

Wine exports adjusting to China tariffs

Q1 2021

Australian wine producers and exporters are diversifying their export markets but the loss of the China market saw the value of wine exports fall in the first quarter of 2021.

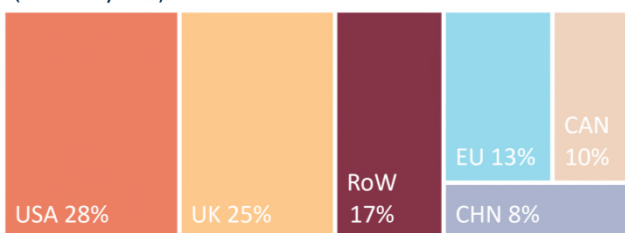
Wine exports diversify, but China leaves a big hole

- > In the first quarter (Q1) of 2021, Australian wine exports were substantially lower than the 2018-2020 Q1 average by both volume (-26%) and value (-29%), led by a 95% fall in the value (-\$173m) of wine exported to China.
- > Compared with the Q1 2018-20 average, exports of Australian wine in Q1 2021 increased to Hong Kong (+45%), Republic of Korea (+153%), EU27(+14%), and UK (+5%), while exports of wine to Indonesia rose 610% from a low base of \$0.6m to \$3.2m. These increases did not fully offset lost export value from disruptions to wine exports to China.
- > Growth in exports to the UK, USA, EU27 and Canada in Q1 2021 resembles Australian wine export patterns of a decade ago, prior to the rapid growth of the China market.

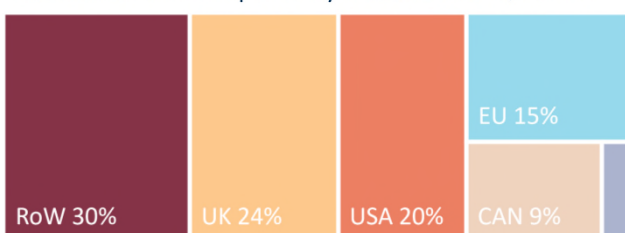
Share of the value of Australian wine exports by destination, 2010 (whole year) and Q1 2021

- United States of America (USA)
- United Kingdom (UK)
- European Union 27 (EU)
- Canada (CAN)
- China (CHN)
- Rest of World (ROW)

Australian wine exports by destination 2010 (whole year)



Australian wine exports by destination Q1 2021



No increase for bulk wine exports

- > The imposition of tariffs on bottled wine has not resulted in a substantial shift to bulk wine exports. Exports of Australian wine in containers greater than 2L fell from an average of \$140m in Q1 2018-2020 (25% of total wine export value) to \$118m in Q1 2021 (28% of total wine export value).

Total China wine imports continue to fall, France and Chile take market share

- > According to data from the General Administration of Customs China, the total value of China's wine imports from all countries has been falling since 2017. Q1 2021 continued the general downward trend.
- > The imposition of tariffs on Australian wine has seen France and Chile take an increasing share of the China market.

Value of China wine imports by source, Q1 2018 to Q1 2021

