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Product Brief

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Report Highlights:

Austrian 2014 wine production (based on the 2013 grape harvest) is estimated to be 2.25 million hectoliters (hl), which is slightly below the five-year average. Wine quality is expected to be good. Although Austrian consumers prefer locally grown white wines, there are good prospects for “new world wines” including those from the United States.

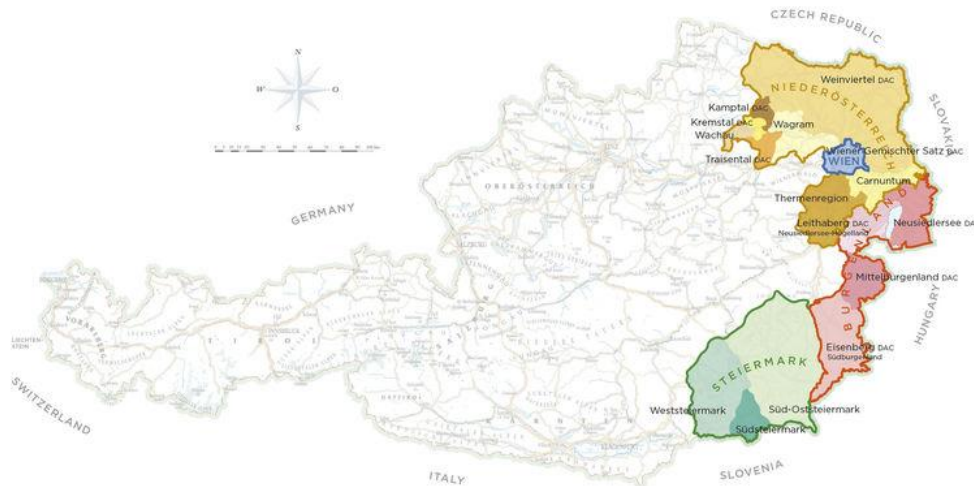
Production

According to estimates by “[Statistik Austria](#),” there are 43,543 hectares of vineyards in Austria and production area is stable. Wine production is located in the east and southeast of the country and there are four main wine-growing regions. While the average size of wine vineyards has increased significantly over the past two decades, the structure of viniculture in Austria is still characterized by small holdings (an average of 2.49 ha in 2012).

White wine accounts for a majority of production and about 65 percent of grape acreage (2012). There are 22 white wine varieties and the most important are Grüner Veltliner (29 percent of total acreage in 2009 – the latest vineyard census), Welschriesling (8 percent), Müller Thurgau (5 percent), Weissburgunder (4 percent), and Reisling (4 percent). During the past two decades, the share of red varieties (of which there are 13 varieties) has doubled. Major red wine varieties are Zweigelt (14 percent), Blaufränkisch (7 percent), and Blauer Portugieser (4 percent). A list of all Austrian varieties is accessible at the [Austrian Wine Marketing Board](#)'s (Oesterreich Wein Marketing GmbH) website. The Austrian wine market year starts on September 1 and ends on August 31.

The Austrian government and the Austrian retail sector strongly promote organic and sustainable agricultural production foods and both themes are commonly used product marketing themes. Austria has the second highest share (in 2012: 19.7 percent) of agricultural land under organic management within Europe. This trend is also reflected in Austrian wine production. In 2012, as much as 10.5 percent of total Austrian wine growing area was organic.

Chart 1: Austrian wine growing regions



Source: Austrian Wine Marketing Board

Statistik Austria estimates that the 2013 grape harvest will result in a total of 2.25 million hl of 2014 wine production, which is about 6 percent below the five-year average.

The below average yields are attributed to an abrupt change between very warm and wet-cold conditions during the flowering period, which led to significant pollination problems. This was especially the case for the most important Austrian, variety Gruener Veltliner. Heat and drought during summer brought additional production declines that were only partially be offset by precipitation in fall. Due to summer drought and relatively cool and cloudy fall weather, the harvest was delayed by about two weeks. The quality of the 2014 wine is reportedly good.

