

Voluntary Report – Voluntary - Public Distribution

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Report Name: The Renewal of the Hong Kong Spirits Market

Country: Hong Kong

Post: Hong Kong

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Report Highlights:

In 2022, Hong Kong was the world's tenth largest spirits importer, with global imports recovering 7 percent year-on-year and valued at \$502 million. From 2020-2021, Hong Kong's imports and domestic sales of spirits were seriously hampered under the COVID-19 pandemic, as most restaurants, pubs, and bars were closed due to stringent dining, social distancing, and travel restrictions. However, as the local pandemic situation has improved, Hong Kong has lifted its dining and travel restrictions. As a result, Hong Kong is set to welcome the return of multi-million international visitors and local consumers to enjoy fine food and spirits. Annual domestic spirits for 2022 are expected to recover to \$436 million, an improvement 18 percent over sales in 2021. Domestic sales are expected to continue recovering and grow to \$503 million by 2026.

SECTION I. DEFINITION

For this market overview, spirits are defined as beverages with an alcoholic strength by volume of less than 80 percent (HS Code: 2208).

SECTION II. IMPORT REGULATIONS

(1) Duties

Beverages containing more than 30 percent alcohol content are subject to 100 percent excise duty unless the product is to be re-exported and not consumed in Hong Kong, in which case there is no excise duty.

(2) License and Permit

Beverages with an alcohol content of more than 30 percent by volume measured at a temperature of 20 degree Celsius are subject to license and permit control. Only licensed importers are eligible to import these products and an import permit is required for each shipment prior to arrival.

For more information on Hong Kong's import regulations on spirits, please refer to [GAIN Report HK1827](#).

SECTION III. SPIRITS TRADE

(1) Supplying Countries

According to 2022 trade data, Hong Kong was the world's tenth largest spirits importer, with imports valued at \$502 million. The city's global imports of spirits showed gradual recovery from the COVID-19 pandemic and improved 7 percent from 2021. China, France, and the U.K. were the top three spirits suppliers accounting for 92 percent or \$462 million of Hong Kong's total spirits imports. The United States was the seventh largest spirits supplier. Hong Kong imports of U.S. spirits dropped 24 percent from 2021 at \$3 million, accounted for 1 percent of overall imports.

Table 1 – Hong Kong Imports of Spirits by Country (2018-2022)

Supplier	Value (Million USD)					Share 2022	Growth 2018 v 2022	Growth 2021 v 2022
	2018	2019	2020	2021	2022			
World	690	600	445	467	502	100%	-27%	7%
China	244	226	195	182	240	48%	-2%	32%
France	286	224	149	158	139	28%	-51%	-12%
United Kingdom	107	108	72	78	83	17%	-22%	6%
From Top 3 Suppliers	637	557	415	418	462	92%	-27%	11%
From Rest of World	53	43	31	49	40	8%	-25%	-19%
United States (7th largest supplier)	7	11	3	4	3	1%	-53%	-24%

(Source: Trade Data Monitor)

