

IN THE DRAGON'S THROAT



Presumably even Confucius drank wine, but it was only 100 years ago that fermented grape juice regained a foothold in China. Since the end of the Cultural Revolution, there has been a great revival, but all that glitters is not gold, although **Joel B Payne** sees more than a glimmer of hope on the horizon

Seven invited guests were sitting in one of the private rooms of a small restaurant in eastern Beijing. The host was Li Demei, professor of winemaking at the agricultural university in the Chinese capital. Along with the traditional Peking duck, he presented several wines that he had produced as a consultant. Amongst them was a 2005 Marselan from an experimental farm in Hebei, the province that stretches northwest from the Gulf of Bohai and encircles Beijing. With its scent of blackberry, mint and litchi, the wine – the varietal is a French crossing of Grenache and Cabernet done in 1961 – is reminiscent of Fleurie.

With a production run of over 30,000 bottles, we would

not call this an experimental wine, but this sample did not even have a label. It was simply covered with a yellowing shred of paper that looked like a fig leaf. On it were some handwritten Chinese characters that I could not decipher. In 2006, they used different grapes for still another project. “It is a pity,” says Li Demei understandably, “that some of our finest wines never make it to the market.”

Confucius probably drank wines from Shandong, Li Demei’s home region. The name means more or less “Eastern Mountain” and is located southeast of Hebei in the hilly landscape around the coastal cities of Yantai and Penglai. This is the heart of the Chinese wine production. Here some 140 vineyards produce more than 40 % of all Chinese grapes.

When the Chinese diplomat Zhang Bishi founded his winery in Yantai in 1892, he did not have any available rootstock and so imported cuttings from Europe. With that, the **Changyu Pioneer Winery** was born and – in partnership with the French company Castel – it is today the oldest and largest in China.

Not far from Penglai is where Eric de Rothschild of the Bordelaise legend Lafite leased 27 hectares of farmland with the help of the state investment fund CITIC to form the youngest winery in China. “First we will drill some holes, create a ground map and then decide what kind of grapes to plant,” reports Christophe Salin, president of the **Domaines Barones de Rothschild**. No grapes have been harvested yet, but the market already waits anxiously for the first releases.

Local wineries produce almost 90% of all wines consumed in China today. There were, though, roughly 120 million litres of bulk wine imports registered by Customs in 2011. A large part of the domestic wine is certainly made from

this stock, either blended with Chinese production or bottled unadulterated with a Chinese label. This could, though, soon have a harsh end as the law says that Chinese wines must be made from domestically grown grapes. For the moment, however, where there is no plaintiff, no one is judged.

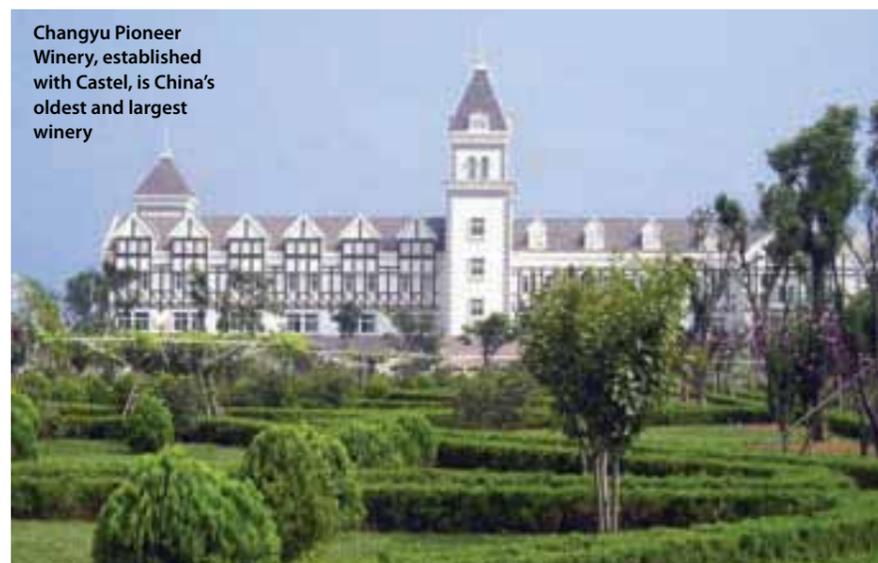
Today, farmers create vineyards quickly, comparable to those contractors who build skyscrapers in the large cities – and all are supported by the government. The Party wants to reach a level of self-sufficiency in every line of business. One advantage for them is the fact that vines generally only grow in areas where, because of lack of water, no rice will. Further, wine is a vital weapon in the war against alcohol abuse. With an average of just 13% alcohol by volume it is rather “light” when compared to the dangerous swills that are still very popular in the countryside, making wine almost “healthy”.

GO TO NINGXIA, YOUNG MAN

Even though the majority of China’s most famous wineries – **Great Wall, Dynasty or Dragon Seal** – have now reached sizes that correspond to that of this huge country, there are still some exceptions. Amongst them is Emma Gao’s **Silver Heights**, a small farm in the independent province of Ningxia, near Inner Mongolia, a two-hour flight west of Beijing. The winery is currently located in the summer house of her family, only a stone’s throw away from the provincial capital of Yinchuan. With 600,000 citizens it is, for China, more like a village.

