

# THE HONG KONG WONTON

wrapped by ATO Hong Kong

February 1 -18, 2022 | Vol. 2 Issue #3

## ***FEATURED PHOTO:***



**These Little Piggies Flew to Hong Kong:** The sudden drop in Hong Kong’s airfreight capacity has delayed some deliveries of U.S. agricultural exports, including live animals. Advocating on behalf of farmers in Missouri, the Agricultural Trade Office (ATO) worked with local authorities, the Animal Health Inspection Service, and the local airline, and successfully facilitated the air shipment of 120 live breeding pigs to Hong Kong. Given the prevailing presence of African Swine Fever (ASF) in the region, Hong Kong farmers have been shopping around the globe for good breeding stocks. In 2021, U.S. sales of breeding pigs to this market grew eleven-fold to \$494,000 and the highest value since 2014. In addition, Hong Kong became the sixth largest export destination for U.S. live breeding pigs. Along with the United States, Taiwan and Canada also compete for Hong Kong’s \$1 million breeding pig market. See on [GAIN Report](#) on rising opportunities for U.S. exports of swine breeding stocks.

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## ***ATTENTION U.S. EXPORTERS! HONG KONG BUYERS ARE LOOKING FOR:***

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

- Swine genetics (specifically for large black pigs with lean meat).
- Live breeding pigs

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

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## OVERALL ECONOMY

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**Hong Kong Braces for Toughest Time Since the Start of the Pandemic:** [Various Sources, February 18, 2022]

Hitting daily records of new reported cases since the beginning of the pandemic, Hong Kong authorities extended the ban on inbound flights from eight countries considered “high-risk,” including the United States, to March 4. In addition, starting February 10, for the first time, the government limited private family gatherings to two households. Six more categories of premises, including supermarkets and malls, will be included on the “no jab, no entry” list, while hair salons and religious venues remain closed for an additional two weeks. Schools classes will also remain virtual until the first week of March. Widespread testing and targeted lockdowns in certain areas of Hong Kong are still underway.

**ATO Notes:** The daily surge in COVID-19 cases has led the government to impose the toughest measures since the start of the pandemic in January 2020. The city’s medical resources are feeling the strain. While the effectiveness of these measures is yet to be seen, these are expected to adversely affect both the food retail and food service sectors. Prior to this recent spike, Hong Kong authorities had planned to launch a vaccine pass system beginning on February 24 by which only people with at least one vaccine would be able to enter shopping malls, wet markets, supermarkets, and department stores plus 17 other premises.

**New Subsidies for Beleaguered Hongkongers** [[The Standard](#), February 15, 2022]

Hong Kong residents who have lost their jobs in the fifth wave of the pandemic can apply for a one-time \$1,282 unemployment relief as the government asks the legislature to sign off on a \$3.46 billion sixth round of anti-epidemic funds. The temporary unemployment relief is being offered for the first time to people who had been earning less than \$3,846 a month before losing their jobs from the end of December. **ATO Notes:** Including the unemployment subsidy, the government said it is planning 48 measures to help about 67,000 businesses as well as 750,000 individuals and transport operators under a plan to be submitted to the legislature on February 15. Most of the subsidies will accept applications a month after approval. More subsidies and alleviation measures are expected by the end of February when the government announces its new budget.

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## *HOTELS, RESTAURANTS AND INSTITUTIONS*

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### **Restaurant Receipts Surged in 2021** [[Hong Kong Census and Statistics Department](#), February 7, 2022]

The total value of restaurant receipts in 2021 was provisionally estimated at \$11.9 billion, an increase of 16.8 percent compared to 2020. Total receipts for Chinese restaurants increased 18.3 percent, non-Chinese restaurants increased 23.1 percent, fast food shops grew 8.6 percent, and miscellaneous eateries 12.3 percent. **ATO Notes:** The rise in restaurant sales was mainly due to improved COVID-19 conditions in 2021 when consumers resumed dining-out. However, the surge of COVID-19 cases since the start of 2022 has reintroduced more restrictions on gatherings and dining and likely to significantly hinder food service sales at least during the first quarter of the year.

### **Royal Caribbean Cancels Cruise-to-Nowhere Season** [[The Standard](#), February 9, 2022]

Cruise line Royal Caribbean announced it cancelled the remaining 2022 Hong Kong cruise-to-nowhere season, which included Spectrum of the Seas sailings in February and March. The company said the cancelation came after Hong Kong extended COVID-19 prevention measures and the uncertainty of the local pandemic situation. **ATO Notes:** The cruise industry has been one of the hard-hit sectors under the pandemic. While canceling the remaining season, the cruise line said it remains committed to Hong Kong and will work with government officials to return.

