December 2023 year-on-year, smaller than the corresponding increase (2.6 percent) in November 2023. Among the various components, year-on-year increases in prices were recorded in December 2023 for alcoholic drinks and tobacco (19.2 percent), clothing and footwear (4.0 percent), meals out and takeaway food (3.6 percent), miscellaneous services (3.2 percent), transport (2.9 percent), housing (2.8 percent), miscellaneous goods (2.2 percent), and basic food (0.1 percent). The Consumer price inflation rate remained moderate in December 2023. Prices for meals out and takeaway food, and clothing and footwear continued to see visible increases compared to a year earlier. **ATO Notes:** Inflation in the city has averaged about 1.7 percent. Higher prices for alcoholic beverages, dining out and takeaway, along with the strong Hong Kong dollar correlates with the surge of bargain hunters traveling to mainland to shop and dine.

ASEAN Trade Boom Has CE Lee Seeking More [The Standard, Jan. 23]

The economic and trade potential in the Association of Southeast Asian Nations is unlimited, Chief Executive John Lee Ka-chiu said in a luncheon with the Consulates from nine countries from the region. Hong Kong and ASEAN economies bilateral trade and economic relations are thriving, the ASEAN territory has been the city's second-largest trading partner for over a decade with trade in goods reaching an all-time high of \$166 billion in 2022. In addition, visitor arrivals from the Philippines and Thailand grew significantly. The number of visitor arrivals in November and December equaled 114 percent and

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104 percent of the average of the same period in 2017 and 2018, well exceeding pre-Covid numbers.

ATO Notes: On January 9, Hong Kong signed a protocol to amend the free-trade agreement with ASEAN economies. The amendment triples the number of product categories from 200, including jewelry, medications, food products, and textile products.

Shenzhen Bay Crossing Between Hong Kong and Mainland China To Open Around The Clock Over Lunar New Year, Extended Hours At Lo Wu [[SCMP, Jan. 23](#); [SCMP, Jan. 19](#)]

The Shenzhen Bay border crossing between Hong Kong and mainland China will operate around the clock over the Lunar New Year holiday and the Lo Wu checkpoint will extend its operating hours as residents and tourists are expected to make 7.5 million trips during the festive period. Government officials in Hong Kong mentioned that local events would not only bring visitors from around the world, but also boost the city's competitiveness and business opportunities. They estimate that every 1.5 million visitors contribute about 0.1 percent increase to the city's gross domestic product. **ATO Notes:** According to the Immigration Department, 195,888 visitors from mainland came to the city on December 31, accounting for 87 percent of total tourist arrivals. The New Year's Eve fireworks display drew about 479,000 revelers at the Lok Ma Chau checkpoint. Local news report that over one million tourists are expected to travel from mainland during the Lunar New Year Holiday.

Businesses Close Out Better in 2023 [[Macau Daily Times, Jan. 22](#)]

A recent survey from the Statistics and Census Service (DSEC) on Business Climate found that Restaurants and Similar Establishments as well as Retail stores increased their business significantly at the end of 2023. The report noted that receipts for this business sector increased an average of 38.5 percent year-on-year. Western and Chinese restaurants receipts grew above average surging 74.7 percent and 52.5 percent, respectively. Conversely, Japanese, and Korean restaurants receipts dropped 22.1 percent. **ATO Notes:** The sample of the Business Climate Survey on Restaurants and Similar Establishments and Retail Trade comprises 229 restaurants and 161 retailers, which accounted for 53.5 percent and 70.6 percent of the respective industry's receipts in 2019. The drop in Japanese and Korean restaurants can be attributed to Macau's recent ban on Japanese seafood, which may have tempered consumer demand. Different than Hong Kong, Macau imposed a stricter ban on imports of Japanese seafood referencing mainland's measures.

HOTELS, RESTAURANTS, AND INSTITUTIONS



Keep The Party Going But Add New Blood: Call To Revitalize Hong Kong's Temple Street, Make Night Market Permanent As Crowds Return [[SCMP, Jan. 20](#)]

Hong Kong's Temple Street tourist attraction is in danger of turning stale and needs a new bunch of creative young stallholders to revitalize and turn it into the city's main souvenir market. Stretching through Jordan and Yau Ma Tei, the street is well known for numerous stalls selling souvenirs, clothing, antiques and watches, with a section for traditional fortune-tellers, street performers and several dai pai

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hong food hawkers. One way to have a turnover of stallholders at Temple Street could be to take back vendor licenses from those who did not want to continue and give them to interested newcomers. Years ago, the authorities offered \$15,345 to vendors wishing to quit, but it is unclear whether such proposals will be made again.

