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Hong Kong's surge in australian wine imports

How Australian wine is finding new paths to China: 74% increase in Australian wine exports to Hong Kong

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In 2023, the Australian wine industry witnessed a remarkable surge in its exports to Hong Kong, marking a significant shift in its global market dynamics. The export value of Australian wine to Hong Kong increased by an astonishing 74% year-over-year, amounting to AU$290 million (£149 million). This upswing was accompanied by a 27% rise in volume, with 9.4 million litres of wine shipped within a 12-month period compared to the same timeframe in 2022. This growth has positioned Hong Kong as a "standout" destination for Australian wine, amidst a challenging international trade environment.

Peter Bailey, Market Insights Manager at Wine Australia, highlighted Hong Kong's unique role in the global wine trade. Similar to Singapore, Hong Kong serves as a pivotal trading hub, where imported wines are often re-exported to other destinations. This characteristic is particularly relevant in light of the political tensions that have strained the relationship between Australia and China, previously the largest export market for Australian wine. In 2020, China imposed punitive tariffs on Australian wine amid the Covid-19 pandemic, significantly impacting the industry.

The review of these tariffs by China's Ministry of Commerce in late October 2023, with a conclusion expected by March, signals a potential thaw in trade relations. However, the surge in exports to Hong Kong suggests a strategic pivot by Australian wine exporters, possibly using the city as a conduit to reach the Chinese market indirectly.

The increase in wine exports to Hong Kong is supported by data from Wine Australia, which shows a rise in the number of exporters to Hong Kong to 531 in December 2023, up from 393 in December 2022. This figure, though substantial, pales in comparison to the 2,720 exporters to mainland China before the tariffs. Furthermore, Hong Kong's overall wine imports stood at 31 million litres in 2023, with 11 million litres re-exported to destinations including Macau, mainland China, Singapore, and Vietnam. This re-exportation underscores Hong Kong's role as a redistributing hub, although the exact volume of Australian wine making its way to mainland China remains uncertain due to the lack of specific tracking data.

The significance of Hong Kong to Australia's wine industry extends beyond its function as a trading hub. The tripling of value exports over the last decade underscores Hong Kong's growing importance as a market in its own right. Additionally, Asia remains the leading region for Australian wine export value, accounting for 37% of the total, ahead of Europe and North America. Within Asia, developed markets like South Korea, Japan, and Hong Kong continue to be crucial, while emerging markets such as Thailand, Vietnam, Malaysia, and the Philippines offer new opportunities for growth.

The dynamic shift in Australian wine exports to Hong Kong amidst geopolitical challenges and trade realignments reflects the industry's resilience and adaptability. As the situation evolves, especially with the ongoing review of tariffs by China, the Australian wine industry's strategic response will be closely watched. The potential for

reconciliation with China offers hope, but the strengthening market in Hong Kong and beyond signifies a diversification strategy that may redefine Australia's wine export landscape in the years to come.