United States Department of Agriculture
Foreign Agricultural Service

GAIN
Global Agricultural Information Network

Voluntary Report – Voluntary - Public Distribution **Date:** November 16, 2022

Report Number: HK2022-0073

Report Name: Thirst for Beer Holds Steady Amid Pandemic

Country: Hong Kong

Post: Hong Kong

Report Category: Agriculture in the News, Market Development Reports, Product Brief

Prepared By: Chris Li, Amy Leung

Approved By: Jennifer Clever

Report Highlights:

Hong Kong is an open market offering good opportunities for U.S. beer exporters. Over the last two years, both beer imports and domestic sales have been stable despite the pandemic. In 2021, Hong Kong's global beer imports held steady from the previous year at $115 million, making the city the fourteenth largest beer import market in the world. Domestic beer sales recovered 9 percent from 2020 at $732 million. The Hong Kong market also offers great re-export opportunities. Last year, the city exported 25 percent of its beer imports. Domestic beer sales are expected to reach $867 million in 2022 and grow to $1.1 billion by 2026. While the United States' share of the market remains small, local breweries have expressed interest in collaborating with U.S. craft breweries, which could lead to opportunities to expand U.S. presence in Hong Kong's beer market.

SECTION I. BEER[1] TRADE

(A) Hong Kong Imports

Despite its small population of 7.4 million, Hong Kong is the 14th largest beer importer in the world.

Table 1 – Global Beer Imports

Ranking	Import Market	Calendar Year (Value: Million USD)				
		2017	2018	2019	2020	2021
1	United States	5,064	5,315	5,587	5,739	6,366
2	China	750	904	820	695	710
3	United Kingdom	588	699	638	654	666
4	EU 27	475	561	567	524	581
5	Russia	195	292	324	369	415
6	Canada	571	573	553	481	394
7	Chile	186	191	222	163	271
8	Australia	288	315	331	262	229
9	Taiwan	192	187	197	205	226
10	South Korea	263	310	281	227	223
11	South Africa	95	160	242	118	143
12	Paraguay	124	122	117	101	136
13	Switzerland	122	117	114	117	116
14	**Hong Kong**	**123**	**126**	**119**	**115**	**115**

(Source: Trade Data Monitor)

In 2021, Hong Kong's global beer imports remained unchanged from the previous year at $115 million. The top six suppliers were China, South Korea, Japan, Malaysia, Vietnam, and Netherlands, accounting for 81 percent of the market.

Table 2 – Hong Kong Beer Imports

Supplying Country	(Value: Million USD)					Share	Growth	Growth
	2017	2018	2019	2020	2021	2021	2017 v 2021	2020 v 2021
World	**123**	**126**	**119**	**115**	**115**	**100%**	**-6%**	**0%**
China	37	36	32	32	35	30%	-6%	8%
South Korea	36	37	35	33	33	29%	-8%	-1%
Japan	4	4	5	6	7	6%	65%	12%
Malaysia	14	13	11	7	6	6%	-56%	-8%
Vietnam	1	4	2	8	6	5%	425%	-29%
Netherlands	6	7	7	7	6	5%	-3%	-22%
Ireland	1	1	4	5	5	4%	511%	2%
Belgium	4	4	5	3	2	2%	-44%	-12%
Thailand	1	2	1	2	2	2%	79%	41%
Singapore	2	4	1	1	2	2%	14%	179%
Total from Top 10 Suppliers	106	111	103	103	103	90%	-2%	0%
Total from Rest of World	16	15	15	12	11	10%	-30%	-5%
United States	**2**	**1**	**1**	**0**	**0**		**-84%**	**-31%**

(Source: Trade Data Monitor)

[1] HS Code: 2203 Beer Made from Malt

While overall the city's global beer imports slowed since 2018, it is worth noting that imports of Japanese beer and Vietnam have improved over the same period. The U.S. share of the Hong Kong market remains small. Traders explain that the U.S. is the largest beer market in the world (please refer to Table 1) and many U.S. breweries prefer to sell their beers in the domestic market, hence reducing the size of U.S. beer exports. In addition, some U.S. beer companies have established breweries in Asia, and Hong Kong Customs statistics may classify these U.S. beer brands as imported from those countries. Moreover, traders explain that prices and logistical shipping issues may have tempered sales during the last two years. Nevertheless, Hong Kong craft breweries have expressed interested in collaborating with U.S. companies to bring unique new flavors and joint collaborations. This could open opportunities for U.S. exporters to expand their presence in the Hong Kong beer market.

