



U.S.  
COMMERCIAL  
SERVICE  
United States of America  
Department of Commerce

# U.S. Country Commercial Guides



## Hong Kong and Macau Year 2020

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# Doing Business in Hong Kong and Macau

## Market Overview

**Hong Kong's** economy contracted by 1.2 percent in 2019, the first annual decline since 2009. The contraction was driven by the softening of global economic growth, U.S.-China trade tensions, and local social unrest that battered consumption and tourism-related activities. The economic deceleration in Hong Kong has continued in 2020 as the Covid-19 pandemic dramatically affected economic activity, with real GDP falling by 9% year-on-year in the second quarter. The implementation of the National Security Law by Beijing in July of 2020, furthermore, has created a level of uncertainty in the territory not seen since Hong Kong's handover to China in 1997. As such, Hong Kong's short- and medium-term economic outlook remains unclear.

According to Hong Kong Government statistics, there are 1,344 subsidiaries of U.S. parent companies in Hong Kong, making the United States the third-largest source of subsidiaries in Hong Kong. Among those U.S. subsidiaries, 735 are regional headquarters or regional offices.

Hong Kong's key characteristics include its open trade and investment climate, its geographic proximity to Asian markets, and its attraction as a tourism destination.

- Population: 7.5 million (end-year 2019)
- Visitors: 55.9 million (2019)
- Total GDP: US\$367.7 billion (2019)
- GDP Per Capita: US\$48,980 (2019)
- GDP Growth: -1.2 percent (2019)
- Trade to GDP Ratio: 293 percent (2019)
- U.S. Exports: US\$30.8 billion (2019)

Major Trading Partners: Mainland China, United States, EU, Japan, South Korea, Taiwan, India, and ASEAN.

## Key Characteristics:

Hong Kong is a Special Administrative Region of China. There are numerous business opportunities given Hong Kong's expertise in finance and marketing, sophisticated infrastructure, and access to mainland China's manufacturing base. A majority of Hong Kong manufacturers has moved production to South China's Pearl River Delta (PRD), with Hong Kong functioning as the region's services and trade hub. Mainland China is Hong Kong's largest trading partner. The city is also known for its world-class infrastructure; no restrictions on inward or outward investment; no foreign exchange controls; no nationality restrictions on corporate or sectoral ownership; simple, low-tax regime; and as a global financial hub.

Hong Kong's economy is increasingly tied to the mainland. The Closer Economic Partnership Arrangement (CEPA) offers Hong Kong's products and firms preferential access to the mainland market. CEPA goes beyond China's World Trade Organization (WTO) commitments, eliminating tariffs and allowing earlier or preferential access to some services sectors. Overseas companies can also benefit from CEPA. For trade in goods, foreign investors can set up production lines in Hong Kong to produce goods that meet the CEPA rules of origin requirements. For trade in services, companies incorporated in Hong Kong by foreign investors can make use of CEPA as long as they satisfy eligibility criteria of a "Hong Kong Service Supplier" (for example, they must be engaged in business operation in Hong Kong for three to five years) or by partnering with or acquiring a CEPA-qualified company.

**Macau** is also a Special Administrative Region of China that shares many structural similarities with its close neighbor Hong Kong, yet it offers U.S. suppliers a market with distinct characteristics and opportunities. In this guide, Macau

is treated under each chapter following Hong Kong, with emphasis placed on those areas where the business climate diverges.

Formerly a Portuguese colony, Macau became a Special Administrative Region (SAR) of the People's Republic of China (PRC) upon reversion to China on December 20, 1999. Macau maintains a high degree of autonomy except in foreign affairs and defense, and retains its own currency, laws, and border controls. Macau does not use common law, but rather code law patterned on the Portuguese system.

Macau's GDP shrank by 4.7 percent in 2019. The economic setback was mainly driven by downturns in the gaming and tourism sectors. The economic effects of the Covid-19 pandemic have been severe in Macau in 2020, with the economy shrinking 8.1% in the first quarter followed by a 48.7% contraction in the second quarter.

Like Hong Kong, Macau is a free port with low taxation. Since liberalizing the gaming industry in 2002, industry experts calculate that Macau has received US\$23.8 billion in U.S. foreign direct investment in the gaming industry (through 2016), spurring visitors and consumption. Other growth areas have typically included finance, insurance, construction, real estate, and retail. Macau's exports include textiles, garments, machines and apparatus, footwear, tobacco, and wine. The main export markets are Hong Kong, mainland China, EU, United States, and Japan, while imports originate primarily from mainland China, Hong Kong, EU, Japan, United States, and Switzerland.

Macau's huge gaming sector dominates the economy. Taxes on gaming revenues accounted for over 84 percent of the Government of Macau's (GOM) revenues in 2019, generating a budget surplus of 2 percent of GDP.

Macau's key characteristics are its tourism potential and inbound investment.

- Population: 679,600 (end-2019)
- Visitors: 39.4 million (2019)
- Total GDP: US\$54.3 billion (2019)
- GDP Per Capita: US\$79,977 (2019)
- U.S. Exports: US\$572.2 million, 5.1 percent of Macau's imports (2019)

Trading Partners: Mainland China, Hong Kong, Japan, EU, Switzerland, and United States.

Macau also enjoys a Closer Economic Partnership Arrangement (CEPA) with mainland China. Macau's 2003 agreement with mainland China – largely parallel to the arrangement Hong Kong enjoys with the mainland – has enhanced its economic integration with the PRC. In October 2017, Macau and Hong Kong signed a CEPA to strengthen economic and commercial relations between the two cities. On January 1 2018, the CEPA between Macau and Hong Kong became effective.

## **Market Challenges**

### **Hong Kong:**

*National Security Law and U.S. Sanctions:* The imposition of the National Security Law by Beijing in July of 2020 has created a level of uncertainty regarding the business and investment climate that could affect Hong Kong's long-term attractiveness as an international business hub.

*Foreign firms are bypassing Hong Kong:* The trend of foreign firms heading directly to the mainland was accelerated by China's 2001 admission to the WTO. However, companies that go directly to China without sufficient due diligence may face higher costs and longer delays than if they had first engaged a Hong Kong-based intermediary.

**Macau:**

*Gaming and tourism eclipse other sectors.* In 2019, Macau's gross gaming revenue reached US\$36.6 billion, significantly exceeding the combined revenues of Nevada and Atlantic City. However, many U.S. firms are overlooking opportunities in other sectors. Finding local talent can be challenging, as Macau's explosive growth has typically led to stiff competition among firms in identifying and retaining high-caliber local managers and staff. This challenge will endure due to Macau's relatively small local population, and as the territory recovers from the effects of the Covid-19 pandemic.

**Market Opportunities****Hong Kong:**

*U.S. exports to Hong Kong:* In 2019, the United States exported \$30.78 billion in goods to Hong Kong, much of which was transshipped to mainland China and other regional markets. The top export categories from the U.S. to Hong Kong include electrical machinery, precious metal and stone, art and antiques, machinery, and agricultural products.

*Best prospects for U.S. suppliers:* Leading export sectors for U.S. firms include electronic components, medical equipment and pharmaceuticals, aviation and airport equipment, transportation infrastructure, financial services, education and training services, travel and tourism services, retail, and consumer goods such as packaged food, wine, cosmetics, and toiletries. Smart city development initiatives being undertaken by the Hong Kong government also present opportunities for U.S. technology providers.

*Hong Kong public infrastructure constructions are in various stages of planning, execution, and completion:* Completed projects include the West Kowloon Cultural District, the University of Hong Kong Campus Expansion, the Ocean Park amusement park enhancement, the Harbor Area Treatment Scheme, and multiple subway and light rail lines. New projects include the Hong Kong International Airport Expansion Plan, tourism infrastructure, and city improvement plans. The Kai Tak Airport Redevelopment has been an ongoing project, and additional new tenders are expected due to the magnitude of the project.

*Hong Kong-based private procurement:* Hong Kong is home to a large number of procurement agents and purchasing offices. Many purchasing decisions for major projects and conglomerates in Macau, mainland China, or other regional economies are made in Hong Kong.

*SelectUSA – Hong Kong serves as a priority market to attract foreign investment to the U.S.:* Established in 2011 by Executive Order of the President, SelectUSA is a government-wide initiative to promote foreign direct investment (FDI) in the United States to create jobs, spur economic growth, and promote American competitiveness. SelectUSA works in partnership with state, regional, and local economic development organizations to promote FDI into the U.S. and works on behalf of the entire nation, exercising strict geographic neutrality. SelectUSA chose ten pilot markets to initiate the program in 2012, including Hong Kong, because of the territory's special role as a commercial and financial hub through which over 60 percent of China's overseas investment flows. SelectUSA can work with locations in the U.S. interested in attracting FDI and with FDI-support service providers (such as consultants, law firms, financial service providers, etc.). For enquiries, please visit [SelectUSA](#) or contact: (202) 482-6800 / +852 2521-1467 in Hong Kong.

**Macau:**

*U.S. exports to Macau:* In 2019, U.S. capital goods (in comparison with 2018) dropped by 11 percent amid the slowdown in China's economic growth and decline in investment. Consumer goods and raw materials/semi-finished products rose by 13 percent and 23 percent, respectively amid a steady growth in consumer spending.

*Specific U.S. export opportunities:* The expansion of Macau's hospitality sector has created demand for food/beverage products and services and related hospitality consumables. Other opportunities include: gaming equipment; architectural services; energy-efficient lighting, HVAC systems, and "smart building" systems; recreational and sports equipment; building security equipment; hotel, restaurant, and resort management training services; computer and financial software; and meetings, incentives, conventions, and exhibitions (MICE) services such as exhibition and event planning.

*Major projects:* Among the ongoing private and public projects are the development of the Cotai Strip (in 2019, with the number of visitors increasing, Las Vegas Sands added additional rooms to three new hotels; neighboring competitors Hong Kong-based SJM and Galaxy Entertainment, MGM Macau, and Wynn also plan to add new facilities to accommodate more visitors) and the ongoing expansion of Light Rail Transit System.

*Hengqin Island and Regional Development in Zhuhai, PRC:* Hengqin Island in Zhuhai, adjacent to Macau's Taipa and Coloane islands, is being developed by several investors who are also currently building projects in Macau. A number of planned projects have been reported in the press, including resorts, hotels, integrated retail and convention centers, luxury villas, education facilities and other services areas in Hengqin and elsewhere in Zhuhai. Notably, these projects will not include gaming facilities. With focused planning and support from Beijing, Hengqin could help diversify Macau's economy beyond gaming.

## **Market Entry Strategy**

**Hong Kong** agents and distributors can increase sales of U.S. products in both Hong Kong and mainland China. Given mainland China's size and diversity, it can be advantageous to work with different agents for different regions of mainland China. Hong Kong-based agents and distributors usually include Macau and Southern China in their coverage territory, and often have networks to other major regions in mainland China.

Hong Kong firms are eager to work with serious exporters. U.S. firms can show commitment to success in this market by using metric measurements, providing Chinese-language materials, responding quickly to inquiries, meeting relevant standards, and visiting the market for relationship building and to gain a first-hand understanding of the market. Companies considering entering this market should understand Hong Kong's fast-paced business climate. Decisions are made quickly. Firms must respond immediately to inquiries or risk losing opportunities to faster-moving competitors.

**Macau** and Hong Kong-based agents and distributors can also help increase sales in Macau. Many major gaming and hotel operators in Macau maintain procurement or purchasing offices in Hong Kong. The U.S. Commercial Service Office in Hong Kong provides customized market research and business facilitation services in Macau. The American Chamber of Commerce in Macau can also provide U.S. newcomers with orientation and various types of member support, including entry to Macau's leading trade shows. For details, please visit [The American Chamber of Commerce in Macau website](#).

## Leading Sectors for U.S. Exports and Investment

### Agricultural

Hong Kong is a dynamic export market for U.S. agricultural products. Total U.S. agricultural exports reached US\$3.1 billion in 2019, making Hong Kong the 9<sup>th</sup>-largest market for U.S. food and agricultural exports. For U.S. consumer-oriented exports, Hong Kong ranked 6<sup>th</sup> in 2019, with exports reaching US\$2.8 billion. Hong Kong consumers are willing and able to pay for higher-quality goods.

Hong Kong's significance as a major food import market can be attributed to several factors:

- Most food and beverage products enter duty free;
- A rules-based import regime and sophisticated infrastructure for trade servicing, including financing and logistics, facilitates Hong Kong's role as a trade destination and regional hub to China and other regional markets;
- An affluent consumer base, with per capita income of US\$48,980 (HKD382,046) in 2019, among the highest in Asia, that spends a significant portion of income on food.

### Outlook for 2020

- The demand for food imports to Hong Kong remains positive. The grocery sector has grown by 11.1 percent in the first two months of 2020 over the same period in 2019. While demand remains strong, food imports to Hong Kong are expected to grow at a slower pace in 2020 because of increasing uncertainties from the external environment, namely, product availability and shipping arrangement availability.
- The Hong Kong government has forecast the economy to shrink between 6 percent and 8 percent (estimated) overall in 2020, compared to a contraction of 1.2 percent in 2019. The local government will be closely monitoring the situation and is likely to implement additional measures to stimulate the economy.
- Grocery products, meats, poultry, eggs, and fresh fruit continue to be major export items, with demand for natural and organic food and beverages also growing.
- U.S. agricultural products benefit from a strong reputation as safe, high-quality options.

### Retail Sales and Outlets

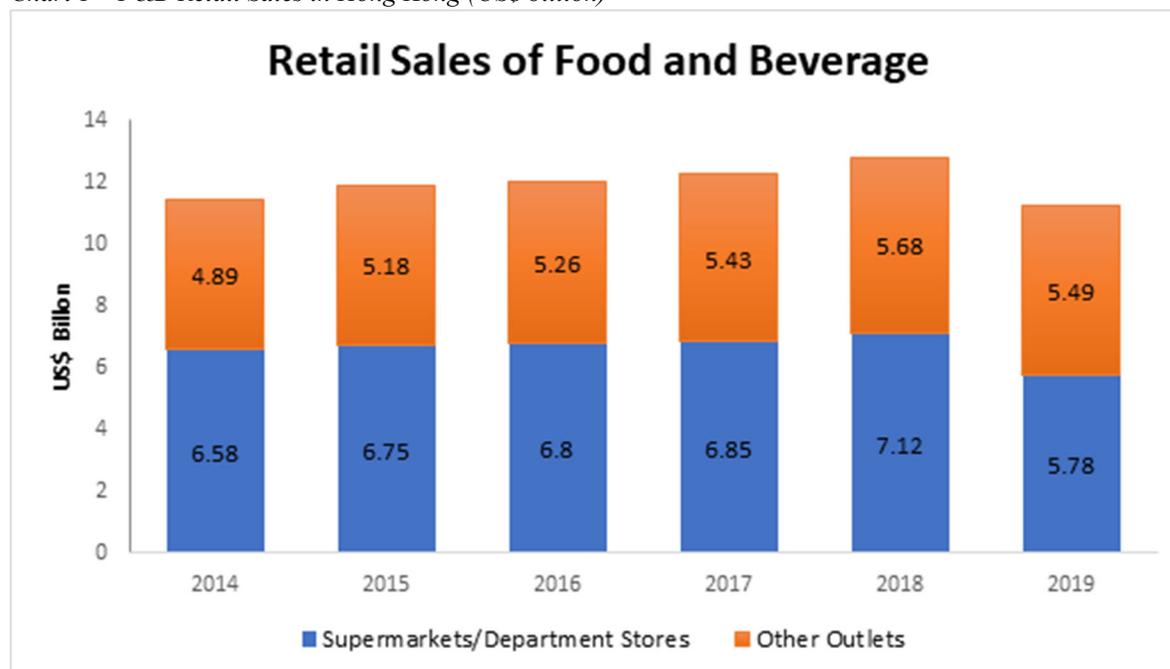
In 2019, Hong Kong's retail food sector sales decreased by 13.6 percent to US\$11.27 billion. The Hong Kong food retail market is made up of supermarkets, convenience stores, and traditional markets.

Table 1 – F&B Retail Sales in Hong Kong (US\$ billion)

Channel	2014	2015	2016	2017	2018	2019	Share (2019)	Growth (19 vs 18)
Supermarket/Dept. Stores	6.58	6.74	6.80	6.85	7.12	5.78	51.3 percent	-23.2 percent
Other outlets	4.89	5.18	5.26	5.43	5.68	5.49	48.7 percent	-3.5 percent
Total	11.47	11.92	12.06	12.28	12.8	11.27	100 percent	-13.6 percent

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

Chart 1 – F&B Retail Sales in Hong Kong (US\$ billion)



There are more than 800 supermarkets, 1,300 convenience stores, and over 100 traditional markets in Hong Kong, making food shopping very convenient.

Traditionally, Hong Kong consumers shop daily because of a preference for fresh food. Much of the shopping is still done in traditional markets, including street markets and locally-owned shops. Overall, street market sales trend toward fresh foods, while supermarkets dominate in processed, chilled and frozen, high value added and canned food products. The competition between street markets and supermarkets has intensified in recent years.

Although the number of supermarket outlets is expected to remain stable, the market share for supermarket sales is expected to continue to expand in the future at the expense of traditional street markets. Supermarkets’ share of total retail sales rose from 44 percent of total sales in 1995 to 55.6 percent in 2018.

