

## Will China be the Worlds Biggest Wine Producer?

Look on the shelves in any US or European supermarket for a bottle of Chinese wine and you will probably be disappointed. In the United Kingdom Morrisons Supermarkets are the only major supermarket chain to sell wine from China, but it is likely that within the next ten years sales of Chinese wine will outstrip some of the traditional wine producing countries.

Most people associate china with rice wine, not wine from the grape but archaeologists have found evidence of Chinese wine production dating back over 4600 years. Early Chinese production was thought to have been of very poor quality due to poor indigenous grapes but this was rectified during the Han Dynasty when higher quality grapes were imported.

Very little altered in Chinese wine from the last 2000 years until the economic reforms of the 1980's when foreign wine imports were allowed. The first western company to enter the Chinese market was French producer Remy Martin which set up a joint venture with a local producer. This tie up as only the second joint venture of a western and Chinese company since the revolution. Many experts believe that Chinese wine could improve substantially by learning the techniques of the major wine producing nations.

The growth of China as an economic power in the last few years has been remarkable and the same can be said for the growth of the wine market. Chinese government statistics put last years level of wine production at 700 million bottles making China the 6 th largest wine producing nation. The growth of personal wealth and the middle class in China is cited as the major factor in the growth of internal demand. China currently has 310,000 citizens worth over \$1,000,000. Since the 1990's over 100 major vineyards have opened. It is estimated that over 90% of the wine produced in China is consumed internally.

The internal wine market has around ten well-known Chinese producers that enjoy brand recognition. Most of the Chinese vineyards are state owned, or owned by local collectives. Currently the predominant region for wine production is Shandong province which is on the same latitude as California.

Hong Kong now serves as a gateway between China and west. Taxes on wine have been dropped to zero in advance of the largest ever wine auction in Asia where an estimated six and a half million dollars worth of wine will be traded. The international Vinexpo will also be in Hong Kong this year where nearly 700 exhibitors will be present representing the best of the worlds wine market. Whilst Hong Kong's tax cut will result in a local boom, the local storage facilities will be stretched to capacity. Hong Kong requires substantial investment to compete with the major wine hubs of Paris, London and New York, but in the Asia market is likely to develop as the regional hub for the wine industry.

With the distribution network growing in Hong Kong and the growth of wine production in China the region looks poised to become a major force in the international wine market.

## About the Author

Lucy Evans is a freelance journalist with an interest in international [wine and champagne](#) production

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