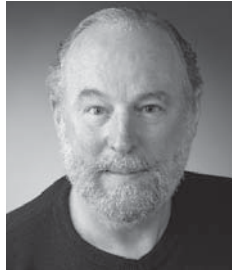


Asia

Denis Gastin

Not only are the wineries in Asia multiplying in number (now approaching 800 in 12 countries) and scale, but increasingly, the industry is attracting major stakes from some of the region's largest food and beverage players.



DENIS GASTIN

Brewers Suntory and Sapporo have well-established wine operations in Japan. In Thailand, the family behind Singha beer has a major stake in the industry with its PB Valley Khao Yai winery, and the founders of the Red Bull energy drink have graduated from a marginal presence with a pop wine cooler (Spy) to a serious range of table wines under the Monsoon Valley label. The owners of two of China's best-known alcoholic beverage brands, Tsingtao beer and Moutai spirits,

have added further momentum to this trend in recent years with modest moves into wine production. And now, underlining the reality that wine has become a mainstream beverage in Asia, there are manoeuvres into wine by two more of the region's biggest beverage companies.

Big moves in India

Without doubt, the biggest triumph for Maharashtra State's bold wine-industry growth strategy thus far is the move by giant beer and spirits conglomerate the UB Group (now incorporating long-time sector player

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Shaw & Wallace) to set up a very large winery at Baramati. This follows the decision in December 2005 by the government of this state, where two-thirds of the Indian wine industry is concentrated, to double the excise tax on imported wine, on top of an earlier incentive deal that includes a 100 per cent exemption from excise duty for 10 years for new wine ventures, simplified licensing provisions, and sales tax relief. Almost 40 new wine-producing ventures have started in Maharashtra since the first incentive package was launched in 2001. But the UB Group's operation is expected to dwarf all of them. The greenfield Four Seasons winery will kick off bottling imported bulk wine, but plans are already under way to plant more than 120 ha of vines to provide fruit for its own wines. A further 80 ha are to be planted as land becomes available, and up to 320 ha are to be drawn on through contract growers. The winemaking operation will be overseen by Abhay Kewadkar, formerly of Grover Vineyards.

Grapevine

- **The tally of Asia's wineries** now stands at almost 800 in 12 countries. More than half of them are in China, in 26 provinces – virtually all of them established since the late 1970s and over 100 of them less than 10 years old. Almost a quarter are in Japan, concentrated principally in Yamanashi and Nagano. Numbers are expanding rapidly in India – now with around 50 wineries. Other Asian countries in which there is an established winemaking tradition are Thailand, Korea, Vietnam, and Indonesia. Fledgling operations can be found in Taiwan, Sri Lanka, Bhutan, Myanmar (Burma) and, most recently, Cambodia.

- **Asian winery names** are now popping up much more frequently on the award lists at international wine competitions and at international wine-trade fairs. At the 2006 London IWSC, for example, Japanese wines won four silver medals and seven bronze. Indian wines won five bronze, and Thai wines won one silver and two bronze.

- **The 2nd Asian Wine Competition** was held in China's Shaanxi province in April 2006 in conjunction with the 4th International Advanced Vine &

Wine Seminar, with entries being judged by an international panel of experts. Seven gold medals and eight silver medals were awarded. Wines from the newer, less humid regions of inland China stood out among the prizewinners, especially wines from Ningxia (two gold and one silver) and Xinjiang provinces (two gold and two silver) in the northwest, and Yunnan province (two gold and one silver) in the southwest.

- **Chateau Indage** is forging new wine frontiers in India. In collaboration with the Himachal Pradesh State Government, it has planted Chardonnay and Pinot Noir in the Himalayan foothill districts of Shimla and Kullu. This is on roughly the same latitude as southern California, but MD Ranjit Chougule hopes that the cooler climate and higher altitude (1,800 m [5,900 ft]) will result in this region emerging as India's Burgundy. The first wines are expected from the 2008 vintage. Indage has also entered into contract planting arrangements in Karnataka, Andhra Pradesh, and Orissa states in the south and east of the subcontinent.

