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Germany

Wine

Annual

2005

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Report Highlights:
U.S. wine sales to Germany in terms of value increased slightly by 0.6 percent to $77 million in 2005, although the total volume decreased nearly ten percent to 430,000 hectoliters (hl). In 2004, American exporters shipped 480,000 hl of wine to Germany. Almost two thirds were in bulk. In 2005, the German wine crop was 10 percent smaller than last year's harvest. The smaller crop and lower wine stocks are reportedly pushing wine prices up at the producer level. German per capita consumption reached record highs in 2004 (20.1 liters) although it appears to be leveling off in 2005

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Berlin [GM1]
[GM]

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Executive Summary
In 2005, German vintners are expected to harvest 9.1 million hectoliters (hl) of grape must, which is about one million hl less than in 2004. This wine is expected to be of average or better quality, but not comparable with the so-called “century wine” of 2004.

Grapes for wine are harvested from a productive area of 98,300 hectares, which are spread over 14 different wine growing regions. The predominant wine regions are in the states of Rheinland-Pfalz, Baden-Wuerttemberg, and Hessen. Due to climate and geography, German wine production can vary significantly in quality and quantity from year to year. However, strict maximum harvest regulations based on the EU wine regime should limit fluctuations in annual production.

Germany is predominantly a white wine producing region accounting for 64 percent of planted area. However, due to consumer preferences, vintners are gradually increasing their production of red wines. In 1991, only 20 percent of the grapes were of red varieties compared to 36 percent now. About 50 percent of the re-plantings are currently in red wine varieties. Based on area, Germany is the 17th largest wine grape producing country in the world and ranked eighth in 2003 in terms of wine production, just recently surpassed by Australia.

Total wine consumption in MY 2004/2005 (Aug/Jul) is estimated at 20.1 million hl, 62 percent sourced from imports. Germany is the world’s biggest importer of wine, predominantly from other EU countries. U.S. exports of mostly high quality red wines had been growing steadily until 2004 and but dropped again by about ten percent in 2005**.** Total U.S. wine shipments to Germany amounted to 480,000 hl in CY 2004 compared to 450,900 hl in 2003. On a value basis, the U.S. had been the largest non-EU supplier of wine in Germany until CY 2003. Strong competitors for U.S. exporters are vintners from Chile, Australia, and South Africa, who – in value terms – sell more wine to Germany than the United States. Due to the strengthening of the Euro versus the dollar, New World wine shipments to Germany have increased.

In CY 2004, Germany exported about 2.8 million hl of wine, mainly to other EU countries. It exported about 7.2 percent of its wine exports to the United States, or 200,400 hl. In its export markets, Germany is promoting Riesling wine for the medium and higher price markets. The German Wine Institute spent about Euro 3.67 million ($3.29 million) on export promotion in CY 2001.

Note: In recent years the U.S.$/EURO exchange rate has been as follows:

2000: $1 = Euro 1.0827	2003: $1 = Euro 0.8840
2001: $1 = Euro 1.1166	2004: $1 = Euro 0.8039
2002: $1 = Euro 1.0575	Oct 2005: $1 = Euro 0.8323

Production
In the fall of 2005, German vintners harvested about 9.1 million hl of grape must, which is about 1 million hl less than in 2004. Vintners attributed the decrease to adverse weather conditions. However, first impressions are that this year’s wine quality is of average or better than average quality but not as good as last year’s century wine.

In 2004, Germany was the EU’s 6th largest wine producing region with 102,241 hectares under wine grape cultivation. It was also the world’s 7th largest wine producer with an annual production of approximately nine to ten million hectoliters. There are 14 different growing regions in Germany. The names of these regions are used for region of origin labeling. The commercial production of wine beyond these designated areas is not permitted. Based on the rules of the EU wine regime, the German wine law allows regional authorities to stipulate which grape varieties can be produced in the production regions. In 2004, 64 percent of the grapes produced in Germany were white wine varieties. Six years ago, white wine vines covered 77.4 percent of Germany's wine production area. The leading Riesling and Mueller-Thurgau varieties are grown on about 35 percent of the grape area. White Burgundy, Chardonnay, and Rulaender grapes are growing in popularity, while the planting of the Mueller-Thurgau variety is decreasing. Red wine is only planted in about 36 percent of the grape area, but its production area is growing by about 1,500 to 2,500 hectares every year. The popular red grape varieties are Blue Burgundy, Dornfelder, and Blue Portuguese. For re-plantings, the preferred grapes during the past five years have been the Dornfelder and Blue Burgundy varieties (see Table 3.)

To assist vintners in responding to consumer demand, the EU offers a restructuring program for vineyards. During MY 2004/05 (Aug/Jul) the EU subsidized the uprooting of unwanted grape varieties in Germany and the subsequent replanting of modern varieties. These subsidies totaled Euro 12.7 million (U.S.$ 10.2 million). For MY 2005/06, the EU granted restructuring subsidies of Euro 12.5 million for a restructuring area of 1,998 hectares. This program is available to all the wine-producing countries within the EU. Under this program, a total of 1,975 ha in Germany were replanted with new grape varieties. The varieties Mueller-Thurgau, Kerner, Bacchus, Morio Muskat or other high yielding varieties are no longer preferred by German consumers. Also, subsidized replanting with the high yielding red Dornfelder variety was stopped in MY 2001/02 since this risked meeting maximum yield limits stipulated by production region and quality level.

Four consecutive years of lower wine production have led to price increases in 2004 and 2005. The exception has been the prices for Dornfelder, Germany's top selling red wine for the past seven years, which have dropped considerably because more red wine is being produced in Germany. During the past two years, vintners selling their wine in bulk experienced the highest profit margins. However, this group also suffered the highest losses in prior years. Bulk wine is primarily marketed through the food retail chains and this market channel is extremely price competitive. Total bulk wine sales represent about 40 percent of German wine production. Vintners who market their wine directly generally have more control of their product pricing compared to bulk wine producers. During previous years, producers of bulk white wine had problems selling to sparkling wine producers. These companies still prefer to import their bulk wine from low-priced Mediterranean and eastern European sources. The disadvantages faced by domestic vintners are their small operation size and inability to offer sufficient volume for sale in retail chains. A direct marketing strategy may be a marketing tool that helps overcome these disadvantages.

