

The rapidly changing Chinese wine industry – an Australian winemaker's perspective

By Lilian Carter

A consultant winemaker based in north-east Victoria, Lilian has been involved in winemaking projects in China since 2004. We asked her to share what changes she's observed in the local wine industry in those 13 years.

China is a country where things move fast. I first visited in 2004, amidst the pre-Olympics building boom. This was when bikes were an essential mode of transport for most Beijingers; the bike lanes were congested and you could easily hail a taxi with the wave of a hand. Thirteen years on, the bike lanes are a breeze to navigate and you need a smart phone to track down a taxi. That kind of transition is typical of nearly every aspect of life in China.

Over those 13 years I've had the opportunity to be involved in winemaking projects from the established wine region of Ningxia to the frontiers of Xinjiang, on the western border, travelling to China more than 40 times. One of the things that keeps me going back is a fascination with how quickly the industry is changing.

A decade ago Chinese wine production was dominated by state-owned companies such as Great Wall and Chungyu, which produced poor quality wines in large volumes. Now there are a multitude of stories emerging of Chinese wines winning awards at international competitions. So, what has changed in the last decade?

The demographics of the market have evolved rapidly in tier 1 and tier 2 cities.



Lilian Carter in the Tiansai vineyard in Gobi, Xinjiang, China.

Urbanisation, aspiration and connectivity means Chinese consumers are savvy and discerning in all their purchases. They have embraced wine consumption and invest enthusiastically in educating themselves. They think and drink globally and the imported wine category has shown strong growth.

For many of these consumers, wine is a new phenomenon – something they would not have seen their parents drink. Many buy most of their wine online.

The domestic Chinese wine industry

clearly saw this change approaching. Driven by national pride as much as competitiveness and economic opportunity, the industry, strongly supported by the government, has embarked on a decade of 'raising the bar'.

It has invested in new technologies, encouraged joint ventures between Chinese and international wine producers, and in 2012 Ningxia joined the International Organisation of Vine & Wine (OIV) as an observing member.



An aerial view of the Tiansai winery and vineyards in Xinjiang, in northwest China, the country's largest province.

This has built a diverse wine industry and quality has improved markedly. The massive state enterprises, as well as smaller privately-held wine companies have established new vineyards, wineries and brands with quality at the forefront. Privately-owned wineries to watch include Grace Vineyards, Tiansai (for whom I consult), Silver Heights, Helan Qing Xue, and Kanaan.

However, nothing is simple in China and there are many complex challenges, particularly in the vineyard.

The traditional wine-producing region of Yantai struggles with warm, wet conditions during the growing season. Further inland and west the winters are bitterly cold and dry with Ningxia and Xinjiang regions burying vines under the earth as a form of insulation. Shangri-la, in the south, is extremely remote and difficult to access.

Along with climatic constraints, China's tumultuous political history has influenced its farming practices and impacted its ability to set up vineyards. Land ownership and water access are hurdles. For instance, it is not possible to own land directly and agricultural land is usually run by 'rural collectives'. Therefore the careful establishment and management of a perennial vineyard carries more risk and little reward when compared with simple annual crops that can be grown and harvested without such a significant capital outlay.

Access to skilled vineyard labour is another issue impacting wine quality



Tanks inside the Tiansai Winery in Xinjiang.

outcomes. Rapid urbanisation means people are less willing to work as farmers and those who do are itinerant with knowledge not retained from season to season. Of course, limited supply and strong demand means wages are rising significantly. And Chinese native and globally-trained winemakers are in high demand.

The lack of arable vine-growing land, along with other constraints mean that China doesn't have enough production capacity to meet local demand, and will struggle to gain a similar cost advantage in winemaking as it enjoys in many other industries.

But the Chinese character is frequently defined by an audacious willingness to

take on a challenge. As that attitude gets applied to wine, the industry is evolving quickly. My clients have clear visions of what they want to achieve and are willing to learn from experts. With the government's strong support of the wine industry some of the endemic challenges to winemaking in China are being addressed.

There have been changes in policy which have resulted in greater security of land tenure, and there is a drive under way to professionalise farming from small patches growing a variety of crops to efficiently managed blocks of land.

