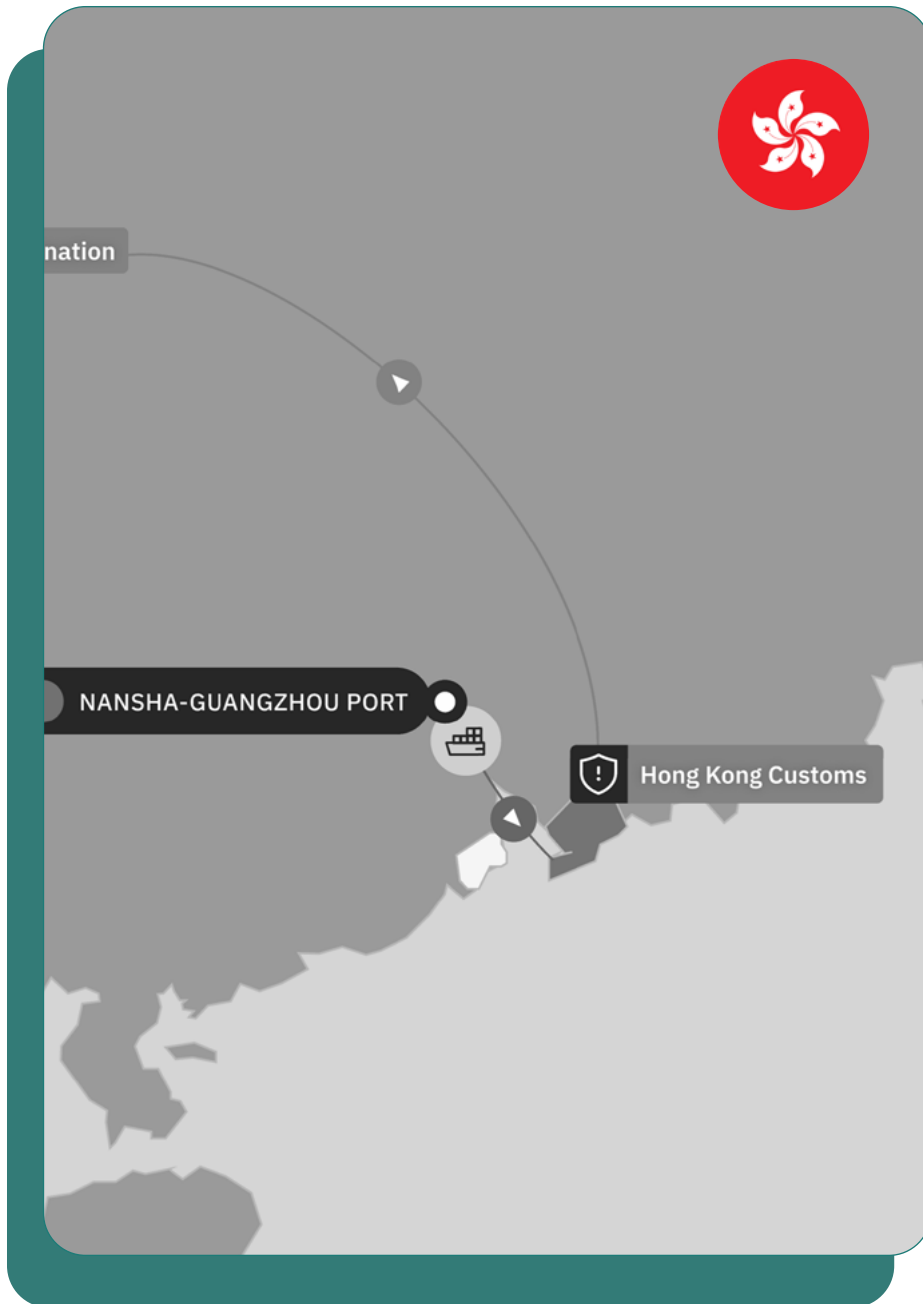


ApiraSol

E-CIGARETTES IN HONG KONG 2024/2025 – Q2

SUPPLY CHAIN INTELLIGENCE
APRIL 2026



Overview

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**INTRODUCTION &
METHODOLOGY**

Introduction

ApiraSol has been investigating the routes, brands, and entities involved in the trade of illicit e-cigarettes across various countries worldwide for several years.

