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Hong Kong

Food Service - Hotel Restaurant Institutional

Macau - HRI Food Service Sector

Approved By:

M. Melinda Meador

Prepared By:

Caroline Yuen, Chris Li,
Annie Lai

Report Highlights:

The flourishing gaming and tourism industries support the continued growth of Macau's food service sector which offers excellent opportunities for U.S. exports of high quality foods and beverages.

Post:

Hong Kong

SECTION I. MARKET SUMMARY

Background

Macau is located at the entrance of the Pearl River Delta, about 90 miles southeast of Guangzhou, China and 37 miles southwest of Hong Kong. It covers 18.3 square miles, around one-sixth the size of Washington, D.C. and has a population of 647,000. Formerly a Chinese territory under Portuguese administration, Macau became a Special Administrative Region (SAR) of the People's Republic of China on December 20, 1999. Pursuant to a 50 year transition period, the Macau SAR (MSAR) maintains a high degree of autonomy in all matters except foreign, defense, and security affairs.

With its unique blend of European and Chinese cultures, Macau's economy is growing steadily with a per capita GDP that reached \$71,311 (MOP 565,301) in 2015. Macau has enjoyed an influx of international investment over the last decade to develop its casino resorts as it is the only legal gambling site in Mainland China. The pace of its economic growth has far surpassed expectations. The gaming industry's gross revenue in 2015 amounted to \$29 billion (MOP 233,229 million) significantly exceeding that of Las Vegas. Gaming by itself is the largest source of direct tax in Macau. The tax on gaming represented around 78% of Macao's total revenue. The gaming sector accounts for almost 45% of GDP and more than half of inward foreign direct investment.

According to Macau government's five-year development plan (2016-2021) released in April 2016, the government intends to expand Macau's attractions as a tourist and leisure hub including the growth of hotels, family-friendly mega resorts and accompanying HRI outlets. The opening of the \$4.1 billion Wynn Palace and Sands's \$2.7 billion Parisian casino resorts in the fall of 2016 provides opportunities for Macau's gaming and non-gaming recreational sectors to expand as Macau looks to diversify into a multi-platform entertainment destination. Meetings, Incentives, Conferences, and Exhibitions (MICE) is another area that the Macau government is targeting for development. In 2015, a total of 239 MICE events were held in Macau.

U.S. Food and Beverage Exports to Macau

Due to production limitations, virtually all of Macau's food requirements are imported. In 2016, the vast majority of Macau's imports were transshipped via Hong Kong as Macau lacks a deep water port. Macau's total global imports of agricultural, food, and fisheries reached \$1.2 billion from January – November 2016 of which \$7.5 million were U.S. origin products shipped directly to Macau. From January – November, 2016, Hong Kong exported \$977 million in agricultural, food, and fisheries products to Macau, \$85 million of which were U.S. origin. In late 2017, the Hong Kong-Zhuhai-Macau Bridge project, consisting of a series of bridges and tunnels crossing the Lingdingyang channel will connect southern China, Macau and Hong Kong for vehicular and freight movement which will greatly shorten the transport time currently achieved primarily by ship.

Hotel, Restaurant and Institutional (HRI) Sector

Supported by inbound tourism and gaming resorts, Macau's HRI sector has developed rapidly over the past two decades. With an average of 2.5 million visitors each month, Macau's world-class gaming resorts have pushed the demand for high-quality food ingredients to serve their guests and provide staff meals. A total of 2,284 restaurant and foodservice facilities were in operation in 2015, an increase of 166 facilities over 2014. The presence of 19 Michelin starred restaurants in Macau for 2017 bodes well for the HRI sector. Macanese food, which is a fusion of Portuguese, African, Southeast Asian and Chinese cooking, is gaining international recognition as is Macau as a culinary destination following an

influx of internationally renowned restaurant brands and celebrity chefs.

Restaurant receipts amounted to \$1.27 billion (MOP10.04 billion) in 2015, up by 4.6 percent year-on-year, attributable to an increase in the number of food service outlets and recovering economy. Restaurant expenditures amounted to \$1.25 billion (MOP 9.9 billion) and \$474 million (MOP3.76 billion) of which 38 percent was spent on purchases of goods. A Macau government survey indicated that visitors spent approximately \$1.26 billion (MOP10 billion) on food and beverage in 2015, accounting for the bulk of Macau’s HRI receipts.

