



## The Wine Market in China: Opportunities for Canadian Wine Exporters

*February 2008*



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Please address any comments or suggestions you have on this report to:

Ben Berry - [berryb@agr.gc.ca](mailto:berryb@agr.gc.ca)

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# **The Wine Market in China: Opportunities for Canadian Wine Exporters**

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### **Executive Summary**

In addition to an overview of key products, consumers and regions for grape wine in China this report presents a substantial listing of key Chinese wine importers and distributors.

Rice wine is one of the most well known and popular alcoholic beverages in China. While grape wine has a long history in China and is widely consumed, it is consumed in much smaller quantities. Consumers residing in industrialized cities tend to have more knowledge of grape wine products than rural consumers. However, the average Chinese consumer is unfamiliar with the different types of wine available and better consumer education and brand awareness is needed for imported wine to successfully penetrate the Chinese market. Overall, Chinese consumers are price sensitive and prefer to purchase local or regional brands.

Wine consumption is normally reserved for special occasions and imported premium wines are available mainly in restaurants catering to foreigners or expatriates. Some large Chinese seafood restaurants have begun offering wine for on-trade consumption.

Premium products cater more to well-off individuals who want to display their wealth. High-end products, such as premium wine and champagne, are more likely to be purchased as gift items rather than for personal consumption; overall sales remain modest due to high prices. Nonetheless, premium, imported wine does have a following in populated urban coastal cities, especially among the expatriate population and this demand should help pave the way for the introduction of imported wines to local consumers.

### **Current Market**

Fortified wines are by far the preferred product in the category, accounting for over 60% of total sales. Fortified wine is followed by still wine at roughly 30% of the sector and sparkling wine at less than 10%. To-date, consumers have had trouble adapting to the taste of still grape wine and tend to mix it with soda or sweet juice. White wine has established a small but growing base as Chinese consumers have adapted more easily to the lighter, fresher taste of white wine. Icewine's sweet taste has proven popular amongst Chinese consumers. Overall, wine consumption is normally reserved for special occasions. Prohibitive pricing continues to keep grape wine sales modest. Imported premium wines are available mainly in large urban cities and demand is fuelled by residing foreigners and expatriates. In urban areas, there is a greater receptiveness to new types of alcoholic beverages, niche products and imported drinks.

While difficult to assess with 100% accuracy, popular reports place the value of the Chinese grape wine market between CNY 40 and 70 billion (roughly \$5 - \$9.5 billion) in 2006. For the purposes of this report the more conservative estimate given by Datamonitor, and its supporting statistics were used more widely. However, growth

projections, key products, key players and key considerations were common to most sources.

Overall volume sales of grape wine saw a 6% increase from 2005 to 2006, mainly from the sale of fortified wine. For the five-year period spanning 2001-2006, the average annual expenditure per capita on wine in China was CNY27.5 (roughly \$4), representing an annual growth rate of 5.4%. Spending on fortified wine was the highest at CNY17.5 (roughly \$2.50) per capita per year.

#### China Wine Consumption by Volume, 2001-2006 (Liters m)

Category	2001	2002	2003	2004	2005	2006	CAGR 01-06
Fortified wine	191.9	205.8	219.8	238.8	254.9	273.2	7.30%
-% Growth		7.30%	6.80%	8.70%	6.80%	7.20%	
Still wine	94.6	101.5	108.4	115.5	122.8	129.7	6.50%
-% Growth		7.30%	6.80%	6.60%	6.30%	5.60%	
Sparkling wine	5.3	5.8	6.4	7	7.5	8.1	9.00%
-% Growth		10.20%	9.30%	10.70%	7.10%	7.90%	
Overall	291.7	313.1	334.6	361.4	385.3	411	7.10%
-% Growth		7.30%	6.90%	8.00%	6.60%	6.70%	

Source: Datamonitor

Fortified wine is a very broad category and includes a number of domestic and international players. Vermouth is included in this category, but comprises less than 10% of the category's total sales. The leading players in Chinese still wine market are Tianjing Winery, Piper Heidsieck and LVMH Moët Hennessy Louis Vuitton SA. The leading players in the Chinese sparkling wine market are Changyu Group Co Ltd, China Great Wall Wine Co, Ltd and Sino-French Joint Venture Dynasty Winery Ltd.

#### Company and Brand Share Analysis - China Wine brand share, by volume, 2005-2006 (%)

Company	Brand	2005	2006
Tianjing Winery	Overall	14.5	14.4
Piper Heidsieck	Piper Heidsieck	0.5	0.5
Changyu Group Co Ltd	Changyu	0.4	0.5
LVMH Moët Hennessy Louis Vuitton SA	Moët & Chandon	0.4	0.4
China Great Wall Wine Co, Ltd	Great Wall	0.4	0.3
Sino-French Joint Venture - Dynasty Winery Ltd.	Dynasty	0.3	0.3
Tonghua	Overall	0.1	0.1
Dragon Seal	Overall	0.1	0.1
Huadong Winery	Overall	0.1	0.1
Others	Others	83.2	83.3
Overall		100	100

Source: Datamonitor

Drinking wine is increasingly regarded as fashionable and trendy; red wine is growing in popularity due to its perceived health benefits. Additionally, the colour red also signifies good luck and happiness in China which has helped sales. These traditional beliefs should not be discounted when they can be advantageous to a product with respect to marketing.

White wine has established a small but growing base as Chinese consumers have adapted more easily to the lighter, fresher taste of white wine. Sparkling wine sales by volume jumped 6% annually from 2001 to 2006 but overall sales remain low. However, these two products saw the highest number of new product introductions in 2006 and both categories are expected to lead the segment in growth over the next 4 years.

### **Forecasts**

Datamonitor forecasts that the Chinese grape wine market should increase by roughly 7% by 2011. Datamonitor also predicts that fortified wine will maintain its position as the leading category in the total wine market.

The fortified wine category is expected to see a year-on-year growth of 3.8% between 2006 and 2011 and account for 62.7% of the total wine market in 2011- a drop of 0.8% compared to a market share of 63.5% in 2006. The Chinese fortified wine market is expected to rise to CNY27,692.7 (US\$3,433.9) million by the end of 2011 - a sales increase of CNY4,757.9 (US\$590) million for the five-year period spanning 2006-2011.

The still wine category is forecast to be the second largest category in the Chinese Wine market. The still wine category is expected to see a year-on-year growth of 4.6% between 2006 and 2011 and account for 32.1% of the total market in 2011.

The sparkling wine category is forecast to see a year-on-year growth of 4.6% between 2006 and 2011, accounting for 5.2% of the total Wine market in 2011. Datamonitor also forecasts a 3.5% annual increase through 2011 in consumer expenditures on wine with sparkling and still wines leading the way in growth at 4% and fortified seeing 3.4% growth.

### **New Product Development**

The following information includes new introductions into the Chinese wine market relating to flavours, ingredients and promotional claims on packaging in 2006.

The top flavours and fragrances of new wine products launched in China in 2006 included: Apple, Flavour Blends, Lemon, and White wine.

The top ingredients fragrances of new wine products launched in China in 2006 included: Honey, Sticky rice, Sugar, Wheat, Carbon Dioxide, Medlar, Amur grapes, Basil and Broomcorn.

The top packaging claims from wine products in 2006 included: Low alcohol, No preservatives, Private label, and Recyclable.

This information was drawn from Datimonitor's ProductScan Online database.

## **Market Entry Considerations**

Despite its almost clichéd status, China's economic growth and transformation continues to marvel. Tempering all of these harrowing statistics is the sheer size of the Chinese population. Dismissing a consumer market of one of China's richest cities because it may be only 10% of the total population would be turning a back to over a million people in most cases. For many reasons China is a very intriguing market full of potential.

Chinese consumers suffer from lack of wine education and brand awareness. Since off-trade generates the highest sales, exporters will find it best to target supermarkets and hypermarkets as well as specialist liquor retailers. Examples of current wine promotion methods in local supermarkets include discounting prices (local wines are sometimes sold at half the price); wine tasting events; prize draws; or buy one get one free deals, where a complimentary can of soda is handed out for every bottle sold. While seemingly a strange marketing tool by Western standards, the current consumption preferences of Chinese consumers have made "wine and soda" promotions viable.

