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China

Wine

Results of a Recent Wine Survey

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Report Highlights:

According to the results of a recent survey conducted by WineMart of Guangzhou, wine buying and consumption are becoming more popular in China's major cities. However, domestic wine still dominates the local market.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Guangzhou [CH3], CH

According to the results of a survey conducted by WineMart of Guangzhou, wine buying and consumption are becoming more popular in China's major cities, but most of the wine purchased is of domestic origin. The survey also indicated that consumption mostly occurs at social gatherings with Spring Festival, China's main holiday period, as the peak time. The survey covered eight major Chinese cities: Beijing, Shanghai, Tianjin, Guangzhou, Shenyang, Wuhan, Chengdu, and Xian. However, the released survey results did not indicate the number of survey respondents or the timing of the survey. On the latter, the survey is believed to have taken place sometime over the last 12 months. WineMart is a new wine and alcoholic beverages distribution center which opened in Guangzhou last month and plans to hold promotional events on a regular basis.

According to the survey, approximately 60 percent of the respondents claimed to have purchased wine, while slightly less than 40 percent said that they have not. Of those that purchased wine, domestic wines were purchased more often than imported ones. On average, domestic wines were purchased 5.1 times per year and imported wines only 2.4 times. However, the average amount spent on imported wines was far greater than that on domestic wines: RMB 357.40 (\$43.27) versus RMB 38.40 (\$4.65) respectively (RMB 8.26 = \$1.00). From the accumulated answers of the respondents, the survey estimated that domestic wines held 69 percent of the market and imported wines 31 percent.

As for when wine was usually consumed, the survey showed that social gatherings was the main time. In particular, respondents cited Spring Festival the most, 62.6 percent. Social gatherings in general was cited by 30.5 percent of the respondents.

From the survey, a general profile of the average wine drinker in China emerged. Wine consumers tended to have high incomes and could be classified economically as middle class. In addition, these individuals in general felt the health benefits of their drinks were important. When making wine purchases, they considered the following factors: taste and flavor, brand, and price. Of those that purchase imported wines, they looked at taste and flavor, brand, packaging, and collectability. The latter refers to whether the wine or its packaging could be a collector's item in the future.

In general, wine production and consumption in China remains low relative to the rest of the world. Production in 2000 reached approximately 300,000 tons and average per capita consumption only equaled 0.3 liters per year. China beer production in 2000 was 22.3 million tons and grain alcohol (bai jiu) production 6.02 million tons. Average per capita wine consumption world-wide in 2000 was seven liters.

Lastly, China's entry into the World Trade Organization should help exporters seeking to enter the China market, because this event has initiated the dismantling of the country's alcoholic beverage importation monopolies and a series of tariff reductions. However, one regulation that may not change in the near future is China's use of an artificial value floor when assessing the value of imported wines for import tariff purposes. According to a source, Chinese customs officials in Shanghai last year used the value of \$2.90 per bottle (750 ml) as the lowest value allowed for imported product. Any wine valued as less than this amount, according to the

invoice, would be revalued to \$2.90 for import tariff assessment.