In this particular research conducted in 2025, ApiraSol focused on the global illicit e-cigarette trade, drawing from trade data as well as open sources such as enforcement news, press releases from customs agencies, academic research papers, and online intelligence reports. The period covered for trade data spans January 2024 to December 2024, while enforcement-related news generally covers the years 2024 to 2025.

The Illicit E-Cigarette Trade: A Growing Global Challenge

The illicit e-cigarette trade is becoming a significant force reshaping the global nicotine market, fueled by rapid growth and mounting regulatory complexity. According to Euromonitor International, the illicit e-cigarette market was valued at **USD 47 billion in 2024**, representing over **70% of global spending** and roughly **three-quarters of total volume—equivalent to 605 billion cigarettes**. Furthermore, Euromonitor reported that illicit e-cigarette products exceed **80% penetration in North America, Latin America, the Middle East and Africa, and Asia Pacific**,

while Western Europe, though lower, continues to face persistent illicit trade despite increasing legislative pressures.

Regulatory Frameworks Driving Illicit Trade

Stringent bans and fragmented regulations often unintentionally fuel underground trade. Bans do not necessarily eliminate demand for e-cigarettes; where consumer interest persists despite such measures, gaps in legal supply may arise, creating opportunities for illicit suppliers to fill unmet demand. Even in countries with robust regulatory frameworks, unintended consequences may arise—strict compliance requirements and high taxation can make legal products more expensive and less accessible, while the convenience of illicit channels, including online and delivery-based sources, may further draw consumers toward cheaper, non-compliant alternatives. These conditions typically incentivize smuggling and the use of transshipment hubs in regions with weaker oversight, allowing illicit goods to infiltrate regulated markets.

Complex regulations also often create loopholes that illicit networks exploit, such as mislabeling products or routing shipments through multiple jurisdictions to obscure origins. While strong regulations aim to protect public health, without equally strong

enforcement, these often end up driving demand for illicit products rather than curbing it.

China's Regulatory Gaps and Insufficient Enforcements

China produces the vast majority of e-cigarettes globally, making its regulatory framework critical to controlling illicit trade. The **Administrative Measures for Electronic Cigarettes** (effective May 1, 2022) require that all e-cigarette products comply with mandatory national standards and that producers, exporters, and retailers obtain licenses from the State Tobacco Monopoly Administration (STMA). Similarly, the **Administrative Rules for E-Cigarettes Import-Export Trade** (issued October 2022) stipulate that only licensed exporters can ship products abroad, and exported goods must either meet the destination country's regulations or adhere to China's national standards.

In practice, however, exports are not sufficiently controlled. Loopholes in licensing, weak oversight of small-scale producers, and limited monitoring of export compliance allow unlicensed operators to bypass official channels.

Compounding these issues is weak enforcement in many destination countries. These challenges are amplified by the growing use of digital platforms such as social media, messaging apps, and

informal online channels, which make detection and enforcement even harder.

Without stronger controls and enforcement mechanisms in China, and investment in monitoring capabilities in destination countries, illicit trade will continue to thrive despite regulatory efforts.

On December 18, 2025, China's General Office of the State Council issued a policy document titled "Opinions on Combating Tobacco-Related Illegal Activities Across the Entire Chain", which sets out a comprehensive enforcement strategy against illicit tobacco and nicotine products. The Opinions explicitly bring electronic cigarettes and other nicotine-containing products under strengthened regulatory scrutiny, calling for full-chain enforcement against the illegal production, wholesale, transportation, sale, and "export re-flow" of e-cigarettes and related products. This includes tightening oversight of e-cigarette manufacturing and supply chains, cracking down on unauthorized operations, and treating unlawful export and smuggling back into China as enforcement priorities alongside traditional tobacco smuggling.

