

Voluntary Report – Voluntary - Public Distribution

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Report Name: US Hops Continue to Pop in Hong Kong

Country: Hong Kong

Post: Hong Kong

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Report Highlights:

Over the last five years, Hong Kong’s global imports of hops expanded 42 percent, growing 10 percent to \$7.2 million in 2021. The United States continues as the leading supplier enjoying 96 percent market share. Hong Kong re-exported 72 percent of its hop imports to other markets in the region, retaining 28 percent for local breweries. Despite the COVID-19 pandemic, domestic beer sales are stable, and expected to reach \$867 million in 2022 and grow to \$1.1 billion by 2026. The steady growth of beer sales is likely to encourage more local breweries to boost their production which in turn would increase demand for U.S. quality hops.

SECTION I. MARKET OVERVIEW

San Miguel Brewery Hong Kong Limited is the only international beer company having a large-scale brewery in Hong Kong, supplying beers to the local market, and exporting to international markets.¹ On the other hand, there is over 30 craft beer breweries producing beers of unique tastes, styles and experience for beer lovers in Hong Kong. Some craft beer breweries export their beers to other markets in the region. Hong Kong breweries generally prefer U.S. hops because of their qualities and tastes.² In addition, local craft beer brewers have expressed interest in collaborating with U.S. craft breweries.

SECTION II. HONG KONG HOPS TRADE

(A) Hong Kong Imports

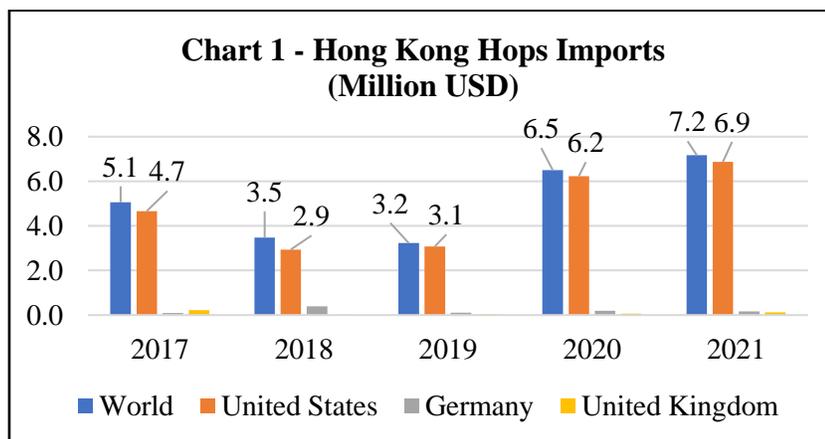
Hops are imported into Hong Kong in two forms: hop cones (HS code: 1210) and extracts of hops (HS code: 130213).

In 2021, Hong Kong’s global hops imports reached \$7.2 million, an increase of 10 percent over 2020. The United States was the leading supplier, accounting for 96 percent of overall hops imports.

Table 1 – Hong Kong Hops Imports

Supplying Countries	(Value: Million USD)					Growth 2017 vs 2021	Growth 2020 vs 2021
	2017	2018	2019	2020	2021		
World	5.1	3.5	3.2	6.5	7.2	42%	10%
United States	4.7	2.9	3.1	6.2	6.9	47%	10%
<i>U.S. Share of World Total</i>	92%	84%	95%	96%	96%		
Germany	0.1	0.4	0.1	0.2	0.2	76%	-9%
United Kingdom	0.2	0.0	0.0	0.1	0.1	-46%	82%

(Source: Trade Data Monitor)



(Source: Trade Data Monitor)

¹ San Miguel Brewery Hong Kong Limited website

² Euromonitor International, Interview with the Craft Beer Association of Hong Kong

