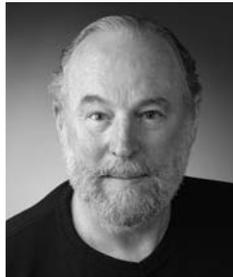


Asia

Denis Gastin

Both the number of operational wineries and the number of countries in which wine is made continue to expand as the Asian wine revolution gathers traction.



DENIS GASTIN

Some of the concoctions appropriating the name 'wine' in Asia will continue to astound those with a conventional, 'Western' view of wine. But there are now at least 700 wineries in 12 countries principally or exclusively producing grape wine, many at the higher end of quality expectations.

More than half of them are in China, in 26 provinces, and a quarter in Japan, concentrated principally in Yamanashi and

Nagano. China provides the bulk of the industry in Asia: the OIV now ranks it as the world's sixth-largest wine producer. Japan has forged most of the region's quality benchmarks thus far, on a boutique scale. But now there are new contenders: India and, perhaps even more surprisingly, Thailand, where progress in recent years has been stunning, in terms of the level of activity in the industry, strides made in the pursuit of quality styles, and the substance of the new players. Other countries in which there is an established winemaking tradition are Korea, Vietnam, and Indonesia. Fledgling operations can be found in Taiwan, Sri Lanka, and Bhutan. In *Wine Report 2006*, we introduced the latest addition, Myanmar (Burma)...

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... and now we can add Cambodia!

Frustrated by disappointing returns from vines initially planted for table grapes, grower Chan Thai Chhoeung invested US\$10,000 to buy rudimentary winemaking equipment and has produced Cambodia's first grape wine. From 2 ha of vines at Phnom Banorn, about 20 minutes' drive from Cambodia's second-largest city, Battambang, a rosé and a red wine are produced from Kyoho, Black Queen, and some Shiraz grapes. Early plantings of Chenin Blanc were not successful and were abandoned. The initial vines were brought in from neighbouring Thailand.

Grapevine

- Korea's Green Agriculture Association**, consisting of 50 grape growers on tiny Daebu Island (in the Yellow Sea, off Gyeonggi province), has made an excellent start with a range of three wines under the Grand Coteau label produced from the American hybrid Campbell Early. There is a white, a 'pink', and a red. The pink is particularly good and looks to be the ideal expression of this unlikely wine variety. Grapes were first planted after the Korean War and now total around 600 ha. Wine, however, is a very recent destination for the grapes and currently consumes the minor proportion of the crop.

- China's COFCO Wines**, having successfully completed the management integration of the three operational centres of its Great Wall Group and having deposed its arch-rival Changyu as the leading seller of grape wine in China, has embarked on a fourth wine venture focused on the booming luxury-wine market segment. Based at Yantai, in Shandong, it will be a joint venture with Shandong Longhua Company (45 per cent share) and will trade as COFCO Nava Valley Jundung Co.

- Chateau Mercian's** new Kiiroka Koshu has made an impressive debut. The 2004 vintage, released in the spring of 2005, sold out in weeks, so production was trebled for the 2005

vintage. It has even more complex aromas and flavours, reflecting further advances in the ongoing research and development Mercian is carrying out in collaboration with Bordeaux University's Professor Denis Dubourdieu and Dr Takatoshi Tominaga. The compound grapevine 3-mercaptohexanol (3-MH) has been isolated as the source of Koshu's distinctive aromas – described variously as resembling green pear, grapefruit, passion fruit, or even white flowers – and the objective of the work is to maximize this varietal characteristic.

- Bali's Hatten Wines** is undergoing a rethink of grape varieties and viticultural practices on the back of growing export-market recognition. Shiraz and Chambourcin are being trialled, with the help of Barossa vigneron/winemaker Steve Schubert, and are doing well in the intensely tropical climate – the Shiraz, due to its general toughness, and the Chambourcin because of its natural resistance to fungal diseases. Different trellising and vine-management practices are also being introduced in longer-established vineyards to allow more air and sunlight on to the grapes to improve disease resistance and allow better skin development. But the best hope for a Hatten Red, to complement the increasingly popular rosé, lies with the newly introduced varieties. Time will tell.

