

**Beer and spirits**

**Chinese whisky distilleries give western brands a wee dram of local flavour**



Pernod Ricard starts with Scotch blend but aims to create Chinese single malt to grow share in world's biggest spirits market

**Thomas Hale** in Emeishan, China, and **Adrienne Klasa** in Paris YESTERDAY

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At the foot of Mount Emei in the western Chinese province of Sichuan, a sleek new building has taken shape. The tiles on the roof are locally sourced, some of the barrels it contains are hewn from indigenous oak and on one of its interior walls, its Chinese name has been written with a single strand of barley dipped in ink.

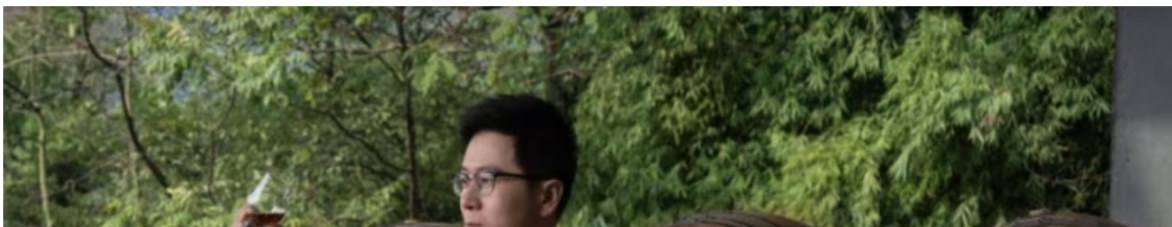
Far from Scotland, the home of Scotch, The Chuan is one of around 30 whisky distilleries either completed or under construction in China. The \$130mn project for drinks group Pernod Ricard is a sign of western companies' intent to support the market's growth by investing in local production of a spirit yet to take off fully with Chinese consumers.

Diageo, another leading global drinks group, is building a distillery in nearby Yunnan province, while Nine Rivers, a crowdfunded distillery in the south-eastern province of Fujian, aims to produce whisky, gin and vodka.

"Any player in the spirit world knows China is one of the key countries worldwide when it comes to spirit culture," said Jerome Cottin-Bizonne, China head at Pernod Ricard.

"Consumers want diversity," he added, pointing to an "element of China pride", which he described as the "cherry on the cake" for the Sichuan project.

China's whisky market grew 20 per cent on average in the five years to 2022, when it was worth \$1.8bn, according to data provider IWSR. Yet the product is mostly imported and remains a small part of the world's biggest spirits market, which is dominated by [sales of the domestic spirit baijiu](#).





The Chuan's distiller Yang Tao says whisky aged in Chinese oak barrels adds a different flavour © Pernod Ricard

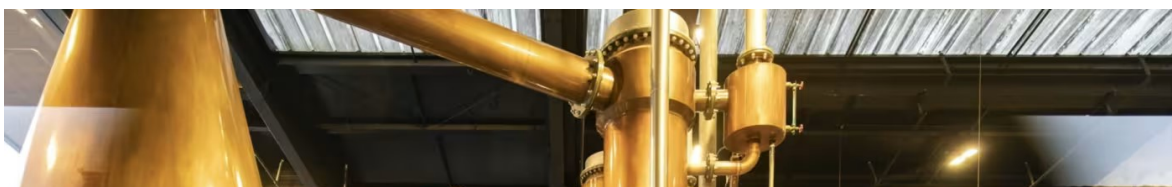
While whisky has been produced for decades in China, where it must be aged for two years before it can be legally marketed, the premium segment consists largely of imported products, in particular single malt whiskies that are drawn from one distillery. Scotch still makes up four-fifths of the overall market, IWSR data shows.

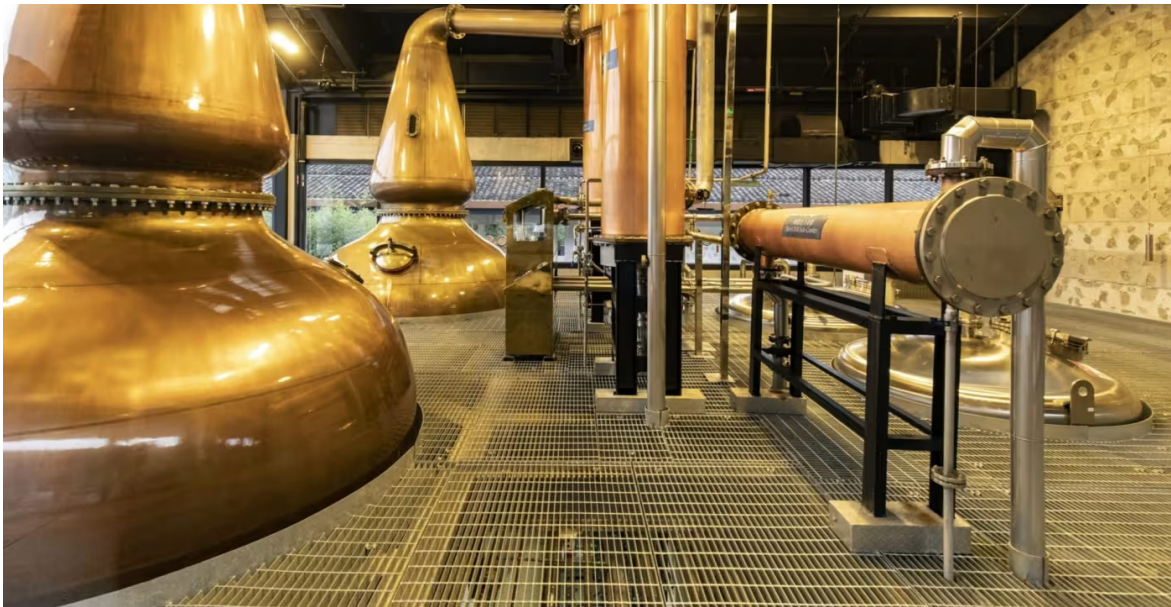
[Pernod Ricard](#), which began distilling in Sichuan in 2021, is not yet selling an entirely Chinese product. The bottles, priced from Rmb888 (\$125) upwards, are a blend of imported whisky from its Chivas Brothers arm in Scotland and early batches of local whisky made from Chinese barley grown in Jiangsu province in the east and aged in oak casks at the new site.

