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Australia

Wine

Competition Annual

2002

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Report Highlights:
Post estimates wine grape production for 2001/02 at 1,520 TMT, an increase of around seven percent on the previous year. Post forecasts wine grape production for 2002/03 to increase by two percent to 1,550 MMT. Post expects total exports to increase by around 17 percent in 2001/02 and forecasts growth in exports to slow to 11 percent in 2002/03.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Canberra [AS1], AS

Executive Summary

Post estimates wine grape production for 2001/02 at 1,520 TMT, in line with industry's preliminary estimate released for May and an increase of around seven percent on the adjusted figure for the previous year. This is slightly higher than ABARE's figure of 1,507 TMT released in December 2001. According to ABARE historical data this would be the fifth consecutive record for Australian wine grape production.

Post forecasts wine grape production for 2002/03 to increase by two percent to 1,550 MMT, well under ABARE's figure of 1,603 TMT. Post anticipates that significant increases in wine grape production will be constrained by fruit left unharvested.

ABARE projections have wine grape production steadily increasing out to 2003/04 reaching 1,673 TMT.

Deteriorating wine grape prices has been reported as one of the biggest challenges faced by the industry in recent times. Significant increases in planted area increased supply to wineries considerably with winemakers now having a greater selection of wine grape types and qualities. While industry sources argue that this is likely to increase the overall quality of Australian wines, surplus production means that some wine grapes will not be harvested. Post anticipates that less multipurpose grapes and lower quality grapes will be harvested for wine making as a result.

Total exports for CY 2001 increased by 21 percent in volume and 24 percent in value.

Post estimates total exports to increase by around 17 percent in 2001/02. However, Post forecasts growth in exports to slow to 11 percent in 2002/03. Slightly increased production and ballooning stocks will provide pressure for increased exports but a stronger Australian dollar is expected to slow export increases.

Post forecasts closing stocks for 2002/03 at 11,555 THL, up nearly three-fourths on the closing stock figure for 2000/01. Post remains concerned about the reliability of anecdotal stocks information. However, industry sources agree that ending stocks are currently at high levels and are likely to grow over the coming year. Post believes that the current level of ending stocks will be a significant consideration for the 2002/03 wine grape intake and export campaign.

Production

PSD Table						
Country	Australia					
Commodity	Wine				(1000 MT)(1000 HL)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		07/2000		07/2001		07/2002
TOTAL Grape Crush	1301	1423	1395	1520	0	1550
Begin Stock (Ctrl App)	0	0	0	0	0	0
Begin Stock (Other)	0	0	0	0	0	0
TOTAL Beginning Stocks	3944	3944	5778	6688	7568	9417
Prod. from Wine Grapes	7807	9058	8385	9779	0	9992
Prod. from Tabl Grapes	1300	903	1280	861	0	700
TOTAL PRODUCTION	9107	9961	9665	10640	0	10692
Intra-EU Imports	0	0	0	0	0	0
Other Imports	131	134	100	146	0	146
TOTAL Imports	131	134	100	146	0	146
TOTAL SUPPLY	13182	14039	15543	17474	7568	20255
Intra-EU Exports	0	0	0	0	0	0
Other Exports	3361	3382	3770	3957	0	4400
TOTAL Exports	3361	3382	3770	3957	0	4400
Dom.Consump(Cntrl App)	0	0	0	0	0	0
Dom.Consump(Other)	4043	3969	4205	4100	0	4300
TOTAL Dom.Consumption	4043	3969	4205	4100	0	4300
End Stocks (Cntrl App)	0	0	0	0	0	0
End Stocks (Other)	5778	6688	7568	9417	0	11555
TOTAL Ending Stocks	5778	6688	7568	9417	0	11555
TOTAL DISTRIBUTION	13182	14039	15543	17474	0	20255

Post puts wine grape production for 2000/01 at 1,423 TMT, revised upwards from the previous figure of 1,301 TMT. This revision is in line with industry figures.

Post estimates wine grape production for 2001/02 at 1,520 TMT, in line with industry's preliminary estimate released for May and representing an increase of around seven percent on the adjusted figure for the previous year. This is slightly higher than ABARE's figure of 1,507 TMT released in December 2001. According to ABARE historical data this would be the fifth consecutive record for Australian wine grape production.

