

Wine Australia

Media Release

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Global demand is steady for Australian wine

Steady demand for Australian wine around the world has seen growth in value to all top-five exports markets and a 4 per cent increase in overall value to \$2.998 billion, according to Wine Australia's latest Export Report released today.

In the 12 months ended September 2020, the average value of Australian wine exports increased by 4 per cent to \$3.89 per litre, matching the growth of overall value. The volume of exports declined slightly by 0.4 per cent to 771 million litres (85.7 million cases).

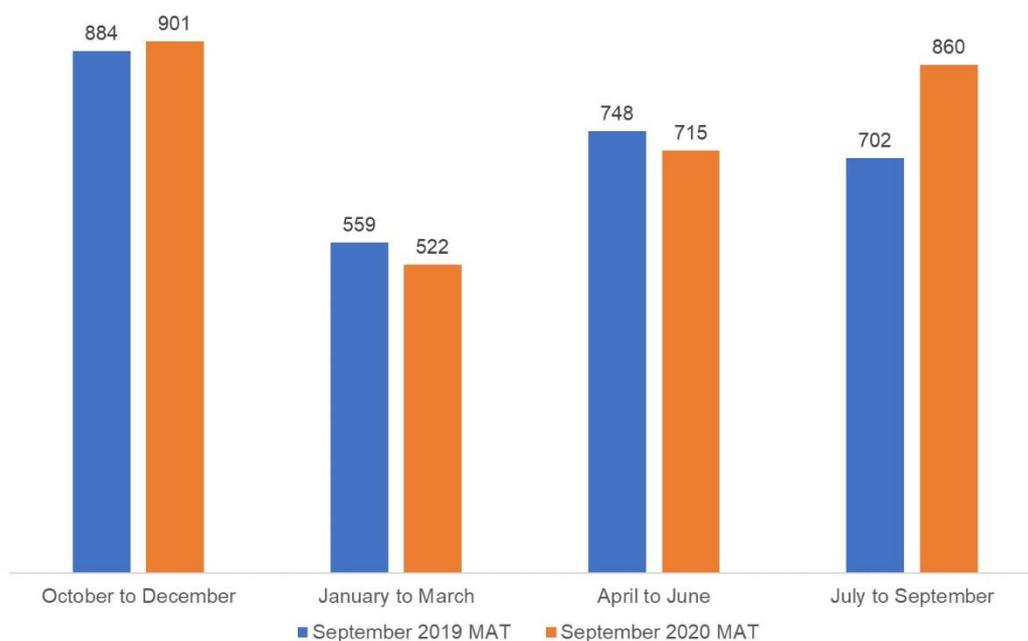
Wine Australia Chief Executive Officer Andreas Clark said the overall value is at the highest level since exports reached \$3 billion in the second half of calendar year 2007.

'Despite the unprecedented disruption that we've seen in markets around the world, Australian wine export volume has held reasonably steady and it is particularly pleasing to see both the overall value and the average value of exports growing during these challenging times', Mr Clark said.

For the 12 months to the end of September 2020, the growth in value was predominantly driven by exports to the United Kingdom (UK) and mainland China. And that growth has been particularly strong in the last quarter of the 12-month period.

'During the July to September 2020 quarter, the value of exports increased by 23 per cent compared to the same period in 2019, and this comes after declines of 4 per cent in the April to June quarter and 7 per cent in the January to March quarter', Mr Clark said.

Figure 1 Value of exports by quarter (A\$ million FOB)



'Throughout the COVID-19 pandemic, there have been clear trends for wine consumption emerging around the world. While premiumisation has continued, there has also been a resurgence in commercial wines, and this is evident in the growth that we've seen in different price segments, where it was particularly strong at the low and high ends', Mr Clark said.

‘Different markets have had different trends. In markets such as the UK and United States of America (USA), growth was primarily at the commercial/value end, while in China growth for premium wines has remained strong this year.’