Years ago, the Party decided to plant grapes in Ningxia to augment revenue, but being so far from any major market was an inconvenience. When the elders then decided to make wine from the grapes, Emma Gao, who spoke French, was sent as an interpreter with a group of young aspirants to Bordeaux

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to learn the trade. Within months, the rest of them returned uninterested, but Emma was intrigued. She applied to the Ecole d'Oenologie herself, was accepted and managed to pass all her examinations without any problem in 2003. Today, she is one of only three female oenologists from China.

In the beginning, she worked together with her father on only two hectares of vines on the southern slopes of the Helan mountains. In the first year, there was only one tank. In 2008 another was bought and production rose “rapidly” to 6,000 bottles. Now she rents 40 hectares of old vines and wants to reach a production of 100,000 bottles by the end of the year. If everything works out, a new winery will be built as the old building is now bursting at the seams. Growing in volume is one thing, but the question is whether she can manage to do it without diminishing quality. For the moment, though, her 2009 Reserve and 2007 Summit are certainly two of the best wines made in China.

For the production of high-quality red wines, the dry in winter and often very cold region of Ningxia offers better conditions than Shandong, says Emma Gao. “We are surrounded by mountains that protect us from wind and erosion,” she explains. “Further, we have enough water from the snow melt for drip irrigation, plus 3,200 hours of sunshine per year. On top of that, many vines are still on their original roots because phylloxera has not yet found its way up here.”

Despite the fact that the province of Ningxia is still known primarily only to insiders, thanks to its growing

reputation, the larger wineries are beginning to plant grapes here as well, among them Dynasty, Pernod Ricard (Guangxia Yinchuan) and Changyu. There are also smaller farms like **Helan Mountain, Farsight** and **He Lan Qing Xue**, whose 2009 Cabernet, “Jia Bei Lan” won a trophy last September at the Decanter Wine Awards in London, besting wines from France, Australia and California.

Further westward, at the border with Kazakhstan, is the autonomous region of Xinjiang, which has the longest viticulture tradition in China. The Greeks brought vines here 400 years before Christ and they even installed irrigation systems for their vineyards. Marco Polo also writes about the grapes of Turfan in his diaries. Today, many predict that this area on “Sky Mountain” should have a bright future, but development is slow because the roads are poor and the distance to the market long. This is particularly a problem for its most famous producer, **1421**.

In the autonomous Tibetan province of Gansu, located between Ningxia and Xinjiang, Mihalis Boutaris from the Greek estate, Kir-Yianni, started the **Sunshine Valley Winery** at an altitude of 1,700 metres in 2008. With his Chinese partner, Mogau, he made a 2009 Pinot Noir that shows promise.

Like his competitors in much of China’s northwest, he fights climatic extremes. Frost, snow and icy cold are so strong that the vines only survive when pruned short and buried in the ground during winter. The short vegetation period is thus another challenge for the vintners because attaining full ripeness of the grapes can only be achieved at considerable risk.



GREY ZONE

The story of winemaking in China dates back to several millennia. In 1995, the researcher Fang Hui found remains of different alcoholic dregs, amongst them wine, in ceramic pots during an archaeological excavation only a few kilometres north of Rizhao. The findings were dated at 2,600 years before Christ. Whether wine consumption was popular at that time is not clear, but for sure it never truly thrived and was replaced by other drinks. Beyond rice wine, there are also fruit wines made of litchi and plum, which is why what we call wine is named *pútáo jiu* by the Chinese, literally, grape alcohol.

At present, there are some 600 wineries in

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Left: Emma Gao, owner of Silver Heights Winery in Ningxia province. Right: Judy Leissner, daughter of the founder and CEO of Grace Vineyards

China, but only a fraction of them can be classified as serious producers. Apart from bottling bulk wines from Australia, southern Spain or Argentina, there is still that worrisome grey zone of adulterated wines.

The entire world was witness as the Chinese government closed 30 wineries over Christmas 2010 after a television report that showed that their wines were not only wrongly labelled, but contained less than a quarter grape juice. The rest was sugar, water, colour and flavour enhancer. The **Jiahua Winery** was in the spotlight of the investigation, but it was not alone.

The scandal was a harsh punch for the wineries in the Changli area, who were marketing themselves as the Bordeaux of China. The vineyards around the harbour town, Qinhuangdao, are situated at the same latitude as that famous French city, but the region was also the centre of a large wine sham, something not unknown in Bordeaux either, where wine from Algeria was once labelled Beaujolais and sold to the United States. Currently only the state winery from COFCO, **Maotai** and the **Bodega Langes**, owned by the Austrian family that is better known for Swarovski, remain as serious ventures.

The most beautiful fake production that I have ever seen stood on a shelf in a small wine shop in Qingdao. The colourful label praised the wine as a Châteauneuf-du-Pape Cabernet Sauvignon Gran Reserva, everything the wine lover’s heart desires. Neither an estate nor a vintage was mentioned, at least not in letters that I could decipher. I wanted to buy the bottle as a souvenir, but my Chinese friend held me back with a sound argument. “If the forgers learn that European wine journalists buy this label, production will double.”

