China's thirst for wine boosts European producers

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(CNN) -- China's thirst for fine wines is buoying European producers as domestic consumption dries up.

As the Eurozone debt crisis squeezes household spending, Europeans have less to splurge on life's little pleasures, and wine producers have felt the pinch. Exporters are now looking to new markets like China -- home to 1.3 billion people -- to boost sales.

Richard Halstead, co-founder of Wine Intelligence, a consultancy on wine branding, says that China is a huge growth market for producers and there is a scramble for quality European brands.

"China represents effectively the biggest growth prospect that the wine industry has had probably for a generation," said Halstead.

For Greek wine producers China represents a ray of hope. Greece is suffering under a harsh government austerity program and businesses are being crippled by a lack of competitiveness. But Greek-wine importer Mary Paternas believes it could play a big role in the future of Greek exports.

"Their (Greek) wines have got better and better and are doing really well," she said. "They managed to get into China, doing well in America and Canada and exporting to Australia."

European exports to non-EU countries rose 12.7% in 2011, with exports to China seeing the biggest increase, up 49%, according to Eurostat, the statistics division for the European Union. Exports to Hong Kong were up 28%.

Halstead says the European crisis might even provide a boost in exports for wine producers as they seek new markets.

He said: "If the Euro weakens significantly, if there is loss of confidence, actually that is something that wine producers might find positive because they'll be instantly more competitive in third party markets like the U.S. and Asia."

CNN's Oliver Joy contributed to this report

307 words.