

Wine
Australia
for
Australian
Wine

Export Report

12 months to 30 June 2021

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Executive Summary

- Total value and volume of wine exports declined in financial year 2020–21
- This was due mainly to a decline in exports to mainland China plus the cumulative effects of three consecutive lower vintages on available volume
- Average price per litre for bottled wine and unpackaged wine both increased
- Excluding mainland China, both the value and volume of exports increased
- Destinations to record double-digit value growth included the United Kingdom, Hong Kong, Singapore, South Korea, Malaysia, Thailand and Taiwan
- Exports to the United States of America declined as the COVID-19 surge in off-trade sales evident last year dissipated
- China negatively affected total value of bottled Shiraz and Cabernet Sauvignon exports, but the average price (FOB) for both increased to financial year records

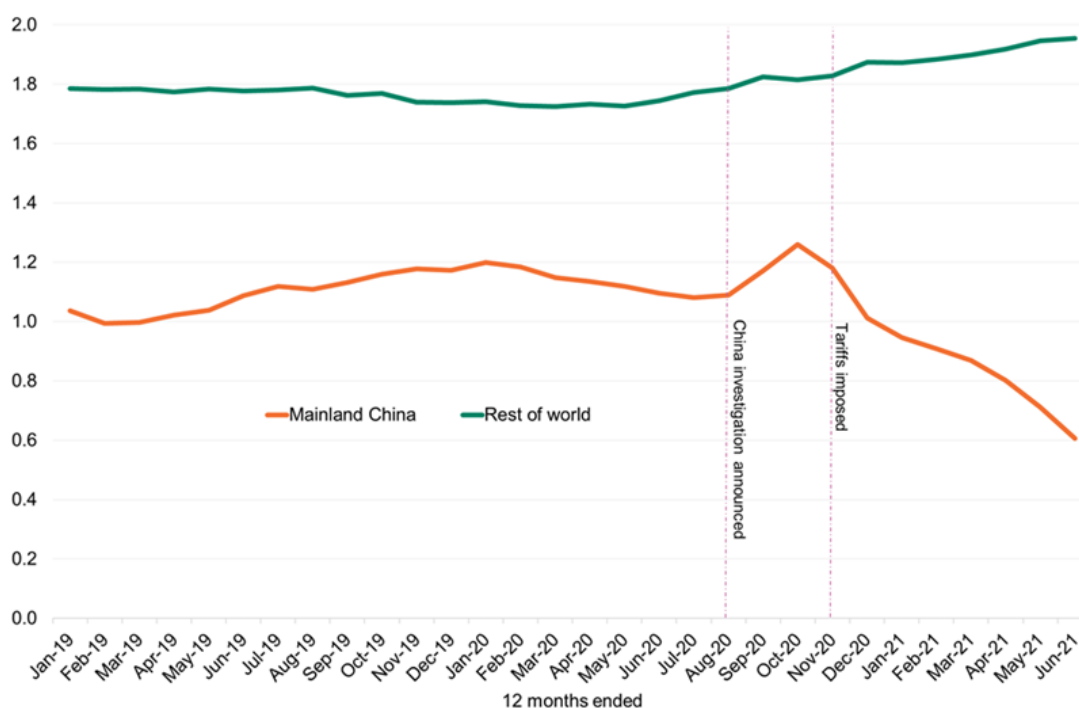
Overview

In the year ended June 2021, exports decreased by 10 per cent in value to \$2.56 billion and by 5 per cent in volume to 695 million litres (77 million 9-litre case equivalents). The average value declined by 5 per cent to \$3.69 per litre.

The key factors in the overall decline were the significant fall in exports to mainland China following the imposition of import tariffs of more than 200 per cent on Australian wine in November 2020 plus the cumulative effects of three consecutive lower vintages in 2018, 2019 and 2020 which meant there was less wine available to export. Following a record crop in 2021, availability is unlikely to be an issue in the next 12 to 18 months.

Excluding mainland China, exports increased by 12 per cent in value to \$1.96 billion and increased by 6 per cent in volume to 643 million litres (71 million 9-litre case equivalents). However, these increases did not offset the decline in exports to mainland China (see Figure 1).

