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Australian Government

Australian Trade and Investment Commission

Thailand Wine Market Briefing

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Market overview



Political

Constitutional Monarchy
Politically stable



Population

71.88 million (2024) to
64.1 million in 2035,
increase 0.01% from
2023 :
30 million middle class



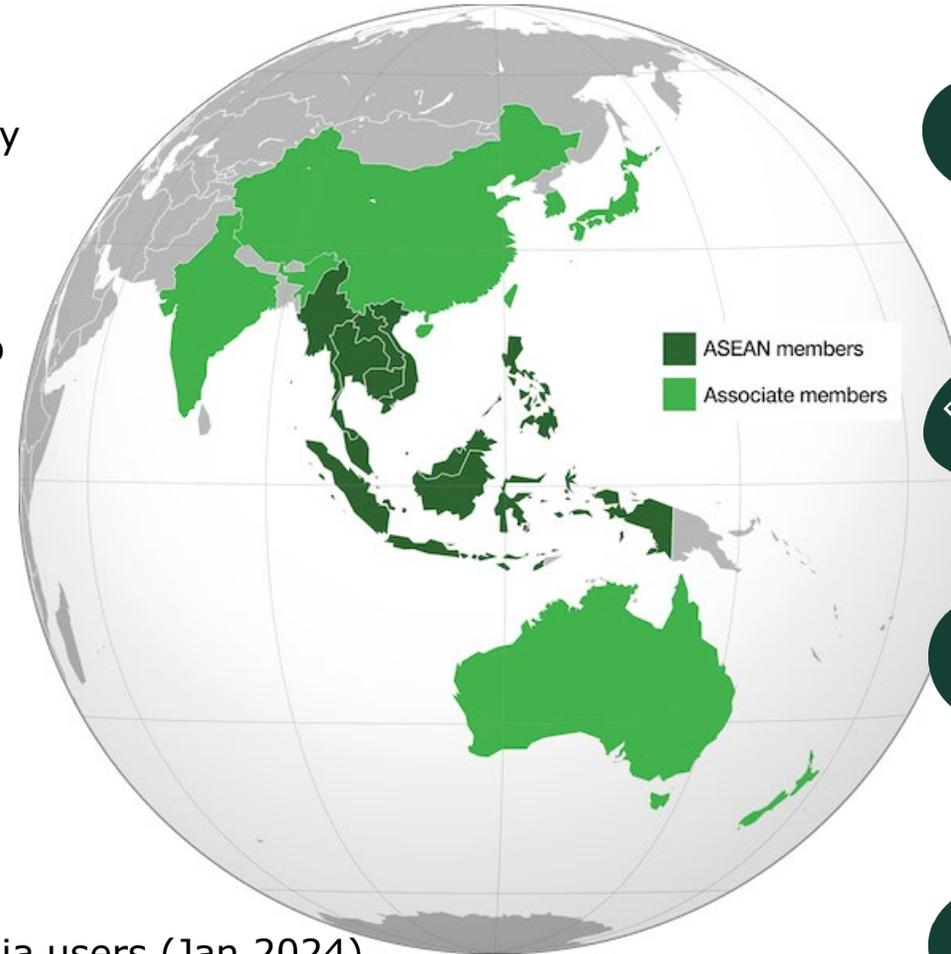
Employed workforce

50 million (2024)
Services (47.34%)
Agriculture (30.42%)
Industry (22.24%)



Digital Data

49.1 million social media users (Jan 2024)
equating to **68.3 percent** of the total population
A total of 97.81M cellular mobile connections



Economy

In a survey of 67 major economies, Thailand ranked 25th globally and second in ASEAN, just behind Singapore. (July 24)



Business Environment (IMD 2024)

#25 globally and #2 in ASEAN
#5 Economic Performance, #20 Business Efficiency, #24 Government Efficiency and #43 Infrastructure



Trade Relationship

Australia's 7th trading partner
Natural gas, crude petroleum,
agri-food: education exports,
Goods & motor vehicles, heating
equipment imports



FTAs

Joined 15 FTAs, 19 countries
FTAs with Australia 2005
AANZFTA, RCEP, WTO
Under this FTA, trade between the two
countries has grown 186 percent.