Hotelier Finds Transport Still Challenging Tourism’s Further Development [[Macau Daily Times, Jan. 19](#)]

When asked which areas in Macau still require enhancement to support the development of the tourism industry, Rutger Verschuren, an executive at the Macau Hotel Association, pointed to difficulties in accessing local transportation as a major challenge. As hailing private vehicles is not legal in Macau, the hotelier suggested that the taxi industry move towards digitalization. **ATO Notes:** [Getting around the city as a visitor remains a challenge as limited taxi licenses in Macau restrict availability.](#)

2024 Michelin Guide Ceremony To Be Held In Macau Again [[Macau Daily Times, Jan. 26](#)]

The annual gala of the Michelin Guide Hong Kong & Macau will be staged once more in Macau. The event will take place on March 14, marking the 16th edition of the annual ceremony for Hong Kong and Macau’s restaurants. The event will bring together the culinary elite, industry professionals, and food enthusiasts to celebrate the region’s dining scene. One of the event’s highlights is the Bib Gourmand selection, which will be announced one week before the event. This announcement will include a list of restaurants that offer both “good quality” and “good value cooking.” **ATO Notes:** [In 2023, U.S. exports of consumer-oriented products to Macau reached the highest level since 2012 at \\$9.2 million. The surge recovery was supported by record sales of distilled spirits at \\$4.6 million and pork at \\$0.7 million, and improved sales of beef. Exports sales of U.S. seafood also recovered at \\$0.6 million.](#)

RETAIL



Why Hongkongers Should Resist Costco FOMO [[SCMP, Jan. 21](#)]

Big-box retailers are definitely making a splash in mainland China. Costco was just added to a long list of reasons for Hongkongers to head north on weekends. Photos of the gigantic bears being wheeled out caused quite a stir. Why a luxury brand, like Hermes, would have its bags sold at a utilitarian warehouse setting is any one’s guess, but it made for a great story. There was the aftermath for storage. For one, there were the boxes of toilet paper and kitchen towels. Inevitably weeks later, when sick and tired of stuffing with tapioca treats, how to get rid of the 40 more taking up space is another question. While trying something new to satisfy curiosity is good, “smart” consumers must question whether this form of retail makes sense. The “Costco Effect” is worth thinking about. **ATO Notes:** [The new normal continues in Hong Kong, while people begin to question if the bulk purchase model would work for Hong Kong residents as Hong Kong homes are known to be smaller with limited storage space. In addition, the city](#)

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is getting ready to implement new fees in support of waste management in August 2024 (postponed from early 2024), consumers may reconsider bargain bulk shopping when facing extra fees to dispose of bulk packaging.

‘10 Days To Sell Just 1 Box’: Businesses On The Hong Kong Side Of Border Struggle As Mainland Chinese Shoppers, Parallel Traders Return In Low Numbers Post-Pandemic [SCMP, Jan. 21]

There used to be stacks of boxes filled with face masks. Now it takes 10 days to sell just one box, even after lowering the prices. Before the pandemic, Sheung Shui was a magnet for parallel traders who bought goods tax-free to resell at a profit across the border. That was when its streets were crowded with people who could be seen stuffing suitcases full of everything from baby milk formula to skin care products and medicine. Hong Kong authorities were in talks with mainland to reinstate a visa scheme to allow more day travelers to Hong Kong. The biggest concern is that resuming the visa scheme could lead to a resurgence in parallel trading. **ATO Notes:** A multi-entry visa scheme was introduced in 2009 allowing Shenzhen residents to visit Hong Kong for unlimited times within a year. The crowds of mainlanders who turned up in North district provoked local complaints about hygiene, difficulties for pedestrians, price inflation of goods and the depletion of stocks in shops. Their activities and the surge in single-day visitors led to the multi-entry visa being replaced in 2015 with a once-a-week annual pass. However, with the recent conservative spending habits evolving in mainland China, it is unclear if the offering of a multi visa scheme would lead to the same increase in travelers as in 2009.

Consumer Council Finds Immense Price Disparity In Bakery Products [Macau Daily Times, Jan. 25]

During regular price investigations of various products, the Consumer Council (CC) inspectors identified significant imbalances in the price of bakery products across 75 bakeries in Macau. The CC scrutinized the prices of eight pre-chosen bakery items, identified as the most popular among consumers. A package of eight slices of white bread exhibited a price disparity ranging between \$1.2 and \$2.2, reflecting an 89 percent difference between the cheapest and most expensive items. Price differences were even larger for croissants, ranging from \$0.7 to \$1.7, a difference of 236 percent. Meanwhile, stores selling higher-priced items were usually located in Taipa’s Flower City area or Macau’s central district from Avenida da Praia Grande to Avenida do Ouvidor Arriaga and Rua do Campo.

