Consumer Countries/Markets

China wine watch | Have imports already overtaken local production?

China wine trade observers generally believe imports are gaining ground on domestic producers and have about one third of the market. That view snugly fits with two commonly cited statistics for 2016: local production was pegged at 1.1 billion liters while Customs reported about 480 million liters of incoming wine. Those stats give imports just over 30 percent of the market and some people are confident that share will eventually pass 50 percent.

But is it possible that imports already have more than half of the market? Let’s consider a few factors.

First, China also imported about 145 million liters of bulk wine last year. Whether bottled as foreign wine or mixed with Chinese juice and sold under local labels, it boosts total imports to 625 million liters. Against the domestic production figure of 1.1 billion liters, the import share rises to 36 percent.

Second, the national production figure is compiled from provincial and regional numbers. But, as noted before, the same wine might be counted multiple times. For example, consider a winery in Province A that makes and reports a million liters of wine. It then sells that wine as bulk to a winery in Province B, which uses it for blending and reports an additional million liters of production. In other words, one million liters becomes two million liters by the time it reaches the national spreadsheet.

Third, there are other ways to gauge wine production. Industry insiders say calculating vineyard coverage versus average yield per hectare, or looking at a factor like the fermentation capacity at wineries, suggest the 1.1 billion number doesn’t match production.

Several insiders told me they consider a reasonable figure to be 500 million liters, at most. If true, that would mean domestic production is roughly equal to bottled imports, and below total imports when we include bulk.

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Comment: Wine Grape Vineyard Area in China is estimated at 121 000 ha (the other 726 000 hectares are table grapes according to the OIV).

2016 wine import stats for China
Ten nations account for more than 95 percent share of a market that grew 22 percent by volume and 17 percent by value in 2016.

See below.

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Global Trends - Wine Industry Key Elements

Global Bulk Wine 2016 Exports

In 2016, global bulk wine exports shrunk both in terms of value (-1.1%) to 2 791.4 million Euros and in terms of volume (-3.7%) to 3 825.1 million litres. The average price increased by two euro cents and amounted to 73 cents per litre (+2.7%). This represents 37.6% of the volume and 9.6% of the overall value of global wine sales.

Spain remains the main global exporter, representing 37.2% of the volume and 17.7% of the turnover, with 1 252.7 million litres and 495 million Euros. Spain increased the price by 9.2%, although it is still more affordable than the rest of its competitors with 40 cents per litre. The second cheapest was the South African bulk wine, amounting to 59 cents (-7%). Spain reduced its bulk wine exports, mostly due to the drop of the wines without any type of indication and despite the good development of varietal wines. Part of what Spain has lost Italy wins. Italy has consolidated itself as the world’s second largest exporter of bulk wine with 536.7 million litres (+9%) and amounting to 384.7 million Euros (+7.3%) at 73 cents per litre.

Countries, which are known as The New World, show an uneven development: Australia maintained stable in its exported volume and continues as third supplier with 415.3 million litres (-0.2%), followed by Chile with 402.3 million and South Africa (renowned bag-in-box supplier) with 301.5 million, both growing by more than 4%. And once more, the excellent development of New Zealand stands out.

Source: Bulk Wine Club
Global Bulk Wine Export Trends