(2) Major Categories of Spirits Imported

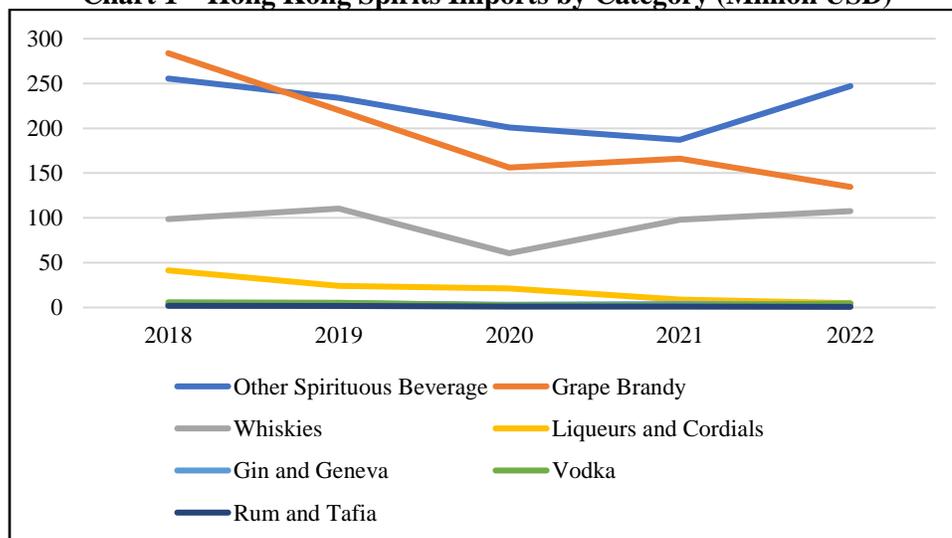
- a. China’s “Baijiu”- classified under “Other Spirituous Beverages”- is the largest spirits category. It accounted for 40 percent of the total value of spirits imports. Baijiu is a strong traditional Chinese distilled alcoholic beverage made of sorghum. China supplied for over 96 percent of this category.
- b. Grape brandy is the second largest category, accounting for 36 percent of overall spirits imports by value. France supplied 88 percent of this category. Popular brands include Remy Martin and Hennessy. French brandy used to dominate the Hong Kong spirits market. However, in recent years, it has been overtaken by Chinese Baijiu because of China’s growing business and cultural influence.
- c. Whisky is the third-largest category in the Hong Kong’s spirits market, representing 21 percent of overall imports by value. Scottish whisky is the most popular whisky and accounted for 66 percent of all whisky supplies.

Table 2 – Hong Kong Imports of Spirits by Category (2018-2022)

Category	Import Value (Million USD)					Share 2022	Growth 2018 v 2022	Growth 2021 v 2022
	2018	2019	2020	2021	2022			
Other Spirituous Beverage	256	234	201	187	247	49%	-3%	32%
Grape Brandy	284	220	156	166	135	27%	-53%	-19%
Whiskies	99	110	61	98	108	21%	9%	10%
Liqueurs and Cordials	41	24	21	9	5	1%	-88%	-45%
Gin and Geneva	3	5	3	4	3	1%	-9%	-18%
Vodka	6	5	2	2	4	1%	-24%	99%
Rum and Tafia	2	2	1	1	1	0%	-62%	-34%
Spirits Total	690	600	445	467	502	100%	-27%	7%

(Source: Trade Data Monitor)

Chart 1 – Hong Kong Spirits Imports by Category (Million USD)



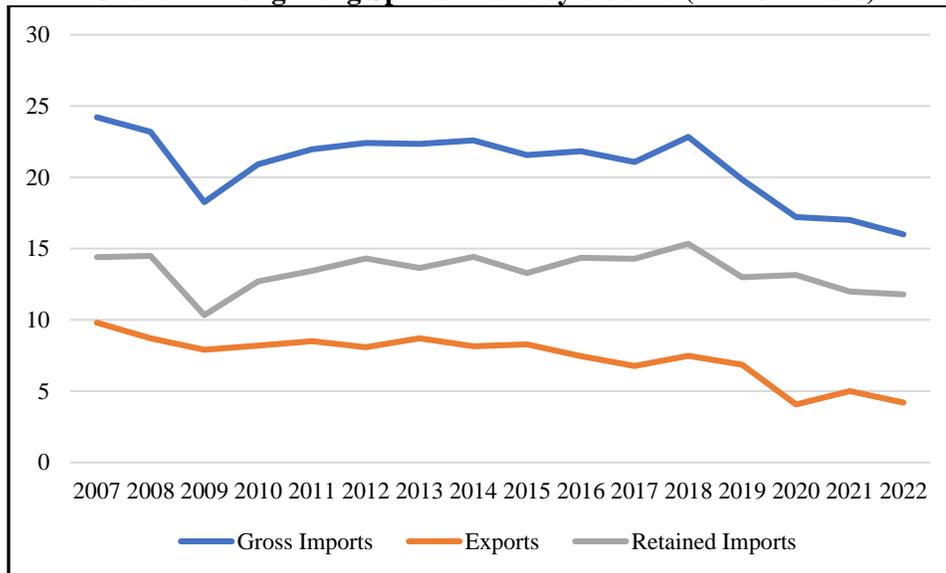
(Source: Trade Data Monitor)

(3) Trade

In terms of volume, Hong Kong was the world's 23rd largest spirits imports market, with a volume of imports at 16 million liters in 2022.

