

# Wine Australia

## Media Release

Embargoed to 8am ACST Thursday 29 April 2021

### Australian wine exports resilient despite headwinds

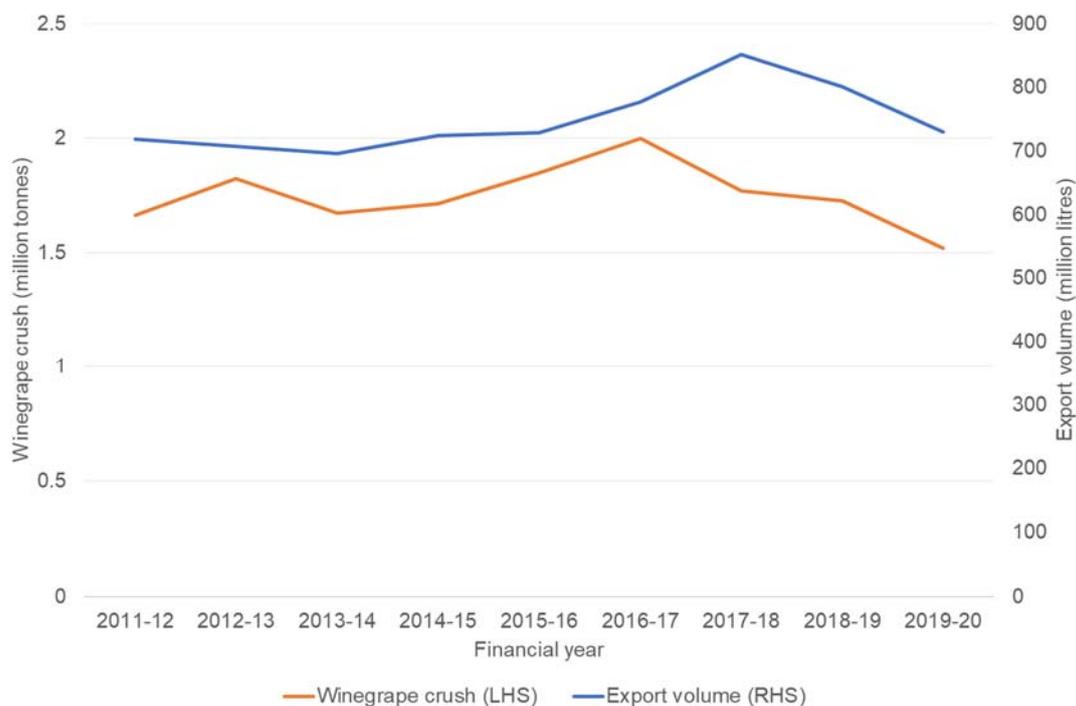
Australian wine exports declined by 4 per cent in value to \$2.77 billion in the 12 months to March 2021, compared with the previous corresponding period, driven principally by the toll taken by high Chinese tariffs<sup>1</sup>, according to Wine Australia's latest Export Report released today.

Export volume declined by 1 per cent to 724 million litres (80 million 9 litre case equivalents) while the average price per litre for wine exports declined by 3 per cent to \$3.82 free on board (FOB).

Wine Australia Chief Executive Officer Andreas Clark said the decline in exports was due principally to a steep decline in exports to mainland China as well as the cumulative effects of three consecutive lower vintage in Australia leading to less volume available to export.

'Notwithstanding the impact of China's tariffs, we were still looking at a potential downturn in exports over this period simply due to the supply situation', Mr Clark said.

