

# Conference N°9



## Ensuring sustainable growth for the Chinese wine industry

Before 2012, the Chinese wine industry grew rapidly – surging by 442% in eleven years. Since then, wine production has slowed and even decreased despite the continued growth of wine consumption in China. Shaohua Li analysed the reasons for the slowdown and outlined strategies for fuelling renewed growth.

Figures borrowed from other wine regions around the world underscore the advantages of having a strong domestic wine industry: “In France, wine represents 15% of total agricultural output for just 3% of area”, said Shaohua Li. “Napa brings in 1.4 billion USD in tourism and Bordeaux is the fifth most popular tourist destination in France with 5 million visitors in 2013, up 34% on 2010”. Having reached a critical period of product and market restructuring and rapid change, domestic wine production has shown no signs of rapid recovery after “reaching the bottom”, despite the huge potential offered by China’s wine market, now equating to 7.2% of the world’s total. The growth has served as a magnet for producer countries

across the globe and consequently, the rapid development of imported wines – which surged from 58,000 tons in 1997 to 746,000 tons in 2017, including 181,000 tons of bulk wine – is posing a serious threat to the Chinese wine industry. Some of the country’s major producers have now transitioned to traders and other, more worrying, long-term issues are at stake: “Many areas do not have a clear understanding of quality and the advantages of their wines, they try to replicate Bordeaux in China. Also, imported bottled and bulk wines are being marketed as Chinese wines and this is undermining development of the local wine industry”, noted Li.

### Striving for regional diversity

Other stumbling blocks include high labour demand and costs; an ageing farming population; and lack of varietal diversity. "There are over 200 grapes in France whilst in China, 60% of acreage is planted to Cabernet-Sauvignon", said Li. He also stressed the quality implications of regular late frosts on vineyard age: "There have been five or six years of frost in Ningxia causing frost bite despite burying, so it is extremely rare to find vines aged over 15 years old". As a pillar industry in Ningxia, though, wine has been made the subject of a development strategy and solutions are being found to overcome these handicaps. The Institute of Botany, for instance, has developed five winter-resistant varieties including Bei Hong and Bei Mei, which are performing very well in Ningxia and could pave the way for a more competitive industry if they remove the need to bury the vines. Used to make dry red, rosé, medium dry and ice wines, Bei Hong and Bei Mei have won multiple awards at international level and were presented during the conference. Other solutions, applied to many cool-climate wine regions, involve protecting vines from late frosts using a number of techniques including heaters or candles, wind machines and water sprays.

Greater mechanisation of green canopy management and harvesting is under scrutiny, as are wine production catalogues specific to the eastern foothills of the Helan mountains, and use of high-resistance rootstock for grafting. The overriding aim of the research is to determine the highest compatibility of varietal to terroir in order to promote regional diversity in China: "Can the wines be identified from amongst fifty others, that is the key question, and can they offer ageability and therefore better pricing", said Li. Only when these questions have been answered positively will Ningxia truly enter the realms of the world's fine wine regions.

