USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 2/5/2006

GAIN Report Number: UK6005

United Kingdom

Wine

Marketing Annual Report

2006

Approved by:
Besa L. Kotati
U.S. Embassy

Prepared by:
Jennifer E. Wilson

Report Highlights:
The UK still wine import market exhibited growth of 10 percent by volume in 2004 and 19 percent by value. The future is bright as growth is predicted in the region of 10 percent per annum for the next five years. The USA was ranked as third largest supplier by volume in 2004, however, it managed only fourth place by value, and value is forecast to decrease by up to 20 percent in 2005. This is likely to be related to the decision by Blossom Hill (the largest California supplier to the UK) to ship bulk wine to Italy to be bottled and distributed to the UK and Scandinavia.

Includes PSD Changes: No
Includes Trade Matrix: Yes
Unscheduled Report
London [UK1]
[UK]

Table of Contents

Executive Summary

According to AC Nielsen, the overall UK drinks market is growing at 3 percent per annum. However, UK wine market growth continues to surpass this rate and is reported to have increased 4 percent by volume and 6 percent by value in 2004/2005. Mintel Market Research anticipates that the UK still wine market (£7.6 billion in 2004) will top £10 billion by 2010 (at current prices).

The UK enjoys a wide variety of wine imports from around the globe. Since 2003, total sales of “New World” wines have surpassed those of traditional “Old World” suppliers such as France, Italy, Germany and Spain. The New World suppliers include Australia, USA, South Africa, and Chile. This competition is driving prices down, providing benefit for the British consumer.

Consumption of wine in the UK is increasing at the expense of beer sales (particularly in the hotel, restaurant and bar sectors), as the British become more “continental” in their social habits and as they drink wine more often with meals at home. Wine consumption is also positively impacted by rising personal disposable income in the UK, and a high level of female employment.

In the mainstream, branded wines are driving the market, providing many consumers with comfort because they lack the experience to choose by grape and region. As personal incomes rise, there is also a growing band of UK consumers, with an interest in wine, making choices by grape variety, regional characteristic and individual production method.

This positive picture is tempered by trade reports citing a concern by importers that the UK market may be reaching saturation point, concern that more and more of the UK wine sales volume is through the supermarket chains, and (with the rise of branded wine) a concern that quality and choice within the market is in decline. Smaller producers are finding it difficult to compete in this retail environment, which may lead to a decrease in choice of wine for the UK consumer over time.

Sales of rosé in both still and sparkling wines are increasing, with sparkling wine increasingly perceived as informal and suitable for drinking on any occasion. The market for vermouth and other aromatized wines is essentially static, with the category unable to attract younger consumers.

It is hoped that the US-EU Wine Agreement will be finalized before the summer of 2006. Once in place, the accord will bring more certainty to US vintners supplying the UK/EU market with regard to import regulations. The agreement is expected to facilitate trade by mutual acceptance of wine-making practices, and provide agreement on labeling, certification rules, semi-generic names, and origin. In addition, the removal of the requirement that still wine should be less than 15 percent alcohol by volume opens the door for some boutique wines previously excluded from the market, and sweet/dessert wines.

The outlook for US wine in the UK market is extremely positive. The Wine Institute of California predicts that the US will have 17 percent market share in the retail trade by the end of 2006, as measured by AC Nielsen. However, HM Customs & Excise statistics will be greatly affected in the future by the decision of Blossom Hill (the largest California supplier to the UK) to ship bulk wine to Italy to be bottled and distributed to the UK and Scandinavia.

Production

Wine production in the UK is minimal due to the variable climate. Historically, it has been a cottage industry for wine enthusiasts and gentleman farmers. Today, it is slowly becoming a profitable enterprise. It has limited potential for large-scale production, however, as half of all vineyards operate in an area of less than 1 hectare. According to the Wine Standards Board, there are around 388 vineyards in England and Wales, covering about 761 hectares. This production represents only 0.01 percent of UK wine consumption. Output is predominately white wine (92 percent), however, increasingly sparkling, dessert and red wines are now also being produced. The production total for the 2004 harvest was 19,070 hectoliters.

The UK also produces a small quantity of "British wine", which is made from imported concentrated grape concentrate, mainly from Italy.

The lack of any significant production volume in the UK means that it has negligible affect on market figures. UK production figures are, therefore, not represented in the following analyses.

