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Report Highlights:

Hong Kong is the sixth-largest export market for U.S. consumer-oriented agricultural products, by value. Hong Kong is an attractive market for innovative U.S. food and beverage products as well as a gateway to the region. In 2019, Hong Kong's restaurant receipts dropped by 5.9 percent to \$14.4 billion, and the COVID-19 pandemic has further hampered food imports and food service sales in 2020. The Hong Kong government has launched multiple stimulus measures to help local residents and businesses cope with the COVID-19 adversity, and Hong Kong's economy is expected to pick up in 2021 when the coronavirus situation improves.

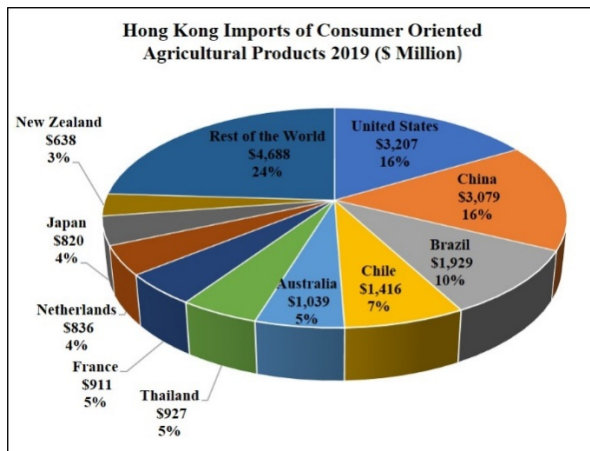
Market Fact Sheet: Hong Kong

Executive Summary

Hong Kong has a population of 7.5 million and its per capita GDP was close to \$49,000 in 2019, 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 and beverage tastes. Due to limited arable land, around 95 percent of food in Hong Kong is imported. In 2019, Hong Kong's total imports of agricultural and related products reached \$26.7 billion.

Imports of Consumer-Oriented Agricultural Products

Hong Kong imports of Consumer-Oriented Agricultural Products reached \$19.5 billion in 2019, or 73 percent of overall agricultural imports. The more popular products imported were fresh fruits, seafood products, beef, dairy products, prepared food, pork, poultry meat, wine and beer, tree nuts and distilled spirits. The United States, China, and Brazil were the top three suppliers.



Food Processing Industry

Land is limited and extremely expensive in Hong Kong. Therefore, the local food processing sector is small. Imports of bulk and intermediate agricultural commodities were \$433 million and \$2.39 billion, respectively, representing 1.6 percent and 8.9 percent of overall agricultural imports.

Food Service Industry

The Hong Kong HRI food service market is made up of hotels, restaurants, and institutions, with most food and beverage sales at restaurants. In 2019, Hong Kong's restaurant receipts dropped 5.9 percent to US\$14.4 billion.

There are around 16,000 restaurants in Hong Kong. Major restaurant and food service groups include McDonald's, Starbucks, Café de Coral, Fairwood, Pacific Coffee, Hung Food Tong, Pizza Hut, KFC, Maxim's, and Sushi Express.

Quick Facts CY 2019

Imports of Consumer-Oriented Ag. Products
\$19.5 billion

Top 10 Consumer-Oriented Ag. Imports
Fresh fruits, seafood products, beef, dairy products, prepared food, pork, poultry meat, wine and beer, tree nuts, and distilled spirits

Top Growth of Consumer-Oriented Ag. Imports
Tea, spices, fresh fruit, coffee, fresh vegetables, prepared food, distilled spirits, condiments and sauces, beef, and non-alcoholic beverages

Food Industry by Channels

Consumer-Oriented Ag. Products:

- Gross imports \$19.5 billion
- Re-exports \$7.9 billion
- Retained imports \$11.6 billion
- Retail food sales \$12.7 billion
- Restaurant receipts \$14.4 billion

GDP/Population

Population: 7.5 million
GDP: \$367 billion
GDP per capita: \$48,938

Strengths/Weaknesses/Opportunities/Challenges

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

Data and Information Sources: U.S. Census Bureau Trade Data, Trade Data Monitor, Euromonitor International, Hong Kong Census and Statistics Department, Hong Kong Trade Development Council, and the Hong Kong Tourism Board. Currency in U.S. dollars unless otherwise stated.

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SECTION I. MARKET SUMMARY

Total exports of U.S. agricultural and related products to Hong Kong reached \$3.2 billion in 2019, making Hong Kong the ninth-largest export market by value. For U.S. consumer-oriented exports, Hong Kong ranked sixth in 2019, with exports reaching \$2.9 billion. Top categories for U.S. agricultural exports to Hong Kong include: beef, tree nuts, poultry meat, fresh fruit, prepared food, pork, seafood products, wine and beer, meat products, and pet food¹.