The text of the Opinions does not designate exports to overseas destination markets as independent enforcement targets; rather, references to other countries and cross-border cooperation are tied specifically to preventing illegal e-cigarette exports from re-entering China's domestic market. This confirms that the

primary focus is safeguarding China’s domestic regulatory objectives, public health, and market order, with international cooperation positioned mainly as a means to curb the re-flow of illicit products back into China. The effectiveness of China in stepping up its enforcement efforts to control the illicit trade of tobacco and nicotine products remains to be seen.

Amid the alarming surge of illicit market activity and mounting regulatory complexity, ApiraSol’s 2025 investigation into the global e-cigarette trade will map illicit trade flows, analyze seizure patterns across countries and regions, and uncover the mechanisms enabling this shadow economy.

Methodology

This report has been prepared using various data sources, including (but not limited to):

- Publicly available customs trade data for the period January 2024 - December 2024. For those countries covered in this report that don’t make their customs data publicly available, data has been obtained from the mirrored data of other countries.
- Statistical data for the period January 2024 - June 2025.
- News articles relating to enforcement and seizures.

Terminology and Definitions

Statistical Data - Numerical information representing measurable aspects of economic, demographic, social, or environmental phenomena, as produced by national statistical offices, government agencies, or intergovernmental organizations.

Trade Data - Information on the movement of goods and services between countries, typically reported by customs authorities and presented in terms of import and export volumes, values, origin, and destination.

Enforcement News - Reports and updates issued by law enforcement, customs, or regulatory agencies on activities such as investigations, product seizures, arrests, policy actions, and other official measures.

In the trade data, Origin and Destination Countries refer to the following:

Origin Countries - Shipment Origin Countries declared in publicly available trade data between January 2024 - June 2025.

Destination Countries - Shipment Destination Countries declared in publicly available trade data between January 2024 - June 2025.

2

**E-CIGARETTE
TRADE - ASIA**

E-Cigarette Trade - Asia

This report examines the trade of e-cigarettes in **Hong Kong**.

The e-cigarette landscape across Asia is marked by a diverse and rapidly evolving regulatory environment. Countries like **India, Singapore, Taiwan, Thailand, Vietnam**, and **Hong Kong** have implemented strict bans on the import, sale, and use of e-cigarettes, citing public health concerns and youth protection. Others, such as **Australia, Malaysia, Indonesia** and the **Philippines**, have opted for regulated frameworks, allowing e-cigarettes under specific conditions—often with licensing, age restrictions, and product standards. Meanwhile, **China** and **South Korea** treat e-cigarettes as tobacco products, subjecting them to taxation, licensing, and safety regulations.

In many countries, there is a significant discrepancy between the value of e-cigarettes declared as exported from China and the value reported as imported by the destination country—**often with China’s export figures being much higher**. This statistical gap may indicate the **presence of illicit trade**, where products enter markets without being officially recorded or taxed.

However, in cases like **Singapore** and **Hong Kong**, the opposite trend is observed: declared imports from China exceed China’s reported exports. This suggests these locations may serve as transshipment hubs, where e-cigarettes—both legal and illicit—

