

Moutai special

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The Kweichow Moutai 80 Years is a limited edition of the brand to memorize its award won during the Panama-Pacific International Exposition held in San Francisco in 2015. WANG ZHUANGFEI / FOR CHINA DAILY

Purity, production assure foreigners get the right taste

By NICHOLAS BEDARD
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Taking your first sip of Moutai *baijiu* can be challenging. You take a smooth polished bottle, open the lid and smell the aroma that brings a jolt to your taste buds. Once the Moutai is poured into your glass, you are left with a crystal clear liquid ready to make whatever occasion you are at much better. As soon as it touches your lips, it's like falling in love on the first date. You can call it a shot to the heart, or simply a problem solver.

Former National Security Advisor to the United States Henry Kissinger once said, "I think if we drink enough Moutai, we can solve anything."

During the Long March from 1934 to 1935, Moutai was used to cure all kinds of wounds.

The magical drink was rewarded for its purity and state-of-the-art production at the 2015 San Francisco World Spirits Competition.

"The international award shows the rise of Moutai and the rise of China," said An Hualun, general manager for exports at Kweichow Moutai Group, adding that he is happy to see the product have a global outreach assuring that foreigners are getting a taste of Chinese culture.

The production of this spirit can be found in Southwest China's Guizhou province. Driving a few hours from the provincial capital Guiyang, you will arrive in Renhuai, a small welcoming city that holds the Moutai manufacturing plant in Maotai town. Moutai has state-of-the-art facilities where the production takes place, and the hard-working locals at the packaging plant make sure that their hard work is celebrated with others by sharing a beautiful bottle of Moutai.

A Moutai worker surnamed Liu is having a drink at a local Renhuai pub on a Friday night. Liu has been working for Moutai for five years and said he feels honored to be contributing to such a prestigious part of the Chinese culture.

"I'm very lucky to have this job and I take much pride in it," said Liu.

"Moutai is actually really good for your health, so we drink it a little bit at work, not too much, but just enough to keep us going in full spirits," Liu said.

He said working at Moutai provides a great future for him and his girlfriend as they are planning to get married and start a family.

"The company treats us very well, and we are very respected in the community. I have nothing but good things to say about Moutai," said Liu.



The iconic Moutai is packaged in red and white. WANG ZHUANGFEI / FOR CHINA DAILY



A foreign reporter scans the barcode on a bottle of Moutai to trace its production and quality information. YANG JUN / CHINA DAILY



One of the secrets behind the high-quality reputation of Moutai comes from the clean, pollution-free water of the Chishui River. ZHANG WEI / CHINA DAILY

HISTORIC LIQUOR HELPS ANCIENT TOWN PROSPER

Traditional brewing process distills the essence of the country, Akhil Parashar reports.

Moutai, known as the national liquor of China, is 53 percent alcohol by volume. But the drink is far from rough — it is renowned for its rich, mellow taste and "sauce-scented" bouquet.

Normally, it is enjoyed during family celebrations, business negotiations and holidays. It is also offered when foreign guests are present.

Du Kang, the god of liquor who was said to teach people how to make *baijiu*, is highly respected by the locals in the town of Maotai — where the liquor is produced — in Guizhou province. As the story goes, Du Kang stored cooked sorghum beans in a hollow tree stump one winter day. Rain filled the stump, and in the spring he noticed a fragrant aroma coming from the stump. He discovered the process of fermenting the beans to form an alcoholic drink, now known as *baijiu* or white spirit.

A visit to the Moutai sorghum processing plant is an unexpected experience in today's machine-driven processing world. One is struck by the mix of traditional methods and state-of-the-art technology that is used in the production.

"Today Moutai's daily output is about 2.7 million bottles and more than 300 varieties produced by 12 assembly lines," said Liu Qinglang, manager of the packaging department.

At the factory, women in white uniforms intently observe the red-on-white bottles

that pass through four assembly lines. Each of the women, like most workers at the plant, average a six-hour shift each day, five days a week. Their wage is about 100,000 yuan (\$15,420) per year, more than the average starting salary in big cities of China.

