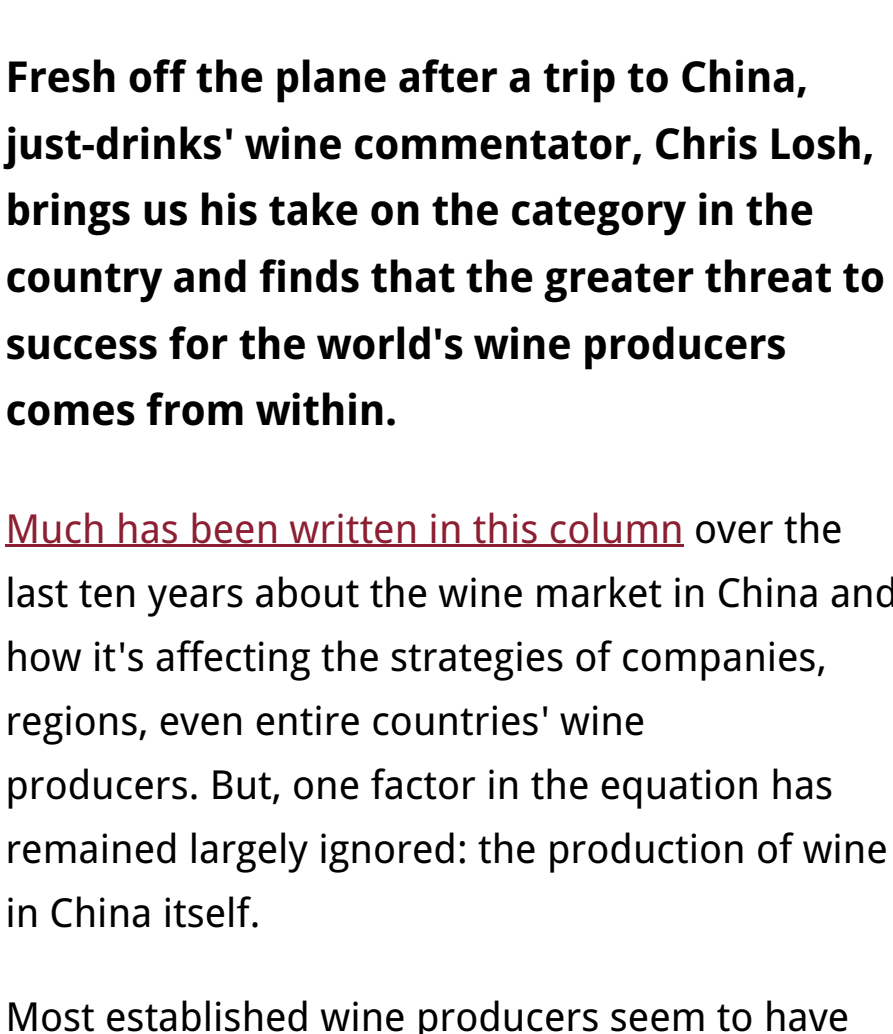


Why the world's wine producers won't have it all their own way in China - Comment

By Chris Losh | 11 October 2018

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Domestic production could squeeze the world's wine producers as they clamor for success in China

Fresh off the plane after a trip to China, just-drinks' wine commentator, Chris Losh, brings us his take on the category in the country and finds that the greater threat to success for the world's wine producers comes from within.

[Much has been written in this column](#) over the last ten years about the wine market in China and how it's affecting the strategies of companies, regions, even entire countries' wine producers. But, one factor in the equation has remained largely ignored: the production of wine in China itself.

Most established wine producers seem to have assumed that the Chinese would sit passively by while they flooded the country's shelves and reaped the benefits, particularly above the RMB¥100 (US\$14.50) per bottle level. The rise of the Ningxia region, however, proves that France, Australia et al have a fight on their hands.

Thirty years ago, Ningxia did not look like much of a threat to Bordeaux. Pictures from the time show expanses of sand that would not look out of place in a desert (which is fitting because the Gobi's only 500km to the north). But, a determined programme of soil nutrition and irrigation from the Yellow River has transformed the landscape. Ningxia currently has 38,000 hectares of vineyards, and that's expected to reach 60,000 in the next ten years.

It's a phenomenal rate of expansion, and one that would see this region's total vineyard area come in roughly halfway between that of New Zealand and South Africa. It's almost certainly the biggest unknown wine region in the world.

Located around 1,200km west of Beijing, Ningxia is continental climate writ large. At an altitude of 1,100m above sea level, and in the shadow of the Helan Mountains to the west, it's a high desert. Rainfall is minimal, sunshine abundant and the mercury falls rapidly at night. Even in August, daytime temperatures rarely pass the 35 degrees level at which vines stop functioning.

