

ASIAN WINE & SPIRITS

THE SILK ROUTE - 1ST CONFERENCE AND COMPETITION



POST-EVENT REPORT





Replicating the cultural interactions promoted by the world's historic trade routes

Asia is not only a vast region, it is also extremely diverse in terms of climate, topography, culture and customs. Over the centuries, this diversity has given rise to a multi-faceted drinks industry, accounting for a large share of global production and consumption.

Within Asia, however, awareness of this plethora of wines and spirits and the customs that accompany them has often stopped at national boundaries.

Developing a platform for sharing knowledge and experience was therefore the logical next step in Asia's rise to global prominence. Vinopres and the Beijing International Wine & Spirit Exchange joined forces with the Fangshan district to host the 2016 Asian Wine & Spirits Silk Route Conference and Competition, the first event of its kind in the region.

Its aim was not only to promote dialogue amongst members of the Asian drinks

industry but also to offer insight into the region for the global wine and spirits community, and to broaden the scope of Asia to include lesser-known producer countries such as Armenia, Turkey and Georgia.

China, as the region's major driving force currently, was the obvious choice of venue, particularly Fangshan which is viewed as a showcase for the country's still-nascent wine industry.

But the event's ambition for the future is to turn the spotlight on other producer and consumer nations within the region, mirroring the dynamics spreading from China to the rest of Asia, just as the Silk Road promoted trade and communication between them in centuries past.

INTRODUCTION

A conference schedule tailored to meet everyone's needs

Around 70 foreign guests – wine and spirits producers and exporters, journalists and specialist writers, sommeliers and educators and representatives of industry organisations - were invited to the AWS Silk Route Competition and Conference, some of them as speakers at the twenty four conferences that took place over three of the four-day event. No stone was left unturned with conference topics as broad-ranging as Indian whisky, Filipino gin, the modern Israeli wine industry, Koshu varietal wines from Japan, the liquor culture in South Korea, ancient winemaking traditions in Georgia and wine tourism in India and the rest of the world.

Obviously a major focus of the event was the Chinese wine and spirits industry and prospects for market development, including the need for education and to take on board local customs and traditions.

An overview of the global wine and spirits industry based on Euromonitor data followed the inauguration ceremony which was attended by around 400 guests at the purpose-built Expo Centre. The centre, located in the heart of the Fangshan district in the picturesque setting of Qinglong lake, also provided the opportunity for producer regions from around the world to showcase their products to visitors.

A practical introduction to Asian Wines and Spirits

Another opportunity for showcasing and benchmarking was the wine and spirits competition which received approximately 700 entries, some of them from the 23 Fangshan chateaux that took part in the overall event.

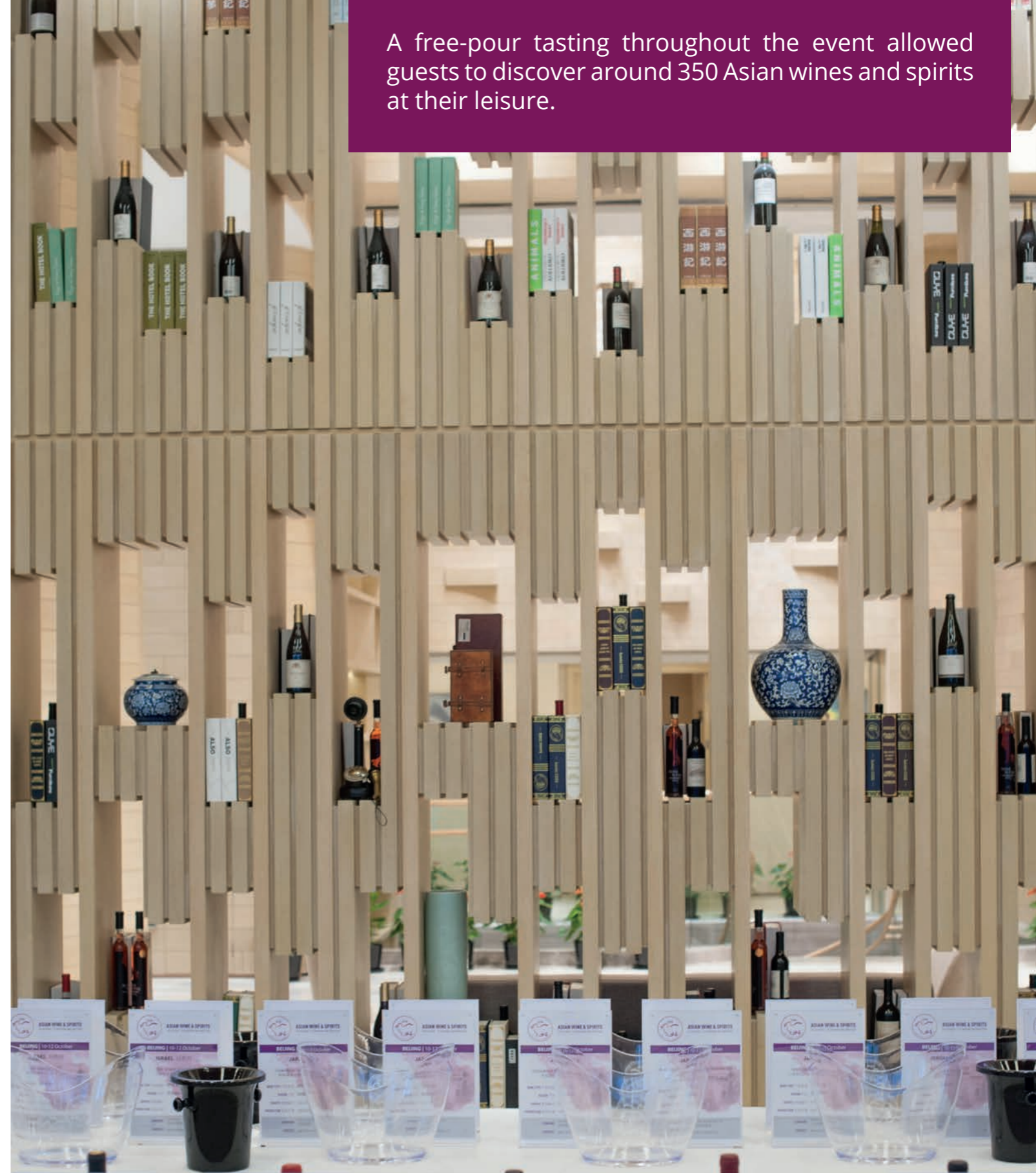
type of contest, organising, amongst others, the Concours Mondial de Bruxelles and Concours Mondial du Sauvignon.

Entries were judged by an international panel of tasters including several Masters of Wine.

Three types of medals were awarded: Grand Prize, Gold and Silver.

The competition was organised by Vinopres which boasts extensive experience in this

A free-pour tasting throughout the event allowed guests to discover around 350 Asian wines and spirits at their leisure.



Full results can be viewed at www.aws-silkroute.com



In addition to visits to wineries including Densiho, Chateau Bolongbao, Chateau Niandu and Chateau Wode, guests were given a chance to familiarise themselves with baijiu at the Museum of International Brewmaster Art.

The Museum, tastefully designed in a converted winery belonging to Dragon Seal, focuses on Chinese spirits and their long-standing history.

Sharon Nagel
Report Coordinator

ASIAN WINE & SPIRITS

THE SILK ROUTE - 1ST CONFERENCE AND COMPETITION

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1st Asian Wine & Spirits Forum - Tasting

At the top of the global economy's growth league for the past 25 years, Asia is also the continent where the wine and spirits industry has undergone the greatest (r)evolution. It now represents nearly 30% of global production and is the world's main spirits consumer.

The East is a land of superlatives: 7 of the 10 most prominent whisky brands worldwide are in India, the number one gin and brandy labels come from the Philippines, the leading soju comes from South Korea and China has become the world's top consumer of red wine, to quote just a handful of figures.

What do wines and spirits produced within this vast area of 44 million km², stretching from Turkey in the West to Japan in the East and from Russia in the North to Indonesia in the South, have in common? Are Filipinos familiar with Lebanese wines or Westerners with Asian wines and spirits? Do the Japanese know about the finest Chinese baijius and vice versa?

Until now, there has been no platform for sharing information and promoting dialogue on these issues. Vinopres, the organisers of the wine and spirits competition Concours Mondial de Bruxelles, partnered with the government of Beijing Fangshan District, and BJIWSE – Beijing International Wine & Spirit Exchange to hold the first Forum-Tasting which aims to become a seminal event in several respects, not least of which in ambition: although many events are held throughout Asia every year, none has yet brought together producers from every Asian country under one roof.

The event took place for the first time from October 10 to 12, 2016 in the Fangshan district of Beijing.

The Forum-Tasting was designed as an outstanding showcase for Asian wines and spirits and a platform for wine and spirits industry members from around the globe to exchange ideas: on one side were journalists and importers looking for information, on the other, producers, winemakers and master blenders from the Asian continent who were keen to present their products, production techniques and cultural heritage.

The choice of China and the Fangshan district of Beijing stems from the transformation of industrial wasteland into an area of high-performance, eco-friendly vineyards and wineries in less than ten years, underscoring the vitality of the Asian wine and spirits industry.

This first event was a resounding success, providing participants with critical insight into the wine and spirits industries in numerous countries located along the ancient Silk Route.

Our ambition is to replicate this initial experience in other parts of Asia in the future.

Baudouin HAVAUX
CEO Vinopres S.A.
Brussels

Located on the same latitude as Bordeaux, boasting the largest piedmont-area around Beijing, with 2,600 hours of sunshine, 185 frost-free days per annum, large temperature differences between day and night, and mineral-rich and porous soils, Fangshan has a unique geographical advantage for developing a wine industry.

The local government has made transforming Fangshan into China's most regulated estate wine producing area its top priority. The Grape Plantation and Wine Industry Promotion Centre of Fangshan is dedicated to drafting standardization and normalization rules for the development of chateaux in Beijing. In 2012, 33 chateaux signed an agreement with Fangshan.

To date, 22 chateaux have been built, 18 of which have begun to produce wine and 20 grape varieties have been planted over 20,000 acres of land in Fangshan, including Cabernet Sauvignon, Cabernet franc, Chardonnay and Marselan.

The Asian Wine & Spirit Conference and Competition has brought a lot of attention to Fangshan, and we took this opportunity to make Fangshan an "original, international and ecological" landmark wine producing region in China, and the world.

Chen QING
District Mayor of Fangshan,
Beijing City

THE TRENDS AND CATEGORIES DRIVING GROWTH IN CHINA



Between 2015-2020, China is expected to outstrip growth in the international alcoholic drinks market with a projected CAGR of 2.5%, compared with 1.7% globally. **Michelle Huang**, head of country research for Euromonitor, outlined the dynamics behind the surge.

China now has the potential to impact global consumption trends across the drinks categories – if China coughs, the entire world catches cold, and vice versa. It also mirrors ongoing international shifts in consumption, such as premiumisation and the significance of millennials and women, and is advancing towards greater market maturity, as evidenced by a broadening of the product range. Imported still grape wines are benefiting from these changes although their growth in recent years has been driven less by high-end offerings and more by competitive pricing.

