



Australian Government

Australian Wine and Brandy Corporation



China Wine Market Competitor Analysis

April 2010



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CHINA WINE MARKET PROFILE

CHINA SUMMARY		
Population (billion):		1.32
Per capita wine consumption (L./head):		0.87
Exchange rate ('09):	1 RMB = 0.19AUD,	1 RMB = 0.15USD
China grape wine market:	2009	Change in 09
Volume (million cases)	126	17%
Value (million RMB)	65,553	18%
Avg. price per case (RMB):	521	1%

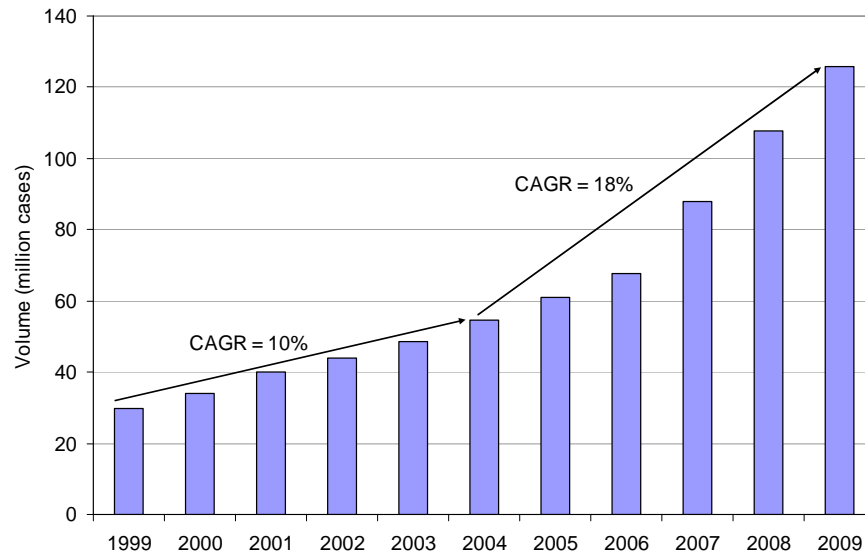


Wine sales in China total 126 million cases and have grown at a compound annual rate of 18% over the past five years. This growth has come primarily through increased per capita consumption. The market is dominated by domestic wine with imported wine accounting for just over 10% of wine sales. Sales of imported wine have grown at a faster rate than sales of domestic wine. Red wine is driving sales growth. While the total market is split relatively evenly by channel, imported wine sales are predominantly in the on-trade.

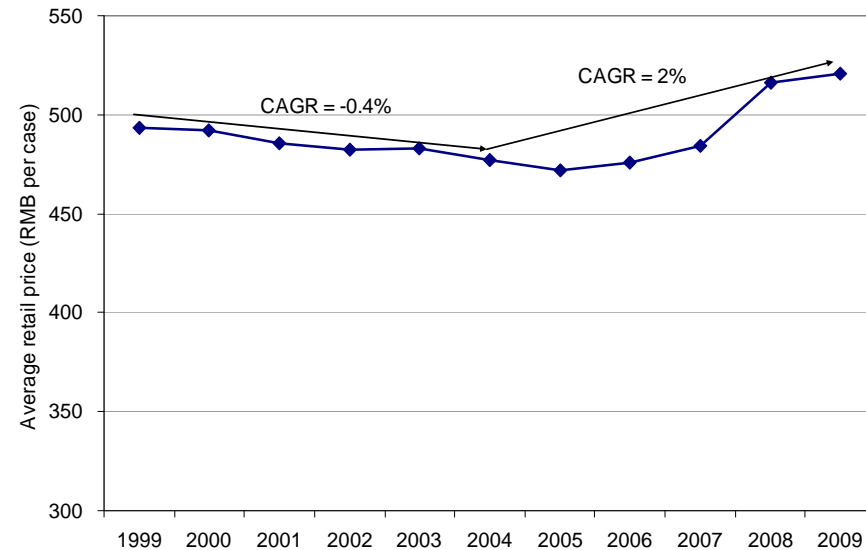
Strong growth in China wine market over last decade

- Market size in 2009: 126 million cases
- Average retail price: RMB90 per case (A\$15 per case)
- Rate of volume growth trending up
- Rate of price growth also trending up but at a much lower rate than volume

China wine market - volume



China wine market - average retail price

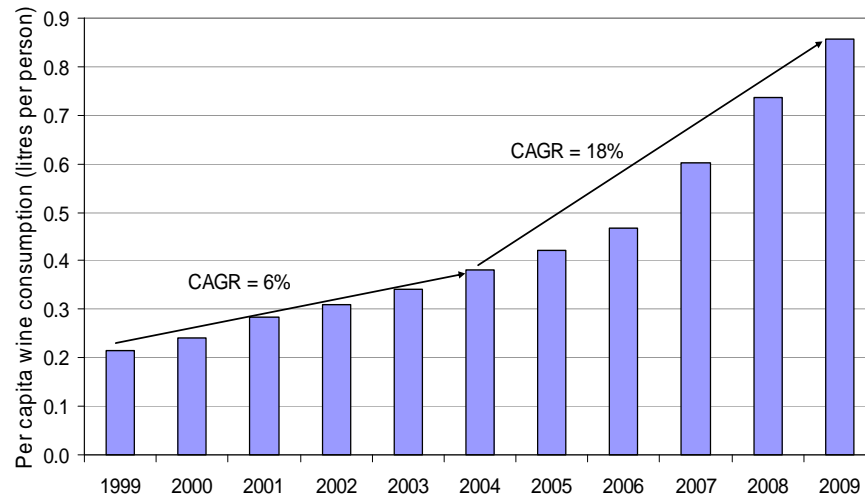


Source: Euromonitor International

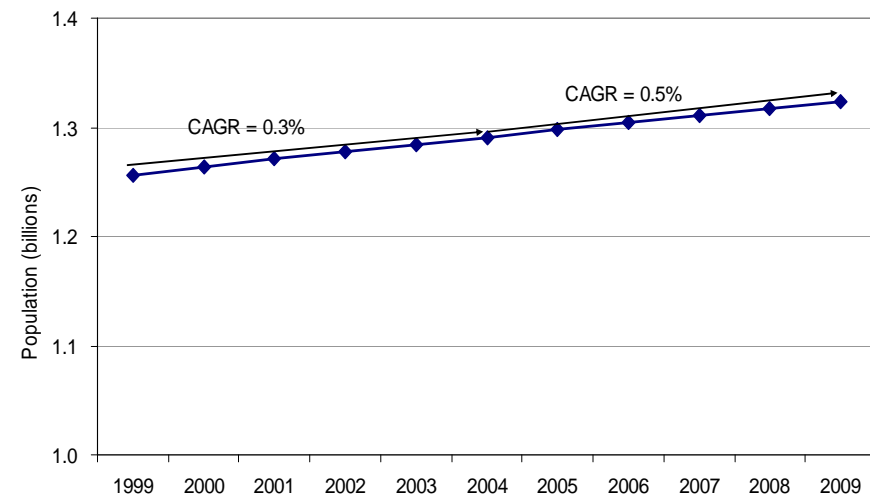
Growth in per capita consumption driving volume growth

- Per capita wine consumption in 2009: 0.9 litres per person
- Population in 2009: 1.3 billion
- Rate of growth in per capita wine consumption is increasing
- Population growth rate low but increasing slightly; off a very high base

China wine market - per capita consumption



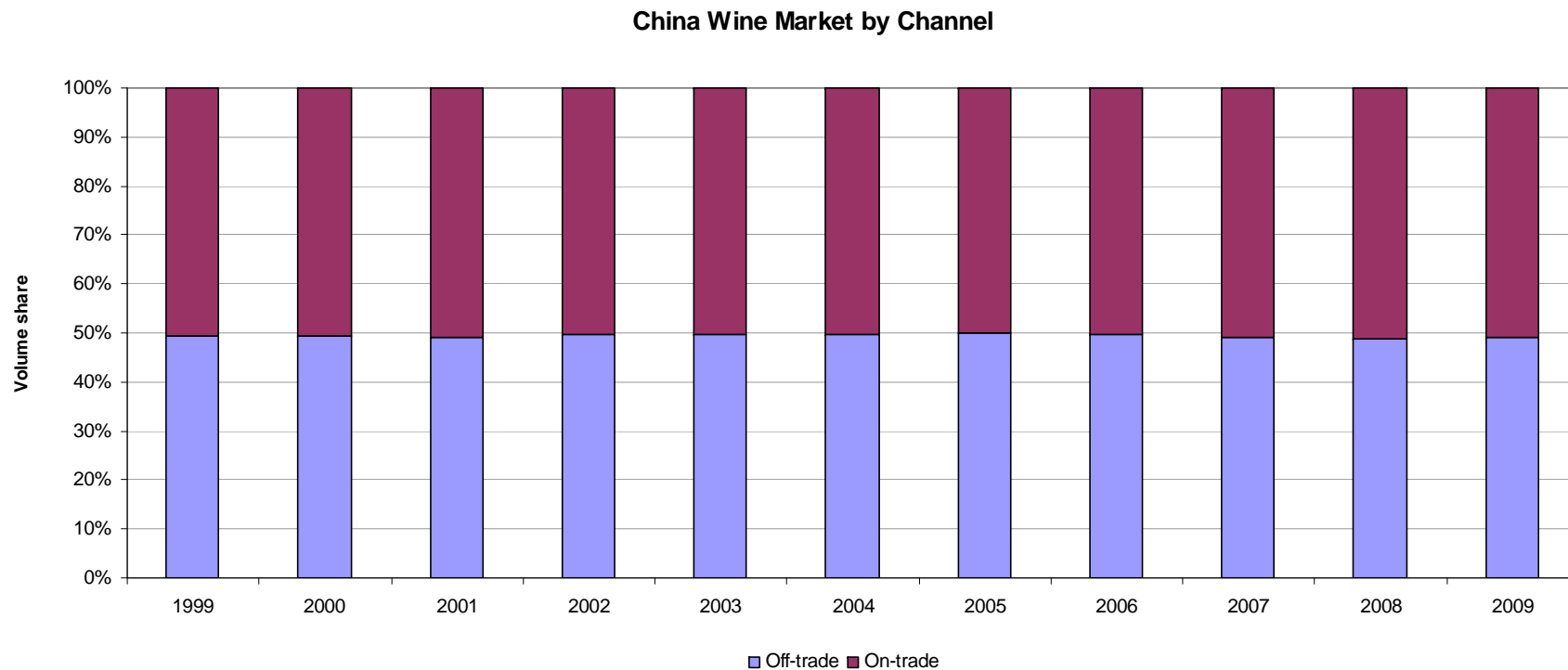
China population



Source: Euromonitor International and US Census Bureau

China market is relatively evenly split by channel

- Volume share in 2009: off-trade 49%, on-trade 51%
- Growth rates in both channels similar, therefore
- Very little change in off-trade and on-trade shares over the last decade

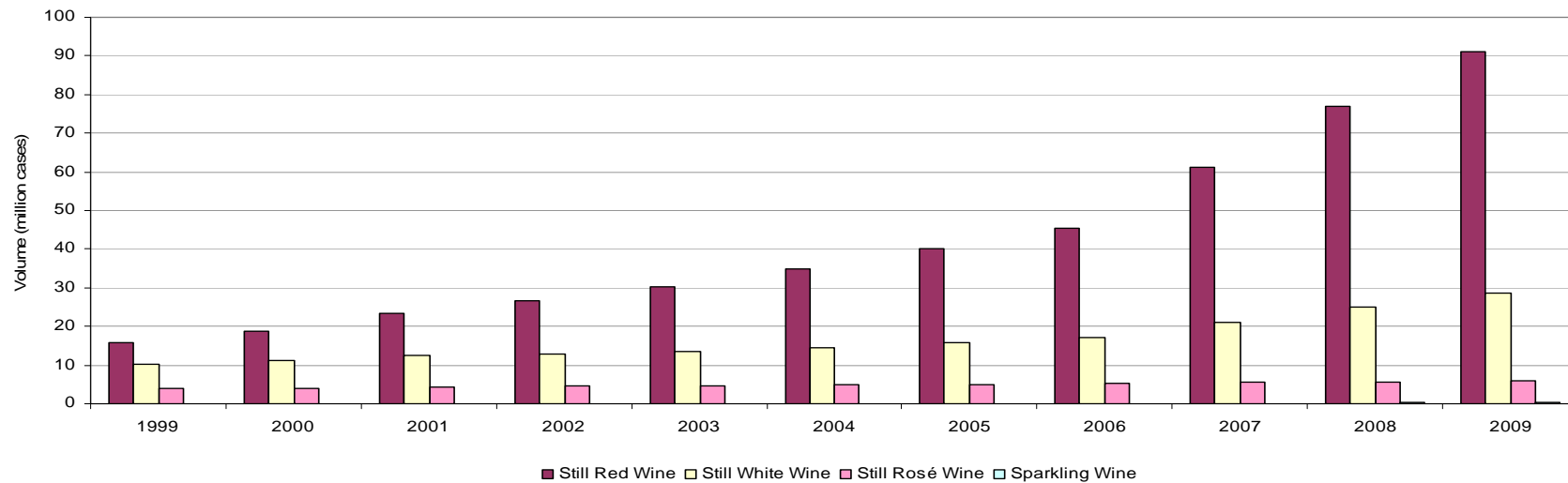


Source: Euromonitor International

Reds driving wine sales growth in China

- Wine style volume shares in 2009: red 72%, white 23%, rosé 2%, sparkling 0.2%
- Red sales growing at a faster rate (5 year CAGR of 21%) than whites (5 year CAGR of 14%); reds growing off a much larger base
- Rosé and sparkling small but growing segments

China Wine Market by Wine Style

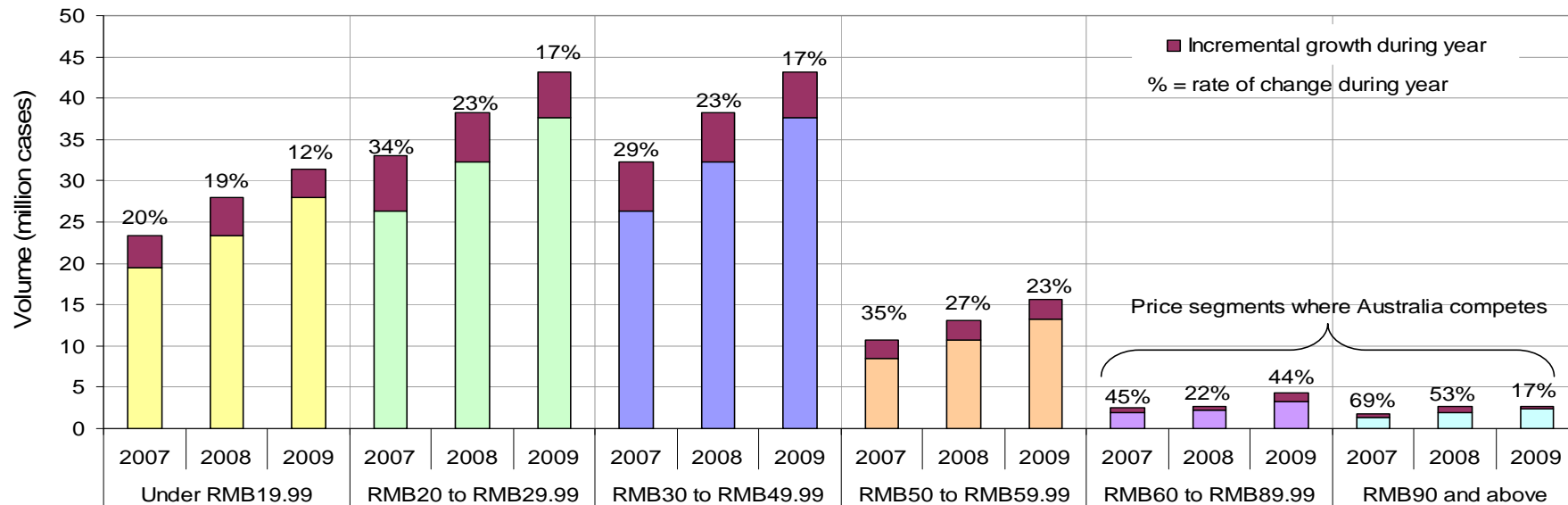


Source: Euromonitor International

Strong growth in the highest price segments

- Australia predominantly competes in the highest price segments which account for only 5% of the total market (6 million cases)
- All price segments are growing but the strongest rates of growth in 2009 were at higher price segments (mainly imported wine)

China wine market by price point



Source: Euromonitor International

AUSTRALIAN PROFILE

AUSTRALIA SUMMARY		
Import Retail Position (volume): 2nd		
Exchange rate ('09):	1 AUD = 5.4 RMB,	1 AUD = 0.79 USD
Avg. price per case (fob):	2009	US\$39
	2008	US\$42
Bottled import market:	Share	Change (pp)
Volume	20.5%	0.3 %age Points
Value	21.2%	1.4 %age Points

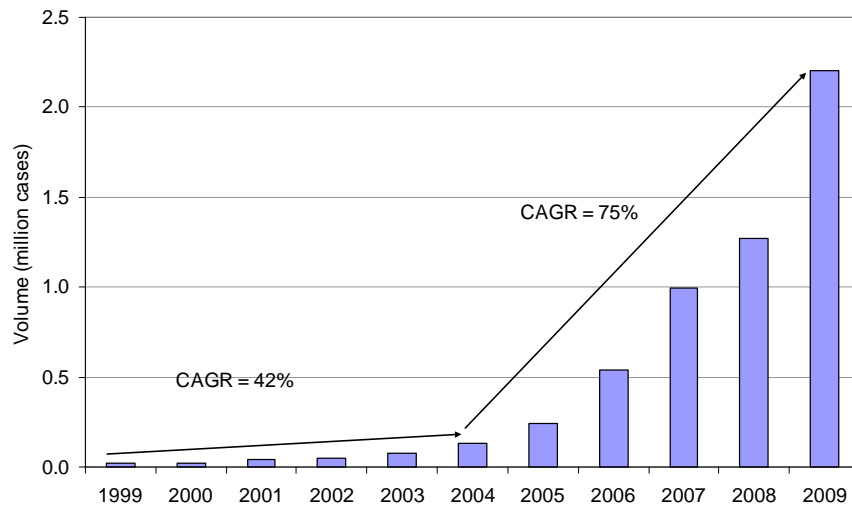


Australia accounted for the second largest share of imported wine sales in China behind France in 2009. The rate of growth in Australian sales outpaced the market over the past five years. This volume growth has come with some price sacrifice. However, Australian sales are at the higher-priced end of the market and Australian bottled shipments were ranked fourth in average value in 2009. Reds hold a greater share of Australian sales (90%) compared to the market (72%).

