Murray Valley Winegrowers

MVW News & Views

www.mvwi.com.au

Representing the Murray-Darling and Swan Hill wine regions NSW-VIC

MARCH 2017

Shiraz streaks ahead

A HIGHLIGHT of the 2016 Australian wine export report was the performance of Shiraz, growing 16 per cent to end the year having earned $513 million. In comparison, Cabernet Sauvignon recorded 12 per cent growth, with sales of $284 million. Merlot was way behind, with sales increasing by just 1 per cent to $98 million.

Of the whites, Pinot Grigio/Gris stood out with sales soaring 28 per cent to $31 million, just behind Sauvignon Blanc on $34 million, 5 per cent more than its 2015 result. Chardonnay, though, retained top spot in the value department, increasing 4 per cent to earn $172 million.

The full 50-page report of Australia's wine export performance can be found at www.mvwi.com.au The cut-down version starts on page 10, but to summarise:

- The value of Australian wine exports grew 7 per cent to $2.2 billion – volume increased by 1 per cent to 750 million litres
- Average value of exports grew by 6 per cent to $2.96/litre – the highest since 2009
- Wine exports priced at $10/litre or more saw the strongest growth, up 19 per cent to a record $574 million
- In the price segments of most relevance to our regions, wine valued at $2.50/litre or less increased in value by 0.2 per cent - in the price bracket $2.50/litre to $4.99/litre, growth was 3 per cent
- Bulk wine exports declined by 2 per cent to $400 million, with the average value dropping by 0.3 per cent to 97 cents/litre
- Exports to Asia, including mainland China, shot up by 19 per cent to $875 million
- Mainland China was the most valuable market in Asia, with exports of $520 million, accounting for 59 per cent of our exports to the region

A buoyant Chinese wine market is fuelling growth in Australian exports…

Greater China – mainland China, Hong Kong, Macao – has been at the centre of the resurgence of Australian wine exports…

The growth into mainland China continued at an extraordinary rate…

Price Watch

JUST two years ago, each of the key red varieties averaged under $300/tonne – Cabernet Sauvignon $295, Merlot $293 and Shiraz $289. The unlamented 2015 vintage was the first in 10 years that the reds had sunk to below $300/tonne. Chardonnay had started its slow climb back, averaging $223, up 3 per cent on the abysmal 2014 average price of $216.

What of 2017? Where do we think prices will settle? Following are the average market prices that were applicable at the time of printing, based on price reports received by MVW. The 2017 Wine Grape Crush Report, published in June/July, will confirm final average prices, and they could differ markedly by season's end.

Variety	2017 $/tonne	2016 average	% difference
Cabernet Sauvignon	**398**	331	+ 20
Chardonnay	**307**	283	+ 8
Colombard	**221**	224	- 1
Gordo	**225**	231	- 2
Merlot	**380**	321	+ 18
Pinot Gris	**490**	485	+ 1
Sauvignon Blanc	**391**	348	+ 10
Semillon	**246**	220	+ 12
Shiraz	**398**	320	+ 24

Prices based on reports of wine company prices in the Murray-Darling & Swan Hill regions, as at March 2

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Good news WET

YEARS of division and conflict ended in December when industry and government reached agreement on the details of changing the rules surrounding the Wine Equalisation Tax rebate scheme.

Proposed changes to the scheme were announced in the May 2016 federal budget. At the time the government indicated that it would consult with industry on the finer detail, a process that continued for most of the following six months. Finally, in December, the government announced that new measures would be introduced to parliament in 2017, to take effect from July 1 next year. In a nutshell, the changes will:

- Limit the rebate to packaged, branded wine in a container not exceeding five litres (putting an end to WET rebate claims on bulk and unbranded wine, which had been associated with allegations of misuse and rorting);
- Restrict claims for WET rebates to producers owning 85 per cent of the grapes being used to make the wine, and maintaining ownership throughout the winemaking process;
- Reduce the rebate cap from $500,000 pa to $350,000 pa, and
- Provide a wine tourism and cellar door grant of up to $100,000 for producers who've reached the rebate cap.

Support initiative

Having taken action to stem rebate rorting, saving itself millions in the process, the government came up with a proposal to spend $50 million on an Export and Regional Wine Support program for the Australian wine industry. A consultant was appointed to develop a business plan, the draft of which was explained in a series of industry briefings in March. The final version is expected to be handed to Assistant Agriculture Minister Anne Ruston by the end of April. MVW Executive Officer Mike Stone said the changes to WET rebate rules would prove beneficial. "Some businesses had been structured specifically to maximise their ability to claim WET rebates," he said. "Such arrangements had contributed to an increase in low-value, bulk wine production which had distorted the winegrape market. With these changes, coupled with an improvement in export sales and tightening of grape supply in Australia, grape prices should increase markedly. After all, growers often have been told by wineries that grape prices would be higher but for the abuse of the WET rebate system. Steps have now been taken to stamp out the abuses, so logically growers should expect higher prices as a consequence."

New IDC

LAST year's successful poll to decide whether the Murray Valley Wine Grape Industry Development Order would function until December 2020 has resulted in the appointment of new members to the Industry Development Committee (IDC).

Victorian Agriculture Minister Jaala Pulford confirmed appointments to the committee after receiving nominations from Murray Valley Winegrowers. Of the committee that served for the term 2012 to 2016, Adrian Thompson was not available to sit again due to career commitments. All other committee members from that period were re-nominated, along with several potential new members. In December, the Minister made these appointments:

Grower members: Jan O'Connor, David Dawes, Tony Mathews (new), John Ward and Selina Wilson (new)

Non-grower members: Rachel McClintock, Graeme Thornton (new)

MVW thanks outgoing members Adrian Thompson, Louise Belej and Andy Murdoch for their commitment and contribution to the work of the IDC. Few growers volunteer their time to advance the work of industry committees, and the IDC members are to be commended for their years' of service.

The first meeting of the new IDC elected Swan Hill grower John Ward as chair. This will be his 13th year in the role.

Murray Valley Winegrowers Inc

iDC

Murray Valley Winegrape Industry Development Committee
www.mvwi.com.au

Murray Valley Winegrowers MVW News & Views

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Published by: Murray Valley Winegrowers Inc
Editor: Mike Stone
Email: mike@mvwi.com.au

Representing winegrape growers in the Murray Valley region within the Shires of Wentworth and Balranald, and Rural Cities of Mildura and Swan Hill.

Murray Valley Winegrowers' Inc
62 Madden Avenue, Mildura 3500
PO Box 2745, Mildura, Victoria 3502
Phone: (03) 5021 3911
www.mvwi.com.au

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IDO projects continue

APPOINTED in July last year, Julian Connellan has resigned as Industry Development Officer to return to his former employer Sugar Research Australia, based in Cairns.
"While his time with us was brief, Julian did some good work in relation to powdery mildew control and caring for vines after a hail event," MVW Executive Officer Mike Stone said. "Both projects will continue, with funding assistance from Wine Australia. "

The project Effective and cost-efficient control of powdery mildew in the Murray Valley will continue under the management of research plant pathologist Peter Magarey. Peter strongly believes there are "significant" opportunities for improving control with fewer fungicide applications. A field event will be held later this year to enable Peter to explain his findings to growers.

The project Pruning winegrape vines following hail events is taking the form of a trial on a vineyard at Pomona that sustained significant damage from hail during last November's Remembrance Day storm. Project leader Dr Bob Emmett is overseeing a trial, which involves monitoring replicated patches that have (a) not been pruned since the hail event, (b) hedged and (c) spur pruned.

A field event will also be held on this property. **Both field events will be widely publicised when details are finalised.**

Since 2001 when MVW employed its first IDO, the wine industry has been subjected to significant upheaval, brought on by a prolonged period of industry recession caused by drought, water restrictions, over-supply and collapsing grape prices. The Murray-Darling and Swan Hill wine regions were hit hard, which has left our industry much smaller than before (see item below). As a consequence, MVW is considering a number of options in relation to the provision of extension services for which the IDO traditionally has had responsibility. This may involve the employment of part-time providers and/or seeking more involvement from wine industry agencies such as the Australian Wine Research Institute (AWRI) and the Australian Grape and Wine Authority (Wine Australia).

Pruned and unpruned vines in the trial on a vineyard at Pomona that was shredded by the November 11 hail storm

Outbreaks of Powdery Mildew this season led to the development of a project that attracted funding from Wine Australia

Survey shows scale of change

THANK YOU to the more than 300 growers in the Murray-Darling and Swan Hill regions who took part in our annual database update survey late last year. Survey forms were sent to all growers in mid-October. Two-hundred-and-eleven responses were received promptly and another 170 growers were contacted by phone in late November/early December. Following are the headline results:

- Grower numbers in the year since the last survey reduced by 41, from 393 to 352, while the net reduction in area planted to wine grapes totalled 982 hectares.
- The net reduction in area planted to wine grapes over the past three years totals 2,498 hectares – 2014: 769 ha (443 growers); 2015: 747 ha (393 growers); 2016: 982 ha (352 growers).
- Of vine removals, Cabernet Sauvignon claimed top spot (120 ha), followed by Shiraz (94 ha) and Chardonnay (84ha).

RURAL FINANCE

NATURAL DISASTER RECOVERY ASSISTANCE VICTORIA – NOVEMBER 2016

MILDURA STORM - CLEAN-UP AND RESTORATION GRANTS

GRANT PURPOSE

The purpose of the grant is to provide financial assistance to primary producers located in the local government area of Mildura Rural City Shire that were impacted by the storm of 11 November 2016. The grant can be used to fund the cost of clean-up and recovery.

GRANT DETAILS

The maximum grant support available under this program is $25,000.

This grant may be used to cover the expenditure involved in clean up and reinstatement of the entity including:

- additional labour costs (above and beyond normal wage expenditure)
- equipment and materials to undertake clean-up.
- disposing of damaged goods
- repairs to buildings (other than housing) and fencing not covered by any other assistance
- salvaging crops, grain and feed
- purchase of fodder (not covered by other assistance)
- reconditioning/repairing essential plant and equipment
- purchase or hire/lease costs for equipment essential to the immediate resumption of operational activities

Compensation for lost income is not an eligible item for grant assistance.

