

Wine Australia

Media Release

16 April 2020 Embargoed until 8 am ACST

Wine export figures positive but full COVID impact yet to come

The value of Australian wine exports continued to grow in the 12 months to 31 March 2020, but Wine Australia reports that the full impact of COVID-19 on exports is still to come.

Wine Australia Chief Executive Officer Andreas Clark said total export value increased by 3 per cent over the previous 12 months to \$2.87 billion with a record average value for bottled exports of \$7.12 per litre free on board (FOB). Over the same period, total export volume declined by 11 per cent to 728 million litres (81 million 9-litre case equivalents) as there is now less wine available due to lower vintages in 2018 and 2019. Although not yet complete, it is clear that vintage 2020 is delivering exceptional quality fruit but yields are down so we anticipate that inventories will continue to be depleted.

Pleasingly, the average value of Australia's unpackaged wine exports increased by 5 per cent to \$1.26 per litre – levels not seen since late 2005. This reflects the continued demand for Australian wine even in a more competitive bulk wine market and this is flowing through to increased returns for grapegrowers in the critically important inland regions of the Riverland, Murray Valley and Riverina.

Mr Clark warned that the COVID-19 pandemic would take a toll on exports, but due to the patterns traditionally seen in wine exports and with the situation evolving on a daily basis in major markets such as the United Kingdom and the United States of America it was too early to get an accurate picture.

Mr Clark said the first quarter of each calendar year was historically the quietest in terms of exports, but the slowdown was significantly steeper in the first quarter of 2020.

'We saw total export value for the quarter ended 31 March 2020 decline by 7 per cent compared with the same quarter in the previous year, principally driven by declines in exports to mainland China. Australian export value in the month of March 2020 to China was 43 per cent lower than March 2019 and 14 per cent lower than the same quarter in 2019.

'It is too early to tell what the effect of the subsequent world-wide spread of the virus has had, and will have, on exports to other destinations.

'Sales data from the UK and USA suggests that while cafes and restaurants have closed and sales have been lost, it's been offset by people buying more wine for at home consumption.'

Mr Clark said according to IRI Worldwide, wine sales in grocery and mass merchandisers in the USA grew by 52 per cent in the week ending 21 March 2020.

'There are reports that Australian wine is keeping its share amidst this growth in both the off-trade and online. We will have to see how things go when stockpiling calms down', he said.

'The UK and Australia went through similar surges and then calmed down. It remains to be seen if wine sales through off-licence and online balance out the decline in on-premise sales.'

Mr Clark said that, on the upside, Australia remained well positioned in China.

The latest wine import figures from Global Trade Atlas, for the year ended February 2020, show total wine imports to China decreased by 17 per cent in value (USD) and 14 per cent in volume. This decline was driven by French bottled imports, down by 39 per cent in value (see Figure 1). Australia's bottled imports increased by 11 per cent in value and Australia was the only source country not to experience a decline in bottled wine value.

Figure 1: China bottled wine imports; year ended February 2020

	USD million	Change	Share	Million litres	Change	USD/litre	Change
Australia	814.4	11%	39%	116.8	-2%	\$6.97	14%
France	584.2	-39%	28%	127.3	-19%	\$4.59	-24%
Chile	255.7	-8%	12%	67.8	-10%	\$3.77	3%
Italy	128.0	-9%	6%	28.8	0%	\$4.45	-9%
Spain	128.6	-14%	6%	49.8	-9%	\$2.58	-5%
United States	30.4	-52%	1%	5.9	-39%	\$5.17	-21%
Portugal	22.2	-9%	1%	6.5	-13%	\$3.43	4%
South Africa	19.2	-36%	1%	5.8	-33%	\$3.29	-5%
New Zealand	20.3	-27%	1%	2.3	-7%	\$8.89	-22%
Argentina	23.2	-9%	1%	4.4	-14%	\$5.32	5%
Other	82.8		4%	20.3		\$4.07	
Total	2,109.0	-16%		435.6	-11%	\$4.84	-5%

Source: Global Trade Atlas

Packaged and unpackaged wine

Glass bottle exports increased by 7 per cent in value to \$2.37 billion and decreased by 7 per cent in volume to 332 million litres (37 million 9-litre case equivalents). This translated to a 14 per cent increase in the average value of bottled exports to \$7.12 per litre FOB, a record value. This rise in average value is due to an increase in exports at the premium end of the price spectrum.

Unpackaged wine exports decreased by 9 per cent in value to \$490 million and 14 per cent in volume to 388 million litres (43 million 9-litre case equivalents). Due to the volume decline outpacing the value decline, the average value of unpackaged wine exports increased by 5 per cent to \$1.26 per litre FOB.

Price segments

In the year ended March 2020, the largest decrease in value was seen at price segments below \$5 per litre FOB (see Figure 2). On the other hand, exports above \$10 per litre FOB increased by 22 per cent to \$1.08 billion, with the \$50 to \$99.99 segment being the key driver of this value growth.