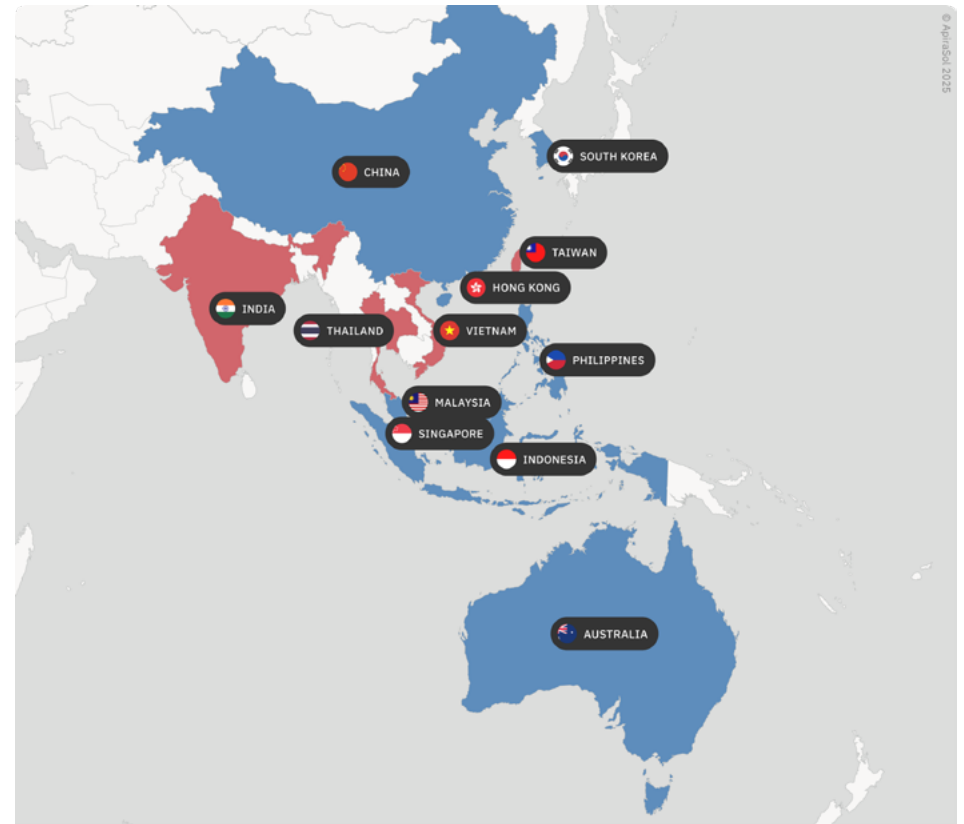
are imported, stored, and re-exported to other countries in the region.

Illicit e-cigarette trade continues to rise across Asia despite regulatory measures. Euromonitor estimates illicit incidence to be at least 60% in Indonesia and Malaysia, and around 80% in South Korea and the Philippines—underscoring the scale and persistence of the problem across the region. Enforcement reports consistently identify China as the main source, with large volumes of unregistered, untaxed, flavored, and high-nicotine devices produced in southern China and smuggled into most neighboring countries.

While most seizures trace directly back to **China**, some cases involve other routes—such as products intercepted in **Indonesia, Singapore, Malaysia**, and **Thailand** coming through Southeast Asian countries, and shipments in **India** linked to Middle Eastern suppliers. These are few compared to the overwhelming volume of China-origin products dominating the market.

Authorities—including customs, health ministries, and anti-smuggling units—have intensified crackdowns, seizing millions of illegal devices and launching awareness campaigns. Yet enforcement gaps and strong consumer demand fuel a thriving underground market, increasingly tied to organized crime. Australia

illustrates how these dynamics can escalate: since 2023, authorities have reported multiple bombing incidents and violent attacks connected to criminal groups involved in illicit tobacco and vaping products. This trend suggests that the illicit e-cigarette trade is not only a regulatory concern but may also pose broader public safety risks as it intersects with organized crime and, in some cases, adulterated or drug laced products.



3

E-CIGARETTE TRADE - HONG KONG

Summary

Hong Kong's official e-cigarette trade statistics reveal pronounced gaps when compared with the corresponding records of key trading partners. For instance, China's declared export values to Hong Kong are far lower than the import values reported by Hong Kong's authorities. Several factors contribute to these discrepancies:

- **Regulatory Environment:** Hong Kong's bans on import, sale, and promotion of alternative smoking products (as legislated in the Smoking (Public Health) (Amendment) Ordinance 2021) incentivize routing goods through indirect channels, while some shipments remain concealed using false documentation, ambiguous classifications, or are transacted within black markets and online platforms.
- **Transshipment and re-routing:** Hong Kong serves as a major transit and re-export center for e-cigarette products. Goods may be imported and quickly re-exported to third countries such as Italy or Taiwan, but these movements can be recorded differently by each jurisdiction, leading to mismatched figures.
- **Misdeclaration and evasion:** Differences in customs classification, declaration requirements, and reporting periods between Hong Kong and its partners often result in statistical inconsistencies.