It should be noted that Canadian wine producers and exporters also face challenges arising from the proliferation of fake and counterfeit wine products across China. Many Chinese wines have been revealed to contain only water, colouring, grape juice and alcohol. There have also been cases in the past few years of fake icewine products in China bottled and packaged under the name "Canadian Icewine" or "Icewine style" and sold for a lowly CNY 10-20 (\$1-\$3). Icewine spelled out as one word is a registered trademark of Canada but producers have problems enforcing this law abroad.

## **Drinking Habits**

China is a vast country with more than 1.3 billion people, making it difficult to generalize drinking habits. However, there are some common practices and traditions. In the past, consumption of alcoholic beverages was reserved for special occasions and celebrations. Alcohol was consumed with family members and relatives following certain rituals as a sign of respect. This practice still continues today among older generations.

However, drinking is now a less formal activity and is a means of relaxation as well as an excuse for friends to get together and socialize. As a result of China's one child policy, the country has a sizeable portion of young people who, as only children, have less family obligations and financial responsibilities. Therefore, a greater proportion of their income can be spent on personal consumption. Young Chinese are also more receptive to Western products and willing to try out new drinks. These trends have opened up lucrative markets that Canadian exporters can target.

Although off-trade sales for stores and home consumption make up the greater percentage of overall sales, alcohol is increasingly consumed in on-trade premises, such as in bars and restaurants despite higher on-trade prices. In many ways, alcohol consumption outside the home has become more of a lifestyle statement for young people and the wealthy. Consumption of alcoholic beverages has also risen among women. Rising incomes, especially in urban areas, have led to greater demand for high quality prestigious products that can demonstrate wealth and convey higher status. In urban areas, there is also greater receptiveness to new types of alcoholic beverages,

niche products and imported drinks. Alcoholic beverages accompany meals and are frequently served during business functions.

## **Consumer Segments**

As late as 1985, China had one of the narrowest income distribution gaps in the world. However, the gap between the richest and poorest in China is widening at an alarming rate, one of the quickest rates in the world. This gap is due in large part to the differences in income between urbanites and rural residents, but coupled with this gap, is a very noticeable income gap through various regions in China. The average income of an urbanite is roughly three times that of a rural resident and the average income of someone living in the East is 2.25 times higher than that of someone living in the West. When identifying a consumer target the choice between an eastern urbanite and a rural westerner would seem obvious. However, income inequities have become even further complicated.

Due in large part to the rural/urban income gap, rural Chinese continue to move to cities in search of higher incomes. This movement has led to further income inequities as the income gap between the richest and the poorest urbanites has exploded. The richest 20% of China's urban population control roughly 50% of the total consumer income while the lowest 20% control only 6%. Movement to the cities has also had an interesting effect on the overall income of the cities themselves. Cities in China that were once considered the richest or best cities for business have faded quickly. For instance a top five city in 1999 would have now been overtaken by several cities that would not have been ranked in 1985.

At present, the four top tiered cities in terms of income, GDP and population in China are Guangzhou, Shenzhen, Shanghai and Beijing. A second tier includes cities such as Chongqing, Tianjin, Hangzhou, Chengdu and Shenyang. Cities that have potential in the foreseeable future include Dongguan, Ningbo, Suzhou, Qingdao, Dalian, Harbin and Guiyang. Research by McKinsey & Company indicates that mid-sized cities have the fastest growing incomes.

A map of GDP per capita by province can be seen at:

[http://www.shanghaienglishteachers.com/images/maps\\_china/map\\_of\\_china\\_prov\\_gdp\\_1.gif](http://www.shanghaienglishteachers.com/images/maps_china/map_of_china_prov_gdp_1.gif)

Some highlighted consumer segments include: the mid-range income group, the wealthy high income class, returned overseas Chinese, and expatriates. Premium domestic and imported wine is mainly consumed by the high income group, who are status-conscious and have developed a greater understanding and appreciation of wine. Returned overseas Chinese and expatriates are also important segments. Having lived abroad, many appreciate good quality wine and demand wine produced abroad to be available in China. They are also able to educate locals on wine culture. However, current and up-and-coming middle class consumers are beginning to try out wine products, especially imported inexpensive still grape wine. This market segment is much larger than the aforementioned groups and presents a real opportunity for the growth of grape wine products in China.

## ***Key Locations***

Beijing, Shanghai and Guangzhou currently have the highest concentration of imported wine products, which are priced at the higher end of the market. Domestic wines are also present but they are of inferior quality. While on-trade wine sales are strong, purchases of domestic and foreign premium and regular table wine in supermarkets and hypermarkets account for the largest sales volume, comprising more than half of total volume sales in 2006.

On a regional basis, Eastern China has the strongest alcoholic beverage sales in the country; wine alone accounted for almost 50% of total sales in this region in 2006. The region benefits from the large number of residing foreigners and expatriates, whose demand for imported wine has helped introduce new products into the market. In addition, the coastal cities of Eastern China benefit from an extensive distribution network. This region is a good launch point for Canadian exporters due to its wealthy consumer base, solid infrastructure and strategic location. Many domestic and international distributors also have their headquarters here. The South is another promising market for Canadian wine exporters. Consumers here have a greater acceptance and knowledge of Western products and foreign imports are seen as fashionable. This region is supported by a robust economy and continued economic growth, and large populations are found in urban centres. Both on- and off-trade sales are strong. The South is also well positioned with close proximity to major shipping ports (e.g. Hong Kong and the Pearl River Delta). There is also potential for niche products, such as fruit wine to enter the market.

## **Regional Breakdown**

### ***North/Northeast***

Key areas: Beijing, Qingdao, Dalian

As the political, economic and cultural centre of China, the Northeast is a very competitive market comprised of both international and domestic players. Foreign imports are quite successful in large cities but local brands also have a strong presence. Leading domestic wine producers include Changyu, Great Wall, and Dynasty. Dragon Seal caters to local Chinese but also has a following among foreigners. The North is also the traditional wine-producing region of China and still grape wine production has increased in recent years as a result of economic development in large urban cities like Beijing, Qingdao and Dalian. Consumers from Northern and Northeastern China are reputed to drink more than their Southern counterparts and local producers have always had high volume sales in this region. However, consumers have relatively low incomes and choose local products, such as low priced lager and spirits over imported alcoholic beverages. There are some high-income local Chinese who purchase premium or imported wine to display their wealth. Nonetheless, the Northeast is a potential market for wine exporters as disposable incomes rise and the Chinese palate evolves. Marketing wine as a modern, high-end product is the key to success as consumers view wine consumption as a sign of sophistication.

At present, the demand for wine in this region comes mostly from the expatriate community in Beijing. Expatriates seek premium, high quality imported wines from countries such as France, Australia and South Africa. Wine sales are likely to see continued growth as the Chinese government seeks to introduce more varieties of

Western food and drink into the regional market in the run up to the 2008 Olympics. More and more restaurants are offering a selection of domestic and imported wines. Companies looking to penetrate this regional market should look to promote their product in supermarkets, as off-trade sales for premium wines are the strongest. There should also be a greater emphasis on increasing brand recognition and wine education.

### ***East***

Key areas: Shanghai, Shandong, Zhejiang

Eastern China has the strongest alcoholic beverage sales in the country; wine alone accounted for almost 50% of total sales in this region in 2006. The consumer base is wealthier and more sophisticated, especially in large cities such as Shanghai. Other major cities include Qingdao, Hangzhou and Nanjing. Consumers in this region view wine as healthy and sophisticated. Overall, consumers have a greater knowledge of and appreciation for wine. The region also benefits from the large number of residing foreigners and expatriates, whose demand for imported wine has helped introduce new products into the market.

The coastal cities of Eastern China also benefit from an extensive distribution network, making it easier for new products to enter the market. This region is a good launch point for Canadian exporters due to its wealthy consumer base, solid infrastructure and strategic location. Many domestic and international distributors also have their headquarters here, making it easier to network and establish business contacts.

Despite these advantages, competition in this region is fierce. Currently, Dynasty is the largest domestic wine producer, while Zhejiang Guyue Longshan Shaoxing Wine is the top selling rice wine. Due to the proliferation of bars, night clubs and restaurants in urban cities, on-trade sales are booming and offer higher rates of return than off-trade sales. On-trade sales are also boosted by strong retail development. Nonetheless, off-trade sales continue to dominate as many consumers purchase alcohol for entertaining at home. Off-trade sales are also aided by the large number of supermarkets and hypermarkets in this region.