Extensive trials and research are occurring into ways of mechanising production. Some impressive advances

WHERE CUTTING EDGE MEETS SUSTAINABILITY • SAVE PRODUCTION COSTS BY MULTI-TASKING

MEET THE NEW FISCHER GTL 1 & GTL2 MULTI-TOOL SUPPORT FRAME

Watch it on YouTube   

SUPPORTING FISCHER HDT-400 & 600 MOWER HEADS, FISCHER FKT-420 CULTIVATOR AND FISCHER TWISTER L1 & L2



HDT-400 & 600 **TWISTER L1 & L2** **FKT-420**

- Undervine management at its best.
- Fischer HDT + FKT featuring our acclaimed hydraulic fine-sensor technology.
- Undervine mowing, cultivating & bio-brush weeding.
- For weed control, mechanical de-suckering and to control spring snail population.
- Available with state-of-the-art hydraulic supply and operating systems.
- Front and rear mountable.
- Proven rugged and built to last.

CELEBRATING 10 YEARS OF FISCHER AUSTRALIS

fischer AUSTRALIS PTY LTD

contact us at fischeraustralis.com.au

Use code **fischer10** for our anniversary discount.

GREEN QUALITY INNOVATIVE SOLUTIONS



Shoot thinning and vine training being carried out in the Tiansai vineyard in Xinjiang in northwest China.

have been made. Machinery has been designed to rip fertiliser deep into the vine rows where soil quality is poor. And partially-mechanised alternatives are now emerging for the laborious task of burying and uncovering vines.

The same use of technology is apparent in the winery. A decade ago, walking into a winery I would see rows and rows of stainless steel tanks, broken and mouldy tiled floors, poorly maintained and basic equipment, RDVs used for more than just lees recovery, cooling of large fermenters using lukewarm water flowing over the outsides of tanks, cooling units that never worked, dank cellars, poor drainage, red fermenters being emptied by wheelbarrow loads, screw presses, and no consideration given to the treatment of wastewater. Now, I'm more likely to come across the latest optical berry sorters or crossflow filtration in a Chinese winery than in Australia. I've seen a fully gravity-fed winery with tanks inside elevators, inert gas push through systems, resin floors, conveyor systems and forklift access with designs that consider process flow. And, just as importantly as an improvement in design and equipment, the winemaking teams are now aware of the importance of temperature control and oxygen management.

Another trend we see because of this approach is that businesses that bring innovative winemaking products to market are investing heavily in the Chinese market. Flexcube is one example of an innovative Australian product that has identified Chinese producers aiming to lift quality as key

customers. Lallemand and Enartis are actively supporting Chinese winemakers, working together on trials to manage fermentation and extraction levels.

A final observation would be domestic wine producers tackling the pervasiveness of online channels by extending their direct interactions with customers via business models that prioritise the wine experience. Winery developments typically include hotels and reception venues. Tourism and wine club memberships are heavily promoted.

So, as of today, the Chinese winemaking industry that I see is energetic and impatient. It fully recognises all the challenges it faces; first in the production of quality winegrapes, then in the nuances and greyness of winemaking, and finally in the difficult task of wine sales, and is addressing each issue with vigour. The quality of wine at all price points is improving, but the price:quality ratio is far from a level that would support significant volumes of exported Chinese wine.

China does now make some internationally competitive wines, but this level of quality is still in very small volumes. At most price points, a comparison of Chinese wine to Australian (or other major producing countries) will show far better value outside of China.

While much effort and many resources have been thrown behind the Chinese wine industry to build up the reputation and prove to the world that it is possible to make very good wines throughout China, consumers are still sceptical and are largely unaware of how far

winemaking practices and resultant Chinese-produced wine has improved.

Jim Boyce, of Grapewallofchina.com, has been following the industry closely for the last decade and has been running a consumer-based wine challenge in China that asks general wine consumers to rate Chinese wines. He agrees that most Chinese are very sceptical about the possibility of finding good local wines but the key - as with wine from anywhere - is getting it into their mouths and getting multiple bottles side by side to prove that internationally competitive quality is possible from China.

Where all this goes in the future is probably as easy to predict as the extent of the changes that would occur in personal transport. With that caveat in place, my estimate is that Chinese winemaking will continue to focus on serving steadily growing numbers of domestic consumers. There will continue to be low volumes of exported Chinese wine sloshing around the industry. The price:quality ratio will continue to be the strategic focus for the industry, supported by the adoption of new technologies and importation of key winemaking expertise from overseas.

Lilian Carter is a consultant winemaker based in north-east Victoria specialising in ensuring the sustainability and success of small and medium sized producers that contribute to a diverse Australian wine industry. She also has clients in China. Email lilian.carter@vinemark.com.au or visit www.vinemark.com.au

WVJ