

# Wine Australia

## Media Release

04 August 2020

### Australian wine exports holding up well

In 2019–20, the average value of Australian wine exports grew to \$3.89 per litre free on board (FOB), the highest level since 2004–05.

However, the total value of exports decreased by 1 per cent in value to \$2.84 billion, as a result of measures to contain COVID-19.

Wine Australia Chief Executive Officer Andreas Clark said exports during the first two quarters of the year were following the growth trajectory of previous years but, as illustrated in Figure 1, they fell in the latter two quarters as the restrictions hit economies world-wide.

'The advent of the COVID-19 pandemic has resulted in unprecedented disruption to wine markets around the world with the closure of restaurants, cafes and bars', Mr Clark said.

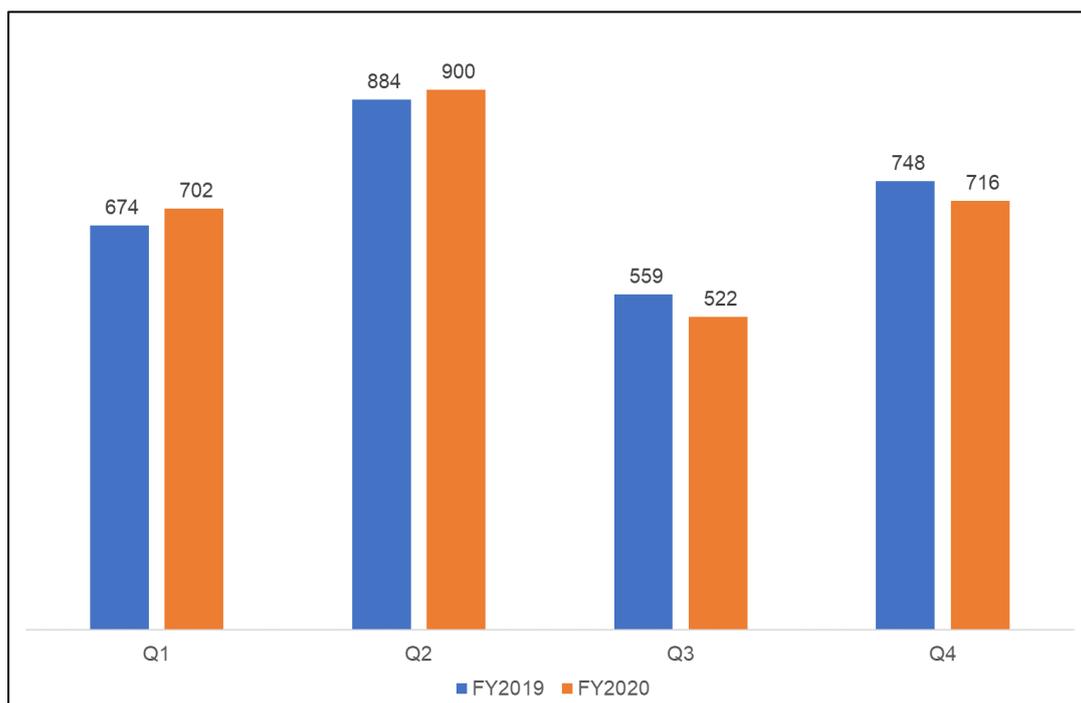
'While the first two quarters of 2019–20 showed increases in exports, in the third quarter ending March 2020, exports declined 7 per cent in value on the comparable quarter in the previous year, while the fourth quarter was slightly stronger with a decline in exports of 4 per cent in value.'

Mr Clark said there remained considerable uncertainty surrounding the extent, duration and impact of the COVID-19 pandemic in health and economic terms. However, there were some clear trends emerging in key markets in relation to wine sales.

'Overall, demand for wine and wine consumption has held up in most markets around the world', he said.

'The biggest impact has been on how consumers have purchased wine, with the shutdown of the on-premise channel [cafés, restaurants and hotels] and a shift to purchasing more wine online. In the off-trade channel [retail liquor sales], there has been growth across all price points, with the trend to premium and fine wine continuing however, the trend for declining commercial/value sales has reversed, with people gravitating to known brands and everyday rather than occasion wines.'

