

Hong Kong's Businesses Show Their Pro-Democracy Colors

Thousands of restaurants and other establishments in the “yellow economic circle” are calling for rights not available to mainland Chinese.

By Sheridan Prasso

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Renee Cheung at Dose. *Photographer: Justin Chin/Bloomberg*

During the darkest days of the coronavirus crisis in Hong Kong, when restaurants were barely surviving, an appeal went out on social media to save Renee Cheung's Dose. The restaurant is a “yellow” business, meaning it openly supports Hong Kong's pro-democracy movement. Like-minded diners answered the call—though they weren't the ones who normally frequent the city's hip bar district.

Wearing masks and wielding walking sticks, senior citizens climbed up steep Peel Street to wait in a line 10 people deep outside Cheung's restaurant. As an additional show of solidarity, some paid much more than their meals cost, so that Cheung's \$40-a-day take suddenly shot up to \$900. "The appeal actually saved my business," says the 24-year-old, who has fashionably short hair and tattooed arms. "The senior citizens thanked us, the younger generation, for what we are doing to support democracy."



C+ Burger *Photographer: Justin Chin/Bloomberg*

Similarly, at C+ Burger, sales sank when classes at the nearby University of Hong Kong were suspended during the protests last year, and they fell further when the territory's citizens and companies began taking precautions after the first case of Covid-19 was confirmed in January. "Every single day, I would just sit here like a Buddha, waiting for business," says owner Carrie Lau, 30. Then in February, an appeal on a yellow Facebook page summoned a crowd to the tiny storefront, and Lau sold out her 100-burger inventory in just three hours. Business has been steady since. "If there were no protest movement," she says, "I would never have survived."

The restaurants are part of what Hong Kongers call the “yellow economic circle,” a loose affiliation of thousands of businesses that support the movement calling for universal suffrage and other political and legal rights not available to Chinese on the mainland. (The yellow is a nod to the American suffragists of the 1800s, who chose the color to identify their cause.) Starting last year with a handful of eateries that would sometimes offer free drinks and food to pro-democracy protesters, the circle has expanded to include hair salons, florists, printers, pet groomers, accountants, lawyers, opticians, van delivery, pharmacies, tailors, jewelers, and more. It even has its own chamber of commerce.

Dozens of affinity groups have sprouted up on Instagram, Facebook, and Telegram to help spread the word. And there are at least a half-dozen apps to guide politically conscious consumers to yellow locales, some with maps that also show the location of pro-government establishments in blue (a reference to the color of police uniforms) and neutral ones in green.

Money and momentum are clearly behind the yellow movement. In district council elections in November, pro-democracy candidates trounced the pro-Beijing side. And in a March survey commissioned by Reuters, supporters of the protests outnumbered opponents by a ratio of roughly 2 to 1.

To identify themselves as yellow, establishments put up posters bearing protest slogans or depicting demonstrators in heroic poses. Sometimes businesses are simply perceived as yellow. The large supermarket, drugstore, and electronic-goods chains owned by Li Ka-shing are considered by many to be sympathetic to the cause, or at least not opposed. The 91-year-old tycoon took out a newspaper ad last year calling for an end to violence without explicitly condemning the protesters, as pro-government elites have repeatedly done.



Patronizing yellow businesses gives Hong Kongers who sympathize with protesters' political goals a way to demonstrate with their pocketbooks instead of in the streets. In an article published in December, Simon X.H. Shen, a professor at the Chinese University of Hong Kong, estimated the market for yellow businesses could exceed HK\$100 billion (\$12.9 billion).

“Since we have to spend money anyway, we want to encourage and support the yellow businesses,” says a middle-aged Hong Kong professional who asked to be identified as Ms. Li. She figures about 80% of all her spending happens inside the yellow economy, and says she’s willing to go far out of her way to patronize a restaurant or store featured in one of the apps. That level of dedication adds approximately HK\$1,000 to Li’s monthly expenses. “Most people don’t want businesses from China or that support China to earn our money,” she says.

