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AUSTRALIA'S RE-EMERGENCE AS A WINE EXPORTER: THE FIRST DECADE IN INTERNATIONAL PERSPECTIVE

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EXECUTIVE SUMMARY

This paper reviews the past decade of developments in the international wine market and exposes some striking features as they relate to Australia. They include the following:

- Australia by 1997, while producing only 2.3% of the world's wine, was the world's fourth largest wine exporter in value terms, after France, Italy and Spain (and fifth behind Chile in volume terms);
- when the European Union is treated as a single trader and so intra-EU trade is excluded from the EU and world export data, the EU's share of world exports in value terms has fallen from more than 80% to just under 60% in the past decade, while Australia's share has risen from less than 4% to more than 9%, and the share of the other five main New World exporters (including the United States) has risen from 6% to 19%;
- so, while Australia still leads those New World exporters, wine exports from the other four Southern Hemisphere exporters (Argentina, Chile, New Zealand and South Africa) have grown even faster than Australia's during the 1990s;
- wine producers in Chile and New Zealand have become even more export oriented than producers in Australia, while those in much-bigger Argentina are only just beginning to exploit their export potential;
- Australia is doing very well in penetrating the markets of the United Kingdom, Ireland, Southeast Asia and New Zealand, but it appears to be doing only moderately well in North America and in the other East Asian developing countries and very poorly elsewhere, including Japan, suggesting there is plenty of scope for diversifying Australia's exports in the future as more exportable production comes on stream;
- in terms of the quality of exports as reflected in the average export price, France's strong position has remained unchanged while Australia and especially New Zealand have improved their positions hugely over the past decade to rival the quality dominance of France; and
- complacency is unwarranted, however, because while the Australian average export price rose 52% over the decade to 1997, that was exceeded by Chile (55%), Italy (59%), New Zealand (61%), and Argentina (63%), and not far behind were the United States (44%), South Africa (39%) and even Europe's transition economies (31%).

Thus while Australia's wine industry has done extremely well during the past decade, so too have many other New World producer/exporters. With the traditional European suppliers also working hard to improve the quality of their wine, and with huge areas of new premium-quality plantings to come on stream over the next few years, competition in the international marketplace will become fiercer. That means even more attention to marketing will be required in the future than in the recent past. It also means attention needs to focus on the numerous barriers to import penetration, for example via the new round of agricultural trade negotiations that are expected to be launched by the World Trade Organization in 2000.

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The spectacular growth of Australia's wine production and exports over the past decade is now so well known that many in and out of the industry are predicting a price-depressing glut. Certainly that was what followed the four previous production booms in this 150-year-old industry. Only two of those previous four booms were export-oriented, however. The first, from the 1880s to World War I, was part of a general internationalization of world commodity markets which came to an end when major trading nations began to look inward early this century (Baldwin and Martin 1999). The second was from the mid-1920s to World War II, but that boom was artificially induced by the soldier settlement scheme, by a huge export subsidy on fortified wine, and by a lowering of the UK's preferential tariff on Australian wine. Furthermore, in both those export-oriented booms, exports rose to only about 15-20 per cent of Australia's wine production (Osmond and Anderson 1998, Figure 4).

By contrast, in the current boom the share of production exported has risen from less than 3 per cent during most of the 1970s and 1980s to more than 30 per cent currently – and is still rising. In value terms, within the next five years export sales will account for the majority of Australian wine sold. So whether/when the current boom ends depends much more than in the past on export rather than domestic demand for Australian wine. That in turn depends not only on the export marketing skills and efforts of the industry but also on developments elsewhere in the world wine market.

With that in mind, the Wine Economics Research Project at the University of Adelaide's Centre for International Economic Studies is focusing on global developments in the industry. As a step towards building a forward-looking multi-regional model of world wine markets, it has put together a statistical compendium on trends in the international wine trade over the past decade (Berger, Spahni and Anderson 1999). This new compendium builds on an earlier one released in 1998 that focused on production and total trade, but had no information on the bilateral nature of those trade flows (Berger, Anderson and Stringer 1998).

This article highlights some of the key features of Australia's evolving position relative to other players in the international wine trade. [1] It addresses the following questions:

- How is Australia ranking as a world wine producer and exporter?
- How does growth of Australia's wine production and exports compare with growth of global wine consumption?
- How does Australia's expansion compare with that of other New World wine producers?
- How well is Australia penetrating traditional and new wine markets abroad, both absolutely and relative to other exporters?
- To what extent is Australia upgrading the quality of its exports to different markets, again both absolutely and relative to other exporters?

Background to the global wine market

Wine is still a very European product. More than three-quarters of the volume of world wine production, consumption and trade involve Europe, and most of the rest involves just a handful of New World countries settled by Europeans (Table 1). In the late 1980s Europe accounted in value terms for all but 5% of wine exports and three-quarters of wine imports globally (Table 2).

However, Europe's dominance is beginning to weaken. In the ten years to 1997, the rest of the world's share of wine export dollars rose ten percentage points, virtually all from California and six Southern Hemisphere countries (column 1 of Table 2). When intra-European Union trade is excluded, the decline in Europe's share of global exports is even greater over that decade: a fall from 88% to 70% (column 3 of Table 2).

The rapid growth in wine exports from the New World over the past decade is ironic, in that it coincides with a decline in world wine consumption. Over the decade to 1997, global wine production and consumption fell at 0.8% and 0.4% per year, respectively, and yet global wine trade rose by 4.1% per year in volume terms and 6.5% in value terms -- or 9.7% if intra-EU trade is excluded (see final rows of Tables 1 and 2).

Traditionally the countries producing wine were also the countries consuming it, with only about one-tenth of global sales being across national borders, and most of that was with near neighbours. The proportion traded rose a little over the 1980s, but has since risen much more so that now about one-quarter of the volume of sales is international (Table 3). That is, despite a slight decrease in the per capita volume of

[1] For a European perspective on developments in the various markets over the 1990s, see Spahni (1999).

consumption globally, wine is becoming much more of an internationally traded product. This is reflected in the final column of Table 3, which shows production tending to outpace consumption in the wine-exporting countries and vice versa in the wine-importing countries. Trade is also becoming more inter-regional: in the late 1980s, 62% of international wine trade was among the 15 members of the European Union, whereas by 1997 the intra-EU share was only 48% (see final rows of Table 2).

How well is Australia doing as a wine producer and exporter?

In terms of global wine production, Australia has always been a small player. Prior to the 1970s it accounted for less than 1% of world production, and as recently as 1987 its share had barely risen to 1.2%. During the following ten years the share doubled, to 2.3%, but on its own that statistic still makes Australia look rather insignificant.

In terms of exports, Australia was even less significant until the 1990s. As recently as the first half of the 1980s the country accounted, in volume terms, for only 0.2% of global wine exports, the same as its share of global wine imports. The import share has changed little, but the export share has shot up to 3% in volume terms (Table 1) and 4.8% in value terms (Table 2). In fact Australia’s wine exports grew more than three times faster than the global average: at annual rates of 16% in volume terms and 21% in value terms over that period (Table 4). Notice too that Australia's wine production, expressed as a percentage of domestic consumption, now exceeds that of any of the regions shown in Table 3.

Rapid though Australia's export growth has been, it is not as fast as that for other Southern Hemisphere wine exporters, who as a group enjoyed a growth rate about ten percentage points faster (27% p.a. for volume and 30% for value in the decade to 1997). Nor was it much faster than that for North America or Europe's transition economies (columns 1 and 2 of Table 4). It is simply faster than that for Western Europe, which is the dominant exporter group.

What is striking from the right hand columns of Table 4 is the different reasons for these high rates of New World export growth. Australia's exports grew rapidly because its production growth was much faster than its consumption growth. By contrast, in North America much slower production growth accompanied no growth in the aggregate volume of consumption. Meanwhile, in the other New World countries production actually declined, but much less so than domestic consumption, allowing exports to boom. Volumes of consumption per capita have become somewhat more equal across regions as a result but, as column 2 of Table 3 shows, there is still a wide variance.

The world’s top ten wine exporters account for 90% of the value of international wine trade, with Europe’s economies in transition from socialism accounting for most of the rest (see Figure 1 and the left-hand column of Table 5). Of those top ten, half are in Western Europe and the other half are New World suppliers, led by Australia. Australia is the world's fourth largest exporter of wine in value terms, after France (alone accounting for more than 40%), Italy (17%) and Spain (9%). The share of France has dropped ten percentage points since the late 1980s, which with smaller drops for Italy and Germany have ensured that Australia's and others' shares have risen substantially.

