

Wine Australia

Media Release

Wednesday 3 February 2021

Australian wine exports slow due to China tariffs

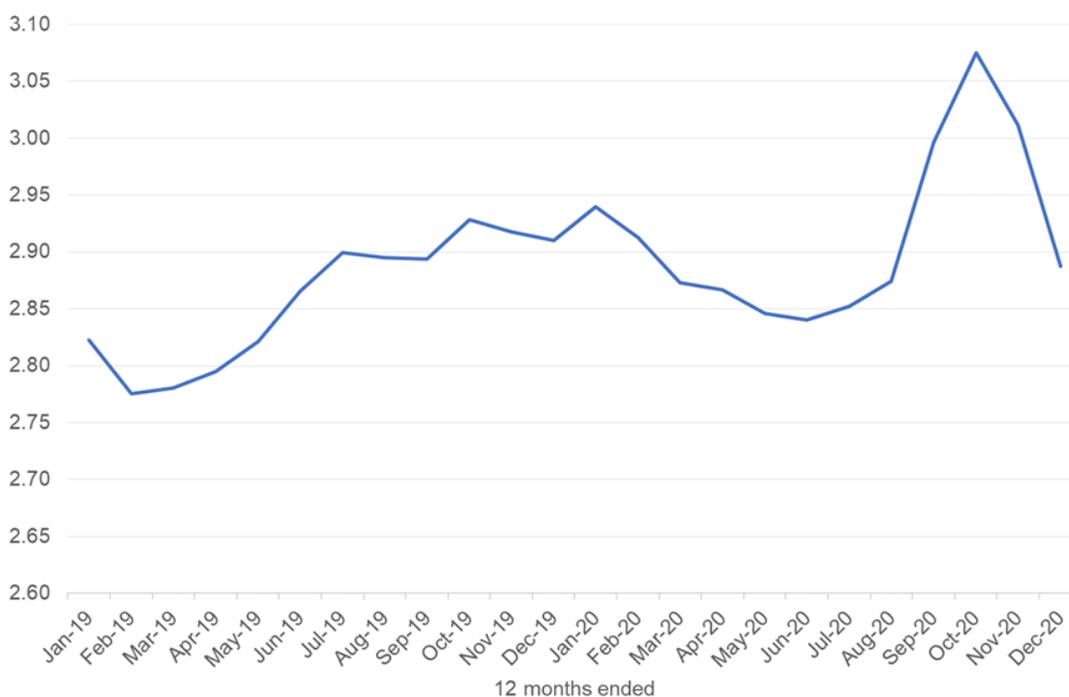
Australian wine exports slowed in the 12 months to December 2020, decreasing by 1 per cent in value to \$2.89 billion, as Chinese tariffs* took their toll on exports to that market, according to Wine Australia's latest Export Report released today.

There was a 0.5 per cent increase in volume to 747 million litres (83 million 9-litre case equivalents) and a 1 per cent decline in average price to \$3.87 per litre free on board (FOB).

Wine Australia Chief Executive Officer Andreas Clark said that despite the COVID-19 pandemic, exports hit a record year-on-year value of \$3.1 billion in the 12 months ended October 2020, before recording a steep decline in the final two months of the calendar year. The previous year-on-year high point had been \$3 billion reached in 2007.