Table 1: Receipts and Expenditures of Various Types of Restaurants in Macau in 2015 (\$ million)

	Number	Receipts	Expenditure
Chinese Restaurants	563	525	517
Local-style Cafes and Congee & Noodle Shops	920	305	292
Western Restaurants	166	133	132
Japanese and Korean Restaurants	146	94	100
Other Asian Restaurants	113	33	35
Fast-food Restaurants	36	85	77
Coffee Shops	129	37	36
Total	2,209	1,262	1,242

(Source: Government of Macau, Statistics and Census Service)

Table 2 –Advantages and Challenges in the Macau Market

Advantages	Challenges
Macau has no import tariffs and only a consumption tax on spirits and tobacco. For spirits with alcoholic content exceeding 30%, the consumption tax is at a rate of 10% of the Cost, Insurance, and Freight Import Value (CIF) value plus a MOP 20 (US\$2.50) per liter.	U.S. food products are not always price competitive. China is the largest competitor of U.S. food products.
U.S. food products enjoy an excellent reputation among Macau consumers as they are renowned for high quality and food safety standards.	Macau’s minimum order may be smaller than U.S. supplier’s minimum order which prevents direct exports to Macau from the U.S. making U.S. products more expensive.
Technical barriers to imports of U.S. products are generally very low. While the Macau government continues to refine food standards in recent years, their regulations are set in a way that products complying with Hong Kong food regulations meet the food standards in Macau.	The ease of exporting to Macau through Hong Kong as a transshipment point is not widely known to U.S. exporters.

Macau accepts U.S. health certificates for Hong Kong so U.S. products do not need to provide health certificates destined specifically for Macau.	While Hong Kong has one of the busiest container terminals in the world, it also has expensive port handling charges, thus making U.S. products less price competitive compared to regional food products which may be shipped direct to Macau.
In general, implementation and application of regulations is transparent and open.	The cost of living is getting higher in Macau. The increase in food prices may cause some consumers to turn to more lower-price lower-quality food products where U.S. products do not enjoy strong competitive advantage.
An increasing variety of U.S. products are available to Macau consumers.	
The Macau economy is very stable and the per capita GDP is as high as \$71,311.	
Macau consumers welcome novelty food products.	
Hong Kong's logistical efficiency and strong trade support infrastructure (world's busiest air cargo terminal and 5 th busiest port) facilitate the smooth trans-shipment of many imported products from Hong Kong to Macau.	
Demand is increasing rapidly for "healthy", high-quality foods, market segments where the U.S. is especially strong.	
Macau concerns over food safety have made U.S. food products a top choice for quality and safety.	
Macau is a "quality" and trend driven market so price is not always the most important factor for food and beverage purchases.	
Macau has a strong gaming industry driving a need for high- quality food and food ingredients to serve its over 30 million visitors in 2015.	
Lack of local production means virtually no protectionist pressures for food and agricultural products.	

SECTION II. ROAD MAP FOR MARKET ENTRY

A. ENTRY STRATEGY

Food product suppliers from the United States seeking to enter the Macau food service market

will need to work primarily with importers in Hong Kong who are engaged in the Macau market and have good connections with Macau’s HRI sector and distribution network. U.S. exporters may also work directly with Macau’s food importers. Hong Kong’s is the primary trading partner for consumer-oriented products and many U.S. suppliers develop long-term relationships with Hong Kong buyers who provide effective linkages to Macau.