Figure 1: Australian winegrape crush and export volume over time

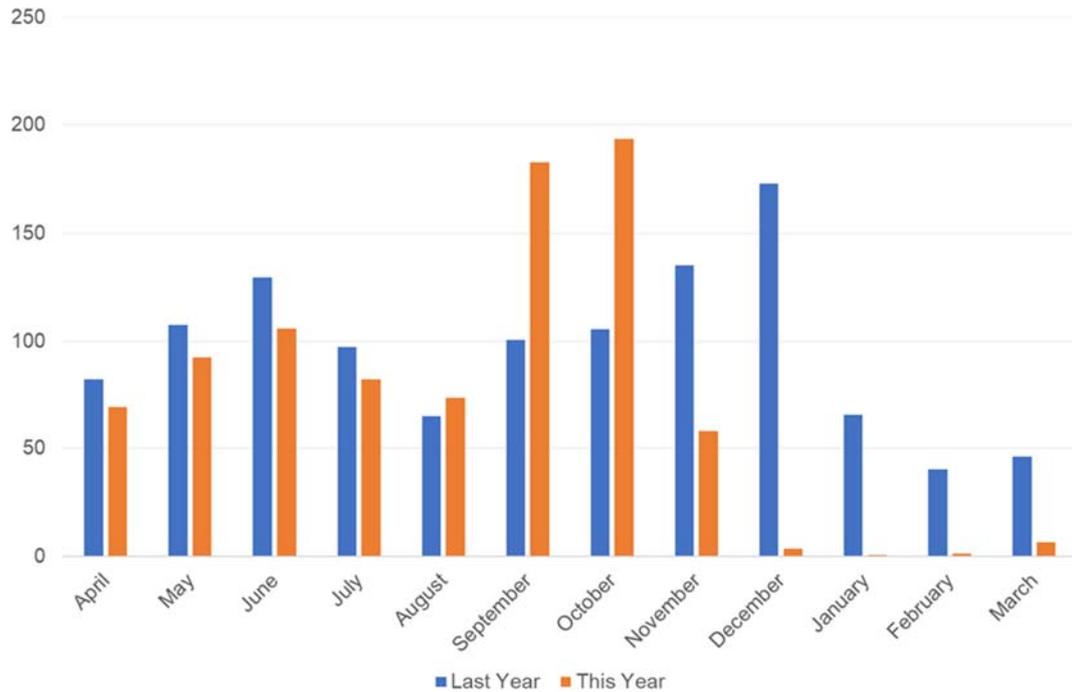


Mr Clark said exports to China for the December 2020 to March 2021 period were just \$12 million compared to \$325 million in the comparable period a year ago.

'As the tariffs apply to product in bottles under 2 litres, the decline in exports to China was mainly in bottled exports. This, along with increased unpackaged shipments to other markets such as the UK, resulted in a drop in the share of bottled exports in the export mix, from 46 per cent of total volume in the 12 months ended March 2020 to 41 per cent in the same period in 2021. This led to the decline in the overall average value of exports.'

<sup>1</sup> China's Ministry of Commerce (MofCom) announced Anti-Dumping and Countervailing Duty investigations in August 2020. It announced final determinations on 26 March 2021 upholding the preliminary findings for both investigations (dumping, subsidisation, injury to domestic industry announced in November) and imposed countervailing duties of 6.3–6.4 per cent and anti-dumping tariffs of between 116.2 per cent and 218.4 per cent (varying by company). The tariffs are marginally higher than the preliminary duties imposed on 28 November and apply for five years from 28 March 2021.

Figure 2: Value of exports to mainland China in past 12 months (\$million FOB)