ELIGIBILITY CRITERIA

To be eligible for assistance under the Clean up and Restoration Grant the primary producer must:

- have suffered the direct impact of the 11 November 2016 storm event
- be located in the Mildura Rural City Shire
- have a right or interest in the land property affected by the storm (ownership or lease)
- be classified as a primary producer (refer to definitions)
- be responsible for the cost of storm repairs
- have, or intend to, re-establish the primary production enterprise in the same area.

Lifestyle or hobby farmers are not eligible for support under this program.

Grants are not intended to replace the need for insurance or to provide compensation for loss of revenue. Any grant for clean-up work that is subsequently covered by an insurance claim is to be repaid.

Any applicant found to have provided information of a fraudulent nature may be liable to prosecution and will be required to repay the grant.

The grants are administered by Rural Finance in line with the joint State and Commonwealth Natural Disaster Relief and Recovery Arrangements (NDRRA).

Continued on Page 6

State Government Victoria

Australian Government

Storm grant still open

VICTORIAN growers hit by hail on November 11 last year have until the end of June to lodge applications for a recovery grant. Clean up and restoration grants to a maximum of $25,000 are available to eligible property owners who sustained damage in the Remembrance Day storm. If a grant application already has been lodged and approved, others can be submitted so long as the sum total doesn't exceed $25,000. Providing an application is submitted for approval by June 30, works associated with the claim can be completed later. Eligibility guidelines are explained in the Rural Finance bulletin on page 4 and 6.

As at March 9, 48 applications across the various horticultural sectors had been approved to the value of $356,000. More than 40 winegrape properties in an area of around 1100 hectares sustained damage to varying degrees, so it's likely that more winegrape growers could be eligible.

Hail damage was confined mostly to Lake Cullulleraine, Red Cliffs and Cardross. A large vineyard at Pomona also scored a direct hit, but damage wasn't sufficiently widespread on the NSW side of the border to attract government assistance. The grant to Victorian growers was approved under joint State and Commonwealth Natural Disaster Relief and Recovery Arrangements, following a request to the Prime Minister by the Victorian government.

It is possible that some growers may also be eligible for personal hardship grants and re-establishment grants, but the deadline for applications for these is May 11.

Do not self-asses. Ask for help. Contact Community Recovery Executive Officer Kerryne McClelland on 5018 8614, 0448 811 374 kerryne.mcclelland@mildura.vic.gov.au and/or the Rural Financial Counselling Service on 1300 769 489.

This is the sight that greeted growers immediately after the 'supercell' storm on November 11

Recovery two years on

ALF SAPPUPPO had his vineyard at Gol Gol North wiped out by hail and typhonic wind in November 2014. Since then he has been trialling various methods of getting his vineyard back into shape, which resulted in a story in the June 2016 edition of MVW News & Views. **Contact MVW if you would like to get another copy.**

Alf agreed to speak about his experiences at a growers' briefing session organised by MVW on November 15 last year, just four days after hail again caused monumental damage, and two years' after he'd seen a whole vintage lost to the typhoon that tore through the Wentworth Shire on November 22, 2014.

With MVW, Alf also hosted a vine walk through his vineyards on November 24 last year, showing growers the progress his vines had made since being stripped of foliage less than two months before the start of the 2015 harvest. He explained that he'd experimented with various pruning techniques and fertilisers.

Alf Sapuppo talking to growers at the MVW Vine Walk and Talk, held on November 24 last year, 13 days after hail again caused widespread destruction

DEFINITIONS

Primary Producer
An eligible primary producer is one who:

- is registered as a primary producer with the Australian Tax Office and has an ABN,
- has a right or interest in the land for the purpose of primary production,
- contributes a significant part of his/her labour and capital to the farming enterprise, and under normal business conditions, derives more than 51% of his/her individual income from the farming enterprise and therefore is running a bona-fide commercial scale operation. As a guide it is anticipated that farm turnover would exceed $50,000 per annum under normal business conditions.

Normal Business Conditions
Normal business conditions refers to a year with no adverse climatic conditions (drought/flood/fire) in which average yields/productivity is achieved. Normal year income is based on this productivity and long term average commodity prices.

APPLICATION AND PAYMENT PROCESS

To apply for the grant, a *Mildura Storm (2016) – Grant Application* form will need to be completed and lodged.

The completed application including the signed Statutory Declaration together with:

- supporting documents including photographs and/or other evidence of storm damage, and
- tax invoices and/or receipts to support the expenditure claimed.

Applicants may seek 'In-Principle Approval' before expenditure is committed by lodging the application without tax invoices or receipts. However, these documents must be submitted before any payment is released.

GST is excluded from any grant payment.

Payments are made by direct credit to the applicant's nominated bank account.

Completed form and attachments are to be forwarded to:

Rural Finance
PO Box 1313
Bendigo Central 3552

Applications must be made by **30 June 2017.**

FURTHER INFORMATION

Further information can be obtained via

Ph:	1800 260 425	Email:	industryprograms@ruralfinance.com.au
Fax:	(03) 5441 8901	Website:	www.ruralfinance.com.au

Further financial support to assist primary producers to recover from the storm may be available via a Natural Disaster Concessional Loan. Please refer to the Rural Finance Website for more information.

December 2016

Markets in profile

Wine Australia explores Italy

Italy produces the most wine of any country in the world. The International Organisation of Vine and Wine (OIV) estimates that while Italian wine production fell by 1.2 per cent in 2016 to 4.9 billion litres, this still placed Italy ahead of France (4.2 billion litres) and Spain (3.8 billion litres). In comparison, Australian wine production is one quarter of Italy's (1.2 billion litres).

Between 2001 and 2015, Italian wine production averaged 4.7 billion litres, reaching a peak of 5.4 billion litres in 2006.

Exports account for approximately 40 per cent of Italian wine production (for Australia, the share of exports is 60 per cent). Italy is the world's second largest exporter by volume behind Spain.

In the 12 months ended October 2016, the volume of Italian exports increased by 1.6 per cent to 2 billion litres while value increased by 1.9 per cent to US$6.1 billion (or A$8.2 billion) compared with the previous 12-month period.

The top five markets for Italian exports by volume were:

- Germany (541 million litres, down 2.6 per cent)
- United States (319 million litres, up 3.6 per cent)
- United Kingdom (305 million litres, down 1.4 per cent)
- France (92 million litres, up 7 per cent)
- Canada (72 million litres, up 2.7 per cent)

These five markets account for two-thirds of Italian exports.

Italy is the number one imported wine category in Germany, the United States (US) and United Kingdom (UK) and second in France and Canada.

China is not yet a major destination for Italian wine, ranked 15th with 29 million litres. In comparison, Australia exported 99 million litres to China in 2016.

Australia achieved a higher average value overall for bottled exports than Italy in the 12 months ended October 2016: US$3.96 per litre versus US$3.80 per litre.

Cabernet Sauvignon potential

Cabernet Sauvignon is the world's most planted winegrape variety. France has the most, with 54,000 hectares, followed by Chile (41,000 hectares), the United States (35,000 hectares) and Australia (25,000 hectares).

According to Euromonitor International, the two biggest markets for Cabernet Sauvignon are mainland China (511 million litres) and the United States (366 million litres). Cabernet Sauvignon is Australia's second-most valuable wine export, second to Shiraz. In 2016, Cabernet Sauvignon accounted for export sales worth $284 million compared with Shiraz sales of $513 million. The value of exports of single variety Cabernet Sauvignon has grown by an average of 14 per cent per annum over the past four years and grew by 12 per cent in 2016. Growth occurred at all price points (see chart).

Mainland China is embracing Australian Cabernet Sauvignon, with single variety bottled exports up 46 per cent to $93 million in 2016. The United States is the second largest destination and exports grew by 0.4 per cent to $57 million. Exports to the United Kingdom grew by 29 per cent to $29 million, which is exceptional in an established market.

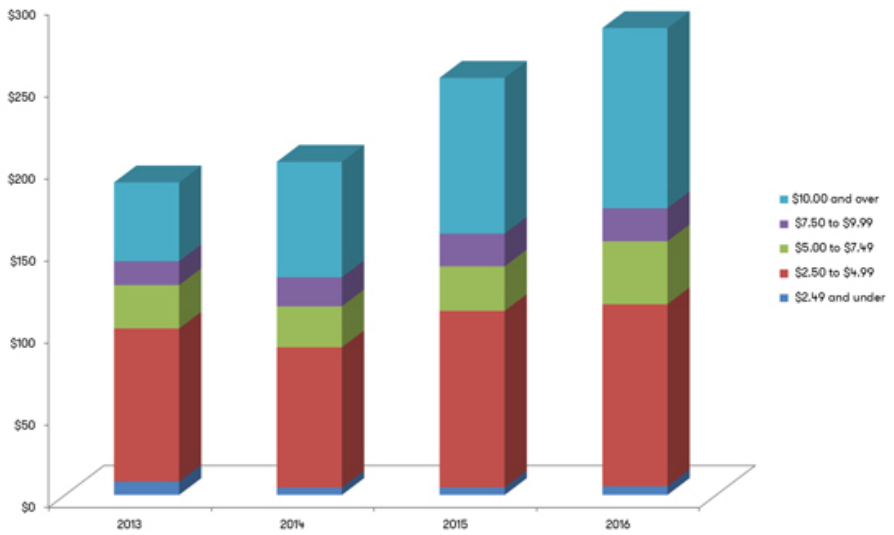
According to Wine Intelligence, 62 per cent of Chinese consumers had consumed Cabernet Sauvignon in the previous six months. This places the variety well ahead of Chardonnay (32 per cent), Riesling (31 per cent) and Pinot Noir (25 per cent).

Average value of bottled wine exports from Italy and Australia (US$ per litre)

Destination	Italy	Australia
United States	4.72	2.94
Germany	3.15	3.08
United Kingdom	2.49	3.04
Canada	4.89	4.11
Switzerland	6.62	11.18
Japan	4.12	3.78
Denmark	4.72	4.09
Netherlands	3.54	2.91
France	2.99	8.10
Sweden	4.66	3.41
All destinations	3.80	3.96

Source: Global Trade Atlas

Figure: Exports of Australian single variety Cabernet Sauvignon (A$ million FOB)



Accolade float off

A PROPOSED public float of Accolade Wines will not proceed, at least for the time being. The majority owner of the business, CHAMP Private Equity, confirmed in an interview with the *Australian Financial Review* that plans for a public offering of shares had been shelved in the wake of interest from Chinese buyers and a drop in the value of the British pound.