### **Restaurants Piloting Vaccine Pass Report Fewer Diners** [[The Standard](#), February 10, 2022]

Under the proposed vaccine pass, only the vaccinated can enter a list of regulated premises, including restaurants, supermarkets, shopping malls, and entertainment venues. People must have received the first vaccination by February 24. Some restaurants joining the pilot program report fewer customers. Some citizens said they will avoid going to malls after implementation of the vaccine pass tentatively scheduled to start February 24, while some others said the scheme makes them feel safer going out. **ATO Notes:** Some restaurants are worried that their businesses would be seriously hindered by the new vaccine pass, while some said that the vaccination rate in Hong Kong is more than 80 percent, so they are not worried about the drop in business after the implementation of the vaccine pass.

### **More Restaurant Closures Expected amid Tighter Restrictions** [[South China Morning Post](#), February 12, 2022]

The Hong Kong Federation of Restaurants and Related Trades estimated that more than 2,500 of the city's 17,000 restaurants closed over the past two years of the pandemic, and more than 1,500 additional restaurants could close down for good in March. About 3,400 others, reeling from curbs on

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business during the ongoing fifth wave of infections, were suspending operations to cut costs and minimize losses. In addition, during the first two months of 2022, the catering sector has suffered a loss in revenue of more than \$1.28 billion. **ATO Notes:** More restaurant closures and staff lay-offs are forthcoming if the restrictions on gatherings and dining persist. The catering industry is demanding the Hong Kong government provide subsidies and relax dining restrictions to provide a lifeline to restaurants and their staff.

## **Valentine's Day Love Lost for Florists and Restaurants** [[The Standard](#), February 14, 2022]

Valentine's Day used to be the prime time for flower sales and fine dining in Hong Kong. However, florists are expecting sales of Valentine's Day flowers to drop by 30 percent compared to last year - and only half of the business seen pre-pandemic. This is partly because suitors can no longer deliver the flowers to offices as a result of COVID-19-derived work from home arrangements. Restaurants were also hit hard by the two-person-per table cap and dine-in ban after 6pm, industry veteran, Simon Wong, expects business to be at a "historic low" at around \$12.8 million- half of last year's total. **ATO Notes:** This is another cross section showing how the pandemic and corresponding restrictions are affecting Hong Kong. The Hong Kong government will deliver its new budget by the end of February, and it is expected more measures will be implemented to help the affected sectors and boost the economy.

## **Restaurateur Launched Valentine's Day Picnic Meal Set to Help Sales During the Pandemic's Fifth**

**Wave** [Hong Kong Economic Times Mobile App News, February 11, 2022] A local restaurateur reported the reservation rate of their restaurant on Valentine's Day and the day before was only at around 50 percent. He commented that the ban on evening dining-out and the spike in COVID-19 cases have heavily hit the industry. Hence, he explored ways to boost sales including launching a Valentine's Day lunch and afternoon tea sets and discounts on takeaways. As this year's Valentine's Day fell on Monday, he expected some people would have taken advantage of the preceding Sunday to celebrate, so he introduced picnic meal set and sold around 20 sets with average per capita spending at around \$51. Another restaurateur said their reservation rate was only 20 percent and expected sales to decrease 70 to 80 percent compared to last year. **ATO Notes:** Hong Kong restaurants, including high-profile Michelin starred restaurants and five-star hotels are offering lunch menus, mid-afternoon menus, and takeaways to make up for the loss in sales during the evening hours.

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## RETAIL



### Sunkist Oranges Greet Hong Kong Consumers during Chinese New Year

U.S. Sunkist oranges are currently available in numerous retail outlets in Hong Kong including the two largest supermarket chains, ParknShop and Wellcome. Sunkist oranges are popular during Chinese New Year as gifts to relatives and friends. During Chinese New Year in early February 2022, some retailers encouraged sales by giving out the Sunkist “Year of Tiger” gift boxes or bundle the oranges by “Year of Tiger” bags. **ATO Notes:** In 2021, Hong Kong was the sixth largest export market for U.S. fresh fruits. Top U.S. fruit export categories to Hong Kong by value are oranges, apples, cherries, and grapes. There are market opportunities for both fruits that people consume on daily basis and more expensive specialty items.