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

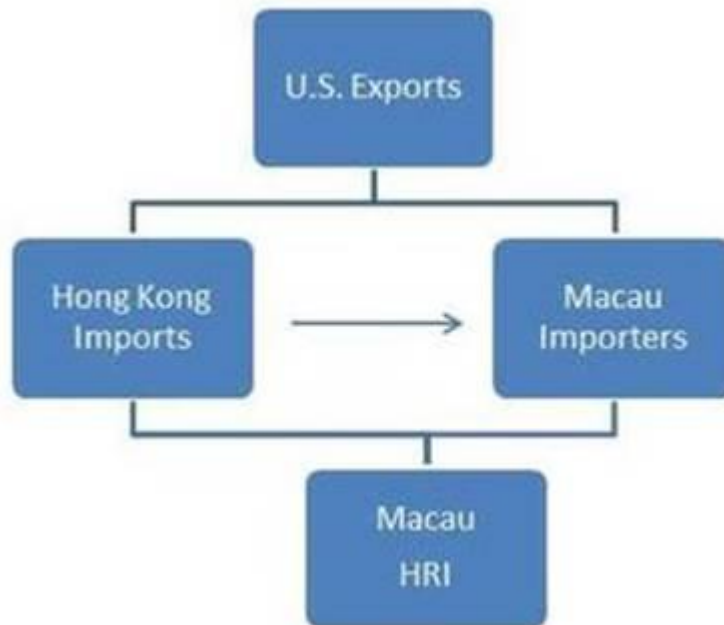
- Identification of key players - ATO Hong Kong can provide lists of importers, distributors, USDA commodity cooperators and state/regional trade groups.
- Establishment of a presence in the market – test marketing and stakeholder education may be required prior to entry.
- Invitation to foodservice buyers to seminars and/or to the U.S. - ATO Hong Kong/ USDA cooperators organize seminars and trade missions to the U.S. to introduce U.S. products and U.S. exporters to Macau buyers.
- Participation in trade shows – Hong Kong hosts numerous food-related trade shows (see Table 3) 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. Many Macau buyers and HRI representatives source new products from Hong Kong food-related trade shows.
- Explore cooperation with the Institute for Tourism which is Macau’s only teaching institution for future chefs who will serve Macau’s HRI industry.

Table 3 – Hong Kong Trade Shows Featuring Food and Beverage Products

Date	Name of Show (check the hyperlink below for more details)
Feb 23-25, 2017	LOHAS Expo (organic and natural foods)
Feb 23-25, 2017	Vegetarian Food Asia
May 8-11, 2017	HOFEX* (all foods)
Aug 17-21, 2017	Hong Kong Food Expo (all foods)
Aug 30-Sep 1, 2017	Natural & Organic Products Asia
Sep 5-7, 2017	Seafood Expo Asia
Sep 5-7, 2017	Restaurant and Bar
Sep 6-8, 2017	Asia Fruit Logistica* (fruits, vegetables and nuts)
Nov 9-11, 2017	Hong Kong International Wine and Spirits Fair
December 2017	Agri Pro Asia

(* USDA-endorsed trade shows, more information on USDA-endorsed trade shows can be found at: <http://www.fas.usda.gov/topics/exporting/trade-shows>)

B. MARKET STRUCTURE



C. SUB-SECTOR PROFILES

Hotels and Resorts

Following the 2002 end of the 40 year Chinese monopoly in the gaming industry, foreign direct investment has poured into Macau's hotel and resort industry. Today, Macau has many five-star hotels under different groups such as the Galaxy Entertainment Group, Melco Crown (Macau) Ltd, Sands China Ltd and Wynn Macau Ltd.

In 2015, there were a total of 107 hotels (32 5-star and 17 4-star) and guesthouses in Macau, representing an 8 percent increase compared to 2014. Macao has a total of 29,725 hotel rooms spread across 73 hotel premises that range from 5-star deluxe to 2-star hotels. There will be about 6,300 additional rooms in the market upon completion of several new mega-resort hotels in the near future.

About 45,000 employees were hired to work in these hotels. Excluding the operating cost of providing staff meals to 45,000 plus employees, these hotels generated total receipts of \$693 million (MOP5,491 million) from food and beverages sales in 2015. According to a government survey, hotels and guesthouses spent \$278 million (MOP2,202 million) on food and beverage purchases. The presence of these many high-end hotels speaks for the demand for

quality food.

Partial List of Hotel Groups in Macau

Company Name	Location	Number of Hotel(s)
Sands China Ltd	Macau	7
Galaxy Entertainment Group	Macau	6
Melco Crown (Macau) Ltd	Macau	3
Wynn Macau Ltd	Macau	2

Other new resorts set to open before the end of 2017

THE 13

Opens: Late 2016

Cost: US\$1 billion

Rooms: 200 multi-level suites

MGM Cotai

Opens: Second quarter of 2017

Cost: US\$ 2.5 billion

Rooms: 1,600

City of Dreams Fifth Hotel Tower

Opens: First half of 2017

Cost: Unknown

Rooms: 780

Lisboa Palace

Opens: Fourth quarter of 2017

Cost: US\$3.9 billion

Rooms: 2,000 across three hotels

Restaurants

Chinese Restaurants

Chinese restaurants include those serving Chinese cuisines, such as Guangdong, Sichuan, Shanghai or Taiwan cuisines, including hot pot and dim sum restaurants, local eateries and dumpling shops. The number of Chinese restaurants in Macau increased by 53 y-o-y to 563 establishments. Among the different foodservice outlets, Chinese restaurants lead in terms of receipts (41.6%), persons engaged (39%) and expenditure (41.6%). Restaurants of more than 50 persons engaged accounted for 11.2% of the total.