If the European Union is treated as a single trader and so intra-EU trade is excluded from the EU and world trade data, the EU's share of world exports shows a much bigger fall, from 82% to 59% in the decade to 1997. With that adjustment, Australia moves to number two in the world. Its share of global exports rises from less than 5% to more than 9%. ***It is this fact, in spite of Australia's small share of global production, that has made Australia suddenly a much more significant player in the world wine market.*** Meanwhile, the share of the other main New World exporters in Table 5 (Argentina, Chile, New Zealand, South Africa, and the US) rises even faster, from 6% to 19%. Even Bulgaria and Hungary's shares rise slightly (Figure 2).

In short, while Australia has done very well as an expanding wine exporter, it is not alone: the world wine market as a whole is becoming more internationalized, and most key New World suppliers are expanding their export sales (albeit from a lower base) nearly as fast or even faster than Australia, as is clear from Figure 3.

How well is Australia penetrating the various markets abroad?

Just as exports are highly concentrated, so too are imports. The ten top importing countries accounted for all but 15% of the value of global imports in the late 1980s. That 15% residual had risen to 20% by 1997, due mainly to Germany's reduced import share, indicating some growth of new markets. But more than half the value of all imports continue to be bought by the three biggest importers: the UK (with 21%), the US and Germany (each with about 14% -- see Figure 4). [2]

Despite that concentration, the ten top exporters are quite different in their penetration of those and other import markets. This is evident from Table 5. In Australia's case, it has concentrated on four English-speaking rich countries: the United Kingdom, the United States, Canada and New Zealand. When depicted as shares of Australia's total wine exports, as in Figure 5, it appears Australia has not diversified its exports much over the past decade. Certainly Australia has increased its dominance as an importer in all four of those markets, especially the UK and US ,, but it has done so at the expense of boosting its shares in continental Western Europe and in the emerging markets of East Asia (see Figure 6).

The current uneven pattern shows up more clearly when the percentage share to each national market is divided by that market's share of global imports, as in Tables 6 and 7. The larger a number in that table is above (below) unity, the more (less) intense is that bilateral trade. What the first rows of Tables 6 and 7 reveal is that Australia is doing very well in penetrating the markets of the United Kingdom, Ireland, Southeast Asia and New Zealand. However, it is doing only moderately well in North America and in the other East Asian developing countries compared with other exporters; and it appears to

[2] In volume terms, Germany is the largest importer of wine (19% of the world total), followed by the United Kingdom (17%), France (10%) and the United States (8%).

be doing very poorly elsewhere. In particular, the share of Australia's exports to Japan is barely one-third Japan's share of world imports by value (although double that by volume). That might suggest plenty of scope for diversifying Australia's exports in the future as more exportable production comes on stream. But low trade intensity also can be due to relative distance from the market concerned in terms of transport and communication costs. Or it could be due to low trade complementarity. For example, the types and qualities of wine Australia exports may be not well matched with the types/qualities currently imported by some of the major importing countries. The degree of complementarity in turn could be due to preferences (something which marketing efforts may be able to alter), or to tariff and nontariff barriers to imports that are relatively high for the types of wine Australia exports.

How well is Australia doing in upgrading its export quality?

A crude index of the quality of a country's wine exports is the average export price. To see how different exporting countries are faring relatively, Figure 7 shows each exporter's average price as a percentage of the global average, minus 100, at the beginning and end of the decade to 1997. While France's strong position has changed little, Australia and New Zealand have improved their positions hugely to rival the quality dominance of France’s exports. New Zealand’s average export price is well ahead of France’s now, and Australia’s is just a few cents per litre behind France. Meanwhile, the price of exports from other Southern Hemisphere suppliers is now only half the Australian average (final column of Table 9).

However, complacency is not called for. True, the Australian average unit export price rose 52% over the decade to 1997, whereas the global average rose only 20%. Yet the rise for Australia was exceeded by Chile (55%), Italy (59%), New Zealand (61%), and Argentina (63%), and not far behind were the United States (44%), South Africa (39%) and even Europe's transition economies (31%). Clearly, other new exporters are striving to raise the quality of their exports just as much as Australia, albeit from different bases. The global average increase was as low as 20% mainly because the average price of exports from France and Spain rose little and, in Portugal's case, fell over the decade.

Also notable is the wide range of average export prices of wine sold into the different import markets. These are shown in the bottom rows of Tables 8 and 9. This may help explain why Australia, an exporter of premium wine, has not penetrated the French market very much, since France imports mainly very low quality wine (priced at one-quarter Australia's average export price). The same is true for Europe's transition economies and, to a lesser extent, for Germany, the Netherlands and Sweden. That is not to say that further efforts in marketing and trade diplomacy could not boost Australian sales in those countries, however. On the contrary, with the ever-greater demand for variety by wine consumers as their incomes and travel experiences grow, so the diversity of destinations of exports and sources of imports will increase.

Conclusions

This review of developments in the international wine market over the past decade touches on only a small fraction of the statistics reported in Berger, Spahni and Anderson (1999). Yet it exposes some striking features, including the following:

- Australia by 1997, while producing only 2.3% of the world's wine, was the world's fourth largest wine exporter in value terms, after France, Italy and Spain (and fifth behind Chile in volume terms);
- when the European Union is treated as a single trader and so intra-EU trade is excluded from the EU and world export data, the EU's share of world exports in value terms has fallen from more than 80% to just under 60% in the past decade, while Australia's share has risen from less than 4% to more than 9%, and the share of the other five main New World exporters (including the United States) has risen from 6% to 19%;
- so, while Australia still leads those New World exporters, wine exports from the other four Southern Hemisphere exporters (Argentina, Chile, New Zealand and South Africa) have grown even faster than Australia's during the 1990s;
- wine producers in Chile and New Zealand have become even more export oriented than producers in Australia, while those in much-bigger Argentina are only just beginning to exploit their export potential;
- Australia is doing very well in penetrating the markets of the United Kingdom, Ireland, Southeast Asia and New Zealand, but it appears to be doing only moderately well in North America and in the other East Asian developing countries and very poorly elsewhere, including Japan, suggesting there is plenty of scope for diversifying Australia's exports in the future as more exportable production comes on stream;
- in terms of the quality of exports as reflected in the average export price, France's strong position has remained unchanged while Australia and especially New Zealand have improved their positions hugely over the past decade to rival the quality dominance of France; and
- complacency is unwarranted, however, because while the Australian average export price rose 52% over the decade to 1997, that was exceeded by Chile (55%), Italy (59%), New Zealand (61%), and Argentina (63%), and not far behind were the United States (44%), South Africa (39%) and even Europe's transition economies (31%).

In summary, Australia's wine industry has done extremely well during the past decade, but so too have many other New World producers. With the traditional European suppliers also working hard to improve the quality of their wine, and with huge areas of new plantings to come on stream over the next few years, competition in the international marketplace will become fiercer. That means even more attention to marketing will be required in the future than in the recent past. It also means attention needs to focus as well on the numerous barriers to import penetration (Berger and Anderson 1999). Fortunately, a new round of agricultural trade negotiations is expected to be launched by the World Trade Organization in 2000. That provides an opportunity to expand market access through the lowering of tariff and non-tariff import barriers including through such trade facilitation measures as harmonization of standards. Meanwhile, the main requirement for continued success by individual grapegrowers and winemakers will still be improved matching of the varieties and quality of their products with consumer preferences as reflected in the marketplace. As we move into the next century, however, it will be not domestic but rather overseas consumer preferences that matter.