Industry reports state that quality is above average for both red and white varieties and describe the crop quality of some inland regions as excellent. A cooler summer across the majority of growing regions resulted in reduced fruit set, smaller berries and slower ripening over an extended season. Industry reports indicate that not only did this improve colors and flavors but also reduced disease pressures. Sources describe yields as average with increased production driven by new plantings coming into production.

Post notes that some industry sources have production for 2001/02 up to five percent higher than the Post estimate. However, Post has not included grapes left on the vines which ABARE puts at around 26,000 MT but media reports put as high as 50,000 MT. Media reports indicate wine makers are reluctant to take deliveries of excess production.

Post forecasts wine grape production for 2002/03 to increase by two percent to 1,550 MMT, well under ABARE's figure of 1,603 TMT. Post anticipates that significant increases in wine grape production will be constrained by fruit left unharvested.

ABARE projections have wine grape production steadily increasing out to 2003/04 reaching 1,673 TMT.

The breakdown of wine production by type is not available, however, ABARE provides the following table which details wine grape production by category.

PROJECTED WINE GRAPE PRODUCTION, BY CATEGORY (METRIC TONS)

	Estimated production	**Projected production**		
	2000/01	*2001/02*	*2002/03*	*2003/04*
White Wine Grapes				
Premium (a)	466,000	489,000	504,000	520,000
Non-premium (b)	14,000	19,000	19,000	20,000
TOTAL	**480,000**	**508,000**	**523,000**	**540,000**
Red Wine Grapes				
Premium (c)	744,000	793,000	867,000	916,000
Non-premium (d)	33,000	42,000	48,000	54,000
TOTAL	**777,000**	**835,000**	**915,000**	**970,000**
Multipurpose grapes for wine making (e)	129,000	123,000	119,000	114,000
Other (f)	37,000	40,000	46,000	49,000
Total grapes for wine making	**1,422,000**	**1,507,000**	**1,603,000**	**1,673,000**

Source: ABARE Wine Grapes report (December 2001).
(a) Chardonnay, Chenin blanc, Colombard, Muscadelle, Riesling, Sauvignon Blanc, Semillon, Traminer and Verdelho. (b) Crouchen, Doradillo, Frontignac, Palomino and Trebbiano. (c) Cabernet Franc, Cabernet Sauvignon, Merlot, Malbec, Pinot Noir, Ruby Cabernet and Shiraz. (d) Grenache and Mataro. (e) Muscat Gordo Blanco and Sultana.

According to ABARE, around 21 percent of the total area under wine grapes in CY 2000 was yet to bear fruit. This trend looks set to continue with new plantings for CY 2000 at 11,108 Ha, nearly double the 5,969 Ha planted in 1995.

Consumption

The following table lists domestic wine sales and imports for the years 1995/96 to 1999/2000.

DOMESTIC WINE SALES & IMPORTS, BY TYPE (HL)					
	1996/97	*1997/98*	*1998/99*	*1999/00*	*2000/01*
DOMESTIC SALES OF AUSTRALIAN WINE					
Table wine	2,685,000	2,769,000	2,874,000	3,071,000	3,246,000
Dry red and rose	837,000	874,000	991,000	1,141,000	1,256,000
Dry white and sweet	1,848,000	1,895,000	1,883,000	1,930,000	1,990,000
Sparkling wine	321,000	311,000	326,000	325,000	307,000
Bottle-fermented	229,000	223,000	203,000	182,000	167,000
Bulk	92,000	88,000	123,000	144,000	140,000
Carbonated wine	34,000	32,000	14,000	35,000	33,000
Total unfortified wine	**3,039,000**	**3,111,000**	**3,215,000**	**3,432,000**	**3,585,000**
Sherry	90,000	84,000	na	na	na
Port	165,000	150,000	na	na	na
Other	1,000	12,000	na	na	na
Fortified wine	**256,000**	**246,000**	**239,000**	**230,000**	**222,000**
Other wine, inc. Vermouth	**32,000**	**31,000**	**30,000**	**31,000**	**34,000**
TOTAL	**3,328,000**	**3,388,000**	**3,483,000**	**3,693,000**	**3,841,000**
WINE IMPORTS					
Table wine	101,000	214,000	201,000	141,000	81,000
Sparkling wine	24,000	30,000	29,000	38,000	29,000
Fortified wine	1,000	1,000	1,000	7,000	1,000
Other	10,000	10,000	11,000	10,000	16,000
Total	**136,000**	**256,000**	**243,000**	**196,000**	**128,000**
Total sales of wine in Australia	**3,464,000**	**3,644,000**	**3,726,000**	**3,889,000**	**3,969,000**

Source: ABARE

Domestic wine sales have increased steadily between 1995/96 and 2000/01 at an annual rate of between two and five percent per annum.