Thailand – 1st largest wine market in ASEAN



Market size (2023)

27.1m litres
worth A\$1.76b



Imports (2023)

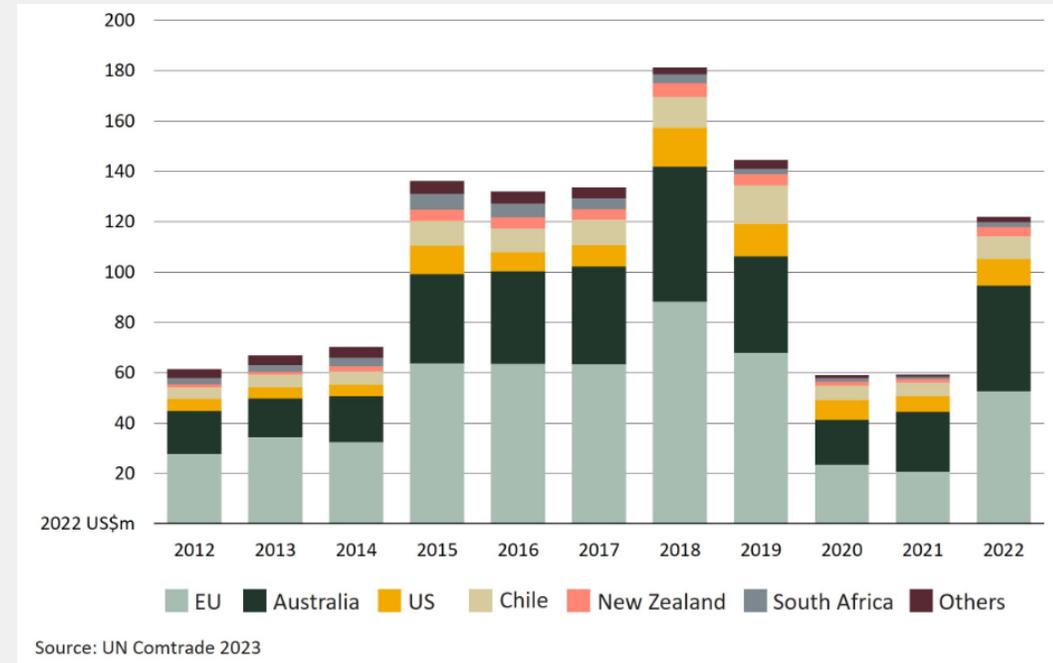
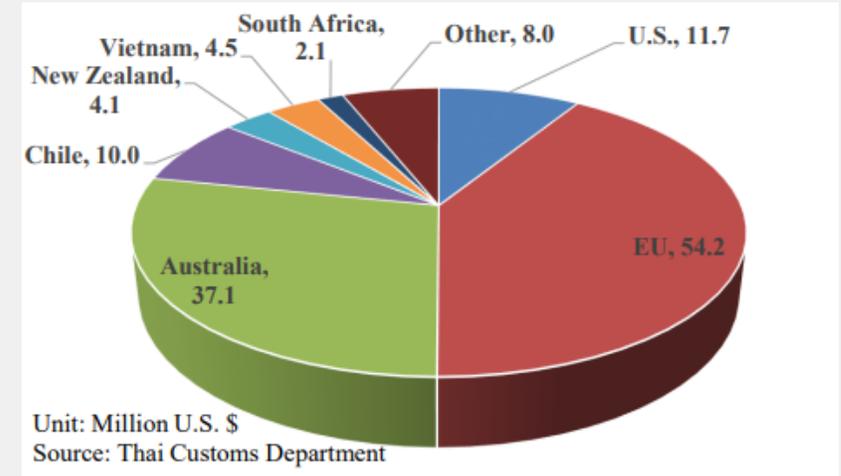
A\$169.8m

