

New offshore duty free policy drives July sales boom in Hainan

CHINA. The introduction of an [expanded offshore duty free shopping policy](#) on Hainan island on 1 July has prompted an immediate surge in sales, according to official statistics from Hainan Free Trade Port.

As reported, individuals can now make duty free purchases of RMB100,000 (US\$14,130) every year, compared with the former restriction of RMB30,000 (US\$4,285). The range of categories has also been extended from 38 to 45, with smartphones, laptops, game players and wines and spirits being added to the list. Critically, the RMB8,000 (US\$1,129) limit for a single tax-free purchase has been removed and 30 cosmetics items per visit can now be purchased instead of 12.

海南离岛免税新政实施首周 “剁手战报”来了!

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7月1日至7日，海南离岛旅客免税购物新政实施首周，海关统计显示，离岛旅客累计购物6.5万人次，购物总额4.5亿元，免税6571万元，日均免税939万元，比上半年日均增长58.2%。



Local media report how the ‘New Deal’ for offshore duty free shopping is leading to a sales boom, particularly for cellphones and cosmetics

From 1 to 7 July, the first week of the policy, customs statistics reported through local media (and confirmed today by The Moodie Davitt Report) show that 65,000 purchases were made, generating revenues of RMB450 million (US\$64.3 million).



Blockbuster international brands such as La Mer, Clinique and Lancôme are benefiting from the liberalised allowance

Reports said that daily customer numbers are averaging around 10,000, and daily sales ranging between RMB60 million (US\$8.6 million) and RMB70 million (US\$9.9 million).

The top three categories by volume were cosmetics (83.5%), fragrances (4.7%) and jewellery (1.8%). By value, cosmetics led with 51.3%, followed by jewellery (14.1%) and watches (11.9%).



Hennessy, hugely popular in China, makes its debut at Haitang Bay following the addition of spirits & wines to the category mix from 1 July

CDF Mall in Haitang Bay (pictured below) accounted for 78% of total sales, Haikou Meilan Airport Duty 13%, and Sun Moon Plaza Duty Free and Qionghai Boao Dongyu Island Duty Free a joint 9%.

Sales have been spurred by heavy promotions and aggressive pricing, which local reports suggested made cosmetics prices 10%-20% cheaper than those in Japan, South Korea, Singapore, France and Hong Kong.

