

China now the top export market for Bordeaux

Agence France-Presse in Bordeaux

The nquenchable thirst for Bordeaux wine in the mainland and Hong Kong has made their combined market the leading export client by value for the wine, worth €333 million (HK\$3.4 billion).

"This is very encouraging," said Georges Haushalter, president of the Bordeaux Wine Council, which represents growers and merchants in France's most lucrative wine region.

"This shows Bordeaux is well implanted in these new markets and maintaining its leader position. Bordeaux represents what the Chinese think of in terms of fine wine."

Haushalter, who is also managing director of wine merchant La Compagnie Medocaine des Grands Crus, said his company tripled its sales to the mainland and Hong Kong last year. The figure does not include the profits earned by the 2009 Bordeaux futures campaign. "Those sales figures are based only on wine we shipped," said Haushalter.

And the Chinese market shows no signs of cooling.

"The end of 2010 has been extremely busy in China and it remains the same in early 2011," said Jean-Pierre Rousseau, managing director of Bordeaux wine merchant Diva, which saw a 790 per cent increase in sales in China last year.

"We are expecting a little slowdown for Chinese [Lunar] New Year



Consumer demand for Bordeaux in the mainland and Hong Kong is buoyant, with their combined market worth HK\$3.4 billion a year. Photo: SCMP Pictures

[early next month] but it should not last long."

China's second-tier cities account for substantial growth as the wine culture spreads beyond Shanghai, its commercial hub, and Beijing, the capital.

"We are now serving second-ranked cities, mostly in the southeast, but hopefully we should reach the other areas this year," Rousseau said in an e-mail.

Hong Kong, which has actively courted economic co-operation with wine regions such as Bordeaux since eliminating import duties in 2008, has played a pivotal role in expanding the market.

While there are no reliable statistics, some traders estimate that as much as 80 per cent of wine purchased in Hong Kong is uncorked on the mainland.

Taken separately, and in value terms, wine sales to the mainland increased 98 per cent and those to Hong Kong rose 126 per cent.

In terms of volume, Germany, a traditional market for inexpensive wine, remains Bordeaux's number one customer, taking delivery of 255,000 hectolitres, or 34 million bottles.

However, it could soon be bypassed by the mainland and Hong Kong, which together absorb 251,000

hectolitres a year, or 33.5 million bottles.

Overall Bordeaux exports have rebounded slightly since the economic crisis hit, with a 10 per cent year-on-year increase to 224 million bottles and 7 per cent rise in value to €1.39 billion.

The wine council's statistics cover sales from November 2009 to October last year, with numbers for full-year 2010 expected in March.

But even before the final tally comes in, Bordeaux is confronting more sobering numbers closer to home. Supermarket sales in France saw zero growth in volume, holding at 200 million bottles, and a tepid 3 per cent growth in value to €895 million. Belgium, Britain and Germany all saw value drops of 10, eight and 7 per cent respectively.

Elsewhere, Japan, another mature market, gained 14 per cent in volume but dipped 2 per cent in value. In the United States, volume stabilised at 117,000 hectolitres but fell 37 per cent in value terms to €96 million.

"We've hit the bottom in these markets," said Allan Sichel, president of Bordeaux's wine merchant union and managing director of Maison Sichel.

Sichel insists that the numbers fail to show a gradual, positive turn.

"Since September, things are picking up in both the United Kingdom and America but this upturn isn't enough to make up for the early part of the year," he said.