Consumption

UK Market Size

	2002		2003		2004	
	HL (000)	$ million	HL (000)	$ million	HL (000)	$ million
Still Wine	10,276	2,402	11,103	2,792	12,209	3,367
Sparkling Wine	520	411	657	506	691	641
Flavored/Vermouth	140	15	149	25	166	23

Source of Data: H.M. Customs and Excise (Imports less Exports)

UK Per Capita Consumption of Alcoholic Beverages

Year	Beer (L)	Cider/Perry (L)	Made Wine (L)	Wine of Fresh Grapes (L)	Spirits (LPA)
1994	128.80	10.23	2.16	15.70	2.13
2002	124.40	12.44	3.79	23.50	2.33
2003	125.10	12.19	1.58	24.02	2.46
2004	123.90	12.62	1.77	26.20	2.52

L = Liters; LPA = Liters of Pure Alcohol; Figures based on population aged 15 years and over; Made wine includes wine-based low alcohol products, sherry & fruit wines. *Source: The Drink Pocket Book, 2006*

Main factors regarding still wine consumption in the UK

- Wine is consumed by almost two thirds of the UK population. The average wine consumer now drinks 32 bottles every year.
- Wine consumption is steadily rising. This is related to increasing personal disposable income in the UK, and an influence of lifestyle from continental Europe.
- Beer is wine's greatest rival in the UK, despite its consumption being in decline.
- The largest consumer group for wine is: affluent consumers, over 35 years of age.
- The increase in wine sales is driven by this largest consumer group drinking more, as opposed to younger consumers being attracted to wine.
- A slightly higher percentage of women drink wine: 68.5 percent compared to 62 percent of men in 2004.
- UK consumers currently drink more red than white wine. Red wine constituted 56 percent of total wine sales in 2004, with the traditional varieties of Cabernet Sauvignon, Merlot continuing to do well despite a trend to Shiraz/Syrah and Malbec.
- White wine is steadily increasing in popularity, and the current trend is for lighter, unoaked styles such as Pinot Grigio, Sauvignon Blanc, Riesling and Viognier.
- Sales of rosé wine (particularly White Zinfandel) increased by 20 percent in the year 2004/2005, and constitute 5 percent of the total market.
- Consumers generally do not consider alcoholic content specifically when choosing wine. High alcohol contents are apparently not a barrier to sales since many "New World" reds are of a high alcoholic content and their sales are increasing.
- The most popular style of wine consumed in the UK is relatively young and ready to drink.
- Over 80 percent of still wine purchased in the UK costs less than £5 (around $9.00) in the retail sector. The next perceived price bracket is £5-7 and this beginning to grow with consumer affluence and interest in wine.
- Most wine is purchased in 75cl bottles, however, bag-in-box wine now accounts for 9 percent of the UK's still wine retail market.
- Some consumers are "brand dependent", they will trust a name and pay for security. While others are "experimental enthusiasts" will respond to more detailed messages on provenance.
- Brands are driving the growth in the UK wine market. The most popular wine brands in the UK are:

UK Top 5 Wine Brands 2004, Still Light Wines

	Off-License (Retail)	**On-License (Foodservice)**
1	Blossom Hill	Stowells
2	Jacob's Creek	Blossom Hill
3	E&J Gallo Sierra Valley	Jacob's Creek
4	Kumal	Hardys Stamp
5	Lindemans	Oliver & Greg's

The most popular still wine styles and origins are:

Top 20 Still Light Wines in Off-Licenses (Retail): Ranking By Type

Rank	Wine Type	Market Share	Rank	Wine Type	Market Share
1	Australian Red	11.3%	**11**	South African Red	4.3%
2	French Red	9.9%	**12**	Italian Red	3.9%
3	Australian White	8.7%	**13**	Chilean Red	3.7%
4	French White	7.5%	**14**	Chilean White	2.7%
5	German White	7.1%	**15**	USA Rose	2.4%
6	Italian White	7.0%	**16**	Spanish White	1.9%
7	USA Red	5.6%	**17**	New Zealand White	1.0%
8	USA White	5.5%	**18**	Argentinian Red	0.8%
9	South African White	5.3%	**19**	French Rose	0.8%
10	Spanish Red	4.7%	**20**	Hungarian White	0.7%

Figures are for year November/December 2004/Ranking by volume
Source: AC Nielsen Scantrack; The Drinks Pocket Book 2006

Main factors regarding sparkling wine consumption in the UK

- Personal disposable incomes are growing at 3 percent per annum.
- Aspirational lifestyle trends by those in the 20–40 year age range.
- Sparkling wine has a younger audience than still wine generally, 20-24 year olds are more likely to choose sparkling wine, while 25-44 year olds are more likely to choose champagne.
- There is a documented increase in the entertaining of friends at home.
- Sparkling wine is increasingly perceived as informal and suitable for drinking on any occasion.
- Women consume more sparkling wine than men, while men tend to favor champagne.
- Sparkling wine purchasers are generally not loyal to any one brand or style (although Cava is popular). Champagne drinkers tend to know the different properties of brands and are much more brand-loyal.
- Consumption of sparkling wine (non-champagne) is evenly distributed nationally across Great Britain, whereas champagne consumption is particularly high in the London area.