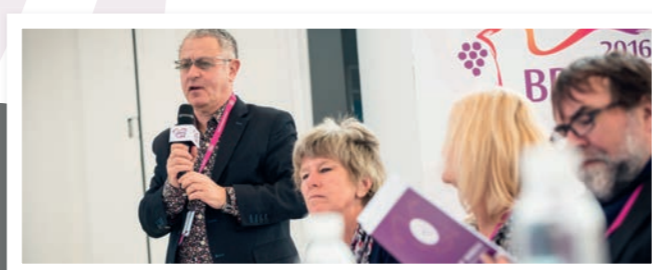
Price competition became fiercer in 2015, mainly due to a surge in internet sales as distributors sought to offload excess inventories via the channel, pushing prices downwards. Internet retailing is dynamic, posting over 200% CAGR

Encouraging spirits drinkers to trade up

For spirits, premiumisation is the name of the game and China has shown the potential to fuel the category: super premium baijiu, with sales of 251 million litres in 2015, is the largest luxury spirits category in the world with leading brand Jian Nan Chun retailing at an impressive US\$162 a litre. The government's anti-corruption crackdown, as for wines, has led to greater family and individual consumption, boding well for sustainable growth in the future. Imported categories such as single malt Scotch have latched on to the premiumisation trend

from 2010 to 2015, and in 2015 accounted for 5% of total alcoholic drinks sales in China. Convenience of delivery, competitive prices, ease of comparison for flavour, price and packaging and a degree of transparency are all driving growth for e-tailers. According to Michelle Huang, the headway made by the internet is not likely to decline in the near future, particularly for wine and foreign spirits with younger consumers preferring to buy them online and using social media to guide their choices. However, the current price war is a cause for concern with prices too low to be sustainable in the long term.

The Euromonitor analyst predicts greater synergies in the future between on and offline channels, with bricks and mortar outlets offering opportunities for tastings, education and logistics solutions. The likelihood is that offline outlets will step up their online presence. For companies looking to sell online in China, Michelle Huang recommends they choose a local agency specialising in internet selling rather than approach behemoths such as Tmall directly.



and with some savvy, long-term marketing strategies are encouraging consumers to switch from blended to single malt offerings. The future is likely to hold more of the same, with product innovation – mostly in the form of novel packaging options – and craft bottlings increasingly driving the market.

For wine, wellness and health issues will be key, particularly amongst young and female demographics. Affordability will of course also be a core issue for market development.

01 02

ASIA : RISING DOMESTIC CONSUMPTION SPURS NEW INTEREST IN LOCAL PRODUCTION



With wine consumption in Asia outstripping the pace of growth elsewhere in the world, the potential to develop a local wine industry is compelling. **Sumedh Singh Mandla**, the current chair of the Asian Wine Producers Association, presented the new face of Asian wines.

The AWPA, which was established in 2013 at the Hong Kong International Wine and Spirits Festival, is designed to bring together premium wine producers from across Asia and promote awareness of its members' products throughout the global wine community. There are currently two criteria for membership: producers must make 100% grape wine; and the grapes must be at least 80% locally grown. Whether quality standards are introduced at a later date is still up for debate but the emergence of new wine growing regions in Asia has prompted the

need for a collective organisation. Sumedh Singh Mandla, who is also CEO of Grover Zampa Vineyards in India, identified 13 distinct wine producing regions across the continent, spearheaded by Japan, China and India. The latter two mostly focus on their sizeable, and growing, home markets but despite this domestic predisposition, significant possibilities exist for export growth.

Sumedh Singh Mandla also highlighted the potential to develop East Asian wines under the 'New Latitude' label, mostly in regions that historically produced opium. Despite the challenges posed by tropical climates, wine production outside the traditional latitudes can be successful, he claimed. His statement is borne out by the achievements of producer regions such as India, Japan, Thailand and Indonesia.

Asian cuisine as a vector for raising awareness

Despite a centuries' old wine producing culture, India has only produced modern wines since the 1980s. Present-day wine production centres mainly on Nashik and Karnataka with most of production concentrated in the west and south-west of the country.

Although India boasts 100,000 hectares of vineyards, only 2% are dedicated to wine grapes, underscoring the potential for growth. As with many burgeoning wine industries, French varietals were originally selected but now grapes from elsewhere are grown, including four native varieties used mostly in mid-range products. Domestic consumption has a strong red focus (61%) followed by 33.8% white and producers export to 30 countries.

As is the general rule across Asia, traditional wines and spirits along with beer dominate the market in Indonesia. Here, Bali is home to five wine producers, three of which import their juice and two of which belong to AWPA.

Wine production is more embedded in Japanese culture where wines have historically been produced in Yamanashi. Despite sometimes extreme weather conditions, the country is home to over 230 wine producers who grow the greatest variety of grapes in Asia. The second-oldest wine producer on the continent, Japan has the highest per capita consumption in East Asia (4 litres). Only 30% of wine consumed is domestically grown, making Japan the second-largest wine importer in Asia.

Farther south, in Thailand, national wine production also accounts for 30% of consumption. The country's 12 wineries form a young, but high-quality industry that still lacks awareness but is promoted through wine bars. AWPA aims to generate greater attention for the continent's wines and use Asian cuisine pairings to promote local products, region-wide and globally.

Yair Koren
Dorit Ben Simon



By global standards, Israel's modern wine industry is small but it has points of interest that make it unique and compelling. Wine and spirits writer **Yair Koren** and Carmel winery export director **Dorit Ben Simon** recounted the industry's journey down the years to its present-day status.

Israel can rightfully lay a claim to being one of the world's oldest wine producing countries, as attested by recently-unearthed wine urns dating from 3700 BCE. After experiencing a long period of vicissitudes, including the Muslim conquest of the Levant in the 7th century which put paid to the ancient wine industry, its modern-day counterpart began to emerge in the 19th century, most notably with the founding of Carmel Winery by Baron Rothschild in 1882 although there were a clutch of smaller 19th century wineries and Christian religious producers before that. More

recently, the Golan Heights Winery was founded in 1983 and began producing high-quality wines. There are now around 300 domestic producers, approximately 200 of which use domestically-grown grapes; this compares favourably with a few decades ago when most of the grapes were imported from Chile. After more than a thousand years without commercial wine production, the original grape strains had been lost and Rothschild imported primarily French varieties. The range has since expanded and even includes a native grape, Argaman. Stretching mainly over five different regions, vineyards cover a broad variety of terroirs and a stable climate – these are the country's major assets – although hot winds can sometimes pose challenges during harvesting. The variety and quality potential of Israeli wines was illustrated in a masterclass during the conference.

Compliance with religious customs

The present-day wine industry is spearheaded by four main players which account for 70% of the market, with the top ten representing 90%. Per capita consumption is slightly under 5 litres, the lion's share of which is red (70%) followed by 20% white, and domestic production covers most of the country's needs; imports represent around 20%. Israel is also an exporter country with exports currently worth about US\$40 million annually, most of the wines bound for the US, followed by Europe and East Asia. The Jewish Diaspora is the largest audience for Israeli wines though producers are hoping to push beyond that niche – a recent cover story in the Wine Spectator may well open up new avenues.

Obviously being Kosher is a major selling point for certain markets and in no way implies inferior quality, rather observance of Jewish orthodox standards. Compliance with these standards



involves constraints for producers, including the need to leave wine fields to rejuvenate for seven years. During that time, although shipments to religious communities grind to a halt, some workarounds have been achieved with the help of rabbis and most of the resultant wines are consumed domestically. Whether at home or abroad, the modern Israeli wine industry undeniably has a number of strings to its bow, all of which bode well for future development.

Jeannie Cho Lee



03 04

Although China has a long-standing history of drinks production and consumption, two products currently stand out for their exportability: baijiu and wine. Master of Wine **Jeannie Cho Lee** analysed that potential and delivered a series of recommendations for would-be Chinese exporters.

Given the current global popularity of white spirits, it isn't hard to image a place for baijiu in the international marketplace and yet, to date, a large part of its sales have been concentrated in its homeland. The steady increase in baijiu production in recent decades begs the question of where it fits in globally, to which the obvious immediate answer is the Asia-Pacific region where three of the top ten spirits brands by value are baijius led by Kweichow Moutai. Broadening

the consumer base beyond China, where baijiu can have negative connotations linked to binge drinking, implies first identifying its position in the new market. Target consumers and competitors for individual business must be pinpointed, allowing appropriate price points, suitable sales channels and tailored packaging choices to be ascertained. As spirits sales, more than wines, hinge on brands, the desired lifestyle image and drinking occasions must feature in a marketing plan; digital outreach in the local language is also essential. Keeping abreast of market trends, effectively managing logistics and distribution networks and seeking celebrity endorsements wherever possible, are all pivotal to international success and the ideal target consumer should be cool, hip drinkers in their 20s and 30s, insisted Jeannie Cho Lee.

Benchmarking is an essential discipline for Chinese winemakers

Moving on to wine, again, rapid production increases in recent years automatically raise the issue of exports, particularly following the anti-corruption curbs on drinking and waning popularity of Chinese wines domestically. Despite quality improvements, Chinese wine is still hamstrung by its poor reputation; the cost of producing wine in China also undermines its competitiveness internationally. Thus, benchmarking is the most decisive exercise for Chinese winemakers before exporting.

They need to determine what they are making and how it will compete with similar products overseas. They should identify strengths and weaknesses, and most importantly, determine why they want to export and how, or if, it will advance their agenda. Lack of awareness makes industry media an effective target, claimed Jeannie Cho Lee, who also insisted on the critical importance of selectively identifying

sales channels; where a wine is sold will impact its reputation and its appeal to other outlets. Establishing an emotional bond with the end consumer is similarly vital – consumers are more forgiving of a product with which they have emotional ties – and winemakers need a philosophy for how to convey their strengths to consumers. They also need to demonstrate long-term commitment to a product.

Jeannie Cho Lee concluded by expressing optimism over the future of the larger, state-run producers who boast political and economic support, along with the smaller premium winemakers due to their quality and compelling stories. The future looks more challenging for the mid-size producers who may be in trouble if they cannot enunciate a compelling brand story...

THE KEY TO UNDERSTANDING JAPANESE SHOCHU



05 06

One thing many Asian drinks have in common is their scale and Japanese shochu is no exception. Professor **Yumiko Yoshizaki** explained the production process and serving styles of a spirit that is perhaps less well-known internationally than sake but no less iconic to Japan.

Shochu is mainly produced on the island of Kyushu in the south-western Japanese archipelago which historically was a centre of trade. Kagoshima is the island's chief shochu producer and its 110 distilleries have a greater annual output than Scotch whisky. Since the 1980s, shochu has been a high-growth industry and during the so-called 'Shochu Boom' of 2003-2006, its sales eclipsed those of sake.

Probably one of the reasons for this is that it stopped being regarded as a regional product and expanded its footprint nationally. Internationally,

however, its production process is little known and professor Yumiko Yoshizaki expounded further. The process involves five main stages: preparation by the 'toji' (or koji maker) of rice 'koji', a culture of yeast and enzymes, lasting approximately 45 hours; a first fermentation, the most important in terms of flavour profile using a mixture of koji, water and yeast; the second fermentation, before which the primary ingredients – i.e. a number of starches from barley, rice or sweet potato for instance – are added, lasting ten days, during which ethanol rises to about 13 to 14%; distillation in a pot still where the heart is not separated from the head and tail; and finally storage and bottling. The final product has an ABV of around 38%. Its aroma derives primarily from the late stages of distillation, whereas its flavour comes from the raw materials. Ageing in clay or steel vessels for two to three months removes aldehydes and sulphur.

Different serving styles for different flavours

Another similarity with other Asian spirits is that shochu can be served in a variety of styles in Japan, most of which use water. As demonstrated during the masterclass, it can be served straight, on the rocks or mixed with hot water. The water ratio is typically 4/6 or half and the aromas open up with temperature.

Conversely, when served chilled or with ice, the flavour becomes more bitter and vegetal. Its flavour profile and notable lack of sugary sweetness make it food friendly.

Aside from complementing food well, it may also have health benefits and potentially improve blood flow and lower blood glucose levels after meals, according to research. In an era of rising diabetes, both in Asia and around the globe, this may well endear it to a broader consumer base...



HONG KONG: WINE GROWTH TRIGGERS NEW EDUCATION DEMANDS



One of the few tax-free wine markets in the world, Hong Kong has emerged as a hub for global trade in wine, but also as a significant market in its own right. **Dr Murray Mackenzie**, a professor at the School of Hotel & Tourism Management at the Hong Kong Polytechnic University, explained the links between greater penetration of wine and the need for more advanced education solutions.

