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**Report Highlights:**

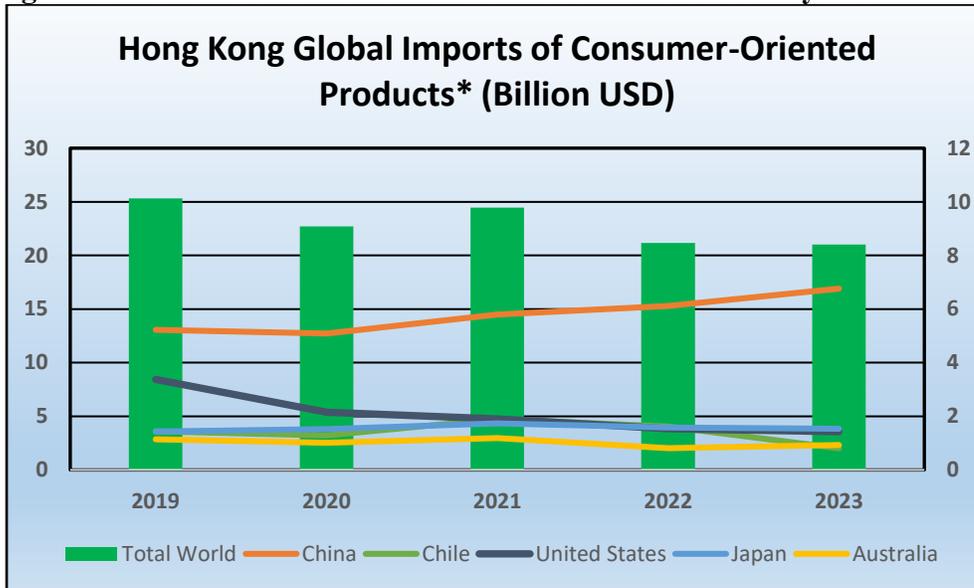
Bite size local news, Post reports and activity summaries wrapped by ATO Hong Kong. In this issue: Hong Kong's Market for Consumer-Oriented Products Holds Steady at \$21 Billion; Quarterly Business Receipts For Service Industries Increases in Q4; Macau's Migrant Population Grows, Ageing Ratio Climbs; Michelin Announces Seven Bew Big Gourmand Restaurants in Hong Kong and Three in Macau; Over Half of Hong Kong's Population is Overweight; Macau Hotel Guests Surpass Pre-Pandemic Levels; Retail Sales Increase Slightly In January; Organic Trend Back on Growth Path; Animal Protection Center Opens in New Territories; ATO Joins USAPEEC To Recognize Retiring Greater China Regional Director, Sarah Li; Macau Has No Plans To Ease Import Restrictions On Japan; Hong Kong Suspends Imports of Poultry and Products from One U.S. County.

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wrapped by ATO Hong Kong

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## Hong Kong's Market for Consumer-Oriented Products Holds Steady at \$21 Billion In 2023



\*Data Source: Trade Data Monitor (Consumer Oriented Products + Seafood)

Hong Kong is a key importer of consumer-oriented food and beverage products (i.e. beef, wine, poultry). In 2023, Hong Kong's imports of these products held steady at \$21 billion compared to 2022. While key suppliers have not change since 2019, competition for the third and fourth top suppliers continues. In 2022, China, Chile, and the United States were the top suppliers. However, last year, Japan replaced Chile as the city's third top supplier. Among all consumer-oriented products, the city's global imports of food preparations, confectionary, seafood, non-alcoholic beverages, and distilled spirits grew prominently year-on-year.

### ATTENTION U.S. EXPORTERS!

### HONG KONG BUYERS ARE LOOKING FOR:

ATO maintains close contacts with buyers from Hong Kong and Macau. Currently Hong Kong buyers are seeking U.S. suppliers of the following products:

- Chicken Feet
- Ox Gallstones
- Ready-to-eat Mixed Salads

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- Low Carb, Low Calories & Microwavable Potatoes, and potato products
- Cooking Vegetables

If you are interested in supplying these products, please contact [ATOHongKong@usda.gov](mailto:ATOHongKong@usda.gov) and provide your company information, contact person, and email address. We will connect you directly with interested buyers.

