

**Wine
Australia
for
Australian
Wine**

Export Report

12 months to 31 March 2022

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Summary

- Total value and volume of Australian wine exports declined significantly in the 12 months ended March 2022 with value down 26 per cent to \$2.05 billion and volume declining by 13 per cent to 628 million litres.
- The export figures are reflective of the unprecedentedly tough market conditions over the past 15 months as a result of the imposition of high deposit tariffs on bottled Australian wine imported to China, the continuing impact of the global freight crisis, and a counter-swing in some markets after COVID-19 related stockpiling in 2020.
- The significant decline in exports to China has negatively impacted on the overall figures for packaging type, wine style and price segment.
- Excluding mainland China, exports declined by 3 per cent in volume but increased in value by 7 per cent to \$2.03 billion – the highest value since 2010
- The key contributors to the value growth included were the Asian destinations of Singapore, Hong Kong, Thailand, South Korea, India, Japan and Taiwan.
- While the value of exports to the UK, US and Canada declined, there was strong growth in exports to these markets at \$10 or more per litre but this did not offset declines in the big-volume below \$5 per litre segment.

Overview

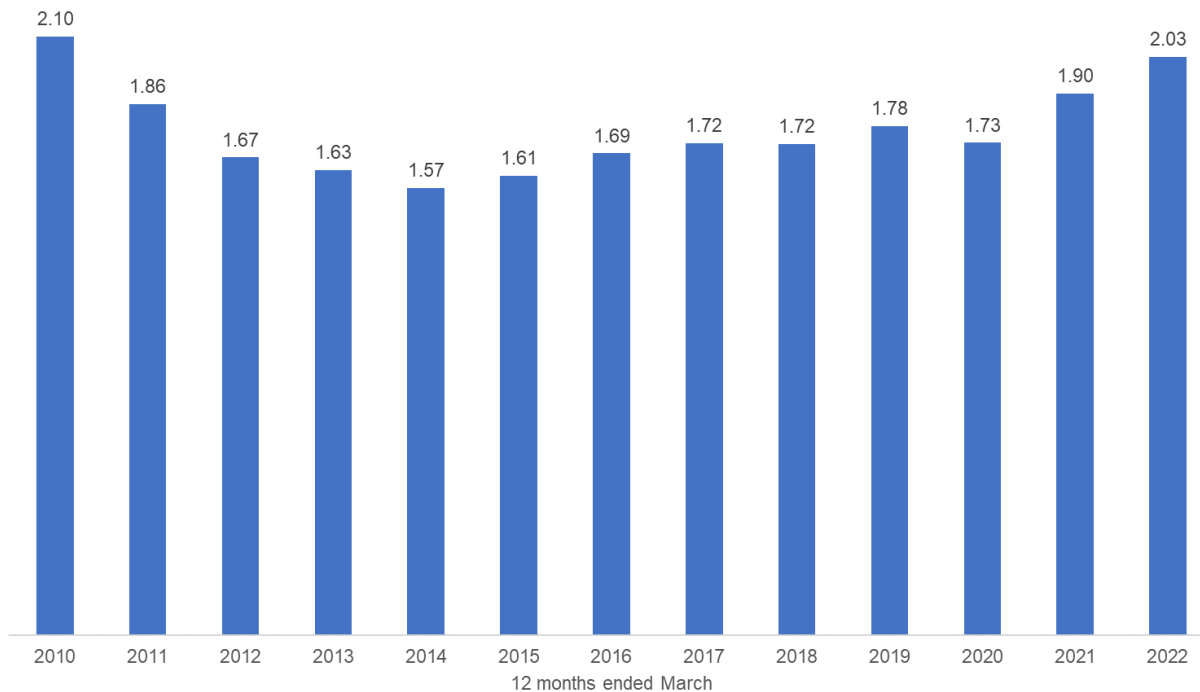
In the 12 months ended March 2022, Australian wine exports declined 26 per cent in value to \$2.05 billion and 13 per cent in volume to 628 million litres (70 million 9-litre case equivalents). The average value declined by 15 per cent to \$3.27 per litre. The year-on-year figures continue to reflect the impact of the imposition of high deposit tariffs on bottled Australian wine imported to mainland China in November 2020 and of the exceptionally tough market conditions globally.