(B) Hong Kong Re-exports

In 2021, global lower demand slowed Hong Kong beer re-exports to $29 million. Nevertheless, Hong Kong remained an important trading hub exporting 25 percent of its beer imports to other markets in the region, particularly to its neighboring city of Macau.

Table 3 – Hong Kong Beer Export

Export Destination	(Value: Million USD)					Share
	2017	2018	2019	2020	2021	2021
World	30	33	36	34	29	100%
Macau	13	14	15	13	12	42%
South Korea	3	3	3	4	4	14%
United Arab Emirates	2	2	5	4	4	13%
China	3	3	5	5	2	7%
Taiwan	2	2	2	1	1	4%

(Source: Trade Data Monitor)

(C) Hong Kong Retained Imports[2]

Hong Kong retained 75 percent of beer imports for local consumption, roughly $86 million.

Table 4 – Hong Kong Beer Trade

Supplying Country	(Value: Million USD)				
	2017	2018	2019	2020	2021
Gross Imports	123	126	119	115	115
Exports	30	33	36	34	29
Retained Imports	92	93	83	82	86
Share of Imports	75%	74%	70%	71%	75%

(Source: Trade Data Monitor)

[2] Retained Imports = Gross Imports - Exports

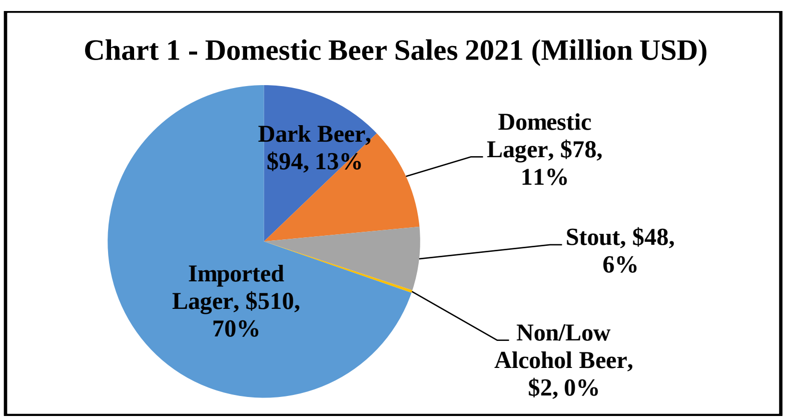
SECTION II. BEER DOMESTIC SALES

Beer has been a popular beverage among Hong Kong residents and tourists. Although locally brewed beer is growing, imported lager is still the largest category, accounting for nearly 70 percent of beer sales in 2021. While Hong Kong beer sales peaked at $900 million in 2017 and 2018, beer sales dropped in 2019 because of the social unrest in the city. Since January 2020, the COVID-19 outbreak further aggravated beer sales, especially at restaurants and bars where businesses were significantly limited due to the government's dining restrictions under the pandemic. While restaurant activity and receipts bounced back towards the end of 2021, the recovery was short-lived. During the first quarter of 2022, as Hong Kong faced its fifth and deadliest wave of the pandemic, business, and recreational activities (including dining out) came to an abrupt halt. As of this report, bar operations have not fully normalized, lingering rules requiring patrons to present a proof of negative rapid test to enter bars is still discouraging many consumers. Nevertheless, the initial ease of restrictions on dinning out and evening activities along with another round of consumer vouchers has helped the restaurant and bar industry to recover. For the first three quarters of 2022, Hong Kong restaurant receipts were $7.9 billion, a drop of 9.2 percent over the same period in 2021.[3] The drop was mainly due to the loss of businesses in the first quarter because of fifth wave of the pandemic. As Hong Kong is gradually opening its border and relaxing its dining restrictions, it is expected that restaurant receipts will improve in the fourth quarter. For more details on Hong Kong's Hotel, Restaurant and Institutions (HRI) industry please see our latest HRI GAIN report.

