

28 June, 2013

2013 vintage delivers a mixed result for the Australian wine industry

The Winemakers' Federation of Australia today announced a 1.83-million-tonne crush for the 2013 vintage. That is 170,000 tonnes or 10% above last year and well above the six-year average.

"Following a number of lower vintages, the 2013 crush reminds us that the production potential of the Australian industry remains too high and is not in balance with local and international demand for our wine," said WFA's Chief Executive, Paul Evans.

"The large crush is likely to result in higher inventory levels and bulk wine exports. It will place further downward pressure on prices and profitability throughout the commercial wine segment over the coming vintage.

"Fortunately, quality levels remain consistently high across the regions and varieties. Consumers will be the big winners once again."

Mr Evans said grape prices had strengthened by an average of 9% but this trend might be difficult to sustain next vintage as the market responded to the higher than expected 2013 crush and anticipated inventory levels.

WFA President Tony D'Aloisio noted that the increase in the 2013 crush had not been matched by a lift in demand for Australian wines, particularly in the commercial segment.

"While the recent decline in the value of the Australian dollar is welcomed and an emerging global shortage may help bulk wine prices in the longer term, the sustained recovery of lost volume in international markets at profitable price points will require a concerted effort from both individual companies and the industry on a number of fronts," he said.

"Internationally we need to re-engage with consumers, distributors and industry gatekeepers in our key export markets. Locally, we need to improve margin in a highly consolidated retail market, anticipate emerging consumer trends and take back share from imports."

The WFA Board is finalising its consideration of an Expert Review of wine industry dynamics and the steps industry and WFA can take to support recovery and future profitability.

"These measures will include what we can do to grow the demand opportunity domestically and overseas and how we can support further adjustments to the supply base to bring it into better balance," Mr D'Aloisio said.

The findings of the Expert Review and WFA's recommended next steps are due to be released in August.

The full 2013 Vintage Report is attached.

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