

Guangdong wine lovers toast to affluence

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By Liang Qiwen (China Daily)

Though he is from the Chinese mainland, Liu Gengxiong now lives in France and works as a red wine trading agent at the center of the wine world.

"I love red wine as much as I love myself," he said.

In June last year, Liu decided to import a shipment of costly French red wine to Guangzhou through a port in Panyu district, but the whole procedure took him nearly a year.

"My wine is very high-end and produced by private French vintners. Because of that, there are no traditional labels on the bottles that can identify production place and time," he said.

As a result, his wine was checked for so long it was basically lost in transit, or in a twilight zone of bureaucracy. Customs officials would not allow him to import the wine unless it had normal labels. So he shipped it back to France, asked the wine producers to pack it again with labels, and then shipped the repacked wine again to Guangzhou last month.

"Of course, the cost of the wine was much higher due to double transportation," Liu said. "If someone who knew the regulations could have helped me, I think the process would have been easier."

But this could ease when a planned imported wine trading center opens in the Guangzhou Free Trade Zone.

In the center, Liu and other wine agents or overseas wine makers can display their products free of tax.

"We have built a cooperative relationship with various departments of Guangzhou, including customs, tax, inspection and quarantine and logistics," said Zhu Sixu, the vice-director of the Guangdong provincial wine management council.

"We will assist wine sellers who have set up booths in the center to go through all inspections as fast as possible," he said.

"But as soon as they sell the products to customers, both sides need to pay tax," said Sang Tian, an official of Guangdong wine association.

"We can cut down risks and costs, and my setback could be avoided from now on," Liu said. The trade center will be the third of its kind in the world. The others are in New York and London.

The trade center will cover more than 100,000 sq m, big enough to hold more than 1,500 booths.

"We won't charge the sellers any rent for nine years," said Wu Xiaowu, president of the trade center. "But we will require each seller to have minimum sales of 1 million yuan (\$145,900) a year, and then give us 2.5 percent as a service fee."

"I think it's a very basic requirement," he added.

Zhu Sixu predicts the wine industry in Guangdong province will develop very fast in the next five years.

Guangdong is the biggest red wine consuming market in the whole country, buying over a half of China's imported red wine each year.

"Guangdong's market for imported red wine is bigger than any other place in China," Zhu said. However, 70 percent of imported red wine is shipped from Shanghai.

At present, the customs rate for imported red wine in the rest of the country is between 14 and 20 percent - but Shanghai's rate is lower.

As a result many importers prefer to pass through Shanghai customs. Guangdong customers then have to pay a higher price due to transportation costs.

Some importers fight higher costs through buying cheap red wine in bulk overseas and bottle it in China. Customers could be cheated because they can't determine the quality of wine bottled in this way.

Zhu said if the overseas wine producers can sell their products directly in the free trade zone, many problems can be avoided.

He said the demand for imported red wine is growing by 30 percent a year. He predicts nationwide demand for red wine will be 2 million tons in 2013, almost three times the current output of domestic red wine of 700,000 tons.