Main factors regarding vermouth consumption in the UK

Vermouth, aromatized wines and other aperitifs include brands such as Martini, Cinzano, Noilly Prat and Dubonnet.

- Consumption is fairly static, with the vermouth category a victim of fashion trends in the alcoholic drinks sector.
- Vermouths and other aromatized wines are generally drunk neat in their in their country of origin, however, in the UK these products are considered as “mixables” i.e. they will be served with lemonade, fruit juice or tonic water.
- The weather influences consumer drinking habits in the UK and many “mixables” are perceived as being either summer drinks or Christmas drinks.
- The British Market Research Bureau (BMRB) reports that vermouth drinkers are predominantly women, aged 45-64 and relatively more affluent.
- Consumption is notably higher than average in Greater London and the Midlands, with consumers in the South East and East Anglia showing an average level of consumption.

Trade

It is hoped that the US-EU Wine Agreement will be finalized before the summer of 2006. Once in place, the accord will bring more certainty to US vintners supplying the UK/EU market with regard to import regulations. The agreement is expected to facilitate trade by mutual acceptance of wine-making practices, and provide agreement on labeling, certification rules, semi-generic names, and origin. In addition, the removal of the requirement that still wine should be less than 15 percent alcohol by volume opens the door for some boutique wines previously excluded from the market, and sweet/dessert wines. Further information on the US-EU Wine Agreement can be found at: http://www.useu.be/agri/wine.html

Import analysis from statistical tables found on pages 16-19:

Still Wine

- The UK still wine import market exhibited growth of 10 percent by volume in 2004 and 19 percent by value. The future is bright as growth is predicted in the region of 10 percent per annum for the next five years.
- The "New World" constituted just over 50 percent of UK imports by volume and value in 2004.
- Australia is the primary supplier to the UK market, with 20 percent market share by volume and 24 percent market share by value in 2004.
- France is the second largest supplier to the UK market, and despite losing 6 percent market share in volume terms, France gained 5 percent in value in 2004.
- The USA was ranked as third largest supplier by volume in 2004, however, it managed only fourth place by value. Value is forecast to decrease by up to 20 percent in 2005.
- UK import figures for the USA and Italy from 2004 will be affected by the decision by Blossom Hill to ship bulk Californian wine to Italy for bottling and distribution in the UK and Scandinavia.

Sparkling Wine

- The UK sparkling wine import market grew by 5 percent in volume and 25 percent in value in 2004. It is forecast to grow in volume by 6 percent and value by 3 percent in 2005.
- France had 40 percent of volume market share and 80 percent of value in 2004, skewed by the high value of champagne.
- Imports from France, Spain, Australia, Germany and the United States enjoyed considerable value gains in 2004.
- Forecasts show that Australia will overtake Italy to be the third largest supplier to the UK sparkling wine market behind France and Spain in 2005.

Vermouth, Aromatized Wine

- The UK market for Vermouth and other aromatized wine showed growth of 12 percent by volume in 2004. However, it declined by 7 percent in value in the same year.
- The market is dominated by European suppliers, particularly France and Italy. The US is not a regular trade supplier.
- Vermouth imports to the UK are forecast to decrease in 2005 in both value and volume.

Market Dynamics

"Old World"

France

- French wines continue to lose ground in the UK market.
- To respond to market conditions in the UK, French producers, in liaison with UK importers, are beginning to launch innovative branded wines, displaying grape varieties on the labels.
- France has strong "brands" such as Bordeaux and Burgundy and a loyal following of UK consumers (that tend to be very knowledgeable about wine).
- On the basis of the latter two points, sales of French wine may recover, but it may take many years.
- The best performing wines from France in the UK market currently are (paradoxically): Champagne and Vins de Pays. Champagne sales are linked to brand awareness. The mass market Vins de Pays delivers fruit driven wine at a competitive price, and importantly is able to label by grape variety.

Germany

- For the past decade, German wine sales have fallen victim to changing UK consumer tastes.
- There are now signs that Germany's fortunes in the UK wine market are turning around. Forecasts for value and average price per bottle for 2005 are encouraging.
- The audience for Germany's traditionally popular styles, such as Liebfraumilch and Hock, is continuing to switch preference. However, sales of Riesling are increasing, in part due to the building of this category by Australia.

