

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Hong Kong

Food Service - Hotel Restaurant Institutional

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Report Highlights:

Hong Kong is the 4th largest export market for U.S. consumer-oriented agricultural products, by value. With a dynamic food culture, sophisticated buyers, and world class logistical infrastructure, Hong Kong is a market to promote high-quality, innovative U.S. food and beverage products as well as a gateway to the region. As hotel and restaurant expansions continue, demand for high-quality U.S. food and beverage products by the Hotel, Restaurant, and Institutional food service sector in Hong Kong is expected to remain strong.

Post:

Hong Kong

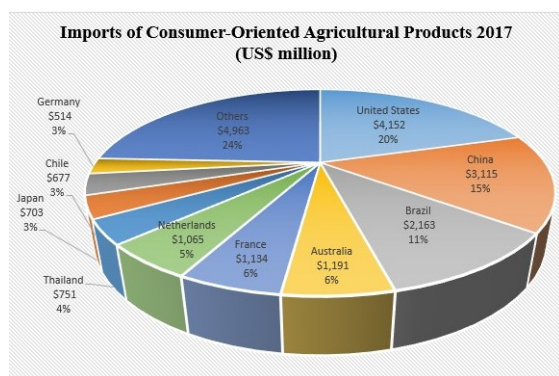
Market Fact Sheet: Hong Kong

Executive Summary

Hong Kong has a population of 7.39 million and its per capita GDP was over US\$46,000 in 2017, more than the U.S. and one of the highest in Asia. Hong Kong is a vibrant city, and a major gateway to Asia. Consumers are sophisticated and enjoy cosmopolitan food tastes. Due to limited arable land, around 95 percent of foods in Hong Kong are imported. In 2017, imports of agricultural and related products reached US\$27.6 billion.

Imports of Consumer-Oriented Products

Hong Kong imports of Consumer-Oriented Products reached US\$20.4 billion in 2017, or 74 percent of overall agricultural imports. The more popular products imported were beef, pork, poultry, fruits, tree nuts, dairy products, wines and prepackaged products. The United States, China, and Brazil were the top three suppliers.



Quick Facts CY 2017

Imports of Consumer-Oriented Ag. Products

US\$20.4 billion

Top 10 Consumer-Oriented Ag. Imports

Fish, beef, fresh fruit, pork, dairy products, food preparations, poultry, wine and beer, tree nuts and other meat products

Top Growths of Consumer-Oriented Ag. Imports

Fruit and vegetable juices, fresh fruit, processed vegetables, wine and beer, food preparations, snack foods, pork, fresh vegetables, condiments and sauces, and poultry meat

Food Industry by Channels

Consumer-Oriented Ag. Products:

- Gross Imports US\$20.4 billion
- Food Re-exports US\$9 billion
- Retained Imports US\$11.5 billion
- Retail Food Sales US\$12.28 billion
- Restaurant Receipts US\$14.45 billion

Top 10 Restaurant and Food Service Groups (by no. of stores)

Maxim's, Café de Coral, Starbucks, Fairwood, Pacific Coffee, Pizza Hut, Hung Fook Tong, Sushi Express, KFC, and Genki Sushi

GDP/Population

Population: 7.39 million
GDP: US\$341 billion
GDP per capita: US\$46,200

Food Processing Industry

In Hong Kong, land is limited and most expensive in the world. Therefore, local food processing sector is small. Imports of bulk and intermediate agricultural commodities were US\$386 million and US\$2.3 billion respectively, representing 1.4 percent and 7.4 percent of overall agricultural imports.

Food Service Industry

Hong Kong HRI food service market is made up of hotels, restaurants and institutions, with most food and beverage sales at restaurants. In 2017, Hong Kong's restaurant receipts rose 4.9 percent to US\$14.45 billion.

There are around 14,000 restaurants in Hong Kong. Major restaurant and food service groups include Maxim's, Café de Coral, Starbucks, Fairwood, Pacific Coffee, Pizza Hut, Hung Fook Tong, Sushi Express, KFC, and Genki Sushi.