Figure 2: Total exports by price segment (\$ million FOB)

Price segment (A\$/litre)	MAT September 2020	Value change	Growth rate
\$2.49 and under	\$528	\$40	8.1%
\$2.50 to \$4.99	\$829	\$11	1.3%
\$5.00 to \$7.49	\$385	\$10	2.7%
\$7.50 to \$9.99	\$162	-\$0.6	-0.4%
\$10.00 to \$14.99	\$230	-\$37	-13.9%
\$15.00 to \$19.99	\$87	\$8	10.3%
\$20.00 to \$29.99	\$204	-\$43	-17.4%
\$30.00 to \$49.99	\$135	\$5	4.0%
\$50.00 to \$99.99	\$313	\$92	41.6%
\$100.00 to \$199.99	\$59	\$3	5.5%
\$200.00 and over	\$66	\$16	32.6%
Total value	\$2,998	\$105	3.6%

Packaged and unpackaged exports

Exports in glass bottles increased by 2 per cent in value to \$2.4 billion and decreased by 3 per cent in volume to 336 million litres (37 million 9-litre case equivalents). This translated to 5 per cent increase in the average value of bottled exports to an equal record \$7.14 per litre, due to an increase in exports at the high end of the price spectrum.

Unpackaged wine exports increased by 13 per cent in value to \$576 million and 2 per cent in volume to 427 million litres (47 million 9-litre case equivalents). The average value of unpackaged exports has remained high, increasing by 10 per cent to \$1.35 per litre – levels not seen since late 2004 – due to the relative short supply of Australian wine in an already constrained global supply situation.

Destinations

In the 12 months ended September 2020, Australian exporters shipped wine to 117 destinations. The most significant growth came in exports to Europe, up 16 per cent to \$678 million and overtaking North America in value terms for the first time since 2011.

The top five destinations by value all recorded growth. They were:

- Mainland China, up 4 per cent to \$1.2 billion
- USA, up 1 per cent to \$439 million
- UK, up 18 per cent to \$430 million
- Canada, up 4 per cent to \$196 million, and
- New Zealand, up 9 per cent to \$103 million.

Mainland China

Exports to mainland China increased by 4 per cent in value to \$1.17 billion and decreased by 12 per cent in volume to 123 million litres (13.7 million 9-litre case equivalents). Average value increased by 18 per cent to \$9.54 per litre FOB. Higher-priced exports recorded exceptional growth, especially at \$30 or more per litre. Almost two-thirds of Australia’s exports to mainland China are priced at \$10 or more per litre.

United States of America

Australian exports to the USA increased by 1 per cent to \$439 million in the 12 months ended September 2020. Volume declined by 4 per cent to 141 million litres (15.6 million 9-litre cases

equivalents), which was offset by a 5 per cent increase in the average value to \$3.12 per litre. The growth in exports to the USA was driven by the \$2.50–4.99 per litre segment (up 9 per cent to \$291 million) and, to a lesser extent, \$5.00–7.49 per litre segment (up 5 per cent to \$24 million).

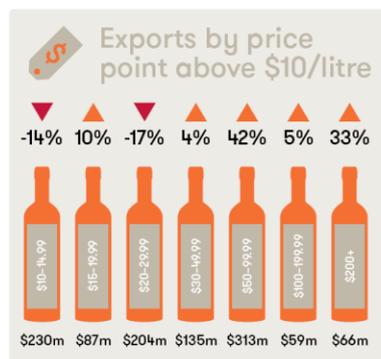
United Kingdom

In the 12 months ended September 2020, exports to the UK increased by 18 per cent in value to \$430 million and 10 per cent in volume to 256 million litres (28.4 million 9-litre case equivalents). The value of exports to the UK is at the highest level since 2011. It is understood that some companies are shipping products to market ahead of the impending Brexit deadline of 1 January 2021 to minimise any potential disruption.

The growth of exports is coming predominantly at below \$5 per litre, which is primarily shipped as unpackaged wine. Eighty-five per cent of Australia’s exports to the UK are shipped as unpackaged wine before being bottled in-market. Furthermore, currently some Australian wine that is packaged in the UK is then re-shipped to other markets in Europe.

Wine Australia Export report

1 Oct 2019 to 30 Sep 2020



[Ends]

About Wine Australia

Wine Australia supports a competitive wine sector by investing in research, development and adoption (RD&A), growing domestic and international markets, protecting the reputation of Australian wine and administering the Export and Regional Wine Support Package (ERWSP).

Wine Australia is an Australian Commonwealth Government statutory authority, established under the *Wine Australia Act 2013*, and funded by grape growers and winemakers through levies and user-pays charges and the Australian Government, which provides matching funding for RD&A investments and funds the ERWSP.