The Australian wine market is considered mature and movements in the types of wine sold demonstrate changing consumer preferences. According to ABARE, sales of table wine during 2000/01 increased by two percent to a record of 3,969,000 HL.

A general trend has emerged where wine consumption is increasing moderately while consumers are paying higher prices for higher quality wine. This trend is expected to continue.

PER CAPITA CONSUMPTION OF WINE	
(Liters/head)	
1978/79	19.1
1988/89	18.3
1990/91	17.8
1991/92	18.6
1992/93	18.3
1993/94	18.6
1994/95	18.4
1995/96	18.3
1996/97	19.0
1997/98	19.7
1998/99	19.8
1999/2000 (f)	20.4

Source: Australian Wine and Brandy Corporation, Annual Report 2000/01

The above table indicates that wine consumption has increased only moderately over the past two decades, while capita beer consumption has shown a steady decline, falling from around 136 liters in the late 1970s to under 95 liters in 1999/2000. Per capita consumption of spirits has remained relatively unchanged over the same period.

Prices

Deteriorating wine grape prices has been reported as one of the biggest challenges faced by the industry in recent times. Significant increases in planted area increased supply to wineries considerably with winemakers now having a greater selection of wine grape types and qualities. While industry sources argue that this is likely to increase the overall quality of Australian wines, surplus production means that some wine grapes will not be harvested. Post anticipates that less multipurpose grapes and lower quality grapes will be harvested for wine making as a result.

Falling wine grape prices have had a significant impact on the type of wine grapes planted. According to industry sources, white wine prices have been low for the past three vintages. This has resulted in consolidation among producers of white wine grapes and has resulted in far lower plantings of these types. According to ABARE, in 1995 almost one third of all new plantings were to Chardonnay while in CY 2000 they accounted for just three percent of new plantings. Semillon and Riesling remained constant over this period.

Prices for red wine grapes remained relatively firm up until recent times, with prices falling over the past two vintages. According to ABARE, this is expected to result in plantings of red wine grape varieties falling by around 30 percent in CY 2001. ABARE expects recent improvements in prices offered for white wine varieties to trend plantings away from red varieties. Post anticipates significant restructuring over the medium term as continued lower prices places pressure on wine grape producers.

Trade

Historically the UK, US and New Zealand have been Australia's three main export markets. However, in recent years exports to New Zealand have remained relatively static while exports to the UK and the US have increased dramatically. These two countries accounted for around 68 percent of all wine exports from Australia.

Total exports for CY 2001 increased by 21 percent in volume and 24 percent in value.

Exports to the UK increased by 22 percent to 1,822,893 HL, accounting for 48 percent of Australia's total exports. This increase was driven by an 18 percent increase in white wine and a 28 percent increase in red wine. Exports of sparkling wine to this destination fell slightly.

Exports to the US increased 27 percent to 768,500 HL accounting for 20 percent of Australia's total exports. This increase was driven by a 25 percent increase in exports of white wine and a 30 percent increase in exports of red wine. Exports of sparkling wine fell by half.

Post estimates total exports to increase by around 17 percent in 2001/02. However, Post forecasts growth in exports to slow to 11 percent in 2002/03. Slightly increased production and ballooning stocks will provide pressure for increased exports but a stronger Australian dollar is expected to slow export increases.

EXPORTS BY DESTINATION (HL &A$'000)						
	1999		2000		2001	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
White Wine						
United Kingdom	632,820	253,739	763,295	293,936	900,708	352,564
United States	176,220	96,764	226,943	129,075	283,806	164,863
New Zealand	68,870	16,307	95,325	18,947	91,908	21,162
Canada	38,200	17,960	51,572	24,038	50,864	26,529
Germany	39,490	16,746	50,514	17,316	46,891	13,545
Other	170,660	73,851	214,481	87,123	245,504	100,604
Total	**1,126,260**	**475,367**	**1,402,130**	**570,435**	**1,619,681**	**679,267**