Strengths/Weaknesses/Opportunities/Challenges

<i>Strengths</i>		<i>Weaknesses</i>	
- Large and free market with affluent customers	- U.S. products are perceived as high quality products	- Cost of shipment from the U.S. is high	- Order size of importers is small
<i>Opportunities</i>		<i>Challenges</i>	
- Hong Kong customers are open to new products	- Hong Kong is major trading hub for Asia	- Keen competition from other food supplying countries	- Strengthening U.S. dollar will make U.S. products less price competitive

Data and Information Sources: U.S. Census Bureau Trade Data, Global Trade Atlas, Euromonitor International, Hong Kong Census and Statistics Department, Hong Kong Trade Development Council

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SECTION I. MARKET OVERVIEW

Total exports of U.S. agricultural and related products to Hong Kong reached US\$4.4 billion¹ in 2017, making Hong Kong the 6th largest export market by value. For U.S. consumer-oriented exports, Hong Kong ranked 4th in 2017, with exports reaching US\$4 billion. For the first 7 months of 2018, U.S. consumer-oriented exports to Hong Kong reached US\$1.9 billion, an increase of 6.5 percent over the same period in 2017. Top categories for U.S. food exports to Hong Kong include: tree nuts, beef, poultry meat, pork, fresh fruits, seafood products, processed foods, wine and beer, pet food and dairy products.

In addition to being an active market, Hong Kong is also a trading hub where buyers make purchasing decisions for a vast range of consumer-oriented products that are transshipped to China and other parts of Asia. Most transshipments to Macau are purchased, consolidated, and shipped via Hong Kong.

Due to land constraints, local agricultural production in Hong Kong is minimal. As a market which imports consist of around 95 percent of local food requirements, Hong Kong at large welcomes foods from around the world. The import regime is transparent. Food and beverage products are imported to Hong Kong without tax or duty with the exception of four commodities, namely liquors, tobacco, hydrocarbon oil, and methyl alcohol. For more information on Hong Kong food import regulations, please refer to [GAIN Report HK1751](#).

Hong Kong recorded per capita GDP of US\$46,200² in 2017, one of the highest in Asia. With continued economic growth, the Hong Kong Government maintained its forecast for Hong Kong's real GDP growth at 3-4%³ in 2018.

Table 1 – Major Advantages and Challenges in the Hong Kong Market

Advantages	Challenges
Hong Kong is one of the top markets in the world for food and beverages, processed, fresh, and frozen gourmet products. U.S. exports of consumer-oriented agricultural products to Hong Kong were US\$4 billion, consolidating its position as the 4 th largest market for the United States in 2017.	Transportation time and costs, plus product availability due to seasonality (e.g. fresh produce) associated with importing U.S. food and beverage products to Hong Kong can make them less competitive than products available from regional suppliers such as China, Australia, and New Zealand.
Hong Kong is a major trading hub where buyers make purchasing decisions for a vast range of consumer-oriented products that are transshipped to China and other parts of Asia.	The importance of Hong Kong as a transshipment point and buying center for regional markets is not widely known to U.S. exporters.
U.S. food products enjoy an excellent reputation among Hong Kong consumers, as they are renowned for high-quality and food safety standards.	Strengthening U.S. dollar will make U.S. products less price competitive.
Hong Kong is a quality and trend-driven market so price is not always the most important factor for food and beverage purchases.	Hong Kong labeling requirements and residue standards can impact trade.

Hotel, Restaurant, and Institutional (HRI) Sector

Hong Kong monthly household expenditure on dining was US\$640, or 18 percent of overall average monthly household expenditure⁴. Hong Kong residents' preference of dining outside home and the large number of visitors (58.5 million in 2017) enable the continuous growth of the HRI sector. Restaurant operators are taking advantage of softening rents to expand strategic outlets while updating menu options for Hong Kong's enthusiastic "foodie" consumers that demand novel, premium cuisines.

¹ USDA/FAS Bico Reports, U.S. Census Bureau Trade Data

² "Economic and Trade Information on Hong Kong", Hong Kong Trade Development Council

³ - Ditto -

⁴ Hong Kong Census & Statistics Department 2014/2015 Household Expenditure Survey

Hotels

To meet the continued rise in the number of visitors, Hong Kong's hotel room supply continues to increase. In 2017, there were 277 hotels offering 78,935 rooms, compared with 175 hotels and 60,428 rooms in 2010, reflecting growth rates of 58 percent and 31 percent, respectively. The average occupancy rate was 87 percent in 2016 and 89 percent in 2017.

