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Report Highlights:

Bite size local news, Post reports and activity summaries wrapped by ATO Hong Kong. In this issue: Improved Sentiment Among Hong Kong Small and Medium-Sized Enterprises; Hong Kong Tourism Sector Expects Travel To Rebound 70 Percent; All Curbs on Travels Between Hong Kong, Macau And China Lifted; Visitors To Hong Kong Tripled In January; Macau Targets 40 Million Visitors In 2023; Macau's GDP To Grow 44 Percent In 2023; Macau Expected To Host 700 - 1,000 Conferences And Exhibitions In 2023; Hong Kong Restaurant Receipts Dropped 6.4 Percent In 2022; Hong Kong Food Retail Sales Remained Stable at \$12 Billion in 2022; Man Arrested For Possession Of CBD Products Following Enforcement Of New Law; 100 Pigs Culled in Hong Kong After Swine Fever Alert.

THE HONG KONG WONTON

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Feb. 3 - 16, 2023 | Vol. 3 Issue #4



First Food Trade Show Takes Place Following Easing of Local Travel and Dining Restrictions
LOHAS Expo took place on February 3-5, 2023, with more than 1,000 participating brands. Inaugurated in 2012, the show focuses on promoting Lifestyles of Health and Sustainability (LOHAS) and responds to increased demand for products that are sustainable, healthy, and environment-friendly, including natural and organic food products, health food and supplements, natural personal care, eco leisure and eco/green living products. The three-day show opened to both trade and local consumers in Hong Kong. It is Hong Kong's first food trade show after the government announced the lifting of all its travel and dining restrictions, including food sampling at exhibitor booths. Exhibitors and buyers were optimistic on the city's outlook for food sales in 2023.

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:

- Corn
- U.S. snacks (including potato chips) and Fast-Moving Consumer Goods (FMCG) foods
- Miniature pumpkins (size 1.2 -1.5kg/pc) and winter squash

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

THE HONG KONG WONTON

ECONOMY



Improved Sentiment Among Hong Kong Small and Medium-Sized Enterprises [[Hong Kong Census and Statistics Department](#), February 9, 2023]

On February 9, the Hong Kong Census and Statistics Department released the results of the Monthly Survey on Business Situation of Small and Medium-sized Enterprises (SMEs) for January 2023. The current diffusion index (DI) on business receipts amongst SMEs increased from 46.1 in December 2022 to 48.2 in January 2023, whereas outlook DI for February 2023 on business receipts was 51.2. Analyzed by sector, the current DIs on business receipts for many surveyed sectors rose by varying degrees in January as compared to the previous month, particularly for business services (from 46.3 to 50.0) and retail trade (from 44.5 to 47.7). The current DI on new orders for the import and export trades increased from 46.2 in December 2022 to 48.8 in January 2023, whereas the outlook DI on new orders for next month was 50.9. **ATO Notes:** While tightened financial conditions and slower global economic growth still pose uncertainties for businesses, the overall sentiment among SMEs continued to improve in January as most social distancing measures have been lifted and quarantine-free travel between Hong Kong and the mainland gradually resumes. It is expected the sentiment among SMEs, particularly those in the tourism and food service sectors, will continue to improve with the return of tourists and business activities. U.S. agricultural exporters considering travel to Hong Kong should make sure to consult the latest U.S. Department of State's [Travel Advisory](#), the U.S. Consulate's [COVID-19 information page](#), or contact ATO Hong Kong.

Hong Kong Tourism Sector Expects Travel To Rebound 70 Percent [[The Standard](#), February 3, 2023]

Hong Kong's tourism trade expects the number of travelers visiting the city to recover as much as 70 percent of pre-pandemic levels, as the city lures tourists back by launching a "Hello Hong Kong" global promotion. Speaking on a radio program on February 3, Simon Wong, chairman of the Quality Tourism Services Association, said the promotional offers is a much-needed boost to the pandemic-hit industry and could let the world know that Hong Kong is back in play. He said the tourism industry has been halted for three years and now is the time to welcome tourists back. Wong, also a chairman of restaurant group LH Group, noted that businesses have recovered to about 90 percent of pre-pandemic levels after the Hong Kong government canceled the city's vaccine pass arrangement. On February 2, Chief Executive John Lee unveiled plans to lure tourists to the city, including handing out 500,000 air tickets and a million spending vouchers, he also stressed the need to ensure the industry can cope with the renewed demand. Meanwhile, tourism sector lawmaker Perry Yiu said more must be done to boost consumption and encourage tourists to stay for longer periods after the launch of the promotional campaign. Yiu called on the government to roll out a recovery fund, saying businesses across the industry are struggling to hire enough staff. **ATO Notes:** There are still staff shortages at airlines, hotels, restaurants, and retail sector that hinder the recovery of the Hong Kong economy. It will take several

THE HONG KONG WONTON

months for the tourism and hospitality sectors to recruit enough staff to serve the return of visitors and meet the demand of services due to the increase in business activities.

Free Flights For Tourists To Hong Kong [[The Standard](#), February 3, 2023]

About 500,000 free air tickets are in store for overseas tourists through lucky draws and buy-one, get-one-free promotions starting March 1 as Hong Kong tries to lure in an extra 1.5 million visitors in six months. The giveaways came on the same day Chief Executive John Lee launched the \$256 million "Hello Hong Kong" promotion campaign on February 2, during which he declared the 500,000 free tickets to tourists is "probably the world's biggest welcome ever." Another 80,000 tickets will be given out to Hongkongers in the summer outbound peak period, and 80,000 more to tourists from the Greater Bay Area. In a launch of the "World of Winners" tickets giveaway campaign - a publicity drive to tell the world that Hong Kong is back as the pandemic enters its fourth year - Airport Authority chief executive Fred Lam said that part of the 500,000 free plane tickets will be given to tourists from Asian countries as they have traditionally counted for 75 percent of visitors. Meanwhile, more than one million "Hong Kong Goodies" visitor consumption vouchers worth over \$13 each were given out to tourists from 5pm on February 2. The vouchers will cover welcome drinks at some bars, restaurants, and hotels, as well as cash vouchers for tourists to redeem in transportation, culinary, retail and tourist attractions. **ATO Notes:** As Hong Kong has lifted its travel restrictions, the incentive programs aim to attract the gradual return of multi-million tourists to Hong Kong in 2023.