A stream of young oenology graduates have made (and are still making) the treks south, east and west to work in wineries from Bordeaux to Sonoma to the Barossa. Bright, educated and open-minded, they are desperate to create Chinese equivalents to the wines they have made and tasted abroad.

But, it's not all plain sailing. The wineries might be modern and the winemakers adept, but there are issues in the vineyards. Winters in Ningxia are brutal, with temperatures tumbling to -20 degrees. After vintage, vines are pruned straight away and the trunks bent down and buried in the earth to preserve them from the cold. It's a unique but effective technique, although whether it will be sustainable with older, thicker vines is debatable. And, if Ningxia is genuinely to secure fine wine credentials going forward, it will need to find a way of keeping its older plants in production.

One of the peculiarities of the 'burying' technique is that it necessitates a lot of space between the rows of vines, which, in turn, means a low planting density and low yields. Some producers make up for this with yields per plant that are simply too high, others charge high prices for wines that don't merit the price tag.

We'll return to this later...

The big issue of the Ningxia winter, however, is not so much the bone-chilling temperatures as that it comes on fast. Frost and snow are not unknown in mid-October and, by November, it's possible to see the kind of temperatures that can damage or even kill a vine. Wineries, in other words, are not inclined to take too many risks with leaving late summer fruit on the vine.

This would not be such an issue were it not for the fact that the majority of producers are majoring on the late-ripening Cabernet Sauvignon. There's no shortage of Cabernet Gernischt either. A variety that shares 99% of its DNA with Carmenere, it ripens even later than Cab.

While there is an attractive freshness and natural purity to the fruit in Ningxia, too often there's a greenness to the tannins, which suggests problems in the vineyard. Either the yields need to be lower and vineyard management needs to be better, or the region needs to find the grapes that are really at home in this highly-particular climate. An elevated, flat, sand-and-gravel dustbowl, with a 3,000m spine of mountains off to the west, Ningxia is not dissimilar to Mendoza, so my suggestion would be that it might be worth experimenting with Malbec.

This, though, is to focus on wine production. The question of sales is of equal importance.

Bordeaux is still immensely powerful in the Chinese psyche - one winemaker described Lafite as 'the biggest wine brand in China' - and Chinese wines made with the same grapes play well with domestic consumers. Changyu Moser XV's grand vin - a tie-up between Austrian Lenz Moser and Changyu, China's biggest wine company - could pass as a Bordeaux were it not for the Chinese characters on the label.

The latter's strategy is to gain listings abroad and then use the kudos gained with international acceptance to unpick the domestic market. It's a brave call, not least because buyers abroad are highly price-sensitive, but it seems to be working. According to Moser the brand now has distribution in every European market - [including the UK](#).

Other European companies have taken the plunge too. When [Pernod Ricard](#) expanded its joint-venture with government-run Cofco to [take full ownership of Helan Mountain in 2013](#), the initial plan - like Changyu Moser's - was to create an international Chinese wine brand. That strategy has changed, however, with the focus now very much on supplying 300,000 bottles a year of well-made, fairly-priced wine to the domestic market.

Moët Hennessy, meanwhile, has set its stall out from the start. Chandon China makes Chinese sparkling wine for the domestic market. The unit has recently launched an off-dry fizz called Me - a nice bi-lingual pun (it means 'honey' in Chinese) - which is playing well with the domestic palate.

The big players, in other words, are working with care and sensitivity to build home-grown

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perhaps most significantly, the locals want it to succeed. Many consumers in the region still remember with immense pride the international trophy that Jabeilan won in the 2011 Decanter World Wine Awards; a success that, if not exactly kick-starting the current wine boom, certainly gave it added impetus and proved that China can mix it with the best.

There is no shortage of small producers making good wines and selling them happily at between RMB300 and RMB800 to locals who want their prestige to come with a Chinese, rather than international, accent. And, with the number of wineries set to skyrocket, that trend is only going to continue - and probably move faster than we might think. Currently, the Ningxia Wine Board says there are 86 wineries in production, but that number rises to more than 200 when you consider projects either under construction or in the planning stage.

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searching for something more authentic. The quest for a genuine Ningxia expression is on, and I wouldn't bet against them finding a style or variety to champion in the next decade. Changes that can take centuries in Europe and decades in the New World here take place in a matter of years.

As Lenz Moser describes: "China thinks long term, but it acts short-term. The speed of learning in this country is second to none."

For now, descriptions of Ningxia as 'the Napa of China' are an exaggeration. But, while it could be many more years before the wines start to make their presence felt abroad, they are already offering serious competition to imported wines in their home market.

That influence is only going to go one way from here.

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