Copies of the newly published statistical compendium from which this article draws (Berger, Spahni and Anderson 1999), *can be purchased for A$29.95 from Winetitles or from the publisher, the Centre for International Economic Studies at the University of Adelaide (*cies@adelaide.edu.au *, fax (08) 8223 1460, phone (08) 8303 5672).*

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TABLE 1: SHARES OF MAJOR REGIONS IN WORLD WINE PRODUCTION, CONSUMPTION, AND TRADE, BY VOLUME, 1988-90 AND 1997

(per cent)

	Production	Consumption	Exports	Imports
Western European Exporters[a]				
1988-90	56.0	42.3	79.2	16.7
1997	54.4	38.9	66.9	11.8
Other Western Europe				
1988-90	7.4	16.5	10.2	62.8
1997	6.0	20.0	6.8	56.6
Europe's Transition Economies[b]				
1988-90	13.2	14.3	4.9	2.7
1997	12.5	13.9	11.7	9.8
North America				
1988-90	6.8	9.1	1.3	10.2
1997	9.4	9.9	2.8	10.4
Australia				
1961-65	**0.6**	**0.6**	**0.3**	**0.0**
1971-75	**1.0**	**0.9**	**0.2**	**0.1**
1981-85	**1.2**	**1.2**	**0.2**	**0.2**
1988-90	**1.6**	**1.3**	**1.2**	**0.3**
1997	**2.3**	**1.6**	**3.0**	**0.2**
Other Southern Hemisphere Wine Exporters[c]				
1988-90	12.4	13.3	1.6	0.4
1997	12.2	10.5	8.0	1.6
Rest of World				
1988-90	2.6	3.1	1.6	6.9
1997	3.2	5.2	0.8	9.5
WORLD TOTAL (%)				
1988-90	100.0	100.0	100.0	100.0
1997	100.0	100.0	100.0	100.0
WORLD TOTAL (billion litres)				
1988-90	28.3	24.0	4.0	4.0
1997	26.9	22.9	5.8	5.8
Rate of growth (% p.a.)	**-0.8**	**-0.4**	**4.1**	**4.1**

[a] France, Italy, Portugal and Spain.
[b] Central and Eastern Europe and the former Soviet Union.
[c] Argentina, Brazil, Chile, New Zealand and South Africa.

Source: Berger, Spahni and Anderson (1999, Tables 5-7) and, for pre-1988 data, Berger, Anderson and Stringer (1998).

TABLE 2: SHARES OF MAJOR REGIONS IN WORLD WINE EXPORTS AND IMPORTS, INCLUDING AND EXCLUDING INTRA-EUROPEAN UNION TRADE, BY VALUE, 1988-90 AND 1997

(per cent)

	Including intra- EU15		Excluding intra-EU15	
	Exports	Imports	Exports	Imports
Western European Exporters[a]				
1988-90	84.8	8.0	75.4	0.7
1997	72.3	5.7	54.8	0.9
Other Western Europe				
1988-90	8.6	64.1	7.4	27.1
1997	6.8	57.8	5.0	28.9
Europe's Transition Economies[b]				
1988-90	2.1	0.8	5.5	2.1
1997	5.6	4.6	10.7	8.9
North America				
1988-90	1.3	17.8	3.4	46.3
1997	3.3	18.2	6.4	34.9
Australia				
1988-90	**1.5**	**0.6**	**3.8**	**1.5**
1997	**4.8**	**0.5**	**9.2**	**0.9**
Other Southern Hemisphere Wine Exporters[c]				
1988-90	1.1	0.7	2.7	1.8
1997	6.7	1.3	12.9	2.5
Rest of World				
1988-90	0.7	7.9	1.7	20.5
1997	0.5	12.0	1.0	23.0
WORLD TOTAL (%)				
1988-90	100.0	100.0	100.0	100.0
1997	100.0	100.0	100.0	100.0
WORLD TOTAL (US$billion)				
1988-90	7.1	7.1	2.7	2.7
1997	12.3	12.3	6.4	6.4
Rate of growth (% p.a.)	**6.5**	**6.5**	**9.7**	**9.7**

[a] France, Italy, Portugal and Spain.
[b] Central and Eastern Europe and the former Soviet Union.
[c] Argentina, Brazil, Chile, New Zealand, South Africa, and Uruguay.

Source: Berger, Spahni and Anderson (1999, Table 14).

TABLE 3: VOLUME OF WINE PRODUCTION AND CONSUMPTION PER CAPITA AND TRADE ORIENTATION, BY REGION, 1988-90 AND 1997

	Volume of prod'n per capita (litres pa)	Volume of cons'm per capita (litres pa)	Exports as a % of prod'n	Imports as a % of cons'm	Prod'n as a % of cons'm
Western European Exporters[a]					
1988-90	98	63	20	7	156
1997	88	54	27	8	164
Other Western Europe					
1988-90	10	19	20	64	53
1997	7	21	25	72	35
Europe's Transition Economies[b]					
1988-90	9	8	5	3	108
1997	8	8	20	18	106
North America					
1988-90	7	8	3	19	89
1997	8	8	6	27	112
Australia					
1988-90	**27**	**20**	**11**	**3**	**137**
1997	**34**	**20**	**29**	**4**	**168**
Other Southern Hemisphere Wine Exporters[c]					
1988-90	15	14	2	1	110
1997	12	9	14	4	137
Rest of World					
1988-90	0	0	9	38	96
1997	0	0	5	46	73
WORLD TOTAL					
1988-90	**5.5**	**4.6**	**14**	**17**	**118[e]**
1997	**4.6**	**3.9**	**22**	**25**	**118[e]**
Memo item: EU-15					
1988-90	35	31	5[d]	2[d]	129
1997	30	21	7[d]	5[d]	123

[a] France, Italy, Portugal and Spain.
[b] Central and Eastern Europe and the former Soviet Union.
[c] Argentina, Brazil, Chile, New Zealand and South Africa.
[d] Excluding intra-EU trade from national and global totals.
[e] Production exceeds consumption globally because consumption is net of distillation and other industrial uses.

Source: Berger, Spahni and Anderson (1999, Tables 5, 7 and 8).

TABLE 4: GROWTH IN WINE PRODUCTION, CONSUMPTION AND EXPORT VOLUME AND IN EXPORT VALUE, MAJOR REGIONS, 1988 TO 1997

(per cent per year, from log-linear regression equations)

	Export volume	Export value	Production volume	Consumption volume
Western European Exporters[a]	2.0	4.7	-0.7	-0.0
Other Western Europe	0.2	3.9	-3.5	1.1
Europe's Transition Economies[b]	14.9	18.2	-1.9	-1.1
North America	13.4	17.9	1.5	-0.0
Australia	**16.1**	**21.1**	**4.6**	**1.0**
Other Southern Hemisphere Wine Exporters[c]	26.5	29.9	-1.5	-3.2
Rest of World	-3.6	3.2	2.2	4.9
WORLD TOTAL	**4.1**	**6.5**	**-0.8**	**-0.4**

[a] France, Italy, Portugal and Spain.
[b] Central and Eastern Europe and the former Soviet Union.
[c] Argentina, Brazil, Chile, New Zealand, South Africa, and Uruguay.

Source: Based on raw data in Berger, Spahni and Anderson (1999).

TABLE 5: SHARES OF EXPORTS OF MAJOR WINE EXPORTERS GOING TO VARIOUS WINE IMPORTING REGIONS, BY VALUE, 1988-90 AND 1997

(per cent)

Exports to: / Exports from:[d]	Western European Exporters[a]	Other Western Europe	Europe's Transition Economies[b]	North America	Southern Hemisphere Exporters[c]	Rest of World	WORLD
1. France (41.7%)							
1988-90	4	69	0	17	1	9	100
1997	3	61	1	19	1	16	100
2. Italy (17.2%)							
1988-90	15	57	0	25	1	2	100
1997	7	59	2	25	2	5	100
3. Spain (9.2%)							
1988-90	6	70	1	16	1	6	100
1997	10	71	1	10	1	8	100
4. Australia (4.8%)							
1988-90	**0**	**46**	**0**	**27**	**13**	**14**	**100**
1997	**1**	**57**	**0**	**26**	**7**	**9**	**100**
5. Portugal (4.3%)							
1988-90	32	49	0	10	2	8	100
1997	28	47	0	12	3	9	100
6. Germany (3.8%)							
1988-90	1	67	1	17	2	12	100
1997	4	62	6	11	2	16	100
7. Chile (3.6%)							
1988-90	2	19	0	43	8	28	100
1997	3	40	0	40	3	14	100
8. United States (3.3%)							
1988-90	2	38	0	24	1	36	100
1997	2	59	1	17	1	21	100
9. South Africa (1.5%)							
1988-90	3	92	0	0	0	5	100
1997	2	81	0	9	1	7	100
10. Argentina (0.9%)							
1988-90	4	37	6	20	8	25	100
1997	2	31	1	17	20	29	100
ETEs[c] (5.6%)							
1988-90	1	70	14	10	0	5	100
1997	1	29	64	2	0	3	100
WORLD (100%)							
1988-90	**8**	**64**	**1**	**18**	**1**	**8**	**100**
1997	**6**	**58**	**5**	**18**	**1**	**12**	**100**

[a] France, Italy, Portugal and Spain.
[b] Central and Eastern Europe and the former Soviet Union.
[c] Argentina, Australia, Brazil, Chile, New Zealand and South Africa.
[d] The country's 1997 share of the value of global wine exports is shown in parentheses.