The battle for consumers' loyalty is heating up as Hong Kong's economy struggles to get back on its feet after sustaining a series of blows that include the U.S.-China trade war, protests that frequently paralyzed the city and drove away mainland tourists, and the impact of measures to slow the spread of the novel coronavirus. (Hong Kong has logged just 1,056 cases of Covid-19 and four deaths.) Gross domestic product contracted a record 8.9% in the first three months of the year, on the heels of a 1.2% decline in 2019, while unemployment has climbed for seven months straight. The recovery is expected to progress slowly: Among a group of 32 bank analysts surveyed by Bloomberg, the median GDP forecast for the full year is a decline of 5%.

One of the key objectives of promoters of the yellow economic circle is to lessen the territory's dependence on China. "The yellow economy's goal long-term is about making structural changes to Hong Kong's economy," says Kelvin Lam, a Democratic Party district councilor who was formerly a Greater China economist at HSBC Holdings Plc. "We're trying to implement this yellow economy so we don't rely so much on Chinese demand and supply."

To further that goal, the movement has piggybacked on the government's campaign to lure manufacturing back to Hong Kong. Most of the territory's garment, electronics, and toy factories decamped to the mainland in the 1980s and '90s, which is why manufacturing now makes up less than 3% of Hong Kong's GDP, according to the Federation of Hong Kong Industries.

Hong Kong GDP

Year-over-year change

Data: Compiled by Bloomberg

Among the crop of new businesses that have flourished under the "Made in Hong Kong" banner are makers of natural soaps, facial products, recycled toilet paper, and face masks (at least three dozen

companies, including one that makes face coverings in yellow). While many of these enterprises don't advertise their political affiliation, some are believed to be sympathetic to the yellow cause.

“This is the first time in history we can see an organized movement within the business sector to step out and support the pro-democracy movement,” says Brian C.H. Fong, a university professor who founded the Hong Kong Business Association of Sustainable Economy (HKBase), which acts as a chamber of commerce for the yellow economy. The 50-member association is working to help its members find products and suppliers in such places as Taiwan and Southeast Asia instead of the mainland. “If we can help reduce dependence on China from 100% to 50%, then we will have larger room to support democracy,” Fong says.

The yellow economy has become big enough to draw criticism from Beijing officials who oversee Hong Kong. After activists enlisted more than 2,300 merchants to offer discounts to yellow patrons during the Golden Week holiday in May, Hong Kong's Liaison Office issued a statement saying those who promote the yellow economic circle are “ignoring the rules of the free market.” Pro-democracy activist

Joshua Wong retorted via Twitter that people spending their money as they choose is “precisely the fulfillment of the free market.”

While the yellow movement has been instrumental in ensuring the survival of several restaurants, a number of prominent “blue” establishments have closed in recent months. When the Jumbo Floating Restaurant in Aberdeen Harbour laid off half its staff in January amid a catastrophic drop in the mainland tourists whom it relied on, no SOS call went out on social media to rally yellow diners. The reason: Four months earlier, Pansy Ho, the daughter of the restaurant’s founder, had denounced Hong Kong protesters in a speech at the United Nations Human Rights Council in Geneva. Jumbo, which could seat as many as 2,000 guests, closed its doors in March, blaming the “impact of the current situation.”

Fulum Group Holdings said in February it was suspending operations at 20 of its 78 restaurants after one employee contracted Covid-19; the company never announced their reopening. Pro-democracy supporters began boycotting Fulum after government supporters reportedly gathered at one of its locations in September before going out on the streets to beat up democracy protesters in the pro-China neighborhood of North Point. Since the incident, shares in Fulum have fallen 19%, more than double the decline in the overall Hang Seng Index. (Fulum didn’t reply to requests for comment.)