The performance of e-commerce platforms continues to rise as many residents avoid venturing out due to social unrest during the second half of 2019, and due to the start of the COVID-19 pandemic in early 2020. In 2019, food and drink e-commerce reached US\$243 million, an increase of 14 percent over the previous year. The value of food and drink e-commerce is estimated to reach \$US487 million by 2024.

*\*The recent 2019 statistics do not reflect the historical data of the Hong Kong economy in comparison to 2018.*

### HRI Food Service Sector

**Restaurants:** Hong Kong boasts around 16,000 restaurants, which range from local favorites to high-end fine dining outlets. The Michelin guide 2020 stars 70 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-star recognition.

In 2019, Hong Kong restaurant food and beverage purchases, valued at US\$3.3 billion, generated estimated sales of US\$14.42 billion, a decrease of 14.3 and 5.9 percent\*, respectively, from 2018. In contrast, food delivery service has gained significant ground as consumers became less willing to dine out due to social unrest and the pandemic.

Table 3 – Hong Kong Restaurants Receipts and Purchases (US\$ Billion)

	2016	2017	2018	2019	Growth (19 vs 18)
Restaurant Receipts	13.77	14.45	15.33	14.42	-6.1 percent
Restaurant Purchases	4.56	4.66	4.88	4.62	-5.6 percent

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

\*Percentages are calculated before numbers are rounded

For Hong Kong’s 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 the Hong Kong Census and Statistics Bureau, and 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, 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, 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.

**Fast food:** The 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 value. Western style outlets including Pret A Manger, Oliver’s Super Sandwich, Shake Shack, and Five Guys are often located in areas easily accessed by office workers who appreciate varied options such as salad and sandwiches.

**Bars:** Hong Kong’s vibrant nightlife is renowned and is served by some 700 bars and pubs across Hong Kong. The Central business district is home to around 90 bars and restaurants. It is a place where locals, expats, and tourists gather for drinks in the evenings and during special occasions, e.g. New Year’s Eve or a beer festival. According to Euromonitor, foodservice sales value in bars and pubs increased at a compound annual growth rate of 3.3 percent during 2012-2017, 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 McCafe.

**Hotels:** In 2018, tourist arrivals reached 65.1 million, with visitors from Mainland China representing 78 percent of travelers. Visitor numbers grew by nearly 17 percent in the first three months of 2019, showing opportunities for the hospitality industry and demand for accommodation at every price level. These 2019 statistics are not reflective of the recent decline in hotel stays due to political unrest and the pandemic.

To meet the continued rise in the number of visitors, Hong Kong's hotel room supply continues to increase. Up to March 2019, there were 297 hotels offering 83,138 rooms, compared with 225 hotels and 70,017 rooms in 2013, reflecting growth rates of 32 percent and 19 percent, respectively. The room occupancy rate was 92 percent in 2019 (March). Hotels in Hong Kong offer premium dining experiences including buffets and occasional menus by celebrity chefs from overseas. Local residents fill dining outlets in hotels, especially during festivals when families and friends gather for celebrations.

Inaugurations of the Hong Kong-Zhuhai-Macau Bridge and the Guangzhou-Shenzhen-Hong Kong Express Rail Link in 2018 further connected cities in the region and shortened the transport time. The flow of passengers is expected to contribute to the growth of the hospitality industry once the transportation situation normalizes, leading to increased opportunities for food and beverages.

**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 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 1,049 kindergartens, 587 primary schools, 504 secondary schools, and 22 degree-awarding institutions in Hong Kong. The Government provides nutritional guidelines for students' lunch and the appropriate procedures to select school lunch suppliers. The Department of Health leads an "EatSmart at School" campaign to encourage healthy eating such as reduced sodium and the inclusion of fruits.

**Prisons:** The Hong Kong Correctional Services managed some 28 correctional facilities, including prisons and rehabilitation centers. Inmates receive meals that are prepared according to health guidelines.

**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 its three aircraft caterers have a combined capacity of 198,000 meals per day for plane passengers.

**Cruise Ships:** Hong Kong is increasingly popular as a cruise hub due to the development of the Kai Tak Cruise Terminal, which can accommodate the largest ships in the cruise industry. The number of ship calls surged from 89 in 2013 to 245 in 2017. The number of cruise passenger throughput in Hong Kong jumped from 191,000 in 2013 to 875,212 in 2018. While official statistics are not yet available, 2019 cruise passenger statistics are likely to show a decline as a result of the social unrest that occurred in Hong Kong during the summer and fall of 2019, and the resultant effect on the tourism industry.

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

### **Outlook for the HRI Sector in 2020**

While the foodservice industry's immediate future remains unpredictable, demand for high-quality U.S. food and beverage products by the grocery sector in Hong Kong is expected to remain robust. The call for healthy, nutritious options continues to gain momentum as changing lifestyles and consumer awareness of transparent and sustainable food sourcing are in demand.

### **Best Prospects for U.S. Consumer-Oriented Food Product Exports in 2020**

U.S. food and beverage products will continue to enjoy good prospects in Hong Kong:

- Hong Kong has a highly developed marketing system, with tourists (55.9 million in 2019) and affluent consumers demanding high-value imports. Per capita GDP (over US\$49,980) in Hong Kong is among the highest in Asia, enabling Hong Kong people to spend on high-quality food and beverages. With the link between the U.S. Dollar and Hong Kong Dollar, price stability makes purchases from the United States attractive.
- Hong Kong will continue to be a key gateway for trade to other markets in Asia.
- Some product categories that are expected to be top prospects for U.S. consumer-oriented food product exports in 2020 include fresh fruits, wine and beer, snack foods, food preparations, red meat, and condiments and sauces.

*\*The recent 2019 statistics do not reflect the historical data of the Hong Kong economy in comparison to 2018.*

For more information about this industry sector, please contact the [U.S. Agricultural Trade Office in Hong Kong](#):

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## Finance and Fintech

### Overview

	2017	2018	2019	2020 (estimated)
Total Exports	20,200	21,614	27,294	30,269
Total Imports	5,068	5,423	6,403	7,363
Imports from the U.S.	974	1,042	683	717
Exports to the U.S.	3,928	3,989	3,599	3,696
Exchange Rate: 1 USD	7.75	7.75	7.845 (as of April 2019)	7.749 (as of June 2020)

*Units: USD million*

*Data Sources:*

*Total Exports: Census and Statistics Department, Hong Kong SAR Government*

*Total Imports: Census and Statistics Department, Hong Kong SAR Government*

*Imports from U.S.: Census and Statistics Department, Hong Kong SAR Government*

*Exports from U.S.: Census and Statistics Department, Hong Kong SAR Government*

Hong Kong is a leading international finance center and has highly active and liquid securities markets. There are no controls over capital movement, and no capital gains or dividend income taxes. The financial services sector remains one of the most important economic pillars, and accounts for 18.9 percent of the city's GDP. In part owing to its strong financial infrastructure, geographical location, and historical ties, Hong Kong has traditionally served as a springboard for foreign firms seeking access to Mainland China and vice versa. Hong Kong hosts the largest pool of RMB liquidity outside Mainland China. Hong Kong also has high penetration of mobile phone usage and internet accessibility.

### Leading Sub-Sectors

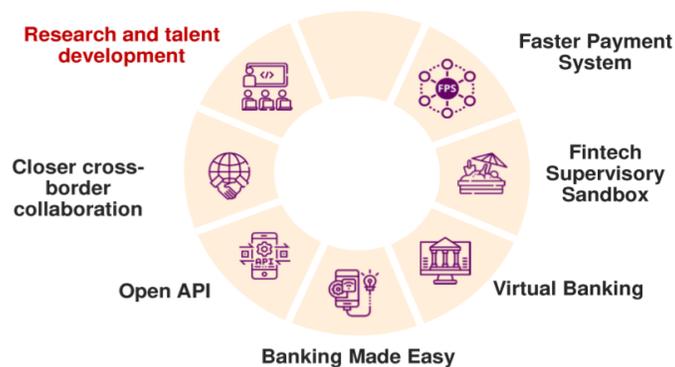
Hong Kong has a vibrant financial technology, or fintech, community. According to the latest fintech study conducted by InvestHK, there are over 600 fintech companies and startups operating in Hong Kong. These fintech companies and startups cover various sectors, including mobile payment, cross-border remittance, robo-advisory services, wealth management, and blockchain technologies, etc. In the first half of 2019, the Hong Kong government granted licenses to eight virtual banks in the region. Some of the best fintech prospects in Hong Kong for U.S. companies include payments, securities settlement, digital ID and Know-Your-Client (KYC) utilities, WealthTech, InsurTech, Data Analytics, Automation, AI, Anti-Money Laundering (AML), and RegTech.

In light of the recent pandemic situation, electronic platforms and automation technologies in the financial services sector present burgeoning opportunities. These sub-sectors are market opportunities for U.S. fintech solution providers.

### Opportunities

According to the 2018 Policy Address, the HKSAR government aims to push Hong Kong's status as a financial center, and fintech will be targeted as a key sector in which to invest. This is especially visible with the implementation of the seven smart banking initiatives outlined by the Hong Kong Monetary Authority (HKMA):

## 7-Smart Banking Initiatives



The Fintech Supervisory Sandbox (FSS) launched by the HKMA in September 2016 allows banks and their partnering technology firms to conduct pilot trials of fintech initiatives involving a limited number of participating customers. This can be done without the need to achieve full compliance with the HKMA's supervisory requirements. This arrangement enables banks and technology firms to gather data and user feedback so that they can make refinements to their new initiatives, thereby expediting the launch of new technology products and reducing development costs. In February 2019, the Global Financial Innovation Network (GFIN), a group of 29 international organizations including the HKMA, invited applications from firms wishing to test innovative financial products, services, or business models across more than one jurisdiction.

In July 2019, the Hong Kong Monetary Authority (HKMA) also published the Open Application Programming Interface (API) Framework for the Hong Kong banking sector. At the same time, the HKMA announced the launch of Open API on its official website to provide convenient access by the public. Open API can help to ensure the competitiveness of the banking sector, encourage more parties to provide innovative and integrated services that improve the customer experience, and keep up with worldwide development on the delivery of banking services.

During the pandemic, the U.S. Commercial Service in Hong Kong has provided virtual introductions for U.S. fintech companies to present their solutions and meet one-on-one virtually with financial institutions or other requested targeted companies in Hong Kong. The U.S. Commercial Service also partners with Hong Kong Government and private sector entities to recruit U.S. fintech companies to join annual flagship finance and fintech events in Hong Kong and the region. These include Hong Kong Fintech Week and the Asian Financial Forum. These events are an excellent opportunity for U.S. fintech companies to network with renowned experts in technology innovation, top policy makers, tech investors, representatives of international fintech companies, and global leaders in the financial service industry.

## Resources

Trade Shows

[Hong Kong Fintech Week 2020](#)

Dates: November 2 – November 6, 2020

Venues: Hong Kong Asia World Expo and Shenzhen

[Hong Kong Asian Financial Forum](#)

Dates: January 18-19, 2021

Venue: Hong Kong Convention and Exhibition Center

Government Departments:

[Hong Kong Monetary Authority](#)

[Securities and Futures Commission](#)

[Insurance Authority](#)

[Invest Hong Kong](#)

[Hong Kong Trade Development Council](#)

[Financial Services and the Treasury Bureau](#)

[Financial Services Development Council](#)

Trade Associations:

[Hong Kong Venture Capital & Private Equity Association](#)

[Hong Kong Institute of Bankers](#)

[Alternative Investment Management Association](#)

[Fintech Association of Hong Kong](#)

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## Healthcare

### Overview

Table shows trade data for medical equipment in Hong Kong.

	2017	2018	2019	2020 (Jan - Apr)
Total Exports	2,299	2,467	2,467	866
Total Imports	2,236	2,582	2,656	959
Imports from the U.S.	520	555	489	165
Exchange Rate: 1 USD	7.8	7.8	7.8	7.8

Units: USD million

Data Sources: Hong Kong Census & Statistics Department

(Medical equipment refers to instruments and apparatus under HS code 9018, 9019, 9020, 9021, 9022, 9025 and 9402.)

Healthcare services in Hong Kong run along a dual-track model, with services being provided by the private sector and government-funded public sector. Public medical services are provided by the Department of Health and the Hospital Authority. Services are delivered through 43 hospitals, 48 specialist clinics, and 73 general outpatient clinics. In 2019, there were 41,474 hospital beds in the city, including 28,929 beds in 43 public hospitals, 4,657 beds in 12 private hospitals, and the remainder in nursing homes and correctional institutions. The bed-to-population ratio is 5.5 beds per thousand of population. The Hospital Authority is the largest end-user of goods and services in Hong Kong's healthcare sector. Public expenditure on healthcare amounted to US\$8.5 billion in fiscal year 2018/19. As a result of heavy government subsidies, the Hospital Authority can offer relatively high-quality services at minimal charge. Patients only pay an out-of-pocket fee of US\$16 per day for inpatient stays in Hospital Authority institutions and US\$2 for each prescription drug item. Given the much lower cost of services relative to the private sector, services provided by the Hospital Authority are always in high demand and can often experience long wait times.

Hong Kong's service-based industries rely heavily on imports. Total medical equipment imports in 2019 amounted to US\$2.66 billion. The United States was the market leader in the high-end market segment, capturing 18 percent of the total import market. Hong Kong is a medical products and equipment sourcing base for mainland China and other destinations. Accounting for 35 percent of Hong Kong's medical product and equipment exports, mainland China is the largest market.

To cope with a rapidly aging population, the Hong Kong Government has increased its funding for public healthcare. For fiscal year 2020/21, US\$9.6 billion has been allocated to recurrent healthcare expenditures, accounting for 13.9 per cent of total government recurrent expenditure. Other resources devoted to enhancing government medical services include expediting the upgrading or acquisition of medical equipment, introduction of advanced medical devices, expansion of the scope of drug formulary, and promotion of primary healthcare services.

Hong Kong has started two back-to-back 10-year hospital development plans, amounting to US\$64 billion, to enable the Hospital Authority to expand and upgrade healthcare facilities. The first 10-year plan is estimated to cost US\$25.6 billion and will be completed by 2027. The second 10-year plan is budgeted at US\$38.4 billion. Projects will include providing 15,000 additional hospital beds, over 90 operating theatres, the redevelopment and expansion of 11 hospitals, and construction of a new acute general hospital to meet projected service demand by 2036. This new hospital will be the first neuroscience center in Hong Kong.

Hong Kong's population aged 65 or above is expected to surge from the current 1.27 million to 2.37 million by 2036, which will constitute a 31 percent increase of the total population. An aging population means a prevalence of chronic diseases. In response, the Hospital Authority will strengthen ambulatory services, including a phased plan to construct ambulatory care centers and community health centers and improve clinic facilities. The Government will establish a

framework to implement measures on disease prevention, disease screening and identification (especially chronic diseases) making use of big data analytics.

In April 2019, the Hong Kong Government implemented the Voluntary Health Insurance Scheme to encourage citizens to purchase health insurance and provide more choices for users of private healthcare services. The Government also introduced tax deductions for taxpayers who purchased Certified Plans for themselves and/or specified relatives.

In Macau, healthcare services are provided by two public hospitals – Hospital Conde de S. Januário and Macau University Hospital (an institution established under the Macau University of Science and Technology Foundation), one private hospital – Kiang Wu Hospital, 10 public clinics and 319 healthcare establishments with 2,066 hospital beds. Every Macau resident enjoys free primary healthcare services. The Macau Government’s total expenditure on medical and health services in 2018 was US\$899 million (the latest available figure), an increase of 8 percent over 2017. Macau has a population of 667,000 of which 11 percent are aged 65 or above. By 2031, this ratio is projected to increase to 18.6 percent. The Macau Government is anticipated to continue increasing healthcare expenditures to improve its healthcare system.

### **Leading Sub-Sectors**

- In Vitro Diagnostic Equipment and Reagents
- Implantable and Intervention Materials
- Therapeutic Products
- Imaging Products
- Surgery and Emergency Appliances
- Physiotherapy and Rehabilitation Equipment
- Geriatric Specialized Products
- Home Medical Equipment
- Orthopedic Implants and Instruments
- Dental Implants and Instruments

### **Opportunities**

Hong Kong’s public and private healthcare development projects represent outstanding business opportunities for U.S. suppliers of hospital systems, medical devices, laboratory equipment, instruments and hospital supplies. The Hospital Authority procures through public tendering process. Check for [notices and invitations for expression of interest](#).

To address an overburdened public healthcare system, the Hong Kong Government introduced a Voluntary Health Insurance Scheme. To ease constraints on the public healthcare system, the general public is encouraged to make use of private medical facilities when possible, and additional land will be allocated for private hospital development. Interested hospital developers, designers, and equipment suppliers should make contact with Hong Kong Government authorities and industry players to remain apprised of development plans in this sector.

The people of Hong Kong and Macau are becoming more health conscious and focusing more on preventive care, which increasingly includes routine vaccinations and screening for various cancers, high cholesterol, high blood pressure and diabetes, prenatal care, and regular wellness visits. The rapidly aging populations of both Hong Kong and Macau will require elder care facilities such as nursing homes and rehabilitation centers, as well as hospital and consumer healthcare products for the elderly.