80.5% of imports were from top 4 players:
Italy, France, US & Australia



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Sources: Euromonitor, Wine Australia, Trade Map



Wine consumption in Thailand

Shifting towards higher-value alcoholic drink is a long-term trend

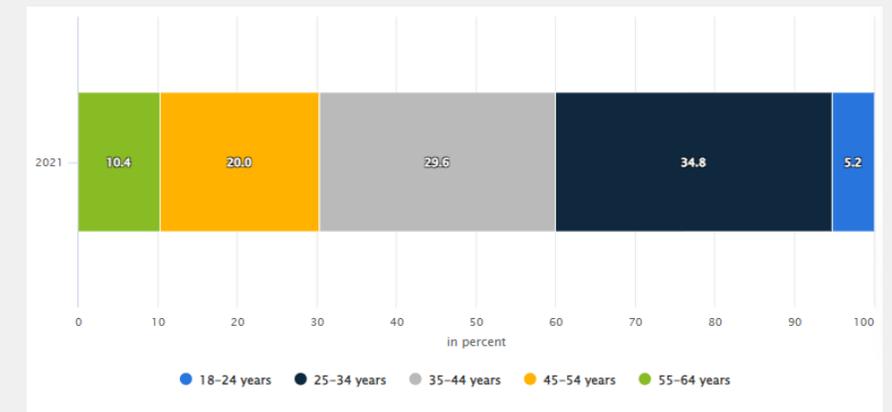
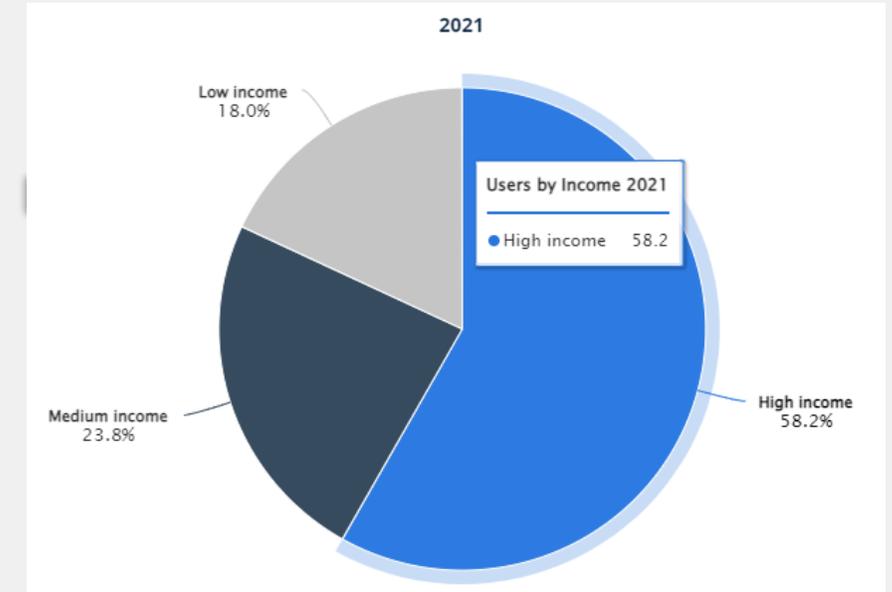
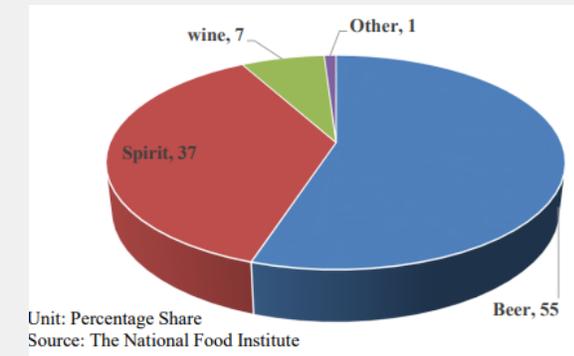


Who drinks?

