

MACAU

Market Overview

Conveniently situated between mainland China and Hong Kong, Macau is a special administrative region of China, which maintains a high degree of autonomy that began in 1999. According to the Macau Statistics and Census Bureau (DSEC), Macau's population reached 658,391 in 2021. Due to the limited area of arable land, Macao basically relies on imports for all its food, which it mostly receives from its neighboring mainland China and Hong Kong. In 2021, the total value of Macau's merchandise import was US\$191 billion, while the total import value of food and beverages accounted for US\$20 billion, an increase of 28.6% over 2020.

The total direct export of agricultural products from the U.S. to Macau in 2021 was about US\$2.18 million for consumer-oriented products, an increase of 57% compared to US\$1.38 million in 2020. In recent years, imports of agricultural and food products to Macau have grown rapidly, including ethanol, spices, pet food, meat, fresh fruit, food preparations, poultry, coffee, tea, and confectionery products. Mainland China is the most important supplier of food imports to Macau, accounting for 36% of total imports in 2020.

Repeated outbreaks of COVID-19 have affected Macau's economic growth and food demand. The Macau government has introduced a series of epidemic prevention and economic stimulus measures, coupled with customs clearance support from the mainland Chinese government, which has helped Macau residents and enterprises cope with economic adversity.

Market Opportunities and Challenges for U.S. Exporters in Macau

Opportunities:

- Free and fast-growing market with affluent customers.
- U.S. products are perceived as high-quality products.
- Macau's economy is set to rebound quickly as the global pandemic situation improves.

Challenges:

- The shipping cost is high, especially compared to neighboring countries and regions, such as South Korea, China, and Japan.
- Due to the small market demand and small population, importers' order volume is small.
- Intense competition from other food-supplying countries means that some U.S. agricultural products do not have cost-effective advantages.

Retail Sector

Compared to its neighbor in Hong Kong, Macau's retail food size is relatively small (US\$644 million in sales vs. \$12.7 billion for Hong Kong), and the market is mainly

comprised of supermarkets, convenience stores, and traditional wet markets and grocery stores. In 2021, total retail sales across all sectors increased by 63.5% year-on-year, but supermarket sales declined by 2%. As of the second quarter of 2022, the table was flipped, where total retail sales dropped 29.2% compared to the first quarter, but supermarket sales increased 11.8%.

To stimulate retail sales, Macau's first-ever citywide "Consumption Carnival" event, co-organized by the Economic and Technological Development Bureau and the Macau Chamber of Commerce, took place from October 2022 to February 2023. The four-month consumption promotion campaign aimed to attract consumers to spend in the local market to increase turnover, maintain consumption momentum, and expand domestic demand, thereby strengthening retailers' confidence in continuing their businesses.

Top product prospects for the Macau market include confectionery products, tea, coffee, poultry meat, food preparations, fresh fruit, meat, pet food, spices, and distilled spirits.

Foodservice Sector

In response to the COVID-19 outbreak, Macau suspended all non-essential economic and human activities at the end of January 2020, forcing all restaurants to shut down, sharply reducing their income. During the pandemic, one strategy adopted by surviving restaurants was to cooperate with Online-to-Offline (O2O) service giants, such as Aomi and mFood. The Government also announced measures to support companies and Macau residents totaling US\$1.24 billion. The measures, supported by the financial reserve, range from tax benefits to a one-year moratorium on repayment of subsidized loans.

A Statistics and Census Service (DSEC) survey showed that receipts of restaurants and similar establishments dropped by nearly 71.4% year-on-year in July 2022. However, 78% of surveyed restaurants and establishments also expected their receipts to increase starting in August 2022.

Top product prospects include spices, meat, fresh fruits, food products, poultry, coffee, tea, and confectionary products.