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### **Wine Is Fine - Northeast Chinese Firms Experience California Wine**

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**Report Highlights:**

On May 26-June 2, 2017 ATO Shenyang led 8 wine buyers from three Northeastern provinces and Shanghai to visit 14 vineyards in Napa and Sonoma counties, Livermore and Lodi, the major wine producing regions of California. Their favorite varieties were Merlot, Petite Sirah, and Cabernet Sauvignon, Sauvignon Blanc and Chardonnay. This was the largest wine reverse trade mission ever led by ATO Shenyang.

On May 26-June 2, 2017 ATO Shenyang led 8 wine buyers from three Northeastern provinces and Shanghai to visit 14 vineyards in Napa and Sonoma counties, Livermore and Lodi, the major wine producing regions of California. The objective was to show Chinese buyers the variety and quality of U.S. wines and the unique growing conditions of the U.S. wine-producing areas. Chinese buyers saw the value in low end and mid-level priced wines, especially those that were corked and labeled with classic images of the California countryside. The mission also increased the awareness of U.S. wineries and wine associations to FAS services and introduced growers to Chinese wine traders. Their favorite varieties were Merlot, Petite Sirah, and Cabernet Sauvignon and one Shanghai company showed serious interest California white wines, such as Sauvignon Blanc and Chardonnay.

The delegation, which consisted of importers, distributors and one sommelier, visited 14 different vineyards throughout central California. The mix of companies was very effective as almost none of the companies had been overseas or had visited the United States. Companies who were knowledgeable in French wines explained the complex organoleptic terminology for wine while those who were expert in trading could help others process commercial standards. ATO staff were able to round out the discussion with clear translations and explanations concerning viticulture and U.S. business practices.

Even though the cities and counties visited were all within two hours' drive of one another, climates were quite different. The coastal counties experience fog in the morning and bright sun in the afternoon and thus the critical viticulture issue was dampness. By contrast, the interior counties had rich sun in the morning and the afternoon, so dryness and shade were critical to grape maturation. Because of these differences, vines had to be trimmed in different ways. Again, coastal counties were hilly while inland counties were flat and these differences in terrain also made for different needs with respect to irrigation. While on the one hand this makes understanding the local micro-climate critical to a successful harvest, on the other hand it also makes for a longer season. This reduces competition in any one particular month and ensures relatively firm prices for a longer period of the year.

The delegation also learned about the particulars of wine fermentation, storage, aging, and maturation. Different vineyards favored different processes, some using barrels made from American oak, others from French oak, and yet others using barrels that had previously handled distilled liquors. Here the delegation saw that viticulture is as much art as it is science. There were a number of occasions where the vineyards were very satisfied with their results (a strong uptake of the tannin from the oak) and where most members of the delegation felt that the oak flavor was too strong.

In the evenings, the ATO Director introduced the mission to the wide variety of U.S. foods, including Mexican and Vietnamese. Chinese food consumption patterns are definitely changing – and this is good news. Traditional U.S. foods, such as steak, ribs, cheese, and wine, have long been considered by the Chinese to be exotic – something only foreigners ate. Now the Chinese consider these foods to be premium and want to enjoy them. The restaurant industry (pubs, bars, cafes, and restaurants (independent as well as chains)) are undergoing a tremendous expansion in Northeast China. Northeast China is home to the three provinces of Liaoning, Jilin and Heilongjiang and has its own Pacific Ocean port of Dalian on Liaoning's southern coast. Northeast China, also called *Dongbei*, is home to 110 million people.

## **Observations:**

- The quality of the Chinese companies in the delegation was exceptional. They proactively attended all sessions, raised numerous questions, and carefully collected product specifications
- Thanks to the California Wine Institute, all of the host wineries were familiar with the Chinese preference for red wine over white.
- The delegation's red favorite varieties were Merlot, Petite Sirah, and Cabernet Sauvignon.
- The delegation's favorite white varieties were Sauvignon Blanc and Chardonnay.
- The delegation did not like a strong taste of oak in the wine.
- With that in mind, California firms went the extra mile to specially select white wines that had a deeper palate with rich fruit and floral notes. Some also specially included varieties that were reminiscent of champagne and had more of a citrusy sparkle.
- One Shanghai based buyer became especially interested in California white wines and most members of the delegation were surprised by the richness of the white wines. They observed that California white wines would pair well with game and lamb, foods popular in Northeast China.
- American wine companies were introduced to Northeast Chinese alcohol traditions which are quite different from U.S. traditions. Northeast consumers prefer to
  - Drink wine in bottoms up fashion, similar to doing shots of hard liquor
  - Order wine for a large table setting of 6 to even as many 20 persons, thus, the restaurant must ensure it has a large stock for each type of wine
  - Many hosts may also wish to send their visitors home with an additional bottle of wine for each guest
- The Chinese delegates were impressed by the completely different approach American vintners take to promoting their wines. Unlike the emphasis on premium ambiance, American vintners preferred a more relaxed, natural, warmer interaction. Many of the Chinese delegates found the American style to be very attractive.
- All of the Chinese delegates were impressed by the ambiance of the different vineyards. They enjoyed the garden like settings, rich interiors, and intimate atmospheres. Just as has been the case with American foods, special interiors for restaurants are no longer exotic for the Chinese but premium. When Chinese dine out, they are looking for an experience, not just fresh, well-prepared food.
- U.S. wine is less competitive with wine from Chile or New Zealand, who enjoy free trade agreements with China.
- That said, the Chinese were surprised to discover that many American wines are competitively priced and are of strong value.
- The Northeast Chinese are new to purchasing wine for maturing before sale. They prefer wine that is ready for consumption.
- Including Chinese sommeliers in the wine delegation made dialogue with U.S. companies on Chinese wine preferences much more transparent and useful.