In November 2019, the Chinese Government announced a policy to allow drugs and common medical devices approved in Hong Kong, but not yet approved by the China National Medical Product Administration, to be used within designated facilities (i.e., Hong Kong-owned healthcare institutions) in the [Greater Bay Area](#). The move is yet to be implemented, however, since the details are still under discussion between regulators from both sides. When finalized, the policy means that medical products may enter the Chinese market using Hong Kong as a springboard. This is a burgeoning opportunity for U.S. suppliers.

The best practice for U.S. exporters of pharmaceutical products, and medical equipment and devices to expand into the Hong Kong and Macau markets is to use Hong Kong-based agents and distributors, given the relatively smaller size of Macau and the proximity of the two markets. Many of Hong Kong's medical agents/distributors have established networks and excellent relationships with the medical industry in Macau. Local agents and distributors can be helpful in marketing U.S. healthcare products in Hong Kong and in mainland China. U.S. exporters of healthcare products that do not have an office in Hong Kong are required to appoint a [Locally Responsible Person \(LRP\)](#). This [LRP](#) can be the Hong Kong distributor or an independent third party, but must be based in Hong Kong. The LRPs serve as intermediary and communicate with the end-users, importers, the Hong Kong Government and the U.S. exporters to ensure safe and efficacious use of the products.

### **Resources**

Trade Shows:

[Hong Kong International Medical and Healthcare Fair](#)

Government Agencies:

[Hong Kong Department of Health - Medical Device Control Office](#)

[Hong Kong Hospital Authority](#)

[Macau Health Bureau](#)

[The Hong Kong Medical Association](#)

[The Private Hospitals Association](#)

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## ICT & Smart Cities

### Overview

	2017	2018	2019	Jan-Apr 2020
Total Imports	139,965	157,262	151,989	49,516
Total Exports	112,999	132,614	135,102	43,176
Import from U.S.	2,605	2,182	1,742	656
Exchange Rates	7.8	7.8	7.8	7.8

Units: USD million

Data Source: Hong Kong Census & Statistics Department

(Since there is not an agreed upon definition of “smart cities”, and because there is considerable overlap regarding features from various types of machinery and products, market statistics for this sector are, at best, rough approximations.)

Hong Kong has a world-class Information Technology (IT) network infrastructure and Hong Kong’s telecommunications sector has no restrictions on foreign ownership or limits to the number of market operators. According to the Hong Kong Government, the mobile subscriber penetration rate is 283 percent, with the average peak internet connection speed at 129.5Mbps. According to the Asia Cloud Computing Association’s Cloud Readiness Index 2020, Hong Kong was ranked first among cities in Asia. The outbreak of COVID-19 has boosted the usage of internet, mobile devices, and other virtual activities. Alongside with these changes, information security as well as protection of personal data are rising concerns to the local market.

The Hong Kong Government attaches great importance to smart city development. In 2018, the Hong Kong Government launched an online portal to encourage and assist government departments with adopting information technology solutions to improve public services. The Hong Kong Government released its Smart City Development Blueprint in December 2017, which outlines a wide range of proposals for smart city development over a five-year period. The Smart City Blueprint 2.0, an update to the original plan, is expected to be launched in late 2020. More information is available at: [smartcity.gov.hk](http://smartcity.gov.hk). The Hong Kong government is also investing in research and development centers focused on robotics and artificial intelligence with a goal to develop Hong Kong into an innovative smart city leader.

### Leading Sub-Sectors

- Cloud Computing
- Internet of Things (IoT)
- Teleworking-related solutions
- Digital Transformation



### Opportunities

**Teleworking solutions:** As the outbreak of COVID-19 continues to affect markets around the globe, many companies are speeding up their adaptability to manage the effects on their operations and workplaces. Companies are making the transition to telecommuting to maintain workforce productivity, create flexibility for their workforce, and firms are increasing their technological readiness to cope with these necessities.

This shift in working models has led to increased demand for telecommuting-related solutions, both physical and digital, such as laptops, monitors, video-conferencing tools, cloud-based collaboration applications, virtual desktop enablement, interoperability between enterprise IT systems, etc. With more business activities going virtual, digital transformation is of great importance for enterprises to keep organizations up and running. High speed broadband connectivity is required to facilitate daily operations, and to fulfill digital needs to continue staying connected with their clients during this period of time with minimized human interactions and drastically reduced business travel.

**Cloud Computing:** According to a study by Boston Consulting Group in May 2020, across the APAC region, spending on public cloud and related services is growing at a compounded annual growth rate (CAGR) of 25 percent. During the COVID-19 outbreak, many employees were unable to work at the office. Enterprises are moving their working environment to virtual and cloud-based solutions to manage daily operations and maintain their ability to provide services to partners and customers.

The Hong Kong Government is allocating significant investment into its smart city development plans and encourages the procurement of innovative solutions to address the city's needs. Its current strong IT infrastructure, coupled with cloud computing and big data analytics, could enable real-time and efficient information processing that could make the city "smarter," effectively managing new and potential challenges. Established companies with cloud computing solutions are increasing their presence in this region by setting up necessary infrastructure to increase the availability of their services in the market.

**Internet of Things:** According to KPMG's Global Technology Innovation Center, Internet of Things (IoT) is the top technology in which technology companies are currently investing, with plans to continue this investment in the coming three years. IoT technologies play a critical role in smart city development. With the recent launch of 5G mobile communications network services in Hong Kong, the Hong Kong Government also encourages the deployment of 5G projects through a range of different approaches such as subsidy scheme for encouraging early adoption of 5G and public education programs, etc.

## Resources

Major Trade Shows/Events:

[Cloud Expo Asia](#)

Date: September 23-24, 2020

[Internet Economy Summit](#)

Date: April 2021 (Exact date is to be confirmed)

Associations:

[Hong Kong Information Technology Federation Ltd.](#)

[Smart City Consortium](#)

Government Agencies:

[Innovation and Technology Bureau, HKSAR Government](#)

[Office of Communications Authority, HKSAR Government](#)

[Office of the Privacy Commissioner for Personal Data](#)

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## Education and Training

### Overview

	2017	2018	2019	2020 (estimated)
Hong Kong Students in the US	7,162	7,593	6,917	6,682
Macau Students in the US	555	635	558	555

*Data Sources: Open Doors Report from IIE, EducationUSA*

Hong Kong's education system, which went through a major restructuring initiative from 2008 to 2012, is now comprised of three years of junior secondary school followed by three years of senior secondary schooling. Upon graduation, Hong Kong students sit for the HKDSE (Hong Kong Diploma of Secondary Education) exam, which allows students to gain admission to a range of post-secondary university, vocational, and tertiary courses offered by local schools based on their examination results.

Given the highly qualified and sophisticated applicant pool, Hong Kong's university selection process is extremely competitive. Only 18 percent of Hong Kong applicants gain admission to local universities. As such, there is tremendous interest in studying abroad. A total of 6,917 Hong Kong students studied in the United States during the 2018/2019 academic year, of which 59.2 percent were undergraduate students.

According to the data from UNESCO, 36,442 Hong Kong students are studying abroad at present. Those in the UK account for the largest number, followed by Australia, the U.S., and Canada. Less significant numbers of students also study in nearby Macau, South Korea, Germany, and Ireland.

### Leading Sub-Sectors

There is high demand among Hong Kong students to study in U.S. four-year undergraduate programs. Although there are a number of Hong Kong students who meet the requirements to enter into Hong Kong universities, many still cannot gain admission to local universities due to the limited availability of seats. In addition, students may not be accepted into their preferred programs, as some of the more popular subjects like business, finance, economics, and law can be highly competitive.

There is also a growing number of Hong Kong parents interested in finding opportunities for their children to study in U.S. boarding schools and starting at an earlier age than was historically the case (Grade 7 or 8). This trend is partly driven by the fact that some parents and students feel that a private boarding school education can equip them with academic, cultural, and linguistic skills that may improve their chances of entering colleges and universities in the United States.

Apart from four-year colleges, there is also an emerging market for two-year community colleges. Hong Kong students tend to be more interested in community colleges with guaranteed transferable credits to universities, particularly those schools with established paths to transfer to top four-year colleges in the United States. We anticipate increased demand from Hong Kong students to pursue educational opportunities in overseas undergraduate programs, boarding schools, community colleges, and other academic programs, and the United States remains a desired destination for overseas study.

### Opportunities

Many Hong Kong high school graduates believe that a U.S. education will boost their job prospects upon their return to Hong Kong. More Hong Kong parents are also beginning to recognize the academic excellence and opportunities provided by colleges and universities outside the Ivy League or other schools that traditionally have high name recognition in Hong Kong. This is the result of an increasing number of American institutions attending Hong Kong

education shows, promoting themselves to Hong Kong parents, students, and high school administrators and career counselors.

Ideally, new-to-market schools should try to meet with high school counselors, parents, students face-to-face to gain exposure, answer questions, and raise their profile. Word of mouth is also a significant factor in decision-making about where to study overseas. A growing number of colleges and universities are increasingly relying on their Hong Kong alumni as a channel to reach potential students.

Hong Kong parents commonly employ educational agents to search for appropriate schools and provide other related services. U.S. schools should consider partnering with a range of agents in Hong Kong that are capable of promoting their schools and recruiting students. The U.S. Commercial Service in Hong Kong can provide U.S. schools with pre-screened meetings with agents and high schools.

The U.S. Commercial Service also organizes quarterly Regional Virtual Education Fairs to promote U.S. academic institutions to high school counsellors, education agencies, parents, and students in Hong Kong, China, and Southeast Asian countries. Participation in these fairs allows U.S. academic institutions to gain access to a large pool of prospective students without physically traveling to Hong Kong. U.S. academic institutions receive a welcome kit after the Virtual Education Fair that includes background and contacts of high school counsellors and agents in Hong Kong.

The State Department's Education USA program has a strong network of local secondary schools. EducationUSA advisors can serve as a resource, providing information on education trends, recruiting strategies, contacts, etc. for U.S. higher education representatives. We encourage U.S. academic institutions to consider partnering with Education USA to coordinate outreach visits, presentations, seminars, teacher workshops, and other opportunities to raise your school's profile in Hong Kong.

## **Resources**

Trade Fairs:

[Education and Career Expo \(annual\)](#)

[Hong Kong International Education Expo \(annual\)](#)

Government Agencies:

[Government Education Bureau](#)

[EducationUSA](#)

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## Cosmetics and Toiletries (COS)

### Overview

	2017	2018	2019	2020 (estimated)
Total Market Size	2,774	3,394	2,471	1,541
Total Local Production	116	128	134	141
Total Exports	2,475	3,320	3,911	3,598
Total Imports	5,132	6,586	6,248	4,998
Imports from the U.S.	543	768	742	667
Exchange Rate: 1 USD	7.8	7.8	7.8	7.8

*Total Market Size = (Total Local Production + Total Imports) – (Total Exports)*

*Units: USD million*

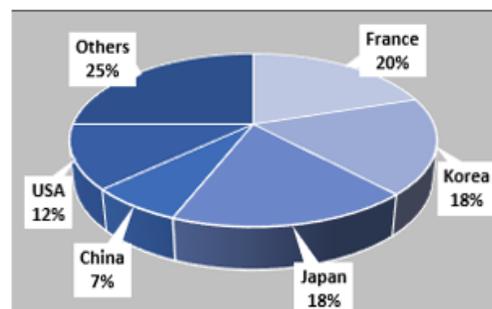
*Data Sources:*

*Total Local Production: Estimated from industry sources*

*Total Exports: Hong Kong Trade Statistics*

*Total Imports: Hong Kong Trade Statistics*

*Imports from U.S.: Hong Kong Trade Statistics*



Import Market Share in Hong Kong 2019

Imports dominate Hong Kong's market for cosmetics, toiletries, and skincare products. France was Hong Kong's largest supplier of the US\$2.5 billion market in 2019. Korea, Japan, the United States, and China were the other major suppliers. Hong Kong imported US\$741 million worth of cosmetics, toiletry and skincare products from the U.S. in 2019, a decrease of 3 percent compared to 2018. The lower demand for U.S. cosmetics is likely due to the decline in sales to Chinese tourists. The number of Chinese tourists dropped significantly in 2019 with the advent of the protests, and was further compounded by the COVID-19 pandemic at the end of the year. Hong Kong's imports of cosmetics, toiletry and skincare products will likely decline by about 20 percent in 2020 as demand from Chinese tourists continues to fall.

For many years, Hong Kong was a major launching pad for the marketing of cosmetics and skincare products in the mainland Chinese market, and Hong Kong served as a showcase for the millions of Chinese tourists (44 million in 2019) that visit Hong Kong each year, often with shopping for personal, family, or even re-sale use as a primary or sole travel objective. However, there has been a shift over the last year in which smaller brands have begun to enter the Chinese market directly rather than use Hong Kong as a launch pad. This trend is driven by these brands partnering with Chinese investors who have market knowledge, a clear grasp of import and other government regulations, and who have mastered Chinese social media. Many U.S. companies still do sell their cosmetics and skincare products to China through their Hong Kong distributors.

While China has reduced import duties on cosmetics and skincare products, thereby reducing the retail price differential between Hong Kong and China, mainland visitors to Hong Kong are still attracted to products in Hong

Kong over China. According to industry sources, the perceived assurances of authenticity and reliability of the products in Hong Kong often outweighs price as a buying factor. Apart from import tariffs that the Chinese government imposes on cosmetics, there are also VAT and product registration costs which do not exist in Hong Kong, meaning that equivalent products may actually cost less on the Hong Kong side of the border.

Following the opening of new cross-border transport links such as the Hong Kong-Zhuhai-Macau Bridge and Guangzhou-Shenzhen-Hong Kong Express Rail Link, which have made it easier for Chinese tourists in the southern provinces to travel to Hong Kong for day-trip shopping visits, the number of Chinese tourists to Hong Kong surged in the latter part of 2018 and the first half of 2019. However, in the latter half of 2019, protests and social unrest in Hong Kong discouraged Chinese visitors from traveling to Hong Kong, resulting in a 14 percent drop in the total number of Chinese tourist arrivals in 2019. The outbreak of the COVID-19 pandemic exacerbated the drop in the number of Chinese tourists to Hong Kong in 2020. Hence, for local retailers and distributors of cosmetics, toiletries and skincare products, sales in the cosmetics sector for the remainder of 2020 will be dependent on domestic demand from Hong Kong residents.

There are no import duties on cosmetics, toiletry, and skincare products in Hong Kong, and registration is not required for cosmetic products. However, the market is very competitive, with the top ten brands accounting for about 70 percent of the total market. Appointing a local distributor and working closely with them to promote the brand is essential. In addition, adapting products to local demands and trends is vital in order to remain competitive. This process may include, for example, modifying the packaging and product sizes of products to suit local tastes. U.S. cosmetic and toiletry suppliers are, however, known for being innovative in product development, and for producing high quality, safe products at competitive prices. Many U.S. brands are market leaders through continuous brand-building activities and advertisements, adaptation of products to local market demands and trends, and maintaining competitive pricing.

### **Leading Sub-Sectors**

Products with the best sales prospects in Hong Kong include:

- Complete line of facial and anti-aging products
- “Dermo-skincare products” for retail distribution and distribution to doctors
- Daily-use facial masks, and home spa, home nail, and hair coloring kits
- Hair coloring products
- Fake eyelashes, eyelash extension products, and semi-permanent eyebrow make-up
- Nail colors, nail-care products, soft gel nails gels, and nail-art
- Body treatments, slimming treatments, massage and bath products for use in spas and professional skincare salons
- Sun protection products
- Skincare, cosmetic and toiletry products made of organically grown and naturally derived ingredients; also, hypo-allergenic, with low concentrations of fragrance and preservatives
- Skincare products, hair styling products, and grooming products for men
- Products for treating acne
- Dry shampoo
- Hand creams that have powerful moisturizing ingredients
- Private labeling /OEM skincare products and cosmetics for leading chain retail stores

## **Opportunities**

Numerous international cosmetics brands choose Hong Kong as their first overseas market or to launch new products in Asia, citing its open regulatory environment as the attraction. Hong Kong accepts U.S. product labeling, and there are no local mandatory labeling or registration requirements on cosmetics.

In 2018 and the first half of 2019, for some local retailers, demand from Chinese tourists accounted for 60-70 percent of their total retail sales in Hong Kong of cosmetics, skincare, and toiletry products. However, according to a local cosmetics retail chain, sales to Chinese tourists in 2019 declined about 30percent following months of protest and social unrest that started in June 2019. Protesters targeted Chinese tourists, causing many to avoid traveling to Hong Kong to purchase cosmetics and skincare products.

Retail shops' opening hours were also affected by the protests and hindered local Hong Kong residents from shopping. Retailers have reported an increase in online sales, especially after the outbreak of COVID-19, with local consumers avoiding shopping trips to retail stores. Retailers have also restructured their product mix to focus on hand sanitizers and hand washing products. As more consumers stayed home during the pandemic, self-care skincare and personal care products became the focus of retailers. Consumers became more interested in actionable information rather than new product launches, as they now have more time to view videos on how to apply make-up or use certain skincare and personal care products.