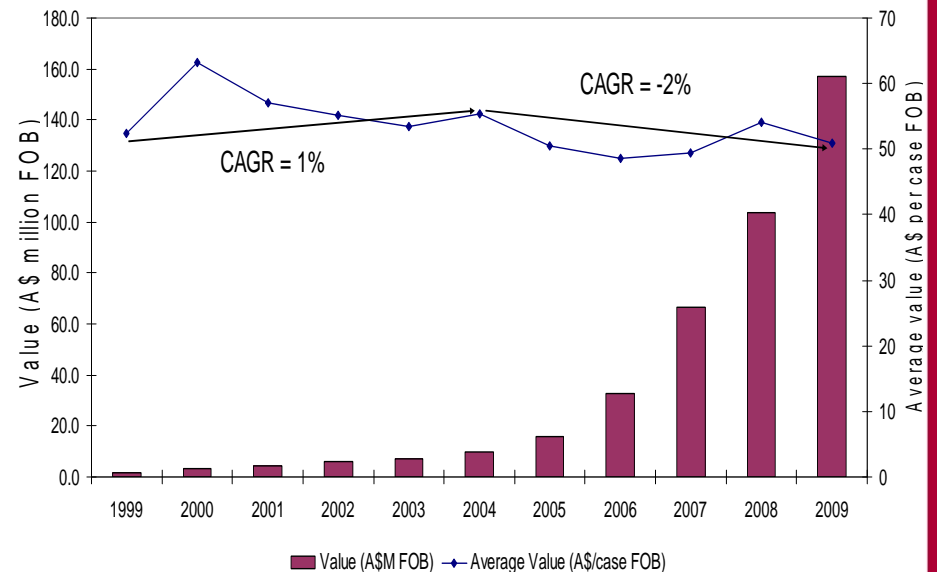
Australian sales volumes growing strongly

- Australian sales in China in 2009: 2.2 million cases (market share 2%; share of imports 22%)
- Value of Australian sales: A\$112 million FOB, A\$51 per case FOB
- Rate of volume growth on the rise but with some price sacrifice
- Australian growth outpacing total market and imported sector

Australian wine sales in China - volume



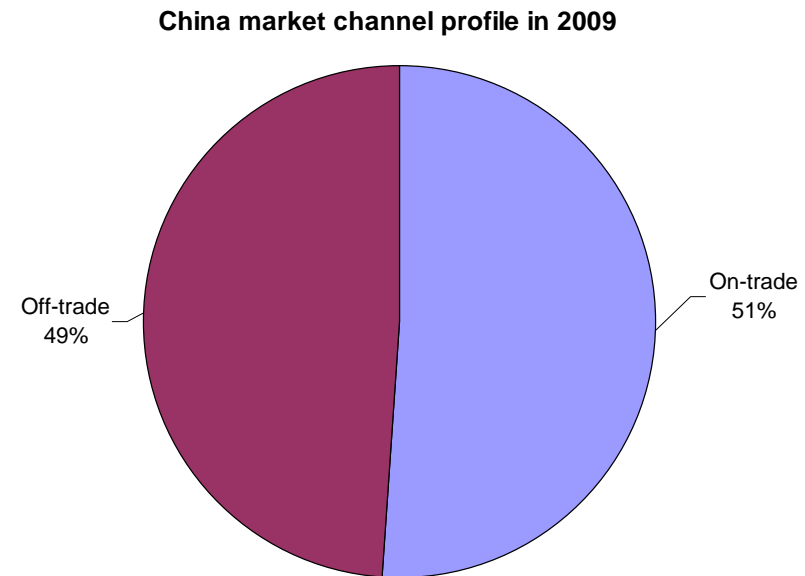
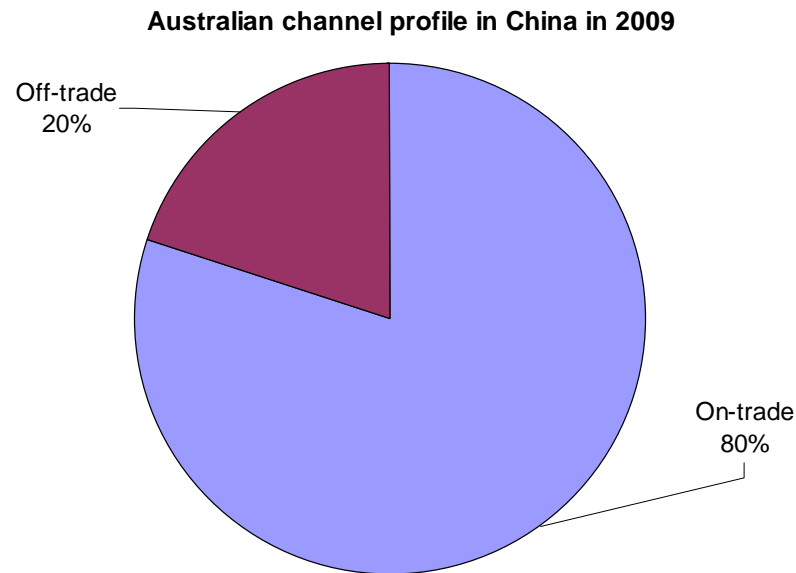
Australian wine sales in China - FOB value and average value



Source: AWBC, IWSR

Australian sales are concentrated in the on-trade

- The on-trade accounted for 80% of Australian sales in 2009 with 20% through the off-trade
- A similar profile to the imported market
- Cheaper domestic wines are purchased in the off-trade hence the more even channel split in the total market

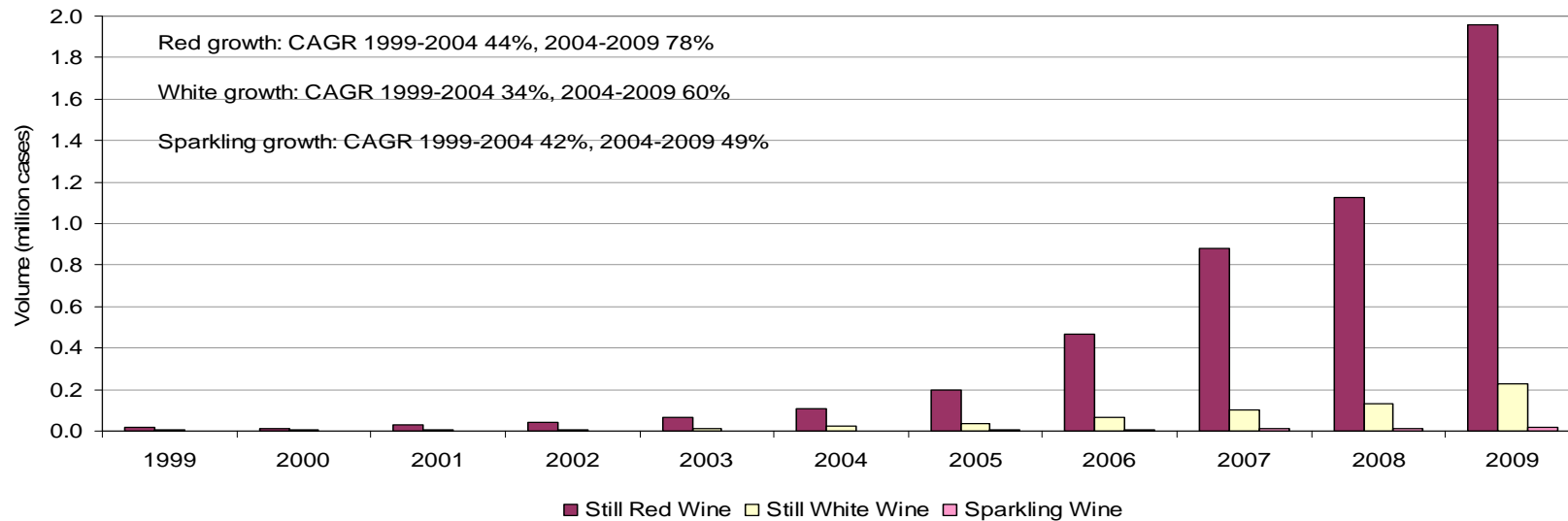


Source: Trade interviews, Euromonitor International, IWSR

Australian sales dominated by reds

- Almost 90% of Australian sales in China in 2009 was red still wine (including rosé); 10% was white; sparkling had a minor share
- Sales of all Australian wine styles have grown strongly over the past decade
- Growth in Australian red wine has been the strongest

Australian wine sales in China by wine style

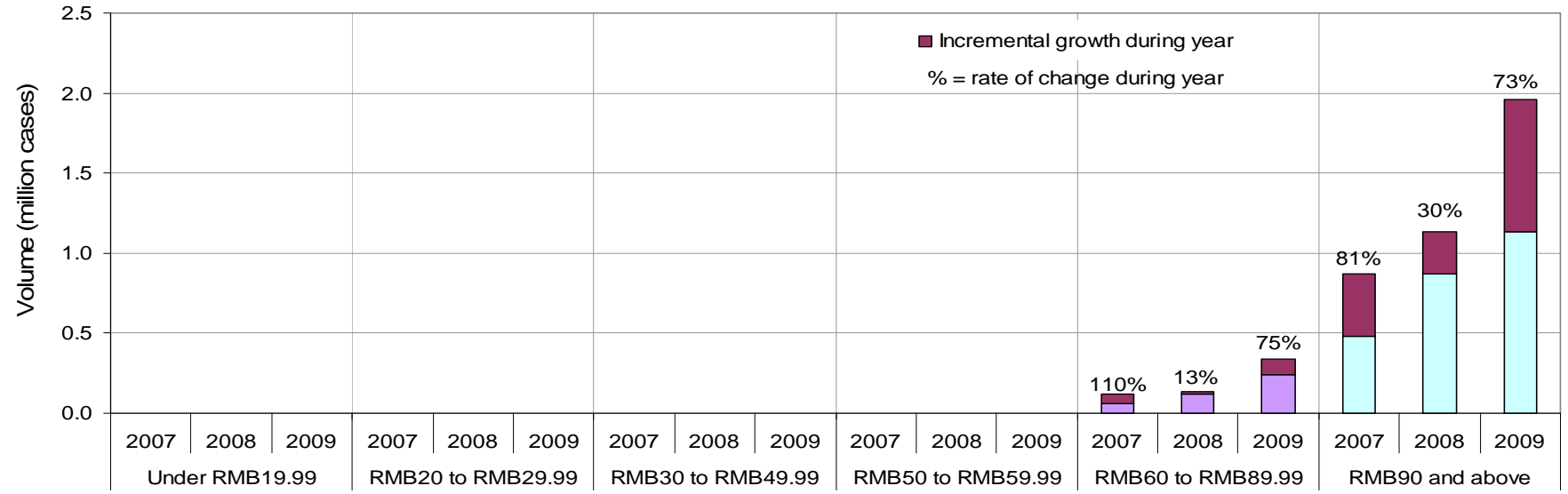


Source: AWBC

Australian sales are mainly above RMB90 per bottle

- Australian sales are concentrated at the higher end of the market
- Australian sales in 2009: 11% RMB60-89.99; 89% above RMB90
- Growth rates in both price points increased in 2009 and were similar

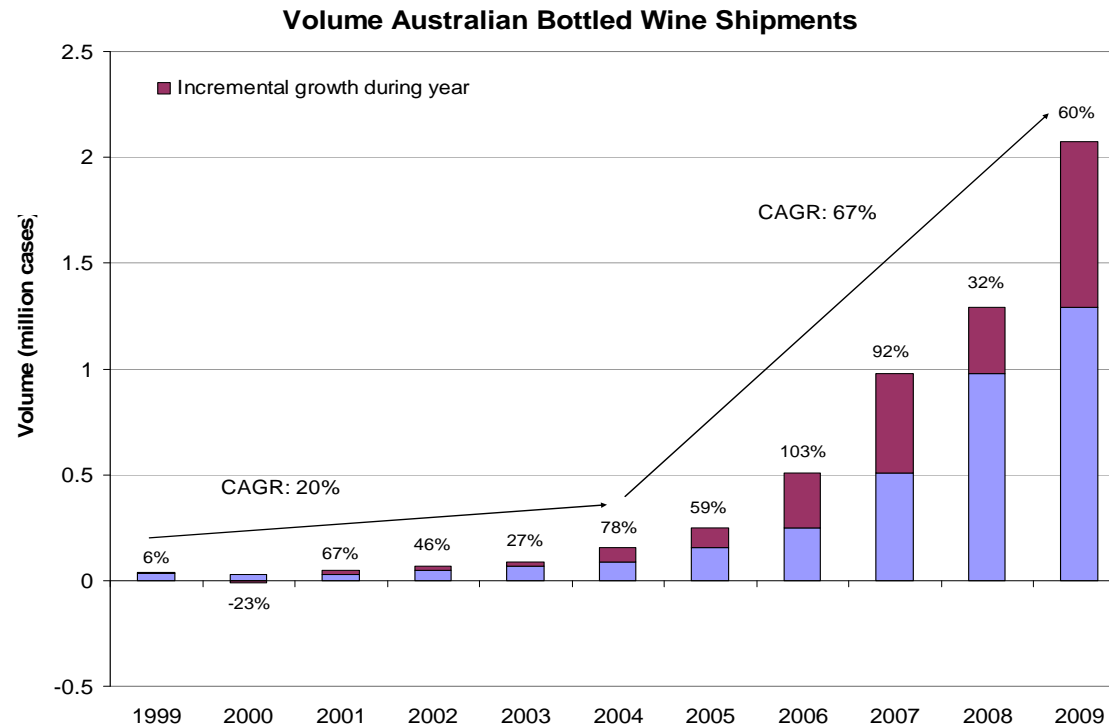
Australian wine sales in China by price point



Source: AWBC

Australian bottled shipments growing strongly

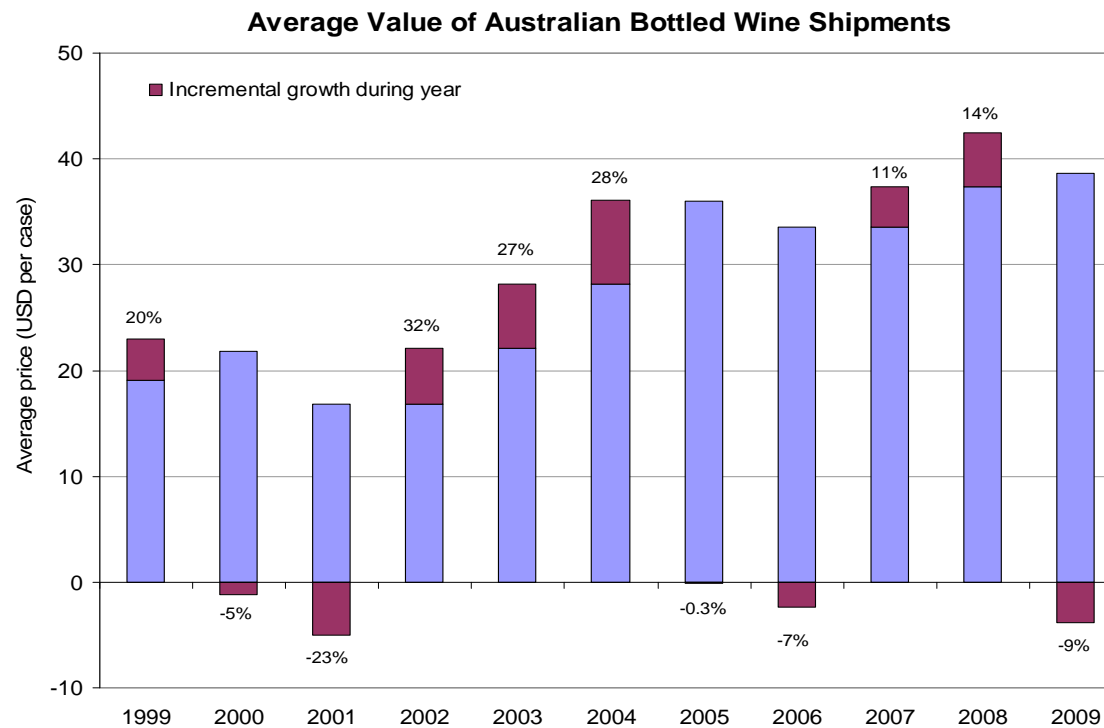
- In 2009, Australian bottled wine shipments grew by 60%, which was two percentage points greater than the growth rate of total bottled wine shipments to China
- Australia's 5 year CAGR to 2009 (67%) was the same as the CAGR for all bottled shipments to China