In addition to being a dynamic 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 of Macau's food imports 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 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 HK2020-0029](#).

Hong Kong recorded per capita GDP of nearly \$49,000² in 2019, one of the highest in Asia. However, food imports to Hong Kong are expected to grow at a slower pace in 2020 because of the coronavirus pandemic and increasing uncertainties from the external environment. For the first seven months of 2020, U.S. consumer-oriented exports to Hong Kong reached \$1 billion, a drop of 33 percent³. Hong Kong's economy contracted sharply by 9 percent year-on-year in real terms in the second quarter of 2020. Considering the slowdown in global economic growth and the threat of novel coronavirus infection, the Government forecasts Hong Kong's economy to grow by -6 percent to -8 percent in 2020⁴.

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 \$2.9 billion, making it the sixth-largest market for the United States in 2019.	Transportation time and costs, combined with seasonality determining product availability (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.

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

⁴ "Economic and Trade Information on Hong Kong", Hong Kong Trade Development Council

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 as high-quality and safe.	Hong Kong labeling requirements and residue standards can impact trade.
Hong Kong is a quality and trend-driven market, so price is not always the most important factor for food and beverage purchases.	

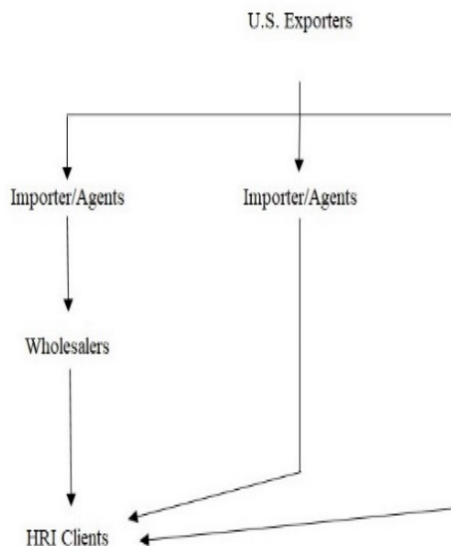
SECTION II. ROAD MAP FOR MARKET ENTRY

A. Entry Strategy

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.

B. Market Structure



- The 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 can provide additional information on specific categories.

C. HRI Food Service Sector Profile

1. Restaurants

Hong Kong boasts over 16,000 eateries⁵, which range from local favorites to high-end fine dining outlets. The Michelin guide 2020 stars 68 Hong Kong restaurants, including seven three-starred establishments, outnumbering the five restaurants in New York City and three in London that won the same three stars recognition⁶.

In 2019, Hong Kong restaurant food and beverage purchases, valued at \$4.63 billion, generated estimated sales of \$14.42 billion, a decrease of 5.1 and 5.9 percent respectively over 2018.

⁵ “Consumer Foodservice in Hong Kong”, Euromonitor International

⁶ Michelin Guide 2020

Purchases and sales receipts in 2020 are expected to slow down because of the uncertainties of external environment, and dampening domestic consumption due to COVID-19.

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

	2017	2018	2019	Growth (19 vs 18)
Restaurant Purchases	4.66	4.88	4.63	-5.1%
Restaurant Receipts	14.45	15.33	14.42	-5.9%

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

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 grossing restaurant category, according to Hong Kong Census and Statistics Department, and it will continue its dominant share in the market due to deep-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, with others including Shanghainese, Sichuan, and Chiu Chow also providing many options to diners.

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 include 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.

Fast Food

Fast food outlets suit Hong Kong’s quick-paced lifestyle where dining out twice per day at convenient locations is not uncommon. 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 value⁷. Western style outlets including PretA 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 is served by over 700 bars and pubs across Hong Kong⁸. Lan Kwai Fong in the Central business district is home to over 90 bars and restaurants⁹. It is a place where locals, expats, and tourists gather for drinks in the evenings

⁷ “Consumer Foodservice in Hong Kong”, Euromonitor International

⁸ “Consumer Foodservice in Hong Kong”, Euromonitor International

⁹ Hong Kong Tourism Board

and during special occasions, e.g. New Year’s Eve and the beer festival. According to Euromonitor, foodservice sales value in bars and pubs increased at a compound annual growth rate of 1.9 percent during 2014-2019¹⁰, reflecting growing opportunities for imported alcoholic beverages.

Other Establishments

“Tea restaurants” offer a range of localized Western and Chinese cuisines and beverages. Milk tea is a particular local favorite consisting of adding milk (evaporated or condensed) to various tea combinations. 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 McCafe¹¹.