In 2017, tourist arrivals reached 58.5 million, with visitors from Mainland China representing 76 percent of travelers. Visitor numbers grew by 9.4 percent in the first seven months of 2018⁵, showing opportunities for the hospitality industry and demand for accommodation at every price level. In 2018, the inaugurations of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macau Bridge will further connect cities in the region and shorten the transport time. The flow of passengers is expected to contribute to the growth of the hospitality industry leading to increased opportunities for food and beverages.

Restaurants

Hong Kong boasts around 14,000 restaurants which range from local favorites to high-end fine dining outlets. The Michelin guide 2018 stars 63 Hong Kong restaurants, including 6 three-starred establishments, outnumbering the 5 restaurants in New York City and 3 in London that won the same three stars recognition.

In 2017, Hong Kong restaurant food and beverage purchases, valued at US\$4.66 billion, generated estimated sales of US\$14.45 billion, an increase of 2.0 and 5.0 percent*, respectively, over 2016.

Table 2 – Hong Kong Restaurants Receipts and Purchases (US\$ Billion)

	2016	2017	Growth (17 vs16)
Restaurant Receipts	13.77	14.45	4.9%
Restaurant Purchases	4.56	4.66	2.0%

(Source: Hong Kong Census & Statistics Department, US\$1=HK\$7.8)

(*Percentages are calculated before numbers are rounded)

Sales prospects at restaurants in 2018 remain strong. For the first two quarters of 2018, restaurant receipts reached US\$7.6 billion, an increase of 8.4 percent over the same period in 2017.

For Hong Kong statistical purposes, restaurants are grouped into five broad categories: Chinese, non-Chinese, fast food, bars, and other establishments.

Chinese Restaurants

Chinese cuisine is the top restaurant category. It will continue its dominant share in the market due to deeply rooted cultural events, such as banquets for weddings and dim sum lunches, often enjoyed by groups of working class adults and families. Among all Chinese cuisines, Cantonese is the most widely available option as the majority of Hong Kong residents have ties to the Cantonese origin and culture. Other easily found cuisines include Shanghaiese, Sichuan, and Chiu Chow.

Non-Chinese Restaurants

Due to its history as a global trade hub, sophisticated and affluent Hong Kong consumers have an enthusiasm for a range of international cuisines made from high-quality ingredients. Footprints of restaurants offering non-Chinese cuisine options, including Western, Japanese, Korean, Thai, Vietnamese, Indian, and more, are found everywhere in Hong Kong, leading to numerous opportunities for usages of U.S. foods and beverages as ingredients and for pairing.

⁵ Visitor Arrival Statistics, Hong Kong Tourism Board

Fast Food

Fast food outlets suit Hong Kong's quick-paced lifestyle where dining out twice per day at convenient locations is common. Competition among fast food chains is intense as brands strive to retain customers and raise brand awareness. McDonald's and KFC are the leading western style fast food chains, and Café de Coral and Fairwood are the leading local fast food chains, by brand share of foodservice value⁶. Western style outlets including Pret A Manger and Oliver's Super Sandwich are often located at areas easily accessed by office workers who appreciate healthy and light options such as salad and sandwiches.

Bars

Hong Kong's vibrant nightlife is renowned and served by some 800 bars and pubs across Hong Kong⁷. Lan Kwai Fong in the central business district is home to around 90 bars and restaurants⁸. Foodservice sales value in bars and pubs increased at a compound annual growth rate of 3.3% during 2012-2017⁹, reflecting growing opportunities for imported alcoholic beverages.

Other Establishments

"Tea restaurants" offer a range of localized Western and Chinese cuisines and beverages. Hong Kong also has a vibrant coffee culture. Independent specialist coffee shops have grown in number of outlets and sales the past several years. The leading chains, by brand share of foodservice value, are Starbucks, Pacific Coffee, and McCafe¹⁰.

Institutions

Hong Kong's institutional foodservice sector consists of hospitals, residential care facilities, schools, prisons and travel industry catering facilities. Many of these facilities, especially those operated by the government, purchase food supplies through tenders where price, quality, consistency, and stable supply matter.

Hospitals

Hong Kong has 43 public hospitals and institutions, managed by the Hospital Authority, and 12 registered private hospitals. Some of the meal services are outsourced to caterers and distributors.

Schools

There are 1,030 kindergartens, 581 primary schools, 506 secondary schools, and 20 degree-awarding institutions in Hong Kong. The Government provides nutritional guidelines for students' lunch and the appropriate procedures to select school lunch suppliers.