Italy

- Just over one bottle out of every 10 sold in the UK supermarket sector is Italian. This puts Italy in fourth place behind Australia, France and the US.
- Italy continues to grow its exports to the UK market, albeit more slowly than Australia and the US.
- Chianti, Frascati and Pinot Grigio currently enjoy healthy sales, with Pinot Grigio the new Chardonnay of the UK market.
- Italy's diversity of wines is said to be its greatest strength, but also its greatest weakness as UK consumers struggle to understand the relative merits of the different Italian regions.

Spain

- According to AC Nielsen, volume and value sales for Spain for 2004 are behind 2002 figures. Looking ahead, Spain is in danger of being overtaken by Chile on both accounts.
- Besides Rioja and Cava, UK consumers find it hard to identify with Spanish wine.
- Rioja comprises around one-third of all Spanish wine sales in the UK. Sales are affected by the trend towards Shiraz/Syrah, Malbec and Pinot Noir.
- Spain has a reputation for cheap red wine, with many listings selling for under £3. Spanish still white wine is less well-known.
- Some Spanish wine brands are beginning to emerge, particularly from Ribera del Duero.

"New World"

Australia

- Australian wine exports to the UK continue to go from strength to strength. The production of many of their wines is tailored specifically for the UK market.
- Large brands are playing a crucial role in Australia's success. Australia now has six of the top ten brands by value, led by Hardy's.
- As the focus of the UK supermarket chains is firmly on profit and how much money can be made per square meter, they turn to the big brands to fill their key promotional slots. The result is that an estimated two-thirds of Australian wine sells below its recommended retail price.
- Discounting has largely been possible due to the oversupply of wine from Australia. It is likely to ease off by 2007, as supply dynamics change.

USA

- Sales of US wine in the UK market are largely driven by the Blossom Hill and E&J Gallo brands. Around one-third of US sales in the UK may be Blossom Hill alone.
- This contributes to the current contradiction between 6 percent of retail shelf space attributed to US wine and its 14 percent market share (AC Nielsen).
- In recent years, trade sources have described a polarity in the supply of wine by the US to the UK market: plentiful supply of lower end wine and ample supply of boutique-priced wine.
- The Wine Institute of California has had a high profile campaign to demonstrate to the trade that the US can supply adequate wine for the UK market's needs in the interim price range.

South Africa

- South Africa is showing consistent growth, volume sales were up 5 percent, while value grew by 9 percent in 2004. Forecasts for value in 2005 show a further 5 percent increase is expected.
- This may be due in part to the strength of the rand, and the fact that (unlike its other New World competitors) South Africa is not in a state of major over-supply.
- Kumala brand accounts for 22 percent of South African wine exports to the UK.

Chile

- Chilean wine sales leapt by 25 percent in both volume and value in 2004. Value is forecast to slow in 2005.
- Around 5 years ago Chile had a reputation for cheap red wine in the UK on account of their continuous price promotions at £2.99 ($5.30).
- The Wines of Chile UK Office continue to undertake promotional work to re-position Chile as a higher quality and price proposition.
- Successful Chilean brands in the UK include: Errázuriz, Cono Sur and Concha y Toro.

New Zealand

- New Zealand had an exceptional year in 2004 for their wine exports to the UK. Volume increased by 44 percent and value by 39 percent.
- Its average price per bottle is higher than any other country producer.
- The trend in the UK away from oaked chardonnays to lighter, fruitier wines is fueling a large market for Sauvignon Blanc. Marlborough Sauvignon Blancs enjoy a very good reputation in the UK, with customers showing brand and varietal loyalty.
- Forecasts predict another 40 percent increase in value for New Zealand in 2005.

Marketing

Generic support for wine origins continues to play a pivotal role in UK wine marketing. For example, a vast array of country and regional pavilions support the London International Wine & Spirit Fair each year. This show takes place annually, and the next show is:

May 16-18 **London International Wine & Spirits Trade Fair**, ExCeL, London
Contact: Brintex Ltd Tel: 011 44 20 7973 6401 Fax: 011 44 20 7233 5054
Web site: www.londonwinefair.com E-mail: wine@hgluk.com

Examples of Generic Country Marketing Activities

Australia	- Australian Wine Bureau UK Office - Australia Day Tasting - Around 66 percent of Australian wine is sold on price or multi-buy promotion (versus 46 percent of wine as a whole)
France	- Wine Department within Sopexa (French marketing body) London Office - Strategy to improve quality perception in lower appellations - Advertising campaigns for Alsace, Bordeaux, Burgundy
USA	- Wine Institute of California UK Office - London PR Agency for Pacific Northwest Wines - Generic regional tastings e.g. Napa Valley
Spain	- Wines from Spain UK Office - Advertising in trade and consumer press - In-store promotions
Germany	- German Wine Institute - Campaign to improve image of German wines
South Africa	- Wines of South Africa UK Office - Historically low price points, concentrating on brand-building instead of discounting to build market share
Chile	- Wines of Chile UK Office - Trade & Press educational messages - Chilean Bus at consumer events across the UK
Argentina	- London PR Agency for Wines of Argentina - 'Drink Argentina' campaign including promotions, media campaigns and sampling in UK major cities