Consumption

The economic situation in Germany has not improved significantly from 2004. After almost stagnant growth during recent several years, GDP growth for 2006 is still expected to be only 1.2 percent. High energy prices, high unemployment, and high budget deficits are adversely affecting domestic demand. Recently published economic indicators, however, point to a somewhat more optimistic direction for 2006. Turnover numbers in the hotel and food and beverage sectors have been relatively stable in 2005. These sectors hope that the 2006 World Cup will inspire additional demand for their respective industries.

Over the past 15 years, wine has been gaining in popularity among German consumers (see Table 4). Wine consumption by volume has not been affected by Germany's negative economic conditions. Wine consumption actually grew while demand for all other alcoholic beverages decreased. Good product quality, creatively designed bottles, and labels have made wine more attractive to all consumers. Per capita consumption in 2004 was estimated at about 20.1 liters. However, sparkling wine demand dropped approximately twenty percent after the millennium year. In 2004, a consumer panel revealed that 67.5 percent of German households are occasionally buying wine. Although this is the lowest level during the past four years, it indicates that the vast majority of Germans still appreciate at least a sporadic glass of wine.

Wine consumers are generally not affected by economic difficulties, thus, it makes it easier to market to this segment Studies done by the Deutsches Weininstitut (DWI) indicate that the domestic wine market follows the general purchasing behavior of the majority of consumers. For example, German customers primarily purchase items by price and quality differences come in second.

DWI studies also found that food retailing is increasingly handled by price aggressive discount retailers. These studies also revealed that imported wines are being placed on discount shelves in larger numbers. A majority of domestic wines are still sold in supermarkets, which usually offer a much wider variety of wines compared to discount chains. As a result, imported wines are selling on average at somewhat lower prices compared to domestic wines. Food discounters have excellent marketing staffs, who know what their customers want and have developed a very good reputation in the market. Due to the large volume of good wine available on the global market, these discounters have managed to import the desired wines in bulk and are bottling them locally. Consumers do not appear to necessarily care about the brand name and are more willing to buy generic products or discount brands.

Average prices for domestic wines in the first half of 2005 were recorded at Euro 2.58 per liter (US$ 3.10) and Euro 2.41 per liter (US$ 2.90) for imported wines. Due to the rising market share of hard discounters in the wine market, the market segment of a maximum two Euros per bottle is growing significantly.

An important trade channel for domestic wines is direct sales between the vintner (or the cooperative) and the consumer. About 36.5 of domestically sold German wines are sold directly. These wines sell at higher prices than retail wines and represent 46 percent of market sales (in value terms). The long-term trend, however, indicates that this trade channel has been continuously losing customers. Vintners claim that this trend reversed in 2004 and 2005 as younger customers are finding their ways to the vintners and make it a shopping event to search for their personal vintner.

In Germany, the majority of wines are sold by production region and by grape variety. To overcome the labyrinth of thousands of different regional identifications and quality classes, the DWI developed two new wine categories, “Classic” and “Selection”. (see GAIN Report GM0041). Vintners contract with DWI for the use of the Classic and Selection label. DWI also controls the production methods and the quality of the wine sold under these labels. In 2001, the first Classic type wines were put on the market numbering somewhere between 20,000 to 30,000 hl. In CY 2004, the market penetration of “Classic” labeled wines was rather limited with an estimated volume of only 120,000 hl, which is 1.04 percent of total German wine production. The objective of the Classic line was to improve the quality of bulk wine and, in turn, the image of German wines. The Classic label focuses exclusively on dry wines. The target price range for Classic wines is between EUR 3.50 and EUR 5.00 per bottle of 0.75 liters. The target price for Selection wines is between EUR 7.50 and EUR 15.00. The target of this product line is not only the domestic market but also the export market.

Per capita wine consumption has been rising over the past ten years from about 18 liters to the present level of slightly more than 20 liters. The Lebensmittelzeitung, a weekly food retail magazine, fears, however, that this positive trend might have come to an end in mid 2005 as retail sales dropped by three percent. The only exception is sales through the hard-discounter Aldi. Sherry and Portwine sales are also down.

Looking at wine consumption by region within Germany, it is notable that people in the eastern part of the country consume significantly less wine than the more affluent population in the West. However, more wealthy clusters in and around the city of Leipzig and along the coastline to the Baltic Sea may provide some marketing opportunities.

With respect to taste, German consumer preference for dry and semi-dry wines is steadily growing. Industry data collected in 2000 indicate that 54.4 percent of the German quality label wines were of the dry/semi-dry market segment, compared to 35.9 percent fifteen years before. Trade reports indicate that this has not changed five years later.

The most popular bottling size for Germany is the 0.75 liter bottle. Wines sold in one liter bottles are often of the lower price segment or sold directly through the vintners. About 94 percent of German wines are in glass bottles, of which about 27 percent are returnable. The industry has recently looked into packaging alternatives for glass bottles and also tested PET (plastic) bottles, but concluded that PET is not a packaging alternative for wine in Germany. An alternative to the glass bottle is the five-liter bag-in-the-box system, which is frequently used for French wines.

Another point of interest is the issue of corking. According to an opinion poll among the German food and beverage sector, about 28 percent prefer screw caps, 56 percent natural cork, and 6 percent plastic cork. In the same opinion poll, a majority of the respondents preferred a corked wine for a higher-priced wine. In the retail sector, 90 percent of the wine is corked.

Sparkling wine consumption in Germany reached a temporary high of 4.9 liters per capita in 1999 due to the millennium celebration**.** Since then, demand for sparkling wine (including champagne), has fallen to 3.8 liters per capita in 2004. Preliminary reports for 2005 do not show a reversal of this downward trend.