Early expectations for the 2014 grape crop are good. Mild winter conditions have thus far mitigated frost damage.

Chart 2: Austrian Wine Production 2009 to 2014



The wine production year indicates the year following the grape harvest.

* forecast

Source: Statistik Austria

Consumption

Austrians are beer drinkers and rank number two in worldwide in per capita beer consumption. Nonetheless, Austria also has a strong wine culture, especially in production areas. According to statistics from the [Californian Wine Institute](#), Austria is 16th in per capita wine consumption globally.

Statistik Austria reports an Austrian per capita wine consumption of 30.5 liters in MY 2011/12 (the latest available information). For the same period, wine consumption totaled 2.7 million hl, implying that wine production exceeded consumption by 5 percent. Austrians consume about three quarters of their own domestic production and about one quarter is exported. The consumption of domestic wines, especially at restaurants, is increasing. On average about 50,000 hl of wine is distilled, used in vinegar production, or for other industrial purposes.

Trends in Austrian Wine Consumption

Increasing home consumption of wine is an ongoing trend in Austria. Reasons for this are the low costs of store-bought wine compared to restaurants and tough drunk driving penalties. Increasingly, quality (higher price point) wine is making gains at the expense of table wine and country wine.

The consumption of sparkling wine (mainly “Sekt”) has increased over the past few of years and reached about 10 percent of total 2012 wine consumption by quantity (source: Euromonitor). Sparkling wines were previously seen as a drink for special occasions but today is an accepted aperitif and a summer drink. This trend may change if the Austrian government, as it has announced, re-introduces a sparkling wine tax later in 2014 (the so-called “Schaumweinsteuer”, tax was abolished in 2005). The tax is expected to be 1 Euro per liter, which would significantly increase the price of low-end sparkling wines.

The leading packaging format for wine sales in Austria is the 750 ml glass “Bouteille” bottle, accounting for almost two thirds of all packaging types. The Bouteille is followed by 1,000 ml and 2,000 ml glass bottles. To a very small extent, 200 ml glass bottles are used for some premium wines. Tetra Paks are also used for some low quality wines.

Generally, Austrian consumers prefer locally grown light white wines such as Gruener Veltliner. Local wine production is perceived as a sign of quality due to recognized production standards. However, good prospects also exist for “new world wines” including those from the United States. U.S. wine sales have increased in retail stores, including discounters, who mainly carry inexpensive U.S. wines.

Trade

Due to increasing direct (ex-cellar) sales and increasing food retail sales, the domestic market share of Austrian wine has increased. Total Austrian wine imports by volume in CY2012 dropped by 5.2 percent year-on-year, reaching 852,800 hl. Total Austrian exports during the same period increased by 4.3 percent to 477,160 hl.

The first 10 months of 2013 showed an import increase of 3.2 percent whereas exports dropped by 3.9 percent. The somewhat better crop in 2013, together with somewhat higher stocks (wine in storage), leads to the expectation that imports may decrease modestly in 2014 and that exports will increase.

Chart 3 and 4: Total Austrian Wine Imports and Exports 2008 – 2012 and Jan – Oct 2012 and 2013