... AND ALSO IN JAPAN

As 2006 drew to a close, Japan's largest beverage business, Kirin Brewery Co, launched an ultimately successful bid to acquire a controlling 50.1 per cent stake in Mercian Corporation, itself a diversified beverage producer that is also the nation's largest producer of wine. Kirin offered a 40 per cent price premium to existing Mercian shareholders to achieve this, but both parties are describing the move as a "business alliance" rather than a takeover. The objective, they say, is to add value to both businesses but, particularly, to consolidate Mercian's position as the nation's leading wine producer, as well as to enable Mercian to push past Suntory as Japan's leading wine merchant, drawing on wineries owned by both companies in California and France.

CHINESE WINEMAKERS HEAD FOR THE HILLS

The southwest highland province of Yunnan is rapidly becoming the new frontier for the wine industry in China. Table grapes have been growing here since Christian friars brought vines from France in the mid-1800s for their early missions. Now extensive plantings of Cabernet Sauvignon, Merlot, Grenache, Italian Riesling, and Chardonnay have been added to the descendants of the original vines (principally a purple grape known locally as Rose Honey and a white grape known as Crystal – both now believed to be extinct in France) to serve a cluster of recently established wineries. The biggest among them are

Yunnan Hong, Yunnan Taiyanghun (Sun Spirit), Yunnan Gaoyuan (Plateau), and Shangri-la. The main concentration of new plantings is on the plateaus among the mountain ranges south of the provincial capital, Kunming, not far from the border with Vietnam and Laos. This is now the highest-altitude (at around 2,000 m [6,500 ft]) and lowest-latitude (24°) wine-producing region in China. Wines made from Rose Honey and Crystal varieties won medals at the 2nd Asian Wine Competition and are being promoted as unique Chinese wines.

GETTING SERIOUS IN THAILAND

The Thai Wine Association is to be congratulated on its determination to ensure authenticity in locally produced wine – something that is missing in most Asian wine-producing countries. The association, a collaborative industry body set up by the seven leading wineries in 2004, has a charter that sets the standard for wines that can be called Thai and manages compliance through independent laboratory testing of members' wines and visits to participating wineries by an independent authority to ensure that quality and safety standards accord with the charter. To qualify for the TWA's seal, the wine must be made solely from Thai grapes, and if they make up less than 90 per cent, this must be specifically declared on the label. A wine can be labelled as a single variety only if it contains a minimum of 75 per cent of that variety. Most wineries are now declaring on their labels all varieties used in any blends.

BROADENING AND DEEPENING IN JAPAN

The maturing Japan Wine Competition, held annually at Kofu in Yamanashi Prefecture, is demonstrating the growing regional and varietal diversity in the Japanese domestic wine spectrum, as well as the pace at which a distinct Japanese wine identity is taking shape.

Entries in the 2006 competition were from 23 prefectures, and consisted of 49 different varieties – some standalone, some only in blends. Only 23 were European varieties and included grapes such as Zweigeltrebe (9 entries), Kerner (20), Müller-Thurgau (8), Dornfelder, and Lemberger. Japan's own *vinifera* grape, Koshu, lays the core claim to producing a unique Japanese wine: there is enough Koshu being made in Japan to justify a category of its own at the competition (112 entries, a quarter of the total).

Some of the more adventurous contemporary efforts to find unique Japanese wine styles include varietal blends such as Koshu and Chardonnay. With the reds, there is a growing focus on Muscat Bailey A (29 entries), a hybrid variety that is sometimes blended with Merlot. Black Queen and Kai Noir (with 8 and 9 entries respectively) are two Japanese hybrids (75 entries in total) that are increasingly appearing as straight varietals or in blends. Even more adventurous are the experiments with the wild mountain grape varieties (Yamabudo), which have come a long way since Hokkaido's Tokachi Winery began to work with the local *Vitis amurensis* vines in the 1970s. Two very promising recent appearances are Shokoshi (a crossing of three strains of Yamabudo) and Yama Sauvignon (a crossing of *Vitis coignetiae* with Cabernet Sauvignon).

