



Wine sales to China increased by 40 per cent last year. Photo: Bloomberg

## China overtakes US in its taste for Bordeaux

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The West's thirst for fine wine may be entering a period of moderation, but China's cup runneth over, to the relief of vintners in Bordeaux.

China became the top importer of the world's most famous red outside of Europe, taking over from the US for the first time this year. With overall wine exports down 23 per cent in 2009, producers are looking East to empty their cellars.

Alain Vironneau, president of Bordeaux's wine trade body, said China was its first client outside the European Union.

China's buying power comes at a particularly opportune moment as France's leading wine region struggles to survive the economic crisis.

"The crisis that the wine sector is going through is tied directly to the economic crisis," Vironneau said. "Several hundred vineyards are in peril due to insufficient cash."

Despite a slight increase in export sales over the past three months, Vironneau said 2009 had been "catastrophic" for the region, and any recent sales activity fell short of making up for a year of losses.

Bordeaux exported 206 million bottles last year, generating €1.29 billion (HK\$13.76 billion). This was a 14 per cent drop in volume, and a 23 per cent decrease in value. The hardest hit markets were some of Bordeaux's most trusted – the US, Britain and Belgium, which dropped by 44 per cent, 33 per cent and 16 per cent, respectively.

Nicholas Pegna, managing director of Berry Bros & Rudd's Hong Kong operations, said north Asian markets were very much in the driving seat.

Five or six years ago, the company allocated about 25 per cent of its *en primeur* offering of Bordeaux, or wine futures, to Hong Kong and greater China. This has risen to more than 50 per cent this year.

Pegna said Bordeaux had been the starting point for fine wine drinkers for a long time. "While people first come to Bordeaux, and go farther out to Burgundy and others, it's not a lily pad where they hop off to the next one and never come back. Many people go through that journey without losing their love for Bordeaux."

While the US still outpaces China in terms of value, at €139 million, it slipped to No 5 position in volume, surpassed by China.

Last year sales to China increased by 40 per cent to €74 million, with volume increasing by 97 per cent. Sales to Hong Kong, helped by the elimination of import duties in 2008, increased by 46 per cent to €109 million, with a 24 per cent increase in volume.

Wine specialists in Hong Kong attribute Bordeaux's success in the region to a blend of cachet and having the volume of production to take advantage of an emerging market.

"Bordeauxs are like the LVs, the Guccis of wine," said Charlene Dawes of Tastings, a wine bar in Central. "A lot of people give Bordeaux as a gift. It's about face. If you're going to give a bottle of wine, if you want people to know that it's expensive, then people will choose a Bordeaux."