2. Hotels

In 2019, tourist arrivals reached 56 million, with visitors from Mainland China representing 78 percent of travelers. By the end of July 2020, there were 306 hotels in Hong Kong, providing about 84 900 rooms¹².

3. 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. Experienced local importers are familiar with the process and requirements.

Hospitals

Hong Kong has 43 public hospitals and institutions¹³, managed by the Hospital Authority, and 12 registered private hospitals¹⁴. Some of the meal services are outsourced to caterers and distributors.

Schools

There are 1,049 kindergartens, 587 primary schools, 504 secondary schools, and 22 degree-awarding institutions in Hong Kong¹⁵. 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 28 correctional facilities including prisons and rehabilitation centers¹⁶. Inmates receive meals that are prepared according to health guidelines.

¹⁰ “Consumer Foodservice in Hong Kong”, Euromonitor International

¹¹ “Consumer Foodservice in Hong Kong”, Euromonitor International

¹² Hong Kong Tourism Board

¹³ Hong Kong Hospital Authority

¹⁴ Department of Health, Hong Kong SAR Government

¹⁵ Education Bureau, Hong Kong SAR Government

¹⁶ Correctional Services Department, Hong Kong SAR Government

Airlines

Hong Kong is located less than five flying hours from half of the world's population so its airport is very busy. Connected to over 220 destinations, the Hong Kong airport handled 71.5 million passengers in 2019, and their three aircraft caterers have a combined capacity of 198,000 meals per day for plane passengers¹⁷.

Cruise Ships

Hong Kong's Kai Tak Cruise Terminal can accommodate the largest ships in the cruise industry. The number of ship calls reached 218 and the number of cruise passengers throughout reached 903,060 in 2019¹⁸.

Entertainment Parks

The two major theme parks in Hong Kong are Disneyland and Ocean Park. Disneyland operates twenty-five food outlets¹⁹, and Ocean Park houses nine²⁰. They include restaurants and cafes that offer various cuisines.

D. Impact of COVID-19

The COVID-19 pandemic since January 2020 has adversely affected the Hong Kong food service sector as international travels were restricted, theme parks, cruise terminals, and schools were closed upon the Hong Kong government's restrictions on gatherings and dining. For the first seven months of 2020, visitor numbers reached only 3.5 million, a drop of over 91 percent. Hotel occupancy on the other hand was 41 percent, 48 percentage points lower compared with the same period in 2019²¹. For the first two quarters of 2020, restaurant sales dropped by 29 percent to \$5.5 billion²². It was estimated that the catering industry would lose \$641 million (HK\$5 billion)²³ of business in July alone, and thousands of restaurants are expected to temporarily or permanently cease operations should the dining ban continue.

While the food service sector was seriously hit, social distancing and stay-home measures aimed at curbing the spread of COVID-19 have boosted the food delivery market, with luxury hotels, high-end restaurants, and top-notch cake shop joining the platforms. The main delivery platforms, Deliveroo, Foodpanda, Uber Eats, and other smaller operators, have seen significant increase in orders and new food outlets signing up since the outbreak of the pandemic. On the other hand, restaurant groups ranging from fast food chains to luxury hotels, have introduced or strengthened their own delivery services to compensate the loss of their dine-in businesses. Growth in food delivery orders under the pandemic ranged from 20 percent to over 400 percent. While food deliveries cannot totally replace dining-in at restaurants especially for events like weddings, banquets, and parties, they provide a lifeline to the hard-hit catering industry to complement their businesses²⁴.

¹⁷ Hong Kong Airport Authority

¹⁸ Hong Kong Tourism Board

¹⁹ Hong Kong Disneyland

²⁰ Hong Kong Ocean Park

²¹ Hong Kong Tourism Board

²² Hong Kong Census and Statistics Department

²³ The Standard (July 28, 2020)

²⁴ Summary of coverage by local press and "Coronavirus Pandemic to Boost Food Delivery Industry in the Great Bay Area", Euromonitor International

E. Outlook for 2020/2021

2020 will be a difficult year for the Hong Kong food service sector. Facing the challenges, most restaurants have stepped up health measures for their staff and customers, some have released a COVID-19 guide²⁵ on sanitation procedures, health protocols, readjusting economics, guest relations, and much more. The restaurant industry group is planning a \$6.4 million (HK\$50 million)²⁶ food safety scheme aimed at rescuing the sector. The pandemic situation appeared to improve since mid-September, and the Hong Kong government is relaxing the limitations on dining and gatherings. In addition, the Hong Kong government has implemented multiple measures to support businesses and individuals as the pandemic continues to severely damage the global economy. The total relief provided by the Hong Kong Government will reach \$40 billion (HK\$311.5 billion)²⁷. Hong Kong's economy is expected to pick up in 2021 when the coronavirus situation further improves.