Home to dozens of other liquor brands, Guizhou also serves as a hub for liquor traders across China. There are some 157 villages surrounding Renhuai city, where sorghum for Moutai is cultivated. Sorghum is the main ingredient used to make Moutai. The workers at the distillery, and the farmers that supply raw ingredients, certainly embody many of the hallmark characteristics of the nation.

Yang Daiyong, deputy general manager of Kweichow Moutai Group, said, "Moutai is the pride of the nation because of the environment where it is produced, its special techniques and the assured quality."

He said the local economy is dependent to a large extent on Kweichow Moutai, which employs about 70,000 farmers in the province in addition to more than 20,000 workers in its production facilities. About 70 to 80 percent of the population's income is derived directly or indirectly from the *baijiu* industry.

Unique techniques

According to Deng Qingqing, a certified wine taster and plant manager at Moutai, the brand stands out because of its unique processing techniques.



Yang Daiyong, deputy general manager of Kweichow Moutai. JIANG DONG / CHINA DAILY



An Hualun, general manager for exports at Kweichow Moutai. JIANG DONG / CHINA DAILY

She explained the process of making Moutai: "The workers steam the sorghum, and let it dry for a while and then put it in the pits where they mix it with yeast. Afterwards, they leave it in the pits for 30 days, take it out and repeat the process twice. After that they put it in the distilling machines to get the liquor. It is then put in barrels, where it stays for three years. After this period, experts test it to make sure everything is right. It takes up to five years to produce the liquor. It is a long process, but it is needed to get the best Moutai according to our own standards."

Moutai has been an important part of the country's politics in past decades. Chinese

leaders have played an important role in promoting the beverage. Mao Zedong and Zhou Enlai, founding fathers of the new China, helped nurture the brand to its present-day popularity. In 1949, Zhou proposed Moutai be the main liquor served at state banquets.

It was poured during visits by US President Richard Nixon and Japanese Prime Minister Kakuei Tanaka, as well as at Sino-British negotiations on Hong Kong when Deng Xiaoping and Margaret Thatcher toasted. Chinese leaders continue to serve Moutai to guests from around the world. President Xi Jinping toasted Barack Obama with Moutai



Workers use traditional technique to mix steamed sorghum with yeast. JIANG DONG / CHINA DAILY



Newly distilled liquor is put into ceramic jars to age. The process before it goes to the market takes about five years. JIANG DONG / CHINA DAILY



Producing Moutai is labor-intensive. There are nine separate steps in simply adding the red ribbon to the bottles. WANG ZHUANGFEI / FOR CHINA DAILY



Du Kang, the god of liquor who was said to teach people how to make *baijiu*, is highly respected by the locals in the town of Maotai. WANG ZHUANGFEI / FOR CHINA DAILY

during the US president's state visit in June 2013.

"Moutai is looking abroad to expand its export market," said An Hualun, general manager for exports at Kweichow Moutai. He explained Moutai has been stepping up efforts to go global in recent years. It already has a growing network extending from Asia to North America, Europe and Australia. There are increasingly encouraging signs on Moutai's way to international recognition. In 2015, it won a gold medal at the San Francisco World Spirits Competition, placing it among the best liquors globally.

Moutai in foreigner's eyes is not just a beverage but something that represents a nation and has a history. After spending a long time in Guizhou province, I can certainly say this national drink holds a special place in the hearts of Chinese people. After hearing so much of its appreciation and surrounded by the irresistible aroma of the white spirit, it was simply not possible to return home without a bottle of Moutai. I was not previously a big fan of Chinese liquor but Moutai created a very different impact and I ended up buying four bottles.

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A visit to the Moutai Museum gives people an opportunity to learn the brand's century-long history and the local culture relating to *baijiu*. JIANG DONG / CHINA DAILY

go abroad and make it, it can come back (in China)."