Grapevine

- **Thailand's Village Farm Winery** persists in the view that true premium red wine must involve Cabernet Sauvignon. However, the variety stubbornly refuses to perform in Thailand, even in the hands of Village Farm's Bordeaux-based winemaker, Jacques Bacou. Accordingly, the winery brings in its Cabernet from France. This is fully indicated on the label, with the 2005 Chateau de Brumes Le Prestige, for example, declared as 70 per cent locally grown Shiraz and 30 per cent French Cabernet.

- **India's Sula Vineyards** is the first winery in Asia to commit fully to screwcap closures, beginning with the Sula 2006 Sauvignon Blanc and followed by Chenin Blanc, Late Harvest Chenin Blanc, and Blush Zinfandel. An even bolder move has been the progressive adoption of

screwcap closures for its red wines, beginning with Red Zinfandel. By the end of 2007, all Sula's non-sparkling wines will be sealed with screwcaps – right through to their premium Dindori Reserve Shiraz.

- **Sula also continues** to set a cracking pace of expansion. In late 2006, it acquired a derelict sparkling-wine facility with a capacity for 350,000 bottles and recommissioned it in February 2007, boosting the company's total capacity to 2.5 million bottles. Winery capacity growth is also being matched with vineyard expansion: an extra 200 ha of vines were planted in 2006, including 40 ha of Merlot. A further 160 ha are planned by the end of 2008, bringing the total area under winery management or under contract to 650 ha.

Opinion:

Action needed on integrity

Label integrity and formal industry winemaking standards are the compelling issues of the moment in Asia. Progressives in the industry understand that international standards must be met if broader consumer respect is to be won. But much of the traditional end of the industry still seems motivated by the convenience afforded by ambiguous production and labelling codes – and the practices of the few are damaging the status of the increasing number who are deadly serious. Government remains very much in the background.

A basic issue is origin. Some efforts are being made to reduce the scope for ambiguity by introducing regional AOC systems in parts of China and Japan. But a bigger issue is country of origin: labelling practices condone the use of imported bulk wine, imported grape must, and imported grapes in “local” wine. Grape varieties are increasingly stated on labels, but most countries have no rules governing this or vintage declarations. Alcohol-content levels stated on labels are unreliable.

Change is on the way, though. China’s decision to ban a local concoction known as “half-juice wine” from hijacking the name “wine” is commendable, especially since government action was urged by the industry itself. There was an industry-standards code promulgated at the end of 2006, but compliance will remain a big issue. In Myanmar, one of the newest wine countries in Asia, there is a determined effort to get it right at the outset, with an industry charter that has been written in collaboration with the relevant local ministry. But the benchmark has been set in Thailand, where the newly established Thai Wine Association has set rigorous production and labelling standards, with an equally rigorous audit process to ensure compliance.

Back to the vineyard

Another big constraint on producing good wine in Asia is the slow emergence of a genuinely wine-focused viticultural tradition. Most traditional grape growers are not yet confident enough to commit to the different viticultural practices required for good wine, and wineries are limited (by land ownership laws, among other things) in the extent to which they can do this themselves. With heavy investment in modern winery equipment now behind them, the next challenge for most Asian winemakers lies in the vineyards, with yield management and ripeness the priority targets.

Vintage Report

Advance report on the latest harvest

2007

India – Because of the 2006 vintage experience, some vineyards in Maharashtra pruned earlier than usual, bringing on harvests as early as Christmas Day, and the major wineries picking early reported generally satisfactory yields and good fruit quality. Further south in Bangalore, where harvests will last through to May, lower yields are expected due to a drier winter than usual but with good fruit concentration.

Thailand – Early-pruned vineyards suffered from prolonged rain that again delayed flowering and affected fruit set: for some, yields will be even lower than the severely reduced levels of 2006. Colder-than-usual weather from mid-November to January slowed ripening, however, and growers were hoping that dry weather would extend longer than usual to allow vines to catch up and deliver quality fruit.