Many of the luxury casino resorts in Macau that have opened in the past few years feature facilities such as spas and skincare treatment centers for casino customers and MICE visitors. Macau received 39 million visitors in 2019, of which 72 percent (28 million) were from China. Chinese visitors to Macau often purchase skincare products and cosmetics in the major casino resorts' shopping malls. Macau has reported low numbers of COVID-19 cases, and casinos were closed only for two weeks in February 2020, but with the border between China and Macau remaining closed, the number of visitors to Macau dropped substantially in the first few months of 2020. This has had a significant dampening effect on the sales of cosmetics and skincare products, as well as the spa business.

## **Resources**

Trade Shows:

[Cosmoprof Asia](#)

This is Asia's largest, most comprehensive and international beauty industry trade show featuring equipment, products (skin care, cosmetics, personal care products, nail products, perfumes and toiletries, and cosmetic raw materials), packaging products, and training services in the beauty industry, including for hairdressing, spas, and beauty and skincare salons. U.S. exhibitors at this show can receive free market research and enjoy buyer matching and counseling services from over ten U.S. Commercial Service offices in the Asia Pacific region and beyond.

Associations:

[The Cosmetic & Perfumery Association of Hong Kong Ltd.](#)

A listing of the Association's members comprising contact details of importers, distributors, wholesalers, and retailers is available at this website.

[Hong Kong Cosmetic Technical Resources Centre](#)

Provides consultancy support on regulatory requirements and assistance with product registrations in Hong Kong and China, technical support on product development, product testing and quality control services. It also provides customized technical training for cosmetic practitioners and assistance in setting up laboratories.

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## Dietary Supplements

### Overview

	2017	2018	2019	2020 (estimated)
Total Market Size	10,801	2,910	3,540	9,504
Total Local Production	0	0	0	0
Total Exports	4,708	9,635	7,680	8,448
Total Imports	15,509	12,545	11,220	17,952
Imports from the U.S.	2,670	3,152	4,017	10,926
Exchange Rate: 1 USD	7.8	7.8	7.8	7.8

*Total Market Size = (Total Local Production + Total Imports) – (Total Exports)*

*Units: USD Thousands*

*Data Sources:*

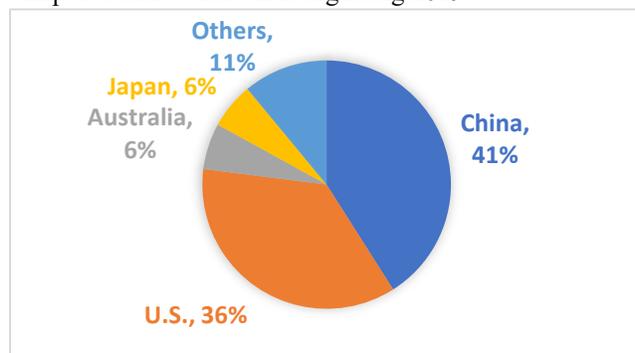
*Total Local Production: Estimated from industry sources*

*Total Exports: Hong Kong Trade Statistics*

*Total Imports: Hong Kong Trade Statistics*

*Imports from U.S.: Hong Kong Trade Statistics*

### Import Market Share in Hong Kong 2019



In 2019, China was Hong Kong's the largest source of imports of vitamins (41 percent) followed by the U.S. (36 percent,) and Australia (6 percent). About 50 percent of the vitamins imported into Hong Kong are re-exported, mostly to mainland China. According to trade statistics from the Hong Kong Census and Statistics Department, in 2019 Hong Kong imported US\$11 million worth of vitamins, of which \$4 million were from the United States. Imports in 2020 are expected to grow by 60 percent as consumers stock up on immune-boosting supplements in the wake of the pandemic.

Although Hong Kong only imported US\$11million worth of vitamins in 2019, Euromonitor estimates that sales of vitamins and dietary supplements grew 2.7 percent to US\$722 million. Online sales feature prominently as consumers purchase dietary supplements through online sites or directly on the websites of U.S. brands.

### Leading Sub-Sectors

Products with the best sales prospects in Hong Kong include:

- Supplements that address effects of aging, boost immunity, and relieve pain
- Supplements that target niche areas such as the eyes, heart, and ailments such as joint problems, digestive problems, skin allergies, and promoting sexual well-being
- Supplements for weight management and for children
- Multi-vitamins, including Vitamin C and Vitamin D

- Plant-based supplements for vegans
- Private labeling/OEM for retail chain stores and distributors

## **Opportunities**

Hong Kong consumers are very brand conscious, and trust internationally renowned brands rather than local brands. The country of origin is an important factor in consumers purchasing decisions and “Made in the U.S.” is often preferred. Probiotics and multi-vitamins are the leading growth segments, and typically brands that do well in the market are those that concentrate on these categories of supplements. Supplements that contain collagen, calcium, omega oils, vitamin C, B Complex, E, A & D, cod liver oils, and glucosamine are also popular.

The aging of the Hong Kong population is shaping demand for dietary supplements. Between 2018-2023, the age group of 65-79 is predicted to grow the fastest in Hong Kong.

Many Chinese tourists buy supplements in Hong Kong on the premise that products that are imported into Hong Kong are authentic and of higher quality. Chinese tourists often buy supplements in Hong Kong as gifts for family members, friends, or business associates, and products are sometimes procured for re-sale in China. Owing to import duties and other taxes and registration fees, the retail prices of dietary supplements are lower than those in China. In addition, many brands of supplements are unavailable in China, as the process to register these types of products can be more cumbersome.

American direct sellers such as Nu Skin, Usana, and Amway are among the largest players in the Hong Kong and Macau markets. Consumer trust in these U.S. brands has been a major factor in their widespread distribution. Unlike in mainland China, direct sellers are legitimate businesses in Hong Kong and Macau.

In December 2015, the Hong Kong Government’s Drug Office announced that most vitamins can be imported into Hong Kong without the need to be registered as pharmaceuticals. Following this announcement, there was an influx of supply creating a “red ocean market” for dietary supplements, as one distributor described it. Distributors and brand owners need to invest heavily in advertising, promotion, and adaptations to product packaging, as well as in listing fees at leading retail chains. To increase their margins, distributors are now exploring OEM and contract manufacturing opportunities for their own brands, and U.S. manufacturers are typically the preferred choice.

Since dietary supplements are consumed orally, they are subject to the Hong Kong Government’s requirement for nutritional labeling. If supplements contain ingredients that are commonly used in Chinese medicine, registration is required with the Chinese Medicine Regulatory Office.

The Hong Kong Hospital Authority procures vitamins through tenders, and they are mostly for Vitamins C, A, B Complex, calcium, iron soft gels, and pre-natal vitamins for women.

## **Resources**

Major trade show:

[Natural & Organic Products Asia 2020](#)

This event showcases natural and organic foods, and health, beauty and natural living products from around the world, and offers an opportunity for attendees to learn about the latest trends in the industry. U.S. companies regularly participate as exhibitors, mostly showcasing food and beverage products, dietary supplements, and personal care products.

Government Agencies and Associations:

[The Hong Kong Health Food Association Ltd.](#)

[Department of Health, Drug Office](#)

Provides guidance on whether a supplement requires registration, as well as registration of dietary supplements that are considered pharmaceuticals.

[Center for Food Safety, Food and Environmental Hygiene Department](#)

Labeling of nutrition and nutritional claims for products consumed orally.

[Chinese Medicine Regulatory Office](#)

Registration of products that contain ingredients commonly used in Chinese medicine.

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## Franchise Industry

### Overview

The franchising industry in Hong Kong continues to develop. It is estimated that there are about 75 franchisees operating in Hong Kong, of which less than half are foreign-owned. There are three major sources of franchise brands: international franchise brands, local franchise brands, and mainland Chinese franchise brands. Many well-known global brands, such as Pizza Hut, 7-Eleven, Outback Steakhouse, Subway, Keeper Pro Shop, Park Avenue, etc., have long been established in Hong Kong, while homegrown products and services using the franchise model for operation are becoming more popular. Hence, Hong Kong businesses are familiar with the franchise system and have developed strong market sensitivity and extensive business connections throughout the region.

It is common for Hong Kong area developers to partner with U.S. franchisors to jointly develop franchises in China involving equity participation from the franchisors. There is also a growing trend for master franchisees and area developers in Asia to establish franchise operations in Hong Kong covering Macau and some parts of mainland China. These non-resident Hong Kong franchisees want to expand their territory beyond their home country to take advantage of economies of scale and to explore opportunities in mainland China.

American franchisors will find strong competition in Hong Kong due to the maturity of the market. They must gain an understanding of the needs of the market in order to tailor products and services to local cultures, consumer tastes, and packaging. They should remain in regular contact with local franchisees to build brand awareness and fine tune product offerings and services.

### Leading Sub-Sectors

Opportunities exist in quick service restaurants that offer healthy food and beverages, confectionery products that are unique and appealing as gifts, children's sports academies, education, computer design/development programs, fitness centers, and healthcare.

### Opportunities

Hong Kong's economy has been affected by the anti-government protests that began to increase in June 2019. This has been compounded by the outbreak of the COVID-19 pandemic and trade tensions between the United States and China. In view of economic contractions, the Hong Kong Government has been rolling out support measures for local businesses, particularly in the retail, tourism, and transport sectors. Retail rents in the central district of Hong Kong - among the most expensive in the world - fell by 20 percent in the first quarter of 2020. U.S. franchisors interested in entering the market can take advantage of the softer retail rentals.

As the Hong Kong market is relatively small, the most common type of franchise agreement for U.S. franchisors is area development. A Hong Kong franchisee would prefer to operate all the franchised units in Hong Kong directly rather than through sub-franchising. Hong Kong franchisees are hungry for new business concepts and ideas, and they seek quality and well accepted products and services.

**Current Market Assessment:** Out of the total number of franchises operating in Hong Kong, 43 percent are in the catering business, while 37 percent are in services and 20 percent are in retailing. Hong Kong has an edge in serving the growing franchising business in Asia, including its role in showcasing world-class supporting services, the availability of industry talent, and extensive business connections throughout Asia. Foreign franchisors may consider starting their franchise businesses in Hong Kong as a base, polishing the operation and services to suit local needs, and then further expanding to mainland China and other parts of Asia to minimize risks. U.S. franchise firms are well-perceived, especially in operational procedures, marketing, and providing high quality products and superior customer services.

**Market Challenges/Obstacles:** With its open import market and excellent transportation and business infrastructure, Hong Kong serves as a regional distribution, logistics, and marketing hub for many U.S. franchisors to service existing Asia Pacific franchisees.

It is easy to set up a foreign-based franchise operation in Hong Kong since there is no specific legislation governing franchise operations. There are no foreign exchange controls, and no regulations on foreign equity participation or local management participation. Disputes arising from a franchise agreement are subject to common law (specifically to contract law) and to legislation relating to licensing, protection of intellectual property rights, and registration of trademarks/service marks. There are no restrictions on the repatriation of profits, and no local content requirement.

Finding a master franchisee is one of the biggest challenges in Hong Kong since it is a relatively small market, and it is difficult to achieve economies of scale. Potential franchisees will commonly request inclusion of territories outside of Hong Kong in their negotiation of the territory for development. In addition, Hong Kong is a mature market, especially in the food and beverage sector. Although there continue to be opportunities for American cuisines and American-style dining concepts, in recent years Hong Kong has seen an increase in consumer demand for Korean, Japanese, and other Asian restaurants.

Mall space is at a premium, and this situation has often been a deterrent for local companies to open new retail stores to operate franchises. However, rental rates have softened due to the recent social unrest and the pandemic. This may attract investors to acquire new franchises. Mall owners are also looking for new brands and retail concepts to replace the shop spaces that luxury fashion brands once occupied.

Franchising in Macau is regulated through provisions of the Macau Commercial Code (MCC) in which Article 680 provides the list of the information the franchisor has to deliver in writing to a prospective franchisee. As to the respective obligations of the parties, articles 686 of the MCC provides a general duty of good faith and fair dealing.

## **Resources**

Trade Show:

[Hong Kong International Franchising Show](#)

Dates: December 2-4, 2020

Venue: Hong Kong Convention and Exhibition Centre

Themes: Catering/Non-Catering (Retail, Education, Cleaning, Health & Beauty, Entertainment, Business Services)

Trade Association:

[Hong Kong Franchise Association](#)

For more information about this industry sector, please contact:

U.S. Commercial Service, Hong Kong

Kitty Leung, Commercial Specialist

Email: [kitty.leung@trade.gov](mailto:kitty.leung@trade.gov)

## Environmental Technologies

### Overview

#### Trade Statistics

	2017	2018	2019	2020 (January-April)
Total Exports	233	245	268	90
Total Imports	294	329	360	139
Imports from the US	56	56	55	15
Exchange Rates: 1USD	7.8	7.8	7.8	7.8

Units: USD million

Data Source: Hong Kong Census & Statistics Department

(Since there is not an agreed upon definition of “environmental technologies”, and because there is considerable overlap regarding environmental features from various types of machinery and products, market statistics for this sector are, at best, rough approximation.)

Hong Kong relies heavily on imports to satisfy its environmental technology needs. In recent years, the Hong Kong Government has been allocating significant resources toward tackling environmental issues like waste treatment, air pollution, and water pollution. The COVID-19 outbreak has also led to demand for clinical waste management solutions. As a regional business hub, Hong Kong also plays a strong role as a trading platform for environmental products for mainland China and the region.

The Hong Kong Government published the "Hong Kong: Blueprint for Sustainable Use of Resources 2013-2022" (the Blueprint) in 2013 to discuss the challenges and opportunities of sustainability in Hong Kong. The Blueprint provides a 10-year plan on how to tackle waste management challenges with strategies, policy directions, key actions, and specific targets.

### Leading Sub-Sectors

- Waste management solutions
- Recycling-related products and services
- Water disinfection technologies
- Air quality control solutions

### Opportunities

Food waste constitutes almost 60 percent (or 6,712 kg per day) of Hong Kong’s total municipal solid waste. To avoid food waste disposal at landfills, Hong Kong plans to treat the city’s collected food waste to produce renewable energy using anaerobic digestion as the core technology. The preliminary proposal is to develop five to six regional large-scale organic resources recovery centers in phases, with a total recycling capacity of about 1,300 to 1,500 kg per day.

Every year, about 70,000 kg of waste electrical and electronic equipment (WEEE) is generated locally in Hong Kong. As part of the effort to introduce the Waste Producer Responsibility Scheme (WPRS), the Hong Kong Government has developed a WEEE treatment and recycling facility, or WEEE-PARK, to provide local treatment capacity for WEEE. Since August 2018, a seller of regulated electrical equipment (REE) must have a removal service plan endorsed by the Environmental Protection Department. The removal service ensures the proper disposal and recycling of REE waste.

Recently, the Hong Kong Government has proposed to allocate US\$38 million each year to implement a scheme to recycle wastepaper, including processes like wastepaper collection and recycling services. The Hong Kong Government's Environmental Protection Department, which is responsible for environmental issues, will launch a project aiming to collect wastepaper from all districts in Hong Kong for filtering, sorting, baling and exporting. Also, as part of the Hong Kong Government's smart city development plan, a smart waste management scheme has been initiated to optimize collection services and reduce municipal operational costs.

### **Resources**

Trade Shows:

[Eco Expo Asia](#)

[Macao International Environmental Cooperation Forum & Exhibition \(MIECF\)](#)

Date: 2021 (Exact date is to be confirmed)

Government Agencies and Associations:

[Business Environment Council](#)

[Environmental Contractors Management Association](#)

[Environment Bureau, HKSAR Government](#)

[Environmental Protection Department, HKSAR Government](#)

For more information about this industry sector, please contact:

U.S. Commercial Service, Hong Kong

Gary Kwan, Commercial Specialist

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## Customs, Regulations and Standards

### Trade Barriers

Hong Kong and Macau are duty-free ports, with few barriers to trade in goods and services and few, if any, restrictions on foreign capital flows and investment.

### Import Tariffs

**Hong Kong** is a free port that does not levy a customs tariff. The Hong Kong Government levies excise duties on four commodities: hard alcohol (distilled spirits), tobacco, hydrocarbon oil, and methyl alcohol. The excise tax on distilled spirits is 100 percent, and the rate for unleaded gasoline is US\$0.78 per liter. Duties on wine and beer were reduced to 0 percent effective February 27, 2008. Lastly, a steep "First Registration Tax," which ranges from 35-100 percent of price, is levied on new car purchases. The current list of dutiable goods and corresponding rates and other detail information is available at [the Customers and Excise Department website](#).

To inquire about specific product contact:

Customs and Excise Department

Address: Customs Headquarters Building

222 Java Road, North Point

Hong Kong

Tel: (852) 3759-2606

Fax: (852) 2541-3039 (Office of Dutiable Commodities Administration)

**Macau** is a free port with no tariffs on general imports. Macau, however, does impose a consumption tax on alcohol, tobacco, and fuels, ranging from 5-20 percent (based on cost, insurance, and freight) and a motor vehicle tax of 24-72 percent on imported motorcycles and motor vehicles (based on the initial sale price). More information is available at [Macau Customs Service website](#).