In 2008, Hong Kong eliminated its import duties on wine and beer, but import duty on spirits remain at 100 percent. While wine imports began to grow, Hong Kong spirits imports dropped from 24 million liters in 2007 to 18 million liters in 2009. However, Hong Kong consumers' growing affluence, knowledge, and appreciation for alcoholic beverages boosted spirits imports, which remained stable at above 20 million liters between 2010 and 2018. Spirits imports dropped from 23 million liters in 2018 to 20 million liters in 2019, partly because of the social unrest in Hong Kong that led many food service establishments to cease evening business operations. Between 2021 and 2022, spirits imports dropped further to 16 million liters as the government imposed stringent restrictions on dining and social gatherings in response to the COVID-19 pandemic.

Chart 2 – Hong Kong Spirits Trade by Volume (Million Liters)



(Source: Trade Data Monitor)

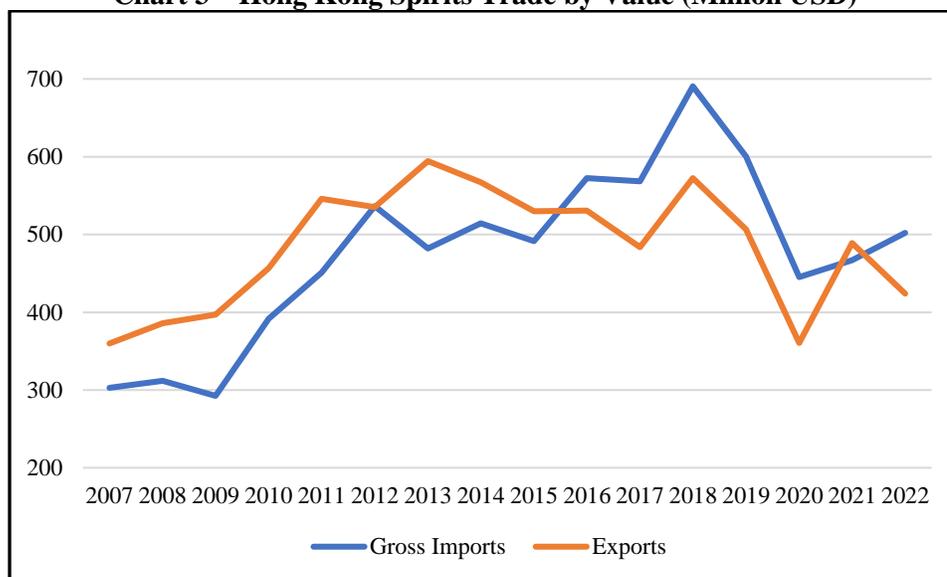
Hong Kong is large import market for spirits and a trading hub for the region. Hong Kong has insignificant local spirits production, but its spirits exports have been stable at 7-9 million liters between 2008 and 2019. Exports dropped to 4-5 million liters in 2020 and 2022 because of the hampered demand in Hong Kong's export markets under the pandemic. Between 2008 and 2022, Hong Kong retained around 10-15 million liters of spirits (gross imports less exports) for domestic consumption.

In terms of value, spirits imports have grown from \$312 million in 2008 to \$690 million 2018 because of Hong Kong consumers' growing affluence and sophistication in appreciating alcoholic beverages. After reaching the highest mark (\$690 million) in 2018, Hong Kong imports of spirits dropped to \$600 million in 2019 partly due to the social unrest in the city. Spirits imports further dropped to \$445 million as Hong Kong food service sector was hard hit under the

COVID-19 pandemic. Spirits imports rebounded to \$467 million in 2021 and \$502 million in 2022 as the pandemic situation improved, and the government continued to relax dining restrictions.

While Hong Kong’s spirits production is insignificant, its spirits exports grew around 10 percent from 2008 to \$424 million in 2022. Hong Kong’s top re-export markets are mainland China, Macau, and Vietnam.