Figure 1: Exports over time (A\$ billion FOB) – Mainland China versus Rest of the World



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The decline in the overall average value is due to a drop in the share of bottled wine in the export mix, from 45 per cent in 2019–20 to 39 per cent in 2020–21. The change in the mix is due to the decline in bottled exports to mainland China as well as an increase in unpackaged exports to the United Kingdom (UK).

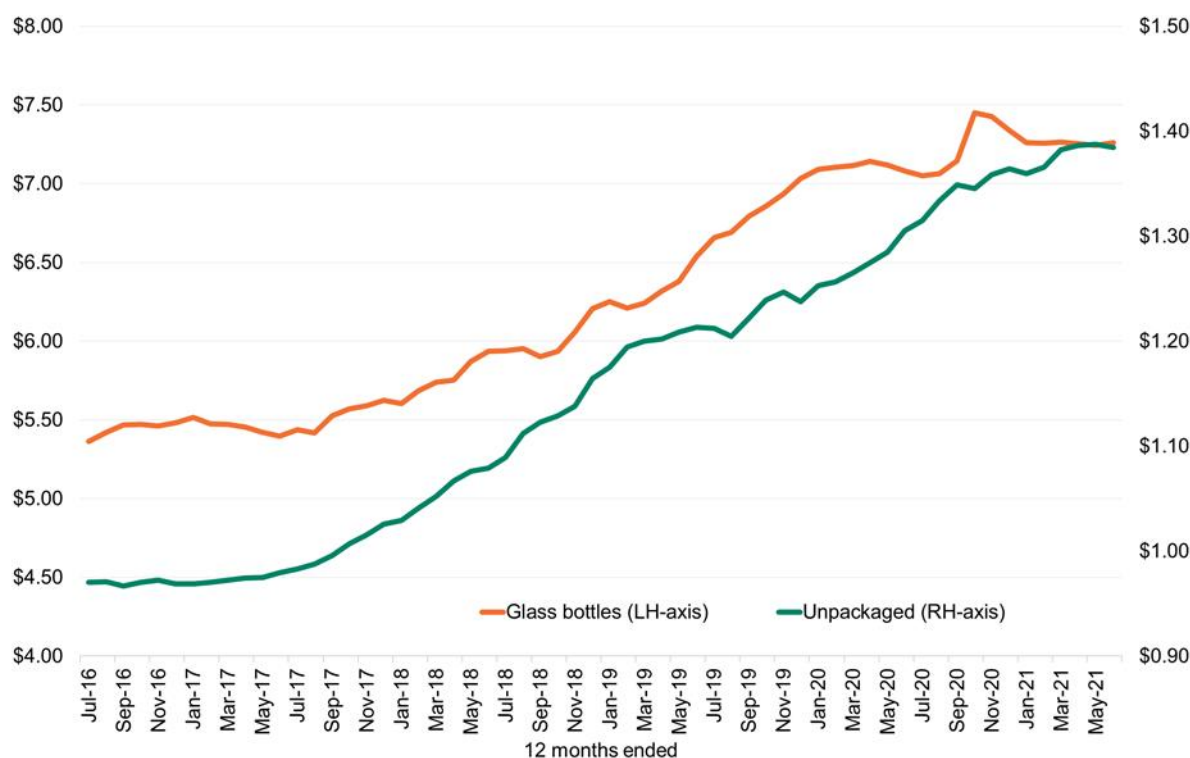
Container type

In 2020–21, the value of wine exported in glass bottles decreased by 15 per cent to \$1.96 billion and volume decreased by 17 per cent to 271 million litres (30 million 9-litre case equivalents). This translated to a 3 per cent increase in the average value of bottled exports to \$7.26 per litre.

Unpackaged wine exports increased by 11 per cent in value to \$577 million and increased 5 per cent in volume to 417 million litres (46 million 9-litre case equivalents). The average price of unpackaged wine increased by 6 per cent to \$1.38 per litre.