In the UK, the promotion of US wine is spear-headed by the Wine Institute of California's UK Office. Their strategy is to promote "Brand California" (a region that has positive connotations in the mind of UK consumers), together with trade tastings to show the diversity of California. It is proving particularly effective. The Napa Valley Vintners' trade body has a promotional program in the UK, administered through a PR agency – Watershed Communications. In addition, Pacific Northwest Wines also employ the services of a UK PR agency – Westbury Communications.

Looking at UK market promotion generally, above-the-line advertising expenditure has been in decline in recent years. Two-thirds of promotion undertaken in the UK is price discounting in nature.

UK Advertising Expenditures for Brands, 2004

	£ '000s
Ernest & Julio Gallo – Turning Leaf	1,043
Mateus Rose	1,038
Bordeaux Wines	848
Kumala (South Africa)	821
Burgundy	695
Freixenet (Sparkling)	628
Blossom Hill – Californian Wine	271

Source: The Drink Pocket Book 2006

Still Light Wines in Off-Licences, Price Analysis per 75cl Bottle

Price in British pence per bottle	France	Germany	Italy	Spain	Australia	USA
<250	4.2	40.9	12.9	12.9	0.1	2.6
251-350	44.8	42.7	45.8	45.3	23.2	14.6
351-450	29.1	14.6	31.9	26.4	38.4	57.2
>451	21.9	1.8	9.4	15.4	38.3	25.6

Year to November/December 2002
Source: ACNielsen/The Drink Pocket Book 2006

The table above illustrates the value of a wine's origin in the UK mainstream retail market. For example, wines from Germany are especially cheaper than those from the USA. Most European wine is sold between £2.50 and £3.50 per 75cl bottle, while both Australia and the USA achieve higher price points.

Mintel research has found that 20 percent of UK consumers routinely buy wines on special offer. It is reported that UK supermarket chains make stringent promotional demands on large wine brands leaving them with a choice to ultimately increase prices or make their wine more cheaply. Competition within the UK supermarket sector has led to a systematic decrease in the average price of a 75cl bottle of wine, despite consistent excise tax increases from the UK government. Smaller producers are finding it difficult to compete in this retail environment, which may lead to a decrease in choice of wine for the UK consumer over time.

Composition of UK Retail Price Points for Wine
(import duty is not shown)

Component	Retail Price £2.99	Retail Price £5.99
Cost of wine itself	9 pence	£1.66
Approximate cost of label, shipping, bottle, etc.	20 pence	20 pence
Retailer profit – e.g. 33%	99 pence	£1.98
Value Added Tax	45 pence	89 pence
Excise Duty	£1.26	£1.26

Calculations correct as of July 2005 Source: Wine & Spirit Trade Association

Market Access

Wines consigned to the European Union from third countries must be accompanied by a document known as a VI1 Form that confirms the size and nature of the wine consignment. The provisions dealing with VI documentation may be found in Commission Regulation (EC) 3590/85 (OJ L343) as amended. The VI1 Form requires that US wineries certify that all wine shipments over 60 liters are made in compliance with the Wine Accords Agreement and EU regulations. The form also requires that the exporter report the results of a number of chemical analyses. For subsequent travel through or within EU countries a Commercial Document or a Commercial Accompanying Document is also required. In addition to a transit document, a T-form will be issued when the wine enters the European Union and this will establish entitlement to EU rates of duty.

Further information on EU import rules can be found on the US Mission to the EU's website: http://www.useu.be/agri/wine.html

A CAP Import License is required if a consignment of wine exceeds 3,000 liters. A license may be obtained by the UK importer from:

Rural Payments Agency (RPA))
Lancaster House, Hampshire Court
Newcastle upon Tyne, NE4 7YE
Tel: (+44) 191 226 5080/5207
Fax: (+44) 191 226 5212
Web: www.rpa.gov.uk

Market access may be denied by Customs & Excise if documentation forms are incomplete. If the labeling is incorrect, then the wine will be allowed into bond but will not be released until the labels have been corrected. In either case, storage charges are large so it is vital that the correct documentation/labels are provided.