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## ECONOMY

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### **Quarterly Business Receipts For Service Industries Increase in the Fourth Quarter Of 2023** **[[HKSAR - Press Release](#), Mar. 11]**

The value of business receipts for most of the major service industries showed increases of varying magnitudes in the fourth quarter of 2023 compared to the same period in 2022, according to provisional figures. For 2023, around half of the major service industries recorded year-on-year increases in business receipts. Double-digit increases were recorded in business receipts for accommodation services (increased 59.7 percent), food services (increased 26.1 percent), banking (increased 21.2 percent), administrative and support services (increased 16.6 percent), and retail (increased 16.2 percent) industries. **ATO Notes:** This is welcome news for various sectors in Hong Kong. However, ongoing consumer trends (such as Hongkongers traveling to mainland to dine and shop, and more cautious spending from visiting mainland tourists) is expected to continue tempering growth in the hospitality and food service sectors.

### **Nearly 120 Expos Confirmed For HKCEC This Year [[The Standard](#), Mar. 12]**

The Hong Kong Convention and Exhibition Centre in Wan Chai will hold at least 117 exhibitions in 2024. Managing director Monica Lee-Muller also said the number of shows and events hosted at the HKCEC between July and December last year reached 84 percent of pre-pandemic levels. Conventions and exhibitions which were held outside Hong Kong because of the pandemic also returned to the city after the lifting of pandemic-related restrictions. Several large-scale trade fairs will be held between March and May including the fashion accessories sourcing show APLF Leather & Materials+, Fashion Access, Art Basel Hong Kong as well as the international trade show for wine and spirits in Asia - Vinexpo Asia. **ATO Notes:** ATO is delighted to see the return of U.S. exhibitors to trade shows such as APLF Leather and Vinexpo Asia. Hong Kong is looking to regain its position as a regional hub for global exhibitions to facilitate opportunities for business exchanges and networking.

### **Macau's Migrant Population Grows, Ageing Ratio Climbs 106 Percent [[Macau Daily Times](#), Mar. 8]**

Macau's demographics slightly increased last year as its number of non-residents grew, following the city's reopening after the pandemic. This fact has renewed a push to fix staff shortages. Data from the

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Statistics and Census Service (DSEC) shows that in 2023, the city's total population increased 1.6 percent year-on-year to 683,700. Macau's post-pandemic economic recovery experienced a labor shortage during the first half of last year, particularly in the hospitality sector, the hotel, and restaurant industries. The proportion of youths dropped by 1 percent to 13.2 percent, whereas the proportion of those aged 65 and above, grew 1 percent to 14.0 percent. As regards to population movements, those new arrivals from mainland China in possession of one-way permits grew 33 percent year-on-year to 3,416 in 2023. Meanwhile, those individuals holding newly granted rights of residency doubled, with 41 percent from Hong Kong. **ATO Notes:** Like Hong Kong, Macau is also dealing with an aging population. As the dependency rate of the elderly is expected to rise, the city will need to attract migrant labor to maintain sufficient work force and support economic growth.



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## HOTELS, RESTAURANTS, AND INSTITUTIONS

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**Michelin Announces Seven Bew Bib Gourmand Restaurants In Hong Kong [[The Standard](#), Mar. 7]; Michelin Guide Adds Three New Restaurants In Macau To Bib Gourmand Award [[Macau Daily Times](#), Mar. 8]**

Seven Hong Kong restaurants have been accorded Bib Gourmand status by the Michelin Guide for offering the best value-for-money gourmet experiences, taking the city's total to 67. Ten Macau restaurants were also named in this category, with three new additions. The new entrants are two restaurants in Taipa, Kapok, and Restaurante Litoral, and one in the Peninsula, Son Tak Kong, located at Rua dos Mercadores, close to Senado Square. The menu is dominated by traditionally made Cantonese cuisine favorites. Eateries are selected with Bib Gourmand status based on two factors, value for money and quality of food served. In Hong Kong, this means that a diner should get a high-quality, three-course meal (excluding drinks) within \$50. **ATO Notes:** As dining prices have risen and given the intense popularity to travel to mainland to dine, local restaurants are working to offer great value meals without compromising food quality to attract customers.

**MasterChef Australia Filming Three Episodes In Hong Kong [[The Standard](#), Mar. 8]**

A popular Australian cooking reality show is making a comeback to film in Hong Kong, 15 years after its inaugural series in 2009. The city's efforts to attract tourists have played a role in the show's decision to revisit Hong Kong. The show aims to present the city's iconic landmarks, its unique street food culture, and its Michelin-starred restaurants. The show has been screened in more than 180 countries and has attracted leading chefs from around the globe. **ATO Notes:** Having popular shows taking place in the city is one of the many Hong Kong government's initiatives to boost Hong Kong's tourism and economy. Hong Kong was known to be a "shopping heaven," but also a tourist hub for foodies looking for a diversity of authentic cuisines. In this regard, U.S. food and agricultural exporters have a unique advantage to promote their products in this market, highlighting their versatility to adapt to many cuisines.

