



Trend Analysis on Chinese Imported Alcoholic Drinks Market (1st Half Year, 2015)

1. Regulation & Policy

Norm on Terminology of Imported Wine will come into effect

It had been declared by MOFCOM, *the Norm on Terminology of Imported Wine*, which was initiated by CAWS, will come into effect on Sept 1st, 2015. It is a recommended industry standard, which could be widely applied to labels of imported wine, inspection and quarantine clearance, distribution, regulation and etc. It will be a great help to importers, suppliers, consumers, research institutions, individual researchers and imported wine lovers in getting more accurate information. This Norm filled in the blank of translation standard in the Chinese imported wine market.

CAWS will soon start the drafting process of the *Norm on Terminology of Imported Beer*, as the counterpart of *the Norm on Terminology of Imported Wine* in the imported beer industry. It is also a recommended industry standard, and the first term translation standard in imported beer market. It will include the relevant terms in the imported beer label, such as beer's raw material, genres, and the breweries & beer brands of the main producing countries.

2. CAWS News Briefing

● **“Vin 2 China” Project Conference & Signing Ceremony was held in Shanghai**

Held by CAWS, Wajiu.com and China Ordins Group, “Vin 2 China” Project Conference & Signing Ceremony was held in Shanghai on July 17,2015.

“Vin2China” is a combination of Wajiu.com’s advantage in the current E- commerce development trend ;



China Ordins Group's advantage in offline advantages such as logistics, warehousing& customs, and CAWS's advantage in industry influence and international promotion & communication, leading to a complete new model of international trade, making the best of free trade policy and logistics hub, relying on the three parties' rich resources of upstream manufacturers and downstream customers, creating a platform of procurement, logistics, warehousing, distribution, financial services.

"Vin 2 China" is an imported wine business model based on the "long tail theory", providing the retailers with a more abundant collection of imported wine and a better price.

Mr. Wang Xuwei, Secretary-General of CAWS attended this activity and gave a speech, made a brief introduction of the Chinese imported wine market situation and Vin 2 China's potential influence on the market in the future. CAWS, as the strategic partner of "Vin 2 China", will do its part in the linking with the foreign associations & enterprises, promoting the communication and the cooperation, to facilitate and promote "Vin 2 China" Project.

On the same day as the Conference & Signing Ceremony, seven world-famous wine producers & logistic companies, including Group Penaflo from Argentina, Group Freixenet from Spain and JF Hillebrand from Germany, signed with "Vin 2 China". And the attendees of the Ceremony were invited to visit the Sample Warehouse to have the first-hand experience.

There were nearly 50 foreign wine producers, from France, Spain, Italy, Australia, Chile, Argentina and etc took part in this activity, representing the leading producers and the local characteristic ones. Besides the Vinos de Chile which gave the speech as the representatives of the associations, other foreign industry association & governments also sent their representatives.

● **Vice-President Yu Lu met the General Director of OIV, Jean-Marie AURAND**

On July 11th, Madam Yu Lu, the Vice-President of CFNA (the superior chamber to CAWS) met the General Director of OIV, Mr. Jean-Marie AURAND, accompanied by Madam Carole LY, the Agricultural Counselor of French Embassy. Mr. AURAND made a detailed introduction of the structure and functions of OIV, and expressed the good willing that China should join OIV.



● **Secretary-General Wang Xuwei met Mr. Tim Dillon, the Greater China Special Commissioner of the State of Victoria, Australia**

On July 29th, Secretary-General Wang Xuwei met Mr. Tim Dillon, the Special Commissioner in Greater China of the State of Victoria, Australia.

Mr. Dillon made a detailed introduction on the production situation of Victoria. Victoria was the third largest state counted by the wine production, had lots of wineries which have won the world-class prizes. And now Chinese mainland had been the top 1 export target market of Victoria.

Secretary-General Wang made an introduction on the Chinese imported wine market situation and development trend. Both sides exchanged opinions of how to promote the Sino-Australian cooperation in the wine industry, and the export of wine from Victoria to Chinese mainland.