### Food Retail Sales Dropped in 2021 [[Hong Kong Census and Statistics Department, January 31, 2022](#)]

For 2021, the value of total retail sales was provisionally estimated at \$45.3 billion, an increase of 8.1 percent from 2020. The value of online retail sales was provisionally estimated at \$3.7 billion, a jump of 39 percent compared to 2020. However, the increase in retail sales was mainly due to improved sales of electrical and consumer goods. Sales of commodities in supermarkets decreased by 8.4 percent compared to 2020. Sales of food, alcoholic beverages and tobacco dropped 2.7 percent in value and sales of commodities in department stores lowered 3.3 percent. **ATO Notes:** The drop in food retail sales in 2021 was mainly due to improved COVID-19 conditions, which encouraged more dining out. As

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COVID-19 cases surged again at the beginning of 2022 and stricter social gathering restrictions were reintroduced, both the food retail and food service sectors have been adversely affected.

**Veggie Tales –Shortages of Fresh Vegetables as COVID-19 Cases Disrupt Cross-Border Trade** [[The Standard](#), February 9, 2022; [Ming Pao](#), February 14, 2022; [GAIN Report](#), February 7, 2022, [The Standard](#), February 16, 2022]

Detections of COVID-19 cases among Hong Kong drivers transporting vegetables from mainland China shortened Hong Kong vegetable supplies beginning on February 5. Vegetables supplies gradually resumed to 70 to 80 percent in subsequent days. However, miscommunications between Shenzhen authorities, drivers, and wholesale markets reportedly dropped the number of daily trucks deliveries from 200 to 10 on February 13. The reported number of cross-border truck drivers reached closed to 50 on February 14, according to local media. As a result, 300-400 cross-border drivers (both from mainland and Hong Kong) are said to be currently in isolation. The Hong Kong-Guangdong Transportation Drivers and Employees Association told local media that it is advocating for Hong Kong drivers to pick up goods directly from wholesale markets in the mainland. Under the current arrangement, mainland drivers pick up the goods from farms and pass them on to the Hong Kong cross-border truck drivers at designated interchange venues. To offset the impact of ongoing restrictions on ground transportation, Hong Kong authorities are also looking to transport fresh produce by sea. However, sea transport may delay deliveries, is subject to weather conditions, and depends on the installation of proper refrigeration equipment. Other efforts include recruiting more drivers and distributing rapid tests to drivers. **ATO Notes:** Hong Kong’s fresh food supplies rely predominantly on mainland. Retail prices for fresh vegetables are expected to stay high (at around 30 to 40 percent higher) until normal supplies are available. This is in addition to the upward pressure on prices of imported foods due to ongoing global supply chain issues. Ensuring food supplies were a part of the recent discussions between Hong Kong and mainland authorities to collaborate in addressing the pandemic surge. However, the rising number of COVID-19 cases and the COVID-control measures will continue to put stress on cross border logistics. Hong Kong consumers generally prefer fresh to chilled or frozen products, as they believe that fresh products taste better and provide more nutrients. As price of fresh foods may fluctuate significantly under the pandemic, more consumers have switched to chilled or frozen foods.

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**TRADE**

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**Hong Kong Temporarily Suspends Imports of Poultry and Eggs from U.S. Counties affected with High Path Avian Influenza (HPAI):** Hong Kong's decision responds to USDA's recent announcements confirming HPIA cases in counties Indiana, Kentucky and Virginia. These states are not among the top shippers of poultry and eggs to Hong Kong with combined sales of \$670,000 in 2021, according to U.S. statistics. Hong Kong importers report no previous egg trade from the affected counties and impact on poultry trade is expected to be minimal. Hong Kong authorities also imposed a temporary ban on imports of live birds from the entire United States. However, no immediate impact on trade is expected as the United States does not ship live birds to this market. The ATO will continue to support USDA's response to Hong Kong authorities.

**Local Food Trade Shows Postponed for a Second Time** [[Vegetarian Food Asia, February 10, 2022](#)]

Local food trade shows Vegetarian Food Asia and LOHAS Expo will be rescheduled for the second time to May 6-8, 2022. The co-located trade shows were originally scheduled to take place February 18-20 and postponed to March 18-20 in view of the sharp increase in COVID-19 cases since mid-January. The ongoing spike in COVID-19 cases and the government's social distancing restrictions prompted the second postponement. **ATO Notes:** Other trade shows have suffered the same fate: The Pet Show, The Baby Show, and the international art fair, Art Basel, have also been forced to postpone amid the surge of infections and tighter restrictions. Over the last two years, Hong Kong's "zero-COVID" policy, especially the restrictions on international travel have led to the downsizing, rescheduling or cancellation of most in-person trade shows. The Hong Kong government is expected to launch new measures to assist the once vibrant exhibition industry.

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

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