

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Hong Kong Wine Market 2015

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Report Highlights:

U.S. wine exports to Hong Kong continue to show a positive trend, with sales over \$65 million in 2014, despite keen competition from global competitors. Hong Kong's wine re-export trade grew 17% in 2014 with China as the largest market occupying over 78%.

SECTION I. MARKET OVERVIEW

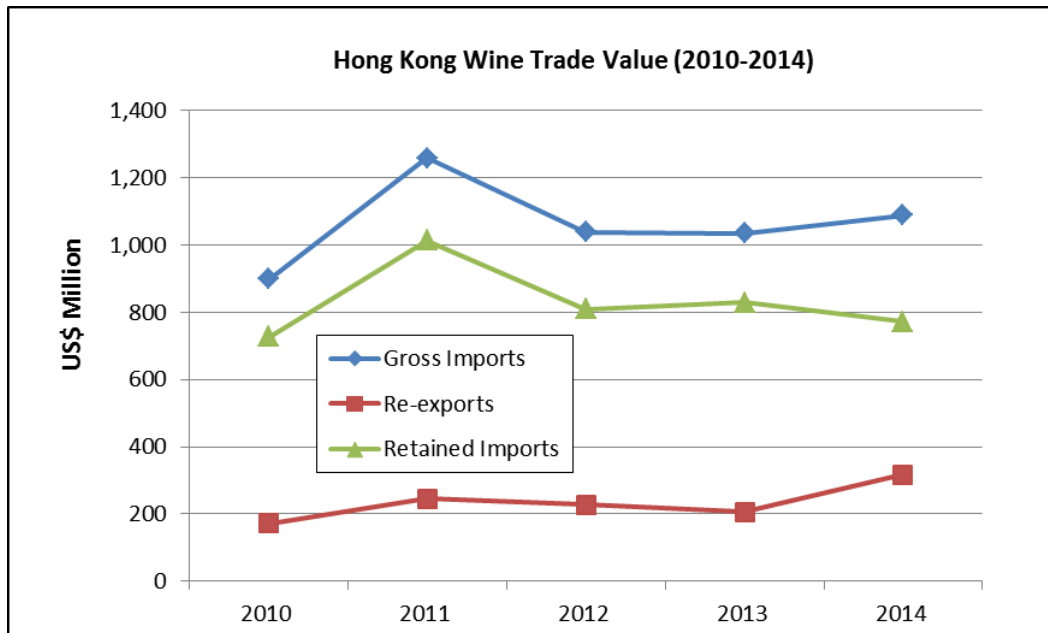
- “Wine” discussed in this report comprises products under the following HS codes:
 - 220421** – Wine of fresh grapes, incl. fortified wines, and grape must whose fermentation has been arrested by the addition of alcohol, in containers of ≤ 2 l (excl. sparkling wine)
 - 220429** – Wine of fresh grapes, incl. fortified wines, and grape must whose fermentation has been arrested by the addition of alcohol, in containers of > 2 l (excl. sparkling wine)
 - 220410** – Sparkling wine of fresh grapes
- *[Note: Unless otherwise specified, figures cited in this report are based on Hong Kong Census and Statistics Department.]*
- Hong Kong wine imports continue to show a positive trend, by value and volume, and benefit from entering one of the few tax free markets for wine in the world.
- The volume of Hong Kong wine imports has grown over 31% since 2010, rising from 40 million liters to 52.5 million liters in 2014, and by value rising from \$899 million in 2010 to \$1.259 billion in 2011 and \$1.089 billion in 2014.