● **WAJIU.COM has obtained Series A financing with USD 20 million**

It is reported that the first and continuous leading cross-border trading B2B online marketplace, WAJIU (wajiu.com), has recently completed Series A financing with USD 20 million, creating a new record of imported drinks (W & S) sector financing in China. Under the situation of global weak economic recovery and intensifying market turbulence, WAJIU's successfully high value financing shows optimistic evaluation of WAJIU and its management team.

WAJIU formally launched in March 2014, by means of the Internet and value-added services to help foreign manufacturers directly facing the Chinese territory with hundreds of thousands of retail stores, supermarkets, chain cellar, star hotels, and other terminal sales channels; enables transactions between both sides with zero distance, zero time difference and zero barrier; helps manufacturers to establish a solid brand image in the vast Chinese end-consumer market, access to stable sales and prevent traditional model with opaque information about producer and pricing. After more than a year of rapid development, WAJIU has become an emerging leading enterprise in Chinese imported drink industry (W & S). Currently, WAJIU has established in-depth business relationship with a number of world-renowned manufacturers, highly trusted by cooperative parties and become the first choice as a strategic platform for foreign wine producers, especially new manufacturers who want to succeed in Chinese and the Asia-Pacific market. The CEO of WAJIU, Mr Li Meng says that more resources will be devoted to the manufacturing end, but also welcome more manufacturers to join WAJIU to serve the Chinese and Asia-Pacific markets.

3. Market Analyses of 1st Half Year, 2015■ **General Status**

The following statistics include but are not limited to spirits, beer and wine.

Commodity	Import Quantity (Liter)	Import Value (USD)	Average Price (USD/Liter)	Quantity Y/Y	Value Y/Y	Average Price Y/Y
Total	561,116,398	1,630,279,532	2.91	59.05%	24.83%	-21.35%
Spirits Total	27,293,480	399,344,033	14.63	14.44%	-0.30%	-12.89%
Beer Total	221,729,171	240,152,488	1.08	63.28%	44.48%	-11.52%
Wine Total	245,943,632	928,756,194	3.78	43.60%	30.70%	-8.98%

According to the above form, in the first half year, the imported alcoholic drink market was increasing, except Spirits' imported value shrank a little bit, the imported beer and wine were increasing in both quantity and value, and the growth rates were higher than the first quarter. Especially the imported wine showed a much stronger signal of rebounding. Another point to notice is that: compared to the first quarter, the decreasing range of the average price of spirits and wine got narrowing, that's another signal of the possibility of market back to increase.

Among them, the status of wine is as follows:

Commodity	Import Quantity (Liter)	Import Value (USD)	Average Price (USD/Liter)	Quantity Y/Y	Value Y/Y	Average Price Y/Y
Sparkling Wine	5,985,331	29,465,269	4.92	5.48%	-20.65%	-24.77%
Bottled Wine	179,496,344	856,748,395	4.77	35.09%	33.21%	-1.39%
Bulk Wine	60,461,957	42,542,530	0.7	84.78%	40.28%	-24.08%

When it came to imported wine, the major part of imported wine, bottled wine, was rebounding at a even faster speed than the first quarter in both quantity and value, and the decreasing range of the average price got narrowing, as for the sparkling wine, it had a good year in 2014, while now when the bottled wine was increasing, it seemed more like still being in a period of adjustment, maybe the usual high consumption in summer will do it some good; the bulk wine increased both in volume and value, but decreased in average price.

**■ The Original Bottled Wine Status**

Importing source conditions:

Country	Import Quantity (Liter)	Import Value (USD)	Average Price (USD/Liter)	Quantity Y/Y	Value Y/Y	Average Price Y/Y	Market Share
France	73,277,604	369,019,291	5.04	30.94%	31.37%	0.33%	43.07%
Australia	25,080,748	210,182,621	8.38	53.10%	84.86%	20.75%	24.53%
Chile	21,651,421	77,474,594	3.58	25.46%	26.92%	1.17%	9.04%
Spain	25,148,603	52,809,322	2.1	60.97%	14.27%	-29.01%	6.16%
Italy	11,411,673	41,036,081	3.6	21.20%	-3.48%	-20.36%	4.79%
United States	5,089,562	27,408,943	5.39	-21.29%	-21.32%	-0.04%	3.20%
South Africa	4,762,334	21,078,468	4.43	141.29%	158.37%	7.08%	2.46%
New Zealand	900,488	9,695,875	10.77	-4.52%	-16.54%	-12.59%	1.13%
Argentina	2,501,440	9,368,792	3.75	30.00%	15.19%	-11.39%	1.09%
Germany	1,982,143	9,056,027	4.57	11.59%	-7.50%	-17.11%	1.06%
Portugal	2,629,905	7,411,366	2.82	58.22%	-2.80%	-38.57%	0.87%
Canada	552,468	5,546,770	10.04	39.45%	32.86%	-4.73%	0.65%
Hungary	666,467	2,425,546	3.64	39.87%	40.98%	0.80%	0.28%
Romania	821,700	2,396,212	2.92	100.58%	66.47%	-17.00%	0.28%
Georgia	544,909	2,389,784	4.39	73.59%	40.68%	-18.96%	0.28%

In the first half year of 2015, it seemed that the bottled wine market was not just rebounding, what's more, it might be in another upward trend.

- a. *Another upward trend*: since the second half year of 2014, bottled wine market showed the sign of rebounding, in the first half year of 2015, this sign became a trend, the market increased by 33.21%, considering the market's considerable scale nowadays, this increasing range is quite remarkable. And the Top 4: France, Australia, Chile and Spain continued rising in both quantity & value, and at a faster speed than 1st quarter. Most of the other resources among the Top 15 saw the positive growth in both quantity & value. It could be asserted now that the imported wine was in another rising trend.
- b. *Australia, No.2 took a giant step*: the influence of future of Sino-Australian FTA is quite great in the imported wine industry, on June 17th, 2015, the representatives of China and Australia signed the Sino-Australian FTA in Canberra, and the tariff reduction was planned as that: the tariff on Australian bottled wine is 14% now, it will drop by 2.8% each year, and finally drop to 0 in 2019.



Before Australia, New Zealand and Chile have benefited from it. Australia also had its share this time. In the first half year, Australian bottled wine increased by 84.86%, a big step for a source which had been the No.2.

While the Australian bottled wine’s increasing speed began to slow down in the second quarter, maybe the market had discounted some of the positive expectation of the future of the FTA. If the Australian wine wanted to increase faster, it may need to do more.

- c. France, No.1 stroke back: When Australia’s growth rate began to slow down, while France began to speed up since May, in June its monthly value increase rate was over 100%, and pushed its market share beyond 40% (in the first half year), back to a situation that France outnumbered Australia nearly 2 to 1.

■ The Beer Status

Importing source conditions:

Country	Import Quantity (Liter)	Import Value (USD)	Average Price (USD/Liter)	QuantityY/Y	Value Y/Y	Average Price Y/Y	Market Share
Germany	87,208,377	77,111,604	0.88	13.42%	-14.59%	-24.70%	32.11%
Holland	56,935,755	67,903,006	1.19	293.31%	322.71%	7.47%	28.27%
Mexico	11,949,003	15,065,102	1.26	138.73%	154.97%	6.80%	6.27%
Spain	9,843,053	14,467,940	1.47	92.89%	104.59%	6.07%	6.02%
France	6,801,719	12,683,105	1.86	108.05%	65.26%	-20.57%	5.28%
Belgium	6,224,910	12,030,773	1.93	-2.84%	-4.47%	-1.68%	5.01%
Italy	10,852,598	9,596,497	0.88	9614.80%	3774.65%	-60.12%	4.00%
South Korea	11,405,935	8,497,200	0.74	52.40%	62.98%	6.94%	3.54%
United States	1,798,570	3,353,393	1.86	-55.97%	-51.57%	9.99%	1.40%
Russia	4,963,467	3,176,725	0.64	184.62%	171.70%	-4.54%	1.32%

In the first half year, the market saw a big change in the market structure and rankings:Germany back to No.1.Holland’s extremely fast growth rate came to slow down, while Germany’s decreasing rate began to narrow. That made Germany back to the No.1, but its position was not as unshakable as before.