All Curbs on Travels Between Hong Kong, Macau And China Lifted On February 6 [[The Standard](#), February 5, 2023]

Starting from February 6, travelers between the mainland and Hong Kong can enjoy quarantine-free, quota-free, and test-free cross-border travel, as all checkpoints reopened. The current quota limit for Hong Kong-mainland travelers will be eliminated, and passengers will no longer need to make reservations before crossing the border. Group tours between China, Hong Kong and Macau will resume, while the number of customs checkpoints open will return to pre-pandemic levels. Hong Kong will end test requirements for all mainland visitors on the same day. The city will also drop the rapid antigen test for travelers from Macau, as well as the COVID-19 vaccination requirement for overseas and Taiwan-inbound passengers. Travelers from Hong Kong and Macau to the mainland will no longer need to provide proof of a negative test if they haven't been to Taiwan or overseas over the past seven days. Business leaders and representatives of other sectors hailed it as a significant boost to the revival of Hong Kong's economy. From January 8, Hong Kong resumed the initial stage of quarantine-free travel with the mainland and capped the daily quota of cross-border passengers at 75,000. Data from Ctrip, an online travel platform, showed that searches for Hong Kong and Macau as destinations increased more than threefold immediately after the full resumption arrangement was announced. **ATO Notes:** More than 243,000 travelers crossed the Hong Kong-China border at all control points on February 6, the first day of the full opening after Hong Kong lifted all curbs for travels to China and Macau. The increase in cross-border travels between Hong Kong, Macau and China is expected to boost business in the region particularly in the tourism and food service sectors.

THE HONG KONG WONTON

Hong Kong Carrier Cathay Pacific Flew Over 1 Million Passengers In January [[The Standard](#), February 16, 2023]

Hong Kong based flight carrier Cathay Pacific flew 1.03 million passengers in January, 40 times more than January 2022 and the first time the number passes the one million mark since COVID-19, the flagship carrier announced. Chief customer and commercial officer Lavinia Lau said that leisure travel demand over the Lunar New Year holiday was strong, particularly from Hong Kong to popular destinations such as Japan, Bangkok, and Singapore. "We are on track to operate more than 100 return flights per week to 14 cities in the Chinese mainland by the end of this month (February)," Lau said. Cathay, Lau added, is working to increase its passenger flights, especially in the run-up to the Easter holiday. Its cargo business grew 28.1 percent year on year to 95,139 tons in January. **ATO Notes:** Cathay Pacific's passing of the one million passenger mark symbolizes the gradual return of tourists to Hong Kong as the city has lifted its travel restrictions. However, similar to hotels and restaurants which were hard-hit under the pandemic, airlines will take several months to recruit enough staff to operate their flights to meet the growing traveler and cargo demand.

Visitors To Hong Kong Tripled In January [[The Standard](#), February 16, 2023]

Hong Kong played host to about 500,000 visitors in January, tripling the number logged visitors in December 2022, according to data announced by the Hong Kong Tourism Board (HKTB) on February 15. The data also revealed a recovery of about 10 percent compared to the average daily arrival of 2019, HKTB said. Apart from visitors with essential travel needs such as overnight stopovers, family visits or business trips, the share of leisure visitors also increased. Among non-mainland travelers welcomed in January, about 85,000 were short-haul travelers and about 54,000 were long-haul travelers. Separately, with the "Hello Hong Kong" campaign launched, the HKTB is giving out at least 1 million "Hong Kong Goodies" visitor consumption vouchers worth at least \$13 each jointly with merchants across the city to travelers visiting the city. Apart from welcome drinks at selected bars, restaurants and hotels, visitors can also redeem the vouchers directly at over 1,500 shops at various attractions, retail and dining outlets from February 15 for a special offer with no minimum spending requirements. **ATO Notes:** ATO has witnessed the gradual increase in tourist arrivals as more visitors began to show up in queues at restaurants, high-end retail shops, and tourist attractions since early January. Large in-person events such as Ruby Seven, Clockenflap (music festival), the Hong Kong Marathon, conferences, trade shows are returning close to the pre-pandemic scale. The "Hello Hong Kong" campaign is set to accelerate the return of multimillion visitors to the city for leisure and business.

Macau Targets 40 Million Visitors In 2023 [[The Macao News](#), February 6, 2023]

Macau Tourism officials are aiming for 40 million annual visitors, as tour groups from mainland China head back into Macau for first time in three years. As mainland Chinese tour groups head back into Macau on February 6, tourism officials are planning to redouble efforts to encourage more tourists, including offering subsidies of up to \$50 for selected overnight visitors. The Macau Government Tourism Office (MGTO) announced Macau's preparations for tour groups from mainland China, and various measures aiming to boost the city's tourism sector. Secretary for Economy and Finance Lei Wai Nong said that the central government's resumption of tour groups to Macau would "surely" boost the recovery of its tourism and economy "a great deal." Lei said that the government has been preparing for the full recovery of Macau's tourism sector, with the expectation that the city will welcome around 40 million visitor arrivals per year again, the level recorded in the pre-pandemic year of 2019. Macau