- **Incomplete or Delayed Reporting:** Some shipments lack complete data—such as shipment weight or transport mode—hampering transparency and granular reconciliation.
- **Customs Data Limitations:** Differences in classification standards, documentation practices, and valuation methods between Hong Kong and its trading partners exacerbate discrepancies, making reconciliation of bilateral trade figures challenging.
- **Prevalence of Smuggling and Illicit Trade:** The region's thriving logistics sector and high demand for alternative smoking products create opportunities for smuggling, under-declaration, and other evasive practices. High-profile seizures at ports and border crossings, as well as enforcement operations against illegal sales networks, further highlight the volume of unrecorded or misreported trade.

Statistical gaps in Hong Kong's e-cigarette trade arise from a combination of transshipment activity, administrative differences, illicit flows, and regulatory evasion. Resolving these discrepancies requires enhanced inter-agency cooperation, harmonized reporting standards, stronger enforcement against illegal trade, and ongoing monitoring of regional flows to improve transparency and policy effectiveness.

Regulatory Overview

Hong Kong enforces one of the world's most stringent regulatory regimes for e-cigarettes and related devices, collectively referred to as Alternative Smoking Products (ASPs). Under the Smoking (Public Health) (Amendment) Ordinance 2021, a comprehensive ban has been in place since April 30, 2022, prohibiting the import, manufacture, sale, distribution, and promotion of e-cigarettes, heated tobacco products, herbal cigarettes, and associated substances.

In April 2025, the government gazetted the Tobacco Control Legislation (Amendment) Bill 2025, marking a new phase in its tobacco control strategy. This bill introduces several key amendments aimed at further reducing smoking prevalence and curbing illicit tobacco activities. Notably, it proposes a ban on the possession and use of ASPs in public areas, effective April 30, 2026, with violators subject to a HK\$3,000 fixed penalty.

The bill also introduces a duty stamp system for cigarettes, requiring all duty-paid products to carry a validated stamp. Penalties for offenses involving duty-not-paid tobacco are significantly increased, with fines raised to HK\$2 million and imprisonment up to seven years. These offenses are now listed under the Organized and Serious Crimes Ordinance, enabling asset freezes and enhanced enforcement.

Statistical Data (Global Perspective)

Hong Kong's declared exports of e-cigarettes to World in 2024 totaled \$36,333,000, while Hong Kong's declared imports from World reached \$42,907,000—creating a **discrepancy of approximately \$6.57 million**. The gap likely reflects a mix of technical, commercial, and potentially illicit factors. Timing mismatches between when shipments are recorded as exports and imports, Hong Kong's role as a re-export and transshipment hub, can make imports appear higher than exports. Undervaluation, misdeclaration, or partial non-declaration of outbound e-cigarette shipments can further widen the discrepancy, especially where traders use Hong Kong to facilitate regulatory arbitrage or grey/illicit onward flows.

Total Value 2024:

- Total Exports from Hong Kong 2024: \$36,333,000
- Total Imports to Hong Kong 2024: \$42,907,000
- **Statistical Gap: \$6,574,000**

Statistical Data (China as Origin)

China's declared exports of e-cigarettes to Hong Kong in 2024 totaled \$667,634, while Hong Kong's declared imports from China reached \$42,712,000—creating a **discrepancy of approximately \$42 million**. This large gap suggests extensive re-routing, misdeclaration, or transshipment activities, which may mask the true volume and direction of e-cigarette trade between China and

Hong Kong. It is possible that Hong Kong is used as a transit hub or intermediary, with products passing through for onward shipment to other destinations. Such practices complicate statistical records and may reflect attempts to bypass trade restrictions, regulatory scrutiny, or leverage favorable tax regimes.