Western Restaurants

The number of Western restaurants dropped by 15 in 2015 to 166, with receipts declining by 11.6%. Macau has 28 Western restaurants with more than 30 employees.

Local-style Cafes and Congee and Noodle Shops

Local-style cafes offer a wide variety of Asian and Western food choices with local flavors. Congee & noodle shops specialize in congees and/or noodles, with some also serving rice dishes, drinks and Chinese desserts. The most popular formats in Macau by venue outlet are local-style cafes and congee & noodle shops. At 920, these shops have seen their numbers increase by 105 outlets in 2015. Due to this growth, receipts were also up by 22.1%.

Japanese and Korean restaurants

Japanese and Korean restaurant outlets increased by 12 y-o-y to 146 with receipts up by only 3.9% due to a rise in operating costs.

Fast Food Restaurants

Fast food restaurant outlets increased by 1 in 2015 with receipts growing 12.7%.

Partial List of Restaurant Groups in Macau

Company Name	Type of Food	No. of Outlets
Café Deco Macau	International	1
Café de Coral	Chinese fast food	5
KFC	Fast Food - Chicken	4
Starbucks	Coffee & snacks	Yes (around 8 outlets)
Pizza Hut	Pizza, local menu	Yes (around 6 outlets)
Pacific Coffee	Coffee & Snacks	Yes (around 4 outlets)
Spaghetti House	International	1
Epicurean Group (restaurants & bars)	International	1
Eclipse Management	International	1
Morton's the Steakhouse	American Steak House	1

Partial List of Macau Foodservice Distributors

Company Name	Contact Person	Location
Angliss Macau Food Service Ltd	Janice Cheung	52-58 Rua Dos Pescadores, Edf. Industrial Ocean II Fase, 4-Andar C & D, Macau Tel: (853) 2886 2886 Email: ben.ng@angliss.com.mo

Dah Chong Hong Ltd	Albert Wong	8/F., DCH Building, 20 Kai Cheung Road, Kowloon Bay, Hong Kong Tel: (852) 2768-2295 Email: albertwong@food.dch.com.hk
Etak International Ltd	John Hill	20/F., Methodist House 36 Hennessy Road, Wanchai Hong Kong Tel: (852) 2526-2371 Email: john.hill@etak.com.hk
Man Seng / Dairy Land	Matt Lei	Rua do Dr. Lourenco Pereira Marques Ponte Cais no. 6 Porto interior, Macau Tel: (853) 83941168 Email: dairy@macau.ctm.net
Sims Trading Ltd	Karen Hung	7/F, DCH Building, 20 Kai Cheung Road, Kowloon Bay, Hong Kong. Tel: (852) 2262 1432 Email: khung@sims.com.hk
Wilson International Frozen Foods (HK) Ltd	Ringo Wong	Rm 2104 B-F, Nan Fung Centre, 264-298 Castle Peak Road, Tsuen Wan, N.T., Hong Kong Tel: (852)) 3678 0888 Email: ringowong@wilsonfoods.com.hk

Other Food and Beverage Traders in Macau

http://www.macaueport.com/english/members_list.php?category_id=11

SECTION III. COMPETITION

In 2015, China, due to its geographical proximity to Macau, was the largest supplier of agricultural products. The Netherlands was the second largest supplier with exports to Macau predominantly consisting of baby formula products (\$200 million, or 91%). France was third with significant wine exports (\$109 million, or 85%).

Table 4 – Macau Imports of Agricultural, Fishery and Forestry Products (2011-2105)

Partner Country	\$ Million				
	2011	2012	2013	2014	2015
China	231	243	271	327	344
Netherlands	32	46	85	164	222

France	246	165	142	150	128
Hong Kong	81	81	79	97	108
United States	50	50	55	70	75
Ireland	27	20	31	56	60
Japan	30	29	36	44	59
Australia	35	34	35	47	43
Thailand	36	31	34	39	43
Brazil	27	33	29	40	39
Rest of World	196	205	229	297	319
World	991	936	1,028	1,331	1,440

(Source: Global Trade Atlas)