The overall decline in exports was principally due the significant decline in shipments to mainland China. In the 12 months ended March 2022, exports to mainland China fell by 97 per cent in value to \$24 million and by 93 per cent in volume to 5.6 million litres.

Excluding mainland China, exports declined by 3 per cent in volume to 623 million litres but increased in value by 7 per cent to \$2.03 billion. The average value increased by 11 per cent to \$3.26 per litre. The value is at the highest level since 2010 (see Figure 1). While the increase in value was strong at \$129 million, it was not enough to offset the decline in value to mainland China (\$844 million). The top seven contributors to the value growth were Asian destinations. They were, in order of contribution to the increase in value – Singapore, Hong Kong, Thailand, South Korea, India, Japan and Taiwan. The decline in volume, excluding mainland China, was most significant to Australia's two biggest markets of the United Kingdom (UK) and the United States of America (US). To a lesser extent, the Netherlands, Canada, Germany, Finland and Sweden were other key contributors to the volume decline. Exports to most of these markets surged during 2020 due to COVID-19 stockpiling and volumes have eased as the markets start to normalise.

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Figure 1: Exports to all destinations, excluding mainland China (A\$ billion FOB)



Aside from the loss of shipments to mainland China, the significant drop in volume can also be attributed to low inventory at the start of the financial year after three small vintages in 2018, 2019 and 2020 and delays in getting the record 2021 vintage onto ships due to the ongoing global freight crisis. Reports are that the shipping issues are a large bottleneck to getting wine into international markets, with a common amendment to shipment permits being a change of departure date to a later date. Shipments are often being delayed to the next month. Hillebrand reports that this is a common occurrence due to the ongoing vessel schedule disruptions. Shipping industry experts do not expect these issues to resolve until the second half of 2022 at the earliest.

Packaging type

In the past 12 months, the value of wine exported in glass bottles decreased by 30 per cent to \$1.51 billion in total value while average value per litre decreased by 10 per cent to \$6.55. Volume decreased by 23 per cent to 231 million litres.

Unpackaged wine exports decreased by 11 per cent in value to \$515 million and decreased 6 per cent in volume to 389 million litres. The average price of unpackaged wine decreased by 4 per cent to \$1.32 per litre.

Wine style

In the 12 months ended March 2022, still red wine exports decreased by 33 per cent in value to \$1.37 billion and 19 per cent in volume to 335 million litres (37 million 9-litre case equivalents). Average value declined by 18 per cent to \$4.09. The driver of this decline was mostly packaged red wine, the majority of which went to China in the previous year.

Still white wine declined by 2 per cent in value to \$564 million and 4 per cent in volume to 264 million litres (29 million 9-litre case equivalents). Average value increased by 2 per cent to \$2.13 per litre.

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The steeper decline in red wine has translated to a reduction in red's value share of exports from 57 per cent in the 12 months ended March 2021 to 53 per cent in the same period in 2022. White wine's share has increased from 38 per cent to 42 per cent.

Still rosé wine exports also declined, by 27 per cent in value to \$31 million and 21 per cent in volume to 13 million litres. However, sparkling wine exports increased by 20 per cent in value to \$39 million and 9 per cent in volume to 6 million litres. The markets driving this increase are New Zealand, the UK, Singapore, Canada, the US, and South Korea.

