

Hong Kong – A wine trading and distribution hub in Asia

Hong Kong is quickly becoming a regional wine trading and distribution hub in Asia. Since the elimination of wine duties in February 2008, merchants have seized the opportunity to increase shipments and establish a greater presence in Hong Kong. Companies from various sectors of the wine industry are seeking to uncork the huge potential market in Asia and particularly in Mainland China – a region tipped by the industry to be the driver of global wine sales in the next decade and beyond.



Why Hong Kong?

Zero wine duty

Hong Kong has removed all wine duties since February 2008. With no VAT or GST, Hong Kong is the first free wine port among major economies.

No duty-related administrative work

All duty-related customs/administrative controls for wine have been removed since June 2008, which means duty-free wine importation and exportation with minimal hassle.

Neutrality

Hong Kong is not a wine-producing area. Our neutrality in trading and promoting wine is widely recognised.

Experience in wine trading

With over 40 years of experience in wine trading, Hong Kong has in-depth knowledge of the industry and the necessary network with vineyards/wine-producing areas.

Understanding of Asian cuisines and wine pairing

Hong Kong people understand the wining and dining preferences of Asians. We also provide a good platform for pairing wines with Asian cuisine.



Proximity to the Mainland market

Strong economic performance, increased prosperity and changes in lifestyle have led to a significant rise in the demand for wine in Mainland China. As an international gateway to the Mainland, Hong Kong is in the prime position to capitalise on this trend.

Out of the 36 million visitors to Hong Kong in 2010, 22.6 million were from the Mainland. They can directly try and buy in Hong Kong wines from different parts of the world.

Bilingual environment

We have a bilingual business environment with a wealth of seasoned professionals proficient in Chinese and English. Information is made available in both languages as a matter of course.



Fundamental strengths

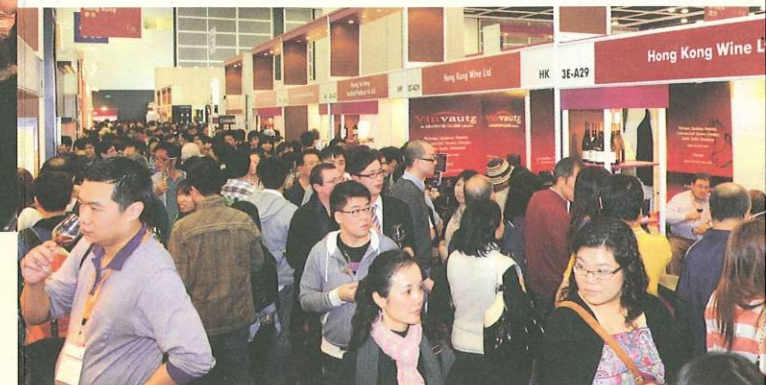
Hong Kong's global connectivity, strong foundations as an international business and financial centre, free economy, low and simple tax system, as well as clean and efficient government combine to provide a strong base for the development of wine-related businesses.



Supportive Measures

Facilitating the movement of wine into the Mainland

We have rolled out with the Mainland Customs in June 2010 facilitation measures for wines imported from Hong Kong. The measures include pre-valuation of wine and compressing the clearance time at Mainland ports. The measures are being tried out in Shenzhen. We are also exploring with Mainland authorities other facilitation measures.



Zero tariff for wines manufactured in Hong Kong into the Mainland

From 1 January 2011, wines manufactured in Hong Kong can enjoy zero tariff on their importation into the Mainland under the Closer Economic Partnership Arrangement (CEPA).

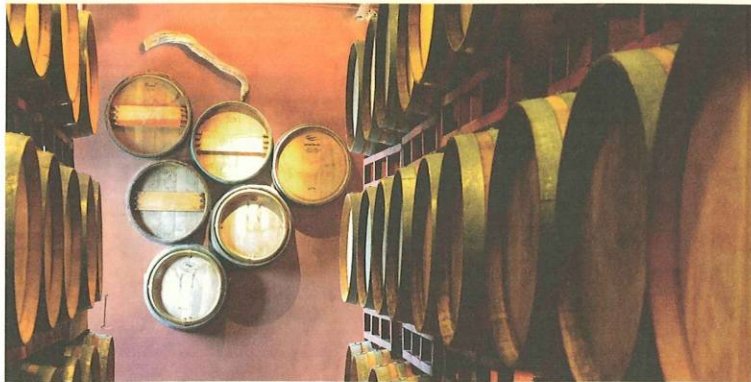
Promotion

The Government has been synchronising the strategies of various agencies in promoting wine trading and distribution, including the Hong Kong Trade Development Council, Invest Hong Kong and the Hong Kong Tourism Board. Riding on the publication of the "Michelin Guide" on Hong Kong since 2008, we have also been promoting wine and dine activities.

Key promotional events in Hong Kong include international wine fairs/roadshows such as Vinexpo, our "homegrown" International Wine & Spirits Fair as well as the Wine and Dine Festival.

Wine storage

Wine traders may choose to store their wine in reliable storage facilities to ensure that the quality of the wine as an investment stock is preserved. With the assistance of the Government, the industry and the Hong Kong Quality Assurance Agency launched in December 2009 a scheme for accrediting storage facilities which meet certain required standards. The scheme is being expanded to cover retailers and restaurants.



Manpower training and wine education

Local training institutions have been strengthening co-operation with overseas counterparts and developing enhanced training programmes for personnel engaged in wine-related business. More training materials are being translated into Chinese.



Enforcement action against counterfeit wine

Hong Kong Customs is constantly vigilant against possible counterfeiting activities. To help prevent the entry of counterfeit wine into Hong Kong, Customs officers carry out continuous risk assessments and, as necessary, inspections of wine imports at control points.

Hong Kong Customs has also formed an alliance with the industry and strengthened liaison with overseas enforcement agents to facilitate swift exchange of intelligence on counterfeit wine and prevent the import, export and sale of counterfeit wine.



Co-operation with trading partners

Hong Kong has signed co-operation agreements with major wine-producing countries/regions, including France (and its Bordeaux and Burgundy regions), Australia, New Zealand, Italy, Spain, Hungary, Portugal, the USA (and its Washington and Oregon states) and Chile to strengthen promotional activities in wine-related trade, tourism and investment, wine appreciation and education, as well as the fight against counterfeit wine.

Market Response to Zero Wine Duties

Wine imports – The import value amounted to US\$410 million, US\$595 million and US\$1,036 million in 2008-09, 2009-10 and 2010-11 respectively, representing a year-on-year growth of 80%, 45% and 74%.

New companies – Hundreds of wine-related companies have set up their business in Hong Kong, including wine traders, distributors, retailers, auction houses, storage businesses and a winery.

Wine auctions – International auction houses have held multiple wine auctions in Hong Kong. Total sales in 2010 amounted to US\$164 million. According to the industry, Hong Kong overtook New York to become the world's largest wine auction center in 2010.

Contact Us

Commerce and Economic Development Bureau

E-mail: cedbenq@cedb.gov.hk

Invest Hong Kong

<http://www.investhk.gov.hk>

Tel: (852) 3107 1000

E-mail: enq@InvestHK.gov.hk

Hong Kong Trade Development Council

<http://www.hktdc.com>

Tel: (852) 1830 668

E-mail: hktdc@hktdc.org

Hong Kong Tourism Board

<http://www.discoverhongkong.com>

Tel: (852) 2807 6543

E-mail: info@hktb.com

Hong Kong's overseas economic and trade offices

<http://www.gov.hk/en/about/govdirectory/oohk.htm>

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