TRADE



ATO Sees Great Potential For U.S. Niche Products At Hong Kong’s Pet Food Show [ATO, Jan. 25]

The Hong Kong Pet Show 2024 took place at the Hong Kong Exhibition Center from January 25-28. Expanding its exhibition space compared to last year, the show highlighted the most extensive pet products offerings. It also offered discounts, seminars, and interactive activities to its visitors, which successfully attracted lots of pet lovers. Visitors explored a diverse array of pet-related products and services, including pet food, accessories, and healthcare options. ATO notes that U.S. pet food is

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favorably recognized in the Hong Kong market. Thanks to its exceptional quality, innovative ingredients, advanced processing technology, and well-recognized certification such as the “USDA Organic” logo. This has given confidence among sophisticated consumers who seek premium products for the wellbeing of their pets. Three U.S. companies and their distributors participated in the show. While more pet food suppliers from Taiwan, Japan, and Australasia showcased bulk pet food, pet supplements were extremely popular at the show. Pet food with less common meat ingredients, such as rabbit, smaller packaged pet food, indicate a preference for newer and specialized products. U.S. pet food exports to the city dropped 4.6 percent in 2023. In recent years, the outflow of expats who relocated with their pets contributed to the drop in overall pet population in Hong Kong. Traders at the show reflected that the fall in overall sales is also an effect of the recent dispirited economic situation. Nonetheless, based on the flow of attendees and interest, it is clear customers are still looking for the best products for their pets and great opportunities exist to expand unique U.S. pet food offerings in this market.

Hong Kong Delays Waste Charging To August After City Leader Decides More Time Needed To Explain Scheme To Public [[SCMP, Jan. 21](#); [The Standard, Jan. 22](#)]

A long-floated plan to charge Hong Kong residents for disposing of waste has been delayed again. This time by four months until August, after the city's leader decided that another delay was needed to better promote the scheme amid public confusion. While green groups accused authorities of bungling the roll-out, Secretary for Environment and Ecology Tse Chin-wan said that government departments would instead take the lead by demonstrating how the scheme will operate before the initiative launched citywide on August 1, 2024. **ATO Notes:** [The Hong Kong government decided to push back the implementation date after receiving multiple concerns from public and private sector stakeholders. The scheme, which was first floated more than 20 years ago, aims to encourage residents to recycle more and cut down the amount of trash thrown by requiring the public to purchase government-approved garbage bags, available in nine sizes, for \\$0.01 per liter. Designated labels will also be sold for large or oddly sized items. Private sector entities commented that the government should also promote recycling education along with the waste charging plan so the city can really achieve waste reduction. They opined that without proper support, the scheme is just a mere taxation program.](#)

What You Need To Know About Hong Kong's Coming Ban On Single-use Plastics [[SCMP, Jan. 29](#)]

Hong Kong will impose a ban on single-use plastic products in two phases after lawmakers passed the bill last year, with the first stage set to take effect on April 22, 2024. Restaurants cannot offer customers any polystyrene products, disposable plastic straws, stirrers, cutlery, or plates for dine-in and takeaway services. They are also not allowed to provide single-use cups, cup lids or food containers to dine-in customers. The first phase also covers products with non-plastic alternatives, such as cotton buds, umbrella covers and glow sticks. Meanwhile, hotels and guest houses will be barred from supplying free toiletries in synthetic disposable containers and free in-room water in plastic bottles. Pre-packed food that has attached utensils, such as instant noodles and ice cream, and packaged beverages with plastic straws will be exempted. Authorities said an exemption would only apply if tableware was part of the commodity or added during the manufacturing process. According to the Product Eco-responsibility Ordinance, those who breach the ban are subject to a maximum fine of \$12,800. **ATO Notes:** [The ban of single-use plastics is not expected to affect U.S. food exports as pre-packaged food is exempted.](#)

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However, U.S. exporters interested in exporting to Hong Kong should note this initiative and growing consumer preference to reduce the use of plastic.

