# Wine Australia

## Media release

**Thursday 19 October 2017**

### Australian wine businesses capture growing export opportunities

Wine Australia's Export Report released today shows that, in the 12 months ended 30 September 2017, Australian wine exports continued to grow strongly in both volume and value. Export value grew 13 per cent to $2.44 billion and volume grew by 9 per cent to 799 million litres.

The average value of bottled exports increased by 1 per cent to $5.53 per litre and the average value of bulk exports increased by 3 per cent to $1.00 per litre, underpinning 4 per cent growth in the average value of all exports to $3.06 per litre free on board (FOB), the highest value since the same period in 2009.

'Established and new-to-market exporters are sharing in this strong export growth', said Andreas Clark, CEO of Wine Australia. There were a record 2102 active exporters in the period, up from 1744 exporters in the same period in 2016. Of these, 1475 exporters experienced a growth in exports of 28 per cent ($451 million) to $2 billion.

'Pleasingly, there was growth across almost all price points (see Figure 1). Segments experiencing stronger growth included:

- entry level and commercial wines priced at $2.49 per litre FOB and under, which grew at 22 per cent to $505 million
- premium wines priced above $10 per litre FOB, which grew by 23 per cent to a record $672 million.

'This growth reflects increasing demand for premium Australian wines in most regions around the world, where consumers are trading up to higher value products across a range of categories.

*Figure 1: Exports of wine by price segment*

| Price segment (A$/litre) | Value 2017 | Added value | Growth rate |
|---|---|---|---|
| $2.49 and under | $505 | $92 | 22% |
| $2.50 to $4.99 | $805 | $21 | 3% |
| $5.00 to $7.49 | $313 | $34 | 12% |
| $7.50 to $9.99 | $147 | $4 | 3% |
| $10.00 to $14.99 | $191 | $28 | 17% |
| $15.00 to $19.99 | $82 | -$1 | -1% |
| $20.00 to $29.99 | $108 | $30 | 39% |
| $30.00 to $49.99 | $84 | $35 | 69% |
| $50.00 to $99.99 | $146 | $16 | 13% |
| $100.00 to $199.99 | $15 | $3 | 30% |
| $200.00 + | $46 | $15 | 47% |
| Total | $2,442 | $276 | 13% |

Australian premium sales are also growing in the domestic retail market. According to IRI MarketEdge Liquor the value of Australian wine sales in the domestic retail market at $10 or more per bottle increased by 7 per cent compared to a 0.3 per cent decline at below $10 per bottle in the 12 months ended 3 September 2017.

Red wine continues to dominate exports, contributing 74 per cent of export value. Red wine is also the standout growth category for table wine, growing by 16 per cent to $1.8 billion. Exports of white wine also grew but at a much lower rate of 2 per cent to $546 million.

IRI MarketEdge Liquor data also shows that red wine is outperforming white wine in the domestic market. The value of red bottled wines sales increased by 7 per cent while white bottled sales increased by 2 per cent.

**Destinations**

Exports to all regions recorded growth, with the strongest growth driven by exports to Northeast Asia, which increased by $248 million (36 per cent) to a record $926 million. Exports to:

- Southeast Asia grew by $10 million (6 per cent) to $162 million
- Europe grew by $8 million (1 per cent) to $578 million
- North America grew by $7 million (1 per cent) to $646 million, and
- the Middle East grew by $1 million (6 per cent) to $21 million.

