

33. China

China has recently become an important producer of red wine, principally from Cabernet Sauvignon (by far the most planted grape variety for wine), Merlot and Carmenère (known locally as Cabernet Gernischt). Because most Chinese people consider wine to be inherently red, the majority of Chinese wines are red in colour at all price levels. These red wines tend to be dry, with or without new oak influence (dependent on price), although some off-dry and sweet reds exist. Small quantities of rosé and white wine are made.

KEY DEVELOPMENTS IN THE HISTORY OF WINE IN CHINA

- Although references to grape-derived alcohol exist in the poetry of the Tang Dynasty (618–907 CE), the modern Chinese wine industry traces its roots to as recently as the late 19th Century. Zhang Bishi, businessman and Chinese government consul in Asia, imported around 150 *V. vinifera* varieties into China. He founded the Changyu winery in Yantai (Shandong Province), traditionally seen as the area where the modern wine industry started. However, due to political events, the wine industry did not develop substantially for most of the 20th century.
- The expansion of China's vineyards, at least for wine production, only really began in the 1980s, when the People's Republic opened to international development. This was when CITIC, the government's foreign investment arm, partnered with the French government and Remy Martin to create a Sino-French winery in Huailai (near Beijing) with the wines being sold under the Dynasty label. At the same time Pernod Ricard formed a joint venture to develop a new Chinese brand called Dragon Seal. French involvement in China's wine industry remains a feature to this day, as with LVMH's Chandon sparkling wine operation in Ningxia Province.
- The wine industry was encouraged by the Chinese government in the 1990s in order to replace cereal-based spirits with wine and fruit-based drinks. This was partly a health campaign and partly to address the shortage of grain.
- The overall vineyard area devoted to wine production is, however, relatively small (see below) usually estimated at about 10 per cent of total vineyard area. As has been the case historically, the majority of China's viticulture is devoted to table grapes; which, both fresh and dried, command much higher returns for growers than grapes grown for wine production, in a culture where fruit is often given as a premium gift.
- Domestic wine production, despite its 1980s expansion, is also experiencing rationalization in the era of President Xi Jinping's 'anti-extravagance' measures. Chinese wineries can no longer rely on gifting any of their production to government officials. Most Chinese wineries are, therefore, shifting to targeting consumers. This has hit some operations hard, especially considering the majority of wineries in Ningxia and some other new areas were established as recently as 2010, spurred by support from the Ningxia provincial government itself, which was then looking for ways in which to develop this province's rural economy.

33.1. The Growing Environment and Grape Growing CLIMATE

Nearly all grape-growing regions in China feature marked continental climates with very cold and arid winters. In most regions, vines have to be buried sometimes as early as November, to survive low winter temperatures, and more importantly, the very arid conditions (vines underground retain more water). Heavy summer rains also affect most Chinese wine regions, though in some regions total rainfall is small.



Budbreak and training system, Ningxia

Due to the vastness of the country (it is approximately 4,500 kilometres (2,800 miles) between the wine regions in Heilongjiang in the north-east and Yunnan in the south of the country), the regions can have very different climates.

Heilongjiang and Jilin

In the far north-east of the country, the Heilongjiang and Jilin regions are subject to extreme winter cold, making winter burial of vines essential.

Beijing and Hebei

Coastal Beijing and Hebei have a climate that is humid continental climate with warm humid summers and cold winters, with often- torrential rain in the months of August and September. However, overall the rainfall is low (200–300 mm per year). Cool Pacific breezes moderate the warm temperatures and reduce the humidity level. However, there is still enough humidity to make fungal diseases in summer a constant challenge. Older vineyards were often planted on flat land with poor drainage and fertile soils, resulting in excessive yields and poor fruit



Chateau Changyu AFIP, Beijing

quality, while newer vineyards have been planted on better sites. Vines planted closest to the ocean do not need to be buried, saving cost, but the challenges of excessive short-term rain, humidity and over-rich soils remain.

Shandong

Also on the east coast, Shandong has a warm maritime climate, considerably wetter and with rainfall coming at the worst point of the season in August–September before or during harvest. Shandong's high level of precipitation makes rot a persistent problem.

Shanxi and Shaanxi

The two, inland, central regions of Shanxi and Shaanxi have a dry continental climate (less than 500 mm annual rainfall). The levels of humidity are higher in the more southerly Shaanxi, raising the risk of fungal diseases.

Ningxia

Ningxia, well inland, has an arid continental climate (around 200 mm annual rainfall) with monsoon rains. It has very windy conditions, exacerbating the dryness. Essential irrigation water is drawn from the Yellow River. The best area is considered to be in the Helan Shan (Helan Mountains) region where mountains protect from the worst of the north-west desert winds.