Price segments

Exports declined in all price segments. The loss was largest between \$50.00 and \$99.99 per litre, driven by mainland China. This was closely followed by \$2.50 and \$7.49 per litre, largely driven by declines in exports to the US, the UK and Canada. Exports with an average value of \$10 per litre and above declined by 39 per cent to \$626 million. This was driven by mainland China, with exports at \$10 or more per litre falling by \$591 million compared with the previous year. However, value grew by 47 per cent when excluding mainland China. Value grew to 58 destinations (out of 89 receiving exports in this price segment) during the year, including Singapore, Hong Kong, Thailand, the US, the UK, South Korea and Taiwan.

Figure 2: Exports by price segment (million AUD FOB)

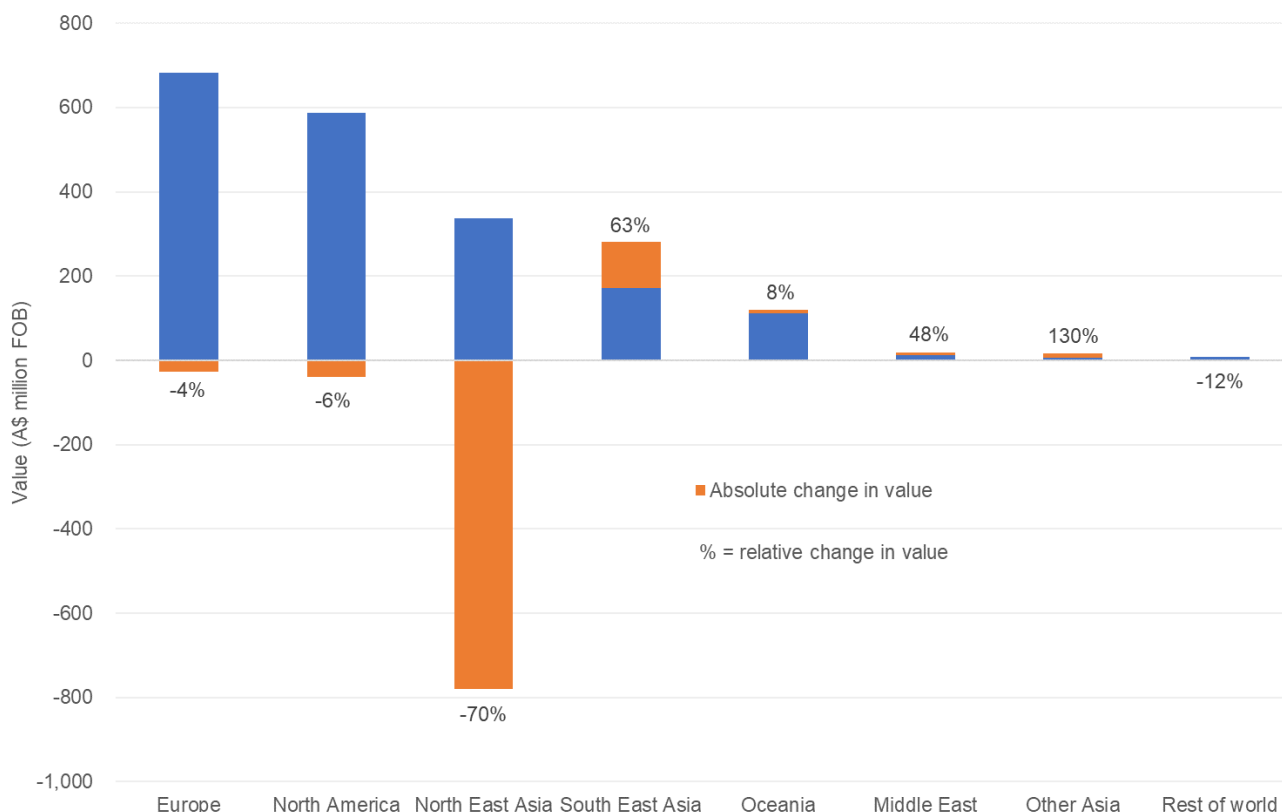
Price segment (A\$/litre)	MAT March 2022	Value change	Growth rate
\$2.49 and under	\$482	-\$51	-10%
\$2.50 to \$4.99	\$604	-\$155	-20%
\$5.00 to \$7.49	\$222	-\$88	-28%
\$7.50 to \$9.99	\$118	-\$28	-19%
\$10.00 to \$14.99	\$145	-\$27	-16%
\$15.00 to \$19.99	\$42	-\$31	-42%
\$20.00 to \$29.99	\$106	-\$75	-41%
\$30.00 to \$49.99	\$69	-\$40	-37%
\$50.00 to \$99.99	\$162	-\$178	-52%
\$100.00 to \$199.99	\$44	-\$19	-30%
\$200.00 and over	\$58	-\$24	-29%
Total value	\$2,052	-\$715	-26%