INCENTIVES SPUR FURTHER EXPANSION IN INDIA

A further measure of the firming official support for the fledgling wine industry in India is the decision in December 2005 by the government of Maharashtra State, where two-thirds of the Indian industry is concentrated, to double the excise tax on imported wine from Rp 100 to Rp 200 per litre. This applies on top of the basic national import duty of 100 per cent and an additional duty of 75 per cent, putting the total duty/tax imposition on imported wine effectively at around 400 per cent for sales in Maharashtra. When very good local wines retail at Rp 300–600, that is a heavy load for the imported wines to carry. It comes 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. It's not surprising that the state's new Grape Wine Parks are bursting at the seams: at least 36 new wine-producing ventures have started in Maharashtra since the first incentive package was launched in 2001.

FOREIGN AFFAIRS WITH CHINESE WINE

Foreign involvement in China's wine industry kicked up sharply in 2005 with major equity restructuring in three of the top four wineries. Changyu sold a 33 per cent stake to Italy's Illva Saronno Group, complementing its longer-standing collaborative arrangements with

France's Castel Group. The World Bank-affiliated International Finance Corporation also took a 10 per cent stake. Dynasty, in which Rémy Cointreau has long held a minority holding, made a spectacular debut on the Hong Kong Stock Exchange with a float of 300 million shares that were quickly snapped up by global investors. Tonghua sold a 29 per cent stake to Hong Kong-based Macro-Link Holdings.

Some other impressive new foreign ventures are in the process of getting their first wine to market. Outstanding among them is Bodega Langes, the love child of Austrian crystal magnate Gernot Langes-Swarowski, who owns 100 per cent of this grand new venture avowedly focused on producing 'world-class' wines at its elaborate 'château' at Changli, Hebei province. Another is the Sino-French Château, a collaborative experimental and demonstration project sponsored by the Chinese and French governments in Hebei, also focused on the premium end of the market.

NEW VARIETIES IN THAILAND

Varietal experimentation gathers pace in Thailand, with some striking outcomes in this intensely tropical environment. While Shiraz (Syrah) and Chenin Blanc continue to cement their place as the cornerstones of the Thai wine industry, PB Khao Yai winery has released an impressive Tempranillo (Pirom Reserve label) from the 2004 vintage. GranMonte Vineyards is another winery in the Khao Yai region experimenting with this variety, as is

Shala One in northern Thailand, but neither has yet released a Tempranillo wine. Siam Winery has released Thailand's first Colombard (Monsoon Valley label), a zesty debut for this variety, which has previously been used only in small quantities by some wineries to blend into Chenin Blanc to reinforce its structure. PB Khao Yai has a small planting of Pinot Noir but with no conclusive results thus far.

... AND ALSO IN INDIA

Meanwhile, in India, Sula Vineyards has extended its pioneering efforts with the release of a full-bodied, powerfully coloured and flavoured 2005 Zinfandel, following on from an earlier release of a Zinfandel Blush Rosé. Based on market reaction to these wines, plantings of Zinfandel in the Nasik region are expanding and are expected to stand at around 100 ha in 2007. Sula also has plantings of Merlot, Grenache, and Viognier but has not, as yet, released them as single-variety wines. Grover Vineyards, though, has released a Viognier/Clairette blend from vines planted in the Nandi Hills on the outskirts of Bangalore at an altitude of 980 m (3,215 ft). This is also a first for India.

FARM GATE OPENS FOR WINERIES IN JAPAN

Agricultural landownership regulations that have prohibited corporate entities from owning or even operating farming land have been a constant source of frustration for Japanese wine companies trying to forge new quality benchmarks or to expand their winemaking activities – forcing them to rely almost exclusively on small-scale (generally micro-scale) farmers to grow their grapes. But, with an ageing population, the number of farmers in Japan is now almost half the level of 25 years ago – and plunging. Early steps to facilitate an agribusiness sector were taken in 2003 with the introduction of regulations permitting companies to rent farmland in specially declared zones. From September 2005, the law has been extended to allow corporate rental of land anywhere in the nation. Ownership provisions cannot be far away. Suntory was one of the first wineries to take advantage of the regulation changes. Others are sure to follow as the big corporate players in the Japanese wine industry increasingly commit to quality domestic wine outcomes.