Source: Berger, Spahni and Anderson (1999, Table 12).

TABLE 6: INDEX OF INTENSITY[A] OF EXPORTS OF MAJOR WINE EXPORTERS GOING TO SELECTED EUROPEAN COUNTRIES, BY VOLUME AND VALUE, 1997

Exports to: Exports From:	United Kingdom	Germany	Belgium-Lux	Switzer-land + Norway	Nether-lands	France	Denmark	Ireland	Sweden	Europe's Transition Economies[b]
Australia										
Volume	**3.13**	**0.11**	**0.08**	**0.75**	**0.34**	**0.11**	**0.63**	**4.32**	**1.43**	**0.02**
Value	**2.34**	**0.16**	**0.06**	**0.64**	**0.30**	**0.20**	**0.26**	**3.33**	**0.87**	**0.02**
France										
Volume	2.06	1.36	7.93	1.85	3.56	-	2.64	2.18	0.55	0.11
Value	1.62	1.55	6.93	2.30	1.97	-	2.48	1.61	0.44	0.16
Italy										
Volume	0.63	3.30	0.37	1.40	0.38	3.58	0.35	0.32	0.84	0.48
Value	0.76	2.96	0.28	1.51	0.46	2.17	0.75	0.34	0.98	0.43
Spain										
Volume	0.77	1.10	0.43	1.72	0.91	3.05	2.02	0.64	3.19	0.24
Value	1.12	1.55	0.38	1.44	1.52	2.45	2.21	0.98	5.12	0.25
United States										
Volume	2.03	0.21	0.17	1.06	1.05	0.25	1.16	3.40	1.86	0.18
Value	1.51	0.44	0.13	1.44	1.34	0.48	0.76	2.76	1.57	0.19
Other Southern Hemi-sphere exporters[c]	1.18	0.23	0.41	0.73	0.87	0.27	1.37	2.13	1.56	0.03
Volume	1.25	0.39	0.28	0.63	1.09	0.51	1.06	2.13	1.50	0.03
Value										
ETEs[b]										
Volume	0.44	0.88	0.07	0.31	0.25	0.14	0.16	0.22	0.50	6.27
Value	0.44	0.90	0.09	0.26	0.39	0.28	0.22	0.28	0.70	13.16

[a] Share of country i's exports to region j as a ratio of region j's share of global wine imports excluding I's.
[b] Central and Eastern Europe and the former Soviet Union.
[c] Argentina, Brazil, Chile, New Zealand and South Africa.

Source: Berger, Spahni and Anderson (1999, Tables 21 and 22).

TABLE 7: INDEX OF INTENSITY[A] OF EXPORTS OF MAJOR WINE EXPORTERS GOING TO SELECTED APEC COUNTRIES, BY VALUE AND VOLUME, 1997

Exports to: / Exports From:	United States	Canada	Australia	New Zealand	Japan	NIEs[d]	ASEAN4[e]	China
Australia								
Volume	**2.01**	**1.40**	**-**	**103.00**	**0.65**	**2.86**	**6.71**	**1.02**
Value	**1.61**	**1.33**	**-**	**54.33**	**0.37**	**1.66**	**3.66**	**1.13**
France								
Volume	1.78	1.75	0.70	0.25	1.98	4.29	1.61	1.86
Value	1.97	1.44	1.41	0.39	3.28	3.83	1.75	1.76
Italy								
Volume	2.22	0.74	3.13	0.15	0.76	0.30	0.31	0.21
Value	2.04	1.05	2.36	0.21	0.85	0.25	0.40	0.33
Spain								
Volume	0.33	0.18	0.31	0.20	0.33	0.30	0.37	5.79
Value	0.60	0.34	0.32	0.17	0.36	0.18	0.86	4.42
United States								
Volume	-	7.77	0.34	0.08	2.87	2.94	11.64	0.99
Value	-	6.08	0.36	0.05	1.74	2.01	4.56	1.28
Other Southern Hemi-sphere exporters[c]								
Volume	2.29	2.72	2.61	1.13	1.82	0.53	0.78	0.83
Value	1.49	1.90	2.93	0.86	0.90	0.39	0.56	1.03
ETEs[b]								
Volume	0.11	0.23	0.13	0.00	0.98	0.11	0.04	0.22
Value	0.10	0.30	0.15	0.00	0.49	0.06	0.06	0.65

[a] Share of country i's exports to region j as a ratio of region j's share of global wine imports excluding I's.
[b] Central and Eastern Europe and the former Soviet Union.
[c] Argentina, Brazil, Chile, New Zealand and South Africa.
[d] Hong Kong, Singapore, South Korea.
[e] Indonesia, Malaysia, Philippines and Thailand.

Source: Berger, Spahni and Anderson (1999, Tables 21 and 22).

TABLE 8: EXPORT PRICES FOR MAJOR WINE EXPORTERS' SALES TO SELECTED EUROPEAN COUNTRIES, 1988 AND 1997

(US $ per litre)

Exports to: / Exports From:	United Kingdom	Germany	Belgium-Lux	Switzer-land + Norway	Nether-lands	France	Denmark	Ireland	Sweden	Europe's Transition Economies[b]
Australia										
1988	**2.38**	**3.04**	**3.47**	**1.59**	**1.28**	**3.69**	**1.03**	**4.08**	**0.69**	**-**
1997	**3.08**	**3.60**	**3.35**	**4.02**	**2.24**	**2.23**	**1.61**	**3.76**	**1.80**	**1.99**
France										
1988	2.85	1.79	2.40	4.30	1.44	-	1.36	2.88	1.30	3.36
1997	3.07	2.33	3.04	4.56	1.53	-	3.09	3.52	2.35	2.37
Italy										
1988	1.43	0.78	0.95	1.28	1.36	0.39	1.65	1.39	1.00	0.74
1997	2.46	1.23	1.63	2.59	1.50	0.50	3.79	2.61	1.69	0.70
Spain										
1988	1.76	2.08	1.68	0.93	1.99	0.96	1.91	2.67	1.26	0.21
1997	2.57	1.47	1.64	1.84	1.78	0.51	1.91	3.25	1.97	0.69
United States										
1988	3.22	10.57	2.44	4.10	5.11	2.95	1.12	2.46	1.17	1.06
1997	2.37	3.85	2.41	4.81	2.45	1.85	1.94	3.09	1.89	1.28
Other Southern Hemisphere exporters[c]										
1988	1.69	2.07	1.21	1.12	1.36	1.90	1.54	4.58	1.03	0.20
1997	2.36	2.21	1.56	2.17	1.70	1.29	1.61	2.68	1.52	1.00
ETEs[b]										
1988	2.01	0.69	1.85	0.76	1.21	1.38	1.03	1.72	0.65	0.52
1997	2.18	0.77	1.82	1.22	1.23	0.76	1.66	1.95	1.27	1.00
WORLD										
1988	**2.03**	**1.26**	**2.18**	**2.14**	**1.60**	**0.56**	**1.42**	**2.58**	**1.15**	**0.44**
1997	**2.66**	**1.56**	**2.76**	**3.03**	**1.63**	**0.83**	**2.48**	**3.19**	**1.89**	**1.01**

[a] France, Italy, Portugal and Spain.
[b] Central and Eastern Europe and the former Soviet Union.
[c] Argentina, Brazil, Chile, New Zealand and South Africa.

Source: Based on the raw trade data in Berger, Spahni and Anderson (1999, Table 23).