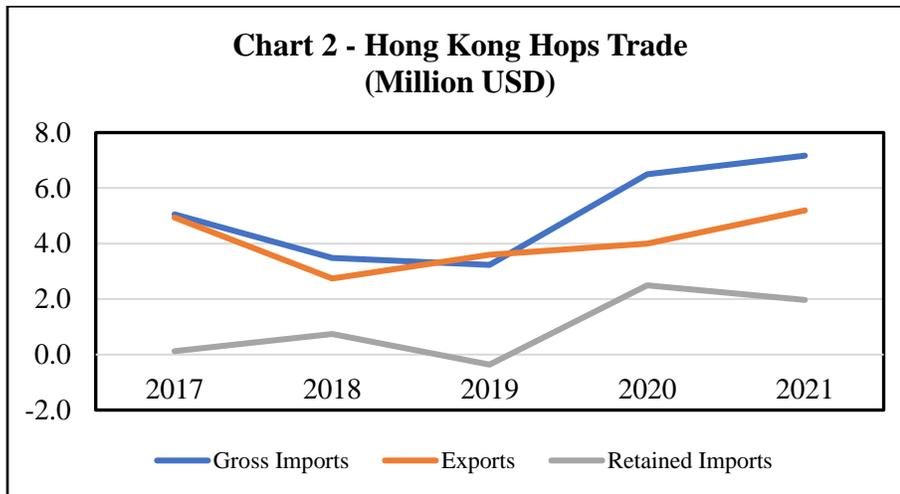
(B) Hong Kong Exports

Hong Kong does not have any local hops production. It is an import market and a trade hub for markets in the region. In 2021, Hong Kong exported \$5.2 million (or 72 percent of gross imports) to other markets and retained \$2 million (or 28 percent of gross imports) for local breweries.

Table 2 – Hong Kong Hops Trade

	(Value: Million USD)				
	2017	2018	2019	2020	2021
Gross Imports	5.1	3.5	3.2	6.5	7.2
Exports	4.9	2.7	3.6	4.0	5.2
Retained Imports ³	0.1	0.7	-0.4	2.5	2.0
Share of Retained Imports	2%	21%	-11%	38%	28%

(Source: Trade Data Monitor)



(Source: Trade Data Monitor)

China, Vietnam, and Myanmar have been the major destinations for Hong Kong hops exports, accounting for 34 percent, 32 percent and 23 percent of overall hops exports in 2021 respectively.

Table 3 – Hong Kong Hops Trade – Major Export Destinations

Export Destination	(Value: Million USD)					Share 2021
	2017	2018	2019	2020	2021	
World	5	3	4	4	5	100%
China	3	1	1	1	2	34%
Vietnam	0	0	1	2	2	32%
Myanmar	1	1	2	1	1	23%

(Source: Trade Data Monitor)

³ Retained Imports = Gross Imports - Exports

SECTION III. HONG KONG BREWERIES

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.⁴

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 1995.⁵ Hong Kong's abolishment of import duty on beer in 2008 encouraged more imported beers, but tempered the growth of local breweries. The Craft Beer Association of Hong Kong was founded in 2013 by industry movers and beer lovers who aimed to promote and expand the craft beer market in Hong Kong.⁶ 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,⁷ 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.⁸

SECTION IV. OUTLOOK AND OPPORTUNITIES

The global supply chain situation and inflation trend pose upward pressure on hops import prices. Fortunately, costs of raw materials constituted only around 25 percent of the overall costs of local beer production (the other 75 percent are overheads cost like rent and labor). Hong Kong breweries still prefer U.S. hops because of their qualities and tastes.⁹ In addition, local craft breweries have expressed interest in joint collaborations with craft breweries in the United States.

Beer has been a popular beverage among Hong Kong residents and tourists. Beer domestic sales have been stable under the pandemic. 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. Prior to the pandemic, Hong Kong used to receive over 50 million tourists a year. The 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 2026.¹⁰ The steady growth of beer sales at home and for export would encourage more local breweries to boost their production which in turn would increase the demand for quality hops.

⁴ San Miguel Brewery Hong Kong Limited website

⁵ "Brief History of Craft Brewing in Hong Kong", Hong Kong Beer Co

⁶ "The cult of craft beer: why Hong Kong brewers are doing so well", South China Morning Post

⁷ Euromonitor International

⁸ Euromonitor International, Interview with the Craft Beer Association of Hong Kong

⁹ Interview with the Craft Beer Association of Hong Kong

¹⁰ Euromonitor International

SECTION V. KEY CONTACT AND FURTHER INFORMATION

Post Contact

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Attachments:

No Attachments.