Much of this information was extracted from market reports of the Deutsches Weininstitut.

Trade

Germany is the world's most important import market for wine. About 54 percent of Germany's wine consumption is comprised of imported wine. Total imports in CY 2004 increased by 8 percent to 13.4 million hl compared to 2003. However, during the first eight months of 2005, German wine imports dropped by about 2.3 percent to 8.6 million hl. According to official German trade statistics, the import reduction in 2005 occurred predominantly in imports from Spain and France with price being the main factor. The big winner in the wine import market in 2005 is Italy, which increased its export shipments by about 15 percent to 3.1 million hl. During the past four years, Spain had been increasing its sales to Germany, but during the Jan/Sept. 2005 time period, Spanish wine sales dropped by almost 40 percent to 1.3 million hl.

Imports from southeastern European countries such as Bulgaria, Macedonia, Romania, and Cyprus are marketed at below 50 percent of normal import prices. These wines are primarily used as base wines for the production of sparkling wines. These countries exported about 600,000 hectoliters of wine to Germany in 2004.

Of significantly growing importance to the German wine trade have been New World wines. These wines comprised of 12.8 percent of all German wine imports in 2004, compared to 4 percent in 1999. In 2005, sales from Australia improved by about 20 percent to 2.9 million hl (Jan/Sep). South Africa also increased its 2005 sales to Germany from 1.9 to 2.9 million hl during the Jan/Sep period. While prices for U.S., Australian, Argentine, and South African wines are noticeably higher than the average import price, Chilean wine is marketed less aggressively.

Average prices for wines from the United States have fallen during the past five years, which is a result of the shift from shipments of bottled wine to bulk shipments. In 2005, average prices for U.S. wines shipped to Germany increased again by more than ten percent. The strength of the Euro currency compared to the US dollar made it possible for U.S. wines to be marketed through the mass retail system, thus increasing its sales potential. Despite the recent appreciation of the dollar in relation to the Euro, importers are quite optimistic that the situation will not hinder exports to Europe noticeably.

U.S. (mainly California) and other New World wines have increasingly captured space on many of the retail shelves. These are no longer exotic products. More importantly, they are selling at above average prices (except for Chile) and are of wine varieties that are popular with German consumers. Retailers like to advertise wines of international origin in their weekly offer bulletins. As a result, consumers are more familiar with these wines, but the downside is that these wines need to be very price competitive. About 80 percent of the imported U.S. wines are high-quality red wines. U.S. red wine shipments to Germany make up for 4.5 percent of total red wine import volume or 3.3 percent in terms of value. In previous years, the market share of U.S. wine in terms of value was higher than the market share in volume. This changed because of the transition from bottled to bulk wine exports. The portion of U.S. wine shipped in bulk to Germany is now about twice as high as the volume shipped in bottles.

California wines are relatively well known in Germany and German consumers expect high quality when they purchase California wines. Wines from other regions or states in the U.S. are not yet well known. Total U.S. wine exports to Germany amounted to 480,000 hl in CY 2004. In 2005, trade statistics show U.S. wine exports down about ten percent in volume (see Table 7 ff.). In terms of value, U.S. exports are increasing marginally mainly due to sales of higher priced bottled wine.

German wine exports amount to 20 to 25 percent of domestic production. In 2004, Germany exported 2.8 million hl, the same volume as in 2003. In terms of value, German exports increased by ten percent to US$ 615 million. The positive export trend for German wines continues in 2005 as preliminary trade figures show a five percent increase in export volume and 15 percent in value. The leading markets for German wine exports are the United Kingdom, the Netherlands, and the United States. Germany is working hard to improve its image as a supplier of quality wines. The export marketing is focused primarily on dry Riesling wine. The German Wine Institute spends about EUR 3.5 million annually on export promotions

Stocks

German wine stocks in 2005 amounted to 13.156 million hl, which is 500,000 hl more than in 2004. Compared to four years ago, this represents a noticeable reduction in surplus stocks of 3.4 million hl. Of the 13.2 million hl of stored wine, about 53 percent are held by vintners and 47 percent are in trade storage. Approximately 63 percent of the stored wine is white wine and the remaining 37 percent is red wine. Roughly 75 percent are German wines and 25 percent are imported including those from EU countries. Storage build-up took place in both the domestic and imported sectors. More importantly, the reduction of these surpluses (decrease of 3.3 million hl) could translate into a more lucrative market and better prices for German businesses.

Policy

The German government has voiced the strongest opposition in Europe against the U.S./EU wine agreement, which was finally approved by the EU Agriculture Minister Council on December 20, 2005. The main issue for Germany is the omission of mutually recognized wine making practices set by the International Wine Office (OIV). The Germans are also demanding stricter rules for the use of semi-generic, traditional expressions, and an extended list of protected geographic indications. Another core issue for the German vintners is their appeal to have all major wine making countries become members of the OIV. The OIV sets the framework for good and accepted wine making practices. It is feared that the United States, which is not under the supervising authority of the OIV, has the potential to approve enological practices, which allow the manufacture of so-called artificial wines. Numerous media reports during the past several months stigmatized wine makers from New World Wine countries, in particular the United States, as a potential threat for the good image of the "traditional" wine. German vintners are fighting for the preservation of "authentic wines" and oppose any attempts to approve the use of the "spinning" cone column or the adding of water. German vintners are demanding a new regulation that requires a different label for wine not made according to OIV approved rules. In recent press interviews, Germany's Federal Minister for Agriculture insisted that the EU ban wines from the EU market if they are not made according to EU enological rules.