The business media had speculated that a public float of Australia's second-largest wine company would raise in excess of $1 billion. However, CHAMP Chief Executive John Haddock was reported by the AFR as saying there were "too many moving parts" in the business to proceed with float plans. Late last year, Accolade bought premium brands Petaluma, Croser, Knappstein and St Hallet and these were still being integrated into the Accolade portfolio. Before that purchase, the company also took on Grant Burge Wines and acquired premium wine businesses in New Zealand and Chile. Accolade sales in China had risen significantly, while at the same time the company was dealing with a drop in the value of the British pound, which occurred after the Brexit vote. Britain and Europe are major contributors to Accolade's sales.

Growers dispute prices

Locally, more than 20 growers under contract to Accolade have formerly disputed this year's prices, mainly those for Cabernet Sauvignon, Shiraz and Sauvignon Blanc. Accolade is a signatory to the Australian Wine Industry Code of Conduct, which includes a dispute resolution procedure. In their contracts with Accolade, growers have the right to use this to seek higher prices. Prices offered by Accolade for the two reds and Sauvignon Blanc were regarded by growers and MVW as being significantly below the "market price" for those varieties.

On receiving notices of dispute, Accolade responded with offers of higher prices, which some growers accepted; others regarded the revised offers as still "below market" and opted to reject them. Under the code, Accolade and disputing growers have until mid-April to resolve the dispute. If they can't, the secretariat for the Wine Industry Code of Conduct can offer to mediate or appoint an independent expert to investigate and determine prices.

The CCW growers' cooperative in the Riverland has also chosen to formally dispute Accolade prices.

BE INFORMED... note the date

Thursday, May 11

Agriculture Victoria, corner 11th Street and Koorlong Avenue, Irymple
Murray Valley Winegrowers and the Australian Wine Research Institute will present two free information sessions

Attend all day, or choose one or the other. Either way, lunch is included
Your day starts at 8.30 when you collect a name tag, program and speakers' notes

Speakers confirmed for the MVW morning session include:

Long road to recovery - are we there yet?
Wine Australia Senior Analyst, Mark Rowley

Code for increasing grape prices
Australian Wine Industry Code of Conduct Secretariat, Cecily Zhu

Other speakers confirmed soon

AMPLE TIME FOR QUESTIONS, MORNING TEA AND LUNCH

Trade up

TEN years ago, Australian wine exports to China were valued at $56 million and involved 340 exporters. With the China Australia Free Trade Agreement coming into force at the end of 2015, we finished 2016 with more than 1300 exporters selling wine worth $520 million to mainland China. Since the deal was done, the import tariff applicable to Australian wine sold in China has fallen from 14 per cent to 5.6 per cent, giving Australian winemakers a substantial competitive advantage over their European counterparts.

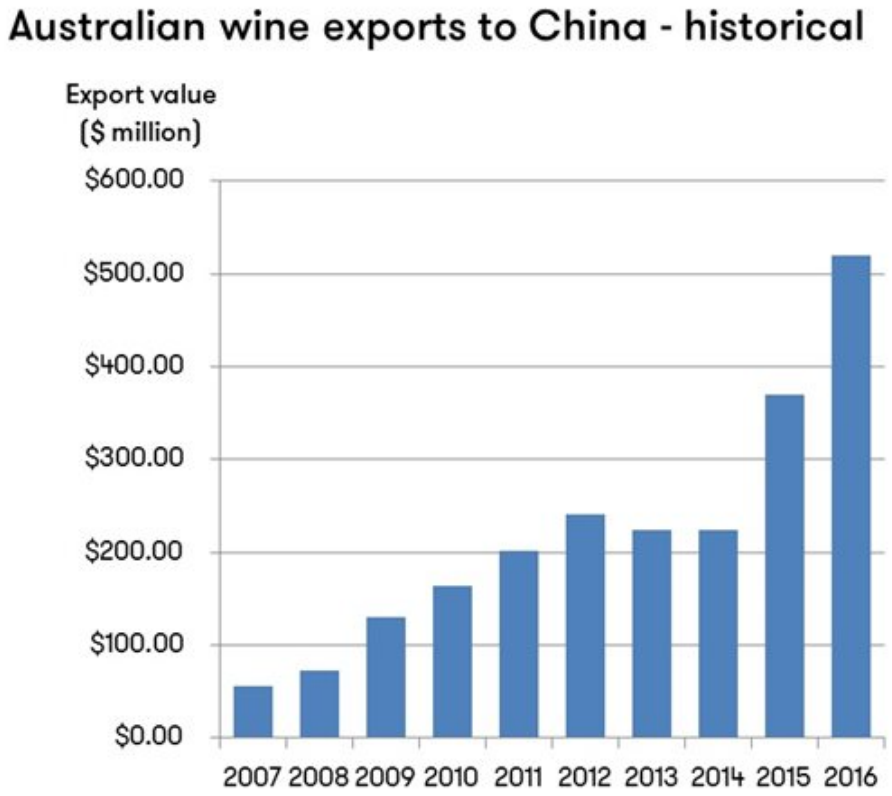
The Australian wine industry has also benefited from FTAs with South Korea and Japan. While well short of the spectacular rise of our wine in China, these markets are also showing positive signs of growth.

South Korea

South Korea is the eighth largest Asian export market for Australian wine, with a total export value in 2016 of $14 million, up 19 per cent. Since the introduction of the Korea Australia FTA at the end of 2014, the value of wine exports has increased by 63 per cent ($6 million), the highest rate of increase of any of the top 10 Asian markets, according to Wine Australia. Eighty-four per cent of wine exported to South Korea is bottled, and the average price of bottled exports is $7.09 per litre, compared with $5.48 across all Australian wine export markets. Wine Australia says South Korea has one of the most developed and fastest growing economies in Asia, leading to a growing middle class with increasing disposable income.

Japan

Outcomes have been mixed after the Japan Australia Economic Partnership Agreement took effect in January, 2015. The value of Australian wine exports to Japan fell by 0.4 per cent to $46 million in 2016, due, suggests Wine Australia, to a decline in bulk exports. This is despite the tariff on bulk wine being removed immediately the agreement kicked-in. After an initial surge, bulk wine exports to Japan dropped by 42 per cent to $3 million. However, with the tariff on bottled wine reducing progressively from 9.37 per cent to zero in 2021, the export of Australian bottled wine to Japan increased in 2016 by 9 per cent to $38 million.



Water assets exempt

UP TO $1.1 million in net water assets will be exempt from the Farm Household Allowance (FHA) assets test.

This follows a "Minister's Rule" by Deputy Prime Minister and Agriculture and Water Resources Minister Barnaby Joyce.

"Farm businesses applying for the allowance will benefit from clearer and simpler rules about the treatment of water assets, which will make it easier for farmers in hardship to access the payment," he said. "Water should be treated in the same light as land, equipment and machinery that are needed to run a farm business, and from now on water will be treated that way. In time I intend amending the Farm Household Support Act 2014 to clearly and accurately recognise water as a farm asset."

Fast facts:

- There are currently more than 4,700 farmers throughout Australia receiving assistance through the FHA—over 6,800 have received support since it began in 2014.
- On average, the government is paying out $1.13 million per week to farm families in FHA.
- FHA assists eligible farmers and their partners who are experiencing financial hardship to improve their long-term financial situation.
- FHA provides up to three years of income support, which is designed to help recipients meet basic household needs and offers the opportunity for them to take steps to improve their circumstances.

Deputy Prime Minister Barnaby Joyce

Wine Australia providing insights on Australian Wine

Export Report

Moving Annual Total (MAT)
To December 2016

Commentary

Wine Australia Export Report Calendar Year 2016

The key highlights in 2016 were:

- Strong value growth
- 70 per cent of exporters contributed to value growth
- Record value for exports priced at $10 or more per litre free on board (FOB)
- Calendar year record for the average value of bottled exports
- Red wine is driving growth but top five white varieties also performed strongly
- Record exports to mainland China.

In 2016, the value of Australian wine exports grew by 7 per cent to $2.22 billion and volume increased by 1 per cent to 750 million litres. The average value of exports grew by 6 per cent to $2.96 per litre, the highest level since 2009.

Export value growth was driven by bottled exports, most notably at higher price points. Bottled exports grew by 10 per cent to $1.8 billion and the average value grew by 5 per cent to $5.48 per litre, a calendar year record.

Wine exports priced at $10 per litre or more saw the strongest growth, up 19 per cent to a record $574 million. This reflects the increasing demand for premium Australian wines in most regions around the world.

There was double-digit growth in all premium price segments with the exception of wines priced at $200 per litre or more that had growth of 5 per cent (Table 1). Wines priced between $20 and $49.99 per litre had the strongest growth rate.

Table 1: Value and growth rate of exports by price segment

Price segment (A$/litre)	Value 2016	Added value	Growth rate
<$2.50	$434,592,613	$1,067,627	0.2%
$2.50–4.99	$786,733,137	$25,623,781	3%
$5–7.49	$283,122,297	$29,478,997	12%
$7.50–9.99	$142,266,154	($713,635)	-0.5%
$10–14.99	$169,561,573	$19,835,238	13%
$15–19.99	$86,632,600	$12,627,871	17%
$20–29.99	$82,522,745	$18,280,809	28%
$30–49.99	$61,653,333	$26,934,339	78%
$50–99.99	$128,830,339	$11,523,019	10%
$100–199.99	$12,441,492	$2,839,938	30%
$200+	$32,067,872	$1,390,005	5%
Total	**$2,220,424,156**	**$148,887,989**	**7%**

Bulk wine exports declined by 2 per cent to $400 million, soft-pack exports fell by 5 per cent to $14 million and exports in alternative packaging such as PETs decreased by 11 per cent to $4 million.

The average value of bulk wine exports decreased by 0.3 per cent to $0.97 per litre and has remained below $1 per litre for the past three years. Contributing to this are large vintages over the last few years from the big European producers, particularly Spain. In the 12 months ended October 2016, Spain exported 1.3 billion litres of bulk wine at $0.58 per litre; to put this in context, Australia's total production in 2015 was 1.2 billion litres of wine.