SECTION IV. BEST PRODUCT PROSPECTS

**Table 5 – Top 20 Macau Imports of Agricultural, Fishery and Forestry Products
(January-November 2011-2015)**

HS Code	Description	\$ Million		% Change	
		2014 Jan-Nov	2015 Jan-Nov	2016 Jan-Nov	2016/2015
190110	Food Preparations For Infants, Retail Sale Nesoi	228	285	210	-26.12
220421	Wine, Fr Grape Nesoi & Gr Must W Alc, Nov 2 Liters	153	122	114	-6.67
210690	Food Preparations Nesoi	30	40	39	-3.93
020329	Meat Of Swine, Nesoi, Frozen	31	29	33	14.99
010392	Swine, Live, Nesoi, Weighing 50 Kg Or More Each	27	29	33	10.95
190590	Bread, Pastry, Cakes, Etc Nesoi & Puddings	28	32	31	-1.61
220210	Waters, Incl Mineral & Aerated, Sweetnd Or Flavord	27	28	23	-17.44
220290	Nonalcoholic Beverages, Nesoi	25	29	23	-22.39
020230	Meat Of Bovine Animals, Boneless, Frozen	16	16	19	18.88
100630	Rice, Semi- Or Wholly Milled, Polished Etc Or Not	14	17	18	6.67
190531	Cookies (Sweet Biscuits)	16	21	17	-18.69
220300	Beer Made From Malt	16	17	17	-1.84
210390	Sauces Etc. Mixed Condiments And Seasonings Nesoi	14	16	16	1.42
020714	Chicken Cuts And Edible Offal (Inc Livers), Frozen	16	17	16	-4.94
010594	Chickens, Live, Weighing Not More Than 185 G Each	12	16	15	-5.4
190190	Malt Extract; Flour, Meal, Milk Etc Prod Etc Nesoi	22	23	15	-34.76

170490	Sugar Confection (Incl Wh Choc), No Cocoa, Nesoi	16	17	14	-18.14
190230	Pasta, Prepared Nesoi	14	14	14	0.16
160249	Prepared Etc. Swine Meat, Offal, Etc. Nesoi	13	15	14	-12.72
040721	Eggs Of Chickens, Fresh, Nesoi	13	13	13	-4.07

SECTION V. POST CONTACT AND FURTHER INFORMATION

Foreign Agricultural Service (FAS)

Home Page: <http://www.fas.usda.gov>

Agricultural Trade Office (ATO)

Consulate General of America, Hong Kong and Macau

18th Floor, St. John's Building

33 Garden Road, Central

Hong Kong

Tel: (852) 2841-2350

Fax: (852) 2845-0943

E-Mail: ATOHongKong@fas.usda.gov

Website: <http://www.usconsulate.org.hk>
<http://www.usfoods-hongkong.net>

Macao Government Tourism Office

Alameda Dr. Carlos d'Assumpção, n.^{os} 335-341

Edifício "Hot Line", 12^o andar, Macau

Tel: (853) 2831-5566

Fax: (853) 2851-0104

E-Mail: mgto@macaotourism.gov.mo

Website: <http://www.macaotourism.gov.mo>

Macau Hotel Association

Tel: (853)2870 3416

E-Mail: mhacmo@macau.ctm.net

Website: <http://www.macaohotel.org/>

The American Chamber of Commerce in Macau

Alameda Dr. Carlos d' Assumpção No 263

Edif. China Civil Plaza, 20 Andar, Macau SAR

Tel: (853) 2857-5059

Fax: (853) 2857-5060

E-mail: info@amcham.org.mo

Website: <http://www.amcham.org.mo/>

Associação Comercial Geral dos Chineses de Macau

Rua de Xangai 175, Ed. ACM. 5, Macau

Tel: (853) 2857-6833
Fax: (853) 2859-4513
E-Mail: acmmcc@macau.ctm.net
Website: <http://www.acm.org.mo/index.php/en/>

Macao Trade and Investment Promotion Institute –IPIM

World Trade Centre Building
1st & 4th Floors,918, Avendia da Amizade, Macao
Tel: (853) 2871 0300
Fax: (853) 2859 0309
E-mail: ipim@ipim.gov.mo
Website: <http://www.ipim.gov.mo/>

Macao Importer and Exporter Association

Av. do Infante D. Henrique No. 60-62, 3oandar, Centro Comercial Central, Macau.
Tel: (853) 2855-3187, (853) 2837-5859
Fax: (853) 2851-2174
E-mail: aeim@macau.ctm.net
Website: <http://www.macaueport.com>