Moutai has already started its foreign expansion, investing a reported \$11.76 million to open a store in Paris. More locations are planned for the United States, Russia, Japan and Australia, said Moutai's deputy general manager Yang Daiyong.

Overseas purchases account for 7 percent of Moutai's sales, Yang said, and he admitted

that Chinese travelers account for most of those purchases. But he hopes, "step by step", to attract more foreign interest. The company's goal is to raise foreign sales to 10 percent by the end of the year, and to 20 percent over the long run.

If Moutai's overseas ambitions succeed, it could mark a new direction for the *baijiu* drinking culture, one that lifts the world's best-selling spirit to new heights.

Alcohol distributor advances with modern-day beverages

By MARIANO LARRAIN
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As a wine wholesaler based in Beijing I could not decline the invitation to visit the Moutai facilities in Renhuai, Guizhou province. I always deal with wine distribution in China and recognize the strong brand perception of Moutai for my clients, visiting the source was among my top "things to do in China."

For those not familiar with the alcohol making process, Moutai facilities may not be the most appealing. Mostly built during Mao Zedong's years, huge cement bunkers overtake the landscape. Moutai needs to be stored in relatively small ceramic jars for at least four years, meaning dozens of vault-bunker-type buildings to keep the liquor aging. The precious *baijiu* also needs high security standards including electric fence, and not even pictures are allowed inside this area. The fermentation facilities are even older, originally built in white iron that has turned gray from the dust and steam from distillation.

Another secret ingredient comes from the emerald river that has carved a majestic swathe through the valley. The local grains used as a base for the liquor are special also. However, the most impressive image during the visit was the labor during the fermentation process, shoveling the grains time after time.

To attend to current demand for the famous Moutai liquor, it must be tempting for the company to use modern machinery. However, they are consistent in following what they call the "Moutai Standard." They age the liquor in ceramic jars, the older the better, even if it they are hard to manipulate and require a huge storage area.

Modern alcohol facilities usually rely on stainless steel and metal vats. Moutai doesn't. Some other components of the "Moutai Standard" are



Moutai has diversified its product portfolio to meet the demands of high, medium and low-market consumers. WANG ZHUANGFEI / FOR CHINA DAILY

even more secretive, such as the barefoot crushing of the grains, a tradition that remains to this day.

I was particularly surprised when I was told that Moutai had released a new product oriented more for women, with a fruity blueberry taste and a lipstick inspired bottle. Likewise, Moutai will soon release a mass oriented product, selling for less than 100 yuan (\$15.5) per bottle.

Reviewing the stock price, it is also surprising to find that Moutai has been resilient despite the recent convulsions of the Chinese stock market.

It is no secret that Moutai sales suffered from the government's anti-corruption campaign, limiting excessive expenditure. As a product historically linked to official banquets, Moutai seems to be one of most affected products. Even more, Moutai has faced competition from foreign liquor, beer and wine.

The stock price of Moutai plummeted to 116 yuan per share in January 2014 but, at the time of writing, recovered to about 230 yuan a share. Even more striking is that at the current share price, its price-to-earnings ratio is trailing at 18 times, which means Moutai shares might be

cheaper than the average for beverage companies. Moutai looks like a stock worth buying.

Thinking of a possible future driver for a significant increase in sales, Moutai will soon launch mass-oriented products, sharing some of the secrets from the "Moutai Standard" while having a more affordable price point. This time they will use stainless tanks, less ageing and no labor-intensive shoveling.

It seems a good move to try to reach ordinary consumers who wish to taste Moutai.

While not targeted as an elite drink, the new product can be distributed through other channels, such as the Internet. This sounds a big deal and certainly worth considering if future sales skyrocket.

I am left wondering if young people will be willing to drink *baijiu* as their grandparents did, especially when facing a deluge of new beverage products. Maybe it is time to promote *baijiu* across the nation and in international markets as well. It is time to find *baijiu* in fancy bars in China and around the world? Next time don't forget to ask for your *baijiu*-Mojito cocktail. I already drank mine.