Examples of tariffs applied to non-European wine imports (import duties):

Sparkling Wine	32.0 Euros per hectoliter
Still Wine not exceeding 13 percent abv	13.1 Euros per hectoliter
Still Wine greater than 13%, less than 15% abv	15.4 Euros per hectoliter
Vermouth, Aromatized Wine	10.9 Euros per hectoliter

abv = alcohol by volume

Source: HM Customs & Excise Tariff Schedule

Please use the following website to determine the specific import duty for a wine product: http://europa.eu.int/comm/taxation_customs/dds/en/tarhome.htm

or contact the HM Customs & Excise Commodity Code Helpline Tel: 011 44 1702 366077
plus Duty rate & VAT Helpline Tel: 011 44 845 010 9000

In addition to tariff (import) duty, US wine is subject to excise duty and a Value Added Tax (VAT).

Class or Description	**Tax type code**	**Rate of Excise Duty**
Sparkling, exceeding 5.5%, but less than 8.5%	412	£166.70 per HL
Sparkling, 8.5% and above, but less than 15%	411	£220.54 per HL
Still, exceeding 5.5%, but less than 15%	413	£167.72 per HL
Still or Sparkling, exceeding 15%, but less than 22%	415	£223.62 per HL
Still or Sparkling, exceeding 22%	419	£19.56 per liter of alcohol in the wine

Source: HM Customs and Excise, Portcullis House
27 Victoria Avenue, Southend on Sea, Essex SS2 6AL
Tel: +(44) 1702 367330/361979 Fax: +4(44) 1702 367253/361975
E-mail: enquiries.lon@hmce.gsi.gov.uk Web: www.hmce.gov.uk

Value Added Tax (VAT) is applied ad valorem on the landed price (CIF) on arrival at the EU frontier plus all duties. The current rate of VAT is 17.5%.

Import duty is payable on samples used at trade fair tastings because of their promotional nature, public access and loss of control by HM Customs & Excise.

Import duty is not payable in cases where organoleptic tasting by professionals takes place within companies for the purpose of quality control, provided that the wine is not consumed.

Labeling Requirements

Below is an overview of mandatory requirements for the labeling of third country wines imported into the UK.

For third country wines, with no geographical description, the mandatory requirements are:

- the word “wine” } or a combination of these terms using
- country of origin } “country” (as an adjective) “wine”
- name and head office address of the responsible packer
- lot mark
- nominal volume
- name and head office address (including member state) of the importer
- (if the wine is imported already prepackaged)
- actual alcoholic strength

For third country wines, described by geographical origin, the mandatory requirements are:

- country of origin
- geographical unit
- name and head office address of the responsible packer
- lot mark
- nominal volume
- name and head office address (including member state) of the importer
  (if the wine is imported already prepackaged)
- actual alcoholic strength

NOTE:

From November 2005, compliance with the "contains sulphites" statement will be expected on new labels. Please contact the UK Wine Standards Board for further information, their contact details are provided on page 15.

The following terms are prohibited:

1. "Table Wine" - this term is not allowed on any wines coming in from outside the EU
2. "Surgeon General's Warning" - this is not a recognized authority in the EU
3. Vine Varieties - if more than three are shown, they must appear on a label not in same field of vision as mandatory items. The height of lettering is restricted to 3mm
4. Any reference in descriptive text to European Quality Wines

Further explanation of some terms given above:

Alcoholic Strength

Until the US-EU wine agreement comes into force, still light wines must not exceed the maximum permitted total (i.e., actual + potential alcohol) level of 15% volume. Some US wines, usually higher alcohol red wines or sweet white wines with high residual sugar may find this regulation difficult to comply with. This regulation excludes Liqueur Wines. Inspectors from the UK Wine Standards Board may inspect import (VI1) documents and will look for labels that state actual alcohol figures in excess of 15%. If there is insufficient information, importers/exporters will be asked to supply details (if necessary by independent analysis at their expense) of residual sugar levels for late harvest wines labeled as less than 15% vol.

The actual alcoholic strength must be declared on every label either as "x% vol" or "Alcohol x% vol" to the nearest half percent volume i.e., 11% or 11.5% vol, NOT 11.2% vol. The minimum character height for this statement is the same as for the nominal volume given below.

