

Conference N°2



How can Ningxia reap the benefits of the future golden era for wine consumption in China?

As the world's most populous country, where the standard of living is constantly rising concurrently with a taste for Western products and lifestyle, China offers the greatest potential in the world for wine consumption. But how will the local wine industry fit into this scenario? Will it be able to reap the benefits of the surge in wine drinking? Senior researcher **Shihua Zhao** analysed the challenges currently faced by the domestic wine sector with a particular focus on Ningxia.

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"In the next ten years, there will be a golden era for the consumption and production of wine in China", predicts Shihua Zhao. "Consumption is now spreading from the first and second-tier cities to others and wines are flooding

into China". Like any developing market, greater market penetration for wine is also fuelling increased competition and domestic producers are struggling to align their prices with those of imported wines, and the disposable income of consumer segments beyond the elite. Hence, over the past five years, Chinese wine production has decreased. Admittedly, part of the explanation for this can be found in the country's still-nascent wine culture – bestowing greater aura on imported wines than on home-grown products – but Zhao also identified a lack of market knowledge amongst Chinese producers.

"Varietals and the promotion of Chinese wine are still emerging", he said, "and they require a lot of attention by the Chinese".



The need to channel a large potential production base

Boasting an already-strong production base – that has risen significantly in recent years to around 30,000 hectares – Ningxia has reached a crossroads in its development. There is still an abundant supply of land in the eastern foothills of the Helan Mountains that can potentially be developed – some speak of 200,000 hectares, which is more extensive than the vineyards of Australia or South Africa.

But this potential has to be managed properly, claims Zhao. Ningxia is still undergoing a foundation period for technology; its climate and soils are very different to other parts of China so they require a specific rather than a blanket approach, along with nationwide standards; and the most appropriate areas for planting vines need to be ascertained. The restrictive nature of the varietal range should also be addressed – 60% of the vines are Cabernet-Sauvignon and apeing the Bordeaux proposition is not necessarily the best way forward for the region. Stressing that Ningxia needs top-flight wines for the global market, Zhao outlined the prerequisites for achieving this.

“Strict supervision is needed, without which the region’s status cannot be established at global level. Education on how to promote and market wines, as they do in France, Australia and Italy for example, is required, and so too is consumer education geared to local consumers”. Innovative entrepreneurs are also pivotal to ensuring the region enters the global wine scene, and ideas from other parts of China and the world need to be taken on board. “Exchanging ideas is essential for growth”, was the message hammered home by Zhao and judging by the many Chinese conference attendees and openness displayed by industry members, his advice is already being heeded.