	1999		2000		2001	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Red Wine (incl Rose)						
United Kingdom	534,910	273,443	689,678	341,921	879,905	440,700
United States	230,400	168,151	365,934	283,490	475,856	377,656
New Zealand	85,580	38,116	91,723	42,942	121,231	52,348
Canada	52,310	34,516	89,153	61,010	108,810	39,219
Germany	53,270	28,335	74,127	36,100	84,290	82,124
Other	219,340	125,320	289,689	160,920	368,845	199,677
Total	**1,175,810**	**667,881**	**1,600,304**	**926,383**	**2,038,937**	**1,191,724**

	1999		2000		2001	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Champagne						
United Kingdom	49,880	27,477	29,886	17,178	28,264	20,887
New Zealand	10,970	4,972	5,881	3,211	9,064	4,833
United States	5,350	3,200	4,191	2,865	1,950	1,734
Japan	610	489	929	763	1,886	770
Sweden	1,430	552	1,088	500	1,698	1,634
Other	10,500	5,876	7,478	4,083	7,754	5,501
Total	**77,310**	**42,014**	**48,365**	**28,100**	**48,918**	**33,725**

	1999		2000		2001	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Other Sparkling Wine						
United Kingdom	4,360	2,183	6,602	3,548	7,033	3,665
New Zealand	2,760	972	12,444	911	3,566	1,418
Canada	350	296	702	435	2,557	970
Japan	2,300	952	2,079	972	2,380	1,108
United States	310	457	1,230	1,001	2,313	1,427
Other	3,230	2,276	4,550	4,584	2,839	2,136
Total	**13,310**	**7,136**	**27,607**	**11,451**	**20,688**	**10,724**

	1999		2000		2001	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Fortified Wine (incl Sherry, Port, Muscat, Dessert Wine)						
United Kingdom	4,290	1,565	6,527	1,364	6,494	2,458
Canada	4,520	1,584	5,431	1,843	3,877	1,426
United States	3,200	2,875	2,853	2,627	3,230	3,458
New Zealand	2,440	1,310	2,623	1,430	3,191	1,464
Rep of Korea	0	4	16	14	360	65
Other	3,140	1,640	3,625	1,648	3,073	2,019
Total	**17,590**	**8,978**	**21,075**	**8,926**	**20,225**	**10,890**

	1999		2000		2001	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Vermouth						
New Zealand	610	298	656	333	892	445
Malaysia	200	75	290	108	262	105
Singapore	20	11	229	86	93	110
Hong Kong	0	5	5	6	10	26
Fiji	0	0	4	3	10	7
United States	0	0	0	0	0	0
Other	80	146	181	91	18	24
Total	**910**	**535**	**1,365**	**627**	**1,285**	**717**

	1999		2000		2001	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Other (incl Grape Must)						
New Zealand	390	339	1,715	1,397	7,565	1,571
Japan	230	267	635	405	4,099	454
United States	650	758	1,657	2,100	1,345	1,772
Singapore	480	416	1,166	651	663	549
United Kingdom	650	379	1,544	609	488	477
Other	3,990	1,545	2,935	2,519	1,421	1,851
Total	**6,390**	**3,704**	**9,652**	**7,681**	**15,581**	**6,674**

	1999		2000		2001	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Total Wine Exports						
United Kingdom	1,267,440	566,782	1,497,670	658,610	1,822,893	820,750
United States	422,330	273,792	602,809	421,159	768,500	550,910
New Zealand	216,150	66,945	210,367	69,172	237,417	83,241
Canada	99,670	56,209	147,988	88,080	166,732	111,522
Germany	97,590	46,294	124,846	53,681	131,784	53,359
Other	451,530	218,844	526,770	263,876	637,312	313,827
Total	**2,554,710**	**1,228,866**	**3,110,450**	**1,554,578**	**3,764,638**	**1,933,609**

IMPORTS BY COUNTRY OF ORIGIN
(HL &A$'000)

	1999		2000		2001	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Champagne						
France	14,130	40,988	4,189	13,611	10,530	25,730
Italy	200	93	725	378	9,902	8,762
New Zealand	2,220	2,105	870	1,037	2,452	2,537
Chile	0	0	0	0	712	335
Spain	200	123	876	477	61	62
United States	20	39	11	7	42	53
Other	620	428	93	52	99	62
Total	**17,390**	**43,776**	**6,764**	**15,562**	**23,798**	**37,541**

	1999		2000		2001	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Sparkling Wine						
Italy	17,130	10,324	3,678	1,877	6,531	1,997
Spain	840	592	252	130	1,209	616
France	2,160	3,523	1,276	1,211	716	579
New Zealand	780	881	235	69	145	171
Germany	1,120	426	534	155	76	40
United States	10	22	13	11	21	69
Other	800	533	100	73	118	68
Total	**22,840**	**16,301**	**6,088**	**3,526**	**8,816**	**3,540**