Red wine continues to be the dominant Australian category with a 73 per cent share of export value, ahead of white wine with 24 per cent, and other wines with 3 per cent. Red wine was the standout growth category, up 9 per cent to $1.6 billion. Exports of white wine also grew but at a lower rate, up 2 per cent to $537 million.

Within the red category, all but one of the five most exported wines recorded strong growth:

- Shiraz grew by 16 per cent to $513 million
- Cabernet Sauvignon grew by 12 per cent to $284 million
- Shiraz/Cabernet Sauvignon grew by 3 per cent to $119 million
- Merlot grew by 1 per cent to $98 million, and
- Cabernet Sauvignon/Shiraz declined by 8 per cent to $88 million.

Within the white category, the five most exported wines all recorded growth:

- Chardonnay grew by 4 per cent to $172 million
- Sauvignon Blanc grew by 5 per cent to $34 million
- Pinot Grigio grew by 28 per cent to $31 million
- Riesling grew by 17 per cent to $18 million, and
- Pinot Gris grew by 8 per cent to $18 million.

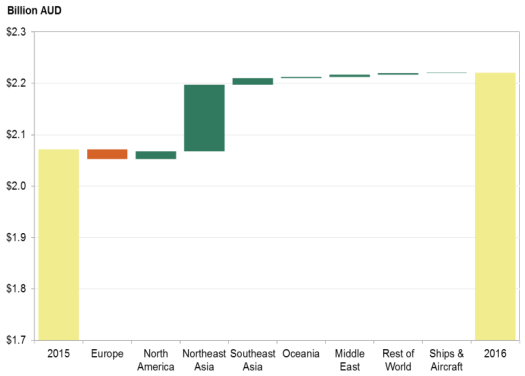
There were a record 1859 active exporters in the period – up from 1517 in 2015 – with 1299 of them contributing to the value increase. Exports by the 1299 exporters (70 per cent of all exporters) who experienced growth grew by 21 per cent ($303 million) to $1.75 billion. The value growth in this group was partially offset by exporters who ceased exporting, recorded a decline or had no change – exporters in this group saw value decline by 24 per cent ($155 million) to $471 million.

Destinations

Exports to all regions recorded growth in the last year, except for those to Europe, which declined by 3 per cent to $569 million (Figure 1). Exports to Northeast Asia continued to drive growth, with value to this region increasing by $130 million (23 per cent) to a record $707 million. North America was the next fastest growing region; it grew by $15 million (2 per cent) to $652 million. Export value also grew in:

- Southeast Asia by $13 million (8 per cent) to $162 million, and
- the Middle East by $4 million (26 per cent) to $21 million.

Figure 1: Value growth by region



Exports were destined for 127 countries and value increased to 82 of these.

The top five markets by value were:

- mainland China (23 per cent share of export value)
- the United States (21 per cent)
- the United Kingdom (16 per cent)
- Canada (9 per cent) and
- Hong Kong (5 per cent).

Together, these markets accounted for three-quarters of the value of Australian exports.

The top five markets by volume were:

- the United Kingdom (31 per cent share of export volume)
- the United States (21 per cent)
- mainland China (13 per cent)
- Canada (8 per cent) and
- Germany (5 per cent).

It's important to note that more than 80 per cent of wine exported to the United Kingdom (UK) and Germany was shipped in bulk containers and this has a significant impact on the reported values.

Exceptional growth to mainland China continued, with the value of exports up 40 per cent to a record $520 million. Exports to the United States (US) also increased, by 3 per cent to $458 million. The UK market continues to be our largest in volume terms but, because 80 per cent of wine is shipped in bulk, it ranks third in value and exports were down 5 per cent to $355 million. Exports to Canada fell by 0.2 per cent to $193 million and to Hong Kong by 16 per cent to $110 million, with some exporters now shipping direct to mainland China due to the reduced tariffs as a result of the China-Australia Free Trade Agreement (ChAFTA).

Asia

Exports to Asia (including mainland China) increased by 19 per cent in value to $875 million and 25 per cent in volume to 141 million litres. The average value declined by 4 per cent to $6.22 per litre however remains the highest average value of the key Australian export regions worldwide. The relatively high average value reflects that half the exports to the region are valued at $10 per litre or more. In comparison, this price segment accounted for 10 per cent of the value of exports to the rest of the world.

Mainland China was by far the most valuable market in Asia with exports of $520 million, accounting for 59 per cent of Australian exports to the region.

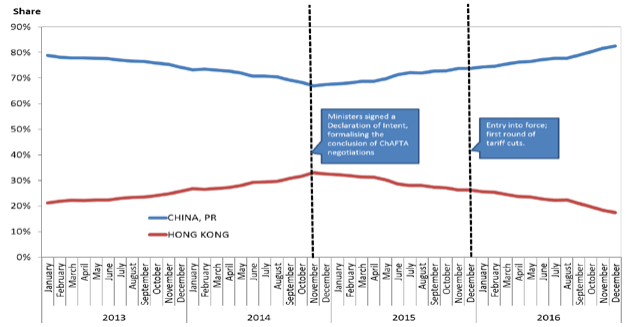
The next four markets with export values in excess of $40 million in the region were Hong Kong, Singapore, Malaysia and Japan – together they accounted for a third of exports to the region.

Countries with exports ranged $10–$20 million were Thailand, Taiwan and South Korea. There were a number of countries with exports between $1–$10 million, including Vietnam, Philippines, Indonesia and India.

Greater China

Greater China (mainland China, Hong Kong and Macao) has been at the centre of the resurgence of Australian wine exports. In 2016, exports to Greater China increased by 26 per cent to $630 million. The implementation of ChAFTA at the end of 2015 provided impetus to an already strong market. Due to the diminishing import tariff differential between mainland China and Hong Kong, less wine destined for mainland China is routed through Hong Kong. Figure 2 illustrates how this trend began when the Declaration of Intent was signed and has since continued.

Figure 2: Exports to Greater China, mainland China vs. Hong Kong

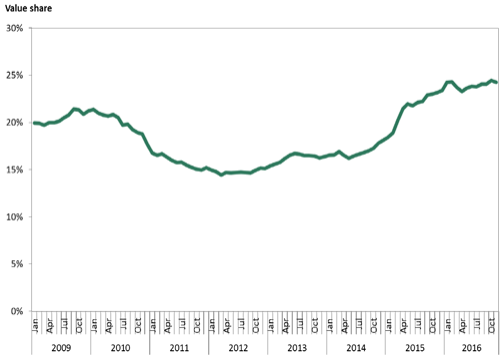


Mainland China

The growth into mainland China continued at an extraordinary rate with the total value of exports up by 40 per cent to $520 million. Volume increased at a slightly stronger rate, up 45 per cent to 99 million litres, due to a surge in bulk wine exports. Bulk wine exports increased by 127 per cent to $29 million while growth in bottled exports was also strong – up 38 per cent to $490 million. Bottled exports account for 94 per cent of Australian exports to mainland China.

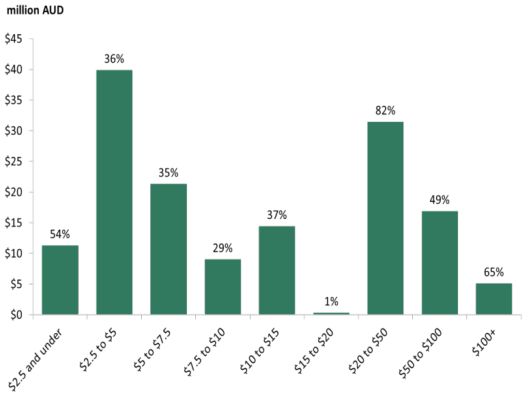
A buoyant Chinese wine import market is fuelling growth in Australian exports. However, Australian wine exporters have also been gaining market share i.e. the growth in Australian exports has exceeded that of the imported wine market. According to the Global Trade Atlas, total bottled wine imports in mainland China increased by 21 per cent to US$2.2 billion , half the rate of Australia's growth. As a result, Australia's share of the market increased by 1 percentage point to 24 per cent (Figure 3) compared to the previous year. Spain, Chile and Italy also increased market share while France, the US, South Africa and New Zealand all lost market share.

Figure 3: Australian value share of bottled imports into mainland China



Expansion of the Chinese middle class has driven increased demand for wines in the entry level and commercial wine price segments. However, this growth was outpaced by the upper price segments. As fast as the middle class is growing, mainland China's ultra-wealthy numbers are growing at a faster rate. According to wealth research firm Hurun, 'China's billionaire population first surpassed the US in August 2016 and Beijing has also passed New York as the billionaire capital of the world'. These wealthy Chinese consumers are demanding the world's finest wines and Australia's wineries are taking advantage of this trend. The fastest growing price segment for Australian exports (and second by absolute growth) was the $20–50 per litre segment which increased by 82 per cent, followed by the $100 per litre or more segment which grew by 65 per cent (Figure 4).

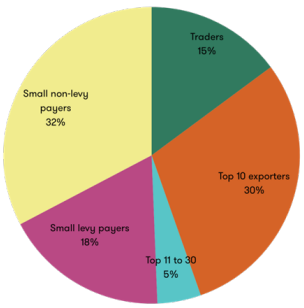
Figure 4: Value growth by price segment in mainland China in 2016

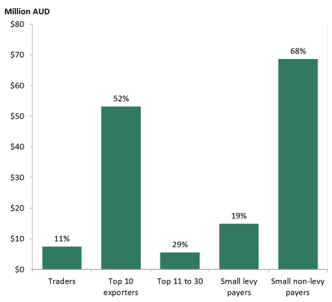


With such commercial opportunity comes competitive market pressure. During the year, there were 1372 active exporters to mainland China, a net increase of 323 (591 new exporters and 268 that ceased exporting). The growth has been strong enough for the majority of existing exporters to increase their revenue with 443 in growth and 338 in decline. Due to the additional competition, average revenue per exporter increased by a slower rate than the market, up 7 per cent to $379,000.

There are two dominant exporter types to the mainland China market (Figures 5 and 6). The largest is small exporters (accounting for 32 per cent of export value) who do not hold a Wine Grape Levy ID with Wine Australia. These businesses typically do not have a crushing facility or vineyards and operate an asset-light model. Many have developed labels specifically for the market but they could also be operating as agents for smaller, more traditional wineries. This segment is also the leading growth driver, with exports up by 68 per cent during the year. The top 10 exporters have also had a strong year, with exports up by 52 per cent to a 30 per cent share.

