



**Rabobank**

*Media release  
April 7, 2011*

## ***Enter the dragon – China thirsty for wine imports***

The Chinese market for imported wine recorded another strong year of growth in 2010 as rising incomes make foreign wines increasingly accessible to Chinese consumers, according to a newly-released **Rabobank Wine Quarterly** report.

Report co-author, Rabobank senior analyst Marc Soccio says in a global environment afflicted by weak consumer spending, the scale and durability of the growth in Chinese demand for grape wine in recent years has been nothing short of remarkable.

“What is less clear, however, is how to best cater to this highly enigmatic market,” Mr Soccio says.

The Rabobank report shows that while most of the world’s major wine-producing nations have participated in the growth of the Chinese market, it’s not blue sky for all, with French producers occupying a commanding position.

Mr Soccio says Australian wine producers have been working hard to develop the Chinese market for some time and have successfully positioned themselves ahead of many other major wine-producing nations, both in terms of the volume and prices of Australian wine being sold in China.

“When considered together with Hong Kong, this market overtook Canada as Australia’s third largest wine export market in 2010,” he says.

### **Enter the dragon**

The report shows bottled wine imports into China totalled almost 150 million litres in 2010 and now represent around 10 per cent of the Chinese grape wine market.

Mr Soccio says due to the general level of consumer appreciation of wine being at an elementary stage, distributors play a critical “gatekeeper” role in influencing what Chinese consumers purchase and how they perceive value.

“With wine consumption still predominately based around customary entertaining and gift-giving occasions, Chinese consumers are primarily interested in making a ‘safe’ purchase that can confidently convey a suitable level of prestige, status and respect – more often than not, this means French,” he says.

The challenge facing most world suppliers looking to the Chinese market for future growth will be to catch up with the French in gaining share of mind among Chinese consumers.

“This will require a significant investment in consumer and trade education to drive changes in long-term consumer behaviour, and a concerted effort to strengthen relationships with Chinese distributors,” he says.



**Rabobank**

**Media release**  
**April 7, 2011**

## **Australia**

In Australia, unseasonably wet weather across a range of production regions has many expecting another below-average harvest in 2011, and quite possibly below the 1.53 million tonne 2010 crop.

“Varying degrees of damage caused by downy mildew and botrytis has impacted the volume and quality of fruit harvested across south-east Australia,” Mr Soccio says.

“Wine grape pricing remains largely unchanged from 2010, despite the uncertain crop outlook, with wine companies reticent to bid up wine grape prices in the current market environment.”

According to the report, in terms of the top two export destinations for Australian wine, bottled wine shipments to the US fell 4.4 per cent in volume and 15.5 per cent in value to A\$512.7 million, while exports to the UK fell 5.6 per cent in volume and 47.2 per cent in value to A\$364.7 million.

“The ongoing shift towards in-market bottling in the UK market needs to be considered when interpreting these movements,” Mr Soccio says.

“But on a positive note, demand in South-East Asian markets such as Thailand, Malaysia, Singapore, Vietnam, and The Philippines improved – they grew 15 per cent in volume and 7.2 per cent in value to A\$83.8 million collectively.”

## **Global recovery**

In general terms, the Rabobank report shows the global wine trade took important steps towards recovery in 2010. While import volumes and pricing have yet to fully recover in many traditional markets, Mr Soccio says that some key markets, such as the US, saw strong recovery in imports in 2010. Also, demand from some emerging and smaller markets has provided much welcome opportunities for global exporters.

The pace of recovery of the global wine trade appears to be gaining momentum, with nearly all major suppliers registering significant growth in exports compared to previous-year levels, the report says. Mr Soccio says localised oversupply issues, as well as currency fluctuations, continue to create challenges for some suppliers but on the whole wine exports have registered significant improvements.

Mr Soccio is a part of the bank’s Food and Agribusiness Research and Advisory (FAR) division. Dedicated to analysing developments in food and agricultural markets for Rabobank and its clients, the FAR team is a global network of approximately 80 food and agriculture research analysts spread across every major production and consumption region of the world.



**Rabobank**

**Media release  
April 7, 2011**

<ends>

Rabobank Australia & New Zealand is a part of the international Rabobank Group, the world's leading specialist in food and agribusiness banking. Rabobank has more than 110 years' experience providing customised banking and finance solutions to businesses involved in all aspects of food and agribusiness. Rabobank is structured as a cooperative and operates in 48 countries, servicing the needs of approximately 10 million clients worldwide through a network of close to 1600 offices and branches. Rabobank Australia & New Zealand is one of Australasia's leading rural lenders and a significant provider of business and corporate banking and financial services to the region's food and agribusiness sector. The bank has 88 branches throughout Australia and New Zealand.

**Media contacts:**

Denise Shaw  
Public Relations Manager  
Rabobank Australia & New Zealand  
Phone: 02 8115 2744 or 0439 603 525  
Email: [denise.shaw@rabobank.com](mailto:denise.shaw@rabobank.com)

Jess Martin  
Public Relations  
Rabobank Australia & New Zealand  
Phone: 02 8115 4861  
Email: [jess.martin@rabobank.com](mailto:jess.martin@rabobank.com)