Figure 2 illustrates the steady growth in the average price per litre of both glass bottle and unpackaged shipments over the last five years. The drop in the bottled average price from November 2020 to January 2021 was due to the decline in exports to mainland China where exports have been heavily weighted to wines priced at \$10 or more per litre. However, the decline in the bottled average price has stabilised in the last five months as exports have increased to other destinations.

Figure 2: Average price per litre of glass bottle and unpackaged exports over time (A\$ per litre FOB)



Price segments

Exports increased at the low end and the very high end of the price spectrum but declined in all other price segments (see Figure 3).

Driven by increased unpackaged exports to the UK, Germany and Scandinavia, exports below \$2.49 per litre increased by 10 per cent to \$531 million.

At the top-end, exports at \$100 or more per litre increased by 31 per cent to \$153 million.

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The biggest rate of decline came at \$10.00 to \$19.99 per litre, down by 29 per cent in value, driven by a 54 per cent decline to mainland China. This resulted in the mainland China share of this price segment falling from 53 per cent in 2019–20 to 34 per cent in 2020–21.

By absolute value, the largest decline came at \$5.00 to \$7.50 per litre, down \$107 million, due to the loss in trade to mainland China which offset increases to Canada, the UK, New Zealand, and South Korea.

Figure 3: Total Exports by Price Point (A\$ million FOB)

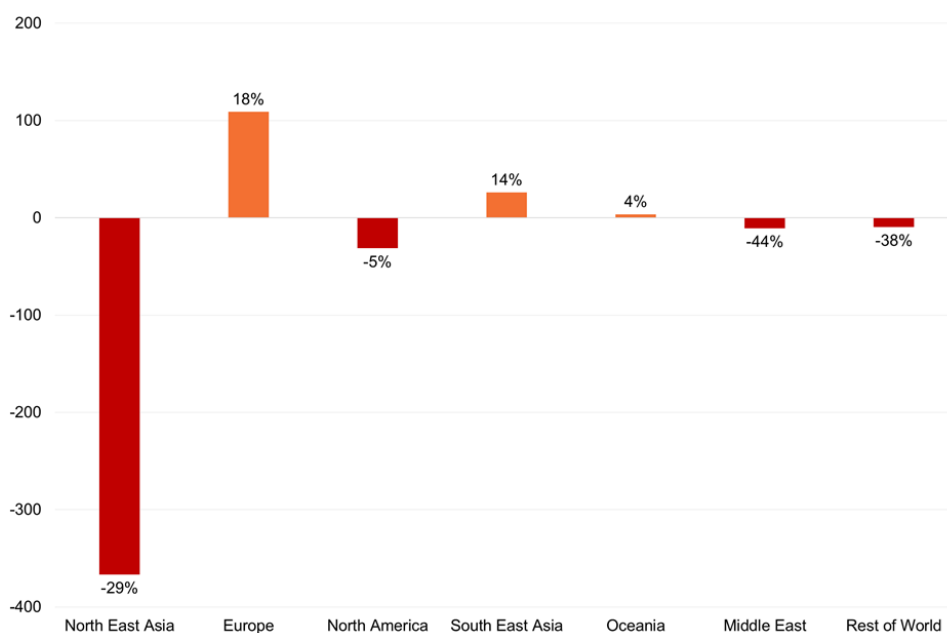
Price segment (A\$/litre)	MAT June 2021	Value change	Growth rate
\$2.49 and under	\$531	\$47	10%
\$2.50 to \$4.99	\$696	-\$98	-12%
\$5.00 to \$7.49	\$269	-\$107	-28%
\$7.50 to \$9.99	\$136	-\$15	-10%
\$10.00 to \$14.99	\$157	-\$70	-31%
\$15.00 to \$19.99	\$64	-\$18	-22%
\$20.00 to \$29.99	\$166	-\$27	-14%
\$30.00 to \$49.99	\$100	-\$24	-19%
\$50.00 to \$99.99	\$288	-\$3	-1%
\$100.00 to \$199.99	\$65	\$6	11%
\$200.00 and over	\$88	\$30	52%
Total value	\$2,561	-\$279	-10%

Exports by destination

In 2020–21, Australian exporters shipped wine to 113 destinations, down from 116 destinations in 2019–20.