Nominal Volume

The nominal volume must be stated on the label and the minimum height of characters used is:

2mm - for containers holding 20cl or less
3mm - for containers holding 21cl - 1 liter
5mm - for containers holding more than 1 liter

The permitted packaging sizes for wine in the EU are:

Product Type	**Sizes Permitted**
Still wine not exceeding 15% vol	10cl, 25cl, 37.5cl, 50cl, 75cl, 1L, 1.5L, 2L, 3L, 5L, 6L, 9L, 10L
Still wine over 15% vol	Any size up to 10cl, 20cl, 37.5cl, 50cl 75cl, 1L, 3L, 5L
Sparkling/Aerated Sparkling Wine	12.5cl, 20cl, 37.5cl, 75cl, 1.5L 3L, 4.5L, 6L, 9L

Lot Marketing

The Food (Lot Marking) Regulations 1996, set out the lot marking requirements to be applied to all foodstuffs sold for human consumption (unless specifically exempted), including wines and spirits. These Regulations implement Council Directive 89/396/EEC (OJ No. L186) on indications and marks identifying the lot to which a foodstuff belongs, as amended by Council Directives 91/238/EEC (OJ No. L107) and 92/11/EEC (OJ No. L65).

In summary, this means that the producer and packer must apply to each unit making up a homogenous group - referred to as a "lot" - a mark identifying the lots from which that unit came. The lot mark may appear anywhere upon the package including the seal; however, it CANNOT appear on the cork. It must be indelible, clearly visible and (although the characters used may be of any size) intelligible to anyone. The mark can be of any length and can comprise of alpha and/or numeric characters. To avoid the forced opening of cases, outer cases should also carry the lot marks of their contents.

Origin Labeling

Still wines from the US must show one of the following formats on their label:

- "Wine of United States of America"
- "USA Wine"
- "Wine Product of USA"

In the case of sparkling wine, US product must be described as "USA Sparkling Wine". This statement ensures that they are treated as the equivalent of European quality sparkling wine. Omission of this expression means that wines are not entitled to show specified items of information including vine variety, vintage, production term (e.g., traditional method), geographical indication.

Further information on regulatory requirements can be obtained through:

Department of Environment, Food & Rural Affairs (DEFRA)
Alcoholic Drinks Division
Room 201, Whitehall Place (East Block)
London SW1A 2HH
Tel: (+44) 20 7270 8929 Fax: (+44) 20 7270 8733

Wine Standards Board
c/o DEFRA
Area 3E
3-8 Whitehall Place
London, SW1A 2HH Tel: (+44) 20 7236 9512 Fax: (+44) 20 7236 7908
Contact: John Boodle, Technical Inspector
Tel: +44 20 7270 8140 Fax:+44 20 7930 2561
Email: jboodle@wsb.org.uk

Import/Export Tables

UK Imports of Still Wine by Volume, 2002-2004

United Kingdom - Imports
HS Codes: 220421 + 220429 STILL WINE

Quantity - HL ('000)
Calendar Years

Rank 2004	Country	2002	2003	2004	% Change '04/'03
0	--World--	10,546	11,340	12,442	10
	-EU 25-	5,688	6,053	6,160	2
2	France	2,429	2,511	2,371	-6
4	Germany	979	1,254	1,292	3
5	Italy	1,105	1,038	1,290	24
7	Spain	835	919	909	-1
11	Portugal	178	163	169	4
13	Netherlands	24	40	45	11
14	Hungary	78	79	41	-48
	Third Countries	4,858	5,287	6,282	19
1	Australia	2,079	2,059	2,526	23
3	United States	918	1,163	1,422	22
6	South Africa	890	950	993	4
8	Chile	606	686	860	25
9	Argentina	117	176	194	10
10	New Zealand	116	132	176	33
12	Bulgaria	102	82	64	-23

Source of data: H.M. Customs and Excise

UK Imports of Still Wine by Value, 2002-2004

United Kingdom - Imports
HS Codes: 220421 + 220429 STILL WINE

Millions of US Dollars
Calendar Years

Rank 2004	Country	2002	2003	2004	Forecast 2005	% Change '04/03
	--World--	2589	3002	3563	3909	19
	-EU 25-	1332	1558	1756	2004	13
2	France	660	797	838	964	5
3	Italy	228	276	378	476	37
6	Spain	212	225	249	250	11
8	Germany	128	135	168	140	25
10	Portugal	64	79	78	82	-2
12	Netherlands	8	13	16	13	22
13	Hungary	13	14	11	10	-19
15	Belgium	6	7	6	8	-14
	Third Countries	1257	1444	1807	1905	25
1	Australia	609	632	841	924	33
4	United States	223	279	338	268	21
5	South Africa	176	229	250	263	9
7	Chile	142	163	204	217	25
9	New Zealand	58	77	107	152	38
11	Argentina	26	38	42	54	9
14	Bulgaria	12	11	9	8	-16

