

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Wine Brief Report

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Wine

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Report Highlights:

TH2023, Thailand received a total of 19,098 million tourists, an increase of 19.8 percent from 2010. Total wine import to Thailand in 2011 was 11.2 million liters compared to 9.1 million liters in 2010. U.S. wine import in 2011 was 646,653 liters, 59 percent increased from 2010.

General Information:

The Ministry of Tourism and Sports (MOTS) reported that number of tourists to Thailand in 2011 was 19,098 million, up by 19.8 percent from 2010. The arrivals from the top-ten countries were Malaysia, China, Japan, Russia, South Korea, India, Laos, Australia, the United Kingdom, and the US. The top destinations were Bangkok and the southern provinces, which include the famous and beautiful beaches of Phuket, Pang-Nga, Samui, Hua Hin, and Krabi. Tourists arrivals, especially from Western countries, are highly correlated with wine imports and high value products used in the HRI sector to meet the demands of four and five star hotels and restaurants. As such, total wine imports to Thailand in 2011 were 11.2 million liters compared to 9.1 million liters in 2010 or an increase of 23 percent. In 2011, the U.S. wine market increased 59% from 2010, to 646,653 liters compared to 406,324 liters in 2010. However total market share remains small at 5.5 percent.

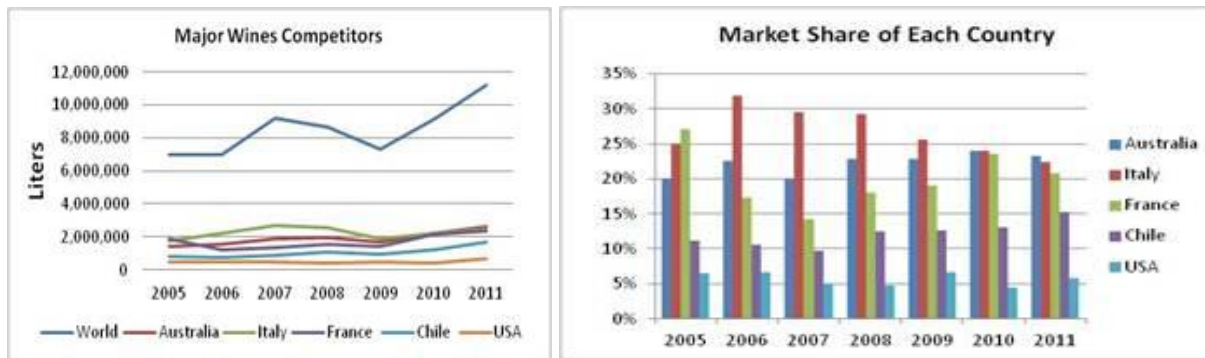
Importers comment that the increase in the import volume of U.S. wines in 2011 was due to the following factors: 1) importers benefit from adding U.S. wines to their wine portfolio, 2) more import of 3 and 5 liters bottles such as Inglenook, Amanda and Carlo Rossi. Hotels and restaurants prefer these 3-5 liters container to serve wine per glass, 3) record tourists number coming to the resort areas in Southern of Thailand, more than offsetting the downturn in arrivals due to flooding during August-November in Bangkok and other provinces in the Central Region.

Table 1: Volume of wines imports from selected countries in Thailand

Thailand: Wine of Fresh Grapes (Z20421 + Z20429)										
January - December										
Unit = Liter										
Partner	2004	2005	2006	2007	2008	2009	2010	2011	%Change 2011/2010	%Change 2011/2005
World	6,076,102	7,001,988	7,002,678	9,224,365	8,651,882	7,326,744	9,148,297	11,196,604	22.39	59.91
1 Australia	1,207,553	1,407,533	1,578,019	1,853,205	1,977,175	1,668,260	2,194,165	2,599,842	18.69	84.71
2 Italy	1,798,397	1,754,248	2,230,167	2,721,055	2,524,068	1,872,253	2,189,999	2,498,770	14.10	42.44
3 France	1,402,219	1,891,831	1,213,901	1,315,396	1,564,242	1,398,480	2,157,992	2,324,274	7.71	22.86
4 Chile	627,784	782,154	736,378	891,024	1,084,609	920,898	1,191,021	1,699,621	42.70	117.30
5 USA	351,623	450,957	469,420	471,423	412,815	484,713	406,324	646,653	59.15	43.40
8 S. Africa	105,248	152,133	165,293	205,114	322,582	454,982	252,787	546,073	116.02	258.94
7 Argentina	33,022	81,386	113,218	167,447	124,349	179,721	262,534	252,150	-3.96	209.82
6 New Zealand	49,274	73,505	76,837	76,741	98,774	96,866	126,134	151,996	20.50	106.78
9 Spain	111,174	150,869	127,592	116,390	104,666	64,314	134,356	132,618	-1.29	-12.10
10 U.K.	29,967	12,036	10,629	83,678	119,532	8,166	34,613	42,158	21.80	250.27

Source: Thailand Department of Customs

Graph 1: Imports and market share of wines into Thailand from major destinations



A major constraint for wines originating from the US is the high tariff rates. U.S. wines are not competitively priced with respect to Australia and New Zealand in term of price point. Wines from Australia and New Zealand are taxed at 12% and 9% respectively and import tax from both countries will be 0% in 2015. In addition, Chile will sign a trade agreement with Chile in mid-2012 which will increase the competitive pressure on U.S. wines.

Table 2. Tariff comparison between Thailand and major competitors under Free Trade Agreement

Tariff Rate 2012 - Sparkling Wines & Wines								
PRODUCT & HARMONIZED CODE	WTO Tariff (include USA)	AFTA Tariff	ASEAN-CHINA Tariff	Aus4 FTA Tariff 2005-2015	NZ FTA Tariff 2005-2015	JAPAN FTA Tariff	PERU FTA Tariff	ASEAN-KOREA Tariff
SPARKLING WINES 220410	54%	0%	0%	12%	12%	29.45%	24%	0%
WINES 220421 + 220429	54%	0%	0%	12%	9%	32.73%	24%	0%

Furthermore, an additional slew of taxes increase the burden on U.S. wines as these are value-based taxes from the originating taxing point. The following is an example of the total levies imposed on U.S. wines.

- A. CIF value on imported wine = \$100.00
- B. Import tariff 54% on CIF value = \$ 54.00
- C. Excise tax 1.7647059 on CIF value + Import tariff = \$271.76
- D. Municipal tax 10% on Excise tax = \$ 27.17
- E. Health tax 2% on Excise tax = \$ 5.44
- F. Value added tax 7% on (A-E) = \$ 32.09
- G. Total cost per bottle (A-F) = \$490.46
- Burden of Import tax and duty per bottle = \$390.46%

Table 3: Comparison of import tariff and total tax burden from selected countries on imported wines in 2012.

Countries	Import Tariff	Burden of Import tax and duty per bottle
WTO countries (USA, France, Chile, Italy, Argentina, South Africa, Spain, U.K. and more)	54%	390.46%
Australia	12%	256.68%
New Zealand	9%	247.12%

More information about Thailand market structure and regulatory measures on alcohol products is on [GAIN Report: TH9124 \(Wine Market in Thailand\)](#).

End Report.