1. Tourist & Westerners
2. Thai urban middle and upper classes
3. Males (53.3) female (46.7) are not that different for most purchases
4. Female focused market is growing while 22-55 are the wine drinker age



Peak all festive seasons



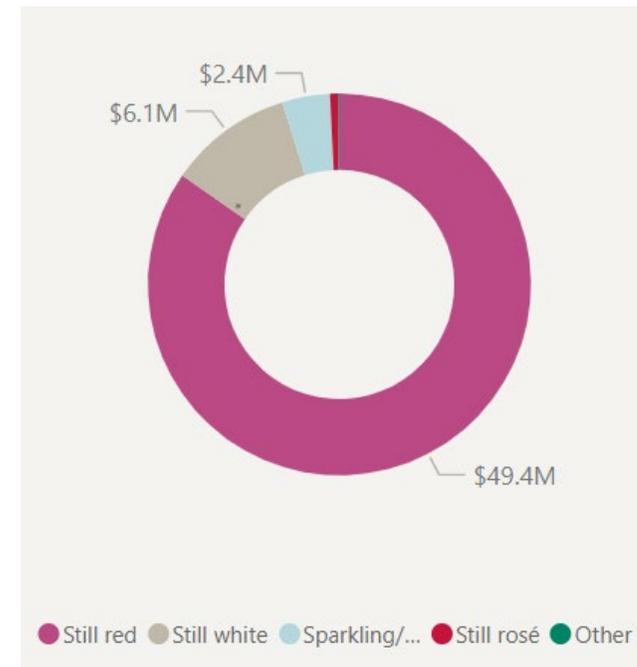
Wine price range & preference in Thailand

Still red wine is the most popular wine in Thailand and accounts for 75% of purchases, whereas still white wine accounts for around 25% of total consumption. Average value per litre A\$8.98

Retail price points for Thailand's wine imports:

- Entry level: A\$3 – A\$4 THB299-399
- Mid-range: A\$5 – A\$7 THB599-899
- Premium: A\$10-12 THB999

