



Written by
Jancis Robinson
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Chinese wine drinkers turn to imports



A much shorter version of this article is published in the comment section of the Financial Times.

It is unfortunate that Chinese wine drinkers seem increasingly to be deserting the produce of their own burgeoning vineyards for imported alternatives (see 'Wine City' symbolises faltering hopes at China's vineyards).

In my experience, based mainly but not exclusively on tasting as many of the best wines China has to offer as possible on visits there every couple of years this century, the quality of the best Chinese wine has recently turned a corner - in the right direction. Sylvia Wu, editor of *DecanterChina.com*, confirms that the general quality of Chinese wines 'definitely seems to be improving' according to medals won in their awards.

For years it seemed as though Chinese producers put more effort into the packaging (for the then-lucrative gifting market) than into the liquid. After all, until fairly recently the great majority of Chinese consumers had no experience of what wine should taste like. So the many fraudsters, the sort who labelled questionable concoctions with names as improbable as 'Chateau Lafete' and 'Bordeaux Port', could and did get away with murder.

The rampant [fakery of old](#), and food-safety scandals in China, presumably played a part in encouraging Chinese wine consumers, so numerous that they constitute the world's fifth biggest wine market, to see imported wine as a more reliable product.

It also tends to be priced much more sensibly. China's wine producers still seem to be influenced by the old gifting habits, with too many overpriced bottles apparently aimed at providing a patriotic official with a domestically produced status symbol rather than a good-value drink, according to Chinese wine writer and educator Young Shi of [TasteSpirit](#), whose students are shown here.

The great majority of the wine imported into China is fairly ordinary stuff. France in general and Bordeaux in particular used to be seen in China as the model for all wine to aspire to, but imports from Chile and Australia have surged in the last year or two, thanks to friendly trade agreements, and Spain offloads vast quantities of incredibly cheap wine, much of it in bulk, to China.

According to Jim Boyce of [Grape Wall of China](#), 'Many people think Chinese wines have a huge advantage over imported wines because the latter, except in the case of free-trade agreements, face about 48% in duties and taxes. But the tariff is only 14%. As best I know, locally produced wines face the same sales and value-added taxes of 34%. Add in other costs, like the huge expense of shipping barrels and other equipment to places like Ningxia and Gansu, the cost of burying vines across northern China (I've been told it can be one-third or more of the budget), growing labour costs in remote vineyards in places like Xinjiang, and it is very difficult for Chinese producers to compete in terms of quality at the low end of the market. Again, there will still be people buying the mass-market brands (many of those include inexpensive bulk wine which just underscores the point of the cost of making wine) but imported wines simply offer a tasty inexpensive option.'

When I asked China's resident Master of Wine Fongyee Walker of [Dragon Phoenix Wine Consulting](#) why she thought so many Chinese wine drinkers were turning to imported wine, she said she thought the main driving factor is taste. 'Most domestically produced wine is of the claret-type dry red wine (and generally not that well made). Once people taste things like New Zealand Sauvignon Blanc, rich Australian Shirazes and all the other flavours of the world's well-made and tasty wines, it doesn't take much to persuade them. Added to which that domestic wine carries the stigma of being bulk and cheap generally (although there are premium ones). However, lots of my students would like to buy domestic - if they could find one as pleasant to drink and as high in quality as an imported one. For instance, many of them will buy Grace Vineyards, Silver Heights or Chandon.'

At the top end of the market, Chinese consumers used to be seen as ignorant stooges by the many wine exporters who cast China as their potential saviour in a sluggish European wine market and a fine-wine market increasingly aware of counterfeit fine wine, but they are becoming more and more sophisticated and knowledgeable.

The global leader in wine education, the London-based Wine & Spirit Education Trust, has

almost as many Chinese students as British – and the University of Bordeaux is teeming with them.

Chinese wine producers are nothing but determined and efficient. Last year China's total vineyard area overtook France's to become the second biggest in the world after Spain's. Often with local government help, producers have invested heavily in new vineyards, top-quality winemaking hardware and have built wine 'chateaux' more fantastic, quite literally, than any in the Loire or Hollywood, all aimed squarely at Chinese wine tourists.

If wine imports into China are going to continue their dramatic growth, then Chinese wine exports will have to increase considerably. So far they have been modest, but UK consumers have apparently shown more interest than expected in such Chinese bottles as have so far been presented to the customers of Sainsbury's supermarket and the off-licence chain Wine Rack.

There is one potential handicap, however. The countries that have had the most success in establishing export markets in the modern era have had a USP. New Zealand has carved a niche for the world's most valuable per-bottle prices by offering, uniquely, refreshingly fruity Sauvignon Blanc. Australia saw massive success with its friendly Chardonnay and rich Shiraz. Argentina has blitzed North America with its bold Malbec. But Chinese vineyards are dominated by the red bordeaux grapes Cabernet and Merlot which grow in abundance all over the wine world – not least in Bordeaux, which produces massive quantities of inexpensive examples every year, typically made by co-ops without the debt that recent investors may be saddled with.

The reaction of many Chinese wine producers to current market trends has been aggressively to acquire foreign vineyards and wineries. Chinese investment in Australian wine production in particular has recently gathered pace, and current estimates are that almost 200 Bordeaux châteaux are in Chinese hands - although they are all relatively minor. It is notable that the Chinese government recently applied much stricter controls on foreign investment for the purposes of money laundering.

Chinese buyers were out in force once more at the primeurs tastings in Bordeaux at the beginning of this month. One thing seems sure. Chinese influence in the world of wine will only increase.