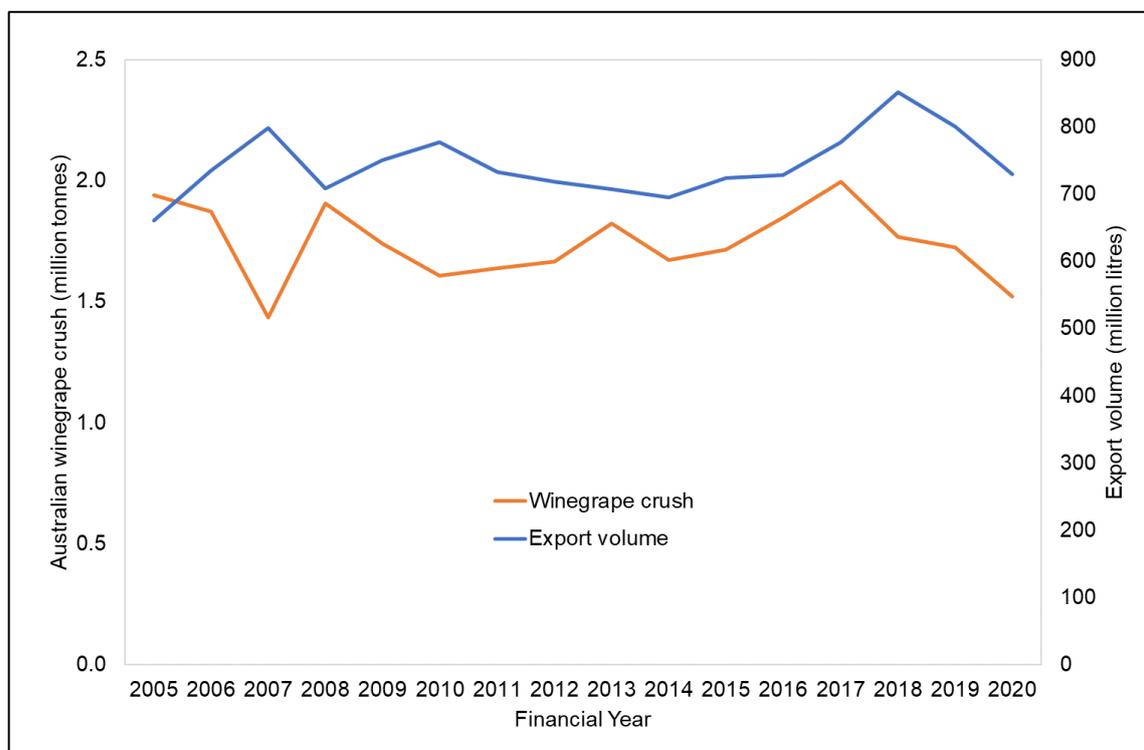
Figure 1: Value of exports by quarter (million AUD) – FY2019 v FY2020



The growth in average value was driven by declines in export volumes, which decreased by 9 per cent to 730 million litres (81 million 9-litre case equivalents), the decline led by wine exports in the lower price segments. The decline in volume is result of less wine being available for export given the lower vintages of 2018, 2019 and 2020 as illustrated in Figure 2.

Mr Clark said that, as the 2020 vintage was the smallest Australia had experienced in a decade, the decline in export volumes was principally driven by supply shortage rather than softening demand.

Figure 2: Australian winegrape crush v export volume over time



### Packaged and unpackaged wine

Glass bottle exports declined by 0.4 per cent in value to \$2.3 billion and decreased by 8 per cent in volume to 325 million litres (36 million 9-litre case equivalents). This translated to an 8 per cent increase in the average value of bottled exports to \$7.08 per litre FOB. This rise in average value is due to an increase in exports at the high end of the price spectrum (see price point section below).

Unpackaged wine exports decreased by 3 per cent in value to \$518 million and 10 per cent in volume to 397 million litres (44 million 9-litre case equivalents). Due to the volume decline outpacing value decline, the average value of unpackaged wine exports increased by 8 per cent to \$1.31 per litre FOB. The average value of unpackaged exports has remained high and is at levels not seen since late 2005 due to the relative short supply of Australian wine in an already constrained global supply situation.

### Price segments

In 2019–20, all price segments below \$15 per litre FOB declined in value (see Figure 3). This decline was partially offset by strong growth in exports at \$50 or more per litre FOB.

Overall, exports \$10 per litre FOB and above grew by 5 per cent to \$1.04 billion.