The rapid growth in Chinese wine consumption – from just 0.25 litres per capita per year in 2002 to an estimated 1.9/2 litres in 2015 – has prompted greater need for education, amongst consumers and the trade. The same is true of Hong Kong where total wines sales by volume rose by 5% in 2015 to 15 million litres and are expected to grow by a further 4%. The 6% increase in Champagne sales in 2015 and 3% average unit price growth are all signs of healthy market development, with Moët Hennessy Diageo Hong Kong leading total volume sales of wine in 2015.

The increased popularity of wine has led to the emergence of dedicated events such as the Wine & Dine Fest and a greater desire by consumers to understand the product, sparking the need for more qualified staff.

There are currently 54,518 full-time employees with major duties related to wine in Hong Kong, over half in a managerial or supervisory capacity. But there are also significant vacancies for trained staff, with needs estimated at 8.4%, more than 20% of which are in western restaurants.

In response to this, Hong Kong has broadened its range of training opportunities, now offering 193 different wine-related courses conducted by 98 training providers; over 32,800 places are available.

Courses do not simply focus on basic sommelier-type education but at the top-end can even include hands-on winemaking, as with the MSc

in wine management. Predictably, WSET has a significant presence in Hong Kong and China, though teaching is also provided by universities, colleges and other organisations. However, whilst the industry is fully aware of the need to train staff, only 27% of establishments were doing so in 2015.

Millenials cause shift in education requirements

Looking forward, involvement by younger consumers in wine drinking is leading to a shift in education requirements, with many enthusiasts seeking courses.

Millenials are enjoying the entire wine experience and not just tasting. They appreciate the quality of the welcome and interaction with staff, are averse to intimidating environments, have a thirst for knowledge and are looking for more flexible wine experiences. Value for money is their holy grail, often pushing them towards the New World countries.

Dr Murray Mackenzie believes that food and wine pairing is pivotal to growth in red and white wine and that wine cellars and specialists will be crucial in introducing new products and varietals, already evidenced by a surge in independent specialists.

All of these emerging trends make professionalism, knowledge and improved sales service key for future growth.

PRECISION MARKETING KEY TO SUCCESS IN CHINA



07 08

Extremely rapid growth in China's vineyard acreage has taken the global wine industry by surprise in recent years. However, according to Professor **Demei Li**, associate professor of wine tasting and oenology at the Beijing Agricultural College, China is first and foremost a consumer country offering huge potential for exporters, provided they take a sensitive approach to the market.

Climatic restrictions make wine growing challenging and expensive in China and domestic producers have struggled to compete with foreign imports at entry and mid-level. 2015 saw a spike in bulk wine imports, which are used to offset a drop in national production, bearing out Professor Li's statement. He claimed that small

growers in particular are uprooting vineyards due to issues with cost and quality and that the future for China's wine producers lies either in large brands or high-end boutique offerings. This bodes well for imports which, after a slow-down in 2012, 2013 and 2014 due to austerity measures, have returned to growth.

France proved to be quick on the uptake from the outset and has carved out a sizeable 45% chunk of total imports due to extensive groundwork in promotion, mainly through its regional marketing boards. Australia has also benefited from effective promotion and advantageous trading conditions and boasts the highest average price at nearly \$6 a litre, after low-volume New Zealand.

The pitfalls of taking a blanket approach to China

Countries like Australia have shown awareness of issues affecting consumer trends in China. These include major regional differences across the country – in terms of food, religion and social activities for example – making national coverage impossible. Linguistic issues are also involved, making it essential to choose the right interpreter and a Chinese brand name.

From a food perspective, salient flavour profiles dictate style preferences and there is no such thing as a unified Chinese palate: the North is more geared to salty foods, the North-West to spicy dishes, the South prefers even spicier foods and the South-East sweet, whilst the coastal areas, predictably, opt for seafood. Food and wine pairings are made extremely challenging by the diversified nature of Chinese meals, hence explaining the popularity of beer, water and white spirits. External factors such as price, packaging, region, variety/style and taste are also of paramount importance and style

descriptors on packaging – for example dry red wine – are an important way of reaching out to consumers. As an aside, Professor Li debunks the myth that the Chinese prefer sweet wines, explaining that the misconception stems from the fact that they understand sweet but not tannins and texture, hence the success of light and fruity Chilean wines.

Probably one of the most important lessons to be learnt is that European standards cannot be transposed to China, although the appeal of genuine quality is a common denominator. Professor Li stressed that history and technical details are meaningless to the Chinese but that authenticity is essential; bespoke products specifically targeting the Chinese are doomed to failure because they imply lower standards. But perhaps one of the most important rules to remember is that foreign exporters are not competing with local wine producers, but with home-grown drinks such as baijiu.

THE WORLD'S LARGEST-SELLING GIN BRAND COMES FROM... THE PHILIPPINES



The scale and demographics of Asia throw up some disconcerting facts about alcohol consumption and preferences. Forget the long-standing history of gin production in the Netherlands and Great Britain, the world's largest-selling brand of gin today comes from the Philippines, as **Teodorico Lasin** from Ginebra San Miguel explained. Far be it from companies such as Ginebra San Miguel, however, to minimise the influence of the Old World countries on the inception and subsequent popularity of gin around the other side of the world.

The company is hardly a newcomer on the scene either – it was established in 1834 and throughout its almost 182-year history has carved out a reputation for itself as an iconic gin brand. Made from juniper berries, Ginebra San Miguel is a Dutch-like gin with a strong juniper taste and portrays itself as a full-bodied spirit from the Philippines.

It boasts a staggering 95% share of the domestic gin category, selling a total 15-20 million cases a year between 2011 and 2015, which makes it the largest-selling gin brand in the world.

Its history and experience also make it a trailblazer in the category and during the Asian Wine & Spirits Silk Route Tasting and Forum, Teodorico Lasin hosted a masterclass to show how the product is moving with the times. In response to a global trend towards premiumisation, the company has launched a 35% ABV premium gin targeting younger consumers. Its technical services group manager also gave attendees a sneak preview of its latest product, the super premium label 1834, which has yet to be released.

Its fruity and floral flavour profile, a departure from the more classic gin styles, looks set to appeal to whole new consumer audiences. Ginebra San Miguel has also pioneered a range of ground-breaking marketing initiatives including celebrity endorsements and close ties with the sporting world.

However, Teodorico Lasin believes that the company's long-lasting success is rooted in the consistent quality of its products and the genuine involvement of its employees in each aspect of the firm – which also produces other spirits – and its brands.





Opening Ceremony & Welcome Dinner



ISRAEL NURTURES GREAT AMBITIONS FOR ITS WINE INDUSTRY



Despite Israel's ancient wine growing traditions, the country is currently breaking new ground through the pioneering efforts of wineries such as Carmel. Export director **Dorit Ben Simon** recounted the company's story so far and outlined its plans for the future.

Israel was making wine and had wineries 3,000 years ago – even the Bible mentions winemaking here. Perhaps because of this long-standing history, Israel's wine industry is fairly well-structured and its vineyards are divided into five distinct wine regions: Galilee, Shomron, Samson, the Judean Hills and Negev. Within these are myriad terroirs, elevations and climatic influences, all of which help the country's wine industry mitigate the effects of climate change in this already-hot country.

From high-end through to mid-market

But wine is still the company's primary focus and nowhere is this more evident than in one of its more recent projects – the development of the Yatir winery. Set amidst the forests dear to Ben-Gurion's vision of the country, Yatir is a boutique winery producing 150,000 bottles of wine a year in the north-eastern Negev region. In 2000, the company began planting 45 hectares of irrigated vineyards here at approximately 900 metres above sea level, with both trees and elevation mitigating the effects of the heat. As befitting of a ground-breaking venture, the winery is aiming for the high-end of the market, with its top of the range Yatir Forest retailing for \$80-100.

Carmel also caters for other price points, however, as illustrated by its Selected brand whose annual sales volume of 6 million bottles makes it the largest-selling label in Israel. Other brands include Private Collection, Appellation and Single Vineyard which are marketed in numerous international markets, including

Carmel, which produces 14 million bottles a year out of a national total of 40 million and has a staff of 200, owns Israel's two largest wineries and crushes grapes from 1,400 hectares of vineyards spread over the country, enabling it to produce wines across the style spectrum and price points. Its clear French focus in the vineyards underscores its heritage: it was founded in the 19th century by the illustrious Rothschild family who built two wineries at a stupendous cost of 11 million francs. The Rothschilds subsequently handed the company over to its wine growers in the 1950s; in 2013, Carmel was bought by an international consortium of Jewish businessmen whose plans for the firm include reviving production of brandy and other spirits.

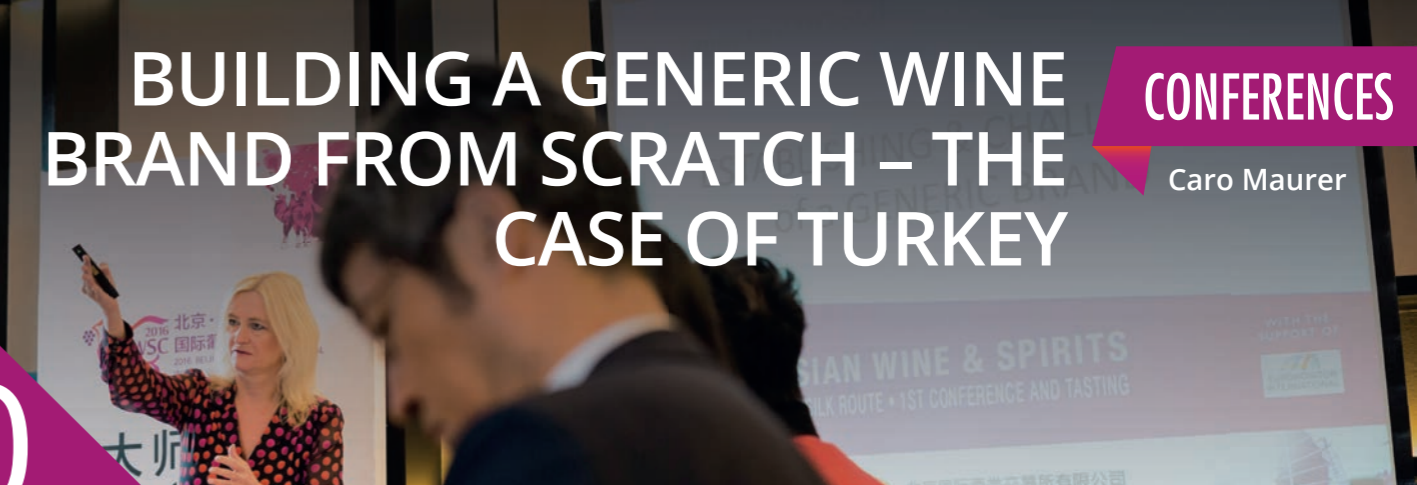
the US due to strong demand for kosher wines, along with Europe and Asia where China is a target market.

Improved knowledge of terroir effect and adaptation to climate change are leading the company to focus increasingly on single vineyard wines and there are no plans as yet to stop planting more vineyards in a country where Mediterranean climate and topography combine to create ideal conditions for growing vines.



09 10

BUILDING A GENERIC WINE BRAND FROM SCRATCH – THE CASE OF TURKEY



After a first wave of New World countries, a second is now emerging, prompting greater need still to create generic wine brands. **Caro Maurer**, representing Taner Ogutoglu the founder of Wines of Turkey, explained how the country went about this.

Alongside traditional wine nations such as Italy, France, Spain and Portugal, emerging wine regions need to learn how to build generic brands and excel at them. For Taner Ogutoglu, the term New World can be divided into two parts: a first era, encompassing Austria, California, Australia, Israel, South Africa, New Zealand, Chile and Argentina which have proved quite successful at producing and promoting their wines across the world; and a second era, including countries such as China, India, Taiwan, Brazil, Uruguay, Lebanon and Turkey. The reason why the traditional countries were successful is because they acted under a generic, umbrella brand.

For Turkey, Taner Ogutoglu's solutions involved internationally and nationally campaigning, marketing, promoting and lobbying for the industry. Ways of achieving this included developing an international generic brand; increasing the unit value of exported wines; working on behalf of the industry with key decision-makers in government and the opposition; and increasing moderate wine consumption locally and internationally.