Table 5a – Beer Domestic Sales (Value)

Category	(Value in Million USD)					Share	Growth	Growth
	2017	2018	2019	2020	2021	2021	2017 v 2021	2020 v 2021
Dark Beer	84	102	95	82	94	12.8%	11.5%	14.2%
Domestic Lager	112	109	98	73	78	10.7%	-30.0%	7.0%
Imported Lager	678	676	620	470	510	69.7%	-24.7%	8.7%
Non/Low Alcohol Beer	0	0	1	1	2	0.3%	NA	68.2%
Stout	82	87	74	46	48	6.6%	-41.6%	5.3%
Total	**956**	**974**	**889**	**672**	**733**	**100%**	**-23.4%**	**9.0%**

(Source: Euromonitor International)



[3] Hong Kong Census and Statistics Department

Across beer categories, sales followed the same pattern with most categories recovering in 2021 compared to the previous year but still lower than pre-pandemic levels. On the other hand, sales of non or low alcoholic beers peaked in 2021 since 2017, following increased consumer preference for non-alcoholic beverages. According to market researcher Trends.co, global sales of non-alcoholic beers have climbed 90 percent over the past decade, and that is partly due to consumers wanting to decrease their alcohol consumption for wellness reasons.[4]

Table 5b – Beer Domestic Sales (Volume)

Category	(Volume in Million Liters)					Share	Growth	Growth
	2017	2018	2019	2020	2021	2021	2017 v 2021	2020 v 2021
Dark Beer	7.3	8.3	8.3	8.1	9.4	6.6%	28.8%	16.0%
Domestic Lager	23.7	23.1	21.5	18	19.3	13.6%	-18.6%	7.2%
Imported Lager	105.5	103.8	99.4	88.4	96	67.6%	-9.0%	8.6%
Non/Low Alcohol Beer	0	0	0.1	0.2	10.1	7.1%	NA	4950.0%
Stout	8.7	9	8.4	6.8	7.2	5.1%	-17.2%	5.9%
Total	**145.2**	**144.2**	**137.7**	**121.5**	**142**	**100%**	**-2.2%**	**16.9%**

(Source: Euromonitor International)

SECTION III. DISTRIBUTION CHANNELS

There are over 690 supermarkets, 1,300 convenience stores and many online shops[5] in Hong Kong, making "off-trade" beer sales very convenient. On the other hand, there are over 14,000 restaurants and over 680 bars[6] across Hong Kong where consumers can enjoy their beers "on-trade."

In general, off-trade channels tend to offer more commercial beers at lower prices whereas on-trade channels sell more craft beers and expensive beers, partly due to the higher markups for the food service sector than the food retail sector. Many on-trade channels were closed or limited their businesses due to bar and dining restrictions under the COVID-19 pandemic, hence causing both beer sales value and volume to drop significantly in 2020 and 2021. As food retail sales were relatively unaffected by the pandemic, the drop in beer sales via the on-trade channels was partially compensated by increase in beer sales via the off-trade channels.

Table 6a – Distribution Channels for Beer (By Sales Value)

Sales Channel	(Domestic Sales in Million USD)					Share	Growth	Growth
	2017	2018	2019	2020	2021	2021	2017 v 2021	2020 v 2021
Off-Trade	361	367	382	404	447	61%	24%	11%
On-Trade	596	606	506	268	285	39%	-52%	7%
Total	**956**	**974**	**889**	**672**	**732**	**100%**	**-23%**	**9%**

(Source: Euromonitor International)

[4] "Alcohol-free beer, wine, spirits that taste like the real thing are changing drinking culture – but how hard is it to replicate the original?" October 17, 2022, Post Magazine, South China Morning Post
[5] ATO Hong Kong "Retail Sector Report"
[6] ATO Hong Kong "Food Service Sector Report"

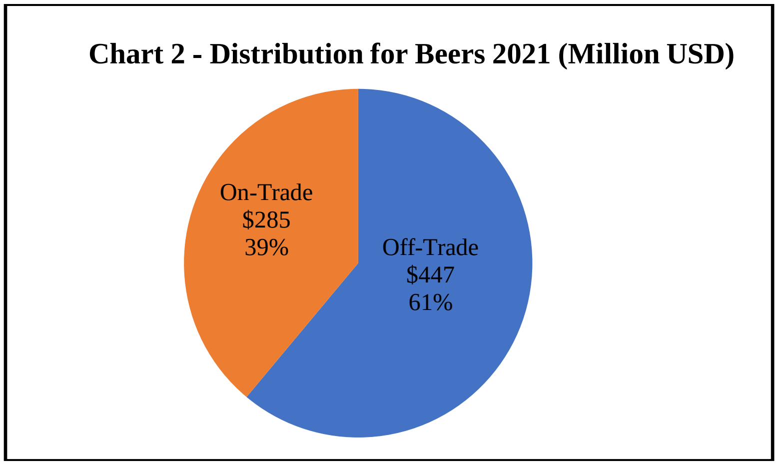


Table 6b – Distribution Channels for Beer (By Sales Volume)