To inquire about specific product contact:

Macau Customs Service

Rua S. Tiago da Barra

Doca D. Carlos I, SW

Customs Headquarters, Macau

Tel: (853) 2855-9944

Fax: (853) 2837-1136 Email: [info@customs.gov.mo](mailto:info@customs.gov.mo)

### Import Requirements and Documentation

U.S. standard trade documentation is acceptable. Please visit [Customs and Excise Department](#) of Hong Kong government for more information.

### Labeling and Marking Requirements

The following information on labeling and marking refers to Hong Kong, unless otherwise indicated.

Hong Kong's non-tariff barriers related to labeling requirements, standards, and other requirements are generally minimal, but are expected to become more restrictive for supplements. Pharmaceuticals and over-the-counter (OTC) drugs must have indications of dosage and frequency on the label in both Chinese and English.

**Food Labeling:** Hong Kong's food labeling regulations are developed and administered by the Food and Hygiene Environmental Department's Center for Food Safety. According to the Food and Drugs (Composition and Labeling) Regulations (Cap. 132W), the following information should be provided on prepackaged food labels:

- Name of the food
- List of ingredients (including allergens)

- Indication of "use by" or "best before" date
- Statement of special conditions for storage or instructions for use
- Name and address of manufacturer or packer
- Count, weight or volume of food
- Nutrition Information

Stick-on product labels are allowed to remedy any non-compliance issues on pre-existing labels and can be applied by Hong Kong importers with permission of the manufacturer. The labels may be provided in English, Chinese, or both languages. If both languages are used on prepackaged food, the name of the food, ingredient list, and nutritional information must be provided in both languages.

**Labeling for Biotech Food Products:** The Hong Kong government (HKG) does not require labeling of biotech food products. In 2006, the government issued guidelines for voluntary labeling of biotech foods containing 5 percent or more of an individual biotech food ingredient. Negative labeling is not recommended.

**Organic Certification:** Hong Kong recognizes USDA organic certification, so products are sold in Hong Kong with the USDA organic logo.

**Others:** Hong Kong regulates the use of sweeteners, preservatives, coloring matter, metallic contaminants, and pesticides. In the absence of a particular regulation, the Hong Kong government refers to Codex standards and/or conducts a risk assessment to determine applicable import requirements.

For details on Hong Kong's general import regulations for food products, please refer to Hong Kong GAIN [FAIR report](#) or consult [Public Health and Municipal Services Ordinance and the Food Safety Ordinance](#).

**Consumer Electrical Appliances Labeling:** The Hong Kong Government enacted the Energy Efficiency Labeling Ordinance in May 2008 for consumer electrical appliances. The ordinance's Mandatory Energy Efficiency Labeling Scheme (MEELS) is intended to assist consumers in choosing energy efficient products. Under the ordinance, the manufacturer/importer's product must be registered with the Hong Kong Electro-Mechanical Services Department and carry an energy label that complies with specified technical requirements. The ordinance's first and second phases of implementation covered five types of products sold in Hong Kong: air conditioners, refrigerators, compact fluorescent lamps, washing machines and dehumidifiers. The third phase of MEELS, which was fully implemented in December 2019, has further extended the coverage to three additional types of electrical products, namely televisions, storage type electric water heaters and induction cookers. [A Code of Practice \(pdf\)](#) on Energy Labeling of Products has been approved and issued to provide practical guidance and technical details about the requirements under the Ordinance.

### **Strategic Trade Controls for Exports to Hong Kong**

The U.S. Department of Commerce Bureau of Industry and Security (BIS) regulates the export, reexport, of commodities, software and technology (collectively "items") falling under the jurisdiction of the Export Administration Regulations (EAR). Other U.S. Government agencies regulate trade in more specialized exports, as well. For example, the U.S. Department of State regulates the trade in defense articles and services. A list of other agencies involved in export control can be found on the [BIS website \(https://www.bis.doc.gov/index.php/about-bis/resource-links\)](https://www.bis.doc.gov/index.php/about-bis/resource-links)

or in Supplement No. 3 to Part 730 of the EAR, which is available on the [Government Printing Office Web site at: http://www.access.gpo.gov/bis/ear/ear\\_data.html](http://www.access.gpo.gov/bis/ear/ear_data.html).

U.S. exporters should consult the EAR for information on how export license requirements may apply to the export of their goods. If necessary, a commodity classification request may be submitted in order to obtain BIS assistance in determining how an item is controlled (i.e., the item's classification) and the applicable licensing policy. Exporters may also request a written advisory opinion from BIS about application of the EAR to a specific situation. Information

on commodity classifications, advisory opinions, and export licenses can be obtained through the BIS website at [www.bis.doc.gov](http://www.bis.doc.gov) or by contacting the Office of Exporter Services at the following numbers:

Washington, D.C. Tel: (202) 482-4811 Fax: (202) 482-3322

Western Regional Office Tel: (949) 660-0144 Fax: (949) 660-9347

Further information on export controls is available at: <http://www.bis.doc.gov/licensing/exportingbasics.htm>

Due to Hong Kong's position as a global transshipment hub, exporters of regulated items must be particularly diligent when exporting sensitive items to Hong Kong. In Hong Kong, it is relatively easy for foreign actors to pretend to be doing business from Hong Kong, even when they are located elsewhere and only using Hong Kong's robust trade infrastructure to route trade to more restricted destinations. To ensure compliance with U.S. export control laws, companies should conduct due diligence research on regulated shipments to clients in Hong Kong and should thoroughly validate all information about their trading partners to determine with reasonable certainty whether the items will remain in Hong Kong or be reexported to other countries, which may change U.S. licensing obligations.

On December 23, 2020, BIS published a regulatory amendment confirming that exports, reexports and transfers (in-country) to Hong Kong will be treated under the EAR as transactions destined for the People's Republic of China (China), unless otherwise explicitly specified. This treatment includes a general policy of denial for law enforcement equipment and firearms controlled for Crime Control reasons pursuant to the Tiananmen Square Sanctions (Section 902(a)(4) of the Foreign Relations Authorization Act for Fiscal Years 1990 and 1991, Public Law 101-246). Prior to this change, Hong Kong and Mainland China were treated separately under U.S. Commerce Department regulations, with trade going to Hong Kong subject to fewer license requirements and eligible for more general authorizations than that going to Mainland China. In light of this change, exporters and reexporters of regulated items, including electronics and other sensitive goods, should ensure that their licensing obligations have not changed.

The amendments notwithstanding, there remains in place certain recordkeeping requirements for multilaterally controlled items destined to and from Hong Kong. These recordkeeping requirements obligate persons intending to export or reexport to Hong Kong any item subject to the EAR and on the Commerce Control List (CCL) for national security (NS), missile technology (MT), nuclear nonproliferation (NP column 1), or chemical and biological weapons (CB) reasons to obtain, prior to the shipment of such items, a copy of a Hong Kong import license or a written statement from the Hong Kong government that such a license is not required, including website guidance from the Hong Kong Trade and Industry Department (HKTID). This rule also applies to individuals intending to reexport from Hong Kong items controlled for the previous stated reasons, to obtain a Hong Kong export license or statement from the Hong Kong government that such a license is not required, including website guidance from HKTID, prior to shipment. The items for which Hong Kong requires a license and the previous stated items controlled under the EAR are based on the same multilateral regime control lists.

BIS has developed a list of "red flags," or warning signs, to help exporters evaluate the diversion risk related to their transaction, and has identified some persons in Hong Kong that cannot be verified as reliable end-users or that are affirmatively engaging in conduct contrary to national security or foreign policy interests of the United States. Other agencies of the U.S. government have also added persons in Hong Kong to various lists of sanctioned entities. The Consolidated Screening List consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single search as an aid to industry in conducting electronic screens of potential parties to regulated transactions is available here:

<http://developer.trade.gov/consolidated-screening-list.html>

<http://apps.export.gov/csl-search/#/csl-search>

<https://www.export.gov/article?id=Consolidated-Screening-List>

In addition to U.S. strategic trade controls, Hong Kong maintains its own strategic trade control system, requiring licenses for the import or export of items commonly found on internationally-supported strategic trade control lists, including those adopted by the United States. Hong Kong's licensing system is administered by the Trade and Industry Department, and applications for licenses in Hong Kong may require evidence that a shipment from the United States has been lawfully made. Hong Kong has also created due diligence guides to aid foreign companies in researching Hong Kong companies

<https://www.stc.tid.gov.hk/english/hksarsys/files/leaflet.pdf>

The U.S. Department of Commerce's Bureau of Industry and Security maintains an office in Hong Kong. It can be contacted at:

Regional Export Control Office  
American Consulate General, U.S. Commercial Service  
26 Garden Road, Central  
Hong Kong (SAR)  
Tel: (852) 2521-1467  
Fax: (852) 2845-9800  
[www.trade.gov/hongkong/](http://www.trade.gov/hongkong/)

### **Temporary Entry**

Most products are not subject to any Hong Kong or Macau duties or taxes. For alcohol, cigarettes and fuel, however, companies must fill out a duty waiver form, which can be obtained from [Hong Kong Customs](#), or [Macau Customs Service](#).

### **Prohibited and Restricted Imports**

The import of munitions, firearms and fireworks is strictly forbidden. For more information of prohibited and restricted articles, please visit [prohibited articles of Hong Kong Customs website](#), or [Macau Customs Service website](#).

### **Customs Regulations**

Customs valuation is only an issue for the taxable items listed above. The tax on tobacco is by quantity: HK\$1,906 (US\$244) for every 1,000 cigarettes and HK\$2,455 (US\$315) per kilogram for cigars. The tax on distilled spirits is 100 percent. The tax on petroleum products is by both volume and value. The value is based on the bill of lading as long as it represents a reasonable market value. The tax on automobiles is based on both retail price and engine size.

For more information about Hong Kong customs regulations, please check the [Hong Kong Customs and Excise Department's website](#). For information about Macau customs, please check the [Macau Customs Services website](#).

U.S. Immigration and Customs Enforcement (formerly U.S. Customs Service) maintains an office in Hong Kong. It can be contacted at:

U.S. Immigration and Customs Enforcement  
U.S. Consulate General  
Address: 26 Garden Road, Central  
Hong Kong  
Inquiry Hotline: (852) 2524-1136  
Fax: (852) 2810-6550

## Standards for Trade

**Overview:** Hong Kong's policy, in accordance with the World Trade Organization (WTO) Agreement on Technical Barriers to Trade, is to adhere to international standards to the maximum extent possible. The following sixteen areas have special regulations, standards, and conformity assessment mechanisms: animals and plants (sanitary and phytosanitary), boilers and pressure vessels, building materials and construction, chemicals (pesticides), consumer goods, drugs and medical devices, electrical products, energy, environment, food, information and communications technology equipment and systems, lifts and escalators, radioactive substances and irradiating apparatus, shipping safety, toys and children's products, and transport equipment.

More information on Hong Kong's technical regulations can be obtained from [the website of Innovation and Technical Commission](#).

**Standards:** Hong Kong and Macau do not have central standards bodies that develop and issue domestic standards. The Hong Kong Product Standards Information Bureau (PSIB), the Hong Kong Accreditation Service (HKAS) and the Standards and Calibration Laboratory (SCL) of the Innovation and Technology Commission (ITC) actively participate in standards and conformity assessment related international and regional activities.

PSIB represents Hong Kong in the Asia Pacific Economic Cooperation (APEC) Sub-Committee on Standards and Conformance (SCSC); the International Organization for Standardization (ISO); and the Pacific Area Standards Congress (PASC). HKAS actively participates in the Pacific Accreditation Cooperation (PAC); Asia Pacific Laboratory Accreditation Cooperation (APLAC); the International Accreditation Forum (IAF); and the International Laboratory Accreditation Cooperation (ILAC) meetings. SCL is a full member of the Asia Pacific Metrology Program (APMP) and represents Hong Kong, China, as an Associate of the General Conference on Weights and Measures (CGPM) of the Meter Convention.

In addition, the Customs and Excise Department is a Correspondent Member of the International Organization of Legal Metrology (OIML) and a Member of the Asia Pacific Legal Metrology Forum (APLMF). The Office of the Communications Authority also attends meetings of the International Telecommunications Union (ITU).

**NIST Notify U.S. Service:** Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. Notify U.S. ([www.nist.gov/notifyus](http://www.nist.gov/notifyus)) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country or countries and industry sector(s) of interest and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

**Testing, Inspection and Certification:** A comprehensive range of conformity assessment services including testing, calibration, certification, and inspection, are available in Hong Kong. The majority of such services are provided by the private sector. Examples of Conformity Assessment Bodies (CABs) include:

- Intertek Testing Services Hong Kong Ltd.
- Calibration & Testing Laboratory / Sun Creation Engineering Ltd.
- The Hong Kong Standards and Testing Center Ltd.
- CMA Industrial Development Foundation Ltd.
- TUV Rheinland Hong Kong Ltd.
- Bureau Veritas Hong Kong Ltd.

Conformity is demonstrated through third party accreditation. HKAS provides accreditation for laboratories, certification bodies, and inspection bodies.

The certification system in Hong Kong is administered to facilitate Hong Kong's export to foreign markets. The system establishes the origin of goods that Hong Kong exports to meet the requirements of overseas importing authorities.

The legal basis for Hong Kong's origin system is based on the Export (Certificates of Origin) Regulations of the Import and Export Ordinance (Cap. 60), which provide the Director-General of the Hong Kong Trade and Industry Department (TID) with the power to run the certification system. The regulations also provide penalties for certification offences.

Certificates of Origin issued by the Government Approved Certification Organizations (GACOs) are governed by the Protection of Non-government Certificates of Origin Ordinance (Cap. 324 of the law of Hong Kong). These Certificates of Origin have the same legal status as those issued by the TID.

Accreditation for construction product certification and consumer product certification services is provided by HKAS. The accreditation criteria include HKAS 002, ISO/IEC Guide 65: 1996, the relevant HKAS supplementary criteria, Hong Kong Certification Body Accreditation Scheme (HKCAS, see below more information) Supplementary Criteria No. 2 (for construction product certification), and Hong Kong Certification Body Accreditation Scheme (HKCAS, see below) Supplementary Criteria No. 3 (for consumer product certification).

For accreditation of construction product certification, the scope of accreditation service is given in HKCAS Supplementary Criteria No. 2. Certification bodies interested in seeking accreditation for construction product certification may contact the TID for further details.

For Consumer Products, application for accreditation is open to any certification body which operates a third-party product certification system of type 1b, 2, 3, 4 or 5 as described in ISO/IEC Guide 67: 2004 for specific types of consumer products in one of the following product groups:

- Electrical and electronic products
- Food containers
- Furniture
- Telecommunications equipment
- Textiles, garments, and footwear
- Toys and children's products

For Accreditation, the Hong Kong Accreditation Service (HKAS), a government organization, provides accreditation for laboratories, certification bodies and inspection bodies. HKAS operates three accreditation schemes: Hong Kong Laboratory Accreditation Scheme (HOKLAS), Hong Kong Certification Body Accreditation Scheme (HKCAS), and Hong Kong Inspection Body Accreditation Scheme (HKIAS). HOKLAS was launched in 1985, HKCAS in 1998, and HKIAS in 1999. Participation in these schemes is voluntary. HKAS participates in a number of mutual recognition arrangements.

HKAS is advised by the Accreditation Advisory Board (AAB) on matters relating to accreditation. The Chairman and members of AAB are appointed by the Secretary for Commerce and Economic Development under the delegated authority of the Chief Executive. Working Parties and Task Forces are established under AAB to undertake specific tasks. HKAS has established a cadre of assessors and technical experts for carrying out assessments for each of the accreditation scheme.

Contact information for HKAS:  
[Hong Kong Accreditation Service](#)

[Quality Services Division](#)  
[Innovation and Technology Commission](#)

Address: 36/F, Immigration Tower  
7 Gloucester Road, Wanchai, Hong Kong  
Tel: (852) 2829-4840  
Fax: (852) 2824-1302  
Email: [hkas@itc.gov.hk](mailto:hkas@itc.gov.hk)

**Publication of technical regulations:** Technical regulations are proposed and passed by relevant government departments. There may or may not be public consultation before each regulation is passed. Hong Kong's technical regulations cover the following areas: Electrical Products Safety, Air Pollution Control, Antibiotics, Boilers and Pressure Vessels, Buildings, Consumer Goods Safety, Dangerous Drugs, Electricity, Environmental Impact Assessment, Food and Drug (Composition and Labeling), Gas Safety, Merchant Shipping Safety, Noise Control, Ozone Layer Protection, Pesticides, Pharmacy and Poisons, Plant (Importation and Pest Control), Public Health (Animals and Birds), Public Health and Municipal Services, Radiation, Road Traffic, Telecommunications, Toys and Children's Products Safety, Waste Disposal, and Water Pollution Control.

More information on Hong Kong's technical regulations can be obtained from [the website of Innovation and Technical Commission](#). The PSIB accepts [purchase orders](#) for originals and photocopies of standards from various standards bodies.

Contact Information:

The designated central contact for standards issues in Hong Kong is listed below:

[Innovation and Technology Commission](#)  
[Product Standards Information Bureau](#)

36/F, Immigration Tower  
7 Gloucester Road  
Wan Chai, Hong Kong  
Tel: (852) 2829-4820  
Fax: (852) 2824-1302  
Email: [psib@itc.gov.hk](mailto:psib@itc.gov.hk)

## Trade Agreements

**Hong Kong** is a founding member of the World Trade Organization (WTO) as well as a member of the Asia-Pacific Economic Cooperation (APEC). Despite mainland China's accession to the WTO, Hong Kong is well positioned to play a key role for U.S. firms wishing to expand exports to mainland China. Hong Kong is a trading hub for mainland China and the region; its trading firms are experts at promoting imported products and services in mainland China. Similarities in linguistic and cultural traditions have enabled Hong Kong traders to maximize opportunities for U.S. firms, and in particular for small- and medium-sized enterprises and first-time exporters.