China's tipples tickles the palates of international afficianados

By RAUL LOPEZ PARRA
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The first time I drank Moutai was at a wedding. It was a few months after I arrived in China. My host told me that it was the most famous brand of *baijiu*, the liquor made from sorghum and wheat.

We were served *baijiu* in small glasses that we later raised for a toast to the bride and groom to wish them a happy marriage. Of course, I thought, we had to toast with the best-quality liquor for this special couple's moment.

I'm from Mexico, a country where tequila is not just an alcoholic beverage, but a symbol of our traditions, so I completely identify with the importance of *baijiu* in China. Both Mexicans and Chinese use tequila and *baijiu*, respectively, to accompany our moments of joy with special people.

Four years after my first contact with Moutai, an opportunity to visit the distillery came. A group of eight foreigners, all from different countries went on a trip to Maotai, Guizhou province. As you might have guessed, it is the home of the precious liquor and where the name of the brand originated.

This liquor that contains 53 degrees of alcohol and costs around 800 yuan (\$123) a bottle is highly valued not only because of its high amount of alcohol, but also because of the long period of time needed to produce a Moutai liquor, which takes up to five years to complete. During that period, the liquor will be kept in storage and mixed up to six times to get its unique flavor. The techniques and proportions of ingredients are kept a trade secret. The producers claim that the taste lies not only in the formula, but in the place where it is produced.

Recruitment into the company is highly competitive and most work-

increase the production of Moutai in other distilleries. Nevertheless, none has managed to produce a similar flavor.

Moutai is produced with the water from the Chishui River. In addition, the combination of climate and soil where sorghum and some local ingredients are grown, gives Moutai its origin denomination, protected under Chinese laws. The production process combines traditional techniques and the use of modern machinery. In addition to that, the production standards are also based on environmental protection awareness.

The Chishui River has historical value since it was a key stage of the Red Army's Long March in the 1930s. It is claimed that the army led by Mao Zedong, crossed the river four times to defeat the enemy. The story is also linked to Moutai because the liquor was used to heal the wounded soldiers.

National liquor

Since then, Moutai has been known as the national liquor of China. It is offered at diplomatic events and State banquets.

In the Moutai Culture Museum, there is a bottle especially designed in honor of Mexico. I was stunned and impressed when I saw my country being honored in this way because I was aware that not many Mexicans had the opportunity to visit these lands.

Along with all other seven foreigners, we were given access to explore the Moutai plant and see the production process.

Recruitment into the company is highly competitive and most work-

ers are local residents. This is mainly because the salary in Moutai is better than other jobs in the area.

All the workers we talked to were proud of their local brand. They spoke not as Moutai employees, but as members of a Chinese prestigious family.

As their guests, we were invited to taste their liquor. It is difficult to describe the taste. My first impression was that it left an aroma of almond mixture, vanilla and pear, but accompanied by the acidity of soy. The liquor warms the throat and part of the chest. The more you drink the softer it feels.

The bottles have holograms to verify the authenticity of the brand. To combat counterfeiting, Moutai is sold only through authorized dealers.

Annually, 38,700 tons of Moutai are produced, but the company has developed different sub-brands of liquor at lower prices to meet the market demand.

Kweichow Moutai has 32 subsidiaries that also produce beer, wine and ventures in areas such as real estate, insurance, tourism and banking.

Moutai is the second-most valuable alcoholic beverage in the world, according to the 2015 ranking of independent consultancy Brand Finance. However, its value is measured mostly by the domestic market rather than the international market. In this regard, my question to An Hualun, general manager for exports at Kweichow Moutai, is about the company's plans to seek overseas consumers. To my surprise, Moutai has dealers in the United States, France, Australia and other countries. However, its main-stream market is overseas China.

In this sense there is a long way to go and a huge market opportunity among Western consumers. To the extent that consumption of *baijiu* is positioned among consumers abroad, not of Chinese origin, Moutai could potentially become a leading international brand.