The prerequisite for this is a sustainable environment for the wine industry to grow. To establish an association or platform, there are some key fundamentals that need to be addressed: a vision to be international and sustainable, a passion for wine in general, trust, co-operation, communication and consistency. Once the association is ready to move forward,

it is important to define the right product mix, quality standards, target markets, USP of the region or the wine producers and positioning in different target markets, for example. Taner Ogutoglu also showed how involving key influencers can help promote a generic wine brand. On February 24, 2011, the Discover the

Key influencers essential

Roots Inaugural Wines of Turkey Conference and Tasting was held at Vinopolis in London and involved eminent speakers such as Jancis Robinson MW, Dr Jose Vouillamoz, Dr. Patrick Mc Govern, Tim Atkins MW, Charles Metcalfe and 250 other participants from the industry.

Activities such as these had already begun to show results from 2008 to 2013; the average unit price of Turkish wine worldwide increased 83% from €1.67 to €3.07. The UK was the primary target market and the value of exported wine increased 278% from €256,000 to €970,000 during the same period. Turkish wines were listed in off-trade channels like M&S, Waitrose, Tesco, The Wine Society, Laithwaites and Trywines and in on-trade venues such as Zuma, The Fat Duck, Boisdale, Clos Maggiore, Mourad Group Sketch & Momo and Busaba.

There were many challenges, one of major ones being the restriction on liquor advertising and communication in the domestic market. But strong determination, a good strategy and co-operation amongst producers have helped the wine industry move forward. This resulted in Turkey becoming one of the most well-known emerging wine countries in the world, despite significant international and domestic competition.





JAPAN DEFIES THE ELEMENTS TO PRODUCE DISTINCTIVE, HIGH-QUALITY WINES

Naoki Watanabe

When you think of wine producing countries, Japan doesn't automatically come to mind. And yet, the Japanese wine industry is alive and well, as highlighted by **Naoki Watanabe**, head winemaker at Suntory's Tomi-no-Oka winery.

In his overview of the Japanese wine industry, Naoki Watanabe confirmed that between 2007 and 2014, the industry had grown in reputation and in recognition. Due to its location, Japan is able to produce a wide range of wines encompassing 38 out of the country's 47 prefectures. Average yearly rainfall of 1,700 mm is the sign of a damp climate and yet, despite this, Japan successfully makes high quality, sophisticated wines from a comprehensive array of grape varieties.



The main grapes used to produce wines in Japan are the indigenous variety Koshu, a vitis vinifera, and hybrids Muscat Bailey A and Black Queen; then there are the international varieties like Chardonnay, Merlot and Cabernet-Sauvignon.

Yamanashi is the country's largest wine producing region with a 35% share of output, compared with a 17% share for the recently popular Hokkaido region, and a similar 17% for the famous area of Nagano, known for its production of European grape varieties such as Merlot and Chardonnay. The fourth-largest region, Yamagata, is renowned in Japan for its high quality wine grapes. The country currently boasts approximately 230 wineries.

A century of winemaking at Tomi-no-Oka

The owners bought Tomi-no-Oka in the Yamanashi region near Mount Fuji in 1909.

In 1912, the German oenologist Heinrich Hamm was invited to provide assistance and teach modern winemaking techniques. In 1994, at a wine competition in Slovenia, Tomi-no-Oka became the first Japanese winery to win accolades. The vineyard boasts around 25 hectares under vine which are farmed organically.

The fermentation process brings out the aromas, barrel ageing enhances the flavor profile and sur lie maturation adds a lively taste to the wines. Tomi-no-Oka produces two kinds of wines, one that turns the local soils, climate and grape varieties to good account, whilst the other shows true sense of place and faithfulness to the vineyard's style.

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MAKE LOCAL, GO GLOBAL: HOW INDIAN WHISKY IS CONQUERING THE INTERNATIONAL MARKETPLACE



Ashok Chokalingam

Established in 1948 in Bangalore, Southern India, Amrut Distilleries produces whisky, grape brandy, rum, gin and vodka at its local distillery. But as the company's head of international sales and marketing **Ashok Chokalingam** explained, Amrut has also been successful in creating one of the most iconic single malt brands in the world.

Ashok Chokalingam described how his family's business became the first distillery in India to go global with a single malt whisky. Amrut single malt was befittingly launched in Glasgow, Scotland on August 24, 2004. The Amrut Fusion brand was voted the third best whisky in the world by the Whisky Bible in 2010. Between these two landmark moments, the journey was extremely challenging as the brand not only had to meet all the international requirements from raw materials to finished product, it also became the first Indian single malt to secure approval by the TTB in the United States.

Challenges included the negative perception of Indian whisky in the international market, particularly because most Indian whiskies are produced from sugarcane molasses and were considered as rum rather than whisky. However, as a malt-based whisky, Amrut had to dispel the myth that all Indian whisky is the same. To prove the point, by 2010 the company had discovered the magic of blind tastings. To date, Amrut has conducted 500 blind tastings around the world. It has participated in most consumer exhibitions and tastings, ultimately transforming it into one of the most sought-after brands in India and abroad. Amrut didn't just dispel myths in the international market; it also changed perceptions on the domestic front. The brand was first launched abroad and later introduced to India. Only afterwards did the company witness huge consumer demand for it in the domestic market.

A unique production process

So what really makes Amrut special? Amrut Distillery uses ex-bourbon casks, new American white oak casks, ex-sherry butts and former Port 'pipes' for maturation. All Amrut single malt whisky brands are unchillfiltered and none are coloured artificially.

The distillery is located 300 ft above sea level in Bangalore where the temperature in summer (April -June) can reach up to 39°C and fall to 20°C whilst winter temperatures (October -February) range from 30°C at the top end to 17 °C at the bottom. There is also an average difference of 6°C between the warehouse and ambient temperature. The region is affected by the South-West monsoon (June -August) with 85% of rain in the evenings.



While the average maturation loss (or angels' share) in Scotland is between 2% to 3% per year and the warehouse temperature in a distillery in Islay about 8°C year round, in India the loss is similar to Kentucky at between 10-16%. Whiskies are bottled by taste, not by age.

Amrut is now available in 42 countries and has 23 expressions including two new ones which were launched and tasted for the first time during the AWS presentation: Amrut Double Cask and Amrut Rye Whisky. The company has not only been able to produce a 10-year-old single malt in an environment like Bangalore, it has also successfully maintained a distinctiveness for each and every variant of Amrut single malt released on the market.

Rajeev Samant
Kailash Gurnani
Sumedh Singh
Mandla

HOW INDIA'S WINE INDUSTRY IS OVERCOMING HURDLES THROUGH RESOURCEFULNESS

13 14

Representatives from three leading Indian wine producing companies - Sula Vineyards, Grover Zampa Vineyards and York Winery - outlined existing challenges for the domestic wine industry and trends for local wines in India.

Sula Vineyards, India's number one

In many respects, Sula Vineyards has pioneered wine growing in India. It planted international grape varieties such as Sauvignon Blanc and Riesling; it organizes and hosts one the largest music festivals in a winery, Sula Fest; and it has released India's first 100% grape brandy, Janus. Rajeev Samant, founder & CEO of India's leading wine company, delivered the opening presentation of the masterclass with a prediction that the Indian wine market should continue to see double-digit growth over the next few years. After China, it is already one of the fastest growing markets in Asia. The industry continues to focus on consistency in quality and improvements in winemaking technology year on year.

Boutique, family-owned York Winery

The story of York Winery, set in India's wine capital Nashik in Maharashtra, was recounted by director and winemaker Kailash Gurnani. This family-owned and operated boutique winery overlooking the Gangapur Dam planted its first vineyards in 2005. Boasting 6 acres under vine, the winery has a total capacity of up to 1,000,000 litres but currently produces half that amount. On returning from Australia in 2008, Kailash Gurnani worked on the first vintage but released his first Indian vintage in 2012. York maintains separate fermentation areas for red wine and

white wine. Its multilevel winery enables gravity-fed wine transfers and it has an underground cellar area for oak barrel ageing. Its sparkling wine is made using the traditional method. The estate's varietal range includes Chardonnay and Tempranillo but approximately 55 acres of vineyards are under contract for supplies of other regular grape varieties.

Trailblazing Grover Zampa

Sumedh Singh Mandla, COO of India's second-largest wine company Grover Zampa Vineyards, spoke about the tradition of wine making in the country. Grover Zampa, which is a merger between Bangalore-based Grover vineyards, one of the oldest wineries in India and Zampa wines from Nashik, enjoys the benefits of both locations. Some of its brands produced in the Bangalore-based winery have received a number of awards and accolades, including the most iconic Grover La Reserve wines. From its renowned consultant wine maker Michel Rolland to its special edition art collections and collaboration with tennis star Vijay Amritraj for whom special labels are created, Grover Zampa vineyards has always been at the forefront of innovation. This also explains why it has a strong foothold in export markets.

All three speakers highlighted the problems of interstate export duties as one of the major hindrances for the wine business in the country. Restrictions on liquor advertising and promotion also act as major roadblocks for industry growth. Although the Indian wine industry posts double-digit growth, they agreed that wine tourism would play the most important role in promoting wine culture in India.

WINE TOURISM AS THE KEY TO BUILDING UP A SUCCESSFUL WINE BUSINESS

Sarah Jane
Evans
Rajeev Samant

Wine tourism has been a buzz concept in the wine industry for several years now but often fails to deliver the all-round experience visitors are keen to partake in. Master of Wine **Sarah Jane Evans** and **Rajeev Samant**, founder and CEO of Sula Vineyards in India, provided a pragmatic approach to a business that can yield substantial rewards, when properly executed.

Wine tourism has emerged as a very effective tool for overcoming the intimidating aspects of wine appreciation, provided the experience is authentic and the welcome sincere and tailored to individual needs. Crossovers with complementary products and industries such as local cuisine and crafts help broaden the experience and create the all-important, long-lasting memories that will in turn lay the

groundwork for customer loyalty. Sarah Jane Evans MW offered a host of tips to would-be wine tourism providers including the need to supply food, to cater for all types of guests including children, to keep the experience intimate irrespective of visitor numbers, to offer a range of distinctive experiences as wine buying itself is not top priority, and to remember practical aids such as signposts. In return, wine tourism offers higher margins, quicker returns and the chance to try out new packaging and styles without the obstacles of conventional distribution channels. But it only works if the best conditions are offered - a smoke-free tasting room, freshly-opened bottles, right serving temperature etc - trained staff provide a good experience and visitors know where to buy the wines after the visit.

Sula pioneers the wine tourism experience in India

Award-winning Sula Vineyards has already put this advice into practice and welcomed 230,000 guests in 2015. Its CEO Rajeev Samant recommended visits to pioneering wine tourism facilities across the world to seek ideas and adapt the best examples to one's own winery. Located 3 ½ hours from Mumbai, Sula offers a multi-pronged experience ranging from winery tours and winemaker tastings, to hotel accommodation, restaurants, bottle and gift shops and even an amphitheatre for bespoke events. These include the now famous Sula Fest which began with 200 friends and family and now attracts thousands of visitors annually. The event illustrates savvy use of social media whereby limited but free access to the internet allows Sula to collect contact details for its client base. The company now boasts 25,000 followers on Instagram and estimates its PR and marketing savings from astute use of social media in the range of \$1 million. Minimal entry fees of \$3 for

tastings also contribute to cost-effectiveness and help pay for the infrastructure required to develop wine tourism. The fees also enhance the value of wine tasting, claimed Rajeev Samant, who stressed the importance of the winery setting - at Sula the surrounding vineyards are farmed organically and foliage is managed so as to create the best effect. In a country where huge chunks of the population live in large cities, the attraction of vineyards and wineries provides considerable scope for development. And Rajeev Samant is not likely to be passing up those opportunities.