Chateau Changyu Rena, Shaanxi

Xinjiang and Gansu

In the far north-west, the climate in Xinjiang is extremely dry (with only 80 mm of rain in many areas) and winter snows can arrive as early as the beginning of October, thus creating a relatively short growing season. Xinjiang also suffers from very windy conditions. Frost is also a problem, not only in spring, but also even during early autumn in southern Xinjiang, where vines at high altitude (1,100 m and higher) are especially prone. Despite these difficulties, the dry conditions (reducing the need to spray), the availability of water from melted snow in the Tian Shan (Heavenly Mountains) range and the very warm climate enable high volume production here. Much of the wine made here is sold to wineries in eastern regions. Gansu is also very dry and has a short growing season and is slightly cooler than Xinjiang.

Yunnan

In the far south, Yunnan has a sub-tropical humid climate. However, the vineyards are typically on slopes at high altitude (1,600–2,900 m) including in the foothills of the Himalayas, creating moderate temperatures and reducing humidity. There is a long frost-free season, making this one of the few inland areas where vines do not have to be buried in winter.

VINEYARD MANAGEMENT

China has both large tracts of traditionally run vineyards and some modern vineyards developed by international, especially French, investors. The former was typically planted with ungrafted vines (phylloxera is not thought to be present). The vines were trained as either Multi Cordon Fan system (multiple cordons grown from a very low trunk, popular in the table grape industry) or the Single Dragon system (single trunk at a slight angle as a spur-pruned cordon). Both are designed to carry high yields and lack a single fruiting zone, which can lead to uneven ripening. Many wineries have, therefore, converted to spur-pruned Chang shaped



Chang training system

systems, which have the trunk trained in a bended form allowing for easier burial, while at the same time ensuring that a unified fruiting zone exists. Dense canopies, extensive use of irrigation and excessive use of fertilisation can be issues contributing to poor fruit quality. Leaf roll virus is prevalent, also leading to under ripe fruit. The popularity of Cabernet Sauvignon and Carmenère (see below) is problematic as both of these varieties are prone to green flavours if not fully ripe. Improvement in traditionally run vineyards is also hampered by a relative lack of viticultural training and, in the past, the lack of good quality planting material.

The government owns all land in China; and official government units determine all agricultural practices. Making site-specific changes in vineyards is, therefore, extremely difficult without official sanction. Independent viticultural advisers do not necessarily have the power to affect what is happening in vineyards (for example, changing a training system) unless the adviser is part of the provincial or local government's agricultural unit.

Vines are typically buried in November and dug out again in March–April. This requires advanced manual labour skills and adds significantly to the cost of production (anywhere between 20–30 per cent). This is because, whilst mechanization helps, the process is almost always in combination with manual work. The cost and