	1999		2000		2001	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Table Wine						
Italy	18,790	5,496	13,592	4,280	30,135	11,996
New Zealand	10,140	8,070	10,584	8,245	24,364	22,328
France	10,400	6,803	7,153	4,482	14,343	12,614
Germany	1,740	764	1,517	496	3,016	1,393
Greece	2,810	515	512	109	2,910	735
United States	290	331	253	209	1,567	748
Other	4,950	2,190	3,466	1,711	9,870	4,510
Total	**49,120**	**24,169**	**37,077**	**19,532**	**86,205**	**54,324**

	1999		2000		2001	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Fortified Wine (incl Sherry, Port, Muscat, Dessert Wine)						
Spain	180	133	224	193	567	452
Chile	0	0	0	0	99	39
France	150	99	57	41	50	66
Portugal	60	143	43	87	38	63
United Kingdom	10	6	16	12	26	28
United States	10	10	2	2	0	3
Other	0	66	70	39	39	19
Total	**530**	**457**	**412**	**374**	**819**	**670**

	1999		2000		2001	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Vermouth						
New Zealand	5,030	2,440	4,957	2,544	7,014	4,595
Italy	1,080	504	3,867	1,385	6,466	2,251
France	370	189	488	244	535	274
Greece	720	142	281	57	448	89
Germany	0	0	59	29	73	59
United States	0	0	44	14	0	0
Other	70	89	327	128	55	15
Total	**7,270**	**3,364**	**10,023**	**4,401**	**14,591**	**7,283**

	1999		2000		2001	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Other (incl Grape Must)						
Portugal	2,210	951	1,589	655	3,067	1,297
Italy	5,860	1,548	1,332	547	1,895	770
Greece	1,210	285	1,098	283	1,423	379
France	1,790	1,546	1,115	1,084	445	1,298
New Zealand	1,080	726	708	431	441	255
United States	320	268	349	269	18	14
Other	40,210	4,767	22,741	2,700	646	326
Total	**52,680**	**10,091**	**28,932**	**5,969**	**7,935**	**4,339**

	1999		2000		2001	
	Volume	*Value*	*Volume*	*Value*	*Volume*	*Value*
Total Wine Imports						
Italy	54,980	22,055	51,913	23,606	54,933	25,785
New Zealand	28,090	19,200	34,473	27,208	34,413	29,886
France	35,080	59,029	31,808	48,930	26,617	40,562
Greece	6,020	1,355	3,852	1,023	4,790	1,208
Portugal	5,340	2,362	4,596	1,992	4,243	1,800
United States	1,000	995	1,100	960	1,648	886
Other	56,830	12,713	38,978	10,656	15,512	7,570
Total	**187,340**	**117,709**	**166,720**	**114,375**	**142,156**	**107,697**

Stocks

Post forecasts closing stocks for 2002/03 at 11,555 THL, up nearly three-fourths on the closing stock figure for 2000/01. Post remains concerned about the reliability of anecdotal stocks information. However, industry sources agree that ending stocks are currently at high levels and are likely to grow over the coming year. Post believes that the current level of ending stocks will be a significant consideration for the 2002/03 wine grape intake and export campaign.

Policy

The Government of Australia implemented a new tax system on July 1, 2000. This system replaced a range of taxes, most importantly the wholesale sales tax (WST), with a single Goods and Services Tax (GST) of 10% applied to all goods and services with some exemptions.

Wine previously had a WST of 38.6 percent applied to it at the wholesale level and no other taxes were applied to it. However, on June 30 2000, the WST of 38.6 percent was removed and replaced by the Wine Equalization Tax (WET) of 29 percent which is also levied at the wholesale level. The GST (10 percent) will be levied on every transaction throughout the supply chain. However, unlike the WET, business is allowed to deduct the GST paid on their inputs from GST remitted on their outputs so that they are effectively only taxed by the GST on the value they add.

Media reports around the time the GST was introduced stated that the retail price of wine would increase as a result of the implementation of this new tax system. Industry sources report that since the introduction of the new tax system, the retail price of wine has increased by around three percent.

