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China reopens its doors to australian wine

Australia and China mend fences

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In a move that has sent waves of optimism through vineyards across Australia, China's Ministry of Commerce (MOFCOM) has officially lifted the heavy tariffs on Australian wine, marking the end of a three-year standoff that had significantly dampened spirits in one of Australia's most vibrant industries. This watershed decision, effective from 29 March 2024, is anticipated to rekindle the once-thriving trade relationship between Australia and its largest wine market, setting the stage for a potentially robust recovery

in wine exports.

Before the tariffs were introduced in 2020, China was the crowning jewel in Australia's wine export strategy, with shipments reaching a value of AU$1.3 billion and volumes of 121 million litres in the year leading up to October 2020. However, the imposition of tariffs led to a dramatic decline, with exports plummeting to AU$10.1 million and volumes to a mere 1.4 million litres by December 2023, according to Wine Australia. This not only represented a financial blow but also significantly reduced the number of Australian exporters to the market, from 2,198 to just 117.

The lifting of tariffs is more than a mere economic relief; it's a beacon of hope for the renewal of longstanding relationships between Australian wine companies and their Chinese counterparts. Wine Australia's CEO, Dr. Martin Cole, underscored the importance of these relationships and the positive sentiment towards Australian wine in China. While acknowledging the changed landscape of the Chinese wine market, Dr. Cole emphasized ongoing efforts to support the Australian wine sector's re-entry into the market and the importance of diversifying markets.

Echoing the sentiment of cautious optimism, Lee McLean, chief executive of Australian Grape & Wine (AGW), welcomed the news but stressed the importance of continuing to diversify Australia's export footprint. This strategic approach reflects a broader recognition of the need for resilience in the face of market fluctuations and geopolitical tensions.

The Chinese market itself has undergone significant shifts, with total wine imports dropping dramatically from 688 million litres in 2018 to 248 million litres in 2023. The impact of the tariffs was not isolated to Australia, as other major wine-exporting countries to China also experienced declines in their export volumes in 2023.

Among those eagerly responding to the tariff removal is Treasury Wine Estates (TWE), the powerhouse behind Penfolds. TWE CEO Tim Ford announced plans to ramp up distribution of premium and luxury Australian wines in China, signaling a renewed commitment to the Chinese market while also maintaining growth in other global markets. This strategic balance reflects a broader industry acknowledgment of the need for both market re-engagement and global diversification.

As Australian wines prepare for a grand reintroduction to the Chinese market at the upcoming Vinexpo Asia in Hong Kong, there's a palpable sense of opportunity and optimism. The event, according to Vinexposium CEO Rodolphe Lameyse, stands as a pivotal moment for Australian winemakers to re-establish their presence in China, signalling a fresh start and a hopeful future for an industry ready to reclaim its position on the global stage.