

Alcohol consumption in Vietnam

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1. Classification of alcohol production in Vietnam:

1.1 "Home-made" alcohol

This kind of alcohol is very popular in Vietnam. It is normally made by a great number of households in the countryside and widely consumed by the majority of people, especially those in the countryside or with low income.

The total production of this type of alcohol is estimated at 242,412 litres per year (1997). However, the "home-made" alcohol is made in a traditional and primitive way and often contains poisonous substances. See Table 1.

Alcohol content	30-40%
Aldehyde	235mg/l
Ester	3,650 mg/l
Furfural	3.6 mg/l
High alcohol	767 mg/l
Methyl	0.6%
Acid	1,400 mg/l

1.2 Wine

Small manufacturers use sugar to produce wine from fruits. Normally, they use 0.25 kg of fruit to make 1.0 litre of wine.

1.3 Vodka

Vodka is normally made from grain, which is very cheap and abundant in Vietnam. There are two major vodka distillers which are state-owned companies located in Ha Noi (Ha Noi Alcohol Company) and Ho Chi Minh City (Binh Tay Alcohol Company). Their products are not of a very good quality, and prices are not affordable by the majority of Vietnamese people.

1.4 Rum

This type of alcohol is made from the side products of sugar manufacturers such as Bien Hoa and Hiep Hoa Sugar Company. Low quality and output.

1.5 Liquor

Vietnamese liquor is made of Vodka mixed with fruit juices, such as strawberry, or coffee added with some artificial flavours and chemical colours.

Quality is also low. In general, there is no typical Vietnamese alcohol which enjoys a good reputation like that of Chinese Maotai or Japanese Sake.

2. The Vietnam Alcohol Manufacturers:

2.1 Ha Noi Alcohol Company

Built with French technology in 1898, this company can produce 5-6 million litres of alcohol per year.

2.2 Binh Tay Alcohol Company (in Ho Chi Minh City)

Built at almost the same period of the Ha Noi Alcohol Company, this manufacturer's capacity is also 5-6 million litres of alcohol per year.

2.3 Several smaller alcohol producers

Located in other provinces are capable of 100,000 to 500,000 litres of alcohol per year.

2.4 Foreign-Invested alcohol producers

Together with the Open Policy of Vietnam, several foreign companies have set up their factories in Vietnam such as Hiram Walker (UK), Allied Domecq (UK), and other wine manufacturers from Russia, France, China etc. See table 2.

Table 2 : Alcohol Output by sectors Unit: 1,000 litter

No.	Sectors	1997	1998
1	State-owned	16,810	20,322
2	Foreign-invested	500	800
3	Private	2,580	2,838
4	Imported	1,890	1,920
5	Home-made	242,412	242,412

3. Alcohol Consumption in Vietnam:

With a population of 75 million people and the estimated annual output of 264,192,000 litres (figure of 1997), the annual alcohol consumption per capita in Vietnam is 3.52 litres per person per year.

The "home-made" alcohol is popular in the countryside, while other local alcohol is widely consumed in the cities / towns. The imported alcohol is only used by a small minority of higher income-people in bigger cities. See table 3 and table 4.

Table 3 : Alcohol Consumption - 1997

No.Sectors	OUTPUT		VALUE		
	Output (1,000 litres)	Percentage (%)	Value (USD)	Percentage (%)	Consumption per head (litres/head)
1 State-owned	16,810	6.40	134,387	44.30	0.220
2 Foreign-invested	500	0.19	6,241	2.10	0.010
3 Private	2,580	0.98	3,232	1.10	0.031
4 Imported	1,890	0.72	158,355	52.20	0.030
5 Home-made	242,412	91.70	1,212	0.20	3.230
TOTAL	264,192	100.00	303,427	100.00	3.521

Table 4 : Alcohol Import - 1997

No.	Country	Volume (litres)	Value (USD)"
1	France	1,012,889	3,952,732
2	Singapore	210,214	3,162,247
3	Hong Kong	207,763	2,175,162
4	USA	124,981	1,463,087
5	Bulgaria	114,895	274,698
6	Australia	36,438	213,831
7	China	31,034	303,159
8	Japan	21,482	53,833
9	Indonesia	20,407	73,692
10	Sweden	20,000	32600
11	Others	90,331	580,050
	TOTAL	1,890,434	12,285,091

4. How the drinks industry targets the youth in Vietnam:

The advertisement of alcohol (together with tobacco) is prohibited in Vietnam. Therefore, alcohol producers and importers in Vietnam use several other ways to make their products known by the public, especially the young people. They normally send promotional staffs to public places where young people frequent like discotheques, bars and restaurants etc to introduce their products. They also distribute some give-away items like paper saucers etc.

5. Conclusion:

With a population of almost 80 million people, Vietnam is considered a potential market for consumer goods, including alcohol. However, the alcohol industry faces the following obstacles to the expansion of its market share in Vietnam:

- Ban of advertising
- Subject to high import tax (150 per cent), and special consumption tax (from 15 per cent to 70 per cent depending on type of alcohol)
- Abundance of the cheap "home-made" alcohol

- Moreover, so far no comprehensive survey of the alcohol market has been made to guide a healthy strategy for alcohol production and consumption in Vietnam.

From Vinastas's (Vietnam Standardization and Consumers Association) point of view, we do not think consumption of alcohol should be widely encouraged. On the other hand, gradually reducing the "home-made" alcohol with its risk of poisoning to the consumers is necessary. The strictly controlled production and importation of alcohol is an alternative to the "home-made" alcohol. In this connection, VINASTAS would appreciate any assistance and supports from GAPA or other international organisations to carry out a comprehensive study on the alcohol consumption in Vietnam.