Sales Channel	(Volume in Million Liters)					Share 2021	Growth 2017 v 2021	Growth 2020 v 2021
	2017	2018	2019	2020	2021			
Off-Trade	89.8	89.5	92.2	98	103.5	73%	15%	6%
On-Trade	55.4	54.8	45.5	23.5	38.5	27%	-31%	64%
Total	**145.2**	**144.3**	**137.7**	**121.5**	**142**	**100%**	**-2%**	**17%**

(Source: Euromonitor International)

SECTION IV. COMPETITION

(A) Locally Brewed Beers

San Miguel Brewery Hong Kong Limited is the only international beer company having a large-scale brewery in the city, supplying beers to the local market, and exporting to international markets.[7] On the other hand, the number of small local breweries has been growing. Hong Kong Beer Co is Hong Kong's first craft brewery, and it was founded in 1995.[8] Hong Kong's abolishment of import duty on beer in 2008 encouraged more imported beers, but that hindered the growth of local breweries. The Craft Beer Association of Hong Kong was founded in 2013 by industry movers and beer lovers with the aim of promoting and expanding the craft beer market in Hong Kong.[9] The number of local craft beer breweries has grown since then, from two in 2013 to over 30. A list of local craft beer breweries can be found here. Craft beers accounted for only 2.3 percent of overall domestic beer sales volume,[10] but they are growing in popularity in Hong Kong. Locally brewed craft beers are generally more expensive than commercial beers, but they offer unique tastes, styles, and experiences for beer lovers.[11]

[7] San Miguel Brewery Hong Kong Limited website
[8] "Brief History of Craft Brewing in Hong Kong", Hong Kong Beer Co
[9] "The cult of craft beer: why Hong Kong brewers are doing so well", South China Morning Post
[10] Euromonitor International
[11] Euromonitor International, Interview with the Craft Beer Association of Hong Kong

(B) Imported Beers

Hong Kong is an open market and competition is very keen. The top six beer suppliers (China, South Korea, Japan, Malaysia, Vietnam, and Netherlands) accounted for 81 percent of total beer imports into Hong Kong[12] and their prices (except that for Japan) were competitive at below $1 per liter. U.S. beers were the 4th most expensive among the top 22 beer suppliers to Hong Kong, with unit cost at $2 per liter in 2021. It would be advantageous for U.S. beers to focus on quality and unique taste when competing with beers from other supplying countries.

Table 7 – Beer Imports Unit Cost[13]

Supplier	Unit Cost: USD/Liter					
	2017	2018	2019	2020	2021	
World	0.76	0.78	0.80	0.79	0.82	
China	0.68	0.68	0.68	0.70	0.70	
South Korea	0.79	0.81	0.86	0.82	0.84	
Japan	1.78	1.89	1.97	1.90	1.98	
Malaysia	0.53	0.55	0.46	0.47	0.46	
Vietnam	1.20	0.55	0.81	0.58	0.64	
Netherlands	0.85	0.80	0.81	0.70	0.75	
Ireland	1.08	1.23	1.31	1.40	1.43	
Belgium	0.72	0.79	1.15	0.91	1.03	
Thailand	1.01	1.15	1.11	0.93	0.96	
Singapore	1.10	1.26	1.07	1.45	1.61	
Germany	0.97	1.14	1.12	1.18	1.21	
Italy	2.12	2.36	2.16	2.25	2.28	*
United Kingdom	1.45	1.49	1.54	1.83	2.11	*
France	0.79	0.77	0.77	0.89	0.79	
Mexico	0.75	0.83	0.90	0.89	1.12	
Australia	2.37	2.17	3.32	3.38	2.75	*
Taiwan	1.58	1.79	1.56	1.73	1.78	
Philippines	0.73	0.75	0.69	0.80	0.91	
Czech Republic	1.98	1.94	1.88	1.77	1.88	
Spain	0.94	1.34	1.27	1.61	1.57	
Poland	1.24	0.56	0.58	0.93	0.97	
United States	**1.24**	**1.40**	**1.54**	**1.54**	**2.00**	*

(Source: Calculation based on Trade Data Monitor data)(* 2021 Unit Cost at $2 per liter or above)

(C) Major Beer Brands

Compared with wines and spirits, beers are generally set at more affordable prices. Below is a summary of the major beer brands, and the price range of the products.