More than 1,000 restaurants have closed in recent months, according to Kwok Wang-hing, chairman of the pro-government Eating Establishment Employees General Union, who declined to say whether those businesses are mainly blue. Kwok dismisses the yellow label as a “marketing tactic” that’s less important than the quality of the food. “It’s very dangerous when society is divided into yellow and blue,” he says, noting that some businesses had put up signs pretending to be yellow to escape vandalism.

To weed out fakers, some apps allow users to post ratings and comments, ranking faithfulness to the cause (which is demonstrated by actions such as giving freebies to protesters or donating protective gear). But at the end of the day, the movement doesn’t mind the pretenders, says Lam, the district councilor. “They are still promoting the cause.”



Ben Wong at T Tea House. *Photographer: Justin Chin/Bloomberg*

T Tea House, located in a part of the city that was frequently the site of demonstrations, saw only a slight decline in business at the height of the coronavirus crisis, despite government restrictions that required restaurants to operate at 50% capacity and mandated that tables seating no more than four people be kept 5 feet apart. Owner Ben Wong is known for feeding protesters and allowing them to come into his restaurant to recharge during clashes with police. He also sells merchandise like protester action figures to support the movement.

“They come here because they can feel the yellow atmosphere, and they know we have the same goal,” Wong says of his patrons, adding that the traditional Hong Kong cafe fare the restaurant serves isn’t bad either. Sometimes when Wong and his wife go out to dinner elsewhere, they discover other yellow supporters have paid their bill, he says.

Helping each other get by is part of the ethos. A “big brother” figure in the movement known as Jar Gor was able to obtain HK\$200,000 in aid from the government in March for his own business. He then turned around and distributed the money among a group of 20 struggling restaurants, soliciting nominations via yellow social media groups.

Mainichi, a small Japanese fusion eatery on the fifth floor of an office tower on a Mong Kok street, a frequent site of protests, was one of those selected. The restaurant features murals depicting protesters and a so-called Lennon Wall covered in Post-its inscribed with inspirational phrases like “You Are Not Alone” and “Never Forget!” Last year the proprietor let student protesters order any meal they liked and charged them just \$2.60. “Being recognized in the yellow circle, I felt very touched,” says the 34-year-old owner, Chong, who declined to give his first name.



Mainichi joined an alliance with nine other neighborhood yellow businesses offering discounts or perks to card-carrying supporters—a trend that’s starting to spread to other parts of Hong Kong. Jeffrey Cheong, the 35-year-old owner of Hair Guys Salon, another member of the alliance, says that after the protests started in 2019, he couldn’t bear to hide his views any longer. He hung protest posters on the walls and started selling inexpensive memorabilia such as keychains, masks, and flags. “I gained more customers than I lost,” he says.

Businesses with mainland operations or suppliers prefer to remain adamantly neutral, even if they’re part of the reindustrialization trend. Hong Kong X’tals (pronounced “crystals”) Ltd. founder Arthur Lee still makes quartz components for electronics at his factory in China. But after intellectual-property theft there cost him HK\$17 million, he recently started producing high-tech components for 5G telecom towers in Hong Kong, where he was born. That has the additional advantage of allowing him to skirt the 25% tariffs the U.S. levies on shipments of such goods from China, though he now pays 8% duties to export to customers in China.

“In professional high-tech circles, we do not consider politics. We don’t want to touch yellow or blue, we just want to do our work,” Lee says. “But I’m 100% made in Hong Kong, born in Hong Kong, and as an engineer I’d like to do something for Hong Kong. The need to come back to Hong Kong is here, and the time is right.”

The push to restructure the economy and move away from China is crucial, because boycotts and other types of consumer actions have a way of petering out, says HKBase’s Fong. But it will take time to see changes in the supply chain, he says.

In the meantime, the important thing, say the business owners in the yellow circle, is the idea of working toward a common cause—for their own survival and for democratic change. Says Cheung, the owner of Dose, as her staff begins opening doors and bringing bar tables and chairs outside to start the day: “The most special thing is not about the business alone, it’s about the spirit of joining together when things get difficult.” –*With Natalie Lung*