Figures 5 and 6: Share of export value by exporter type, value growth by exporter type





Small wine grape levy payers and traders are of similar scale and growth was strong but at more subdued rates when compared to the other exporter types. Small exporters who hold a Wine Grape Levy ID accounted for an 18 per cent share of exports, the value of those increasing by 19 per cent in 2016. Traders, who export brands they don't own, accounted for 15 per cent of exports and recorded growth of 11 per cent. Many of these businesses are tapping into the same sentiment that is driving the 'daigou shopper' phenomenon . This reinforces the idea that Australia's wine is a trustworthy and premium product in the eyes of the Chinese consumer.

In the bulk wine market, Chile's reduced trade advantage was evident as its share of mainland China's bulk wine imports declined by 9 percentage points to 62 per cent (according to the Global Trade Atlas). Australia's share increased by 8 percentage points to a 16 percent share of the 147 million litres of bulk wine imported into mainland China. Australian bulk wine imports attract a higher average value than its two key bulk wine competitors. Australian bulk wine averaged $1.16 per litre compared to Chile at $0.81 per litre and Spain at $0.71 per litre.

Hong Kong

Hong Kong is a vital trading hub with important distribution links to mainland China. Some imported wines in Hong Kong are re-exported to other Asian destinations, with 95 per cent of re-exports going to mainland China and Macao. Hence not all Australian wine exported to Hong Kong is consumed in the country. ChAFTA, which is reducing import tariffs for Australian wine into China over time, is impacting on Australian exports to Hong Kong. Some exports are now going direct to mainland China and this has contributed to a decline in exports to Hong Kong.

In 2016, the value of exports to Hong Kong declined by 16 per cent to $110 million and volume declined by 20 per cent to 8 million litres. Despite the decline, Hong Kong remains the fifth most valuable Australian wine export market.

While volume and value declined, the average value of exports to Hong Kong increased by 4 per cent to $13.63 per litre. Hong Kong has the highest average value among the top 50 destinations to which Australia exports and 76 per cent of exports to Hong Kong are valued at $10 or more per litre.

Singapore

Singapore is an influential and key wine trading hub in Asia. Like Hong Kong, some imported wines in Singapore are re-exported to other Asian destinations such as Japan, Malaysia and Indonesia.

Australian exports to Singapore increased in value by 16 per cent to a record $69 million and volume by 5 per cent to 5 million litres. Exports are heavily weighted to the high-end, with 78 per cent of export value in wines priced at $10 per litre or more. Exports in this price segment grew by 32 per cent to $54 million. This contributed to the average value of exports to Singapore growing by 10 per cent to $12.66 per litre.

Malaysia

After growing by an average 44 per cent over the previous two years, export value to Malaysia declined by 1 per cent to $54 million. Export volume increased by 1 per cent to 5 million litres. Average value declined by 2 per cent but was still relatively high at $11.82 per litre.

Exports priced less than $5 per litre increased 2 per cent to $5 million while exports priced $5 per litre or more declined by 1 per cent to $49 million.

Australia is by far the top-ranked imported wine category in Malaysia with 41 per cent share of imports ahead of France with 12 per cent.

Japan

The value of exports to Japan fell by 0.4 per cent to $46 million in 2016. This is due to a decline in bulk wine exports. After an initial surge following the immediate removal of the tariff on bulk wine under the Japan–Australia Economic Partnership Agreement, bulk wine exports to Japan declined by 42 per cent to $3 million. The tariff on bottled exports will reduce to zero by 2022. The tariff reduction to date has provided a boost to bottled exports, which grew by 9 per cent to $38 million.

The growth has been particularly strong at the high end. Exports of wine at $10 or more per litre grew by 17 per cent to $8 million, the highest level since 2009. Shiraz is fuelling the growth in this price segment, with exports up 15 per cent to $2 million. Other varieties in growth but off much smaller bases included Cabernet Sauvignon and Chardonnay.

Other Asian countries

There were mixed results for other key countries in Asia:

- Thailand, up 13 per cent to a record $18 million
- Taiwan, down 2 per cent to $17 million
- South Korea, up 19 per cent to $14 million (very close to the record achieved in 2007 of $14.4 million)
- Philippines, up 11 per cent to a record $7 million
- Vietnam, down 12 per cent to $7 million
- Indonesia, up 24 per cent to $4 million
- India, down 13 per cent to $3 million

North America

Exports to North America (Canada, US and Mexico) increased 2 per cent to $652 million but volume declined by 5 per cent to 221 million litres. The value growth was fuelled by a 7 per cent increase in average value to $2.95 per litre.

Exports priced at $10 or more per litre to the region increased by a healthy 17 per cent to $68 million.

United States

In 2016, exports to the US increased by 3 per cent to $458 million, while volume declined by 5 per cent to 160 million litres.

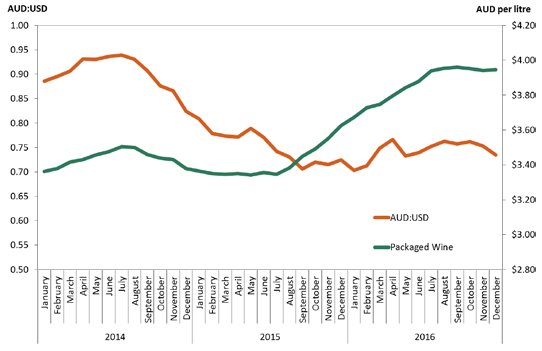
Export value has been driven higher by an increase in average value. Average value of bottled wine exports were up 9 per cent to $3.95 per litre and bulk wine was up 13 per cent to $1.06 per litre. The growth in the average value of bottled wine was assisted by strong growth in exports at $10 or more per litre, continuing the positive trend towards Australian premium wines in the US.

Bottled wine export value increased by 2 per cent to $395 million and volume declined by 6 per cent to 100 million litres. The volume decline came predominantly in the big volume $2.50–$4.99 per litre segment, down by 9 per cent to 88 million litres.

Bulk wine exports increased by 9 per cent to $63 million and volume declined by 3 per cent to 60 million litres.

Figure 7 illustrates that the sharp depreciation of the Australian dollar (orange line) in 2014–15 was a strong driver behind the increase in the average value of bottled exports (green line) in the 12 months from July 2015. However, as the Australian dollar stabilised, the exchange rate impact on the bottled average value appears to also have stabilised since July 2016.

Figure 7: Australia to US exchange rate and bottled wine average value



Although bottled and bulk wine performed similarly over the year, there was a divergence in outcomes over the last quarter of 2016 (September–December). For bottled wine, the average value was relatively flat in the last quarter after a year-long ascent while volume was slightly up on the comparable quarter in 2015. In contrast, the volume and average value of bulk wine exports surged in the last quarter of 2016, with volume up 24 per cent and average value up 12 per cent.

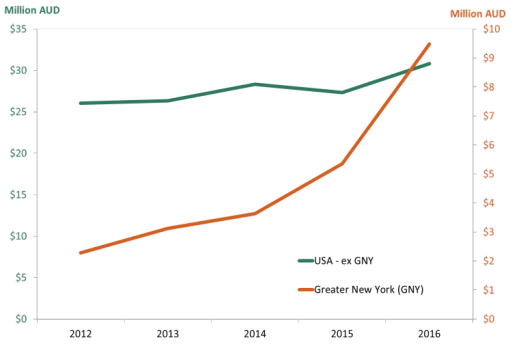
Behind the price rise for bulk wine is consumer demand for Cabernet Sauvignon, dry reds and Pinot Grigio. This has increased the volume and average value for bulk shipments of all three wine styles/varieties. According to the Ciatti World Pricing Report, bulk wine prices have been rising for both Australian Pinot Grigio and Cabernet Sauvignon. US demand is the main driver for the increase in Pinot Grigio. The US and China are driving the increased bulk wine prices for Cabernet Sauvignon. There has also been less lower-priced Chardonnay entering the US which has resulted in upward momentum for the average bulk wine price.

Higher-priced wine exports have been the major driver of the increased value of exports to the US. Exports priced at $5 or more per litre increased by 12 per cent to $82 million. Exports less than $5 per litre grew by 2 per cent to $376 million. Furthermore, exports at $5 or more per litre are gaining pace with 17 per cent growth in the last quarter and growth rates stronger as the price increases.

The shift to a more premium offering of Australian wine has been gaining momentum. Exports at $10 or more per litre grew by 23 per cent to $41 million. Not only is value increasing but so too is the number of Australian wines exported in this price segment. When the value of exports in this price segment peaked in 2006, there were 1731 products exported in that year. When the value exports in this segment fell to a post-GFC low in 2012, there were 739 products exported. In 2016, the number of products climbed back up to 1245, indicating that the US is embracing a diverse range of Australian premium wines.

Greater New York (New York City, New Jersey and Delaware) is at the epicentre of this growth, and not just in the last year but since 2012. Figure 8 illustrates that while exports at $10 or more per litre increased to the rest of the US in 2016, the growth in exports in this price segment to Greater New York has been evident for the last five years and is gaining pace, up by an extraordinary 58 per cent in 2016 to $9.5 million). A diverse mix of varieties is in demand, with some of the strongest growth for dry whites (up 98 per cent to $1.5 million), Chardonnay (up 255 per cent to $1 million), and Cabernet blends (up 232 per cent to $0.5 million).

Figure 8: Exports $10 or more per litre (GNY vs. US other)



In the past year, 89 Australian wineries exported wine to the Greater New York at $10 or more per litre. Of those, 26 commenced or resumed exporting while 27 ceased exporting. Of those that exported in both 2016 and 2015, 36 increased export revenue while 27 recorded a decline. This constant flux in sources is consistent with the theory that New York's thriving sommelier community is trying new offers from a resurgent Australian category.

Canada

In 2016, exports to Canada declined by 0.2 per cent to $193 million. Despite volume decreasing by 4 per cent, the value decrease was minimised as a result of a 4 per cent increase in average value to $3.15 per litre.