Grapevine

- **India's Sula Wines** continues to set a cracking pace of expansion. In *Wine Report 2006*, we reported that production was forecast to reach 500,000 bottles in 2005: well, in hindsight, you can make that one million! Sula is now working on its third winery, and that will

double capacity again: 5,000 hl will be added for the 2006 crush and another 5,000 hl for 2007. Sula has also taken over the management of ND Wines, the second-largest winery in Nashik, and will market ND wines from 2006.

Opinion:

Action needed on integrity

Label integrity and formal industry winemaking standards are the compelling issues of the moment in Asia. Although progressives understand that international standards must be met, much of the traditional end of the industry still seems motivated by the convenience afforded by ambiguous production and labelling codes. 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 – for example, in 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.

Undoubtedly, there are producers who still value the flexibility that lax labelling laws present, but the practices of the few are damaging the status of the increasing number who are deadly serious. Change is on the way, though.

China's official 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.

In Thailand, the grape-wine industry has come together to establish a Thai Wine Charter that will set it apart from the more informal fruit-wine industry. In Myanmar, the newest wine country in Asia, there is a determined effort to get it right at the outset. An industry charter has already been written in collaboration with the relevant local ministry.

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 landownership 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

2006

India – A monsoon of record severity and duration caused heavy leaching of nutrients in rocky vineyards in Maharashtra, while some clay vineyards were waterlogged. The long tail to the monsoon delayed pruning until early October. Yields will be lower than usual, with low bunch weights widespread. In early February, Sauvignon Blanc was generally coming off in good condition and reds were holding well in the Nasik vineyards, but in the warm region of Solapur in southern Maharashtra, higher-than-normal heat was causing desiccation of some black grapes before reaching optimal ripeness. Further south, in Bangalore, conditions were generally more favourable, with lower temperatures permitting slower bunch maturation, promising stronger aromas in the whites and good concentration in the reds.

Thailand – Heavy rains in November and December caused some early fungal disease that reduced yields, and strong, cool easterly winds from November through to early January caused canopy damage, particularly in Khao Yai, which led to slow and uneven ripening in some vineyards. Radical canopy and bunch management was helping most vineyards to ultimately bring in good-quality grapes, but with dramatically reduced yields.

Updates on the previous five vintages

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 based in Shandong to look to other regions, especially the western regions, for fruit. This drove prices up. Hebei province fared much better, since it was spared the worst of the rains and enjoyed higher temperatures; most black grape varieties achieved satisfactory sugar levels.

Japan – Overall it was a difficult vintage, due principally to a shortage of sunshine days and generally lower temperatures, making it difficult to ripen fruit. 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, but some producers report excellent results with Muscat Bailey A. 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 previous years. At Loei, in the north, Chenin Blanc was the best in 10 years, and Shiraz came in well, too.

2004

China – Heavy rains in July and August caused widespread mildew outbreaks 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 – It was a very good year for whites in Maharashtra and quite good for reds. The cool period 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 the eastern provinces (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 some locations – in Yamanashi and the Komoro district of Nagano, for example. 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 season 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 were very late to ripen 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 and drier conditions, achieving desired sugar levels and robust colouring, with very little rot.

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

Grapevine

• **Kenneth Kim's Comfe Winery** at Anseong, about 80 km (50 miles) from Seoul, seeks to resurrect the winemaking tradition brought to Korea in 1901 by Catholic missionary Father Antonio Combert. The original vines were Muscat, and it is this variety that provides the base for the new venture.

The local product is currently being supplemented with wine (principally Syrah and Cabernet) made from juice he imports from his California operation. But he aims to quickly replace that with classic vinifera varieties now being planted, with his encouragement, by local farmers.

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.