### **Accomplishments and Successes:**

- The delegation bonded and achieved an exceptional level of spirit d' corps, forming a WeChat group for future networking.
- Delegation members bonded with each other and many companies were observed to form commitments to work together to place their first orders as combined shipments, with one company acting as importer, another as distributor, and a third as commodity expert.
- The presence of an accomplished sommelier on the California wine tour benefited everyone as wine and viniculture terminology is extremely complex.
- Chinese buyers were introduced to the concept of purchasing wine for collection rather than consumption. This is a rather unknown practice as wine is bought for immediate consumption and orders are not for a single bottle to be shared among 2-4 people but 4 bottles to be shared among 6-12 dinner guests.
- Thanks to the California Wine Institute, all of the U.S. companies were well prepared to receive our Chinese delegation.

## Looking to do business in Northeast China?

For further reading on exporting agricultural and food products to Northeast China, please see:

### **This is Northeast China|Market Development Reports|Shenyang|China - Peoples Republic of|1/18/2017**

Home to winter sports, ski resorts, and ancient Manchurian towns, Dongbei or Northeastern China is home to 110 million people. With a down-home friendliness resonant of the U.S. Midwest, Dongbei's denizens are the largest buyer of U.S. soybeans and are China's largest consumers of beef and lamb. Dongbei companies, processors and distributors are looking for U.S. products. Dongbei importers are seeking consumer-ready products such as red wine, sports beverages, and chocolate. Processors and ...

[This is Northeast China Shenyang China - Peoples Republic of 12-30-2016](#)

For further reading on exporting agricultural and food products to China in general, please see:

### **FAIRS Export Certificate Report|Food and Agricultural Import Regulations and Standards - Certification|Beijing|China - Peoples Republic of|2/24/2017**

This report lists major export certificates required by the Chinese government for imports of food and agricultural products. Major changes in 2016 include China's implementation of new registration requirements on grains and oilseeds (AQSIQ Decree 177) and live seafood (AQSIQ Decree 183). China also introduced registration requirements for infant formula recipes (CFDA Decree 26), health foods (CFDA Decree 22), and foods for special medical purposes (CFDA Decree 24). In addition, in 2016, Chi...

[Food and Agricultural Import Regulations and Standards - Certification Beijing China - Peoples Republic of 2-3-2017](#)

### **FAIRS Country Report|Food and Agricultural Import Regulations and Standards - Narrative|Beijing|China - Peoples Republic of|2/24/2017**

During 2016, China continued issuing numerous new regulations, rules and measures to reflect the requirements introduced by the 2015 Food Safety Law. Most notably, China launched new registration systems, including registration for grains and oilseeds (AQSIQ Decree 177), registration for live seafood (AQSIQ Decree 183), registration for infant formula recipes (CFDA Decree 26), and foods for special medical purposes (CFDA Decree 24). Food producers at home and abroad continue to examine requi...

**2016 Exporter Guide to China|Exporter Guide|Beijing ATO|China - Peoples Republic of|1/13/2017**

This report is meant to provide practical tips to U.S. agricultural, forest and fishery companies on how to conduct business in China. The report includes local business practices and a general review of consumer preferences, food standards and regulations, and import and inspection procedures. The report also provides best prospects, with a focus on high-value, consumer-oriented goods.

[Exporter Guide Beijing ATO China - Peoples Republic of 12-30-2016](#)

**Looking for import contacts in Northeast China?**

If you are interested in reaching out to importers and distributors in Northeast China, please contact:

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Please also check out our website at: [www.usda.china.org](http://www.usda.china.org)