Chart 3 – Hong Kong Spirits Trade by Value (Million USD)



(Source: Trade Data Monitor)

Table 3 – Hong Kong Spirits Exports by Destination (2017-2021)

Destination	Exports (Value: Million USD)					Share 2021
	2017	2018	2019	2020	2021	
World	484	572	506	361	489	100%
China	167	219	261	204	286	58%
Macau	81	96	81	58	115	24%
Vietnam	204	205	116	54	43	9%
To Top 3 Destinations	452	520	458	315	444	91%
To Rest of World	31	53	49	45	46	9%

(Source: Trade Data Monitor)

SECTION IV. DOMESTIC SALES

(1) Major Categories

In terms of sales value, whiskies, brandies, and white spirits are the three major types of spirits in Hong Kong. After the value of spirit sales peaked in 2018, by 2021, the value of sales had dropped by nearly half to \$370 million following the arrival of the pandemic. Between 2020 and 2021, both the value and volume of sales improved across all spirits categories. It is interesting to note that also during this period, the prices per liter for other spirits doubled while prices for other categories lowered slightly.

Table 4a - Sales of Spirits by Category and Value (Million USD)

	2016	2017	2018	2019	2020	2021
Brandy and Cognac	208	206	203	141	79	84
Liqueurs	31	32	33	26	18	19
Rum	9	9	10	7	4	5
Tequila (and Mezcal)	2	2	2	2	1	1
Whiskies	313	329	350	275	196	220
White Spirits	57	60	61	47	30	36
Other Spirits	3	3	4	3	4	5
Total	624	643	665	502	332	370

(Source: Euromonitor International)

Table 4b - Sales of Spirits by Category and Volume (Thousand Liters)

	2016	2017	2018	2019	2020	2021
Brandy and Cognac	753	731	707	489	345	431
Liqueurs	564	570	575	481	370	411
Rum	126	128	131	106	74	81
Tequila (and Mezcal)	41	41	41	30	21	26
Whiskies	2,755	2,804	2,880	2,452	2,006	2,307
White Spirits	902	923	927	791	621	746
Other Spirits	339	339	451	383	621	356
Total	5,479	5,535	5,712	4,732	4,058	4,358

(Source: Euromonitor International)

Table 4c – Price per Liter (USD)

	2016	2017	2018	2019	2020	2021
Brandy and Cognac	276	282	288	288	228	195
Liqueurs	56	57	58	55	48	47
Rum	68	69	73	69	59	58
Tequila (and Mezcal)	54	55	58	52	41	37
Whiskies	114	117	121	112	98	95
White Spirits	63	65	66	60	49	48
Other Spirits	10	10	10	9	7	14
Average	114	116	116	106	82	85

(Source: Euromonitor International)

(2) Distribution Channels

For off-trade sales of spirits, there are over 690 supermarkets, 1,300 convenience stores, making shopping very convenient. Please see our latest [Retail Report](#). In 2021, online food sales (including alcoholic beverages) grew 14 percent to \$447 million.

For on-trade sales of spirits, Hong Kong boasts over 14,000 restaurants which range from local “dives” to high-end fine dining outlets. In addition, Hong Kong’s vibrant nightlife is renowned and is serviced by over 680 bars and pubs across Hong Kong. Lan Kwai Fong in the Central Business District is home to over 90 bars and restaurants. It is a place where locals, expats, and tourists gather in the evenings and during special occasions. For further details please see our latest [Hotel, Restaurants, and Institutions Report](#).

In terms of volume, more spirits are sold via off-trade channels (retail stores, online shops). In terms of value, more spirits are sold via on-trade channels (restaurants, pubs, bars).

Table 5a - Sales of Spirits by Off-trade vs On-trade: Value (Million USD)

	2016	2017	2018	2019	2020	2021
Off-trade	131	137	144	139	147	169
On-trade	493	506	521	363	184	201
Total	624	643	665	502	332	370

(Source: Euromonitor International)

Table 5b - Sales of Spirits by Off-trade vs On-trade: Volume (Thousand Liters)

	2016	2017	2018	2019	2020	2021
Off-trade	2,131	2,184	2,253	2,308	2,772	2,772
On-trade	3,348	3,351	3,458	2,424	1,287	1,586
Total	5,479	5,535	5,712	4,732	4,058	4,358