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## **Cafe Role-play Helps To Bring Back Memories For Elderly Hong Kong Care Home Residents With Dementia [[SCMP](#), Mar. 12]**

Hong Kong Sheng Kung Hui Li Ka Shing Care and Attention Home for the elderly in Shek Kip Mei launched the first-of-its-kind cognitive training project to support its elderly residents with dementia. Research by the Chinese University of Hong Kong in 2021 found the prevalence rate of dementia to be 5 percent for people aged 60 and above, and as high as 47.5 percent for those aged 85 and above. In 2017, around 100,000 elderly residents above the age of 60 had dementia in Hong Kong, with authorities estimating the figure could pass 300,000 in 2039 amid the city's fast-greying population. **ATO Notes:** "Fast-greying" is a term popularly used in Hong Kong because the elderly population is growing faster than the younger population. Enterprises come with new ideas to create employment opportunities for the "fast-greying" population who still have working capabilities. One benefit is to ease labor shortage, but another is to allow capable workers to stay employed and ease the city's elderly dependency rate. Given changes in consumer demographics, interest in healthier food options and functional foods is expected to rise.

## **Chinese Herb May Offer Obesity Fix [[The Standard](#), Mar. 8]**

Baptist University researchers have made a significant discovery regarding the potential for artesunate, a derivative of artemisinin, a compound derived from a traditional Chinese medicinal herb sweet wormwood, for the treatment of human obesity. The researchers found that artesunate can effectively reduce the appetite of obese mice and macaques by about 30 percent, resulting in weight losses of 5 to 10 percent within two weeks. **ATO Notes:** Hong Kong has a long history of developing Traditional Chinese Medicine (TCM). TCM studies and programs are available in most universities to support research and innovations in this area. As TCM focuses on functions for herbs and natural ingredients, there are many kinds of agricultural ingredients that can be used, such as American Ginseng. U.S. exporters can visit the Hong Kong Chinese Medicine Regulatory Office to understand more on the regulations and types of herbs and ingredients being recognized as TCM in Hong Kong ([Chinese Medicine Regulatory Office \(cmro.gov.hk\)](#)) or contact our office [ATOHongKong@usda.gov](mailto:ATOHongKong@usda.gov) for more details.

## **Over Half of Hong Kong's Population Is Overweight Or Obese [[The Standard](#), Mar. 4]**

Among Hongkongers aged between 15 and 84, 32.6 percent of them are obese, 22 percent of them are overweight, and 37.8 percent were classified as centrally obese, according to the Population Health Survey 2020-22 conducted by the Department of Health. The survey also revealed some common unhealthy lifestyles in Hong Kong, with about one-quarter of adults performing an insufficient level of physical activities, and about 98 percent of people aged 15 or above reported an inadequate intake of fruit and vegetables per day. Meanwhile, the department said an annual health assessment service for primary and secondary school students has found that the detection rates of being overweight - including obesity - among primary and secondary school students were 19.5 percent and 20.5 percent respectively. **ATO Notes:** Hong Kong traders and retailers reflect that local customers are increasingly looking for organic and natural products in their food selections at the retail level, even at a higher price. The Hong Kong government recognizes the use of "USDA Organic" logo, food shoppers look for this kind of label when making purchasing decisions.

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## Hotel Guests Surpass Pre-Pandemic Levels [[Macau Daily Times](#), Mar. 1]

Macau saw an increase in the number of operating hotels in January, totaling 141, an increase of 16 hotels year-on-year. The total number of available guest rooms grew by 20.4 percent to 46,000. Local statistics also shows that the average guest room occupancy rate rose 14.5 percentage points year-on-year to 85.9 percent. The number of hotel guests in January leaped 55.7 percent year-on-year to 1.3 million. Moreover, the figure represented an increase of 7.4 percent compared to the same month in 2019. **ATO Notes:** The hotel occupancy rate has gone above pre-pandemic levels which signals a good recovery for the Macau tourism sector. However, as previously reported, retail sales for non-tourist's spots are still low signaling that the recovery has not reached all economic sectors.

