

HOW RELIANT ON CHINA IS AUSTRALIAN WINE

The Chinese imported wine drinking population is estimated to be around 52 million which is almost double the size it was seven years ago. In terms of imported wine, China is the fourth largest consumer and the fifth largest importer of wine based on volume. Most of the wine consumed in China is non grape wine with almost all of that produced locally. When it comes to grape wine, 40 per cent of the volume consumed is imported and Australia accounts for nearly one quarter of that.

Overview: China – Australia’s number one export market by value

Wine Intelligence has placed mainland China in the world’s top 10 most attractive wine markets. Over the last four years, the nation has cemented its position in the global top five wine import markets fuelled by several factors. While there are several challenges with this market such as market access and cultural differences, opportunities also exist for Australian wine makers.

Wine consumer attitudes and behaviours in China have been greatly affected by global trends. For upper middle class imported wine drinkers, brand awareness and conversion is strong for Australian wine (behind China and France) but consumption is a lot lower. When it comes to purchasing wine, a larger proportion of these drinkers tend to buy wine in wine shops and through the internet. Further to this, gifting is still an important reason for purchasing grape-based wine. Off-trade consumption of wine has recently been growing for occasions where celebrating a special occasion at home.

Per capita consumption of grape based wine in China is currently 0.9 litres per head (2018), which is significantly less than other markets such as Hong Kong at 5.0 litres per person and the United States of America with 9.9 litres per head.

Understanding how to do business in China can go

a long way in discovering ways to take advantage of the changing route-to-market and planning for the Chinese wine consumer of the future. Knowing the various elements specific to the China wine market such as logistics, labels, IP protection, counterfeiting, listing fees and payment terms etc. can significantly reduce the risks for businesses when working with the wine trade.

In 2018, the China market consumed 59 million cases of imported grape wine valued at nearly \$US 9.7 billion

Australia is one of the main suppliers of wine imports into China and continues to be in high demand. Competing with wines from France and Chile, Australia maintains a premium position in pricing with an average value of over \$6.00 per litre in bottled wine. Mainland China is Australia’s largest export market, accounting for over a third of exported wine value in 2018-19.

China is one of the largest consumers of premium wine in the world and as the market develops, Chinese consumers are demanding high quality wines at accessible prices. Opportunities to grow the volume of premium Australian wine sold in China can be achieved through sophisticated targeted marketing by leveraging specific category entry points.

WHAT’S INSIDE THIS EDITION

	Page
Board Activities Report	2
Riverina Harvest as at 23rd March 2020	3
SA Riverland 2020 Yields Down (part 2)	3
Yield Decline in Riverina not as high as predicted	4
Vine Watch - NSW DPI	4
Post Harvest Management of Vineyards	5
Biosecurity financial boost	5
Media Release from Wine Australia	6
Retail Drinks Australia limits alcohol sales	6
Wine Industry Classified as Essential Service	7
Grape and Wine Business welcome label review	8

BOARD ACTIVITIES REPORT



Riverina Promotions continues in Griffith Visitors Guide released 2020

The Board has agreed to sponsor the Riverina Winemakers Association unWined in the Riverina 2020 activities.

Unfortunately due to the pandemic the key event which was to be held at Easter 2020 has now been delayed.

The Board are proud to once again partner with Griffith City Council with their latest visitor centre guide.

(The image below is from the new guide.)

The Board has been supporting these guides for over 20 years for both the Griffith and Leeton local government areas. You can pick up a copy of the guides from our office or most council premises (when these reopen). We can post these to you on request.



RIVERINA WINEGRAPE GROWERS

The Riverina Wine region:

- 22,000ha of winegrapes planted in rows (enough to have wine grapes stretching around Australia's coastline 3 times)
- Greater than 12.5 million cases of bottled wine per annum for export (enough wine to fill 45 Olympic Swimming pools)
- Enough wine bottles are packaged each year that if laid out they could circle the earth.
- The first vine was planted in the region over 100 years ago and the region now grows over 60 different winegrape varieties.
- There are 300 winegrape growers in the region, many of which are third generation viticulturists.

Riverina Winegrape Growers has been operating representing regional growers since 1933. It proudly supports the growers of this wonderful region.