Despite the decline over the year, Australian exports remain in upward trend in the medium term (Figure 9). In the last quarter of the year (September – December), there were increases in volume (up 3 per cent) and average value (up 2 per cent) resulting in total value increasing by 5 per cent.

Figure 9: Exports to Canada by value and average value

There was strong growth in higher priced wine exports to Canada. The $10 or more per litre price segment was the best performing, with exports up 9 per cent to $26 million. Furthermore, the rate of growth increased in the latest quarter. Australia's red wines were the main drivers of growth in this segment. Cabernet Sauvignon was at the forefront, up 24 per cent to $6.5 million. The growth in exports of Pinot Noir was also strong off a small base, up 55 per cent to $0.4 million. Red blends have been a hot segment for Australia in North America and as such, red wine exports to Canada with no specific variety label claim were up by 128 per cent to $0.8 million. Consistent with exports to the US, Shiraz exports in this price segment increased by 5 per cent to $15 million whereas the overall Shiraz category was down.

In the other price segments there was mixed growth. Exports priced at less than $5 per litre declined by 5 per cent to $82 million but exports $5–9.99 per litre increased by 3 per cent to $85 million.

Europe

Exports to Europe increased at the higher end but declined overall. Value fell by 3 per cent to $569 million and volume fell by 4 per cent to 349 million litres.

The decline was driven by a fall in lower-priced exports, particularly to the UK. Exports at $5 or more per litre grew by 7 per cent to $126 million, the third successive year of value growth. Exports less than $5 per litre declined for the 9th straight year, down 6 per cent to $444 million.

There was double-digit growth in exports to Europe at $10 or more per litre, up 10 per cent to $48 million. This price segment accounts for 8 per cent of the total value of exports to Europe and represents the highest proportion of exports at this price point since 2000.

The five most valuable European countries for Australian exports are the UK, Germany, the Netherlands, Denmark and Sweden; together they account for 84 per cent of the value of exports to Europe.

United Kingdom

The UK remains the number one destination for Australian exports by volume i.e. more Australian wine is shipped to the UK than any other country.

There was strong growth in exports at the high-end but this growth was offset by the decline at the low-end. Overall, the total value of exports to the UK declined by 5 per cent to $355 million while volume dropped by 5 per cent to 236 million litres.

There were contrasting results for bottled and bulk exports. Bottled exports increased by 6 per cent to $171 million while bulk wine exports declined by 14 per cent to $184 million.

Exports to the UK priced at less than $5 per litre declined by 10 per cent to $287 million, driving the overall decline in exports to the UK.

Exports at $5 or more per litre grew by a healthy 23 per cent to $68 million. The growth was even stronger at the very high-end with exports at $10 or more per litre up by 25 per cent to $28 million, double the 20-year low in 2013.

Managing Director of Negociants UK, Simon Thorpe MW commented on the positive trends at the high end.

'We've seen fairly strong depletions for mainstream and premium wines across the Christmas period with some real highlights. The trend towards premiumisation continues as the more engaged consumer segments look to trade up into GI specific wines at and more than the £10 price point. This trend has been particularly strong in independent retail and premium fine dining venues.

'In addition, we've never witnessed such strong demand for super-premium/iconic wines across our Australian portfolio, this demand coming from fine wine exponents whose customers are obviously keen to explore the very top end of what Australia has to offer.'

The growth at $10 or more per litre was driven by Australia's three signature varieties. Shiraz grew by 29 per cent to $11 million, Cabernet Sauvignon by 55 per cent to $3 million and Chardonnay by 3 per cent to $3 million. Other varieties/blends to record growth in this price segment included Riesling, Grenache/Shiraz/Mourvédre, and Cabernet Sauvignon/Shiraz.

The decline at the lower-end reflects the appreciation of the Australian dollar ($A) against the pound since the Brexit announcement on 23 June. The A$ immediately prior to the Brexit announcement was 0.51 – the day after, the exchange rate increased to 0.55 and then peaked at 0.63 in early November before closing at 0.58 at the end of the year. It has since climbed back up to 0.61 as of early January 2017. Other currencies such as the US dollar, Chilean peso and euro have also appreciated against the pound so the impact of Brexit is not limited to Australian wine.

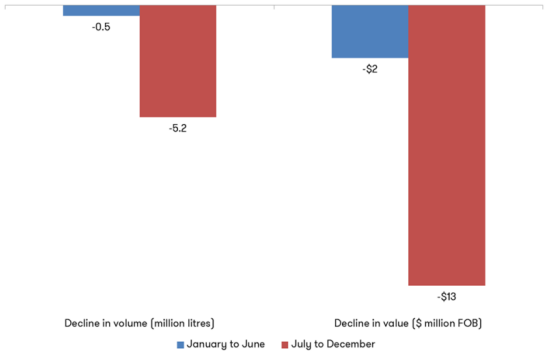
The appreciation of the A$ against the pound has meant that Australian exports have become more expensive to import into the UK (23 per cent more expensive at the peak exchange rate in November). The commercial end of the market is the most price-sensitive and in-market sources suggest that the major retailers are reluctant to accept price increases from any of the origins whose currency has been affected, including Australia.

This has partly been due to a reluctance to change pricing in the key trading period leading up to Christmas, so it will be interesting to monitor what happens in early 2017.

Consequently, Australian exporters have had to choose whether to absorb the resulting margin reduction, reduce volumes to the UK or a combination of both. The export figures suggest some exporters have reduced volumes. This is most pronounced in the $2.50–4.99 per litre segment. Figure 10 shows the change in exports in 2016 in this price segment, split between the first half of the year, January–June, and the second, July–December (when the exchange rate appreciated).

Figure 10 illustrates that the value and volume of exports at $2.50–4.99 per litre declined significantly in the 6 months post the Brexit announcement. Value declined by $13 million and volume by 5 million litres in the July–December period (comparing 2016 to 2015). In comparison, value declined by $2 million and volume by 0.5 million litres in the January–June period. The decline in the July–December period for this price segment accounted for 63 per cent of the overall value decline in the UK in 2016.

Figure 10: Decline in exports to the UK at $2.50–4.99 per litre (2016 v 2015)



Germany

The gains made in exports to Germany in 2015 were lost in 2016. Export value declined by 10 per cent to $45 million and volume declined by 7 per cent to 36 million litres. The reduction in exports came at both the low- and high-end. Exports at less than $5 per litre declined by 5 per cent to $39 million while exports at $5 or more per litre declined by 31 per cent to $7 million.

The bright spot for Germany was the growth in exports at $10 or more per litre, up 15 per cent to $3 million. Shiraz was the leading variety in this price segment and grew by 29 per cent to $2 million.

The Netherlands

Exports to the Netherlands grew for the second successive year driven by the lower-end. Value grew by 7 per cent to $31 million and volume by 2 per cent to 14 million litres.

Exports at less than $5 per litre increased by 15 per cent to $27 million while exports at $5 or more per litre declined by 25 per cent to $5 million.

Chardonnay, Shiraz and Cabernet Sauvignon were the main categories driving growth at less than $5 per litre. Chardonnay exports grew by 21 per cent in this price segment to $5 million, Shiraz by 28 per cent to $3 million and Cabernet Sauvignon also by 28 per cent to $3 million. Other varieties to grow off smaller bases included Sauvignon Blanc and Pinot Gris.

Denmark

The long-term decline in export value to Denmark continued. Value declined by 6 per cent to $23 million while volume increased by 5 per cent to 12 million litres. Volume growth was due to an increase in bulk wine exports. Bulk wine exports increased by 10 per cent to 9 million litres, more than offsetting an 8 per cent decline in bottled wine exports to 3 million litres.

Export value to Denmark increased at the low-end but was more than offset by a decline at the high-end. Exports at less than $5 per litre increased by 1 per cent to $13 million while exports at $5 or more per litre declined by 13 per cent to $10 million.

Sweden

Exports to Sweden are on the rise. Value increased by 13 per cent to $22 million and volume grew by 12 per cent to 6 million litres.

Bottled wine exports increased by 4 per cent to $18 million and bulk wine exports increased by 94 per cent to $4 million.

Export growth came at both the low- and high-end. Exports at less than $5 per litre increased by 17 per cent to $14 million and exports at $5 or more per litre grew by 7 per cent to $8 million.

Like many destinations, exports at $10 or more per litre to Sweden grew, up 94 per cent off a small base to $2 million.

Shiraz exports to Sweden declined by 1 per cent to $4 million. In contrast, Chardonnay exports to Sweden increased by 29 per cent to $4 million. Other varieties to grow off relatively small bases included Riesling and Durif.

Other countries

Exports grew to a number of other European countries, the most significant being Finland, Ireland, and Norway.

Exports to Finland grew by 3 per cent to $15 million, with value at $10 or more per litre up 10 per cent to $2 million.

Exports to Ireland increased by 24 per cent to $16 million with exports at $5–7.49 per litre up 97 per cent to $2 million.

Export value to Norway grew by 28 per cent to $6 million, with exports at $5 or more per litre up 76 per cent to $2.5 million.

Among other countries of note, exports to Switzerland and Russia declined and were flat to Poland.

Middle East

After declining in 2015, exports to the Middle East rebounded in 2016, increasing by 26 per cent to a record $21 million and an average value of $5.57 per litre.

More than 90 per cent of exports to the Middle East were shipped to the United Arab Emirates (UAE). The other countries, each with exports of less than $1 million, were Qatar, Bahrain, Oman, Israel and Iraq.

United Arab Emirates

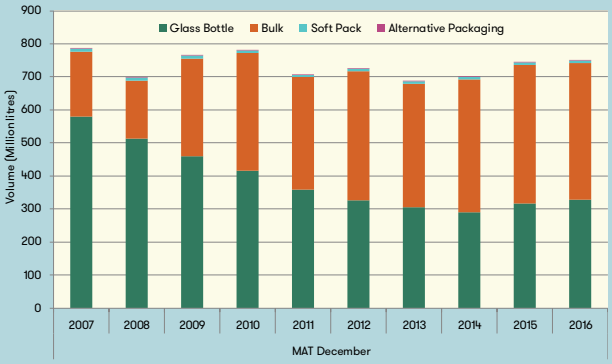
Export value to the UAE increased by 32 per cent to $20 million and volume increased by 1 per cent to 3 million litres. This makes the UAE our 14th most valuable export destination.