Source of data: H.M. Customs and Excise

UK Imports of Sparkling Wine by Volume, 2002-2004

HS Code: 220410 SPARKLING WINE

Quantity - HL ('000)
Calendar Years

Rank	Country	2002	2003	2004	% Change '04/'03
	--World--	520	657	691	5
	-EU 25-	459	579	609	5
1	France	278	278	288	4
2	Spain	102	168	198	17
3	Italy	70	86	74	-14
5	Germany	5	21	43	101
	Third Countries	61	78	82	5
4	Australia	39	50	52	4
6	United States	4	4	13	206
7	New Zealand	10	12	11	-16

UK Imports of Sparkling Wine by Value, 2002-2004

HS Code: 220410 SPARKLING WINE

Millions of US Dollars
Calendar Years

Rank 2004	Country	2002	2003	2004	Forecast 2005	% Change '04/03
	--World--	426	526	658	668	25
	-EU 25-	400	492	618	617	26
1	France	344	408	518	528	27
2	Spain	29	44	56	55	30
3	Italy	19	29	25	31	-13
5	Germany	2	6	10	16	65
	Third Countries	26	34	50	51	47
4	Australia	15	20	25	31	22
6	New Zealand	6	8	8	12	-5
7	United States	3	2	6	7	158

Source of data: H.M. Customs and Excise

UK Imports of Flavored Wine & Vermouth by Volume, 2002-2004

United Kingdom - Imports
HS Code: 2205 FLAVORED WINE, VERMOUTH

Quantity - HL ('000)
Calendar Years

Rank	Country	2002	2003	2004	% Change '04/'03
	--World--	140	149	166	12
	-EU 25-	139	148	166	12
1	France	63	62	75	22
2	Italy	47	47	51	10
3	Netherlands	12	25	24	-2
4	Germany	6	12	13	9
5	Spain	3	3	2	-32

UK Imports of Flavored Wine & Vermouth by Value, 2002-2004

United Kingdom - Imports
HS Code: 2205 FLAVORED WINE, VERMOUTH

Millions of US Dollars
Calendar Years

Rank	Country	2002	2003	2004	% Change '04/'03
	--World--	18	26	24	-7
	-EU 25-	18	26	24	-7
1	France	6	11	10	-12
2	Italy	7	8	8	-1
3	Netherlands	2	3	3	2
4	Germany	1	1	2	21
5	Spain	1	1	0	-42

Source of data: H.M. Customs and Excise

UK Exports of Still Wine by Volume, 2002-2004

United Kingdom - Exports
HS Codes: 220421 + 220429 STILL WINE

Quantity - HL (000)
Calendar Years

Country	2002	2003	(est) 2004	% Share 2003
--World--	270	237	233	100
-EU-15-	181	179	175	76
Third Countries	89	58	58	24
United States	12	11	11	5

UK Exports of Still Wine by Value, 2002-2004

United Kingdom - Exports
HS Codes: 220421 + 220429 STILL WINE

Calendar Years
Millions of US Dollars

Country	2002	2003	2004	% Change 04/03
--World--	187	210	196	-6
-EU-25-	83	84	91	9
Third Countries	104	126	105	-17
United States	45	64	40	-38

Source of Data: H.M. Customs and Excise

UK Exports of Sparkling Wine by Volume, 2002-2004

United Kingdom - Exports
HS Code: 220410 SPARKLING WINE

Quantity - HL
Calendar Years

Country	2002	2003	2004	% Change '04/'03
--World--	8	13	13	0
-EU-25-	5	8	7	-13
Third Countries	3	5	6	-20
United States	1	1	1	0

UK Exports of Sparkling Wine by Value, 2002-2004

United Kingdom - Exports
HS Code: 220410 SPARKLING

Calendar Years
Millions of US Dollars

Country	2002	2003	2004	% Change 04/03
--World--	15	20	17	15
-EU-25-	5	7	8	14
Third Countries	10	13	9	30
United States	4	4	2	-50

Source of Data: H.M. Customs and Excise

UK Exports of Flavored Wine & Vermouth by Volume, 2002-2004

United Kingdom - Exports
HS Code: 2205 FLAVORED WINE, VERMOUTH

Quantity - L (000)
Calendar Years

Country	2002	2003	2004	% Share 2004
--World--	605	163	100	100
-EU-25-	448	92	41	41
Third Countries	187	71	59	59
United States	0	0	0	0

UK Exports of Flavored Wine & Vermouth by Value, 2002-2004

United Kingdom - Exports
HS Code: 2205 FLAVORED WINE, VERMOUTH

Calendar Years
Millions of US Dollars

Country	2002	2003	2004	% Share 2004
--World--	3.4	1.4	0.8	100
-EU-25-	2.9	1.0	0.5	63
Third Countries	0.5	0.4	0.3	37
United States	0.0	0.0	0.0	0

Source of Data: H.M. Customs and Excise