Marketing

Effective November 25, 2005, all wine products must have labels indicating their sulfur level if it exceeds 10 milligrams per liter. This new requirement is a result of EU directive 2003/89/EC that governs allergen labeling in alcoholic beverages. For further information see http://www.useu.be/agri/label.html#Allergen

Sales of California wines have been very successful in Germany during recent years. California wines have an excellent reputation in the German market and so far consumers appear to be willing to pay above average prices for these wines. However, since they are no longer a novelty in the German market, growth rates may level off. They have to compete intensively with other New World wines, in particular wines from Chile, South Africa, Australia, and New Zealand that also have a good quality reputation in Germany. Also high quality wines from Romania and Bulgaria are expected to make inroads in the German market within several years. Their biggest disadvantage is their reputation as low priced and low quality products.

Other American wine growing regions are encouraged to test the German market and take advantage of the positive California image. Wines from the Mid-West have done some tastings/promotions in Germany during recent years.

The somewhat weaker value of the Euro compared to the U.S. dollar since mid-2005 has the potential to complicate U.S. wine sales to Germany. In addition, the stagnant economic situation in Germany limits opportunities to sell high value and high priced wines to restaurants and the hotel sector. Companies are increasingly cutting back on travel and representation funds, which limit marketing opportunities in the higher priced market segment. Trade servicing efforts such as European storage, presentations, tastings, and selling on commission will become a more important marketing tool to successfully compete with other New World and European suppliers.

On the lower end market segment, significantly increased bulk shipment of wines to Germany/Europe for bottling in the destination country has opened up marketing opportunities for U.S. wine. These include placements on retail shelves of all types of retailers including the price aggressive discount stores. Price aggressive food discounters often use special sales to market higher quality wines for a short period of one or two weeks. These special sales prices often range between EUR 5 to EUR 10 per 0.75 liter bottle. Lower priced U.S. wines are also found on discount retail shelves.

The German Wine Institute conducts generic marketing for the industry. It is responsible for marketing and promoting German wine within Germany and around the world. It receives most of its funds as royalties from German wine growers and processors. Overall, the German wine marketing strategy aims to improve the image of German wine and promote German wine in the high and medium priced market segments. These promotional efforts have the potential to also generically support marketing opportunities of imported high quality wines. Promotional efforts are particularly targeting the lucrative medium-priced segment of the wine market (between $5 and $9 per bottle), a segment in which German wines are under-represented. Besides the traditional export markets in Europe, North America, Eastern Europe, the East Asian markets are also targets for international promotion of German wines.

German politicians are increasingly using German wines as an “Ambassador” for Germany. The Deutsches Weininstitut will be a major sponsor of the Soccer World Championship in Germany in 2006.

For marketing domestic wines, quality seals and wine awards have proven to be very effective and efficient marketing tools. Consumers perceive these marketing labels as an assurance of quality. Examples include the golden or silver plaque of the Chamber of Agriculture or DLG quality seal (DLG = Deutsche Landwirtschaftsgesellschaft).

Helpful addresses for marketing wines in Germany and general information about the German wine market are available from the following:

California Wine Institute
Sabine Weyrich
Rheingaustrase 85
65203 Wiesbaden, Germany
Tel.: +49 611 9200 736
Fax: +49 611 9200 263
wineinstitute@weyrich-pr.de

or

Wine Institute of California
European Office
The Netherlands

Tel.: +31 172 471 571
Fax: +31 172 475 545
molleman@zwart.nl

Deutsches Weininstitut
Postfach (POBox) 1660
Gutenbergplatz 3-5
55006 Mainz, Germany
Tel.: +49 6131 2829 0
Fax +49 6131 2829 20
info@dwi-dwf.de
www.deutscheweine.de

The major international trade show for wine in Germany is the ProWein, held every spring in Duesseldorf. Next show: Mar 26 - 28, 2006. ProWein is an excellent opportunity to meet importers, wholesalers, wine buyers, media contacts, and to taste-test your wine against the competition. In addition to individual U.S. exhibitors, California has a large Pavilion. MIATCO also organizes a Mid-West Wine Pavilion, which has become increasingly popular in recent years. Visiting ProWein would be a first step for U.S. exporters that want to market their wines in Germany. Exhibiting at the show is particularly effective because it gives trade visitors a point of contact for questions and provides an opportunity to taste the wines. The next step would be to generate tastings for wine buyers in various German cities.

ProWein - International Trade Fair Wines and Spirits
Messe Duesseldorf GmbH
Stockumer Kirchstrasse 61
40474 Duesseldorf, Germany
Tel.: +49 211 4560 01
Fax +49 211 4560 668
www.prowein.de
info@messe-duesseldorf.de

Another interesting regional trade fair is the Forum Vini, which is held every November at the fairgrounds in Munich (Muenchen). Forum Vini is a consumer fair with 326 exhibitors. In November 2005, it attracted more than 9,400 visitors, about 85 percent of the attendees were private customers. Forum Vini provides a good opportunity to test the German market in a large scale public tasting and selling environment.

Forum Vini
ALBRECHT, Gesellschaft fuer Fachausstellungen und Kongresse mbH
Oettingenstr. 25
80538 Muenchen
Tel.: +49 89 2729 4820
Fax: +49 89 2729 4822
www.forum-vini.de
Info@forum-vini.de

Statistical Section

Table 1: German Wine Production by Type and Quality, in 1,000 hl

Calendar Year	2000	2001	2002	2003	2004	2005*
White Wine	**6,819**	**6,071**	**6,364**	**5,397**	**6,034**	**5,650**
Table Wine	708	359	592	230	526	
Quality Wine	3,984	3,545	3,314	1,757	3,390	
Quality Wine w/ Spec. Attributes**	2,127	2,166	2,459	3,410	2,118	
Red Wine	**3,032**	**2,820**	**3,521**	**2,713**	**3,973**	**3,350**
Table Wine	69	25	31	18	60	
Quality Wine	2,736	2,539	3,216	1,854	3,478	
Quality Wine w/ Spec. Attributes	227	256	274	841	435	
Total Wine	**9,852**	**8,891**	**9,885**	**8,110**	**10,007**	**9,000**
Table Wine	777	384	623	248	586	
Quality Wine	6,720	6,085	6,530	3,611	6,868	
Quality Wine w/ Spec. Attributes	2,355	2,422	2,732	4,251	2,553	