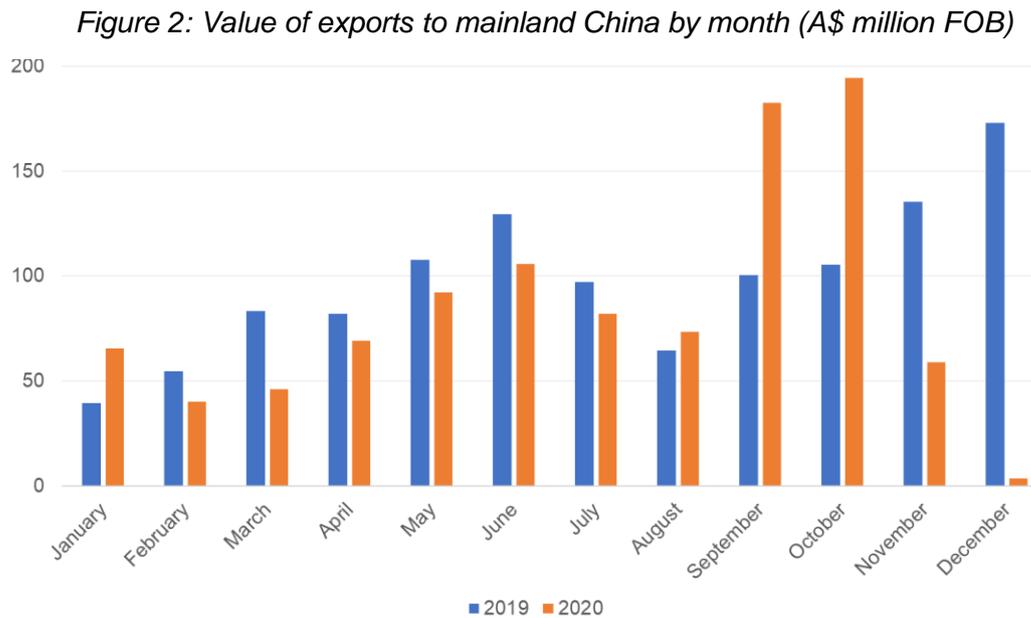
Mr Clark said that there had been a sharp increase in exports from August to October, primarily to mainland China and the United Kingdom (UK), while the decline in November and December was predominantly in exports to China.

Figure 1: Value of Australian exports over time
(A\$ billion FOB)



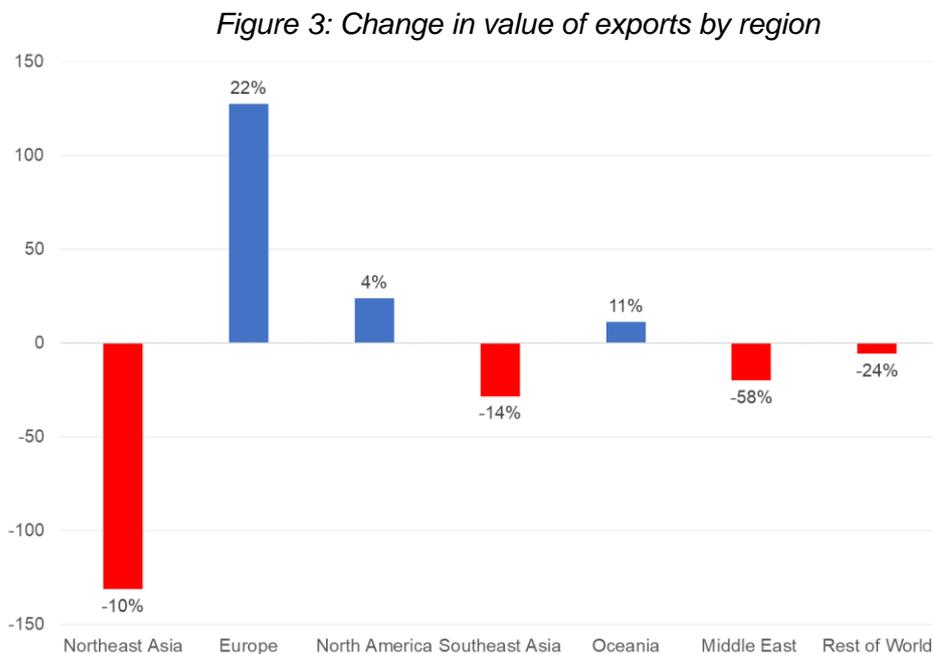
Mr Clark said that, unsurprisingly, exports to mainland China were immediately down following the imposition of the temporary tariffs** in November. The sharp decline in export volumes and value in the final two months of the year (See Figure 2) saw the overall value for 2020 decline by 14 per cent to \$1.01 billion and volume drop by 29 per cent to 96 million litres (10.7 million 9-litre case equivalents).

It was expected that exports to China would remain low in coming months affecting total export numbers during 2021.



Mr Clark said the decline in exports to China had been offset by significant growth in exports to Europe, up 22 per cent to \$704 million – the highest value in a decade. There was also growth in North America, up 4 per cent to \$628 million, and Oceania, up 11 per cent to \$115 million.

'Wine businesses are resilient and are already adapting to these changed market conditions, increasing their engagement in markets other than China, particularly the UK, USA, Canada and the domestic market', he said.