Vines buried for protection in winter, Ningxia



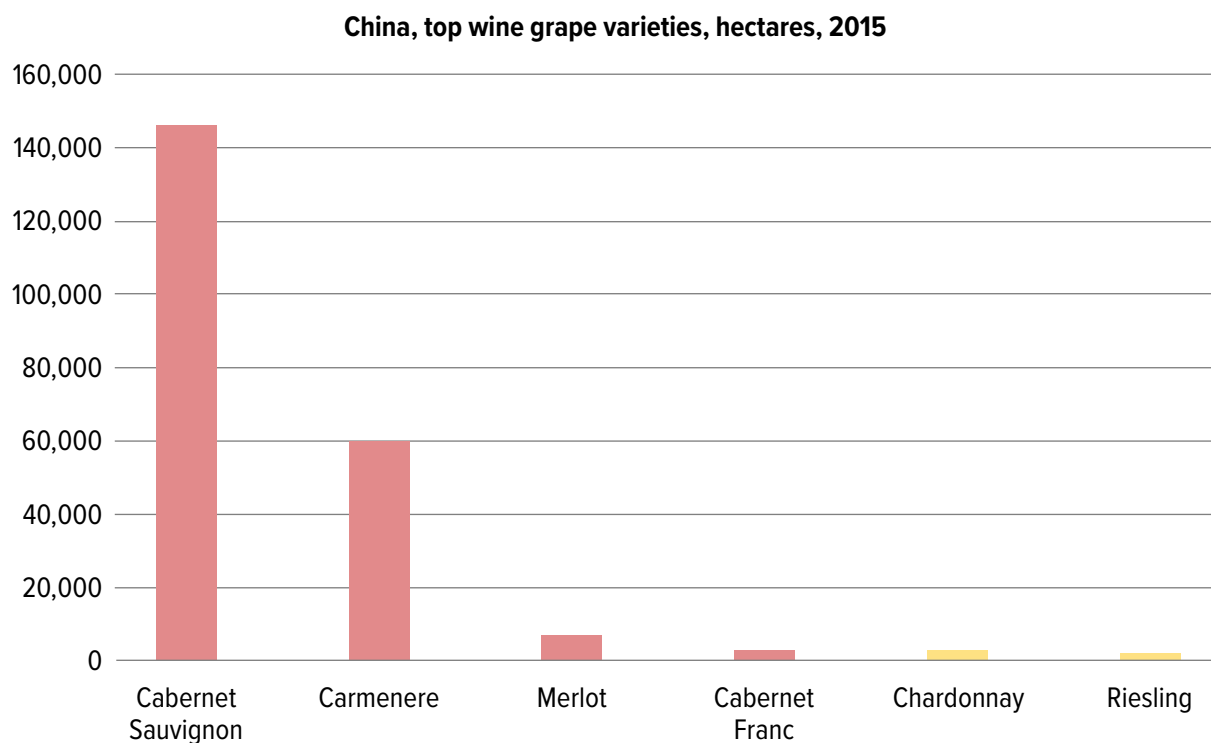
Vineyard with vines buried, Ningxia

the availability of labour are issues. This is because the older generation of vineyard workers familiar with vine burial practices is not being replaced by a younger generation willing to work vineyards (many young workers move to urban areas instead). The older generation is, understandably, asking for higher pay for their specialised skills. This is particularly acute close to Beijing, for example in Huailai, because of the availability of other employment for younger people.

GRAPE VARIETIES

As indicated, 90 per cent of the vineyard area is planted with varieties suitable for the production of table grapes or raisins. The most important grapes grown for winemaking are the black varieties. Figures for planting and for production are to be treated with caution as methods of collecting them are of variable reliability and it is only very recently that the OIV has begun to publish statistics that separate table grapes from wine grapes. Nonetheless the relative size of plantings can be seen in the following chart.

In addition to the international varieties, China has its own indigenous vine species such as *V. amurensis* (named after the Amur Valley of Liaoning Province) that is resistant to cold. However, like American species, it or hybrids produced from it produce wines with unusual aromas.



Source: OIV¹

33.2. Winemaking

The model for winemaking is Bordeaux red wine. Premium and super-premium wines are given prolonged maturation (e.g. 18 months) in French oak barriques. Winemaking standards have improved significantly in the last decade with a marked reduction in wines with technical faults (e.g. Brettanomyces or excess volatile acidity). Similarly, the better wines show riper



Gravity feed



Fermentation hall



Barrel hall

tannins than in the past due to better canopy management and more attention to picking dates to achieve ripeness of skins and pips. The quality potential of the best Chinese wines was demonstrated when a Chinese wine won a top international award for a Cabernet Sauvignon blend.² While some white (e.g. Chardonnay) and rosé wines are made they are currently in a very small minority given the national preference for red wines.

33.3. Wine Law and Regulations

In terms of labelling requirements, all wine, whether Chinese or imported, has traditionally been treated as a food product: the only legal requirements formerly having been to declare a product 100 per cent fermented grape juice with an indication of alcoholic strength as well as production date and shelf-life indicators. However, wine continues to be taxed as an industrial product, rather than an agricultural product, adding 10 per cent to the price.³

33.4. Wine Business

As noted above, all the data about the Chinese market is subject to revision and correction. As a producer of wine, China was the sixth largest in the world in 2021.⁴ The domestic market for Chinese wine continued to grow until 2018, both for Chinese and imported wine. It had grown more than 70 per cent in the decade to 2017.⁵ However, wine is expensive in comparison to other alcoholic drinks and, as noted, the government's earlier crackdown on gifting by officials had an impact. More recently, the Chinese market has contracted due to the slowing of economy, trade war with the US and Australia, and Covid. Domestic and imported wine are roughly equal in terms of market share.⁶ Nevertheless, mainland China as a country is the sixth largest consumer of wine in the world, equal with Spain. However, per capita consumption remains extremely low (0.9 L per capita, compared to 12 L per capita in the USA and 25–50 L per capita in most European countries).⁷

China's domestic wine industry is dominated by three large companies: Changyu, Great Wall (owned by government agricultural arm COFCO) and Dynasty.⁸ In the main, these are bulk operations. However, owing to the difficulty of producing high-volume, inexpensive wine in China and with increased consumer demand, many of the Chinese wines bottled by these companies rely on blending with imported wine. All three have diversified their portfolios with premium and super-premium offerings (e.g. COFCO's Chateau Junding) as well as acquisition of foreign wineries, though this latter has little impact on domestic production. Smaller wineries of note, several of which have created an international reputation, include Grace Vineyard (Shanxi), Silver Heights (Ningxia) and Ao Yun (Yunnan).

Online sales on a large scale are beginning to be important, both through big players (such as TMall) and a large investment in online drinks retail by the very large Alibaba e-commerce company.⁹ Fraud in the shape of counterfeit bottles of top French, Australian and Chinese wine continues to be an issue.¹⁰ Nearly all Chinese wine is consumed in the home market with only a few brands being regularly exported.

Licensing is more fluid than in many countries. For example, wine can be purchased at any time of day in retail locations such as convenience shops and supermarkets and in the hospitality sector (restaurants, clubs, KTV venues, i.e. Karaoke bars, and tobacco stores etc.).

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