Destinations

In the 12 months ended March 2022, Australian exporters shipped wine to 112 destination markets, compared with 111 the year before. The most significant growth came from exports to Southeast Asia, up 63 per cent to \$281 million, but also from other Asian markets such as India (up 134 per cent to \$15 million), and the Middle East (up 48 per cent to \$18 million). This growth was offset by a decline in exports to Northeast Asia, down 70 per cent to \$337 million, North America, down 6 per cent to \$588 million, and Europe, down 4 per cent to \$683 million.

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Figure 3: Value of exports by destination region



The top five markets by value were:

- UK, down 2 per cent to \$449 million,
- USA, down 4 per cent to \$416 million,
- Hong Kong, up 24 per cent to \$184 million,
- Canada, down 13 per cent to \$171 million, and
- Singapore, up 96 per cent to \$168 million.

The top five markets by volume are:

- UK, down 6 per cent to 246 million litres,
- USA, down 5 per cent to 127 million litres,
- Canada, down 7 per cent to 51 million litres,
- Germany, down 8 per cent to 34 million litres, and
- New Zealand, up 6 per cent to 33 million litres.

Europe

United Kingdom

The UK is the number one destination for Australian wine exports in value and volume. In the 12 months ended March 2022, exports to the UK decreased by 2 per cent in value to \$449 million and 6 per cent in volume to 246 million litres (27 million 9-litre case equivalents). Average value increased by 4 per cent to \$1.83 per litre.

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A decline in export value below \$5 per litre slightly outweighed growth above \$5 per litre for the period (see Figure 4). Exports below \$5 per litre fell by 9 per cent to \$357 million while exports at \$5 or more per litre increased by 36 per cent to \$92 million. The strongest rates of growth came at \$10 to \$19.99 per litre, up 51 per cent to \$21 million. It is the highest value in this segment in this 12-month period since 2009. The number of companies exporting in this price point to the UK increased from 236 in 2021 to 248 in 2022.

Despite the challenges, the Australian wine category is performing relatively well in the UK wine market. As the on-trade sector has re-opened, there has been a decline in sales in the off-trade market. According to IRI, in the 12 months ended 26 March 2022, the value of sales in the off-trade declined by 8 per cent, but Australian sales declined by only 3 per cent. Australia remains the number category in the UK off-trade. In the Supermarket segment, the value of Australian wine sales increased by 1 per cent while total sales declined by 6 per cent. In comparison, according to CGA, in the 12 months ended 1 January 2022, the value of still wine sales in the UK on-trade increased by 28 per cent. Australia is ranked third in the on-trade market by value and sales increased by 19 per cent.

Figure 4: Exports to the UK by price segment (million AUD FOB)

Price segment (A\$/litre)	MAT March 2022	Value change	Growth rate
\$2.49 and under	\$254	-\$21	-8%
\$2.50 to \$4.99	\$103	-\$14	-12%
\$5.00 to \$7.49	\$34	\$6.5	24%
\$7.50 to \$9.99	\$23	\$7.1	46%
\$10.00 to \$14.99	\$16	\$5.2	48%
\$15.00 to \$19.99	\$4.4	\$1.7	63%
\$20.00 to \$29.99	\$6	\$2.5	75%
\$30.00 to \$49.99	\$4.6	\$0.7	19%
\$50.00 to \$99.99	\$2.8	\$0.9	46%
\$100.00 to \$199.99	\$0.9	-\$0.1	-9%
\$200.00 and over	\$0.7	-\$0.2	-23%
Total value	\$449	-\$11	-2%

