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Sharp decline in China's wine imports in 2022

An analysis of current trends and influencing factors in China's wine imports amid a global pandemic and trade uncertainties

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In 2022, the Chinese wine market experienced a significant decrease in importation as per data from the Chinese customs. The numbers indicate that wine imports saw a 20.6% drop in volume, reducing to 336.8 million liters, and an 11.1% decrease in value, lowering to 9,692.6 million yuan.

This decrease marks the fifth consecutive year of dwindling imports after hitting a peak in 2017, with an impressive 751 million liters and 18.850 billion yuan. It seems the heights attained four years ago are a far cry from the current situation.

Nonetheless, the average price of wine has increased by 11.9%, reaching 28.78 yuan per liter. This figure is the second-highest recorded, falling just short of the rate in 2020.

If we convert these numbers to USD according to the current exchange rate, China imported wine worth $1.432 billion in 2022, at an average price of $4.25 per liter.

China's journey from growth to decline

Looking back at the turn of the millennium, China has shown a considerable increase in wine importation over the years. With an average annual growth (CAGR) of 10.9% in volume and 18.5% in value, China's wine imports have catapulted from less than 35 million liters and 233 million yuan in 2000 to over 335 million liters and 9,693 million yuan in 2022.

However, a different picture emerges when these figures are evaluated from the record-breaking year of 2017. Wine imports have sharply plummeted over the last five years at an average annual rate of 14.8% in volume and 12.5% in value.

Several factors have contributed to this significant downturn in recent years. These include a reduction in domestic wine consumption, increased tariffs on imported Australian wines, the COVID-19 pandemic, and the immense trade uncertainties that marked the year 2022.

China cut down about 25% of the volume imported for bottled still wine, sparkling wine, and bag-in-box wine. However, the only category that experienced a surge in value, despite a 12.2% decrease in volume, was bulk wine.

The shift in wine types and suppliers

Packaged still wine, although still the leading import, lost some ground with a 24% reduction to 218 million liters and a 12% decrease in value to 8.270 billion yuan. This accounts for about 65% of the total volume and 85% of the total value. The average price for this category rose by 15.6% to nearly 38 yuan per liter, hitting a historical high.

On the flip side, bulk wine witnessed a 12.2% drop in volume to 107 million liters but gained traction as the second most purchased wine, trailed far behind by the 8.3 million liters of sparkling wine, which saw a 26.5% decrease. Sparkling wine reported its lowest figure since 2012.

Chile takes the lead as France loses ground

In 2022, China imported wine from a total of 58 global suppliers, with the top 10 representing more than 96% of the total imports. Breaking from the global decline, Chile emerged as the primary provider in volume, with 134.8 million liters, marking its best performance since 2019.

France, on the other hand, saw a decline of 21.2% to 90.6 million liters, its worst outcome since 2010. However, France accounted for more than 46% of the total expenditure, demonstrating its position as the leading supplier in value.

The downward spiral of australian wines

The trajectory of Australian wines in the Chinese market deserves special attention. Within just two years, Australia has tumbled from being the top wine importer in China to becoming almost irrelevant, marking a stark difference from the 104 million liters and 4,915 million yuan in 2020 to a meager 2 million liters and 40 million yuan in 2022.

The swift and drastic disappearance of Australian wines from the Chinese market can be attributed to a 200% tariff hike imposed by Beijing on Australian wines since November 2020, following allegations of dumping by several Australian companies.

This detailed look into China's wine imports paints a picture of a market that is in flux, shaped by both global and local factors. With shifting supplier rankings, changing tastes, and evolving political scenarios, it's clear that the wine import market in China is as complex as the flavors in a good Bordeaux. It remains to be seen how these trends will evolve in the coming years, and what new surprises the Chinese wine market has in store for the world.