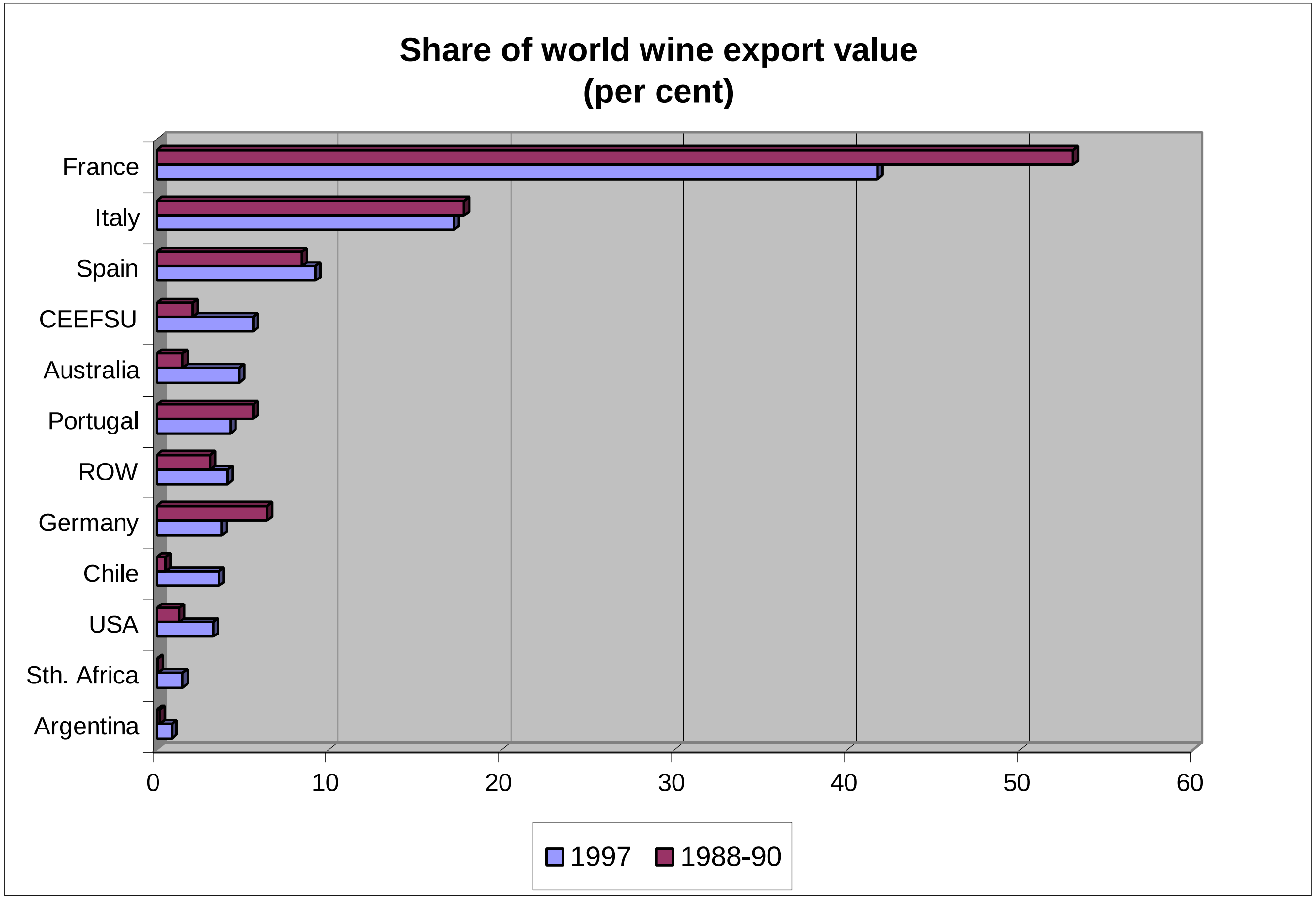
TABLE 9: EXPORT PRICES FOR MAJOR WINE EXPORTERS' SALES TO SELECTED APEC COUNTRIES AND GLOBALLY, 1988 AND 1997 (US $ PER LITRE)

Exports to: / Exports From:	United States	Canada	Australia	New Zealand	Japan	NIEs[d]	ASEAN4[e]	China	**WORLD**
Australia									
1988	**2.53**	**1.46**	**-**	**2.79**	**2.14**	**2.39**	**1.60**	**-**	**1.79**
1997	**5.05**	**3.71**	**-**	**2.47**	**3.98**	**4.46**	**2.65**	**1.69**	**3.31**
France									
1988	5.96	1.89	8.89	10.85	4.95	5.79	5.10	3.79	**2.55**
1997	5.82	3.05	9.94	5.77	7.55	5.69	4.31	1.28	**3.38**
Italy									
1988	2.40	1.37	1.92	3.55	3.14	2.73	2.63	2.08	**0.88**
1997	3.17	2.70	2.86	2.66	3.84	3.12	2.98	1.15	**1.59**
Spain									
1988	2.86	1.08	3.01	3.51	1.58	3.53	1.46	-	**1.35**
1997	4.89	3.10	4.11	1.48	3.24	2.01	4.56	0.64	**1.40**
United States									
1988	-	0.91	2.13	5.53	2.30	2.76	1.39	-	**1.79**
1997	-	2.40	5.28	2.11	3.27	4.03	1.62	1.50	**2.52**
Other Southern Hemi-sphere exporters[c]									
1988	1.86	0.94	2.52	2.50	0.77	1.93	-	-	**1.22**
1997	2.25	1.51	3.88	1.65	1.86	3.00	1.82	1.03	**1.77**
ETEs[b]									
1988	1.20	1.10	2.01	-	0.79	-	-	3.92	**0.73**
1997	1.72	1.58	2.18	-	1.07	1.32	1.98	1.37	**1.01**
WORLD									
1988	**3.43**	**1.55**	**3.76**	**3.86**	**2.84**	**4.27**	**3.05**	**3.47**	**1.84**
1997	**4.10**	**2.55**	**4.14**	**2.59**	**4.45**	**4.88**	**3.04**	**0.99**	**2.12**

[a] France, Italy, Portugal and Spain.
[b] Central and Eastern Europe and the former Soviet Union.
[c] Argentina, Brazil, Chile, New Zealand and South Africa.
[d] Hong Kong, Singapore, South Korea.
[e] Indonesia, Malaysia, Philippines and Thailand.

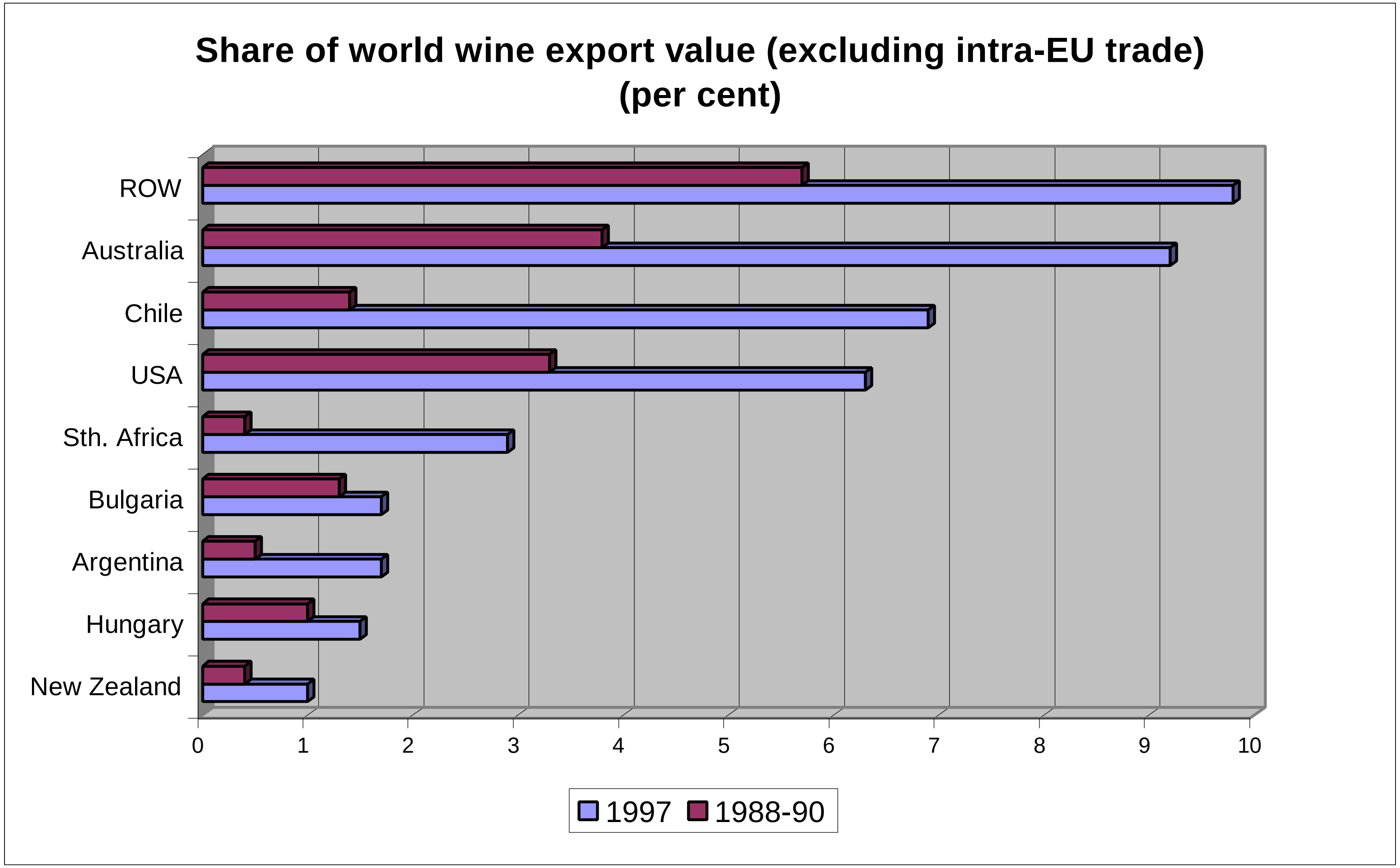
Source: Based on the raw trade data in Berger, Spahni and Anderson (1999, Table 23).