Other Europe

Excluding the UK, exports to Europe declined by 6 per cent in value to \$233 million and 7 per cent in volume to 104 million litres. The markets contributing most to this decline were Germany, down 12 per cent to \$49 million, and the Netherlands, down 24 per cent to \$31 million, and Sweden, down 12 per cent to \$21 million (see Figure 5). In each of the three markets, a decline at below \$5 per litre offset solid growth at \$7.50 or more per litre. Partially offsetting the overall decline in Europe were exports to Denmark, up 13 per cent to \$40 million, Norway, up 2 per cent to \$8 million, and Poland, up 71 per cent to \$7 million. In Denmark, there was growth across all price points, but growth was strongest at \$5 or more per litre. In Norway, a decline at below \$5 per litre was more than offset by growth at \$5 or more per litre. In Poland, there was very strong growth across all price points.

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Figure 5: Exports to Europe (excluding UK) by market

	Value		Volume	
	A\$ million	% change	Litres million	% change
Germany	49	-12%	34	-8%
Denmark	40	13%	21	11%
Netherlands	31	-24%	10	-34%
Sweden	21	-12%	5	-17%
Belgium	18	-1%	9	6%
France	16	-5%	10	5%
Ireland	11	-16%	3	-24%
Finland	11	-20%	4	-22%
Norway	8	2%	3	-9%
Poland	7	71%	2	56%
Other	23	9%	5	0%
Total	233	-6%	104	-7%

North America

United States

The US is the second ranked destination for Australian wine exports by value and volume. In the 12 months ended March 2022, exports to the US declined 4 per cent in value to \$416 million and 5 per cent in volume to 127 million litres (14 million 9-litre case equivalents). Average value increased by 2 per cent to \$3.26 per litre.

Just over three-quarters of the value shipped to the US was at below \$5 per litre, but exports declined by 10 per cent to \$325 million. In contrast there was strong growth in the price points at \$5 or more per litre (see Figure 6). Growth was particularly strong at \$10 or more per litre, up 37 per cent to \$53 million. This is the highest value in this price point in this time period since 2009. An additional 27 companies exported in this price segment compared to the previous year, taking the number to 233. There are now more than 100 additional companies exporting to the US in this price point compared to a decade ago.

Figure 6: Exports to the US by price segment (million AUD FOB)

Price segment (A\$/litre)	MAT March 2022	Value change	Growth rate
\$2.49 and under	\$64	-\$4	-6%
\$2.50 to \$4.99	\$261	-\$34	-11%
\$5.00 to \$7.49	\$26	\$4.6	21%
\$7.50 to \$9.99	\$12	\$2.9	31%
\$10.00 to \$14.99	\$23	\$7.5	48%
\$15.00 to \$19.99	\$7.5	\$3.0	68%
\$20.00 to \$29.99	\$11	\$0.3	2%
\$30.00 to \$49.99	\$5.8	\$2.0	51%
\$50.00 to \$99.99	\$2.9	\$0.8	38%
\$100.00 to \$199.99	\$1.7	\$0.4	37%
\$200.00 and over	\$0.4	\$0.2	68%
Total value	\$416	-\$16	-4%

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Canada

Canada is the third biggest destination for Australian wine by volume and fourth by value. In the 12 months ended March 2022, Australian wine exports to Canada decreased by 13 per cent in value to \$171 million and 7 per cent in volume to 51 million litres (5.6 million 9-litre case equivalents). Average value declined by 6 per cent to \$3.37 per litre.