KOREAN LIQUORS GET A NEW LEASE OF LIFE



15 16

Like many Asian countries, Korea has a long-standing liquor culture. After colonisation in the 20th century nearly put paid to this heritage, production and consumption are now enjoying a renaissance, as former industry executive and professor **Jong Ki Lee** explained.

Not only have Koreans been enjoying home-grown alcoholic drinks for centuries, they have also developed a sophisticated set of rituals, etiquette and conventions. Traditionally shrouded in legends, they became synonymous with rites of passage – coming of

age and matrimonial ceremonies, funerals and memorial ceremonies – and followed a code of etiquette under the Joseon Dynasty from the Middle Ages onwards. Production methods for making rice wine, for instance, were the subject of detailed accounts, attesting to their significance in society.

Throughout that period, liquor was not only used for ceremonial purposes but also seen as a daily necessity, hence its exemption from tax, and each family had its own brewing recipe. Its significance promoted improvements in quality and the development of a liquor industry.

Craft drinks and wine become popular

This all came to a halt though when the Japanese colonised Korea in the early 20th century.

The Japanese colonial government introduced a liquor tax in 1909 and by 1934, 29.5% of total tax came from liquor, revealing how important alcohol was to the Koreans. In 1965, the use of crops for making alcohol was prohibited due to poverty and the need for grain, and dilution processed soju was introduced, all of which sealed the fate of domestic drinks. At least temporarily. After 1991, the Korean market opened up to imports and an array of imported liquors became popular.

Regional specialities began to enjoy a resurgence, driven by changing consumer habits and a social trend towards craft drinks; artisanal and small breweries experienced growth. Concurrently with this, and like their neighbours across the Yellow Sea, Koreans have increasingly shown a preference for lower alcohol drinks and the last decade has seen a dramatic increase in wine consumption.

The rise in the number of female drinkers, the quest for knowledge and greater focus on

enjoyment rather than drunkenness have all spurred growth in wine drinking. Diversification is also a present-day feature of Korea's liquor market, including the choice of sales outlets with the growth of the off-trade. Reverting to



a traditional liquor culture has allowed native fruits to emerge. Jong Ki Lee was therefore able to host a masterclass featuring, amongst other drinks, a pink sparkler made from omija or five-flavour berries – proof that the future of the Korean liquor industry is indeed rosy.

JAPAN : WHERE WINE STYLE AND LOCAL CUISINE GO HAND IN HAND



The Koshu grape has been grown in Japan for centuries and has become an emblematic white varietal. Its present-day international success, however, was given a boost by OIV's official recognition of Koshu as a grape variety in 2010. **Shigeki Kida**, chairman of the KOJ winery association, established the connection between Koshu's current popularity and Japan's thirst for wine.

The first annual tasting of Koshu took place in 2010 in London, which was seen as a base for developing the varietal worldwide. The gamble paid off and Koshu wines are now exported to over ten countries. It had taken centuries to reach that stage: the Koshu grape arrived

in Japan with Buddhism from China in 700 AD and for around 1,300 years was used as a table grape. Towards the end of the 19th century, the Meiji government advocated wine production as an industry policy and wine growing began in Yamanashi and a few other prefectures. It wasn't until a century later, however, when research suggested health benefits for wine and the strong yen introduced affordable bottlings, that Japanese wine consumption rose and Koshu sparked renewed interest.

Yamanashi's strategic location, 100 kilometres west of Tokyo, its dramatic scenery backed by Mount Fuji and the popularity of Japanese cuisine were all pivotal to the variety's resurgence.

Advances in the vineyard and winery

Recognised as a vitis vinifera variety ten years ago, Koshu is a cross with a local Chinese grape which probably aided acclimatisation. Its name was formerly that of Yamanashi prefecture, home to 90% of Koshu vine plantings in Japan. Most vineyards are located along the 35th latitude north, similar to some of the vineyards of California, southern Spain and southern Italy. Weather conditions here, though, are often extreme with typhoons during the summer and the rainy season during harvesting.

Over the years, growers have overcome some of these problems, using pergola trellising systems to keep fruit high off the ground and protect it from rot. Clusters are also covered with paper for the same reason. More in-depth viticultural knowledge, however, is leading to experimentation with vertical shoot positioning in a bid to limit yields and improve quality. Similarly, in the winery, more barrels are being imported and ageing techniques are



improving. Using a combination of stainless steel tanks and oak for fermentation along with cask ageing, wineries are now able to cater for a wide array of tastes. One common feature of Koshu wines, though – which incidentally have higher tannin levels than many other whites – is that with their citrus flavours akin to Sauvignon blanc they are well-suited to 'washoku' or traditional Japanese cuisine. Refined and delicate in character rather than 'in-your-face' extrovert, the wines have elegant balanced acidity and a touch of tannin on the finish which adds firmness without being harsh.

They also have the added advantage of offering moderate alcohol levels – between 10 and 12% – which, along with their food-friendliness, makes them an extremely attractive proposition for the global marketplace. It also explains why, despite challenging conditions, the variety is increasingly popular with Japanese wine producers.



Opening Tasting & Competition



TIME FOR CHINA'S WINE PRODUCERS TO TAKE STOCK?

Weidong Huang



17 18

Like everything else in the country, wine production has developed at breakneck speed in China with area under vine for wine grapes rising to 100,000 hectares in just a couple of decades. **Weidong Huang**, a professor at the China Agricultural University, reviewed the current situation and outlined both challenges and prospects for the future.

The rapid development of China's modern wine industry began in the mid-1990s when the State promulgated national standards for wine production. Between 2000 and 2013, the pace of growth increased in a bid to match the surge in wine consumption. Since 2013, however, a period of adjustment has occurred, mirroring a slowdown in consumption of Chinese wines, particularly in cities such as Shanghai, Guangzhou and Shenzhen. This has resulted in a decline in domestic wine growth and a rise in imports; in the first half of 2016, imports are reported to have soared by 55%. The period is perhaps conducive to taking stock of the current situation, analysing the most suitable locations for the different grape varieties, introducing classification, identification and regulatory systems and dividing up wine areas rationally.

According to Weidong Huang, these initiatives are long overdue and are prerequisites if China is to fully realise its potential as a wine producer, not only in the domestic market but also overseas.

Differentiation is pivotal to healthy development

China's wine regions are distributed widely over the country, though mostly located in Shandong, Hebei, Jilin, Tianjin, Xingiang, Ningxia, Beijing and Gansu; the Jiaodong Peninsula Area in Shandong accounts for approximately half of

national wine production and in 2015 was home to 221 wine firms. Some southern provinces such as Guangxi, Yunnan, Sichuan, Guizhou and Jiangxi are also planning to develop wine industries. Just like other major producer countries, China boasts significant climatic and ecological variations, allowing its wine proposition to run the gamut from varieties suited to hot climates, like Marselan, through to ice wine, including red versions made from the Beibinghong variety. There are already indications as to which varieties perform best in the different regions but Weidong Huang believes more research is needed. To survive in an era of global competition and open markets, he is adamant that China has to develop distinctive regional and varietal features which include further subdividing the country into county-level, village-level and even winery-level echelons.

The distinct Europeanisation of the country's wine industry makes creating points of difference essential to avoid being subsumed into mass production, particularly given the current tendency to focus on low-end products. Irregularities by wineries and wine companies need to be addressed, he claimed, and standardisation of advertising and labelling must occur to achieve credibility, the core of healthy and secure development of a wine industry. In addition to a tracking system and generalisation of best practice, similarly aimed at securing credibility, a diverse product base must also be developed to respond to the gradual shift in consumer focus from quantity to quality-driven. Also, and this is also true for imports, the intrinsic cultural nature of wine means that local culture and customs, particularly food culture, must be taken on board if the wine industry is to develop and Weidong Huang believes there is the potential to better promote wine as a healthy lifestyle product. In a country where just 1.85% of alcoholic beverage output is wine, to say there is considerable latitude for development is a huge understatement...

DO NATIVE GRAPE VARIETIES HOLD THE KEY TO THE FUTURE OF THE CHINESE WINE INDUSTRY?

Jicheng Zhan



The obvious choice for a nascent modern wine industry is to opt for the play-safe, internationally renowned grape varieties, particularly in a country where wine knowledge is also in its infancy. But as consumer tastes mature and greater international presence is secured, native cultivars can become a worthwhile USP. **Jicheng Zhan**, a professor at the China Agriculture University, described some of the local grape varieties available to the country's wine industry.

China could outdo many better known producer countries when it comes to the length of its viticultural history. The earliest known Chinese grape wine dates from the Neolithic era, discovered at the Jiahu site in Henan Province. The domestication of vines in China began in around 1046-256 BCE. During the Han Dynasty, *vitis vinifera* was introduced to China from

central Asia in Shaanxi Province, near modern-day Xi'an. Despite and throughout this long-standing history, the Chinese never developed a strong taste for grape wine, however, and the first modern winery would not open until 1892: Changyu, in Shandong Province. In recent years, China has been making up for lost time and from 2000 to 2014 was one of only a few countries in the world to increase wine production. The percentage of grapes grown for wine, compared with total acreage, remains minimal, intimating that further growth is likely in the future. Currently, the most popular red varietal is Cabernet-Sauvignon and the most common white is Chardonnay. More than 80% of all wine produced is red. But as the industry and drinking habits in China evolve, its varietal range will probably go down the same route, diversifying and broadening in scope.

Native grapes, wild grapes and hybrids

One obvious way of making a domestic wine industry more interesting and unique is by using native grapes. They can provide a competitive edge as no comparisons can be drawn with other countries. They also often offer greater resistance to disease and are, logically, more suited to the local climate and soils.

China has several unique varieties of grapes grown for wine production. These include several hybrid grapes that are crosses between Chinese and European or American grapes first brought to China by Western missionaries. Approximately 39 wild grape strains also exist in China, some of which have been bred in other countries. Names such as Longyan or Dragon's Eye, Shuanghong, Beihong, Beimei, Beibinghong and Gongzhubai, all of which were presented in the tasting hosted by Jicheng Zhan, may not yet be familiar to wine drinkers around the world, but they may rise to prominence in the future. The country also

grows the Kyoho grape, primarily for food but also sometimes used to make wine in China. The Hutai grape is used to make ice wine in Shaanxi Province. Harsh weather in the winter in the northern part of the country – where vines have to be buried in the winter – and issues with disease in other regions are likely to encourage Chinese researchers to study the potential of native grape varieties for the future of the industry.



HOW INTERSPECIFIC HYBRID VARIETIES PRODUCED FORTIFIED WINE IN TAIWAN

Assistant-prof.
Chien-hao Chen



19 20

Perhaps in Asia more than in many other parts of the world, wine growing is a story of trial and tribulation. Weather conditions can be extremely challenging, forcing producers and researchers to be more resourceful than elsewhere. A case in point is **Chien-hao Chen**, assistant professor of wine and spirits at the National Kaohsiung University of Hospitality and Tourism in Taiwan, who has spent years perfecting a technique for making wine on the island.

Grape growing in Taiwan is relatively recent and can be traced back to the early 1940s when Taipei Imperial University imported hundreds of grape varieties. Predictably, only the heat resistant varieties such as Black Queen survived

'Vino Formosa' has a long waiting list of clients

Boasting a PhD in tropical agriculture, Chien-hao Chen then sought out historical examples of high quality wine produced in tropical climates and settled on Madeira fortified wine. During the Age of Exploration, sailors had noticed that the taste of Madeira seemed to improve during long sea voyages. Producers therefore began artificially heating their barrels to simulate these conditions.

Seeking to replicate their work, Chien-hao Chen began producing a wine from Taiwanese grapes which were dried a few days before crushing and fortified with grappa. Barrels were stored for three months in a purpose-built solar-powered heating room, after which chemical analysis revealed that the wine contained significantly higher levels of phenolic compounds; the foxiness also decreased ten times. He still found the wine undrinkable however and left the wine in the barrel for a year longer, then another year. But after three years, the flavour started to



in the tropical climate. The variety was created by Kawakami Zenbei, the godfather of Japanese viticulture, by combining Bailey and Golden Queen to achieve both elegance and durability. Golden Muscat and Bailey A are also important cultivars grown in Taiwan. Despite these efforts to introduce vines, however, all the grapes were foxy, redolent of strong animal-like aromas and unpleasant to drink. Harvesting is dictated by the typhoon season in July and August, forcing growers to pick unripe fruit – they contain about half the phenolic compounds found in Bordeaux-grown grapes.