Mr Clark said that there was a decline in value across most price points with the notable exception of exports under \$2.50 per litre FOB, which grew by 17 per cent, driven by increased shipments to the UK, New Zealand, Scandinavia, Germany and Canada.

Packaged and unpackaged exports

In the year to December 2020, the value of wine exported in glass bottles (the subject of temporary tariffs imposed by China in November 2020) decreased by 5 per cent to \$2.3 billion while volume decreased by 9 per cent to 311 million litres (35 million 9-litre equivalents).

Unpackaged wine exports increased by 20 per cent in value to \$585 million and increased 9 per cent in volume to 428 million litres (48 million 9-litre case equivalents). The average price of unpackaged wine increased by 10 per cent to \$1.37 per litre FOB.

Destinations

The top 5 markets by value were:

- Mainland China, down 14 per cent to \$1.01 billion
- United Kingdom (UK), up 29 per cent to \$456 million
- United States of America (USA), up 4 per cent to \$434 million
- Canada, up 5 per cent to \$192 million, and
- Hong Kong, up 27 per cent to \$132 million.

The top five destinations by volume were:

- UK, up 19 per cent to 266 million litres
- USA, down 1 per cent to 136 million litres
- Mainland China, down 29 per cent to 96 million litres
- Canada, up 0.3 per cent to 56 million litres, and
- Germany, up 10 per cent to 35 million litres.

United Kingdom

The UK continued the strong growth that commenced at the advent of the pandemic due to increased demand, which was then boosted in the months leading up to Brexit. Exports in the 12 months ended December 2020 to the UK increased by 29 per cent in value to \$456 million and 19 per cent in volume to 266 million litres (29.6 million cases), extending the UK's lead as the biggest destination for Australian wine exports by volume. The average price received for Australian wine increased by 9 per cent to \$1.71 per litre FOB, the highest level since September 2011.

United States of America

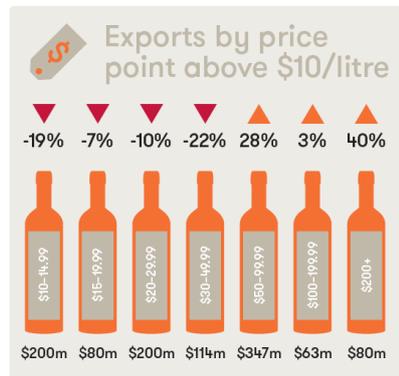
After declining for the three previous calendar years, the value of exports to the USA increased, despite the widespread effects of the pandemic and the political turmoil that engulfed the country during the year.

The value of exports increased by 4 per cent to \$434 million, despite volume falling by 1 per cent to 136 million litres (15.1 million cases). The average value increased by 5 per cent to \$3.21 per litre FOB, the highest level since 2009.

** ** The Chinese Ministry of Commerce (MOFCOM) announced a decision to impose temporary deposit tariffs from 28 November 2020 of between 107.1 per cent and 212.1 per cent on Australian wine in containers of up to 2 litres, ahead of finalising its anti-dumping investigation into Australian wine (announced in August). MOFCOM then announced an additional temporary countervailing duty deposit from 11 December 2020 of between 6.3 per cent and 6.4 per cent on Australian wine ahead of finalising its countervailing duties investigation.*

Wine Australia Export report

1 Jan 2020 to 31 Dec 2020



Value of exports to the top 10 markets

China inc. HK and Macau	\$1.15b	▼ -10%
United Kingdom	\$456m	▲ 29%
United States	\$434m	▲ 4%
Canada	\$192m	▲ 5%
New Zealand	\$107m	▲ 17%
Singapore	\$80m	▼ -24%
Germany	\$55m	▲ 15%
Japan	\$45m	▼ -15%
Malaysia	\$43m	▲ 22%
Netherlands	\$37m	▼ -14%

Volume of exports to the top 10 markets (9L cases)

United Kingdom	29.6m	▲ 19%
United States	15.1m	▼ -1%
China inc. HK and Macau	11.6m	▼ -27%
Canada	6.2m	▲ 0.3%
Germany	3.9m	▲ 10%
New Zealand	3.7m	▲ 11%
Denmark	2.1m	▲ 29%
Netherlands	1.5m	▼ -23%
Japan	1.4m	▼ -23%
France	1.0m	▲ 36%



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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.