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## RETAIL

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## Hong Kong's Dah Chong Hong Food Mart To Close Down Stores After 39 Years In Business [[SCMP](#), Mar. 15]

Hong Kong grocery chain Dah Chong Hong (DCH) Food Mart will close its brick-and-mortar stores after 39 years in business, with customers expressing sadness about the move. DCH offers a variety of products including frozen foods, seafood, meat, and poultry. The company has made the decision to cease operations at its 28 foods retail stores but will continue to serve the local community through its sourcing, distribution, and processing operations as a food distributor in Hong Kong. Customers showed distress seeing this old brand going out of business and shared appreciation over the shop's offer for dried seafood and fresh vegetables at reasonable price and acceptable quality. Economists comment that retail shops are facing enormous pressure owing to the rise of online shopping and the growing trend of Hongkongers heading north to spend. **ATO Notes:** In 2023, the value of Hong Kong supermarket retail sales decreased 3.4 percent to \$5.4 billion. While DCH is not one of the top retailers in Hong Kong, the entity has carried U.S. food products and was once part of the ATO's in-store retail promotion partners. DFI Retail Group, AS Watson Group, and China Resources Enterprise Ltd dominate the Hong Kong Supermarkets and account for 97 percent of Hong Kong total retail sales. Local contacts commented that Dah Chong Hong's decision in closing its retail operation is not only attributed to economic slowdown and shift in consumer preferences, but also the company's unclear positioning given its limited product offerings and unsuccessful online platform development.

## Retail Sales Increase Slightly in January [[HKSAR - Press Release](#), Mar. 1]; Hong Kong January Retail Sales Rise As Tourism Perks Up [[The Standard](#), Mar. 1]

According to the Census and Statistics Department (C&SD), the value of total retail sales in January 2024, was provisionally estimated at \$4.7 billion, an increase of 0.9 percent compared with the same month in 2023. The revised estimate of the value of total retail sales in December 2023 increased 7.8 percent compared with a year earlier. The value of sales of commodities in supermarkets decreased 9.3 percent in January 2024. This was followed by lower sales of food, alcoholic drinks, and tobacco (- 8 percent), electrical goods and other consumer durable goods not elsewhere classified (-26.2 percent),

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commodities in department stores (-9.2 percent), fuels (-14.5 percent), footwear, allied products, and other clothing accessories (-8.2 percent), and Chinese drugs and herbs (-20.1 percent). **ATO Notes:** This marks the 14<sup>th</sup> consecutive month that Hong Kong's total retail sales rose as tourism continued to improve. Noting that the 2024 Lunar New Year fell in February, Hong Kong consumers usually prepare their new year shopping a month in advance which may have contributed to the slight improvement in January retail sales. However, the products that recorded growth were more luxury goods, likely for gift giving during the holiday. Unfortunately, retail sales for food and beverages were still sluggish mainly due to the shift in people's spending habits after the pandemic, and a lot of residents traveling abroad during the holidays.

## **Organic Trend Back On Growth Path [[The Standard](#), Mar. 4]**

Shoppers prefer to buy local organic products despite higher prices. Thousands of consumers converged on stalls set up by farmers and retailers as part of Organic Day 2024, attracting thousands of food lovers. The event organized by non-profit Hong Kong Organic Resource Centre, also featured workshops, games, exhibition booths, and performances to promote an organic lifestyle. People converged on Chater Garden and Chater Road to buy products such as vegetables, fruits, seafood products and sauces. **ATO Notes:** Consumer preference towards local organic food continues. If given a choice, many comment they would like to shop locally. The event promoted consumption of local organic products, to help reduce the carbon footprint during transportation. Nevertheless, consumers recognize the city's production is limited and are increasingly interested in organic products from global suppliers. While Hong Kong does not maintain specific statistics on organic imports, the latest local statistics (2021) estimate the value of the city's organic market at \$92.3 million.

## **Shopping Festivals On E-platforms To Promote Local Brands [[The Standard](#), Mar. 6]**

Authorities have launched "E-commerce Easy" under the Dedicated Fund on Branding, Upgrading and Domestic Sales, allowing companies to make use of \$128,000 for the implementation of e-commerce projects within the cumulative funding ceiling of \$1 million. The government is also studying promoting e-commerce in the city. Aiming to attract 1,100 companies to set up offices in Hong Kong by 2025, over 400 enterprises, including 382 companies and 40 strategic enterprises, have settled in the city over the past year. Among the 382 companies, 136 are based in mainland, 48 are British enterprises, while more than 30 from the United States, and 20 from Singapore. **ATO Notes:** E-commerce has become a trendy platform since the pandemic. However, e-commerce is not expected to totally replace the traditional way of shopping in Hong Kong, particularly as it pertains to fresh produce. Consumers still prefer to select products themselves at brick-and-mortar locations. In addition, shelf-space in Hong Kong's residence is comparatively small. When ATO spoke to some of the existing e-platforms these commented that there is simply no additional land available in Hong Kong to build the logistics operations centers needed to support a significant expansion of E-commerce food and beverage offerings in the city.