Table 1: Hong Kong Wine Imports

	2010	2011	2012	2013	2014
Volume (Million Liters)	40.0	48.2	50.8	50.3	52.5
Value (US\$ Million)	899	1,259	1,038	1,036	1,089

- U.S. gross wine imports into Hong Kong totaled 6.87 million liters and US\$58 million in 2014, an increase of 8% and a drop of 15%, respectively, over 2013.
- The average CIF price of U.S. imported wine dropped from \$11 per liter in 2013 to \$8 per liter in 2014. Sales of lower-priced wine (under HK\$130 or US\$16) in recent years have shown strong growth in the Hong Kong market.
- In addition to domestic consumption, re-exports are a major driver of wine imports to Hong Kong. In 2014, re-exports accounted for 43 percent of total imports with China as the largest market occupying over 78%. Hong Kong’s wine re-export trade grew 17% in 2014.

The following graphs show Hong Kong wine trade trends (value and volume) between 2010 and 2014:



SECTION II. COMPETITION

- France and Australia continue to be the main import competition for U.S. wines, with volume market share of 33 and 17 percent in 2014, respectively, compared to the U.S. at 13 percent, and by value of 52 percent and 10 percent, respectively, compared to the U.S. at 5 percent. French and Australian interests maintained heavy promotional activity for their wines throughout the year.

- French wines dominate the market, accounting for 24% of total retained wine imports (volume) and 51% of (value) in 2014 (please refer to Table 2 and 3).
- U.S. wine imports dropped from US\$69 million in 2013 to US\$58 million in 2014. The decrease was due to the economic fluctuation and keen competition.
- The following table shows trade statistics for Hong Kong's top 10 wine suppliers from 2010-2014:

Table 2: Hong Kong Wine Imports (Volume)
(Source: Calculations based on Global Trade Atlas data)

Country	(Million Liters)	2010	2011	2012	2013	2014	Growth		Share		Re-exports v Gross Imports	
							14 v 10	14 v 13	2010	2014	2010	2014
World	Gross Imports	40.00	48.20	50.79	50.31	52.51	31%	4%	100%	100%		
	Re-exports	12.33	18.49	18.66	19.15	22.33	81%	17%	100%	100%	31%	43%
	Retained Imports	27.67	29.71	32.12	31.16	30.18	9%	-3%	100%	100%		
France	Gross Imports	14.89	19.99	19.64	18.49	17.29	16%	-7%	37%	33%		
	Re-exports	6.37	9.19	8.66	8.93	10.11	59%	13%	52%	45%	43%	58%
	Retained Imports	8.53	10.81	10.98	9.57	7.18	-16%	-25%	31%	24%		
Australia	Gross Imports	6.70	7.05	7.94	8.68	8.74	30%	1%	17%	17%		
	Re-exports	1.54	2.08	2.31	2.63	3.77	144%	43%	12%	17%	23%	43%
	Retained Imports	5.16	4.97	5.63	6.04	4.97	-4%	-18%	19%	16%		
United States	Gross Imports	5.04	5.74	5.51	6.39	6.87	36%	8%	13%	13%		
	Re-exports	1.85	1.76	1.41	1.19	1.13	-39%	-5%	15%	5%	37%	16%
	Retained Imports	3.19	3.97	4.10	5.20	5.74	80%	11%	12%	19%		
Chile	Gross Imports	3.79	3.57	4.33	3.92	5.54	46%	41%	9%	11%		
	Re-exports	0.52	0.94	0.90	1.12	2.14	314%	92%	4%	10%	14%	39%
	Retained Imports	3.27	2.63	3.43	2.80	3.40	4%	21%	12%	11%		