The most significant growth came in exports to Europe (including the UK), up 18 per cent to \$724 million, the highest value for a financial year since 2010-11. There was also growth to South East Asia, up 14 per cent to \$207 million and Oceania, up 4 per cent to \$107 million. The growth to these destinations was offset by a decline to Northeast Asia, down 29 per cent to \$909 million, as well as to North America, down 5 per cent to \$586 million, and the Middle East, down 44 per cent to \$13 million.

Figure 4: Change in value of exports by region (A\$ million FOB)



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The top 5 markets by value were:

- Mainland China, down 45 per cent to \$606 million
- United Kingdom (UK), up 23 per cent to \$472 million
- United States (US), down 7 per cent to \$400 million
- Hong Kong, up 111 per cent to \$187 million, and
- Canada, down 1 per cent to \$184 million.

The top five destinations by volume were:

- UK, up 16 per cent to 269 million litres
- US, down 8 per cent to 127 million litres
- Mainland China, down 57 per cent to 52 million litres
- Canada, down 5 per cent to 51 million litres, and
- Germany, up 14 per cent to 36 million litres.

China

China's Ministry of Commerce (MofCom) made its final determinations on the Countervailing Duties Investigation and the Anti-Dumping Investigation on 26 March 2021.

The final decisions upheld the preliminary findings for both investigations (dumping, subsidisation, injury to domestic industry) and imposed countervailing duties of 6.3–6.4 per cent and anti-dumping tariffs of between 116.2 per cent and 218.4 per cent (varying by company). The tariffs are marginally higher than the preliminary duties imposed on 28 November and apply for five years from 28 March 2021.

Australian wine exports to China (including Hong Kong and Macau) declined by 33 per cent in value to \$793 million and by 52 per cent in volume to 61 million litres (6.7 million 9-litre case equivalents) in 2020–21. The decline in exports to mainland China more than offset a substantial increase in premium wine exports to Hong Kong.

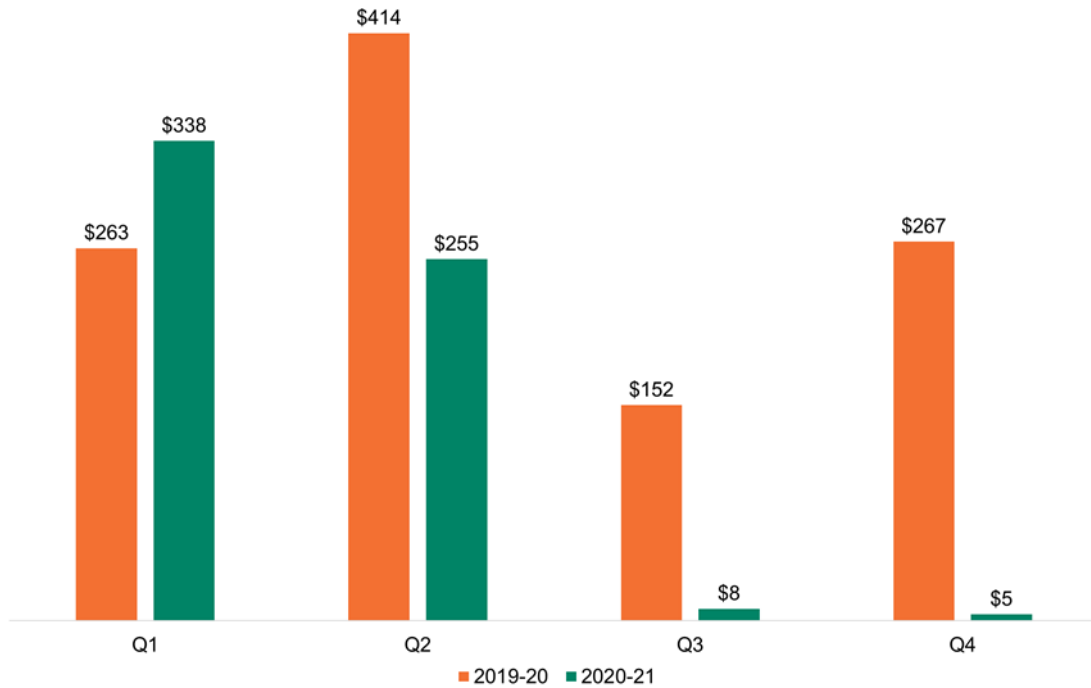
The average value of exports increased by 40 per cent to \$13.05 per litre FOB, a record level. The increase in the average value was due to the volume decline in exports being much stronger in lower-priced wines compared to the higher end.