### ***Central***

Due to low income, consumers in this region prefer to buy local products, which are less expensive and cater to more traditional tastes. Rice wine is popular, although still grape wine is seeing some growth due to its associated health benefits. Nonetheless, consumers in mid-China have not adapted to the taste of wine. Wine is usually purchased as a gift rather than for personal consumption. However, this market has the potential to expand due to its location along the Yangtze River, which provides a good transportation and distribution network. Dominant players in the region are Dynasty, Great Wall and Changyu. In a reverse trend, on-trade sales are stronger than off-trade sales. However, the growth of supermarkets has boosted off-trade sales of alcoholic beverages.

### ***West/Northwest***

The West/Northwest region of China sees the lowest volume sales and the slowest growth for a number of reasons. The population is of the mid- to low-income bracket and therefore cannot afford to buy expensive, imported alcohol. In addition, consumers

prefer traditional, local products and have little awareness or interest in premium or imported products. Wine remains a relatively unknown product, although red wine has gained some ground due to government campaigns highlighting the product's health benefits. Consumers also prefer sweet wine to table wine. Local player Xixia King Winery Group has established itself in this region through successful marketing and distribution, but national player Dynasty is still struggling to penetrate the market. Overall, local players dominate the small yet competitive market and the region is often neglected by international and national brands. There have also been cases of counterfeit products, deterring potential investments in this region.

### ***South***

Key areas: Guangzhou, Shenzhen, Dongguan

The South is another promising market for Canadian wine exporters. Consumers in this region have the largest disposable incomes in the country, high living standards, and a willingness to spend money on luxury items. The region is supported by a robust economy and continued economic growth, and large populations are found in urban centres. Both on- and off-trade sales are strong; many consumers enjoy socializing and eating out, raising the demand for alcoholic beverages.

Rice wine continues to dominate the market as the traditional drink of choice but red wine and champagne are seeing healthy growth. Great Wall leads in the still grape wine category, although Changyu is also a local favourite. Consumers tend to purchase premium wines as gifts and not for personal consumption because they have a higher price of around CNY 80 to 100 (approximately \$9-\$12) compared to CNY 20 (approximately \$2) for regular local table wine. A large percentage of wine sales come from wines under CNY 30. Wine imports from abroad have great success in this market due to the greater sophistication of the region's consumer segment. Consumers here have a greater acceptance and knowledge of Western products and foreign imports are seen as fashionable. The presence of large chain supermarkets, such as Wal-Mart and Carrefour has helped boost sales due to better distribution networks. The South is also well positioned with close proximity to major shipping ports (e.g. Hong Kong and the Pearl River Delta). There is also potential for premium niche products to enter the market. Cider, perry, ready-to-drink products (RTDs) and alcoholic premixes have seen steady growth, and producers of fruit wine and wine-related products have the potential to carve out a piece of the market.

### ***Southwest***

Key areas: Chongqing, Chengdu, Kunming

Local still red wine garners strong demand in Southwest China, particularly in urban cities such as Chongqing, Guiyang, Kunming and Chengdu. Demand has also been boosted through promotions in supermarkets, night clubs and restaurants. Large cities, such as Chongqing, have a thriving nightlife, while the Yunnan region has many popular tourist attractions, bringing in large numbers of tourists who want high quality alcoholic beverages while on vacation. The rural population prefers inexpensive local products, but there is a market for high priced rice wine. Domestic wineries dominate the regional market, although international brands have had success in large cities. On the whole, consumers are price sensitive and are reluctant to purchase expensive alcoholic products, which they know little about. The region also suffers from a poor distribution network and a lack of supermarkets and hypermarkets. Despite this, wine consumption

has seen steady growth in night clubs and bars, especially that of foreign brands. Off-trade wine sales are boosted by in-store wine promotion, which is mostly done in supermarkets. It is common practice to offer discounts or free gifts along with wine purchases. The region is expected to see a slight growth in alcoholic beverage sales in the near future, although there will be intense competition among foreign, national and local players.

## Summary

Region	Total Wine Sales (2003)	Top Cities	Key Products	Target Consumer Segment
North/ Northwest	CNY 7,066 m	Beijing	Domestic and premium beer and wine	High income elite Middle-upper class
Central	CNY 8,247 m	-	Rice wine Domestic beer	Middle-upper class
West/ Northwest	N/A	-	Domestic beer and wine	Middle-upper class
East	CNY 33,211 m	Shanghai	Premium/ imported wine, spirits and beer Niche products	High income elite Middle-upper class Young-middle aged
South	CNY 8,988 m	Guangzhou	Premium/ imported wine, spirits and beer	High income elite Middle-upper class
Southwest	CNY 3,060 m	-	Domestic beer and wine	Middle-upper class

## Canadian Wine Industry

Canadian wine production is small compared to traditional wine producing countries such as France and Italy. New world wine producers, such as Australia, Chile and the United States also have a bigger wine production capacity compared to Canada. Nonetheless, total Canadian wine exports to all countries reached \$19.1 million in 2006 compared to \$13.8 million in 2003. Ninety per cent were bottled grape wine exports, while 7.2% of grape wine was exported in bulk.

Canadian wine exports to China reached \$600,000 in 2006, a 100% increase from 2003. Top Canadian exports to China in the grape wine category in 2006 were Icewine at 71.9%, a range of grape wine products at 25.2%, and sparkling wine at 2.9%.

Icewine has proved particularly popular in Asia Pacific and Southeast Asian markets in recent years, as the fascination with icewine's unique production (i.e. handpicked frozen grapes during winter months) is widespread among these regions' consumers. The "sought after/exclusive" product is often purchased when visiting Canada as gifts or investments, let alone for drinking. With limited supply and a small but competitive marketplace, icewine has become the most feasible opportunity for Canadian companies in this market at present.

## **Still Grape Wine**

Still grape wine exports to China grew from \$26,000 in 2003 to \$105,000 in 2005. According to 2007 statistics, there are more than 130 licensed wineries in Ontario, which together cover 16,000 acres. In 2006, around 50,000 tonnes of wine grapes were harvested. In British Columbia, there are 136 wineries and 464 vineyards. The five main wine producing regions in the province are the Okanagan Valley, Fraser Valley, Vancouver Island, Gulf Islands and Similkameen. The ratio of white to red wine production is almost fifty-fifty. In 2006, approximately 12 million litres of wine was produced in British Columbia. The value of wine grapes in the province amounted to \$34 million the same year.

Types of wine made in Canada include table wine, late harvest wines, Icewine and sparkling wines. The most common white grape varieties used are Riesling, Chardonnay, Vidal Blanc, Pinot Gris, Sauvignon Blanc, and Gewurztraminer. Red grape varieties include Cabernet Franc, Baco Noir, Cabernet Sauvignon, Pinot Noir, Gamay Noir, and Merlot.

## **Sparkling Grape Wine**

Canadian exports of sparkling grape wine to China saw growth from \$50,000 in 2004 to \$170,000 in 2006. On a whole, sparkling grape wine accounts for around 3% of total exports of grape wine to the world.

## **Icewine**

Canada annually exports an average \$10 million in Icewine varieties to over 30 countries worldwide. Icewine exports totalled just over \$11.7 million in 2006, a slight 8% increase over 2005 values. Overall, Canada's Icewine exports have grown considerably in recent years, from its \$6.7 million total in 2004, mainly due to increases in exports to its largest market, the United States.

Canada's Top 5 Icewine Export Markets (2006)	
United States	\$5 million
South Korea	\$2.1 million
Japan	\$1 million
Singapore	\$884,000
Taiwan	\$835,000

Icewine has proved particularly popular in Asia Pacific and Southeast Asian markets in recent years, as the fascination with icewine's unique production (i.e. handpicked frozen grapes during winter months) is widespread among these regions' consumers. In fact, icewine is extremely rare in Asian markets, and the "sought after/exclusive" product is often purchased when visiting Canada as gifts or investments, let alone for drinking. The growth of Canadian Icewine in Asian markets is realized firsthand in export data; approximately 48% of Canadian Icewine is exported to Asian markets, a value of \$5.6 million in 2006. After omitting the United States' share of Canadian Icewine imports (i.e. 43%), Asian markets account for 84% of Canada's remaining exports. Furthermore, six

of the top ten Canadian Icewine export destinations are Asian countries, signifying the popularity of the dessert wine in this region. The export of icewine is the most feasible opportunity for Canada at present.