The group plans to eventually market an entirely China-made single malt but has said it does not have a date yet.

“We need to have more brands having the malt whisky and single malt whisky,” said Cottin-Bizonne, on potential competition. “We are very proud to be a pioneer . . . but we need to also have other players coming with us.”

Close to the city of Chengdu, the Laizhou Distillery, which fills a vast industrial park, is an example of Chinese whisky produced on a larger scale and at a lower price point. Every day, it makes enough whisky to fill 700 barrels, which have been charred on open flames in a corner of one of its workrooms. Owned by Shanghai Bairun Investment Holding Group, it hosts frequent visits from whisky hobbyists and potential customers.





The distilling room at the Pernod Ricard Chuan Malt Whisky Distillery in Sichuan © Qilai Shen/Bloomberg

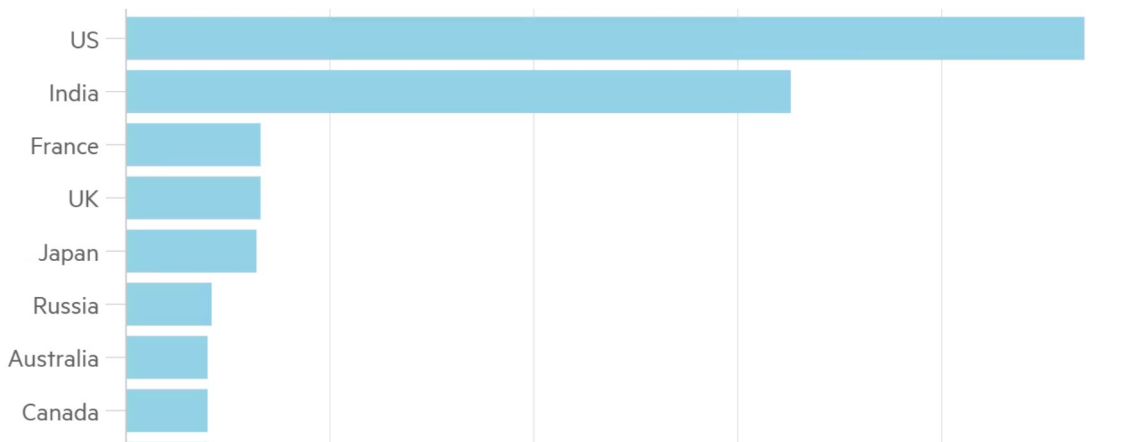
Jay Robertson, the British founder of the Nine Rivers Distillery in Fujian, which is expected to start producing spirits in July, said the idea for his project came from conversations with “whisky enthusiasts” at events across China he arranged while working in the alcoholic beverages industry.

He cited the “energy and the passion” for whisky in the country, including from the farmers near the new distillery, which he said was a “blank canvas” for the product. “In the UK you’d get this polarisation — half the people say if it’s not from Scotland it’s not whisky, and the other half say if it’s not Irish, it’s not whiskey.”

There were also risks, he added. “We’ve got to import the barley, we’ve got to import the timber . . . we’ve got all those costs, it’s a really, really new environment for us. The climate doesn’t match Scotland, but at the same time, it doesn’t match the warmer countries.”

### China is seen as a potential growth market for whisky

Largest markets by value, 2022 (\$bn)





Source: IWSR

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As well as uncertainty over the process of whisky-making in a new country, where bigger swings in seasonal temperature can lead to much faster maturation, foreign businesses face uncertain consumer demand. The Chinese drinks market came under pressure in 2023, with Pernod Ricard noting a “slowdown” after the lifting of Covid-19 restrictions.

International businesses that continue to invest in China also face intense political scrutiny in the US and Europe after a deterioration in geopolitical relations.

“In the coming years, tensions with China . . . will most likely rise, not fall,” said Spiros Malandrakis, drinks analyst at Euromonitor.

There was, though, the opportunity of a “generational shift” out of *baijiu* and towards international spirits in China from younger consumers, he added, as well as a wider interest in “world” whiskies away from the strongholds of Scotland, Ireland and the US.

Investors say there is an opportunity to tap into a growing desire for homegrown success. “When Chinese people have got behind their own product, it’s because their product has excelled,” said Nine Rivers’ Robertson, pointing to the electric vehicle market. “I believe if you can do that in any industry in China, you will get unrivalled support.”

In the Sichuan mountains, the impact of local ingredients is for now in its early stages. Yang Tao, the Beijing-born, British-educated distiller at The Chuan, said in addition to traditional casks from Europe and the US, the whisky was aged for the first time in barrels made from Chinese oak, which imparts a different flavour.

Across the road, development is already under way for a set of buildings in which the barrels will be stored for the future.

“You’ve got all the elements in China to make exceptional whisky,” said Pernod Ricard’s Cottin-Bizonne. “It’s not a project of one or two years, it’s a project of several generations.”

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