## **SPCA Animal Protection Center Opens In Tsing Yi [[RTHK](#), Mar.12]**

The Society for the Prevention of Cruelty to Animals (SPCA) officially opened its five-story animal protection center in Tsing Yi on Tuesday, housing a 16,500 square foot animal hospital, the largest in the New Territories. This new facility comes at exactly the right time for Hong Kong. It houses the largest state-of-the-art animal hospital in the New Territories and will be the only 24/7 facility in the Kwai Tsing area. The center comes with comprehensive retail and pet services, a pet friendly rooftop together with other unique services like animal physiotherapy. **ATO Notes:** The new opening of an animal

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hospital in the New Territories is envisioned to support the growing pet population in Hong Kong. Pet food and health supplement are also becoming increasingly important for the pet sector and as Hong Kong consumers always value high quality ingredients, U.S. – made pet products remain a preferred choice. In 2023, Hong Kong’s global imports of pet food grew slightly to \$149 million.

## TRADE



### ATO Joins U.S. Poultry & Egg Export Council To Recognize Retiring Greater China Regional Director, Sarah Li

After thirty-eight years of exemplary career, Sarah Li will be retiring at the end of April. Past and present Executives for the U.S. Poultry & Egg Council (USAPEEC), local traders, partners, and friends joined this memorable event to honor a true trailblazer for the U.S. poultry and egg industry. Speaking on behalf of USDA colleagues, ATO Hong Kong conveyed our heartfelt appreciation for Sarah’s countless contributions, including her stellar example for women in the U.S. agricultural sector. Other FAS offices in the

region and Washington also expressed their gratitude via video. Congratulations Sarah! Thank you for all your hard work, we wish you the best in your new adventures! We look forward to continuing our work with Karen Tong who will be taking over as USAPEEC’s Director for Hong Kong and Taiwan.



### Five Stable After Suspected Food Poisoning At Wan Chai Oyster Restaurant [[The Standard](#), Mar. 6]

The Centre for Health Protection is investigating two suspected food poisoning clusters after five people had raw oysters and scallops at The Oyster House in QRE Plaza and fell sick. The incident might have been caused by norovirus and/or *Vibrio parahaemolyticus*. **ATO Notes:** Recently, local authorities are investigating increased mishandling of imported raw seafood at restaurants. In 2023, Hong Kong’s global imports of seafood were \$3.6 billion, the United States was the city’s top nine supplier. Last year, U.S. seafood exports recovered 14 percent to \$143.7 million, oyster exports contributed \$3.5 million.

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## **Customs And Marine Police Seize 21 Cartons Of Suspected Smuggled Live Lobsters [[The Standard](#), Mar. 5]; Hong Kong Customs Seizes Suspected Scheduled Dried Sea Cucumbers And Dried Fish Gills Worth \$141,000 [[HKSAR - Press Release](#), Mar. 5]**

Hong Kong Customs and the Marine Police conducted a joint operation and detected a suspected case of smuggling involving a speedboat in Sai Kung, with 21 cartons of suspected smuggled lobsters worth \$41,000. Customs officers selected a 40-foot seaborne container, arriving in Hong Kong from Myanmar for inspection. About 191kg of dried sea cucumbers and 369kg of dried fish gills suspected to be under the Protection of Endangered Species of Animals and Plants Ordinance (Ordinance) and valued at \$141,000 were found inside the container.

## **Hong Kong Suspends Imports Of Poultry Meat And Products From One U.S. County [[HKSAR - Press Release](#), Mar. 12]**

The Centre for Food Safety (CFS) has suspended imports from Essex County of State of Massachusetts following a notification from the World Organization for Animal Health (WOAH) about outbreaks of highly pathogenic H5N1 avian influenza (AI). **ATO Notes:** As of this report, a total of 72 U.S. counties in 20 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. Hong Kong was once again one of the top 10 market for U.S. poultry exports. Conversely, last year U.S. eggs exports to the city hit a record low at \$8.2 million.

## **Macau Government Has No Plans To Ease Import Restrictions On Japan [[Macau Daily Times](#), Mar. 4]**

Macau has no plans to ease or remove the ban on Japanese food imports from 10 prefectures, Macau authorities stated. The ban, enforced for the past six months, was in response to the news that Japanese authorities would begin offloading wastewater from the Fukushima Nuclear Powerplant. Nevertheless, China has banned the import of live and fresh food products from 10 Japanese prefectures and regions over concerns about food safety and public health, a measure also followed by Macau. **ATO Notes:** Macau follows an even stricter ban on Japanese food. As Macau usually receives exports from Hong Kong, after the implementation of the ban on Japanese seafood, Macau imports of seafood from Hong Kong grew 100 percent to \$435 million in 2023.

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

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## **Attachments:**

No Attachments.