## ***Opportunities for Canadian Wine Exporters***

### **Investment & Partnerships**

The top five countries Canada exports wine to are the United States, South Korea, Taiwan, Japan, and Singapore. However, it is interesting to note that four of the five countries are found in Asia, highlighting the growing potential of Asia as a consumer market for wine. Exports to China followed at sixth place at \$500,000 in 2006. The issue that most directly affects Canada's wine export potential to China is supply related. Wine making is concentrated in the Niagara Falls region of Ontario and in interior British Columbia. At present, Canada does not have the capability to produce large quantities of wine and the majority of current output is geared towards domestic consumption.

A path Canadian wineries can take is to export Canadian wine production expertise to Chinese wine producers. France has already taken the lead and set up a Sino-French experimental winery in China to collaborate on wine growing and producing techniques as well as labelling requirements. These types of partnerships will benefit wine producers worldwide. For example, China's definition for dry wine differs from those of other wine growing countries and yet it still sells its wine under this label. Uninformed consumers will therefore buy Chinese wine with the assumption that the standard is comparable to that of foreign dry wine imports.

Another option is to enter the market through joint ventures (JV). Changyu Winery has partnered with a Canadian entrepreneur to grow Vidal grape wine varieties used for icewine production in China. Changyu is said to have produced around 600,000 litres of icewine in 2007, 50% more than Canada's total icewine production. Changyu has also begun to aggressively market its icewine products across China. Pelee Island Winery and Yuyuan Winery CO are negotiating an agreement to blend and bottle wine from Canada. Importers can also enter the mainland through the official state importer, the China National Cereals, Oils and Foodstuffs Import and Export Cooperation (CEROILS).

Canadian wine is also making its way into China through another means — Chinese take-overs. In 2007, China's Tonghua winery purchased a 70% stake in Canadian company King's Court Estate Winery for US\$6.6 million. The goal of this acquisition was for Tonghua to expand its icewine market by taking advantage of Canadian icewine expertise. Tonghua was the first icewine producer in China and their wineries are located in Northeast China.

Canadian companies looking to expand into China should be aware of these points:

- **Lowering prices and cutting costs**

Ensuring prices are competitive and keeping costs low is crucial to achieve a good profit margin as Chinese consumers are extremely price sensitive, the market is highly competitive and distribution costs can add up.

- **Diversity in tastes and preferences of chosen geographic base**

Large scale marketing is costly and time-consuming given the diversity of preferences across the country. While large domestic firms can afford to do this, Canadian wine companies are unlikely to achieve this scale of promotion at present. Mindful of the varying tastes across the regions, Canadian importers can choose to focus on a specific region, city or consumer group to target their promotion. Increasing wine education and popularizing wine in specific groups can have a trickle down effect and spread to other consumer groups.

- **Existing and upcoming middle class**

Currently, Canadian wine importers may find it best to focus on the affluent, urban-based Chinese who can afford the high price of icewine. However, as incomes rise in mid-sized cities, China will see a surge in the number of people who fall under the middle class category. This is a very short time to undertake market research, establish business relationships, enhance brand awareness and develop brand loyalty. Wine education and brand awareness is a long-term investment that needs to start immediately if Canadian exporters want to take advantage of the new and rising middle and upper class markets. France, for example, has been in the Chinese market for more than a decade. In the meantime, Canada can expand its wine making capabilities to increase supply to the market.

To gain an overview of the agriculture, food and beverage market in China, visit <http://www.infoexport.gc.ca/ie-en/DisplayDocument.jsp?did=76753>.

## **Concerns**

Due to insufficient domestic grape production, Chinese wine makers often import grapes and bulk wine to blend with local wine. Chinese wine faces severe criticism from wine experts around the world due to its poor quality and taste. At present, China does not have a wine grading system, which presents a major problem for importers hoping to differentiate their products based on a common scale of comparison. There are around 500 small wineries in China, producing wine grapes of varying quality. Canada, on the other hand, has stringent quality standards regulated by a system set up by the Vintners Quality Alliance (VQA). It regulates where grapes come from, label details, vintage requirements, packaging procedures, and conducts laboratory analysis on finished wines to ensure they meet minimum standards before the final product can enter the consumer market. Recently, the Canadian government teamed up with the Canadian Vintners Association to develop a food safety program aimed at ensuring Canadian wine products maintain the highest quality and safety standards throughout the production chain.

Canadian wine producers and exporters also face challenges arising from the proliferation of fake and counterfeit wine products across China. Many Chinese wines have been revealed to contain only water, colouring, grape juice and alcohol. There have also been cases in the past few years of fake icewine products in China bottled and packaged under the name "Canadian Icewine" or "Icewine style" and sold for a lowly CNY 10-20 (\$1-\$3). Icewine spelled out as one word is a registered trademark of Canada but producers have problem enforcing this law abroad. The hefty price tag for icewine also encourages locals to manufacture cheap counterfeit substitutes. In addition to poor IPR controls, China also has poor market management and supervision, as mentioned earlier with regard to quality standards and regulations.

A major priority for Canada is to enhance the image of Canadian Icewine as a high quality, luxury product and to increase consumer education on icewine's unique production process. This is especially important in light of cases of counterfeit Canadian Icewine. Chinese consumers want to buy products that enhance their status and are more attracted to prestigious brands with attractive labels and packaging.

## **Challenges**

### **Competitors**

The wine market in China is extremely fragmented with over 400 small wine producers. COFCO, a big food and drink manufacturer, has the greatest market share, although the figure itself is low, at 3% of the total market. Other leading wine producers include Great Wall, Changyu, Tonghua and Dynasty. Together they make up approximately 60% of the wine market. Changyu is currently the leader in the still grape wine market. It is the biggest wine producer and focuses on offering premium wine products. Less well known brands include Zheng Yu, Imperial Court, Dragon Seal, Xixia King and Suntime. Dominant local players have well established distribution networks, although they may be confined to a specific region.

Chinese companies are actively seeking to improve the quality of their wine and thus boost their presence internationally. Chinese wine suffers from a lack of good quality grapes, forcing wineries to import wine grapes from abroad and mix it with local grapes. These blends are often poorly done, resulting in a poor tasting wine. Nonetheless, Chinese wineries recognize this problem and are taking action. Recently, some Chinese wine companies (e.g. Dynasty and Tonghua) have listed shares outside of China and many are looking to take over foreign wineries. Although it would take 10 to 20 years before the quality of Chinese wine improves, when it does, Chinese wine will be very competitive in the market, given low labour and production costs. The impact of a cheaper yet substandard product dominating the market for an extended period must be considered when forecasting the future of grape wine in China.

Apart from local competitors such as Changyu and Dynasty, Canadian exporters face foreign competitors in China predominately from Australia, France and Italy. Australian wine is popular due to its close shipping proximity and low prices, and Europe has long been perceived by the Chinese as the original producer of wine, hence guaranteeing high quality. France is currently the leading exporter of wine to China. Other foreign competitors come from the United States, South Africa and Latin America. Competition for the high-end market is particularly fierce, especially for wine sold at upscale locations in large, prosperous urban cities like Shanghai.

### **Distribution**

China's vast country and large population offer large and varied markets that exporters can tap into. However, its sheer size can be a hindrance as China's infrastructure is often underdeveloped in many areas. It is also hard to find a good distributor who can guarantee the timely distribution of products and foreign importers often have to turn to many agents, complicating co-ordination. In addition, agents vary in their levels of competence and reliability. New importers may find it difficult to persuade a well-established distributor to take on their wines as these firms often already have agreements to distribute certain wines. An effective distribution network and

promotional strategy is crucial. Potential importers must also consider storage and transportation facilities, which vary in quality and reliability depending on the region.

Potential importers can seek to have their goods distributed in four ways: firstly, through contacting a retailer directly; secondly, through an agent; thirdly, through a wholesaler/distributor; and fourthly, through a wholesale mart. Most foreign/imported wines are consumed in high-end restaurants but supermarkets are increasingly located where middle- and high-income consumers go to buy their groceries.