(Source: Euromonitor International)

Table 5c - Price (USD per Liter)

	2016	2017	2018	2019	2020	2021
Off-trade	61	63	64	60	53	61
On-trade	147	151	151	150	143	127
Average	114	116	116	106	82	85

(Source: Euromonitor International)

(3) Checking Other Brands and Prices

To check out other spirits brands in the market, you can visit the websites of local food retailers. Their websites show spirits commonly available in Hong Kong and their retail prices (retail prices in HKD, and USD1=HKD7.8):

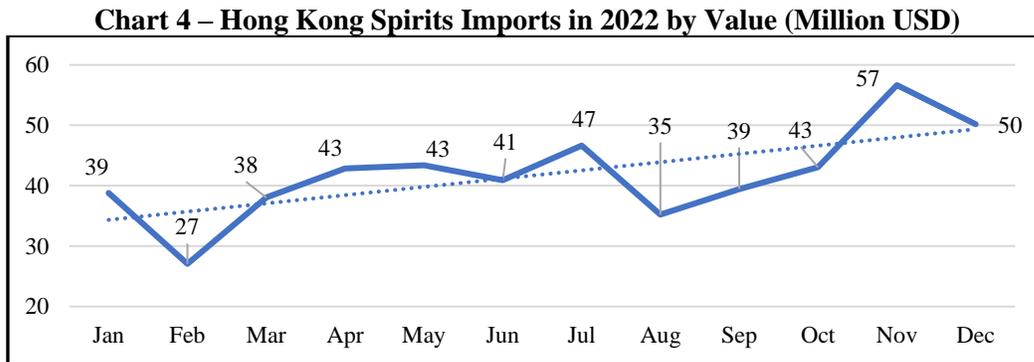
- [ParknShop](#) (one of the two largest supermarket chains in Hong Kong with over 250 stores)
- [HKTV Mall](#) (largest e-commerce platform in Hong Kong)
- [Watson's Wine Cellar](#) (largest chain for alcoholic beverages in Hong Kong with over 20 stores)
- [HK Liquor Store](#) (one of the largest chains for spirits in Hong Kong with 14 stores)

SECTION V. OUTLOOK AND OPPORTUNITIES

In recent years, Hong Kong's imports and domestic sales of spirits have been seriously hampered under the pandemic, as most restaurants, pubs, and bars were closed due to stringent dining, social distancing, and travel restrictions. As the local pandemic situation has improved, starting in late 2022, Hong Kong has lifted most of its dining and travel restrictions. In 2022, Hong Kong global imports of spirits recovered 7 percent from the previous year and annual domestic spirits sales are expected to improve 18 percent to \$436 million. Domestic sales are expected to continue recovering and grow to \$503 million by 2026, a return to 2019 sales levels and comfortably within the five-year average.

In 2023, Hong Kong welcomed the return of the Hong Kong International Wine and Spirits Fair (January 10-11, 2023), one of the city's largest trade shows for alcoholic beverages. This year,

exhibitors and trade visitors were able to meet once again in-person and appreciate quality wine and spirits. Exhibitors and trade visitors were optimistic about the sales and business in 2023. On February 6, Hong Kong further lifted the travel quota and COVID-19 test requirements for cross-border and inbound travels. Hence, the city is set to welcome the return of multi-million international visitors and local consumers to enjoy fine food and spirits.



(Source: Trade Data Monitor)

Marketing U.S. Spirits in the Hong Kong Market

Competition for shelf space at retail stores and at bars and restaurants in Hong Kong remains vibrant. Hence, it is important for U.S. spirits exporters to continue reaching out to local customers and consumers. There are two trade shows in Hong Kong specifically dedicated to alcoholic beverages including spirits.

- May 10-12, 2023 [ProWine Hong Kong](#)
- November 9-11, 2023 [Hong Kong International Wine and Spirits Fair](#)

If you are interested in showcasing your product in these shows or need further information about how to market your product in the Hong Kong market, please contact ATO Hong Kong. Additional market reports are also available on our [website](#).

SECTION VI. KEY CONTACT AND FURTHER INFORMATION

Post Contact

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Attachments:

No Attachments.