Mainland China

Over the year, the value of exports to mainland China declined by 45 per cent to \$606 million and volume decreased by 57 per cent to 52 million litres (5.8 million 9-litre cases). Since the imposition of the import tariffs, exports of Australian wine to mainland China have dropped dramatically (see Figure 5). Total exports for Quarters 3 and 4 in 2020–21 combined were \$13 million compared to \$419 million in 2019–20.

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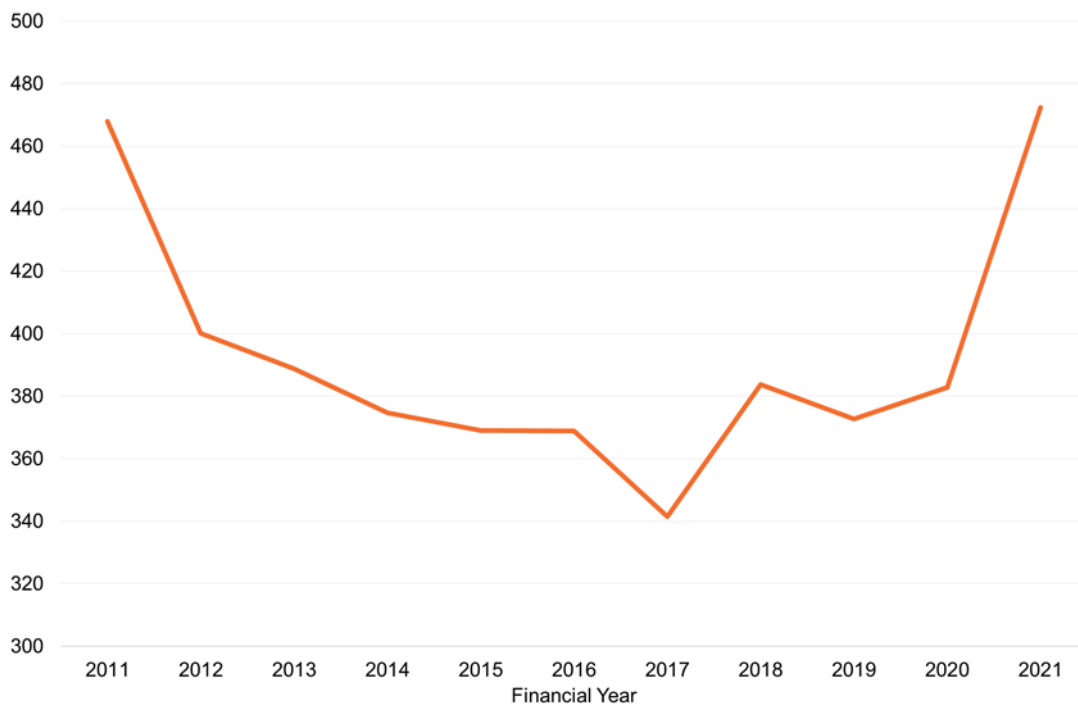
Figure 5: Value of exports to mainland China by quarter (A\$ million FOB)



United Kingdom

Exports to the UK are at their highest level in a decade (see Figure 6). In 2020–21, the value of exports increased by 23 per cent to \$472 million and volume by 16 per cent to 269 million litres (30 million 9-litre case equivalents). This makes the UK the biggest destination for Australian exports by volume and second by value. The lower value ranking is mainly because 87 per cent of the volume to the UK is shipped unpackaged and then bottled in-market.