Supermarket sales can be boosted if brand awareness and wine education is targeted not only at consumers, but also at store clerks and managers responsible for selling and stocking the wine. Examples of wine promotion in Chinese supermarkets include discounting prices (local wines are sometimes sold at half the price); wine tasting events; prize draws; or buy one get one free deals, where a complimentary can of soda is handed out for every bottle sold. Currently, promotion of domestic wine is aggressive, while promotion of foreign wines remains at a much smaller scale. Carrefour recently held an Autumn Wine Festival in Beijing showcasing wines from famous winemaking areas such as France, Italy, Australia, Chile and South Africa in its stores with free wine-tasting events and discounts on wine purchases.

Local wineries distribute their wine in three ways. One is through restaurants and liquor stores by securing deals with the help of agents. There are also some state-owned distributors who deliver nationally. Secondly, through supermarkets, and thirdly, by setting up a large warehouse in big cities and having agents or businesses approach them to make direct purchases. More information on distribution at:

<http://www.tdctrade.com/chinadistribution/index.htm>.

## **Barriers to Entry**

Before China's entry into the WTO, tariffs on wine could reach up to 65%. Now, tariffs on imported foreign alcohol range from 10% to 30%. Bottled wine faces tariffs of around 12% to 14%, while wine in bulk faces tariffs of around 20%. These tariffs, combined with the 10% Consumption Tax Rate (CTR) and 17% Value Added Tax (VAT), result in an overall tax of around 50% of the product's value.

Standards for wine fall under the responsibility of the Administration of Quality Supervision, Inspection and Quarantine (AQSIQ). In 2005, the government adjusted its regulations with regard to imports and revised its standards for wine, including a definition for icewine. However, these standards do not necessarily correspond with international standards. Some standards that apply to wine:

Standards for the Administration of Wholesaling of Alcoholic Products  
Standards for Administration of Retailing of Alcoholic Products  
Measures for the Administration of Wine Distribution  
Hygiene Standards of Distilled and Brewed Wine

An unofficial translation of the new wine standards can be found at:

[http://www.calwinexport.com/content/Market\\_Info/FAS%20reports%202006/China%20Standard%20for%20wines%202006.pdf](http://www.calwinexport.com/content/Market_Info/FAS%20reports%202006/China%20Standard%20for%20wines%202006.pdf).

Labelling is governed more generally under the General Provisions on Pre-packaged Food Labelling. Labelling must be in Chinese. There is currently no wine classification or

grading system in China. Wine either receives the designation of passed or not passed. More can be found at: <http://www.wines-info.com/en/item.aspx?col=195>.

## Contact Information

The Embassy of Canada to China  
19 Dong Zhi Men Wai Street, Chaoyang District,  
Beijing, 100600, China

Tel: (011-86-10) 6532-3536

Fax: (011-86-10) 6532-4072

E-Mail: [infoentrechina@international.gc.ca](mailto:infoentrechina@international.gc.ca)

Web Page Address (URL): <http://www.infoexport.gc.ca/cn>

Office Hours: Mon-Fri: 0800-1630

Time Difference E.S.T.: +13

## Key Industry Events

### China

China Wine & Liquor Expo 2008

<http://www.chinawine-expo.com/>

China World Wine and Spirits Expo

[www.goodwill-exh.com.hk/2007wine](http://www.goodwill-exh.com.hk/2007wine)

SIAL China 2008

[www.sialchina.com/home.aspx](http://www.sialchina.com/home.aspx)

Wine Culture China

[www.regalland.com](http://www.regalland.com)

Shanghai China International Wine Exposition

[www.winexpo.com.cn](http://www.winexpo.com.cn)

### Hong Kong

HOFEX

[www.hofex.com](http://www.hofex.com)

Vinexpo Asia-Pacific 2008

[www.vinexpo.com](http://www.vinexpo.com)

### Macau

Wine and Gourmet Asia

[www.wineandgourmetasia.com](http://www.wineandgourmetasia.com)

## Local Wine Importers & Distributors

To facilitate successful export of wine products, Canadian exporters are encouraged to develop market entry strategies that include working with local importers and

distributors in target markets to develop a presence, gain valuable market advice, and best position products to meet local tastes, laws and pricing.

***List of wine importers in Beijing***

**Beijing Jing Gang Run Feng**

Add: 1408B Union Plaza, 20 Chaowaidajie, Chaoyang District, Beijing 100020

Contact: Mr. Zhang Enqi, Sales Manager

Tel: 8610-6588-3696/3697

Fax: 8610-6588-3695

E-mail: decanter\_bj@sina.com(Office); maxeq@vip.sina.com (Personal)

Outlet in Kempinski Hotel: 8610-6465-3388 ext. 4869

Remarks: The distributor of foreign wines from France, Chile, Spain, Italy, Germany and the U.S. Distribution network reaches Beijing, Guangzhou, Shanghai, Qingdao, Dalian and Shenyang. In Beijing, they have 6-7 chain stores including Kempinski, Pacific Department Store, Oriental Plaza and Zhongyou Department Store. The company was originally a JV between COFCO and China Resource and in 1998 it was purchased by Hong Kong Chamber of Wineries. Now the main share holder of Jing Gang Run Feng includes Hong Kong Chamber of Wineries. The company is working closely with embassies and five-star hotels and the annual turnover is 10 million CNY.

**Mandarin Fine Foods**

Add: No. 725, 7<sup>th</sup> District, Jinsong, Chaoyang, Beijing 100021

Tel: 86-10-6778-3939

Fax: 86-10-6774-4671

Contact: Ms. Eve Zhang, GM

E-mail: eve@mandarinfinefoods.com

Remarks: The company does not have business relations with Canada but is interested in Canadian food and beverage products. It is also interested in Canadian Icewines and other beverages with distinguishing characteristics. It is looking for Canadian partners who will do consolidation of processed food and beverage commodities at Canadian ports.

**Beijing Sugar & Wines Fu De Trade Ltd.**

Contact: Mr. Wang Jing, Deputy Manager

Add: Sino-Sucohol Mansion

No. 110 Xizhimenwaidajie, Beijing 100044

Tel: 8610-6836-0990

Fax: 8610-6831-7574

Remarks: The company has experience with foreign wines from Italy and Spain and is interested in talking with a Canadian company to pursue cooperation opportunities.

**Montrose Food & Wine**

Add: Longbao Mansion, Suite 312, No. 36 Maizidian Jie, Chaoyang Qu, Beijing 100026, China

Contact: Mr. Carl Crook/ Nathan Cai

Tel: 8610-6591-6491 ext. 18/ 33

Fax: 8610-6591-6460

Cell: 86-1370-103-5236

E-mail: carl@montrosechina.com

Contact: Rebecca Li, Administrative Assistant  
Tel: 8610-6591-6491 ext. 42  
E-mail: rebecca@montrosechina.com  
Ethan E. Perk, Sales & Marketing Director- China  
E-mail: ethan@montrosechina.com  
Web: <http://www.montrosechina.com>

Remarks: Montrose used to carry several Canadian wine and Icewine products. The company has been in the China market for over 10 years, carrying over 700 wines from 15 countries across the globe, including France, Italy, Germany, California, Spain, Portugal, Austria, Australia, Chile, Argentina, New Zealand, South Africa and Canada. The company selects new partners (foreign wineries) very carefully.

**China National Cereals Oils & Foodstuffs Imp. & Exp. Corp (COFCO)  
(Wines & Spirits Co., Ltd.)**

Add: COFCO Plaza, 8 Jianguomennei Dajie, Beijing, 100005  
Contact: Qu Zhe, GM  
Tel: 8610-6526-8888 ext. 5506  
Fax: 8610-6527-8639  
Web site: [http://www.cofco.com/en/2.0/jiagong/2\\_10.htm](http://www.cofco.com/en/2.0/jiagong/2_10.htm)

Remarks: COFCO was founded in 1952. It is one of the key players distributing foreign wines and spirits in China.

**ASC Fine Wines**

Add: No. 1, 7<sup>th</sup>/F, Tower A, east Gate Plaza, No. 9 Dongzhong Street, Dongcheng District, Beijing 100027  
Contact: Mr. Don St. Pierre, Chairman  
Tel: 8610-6418-1598

Fax: 8610-6418-1597  
E-mail: [donsr@asc-wines.com](mailto:donsr@asc-wines.com)  
Web site: [www.asc-wines.com](http://www.asc-wines.com)

Remarks: The company is carrying Canadian wine products now.