Three-quarters of exports to the UAE were bottled, with 20 per cent in soft-packs and 5 per cent in bulk.

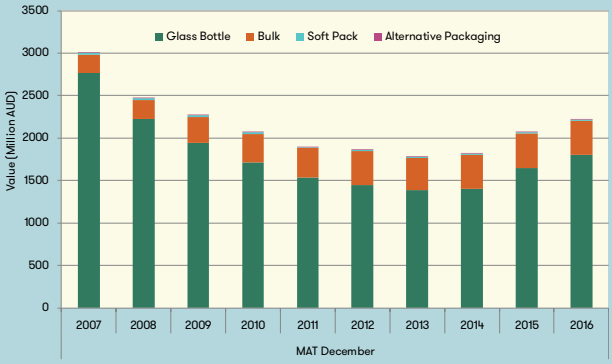
The $10 or more per litre segment accounted for 40 per cent of exports to the UAE and value more than doubled to $8 million. Shiraz was the major variety in this price segment and exports almost trebled to $4 million. Other varieties to grow, each with values of less than $1 million, included Cabernet Sauvignon, Shiraz/Viognier and Pinot Noir.

Historic Overview

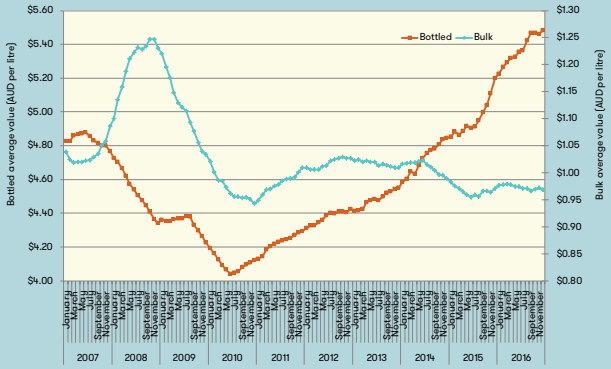
Volume by container type



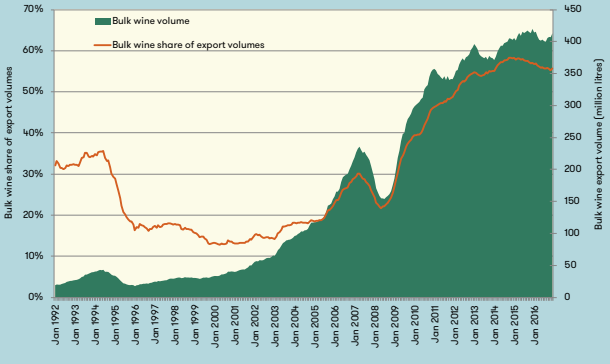
Value by container type



Average value by container type



Bulk wine



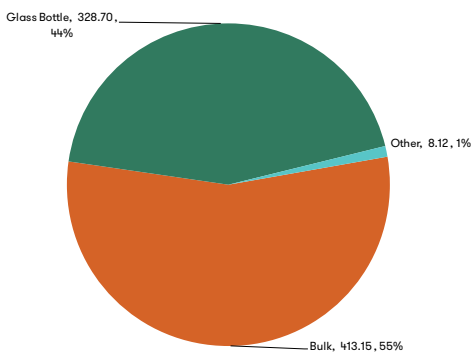
Exports by container type

MAT December 2016

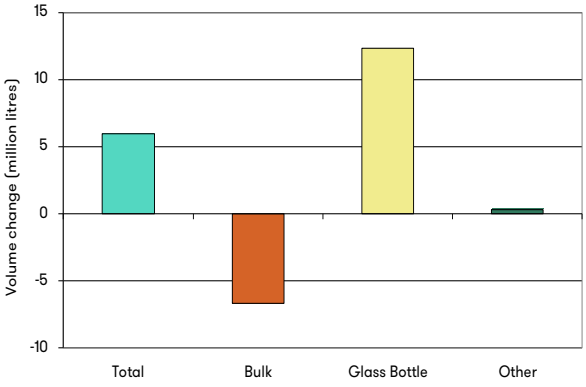
		Volume (ML)	Value (A$M FOB)	Average Value (A$/L FOB)
Bottled	2016	329	1,802	5.48
	Change	4%	10%	5%
	Share	44%	81%	
Bulk	2016	413	400	0.97
	Change	-2%	-2%	0%
	Share	55%	18%	
Other	2016	8	18	2.20
	Change	4%	-6%	-10%
	Share	1%	1%	
Total	2016	750	2,220	2.96
	Change	0.8%	7.2%	6%
	Share	100%	100%	

"Other" includes wine in soft-packs and alternative packaging

Volume (million litres)



Volume Change



Wine exports by country, container and colour

Value for MAT December 2016

	Glass Bottle Red		Bulk Red Wine		Other Red Wine		Glass Bottle White		Bulk White Wine		Other White Wine		Sparkling Wine		Other Wine		Total Wine	
	MAT December 2016 ('000s AUD)	Change %	MAT December 2016 ('000s AUD)	Change %	MAT December 2016 ('000s AUD)	Change %	MAT December 2016 ('000s AUD)	Change %	MAT December 2016 ('000s AUD)	Change %	MAT December 2016 ('000s AUD)	Change %	MAT December 2016 ('000s AUD)	Change %	MAT December 2016 ('000s AUD)	Change %	MAT December 2016 ('000s AUD)	Change %
China, Pr	460,597	39%	25,109	161%	1,305	7%	19,221	18%	3,561	36%	60	-64%	5,620	-4%	4,518	43%	519,990	40%
United States Of America	244,808	-2%	27,568	65%	479	na	140,373	9%	35,687	-13%	8	na	4,451	18%	4,945	65%	458,318	3%
United Kingdom	102,884	10%	110,077	-15%	9	na	63,006	4%	73,565	-12%	101	-19%	4,135	-43%	1,323	3%	355,100	-5%
Canada	113,056	-2%	13,105	-5%	620	-17%	44,922	4%	15,083	5%	735	6%	3,558	3%	1,661	14%	192,741	0%
Hong Kong	99,406	-18%	48	na	1,259	-1%	6,867	-6%	0	na	277	-37%	1,049	3%	1,019	111%	109,924	-16%
New Zealand	46,921	0%	5,356	-1%	796	-11%	7,485	-1%	8,080	45%	480	-35%	5,026	-10%	3,006	62%	77,149	3%
Singapore	54,664	20%	0	-100%	385	21%	6,677	3%	0	na	153	19%	6,503	0%	780	5%	69,162	16%
Malaysia	50,474	-1%	0	na	205	11%	2,625	-3%	0	na	23	31%	138	-31%	243	20%	53,708	-1%
Japan	20,013	2%	1,654	-40%	2,097	-34%	11,306	8%	1,030	-40%	813	-28%	4,830	32%	3,896	19%	45,638	0%
Germany, Federal Republic	17,546	-16%	13,041	2%	0	na	2,448	-23%	12,195	-9%	0	na	114	10%	43	88%	45,387	-10%
Netherlands	12,943	1%	3,214	-15%	0	na	9,375	7%	3,253	21%	0	na	807	-20%	1,596	1828%	31,188	7%
Denmark	9,941	-18%	5,514	7%	0	na	3,989	-4%	2,531	19%	0	na	795	4%	369	60%	23,138	-6%
Sweden	11,689	0%	2,968	77%	0	na	5,842	17%	701	231%	0	na	756	-18%	36	96%	21,991	13%
United Arab Emirates	11,571	38%	1,213	na	572	3%	4,586	8%	0	na	380	13%	1,163	-5%	453	17%	19,938	32%
Thailand	12,667	17%	502	47%	772	41%	2,775	-2%	111	27%	268	-2%	1,072	-2%	162	-37%	18,329	13%
Taiwan Province	14,906	-2%	27	na	237	30%	957	-17%	0	-100%	92	68%	370	13%	275	57%	16,864	-2%
Ireland	9,253	25%	31	0%	0	na	6,852	30%	0	-100%	0	na	134	-55%	144	-21%	16,414	24%
Finland	6,223	9%	2,521	-11%	0	na	2,340	8%	2,837	-5%	0	na	1,075	13%	431	21%	15,427	3%
Italy	309	-64%	11,030	-14%	0	na	177	-22%	3,021	-42%	0	na	0	-100%	1	na	14,537	-24%
Belgium	4,047	18%	3,497	15%	0	na	3,304	83%	2,879	-5%	0	na	486	-54%	71	44%	14,284	15%
Rest of the world	63,657	14%	5,728	22%	2,335	5%	19,629	4%	2,733	-12%	1,253	-4%	3,788	2%	2,073	36%	101,196	11%
World	1,367,574	10%	232,202	3%	11,071	-2%	364,755	7%	167,265	-8%	4,642	-14%	45,869	-6%	27,046	44%	2,220,424	7%

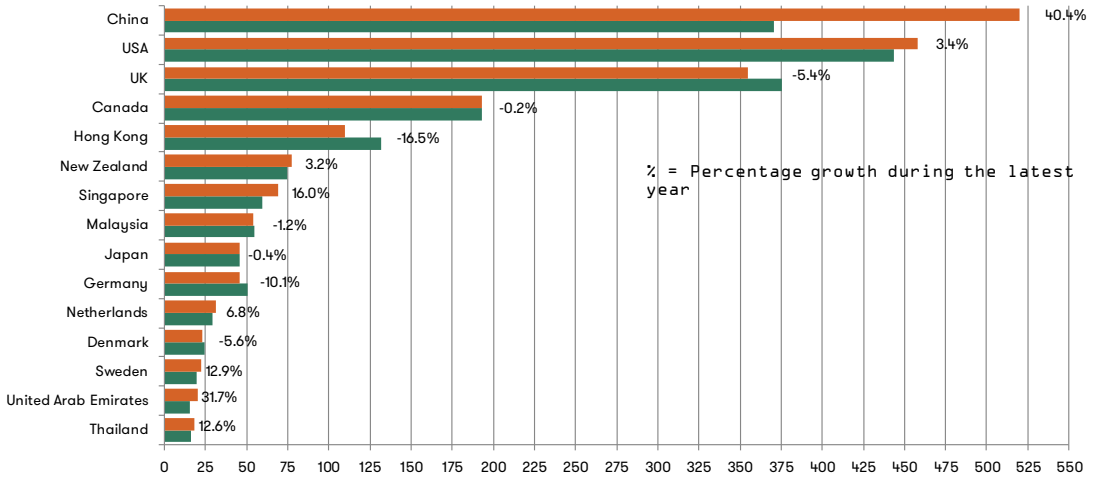
Wine exports by country, container and colour

