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Winemakers reject oversupply claims

Winemakers today rejected claims by the Foundation for Alcohol Education and Research (FARE) that the oversupply challenges facing Australia's wine industry are over and it should now face a \$1.5 billion tax hike.

"The conclusion by FARE that 'by all objective measures the wine glut is over' reveals a lack of understanding of all of the relevant issues, which are very complex," said Paul Evans, Chief Executive of the Winemakers' Federation of Australia.

"FARE's analysis is based on a simplistic focus on a narrow sub-set of production data that tells us very little about the key issue confronting the industry – profitability.

"It fails to grasp that oversupply is about more than just data on the physical surplus. It is also about confronting unprecedented exchange rates, a high cost base, and fierce competition abroad and at home from foreign wines.

"The industry is still going through considerable structural adjustment, and while some progress has been made on reducing the area under vine the potential remains for ongoing oversupply issues if yields return to normal.

"The suggestion that the industry has now recovered enough to have a \$1.5 billion tax increase dictated to it is just not credible."

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