Figure 6: Value of exports to the UK over time (A\$ million FOB)



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The growth in exports to the UK was much stronger in the first half of the year (see Figure 7). This was due to the surge in wine sales in the off-trade sector (where Australia has its highest market share) due to the COVID-19 related shut-down of the on-trade as well as some exporters sending wine into the market ahead of Brexit. Exports to the UK increased by 40 per cent from \$182 million to \$255 million in the first half of the 2021 financial year and by 8 per cent from \$117 million to \$218 million in the second half. While growth in the second half was smaller, the growth in Quarter 4 (up 10 per cent) was stronger than Quarter 3 (up 6 per cent).

Figure 7: Value of exports to the UK by quarter (A\$ million FOB)

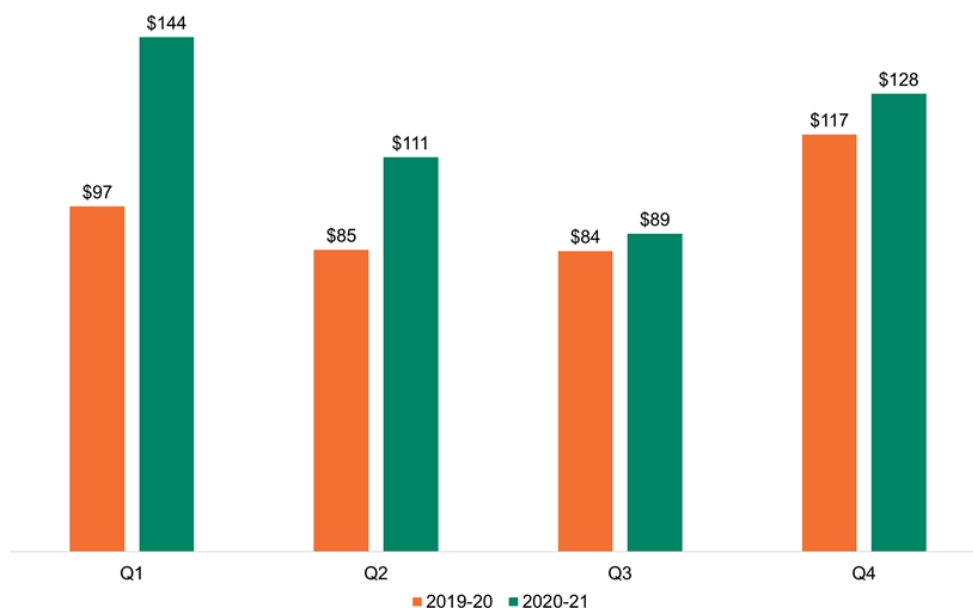


Figure 8 shows that the growth was coming across almost all price segments. Off a small base, exports at \$15 or more litre recorded the strongest growth, up 45 per cent to \$17 million. This indicates that while exports to the UK are predominantly commercial/value wines (84 per cent of the value is below \$5 per litre), Australia is making ground in the premium wine segments.

Figure 8: Exports to the UK by Price Point (A\$ million FOB)

Price segment (A\$/litre)	MAT June 2021	Value change	Growth rate
\$2.49 and under	\$288	\$68	31%
\$2.50 to \$4.99	\$110	\$8	7%
\$5.00 to \$7.49	\$30	\$7	29%
\$7.50 to \$9.99	\$16	\$3	20%
\$10.00 to \$14.99	\$11	-\$0.4	-4%
\$15.00 to \$19.99	\$3	\$0.3	10%
\$20.00 to \$29.99	\$4	\$1.5	55%
\$30.00 to \$49.99	\$4	\$0.7	20%
\$50.00 to \$99.99	\$3	\$1.4	107%
\$100.00 to \$199.99	\$1	\$1.0	210%
\$200.00 and over	\$1.2	\$0.5	63%
Total value	\$472	\$90	23%

This can also be seen in the retail figures. IRI reports that in the 12 months ended 19 June 2021, the strongest growth for Australian wine in the UK off-trade market was between £7.01 and £20 per bottle with double-digit growth rates. For example, sales at £7.01 to £8.00 grew by 35 per cent, at £8.01 to £9.00 by 63 per cent, at £9.01 to £10.00 by 19 per cent, and at £10.01 to £20.00 by 30 per cent.