Hong Kong has a free trade agreement with mainland China, called the Closer Economic Partnership Arrangement (CEPA), which provides tariff-free export to mainland China of Hong Kong-origin goods and preferential access for specific services sectors. Please refer to [CEPA website](#) for more information.

Hong Kong has been actively seeking to expand its Free Trade Agreements (FTAs) network in order to secure favorable conditions for Hong Kong's goods and services to enter the Mainland and international markets. Please refer to [Hong Kong's FTAs website](#) for more information.

Finally, Hong Kong is an Asia-Pacific Economic Co-operation (APEC) member economy and a participant in the APEC Business Travel Card (ABTC) Scheme, which grants qualified business travelers streamlined immigration clearance.

**Macau:** A separate and roughly equivalent Closer Economic Partnership Arrangement was signed between mainland China and Macau in 2003. While not as expansive as that of Hong Kong, it includes a number of industry areas where Macau-based firms are granted preferential access to the mainland market. In addition, Macau signed a CEPA with Hong Kong in October 2017. Under the CEPA framework, there is an investment agreement and an economic and technical cooperation agreement. The investment agreement includes investment access, investment protection and investment facilitation. The economic and technical co-operation agreement is aimed to encourage Macau to take a greater role in economic development across the region. Please visit [Macau CEPA agreements](#) for more information.

### **Licensing Requirements for Professional Services**

**Legal Profession:** The legal profession in Hong Kong is divided into two distinct branches - barristers (also known as "counsel") and solicitors. Solicitors have limited rights of audience before the courts, whereas barristers have unlimited rights of audience in all courts and tribunals where legal representation is allowed. Lawyers practicing within one branch of the profession are not, at the same time, allowed to practice within the other.

[The Bar Council of the Hong Kong Bar Association](#) is the governing body for barristers; [while the Law Society of Hong Kong](#) is the governing body for solicitors. For details about the licensing requirements of the legal profession in Hong Kong, please visit the website of [the Department of Justice of the Hong Kong SAR Government](#).

**Accountancy Profession:** The Hong Kong Institute of Certified Public Accountants (HKICPA) is the only statutory licensing body of accountants in Hong Kong responsible for the professional training, development and regulation of the accountancy profession. All statutory audit services in Hong Kong have to be provided by HKICPA practicing members or member firms with the required licenses issued by the HKICPA.

Below please find the links to [HKICPA](#) with details related to the HKICPA and the licensing requirements for the accountancy profession in Hong Kong.

[Professional services provided by CPAs \(practicing\) in Hong Kong](#)  
[Mutual recognition agreement between Hong Kong and U.S.](#)  
[International affiliates admission requirements](#)

## Selling U.S. Products and Services

### Distribution & Sales Channels

One of the best ways to sell products in Hong Kong and Macau is through the use of agents or distributors. There are many companies across most sectors that can serve as agents or distributors for U.S. firms, and a number of third-party logistics providers, specialized warehouses, and order fulfillment firms that offer related trade facilitation services. Companies that are looking to sell equipment that requires long-term maintenance, technical support or installation, or that are seeking to become involved in infrastructure projects, frequently partner with local companies. Furthermore, as discussed in other sections, many Hong Kong (and Macau) firms have established sales networks that expand throughout mainland China.

**Using an Agent or Distributor:** Working with agents and distributors in Hong Kong and Macau is very much like working with agents and distributors in the United States. Hong Kong and Macau have no special legislation regarding agents and distributors. Virtually anything to which both sides can agree to and put into a written contract is acceptable and enforceable; this includes restrictions on territory and a grace period for termination of the agreement. U.S. firms should consult local legal counsel when drafting contract terms. Items that are often in contracts include:

- Exclusivity and sales territories – businesses should be careful about granting an exclusive agency too soon or in too large a territory if the agent is to have coverage beyond Hong Kong or Macau;
- Proprietary information – local laws prohibit theft of intellectual property, but prevention of piracy is always less expensive and more effective than post-facto remedial legal action;
- Levels of sales activity – set specific targets and goals the agent or distributor must meet in order to maintain or renew the agreement;
- Duration;
- Payment terms;
- Quality control – inspection – verification;
- Legal jurisdiction – generally, Hong Kong is chosen, but another location sometimes (U.S. or Macau) may be specified; and
- Covenants restricting business activity following cancellation of the contract.

There are many types of agents and distributors in Hong Kong and Macau, ranging from those who simply stock retail stores with standard items to agents who provide sales, engineering and technical support for complex systems. It is common for a single company to deal in a wide variety of products in a particular sector. Agents and trading companies may be less specialized than companies in a large economy like the United States, but the best ones are focused and have contacts in a specific line of business.

Although it may be desirable to identify distributors based in Macau, many Hong Kong distributors are capable of covering Macau.

**Establishing an Office in Hong Kong:** Foreign companies are allowed to incorporate their operations, register branches, or establish representative offices freely in Hong Kong with no restriction on ownership. Company directors need not be citizens of, nor reside in, Hong Kong. Reporting requirements are straightforward and not onerous. There is no distinction in law or practice between investment by foreign-controlled companies and those controlled by local interests. There are no disincentives to foreign investment such as limitations on the use or transfer of foreign currency, or any system of quotas, performance requirements, bonds, deposits, or other restrictive regulations.

To incorporate or register in Hong Kong, a foreign company should first file statutory declarations and submit the necessary documents to the Administration Section of the Companies Registry. Specific information on establishing an office in Hong Kong is available at [Companies Registry website](#). Additional information including detailed step-by-step guidance for setting up in Hong Kong can also be found at [InvestHK](#).

**Establishing an Office in Macau:** There are no restrictions or constraints for establishing a company in Macau. There are, however, regulations that govern various economic activities and specific licenses. Authorizations are required for certain types of businesses, such as banking, insurance, manufacturing, tourism, civil construction, education and telecommunications. All entities carrying out business activities in Macau must be registered with the Macau Commercial Registration Bureau, and with the Macau Finance Bureau. All legal and administrative procedures apply to all local and foreign individuals or organizations interested in setting up a company in Macau.

A limited liability company by quota in Macau and a branch of a company incorporated outside of Macau are the most common types of business entities operating in Macau. Foreign entities with only one-off or occasional contractual projects in Macau may choose to apply for a tax registration status on a project basis. Investors may obtain details of the necessary procedures for setting up a business from the [Macau Trade and Investment Promotion Institute](#).

**Franchising:** Hong Kong's legal framework and high per capita income attracts foreign franchisors looking to sub-franchise. It is relatively easy to establish a foreign franchise operation in Hong Kong as there is no specific legislation governing franchising operations, no foreign exchange controls, and no foreign equity participation or local management participation regulations. Disputes arising from a franchise agreement are subject to common law (and specifically to contract law) and to legislation relating to licensing, protection of intellectual property rights, and registration of trademarks/service marks. Please refer to the Leading Sector section that covers Franchising for more information.

**Direct Marketing:** Direct or online marketing is now recognized not just as the fastest growing segment of the marketing business, but also the segment that produces substantial profits for every business, from financial services to fast moving consumer goods. Direct marketing in Hong Kong has changed significantly over the last decade and is now multichannel and electronic to a large extent. Transactions via online business-to-business (B2B) marketplaces are increasing at a brisk pace, with several well-known online B2B platforms extant in Hong Kong.

The direct marketing business environment relies on a highly developed supply chain infrastructure that enables even small firms to sell directly to their consumers with minimal complications. Smaller-scale companies that do not have an in-house supply chain department often make use of professional logistics service providers established in Hong Kong.

Regulations regarding direct marketing are primarily centered on customer privacy rights, data security and postal regulations. In April 2013, the Personal Data Ordinance took effect regulating the use of personal data for direct marketing. For more information, please visit the website of [Privacy Commissioner for Personal Data, Hong Kong](#).

Hong Kong is the marketing services capital of Asia. The sophistication of the market has attracted a strong presence of multinational agencies and a pool of marketing services talent. A number of multinational public relations, marketing, and advertising agencies have regional headquarters in Hong Kong.

Hong Kong's marketing services companies are first movers in the mainland market. Mainland business has also become an increasing source of income for Hong Kong marketing services companies. The Closer Economic Partnership Arrangement (CEPA) agreement has further facilitated Hong Kong marketing firms' expansion in the mainland market.

**Joint Ventures/Licensing:** Joint ventures or strategic alliances can be very useful in helping firms enter the market. They are particularly important when competing for major projects. Licensing is increasingly common in the field of brand-name product manufacturing and marketing.

There are generally few legal restrictions on Joint Ventures / License arrangements in Hong Kong.

**Express Delivery:** Hong Kong's express delivery industry is dominated by a few multinational players including DHL, UPS, FedEx, Expeditors, Panalpina, Kerry Logistics, and Schenker. Typical express services involve transport logistics of door-to-door deliveries with guaranteed time and traceable location. With Hong Kong's well-connected air and land connectivity, express delivery firms are able to deliver the goods within the same day to major Asian cities and next day delivery to cities in Europe and in America. Efficient customs clearance is also an important element in the express industry. Hong Kong International Airport speeds up this process by providing integrated Electronic Data Interchange (EDI) with eight major air cargo operators and the Customs & Excise Department, which allows pre-arrival customs clearance for all types of cargo. In the World Bank's 2018 Logistics Performance Index, Hong Kong ranked 12th among 160 regions and the third in Asia.

**Due Diligence:** Knowing your business partner is critical to evaluating any major business deal. In today's business climate, while a company's financial and legal standing are important, issues relating to the company's reputation, history, business ethics, integrity, business acumen, and influence in its business sectors and local environments can all be critical to a successful deal. One key aspect, often misunderstood, is that negative information need not be a deal killer. Such information often offers opportunities to re-negotiate better terms and/or structure deals to mitigate identified risks. The key to due diligence is to do it up front, before any commitments or deals are signed. Unlike mainland China where it is more difficult to gather information, getting information on Hong Kong and Macau entities is relatively easy. There are many service providers that offer investigative due diligence. The U.S. Commercial Service can provide a list of due diligence companies in Hong Kong upon request.

The [U.S. Commercial Service](#) offers the [International Company Profile-Full and Partial \(ICP\)](#) program, which provides credit rating, financial information, key officers and U.S. Commercial Service's overall assessment of your potential business partners. The ICP enables U.S. small and medium-sized businesses to more effectively evaluate overseas companies.

## eCommerce

**Hong Kong:** Hong Kong has maintained its position as one of the world's leading digital cities with personal computer (PC), smartphone penetration, and Internet usage at a consistently high level. According to the latest government survey conducted in 2019, over 2 million households (compared to 1.99 million in 2014) in Hong Kong had PCs, representing 77.6 percent of all households in Hong Kong. Among them, some 2.04 million households (compared to 1.92 million in 2014) had their home PC connected to the internet, representing 100 percent of all households in Hong Kong. The survey also showed significant growth of the percentage of persons aged 10 and above who had used internet service increased from 79.9 percent in 2014 to 91.7 percent in 2019. The increase was most remarkable among persons aged 65 and above.

The significant increase in internet usage was largely due to the wider availability and usage of smartphones. It is reported that close to 5.9 million persons aged 10 and above had smartphones in 2019. The percentage of persons aged 10 and above who had used smartphones for connection to the internet reached 99 percent in 2019 compared to 94.7 percent in 2014.

On the business side, IT usage has also increased steadily. Based on the most recent government survey, in 2019, a total of 81 percent of business establishments used computers and 90.3 percent of business establishments used the internet.

E-Commerce is on the rise. In 2019, 38 percent of Hong Kong companies had their own websites, up from 34 percent in 2017. The proportion varied from 88 percent for large companies (those employing more than 100 people) to 34 percent for small companies (those employing fewer than 10 people.)

According to the Hong Kong Government's survey on IT usage and penetration in the business sector in 2019, business receipts from selling goods and services or information through electronic means amounted to US\$63 billion in 2018, representing 5.7 percent of the total business receipts of all industry groupings in 2018. About 61 percent of the e-commerce receipts were received via an online ordering facility on the website or mobile application of the respective establishments, 22 percent were received through a third-party website or mobile application, and 16 percent were received through electronic data transmission. Individual consumers accounted for 60 percent of the total e-commerce sales.

The growing desire for online shopping has prompted many traditional Hong Kong retail stores to establish online platforms, such as Wing On Department Store, Yue Hwa Department Store, and Chow Sang Sang jewelry. On the other hand, online platforms such as HKTV Mall have opened concept offline stores to find the most applicable online-to-offline retail model for Hong Kong. Among the most popular online stores in Hong Kong are Taobao, Tmall, WeChat, Amazon and JD. People aged below 30 are the most active e-shoppers, but consumers aged 30-49 spend the most online. The average annual online spend is estimated at US\$1,992. Travel, health and beauty, and consumer electronics are typically the top three e-commerce purchases in Hong Kong. The key reasons prompting online purchases are price and the convenience of shopping anywhere and at any time. Approximately 75 percent of Hong Kong's online shoppers have made purchases on overseas platforms.

Following the outbreak of the pandemic in the first two quarters of 2020, and the Hong Kong Government's social distancing measures restricting the number of patrons in each restaurant, ordering food online has become very popular. Food delivery platforms like Deliveroo, Foodpanda and Ubereats have all been experiencing increased sales and increasing numbers of restaurants joining as merchants.

Currently only a quarter of Hong Kong's population shops online and e-commerce accounts for just 11 percent of Hong Kong's total retail sales. Hong Kong lacks a rural population that would rely on e-commerce for a wider choice

of products. In addition, shopping malls are open seven days a week and are easily accessible to the population. Brick-and-mortar retailers have been able to secure business without innovating significantly since they have enjoyed booming sales from the influx of Chinese tourists in the past. However, in response to recent social unrest and COVID-19, retailers are starting to realize that e-commerce is their key to survival.

As demand for online shopping increases in Hong Kong, the infrastructure is already well-established to meet higher delivery volumes. Hong Kong ranks high in the World Bank's global ranking of logistics capabilities and quality. Many U.S. online sites use Hong Kong as a warehouse and distribution center for delivering orders from customers in the Asia region since Hong Kong is a duty-free port and has many daily flights to countries throughout Asia. The shorter delivery time from shipping out of Hong Kong is often used as a selling point for the U.S. online sites.

The Hong Kong Government does not currently have any specific regulations targeting online sales.

**Macau:** The number of local households using the Internet in 2019 increased by 6,900 year-on-year to 182,300, accounting for 92.3 percent of all households. Internet users aged 3 and above totaled 554,000, up by 5 percent year-on-year. The Internet penetration rate for members of the population aged 35 to 44 and 25 to 34 reached 98.6 percent and 98.0 percent, respectively; and 69 percent of the population aged 55 and above used the Internet, an increase of 5.3 percentage points. Most of those surveyed reported that they use the Internet for communication and online entertainment. Online shoppers rose 30 percent to 123,900 in 2019.

Many local e-commerce business services providers are available in Hong Kong. The [Hong Kong Trade Development Council \(HKTDC\) website](#) listed a range of e-commerce business service providers.

## Selling Factors & Techniques

**Overview:** One of the best ways to sell products in Hong Kong and Macau is through the use of agents or distributors. There are many companies across most sectors that can serve as agents or distributors for U.S. firms, and a number of third-party logistics providers, specialized warehouses, and order fulfillment firms that offer related trade facilitation services. Companies that are looking to sell equipment that requires long-term maintenance, technical support or installation, or that are seeking to become involved in infrastructure projects, frequently partner with local companies.

Furthermore, as discussed in other sections, many Hong Kong (and Macau) firms have established sales networks that expand throughout mainland China.

**Trade Promotion & Advertising:** U.S. companies can use a variety of promotional vehicles to introduce and raise the visibility of their products and services in the Hong Kong and Macau markets. These include:

- Special trade fairs and exhibitions
- Advertising in the media, Internet and other public relations activities
- Seminars
- In-store promotions
- Joint promotions with wholesale and retail outlets

Hong Kong is a major conference and exhibition center, with hundreds of international exhibitions held annually. Located in the business district on Hong Kong Island, the [Hong Kong Convention and Exhibition Center \(HKCEC\)](#) is owned by the Hong Kong Trade Development Council (HKTDC) and operated by the Hong Kong Convention and Exhibition Center Management Ltd. The HKCEC presently provides 66,000 sqm of purpose-built exhibition space, 20,000 sqm of multi-functional venues and 5,500 sqm of event support space. [AsiaWorld-Expo](#) is located next to Hong Kong International Airport. AsiaWorld-Expo offers over 70,000 square meters of exhibition and function space.

Exhibition in Macau is an alternative. The [Venetian Macao, Wynn, and MGM](#) have large exhibition spaces. Other options are the [Macau Tower](#) and the wide and growing range of hotels and casinos. The Macau Government is keen to develop Macau as a regional MICE (Meetings, Incentives, Conferences, and Exhibitions) hub.

