Americans raid Hong Kong

8 Nov 2009 by Jancis Robinson

The Hong Kong fine wine market is in the rudest of health, it would seem, thanks largely to the abolition of wine duty there in Feb 2008 and the determined efforts of established auctioneers, particularly Americans, to benefit from it (see Auction fever in Hong Kong). Much of the wine bought in Hong Kong is believed to be bought by mainland Chinese and nationals of other Asian countries - just as the Hong Kong government intended.

Sotheby's reported that mainland Chinese buyers accounted for more than a third of buyers at their October sale in Hong Kong, up from 10% at a sale just a few months earlier according to AFP, who also report the announcement last week that Hong Kong and mainland Chinese officials have reached a deal on improving customs procedures to ease the flow of wine to the mainland. Double taxation has been a major problem, and encouragement for smugglers.

A triumphant report from John Kapon of Acker on his last sale of 2009 held on Saturday at the Island Shangri-La notes the following comparison of total volumes sold in 2009:

Acker Merrall & Condit HK$165.81 million (US$21.4 million)
Zachys HK$140.00 million (US$18 million)
Sotheby's HK$111.4 million (US$14.3 million)

Acker have held six live sales in Hong Kong and one online sale since entering the market in May 2008 and plan 'five to six' in 2009. And who can blame them?

Christie's have been relatively slow off the mark in Hong Kong (although the catalogue for their forthcoming 28 Nov sale can be found here) and it is notable that it has been the two leading American wine auctioneers who have milked Asia's new fine wine hub most effectively. As Kapon notes with glee, Hong Kong has overtaken London 'to become the second-most important wine auction centre in the world after New York' in terms of the total value of fine wine auctioned in 2009. It was only last year that the US overtook the UK in terms of the total amount of fine wine auctioned (as noted in What happened in 2008). And aready London has slipped into third place - despite the weakness of the pound.

As for British merchants and traders, Berry Bros and Farr Vintners were early on to the Hong Kong scene, long before the abolition of wine duty, and have been followed by a number of their British competitors, but Americans are hard on their heels. The San Francisco fine wine operation Vinfolio has expanded into Hong Kong and its HK branch is set to start online trading this month with prices inclusive of shipping to Hong Kong. They plan to open their own storage facility in Hong Kong in the first half of next year.

Go east, young man.