Source: Global Trade Atlas

Average value of Australian bottled shipments declined

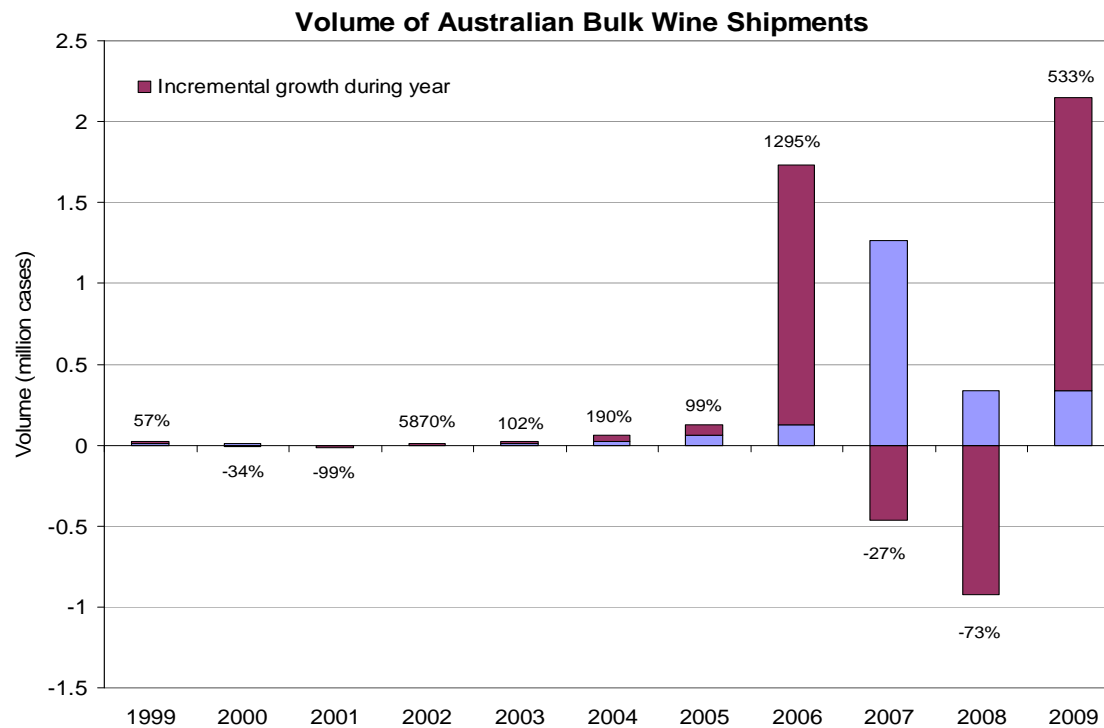
- In 2009, the average value of Australian bottled wine shipments to China declined by 9% to \$US39 per case
- The Australian rate of decline was lower than the rate of decline in the average value of all imports



Source: Global Trade Atlas

Australian bulk wine shipments surged six fold in '09

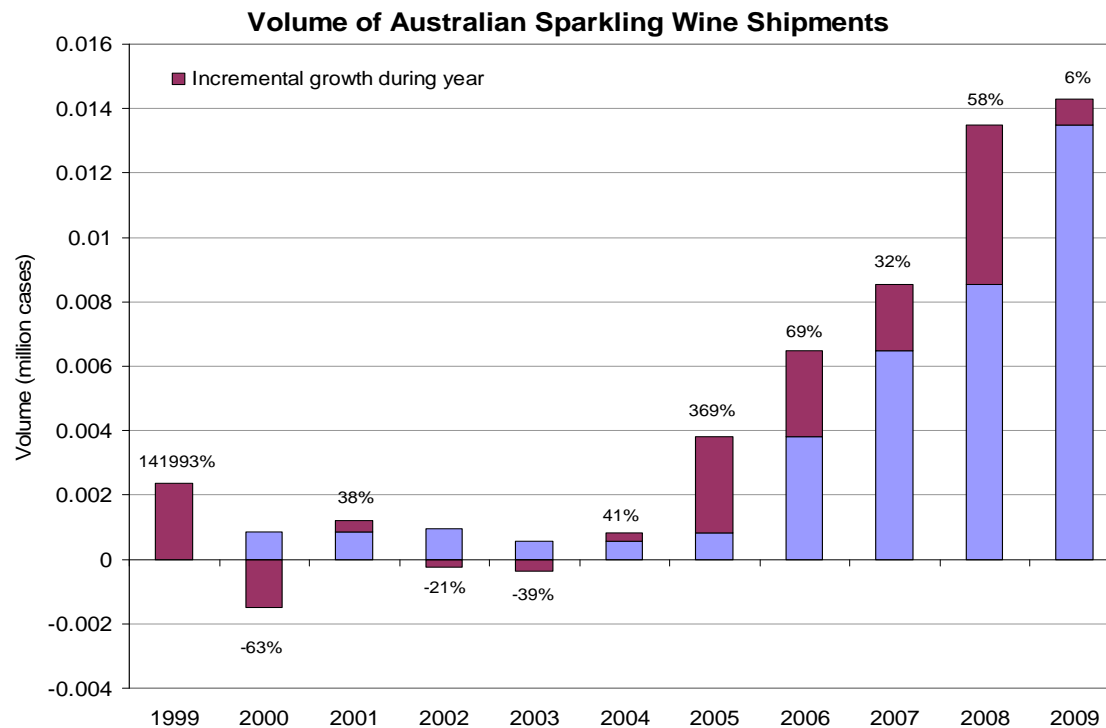
- Australian bulk wine shipments surged 533% to the equivalent of 2.1 million cases in 2009 (represent a quarter of bulk shipped in 2009)
- Australian bulk wine shipments have been highly variable over the past decade, driven primarily by supply issues in Australia



Source: Global Trade Atlas

Australian sparkling shipments growing off small base

- Australian sparkling wine shipments increased by 6% to 14,000 cases in 2009; growth off a very small base
- While Australian sparkling shipments grew, total sparkling shipments to China declined by 2%



Source: Global Trade Atlas

COMPETITOR ANALYSIS



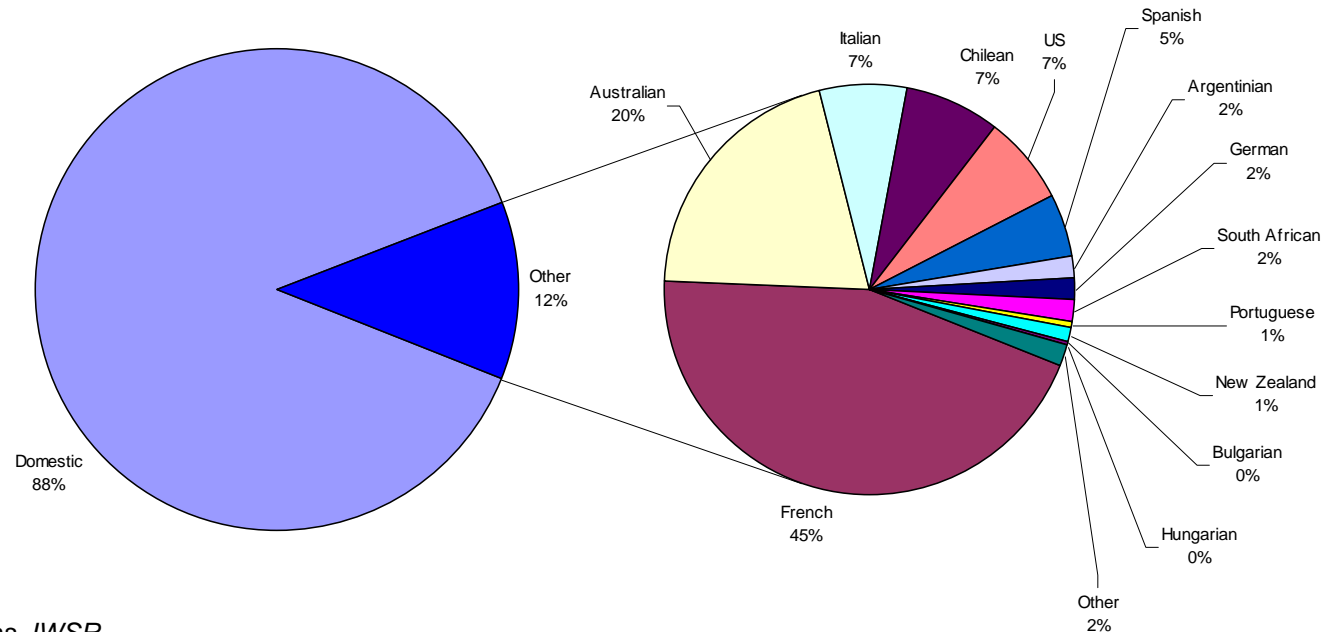
Bottled shipments				Bulk shipments				Sparkling shipments			
Volume ('000 cases)		USD per case		Volume ('000 cases)		USD per case		Volume ('000 cases)		USD per case	
France	4,511	New Zealand	\$72.60	Chile	4,752	New Zealand	\$19.98	France	75	France	\$154.22
Australia	2,072	Germany	\$44.59	Australia	2,147	Germany	\$15.36	Italy	57	New Zealand	\$81.76
Chile	756	France	\$40.15	United States	413	France	\$12.61	Australia	14	Australia	\$43.56
Italy	700	Australia	\$38.65	Spain	406	United States	\$11.35	Spain	9	Chile	\$43.20
United States	695	Italy	\$32.26	France	365	Italy	\$9.26	Germany	6	Spain	\$43.05
Spain	516	Chile	\$31.84	South Africa	336	Australia	\$7.69	United States	4	United States	\$38.92
Argentina	181	South Africa	\$31.63	Argentina	319	Chile	\$6.50	Chile	2	Italy	\$37.56
South Africa	166	United States	\$30.08	Italy	45	South Africa	\$5.57	South Africa	2	Germany	\$37.42
Germany	163	Spain	\$26.66	Germany	34	Argentina	\$5.55	Argentina	1	South Africa	\$27.10
New Zealand	108	Argentina	\$25.82	New Zealand	11	Spain	\$5.27	New Zealand	0	Argentina	\$19.91

In 2009, France was China's biggest supplier of imported bottled wine, with more than double the volume of its nearest competitor, Australia. Although supplying low volumes, New Zealand commands the highest average bottled shipment value. Chile and Australia were the largest suppliers of bulk wine to China, most of which is believed to be blended into and then labelled as Chinese wine. France and Italy dominate sparkling shipments.

Import sector is small; France and Australia hold 60%

- Market shares in 2009: domestic wine 88% (111 million cases); imported wine 12% (15 million cases)
- France is the leading importer followed by Australia. Italy, Chile and Spain have much smaller shares. The top five importers account for over 86% of volumes sold

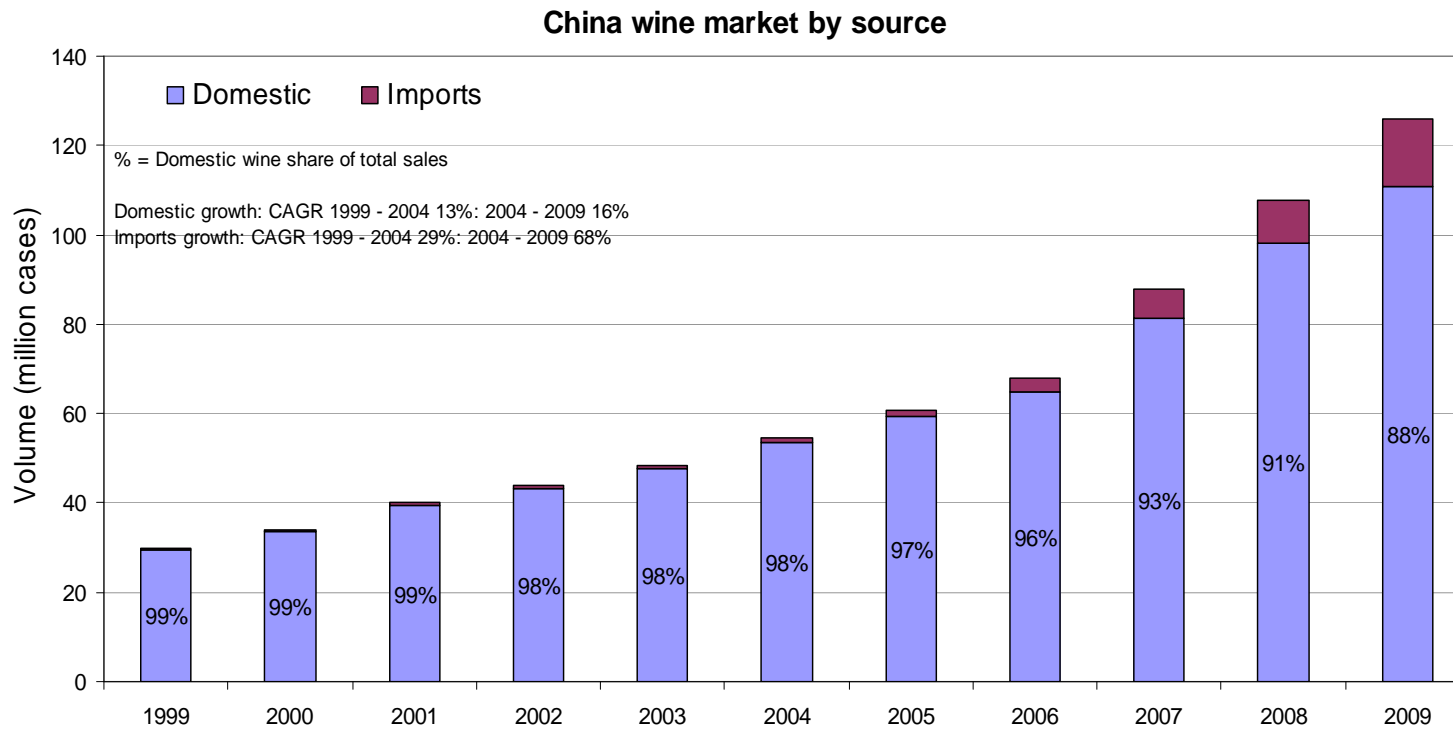
China Wine Market Share of Sales Volume by Country of Origin, 2009



Source: Global Trade Atlas, IWSR

Growth in sales of imports is outpacing domestic wines

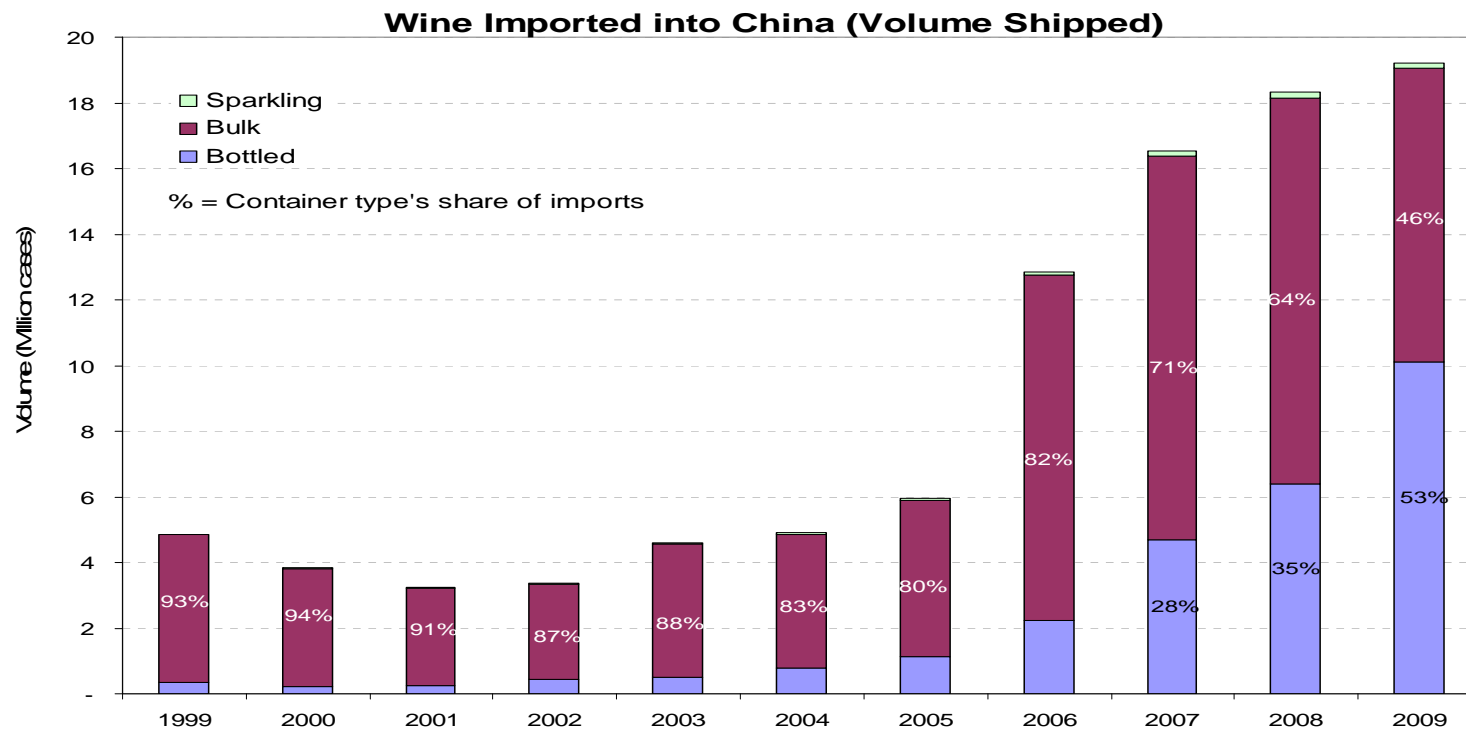
- Sales of bottled imported wine are growing at nearly four times the rate of domestic wine
- Rate of growth in both the domestic and import sectors is on the rise