### Other Media:

Television penetration in Hong Kong is high, at 99 percent. Television is the top media channel in Hong Kong. As of April 31, 2020, there were three domestic free television program service licensees, two domestic pay television program service licensees, 15 non-domestic television program service licensees, and one government-funded public service broadcaster. On average, the free domestic television licensees' programs reach 6.49 million viewers, or 2.46 million households. Hong Kong television also reaches Macau and much of neighboring Guangdong Province in mainland China, where Hong Kong programming is very popular.

Hong Kong is one of the largest centers in the world for Chinese-language publications. Hong Kong produces 674 publications, including 55 daily newspapers (28 Chinese, 12 English, ten bilingual, five Japanese), and 619 periodicals. Advertising agencies, including many international firms, offer a full range of services in Hong Kong.

English Newspapers

[South China Morning Post](#)

[The Standard](#)

[Wall Street Journal Asia](#)

[Macau Post Daily](#)

[Macau Daily Times](#)

## Chinese Newspapers

[Apple Daily](#)  
[Hong Kong Economic Journal](#)  
[Hong Kong Economic Times](#)  
[Ming Pao Daily News](#)  
[Oriental Daily News](#)  
[Sing Tao Daily](#)  
[Macao Daily](#)

## Trade Journals

[Biz.hk](#)  
[Building Journal](#)  
[Construction & Contract News](#)  
[Hong Kong Business](#)  
[Hong Kong Entrepreneur](#)  
[Hong Kong Industrialist](#)  
[Macao Image](#)  
[Macao Business](#)  
[Macao TradeInvest Information](#)

**Featured U.S. Exporters (FUSE):** FUSE is a directory of U.S. products featured on U.S. Commercial Service websites around the world. It gives U.S. companies an opportunity to target specific country markets in the local language of business. Currently, listings are offered to qualified U.S. exporters seeking trade leads or representation in over 60 markets around the world including Hong Kong. For detailed information, please visit the [FUSE](#) website.

**Single Company Promotion (SCP):** The U.S. Commercial Service can assist a U.S. company or its local representative to organize a professional, effective promotional event, technical seminar, product/service launch, luncheons, cocktail receptions or matchmaking event tailored to its specific needs through its Single Company Promotion Program (SCP). For further information, please visit [SCP](#) website.

**Pricing:** Hong Kong is a free port and does not levy a customs tariff or impose a value-added tax. See the section on Trade Regulations, Customs and Standards for more information on import tariffs. If possible, U.S. exporters should quote using the metric system and use a term of sale specifying delivery to Hong Kong or Macau (i.e. CIF or C&F destination rather than FOB origin). Hong Kong and Macau companies have many sourcing options, so American companies should make it as easy as possible to “buy American.”

**Sales Service/Customer Support:** Some sort of local presence, whether it is a branch office, an agent, or distributor, is very important to getting established in the market. Doing business in Hong Kong, Macau, and elsewhere in Asia, requires relationships that can only be developed with a local presence. Prompt responses to inquiries and after-sales service are also crucial to succeeding in this very competitive market.

## Local Professional Services:

Hong Kong  
[Association of Accredited Advertising Agencies of Hong Kong](#)  
[The Direct Selling Association of Hong Kong Limited](#)  
[Hong Kong Designers Association](#)  
[Hong Kong Franchising Association](#)  
[Hong Kong Institute of Marketing](#)

[Hong Kong Management Association](#)  
[Law Society of Hong Kong](#)  
[Management Consultancies Association of Hong Kong](#)

Macau

[The Macau Small and Medium Enterprises Association](#)  
[Macau Lawyers Association](#)  
[Macau Fair & Trade Association](#)  
[Macau Gaming Management Association \(MGMA\)](#)  
[Macau Gaming Research Association](#)

**Principal Business Associations:**

[The American Chamber of Commerce in Hong Kong](#): AmCham was designed to represent the ever-growing range of American business interests in Hong Kong. In addition, the Chamber serves as a forum for the exchange and development of ideas among members of the business community, both in Hong Kong and throughout the Asia-Pacific region.

[Hong Kong General Chamber of Commerce](#): The Hong Kong General Chamber of Commerce is the largest and one of the most dynamic business organizations in Hong Kong. Members represent a wide spectrum of local, Mainland Chinese and international businesses. More than half of the flagship corporations listed on the Hang Seng Index are their members. The Chamber serves as the voice of business, and helps their members succeed through their core functions: advocacy, knowledge-based events, networking, and a variety of business documentation services.

[The Federation of Hong Kong Industries](#): The Federation of Hong Kong Industries' goal is to promote and foster the interests of Hong Kong's industrial and business communities, to promote trade, investment, technological advancement, manpower development, and business opportunities in Hong Kong. The organization also represents business's views and advises the government on policies and legislation which affect business.

[The American Chamber of Commerce in Macau](#) was founded in 2007 and stands at the forefront of development in Macau. AmCham Macau is one of the most influential Chambers in Macau. With new American-based corporations establishing themselves in Macau, AmCham Macau provides insight and business connectivity that is unrivalled by any other international chamber. From retail to manufacturing, its members represent both diversity of interests and relationships.

[The Macao Chamber of Commerce](#) supports the industrial and commercial sectors in Macau by safeguarding their legitimate rights and interests and promoting commercial links with other countries and regions.

**Limitations on Selling U.S. Products and Services:** There are no limitations in Hong Kong and Macau on the selling of U.S. products and services.

## Trade Financing

**Methods of Payment:** The importance of trade finance to Hong Kong has resulted in a high level of bank efficiency in providing import payment services. Letters of credit, documentary collection, and international remittance services are widely available. The risk of financing receivables can be readily evaluated via locally available credit information. Prospective U.S. exporters frequently benefit from established U.S.-Hong Kong banking relationships when determining credit risk.

The preferred method of quoting is to use the "CIF" (Cost Insurance Freight) or "C and F" (Cost and Freight) destination terms of sale in Hong Kong dollars (HK\$). The U.S. dollar and other freely convertible currencies may be accepted for bids and pro forma invoicing. Terms of payment depend on the relative negotiating strength of the buyers and sellers. U.S. suppliers should seek to obtain letters of credit or sight draft terms when dealing with buyers who are not well known to them. Asking for a letter of credit is a standard business practice, and your potential customer will not generally interpret this as a sign of mistrust.

Credit Rating Agencies (CRAs) in Hong Kong such as A.M. Best Asia-Pacific Limited, CTRISKS Rating Limited, Fitch (Hong Kong) Limited, Moody's Investors Service Hong Kong Limited, and Standard & Poor's Hong Kong Limited, provide credit ratings on Hong Kong companies.

For more information about the methods of payment or other trade finance options, please read the [Trade Finance Guide](#).

**Banking Systems:** Both Hong Kong and Macau have an open financial system, with no controls on currency movement. A description is contained in Investment Climate Statement – Efficient Capital Markets and Portfolio Investment.

### Foreign Exchange Controls:

**Hong Kong:** The local currency, the Hong Kong Dollar (HK\$), is freely convertible, and there are no foreign exchange controls.

**Macau:** The local currency is the Macau Pataca (MOP) which is also freely convertible and free of foreign exchange controls. The Hong Kong Dollar is also usually accepted in Macau as a means of payment for commerce and retail transactions.

### US Banks & Local Correspondent Banks:

Licensed U.S. Commercial Banks in Hong Kong:

[American Express Bank](#)

[Bank of America, N.A.](#)

[Bank of New York Mellon](#)

[Citibank NA](#)

[JP Morgan Chase Bank, N.A.](#)

[State Street Bank and Trust Company](#)

[Wells Fargo Bank NA](#)

[East West Bank](#)

[First Commercial Bank](#)

[Cathay Bank](#)

Hong Kong's five largest local banks are indicated in the Investment Climate Statement.

## Protecting Intellectual Property

**IPR Climate in Hong Kong and Macau:** The best protection for an American company is to make sure that its products are available in the local market in authentic form. Local agents, dealers and partners also have a strong incentive to stop any piracy or counterfeiting and, with good local connections, have a better chance of making that happen than an American company that is not actively participating in the market. In Hong Kong, the chief law enforcement agency for IPR is the Hong Kong Customs and Excise Department, which works closely with affected industries and conducts vigorous anti-piracy and anti-counterfeiting operations. However, protecting copyrights or trademarks takes vigilance. For more information, see Investment Climate Statement - Protection of Property Rights.

**Protecting Your Intellectual Property:** Several general principles are important for effective management of intellectual property (“IP”) rights in both Hong Kong and Macau. First, it is important to have an overall strategy to protect your IP. Second, IP may be protected differently in Hong Kong and Macau than in the United States. Third, rights must be registered and enforced in Hong Kong and Macau, under local laws. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. For example, your U.S. trademark and patent registrations will not protect you in Hong Kong and Macau. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works in accordance with international agreements.

Granting patent registrations are generally based on a first-to-file (or first-to-invent, depending on the country) basis. Similarly, registering trademarks is based on a first-to-file (or first-to-use, depending on the country) basis, so you should consider how to obtain patent and trademark protection before introducing your products or services to the Hong Kong and Macau market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in Hong Kong and Macau. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Hong Kong and Macau law. A list of legal services providers in Hong and Macau is available at [U.S. Consulate General Hong Kong & Macau](#) website.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. Government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a lawsuit. In no instance should U.S. Government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentives) of would-be bad actors. Projects and sales in Hong Kong and Macau require constant attention. Work with legal counsel familiar with Hong Kong and Macau laws to create a solid contract that includes non-compete clauses and confidentiality/non-disclosure provisions.

It is also recommended that small- and medium-sized companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations based in Hong Kong, Macau, and the United States. These include:

- [The U.S. Chamber and local American Chambers of Commerce](#)
- [National Association of Manufacturers \(NAM\)](#)

- [International Intellectual Property Alliance \(IIPA\)](#)
- [International Trademark Association \(INTA\)](#)
- [The Coalition Against Counterfeiting and Piracy](#)
- [International Anti-Counterfeiting Coalition \(IACC\)](#)
- [Pharmaceutical Research and Manufacturers of America \(PhRMA\)](#)
- [Biotechnology Innovation Organization \(BIO\)](#)

**IP Resources:** A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the U.S. and other countries -- call the STOP! Hotline: 1-866-999-HALT or visit [STOPfakes.gov](#).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: 1-800-786-9199, or visit [USPTO](#).
- For more information about registering for copyright protection in the United States, contact the U.S. Copyright Office at: 1-202-707-3000, or visit [Copyright.gov](#).

The U.S. Department of Commerce has IP Attachés in key markets around the world. You can get a list of the IP attachés and their detailed contact information at [USPTO](#). Below is a list of the IP Attachés based in China:

Beijing, China  
Duncan Willson  
[duncan.willson@trade.gov](mailto:duncan.willson@trade.gov)

Guangzhou, China  
Danielle Zheng  
[danielle.zheng@trade.gov](mailto:danielle.zheng@trade.gov)

Shanghai, China  
Michael Mangelson  
[michael.mangelson@trade.gov](mailto:michael.mangelson@trade.gov)

## **Selling to the Public Sector**

### **Selling to the Government:**

**For Hong Kong**, the Government Logistics Department (GLD) is the central purchasing, storage, and supply organization for the Hong Kong Special Administrative Region, serving over 80 government departments and certain non-government public bodies. The GLD normally purchases by open tender, with decisions based on compliance with tender specifications, price competitiveness, back-up service and delivery. The GLD does not give preference to any particular source of supply from any country or organization.

Hong Kong joined the WTO Agreement on Government Procurement in May 1997. Tenders are now covered by the Agreement on Government Procurement of the World Trade Organization (WTO GPA). A revised GPA took effect on April 6, 2014 for Hong Kong, Canada, the European Union (EU), Iceland, Israel, Liechtenstein, Norway, Singapore, Taiwan and the United States. The revised GPA expanded the procurement opportunities covered under the GPA by US\$80-100 billion per year, on top of the approximate US\$1 to 1.5 trillion already covered under the last GPA. With the revised GPA, new work programs on small and medium enterprises (SMEs) and sustainable procurement have begun.

A Review Body on Bid Challenges has been set up by the government to handle challenges made against alleged breaches of the WTO GPA. Tender invitations are published in the Government of the Hong Kong Special Administrative Region Gazette. Tender notices are also published on the Internet in the [GLD's web site](#). Bidders usually have at least three weeks to prepare their offers. Contract awards with the names of successful bidders and contract sums are published monthly in the Government Gazette and on the Internet.

For information about a subscription to the Government of the Hong Kong Special Administrative Region Gazette, contact:

Information Officer  
Publications Sales Unit  
Information Services Department  
Room 626, 6/F, North Point Government Offices  
333 Java Road, North Point  
Hong Kong  
Tel: (852) 2537-1910  
Fax: (852) 2523-7195  
Email: [puborder@isd.gov.hk](mailto:puborder@isd.gov.hk)

The GLD maintains lists of registered suppliers for issuing tender notifications. Any company not currently registered with the GLD wishing to be considered for inclusion in these lists may apply online through the [Procurement and Contract Management System \(PCMS\)](#) website; or in writing to the Director of Government Logistics. Companies are required to provide basic information about their organization and the goods they offer, such as the business registration certificate, company profile, annual report, and product catalogs. The GLD evaluates this information, and those companies that are found acceptable will be included on the lists. The ETB allows GLD-registered suppliers to download tender documents and to submit tender offers and related questions online.

Companies seeking more information on the GLD or enquiries relating to application for inclusion in the GLD Supplier Lists and general tendering matters are encouraged to contact:

Suppliers Officer (Technical Secretariat)  
Government Logistics Department

9/F, North Point Government Offices  
333 Java Road, North Point  
Hong Kong  
Tel: (852) 2231-5298  
Fax: (852) 2807-2764  
Email: [hktender@gld.gov.hk](mailto:hktender@gld.gov.hk)

While the public procurement market is transparent and generally open to all comers, given its competitive nature and the recourse to national support by many third-country bidders, potential U.S. bidders on projects in Hong Kong (and, even more so, Macau) are encouraged to touch base with the U.S. Commercial Service office in Hong Kong about their interests and the potential to apply for project advocacy support.

**For Macau**, the Government is gradually moving many of its procurement notices and tenders to the Internet. These notices are published in Chinese and Portuguese only.

Public procurement processes in Macau are less transparent than those in Hong Kong. U.S. firms are encouraged to contact the U.S. Commercial Service office in Hong Kong for counseling and/or formal advocacy support in connection with public tender interests in Macau. Please visit [Macau SAR Government](#) website for more information.

U.S. companies bidding on government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center, coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms, but often involves the U.S. Consulate General or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult [Advocacy for Foreign Government Contracts](#) for additional information.

**Financing of Projects:** Because of Hong Kong's strong financial system and proximity to strategic markets in Asia, it is a key player in project finance in the region. Many governments finance public works projects through borrowing from the Multilateral Development Banks.

**Multilateral Development Banks and Financing Government Sales:** Price, payment terms, and financing can be significant factors in winning government contracts. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). A helpful guide for working with the MDBs is the [Guide to Doing Business with the Multilateral Development Banks](#). The U.S. Department of Commerce's (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five Multilateral Development Banks (MDBs): the African Development Bank; the Asian Development Bank; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and the World Bank.

The U.S. Department of Commerce maintains a congressionally mandated [Commercial Liaison Office to the Asia Development Bank \(ADB\)](#) in Manila; part of the U.S. Trade Advocacy Center in Washington, D.C. The office provides counseling, advocacy, and project information to help American firms access, enter, and expand in Asian markets that benefit from ADB assistance. The ADB works actively with CS Hong Kong to help Hong Kong-based U.S. companies and affiliates better target ADB business opportunities including co-financing and private sector development projects.

The U.S. Commercial Liaison Office to the Asian Development Bank (ADB)  
International mailing address:

US Embassy – NOX 2  
1201 Roxas Boulevard, Ermita Manila,  
Philippines 1000  
Telephone: (63-2) 301-2000; (63-2) 516-5093  
E-mail: [Office.ManilaADB@trade.gov](mailto:Office.ManilaADB@trade.gov)  
U.S. mailing address:  
CS/ADB  
Unit 8600  
Box 1565  
DPO AP 96515-1565

The U.S. Department of Commerce maintains a congressionally mandated Business Liaison Office for the [World Bank Group](#), including the IFC, in the Office of the U.S. Executive Director to the World Bank at World Bank headquarters in Washington, D.C. An American Senior Commercial Officer, Ms. Jennifer D. Nordquist, is the World Bank Group Executive Director representing United States. Contact information for this office is:

DJ Nordquist  
The World Bank, 1818 H. St., N.W.  
Washington, D.C. 20433  
Tel: 1-202-473-1000  
Fax: 1-202-477-6391  
Email: [eds01@worldbank.org](mailto:eds01@worldbank.org)  
Website: [www.worldbank.org](http://www.worldbank.org)

The [Export-Import Bank of the United States \(Ex-Im Bank\)](#) – the official export credit agency of the United States – supports the purchases of U.S. goods and services by creditworthy international buyers that cannot obtain credit through traditional trade finance sources. EXIM provides trade financing solutions – including export credit insurance, working capital guarantees, and guarantees of commercial loans to foreign buyers – to empower exporters of U.S. goods and services. In nearly 70 years of operation, Ex-Im Bank has supported more than \$400 billion of U.S. exports to international markets.

