

Vinexpo Asia-Pacific

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A toast to region's fine wine revolution

Asia is leading the way thanks to a phenomenal and rapid growth in consumption, writes **David Kootnikoff**

It is a little-known fact that Hong Kong enjoys the highest per capita wine consumption in Asia. According to the International Wine and Spirits Report (IWSR), each adult drinks more than 3.5 litres of wine a year, significantly ahead of Japan (2.5 litres) and Singapore (two litres).

"Asia has truly embraced wine culture," says Robert Beynat, chief executive of Vinexpo Overseas. This is good news for the wine and spirits industry and is a reason why Hong Kong is hosting the sixth Vinexpo Asia-Pacific from today until Thursday at the Hong Kong Convention and Exhibition Centre in Wan Chai.

Based in Bordeaux, France, Vinexpo was launched in 1981 and held its first Asian exhibition in Hong Kong in 1998. Since then, it has organised one exhibition biennially in Asia, with Tokyo hosting two and this year's event being Hong Kong's fourth. More than 800 exhibitors from 32 countries are expected to join 9,500 industry professionals. There will be seminars, tasting sessions and opportunities for participants to learn about new trends and products.

The IWSR has been operating since 1971 and is considered a benchmark for the industry. It compiles data from 28 countries and 114 markets, and is regarded as the most accurate and detailed report of its kind. Since 2003, Vinexpo has commissioned the IWSR to compile a report on the world's wine and spirits consumption, production and international wine and spirits trade, with forecasts until 2013. The 2009-2010 study covers 28 wine and spirits producing countries and 114 consumer markets.

Hong Kong is regarded as the gateway to the booming Asian wine market, which amounted to US\$6.94 billion in 2008 alone and is projected to grow by an average of 11.5 per cent annually until 2013. The IWSR predicts that for the next three years, 50 per cent of the world's wine consumption will be in just two countries - China and the United States.

The mainland and Hong Kong are clearly the growth driver for worldwide wine consumption. International wine sales totalled US\$154 billion last year, expanding by 9.87 per cent between 2004 and 2008. Sales are projected to grow by more than 3.5 per cent until 2013, meaning one billion more bottles are expected to be drunk worldwide between 2009 and 2013.

In 2008, the mainland and Hong Kong posted the highest worldwide growth in volumes of wine consumed, accounting for 69 per cent of all still light wines in Asia and 3 per cent of the world total.

According to Beynat, Asia "is the last emerging market in the world, but what makes it so special is the phenomenal pace of growth in wine consumption that we have seen here. No other market has shown such an increase in such a short period of time". The Asian market - which includes the mainland, Hong Kong, India, Japan, Taiwan, South Korea, the Philippines, Thailand, Singapore and Malaysia - consumes 6.6 per cent of all wines in the world and is expected to grow faster than other regions.

Trade and political institutions in the region have recognised the importance of the wine market and have encouraged its development. "Hong Kong was the first to do this in 2008 by quite spectacularly banning import duty on wine and by setting up bilateral trading

agreements with wine-producing nations," Beynat says. While Italy is the largest wine-consuming country, followed by the United States and France, the mainland and Hong Kong are leading consumers of spirits in terms of volume. As for wine, China is eighth in the world and is projected to grow by 31 per cent by 2013. Beynat says: "By the end of this period, Chinese consumers are expected to drink 1.26 billion bottles, which equates approximately to a bottle per year per adult of drinking age. By 2013, China should be the seventh-largest wine-consuming nation, drinking more than 100 million nine-litre cases per year."

The Asian market is not a special market, according to Beynat. "If special products were produced in the past, such as sweeter fruity wines with no acidity or lighter in alcohol, these trends are no longer true. If a difference exists, it would be that Asians tend to be more attached to the bottle that corresponds to their way of consumption."

Red wine is by far the leading choice among Asians. In Hong Kong, red accounts for 80.6 per cent of consumption, followed by white at 16.1 per cent and rosé at 3.3 per cent. Although consumption of sparkling wine grew sharply between 2004 and 2008, it only represented 3 per cent of the volume

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drunk in Asia. Spirit consumption is slowing down and is expected to grow by 2.9 per cent, with vodka leading the way, followed by tequila and then rum.

The mainland is the 10th-largest wine producer in the world. "China is producing more and more wine. And this will be one of its strengths because the more a country produces, the higher the consumption. Consumers will want to discover different tastes and imports will rise," Beynat says.

While local wines still dominate the Chinese market, accounting for 88 per cent of all still wines consumed in the country, imported wines are attracting more attention. In 2008, 11.8 per cent of wines consumed in China were imported, which amounted to 40.2 per cent of retail sales. The consumption of imported wines grew by 308.4 per cent between 2004 and 2008 and is expected to increase by a further 65.6 per cent from 2009 to 2013.

In Asia, one bottle out of four consumed is imported, accounting for 59.8 per cent of sales. Last year, Japan remained the leading wine-importing nation in Asia. France continues to be the leading supplier in the region and one in three bottles sold in Hong Kong is of French origin. Between 2004 and 2008, French imports grew by 41.8 per cent, while Chilean imports rose by 170.5 per cent and sales of Australian and American wines doubled.

Beynat says wine is a good investment during economic woes and changes in the weather.



Vinexpo's chief executive Robert Beynat says Asia has truly embraced wine culture, helped by Vinexpo Asia-Pacific (left). According to figures, red wine is by far the leading choice among Asians. In Hong Kong, red wine accounts for 80.6 per cent of consumption, followed by white at 16.1 per cent and rosé at 3.3 per cent.

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Always an exciting event, Hong Kong is the 6th Vinexpo Asia-Pacific exhibition, the leading wine and spirits show in Asia. With 800 exhibitors from 32 countries, 11,000 exclusively professional visitors from all over the region and 400 journalists from all across the world, Vinexpo Asia-Pacific truly is China's biggest event of the industry. It now continuously grows the Vinexpo Asia-Pacific brand in Hong Kong, including "Asia's World Class" as readers to witness the region's wine capital.

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