**Lufthansa Supermarket**

Contact: Mr. Li Liguo (procurement)  
Tel: 8610-6465-1188 ext. 136

Remarks: The supermarket is importing and distributing quite a selection of foreign wines and spirits. It is a rendez-vous for most foreigners living in Beijing.

**Beijing Wanduoji Foods Wholesale Center (Vandergeeten)**

Contact: Jessica Gao, Marketing Manager  
Add: 1002, The Spaces International Center, No. 8 Dong Da Qiao Road, Beijing 100020 China  
Tel: 8610-5870 0537  
Fax: 8610-5870 0285  
E-mail: [gf@vdgcn.com](mailto:gf@vdgcn.com)  
[www.cnvdg.com](http://www.cnvdg.com)

Remarks: The company has been in the business for 10 years. Targeting the high-end market, the company carries products from Belgium mainly. Due devotion, commitment and patience from the Canadian side are required for co-development in the China market. The company has an office in Shanghai.

**Beijing Nature Co.**

Add: 14, Shuizhuizi Beili, Chaoyang District, Beijing  
Tel: 86-10-8598-6564/8598-1504  
Fax: 86-10-8598-3984  
Contact: LI Zhiqing, General Manager  
E-mail: nature@public.fhnet.cn.net

Remarks: The company does not have business relations with Canada but is interested in Canadian condiments, snack foods, beverages and fast foods. With ten years' experience in the trading business, the company has established strong distribution networks domestically not only in Beijing but also in other large cities. They are importing mainly from the US, EU and Japan now.

**Beijing Shengli Foods**

Contact: Ms. Zhang Jianping  
Tel: 8610-6842-3148  
Fax: 8610-6842-7006

**Tianjin Jiyang Wine & Trade Co., Ltd. (吉阳)**

Contact: Mr. Louis Chen, General Manager/ Ms. Xie Sisi  
Add: No. 3-801 Building 3 Zhongping International Boardinghouse, 41 Youyi Road, Hexi District, Tianjin 300211  
Tel: 86-22-2836-4089  
Fax: 86-22-2837-0087  
Contact2: Sean Wu/ Helen Wu (Foreign Trade Dept.)  
Tel: 86-22-2836-4066/ 86-22-2813-5476  
Fax: 86-22-8837-1906  
E-mail: jiyang@public.tpt.tj.cn

Remarks: The company has been in the grape wine business for more than 10 years but does not carry Canadian products. It is interested in Canadian Icewines and fruit wines.

**Dalian Sugar and Wines, Food Group**

Contact: Mr. Hou Zhenhao, Manager of Imported Wine Company/ Mr. Zhuang Xuguo, Manager  
Add: No 712 Huanghelu, Shahe District, Dalian  
Tel: 86-411-463-2804/ 463-0257  
Fax: 86-411-463-0291/ 463-2804  
E-mail: muxueying888@163.com

Remarks: The company is one of the fore-runners of imported wines in China but sales of foreign wines is decreasing. In order to diversify products, the company is carrying beer too. In 1994-1995 some beer from the Netherlands was carried by the company in China, but not any more. Canadian wineries or breweries are welcome to contact them.

**Henan Provincial Sugar and Wines Corp**

Contact: Mr. Sun Hong, Manager of Wine Division  
Add: No. 30 Jinshuilu, Zhengzhou 450053

Tel: 86-371-393-7364  
Fax: 86-371-393-7364

Remarks: The company carries Canadian wine (as the local distributor of an importer based in Beijing). The company has been in the foreign wine business for 14 years.

**Summergate**

Add: Room 1708 Hanwei Plaza, No. 7 Guang Hua Road, Beijing 100004  
Contact: Mr. Ian Ford, Director, Sales and Marketing for China  
Tel: 8610-6562 1800/ 6562 5800  
Fax: 8610-6562 1900  
E-mail: [ian.ford@summergate.com](mailto:ian.ford@summergate.com)  
Mr. Dan Siebers, Sales Director North China, Portfolio Manager  
Tel: 8610-6562 1800 ext. 107  
Fax: 8610-6562 1900  
Cell: 86-139-11-000-165  
E-mail: [dan.siebers@summergate.com](mailto:dan.siebers@summergate.com)  
Web site: [www.summergate.com](http://www.summergate.com)

Remarks: Interested in traditional varieties only, no icewines or fruit wines.

**China Duty Free Group**

Contact: Ms. Yang Lulu, Service Dept.  
Tel: 8610-6464-9988 ext. 8001  
E-mail: [elaine@cdfg.com.cn](mailto:elaine@cdfg.com.cn)

Remarks: The company monopolizes the market for duty free shops all over China. Most of the products carried are world famous brands from foreign countries. Duty free shops in China have three locations: international terminals, diplomatic areas and downtown (need special improvements). The company makes internal assessment on all newly introduced products before negotiating on contracts. There are 3 duty free shops in Beijing. The company accepts various ways of cooperation. Specially designed packaging for China is practiced by some foreign products.

**Liaoning Wenda Overseas Development Co., Ltd.**

Mr. Wang Leiji, General Manager  
Room 403 No. 29 North Qixian Stret, Tiexi District, Shenyang 110021 Liaoning Province  
Tel: 86-24-2585 1955  
Fax: 86-24-2587 9478  
E-mail: [hrqj@mail.lnpgc.com.cn](mailto:hrqj@mail.lnpgc.com.cn)  
Cell: 86- 1308 245 0368

Remarks: The company is currently the agent for a Canadian winery (since 1998) and would like to expand to more Canadian grape wines, fruit wines and Icewines from more Canadian wineries.

**Beijing Shangnuo Investment Consulting Co., Ltd.**

18<sup>th</sup> Floor, Dongqu Int'l Apartment, Ciyunsi Bridge, Chaoyang District 100025 Beijing  
Tel: 8610-8591 3387  
Fax: 8610-8591 3389  
E-mail: [shangnuo@sina.com](mailto:shangnuo@sina.com)  
Contact: Mr. Li Yanyi

Remarks: The company is the all-China agent for foreign wines, beers, bottled waters as well as processed food. The company works with a Chinese import agent and many Chinese wholesalers. The company is especially interested in Canadian Icewine and ice beer. The company has been working as the agent for European wine since 2000. The company prefers working with those Canadian companies who have experience with the China market already.

**Tianjin To Find Trading Co., Ltd.**

B-1201, 14 Nanjing Road, Hexi District, Tianjin  
Tel: 86-22-2311-4112/ 2330-4389  
Fax: 86-22-2311-4331  
Web site: [www.tjtofind.com](http://www.tjtofind.com)  
Contact: Ms. Jennifer Cao, Manager  
E-mail: [whzhang@telus.net](mailto:whzhang@telus.net)  
Cell: 86-1390-209-1822/ 139-206-1777

Remarks: The company imports and represents Canadian bottled water, whisky, wines and beer in China. The company also imports foods i.e. chocolates, cookies, etc. from Canada.

**Beijing Monteil Wine Company**

Room 303 Jin Xin Hotel, No. 26 East Beisanhuan Road, Chaoyang District, Beijing  
Tel: 8610-8428-0718/0719  
Fax: 8610-8428-0721  
E-mail: [merlotbeijing@sohu.com](mailto:merlotbeijing@sohu.com)  
Contact: Ms. Naomi Wang (Wang Xuelin)  
Cell: 86-1360-132-1512

Remarks: Established in Sept. 1998 the company specializes in importing and distributing foreign wines and now has 16 employees. Monteil carries over 40 varieties of wine from France, Italy and Australia. Their customers are mainly hotels, high-end restaurants, supermarkets and individual consumers. Monteil is interested in being the exclusive agent for Canadian Icewine makers in China.

**Changyu Wine Group Co. Ltd., Yantai**

Contact: Mr. Zhang Lanlan, Manager of Import Dept.  
Tel/Fax: 86-535-6691-289  
E-mail: [cyimport@changyu.com.cn](mailto:cyimport@changyu.com.cn)  
Web site: <http://www.changyu.cn/>

Remarks: According to Mr. Zhang, Changyu is interested in importing Canadian grape juice for wine making and Canadian Icewine.