Total Value 2024:

- Total Exports from China 2024: \$667,634
- Total Imports from China 2024: \$42,712,000
- **Statistical Gap: \$42,044,366**

EXPORTS OF E-CIGARETTES FROM HONG KONG TO WORLD - STATISTICAL DATA (ITC DATABASE)

HS Code	HS Code Description	ORIGIN COUNTRY	DESTINATION COUNTRY	Value in 2024 (Unit : US Dollar thousand)
24041200	Other products intended for inhalation without combustion, containing nicotine	HONG KONG	WORLD	16,712
24041900	Other products intended for inhalation without combustion, containing tobacco or nicotine	HONG KONG	WORLD	19,466
85434000	Electronic cigarettes and similar personal electric vaporising devices	HONG KONG	WORLD	155
Total:				36,333

IMPORTS OF E-CIGARETTES TO HONG KONG FROM WORLD - STATISTICAL DATA (ITC DATABASE)

HS Code	HS Code Description	ORIGIN COUNTRY	DESTINATION COUNTRY	Value in 2024 (Unit : US Dollar thousand)
24041200	Other products intended for inhalation without combustion, containing nicotine	WORLD	HONG KONG	34,259
24041900	Other products intended for inhalation without combustion, containing tobacco or nicotine	WORLD	HONG KONG	8,648
85434000	Electronic cigarettes and similar personal electric vaporising devices	WORLD	HONG KONG	0
Total:				42,907

EXPORTS OF E-CIGARETTES FROM CHINA TO HONG KONG - STATISTICAL DATA (ITC DATABASE)

HS Code	HS Code Description	ORIGIN COUNTRY	DESTINATION COUNTRY	Value in 2024 (Unit : US Dollar thousand)	Value in 2025-Q1 -Q2 (Unit : US Dollar thousand)
24041200	Other products containing nicotine, intended for inhalation without combustion	CHINA	HONG KONG	454	210
24041990	Other products containing nicotine substitutes, intended for inhalation without combustion	CHINA	HONG KONG	1	0
24041910	Other products containing tobacco substitutes, intended for inhalation without combustion	CHINA	HONG KONG	0	0
85434000	Electronic cigarettes and similar personal electric vaporizing devices	CHINA	HONG KONG	212	182
Total:				667	392

IMPORTS OF E-CIGARETTES TO HONG KONG FROM CHINA - STATISTICAL DATA (ITC DATABASE)

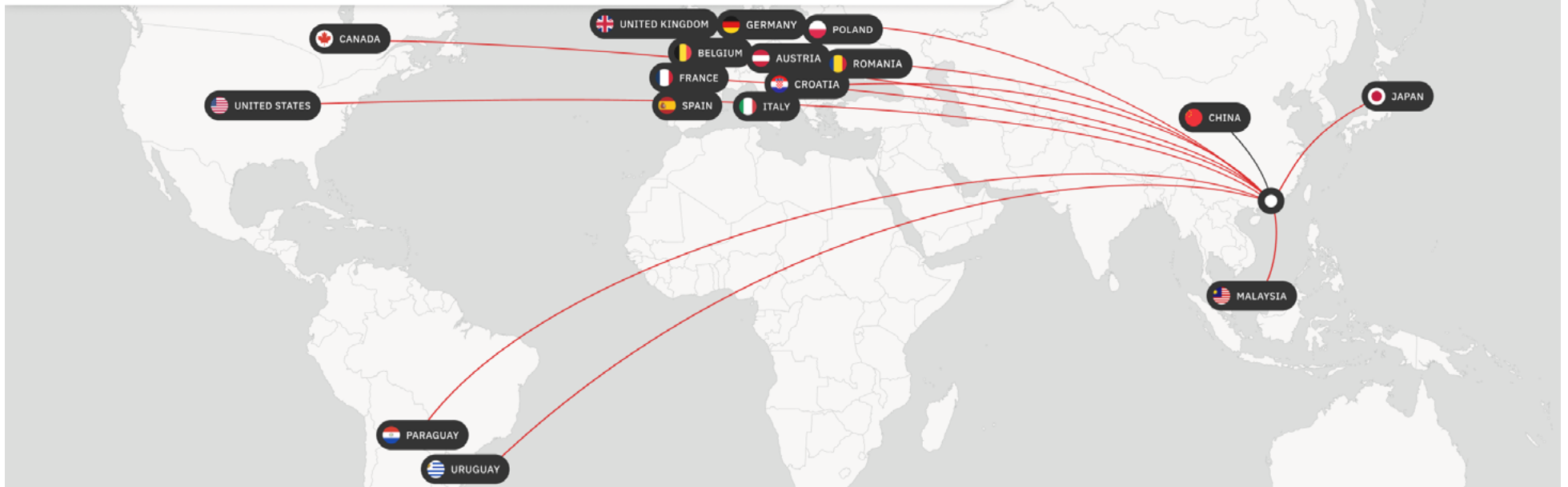
HS Code	HS Code Description	ORIGIN COUNTRY	DESTINATION COUNTRY	Value in 2024 (Unit : US Dollar thousand)	Value in 2025-Q1 -Q2 (Unit : US Dollar thousand)
24041200	Other products intended for inhalation without combustion, containing nicotine	CHINA	HONG KONG	34,259	18,346
24041900	Other products intended for inhalation without combustion, containing tobacco or nicotine . . .	CHINA	HONG KONG	8,453	0
85434000	Electronic cigarettes and similar personal electric vaporising devices	CHINA	HONG KONG	0	N/A
Total:				42,712	18,346



