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How Australian wine is finding its way in Asia

Europe and North America's downturn opens new doors in Asia

Wednesday, February 7, 2024



The Australian wine industry, renowned for its premium products and significant contribution to the global wine market, has faced a series of challenges over the past few years. Notably, the imposition of tariffs by China, historically one of Australia's largest wine export markets, has had a profound impact on the industry. However, recent trends and developments in 2023 have shown a shift in the dynamics of Australian wine exports, with Europe and North America emerging as the new focal

points for market challenges.

In 2023, Australian wine exports witnessed a slight decline, both in value and volume, as reported by Wine Australia. Specifically, the value of wine exports decreased by 2%, totaling AU$1.90 billion, while the volume saw a 3% reduction, amounting to 607 million liters. This downturn reflects the ongoing struggles within the Australian wine sector to navigate a complex global market landscape, marred by geopolitical tensions, economic uncertainties, and evolving consumer preferences.

Europe and North America have been identified as the primary regions driving this downward trend in Australian wine exports. Both markets experienced significant declines in value, with Europe seeing a 7% drop and North America a more pronounced 12% decrease. The challenges in these markets can be attributed to a combination of factors, including higher inflation rates in Europe compared to other regions, supply chain disruptions, and changing consumer demands.

The UK, Australia's largest export market by volume in Europe, presents a nuanced picture. Despite the overall decline in export value to the European market, Australian wine exports to the UK experienced growth in volume for the first time since mid-2021. This development suggests a potential for recovery and growth in specific segments of the market, despite broader economic headwinds.

In North America, both the US and Canada contributed to the decline in export value. The reduction in packaged shipments to these markets indicates a shift in consumer preferences, potentially towards premium and unpackaged offerings. This trend underscores the importance of market adaptability and the need for Australian wine producers to continuously innovate and cater to the evolving tastes of international consumers.

Despite these challenges, Asia emerges as a beacon of hope for Australian wine exports, particularly in markets outside of China. Following the imposition of tariffs by China, Australian wine producers have pivoted towards other Asian markets, such as Hong Kong and Singapore, which have shown promising growth. In 2023, value exports to Hong Kong surged by 74% to AU$290 million, while Singapore saw a modest 1% increase in value to AU$133 million. These markets have become key trading hubs for

Australian wine in Asia, driving regional growth and offering new opportunities for Australian wine exporters.

The Australian wine industry's resilience and adaptability are evident as it navigates through these challenging times. The shifts in export markets and consumer preferences highlight the dynamic nature of the global wine trade and the need for strategic adjustments. As negotiations with China over tariffs continue, there is cautious optimism for a resolution that could reopen doors to one of the largest markets for Australian wine. Meanwhile, the growth in alternative markets like Hong Kong and Singapore demonstrates the Australian wine industry's potential to diversify its export portfolio and strengthen its position in the global wine market.

In summary, the Australian wine industry stands at a crossroads, facing both significant challenges and opportunities. The decline in exports to traditional strongholds like Europe and North America underscores the need for strategic recalibration, while the promising growth in Asian markets points to new avenues for expansion. As the industry continues to adapt to these changing dynamics, the resilience and quality of Australian wine are likely to ensure its continued prominence on the global stage.