Farmers Expect 30 Percent Vegetable Loss If Chilly Weather Persists [[The Standard](#), Jan. 23]

Hong Kong experienced is experiencing chilly weather, with temperatures hovering around single-digit degrees Celsius, heavily affecting the vegetable farmlands in the New Territories. The chairman of Hong Kong New Territories Local Farmers Association stated that the cold weather has affected most of the New Territories farmland. It was a bitter 4 degrees at Yin Kong Tsuen, chilling vegetables, and damaging roots. **ATO Notes:** Hong Kong's agricultural production is limited to fruits, vegetables, and certain meat products. In 2022, the local agriculture industry produced \$173 million worth of produce, of which 31 percent comprise crops. Local fresh vegetable production accounts for only 2 percent of total local consumption. Green leafy vegetables are the most consumed items and the top supplier for green leafy vegetables is China (88 percent of total fresh vegetable imports). As Hong Kong consumers look towards healthier diets, fresh vegetables will continue to be on demand.

Hongkongers Told Toblerone Chocolate Batch May Be Contaminated With Plastic [[SCMP](#), Jan. 23]

Hong Kong authorities have warned consumers against eating a batch of Toblerone chocolate from Switzerland due to potential plastic contamination. The CFS said it was notified by the manufacturer's Hong Kong representative that the product was being voluntarily recalled. **ATO Notes:** Switzerland is the third largest chocolate supplier to Hong Kong, contributing around 6 percent of Hong Kong's total chocolate imports (consisting of \$372 million in 2023). While U.S. chocolate and cocoa products rank sixth among other global suppliers, last year, U.S. exports decreased 7 percent to \$22 million.

Hong Kong Suspends Imports Of Poultry Meat And Products From One U.S. County and Resumes Imports from Two U.S. Counties [[HKSAR - Press Release](#), Jan. 22]

The Centre for Food Safety (CFS) has suspended imports from Mitchell County of the State of Kansas following a notification from the World Organization for Animal Health (WOAH) about outbreaks of highly pathogenic H5N1 avian influenza (AI). They also resume imports from Sanpete County, State of Utah and Sumter County, State of Georgia the same day after receiving the notification from U.S. authorities on the completion of virus elimination. **ATO Notes:** As of this report, a total of 74 U.S. counties in 18 states are currently banned from exporting poultry meat and products to Hong Kong due to AI. In 2023, U.S. poultry exports recovered close to 2020 levels, reaching \$104.4 million following the reinstatement of imports from several counties at the beginning of the year. U.S. eggs exports unfortunately plunged 56 percent to a record low of \$8.2 million. Traders reflect they have been unable to regain restaurant customers who have moved on to other suppliers.

Hong Kong Suspends Imports Of Poultry Meat And Products From Areas In Sweden, France, Germany, Poland and Korea [[HKSAR - Press Release](#), Jan. 19; [HKSAR - Press Release](#), Jan. 24; [HKSAR - Press Release](#), Jan. 29; and [HKSAR - Press Release](#), Jan. 30]

CFS announced that in view of a notification from the WOAH about outbreaks of highly pathogenic H5N1 avian influenza, it has suspended imports from Ystad Municipality of Skåne County in Sweden, Vendée Department in France, District of Northeim of the State of Niedersachsen in Germany, Sieradzki District of Łódzkie Region in Poland, and Cheonan-si of Chungcheongnam-do Province, Anseong-si of Gyeonggi-do Province, and Gwangju Metropolitan City in Korea. **ATO Notes:** Looking at the full year results in 2023, Hong Kong global imports of poultry increased 2 percent to \$954 million while global

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imports of eggs increased 5 percent to \$316 million. The United States was the fourth largest supplier of poultry and eggs to Hong Kong.

Live Poultry Returns To City's Market [[Macau Daily Times](#), Feb. 1]

The retail sale of live poultry will return to Macau's market on February 2, following the temporary cessation of retail sales in the region in 2017 to curb the spread of bird flu. The Municipal Affairs Bureau (IAM) has stated that Guangdong and Macau have coordinated customs clearance and priority inspection and quarantine processes to ensure that live poultry arrives in Macau for sale within 1.5 hours after leaving the factory. The IAM assured the public that the products supplied in the local market will indicate the slaughter date and will be sold according to food safety and hygiene requirements to ensure consumer safety. Nam Kwong Group, the live poultry supplier, said the first batch arriving this Friday will consist of 1,800 live chickens. Data from the bureau shows that there are about 15,600 chilled chickens supplied to Macau daily. **ATO Notes:** During the first eleven months of 2023, U.S. poultry exports to Macau were \$600,000. However, there is an increasing demand seen in this market as the re-export amount has almost doubled compared to 2022. With the reinstatement of live poultry to the market, the demand for poultry imports (not for re-export) is expected to flatten as consumers prefer live poultry for its taste, texture, and nutrition.

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

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Attachments:

No Attachments.