**Chriswell Investments Inc. Beijing Office**

Room 807, Feng Yuan Plaza, No. 12 West Shi Fo Ying, Chaoyang District, Beijing 100025  
Contact: Christopher Zhang  
Tel: 8610-8582-2287  
Fax: 8610-8582-2293  
Cell: 86-1390-118-2003  
E-mail: [cii@chriswell.biz](mailto:cii@chriswell.biz)  
Web site: [www.chriswell.biz](http://www.chriswell.biz)

Remarks: Established in 1994 in Vancouver, the company is a trader and has got 2 manufacturing plants (leather/fur products and steel products) in Tongzhou District of Beijing and Qinhuangdao city of Hebei Province. One of their customers in China is carrying imported wines and wishes to expand its business to include fruit wines.

**Chinaplus (Beijing) International Ltd.**

Rm 1806 Tower B Lead International Building 2A Wangjing Road, Beijing 100102  
Contact: Cindy Ma, Sales Manager  
Tel: 8610-8472-1300/1299/1298 ext. 8011  
Fax: 8610-8472-0153  
Cell: 86-1367-137-9754  
E-mail: cdwines@public2.bta.net.cn  
Web site: www.bbr.com.hk

Remarks: Exclusive distributor of Berry Rros & Rudd in China (the appointed wine supplier to the British Royal family)

**Beijing Golden Top (Jin Bang Yuan) Wines Distribution Co., Ltd.**

Mr. Han Ning  
Room 722, 724, Yuan Chen Xin Mansion, No. 13 Yumin Street, Chaoyang District, 100029 Beijing  
Tel: 8610-8225-3080/8225-0939  
Fax: 8610-8225-3080

Remarks: Golden Top is the exclusive agent in North China for Mogao icewine, which is a Sino-Canada JV in Gansu Province. Targeted retailing venues are night clubs, restaurants and mid-level supermarkets in Beijing, hence Mr. Han looks for low-end Canadian Icewine, which is affordable by grass roots. Mr. Han has a partner in Canada as his agent sourcing suppliers.

**China National Complete Plant Import & Export Corporation (Group)**

No. 9 XiBinHe Street, An Ding Men, Beijing 100011  
Tel: 8610-6421-8924/ 6425-3388  
Fax: 8610-6421-1382  
E-mail: complant@complant.com

Remarks: Icewine importer

**Carvel Enterprise International Company Ltd.**

**Beijing Century Long Yang Co., Ltd.**

Room 104, Building 11, District 2, Fangguyuan, Fangzhuang, Beijing China  
Tel: 86-10-8763-0107  
Fax: 86-10-8763-0119  
[www.cceic.com](http://www.cceic.com)  
Mr. Li Guoping, GM  
Cell: 86-1390-106-3593

Remarks: Longyang is currently carrying Canadian Icewine

**Beijing Huadilong Foods Distributing Center**

Mr. Zhou, GM  
2210 Building 2, Fangzhouyuan Huajiadi, Chaoyang District, Beijing 100102  
Tel: 8610 6473 3159

Fax: 8610 6473 8386  
Cell: 86 133 111 36577  
E-mail: [import@chinadragonfood.com.cn](mailto:import@chinadragonfood.com.cn)

Remarks: Company is interested in Canadian red wine

**Beijing Defahang Trading Co., Ltd.**

Mr. Yang, GM  
907 Building 4, Xinjijayuan, Chaoyang District, Beijing 100028  
Tel: 8610 8449 5730  
Fax: 8610 8449 5730  
Cell: 86 1380 115 9184

Remarks: Company is interested in Canadian wine

**China Arts & Crafts Trading Co., Ltd.**

Vivian Qi, Trading Dept. Manager  
8<sup>th</sup> Floor, Baisheng North Mansion, No. 101 Fuxingmen Nei Street, Beijing 100031  
Tel: 8610 6601 2255 ext. 3579  
Fax: 8610 6607 5587  
E-mail: [qi4658@263.net](mailto:qi4658@263.net)

**Beijing Jin Ren He Commercial & Trading Co., Ltd.**

Shi Weiyi, GM  
Tel: 8610 6764 9891  
Fax: 8610 6769 8811  
Cell: 1390 1035 353  
E-mail: [rocky@jrh.com.cn](mailto:rocky@jrh.com.cn)  
[www.jrh.com.cn](http://www.jrh.com.cn)

Remarks: importer of juice and distributor of local beer, wine; major distribution channel is the food catering sector; carrying Canadian canola oil.

**Fod Veritas (Beijing) Ltd. 真意味贸易（北京）有限公司**

Luciano Gasco, Sales & Marketing Manager  
Cell: 86 1369 3164 174  
Tel: 8610 6517 5576/7529/7007/3611  
Fax: 8610 6517 2519  
E-mail: [coffee@foodveritas.com.cn](mailto:coffee@foodveritas.com.cn)

Remarks: Importer and distributor of coffee, wine, spirits and beer as well as chocolate.

**Beijing Zhong Hao Tian Yun International Import & Export Trading Co., Ltd.**

Angel Li  
Chief Supervisor of Market Department  
Cell: 86 133 660 38056  
Tel: 8610 8586 7606  
Fax: 8610 8586 7599  
E-mail: [libing@zhty.net](mailto:libing@zhty.net)  
[www.apollonio.cc](http://www.apollonio.cc) ; [www.zhty.net.cn](http://www.zhty.net.cn)

Remarks: strategic partner in China for Apollonio series of wines from Italy.

**Diageo (Shanghai) Ltd.**

Janna Liu, Corporate Relations Manager, North China

Tel: 10 8565 8678

Cell: 86 1391 122 5302

E-mail: [janna.liu@diageo.com](mailto:janna.liu@diageo.com)

Remarks: Carries imported alcoholic drinks such as Guinness, Baileys, J & B, Johnnie Walkers, etc.

**Beijing Golden Luis Winery Co., Ltd.**

Jane Kang, Chairman of the Board

Cell: 86 1380 129 2544

Tel: 10 6415 3926

Fax: 10 6417 6709

E-mail: [goldenluis\\_wine@126.com](mailto:goldenluis_wine@126.com)

[www.goldenluis\\_wine.com](http://www.goldenluis_wine.com)

**Beijing Longxinghuadian Trading Co., Ltd. (Palette Wines)**

Dazz Ma

Tel: 10 6585 3099

Fax: 10 6585 3093

Cell: 86 1352 096 7728

E-mail: [dazzling@palettewines.cn](mailto:dazzling@palettewines.cn)

[www.palettewines.cn](http://www.palettewines.cn)

Remarks: imports wines for hotels

***List of wine importers in Shanghai***

**ASC Fine Wine Co. Ltd. ASC**

Contact Name: Donald A.St. PIERRE, Managing Partner

Email: [donjr@asc-wines.com](mailto:donjr@asc-wines.com)

Address:

No.338 Nanjing Road (W)

Shanghai, Shanghai

China 200030

Tel: +86-64453214

Fax: +86-64453202

Web Site: [www.asc-wines.com](http://www.asc-wines.com)

**Shanghai Weizhi Trade Co. Ltd.**

Contact Name: Heping Cao, General Manager

Email: [weizhicd@sh163.net](mailto:weizhicd@sh163.net)

Address:

101/10/930 Changle Raod

Shanghai,

China 200040

Tel: +8621-62480483

Fax: +8621-32140048

**Shanghai Longyang Material Development Co. Ltd.**

Contact Name: Guoping Li, Manager

Email: cceic2002@yahoo.com

Address:

8A No.50 lane 97 Haiyi Villa Pudong New Area

Shanghai,

China 200120

Tel: +8621-68752091

Fax: +8621-68769356

**Shanghai NO.1 YAOHAN Co. Ltd.**

Contact Name: Lihong Zhu, Manager

Address:

No. 501 Zhangyang Rd., Pudong New District, Shanghai

Shanghai,

China 200120

Tel: +8621-58360000

Fax: +8621-58362722

**Pines The Market Place**

Contact Name: Junie Choi,

Email: junie@chiro.com.cn

Address:

No.18 Lane 896 Jianhe Road

Shanghai, Shanghai

China 200336

Tel: +8621-6262-5297x8221

Fax: +8621-64848364

Web Site: [www.chiro.com.cn](http://www.chiro.com.cn)

**City Supermarket Co. Ltd.**

Contact Name: Yi Xiong Cui, President

Email: gm@cityshop.com.cn

Address:

1701/1469 Kangding Road

Shanghai,

China 200042

Tel: +8621-62327070

Fax: +8621-62322177

Web Site: [www.cityshop.com.cn](http://www.cityshop.com.cn)

**Bizconnect China Ltd.**

Contact Name: David Tsui, General Manager

Email: bizconhk@hotmail.com

Address:

9A, No.366 Yuhua Building, zhaojiabang Road

Shanghai,

China

Mobile: +8613816685470

Fax: +8621-64154429

**Shanghai Overseas Trading Wine Section**

Contact Name: Chunliang Hang, General Manager

Email: soecshangmao@online.sh.cn

Address:

Room 109, 3 Building, 815 Dongdaming Road,  
Shanghai,

China 200082

Tel: +8621-65957900x1375

Fax: +8621-65956023

***List of wine importers in Guangzhou*****Guangzhou You Yi Food Chain Co., Ltd.**

Add: 662 Dong Hua Dong Road, Guangzhou

Postcode: 510080

Tel: (86-20) 8765-8593

Fax: (86-20) 8765-8270

E-mail: [youyic@agebiz.com](mailto:youyic@agebiz.com)

Web: <http://youyic.agebiz.com>

Contact: Mr. Zhou Xiao Ling, Chair and Deputy General Manager

Remarks: This company is interested in importing high-end products and targets the market for people with high-level income and foreign residence.

**Oliver Supermarket**

Add: A2, 1/F, Clifford Mansion, Ming Yue Yi Road, Guangzhou, China

Tel: +8620-87539202

Fax: +8620-87539202

E-mail: [oliversm@163.com](mailto:oliversm@163.com)

Contact: Mr. Vincent Ou

**Guangdong Yihua Department Store Co., Ltd.**

Add: Ling Gang Pai Fang, Huo Ju Development Zone, Zhongshan City, Guangdong Province, China

Postcode: 528400

E-mail: [sale@yihua.com.cn](mailto:sale@yihua.com.cn)

Web : [www.yihua.com.cn](http://www.yihua.com.cn)

Tel: +86-760-8280720

Fax: +86-760-8280700

Contact: Ms. Ye Xiao Chang, Purchasing Manager

**Guangdong Zhongtian Investment Co., Ltd**

Mr. Ziyuan Chen

Rm1919, Wu Yang New Plaza, 111 Si You New Rd  
Guangzhou, Guangdong

China 510600

Fax: +86 20 87380243

Phone: +86 20 87380248

Email: [ztfoodd@yahoo.com.cn](mailto:ztfoodd@yahoo.com.cn)

**Dongguan Sheng Feng Trading Ltd. China Headquarters**

Mr. Aaron Cheung

Business Manager

Rm 1920, 19/F, Dongshan Plaza, No. 69 Xianliezhong Road,

Dongguan, Guangdong

China 510070

Fax: +86 20 87320627

Phone: +86 20 87324587

Email: sanford-china.com

## Key Resources

Agriculture and Agri-Food Canada – China Agri-Food Consumer Profile  
[http://ats-sea.agr.gc.ca/asia/3858\\_e.htm](http://ats-sea.agr.gc.ca/asia/3858_e.htm)

Agriculture and Agri-Food Canada – China At A Glance  
<http://ats-sea.agr.gc.ca/stats/china.pdf>

Agriculture and Agri-Food Canada – China Agricultural Policy Review  
[http://www.agr.gc.ca/pol/pub/oced-oced/pdf/china\\_e.pdf](http://www.agr.gc.ca/pol/pub/oced-oced/pdf/china_e.pdf)

Agriculture and Agri-Food Canada – China Past, Present & Future Report  
[http://ats-sea.agr.gc.ca/asia/3833\\_e.pdf](http://ats-sea.agr.gc.ca/asia/3833_e.pdf)

BC Wine Institute  
<http://www.winebc.com/>

California Wine Association – Wine in China: A Report to the California Association of Winegrape Growers  
[http://iis-db.stanford.edu/pubs/21702/wine\\_in\\_china\\_CAWG\\_2005.pdf](http://iis-db.stanford.edu/pubs/21702/wine_in_china_CAWG_2005.pdf)

Canadian Trade Commissioner Service – China  
<http://www.infoexport.gc.ca/ie-en/MarketProspect.jsp?cid=512&oid=32>

Canadian Vintners Association – Canadian Wine Statistics  
<http://www.canadianvintners.com/canadianwines/statistics.htm>

China Alcoholic Beverages Industry Association (Chinese Only)  
<http://www.cada.cc/index.jsp>

China's Income Distribution, 1985-2001  
<http://are.berkeley.edu/~perloff/PDF/china.pdf>

China – Map of GDP per capita by province – Shanghaienglishteachers.com – 2005  
[http://www.shanghaienglishteachers.com/images/maps\\_china/map\\_of\\_china\\_prov\\_gdp\\_1.gif](http://www.shanghaienglishteachers.com/images/maps_china/map_of_china_prov_gdp_1.gif)

China Wines Information Website – Laws & Regulations  
<http://www.wines-info.com/en/item.aspx?col=195>

Decantor.com  
<http://www.decanter.com/>

The Economist – China  
<http://www.economist.com/countries/China/>

EDC – China Economic Profile  
[http://www.edc.ca/english/docs/gchina\\_e.pdf](http://www.edc.ca/english/docs/gchina_e.pdf)

Euromonitor – Alcoholic Drinks – China

<http://www.portal.euromonitor.com/portal/server.pt?control=SetCommunity&CommunityID=217&PageID=735&cached=false&space=CommunityPage>

Guide to distribution in China – Hong Kong Trade Development Council  
<http://www.tdctrade.com/chinadistribution/index.htm>

Hong Kong Trade Development Council - China Trade  
[http://china.tdctrade.com/?w\\_sid=1000&w\\_pid=sp02&w\\_nid=10775&w\\_cid=2&w\\_idt=1900-01-01](http://china.tdctrade.com/?w_sid=1000&w_pid=sp02&w_nid=10775&w_cid=2&w_idt=1900-01-01)

IPR in China – Hong Kong Trade Development Council  
<http://www.tdctrade.com/chinaipr/index.htm>

McKinsey Global Institute – From ‘Made in China’ to ‘Sold in China’: The Rise of the Chinese Urban Consumer  
[http://www.mckinsey.com/mgi/publications/china\\_consumer/executive\\_summary.asp](http://www.mckinsey.com/mgi/publications/china_consumer/executive_summary.asp)

The McKinsey Quarterly – The value of China’s emerging middle class  
[http://doubleoceanfin.com/files/6\\_The\\_value\\_of\\_China\\_s\\_emerging\\_middle\\_class.pdf](http://doubleoceanfin.com/files/6_The_value_of_China_s_emerging_middle_class.pdf)

Toronto Sun – Fake Icewines Hit Sales  
<http://www.thestar.com/News/World/article/247573>

U.S. Commercial Service – Country Commercial Guide – Doing Business in China  
[http://commercec.ca/ic.gc.ca/scdt/bizmap/interface2.nsf/vDownload/CCG\\_7747/\\$file/X\\_98756.DOC](http://commercec.ca/ic.gc.ca/scdt/bizmap/interface2.nsf/vDownload/CCG_7747/$file/X_98756.DOC)

U.S. Department of Agriculture – Attaché Reports  
<http://www.fas.usda.gov/scripts/attacherep/default.asp>

U.S. Department of Agriculture – China National Wine Standard  
[http://www.calwinexport.com/content/Market\\_Info/FAS%20reports%202006/China%20Standard%20for%20wines%202006.pdf](http://www.calwinexport.com/content/Market_Info/FAS%20reports%202006/China%20Standard%20for%20wines%202006.pdf)

U.S. Department of Agriculture – China Resources  
[http://usdachina.org/en\\_index.asp](http://usdachina.org/en_index.asp)

U.S. Department of Agriculture – China Wine Export Guide  
<http://www.fas.usda.gov/scripts/gd.asp?ID=145884934>

Vintners Quality Alliance of Ontario  
<http://www.vqaontario.com/>

Wine in China to 2011 - Market Databook – Datamonitor  
(Sections extracted on: 31 January 2008 - Reference Code: DBCM1663 - Publication Date: 22 October 2007) © Datamonitor