Source: Global Trade Atlas and Euromonitor International

Bottled shipments exceeded bulk shipments in 2009

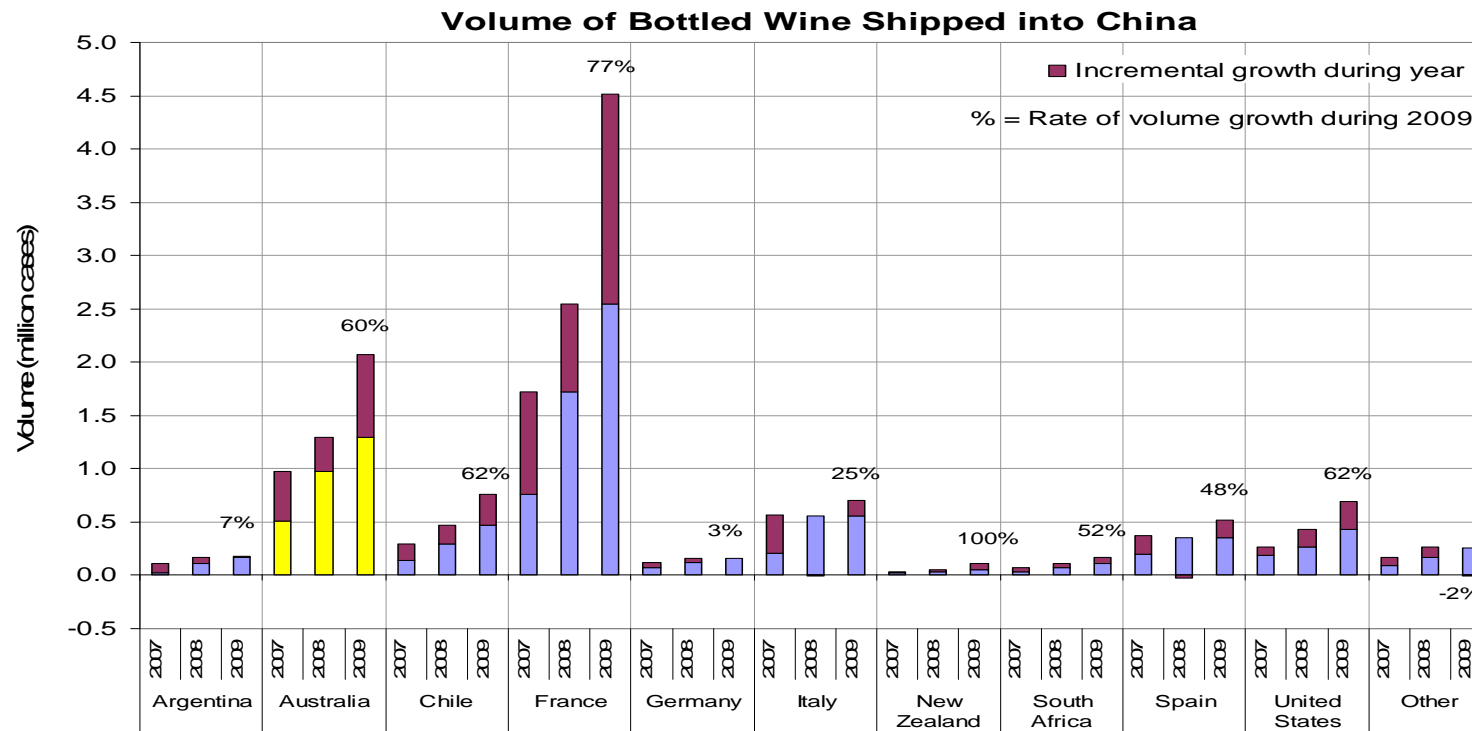
- It is thought that the majority of imported bulk is blended with domestic wine
- Bottled imports exceeded bulk imports for the first time
- Sparkling wine accounts for around 1% of imports



Source: Global Trade Atlas

France and Australia driving growth in imported volume

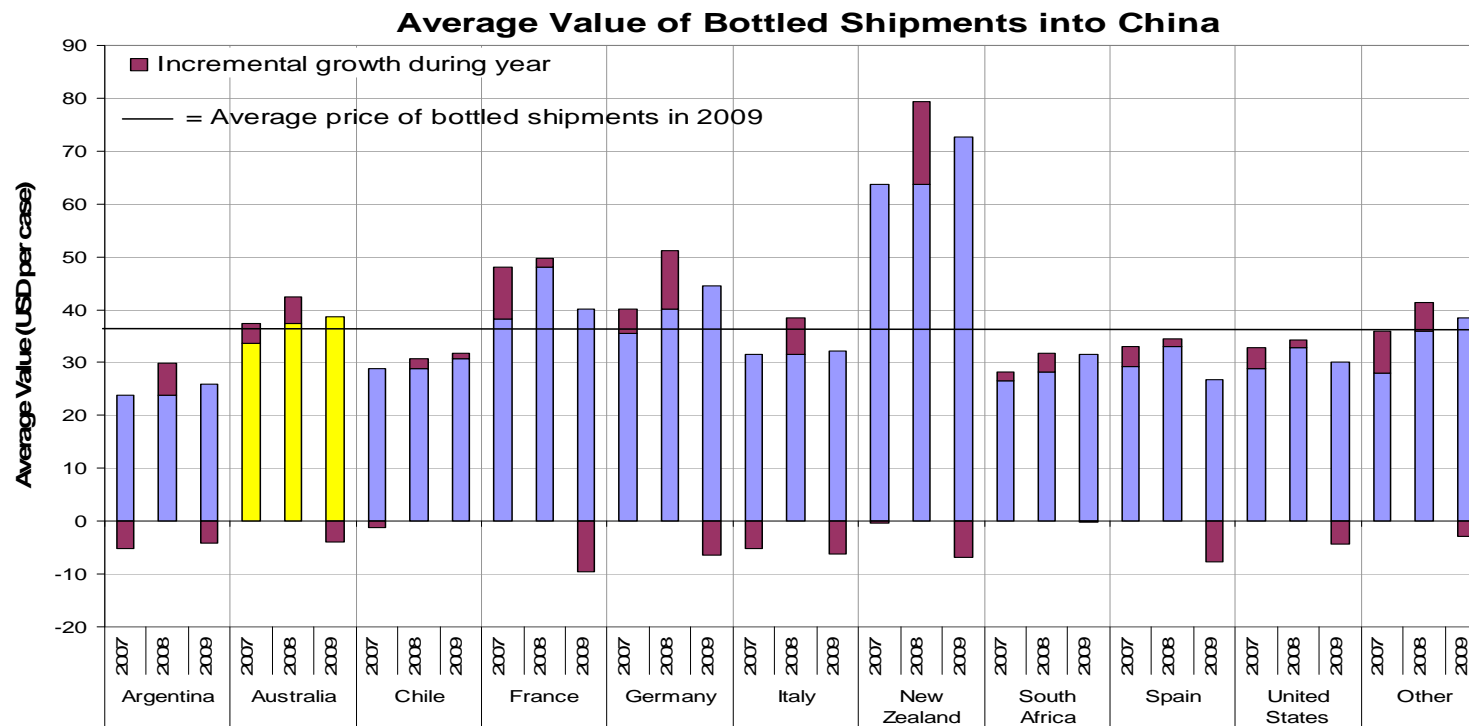
- Shipments of French and Australian wine are growing strongly
- Off smaller bases, shipments from Chile, Italy, Spain and the US are also growing



Source: Global Trade Atlas

Bottled imports volume growth at the expense of price

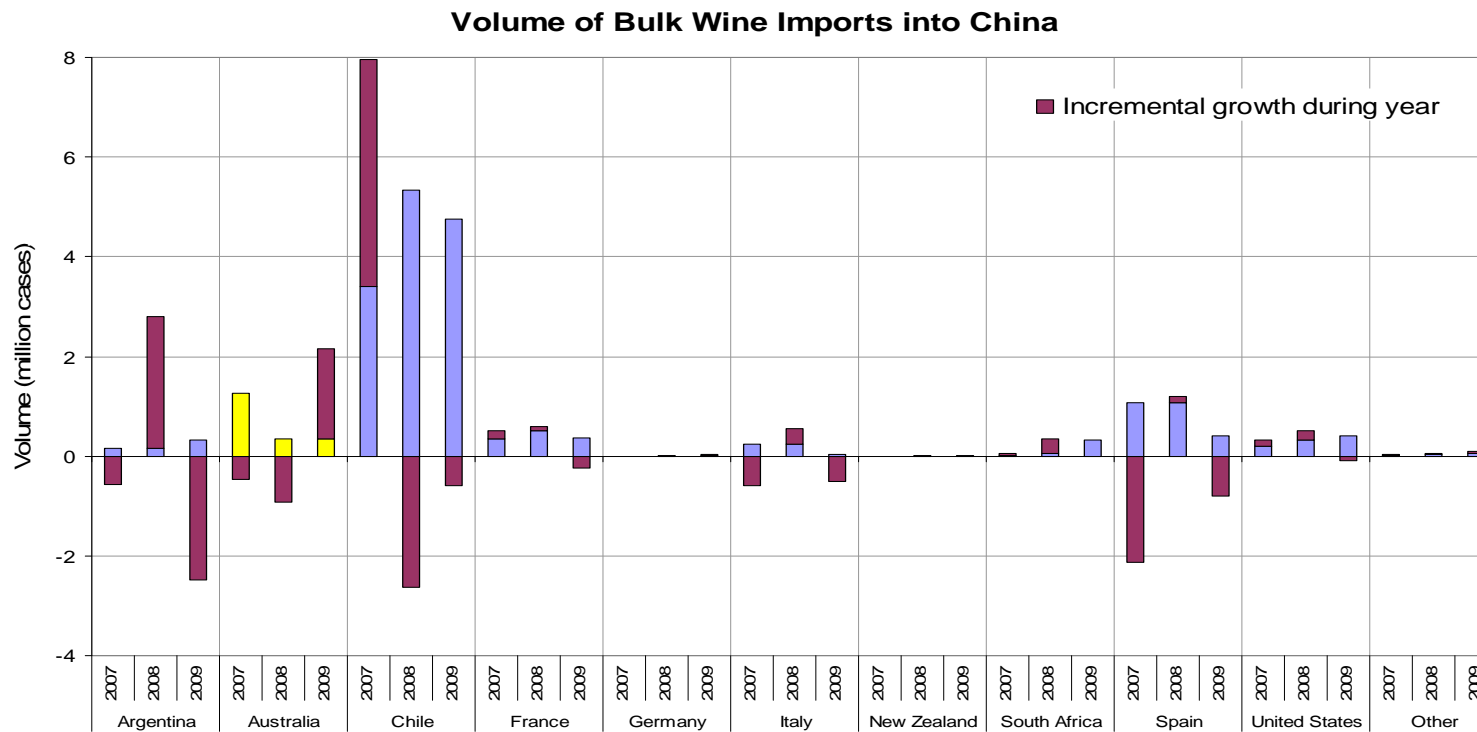
- Bottled shipment volume growth is coming at the expense of price for most importers
- Only New Zealand imports achieved an average shipment value greater than US\$50 per case; Aust. below France and Germany



Source: Global Trade Atlas

Chile has been the main source of imported bulk

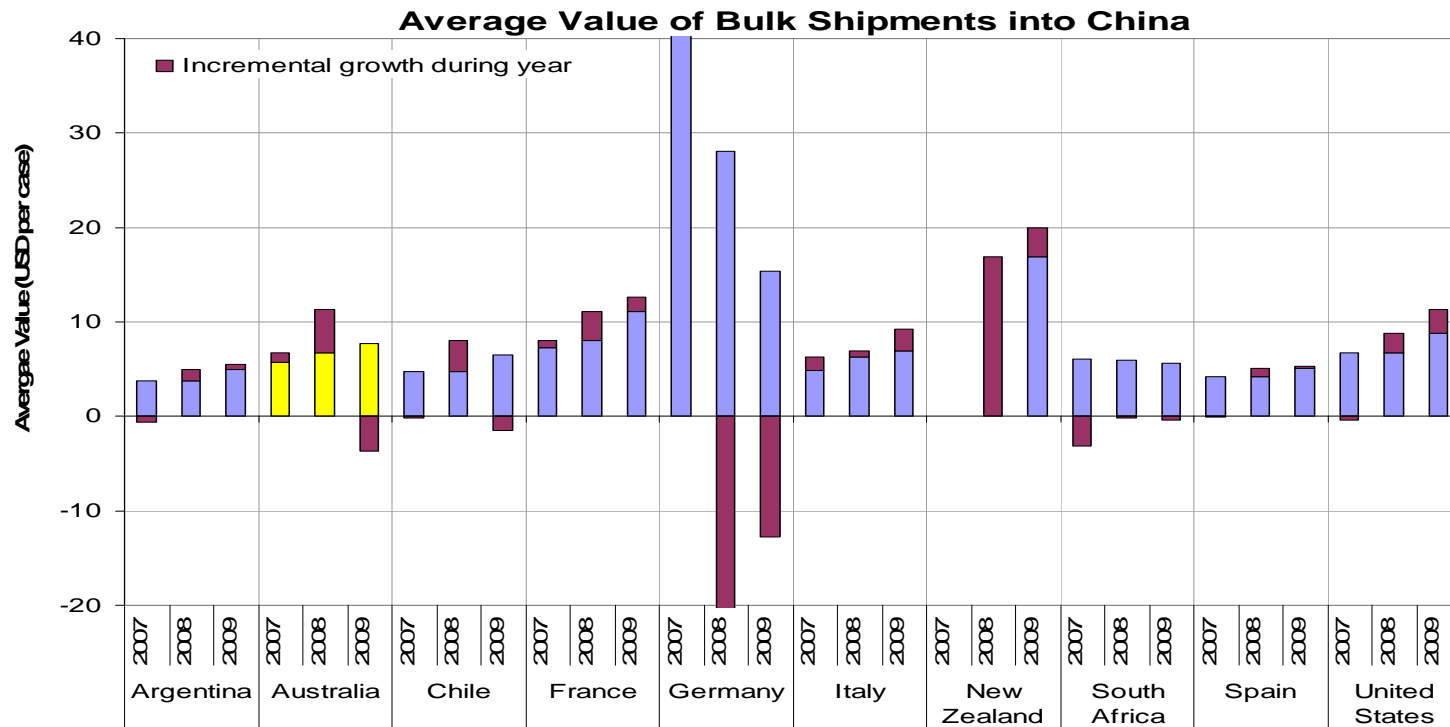
- Chile is the dominant bulk shipper but recorded declines in last two years.
- These declines were mostly offset through increased shipments from Argentina in 2008 and Australia in 2009