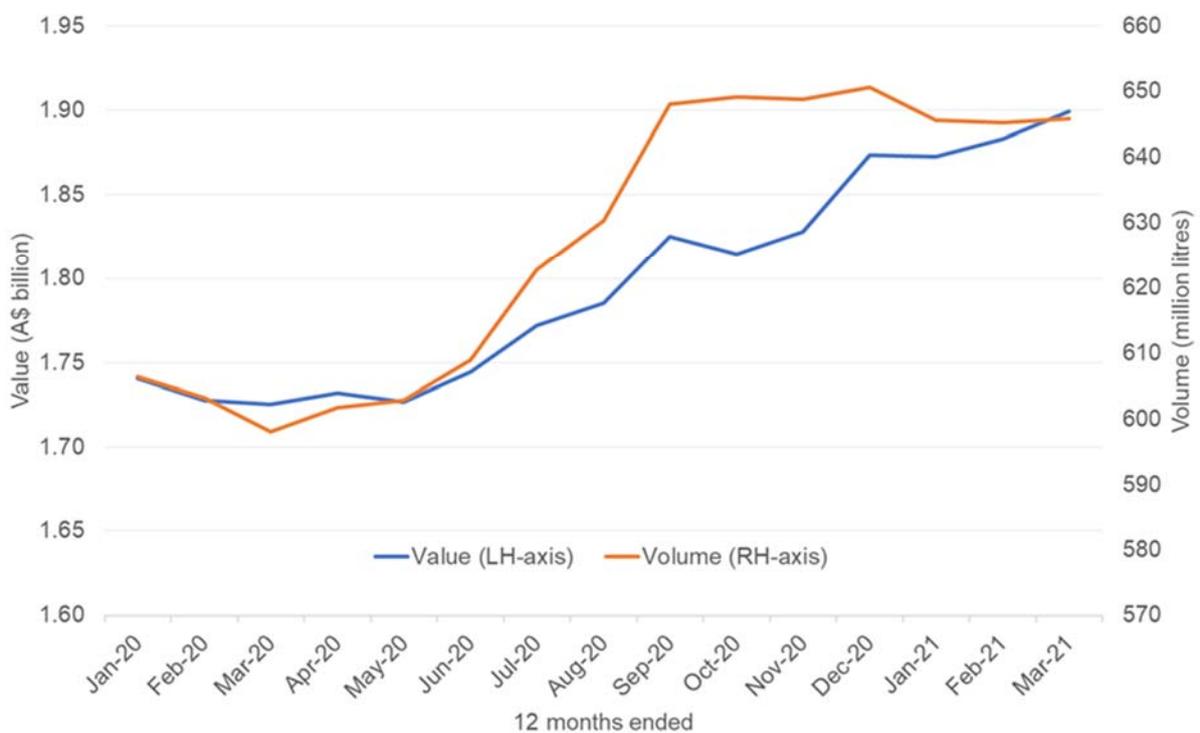


Mr Clark said on a more positive note there had been significant growth in exports to Europe (including the UK), which was up 23 per cent to \$710 million, the highest value in a decade.

‘There was also growth to North America, up 5 per cent to \$628 million, and Oceania, up 7 per cent to \$112 million.’

Mr Clark said if exports to mainland China were excluded for the past 12 months there had been positive growth in export value with a 10 per cent growth to \$1.9 billion and 8 per cent in volume to 646 million litres (71.8 million cases).

Figure 3: Value and volume of Australian exports (excluding mainland China) over time



## Destinations

The top five markets by value are:

- Mainland China, down 24 per cent to \$869 million
- United Kingdom (UK), up 33 per cent to \$461 million
- United States of America (USA), up 4 per cent to \$432 million
- Canada, up 9 per cent to \$195 million, and
- Hong Kong, up 55 per cent to \$148 million.

The top five destinations by volume were:

- UK, up 21 per cent to 264 million litres
- USA, down 1 per cent to 135 million litres
- Mainland China, down 40 per cent to 78 million litres
- Canada, up 4 per cent to 54 million litres, and
- Germany, up 22 per cent to 36 million litres.

### *United Kingdom*

The recent strong growth in exports to the UK continued in the 12 months ended March 2021. Value increased by 33 per cent to \$461 million and volume by 21 per cent to 264 million litres (29.3 million 9-litre case equivalents). This extended the UK's lead as the biggest destination for Australian wine exports by volume and saw it jump over the USA into second place by value. The average value received for Australian wine in the UK increased by 10 per cent to \$1.75 per litre, the highest level in a decade.

### *United States of America*

Despite a volume decline of 1 per cent, the value of exports to the USA increased by 4 per cent in the 12 months ended March 2021 to \$432 million. The average value increased by 5 per cent to \$3.21 per litre.

The main driver of growth was between \$2.50–\$4.99 per litre. Within this segment, the growth was relatively evenly split between red and white still wine, with red up 10 per cent to \$145 million and white up 11 per cent to \$136 million.

There was also very strong growth at \$20.00–\$29.99 per litre. More than 90 per cent of shipments in this segment were red wine and have doubled in the past five years.

## Container type

In the past 12 months, the value of wine exported in glass bottles decreased by 8 per cent to \$2.2 billion while volume decreased by 10 per cent to 299 million litres (33 million 9-litre case equivalents). This translated to a 2 per cent increase in the average value of bottled exports to \$7.26 per litre FOB.

Unpackaged wine exports increased by 18 per cent in value to \$577 million and increased 8 per cent in volume to 418 million litres (46 million 9-litre case equivalents). The average price of unpackaged wine increased by 9 per cent to \$1.38 per litre FOB.

[Ends]

### *Definitions:*

- *FOB is the 'free on board' value of the wine, where the point of valuation is where the goods are placed on board the international carrier, at the border of the exporting country. The FOB value includes production and other costs up until placement on the international carrier but excludes international insurance and transport costs.*
- *All values are expressed in Australian dollars unless specified otherwise.*

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### **For further information please contact:**

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# Wine Australia Export report

1 Apr 2020 to 31 Mar 2021



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

Country	Value	% Change
China inc. HK and Macau	\$1.02b	▼ -18%
United Kingdom	\$461m	▲ 33%
United States	\$432m	▲ 4%
Canada	\$195m	▲ 9%
New Zealand	\$104m	▲ 10%
Singapore	\$86m	▼ -17%
Germany	\$56m	▲ 19%
Japan	\$44m	▼ -13%
Netherlands	\$40m	▼ -2%
Malaysia	\$38m	▼ -4%

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

Country	Volume	% Change
United Kingdom	29.3m	▲ 21%
United States	15.0m	▼ -1%
China inc. HK and Macau	9.6m	▼ -37%
Canada	6.0m	▲ 4%
Germany	4.0m	▲ 22%
New Zealand	3.4m	▲ 3%
Denmark	2.1m	▲ 5%
Netherlands	1.7m	▼ -6%
Japan	1.4m	▼ -19%
France	1.0m	▲ 27%



## 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.