Burgundy-educated Chien-hao Chen repeatedly conducted trails with winemaking but was constantly displeased with the results.

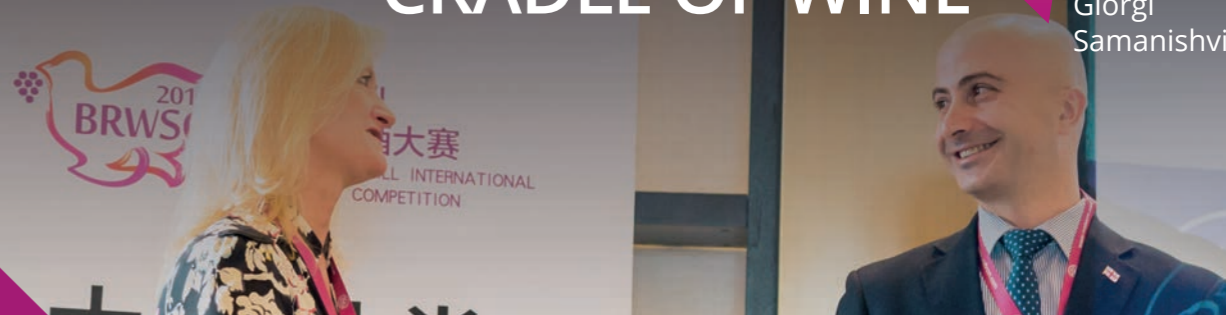
improve; after four, a honey-like sweetness and pleasant spice character developed. Nature had successfully concentrated the flavours of the wine following 10% annual evaporation.

Chien-hao Chen entered the wine in a European competition where it scored 84 points, just shy of a medal. The next year it scored 85, then the following year it won a gold medal in Paris and went on to win medals in several competitions. Through his experiments, Chien-hao Chen believes he has demonstrated Taiwan's ability to produce high quality wine, despite low quality grapes. His 'Vino Formosa' – a nod to the Portuguese name for Taiwan and thus to Madeira – is a blend of

Golden Muscat and Black Queen. He and his students make around 3,000 bottles of it every year and plan to expand to 6,000. It isn't difficult to understand why: retailing for about €80 a bottle, there is a long waiting list to purchase it.

JOURNEYING BACK TO THE CRADLE OF WINE

Giorgi
Samanishvili



Widely recognised as the cradle of wine, Georgia is not only home to a multitude of indigenous grape varieties, it has also developed unique techniques for producing wine. **Giorgi Samanishvili**, chairman of the country's National Wine Agency, provided an overview of the history and current status of wine growing in Georgia.

In many ways, Georgia forms a bridge between Europe and Asia, not least of which through its wine and drinking culture. Historically, it has been more closely associated with European culture but in terms of drinking and hospitality, it has close affinities with Asia. With its mild, subtropical climate, it has become home to several distinct wine growing regions and more than 525 unique native grapes, 30 of which are cultivated for commercial use. Each of its ten main wine regions specialises in unique grape varieties and

up to 97% of all wine produced in Georgia comes from local grapes. Some of these, most notably Saperavi and Rkatsiteli, were highlighted in a masterclass conducted by Giorgi Samanishvili. The country's rich viticultural heritage stems from a history of wine making stretching back as far as 8,000 years, making it perhaps the world's oldest region for wine growing. The Georgian word for wine, ghvino, is also believed to be the origin of the term in European languages. Similarly, Georgia invented the use of qvevri or large clay jars, for the fermentation and ageing processes, which are now listed as Unesco heritage and have attracted global attention in recent years. During qvevri fermentation, the lip of the jar is level with the ground whilst the base remains underground. Both juice and skin are fermented for up to six months, producing an amber-coloured wine high in tannins.

A cottage industry

Like many countries with a genuine, long-standing wine culture, per capita consumption is relatively high, at 25 litres a year, and most of Georgia's wine production is undertaken by smaller, family run operations. This makes production figures hard to track though it is estimated that the country produces approximately 120-150 million litres

annually. As you would expect, Russia is the chief importer of Georgian wines, though its share of exports has dropped from 80% prior to the 2008 invasion to roughly 52%. Perhaps more surprisingly, China is the second-largest importer, with Poland and Ukraine also significant customer countries. As in many Asian countries, drinking is traditionally accompanied by a number of customs and rituals. At a traditional Georgian table, or supra, there is always a tamada, or leader, who gives drinking instructions to the rest of the table as to when they must drink. This is always undertaken with a cheerful toast, mirroring the traditional Chinese and Asian toasting ritual.



WATCH OUT VODKA AND GIN, HERE COMES KOREAN SOJU



21 22

BAIJIU - THE SPIRIT OF CHINA FOREVER



A staple of the Korean drinking culture, soju has experienced good times and bad since its inception in the Middle Ages. In recent years, its popularity and sales have been trending up, as **Sungwhon Jung**, head researcher for the world's leading distiller of soju, Hitejinro in Seoul, explained.

Hitejinro, which was established in 1924, has first-hand experience of much of the ebb and flow in soju popularity and the challenges it has faced over the years.

The largest disruption in the soju industry occurred in 1965 when the Enforced Grain Management Act was passed: due to grain shortages in South Korea, the law was intended

to minimise waste and effectively banned use of barley and rice as raw materials. It also stated that all alcohol must be distilled using column stills to maximise output.

The traditional soju production process, relying on clay and copper pot stills, all but vanished and local tastes had undergone a sea-change by the time the act was repealed in 1980. Two more minor hiccups occurred in 2000 and 2008, respectively due to a new soju tax and the global economic downturn. Nevertheless, in contemporary South Korea, beer and soju account for over 75% of the drinks market and although soju 'only' accounts for 32% of sales, it is the best-selling alcoholic beverage by total alcohol volume.

Best-selling spirits brand in the world

Soju is traditionally made from grains, usually rice and barley, and a cultivated fermentation agent called nuruk; the primary ingredients in present-day soju are grains and tapioca. The fermentation agent uses steamed wheat or rice to cultivate yeasts and other microbes. Column-distilled soju, which was introduced into Korea in 1919, usually ferments to around 10-12% ABV and is distilled to about 95% ABV whilst pot-distilled soju is fermented to around 18% ABV then distilled to about 45% ABV.

Both are filtered before blending and sometimes, column-distilled soju will be added to a pot-distilled soju's blend. The most popular style of soju comes in a green 360 ml bottle at strengths of 16-25% ABV (usually 18%) and sells for around US\$4-5 at a restaurant, which partly explains its popularity. It is cleaner and sweeter than vodka, noted Sungwhon Jung. The leading brand is Hitejinro's Chamisul, meaning 'True Dew', which is bamboo-filtered four times.

Small batch distilled soju, with an ABV of 25% and high-end positioning, returned to the market in the 1980s but due to its relatively high price tag accounts for just 0.1% of sales. Hitejinro produces a ten-year oak-aged pot-distilled soju made from rice called Moonbaeju, primarily retailing in duty free and department stores.

Like baijiu in China, soju is typically consumed in toasts whilst eating dinner. It can be served neat, on the rocks or with water and its popularity is such that Jinro soju is the best-selling spirits brand in the world; Chum Churum soju ranks fourth. Sungwhon Jung believes the trend for lower proof and flavoured soju will continue in the future.

With just 10% of soju currently exported – mostly to Japan – there is also every likelihood that global sales will expand, particularly throughout South-East Asia due to the popularity of K-Pop culture.

Baijiu is at the very core of the most noble and ancient Chinese craftsmanship, explained **Jinzhong Ai**, winemaker at the Beijing Red Star Co., Ltd. Produced by fermenting and distilling sorghum – a grain widely grown across China – the spirit has been made using age-old rituals for over two thousand years. The preferred drink of both Emperors and the people, it is an essential tittle at any party and a gift encapsulating the most noble intentions. It epitomises quintessential Chinese expertise and community spirit.

Beijing Red Star Co., Ltd. established in 1949, is one of the top ten baijiu producers. Its exclusive traditional Beijing Erguotou production techniques can be traced back to the year 1680, when three brothers discover the 'Erguotou' distillation process, which means "to get rid of the head and the tail", producing a lighter version of baijiu.

Baijiu is produced in five stages, explained Jinzhong Ai: preparation of the ingredients, preparation of the 'qu', saccharification, fermentation, distillation and the ageing process. In the baijiu production process, saccharification

is achieved by adding powdered 'qu' and water to the ingredients. There is no germination process. The saccharification and fermentation processes take place at the same time. During fermentation, the sugars released are turned into alcohol due to the yeast in the powdered 'qu'. This is the step in the production process that separates one type of baijiu from another. The damp grain mixtures can undergo saccharification/fermentation in giant underground mud pits or in ceramic jars, some of which are buried underground. Sometimes fermentation is done in several stages, with some fresh grain and powdered 'qu' added each time. Ultimately, the result is a pulp or mash of alcoholic grains.

Distillation is carried out in traditional Chinese stills. As it uses a solid alcoholic substance rather than a liquid one, steam has to be passed through the alcoholic mash to vaporise and draw out the alcohol. The vaporised spirit is then collected and siphoned off into a condensation chamber. When it exits the still, it has an alcohol content of 70%. The liquid that exits the still is a proper baijiu and can be bottled as it is or diluted to reach the desired alcohol content of between 48 and 56% ABV.

Baijiu reaches out to new audiences



Very little baijiu is exported outside China – apart from exports to Chinese ex-patriots - due to its unusual aroma and flavour.

But Redstar is trying to keep pace with new profiles. It will soon be releasing NUWA, which has an ABV of 42% and comes in a grooved bottle for easy handling by harried bartenders. This slightly fresher and fruitier version of baijiu is more accessible to novices and offers a slew of totally new aromas and flavours for creating exotic cocktails.

THE RENAISSANCE OF ARMENIAN WINES



Armas winery is located in the heart of the historic world of wine, in the Aragatsotn province of Armenia. **Victoria Aslanian** recounted how her family has preserved the 100-year-old tradition in its wine casks.

Speaking of her family traditions and history, Victoria Aslanian explained that Golden Grape ArmAs was founded by her father Armen Aslanyan. It epitomises his life's work and the realization of his life's goals. The goals involve the intertwined aspects of family, heritage, culture and progress, with personal values and responsibilities that Victoria Aslanian shares with her father, a successful businessman, and Armenian. His vision would consequently help uphold Armenia's 6,100 year-old history of enology, in the oldest known area for viticulture and winemaking.

Referring to mentions in the Bible, specifically Genesis 9:20, she pointed out that modern-day Armenia was where Noah and sons planted the first vines. By the 9th century BC, viticultural and winemaking practices had been established. Greek historians Herodotus, Strabo, and Xenophon mention Armenian wine trade in their records and Armenia boasts the world's oldest winery, discovered in 2007, as per records carbon dated to 4100 BC with remnants of *Vitis Vinifera* grape seeds.

Speaking of the present-day terroir conditions in Armenia, Victoria Aslanian explained that the country is located on the 45th parallel. There are 30 layers of soil, most with characteristic volcanic, limestone and clay composition. Most of the vineyards are located 700-1,900 meters above sea level and vineyards enjoy 300 days of sunshine a year along with cold winters, warm summers and cool summer nights. Asked what else makes it such a special wine producing region, Victoria Aslanian pointed to the presence of orchards in the vicinity which impart their flavours and aromas through

the soil to the vines. The vineyards are also planted with un-grafted rootstock.