Volume for MAT December 2016

	Glass Bottle Red Wine		Bulk Red Wine		Other Red Wine		Glass Bottle White Wine		Bulk White Wine		Other White Wine		Sparkling Wine		Other Wine		Total Wine	
	MAT December 2016 ('000 Litres)	Change %	MAT December 2016 ('000 Litres)	Change %	MAT December 2016 ('000 Litres)	Change %	MAT December 2016 ('000 Litres)	Change %	MAT December 2016 ('000 Litres)	Change %	MAT December 2016 ('000 Litres)	Change %	MAT December 2016 ('000 Litres)	Change %	MAT December 2016 ('000 Litres)	Change %	MAT December 2016 ('000 Litres)	Change %
United Kingdom	21,930	6%	108,003	-7%	1	na	17,206	2%	87,165	-4%	28	-22%	1,014	-41%	299	-19%	235,646	-5%
United States Of America	58,745	-10%	20,500	51%	144	na	39,194	-1%	39,246	-18%	3	na	774	4%	1,249	145%	159,855	-5%
China, Pr	68,399	33%	21,245	166%	523	-3%	3,094	11%	3,549	-4%	31	-58%	1,005	-14%	751	45%	98,598	45%
Canada	18,014	-8%	14,596	-6%	172	-19%	9,940	2%	17,313	-2%	252	11%	643	4%	303	14%	61,233	-4%
Germany, Federal Republic	4,819	-6%	14,155	0%	0	na	1,220	-1%	15,585	-14%	0	na	9	-13%	7	372%	35,796	-7%
New Zealand	8,910	-2%	5,548	0%	414	-6%	2,048	1%	10,636	35%	265	-31%	1,106	-9%	763	58%	29,690	10%
Netherlands	3,561	4%	3,449	-17%	0	na	2,844	3%	3,936	11%	0	na	192	-22%	487	4809%	14,469	2%
Italy	75	-56%	9,682	-13%	0	na	47	-15%	2,672	-39%	0	na	0	-100%	0	na	12,476	-21%
Denmark	1,701	-15%	6,119	10%	0	na	953	-3%	3,275	10%	0	na	154	12%	83	310%	12,284	5%
Japan	3,577	-1%	1,166	-55%	1,305	-2%	2,247	4%	1,058	-39%	527	8%	897	20%	834	29%	11,611	-13%
Belgium	713	20%	3,562	20%	0	na	794	101%	3,546	-6%	0	na	90	-50%	10	107%	8,715	10%
Hong Kong	6,222	-24%	48	na	503	-1%	950	-10%	0	na	124	8%	119	-4%	97	29%	8,064	-20%
Finland	1,017	5%	2,002	-5%	0	na	472	7%	2,915	-10%	0	na	189	-1%	96	39%	6,691	-5%
Sweden	2,316	-7%	1,803	30%	0	na	1,466	15%	484	125%	0	na	157	-20%	5	664%	6,231	12%
Singapore	3,649	9%	0	-100%	203	12%	872	2%	0	na	71	11%	594	-9%	75	1%	5,463	5%
France	164	-17%	2,511	4%	0	na	66	-35%	2,042	59%	0	na	1	98%	0	900%	4,785	19%
Malaysia	3,878	2%	0	na	126	11%	473	-7%	0	na	14	29%	16	-17%	37	4%	4,544	1%
Ireland	2,340	27%	26	0%	0	na	2,019	29%	0	-100%	0	na	38	-48%	28	-39%	4,451	24%
Thailand	1,543	-1%	431	50%	437	36%	605	-4%	120	25%	167	13%	143	4%	37	-37%	3,482	8%
United Arab Emirates	1,257	-16%	192	na	358	4%	881	5%	0	na	256	13%	234	-8%	134	11%	3,311	1%
Rest of the world	11,220	14%	2,975	44%	1,174	15%	4,186	2%	1,200	-70%	635	2%	690	8%	493	38%	22,574	0%
World	224,051	4%	218,013	5%	5,359	7%	91,576	2%	194,744	-8%	2,374	-1%	8,066	-11%	5,788	58%	749,970	1%

Exports by top 15 destinations

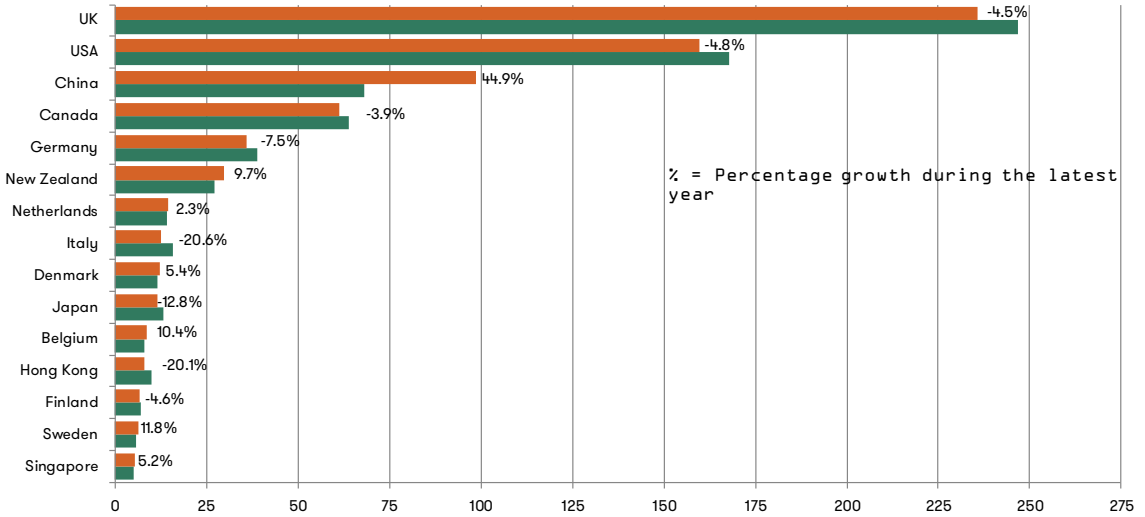
Value (million AUD) for MAT December 2016



	Thailand	United Arab Emirates	Sweden	Denmark	Netherlands	Germany	Japan	Malaysia	Singapore	New Zealand	Hong Kong	Canada	UK	USA	China
2016	18.3	19.9	22.0	23.1	31.2	45.4	45.6	53.7	69.2	77.1	109.9	192.7	355.1	458.3	520.0
2015	16.3	15.1	19.5	24.5	29.2	50.5	45.8	54.3	59.6	74.8	131.6	193.1	375.4	443.3	370.3

Exports by top 15 destinations

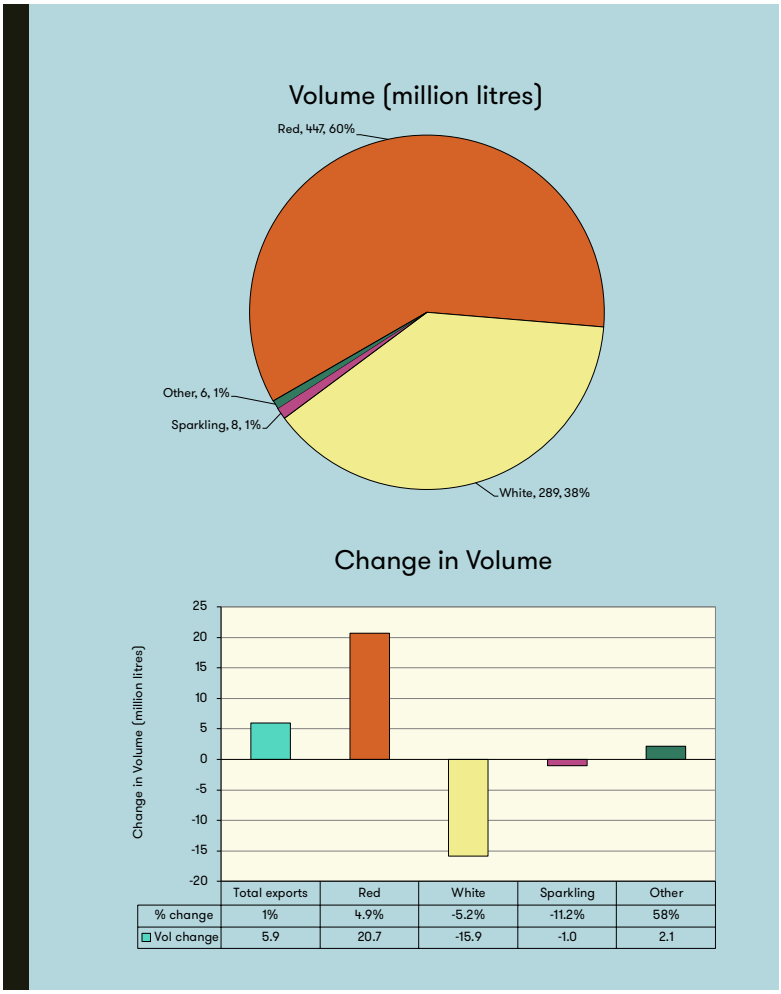
Volume (million litres) for MAT December 2016



	Singapore	Sweden	Finland	Hong Kong	Belgium	Japan	Denmark	Italy	Netherlands	New Zealand	Germany	Canada	China	USA	UK
2016	5.5	6.2	6.7	8.1	8.7	11.6	12.3	12.5	14.5	29.7	35.8	61.2	98.6	159.9	235.6
2015	5.2	5.6	7.0	10.1	7.9	13.3	11.7	15.7	14.1	27.1	38.7	63.7	68.1	168.0	246.8

Exports by colour/ wine style

MAT December 2016



	Total exports	Red	White	Sparkling	Other
% change	1%	4.9%	-5.2%	-11.2%	58%
Vol change	5.9	20.7	-15.9	-1.0	2.1

Murray Valley
Winegrowers

Murray Valley
Winegrape Industry
Development Committee