Source: Global Trade Atlas

German and NZ bulk prices high on low volumes

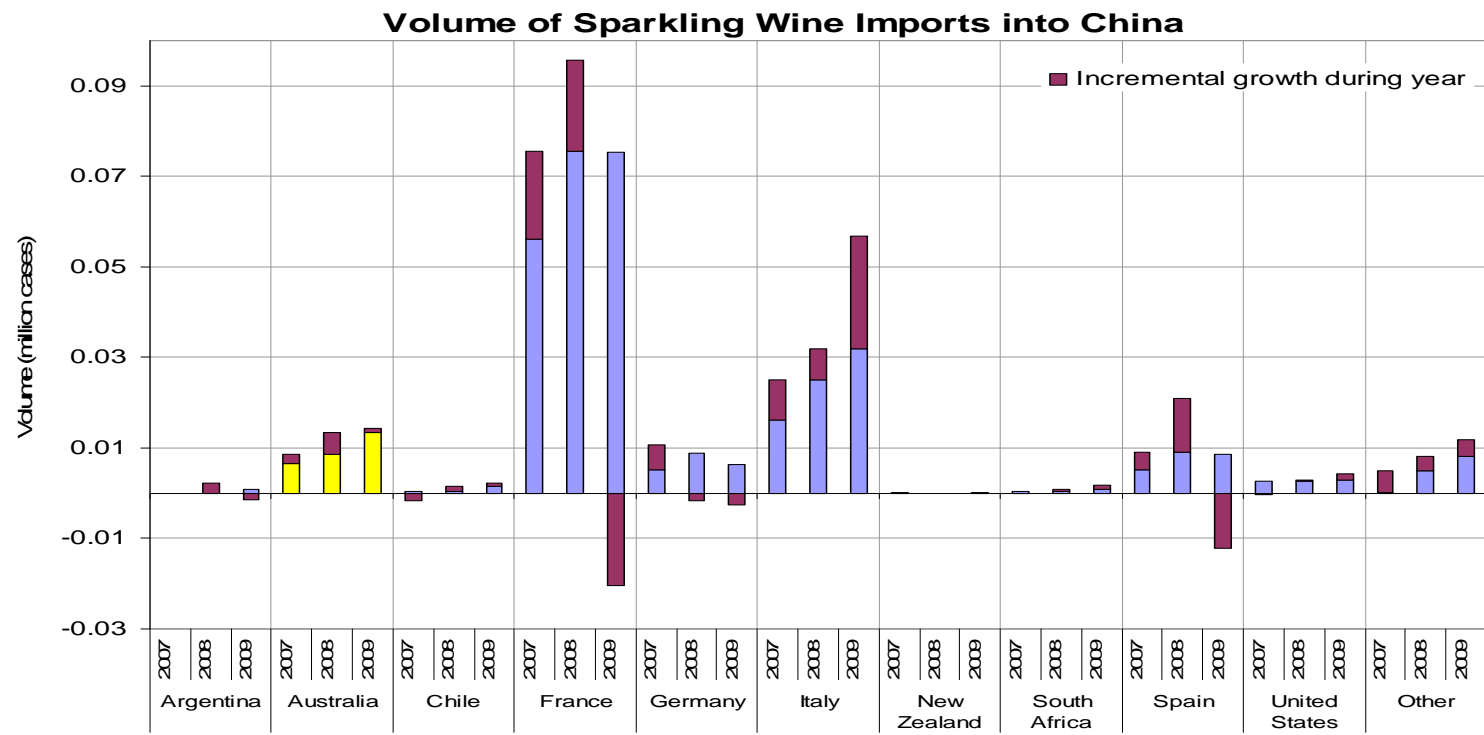
- Most bulk priced at around \$US10 per case or less
- Germany and NZ are the exceptions, but off very low volumes



Source: Global Trade Atlas

France and Italy the major suppliers of sparkling wine

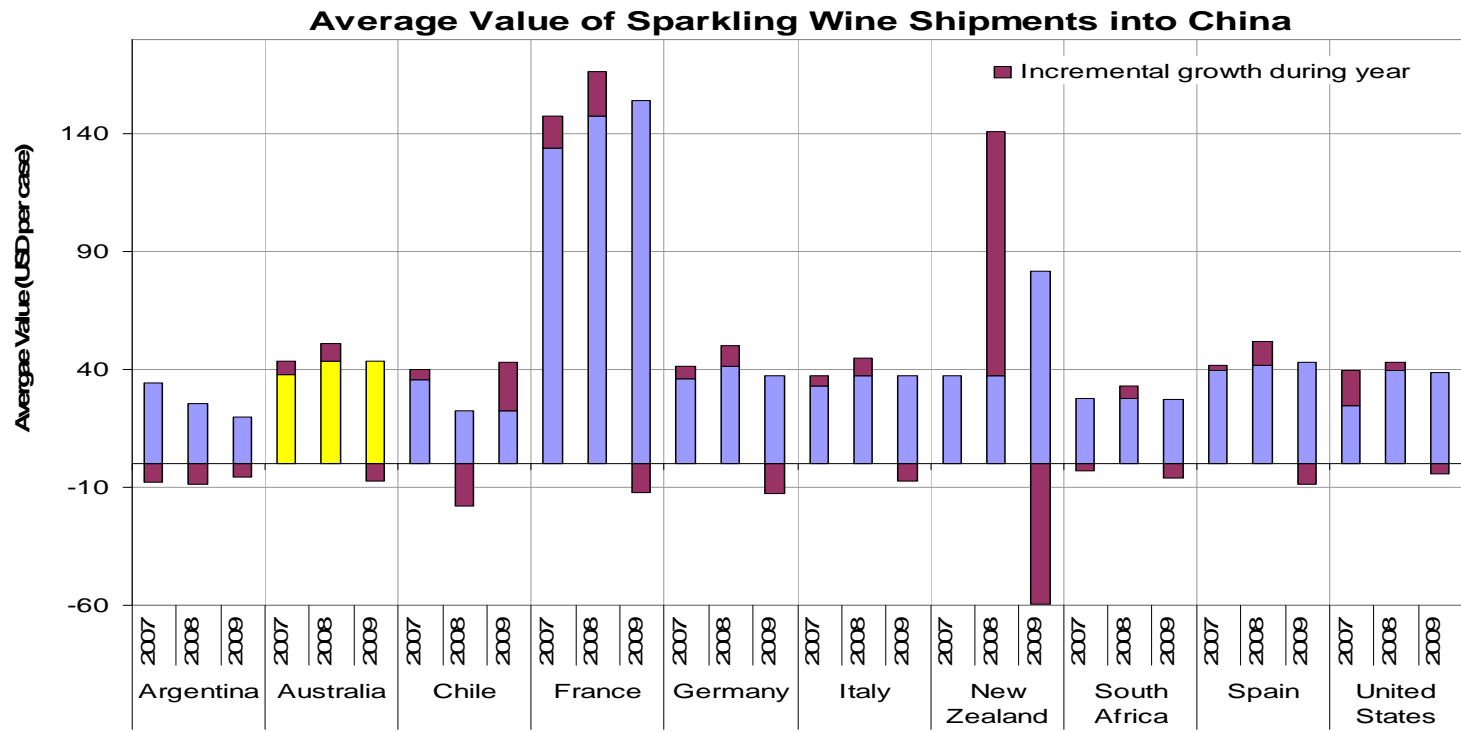
- Sparkling is a very small segment dominated by France
- French shipments declined in 2009; Italian growth strong
- Australia ranked third in sparkling shipments; growing but growth rate eased in 2009



Source: Global Trade Atlas

French sparkling shipments have a high average value

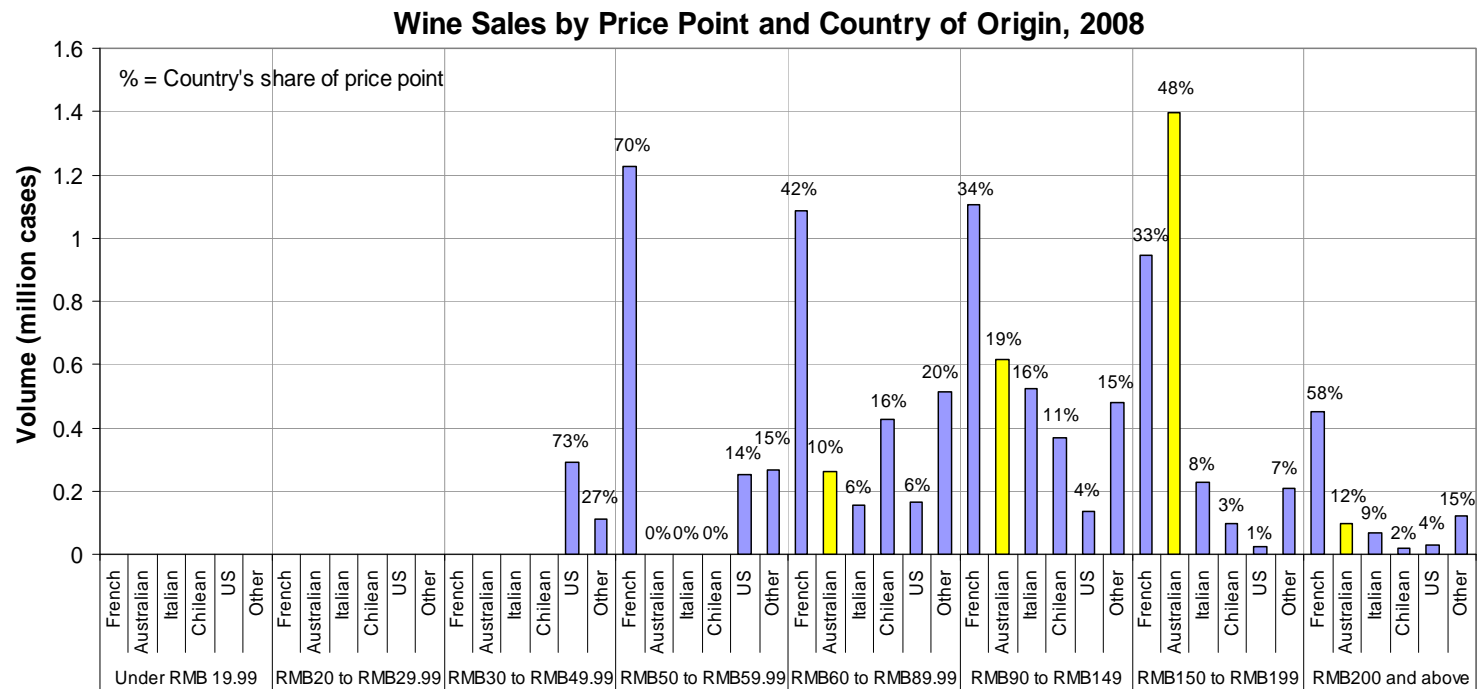
- French sparkling shipments are valued at way above the pack (\$US140 per case); clearly the influence of Champagne
- Other sparkling imports are valued at around \$US40 per case



Source: Global Trade Atlas

French wines skewed to the lower end of import sector

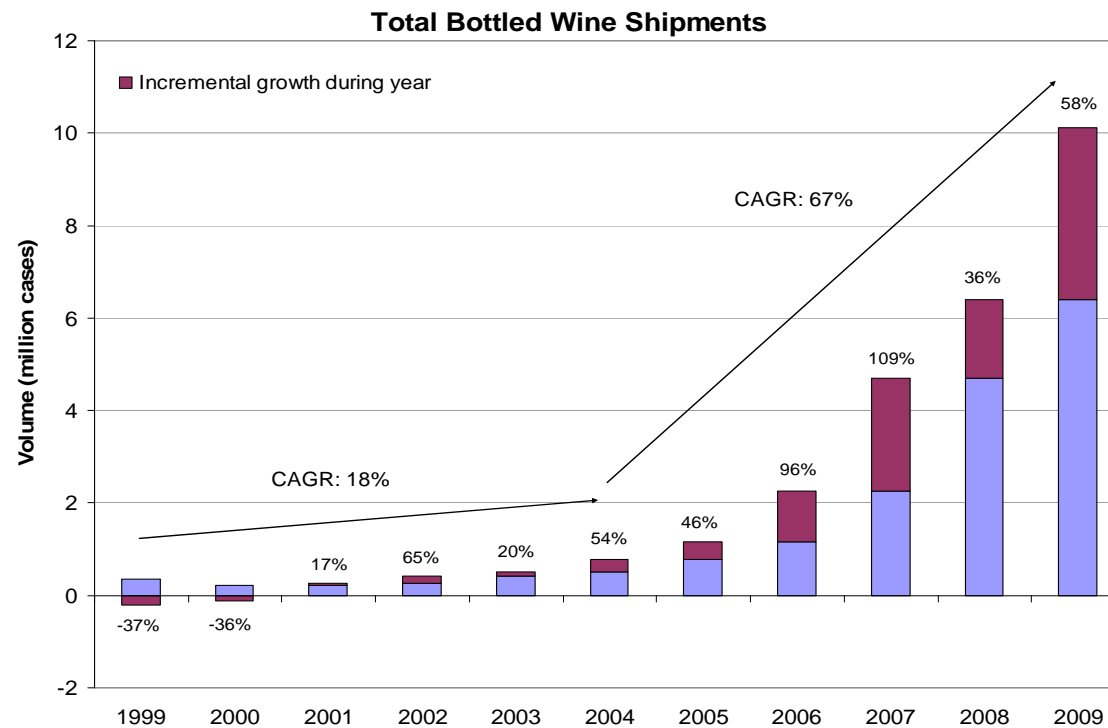
- In 2008, French wines were skewed to the lower end of the imported wine sector
- Australian sales were skewed to the higher end
- Australia accounted for half of sales in the RMB150 to RMB199 segment



Source: IWSR

Nine years of consistently strong growth in bottled imports

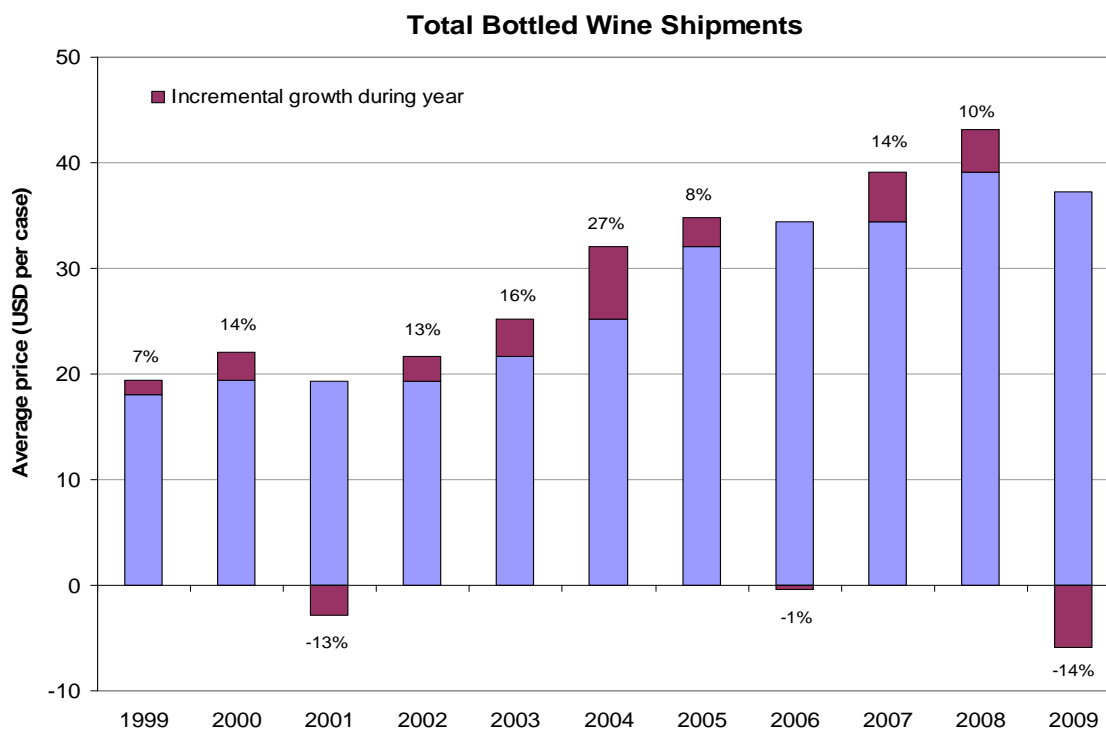
- Total bottled imports up 58% in 2009
- Average growth rate from 2004 to 2009 was more than triple that recorded from 1999 to 2004



Source: Global Trade Atlas

The average value of bottled imports declined in 2009

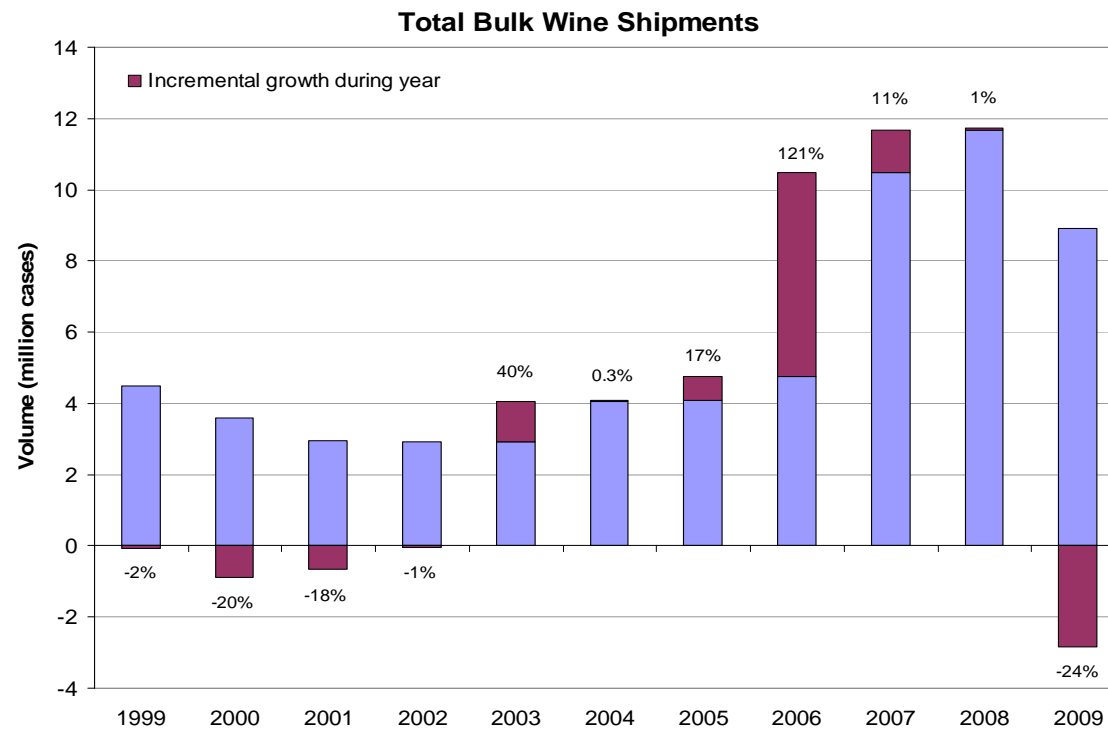
- The average price of bottled wine declined by 14% in 2009
- This was the first significant decline in the average value of bottled imports since 2001