Prisons

The Hong Kong Correctional Services managed some 29 correctional facilities including prisons and rehabilitation centers. Inmates receive meals that are prepared according to health guidelines¹¹.

Airlines

Hong Kong is located less than five flying hours from half of the world's population so its airport is very busy (world's 8th busiest airport in 2017). Connected to over 220 destinations, the Hong Kong airport handled 72.9 million passengers in 2017, and their three aircraft caterers have a combined capacity of 198,000 meals per day for plane passengers¹².

⁶ Euromonitor International "Fast Food in Hong Kong, China" April 2018

⁷ Euromonitor International "Cafes/Bars in Hong Kong, China" April 2018

⁸ Hong Kong Tourism Board on Lan Kwai Fong: <http://www.discoverhongkong.com/us/dine-drink/nightlife/nightlife-districts/lan-kwai-fong.jsp>

⁹ Same source as footnote 7

¹⁰ Same source as footnote 7

¹¹ "Former inmate challenges policy over Chinese and Western meals in Hong Kong prisons" South China Morning Post, August 18, 2015, <http://www.scmp.com/news/hong-kong/law-crime/article/1850458/former-inmate-challenges-policy-over-chinese-and-western>

¹² <https://www.hongkongairport.com/en/the-airport/aviation-logistics-services/>

Cruise Ships

Hong Kong is increasingly popular as a cruise hub due to the development of the Kai Tak Cruise Terminal that can accommodate the largest ships in the cruise industry. The number of revenue passengers and total calls in 2017 totaled 732,586 and 190 respectively, which almost doubled the figures in 2016.

Entertainment Parks

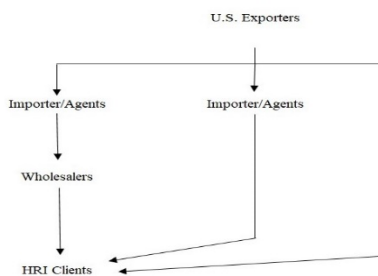
The two major theme parks in Hong Kong are Disneyland and Ocean Park. Disneyland operates seventeen dining outlets, and Ocean Park houses eight. They include restaurants and cafes that offer various cuisines.

SECTION II. ROAD MAP FOR MARKET ENTRY

To enter the Hong Kong market, some promotional/marketing strategies and tactics to consider, include:

- Identification of key players - ATO Hong Kong can provide lists of importers, distributors, USDA commodity cooperators and state/regional trade groups.
- Establishment of a presence in the market – test marketing and stakeholder education may be required prior to entry.
- Invite foodservice buyers to seminars and/or to the United States - ATO Hong Kong/ USDA cooperators organize seminars and trade missions to the United States to introduce U.S. products and U.S. exporters to Hong Kong buyers.
- Participation in trade shows – Hong Kong hosts more than a dozen food-related trade shows and in cooperation with FAS and USDA cooperators and state regional trade groups, the shows provide a platform to highlight the versatility and quality of U.S. food and beverage products.

SECTION III. STRUCTURE AND FOODSERVICE DISTRIBUTION CHANNEL



- Hong Kong market structure typically involves a dedicated importer/distributor who deals with the U.S. exporter, and maintains relationships with local resellers. Some special items are imported directly by food service establishments but most tend to outsource the import burden.
- Hong Kong is a mature trading port, and has developed an effective network of importers, distributors, and wholesalers that support the HRI trade.
- Most importers/distributors service multiple sectors including food service, retail, and wet markets.
- ATO Hong Kong maintains a database of Hong Kong importers servicing the HRI trade, and provide additional information on specific categories.

SECTION III. COMPETITION

Due to land constraints, Hong Kong produces a minimal amount of its food requirements, depending on global sources to meet about 95 percent of its needs. Hong Kong imports of Consumer-Oriented Agricultural Products reached US\$20.4 billion. For the first seven months of 2018, Hong Kong imports of these products reached US\$12.5 billion, an increase of over 14 percent over the same period in 2017.