<u>Exports</u> from Hong Kong (Global Perspective)	<u>Imports</u> to Hong Kong (Global Perspective)	Statistical Data Gap *
36,333,000	42,907,000	-6,574,000
Total 2024 Value (USD)	Total 2024 Value (USD)	

<u>Exports</u> from China to Hong Kong	<u>Imports</u> to Hong Kong from China	Statistical Data Gap *
667,634	42,712,000	-42,044,366
Total 2024 Value (USD)	Total 2024 Value (USD)	
1H 2025 Value (USD): 392,000	1H 2025 Value (USD): 18,346,000	

* Difference between the Exports and the Declared Imports (USD) — From Hong Kong — To Hong Kong



The online articles report on **seizures of illegal e-cigarette products in Hong Kong**.

Hong Kong Customs has cracked down on smuggled e-cigarettes and oils at ports such as Nansha and Shenzhen Bay Control Point. Some shipments were destined for transshipment to Italy or Taiwan, while others were found in local logistics hubs and retail stores. Authorities have also uncovered illegal labs producing drug-laced e-cigarettes and arrested suspects at border crossings.

Large-scale seizures, record-breaking raids, and multi-agency enforcement actions highlight Hong Kong's role as a key transit hub and distribution point for illicit e-cigarette products. Syndicates employ bribery, social media sales, and complex logistics networks to evade detection, while persistent market demand continues to drive the supply of illegal goods. Customs and anti-corruption agencies respond by intensifying border checks, collaborating across departments, and urging public involvement to disrupt these sophisticated smuggling operations.






- **Locations of seizures:** Seizures occurred at Hong Kong sea ports, Lok Ma Chau border point, river trade facilities, and warehouses; key shipments arrived from Nansha (Guangzhou, China) for transshipment to Europe.
- **Products seized:** Illicit e-cigarettes, nicotine liquids, accessories, counterfeit goods, and “space oil” drug capsules, often mixed with legitimate cargo.
- **Scale & Tactics:** Seizures ranged up to HK\$1 million in value; large networks used concealment, mixed cargos, and illicit labs.



HONG KONG ILLCIT TRADE OVERVIEW

Hong Kong Customs has cracked down on smuggled e-cigarettes and oils at ports such as Nansha and Shenzhen Bay Control Point. Some shipments were destined for transshipment to Italy or Taiwan, while others were found in local logistics hubs and retail stores. Authorities have also uncovered illegal labs producing drug-laced e-cigarettes and arrested suspects at border crossings.

Legend

-  Interception
-  Container Ship
-  ENDS are banned
-  Illicit Shipment
-  Intended Route





HONG KONG ENFORCEMENT NEWS

Hong Kong's Independent Commission Against Corruption (ICAC) dismantled an illegal e-cigarette sales group, arresting 16 people and seizing over 200,000 e-cigarette products worth HK\$20 million, the largest such seizure since the city's e-cigarette ban.

Hong Kong, China Cracks Down on E-Cigarette Smuggling with HK\$20 Million Seizure

May 09



Legend



Seizure



ENDS are banned

Source

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