Source: Global Trade Atlas

Bulk volumes into China declined by a quarter in 2009

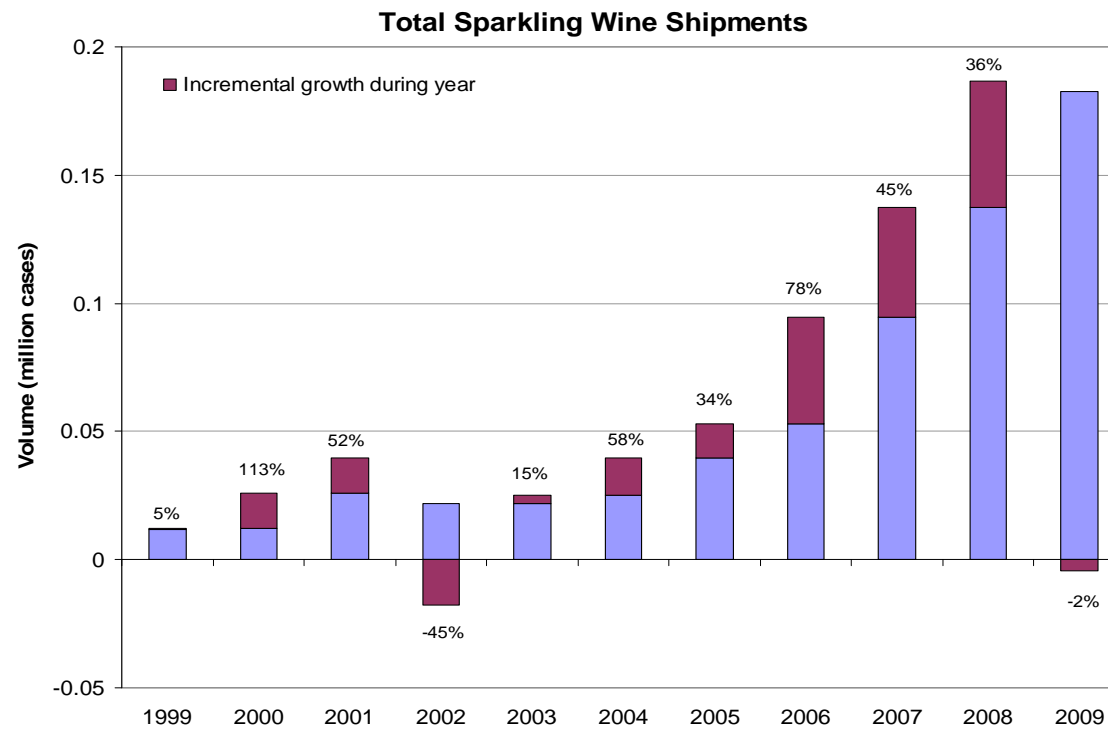
- Bulk shipments declined by a quarter in 2009
- It was the first decline in bulk wine shipments in six years



Source: Global Trade Atlas

Sparkling shipments declined slightly in 2009

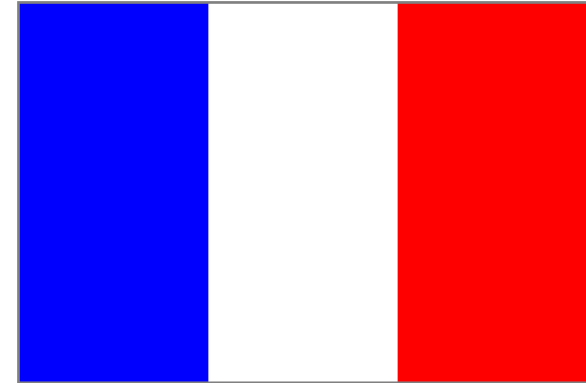
- Total imports of sparkling wine declined by 2% in 2009
- The decline was the first after six years of strong growth



Source: Global Trade Atlas

France

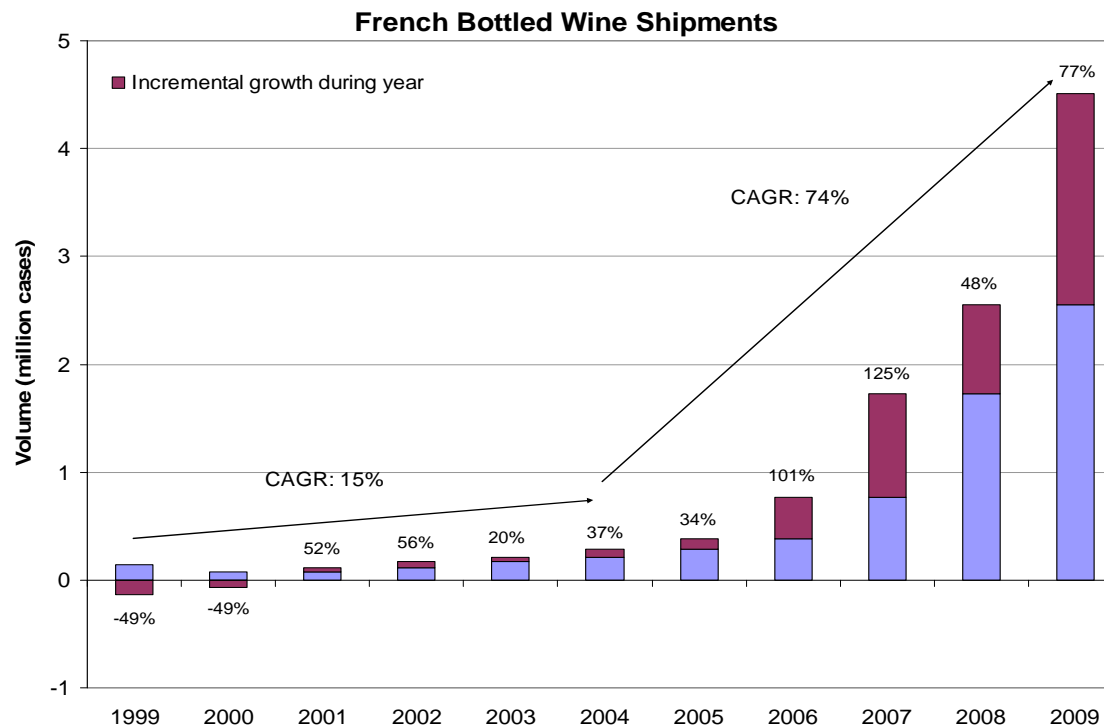
FRANCE SUMMARY		
Import Retail Position (volume): 1 st		
Exchange rate ('09): 1 EUR = 9.52 RMB, 1 EUR = 1.39 USD		
Avg. price per case (fob):	2009	US\$40
	2008	US\$50
Bottled import market:	Share	Change (pp)
Volume	44.6%	4.7 %age Points
Value	48.0%	2.1 %age Points



France has consistently accounted for more than a third of bottled imports to China over the last decade. The French volume share of bottled imports peaked at 45% in 2009. However, volume growth came with price sacrifice as the average value of French bottled shipments declined by 19% to US\$40 per case.

French bottled shipments growth stronger than Australia

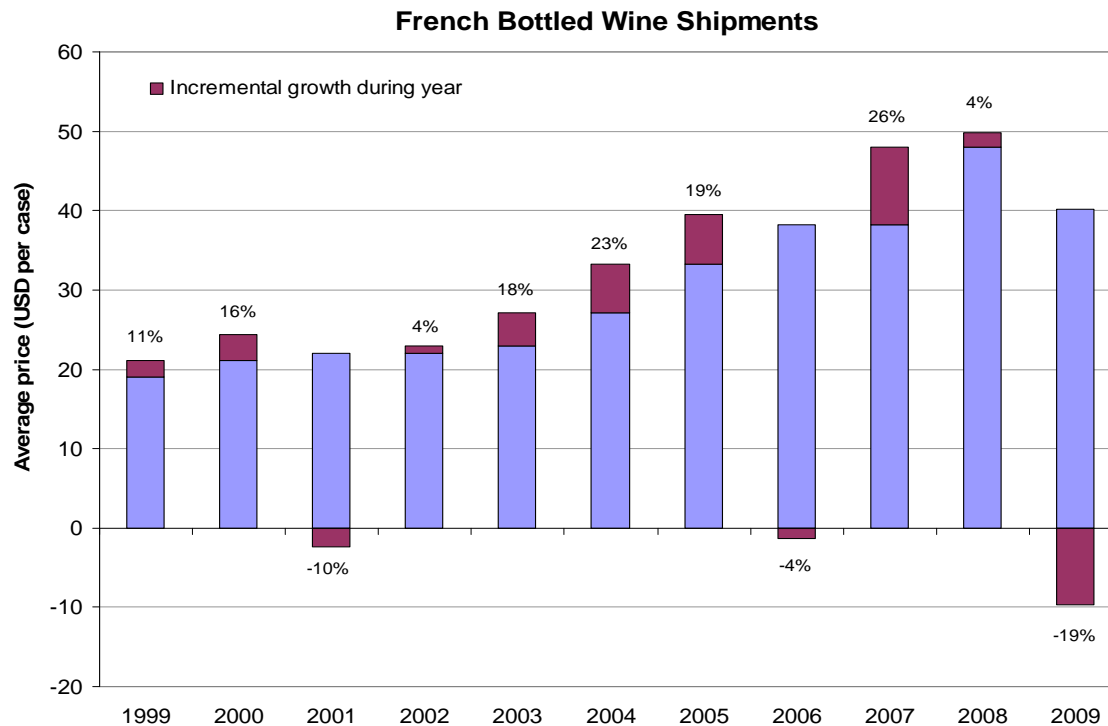
- French bottled wine imports increased by 77% in 2009
- This was the ninth consecutive year of growth in French bottled shipments
- French bottled growth outpaced Australia (up 60%) in 2009



Source: Global Trade Atlas

Average value of French bottled shipments declined

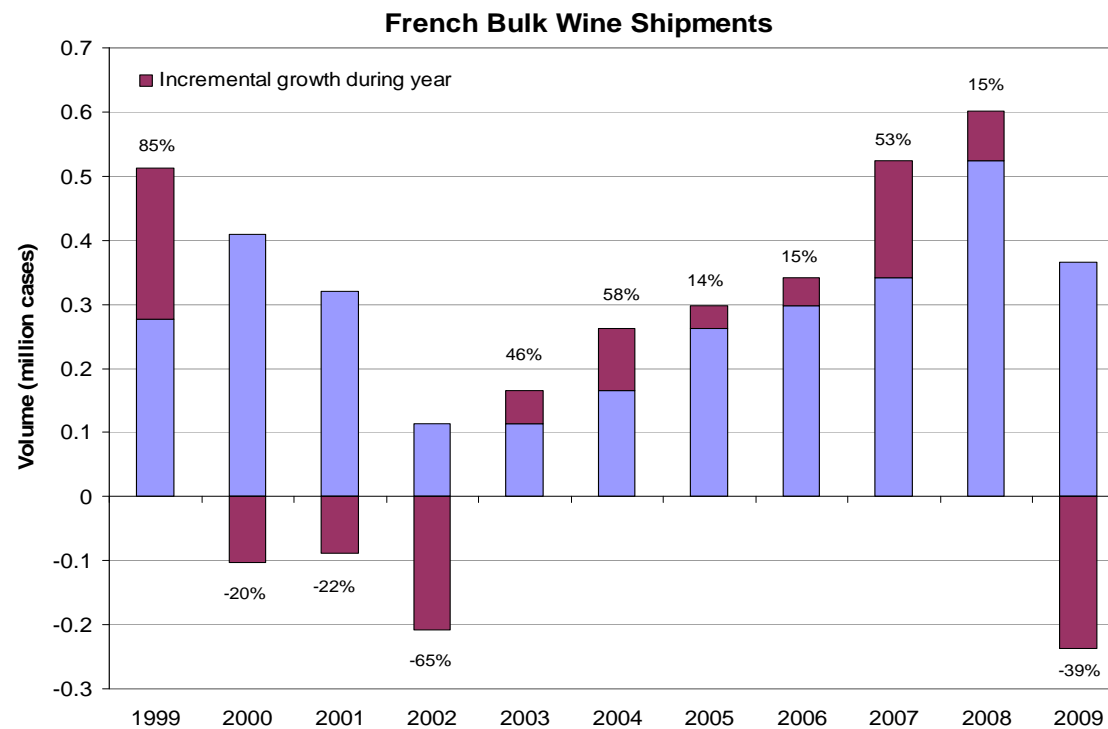
- Despite dropping by 19%, the average price of French bottled shipments at \$US40 per case in 2009 was their third highest on record
- The decline in the average value of French bottled shipments was greater than the decline for Australia (down 9%) but its average value was still just above Australia's



Source: Global Trade Atlas

French bulk shipments dropped sharply in 2009

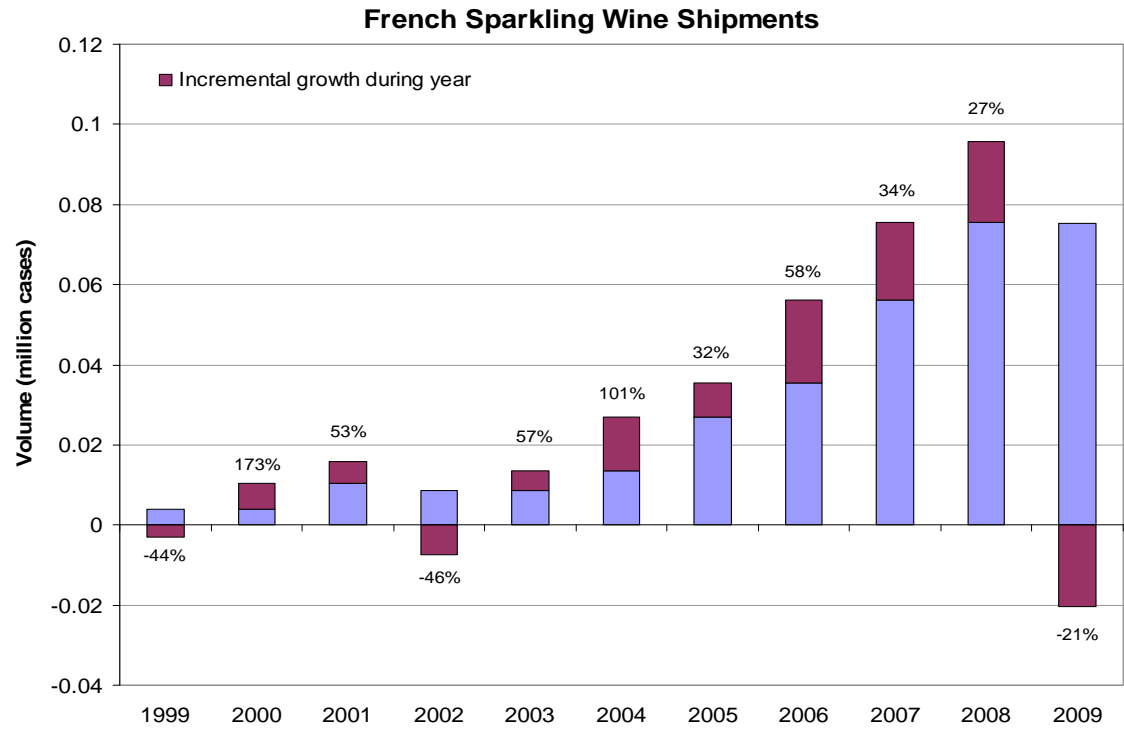
- French bulk wine shipments declined by 39% in 2009
- It was the first decline after six consecutive years of growth