2001

China – Conditions were generally very good. Extended dry spells during a late ripening period in Hebei saw good sugar levels and colour, although some vineyards sustained hail damage. Parts of Shandong suffered both late spring frosts and summer hailstorms, so yields were reduced and fungal disease was brought on by late rains.

Japan – Both Yamanashi and Nagano had an excellent vintage. The wines are generally softer and more fully flavoured than usual, reflecting unusually good ripening conditions.

India – A very good year, with slow, even ripening conditions and a relatively dry harvest.

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 Katsunuma Winery (Japan)
- 2 Grover Vineyards (India)
- 3 Coco Farm (Japan)
- 4 Honbo Shuzo (Japan)
- 5 Okuizumo (Japan)
- 6 Siam Winery (Thailand)
- 7 Hayashi Noen (Japan)
- 8 Kuzumaki Winery (Japan)
- 9 Takahata (Japan)
- 10 Château de Loei (Thailand)

NEW UP-AND-COMING PRODUCERS

- 1 Vini Suntime (China)
- 2 Sula Vineyards (India)
- 3 Domaine Sogga (Japan)
- 4 Tsuno Winery (Japan)
- 5 Shanxi Grace (China)
- 6 GranMonte (Thailand)
- 7 Yamazaki (Japan)
- 8 PB Valley Khao Yai (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 Grover Vineyards (India)
- 6 Sapporo (Japan)
- 7 Izutsu (Japan)
- 8 Tsuno Wines (Japan)
- 9 Siam Winery (Thailand)
- 10 Dynasty (China)

GREATEST-QUALITY WINES

- 1 **Kikyogahara Signature Merlot 2001** Château Mercian, Japan (¥20,000)
- 2 **Cabernet/Shiraz 2005** Sula Vineyards, India (Rp 375)
- 3 **Cabernet Sauvignon 2005** Dragon Seal, China (Rmb 120)
- 4 **Kirimaya Syrah 2004** GranMonte, Thailand (THB 551)
- 5 **Dindori Reserve Shiraz 2003** Sula Vineyards, India (Rp 550)
- 6 **Chairman's Reserve 2002** Shanxi Grace, China (Rmb 388)
- 7 **Solaris Komoro Chardonnay 2002** Manns Wine, Japan (¥5,000)
- 8 **Hokushin Chardonnay 2004** Château Mercian, Japan (¥6,300)
- 9 **Primavera Chenin Blanc 2003** GranMonte, Thailand (THB 897)
- 10 **La Reserve Cabernet Sauvignon/Shiraz 2003** Grover Vineyards, India (Rp 565)

BEST BARGAINS

- 1 **Kiiroka Koshu 2005** Château Mercian, Japan (¥2,300)
- 2 **Cabernet/Shiraz NV** Grover Vineyards, India (Rp 360)
- 3 **Huailai Merlot 2005** Dragon Seal, China (Rmb 70)
- 4 **Rubaiyat Koshu Sur Lie 2004** Marufuji Winery, Japan (¥1,500)

- 5 **Kayagatake Rouge 2004** Grace Winery, Japan (¥1,680)
- 6 **Campbell Early Rosé 2005** Tsuno Winery, Japan (¥1,220)
- 7 **Cabernet Franc/Cabernet Sauvignon/Merlot Rosé 2003** Shanxi Grace Vineyard, China (Rmb 68)
- 8 **Unwooded Chardonnay 2004** Tsuno Wines, Japan (¥2,200)
- 9 **Reserve Chenin Blanc 2003** PB Khao Yai Winery, Thailand (THB 420)
- 10 **Village Thai Shiraz 2003** Wang Nam Keow Winery, Thailand (THB 590)

MOST EXCITING OR UNUSUAL FINDS

- 1 **Sparkling Campbell Early Rosé NV** Tsuno Winery, Japan (¥1,600) *Probably the world's only sparkling Campbell Early, a quality low-alcohol (10 per cent) vivid-pink sparkling wine from a grape traditionally more comfortable on the table than in a glass, from this innovative winery on Japan's southern Kyushu Island.*
- 2 **Pirim Khao Yai Reserve Tempranillo 2004** Khao Yai Winery, Thailand (THB 825) *The first commercial release of Tempranillo in Asia, setting a very high benchmark.*

