

## Newsletter Blog

*'Wine honors the soul, so honor it with yours'*

### **Wine Flexes its Influence in International Dispute**

I recently read an article about Venezuela's goods scarcity rising to 20% this year i.e. out of 100 goods sold, 20 are not available for purchase in regular supermarkets. This included staples such as bread, milk, flour, sugar... and wine! Venezuelans obviously have their priorities right if they consider wine as a staple! No, it was mainly the concern of the country's churches who said they were running short of the wine used at communion. The crisis, according to analysts, is that due to there only being one local wine producer in Venezuela most of the demand is supplied through imported wine where the tariffs are high and government currency controls restrict the people's ability to pay for imports... (Malaysia take note.)

The point for me, however, is that it is surprising the context in which wine tends to rear its ugly head in mass media. In the latest news bulletin concerning wine, it has been used by the Chinese government in a 'pay back' campaign against the European Union, particularly France, as a counter attack to Europe's trade probe into Chinese solar panel manufacture. Chinese solar panel makers were accused of "dumping" in the industry by the EU; meaning they were selling solar panels at lower than fair rates compared to the market value.

China, of course, has backed its solar panel manufacturing industry (I think a bold move and, actually, a commendably patriotic one). To hit the EU where it hurts, China has adopted an "anti-dumping" campaign by increasing the import duty on French, Italian and Spanish wines. French wine exports account for 71% of the European wines imported by China, a trade worth €546 million to France; especially damaging as France is already struggling with its exported goods market. By increasing the import duties, China is essentially curtailing the amount of French wine wineries, distributors and retailers will import.

It does not end there. Italy and Spain, two other countries who agreed to the EU tariffs imposed on the Chinese solar panel industry, will potentially suffer. Italy and Spain will have exports worth €77 million and €89m respectively potentially covered by any Chinese measures against European wines. We are, then, talking big money. And, like France's situation, this big money loss has drastic consequences for the export economies of Italy and Spain who are both struggling; Spain being knee-deep in recession.

What does this mean for China, however? Like a kid in a snow ball fight, if he barrages the enemy with snow balls then he will, eventually, have no more snow to throw and be left clutching at sods of grass getting himself mucky and muddy. China's wine market depends hugely on European imports because of the notoriety, quality and price the Chinese upper class attribute to it. As a status symbol, big name vineyards from Europe are popular among the rich Chinese and there is, often, an unlimited amount of money they will pay for them, making the wine economy in China one of vibrancy and big money. This fast developed wine culture has improved leaps and bounds making China a country where great wine is easily accessible. If they give that up they will be forced to pick up and rely on their locally produced wine; a move that would certainly 'muddy' their vastly improved wine economy and culture.

Let us hope that the situation will be resolved and, as it has been used as a threat, wine can also be used as the intermediary.

For more information about wine join our wine classes at That Little Wine Bar, 54 Chow Thye Road,  
George Town, Penang  
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