



## **Sector of Alcoholic Beverages: Implications of WTO Membership**

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In January 2007, Vietnam adheres to WTO (World Trade Organization) and the preoccupations in the field of public health have led the government to adjust their taxation policies concerning alcoholic drinks: customs duties, excise duties, and VAT. The consequences are primarily on the prices of alcoholic beverages and on the consumer behaviors, then on the production strategies of companies in the sector.

Moreover, the growth prevailing in the Asian economies and the rising of incomes and of the purchasing power of the households that result bring about a radical change in the structure of the household expenses and consumptions. A partial westernization of lifestyles in the urban zones implies an evolution of the practices as regards the beverages characterized by the choice, more often than in the past, of the wine and, especially, of the wine of grape. Such a situation needs to analyze the demand, to identify the moments, the places, the occasions, ... of this new consumption and to wonder about substitutions: strong alcoholic drink – slightly alcoholic beverage.

These two main lines of thought will be treated first. But, this paper will give some light on the possibilities given to some firms to invest in the (local) production of grape wine by laying stress on the constraints and costs associated with such a decision. The vine growing involves the firms in the important investments; these lead to large-scale facilities and developments in the rural zones implied in the years to come. Then, it is necessary to wonder about the alternative opportunities of the land use dedicated to the food crops for the man on the one hand, for the cattle breeding on the other hand. An analysis in terms of costs / profits has to be envisaged; it is necessary to gather information on the investment amounts, the expected incomes, the employment qualification, the foreign partners, ...