

AUSTRALIA'S WINE INDUSTRY

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Introduction

Australian wines are commanding increasing international attention and respect with their distinctive full-bodied character and deep fruity flavour. These characteristics result from Australia's range of climates, suitable soils, stable water resources and minimal use of chemicals.

In recent years Australian wines have won many international awards and this stimulated some of the world's leading champagne, wine and spirit houses to invest strategically in the Australian wine industry.

They have done so by establishing partnerships, joint ventures or outright ownership of major, well-established undertakings.

The Australian wine industry has also expanded its own position in the international wine market by acquiring or taking controlling interests in a winery in France as well as buying major distribution facilities in the United Kingdom.

Origins

The first vines were brought to Australia aboard one of the ships of the First Fleet in 1788. After an unsuccessful planting at Farm Cove, site of the present Sydney Botanical Gardens, they were transplanted to Parramatta, west of Sydney.

Wine grape growing and wine-making ventures were soon established in various parts of the colony and, by the mid-1820s annual production of wine reached some 90,000 litres.

Planting and propagation of the vine spread over the Australian continent with the increase in European settlement. In the 1960s the Australian wine industry concentrated mainly on producing fortified styles such as port and sherry. The rapid influx of migrants from continental Europe, however, with their well-established wine culture, brought about lifestyle changes including a boost in the consumption of table wines.

This was accompanied by a move by grape growers to replant their vineyards with more of the classical winegrape varieties. At the same time, winemakers invested heavily in new technology and equipment, placing Australia at the forefront of world wine-producing countries.

Australia's main grape-growing areas are between the 32 degrees and 42 degrees south latitudes. South Australia, Victoria and New South Wales are the largest producers, accounting for 98 per cent of winegrape production.

Western Australia, Tasmania and Queensland have smaller wine industries which are growing rapidly in both volume and quality. Rainfall and warmth in these areas vary widely during the growing season and irrigation must be used to enhance grape yields, particularly where rainfall is low.

Scarcely any wine is now produced in the Sydney district.

Wine growers have found better soils and a more appropriate climate in the Hunter River valley, north of Sydney, to the west around the towns of Mudgee, Cowra and Young, and on the plains along the Murrumbidgee and the Murray Rivers.

The South Australian wine industry began around 1840 in what is now metro-

politan Adelaide, and soon expanded into the Southern Vales, the Clare Valley, and the Barossa Valley. In the 1890s the Riverland region was developed as a major producer, largely by Italian immigrants.

In Victoria, viticulture began in the 1840s in the Melbourne, Yarra Valley and Geelong Districts. The discovery of gold in 1851 triggered a period of expansion, and viticulture soon extended over much of the centre and the north-east of the state.

The industry was launched in Western Australia when the English botanist, Thomas Waters, planted vine cuttings from South Africa in the Swan Valley in 1829.

Production and exports

Australia's wine industry - with some 4000 wine grape growers producing some 700,000 tonnes for 8000 winemakers - is a major contributor to the nation's export, employment and tourism earnings.

The industry generates retail sales of some \$2.5 billion, pays \$400 million in taxes, employs about 5000 Australians and contributes more than \$300 million to the balance of payments.

The first exports of the then fledgling wine industry were in 1822. Gregory Blaxland shipped 136 litres of wine to London where it won the Silver Medal of the Society for Encouragement of Arts, Manufactures and Commerce, now known as the Royal Society of Arts.

Historically, most Australian wine has been sold in the domestic market, with

exports accounting for only a small proportion of total production. However, in recent years, more emphasis has been placed on producing wine for export and exports have grown rapidly.

Australian production of beverage wine is about 450 - 500 million litres a year (less than two per cent of world production). In an open domestic market, with tariffs declining from about 10 per cent from July 1994 to five per cent by July 1996, Australian winemakers have maintained their 97 per cent share of the domestic market.

Domestic sales by Australian wine-makers reached 320 million litres in 1993-94, worth about \$1.2 billion at wholesale prices. Imports of wine are steady at about eight million litres, worth some \$45-\$50 million a year.

Exports comprise about 28 per cent of total wine sales in 1993-94. Table wines dominate wine exports at more than 93 per cent of total volume followed by sparkling wine at four per cent and fortified wines at just over two per cent.

Australia's largest wine export market is the European Community (EC). In 1993-94, exports to the EU totalled 54 million litres worth \$183 million. The major markets in the EU are the United Kingdom and the Republic of Ireland.

Other major markets are the United States, New Zealand, Sweden, Canada and Japan.

Under the EC/Australia Bilateral Wine Agreement, which came into effect on 1 March 1994, Australia gained improved access to the EC market through the lowering of technical barriers to Australia's wines in return for the Austral-

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ian wine industry phasing out its use of European geographical indications. The Australian industry will in future use varietal, regional and brand names to market its wines.

Source: DFAT