RIVERINA HARVEST AS AT 30th MARCH 2020

Source: RWA Weekly Reports	30/03/2020	Final 2019	Difference
Chardonnay	51,645	63,703	-18.93%
Colombard	7,159	8,095	-11.56%
Frontignac	12,172	12,226	-0.44%
Muscat Gordo Blanco	6,553	6,909	-5.15%
Pinot Gris	20,804	20,174	3.12%
Riesling	1,805	2,450	-26.33%
Sauvignon Blanc	15,542	16,572	-6.22%
Semillon	23,599	25,201	-6.36%
Traminer	6,039	7,064	-14.51%
Verdelho	1,930	3,034	-36.40%
Viognier	1,476	1,518	-2.78%
Other White	6,389	6,353	0.56%
Total White	155,111	173,299	-10.50%
Cabernet Sauvignon	24,395	26,819	-9.04%
Durif	9,315	8,216	13.38%
Merlot	20,868	23,232	-10.17%
Frontignac	652	718	-9.11%
Petit Verdot	2,937	3,763	-21.94%
Pinot Noir	4,607	4,829	-4.61%
Ruby Cabernet	6,953	6,963	-0.16%
Shiraz	64,263	66,552	-3.44%
Tempranillo	614	531	15.53%
Other Red	10,940	8,309	31.66%
Total Red	145,543	149,932	-2.93%
Total Grapes	300,654	323,231	-6.98%

SA RIVERLAND 2020 YIELDS DOWN

In our last edition we discussed the concerns in the Riverland of a lighter than normal crop. This concern hasn't changed for those growers in the Riverland and overall tonnes for the region may be down.

Interestingly the Riverland has around the same production area in vines as the Riverina.

However recent information that has come to hand shows that a while in decline the yields coming from the region are much higher than Riverina growers could imagine.

The following are yields reported to the Board from a reliable South Australian source for the 2020 Vintage.

- Chardonnay 26.2 tonnes per hectare (10.60 tonnes per acre) @ \$400 per tonne - \$4,000 per acre
- Shiraz 22.2 tonnes per hectare (9 tonnes per acre) @ \$680 per tonne - \$6,120 per acre
- Colombard 38.5 tonnes per hectare (15.5 tonnes per acre) \$300 per tonne - \$4,650 per acre

The returns that this region gets are phenomenal when compared to this region. We understand that planting density (row and vine spacing) plays a major part in the production result from the Riverland but it is understood that yields are not capped by wineries.

YIELD DECLINE IN RIVERINA NOT AS HIGH AS PREDICTED

With the final tonnages for the region not yet available it is interesting to review the tonnes harvested to date (prior page).

As at the fourth week of March in 2020 in comparison to 2019 the crop is only 7% lighter in yield. The final crop figures for 2019 was:

Whites: 173,229 tonnes
 Reds: 149,932 tonnes
Total: 323,231 tonnes

Chardonnay has been particularly impacted this season with almost a 19% decline in production. This could be an impact of the age of vines in the region with most approaching 20 years of age or the drier than normal winter season.

Vintage	Tonnes
2010	233,351
2011	270,407
2012	226,123
2013	282,103
2014	255,013
2015	305,819
2016	307,254
2017	360,788
2018	329,796
2019	323,231

Shiraz, which is our regions most produced winegrape variety and it has only seen a slight reduction presently at around 3.5% from the previous year.

The late season rainfall slowed the accumulation of sugars which has seen a slowing of the end of vintage. Colours recorded by the Board office

A 7% lighter crop should see the final harvested tonnes in the Riverina at 300,604 tonnes. This is well below the required tonnages of regional wineries to service markets that were in operation prior to the pandemic. These sort of tonnages should not put us into oversupply in the future as market will continue to grow once the pandemic has subsided.

WINE SECTOR SEEKS TO COMPLETE VINTAGE 2020

Wine sector seeks to complete Vintage 2020 amid fears of national shutdown

Australian Grape & Wine (AGW) welcomes the approach taken by the Victorian and New South Wales Governments to allow businesses to continue working through the 2020 vintage and encourages other governments to follow suit.

AGW chief executive, Tony Battaglione said, "We understand the potentially devastating ramifications of COVID-19 on the health and welfare of Australians and recognise that governments have to make difficult decisions that impact businesses, the economy, and our normal way of life".

"However, the next 4-6 weeks is a critical period for grape and wine businesses in Australia. They have just one chance per year to grow grapes and make wine, and many are nervous about whether heightened COVID-19 responses will require them to shut down vintage 2020," said Battaglione.

2020 has seen hundreds of wine businesses facing a future without tourists visiting their cellar doors or suffering the impacts of fire and smoke damage.

AGW believes that cancelling the 2020 vintage could spell the end for many – possibly hundreds – of Australian grape and wine businesses, with significant

flow-on impacts in rural and regional communities.