	Imports											
Spain	Gross Imports	1.95	2.87	2.95	3.63	3.44	76%	-5%	5%	7%		
	Re-exports	0.35	1.03	0.92	1.18	1.78	415%	51%	3%	8%	18%	52%
	Retained Imports	1.60	1.84	2.03	2.45	1.65	3%	-32%	6%	5%		
Italy	Gross Imports	2.23	2.50	3.07	3.08	2.92	31%	-5%	6%	6%		
	Re-exports	0.36	0.41	0.82	0.67	0.86	139%	28%	3%	4%	16%	29%
	Retained Imports	1.87	2.09	2.25	2.41	2.06	10%	-14%	7%	7%		
China	Gross Imports	0.28	0.29	0.63	0.49	1.93	581%	292%	1%	4%		
	Re-exports	0.33	0.66	0.78	1.59	1.34	306%	-16%	3%	6%	117%	70%
	Retained Imports	-0.05	-0.38	-0.15	-1.10	0.59	-	-	0%	2%		
New Zealand	Gross Imports	0.95	1.07	1.34	1.25	1.14	20%	-9%	2%	2%		
	Re-exports	0.05	0.07	0.08	0.05	0.06	31%	20%	0%	0%	5%	5%
	Retained Imports	0.90	1.00	1.26	1.20	1.08	19%	-10%	3%	4%		
Germany	Gross Imports	0.61	1.08	1.15	1.20	1.03	69%	-14%	2%	2%		
	Re-exports	0.25	0.58	0.41	0.40	0.35	37%	-12%	2%	2%	42%	34%
	Retained Imports	0.36	0.50	0.73	0.80	0.68	92%	-15%	1%	2%		
United Kingdom	Gross Imports	0.90	0.70	0.71	0.73	0.87	-3%	20%	2%	2%		
	Re-exports	0.03	0.02	0.01	0.05	0.05	50%	13%	0%	0%	4%	6%
	Retained Imports	0.87	0.68	0.70	0.68	0.82	-5%	21%	3%	3%		
Total from Top 10 Suppliers	Gross Imports	37.34	44.85	47.28	47.84	49.76	33%	4%	93%	95%		
	Re-exports	11.65	16.73	16.31	17.81	21.59	85%	21%	94%	97%	31%	43%
	Retained Imports	25.69	28.12	30.97	30.03	28.16	10%	-6%	93%	93%		
Total from Rest of	Gross Imports	2.66	3.34	3.50	2.47	2.75	4%	11%	7%	5%		
	Re-	0.68	1.76	2.35	1.34	0.74	9%	-45%	6%	3%	26%	27%

World	exports Retained Imports	1.97	1.59	1.15	1.13	2.01	2%	77%	7%	7%		
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Table 3: Hong Kong Wine Imports (Value)
(Source: Calculations based on Global Trade Atlas data)

Country	(US\$ Million)	2010	2011	2012	2013	2014	Growth		Share		Re-exports v Gross Imports	
							14 v 10	14 v 13	2010	2014	2010	2014
World	Gross Imports	899	1,259	1,038	1,036	1,089	21%	5%	100%	100%		
	Re-exports	172	246	228	206	318	85%	54%	100%	100%	19%	29%
	Retained Imports	727	1014	810	830	772	6%	-7%	100%	100%		
France	Gross Imports	529	790	600	611	565	7%	-8%	59%	52%		
	Re-exports	123	185	155	124	175	42%	41%	72%	55%	23%	31%
	Retained Imports	406	605	445	487	390	-4%	-20%	56%	51%		
United Kingdom	Gross Imports	125	162	120	111	118	-6%	6%	14%	11%		
	Re-exports	3	2	2	7	6	133%	-11%	2%	2%	2%	5%
	Retained Imports	122	160	119	104	112	-9%	7%	17%	14%		
Australia	Gross Imports	54	71	73	90	104	94%	16%	6%	10%		
	Re-exports	11	19	20	30	89	725%	193%	6%	28%	20%	85%
	Retained Imports	43	52	53	60	16	-64%	-74%	6%	2%		
China	Gross Imports	16	3	20	10	103	547%	915%	2%	9%		
	Re-exports	14	4	13	11	11	-20%	6%	8%	4%	88%	11%