Updates on the previous five vintages

2006

China – A good year in Shandong, with much less fungal disease than normal, and good fruit ripeness generally. Hebei got off to a good start with a mild winter, but heavy rainfall and prolonged humidity in spring and early summer caused some fungal disease and some loss of volume in the early-picked white grapes. Harvesting of reds was delayed by some weeks, resulting in better fruit flavours and colours, with reasonable yields. There were severe early frosts in Shanxi, so yields were down by up to 20 per cent, but the rest of the season went without setbacks and fruit was fully ripened.

Japan – A cold spring complicated budburst in Yamanashi and parts of Nagano, and a long rainy season with reduced sunshine didn’t help. Yields were average, but fruit struggled to achieve moderate ripeness, and colour for the reds. Nagano experienced some losses due to fungal disease. But most of northern Honshu and Hokkaido achieved good yields and quality fruit.

India – A record monsoon in Maharashtra delayed pruning. Yields were lower than usual, though adequate grape-sugar levels were achieved in most districts while maintaining satisfactory acid levels. Further south, in Bangalore, conditions were generally more favourable, permitting slower bunch maturation and delivering aromatic whites and concentrated reds.

Thailand – Prolonged rain after pruning reduced flowering and affected fruit set. It also caused some early fungal disease. As a result, yields were down to as little as half 2005 levels in some vineyards, though the generally dry and cool weather from mid-December through to harvest and radical canopy and bunch management ultimately helped vineyards deliver grapes with good colour and flavours in most regions.

2005

China – For the second year running, Shandong province had heavy summer rains that caused widespread fungal disease and great difficulty reaching acceptable ripening. Combined with early frosts, yields were well down, forcing the larger wineries to look to other regions, especially in the west, for fruit. Hebei province fared much better, since it was spared the worst of the rains and enjoyed higher temperatures.

Japan – A difficult vintage overall, due principally to a shortage of sunshine days and generally lower temperatures, making ripening difficult. Rain was less of a problem than usual late in the vintage, so some patchy recoveries were made and fungal damage was generally contained. In Yamanashi, Koshu didn't ripen well. Conditions were little better in Nagano: quality in Merlot varies among producers, and Chardonnay was good rather than excellent.

India – Late monsoon rains affected early-pruned vineyards, causing lower yields, especially for Sauvignon Blanc. Later-pruned vineyards were unaffected and benefited from a cooler-than-normal ripening period.

Thailand – In Khao Yai, rain finished early after pruning in September, resulting in good fruit set and no disease. Mild weather throughout the vintage produced very good results in both early- and later-ripening varieties. It was an exceptional vintage in the Chao Phraya Delta region: very little rain, no disease, and cool weather from November through to harvest in February. Volume was low, but sugar levels were higher than usual. At Loei, in the north, Chenin Blanc was the best in 10 years.

2004

China – Heavy rains in July and August caused widespread mildew throughout the north and northeast, especially in Shandong and Hebei provinces, and much fruit was picked far too soon. Huailai was generally affected less by summer rains than other parts of Hebei. Conditions in Shanxi were much better, with good sugar and acid levels and few losses to disease. The northwest was, as usual, dry throughout, but yields were lower.

Japan – The year began well with prolonged warm, dry weather after *véraison*, which saw good early fruit development. But a blitz of typhoons

late in the season caused many wineries to take fruit early. For others, fungal disease caused losses in quality and volume. As usual, the valleys fared worst and the more elevated and inland locations did best.

India – A very good year for whites in Maharashtra and quite good for reds. Cool weather extended until mid-February, longer than usual, resulting in slower ripening and more complex flavours. Conditions were very favourable around Bangalore, adding to the region's growing reputation for consistency.

2003

China – Very wet conditions in Hebei and Shandong produced big berries with low sugar and acid levels in most white varieties, though late-maturing reds were generally of good quality. Fungal disease was a problem in most regions and was particularly devastating in parts of Shanxi province. Even in the west, where conditions are generally more amenable, colder and wetter weather than usual impacted adversely on quality. Overall, 2003 was not a good year.