*Figure 2: Value growth by region*
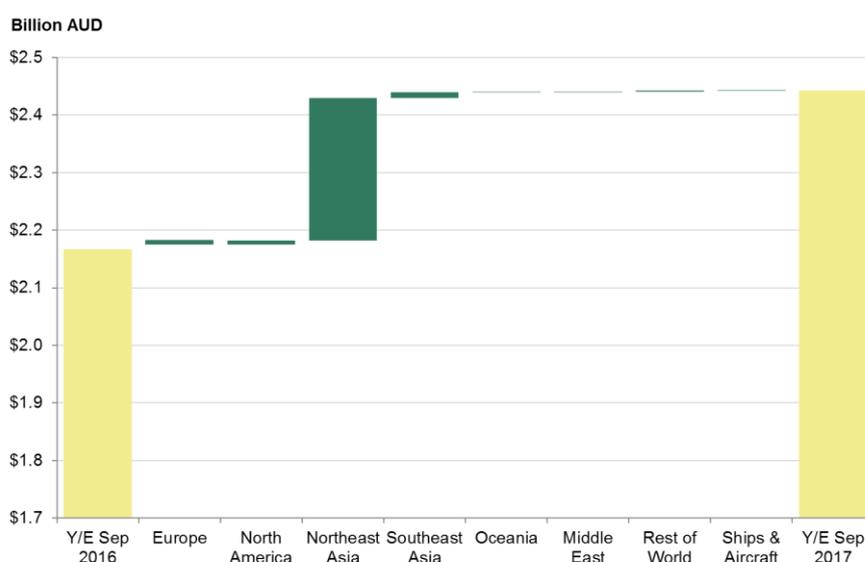


In the period, Australia exported wine to 124 countries and the value of exports increased in 82.

Australia's five largest markets account for 76 per cent of the value of Australian exports. The top five markets by value were:
- mainland China (30 per cent share of export value)
- the United States (19 per cent share)
- the United Kingdom (14 per cent share)
- Canada (8 per cent share), and
- Hong Kong (5 per cent share).

Exceptional growth to mainland China continued, with the value of exports up 56 per cent to a record $739 million. Growing consumer demand contributed to this strong growth, as have some changed business practices. The reduced tariffs through the China–Australia Free Trade Agreement has seen exporters now shipping directly to mainland China instead of Hong Kong. Also, as logistics and route-to-market practices evolve, some products are being sent earlier to market.

The number of shipments that departed Australia in September 2017 was 7.6 per cent higher than in September 2016 and the average growth in the number of shipments for this calendar year is 7.8 per cent. In September 2017, Wine Australia issued 500 more import certificates than in September 2016.

Australia's top five markets by volume were:
- the United Kingdom (28 per cent share of export volume)
- the United States (23 per cent share)
- mainland China (17 per cent share)
- Canada (8 per cent share), and
- Germany (5 per cent share).

It is important to note that 80 per cent of wine exported to the United Kingdom and Germany was shipped in bulk containers. This has a significant impact on the reported FOB values that are used in Wine Australia's Export Report as the value of packaging is not included in the FOB values as it is with products packaged in Australia.

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# Wine Australia

# Export report

## MAT to September 2017

### Total exports

## $2.44 billion

## ⬆ 13%

| Volume | 799 million litres | ⬆ 9% |
|---|---|---|
| Average value | $3.06/litre | ⬆ 4% |

### Value of the top 5 export markets

## Greater China ⬆ 42%
**(China, Hong Kong and Macau)**

| | Market | Value | | Change |
|---|---|---|---|---|
| 🇨🇳 | Greater China | $853m | ⬆ | 42% |
| 🇺🇸 | United States | $461m | ⬆ | 3% |
| 🇬🇧 | United Kingdom | $349m | ⬇ | -3% |
| 🇨🇦 | Canada | $184m | ⬇ | -3% |
| 🇳🇿 | New Zealand | $75m | ⬇ | -1% |

### Exports by price point above $10

| ⬆ 17% | ⬇ -1% | ⬆ 39% | ⬆ 69% | ⬆ 13% | ⬆ 30% | ⬆ 47% |
|---|---|---|---|---|---|---|
| $10-14.99 | $15-19.99 | $20-29.99 | $30-49.99 | $50-99.99 | $100-199.99 | $200+ |
| $191m | $82m | $108m | $84m | $146m | $15m | $46m |

### Top 5 exported varieties by label claim

| $574m | $320m | $181m | $156m | $111m |
|---|---|---|---|---|
| Shiraz | Cabernet Sauvignon | Chardonnay | Shiraz / Cab Sauv | Merlot |
| ⬆ 17% | ⬆ 16% | ⬆ 10% | ⬆ 33% | ⬆ 14% |