	Retained Imports	2	-1	7	0	92	4686%	-22193%	0%	12%		
United States	Gross Imports	48	76	67	69	58	21%	-15%	5%	5%		
	Re-exports	4	6	5	7	8	84%	17%	3%	3%	9%	14%
	Retained Imports	44	70	62	62	50	15%	-19%	6%	7%		
Italy	Gross Imports	20	28	34	32	35	74%	10%	2%	3%		
	Re-exports	2	3	6	5	7	190%	36%	1%	2%	12%	20%
	Retained Imports	18	25	27	27	28	58%	5%	2%	4%		
Chile	Gross Imports	17	18	22	18	24	39%	32%	2%	2%		
	Re-exports	4	5	5	5	8	109%	39%	2%	2%	21%	32%
	Retained Imports	14	12	17	13	16	20%	28%	2%	2%		
Germany	Gross Imports	10	16	17	17	17	69%	-4%	1%	2%		
	Re-exports	2	3	3	2	2	13%	20%	1%	1%	20%	13%
	Retained Imports	8	12	14	15	14	82%	-7%	1%	2%		
Spain	Gross Imports	7	16	13	16	14	94%	-12%	1%	1%		
	Re-exports	1	5	3	4	6	353%	33%	1%	2%	17%	40%
	Retained Imports	6	11	10	12	9	41%	-28%	1%	1%		
New Zealand	Gross Imports	9	11	13	13	12	36%	-11%	1%	1%		
	Re-exports	1	1	1	0	1	6%	34%	0%	0%	7%	5%
	Retained Imports	8	10	13	13	11	38%	-12%	1%	1%		
Total from	Gross Imports	835	1,190	978	987	1,050	26%	6%	93%	96%		

Top 10 Suppliers	Re-exports	165	233	212	196	312	89%	59%	96%	98%	20%	30%
	Retained Imports	670	957	767	792	738	10%	-7%	92%	96%		
Total from	Gross Imports	64	69	60	49	40	-38%	-19%	7%	4%		
Rest of World	Re-exports	7	13	16	11	6	-16%	-43%	4%	2%	11%	15%
	Retained Imports	57	56	44	38	34	-41%	-12%	8%	4%		

SECTION III. MARKET SECTOR OPPORTUNITIES AND THREATS

Consumption Patterns Driving the Market

- Trade statistics show a preference for red wine over white. According to trade representatives, Hong Kong consumers like the color, flavor and perceived health benefits associated with red wine. In 2014, gross imports of red wine and white wine were US\$976.8 million and US\$42.4 million, respectively.
- Cabernet Sauvignon, Merlot and Shiraz are the three most popular grape varieties of red wine in Hong Kong.
- Chardonnay remains the most popular grape type of white wine.

Sales Channels

- In Hong Kong, wines are sold through off-trade channels such as supermarkets, specialty stores and convenience stores, and on-trade channels such as bars, restaurants and club houses.
- In 2014, off-trade channels accounted for approximately 46% of total wine sales by value and 64% by volume. Generally, wine mark-ups are high in the food service market, resulting in prices three to four times higher than the retail market.

SECTION IV. PRICING

Off-trade Channels

- To see a list of popular wines and prices available in the Hong Kong retail market, please visit the websites of the two leading supermarkets and the leading wine specialist:

ParknShop

<http://www1.parknshop.com/WebShop/Home.do>

Wellcome Supermarket

<http://www.wellcome.com.hk/wd2shop/en/html/index.html>

Watson's Wine Cellar

<http://www.watsonswine.com>

(Note: Retail prices of wine you can find on their websites are based in Hong Kong dollars and US\$1 equals to approximately HK\$7.8.)

On-trade Channels

- Price points of wine sold in restaurants and bars vary according to the overall price point of the outlet. A glass of low-end wine normally costs below US\$10, with a medium variety costing US\$10-20 and a high-end option costing above US\$20.
- Restaurants in Hong Kong normally charge a high mark-up on wine. Restaurants that allow customers to bring wine charge high corkage fees around US\$25-40 per bottle.
- Since the abolishment of the wine tax in February 2008, many restaurants and hotels have launched more wine-tasting classes and special promotions. These activities have supplemented sales promotions at the retail market in an effort to spread the wine appreciation culture and increase the demand for more fine wines. U.S. suppliers of high price point wines should consider opportunities to target this market segment.