"It is imperative that we get these grapes picked, crushed, fermented and locked away from maturation," said Battaglione.

"About 30 per cent of the national crop is still to be picked, with many growers and wineries currently working around the clock to get the job done.

"A shut-down of the sector now would destroy the vast majority of the 2020 vintage, which would have ramifications for many years to come."

"Wine businesses are putting unprecedented measures in place to ensure the safety of their people and their customers, and to comply with government directives," continued Battaglione.

"These measures are allowing the grape and wine sector to complete vintage under tight conditions that will help halt the spread of COVID-19 in the community.

"We hope all governments across Australia can implement arrangements that protect human health and ensure Vintage 2020 can be completed."

POST HARVEST VINEYARD CARE

The ASVO has a large volume of information on the post harvest care of vineyards that is well worth reviewing by growers to ensure that you are doing what is best for your vines following another tough and dry season.

If you are unable to download the factsheets from these links below please call the office and we can print them and post them out to you.

Irrigation and Nutrition

https://www.wineaustralia.com/getmedia/71d11299-dddd-4cc4-ac8f-9b3e94df6170/201404_post-harvest-care-of-grapevines-irrigation-and-nutrition.pdf

The Role of Nitrogen

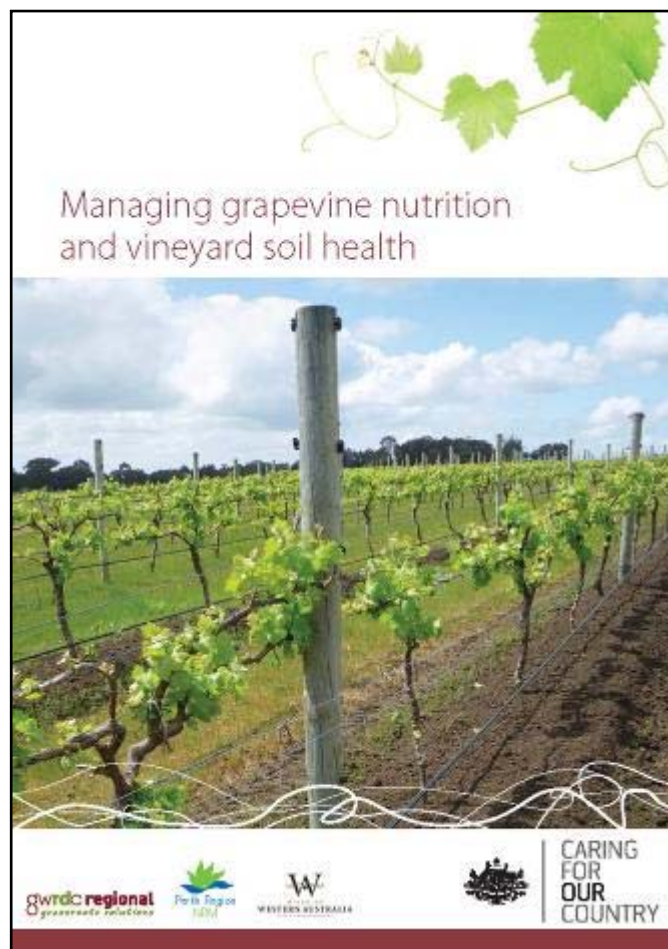
https://www.awri.com.au/wp-content/uploads/1_nutrition_nitrogen_fertilisation.pdf

Managing grapevine nutrition, vineyard soil health

https://www.perthnrm.com/wp-content/uploads/2016/09/grapevine_nutrition_amended.pdf

Tips for Managing Post Harvest Vines

<https://winetitles.com.au/tips-for-managing-post-harvest-vines/>



BIOSECURITY FINANCIAL BOOST

A challenge set by the department to tackle pests and diseases on incoming cargo containers has led to two companies each being awarded \$1 million under the Australian Government's Business Research and Innovation Initiative (BRII) to develop a proof of concept.

Head of biosecurity at the Department of Agriculture, Water and the Environment, Lyn O'Connell, said the department's challenge was to find innovative and cost-effective solutions to improve the effectiveness of detecting and managing hitchhiker pests and other contaminants on, or in, shipping containers.

"The proof of concept stage will involve the two companies undertaking activities to produce a working prototype or demonstration of their proposed solution," O'Connell said.

"One company will base their solution on unmanned flight and detection technology, while the other proposes to integrate an array of sensors into the gantry

cranes unloading sea containers from vessels.