Table 3 – Hong Kong Imports of Consumer-Oriented Ag. Products¹³ (2013-2017)

	(in US\$ million)	2013	2014	2015	2016	2017	Growth 17 v 16	Re-exports vs Gross Imports	Share of World
World	Gross Imports	17,068	19,600	18,006	19,755	20,427	3%	44%	100%
	Re-exports	4,907	5,780	6,497	7,933	8,967	13%		100%
	Retained Imports	12,161	13,819	11,509	11,822	11,460	-3%		100%
United States	Gross Imports	3,737	3,894	3,616	3,920	4,152	6%	42%	20%
	Re-exports	1,188	1,152	1,166	1,697	1,757	4%		20%
	Retained Imports	2,549	2,742	2,450	2,223	2,395	8%		21%
China	Gross Imports	2,397	2,706	2,736	2,912	3,115	7%	20%	15%
	Re-exports	461	438	392	439	609	39%		7%
	Retained Imports	1,936	2,269	2,344	2,473	2,505	1%		22%
Brazil	Gross Imports	2,202	2,492	1,713	1,986	2,163	9%	29%	11%
	Re-exports	654	943	1,128	996	628	-37%		7%
	Retained Imports	1,548	1,549	584	990	1,535	55%		13%
Australia	Gross Imports	679	826	881	1,165	1,191	2%	45%	6%
	Re-exports	96	207	314	507	540	7%		6%
	Retained Imports	583	619	568	658	651	-1%		6%
France	Gross Imports	811	794	1,045	1,180	1,134	-4%	57%	6%
	Re-exports	198	232	422	484	644	33%		7%
	Retained Imports	613	562	623	696	489	-30%		4%

Table 4 – Top 10 Hong Kong Imports of Consumer-Oriented Agricultural Products and Competition¹⁴

Product Category	Major Supply Sources ¹⁵	
Fish Products	1. China – 32%	
Gross Imports	US\$3.58 billion	374,844 MT
Retained Imports	US\$2.95 billion	287,016 MT
Beef and Beef Products	1. Brazil – 44%	
Gross Imports	US\$3 billion	742,816 MT
Retained Imports	US\$2.87 billion	679,505 MT
Fresh Fruit	1. Chile – 24%	
Gross Imports	US\$2.63 billion	1,692,429 MT
Retained Imports	US\$1.06 billion	649,199 MT
Pork and Pork Products	1. United States – 19%	
Gross Imports	US\$2.38 billion	972,489 MT
Retained Imports	US\$568 million	281,949 MT
Dairy Products	1. Netherlands – 41%	
Gross Imports	US\$1.75 billion	302,433 MT
Retained Imports	US\$803 million	222,924 MT
Food Preparations and Misc. Beverages	1. China – 27%	
Gross Imports	US\$1.7 billion	407,631 MT
Retained Imports	US\$912 million	308,172 MT

¹³ Calculations based on Global Trade Atlas data

¹⁴ - ditto -

¹⁵ Ranking and market share by gross import value

Poultry Meat and Products			1. United States – 28%
Gross Imports	US\$1.71 billion	947,476 MT	2. China – 27%
Retained Imports	US\$557 million	282,405 MT	3. Brazil – 24%
Wine and Beer			1. France – 54%
Gross Imports	US\$1.7 billion	231 million liters	2. Australia – 17%
Retained Imports	US\$1.1 billion	176 million liters	4. United States – 5%
Tree Nuts			1. United States – 72%
Gross Imports	US\$1.59 billion	292,840 MT	2. Iran – 9%
Retained Imports	US\$859 million	98,976 MT	3. South Africa – 7%
Meat NESOI			1. Indonesia – 43%
Gross Imports	US\$499 million	75,695 MT	2. China – 15%
Retained Imports	US\$458 million	69,884 MT	5. United States – 7%

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES (HRI SECTOR)

Table 5 – Best Growths of Hong Kong’s Imports of Consumer-Oriented Agricultural Products¹⁶

Category	2013 (US\$ million)	2017 (US\$ million)	Average Annual Growth
Fruit & Vegetable Juices	47	73	11.91%
Fresh Fruit	1,716	2,635	11.32%
Processed Vegetables	258	377	9.94%
Wine & Beer	1,184	1,699	9.45%
Food Preps. & Misc. Bev	1,237	1,719	8.58%
Snack Foods NESOI	291	354	5.04%
Pork & Pork Products	1,996	2,388	4.58%
Fresh Vegetables	392	469	4.57%
Condiments & Sauces	246	289	4.11%
Poultry Meat	1,511	1,710	3.15%

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

Post Contact

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[Other Hong Kong Government / Semi-Government Contacts](#)

¹⁶ Global Trade Atlas