Figure 1



CEEFSU is Central and Eastern Europe and the former Soviet Union; ROW is the rest of the world other than the countries shown.
Source: Berger, Spahni and Anderson (1999, Table 14)

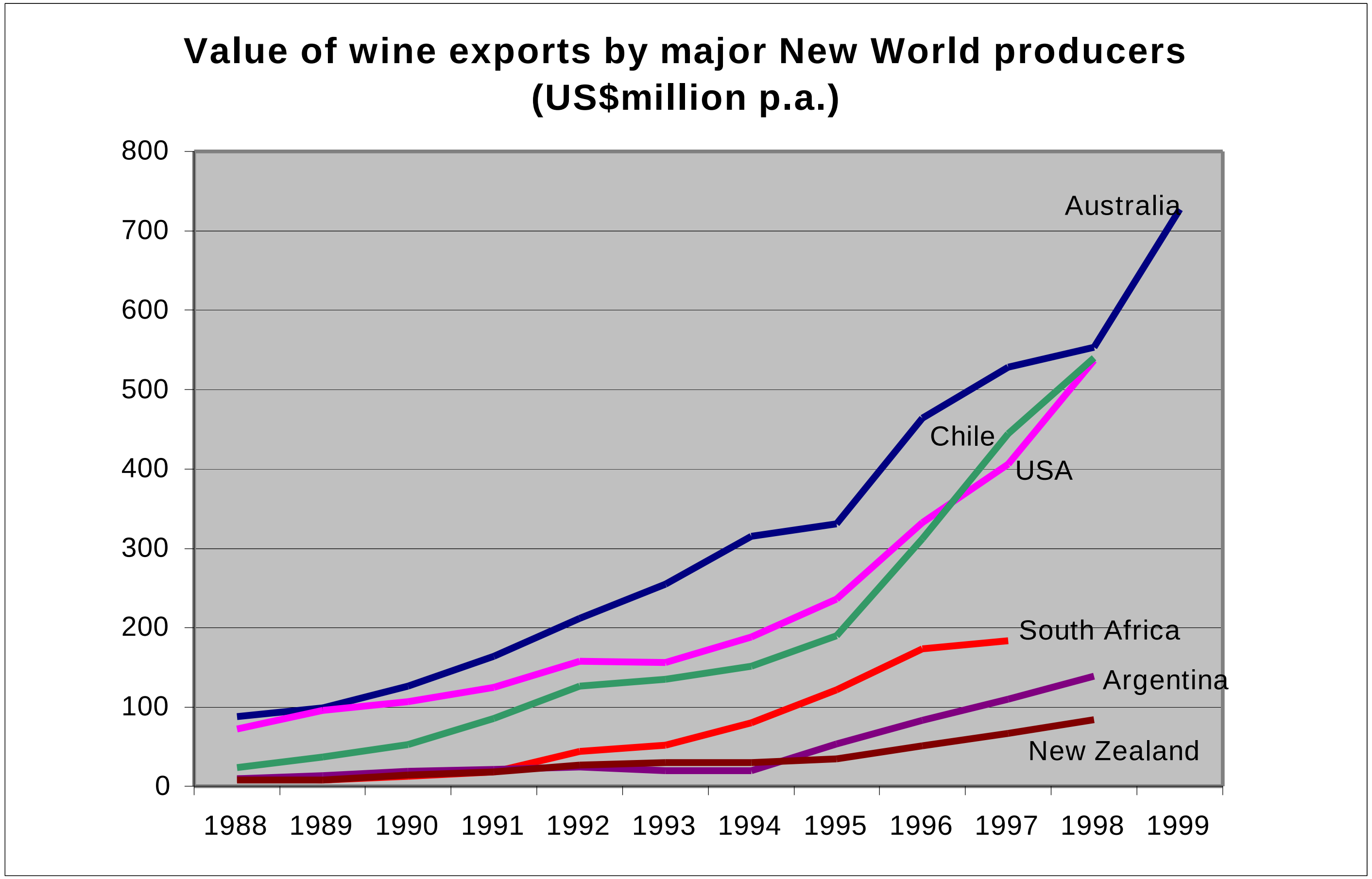
Figure 2



ROW is the rest of the world other than the European Union and the countries shown above.

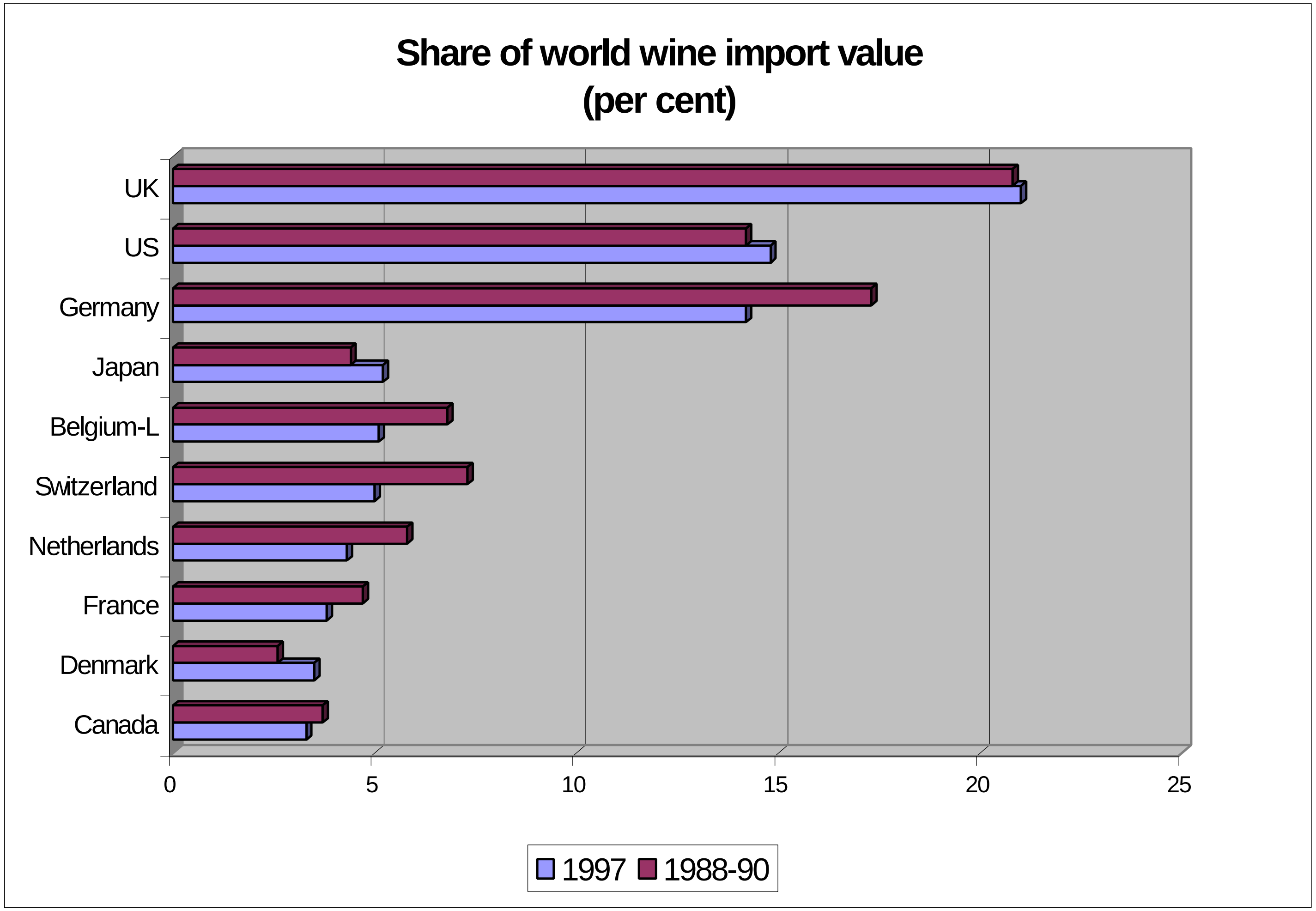
Source: Berger, Spahni and Anderson (1999, Table 14)