Japan – Extensive summer rainfall severely dented yields and kept sugar levels low in all the major regions. A few of the later-picked varieties saw some recovery when rains eased late in the harvest in Yamanashi and the Komoro district of Nagano. But overall it was a poor year, and the wines generally suffer from suppressed natural flavours and colours.

India – Vintage was over early in Maharashtra. Warmer weather throughout the ripening period and a weaker monsoon saw fruit ripening early, relatively free of disease. Sauvignon Blanc and more aromatic wines are not as intense as in some years, but the reds have lots of flavour and colour. In Bangalore, conditions were close to ideal.

2002

China – Grapes ripened very late in Hebei province, but wineries that could delay picking produced wines with good flavour and colour. Grape growers in Shandong province made even better use of the cooler, drier conditions, achieving desired sugar levels and robust colouring, with very little rot.

Japan – Conditions were very good in Yamanashi and Nagano – a few typhoons in the early summer but no damage to vines or fruit. With sustained sunshine and little rain late in the season, vineyards enjoyed much lower rot levels, encouraging growers to wait for optimal ripeness before picking.

India – A weaker-than-usual monsoon season delivered drier-than-normal conditions, which favoured even ripening patterns and made rot more manageable. The white varieties came off well in Bangalore, as did most of the reds. In Maharashtra, it was an excellent year overall.

GREATEST WINE PRODUCERS

- 1 Château Mercian (Japan)
- 2 Dragon Seal (China)
- 3 Suntory (Japan)
- 4 Grace Winery (Japan)
- 5 Sapporo (Japan)
- 6 Great Wall (China)
- 7 Manns Wine (Japan)
- 8 Changyu (China)
- 9 Dynasty (China)
- 10 Indage (India)

FASTEST-IMPROVING PRODUCERS

- 1 Grover Vineyards (India)
- 2 Katsunuma Winery (Japan)
- 3 Coco Farm (Japan)
- 4 Weilong (China)
- 5 Okuizumo (Japan)
- 6 Siam Winery (Thailand)
- 7 Hayashi Noen (Japan)
- 8 Kuzumaki (Japan)
- 9 Takahata (Japan)
- 10 Kizan (Japan)

NEW UP-AND-COMING PRODUCERS

- 1 Suntime (China)
- 2 Sula (India)
- 3 Domaine Sogga (Japan)
- 4 Tsuno Wines (Japan)
- 5 Shanxi Grace (China)
- 6 GranMonte (Thailand)
- 7 Yamazaki (Japan)
- 8 PB Valley (Thailand)
- 9 Asahi Yoshu (Japan)
- 10 Shidax Château TS (Japan)

BEST-VALUE PRODUCERS

- 1 Dragon Seal (China)
- 2 Château Mercian (Japan)
- 3 Sula (India)
- 4 Grace Winery (Japan)
- 5 Siam Winery (Thailand)
- 6 Tsuno Wines (Japan)

- 7 Weilong (China)
- 8 Shanxi Grace (China)
- 9 PB Valley (Thailand)
- 10 Izutsu (Japan)

GREATEST-QUALITY WINES

- 1 **Kikyogahara Signature Merlot 2002** Château Mercian, Japan (¥18,000)
- 2 **Chairman's Reserve 2004** Shanxi Grace, China (Rmb 388)
- 3 **Domaine Rubaiyat 2003** Marufuji Winery, Japan (¥4,305)
- 4 **Huailai Reserve Cabernet Sauvignon 2005** Dragon Seal, China (Rmb 140)
- 5 **Solaris Shinshu Chikumagawa Merlot 2003** Manns Wine, Japan (¥3,675)
- 6 **Hokushin Chardonnay 2005** Château Mercian, Japan (¥6,300)
- 7 **Primavera Unwooded Chenin Blanc/Colombard 2006** GranMonte, Thailand (THB 780)
- 8 **La Réserve Cabernet Sauvignon/Shiraz 2004** Grover Vineyards, India (Rp 440)
- 9 **Cuvée Misawa Chardonnay 2004** Grace Winery, Japan (¥6,300)
- 10 **Dindori Reserve Shiraz 2005** Sula, India (Rp 650)