Source: Global Trade Atlas

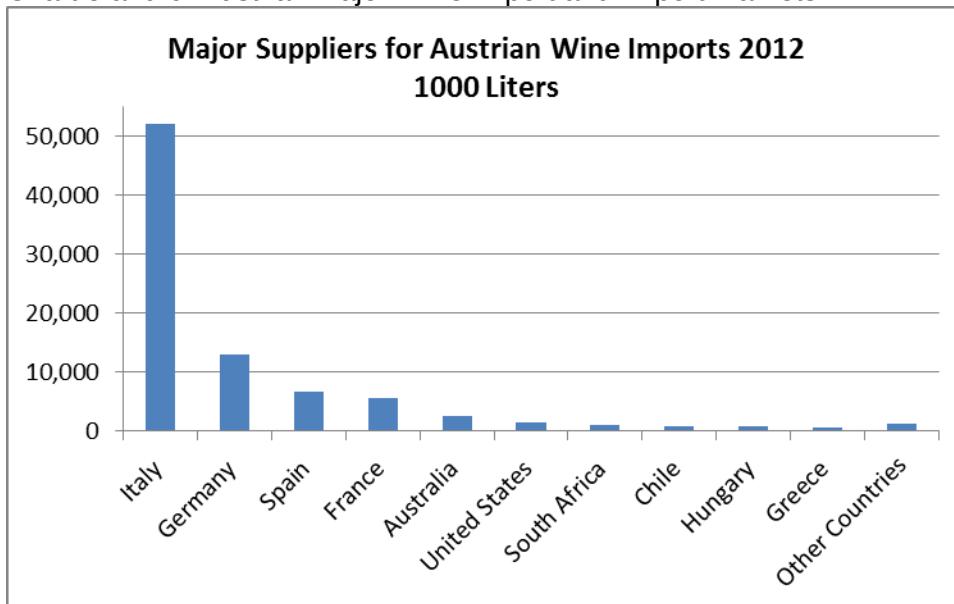
In terms of volume, over 90 percent of Austrian Wine imports are from other European Union countries. Similarly, 85 percent of Austrian wine exports are shipped to the European Union.

The most important wine supplier to Austria is by far Italy (61 percent of total wine imports in 2012) followed by Germany, Spain and France. The United States is the sixth most important supplier, after Australia.

From 2008 to 2012 wine imports from the United States increased by 43 percent (by volume) and reached 13,080 hl. This figure does not include transshipments from distributors in other EU countries and the actual U.S. trade numbers are probably higher.

Major export destination for Austrian wine are Germany (73 percent in 2012) followed by Switzerland, the United States and the Czech Republic.

Chart 5 and 6: Austrian Major Wine Import and Export Markets



Source: Global Trade Atlas



Source: Global Trade Atlas

Policy

The Austrian wine law is based on the European wine legislation. However, Austria has maintained its quality wine classification system in addition to protected geographical indications and designations of origin. Controlled, origin, capped yields, quality designations, and official quality control are the pillars of the Austrian wine law. Three general quality designations are recognized: “Tafelwein” (table wine), “Qualitätswein” (quality wine), and “Prädikatswein” (premium wine). The categories are determined by sugar content of the grape must. More than 50 percent of Austrian wine production represents quality wine. In addition, the number of denomination of origin areas, which feature wines defined by a specific taste profile (DAC = Districtus Austriae Controllatus) is increasing and totaled nine in 2013.

The in December 2013 newly formed government proposed a re-introduction of the 2005 abolished sparkling wine tax for later in 2014. Currently the sparkling wine industry is heavily protesting against the proposed tax of 1 Euro per liter.

Marketing

Austrian Wine Marketing

Generic marketing for Austrian wines is carried out by the [Austrian Wine Marketing Board](#) (Oesterreich Wein Marketing GmbH - OeWM). The OeWM is owned by the [Austrian Agricultural Chamber](#) (Landwirtschaftskammer Oesterreich), the Austrian Economic Chamber ([Wirtschaftskammer Oesterreich](#)) and the wine-producing federal states (Lower Austria, Burgenland, Styria, and Vienna) and is funded through a mandatory check-off program. Austrian wine promotion activities in 2014 are planned in the following EU countries: Germany, Czech Republic, Slovakia, Italy, United Kingdom, and The Netherlands. Third country marketing events are scheduled in: Russian Federation, China, Japan, Switzerland, and Singapore.

U.S. Wine Promotion in Austria

FAS Vienna is organizing a joint promotion of U.S. wine, bourbon and beer for May 2014. Target groups for the promotion are Austrian importers, restaurants, wine bars, trade press, newspapers and society media. For more information, please see: <http://www.usda-mideurope.com>