"The final products will have the potential to help protect Australia's unique native flora and fauna from pests, diseases and contaminants that can arrive on sea containers. Incoming shipping or sea containers, whether carrying cargo or arriving empty, can provide a pathway for hitchhiking pests, organisms, diseases, weeds and contaminants to enter Australia and create a biosecurity risk.

"Both solutions are expected to address the current risks and are designed to fit within existing ship to shore processes for container movement, to keep cost to the minimum. I congratulate Industry Spec Drones Pty Ltd and Trellis Data Pty Ltd on their amazing work and look forward to the exciting opportunities the next stage will bring."

A list of grant recipients can be found at www.business.gov.au/BRII

Source(s): Winetitles.com.au

MEDIA RELEASE FROM WINE AUSTRALIA

Wine industry tax relief will save businesses, jobs and regional communities.

Australian Grape & Wine is calling on the Australian Government to give Australian wine businesses a temporary break from paying the Wine Equalisation Tax (WET) to make sure there's enough money in the bank to pay wages and suppliers and give them some hope for the future.

"2020 has seen drought, fire, smoke and now COVID-19 place unprecedented pressure on the profitability of Australian grape and wine businesses" said Tony Battaglione, Chief Executive of Australian Grape & Wine.

"Any one of these issues has the potential to send a business to the brink, but taken together, the impacts will likely be too much to bear for many businesses, unless there is swift and decisive government intervention".

"Removing the requirement to pay the WET, even for 12 months, would be a game changer for many businesses currently looking at how they can retain their staff, pay suppliers and stay afloat in a what is likely to be a very difficult environment" said Mr Battaglione.

In the absence of immediate relief, Australian Grape & Wine fears a large portion of Australia's 2,500 wine businesses and 6,000 grape growers will exit the sector. This would have enormous flow-on effects in rural and regional communities across Australia.

"As I said yesterday, we're deeply worried that an increase in the restrictiveness of COVID-19 measures could shut down the 2020 vintage" said Mr Battaglione. "And on top of this, businesses are staring down the barrel of tourism, winery events and cellar door sales drying up completely."

"We need to act right now to keep these businesses up and running, and giving business owners a tax break is a quick and effective way to do this".

"If we do not act now, we fear Australia's world-renowned and celebrated grape and wine sector will change drastically in the coming three years. We need to fight to secure the future of grape and wine businesses right across Australia" said Mr Battaglione.

Source: Wine Australia 25th March 2020.

RETAIL DRINKS AUSTRALIA PUT VOLUNTARY LIMITS ON ALCOHOL

Retail Drinks Australia (Retail Drinks) has today announced a voluntary national initiative by participating liquor retailers to place temporary limits on the amount of product customers can purchase in one transaction.

Retail Drinks CEO Julie Ryan said this initiative was developed following concerns being raised by government that customers could change their purchasing behaviours and cause supply interruptions as seen within the grocery market.

"We know that consumers like to feel certainty of supply during times of crisis, and our members want to do their part to encourage people continuing to purchase alcohol responsibly as they normally would," she said.

"Our suppliers in breweries, wineries, distilleries and the wholesale and distribution of drinks continue to be fully operational and this means there are no issues of supply.

"However, it was clear that uncertainty on the impact of supply following the closure of pubs, clubs and restaurants last week caused some people to purchase differently.

"We want to now send a clear message bottle shops remain an essential service and there are no issues of supply.

"These temporary measures will ensure that all consumers can continue to access their favourite drinks when they decide to make a purchase."

Product category transaction limit

- Beer: 2 cases*
- Cider: 2 cases*
- Pre-mix spirits/Ready to Drink (RTD): 2 cases*
- Wine: 12 bottles
- Cask Wine: 2 casks, not to exceed 10L in total
- Bottled Spirits: 2 bottles, not to exceed 2L in total

WINE INDUSTRY CLASSED AS ESSENTIAL SERVICE



The Federal Minister for Agriculture, David Littleproud, has confirmed with Australian Grape & Wine (AGW) that the wine sector, along with all agricultural industries, has been classed as an essential service during the COVID-19 pandemic, ensuring the continuation of all vineyard and winery operations.

In a statement, AGW's chief executive, Tony Battaglione, said talks with the Minister have been ongoing.

"The Minister has been regularly meeting with the agriculture industries by telephone. Our most recent hook-up was [on Tuesday], where he made it very clear that the agriculture industries, including wine were classed as essential."

Battaglione said this means that the movement of labour, freight and the supply of inputs for these sectors would all be maintained during the COVID-19 crisis.