Figure 3



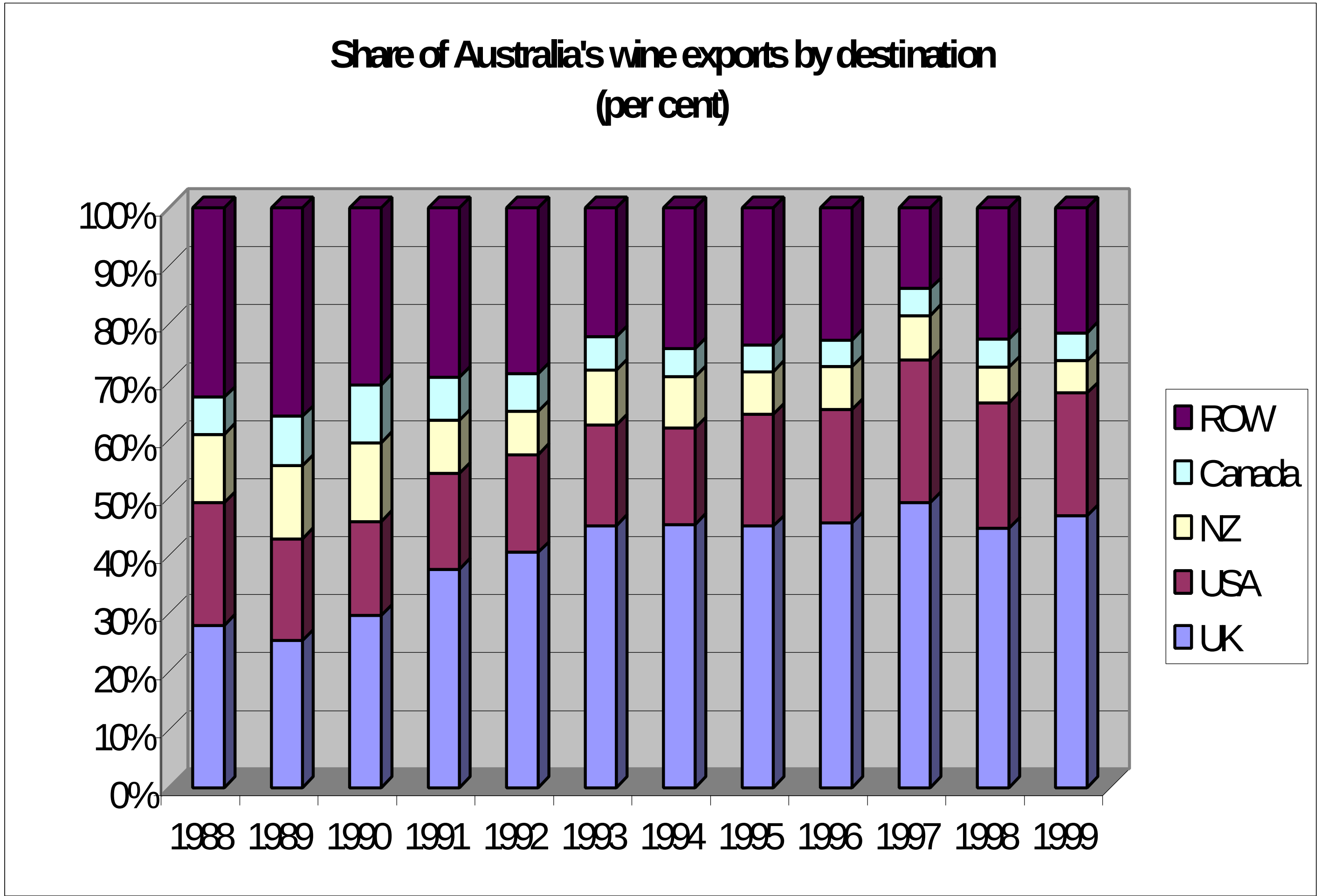
Source: For data to 1997 see Berger, Spahni and Anderson (1999, Table 10). 1998 data for the US was obtained from the Wine Institute web site, New Zealand via the New Zealand Wine Institute annual report, Chile and Argentina via the USDA 1999 Wine Competition Annual Attache Reports and the Australian Wine and Brandy Corporation wine export approval reports for Australian exports in 1988 and the first nine months to September 1999.

Figure 4



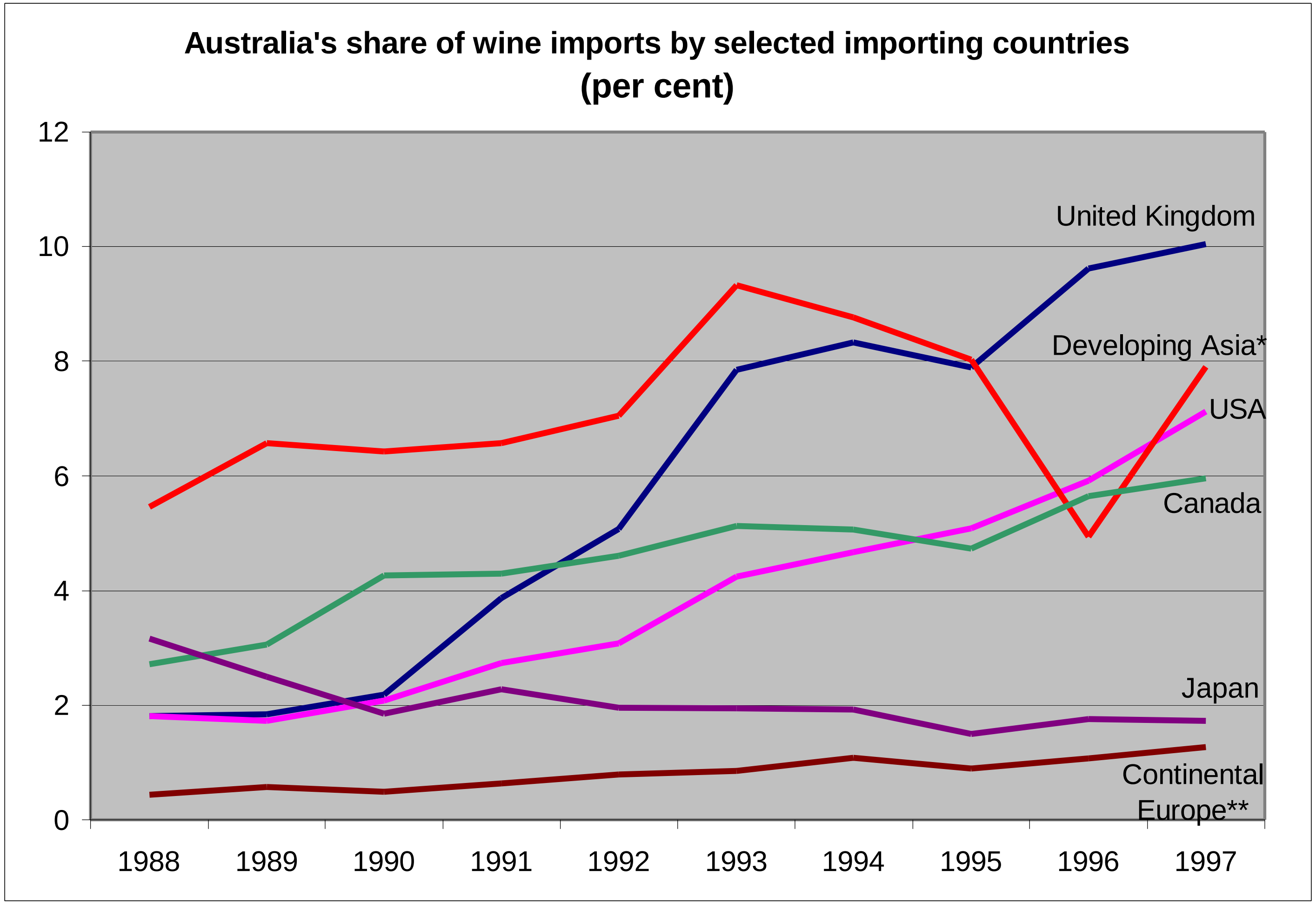
Source: Berger, Spahni and Anderson (1999, Table 14)