CUT FROM A DIFFERENT CLOTH

Beyond any doubt, **Grace Vineyards** is another of China’s leading producers. It is managed today by the founder’s daughter,

Judy Leissner, who is married to an Austrian working in Hong Kong and the two still maintain a winter residence in Kitzbühel. She was trained in the banking business and met her husband during her tenure at Goldman Sachs. Her father is a successful entrepreneur who was a prisoner in Central Mongolia during the Cultural Revolution.

The cellar is located in the Shanxi province, southwest from Beijing. Their first vintage was the 2001 and came on the market in 2003. In less than a decade, Grace Vineyards has grown to 670 hectares of vineyards, almost 400 of them in Ningxia, and boasts 3,000 barrels in its cellars. Even though the white wines, especially the crispy Muscat named Symphony, often turn out well, the estate is better known for its red wines, especially the Chairman’s Reserve and Deep Blue, a Bordelaise blend that was chosen by Cathay Pacific for their First Class cabins. In comparison to the sometimes vastly overpriced and often undrinkable labels of larger wineries, the wines of Grace Vineyards are not only appealing but also inexpensive.

Not far from this winery is the lovely cellar of **Jade Valley**, which was founded by Ma Qingyun, the dean of architecture at the University of Southern California. The cultivation of vines is more his hobby than his profession. That is wise, because every potential investor here should be aware that nobody in China actually owns the land, but can at best only lease it for a certain number of years, like the English did in Hong Kong. If one discovers the next Richebourg, Marcobrunn or Sori Tildin, one should be aware that the coveted vineyard will one day return to state ownership.

EVER MORE WINE

Today the Chinese drink about half a bottle of wine per person per year. With more than one billion inhabitants, it is nonetheless the seventh largest wine consuming country in the world. Although the market is still dominated by beer and cheap booze, it is only a question of time until China



View of Grace Vineyards one of China's major producers, located in the Shanxi province southwest from Beijing

will be number one on the charts as the current generation finds wine attractive and has the money to buy it. With import duties at only 48% and neither provincial taxes nor registration fees, wine is also cheap when compared to India. Still, many collectors prefer to buy their wines in Hong Kong where duties have fallen to zilch and prices are often lower than in Paris or London.

It is thus not surprising that market researchers for Vinexpo Asia Pacific predicted a market increase of 65% over the next three years. Although that remained true for 2011, growth has slowed to only some 10% in 2012 as the economy cools. Nonetheless, 26 million cases of bottled wine were shipped to China last year, one hundred times more than to India. Ninety two per cent of that was red.

However, selling European wines in the Inner Kingdom is not exactly a cakewalk. Either the wine is a label like Latour, Gaja and Vega Sicilia or it is merely a question of price. At that level, competition is tough. On every supermarket shelf one finds Grand Dragon in magnum bottles for only 14.90 Renminbi, less than ₹125.

The botanist, Dr Ma Huiqin, also from the agricultural university in Beijing, discovered something astonishing in her recent studies of Chinese drinking preferences. Although she is principally known for her work in vineyard management, she is also interested in how the market functions. Statistics tell us what people buy, but she wanted to know what they like to drink. In blind tastings, she revealed that almost three-quarters of all Chinese actually prefer white wines and if they "have to drink" red prefer a smooth Pinot Noir to a

tannin rich Cabernet Sauvignon. But what are they buying? Mouton-Rothschild!

CHINESE WINE EXPORTS?

Only after political reforms in the 1980s were foreign investors able to gain a foothold in China. One of the first wine corporations to move in was Rémy Martin, who created the Dynasty label together with their Chinese partner in Tianjin. At first, they focused on export, but that turned out to be quite difficult and so instead they developed, with considerable success,

the domestic market. Even today, most companies like Grace Vineyards or Silver Heights think little of export because of the huge demand within China, but what will happen one day if every Chinese restaurant in the world were to offer to their guests one Chinese white as well as red wine by the glass? This is how Italian wine began its triumphal march – and for every one Italian restaurant there are ten Chinese restaurants.

European vintners, however, continue to hope – largely in vain – that their problems of overproduction can be solved by Chinese demand. But the Chinese buy only luxury. That is why the world's finest claret is becoming more and more expensive. In the near future, the Chinese will be able to produce all of the bread-and-butter-wines that they consume better and cheaper themselves and will probably become significant exporters, putting additional pressure on countries like France that live from exports. Given the huge potential in terms of available land at the right latitude, the wily Dragon may even discover its own Napa Valley. ❖

WITH IMPORT DUTIES AT ONLY 48% AND NEITHER PROVINCIAL TAXES NOR REGISTRATION FEES, WINE IS VERY CHEAP WHEN COMPARED TO INDIA



FONDE EN 1743
MOËT & CHANDON
 CHAMPAGNE

HÔTEL DU TRIANON, MAISON MOËT & CHANDON, ÉPERNAY FRANCE