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 from all origins reached \$19.5 billion in 2019.

Table 3 – Hong Kong Imports of Consumer-Oriented Ag. Products (2015-2019)²⁸

Partner	Calendar Year (Value: \$ Million)					Growth 19 v 18	Share 2019
	2015	2016	2017	2018	2019		
United States	3,616	3,920	4,152	4,081	3,207	-21%	16%
China	2,736	2,912	3,115	3,163	3,079	-3%	16%
Brazil	1,713	1,986	2,163	2,372	1,929	-19%	10%
Chile	489	791	677	1,178	1,416	20%	7%
Australia	881	1,165	1,191	1,115	1,039	-7%	5%
Thailand	752	797	751	810	927	14%	5%
France	1,045	1,180	1,134	1,201	911	-24%	5%
Netherlands	1,251	1,207	1,065	981	836	-15%	4%
Japan	585	701	703	808	820	1%	4%
New Zealand	329	347	441	507	638	26%	3%
Total of Top 10 Partners	13,396	15,005	15,391	16,217	14,801	-9%	76%
Total of Rest of the World	4,610	4,750	5,036	4,887	4,688	-4%	24%
World	18,006	19,755	20,427	21,103	19,490	-8%	100%

²⁵ South China Morning Post (August 13, 2020)

²⁶ South China Morning Post (August 11, 2020)

²⁷ Hong Kong SAR Government

²⁸ Calculations based on Trade Data Monitor data

**Table 4 – Top 10 Hong Kong Imports of
Consumer-Oriented Agricultural Products and Competition²⁹**

Product Category			Major Supply Sources³⁰
Fresh Fruit			1. Chile – 38% 2. Thailand – 16% 4. United States – 7%
Gross Imports	\$3.65 billion	1,941,538 MT	
Retained Imports	\$1.25 billion	673,935 MT	
Fish Products			1. China – 30% 2. Japan – 15% 5. United States – 4%
Gross Imports	\$3.42 billion	350,269 MT	
Retained Imports	\$2.82 billion	281,745 MT	
Beef and Beef Products			1. Brazil – 44% 2. United States – 28% 3. Australia – 5%
Gross Imports	\$2.9 billion	706,544 MT	
Retained Imports	\$2.3 billion	466,006 MT	
Dairy Products			1. Netherlands – 30% 2. New Zealand – 21% 8. United States – 3%
Gross Imports	\$1.99 billion	307,388 MT	
Retained Imports	\$831 million	228,715 MT	
Prepared Food			1. China – 27% 2. Japan – 13% 3. United States – 12%
Gross Imports	\$1.84 billion	410,643 MT	
Retained Imports	\$883 million	305,864 MT	
Pork and Pork Products			1. Brazil – 23% 2. China – 20% 3. United States – 13%
Gross Imports	\$1.48 billion	643,132 MT	
Retained Imports	\$1.24 billion	503,024 MT	
Poultry Meat and Products			1. China – 33% 2. United States – 24% 3. Brazil – 21%
Gross Imports	\$1.5 billion	797,906 MT	
Retained Imports	\$1 billion	473,947 MT	
Wine and Beer			1. France – 55% 2. Australia – 9% 4. United States – 6%
Gross Imports	\$1.3 billion	198 million liters	
Retained Imports	\$1.1 billion	153 million liters	
Tree Nuts			1. United States – 79% 2. South Africa – 5% 3. China – 4%
Gross Imports	\$993 million	187,865 MT	
Retained Imports	\$273 million	20,999 MT	
Distilled Spirits			1. China – 38% 2. France – 37% 4. United States – 2%
Gross Imports	\$600 million	20 million liters	
Retained Imports	\$94 million	13 million liters	

²⁹ Calculations based on Trade Data Monitor data

³⁰ Ranking and market share by gross import value in 2019

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

Table 5 – Best Growths of Hong Kong’s Imports of Consumer-Oriented Agricultural Products³¹

Category	(Value: US\$ Million)		Average Annual Growth
	2015	2019	
Tea	85	221	26.99%
Spices	26	63	25.11%
Fresh Fruit	2,201	3,650	13.47%
Coffee	91	118	6.60%
Fresh Vegetables	415	532	6.44%
Food Preparations	1,494	1,842	5.37%
Distilled Spirits	492	600	5.13%
Condiments and Sauces	255	305	4.59%
Beef	2,500	2,895	3.74%
Non-Alcoholic Beverages	228	264	3.65%

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

Post Contact

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<http://www.usfoods-hongkong.net>

Other Hong Kong Government / Semi-Government Contacts

Please refer to [GAIN Report HK2020-0029](#)

Attachments:

No Attachments

³¹ Calculations based on Trade Data Monitor data