"Agriculture was seen not only as essential to provide food during the crisis, but also as an important part of the recovery process," Battaglione said.

"The state of the vintage situation in Australia is clearly understood, and with this, the need to keep grapes being harvested and processing plants operating."

A raft of closures came into force at midnight last night, mainly affecting business activities and venues with high levels of personal interaction.

These include food courts in shopping centres, auction houses, spas and massage parlours, amusement parks, community and recreation centres, and swimming pools.

However, Minister Littleproud provided reassurance that the nation's food production and supply chain will not be affected by coronavirus shutdowns.

"As far as the Commonwealth is concerned, food production and supply is an essential service," the Minister said.

"Feeding our nation is an essential service.

Supply chains not affected

"That means State-imposed border shutdowns will not affect agricultural supply chains," said Minister Littleproud.

"The trucks carrying food and produce will get through to the shops.

"Feed, hay, fertiliser and other agriculture products will continue being delivered to farms.

"We've got plenty of supply and the freight lanes across the country are being kept clear."

Minister Littleproud guaranteed that all aspects of production across primary industries – including the wine sector – will remain unaffected.

"Maintaining food production, access to workers, agricultural supply lines, transportation and logistics is absolutely critical and will not be affected by any of the measures aimed at curbing the virus's spread."

Meanwhile, former senior bureaucrat Mark Tucker has been appointed by Mr Littleproud to act in the role of senior agriculture industry engagement officer to provide a crucial link between industry and Commonwealth officials dealing with COVID-19 shutdowns. AGW's Battaglione has welcomed the appointment.

"The appointment of Mark Tucker is a critical one, and gives us the opportunity to communicate directly and quickly when issues occur. This could include cross border movements and the like.

"The Minister is appreciative of the work our organisation and others are doing, by providing a conduit of information out to the sector, and raising critical issues requiring government response back to him," said Battaglione.

Source: Winetitles 26th March 2020

GRAPE AND WINE BUSINESS WELCOME REVIEW OF LABEL WARNINGS

Grape and wine businesses welcome review of pregnancy warning proposal

Australian Grape & Wine (AGW) has welcomed the decision taken by the Australian and New Zealand Ministerial Forum on Food Regulation to request a review of the proposed pregnancy warning label designed by Food Standards Australia-New Zealand (FSANZ).

"Foetal Alcohol Spectrum Disorder (FASD) is an issue that we take very seriously. We have publicly supported the adoption of a mandatory pregnancy warning label throughout this process, and have joined the Australian Government in investing in the DrinkWise FASD Awareness program to help drive greater awareness and understanding of FASD" said Tony Battaglione, AGW chief executive.

"However, the label designed by FSANZ was the worst possible outcome for wine businesses, and particularly those small family owned businesses that make up the majority of our sector."

According to costs estimates put to Ministers by FSANZ in its approval report, the best case scenario would cost businesses \$4,924 per SKU (stock-keeping-unit, or label), while a 2008 Price Waterhouse Coopers Report for FSANZ identified an average cost of \$9,000 to \$10,000 for a major label change.

With most wine businesses offering multiple varieties and wine styles to their customers, the costs would have been immense, and small wine businesses would have been the hardest hit.

"We are relieved that Ministers have chosen to take a common sense approach and ensure the mandatory labelling scheme is effective and cost efficient. The 2,500 small wine businesses across rural and regional Australia will breathe a sigh of relief at this pragmatic outcome," said Battaglione.

The Australian grape and wine sector employs more than 160,000 people across rural and regional Australia, and contributes more than \$45.5 billion to the Australian economy.

"Bushfires, smoke and now COVID-19 are putting unprecedented pressure on hundreds of Australian wine businesses, most of which are small and family owned.

"This week they've been looking at orders drying up, functions being cancelled and the prospect of nobody visiting their cellar doors for months."

"We believe a label design that does not mandate colours and contains a more targeted headline message of "Pregnancy Warning" will be effective and cost efficient. This would cut the cost of a label change by 30-50 per cent and provide a much clearer message consumers" said Battaglione.

"Let's get FSANZ to do this review quickly and let's get on with the job of the industry working with the Australian and State and Territory Governments to reduce instances of FASD. We can do this by supporting an effective mandatory pregnancy warning label and driving greater awareness and cultural change through investments in targeted education campaigns. DrinkWise's FASD Awareness Program is doing just that, and we believe it serves as a template for future co-investments" said Mr. Battaglione.

Source: Winetitles.com.au 23rd March 2020



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