BEST BARGAINS

- 1 **Unfiltered Chardonnay 2005** Tsuno Wines, Japan (¥2,800)
- 2 **Sauvignon Blanc 2005** Grover Vineyards, India (Rp 410)
- 3 **Cabernet Sauvignon 2006** Dragon Seal, China (Rmb 45)
- 4 **Monsoon Valley Shiraz Special Reserve 2005** Siam Winery, Thailand (THB 430)
- 5 **Sawasdee Khao Yai Shiraz 2005** PB Valley, Thailand (THB 320)
- 6 **Niya Chardonnay 2003** Suntime, China (Rmb 80)
- 7 **Sparkling Brut NV** Sula, India (Rp 475)

- 8 **Vineyard Rosé 2004** Shanxi Grace, China (Rmb 68)
- 9 **Nagano Merlot 2004** Château Mercian, Japan (¥3,007)
- 10 **Solaris Juventa Rouge 2003** Manns Wine, Japan (¥2,100)

MOST EXCITING OR UNUSUAL WINE FINDS

- 1 **Late Harvest Chenin Blanc 2005** Sula, India (Rp 225) *One of only two Indian late-harvest Chenin Blancs. A quality dessert wine at a price that represents unbeatable value.*
- 2 **Marselan Dry Red 2004** Sino-French Demonstration Vineyard, China (Rmb 368) *A top example of this experimental variety (from a crossing of Cabernet Sauvignon and Grenache), delivering the firm Cabernet-like structure with a soft and rich Grenache fruit overlay.*
- 3 **Chenin Blanc 2004** Shanxi Grace, China (Rmb 128) *First release of this variety by Grace, and also believed to be China's first Chenin Blanc.*
- 4 **Kai Noir 2006** Grace Winery, Japan (¥2,210) *Made from a rare local hybrid (Black Queen x Cabernet Sauvignon) that is valued in blends, particularly to add colour. Not surprisingly, this wine impresses with its dense purple tones with soft, almost Beaujolais-style aromas but with a firm finish.*
- 5 **Pino de Bali NV (White)** Hatten Wines, Indonesia (Rp 65,000) *An oak-aged fortified wine made from tropically grown Belgia grapes. Very well structured, it delivers warm raisin and nutty aromas and flavours with a soft vanillin overlay.*
- 6 **Pinot Noir 2006** Dragon Seal, China (Rmb 80) *This winery is one of very few in Asia producing a straight Pinot Noir; it was the first in China. This version exhibits pleasing varietal characteristics.*
- 7 **Napa Mieng Shiraz Premium 2004** Mae Chan Winery, Thailand (THB 580) *From relatively new vineyards near Changrai in the Golden Triangle, and a different style of Shiraz from those in the more southerly locations in Thailand: more Old World than New World.*
- 8 **Village Cellar Chenin Blanc 2005** Village Farm Winery, Thailand (THB 590) *A quality drink, but a rather intriguing wine. It is not a typical Chenin Blanc. The elevated and very rocky soils might explain some of its musky and granitic aromas and flavour, but the small proportion of Muscat undoubtedly is a major contributor, too.*
- 9 **Cabernet Gernischt Dry Red 1999** Helan Mountain Wine Co, China (Rmb 258) *This mysterious Cabernet-family vine has been growing in China since the end of the 19th century but has only recently begun to turn up on labels. This one is an excellent example of what can be achieved with it, and it can't fail to attract attention for this grape.*
- 10 **Dry Red Wine 2002** Yunnan Taiyanghun (Sun Spirit) Wine Co, China (Rmb 118) *A quality Cabernet-based offering from one of China's newest wineries in one of its newest regions – Yunnan province, in the southwest, abutting the border with Vietnam and Laos.*

Grapevine

- The 2008 Beijing Olympics are being viewed as a great opportunity to showcase Chinese wines. The Organizing Committee for the Games has selected COFCO Wines & Spirits (Great Wall) as the official (and exclusive) supplier with rights to use the official marks and be part of Olympic themes and activities.