Contact information for U.S. EXIM Bank:  
Regina Gordin, Deputy Managing Director  
Export-Import Bank of the United States  
811 Vermont Avenue, N.W.  
Washington, DC 20571  
Tel: 1-917-826-5642  
Email: [regina.gordin@exim.gov](mailto:regina.gordin@exim.gov)  
Website: <http://www.exim.gov>

## Business Travel

**Business Customs:** Hong Kong society has developed as a unique blend of Chinese tradition and Western modern technology. Most people who are familiar with the region know that Hong Kong means business. Above all, it is a society that emphasizes hard work and success. Macau's business culture retains a strong mix of Chinese tradition with a distinctive Portuguese cultural influence.

Americans encounter few if any cultural problems when conducting business in Hong Kong and Macau. Business meetings tend to be more formal in Hong Kong and Macau, and business acquaintances are usually addressed as Mr. or Ms. unless they state that their first name should be used. Business cards are exchanged frequently, and the exchange should be fairly formal; the card should be accepted with both hands and a moment taken to read it carefully. "Face" is very important, and problems or areas of disagreement are handled indirectly to avoid loss of "face." While a study of local customs and practices is helpful, most businesspeople in Hong Kong and Macau are familiar with Western customs and are tolerant of cultural differences. Western business attire (suit and tie for men, business suits for women) is appropriate.

Americans should be aware that personal names in Chinese culture follow a number of rules different from those of personal names in Western cultures. Most noticeably, a married Chinese woman in Hong Kong usually retains her maiden name as her family name, rather than the adopted name of her husband. This is also the case in mainland China. In some exceptional cases in Hong Kong, especially among civil servants, married Chinese women sometimes put their husband's name, hyphenated, in front of their maiden name.

**Travel Advisory:** Hong Kong and Macau have low crime rates. Even so, travelers are highly encouraged to check the U.S. State Department Travel website for Hong Kong and Macau before travel and signing up for the STEP program to obtain the most updated information. In May 2020, the People's Republic of China (PRC) National People's Congress announced its intention to unilaterally and arbitrarily impose national security legislation on Hong Kong that could fundamentally alter its autonomy and freedoms. As a result of this action by the PRC, U.S. citizens traveling or residing in Hong Kong may be subject to increased levels of surveillance, as well as arbitrary enforcement of laws and detention for purposes other than maintaining law and order. Travelers should exercise caution when in congested areas and pay particular attention to personal belongings while in crowded areas and while traveling on public transportation. U.S. citizens should try to avoid areas of demonstrations should they occur and exercise caution if in the vicinity of any large gatherings as even peaceful demonstrations can turn confrontational. Violent crime, though rare, does occur. You should always:

- Take routine safety precautions.
- Pay attention to surroundings.
- Report any concerns to the local police.
- Call "999," the local equivalent to the U.S.'s "911" emergency line.
- Please note that mace, pepper spray, stun guns, and other self-protection weapons are banned in Hong Kong and Macau.
- Don't buy counterfeit and pirated goods, even if they are widely available. Not only are bootlegs illegal in the United States, if you purchase them you may also be breaking local law. Be alert to criminal schemes, such as internet, dating, and financial scams. More details please refer to [Department of State and the FBI for information on scams](#).

Victims of Crime: Report crimes to the local police at "999" and contact the U.S. Consulate General at +(825) 2523-9011. U.S. citizen victims of sexual assault should first contact the U.S. Consulate General.

Remember that local authorities are responsible for investigating and prosecuting the crime.

More resources for travel advisory in Hong Kong and Macau are available in the website of [U.S. Consulate General Hong Kong & Macau](#).

**Visa Requirements:** Hong Kong Visas are not required for American citizens who visit Hong Kong for less than 90 days. For more information regarding visa requirements for other nationalities, refer to the [Hong Kong Immigration Department website](#). Additional information on Hong Kong entry/exit requirements and general travel information can be found on the [U.S. State Department Travel website](#).

Macau Visas are not required for American citizens who visit Macau for less than 30 days. For more information on visa requirements for other nationalities, please refer to the [Macau Immigration Department website](#). Additional information on Macau entry/exit requirements and general travel information can be found on the [U.S. State Department Travel website](#).

U.S. Visas: U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

- [State Department Visa Website](#)
- [American Consulate General Hong Kong Consular Section website](#)

Visas to mainland China: Travelers who transit Hong Kong or Macau on their way to mainland China must apply for a visa from the People's Republic of China. For more information, visit [Embassy of the People's Republic of China in the United States of America](#) or [China Travel Service \(Hong Kong\) Limited](#).

**Currency:** The Hong Kong dollar is pegged to the U.S. dollar, with the rate set at HK\$7.8 per US\$1. Upon arrival in Hong Kong, money exchange (Travelex) is available in the area immediately outside of baggage claim/customs. There are ATM machines for direct withdrawals or for cash advances (for holders of Master Card using the Cirrus network and Visa Card using the Plus systems) and most major hotels offer currency exchange.

The Macau Pataca is similarly pegged to the Hong Kong dollar at HK\$100 to MOP 103. The Hong Kong Dollar is widely accepted – and often preferred -- for commerce as well as retail purchases in Macau.

**Telecommunications/Electronics:** The telecommunications infrastructure is excellent in Hong Kong and Macau. Although Hong Kong has more carriers and service providers, using your mobile phone in both cities is convenient. Most of the wireless systems used around the world (GSM 900/1800, CDMA2000, W-CDMA, 3G, 4G) operate in Hong Kong and Macau.

Mobile operators in Hong Kong have roaming agreements with most overseas operators, enabling visitors to use their own mobile phone when they come to Hong Kong. Before leaving home, U.S. visitors should check with network providers to make sure they have a roaming arrangement with a Hong Kong telecom operator. You can also buy a local SIM card and rent a mobile phone when you arrive in Hong Kong, at the airport or in town. Most hotels in Hong Kong rent cellular phones to guests through their business centers. Rates vary between US\$20-US\$50 per day. For longer stays visitors can arrange rentals on a weekly basis at Hong Kong's telecom operator for approximately US\$100 per week plus airtime. Another option is to purchase a relatively cheap mobile phone with a prepaid SIM card for approximately US\$10 from Hong Kong telecom operators and retail shops.

In Hong Kong, businesses and households enjoy a wide and sophisticated range of services for gaining access to the Internet. In 2018, there were more than 200 Internet Service Providers in Hong Kong and approximately 2.6 million registered customer accounts with broadband access in Hong Kong. Over 90 percent of the household in Hong Kong has access to broadband service. The cost of an unlimited broadband connection is about US\$25 per month. The affordability of Internet services has a direct effect on the penetration of Internet usage. The mobile subscriber penetration rate is over 200 percent in Hong Kong.

Mobile internet access is also readily available in the city and available for foreign visitors to use. The number of hotspots under Hong Kong's common Wi-Fi brand, Wi-Fi.HK, has risen to over 12,000 across the 18 districts in the

territory, providing convenient and free public Wi-Fi services to the public and visitors. Launched in 2014, Wi-Fi.HK is a collaborative scheme of the Government and industry to promote public Wi-Fi services in Hong Kong. At present, [Wi-Fi.HK](#) hotspots can be found in various parts of Hong Kong, covering the Hong Kong International Airport, major tourist attractions, public phone booths, shopping centers, restaurants, cafés, convenience stores, college campuses, clinics, Cyberport, the Hong Kong Science Park and GovWiFi premises.

For Macau, U.S. visitors can purchase phone cards for US\$4 to US\$12 that can be used in public phones located throughout Macau. In the busiest areas there are also credit card phones. To use a mobile phone in Macau, you can contact the following mobile phone service providers by dialing 1000 (CTM), 1118 (Hutchison Telecom) or 1628 (SmarTone). Hutchison Telecom Network also provides a Mobile Tour Guide Service.

Wireless Macau Internet access is gaining ground in Macau. The main Macau Internet provider, CyberCTM, offers citywide Wireless Broadband Service. Several hotels and the conventions centers also offer wireless internet access. Wireless access is also available in the airport.

CTM Macau is aggressively expanding the list and so it may change anytime. Basically, wireless internet access is available near CTM shops, in participating Cafe and Restaurants and CityGuide Kiosks. You can also buy a local prepaid data card when you arrive in Macau, at the airport or in town.

In addition to private-owned hot spots, the Macau Government has also funded the installation of “[WiFi Go](#)” which provides citizens and tourists with free wireless internet access. As of April 2016, there were 183 access points including museums, libraries, parks, public squares, ports, activity centers, stadiums, and some government facilities.

**Transportation:** Hong Kong has a very good public transportation system. Major modes of transportation include buses, the Mass Transit Railway (underground subway system), trams, ferries, and taxis. In addition, almost all major airlines service Hong Kong.

Travelers have a choice of transport from Hong Kong's Chek Lap Kok Airport to their hotel. Options include the Airport Express train, hotel shuttle buses and express public buses or taxis. The distance is approximately 25 miles.

The Airport Express train is the fastest way to reach Hong Kong Island from the airport. Trains depart every 12 minutes, and the ride to the terminus at “Hong Kong Station” in Central, Hong Kong Island, takes only 25 minutes. From there it costs less than US\$10 (and another 5-10 minutes) for a taxi ride to most hotels in the Central, Admiralty, and Wan Chai districts. One-way or round-trip tickets for the Airport Express may be purchased from vending machines located immediately beyond baggage claim/customs (these require Hong Kong dollars in cash) or from the Airport Express counter located in the center of the public arrival hall. Trains are at the platform level and there are storage areas for luggage just inside the trains. If you take the Airport Express train to Hong Kong Station (the last stop) you will find taxis available directly ahead as you exit the train terminal and proceed through the terminal exit gate. The Airport Express in-town check-in from Hong Kong Island and Kowloon Station is an extremely convenient service for travelers departing Hong Kong. It allows you to check your bags in town and then proceed to the airport directly.

#### Transportation between Hong Kong and Macau

The most convenient way to travel between Hong Kong and Macau is by high-speed ferry. The journey takes approximately one hour, and ferries depart every 15 – 30 minutes from the Shuntak and HK China Ferry Terminals in Hong Kong and the Macau Pier and Cotai Strip Pier in Macau. Schedules and rates for the various services are listed at the websites indicated below:

[Turbo Jet](#)

[First Ferry](#)

## [Cotai Water Jet](#)

First Ferry and Turbo Jet also operate a number of ferry services between points in Hong Kong (such as the International Airport) and destinations in mainland China. There is also a [helicopter service](#) between Hong Kong and Macau. The journey takes 15 minutes.

For Macau, the major modes of transportations are buses and taxis. Getting around the relatively small area of Macau (and its bridge-connected islands of Taipa and Coloane) is relatively easy. Free shuttle buses also operate between the two ferry piers and the major hotels and casinos.

**Language:** English and Chinese are the official languages in Hong Kong. English is widely used in the Hong Kong Government, the legal system, and business sectors. Chinese and Portuguese are the official languages in Macau. Cantonese is the most widely spoken language in Hong Kong and Macau, and English is widely spoken in tourist establishments. Mandarin Chinese (“Putonghua”) is also widespread, and becoming more common in both Hong Kong and Macau.

**Health:** Hong Kong has high public health standards, and health care in Hong Kong is similar in quality to that found in the United States, although it can be extremely expensive. Hospitals and clinics expect payment when service is rendered and in general, do not accept health insurance for payment. Pharmacies will accept only prescriptions from local physicians and may not be open after usual business hours. It is recommended that the traveler bring an adequate supply of prescription medications for the duration of his/her stay. For a list of hospitals and physicians in Hong Kong and Macau, please visit the [U.S. Consulate General Hong Kong & Macau](#) website.

Mainland China and Southeast Asia have been the world epicenter for several viral illnesses in recent years such as SARS, Avian Influenza (AI) and COVID-19. Travelers are encouraged to review the following websites for updated information:

[Hong Kong Government, Department of Health](#)

[U.S. Centers for Disease Control and Prevention](#)

[U.S. State Department Your Health Abroad](#)

**Local Time, Business Hours and Holidays:** Hong Kong and Macau are 12 hours ahead of Eastern Standard Time, and 13 hours ahead during daylight savings time.

Business hours are 9 a.m. to 5 p.m., Monday through Friday, and 9 a.m. to 1 p.m. on Saturday. Many companies now have a 5-day work week. Starting in 2006, most government offices are now closed on Saturdays, but their opening hours on weekdays have been extended. Please visit the weblinks below for Hong Kong and Macau public holidays:

[Hong Kong 2020 Public Holidays](#)

[Macau 2020 Public Holidays](#)

**Temporary Entry of Materials or Personal Belongings:** Hong Kong Customs generally does not restrict the temporary import of goods into Hong Kong, such as laptop computers, software, and general exhibit materials, for business purposes, provided the goods are not restricted items that normally require an import license. The temporary import of supercomputers, which is a controlled item, or of any exhibit materials that are also controlled items would require a license even if the commodity is being shipped in only for exhibit purposes. See Hong Kong Government, [Trade and Industry Department](#) for more information.

## **Investment Climate Statement (ICS)**

The U.S. Department of State Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State Investment Climate Statement website.

### **Executive Summary**

#### **Hong Kong**

Hong Kong became a Special Administrative Region (SAR) of the People's Republic of China (PRC) on July 1, 1997, with its status defined in the Sino-British Joint Declaration and the Basic Law. Under the concept of "one country, two systems," the PRC government promised that Hong Kong will retain its political, economic, and judicial systems for 50 years after reversion. The PRC's imposition of the National Security Law on June 30 undermined Hong Kong's autonomy and introduced heightened uncertainty for foreign and local firms operating in Hong Kong. As a result, U.S. citizens traveling or residing in Hong Kong may be subject to increased levels of surveillance, as well as arbitrary enforcement of laws and detention for purposes other than maintaining law and order. Hong Kong generally pursues a free market philosophy with minimal government intervention. The Hong Kong Government (HKG) generally welcomes foreign investment, neither offering special incentives nor imposing disincentives for foreign investors.

Hong Kong provides for no distinction in law or practice between investments by foreign-controlled companies and those controlled by local interests. Foreign firms and individuals are able to incorporate their operations in Hong Kong, register branches of foreign operations, and set up representative offices without encountering discrimination or undue regulation. There is no restriction on the ownership of such operations. Company directors are not required to be citizens of, or resident in, Hong Kong. Reporting requirements are straightforward and are not onerous.

Hong Kong remains a popular destination for U.S. investment and trade. Despite a population of less than eight million, Hong Kong is America's fifteenth-largest export market, ninth-largest for total agricultural products, and sixth-largest for high-value consumer food and beverage products. Hong Kong's economy, with world-class institutions and regulatory systems, is based on competitive financial and professional services, trading, logistics, and tourism, though tourism suffered steep drops in 2019 due to sustained political protests. The service sector accounts for more than 90 percent of its nearly USD 368 billion gross domestic product (GDP) in 2019. Hong Kong hosts a large number of regional headquarters and regional offices. More than 1,400 U.S. companies are based in Hong Kong, with more than half regional in scope. Finance and related

services companies, such as banks, law firms, and accountancies, dominate the pack. Seventy of the world's 100 largest banks have operations here.

### [Complete 2020 Hong Kong Investment Climate Statement.](#)

#### Macau

Macau became a Special Administrative Region (SAR) of the People's Republic of China (PRC) on December 20, 1999. Macau's status since reverting to Chinese sovereignty is defined in the Sino-Portuguese Joint Declaration (1987) and the Basic Law. Under the concept of "one country, two systems" articulated in these documents, Macau enjoys a high degree of autonomy in economic matters, and its economic system is to remain unchanged for 50 years following the 1999 reversion to Chinese sovereignty. The Government of Macau (GOM) maintains a transparent, non-discriminatory, and free-market economy. The GOM is committed to maintaining an investor-friendly environment.

In 2002, the GOM ended a long-standing gaming monopoly, awarding two gaming concessions and one sub-concession to consortia with U.S. interests. This opening encouraged substantial U.S. investment in casinos and hotels and has spurred rapid economic growth.

Macau is today the biggest gaming center in the world, having surpassed Las Vegas in terms of gambling revenue. U.S. investment over the past decade is estimated to exceed USD 23.8 billion. In addition to gaming, Macau hopes to position itself as a regional center for incentive travel, conventions, and tourism, though to date it has experienced limited success in diversifying its economy. In 2007, business leaders founded the American Chamber of Commerce of Macau.

Macau also seeks to become a "commercial and trade cooperation service platform" between mainland China and Portuguese-speaking countries. The GOM has various policies to promote these efforts and to create business opportunities for domestic and foreign investors.

In September 2016, the GOM announced its first Five-Year Development Plan (2016-2020). Highlights include establishing a trade cooperation service platform between mainland China and Portuguese-speaking countries, improving the structure of industries, increasing the quality of life, protecting the environment, and strengthening government efficiency.

### [Complete 2020 Macau Investment Climate Statement.](#)

## **Political Environment**

For background information on the political and economic environment of the country, please click on the link to the U.S. Department of State Countries & Areas website.

[Hong Kong](#)

[Macau](#)

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