[12] Trade Data Monitor
[13] Unit Cost = Import Value (USD) / Import Volume (Liter)

Table 8a – Beer by Price/Brand

Category	Price range per liter	Brand Example
Premium	Above $7.7	Blue Girl, Stella Artois, Asahi Super Dry, Kirin Ichiban, Corona, Gweilo Beer, Moonzen Beer
Mid-priced	$5.1-$7.7	San Miguel, Heineken, Tsingtao, Carlsberg
Economy	Below $5.1	Skol, Valor, Blue Ice, Hite, Chang

(Source: Euromonitor International)

Table 8b – Major Beer Brands

Major Brand	Supplier/Manufacturer	Share Based on 2021 Sales Volume
Blue Girl	Jebsen & Co Ltd	14.0%
Carlsberg	Carlsberg Brewery Hong Kong Ltd	11.2%
Skol	Carlsberg Brewery Hong Kong Ltd	7.1%
Heineken	Snow Hong Kong Development Ltd	6.9%
Blue Ice	San Miguel Brewery Hong Kong Ltd	6.6%
Tsingtao	Tsingtao Brewery Co Ltd	5.9%
Carlsberg 0%	Carlsberg Brewery Hong Kong Ltd	4.6%
Asahi Super Dry	Carlsberg Brewery Hong Kong Ltd	2.6%
Stella Artois	Budweiser Brewing Co APAC Ltd	2.3%
Valor	San Miguel Brewery Hong Kong Ltd	2.1%
Others		***36.7%***

(Source: Euromonitor International)

While some major brands are popular in the market, many smaller individual brands form the "Others" group that accounted for more than 36 percent of overall domestic beer sales (142 million liters in 2021). This presents a good opportunity for new U.S. beer exporters.

(D) Checking of Other Brands and Prices

To check out the other beer brands in the market, you can visit the websites of food retailers. Their websites show beers 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(the largest e-commerce platform in Hong Kong)
- Craft beer shops / platforms (selected):
    - Hong Kong Beer Co
    - The Bottle Shop
    - Craftissimo
    - Hong Kong Brewcraft

SECTION V. OUTLOOK AND OPPORTUNITIES

Beer imports and domestic sales have been stable under the pandemic. For the first nine months of 2022, Hong Kong beer imports were $83.4 million, an increase of 1.3 percent over the same period in 2021.[14] As the local pandemic situation stabilizes, Hong Kong is expected to relax more of its travel and dining restrictions in the fourth quarter of 2022. Hong Kong used to receive over 50 million tourists annually before the pandemic, and the gradual return of international travelers is expected to boost beer consumption. Domestic beer sales are expected to reach $867 million in 2022 and grow to $1.1 billion by 2026.[15]

There are two trade shows in Hong Kong specifically dedicated to alcoholic beverages including beers.

January 10-11, 2023	Hong Kong International Wines and Spirits Fair
May 10-12, 2023	ProWine Hong Kong

SECTION VI. IMPORT REGULATIONS

Beverages with less than 30 percent alcohol content, primarily wine and beer, are not subject to an excise duty. Beverages containing more than 30 percent alcohol content are subject to a 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. For more details, please refer to GAIN Report HK1810.

SECTION VII. KEY CONTACT AND FURTHER INFORMATION

If you are interested in upcoming opportunities to showcase your product in Hong Kong or more information about the market, please contact our office.

Post Contact

Agricultural Trade Office, Consulate General of the United States, Hong Kong and Macau
18th Floor, St. John’s Building 33 Garden Road, Central, Hong Kong
Tel: (852)-2841-2350
Fax: (852)-2845-0943
Email: Atohongkong@usda.gov
Website: http://www.usconsulate.org.hk
http://www.atohongkong.com.hk

Attachments:

No Attachments.

[14] Trade Data Monitor
[15] Euromonitor International