Figure 5



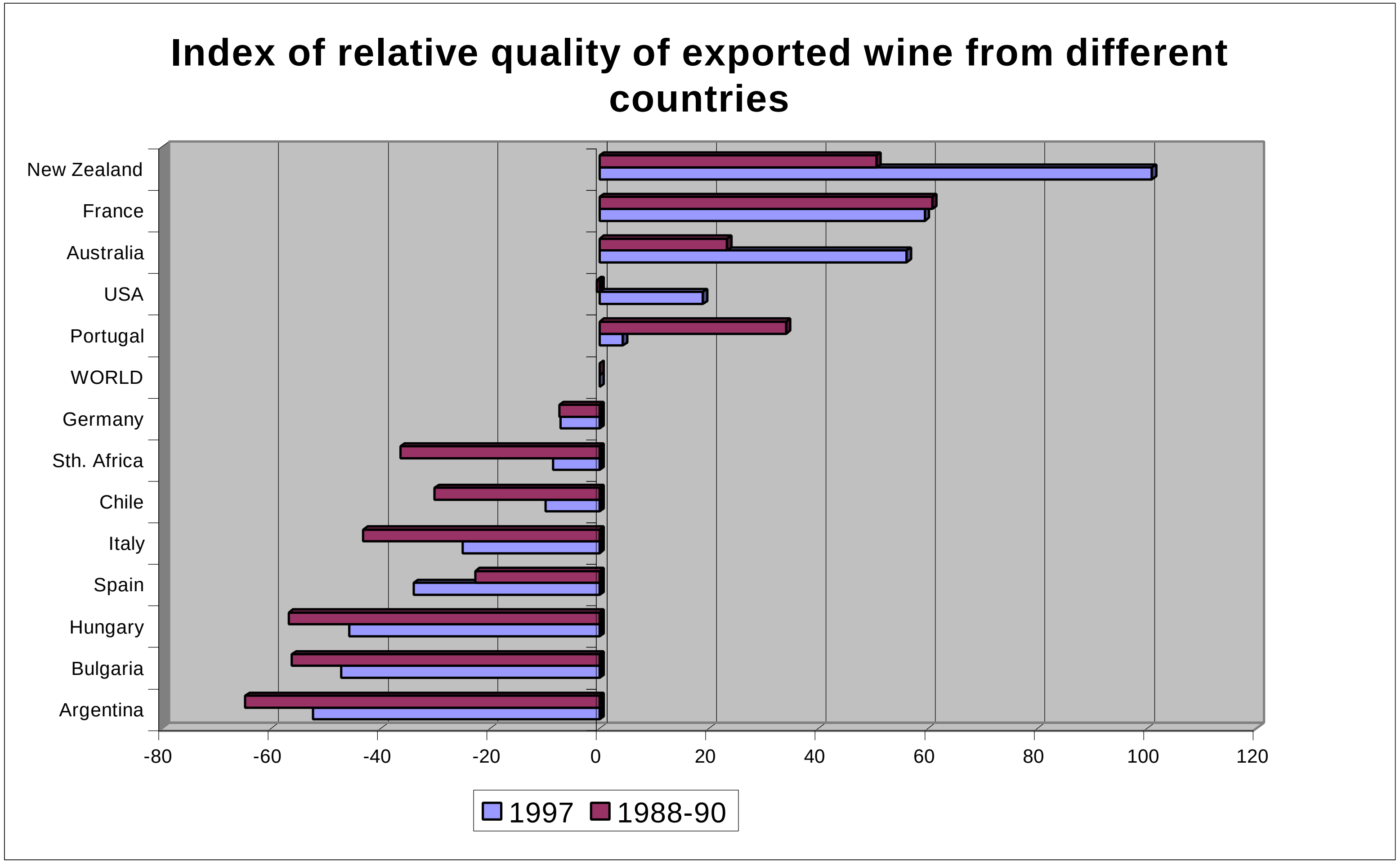
Source: Pre-1998 raw trade data are from Berger, Spahni and Anderson (1999, Table 22). Data for 1998 and the first nine months to September 1999 are from the Australian Wine and Brandy Corporation Wine Export Approval Reports.

Figure 6



* Developing Asia comprises NIE4, ASEAN4 and China.
** Continental Europe excludes the United Kingdom and Ireland
Source: based on raw trade data from Berger, Spahni and Anderson (1999, Table 22)

Figure 7



The relative quality index is defined as the unit value of a country's exports expressed as a percentage of the unit value of total world exports, minus 100. Note that the unit value of world exports rose by about 20% over the ten years to 1997, so it is possible for a country's unit value to have risen while its relative quality index as measured here falls (eg France and Spain).

Source: Based on the raw trade data in Berger, Spahni and Anderson (1999, Table 19)

CIES WINE POLICY BRIEFS

This series of Wine Policy Briefs provides a means of circulating promptly papers of interest to the policy community and written by staff and visitors associated with the Centre for International Economic Studies (CIES) at the University of Adelaide. Its purpose is to stimulate discussion of issues of contemporary policy relevance among non-economists as well as economists. To that end the briefs are non-technical in nature and more widely accessible than papers published in specialist academic journals and books.

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1. **Anderson, Kym and Robert Osmond**, "How Long Will Australia's Wine Boom Last? Lessons From History" August 1998. (Since published in *The Australian Grapegrower and Winemaker* No. 417, September 1998.)
2. **Wittwer, Glyn and Kym Anderson**, "Impact of Tax Reform on Australia's Wine Industry" September 1998. (Since published in *The Australian Grapegrower and Winemaker* No. 418, October 1998.)
3. **Berger, Nicholas and Kym Anderson**, "Are Australia's Wine Consumers Over-Taxed?" February 1999. (Since published in *The Australian Grapegrower and Winemaker* No. 423: 59-61, March 1999.)
4. **Anderson, Kym and Glyn Wittwer**, "More on Modeling the Impact of Tax Reform : How Unequal is the Proposed Wine 'Equalization' Tax" May 1999. (Forthcoming in *The Australian and New Zealand Wine Industry Journal* 14(3), May/June 1999.)
5. **Anderson, Kym and Nicholas Berger,** "Australia's Re-emergence as a Wine Exporter: The First Decade in International Perspective" October 1999

Wine Australiaâ€™s Head of Market for the Americas, Aaron Ridgway, takes a look at the latest US Export Report and the current market for Australian wine in the U.S. While itâ€™s been a tough ride for many in recent years, there are now clear signs of recovery. Australian wine â€“ still an emerging category in the worldâ€™s biggest wine market? While the challenges of selling Australian wine in the U.S. remain significant, the release of our latest export figures in October 2016 certainly indicate that a broader recovery may be under way.Â Australia is the second-largest exporter of wine to the U.S., but less than 10% of that volume sells for above $10 AUD per litre. It also exports wine to airlines for use on international flights. But in order to understand exactly how Heritage Link Brands does business, itâ€™s important to start from the beginning. Here are the steps you need to take to start an import/export business. 1. Get Your Business Basics in Order.Â Hiring a global freight forwarder is generally a good idea for all imports/exports businesses, as theyâ€™ll serve as a transport agent for moving cargoâ€”saving you a lot of time and worry about getting your products from the factory to a warehouse. Essentially, youâ€™ll give them information about your business and your intentions for the product, and theyâ€™ll arrange the shipping agreements, insurance, and oftentimes the licenses, permits, tariffs, and quotas of working within another country. Australia isn't happy about Canada's restrictive alcohol laws, so they're heading to the World Trade Organisation.Â Australiaâ€™s attempts to force action from Canada follow those of the United States, which complained in October that the Canadian province of British Columbia was unfairly favouring its own local vineyards. However, Australia has expanded criticism to include Ontario, Quebec, and Nova Scotia.Â Sales of Australian wine to Canada have halved in the last decade, but it remains the fourth largest export market after China, the United States, and Britain. Canada now has 60 days to resolve the dispute with Australia, and avoid an adjudication with the WTO that could result in trade sanctions.