Sources: Wine Australia



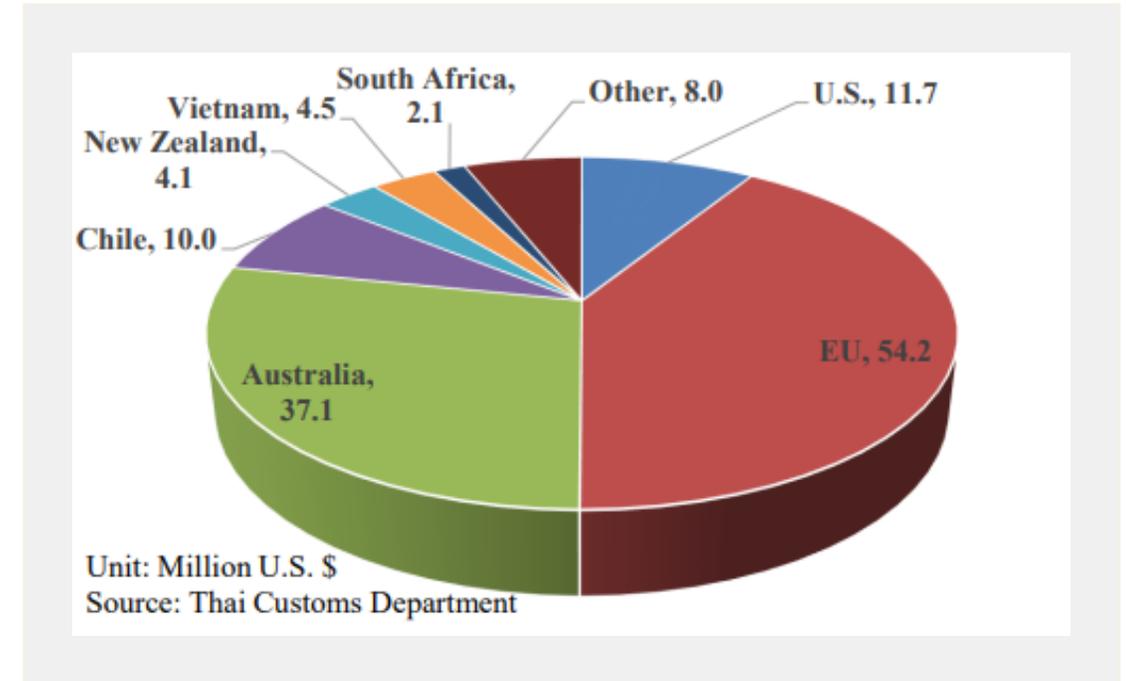
Australian wine in Thailand

Australian wine is perceived as a high-quality product with short term competitiveness from TAFTA & AANZFTA benefits

In 2024, a new amendment to this regulation will be made in order to reduce the tax rate for the purpose of supporting the economic growth in the tourism sector.

There is a major reduction on the excise tax rate applied to wines and spirits. The wine import duties will be exempted from the current rate of 54-60 percent and the wine tax will be lowered to 5 percent from 10 percent. The local spirits will be exempted from the current rate of 10 percent.

Source: Trade Map



Government' Measures To Promote *Diverse* Tourism and Increase Tourists' *Spending*s

November 28, 2023 “*Uplift Thailand To Be The Centre of Tourism and Shopping*” **5 measures:**

1. **Luxury goods tax:** revisit taxes on tourists' shopping list
2. **Excise tax:** to enhance 'pricing' competitiveness
Registered entertainment places in 5 cities and in hotel nationwide, effective 15 December 2023
3. **Revoke 'Bonded Warehouse' permit:** shut down travel retail (duty free) shop on arrival
4. **Ease of operating hours:** target entertainment places, restaurants, transportation services
Registered entertainment places in 5 cities and in hotel nationwide, effective 15 December 2023
5. **Visa exemption:**
China, Kazakhstan, Japan, India, Russia, Taiwan, Germany, etc.

