

Selling Vodka in China

Composed in **October 2018** by **Rafael Jimenez**, Project manager of Enterprise Estonia

Contact: rafael.jimenez@eas.ee

Imports Size (Spirits)

The size of imported market for spirits is about USD 1.1 billion. Bear in mind that

- About 90 % of spirits' imports is made of two categories: Brandy and Whisky. With Cognac enjoying 75%, while whisky is about 13%
- The remaining 10% splits among vodka, tequila, rum, gin, and others
- Consumption of high percentage alcohol spirits is intense in China; however, local spirit *baijiu* dominates with more than 90% of consumption among Chinese when compared with imported spirits; very prevalent in Chinese culture.
- Chinese people born after 1990 shifts progressively to imported spirits, and new categories, including vodka
- Those born after 1980 either prefer *baijiu* or stick to premium cognac brands or premium whisky.
- Born before 1980 are *baijiu* drinkers.
- Women disregard high alcohol drinks except if mixed in cocktails, dampening the strong alcohol content.

Vodka

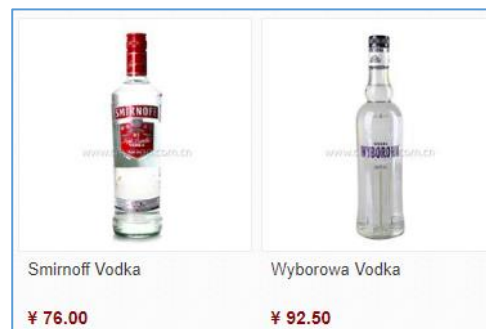


AnestasiA Vodka 钻石伏特加

上世纪50年代，伏特加酿造工艺传到了美国，那时禁酒令刚刚结束不久，这种清澈纯净的烈酒便很快在美国流行起来。到了上世纪末，瑞典、法国、德国、芬兰、日本也开始酿造品质出众的伏特加，进一步壮大了伏特加家族。

本就没有太多个性和内涵的伏特加，却在如今遍布全球，成为大热的酒款，这与其成功的商业运作是分不开的。现如今，众多品牌争相推出新产品以吸引眼球，独特的酒瓶设计或包装或特别推出的限量版出现在世界各个角落，推动了伏特加在全球范围内的知名度。

- Vodka is not well known in China yet, however, it is ahead of gin and has a chance with post 1990 generations, young urban people.
- Vodka importers of little known brands are active in the Horeca channel. See e.g. the promotion in WeChat
- In the off-trade channel, the vodka brands on sale are all from multinational companies, see the offer on sale at a supermarket





- However, Grey Goose vodka is performing very well among vodkas in China in the on-trade (disco clubs, pubs). The French company (now Bacardi group) develops a frenzy marketing activity aimed at young urban Chinese consumers.

Brandy

- A fantastic success among imported spirits. Four times the size of whisky imports. However, Chinese post 1980 identify brandy with cognac premium brands. Actually, they surely ignore that brandies do not necessarily mean cognac.
- It will require a specialized importer **understanding** deeply the brandy category.

Imports Size (Beer)

A category on the rise that of imported beer. Consumers moving to craft beers. A market worth to explore. Life on the shelf is crucial. Minimum one year. Frenzy demand from consumers, of new beers

Taxes and Duties

Vodka

Type of Tariff and Tax	Rate
MFN (Most-favored Nation):	10%
Gen (General Tariff Rate):	180%
VAT (Value-added Tax):	16%

Brandy

Type of Tariff and Tax	Rate
MFN (Most-favored Nation):	10%(provisional5%)
Gen (General Tariff Rate):	180%
VAT (Value-added Tax):	16%

Beer

Type of Tariff and Tax	Rate
MFN (Most-favored Nation):	0%
Gen (General Tariff Rate):	7.5yuan/liter
VAT (Value-added Tax):	16%

Import Restrictions

In all cases requires

- The importer having the appropriate license
- Getting health certificate from China Inspection and Quarantine
- Registering (is done online) some administrative data of the original supplier
- No major restrictions to alcohol drinks imports
- Hemp will be surely objected

Recommendations

- Get a more detailed report for vodka, brandy, and beer categories. EAS offers such service if you wish. Please, see <https://www.eas.ee/teenus/eksport-hiina/turuanaluuside-koostamine/>

- Hiring services for B2B matchmaking is usually the most effective way to find the right importer. Usually, in conjunction with assistance to a trade fair. Ask EAS Asia Centre or author how to proceed.

Annex

Alcoholic Drinks

Exporters	Imported value in 2017 USD x 1000	Growth over 2016	Market Share %
France	877 349	34,8%	75,9%
United Kingdom	128 092	23,8%	11,1%
Taipei, Chinese	27 631	28,0%	2,4%
United States of America	16 416	24,1%	1,4%
Japan	11 964	29,0%	1,0%

Beware; most of it is Cognac (75%), and Whisky (15%). The remaining 10% is vodka, tequila, rum, qin, cordials, and

Beer

Exporters	Imported value in 2017 USD x 1000	Growth over 2016	Market Share %
Germany	209 494	-13,9%	27,9%
Mexico	110 748	144,4%	14,8%
Belgium	69 704	30,3%	9,3%
Netherlands	65 871	-35,9%	8,8%
Portugal	63 389	72,6%	8,4%
Spain	51 652	-7,7%	6,9%
Korea, Republic of	49 834	98,8%	6,6%
France	40 704	30,8%	5,4%
United Kingdom	25 806	82,0%	3,4%
Russian Federation	12 799	25,2%	1,7%
United States of America	9 180	4,3%	1,2%
Italy	5 956	-34,5%	0,8%
Denmark	4 634	25,5%	0,6%
Ireland	4 182	48,2%	0,6%
Taipei, Chinese	3 377	76,5%	0,5%
Austria	2 496	-40,3%	0,3%
Poland	2 148	-21,5%	0,3%
Czech Republic	1 957	-18,6%	0,3%
Japan	1 947	85,1%	0,3%
Hungary	1 758	774,6%	0,2%
New Zealand	1 707	78,2%	0,2%
Australia	1 268	30,1%	0,2%
Singapore	1 086	1257,5%	0,1%

Notice that 'standard beers' (German, Netherlands) are down, while non usual beers (Belgium, UK, others) are up