Source: Global Trade Atlas

French sparkling shipments dropped substantially

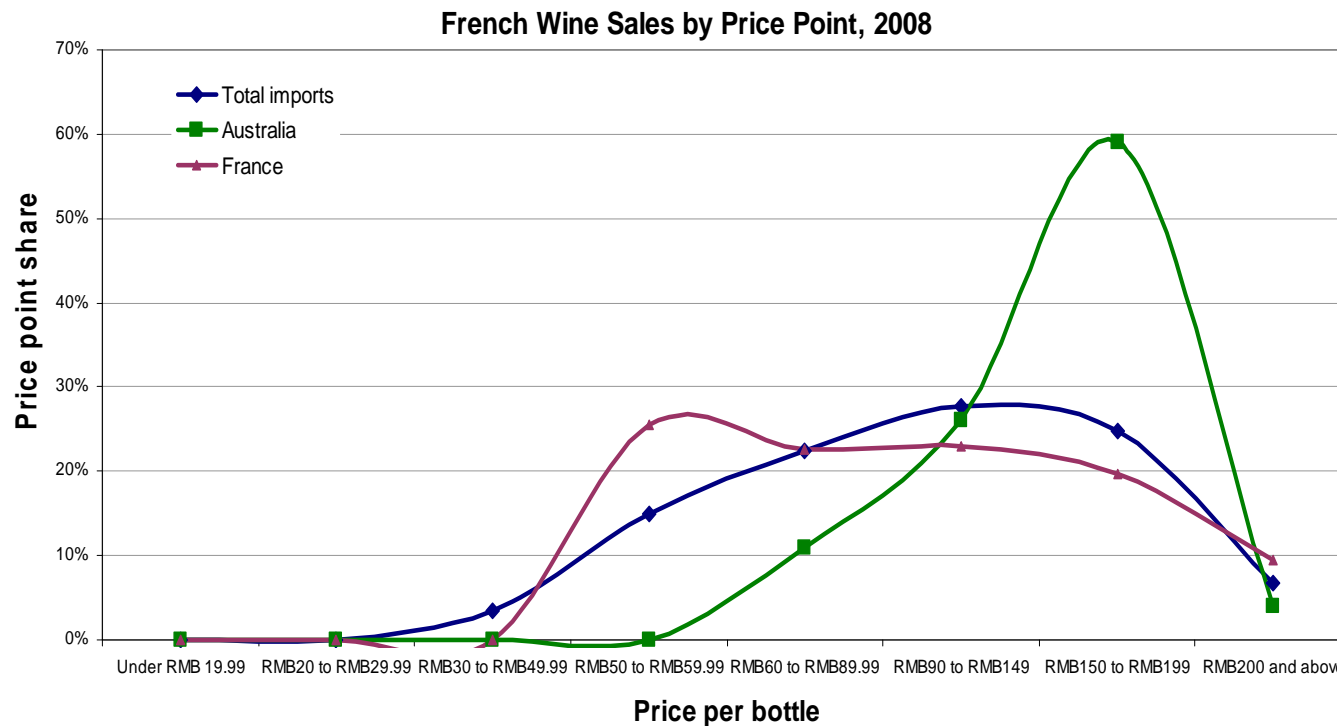
- After six years of strong growth, French sparkling wine shipments declined by 21% in 2009
- The decline in French sparkling was in contrast to the growth in Australian sparkling



Source: Global Trade Atlas

France has a lower price point profile than Australia

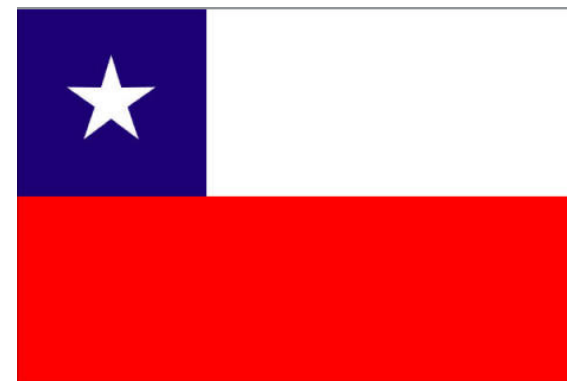
- In 2008, French wines had a far greater representation at the lower end of the imported wine sector than Australia
- Conversely, Australian sales were skewed to the top end



Source: IWSR

Chile

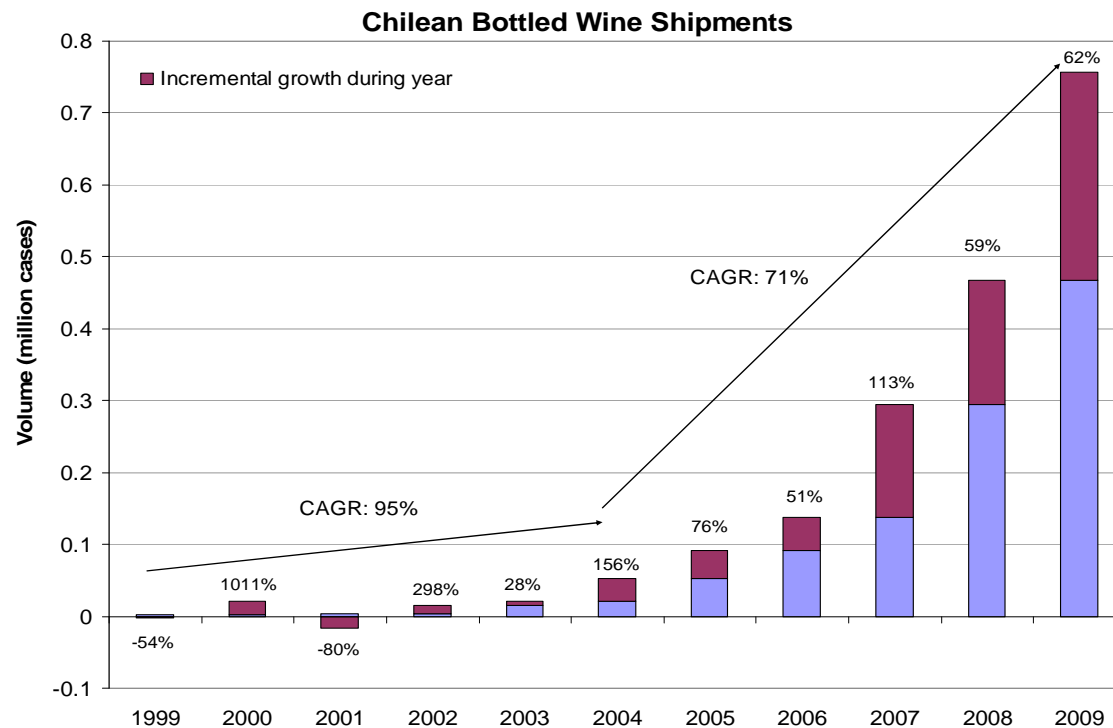
CHILE SUMMARY		
Import Retail Position (volume): 4th		
Exchange rate ('09): 1 Peso = .01 RMB, 1 Peso = .002 USD		
Avg. price per case (fob):	2009	US\$32
	2008	US\$31
Bottled import market:	Share	Change (pp)
Volume	7.5%	0.2 %age Points
Value	6.4%	1.2 %age Points



Chile is predominantly a supplier of bulk wine to the Chinese market with bulk wine accounting for 86% of the country's shipments to China. However, bottled wine shipments have grown strongly and above the imported market rate over the past decade. Average bottled shipment prices have also been trending up but still remain substantially below Australian and total import levels. Reflecting this, Chilean wines retail in the lower price segments of the imported market.

Growth in Chilean bottled shipments off a small base

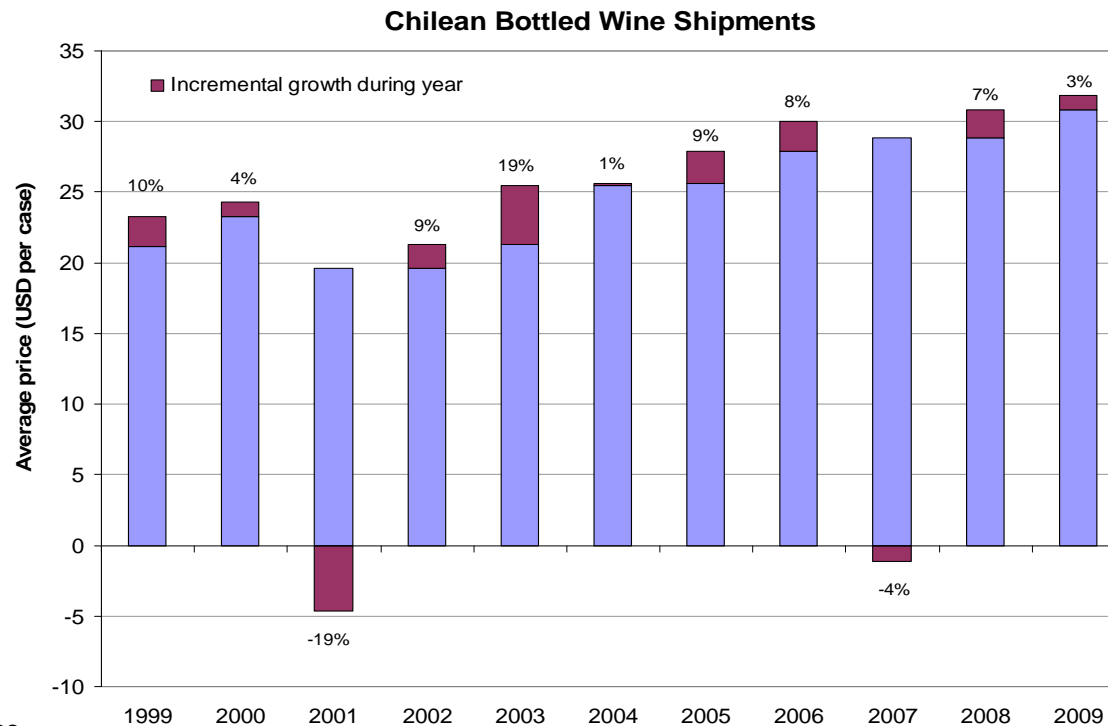
- In 2009, bottled Chilean wine imports increased by 62% to 750,000 cases
- The bottled shipment growth rate for Chile in 2009 was slightly above Australia (up 60%), but off a much smaller base



Source: Global Trade Atlas

Average value of Chilean bottled imports trending up

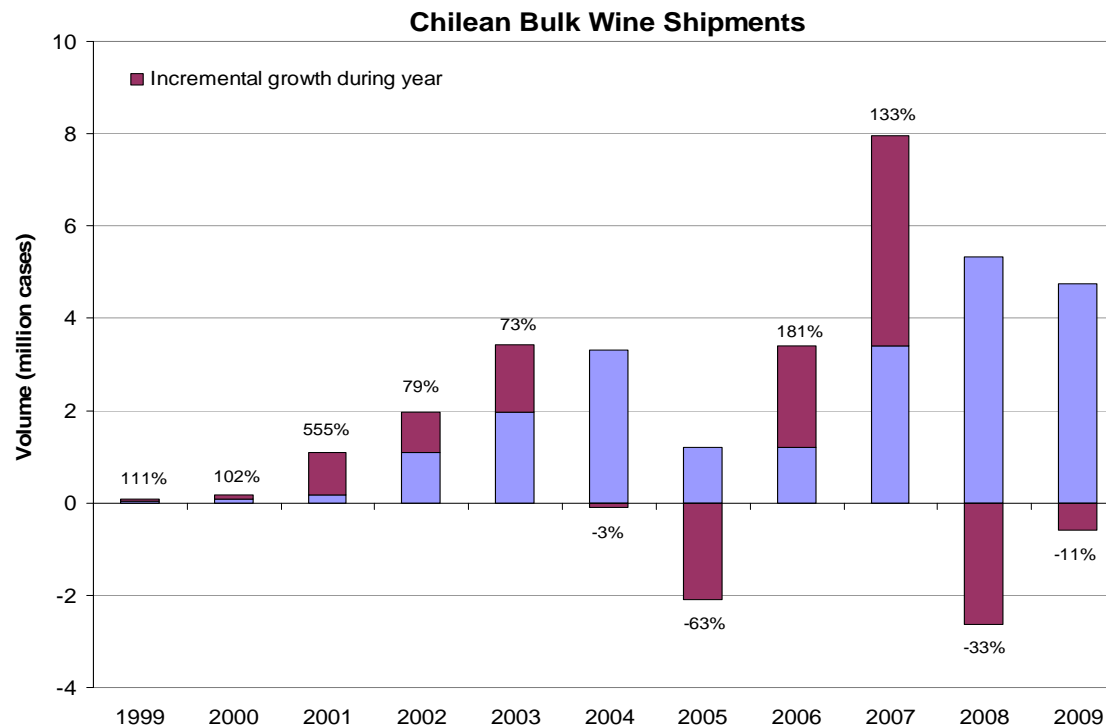
- With the exception of 2007, the average value of Chilean bottled shipments to China has steadily increased since 2002
- In 2009, the average price increased by 3% to a record high average value of \$US31 per case – this is still below the average for Australia of \$US39 per case



Source: Global Trade Atlas

Chilean bulk imports down from record levels in '07

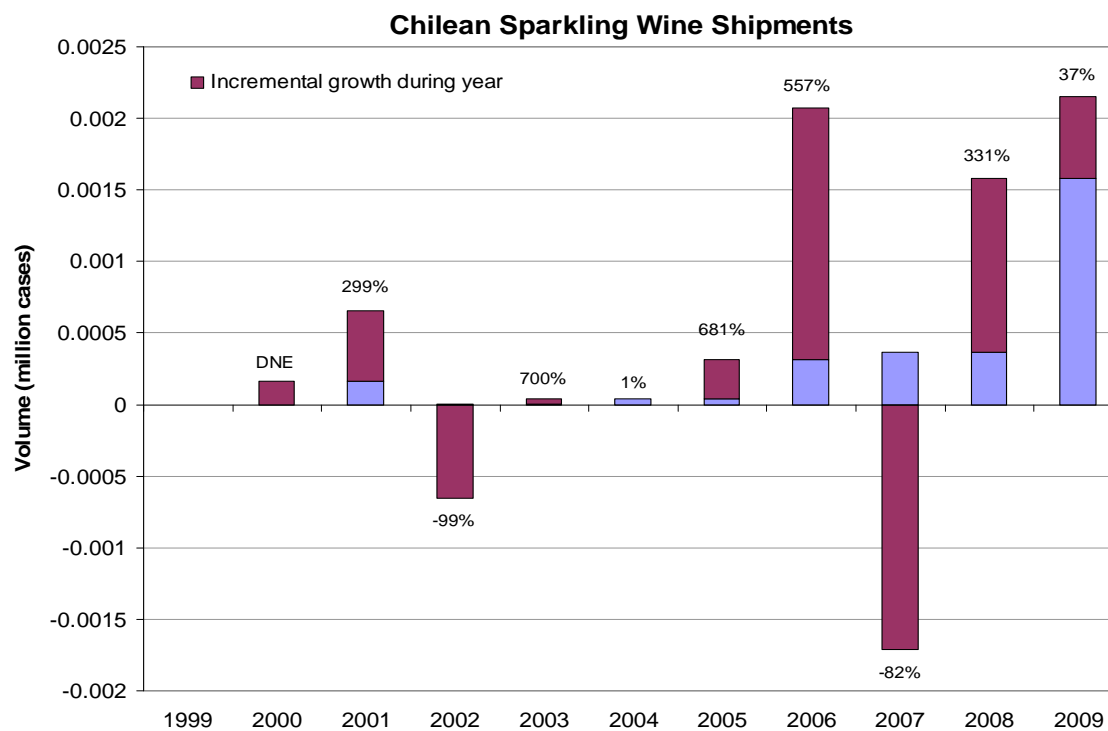
- Chilean bulk wine shipments declined by 11% in 2009
- Bulk shipments from Chile have declined since peaking in 2007
- Despite the decline, bulk wine shipments from Chile were than double of those from Australia in 2009 and represent over half the bulk market



Source: Global Trade Atlas

Chilean sparkling imports growing off a marginal base

- Chilean sparkling wine imports grew by 37% to just over 2,000 cases in 2009



Source: Global Trade Atlas

Chilean wines sales at lower end of imported market

- In 2008, Chilean sales were predominantly between RMB60 to RMB149 per bottle
- Chile is under-represented above RMB150 per bottle, a segment where Australia is strong



Source: IWSR

Italy

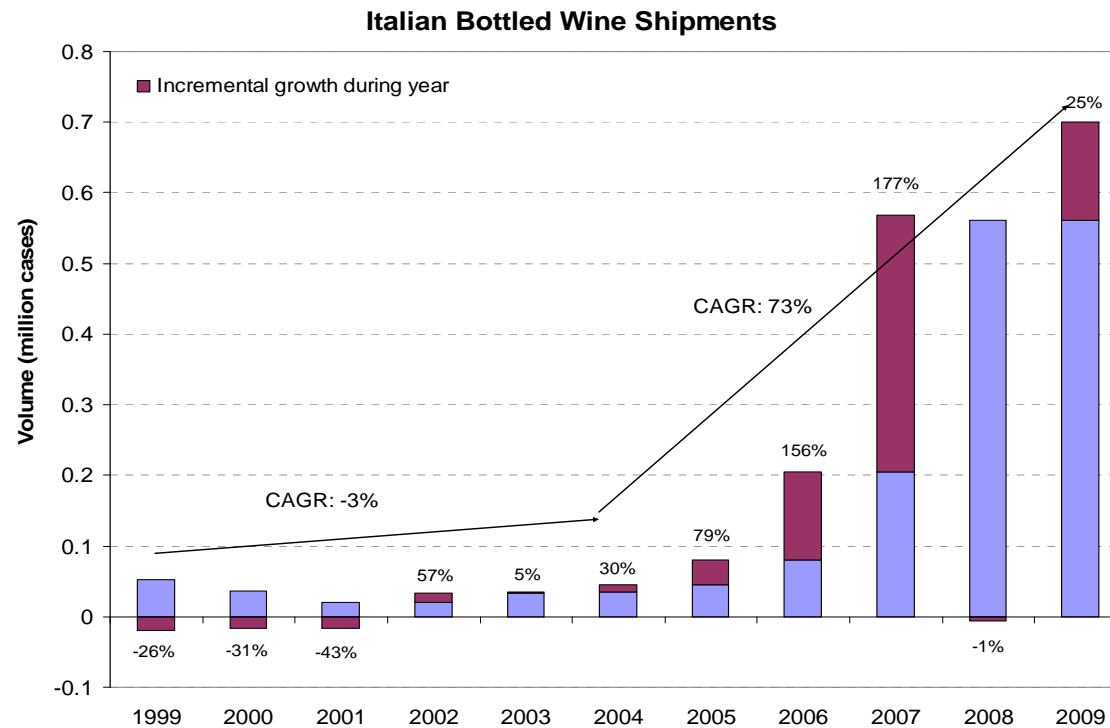
ITALY SUMMARY		
Import Retail Position (volume): 3rd		
Exchange rate ('09):	1 EUR = 9.52 RMB,	1 EUR = 1.39 USD
Avg. price per case (fob):	2009	US\$32
	2008	US\$38
Bottled import market:	Share	Change (pp)
Volume	6.9%	-1.9 %age Points
Value	6.0%	-1.8 %age Points



After lagging in the first half of the decade, Italian bottled shipments have grown strongly in the second half, particularly in 2007. Like most importers, Italy experienced a drop in the average value of bottled shipments in 2009. Reflecting the transient nature of bulk shipments to China, Chilean bulk shipments dropped significantly in 2009 after strong growth in 2008.