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There is also upside for Australian wine in this segment of the off-trade market. Currently, Australia holds a 15 per cent volume share of the market between £7 and £20 per bottle compared with 24 per cent below £7.

Wine Australian Regional General Manager, UK/EMEA, Laura Jewell MW said after 15 months of restrictions, the UK was finally emerging from the latest lockdown and there was increased optimism in the hospitality sector in particular.

“However, staff shortages and space constraints have taken their toll, with 25 per cent of on-trade outlets reported as not open and may not open again. In the off-trade we have seen a strong shift to e-commerce with online sales and home deliveries driven by both the large grocers and the independent retailers.

“Combined with a ‘drink less, drink better’ trend this has had a positive impact on average bottle spend. Brands and supermarket premium own label wines have also fared well as consumers stick to their tried and trusted names and labels, and Australian wines have certainly benefited from this. With the ongoing restrictions on international travel it is hoped that the hospitality sector will gain momentum from the stay at home vacations and the strong programme of sports across the next few months.”

United States

Exports to the US declined 7 per cent in value to \$400 million and by 8 per cent in volume to 127 million litres (14 million 9-litre case equivalents). The average value increased by 1 per cent to \$3.16 per litre, the highest for a financial year since 2008-09.

Figure 9 shows that most of the decline in export value came in Quarter 4, with value falling by \$31 million compared to the same quarter in 2019–20. The decline is the result of several factors. Firstly, there was a substantial increase in exports in Quarter 4 in 2019–20 which was a reflection of the COVID-19-related surge in off-trade sales in the US when the on-trade sector was shut-down. This year, with the on-trade re-opening and the off-trade subsiding to a more normal level of activity, there was a counter-swing. As a result, exports declined. Secondly, some exporters had less volume available to export and this was most visible in Quarter 4 as stock levels were unable to support growth. This also saw volumes decline. And thirdly, the average value in Quarter 4 this year was 3 per cent lower than it was last year (which could also reflect the disproportionate reduction in premium fruit availability after the 2020 vintage). This factor, combined with lower volumes, saw a large decline in value in Quarter 4.

Figure 9: Value of exports to the USA by quarter (A\$ million FOB)



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Figure 10 shows that most of the decline over the year came at less than \$5 per litre. This is the price segment that was most impacted by the surge in sales in the off-trade in 2019–20. Conversely, there was strong growth at \$15 or more per litre, up 8 per cent to \$22 million.

Figure 10: Exports to the USA by Price Point (A\$ million FOB)

Price segment (A\$/litre)	MAT June 2021	Value change	Growth rate
\$2.49 and under	\$62	-\$11	-15%
\$2.50 to \$4.99	\$270	-\$8	-3%
\$5.00 to \$7.49	\$19	-\$5	-19%
\$7.50 to \$9.99	\$10	-\$4	-29%
\$10.00 to \$14.99	\$17	-\$4.5	-21%
\$15.00 to \$19.99	\$4	-\$1.6	-29%
\$20.00 to \$29.99	\$10	\$2.0	24%
\$30.00 to \$49.99	\$4	\$0.5	15%
\$50.00 to \$99.99	\$2	\$0.1	4%
\$100.00 to \$199.99	\$2	\$1.1	162%
\$200.00 and over	\$0.2	-\$0.4	-68%
Total value	\$400	-\$30	-7%

The latest data from IRI indicates that the US off-trade market has declined at the commercial/value end but is still growing in premium price points. In the 12 months ended 27 June 2021, sales below US\$8 per bottle declined by 11 per cent while sales at US\$11 or more per bottle increased by 4 per cent. Australia holds an 11 per cent market share below US\$8 per bottle but only 0.3 per cent at US\$11 or more per bottle. The stand-out segment for Australia was US\$8.00 to \$10.99, with growth of 27 per cent, while the market declined by 4 per cent.