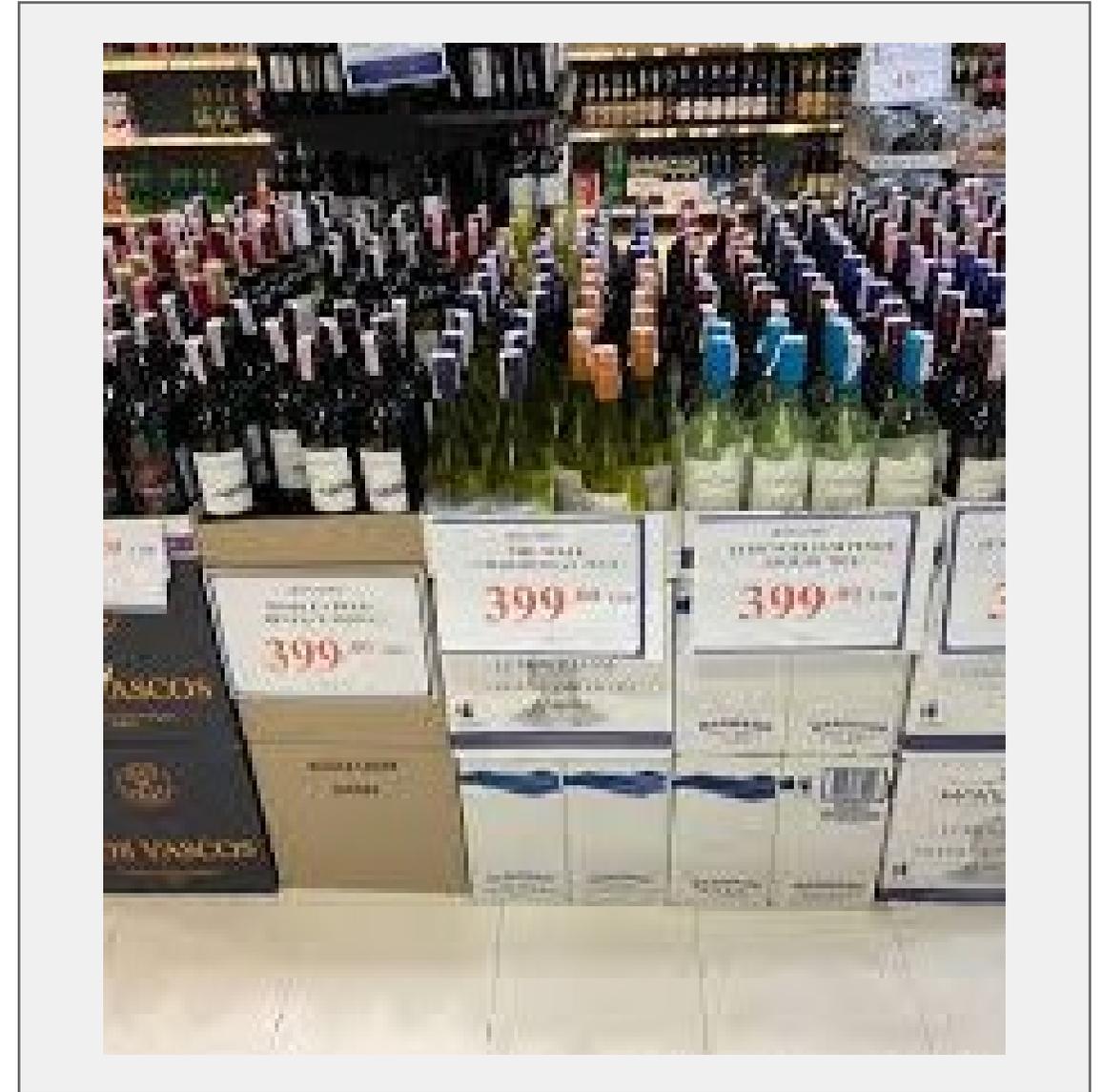
January 2, 2024 “*Uplift Thailand To Be The Centre of Tourism and Shopping*”

1. **Reform *Fermented Alcohol Excise***
Wines, Community Fermented Liquors, RTDs, Soju-alkie (impact excise receipt -150m baht)
2. **Reduce *Entertainment Place Excise***
Cut excise rate from 10% to 5%, effective until 31 December 2024 (impact excise receipt -70m baht)
3. **Reduce grape wines/Vermount import duties**
Applicable for tariff code 22.04 and 22.05 (impact customs duty receipt -429m baht)
4. **Reform VAT Refund for tourists**

Overall affects: GDP +0.0073%, excise receipt rise +401m baht/annum, increasing in revenues of tourism and hospitality businesses

Distribution channels

- The two main off-trade channels are supermarkets and hypermarkets and they generally offer wine at competitive prices in lower price brackets.
- Premium wines are distributed through specialised wine outlets, online shopping, mail-order/catalogue, upper-tier hotels and restaurants.
- The two main types of on-trade premises for the sale of alcoholic drinks are full-service restaurants and bars/pubs.



On-trade refers to on-premise consumption (bars, restaurants, hotels, nightclubs), while off-trade refers to places that retail spirits for off-premise consumption (supermarkets, off-licences, shops, online-stores).

Alcoholic Beverage Control Act / Excise Tax Act



Austrade's and our wine events



Few points to take away

Connection and communication is always important. This means, go and grow together -it takes time and efforts – enjoy the journey.

Never expect sales from the first meeting – 3P be prompted, patient and partnership

Do the right thing from day1

Remember you have Austrade – we are here to support your export journey.



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Thank you



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