* Preliminary
** Quality attributes shown on the label
Source: German Wine Growers' Association

Table 2: 'German Grape Must Production by Type and Quality, in 1,000 hl

Calendar Year	2000	2001	2002	2003	2004	2005*
White Wine	7,005	6,071	6,563	5,549	6,141	5,930
Red Wine	3,076	2,820	3,573	2,740	4,006	3,670
Total Wine	10,081	8,891	10,136	8,289	10,147	9,600

* Forecast
Source: German Wine Growers' Association

Table 3: Grape Variety Distribution, 1,000 hectares

	1999	2000	2001	2002	2003	2004
White Varieties	79,081	77,525	73,882	70,605	67,663	65,389
Riesling	22,355	22,118	21,514	21,053	20,765	20,627
Mueller-Thurgau	20,672	20,023	18,609	17,287	16,042	14,983
Silvaner	6,859	6,691	6,422	6,101	5,819	5,578
Kerner	6,828	6,543	6,054	5,557	5,041	4,606
Bacchus	3,282	3,209	2,967	2,756	2,515	2,320
Rulaender	2,637	2,769	2,905	3,146	3,433	3,786
Scheurebe	3,126	2,948	2,693	2,436	2,190	2,003
White Burgundy	2,396	2,593	2,795	2,984	3,104	3,192
Chardonnay	531	610	719	821	891	958
other white	10,936	10,021	9,204	8,464	7,863	7,336
Red Varieties	25,152	27,245	29,723	32,384	34,826	36,852
Blue Burgundy	8,643	9,255	9,806	10,637	11,029	11,371
Dornfelder	3,765	4,372	5,530	6,661	7,693	8,200
Blue Portogese	4,878	5,026	5,039	4,980	4,931	4,879
Trollinger	2,530	2,593	2,615	2,607	2,597	2,578
Black Riesling	2,289	2,405	2,481	2,518	2,514	2,491
other red	3,047	3,594	4,252	4,981	6,062	7,333
Total	104,233	104,770	103,605	102,989	102,489	102,241

Source: German Wine Growers' Association

Table 4: Wine Market Developments in Germany

	Unit	2000	2001	2002	2003	2004
Wine Consuming Households	%	68.5	68.6	69.5	67.5	
Market Share						
- German Wine	%	48.7	47.8	45.3	46.2	
- Import Wine	%	51.3	52.2	54.7	53.8	
- White Wine	%	43.3	41.1	41.2	40.0	
- Red + Rose Wine	%	56.7	58.9	58.8	60.0	
- Wine in 0.75 l Bottles	%	52.2	51.8	49.0	49.0	
- German Wine in 0.75 l Bottles	%	43.0	45.0	44.0	43.0	
Average Prices						
- All Wine	EUR/l	3.11	3.21	2.94	2.87	
- German Wine	EUR/l	3.32	3.48	3.36	3.21	
- Imported Wine	EUR/l	2.73	2.68	2.60	2.58	
- White Wine	EUR/l	2.92	3.05	2.77	2.72	
- Red Wine	EUR/l	3.36	3.29	3.12	3.09	
Trade Chanels						
- Vintners + Coops	%	18.7	19.0	18.3	17.1	
- Super Markets	%	23.9	22.9	22.3	22.2	
- Specialty Stores	%	7.2	5.6	4.7	3.7	
- Discount Stores	%	37.2	39.0	43.1	45.2	
- other	%	13.0	13.5	11.6	11.8	

Source: German Wine Institute, Annual Report
www.deutscheweine.de Statistiken + Graphiken

Table 5: German Beverage Consumption, Liter per Capita

	1998	1999	2000	2001	2002	2003	2004
Alcoholic Beverage	156.3	156.3	154.4	152.2	151.6	147.0	145.5
- Beer	127.5	127.5	125.5	122.4	121.5	117.5	115.8
- Wine	18.1	18.0	19.0	19.8	20.3	19.8	20.1
- Sparkling Wine	4.7	4.9	4.1	4.2	3.9	3.8	3.8
- Spirits	6.0	5.9	5.8	5.8	5.9	5.9	5.8
Non-alcoholic Bev.	240.7	248.3	253.1	261.5	273.2	291.8	284.8
- Mineral Water	100.1	104.2	106.8	113.6	120.0	135.0	131.3
- Soft Drinks	99.6	103.7	105.7	107.4	112.8	114.8	113.2
- Fruit Juice	41.0	40.4	40.6	40.5	40.4	42.0	40.3
Hot Drinks + Other	275.1	277.3	320.3	320.6	319.2	319.7	319.1
- Coffee	159.1	159.4	158.9	159.0	156.1	153.5	151.8
- Coffee Substitute	3.2	3.0	3.0	3.0	3.1		
- Herbal Teas			44.5	44.6	45.8	49.8	51.4
- Black Tea	27.1	28.2	26.7	26.2	26.2	25.2	24.1
- Milk	85.7	86.7	87.2	87.8	88.0	91.2	91.8
Grand Total	672.1	681.9	727.8	734.3	744.0	758.5	749.4

Source: Ifo Institut Muenchen - Weinbauverband - Zahlen, Daten, Fakten

Table 6: German Wine PS+D - 1,000hl MY Aug/Jul

	2000/01	2001/02	2002/03	2003/04	2004/05*	2005/06*
					Estimate	Forecast
Beg. Stocks	17,846	16,495	14,765	14,278	12,623	13,156
Production	9,950	8,980	9,984	8,191	11,500	9,550
Imports	11,616	12,434	12,056	13,068	12,464	12,500
Total Supply	39,412	37,909	36,805	35,537	36,587	35,206
Exports	2,569	2,509	2,703	2,920	2,733	2,750
Processing	607	600	450	540	600	500
Dom Wine Cons	19,741	20,035	19,374	19,454	20,098	20,000
Ending Stocks	16,495	14,765	14,278	12,623	13,156	11,956
Total Distrib	39,412	37,909	36,805	35,537	36,587	35,206
Per Capita Cons	23.9	24.3	23.5			