Wine Australia Regional General Manager Americas Aaron Ridgeway said the effects of the pandemic were far from over.

“The challenges seen in Quarter 4 bookend the extraordinary shipping activity of 12 months ago at the start of the pandemic. Shipping volumes will continue to be vulnerable to available inventory, unpredictable turnover in distributor warehouses and on retail shelves, and the re-establishment of a sustainable on-premise channel. The persistent growth of Australian wine at premium price points reinforces that we are on the right track in the long term.”

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Other destinations

Over the year, destinations that recorded value growth with exports of \$5 million or more were:

- Singapore, up 16 per cent to \$114 million (Singapore is a significant trading hub in the Asian region)
 - New Zealand, up 5 per cent to \$98 million
 - Germany, up 9 per cent to \$55 million
 - South Korea, up 111 per cent to \$45 million (now almost on par with Japan)
 - Malaysia, up 23 per cent to \$38 million
 - Thailand, up 48 per cent to \$26 million
 - Taiwan, up 29 per cent to \$26 million
 - Belgium, up 16 per cent to \$19 million
 - France, up 36 per cent to \$17 million
 - Finland, up 20 per cent to \$14 million
 - Ireland, up 30 per cent to \$13 million
 - Russia, up 48 per cent to \$10 million
 - Norway, up 49 per cent to \$9 million
-
- Switzerland, up 13 per cent to \$6 million
 - Vietnam, up 7 per cent to \$5 million

The combined value of these 11 destinations is \$464 million, which is roughly the equivalent of exports to the UK.

Some destinations that saw value decline over the financial year but recorded an increase in the second half of the year included Japan (up 2 per cent), Netherlands (up 12 per cent), Indonesia (up 26 per cent), and India (up 3 per cent).

Variety

For bottled exports, Shiraz was the major variety label claim exported in 2020–21 but value declined by 24 per cent to \$488 million. This was volume-driven as the average price increased by 6 per cent to \$8.96 per litre, a financial year record. The value decline was driven by a 51 per cent fall in exports to mainland China to \$180 million which was partly offset by increases to a range of destinations, including:

- UK, up 15 per cent to \$42 million
- Hong Kong, up 49 per cent to \$39 million
- New Zealand, up 7 per cent to \$26 million
- Singapore, up 31 per cent to \$25 million
- South Korea, up 115 per cent to \$20 million
- Malaysia, up 34 per cent to \$7 million.

Exports of bottled wine with a Cabernet Sauvignon label claim decreased by 4 per cent to \$375 million to take second place behind Shiraz. The average value increased by 18 per cent to \$9.79 per litre, a financial year record. A 35 per cent decline to mainland China to \$127 million was partly offset by growth to destinations including:

- Hong Kong, up 195 per cent to \$56 million
- Singapore, up 37 per cent to \$31 million
- Canada, up 5 per cent to \$24 million
- UK, up 17 per cent to \$19 million
- New Zealand, up 4 per cent to \$9 million

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Single variety Chardonnay is the by far the most valuable bottled white wine label claim exported and fourth largest variety label claim overall. Exports of label claim Chardonnay in 2020–21 decreased by 4 per cent to \$182 million. The average value declined by 1 per cent to \$4.17 per litre. The USA was the main market for Chardonnay, with a 41 per cent share, but declined 6 per cent to \$77 million. Destinations to record growth for the category included:

- UK, up 6 per cent to \$33 million
- Japan, up 15 per cent to \$7 million
- Hong Kong, up 29 per cent to \$6 million
- South Korea, up 143 per cent to \$4 million
- New Zealand, up 22 per cent to \$3 million

Other varieties to show growth in 2020–21, with exports in excess of \$5 million included:

- Sauvignon Blanc, up 2 per cent to \$44 million (UK, US, and New Zealand the key drivers)
- Pinot Grigio, up 176 per cent to \$41 million (US, Canada, UK and the Netherlands the key drivers)
- Durif blends, up 30 per cent to \$6 million (mainly the UK)
- Viognier, up 29 per cent to \$6 million (UK, USA and Canada)

To explore the export data yourself, please visit the [Export Dashboard](#).