ArmAs and its wines

Armenia has over 500 native grape varieties. ArmAs produces some popular indigenous varieties such as Karmrahyut, Kakhet, Areni, Kangun, Voskehat and Rkatsiteli. The company has transformed the existing terroir by heavy construction work, which has been ongoing since 2007. ArmAs has a 180-hectare estate surrounded by a 17 km-long brick wall dubbed The Great Wall of ArmAs. Of the total area, 110 hectares are planted to native grape varieties and 40 hectares to orchards of peaches, apricots, plums, cherries and apples. The winery has a lake, farm, greenhouses and a dormitory under construction. It also has a boutique hotel and tasting room alongside a world-class winery and distillery. Its current capacity is 1 million litres, with room to expand to up to 3 million to produce premium quality Armenian wines and brandy. The facility also produces dried fruits, preserves, jams, and juices for the ArmAs tasting room. The winery produces some iconic wines such as Kangun dry white and semi-sweet wine, Voskehat dry white wine and Voskehat reserve, dry rosé wine, Areni dry red wine, Areni reserve dry red wine and Karmrahyut dry red wine. ArmAs exports wines to the USA, Canada, Europe and Japan.



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HOW SPIRITS PLAY A SIGNIFICANT ROLE IN THE PHILIPPINE ECONOMY



Olivia Limpe-Aw

Company president **Olivia Limpe-Aw's** presentation highlighted how the Philippines oldest distillery, Destileria Limtuaco & Co, has been successful in developing world-class tropical-inspired growth. She also spoke about how use of fruits and agricultural produce is commonplace in the Philippines.

With 6.9% growth in GDP, the Philippines are an emerging market. Total spirits production by volume is approx 66,000,000 cases a year and the industry generates around P50.6 billion in sales revenues. It contributes an average P 5.4 billion p.a. in excise taxes, employs hundreds of thousands of people and supports 5,000,000 indirect jobs, including the sugar industry whilst also providing employment for at least 700,000 micro entrepreneurs.

Filipino consumers typically include a large number of poverty stricken people who contribute a larger share of their income to food and non-alcoholic beverages (42%), with only 1.2% of their income going to alcoholic beverages. Lesser educated households disproportionately account for the bulk of liquor consumption, with non-HS graduates representing 58% of liquor consumption.

The rural population predominantly forms the consumer base. Around a 50 % share of households contributes a 54% share to liquor consumption with per capita income less than half of that in urban areas. Liquor is purchased mostly in sari-sari stores where 85% of total liquor sales are made, followed by supermarkets and grocery stores. The market is segmented into majority and minority markets.

Sales generated by the economy class with a 91.3% market share in 2010 came from domestically-produced, mostly compounded spirits using a neutral spirit base from molasses (both domestically distilled and imported) with some imported flavouring extracts, natural, nature-identical or artificial flavours and essences.

There are also low-priced domestic brands for price-sensitive mass-market consumers. These brands have simple packaging, usually single label and standard bottle design. Bottles are retrieved from the market and recycled. They are heavily advertised and promoted, sold mostly through sari-sari stores and market stalls.

Craft spirits making a splash

The remaining share for the luxury market segment includes global imported brands and specialty distilled spirits from around the world. These are mostly brands with expensive, sophisticated packaging (with special gift boxes) and limited production; they are sold to consumers - local, foreign expats and tourists - who have very high purchasing power, are brand conscious and have a discerning taste.

They are sold through big supermarkets, wine shops, duty-free shops and on-premise accounts like 5-Star hotels in Manila and major cities, high-end bars, clubs and specialty restaurants. Looking at the market trend, Destileria Limtuaco chose to create brands that are non-existent in the market and intends to cater for a minority segment between the mass and triple A market. This new category of 'craft spirits' has created excitement in the Philippine spirits industry. "It has allowed us to reinvent our company and keep it up-to-date with current world wide trends.

It enables us to export and build our own brands and has provided the impetus for the Philippine food movement, contributing to our culinary renaissance", said Olivia Limpe-Aw.

The family-run business, established in 1852, has been a pioneer in many respects. The company's third generation introduced whisky to the Filipinos, the 4th generation introduced rum and the 5th generation has contributed 5% to the country's total GDP. The import market still outstrips exports and 99% of the spirits made in the Philippines are from sugarcane molasses. Brands such as Paradise mango rum liqueur, Amadeo Coffee Liqueur, Manille Liqueur de Calamansi, Manille liqueur de Dalandan (Philippine Orange) and artisanal dark rum are mainly designed and produced to promote local produce in developing global brands.

LEBANON PROMOTES ITS MODERN-DAY, FRENCH-INSPIRED WINE INDUSTRY

Elie Maamari



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Despite its ancient history of wine production and a climate well-suited to vine growing, Lebanon's wine industry has experienced a series of setbacks over the centuries. **Elie Maamari**, export and marketing director of Château Ksara, told of the major milestones in the country's wine history with a review of its current status.

Records from the Neolithic era show that Mesopotamia is considered as the birthplace of vitis vinifera, whose spread is recorded from Mesopotamia to Britannia. History also says that Noah was the first vine grower and winemaker and that the first vine growing is traced back to the Phoenician ancestors of Lebanon. Around 2800 BC Canaanites/Phoenicians traded in wine, cedar timber and olive oil from Byblos (Lebanon), the ancient seaport located on the coast of the

Mediterranean Sea. During the Greco-Roman era, the divine beverage of Lebanon was an object of worship.

The temple of Bacchus, their largest temple, was located in Baalbeck, only 27 km from Château Ksara. Baalbeck, also referred to as Heliopolis, the 'city of sun' boasts 300 days of sunshine, giving Lebanon's wines their uniqueness.

In modern day history, from 1516 until the end of WWI in 1918, the Ottoman Empire ruled Lebanon. The Ottomans ceased alcohol production except for wine produced for religious Christian purposes, thereby destroying many vines. The French mandate for Lebanon (1923-1946) was founded after the First WW1, ending Ottoman rule in Lebanon. The French encouraged wine production and vine growing again.

Greater industry structure

The present-day vineyard stretches over 3,000 hectares and in 1997, the Union Vinicole du Liban was created by Ksara, Kefraya and Musar. The association, whose name is a nod to the French influence in the country, now has 19 members and Lebanon has been a member of OIV since 1995.

The National Wine Institute of Lebanon was established in 2013 and is involved in developing production, quality control and analysis, the study of soil and adequate grape varieties, and legal and commercial follow-through. Similar to the French AOC system, it was indeed inspired by it. Of the total vineyard area producing arak and wine, 62 % is located in the Bekaa, 24 % in the North, 11 % in Mount Lebanon and 3% in the South of Lebanon.

In total there are 39 wineries in Lebanon with total production capacity of 800,000 bottles. Chateau Kasara holds 38% of the market.

Bekaa has 17 wineries, Mount Lebanon has 11, the North has 8 and the South, 1. Lebanon's climate is ideally suited to wine growing, with temperatures ranging from 30°C to 12°C and -5°C in wintertime. Annual rainfall ranges from 600-700 mm plus 15-20 days of snow.

The vineyards do not need irrigation and snow acts as a natural pesticide. The vines are planted on steep terraces and hillsides, all grapes are hand harvested, the wineries use eco-friendly practices due to low risk of rot and the country enjoys 270 days of sunshine. Most Bekaa Valley vineyards are located 1,000 m above sea level. Vineyards boast 80% of calcareous soil (only 5% of the planet) with high concentrations of limestone and clay, often with gravelly mixes on the terraced vineyards and good drainage.

Besides wine, Lebanon also produces significant amounts of the distilled drink arak.



Summer Palace



BUILDING A MEGA BRAND: CHALLENGES AND OPPORTUNITIES IN THE INDIAN MARKET

Ahmed Rahimtoola



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TRANSLATING BAIJIU

Derek Sandhaus
Christian Vergier



The Indian drinks industry is currently dominated by Indian-made foreign drinks (IMFD), with whisky taking a 61% market share. **Ahmed Rahimtoola**, category head of the new products development team at Allied Blenders & Distillers, explained the challenges and opportunities involved in building a mega brand in the Indian market.

His insightful presentation on India's leading spirits producing company focused on the world's number one whisky brand – Officer's Choice. It revealed how highly regulated the drinks industry is in a country which is like managing 29 different countries, and where managing the environment and state bodies is a challenge. The state government enjoys the right to regulate business through various restrictions on distribution, retail and pricing.

A complete brand overhaul for Officer's Choice

New product launches also drive market growth. The arrival of foreign players and global brands has increased options for consumers. Innovative packaging and branding by manufacturers has added aspirational value for customers. Trading up from national liquor is occurring due to rising quality concerns prompted by the sub-standard quality of local drinks. An increase in education levels amongst rural consumers has also impacted on increased consumption of branded products.

Per capita consumption of alcohol in India is very low but an increase in disposable income and greater exposure to media and travel will result in increased demand for IMFL brands. Allied Blenders and Distillers Pvt. Ltd., India's fastest-growing and third-largest IMFL company, has total registered sales of 35.7 million cases in FY16. The company has achieved volume growth of 16.7% CAGR over the last 5 years, which is nearly 4 times that of the IMFL industry (4.5% CAGR

The government also earns revenue through high taxes levied on inter-state movements of goods. Other challenges include a ban on direct advertising, a limited number of wholesale and retail vendors, the threat of prohibition and the probable impact of the Goods and Services Tax (GST). Key drivers of growth include the changing demographic profile of the consumer base, underpinned by rising GDP and urbanization.

This will result in increased consumption and could make India the largest spirits market in the world by 2025. Changing consumer trends also include rising acceptance of social drinking among working professionals and an increasingly popular night culture, which is driving on-trade sales. In terms of pricing, semi-premium and premium are the fastest growing segments.

in the same period). ABD has nearly doubled its market share from 5.8% in FY11 to 10.4% in FY16. Regular whisky is 37% of the overall whisky category (107.6 m cases).

Competitive brands include Bagpiper, 8PM and Imperial Blue. In a 2007/08 brand equity study, the company found that Officer's Choice was losing momentum and new age image; low price value perception was a dominating factor too. Brand rejuvenation required three strategies: a packaging upgrade, brand re-positioning and a big brand feel.

Creating a big brand feel was achieved by associating it with singers, cultural programmes, below-the-line visibility and activation, all of which resulted in record sales. The key change was introduced to the brand by upgrading to a premium category. Officer's Choice Blue launched in the premium segment is a grain-based whisky with a newly designed packaging, appealing to a large network of consumers.

In 1911 the American Explorer Hiram Bingham went travelling through the Andean jungles of Peru. There, buried beneath the brush, he discovered the greatest archaeological relic of the Incan Empire: the lost city Machu Picchu.

Derek Sandhaus began his presentation by showing pictures of Machu Picchu before and after the trees had been cleared away to demonstrate that greatness can hide in plain sight, and to suggest that the situation with baijiu is similar. Baijiu lays claim to one of the richest historical pedigrees of any global spirit, but it remains invisible to the outside world. The job of its advocates is to clear away the brush, so that baijiu can be properly appreciated.

The discussion then turned to a brief synopsis of Chinese alcohol's history. Chinese alcohol dates back almost nine thousand years, making it the oldest known winemaking tradition in the world. Baijiu arrived later, around the 13th century AD, and reached full maturity in the past century. Only in the past two decades have we seen any effort to commercialize baijiu, and only in the past couple of years have distilleries attempted to market their products overseas.

Derek Sandhaus then discussed the reasons why baijiu is going global. The primary reason is a demographic shift in baijiu drinkers in China. Younger drinkers in China tend to prefer international wine and spirits. Additionally, there is a growing international craft cocktail culture overseas, which seeks out new high-quality ingredients and flavours, and a growing willingness to try new authentic Asian products. Against this backdrop there is an opening for baijiu abroad, and an economic necessity to make baijiu appear more international at home. The presentation then discussed the challenges



and opportunities for baijiu overseas. The main obstacles to baijiu's acceptance abroad boil down to knowledge and tastes. Baijiu has a very distinct taste and smell, which might not appeal to some foreign consumers. Also there is widespread ignorance as to what baijiu is and how it is best consumed.