Source: German Vintners' Association

* Source FAS Bonn

Table 7: German Imports of Wine, 1,000 hl, Million Euro

	2002		2003		2004		Jan/Sep 2005	
Quality White Wine	1,000hl	Mill. $	1,000hl	Mill. $	1,000hl	Mill. $	1,000hl	Mill. $
Total	1,052.3	195.4	1,003.2	225.4	1,046.8	231.0	614.4	150.0
Intra-EU*	1,052.2	195.4	1,003.2	225.4	1,046.8	231.0	614.4	150.0
Extra-EU*	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
United States	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other White Wine								
Total	3,240.5	201.1	3,231.9	251.4	3,960.9	321.6	2,994.7	245.8
Intra-EU*	2,904.8	154.4	2,801.8	190.1	3,488.5	243.0	2,664.0	191.6
Extra-EU*	335.7	46.7	430.1	61.3	472.3	78.7	330.7	54.2
United States	61.9	11.1	94.7	16.8	101.6	16.7	63.3	8.6
Quality Red Wine								
Total	2,296.1	554.2	2,322.9	641.9	2,220.6	672.9	1,440.0	403.9
Intra-EU*	2,296.1	554.2	2,322.9	641.9	2,220.6	672.9	1,439.6	403.8
Extra-EU*	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.1
United States	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Red Wine								
Total	4,103.7	429.2	4,462.7	546.7	4,709.8	625.6	3,016.2	350.7
Intra-EU*	2,491.4	228.2	2,789.8	312.8	2,716.9	346.5	1,734.6	213.4
Extra-EU*	1,612.3	201.1	1,672.6	233.9	1,992.9	279.1	1,281.6	137.3
United States	241.3	50.8	356.0	67.8	378.0	59.7	202.9	24.9

*Beginning 2003 Intra + Extra EU 25

Table 7 con't: German Imports of Wine, 1,000 hl, Million Euro

	2002		2003		2004		Jan/Sep 2005	
Vermouth	1,000hl	Mill. $	1,000hl	Mill. $	1,000hl	Mill. $	1,000hl	Mill. $
Intra-EU*	674.7	27.4	657.7	33.3	488.1	27.2	274.8	18.9
Extra-EU*	656.3	26.6	607.3	30.9	467.5	26.0	254.7	17.8
Extra-EU	18.4	0.8	50.4	2.4	20.6	1.1	20.1	1.1
United States	0.1	0.0	0.2	0.0	0.2	0.0	0.0	0.0
Wine Cooler								
Total	502.1	47.2	319.7	39.3	313.9	43.1	270.6	33.5
Intra-EU*	493.1	45.4	307.0	37.2	292.8	39.6	253.7	31.2
Extra-EU*	9.0	1.8	12.7	2.0	21.1	3.5	16.9	2.4
United States	1.2	0.3	2.5	0.3	2.1	0.4	0.2	0.3
Liquor/Wine Spirits								
Total	174.0	37.0	145.3	39.6	123.8	42.1	102.4	31.6
Intra-EU*	172.7	36.4	144.1	38.9	122.5	41.0	101.9	31.2
Extra-EU*	1.3	0.5	1.3	0.7	12.9	1.1	0.5	0.5
United States	0.1	0.2	0.1	0.2	0.2	0.4	0.0	0.1
Sparkling Wine / Base Wine for Sparkling Wine								
Total	1,367.6	370.6	1,294.7	431.8	1,349.2	494.6	818.7	287.0
Intra-EU*	1,349.9	365.7	1,280.9	427.1	1,334.8	488.6	812.3	284.6
Extra-EU*	1.8	4.9	13.8	4.7	14.4	6.0	6.4	2.4
United States	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total Wine								
Total	13,410.9	1,862.2	13,437.9	2,209.5	14,213.0	2,458.0	9,924.8	1,645.0
Intra-EU*	11,416.4	1,606.3	11,257.1	1,904.4	11,690.3	2,088.5	7,925.3	1,334.4
Extra-EU*	1,994.5	255.8	2,180.8	305.1	2,522.6	369.6	1,999.5	310.6
United States	304.8	62.6	453.5	85.2	482.0	77.3	329.0	54.7

*Beginning 2003 Intra + Extra EU 25

Source: Federal Statistics Office

Table 8: German Exports of Wine, 1,000 hl, Million Euro

	2002		2003		2004		Jan/Sep 2005	
Quality White Wine	1,000hl	Mill. $	1,000hl	Mill. $	1,000hl	Mill. $	1,000hl	Mill. $
Total	1,374.8	216.8	1,450.3	280.4	1,436.6	310.9	1,008.3	239.4
Intra-EU*	982.9	117.9	1,072.3	151.9	1,051.8	171.5	687.5	122.0
Extra-EU*	391.9	97.5	376.2	126.8	383.5	138.6	320.4	117.2
United States	138.4	41.8	164.5	67.5	184.0	74.6	167.7	66.6
Other White Wine								
Total	501.5	47.9	604.7	71.3	546.7	79.4	446.6	69.9
Intra-EU*	468.8	42.7	563.1	64.2	500.6	70.1	400.4	56.0
Extra-EU*	32.3	5.1	41.0	6.9	46.0	9.2	46.1	9.9
United States	1.3	0.3	2.1	0.7	4.5	1.3	10.8	2.0
Quality Red Wine								
Total	95.1	43.3	97.8	57.2	139.8	60.3	157.3	49.3
Intra-EU*	65.4	28.9	68.2	38.4	115.1	42.4	133.3	33.1
Extra-EU*	28.3	12.5	28.1	16.4	24.0	16.9	23.7	15.8
United States	3.9	2.1	4.0	3.3	2.7	2.2	3.9	3.1
Other Red Wine								
Total	316.0	51.8	448.7	84.7	479.6	98.8	301.5	59.7
Intra-EU*	271.5	41.7	393.2	70.1	419.7	82.6	254.3	47.5
Extra-EU*	43.8	9.6	54.7	14.0	59.6	16.0	47.0	12.1
United States	3.4	0.9	2.0	1.1	4.4	2.0	3.8	1.3