SECTION V. MARKET ACCESS

- There are no import duties on wine.
- Wines, fruit wines and other drinks with an alcoholic strength by volume of 10 percent or more are exempted from labeling regulations. For alcoholic drinks with an alcoholic strength by volume of more than 1.2 per cent but less than 10 per cent, the durability period will need to be labeled on the drinks. Apart from this, they will be exempted from all other labeling requirements.
- The HKG released a Code of Practice regarding the Labeling of Alcoholic Drinks. This labeling guideline is provided to the trade to follow on a voluntary basis. (Under the Dutiable Commodities Regulation, every container containing liquor for local consumption is required to be labeled with the alcoholic strength.) For details, please refer to GAIN Report #[HK5021](#). For detailed import regulation guidelines on wine, please refer to GAIN Report #[HK1439](#).
- Pursuant to the amended Dutiable Commodities Ordinance, Cap. 109, Hong Kong wine/liquor traders are not required to apply for any licenses or permits for the import or export, manufacture storage or movement of wine and liquor with an alcoholic strength of less than 30 percent by volume. No valuation of the alcoholic beverages concerned for duty purpose will be required. However, the existing licensing/permit control on liquors with an alcoholic strength of more than 30 percent by volume measured at a temperature of 20 degree Celsius remains unchanged.

To facilitate the customs clearance on wine and alcoholic beverages, traders are encouraged to provide clear description in the freight/shipping documents on the type of liquor and the alcoholic strength of the respective consignment. For general information on Hong Kong’s food import regulations, please refer to [FAIRS report](#).

SECTION VI. ENTRY AND MARKETING STRATEGY

For new-to-market wineries that wish to enter the Hong Kong market, the following approaches are recommended:

- **Meetings with potential importers:** Most local importers are interested in meeting new-to-market exporters in a private environment. A list of local wine importers is available by contacting our Agricultural Trade Office in Hong Kong.
- **Exhibiting in a trade show:** Hong Kong trade shows help U.S. wine exporters showcase their high-quality wine to buyers from Hong Kong, Macau, China and the region. For information on Hong Kong’s major food and beverage trade shows in 2015, please refer to GAIN Report [#HK1441](#).
- **Participating in wine promotional activities:** The Agricultural Trade Office in Hong Kong and other U.S. wine promotional associations organize promotional activities such as seminars, wine tastings, receptions, food pairings and trade shows to promote U.S. wines. Below please find some photos taken at activities for your reference:



In-store Promotion



Hong Kong Wine & Dine Festival



Hong Kong Int'l Wine & Spirits Fair



US Wine Fair at Hong Kong Jockey Club

SECTION VII. KEY CONTACTS AND FURTHER INFORMATION

- U.S. wine suppliers, traders, exporters...etc seeking marketing information pertaining to food and beverage import regulations, promotional opportunities, trade inquiries and marketing assistance are welcomed to contact ATO Hong Kong at:

U.S. Agricultural Trade Office Hong Kong

18th Floor, St. John's Building
 33 Garden Road, Central
 Hong Kong
 Tel: (852) 2841-2350
 Fax: (852) 2845-0943
 E-mail: ATOHongKong@usda.gov
 Website: <http://www.usfoods-hongkong.net>

- The Wine Institute of California also has a local representative in Hong Kong who assists its members in promoting U.S. wines in Hong Kong and Macau:

Wine Institute

Mr. Phillip C. Holloway
 Ringe Marketing Service Limited
 Room 401, 4th Floor, Dannies House
 20 Luard Road, Wanchai
 Hong Kong
 Tel: (852) 2366-3089
 Fax: (852) 2722-6300
 Email: rmsltd@biznetvigator.com