Figure 2: Total exports by price segment (\$ million FOB)

Price segment (A\$/litre)	MAT March 2020	Value change	Growth rate
\$2.49 and under	\$457	-\$70	-13%
\$2.50 to \$4.99	\$793	-\$36	-4.4%
\$5.00 to \$7.49	\$385	\$12	3.3%
\$7.50 to \$9.99	\$158	-\$7.2	-4.4%
\$10.00 to \$14.99	\$253	\$11	4.7%
\$15.00 to \$19.99	\$87	\$13	17%
\$20.00 to \$29.99	\$211	-\$13	-5.9%
\$30.00 to \$49.99	\$141	\$37	35%
\$50.00 to \$99.99	\$266	\$103	64%
\$100.00 to \$199.99	\$65	\$31	88%
\$200.00 +	\$57	\$12	27%
Total value	\$2,873	\$93	3.4%

Destinations

In the past 12 months, Australian exporters have shipped wine to 119 destinations. Northeast and Southeast Asia continue to be the source of growth for Australian exports, increasing in value by 11 and 19 per cent respectively. All other regions declined.

The top five destinations by value were:

- Mainland China, up 15 per cent to \$1.15 billion
- United States of America, down 2 per cent to \$416 million
- United Kingdom, down 10 per cent to \$347 million

- Canada, down 13 per cent to \$179 million, and
- Singapore, up 20 per cent to \$103 million.

The top five destinations by volume were:

- United Kingdom, down 9 per cent to 219 million litres
- United States of America, down 11 per cent to 136 million litres
- Mainland China, down 11 per cent to 130 million litres
- Canada, down 26 per cent to 52 million litres, and
- New Zealand, down 8 per cent to 30 million litres.

United States of America

In the year ended 31 March 2020, Australian exports to the USA decreased by 2 per cent in value to \$416 million and by 11 per cent in volume to 136 million litres (15.1 million 9-litre case equivalents). Average value increased by 11 per cent to \$3.06 per litre FOB, the highest average value since the year ending August 2009. Quarterly performance was similar to the year ending 2019 results for total value, down by 2 per cent compared to the quarter ending March 2019.

United Kingdom

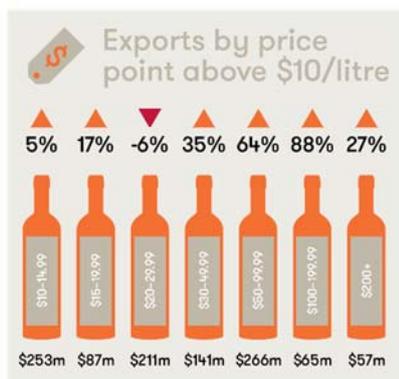
In the year ended 31 March 2020, Australian wine exports to the UK decreased by 10 per cent in value to \$347 million and 9 per cent in volume to 219 million litres (24.3 million 9-litre case equivalents). Average value declined slightly, by 1 per cent, to \$1.59 per litre FOB. Quarterly performance was slightly better than the year ended figures, with value declining by 6 per cent for the quarter ending March 2020.

[Ends]

Wine Australia

Export report

1 Apr 2019 to 31 Mar 2020



Value of exports to the top 10 markets

China inc. HK and Macau	\$1.2b	▲ 13%
United States	\$416m	▼ -2%
United Kingdom	\$347m	▼ -10%
Canada	\$179m	▼ -13%
Singapore	\$103m	▲ 20%
New Zealand	\$94m	▼ -2%
Japan	\$51m	▼ -8%
Germany	\$47m	▼ -10%
Netherlands	\$41m	▼ -5%
Malaysia	\$40m	▲ 23%

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

United Kingdom	24.3m	▼ -9%
China inc. HK and Macau	15.2m	▼ -11%
United States	15.1m	▼ -11%
Canada	5.8m	▼ -26%
New Zealand	3.4m	▼ -8%
Germany	3.3m	▼ -15%
Denmark	2.0m	▲ 58%
Netherlands	1.8m	▼ -16%
Japan	1.7m	▼ -8%
Belgium	1.1m	▼ -3%



Definitions:

- MAT is the Moving Annual Total of exports and refers to the 12 months ending with the nominated month.
- 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 boarder 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.

For further information please contact:

Wine Australia, Corporate Affairs Manager, Anita Poddar
 Phone: +61 417 819 978

Twitter: [@Wine_Australia](https://twitter.com/Wine_Australia)
 Instagram: [@WineAustralia](https://www.instagram.com/WineAustralia)

Email: anita.poddar@wineaustralia.com

Facebook: [WineAustralia](#)
Website: www.wineaustralia.com

About Wine Australia

Wine Australia supports a competitive wine sector by investing in research, development and extension (RD&E), 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&E investments.