*Beginning 2003 Intra + Extra EU 25

Table 8 con't: German Exports of Wine, 1,000 hl, Million Euro

	2002		2003		2004		Jan/Sep 2005	
Vermouth	Mill. $	1,000hl	Mill. $	1,000hl	Mill. $	1,000hl	Mill. $	1,000hl
Total	155.4	15.9	181.6	22.9	210.0	29.4	137.8	16.4
Intra-EU*	141.9	12.5	165.5	18.6	191.1	24.1	124.1	12.2
Extra-EU*	12.4	2.9	15.0	3.8	18.5	5.0	13.6	4.1
United States	1.9	0.2	1.4	0.3	1.9	0.3	1.6	0.2
Wine Cooler								
Total	181.2	18.2	191.4	21.9	151.5	21.4	86.2	11.8
Intra-EU*	158.2	15.0	166.1	18.4	128.9	17.4	73.2	9.4
Extra-EU*	22.9	3.2	25.2	3.4	22.5	3.9	12.9	2.5
United States	0.2	0.1	1.0	0.2	0.4	0.0	0.5	0.1
Liquor/Wine Spirits								
Total	31.1	9.7	34.1	12.1	32.0	12.5	26.4	10.1
Intra-EU*	30.6	9.2	33.7	11.6	31.5	12.1	26.0	9.7
Extra-EU*	0.3	0.2	0.2	0.2	0.3	0.3	0.4	0.4
United States	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Sparkling Wine / Base Wine for Sparkling Wine								
Total	136.7	49.1	137.1	47.1	143.9	53.1	88.3	34.5
Intra-EU*	96.5	32.9	95.5	28.2	103.1	32.0	64.8	22.1
Extra-EU*	38.7	13.7	40.3	15.9	40.2	19.5	23.2	11.7
United States	4.3	1.4	4.2	1.8	4.6	2.2	3.6	1.5
Total Wine								
Total	2,791.8	452.7	3,145.9	597.6	3,140.0	665.7	2,326.3	514.1
Intra-EU*	2,241.1	300.8	2,557.8	401.4	2,541.9	452.3	1,836.2	337.9
Extra-EU*	543.5	144.6	580.8	187.4	594.6	209.4	488.7	174.8
United States	153.5	47.0	179.3	74.9	202.7	82.7	192.1	74.9

*Beginning 2003 Intra + Extra EU 25
Source: Federal Statistics Office

Table 9: German Wine Imports by Country of Origin

	2002		2003		2004		Jan/Sep 2005	
	1,000 hl	Mill. $	1,000hl	Mill. $	1,000hl	Mill. $	1,000hl	Mill. $
U.S.A.	303.4	62.3	450.9	84.8	479.8	76.8	327.2	54.4
Italy	5,125.1	635.8	4,518.5	725.7	4,796.2	803.2	3,631.8	542.9
France	2,644.2	542.1	2,721.0	659.5	2,485.5	695.7	1,588.9	420.0
Spain	1,471.4	250.3	2,064.1	316.8	2,733.8	387.4	1,518.3	226.7
Greece	208.0	31.1	222.3	38.1	196.8	39.2	114.3	22.6
Austria	462.7	28.5	451.7	37.6	329.3	36.8	254.9	29.1
Portugal	138.0	26.5	147.9	35.6	208.3	39.2	118.8	25.7
Hungary	183.4	16.8	202.8	20.5	166.3	18.7	117.9	13.9
Romania	183.3	10.0	171.3	11.3	142.0	10.8	110.3	8.7
Bulgaria	155.6	11.1	119.3	10.8	88.4	9.2	49.8	4.6
Macedonia	453.2	17.6	303.4	15.2	366.4	18.9	318.9	16.1
Tunisia	14.2	0.8			15.4	1.1	17.0	1.2
South Africa	148.0	29.8	187.0	40.6	242.7	55.9	291.1	56.1
Chile	343.4	43.0	458.1	53.9	628.4	81.6	431.9	71.3
Argentina	37.0	6.0	35.1	5.4	51.4	8.1	45.5	7.1
Australia	211.1	51.9	238.0	53.7	320.0	71.0	294.1	64.5
Other	152.2	24.0	169.0	27.4	160.3	34.2	121.5	26.0
World	12,234.2	1,787.6	12,460.4	2,136.9	13,411.0	2,387.8	9,352.2	1,590.9

* Preliminary
Source: Federal Statistics Office

NWW %	8.5	10.8	11.0	11.2	12.8	12.3	14.9	15.9
NWW Vol.	1,042.9	193.0	1,369.1	238.4	1,722.3	293.4	1,389.8	253.4