Marketing

Foreign Market Development

The Australian Wine Export Council (AWEC) is a committee within the Australian Wine and Brandy Corporation (AWBC) which oversees the collaborative wine export promotion program. The committee is composed of representatives from the Corporation and the wine industry. The activities of AWEC are funded by the voluntary contributions of participating export companies, a compulsory levy on wine exports, sponsorship and funds provided by the Corporation.

United Kingdom

The UK continues to be the largest export market. The Australian Wine Bureau (AWB) maintained a high level of promotional activity at the trade and consumer level.

According to ABARE, 98 percent of all Australian wine exports to this market consist of table wine. While being largest export market, the UK has the second lowest value unit per liter at A$4.18 in 2000/01. This market registered the strongest growth in the under A$2.50 segment of 43 percent.

United States

The US is now Australia's second largest export destination for wine by volume and value. However, it has the highest value unit per liter out of the top five export markets at A$6.17. While the under A$2.50 segment is only a small percentage of total exports to this market, they showed strong (four fold) growth in 2000/01.

The AWBC reports a wide range of methods were used to promote Australian wines. This included mass media, a postcard mail out campaign, Wine Expos and education programs.

Canada

The AWBC has opened an office in Canada (Toronto), to manage and co-ordinate promotional activities.

ABARE reports that the Canadian market continues to be a relatively highly valued market. Average unit value increased to A$6.10 per liter. New Zealand was the only other top five market to register an increase in average price for 2000/01. Red wine sales outnumbered white wine sales two to one. This was driven by a shift in market preference toward the more expensive market segment.

Germany

The AWBC continued its promotional activities through tasting and promotion in major centers. The main promotional event was Australian participation in Prowein 2001.

Although Australian wine exports to Germany have increased considerably in recent times , Australia commands less than one percent share of the domestic market. Larger wine distribution channels have been cited as the reason that Australian wines, which are typically marketed in smaller quantities, have not gained a larger market share.

Market Profile

Production Policy

Production of grapes for wine making in Australia receives little Government assistance. The government provides funds on a dollar for dollar basis for research and development up to 0.5 percent of the gross value of production.

Commonwealth Government funds are channeled primarily through three organizations: the Commonwealth Scientific and Industrial Research Organization (CSIRO), part of which is used in its Division of Horticulture for grape research; the Grape and Wine Research and Development Corporation (GWRDC) and the Cooperative Research Center for Viticulture (CRCV).

Consumption

See Consumption section in the statistical section of this report.

Market Access

The Australian wine market does not have any quantitative restrictions or import licensing requirements on wine imports. From 1 July 1996 all wine and grape must imports attract a five percent ad valorem import tariff, with the exception of developing countries which enjoy a four percent tariff.

Government Support

The Government does not provide export subsidies for wine exports.

Export Regulations

The AWBC licenses all exporters of grape products. Regulations provide that licences may be granted by the Corporation for a period not exceeding three years. In granting licences the following prescribed matters are taken into consideration:

- the financial standing of the applicant;
- the applicant's ability to obtain grape products from Australian suppliers;
- matters applicable to the person that relate to the promotion of the export of grape products, including matters that may affect adversely the export trade in grape products; and,
- whether the Corporation has canceled a licence held by the applicant.

Levy payers (winemakers) applying for an initial licence are licensed for a one year period, but upon application for renewal are licensed for a further three years. In contrast non levy payers (e.g. merchants) are, in either circumstance, licensed for a one year period only.

Licence holders are prohibited from exporting unless certain conditions prescribed in the regulations are complied with. These include requirements that:

- the exporter is a licensee; and
- the corporation has approved:
  - (1) the purchaser of the product; or
  - (2) the person to whom the product is consigned as an agent or representative of the purchaser, or the licensee, in the country to which the product is consigned; and
- the product is exported in accordance with any directions given to the licensee by the Corporation; and
- the grape product is sound and merchantable; and - the licensee has given the Corporation, or allowed the Corporation to take any samples of the product reasonably required by the corporation for the purpose of determining the soundness and quality of the product; and
- the Corporation has issued an export certificate for the product.

To maintain the quality of Australian wine exports, the AWBC requires that all wines intended for export be subject to organoleptic evaluation by a panel of qualified inspectors. The samples lodged for evaluation must be labeled and accompanied by an analysis certificate, including a declaration that the wine complies with Australian food law and, as appropriate, the law of the importing country. The inspectors (a technical specialist and a commercially oriented marketing expert) assess the soundness and merchantability of the product, and also check labeling.