A decline in exports below \$10 per litre more than offset growth at \$10 or more per litre (see Figure 7). The biggest declines in value came at \$5.00 to \$7.49 per litre and \$2.50 to \$4.99 per litre. Exports at \$10 or more per litre increased by 8 per cent to \$26 million, the highest for this time period since 2011.

Figure 7: Exports to Canada by price segment (million AUD FOB)

Price segment (A\$/litre)	MAT March 2022	Value change	Growth rate
\$2.49 and under	\$30	-\$3	-9%
\$2.50 to \$4.99	\$32	-\$10	-24%
\$5.00 to \$7.49	\$65	-\$11	-14%
\$7.50 to \$9.99	\$17	-\$3	-14%
\$10.00 to \$14.99	\$20	\$0.3	2%
\$15.00 to \$19.99	\$2.1	\$0.3	14%
\$20.00 to \$29.99	\$1	\$0.2	19%
\$30.00 to \$49.99	\$1.7	\$0.8	90%
\$50.00 to \$99.99	\$0.7	\$0.2	46%
\$100.00 to \$199.99	\$0.3	\$0.1	87%
\$200.00 and over	\$0.1	\$0.0	46%
Total value	\$171	-\$24	-13%

Northeast Asia

Aside from mainland China, all other markets in Northeast Asia saw increased exports in the 12 months ended March 2022 (see Figure 8). Hong Kong is by far the largest destination in the region by value, and exports increased by 24 per cent to \$184 million. After declining by 13 per cent in the previous year, the value of exports to Japan rebounded strongly, up 15 per cent to \$51 million with strong growth at \$2.50 to \$4.99 per litre and at \$10 or more per litre. Japan is the biggest destination for Australian wine in the region by volume, with its lower value ranking due to unpackaged wine accounting for a third of the volume shipped to the country.

Exports to South Korea and Taiwan increased by similar rates (almost 30 per cent) with the \$10 or more per litre price segment driving growth to each destination. The price segment accounts almost half the value of exports to South Korea and almost 60 per cent to Taiwan.

There is still a small number of shipments departing for mainland China, with more than 80 per cent of this volume in bulk containers.

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Figure 8: Exports to Northeast Asia by market

	Value		Volume	
	A\$ million	% change	Litres million	% change
Hong Kong	184	24%	8	3%
Japan	51	15%	14	9%
South Korea	45	28%	5	8%
Taiwan	28	29%	3	8%
China mainland	24	-97%	6	-93%
Macau	5	1903%	0	813%
Total	337	-70%	36	-66%

Southeast Asia

There were mostly positive results in Southeast Asia as well (see Figure 9). The growth driver was Singapore, almost doubling in value to \$168 million. Singapore is now the fourth biggest destination for Australian wine exports by value. It is important to note that Singapore is a major trading hub within Asia due to its proximity and access to other destinations in the region. With wine taxes and accessibility less stringent than in other nearby countries, traders can take advantage of the hundreds of bonded warehouses that can store wine with excise taxes and GST suspended until they're removed from the warehouse for sale or consumption.

Other strong performances were to Thailand, up 85 per cent to a record \$38 million, Philippines, up 74 per cent to \$12 million, and Vietnam, up 82 per cent to \$7 million. Tourism is vital to the economy and wine markets in these countries and thus as travel has opened up, exports are benefitting.

Figure 9: Exports to Southeast Asia by market

	Value		Volume	
	A\$ million	% change	Litres million	% change
Singapore	168	96%	8.2	41%
Malaysia	40	4%	3.2	24%
Thailand	38	85%	3.8	25%
Indonesia	14	-7%	0.7	17%
Philippines	12	74%	2.2	64%
Vietnam	7.0	82%	0.7	54%
Cambodia	1.8	23%	0.2	20%
Myanmar	0.1	-36%	0.0	45%
Timor-Leste	0.1	-71%	0.0	-74%
Laos	0.1	-73%	0.0	-80%
Total	281	63%	19	35%

Additional export data can be accessed through the [Export Dashboard](#).