- 3 **Empery Cupid Wild Grape Wine 2002** East of Eden, South Korea (Won 25,000) *Previously ranked here, and ranked again because it retains interest, and is improved with lower alcohol and residual sugar levels. From wild amurensis mountain grapes, virtually organic.*
- 4 **Monsoon Valley Colombar 2005** Siam Winery, Thailand (THB 400) *The first commercial release of Colombar in Asia. Not a classic variety, but producing here a very drinkable version from vines in the Pak Chong Hills, northeast of Bangkok.*
- 5 **J-Fine Koshu/Chardonnay Le Primeur 2005** Château Mercian, Japan (¥1,585) *Blend of 70 per cent Koshu with 30 per cent Chardonnay, which does not overpower the delicate Koshu varietal character but adds pleasing substance to the wine. Released each year in November and sells quickly.*
- 6 **Domaine Rubaiyat 2002** Marufuji Winery, Japan (¥4,500) *Cabernet-based blend with 34 per cent Petit Verdot imparting the very firm structure and 22 per cent Merlot a softening sweet fruit overlay.*
- 7 **Koshu Dry 2004** Grace Winery, Japan (¥2,100) *A style experiment (with input from Bordeaux*

University) that effectively highlights the delicate lychee/musk/pear characteristics of this variety – at just 10 per cent alcohol.

- 8 **Zinfandel 2005** Sula Vineyards, India (Rp 350) *The first release in Asia of a full-on Zinfandel, following a rosé version in the previous vintage. Impresses with its potential in an unlikely location, in the right hands.*
- 9 **Forêt Wine Grand Rosé** Kuzumaki Winery, Japan (¥1,500) *Not a conventional rosé style, and from an extremely rare native hybrid variety (from a crossing of a Japanese and a Russian strain of the wild mountain grape and Seibel 13053) – the only example commercially available, in fact. An exotically appealing drink.*
- 10 **Maki no Sho Aka Shokoshi 2005** Sawanobori Family Wines, Japan (¥5,500) *An impressive red wine made by pioneering Katsunuma winery Katsunuma Jozo for the family that created the Shokoshi variety (through extensive crossing of Japanese, Russian, and Himalayan strains of the wild mountain grape) and grew these grapes. It achieves the rich colour, texture, and natural sweetness that elude most mountain-grape wines.*

Grapevine

- **Coco Farm Winery**, in Japan's Tochigi prefecture, continues to turn new ground in viticulture and winemaking. In May 2006, it released its very first wine from pioneering plantings of Madiran's black-grape staple, Tannat, in tiny quantities. Another fruitful endeavour has been with the American labrusca variety Norton: the first wine from this variety will be released in early 2007,

in larger quantities. Coco Farm's first release, in 2006, of a wine from the local wild mountain-grape hybrid Shokoshi is an outstanding wine that will encourage others persevering in the quest for unique Japanese wine styles. Winemaker Bruce Gutlove is also experimenting with barrels made of oak from 125-year-old forests on Japan's northern island, Hokkaido.

Grapevine

- **Results at Japan's** third National Wine Show confirm the substantial upgrade in local wine standards in recent years. The panel of local and international judges awarded 13 gold, 66 silver, and 122 bronze medals. This compares with 4 gold, 14 silver, and 123 bronze in 2004, and 2 gold, 21 silver, and 103 bronze at the inaugural 2003 show. Again, the classic *Vitis vinifera* varieties dominated: of the 13 gold medals

awarded, six went to straight Merlots, one to a Cabernet/Merlot blend, and two to Chardonnays. But it was encouraging that the local Koshu variety took gold for the first time (two medals), plus 24 silver medals. Among the silver and bronze medal winners, Muscat Bailey A fared particularly well, and wines from the wild mountain grape Yamabudo and hybrids of this vine appeared in the medal count for the first time.