Figure 3 Total exports by price segment (\$ million FOB)

Price segment (A\$/litre)	MAT June 2020	Value change	Growth rate
\$2.49 and under	\$484	-\$27	-5%
\$2.50 to \$4.99	\$794	-\$28	-3%
\$5.00 to \$7.49	\$376	-\$7	-2%
\$7.50 to \$9.99	\$151	-\$15	-9%
\$10.00 to \$14.99	\$227	-\$36	-14%
\$15.00 to \$19.99	\$82	\$3	4%
\$20.00 to \$29.99	\$194	-\$50	-20%
\$30.00 to \$49.99	\$124	\$0	-0.2%
\$50.00 to \$99.99	\$292	\$109	59%
\$100.00 to \$199.99	\$59	\$15	35%
\$200.00 and over	\$58	\$10	22%
<b>Total value</b>	<b>\$2,840</b>	<b>-\$25</b>	<b>-1%</b>

### Destinations

In the past year, Australian exporters shipped wine to 116 destinations. Exports increased in value to Europe (by 3 per cent to \$615 million) and South East Asia (by 0.3 per cent to \$181 million).

The value shipped to Europe was the highest since 2011–12, while shipments to South East Asia represent a financial-year record. The United Kingdom, Germany and Scandinavia drove growth to Europe, while Singapore and Indonesia were the key drivers behind the growth to South East Asia.

The top five destinations by value were:

- mainland China, up 0.7 per cent to \$1.1 billion
- United States of America (USA), down 0.4 per cent to \$430 million
- United Kingdom (UK), up 3 per cent to \$383 million
- Canada, down 6 per cent to \$186 million, and
- Singapore, up 13 per cent to \$98 million.

### Mainland China

Exports to mainland China increased by 0.7 per cent in value to \$1.1 billion and decreased by 17 per cent in volume to 121 million litres (13 million 9-litre case equivalents). Average value increased by 22 per cent to \$9.07 per litre FOB.

The growth in the average value was due to on-going growth in exports at higher price points as well as a decline at the low-end. Exports at \$10 or more per litre FOB increased by 11 per cent to \$670 million, while those at less than \$5 per litre FOB declined by 18 per cent to \$211 million.

Despite the recent decline in value, Australia remains the number one imported wine category in mainland China and has performed better than its key competitors in the last year. Import data from the Global Trade Atlas shows that Australia held a 37 per cent share of the value of wine imported by mainland China in the 12 months ended May 2020, well ahead of France on 27 per cent, Chile with 13 per cent and Italy with 6 per cent. While Australian exports increased, French imports fell by 36 per cent, Chile by 26 per cent and Italy by 12 per cent.

### United States of America

In 2019–20, the value of exports to the United States of America declined by 0.4 per cent to \$430 million and volume declined by 10 per cent to 137 million litres (15 million 9-litre case equivalents). The average value increased by 11 per cent to \$3.13 per litre FOB.

COVID-19 and restrictions on hospitality venues and the growth in retail sales appear to have assisted Australian wine sales with the value of exports stabilising in the third quarter before increasing by 14 per cent in the fourth quarter.

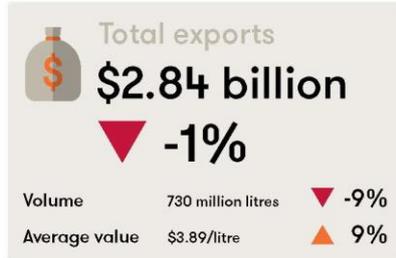
### United Kingdom

In 2019–20, Australian wine exports to the UK increased by 3 per cent in value to \$383 million, despite a 2 per cent reduction in volume to 232 million litres (26 million 9-litre case equivalents). Average value increased by 5 per cent to \$1.65 per litre FOB.

There was growth at both low and higher price points.

# Wine Australia Export report

1 Jul 2019 to 30 Jun 2020



**Value of exports to the top 10 markets**

China inc. HK and Macau	\$1.2b	-1%
United States	\$430m	-0.4%
United Kingdom	\$383m	3%
Canada	\$186m	-6%
Singapore	\$98m	13%
New Zealand	\$94m	-3%
Germany	\$50m	1%
Japan	\$49m	-3%
Netherlands	\$40m	-9%
Denmark	\$37m	50%

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

United Kingdom	25.8m	-2%
United States	15.3m	-10%
China inc. HK and Macau	14.2m	-17%
Canada	6.0m	-18%
Germany	3.5m	-5%
New Zealand	3.3m	-10%
Denmark	2.2m	57%
Netherlands	1.7m	-20%
Japan	1.6m	-15%
Belgium	0.9m	-21%



[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.

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.