These weaknesses, however, can also be assets. With effective educational outreach, baijiu's unique flavours and cultural heritage can become selling points. Since there is currently nothing else like it in the Western bar and restaurant scene, it has significant potential and few obvious competitors.

Derek Sandhaus closed by suggesting that this is the moment of discovery for baijiu overseas, and that this moment only happens once. Now is an exciting opportunity in which the wine and spirits world will decide how it talks about and uses baijiu.

The presentation was followed by the case study of NUWA, the new creation of Beijing Redstar Co., Ltd. **Christian Vergier**, French master blender, explained that the unusual aromas and flavours coming from the fermentation process, the high alcohol content and the volatiles, are not really well accepted by western consumers and are show-stoppers for an AOC.

In collaboration with Ai Jinzhong, winemaker at the Beijing Red Star Co., Ltd, he worked on these aspects to get a baijiu more adapted to novices, with a lower alcohol content, but keeping the baijiu identity. Different tests with groups of western consumers were organized at different moments to validate or invalidate the samples. The future will say if this new product will fit a gap in the market that has not yet been filled.

THE BURGEONING REGION OF FANGSHAN WHERE WINEMAKING IS NOT JUST FOR FUN

Fangshan is on a mission: to create the most regulated wine region in China as well as a green belt around Beijing, offering wine tourism and other recreational activities for city dwellers.

As a wine region, whose name translates in English to Funhill, it currently covers 1,200 hectares and 22 chateaux to date have harvested at least one crop of grapes. The aim is to set up 60 chateaux over the next decade in an area that owed its first wave of prosperity to the marble industry.

Wine growing poses major challenges, due to high humidity, summer rainfall and winter frosts, where vines have to be buried in the winter, making it very labour intensive. This has not prevented a modern wine industry from emerging and rapidly developing.

Great expectations and ambitious plans at Densiho

A case in point is Densiho, which owns two chateaux in Fangshan and currently has 100 hectares under vine divided between three vineyards with plans to plant more; the company owns a total 400 hectares of land.

Vineyard planting began in 2011, with over 70% of vineyards planted to Merlot, followed by Cabernet-Sauvignon, Cabernet Franc, Syrah and Chardonnay. Like many other Chinese wineries, Densiho is constantly experimenting and last year introduced Marselan to its vineyards. Unlike many of its counterparts, it specialises in rosé wines, anticipating a future trend for the style in a maturing market. The red wines here are very

light, though it is still early days as the winery only entered the production phase in 2014. Since then, its output has rocketed from an initial 20,000 bottles to approximately 300,000 currently, despite low yields due to the need to allow room between the vines for burying.

As German-trained production manager and winemaker Yanan Hao explained, vines are buried in mid-November or after leaf fall, not necessarily because of the cold itself but due to the dry winds in winter. Producing wines only from its own grapes, Densiho has already secured a reputation for itself and been featured in guides such as Bettane & Desseauve.

WINERY VISIT



Chateau Bolongbao – mirroring Fangshan’s desire for innovation

Fellow winery Bolongbao has a slightly older history: established in 1999, its 53-hectare vineyard has been certified organic since 2009, which is seen as the way forward for Fangshan. Like Densiho, it continues to trial new vineyard techniques and although it is still using the ubiquitous flood irrigation method twice a year, it is currently testing drip irrigation.

Similar to many other Chinese vineyards, its vines are not planted on rootstock because of the absence of phylloxera in China and lack of water stress. The winery’s current varietal range includes Merlot, Cabernet-Sauvignon and

Cabernet Franc; Petit Manseng has also proved to work well as French-trained winemaker Fei Xue pointed out. He also spoke highly of Marselan, which produced its first wines here in 2012 and shows resistance to disease and good acidity.

Fei Xue is also experimenting with sulphur-free winemaking. The estate’s propensity for experimentation is perhaps due to its French winemaking heritage – it belongs to a Sino-French joint-venture. But it is also a common feature amongst wineries in the Fangshan region where innovation is actively encouraged.



Château Lion – French influence near Beijing city center

If it weren't for its location in the suburbs of Beijing, Château Lion could easily pass as a classic French chateau. Perhaps, that is, apart from the football pitch that has replaced the more usual formal gardens but symbolizes China's take on wine. Château Lion's vineyards are similarly French-oriented.

The estate's 50 hectares or so under vine – out of a total 90 hectares of land - are planted to seven varieties including Cabernet-Sauvignon, Cabernet Franc, Merlot, Marselan and Chardonnay.

Due to the local climate, particularly the cold in the winter, its vineyards are also home to Vidal,

better known for its production of ice wine in Canada.

Established in 2010, the winery currently produces 100,000 bottles a year and has been rewarded with gold and silver medals at the Concours Mondial de Bruxelles.

Its stature as a wine producer is underscored by the involvement of viticultural expert Zou Fu Lin, who planted the first vines in the Fangshan district of Beijing in 1991. A museum housing bottles of wine from around the world also seeks to enhance the wine experience for visitors.



Chateau Niandu – More than just wine

Funhill Les Millesimes vineyard is located east of the village of Nanbaidai Zhang Fang Town and belongs to the Chinese group Sigma whose core business is residential construction and IT.

The estate covers a total area of approximately 87 hectares, including the 20,000 m2 footprint of the chateau itself, the 3,000 m2 cellar and the 60-hectare vineyard.

The vineyard is divided into eastern and western regions by a natural valley. Depending on the geological conditions, the appropriate varieties are planted using two techniques: a planting density of 3,300 vines/ha using 3x1 spacing and

9,000 vines/ha using 1.5x0.75 spacing like in Bordeaux.

Pruning is from single basal shoots. The main wine grape varieties planted here are Marselan, Cabernet Franc and Merlot, and more wine grape varieties suitable for the region will continue to be introduced. The estate harvested its first crop in 2015.

Les Millesimes Vineyard not only grows vines and produces wines, it offers dining, entertainment, culture and leisure facilities as a high-end wine club.



Chateau Wode – Unique hillside vineyards

Château Wode is located in the Zhangfang county of Fangshan. Established in 2011, it boasts 130 acres of vineyards planted to Beimei and Beihong, Chinese hybrids obtained in 1954 by cross-breeding Muscat of Hamburg and vitis amurensis, a species native to Asia.

Surrounded by steep hillsides, it is the only vineyard in Fangshan to be planted on an incline with a significant 110 metres difference in elevation.

Here, it produces 100,000 bottles a year, including its semi-sweet Beimei offering which won a Concours Mondial de Bruxelles award for the 2015 vintage.

The wine shows a fresh floral nose of rose, emphasising its semi-sweet character, and a finish tinged with sourness that is attractive in this context.



Fangshan wineries are not only making strides in quality, they also have a clear vision of how to develop wine tourism.

The recently-opened Museum of International Brewmaster Art in Beijing was founded by world-renowned photographer Ning Xiaogang (aka Tiger Ning) and designed by Shao Weiyan.

In premises belonging to Dragon Seal, MIBA aims to promote Chinese wine culture, internationalization and passion.

The theme is Chinese liquor and production techniques for Yellow wine made from rice, the art form of Karesansui, and the untold story of how production evolved from scratch, recounted artistically. This beautiful, sensitively designed museum welcomed the participants of the Silk Route for an event dedicated to baijiu, the most popular spirit in China.

After a number of presentations on baijiu brewing techniques and a conference delivered by Derek Sandhaus and Christian Vergier on how to introduce baijiu to Western drinkers, mixology expert Ulric Nijs prepared a range of baijiu-inspired cocktails.





One of the biggest difficulties working with the category besides from the language barrier, is that in the first instance, it is a completely new flavor profile to most westerners and secondly, the consumption pattern is very set in traditional Chinese customs.

These are tremendous barriers to overcome when it comes to introducing Baijiu -a very eastern spirit, to cocktails -a very western tradition. Most attempts at co-joining these two have been somewhat limited: Either the Baijiu was used in drops & dashes in cocktails rather than being the leading flavor, and/or the mixing attempts were kept within the confines of Chinese/Asian outlets.

My love for the category is a labor of love! I was originally interested in the category. My interest grew to affection and affection eventually turned to infatuation! In mixing with these wonderful spirits, I wanted to give each of them a key role in its respective cocktail, ensure that their organoleptic identity was highlighted rather than masked! Considering that I had a very mixed audience, I also had to ensure that I could please both eastern & western palates while demonstrating that Baijiu could play a role in the current cocktail revival. A Gordian knot, to be sure!

I decided to take five "classic" cocktails; twist and adapt them to accommodate this very powerful booze; A Margarita, a classic Pisco Sour, an Old Fashioned, a Julep and a Mojito. Each of these cocktails are simple classics which have endured the test of time, and each one of them gave me a canvas where I could showcase a Chinese Baijiu, as well as a personal challenge which I thoroughly enjoyed.

The Margarita... This was probably the most obvious choice; Tequila has similar characteristics to Baijiu... Both a bit of an acquired taste, both verging on the more savory side of the sensorial spectrum and both have a very profound national heritage. Using a sauce aroma Baijiu instead of tequila, was simply not enough to really give Baijiu the ability to shine... Adding some cucumber and a hint of Monosodium Glutamate all of a sudden transformed the cocktail and simply welcomed the assertive & powerful character of its base spirit.

Using Baijiu as a base for a classic sour happened very much by mistake... In my personal quest to please and impress one of the global experts on the category, Derek Sandhaus, I wanted to play with a citrus forward recipe, which did not naturally fit with my understanding of Baijiu... However, after tasting a particular light aroma baijiu, I thought the taste was quite reminiscent of a good Pisco... The drink then naturally came to be!

Strong aroma Baijiu was probably the hardest to mix... It does not completely dive into the savory/umami range the way a sauce aroma does, yet it boasts a full,

complex aroma that can be hard to use! Many of the drinks I have researched were using 5ml, or a dash of the product, but never really allowed the character of the Baijiu to be at the forefront, rather it was traditionally "hidden"... The cocktail did not naturally happen and the first tries were not particularly palatable; however, the two saving graces were ginger and tea. Two very eastern ingredients, which combined very well in a mojito-styled drink and enhanced some of the spicier character of strong aromas' Baijiu... Combining them together yielded a complex drink. Complex enough to satisfy hardened Baijiu drinkers, but soft enough to introduce novices to the category.

The Long Hui Baijiu is a product of rare complexity! It boasts a strong Baijiu character and completely delves into full rancio aromas... While I initially wanted to venture more towards a flip-style drink, some of the ingredients were impossible to source locally, so I had to improvise quickly. Because Long-Hui is the first Baijiu to be matured in oak, this was a something I wanted to enhance and showcase... In either case, I knew that the drink I had in mind was never going to be fully commercial, but I truly wanted to create a drinker's drink! A good oloroso Sherry highlighted the more savory/nutty character of the Baijiu; the bitters boosted the wooded notes with a touch of sugar to soften the entire drink. While I initially wanted it straight up, I needed a constant dilution for the cocktail to evolve! The cocktail opens very strongly with the complex, over-ripe (slightly rotten) exotic fruits aroma from the Long Hui, then expresses its more wood/spicy character with the bitters and the sherry... Excruciatingly complex, but ever so moreish!

The Julep created for Nuwa was probably the more "engineered" drink of the evening... and certainly the only tried & tested one; but as always, I had to tweak it a bit! Using plenty of fresh mint to freshen the Baijiu, sweetened with a touch of cherry jam gave me a very decent working base. Adding a touch of Szechuan-infused Campari gave a big spicy backbone to the whole drink and highlighted some of the stronger notes of the Baijiu and a small spray of vanilla carefully subdued the more umami notes which can be unpleasant to the western palate.

The thing I am particularly happy with is that each of these cocktails have been tailored specifically for a type of Baijiu, and they cannot be interchanged, as it simply won't work! I know, I tried... A very obvious choice left in this list is the Bloody Mary... but somehow, it seemed too obvious and not enough of a personal challenge!

On this happy note, I wish you a great voyage of discovery for this wonderful spirit, and please do not hesitate to contact me for any further questions.

Ulric Nijs
Mixologist - B2B spirits consultant



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