NewWorldWines

Table 10: German Wine Exports by Major Countries of Destination

	2002		2003		2004		Jan/Sep 2005	
	1,000 hl	Mill. $	1,000 hl	Mill. $	1,000 hl	Mill. $	1,000 hl	Mill. $
U.S.A.	151.4	46.7	176.9	74.4	200.4	82.3	190.0	74.5
Great Britain	896.5	112.4	986.0	148.8	1,007.3	166.3	674.4	119.3
Netherlands	315.3	39.9	387.3	54.2	404.8	69.4	312.7	58.7
Sweden	133.0	20.5	161.4	28.3	151.5	26.2	142.9	22.7
Japan	100.7	30.7	87.3	30.8	69.6	30.6	48.9	22.5
France	139.7	26.5	135.5	28.2	122.2	28.9	88.0	21.3
Bel/Lux	96.3	14.6	103.3	18.3	104.0	24.0	81.9	19.4
Denmark	74.9	6.2	68.6	8.4	78.8	12.5	61.5	11.4
Austria	56.7	15.5	65.3	22.9	73.0	25.7	53.3	17.0
Canada	49.7	13.3	52.1	14.8	54.9	16.4	37.2	12.1
Ireland	31.2	4.8	56.2	9.3	53.5	12.2	32.5	8.0
Poland	37.6	5.4	47.8	7.0	52.5	9.6	42.3	7.5
Norway	55.1	10.0	61.0	12.9	65.7	16.5	59.1	17.1
Switzerland	21.7	10.6	28.3	13.8	26.0	15.8	16.0	8.8
Latvia	48.8	7.7	53.6	9.8	21.2	4.1	6.4	1.6
Other	246.6	53.8	302.4	70.8	293.2	74.5	252.2	63.1
World	2,455.2	418.6	2,773.0	552.7	2,778.6	615.0	2,099.3	485.0

* preliminary data

Source: Federal Statistics Office

Table 11: Average Prices for Imported Wine

	2002		2003		2004		Jan/Sep 2005*	
	Euro/L	$/L	Euro/L	$/L	Euro/L	$/L	Euro/L	$/L
Quality White Wine								
WORLD	1.96	1.86	1.99	2.25	1.78	2.21	1.94	2.44
U.S.A.	-	-	-	-	-	-	-	-
INTRA-EU	1.96	1.86	1.99	2.25	1.78	2.21	1.94	2.44
CHILE	-	-	-	-	-	-	10.00	13.10
SOUTH AFRICA	-	-	-	-	-	-	-	-
AUSTRALIA	-	-	-	-	-	-	5.00	6.03
Other White Wine								
WORLD	0.66	0.62	0.69	0.78	0.65	0.81	0.65	0.82
U.S.A.	1.91	1.80	1.57	1.77	1.32	1.64	1.08	1.36
INTRA-EU	0.55	0.52	0.60	0.68	0.56	0.67	0.57	0.72
CHILE	1.45	1.37	1.02	1.15	1.05	1.30	1.03	1.30
SOUTH AFRICA	1.49	1.41	1.37	1.55	1.40	1.74	1.12	1.40
AUSTRALIA	1.99	1.89	1.72	1.95	1.83	2.27	1.55	1.96
Quality Red Wine								
WORLD	2.55	2.41	2.44	2.76	2.44	3.03	2.21	2.81
U.S.A.	-	-	-	-	-	-	-	-
INTRA-EU	2.55	2.41	2.44	2.76	2.44	3.03	2.21	2.81
CHILE	-	-	-	-	-	-	3.30	4.06
Other Red Wine								
WORLD	1.11	1.05	1.08	1.23	1.07	1.33	0.92	1.16
U.S.A.	2.23	2.11	1.68	1.91	1.27	1.58	0.97	1.23
INTRA-EU	0.96	0.91	0.99	1.12	1.03	1.27	0.97	1.23
CHILE	1.31	1.24	1.04	1.18	1.04	1.30	0.89	1.13
SOUTH AFRICA	2.59	2.45	2.25	2.54	2.09	2.59	1.12	1.41
AUSTRALIA	2.86	2.70	2.10	2.38	1.77	2.20	1.27	1.59
Liquor Wine								
WORLD	2.25	2.13	2.41	2.72	2.74	3.40	2.44	3.09
U.S.A.	24.00	22.70	15.10	17.09	21.13	26.24	12.28	15.55
INTRA-EU	2.23	2.11	2.38	2.70	2.69	3.34	2.41	3.06
CHILE	4.31	4.08	5.59	6.32	2.63	3.27	-	-
SOUTH AFRICA	2.41	2.28	3.98	4.50	8.94	11.10	7.06	8.84
AUSTRALIA	13.18	12.47	18.42	20.84	8.42	10.46	16.54	20.75
Sparkling Wine								
WORLD	2.87	2.71	2.95	3.34	2.95	3.67	2.77	3.51
U.S.A.	4.55	4.30	10.00	11.30	7.38	9.17	6.76	8.77
INTRA-EU	2.87	2.71	2.95	3.33	2.95	3.66	2.77	3.50
CHILE	4.52	4.27	3.00	3.40	4.09	5.08	4.15	5.13
SOUTH AFRICA	2.99	2.83	3.31	3.75	2.72	3.38	2.50	3.16
AUSTRALIA	5.36	5.07	5.20	5.88	5.81	7.22	5.15	6.58
Vermouth								
WORLD	0.43	0.41	0.45	0.51	0.45	0.56	0.54	0.69
U.S.A.	3.11	2.95	2.35	2.66	2.24	2.79	1.76	2.16
INTRA-EU	0.47	0.41	0.45	0.51	0.45	0.61	0.55	0.70
SOUTH AFRICA	10.00	9.50			20.00	24.85	9.09	11.54
Wine Coolers								
WORLD	0.99	0.94	1.09	1.23	1.11	1.37	0.99	1.24
U.S.A.	2.53	2.39	1.11	1.25	1.73	2.15	1.43	1.81
INTRA-EU	0.97	0.92	1.07	1.21	1.09	1.35	0.98	1.23
SOUTH AFRICA	1.07	1.01	2.50	2.83	2.29	2.84	1.42	1.75

* Beginning 2004 EU 25 - Before 2004 EU 15

Source: Federal Statistics Office

Wine Stocks - July 31, Million hl

	Total	White	Red	Domestic	Imported		Sparkling	
					EU	non-EU	Domestic	Imported
2001	16.495	12.163	4.332	12.776	3.037	0.689	0.956	2.024
2002	14.765	10.708	4.058	11.089	3.037	0.639	0.860	1.916
2003	14.278	9.700	4.578	10.889	2.790	0.599	0.832	1.802
2004	12.620	8.400	4.200	9.200	3.400		0.700	1.770
2005	13.156	8.266	4.890	9.809	2.771	0.576	0.613	1.719

Source: German Federal Statistics Office