Italian bottled shipment growth rate behind Australia in 2009

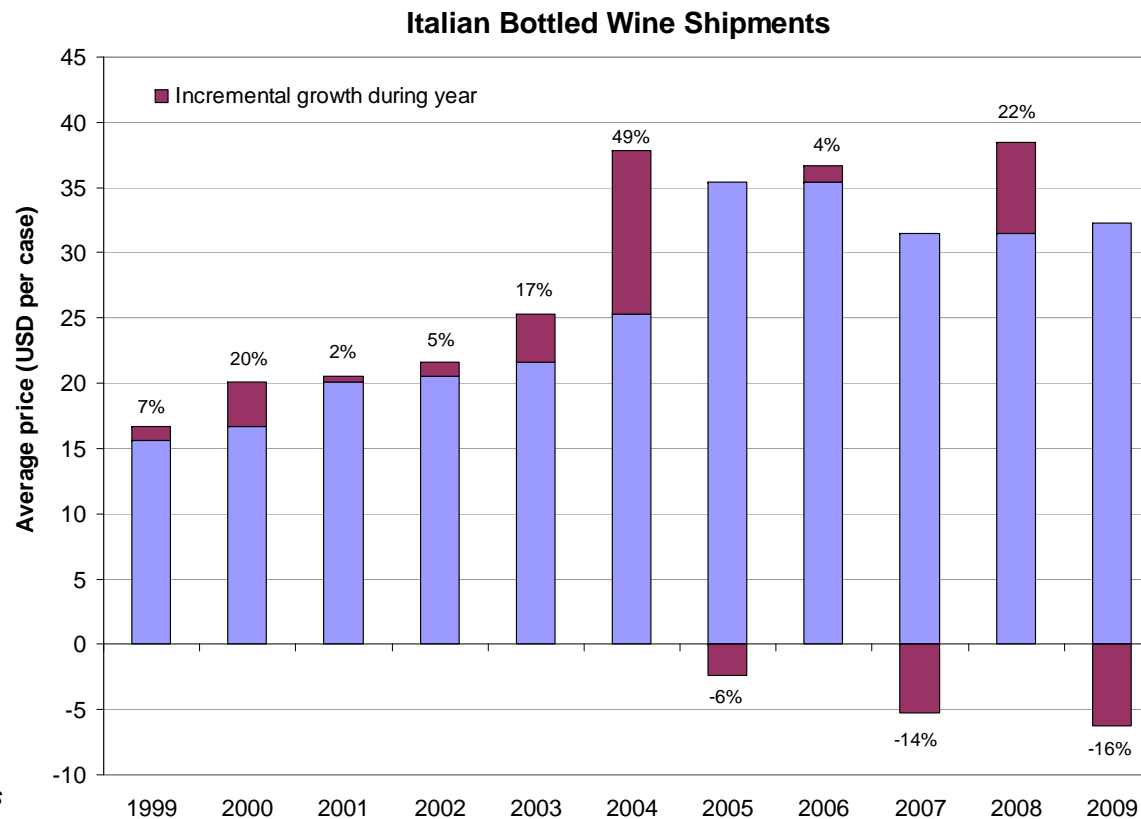
- After declining in 2008, Italian bottled shipments grew by a quarter in 2009; growth rate behind Australia (up 60%)
- There was very little growth in Italian bottled shipments in the first half of the decade, with a particularly strong performance in 2007



Source: Global Trade Atlas

Average value of Italian bottled shipments below Aust.

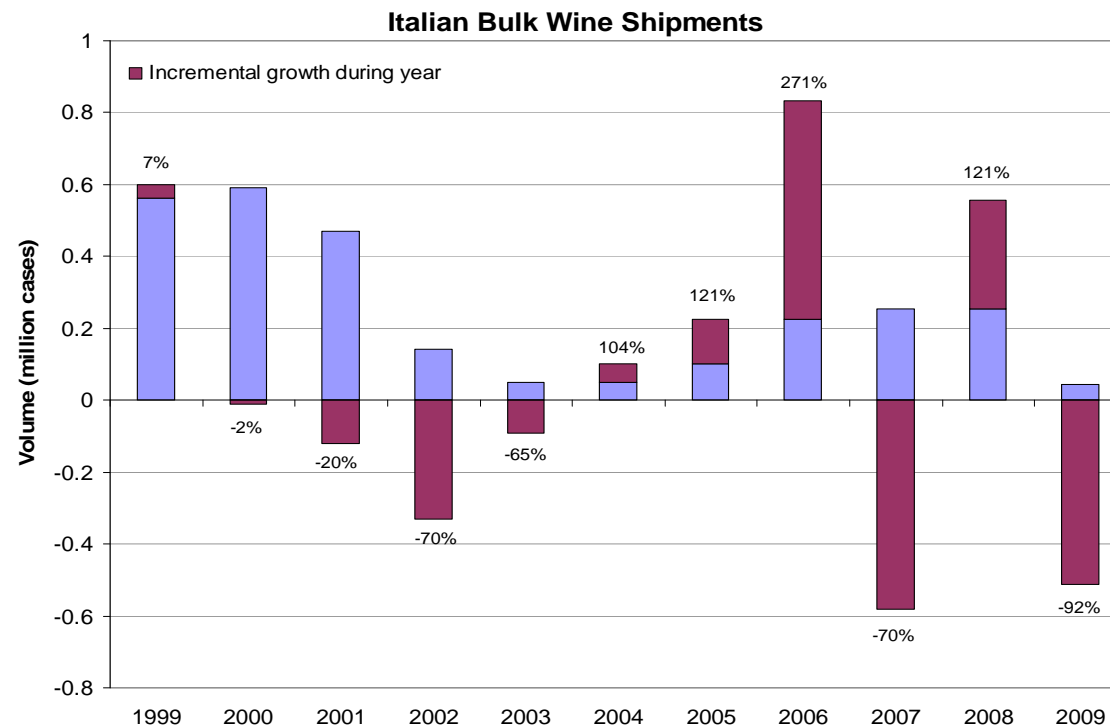
- The average value of Italian bottled wine declined by 16% in 2009
- This decline was greater than that for Australia (down 9%)
- At \$US32 per case, the average value of Italian bottled shipments was below Australia (\$US39 per case)



Source: Global Trade Atlas

Italian bulk shipments down sharply in 2009

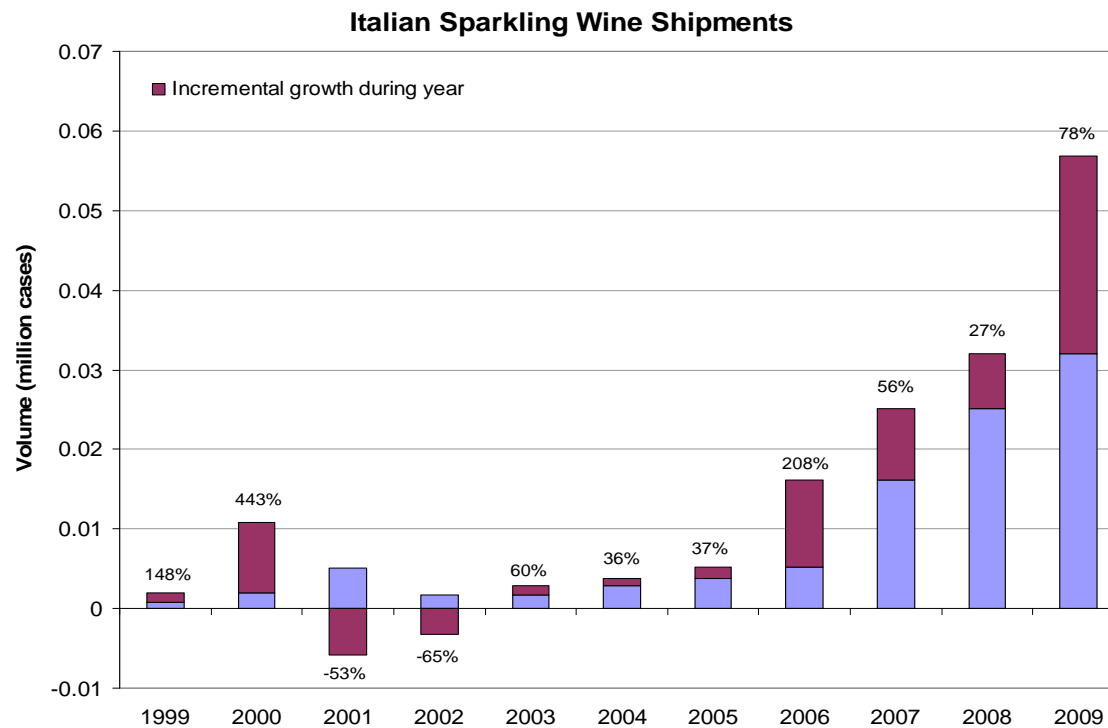
- Italian bulk wine shipments plummeted by 92% to the equivalent of just 45,000 cases in 2009
- 2009 marked the lowest level of Italian bulk wine imports over the decade



Source: Global Trade Atlas

Italian sparkling shipments gaining on France

- Italian sparkling imports grew by 78% to 57,000 cases in 2009
- Sparkling imports have been growing rapidly since 2003
- Italy's share of sparkling imports grew from 17% in 2008 to 31% in 2009; the French share dropped from 51% to 41%



Source: Global Trade Atlas

Italian sales centred at RMB90 to 149 per bottle

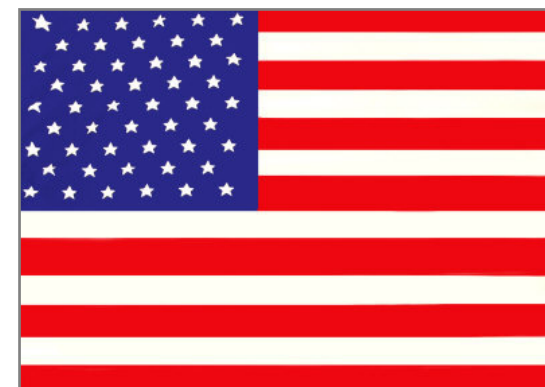
- In 2008, over half of Italian sales were in the RMB90 to 149 segment
- Italy had a higher price point profile than France but lower than Australia



Source: IWSR

United States of America

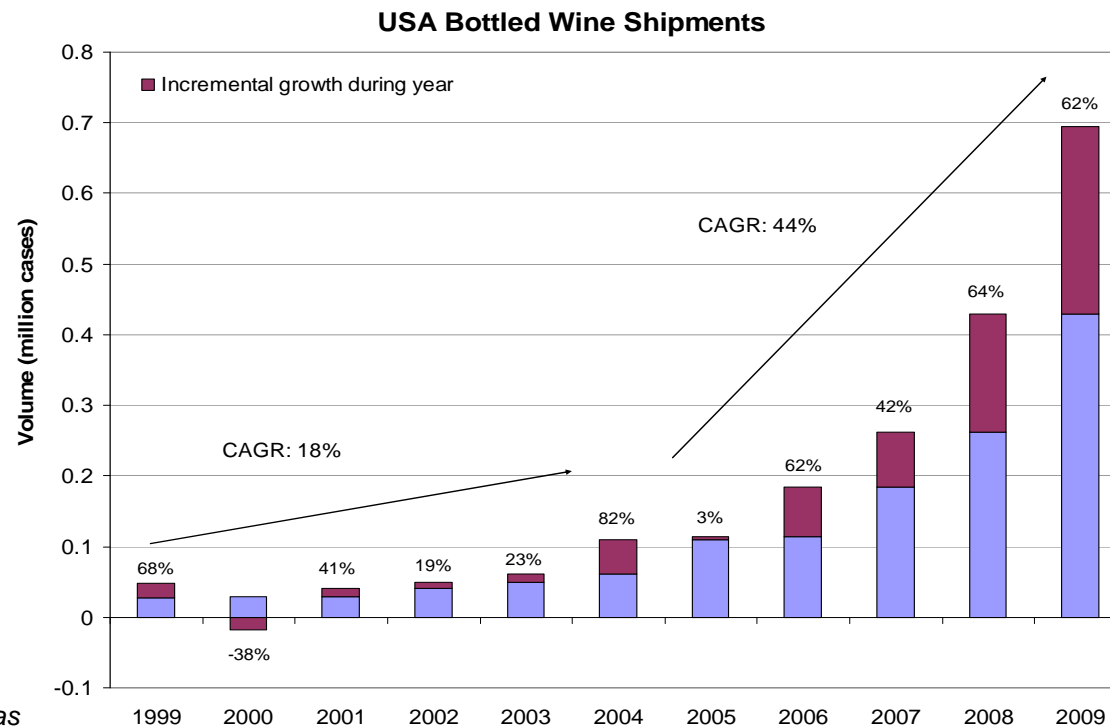
USA SUMMARY			
Import Retail Position (volume):	5th		
Exchange rate ('09):	1 USD = 6.83 RMB		
Avg. price per case (fob):	2009	US\$30	
	2008	US\$34	
Bottled import market:	Share	Change (pp)	
	Volume	6.9%	0.2 %age Points
	Value	5.5%	0.2 %age Points



US bottled shipment volumes have grown solidly, particularly over the last four years. However, the average value these bottled shipments has consistently been around 15-20% lower than the average of all bottled shipments into China over this period. This is reflected in the retail market where US wines account for approximately three quarters of the imported wine sold in the RMB30 to 49.99 segment, a segment where Australia has no presence.

US bottled shipments growing but at below market growth rates

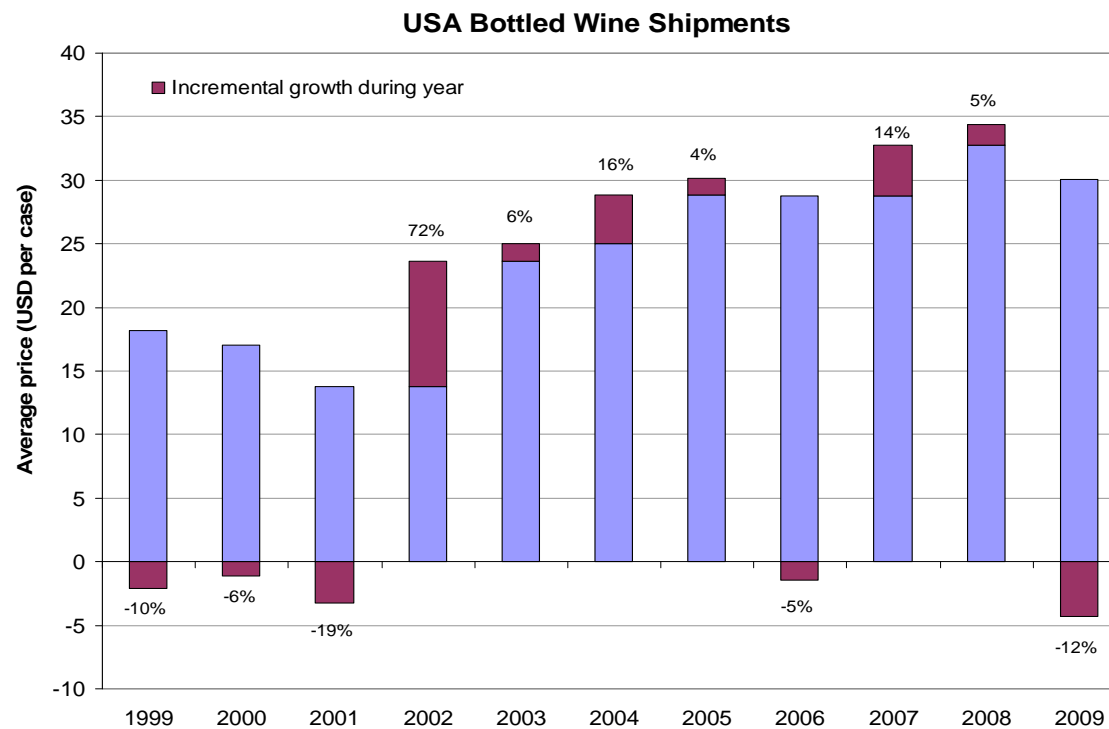
- Bottled imports from the US increased by 62% in 2009, just above Australia's growth rate (up 60%)
- This represents the ninth consecutive year of growth for the US
- However, despite this growth, the US share of bottled shipments declined from 16% in 2001 to 7% in 2009



Source: Global Trade Atlas

US bottled average value significantly lower than Aust.

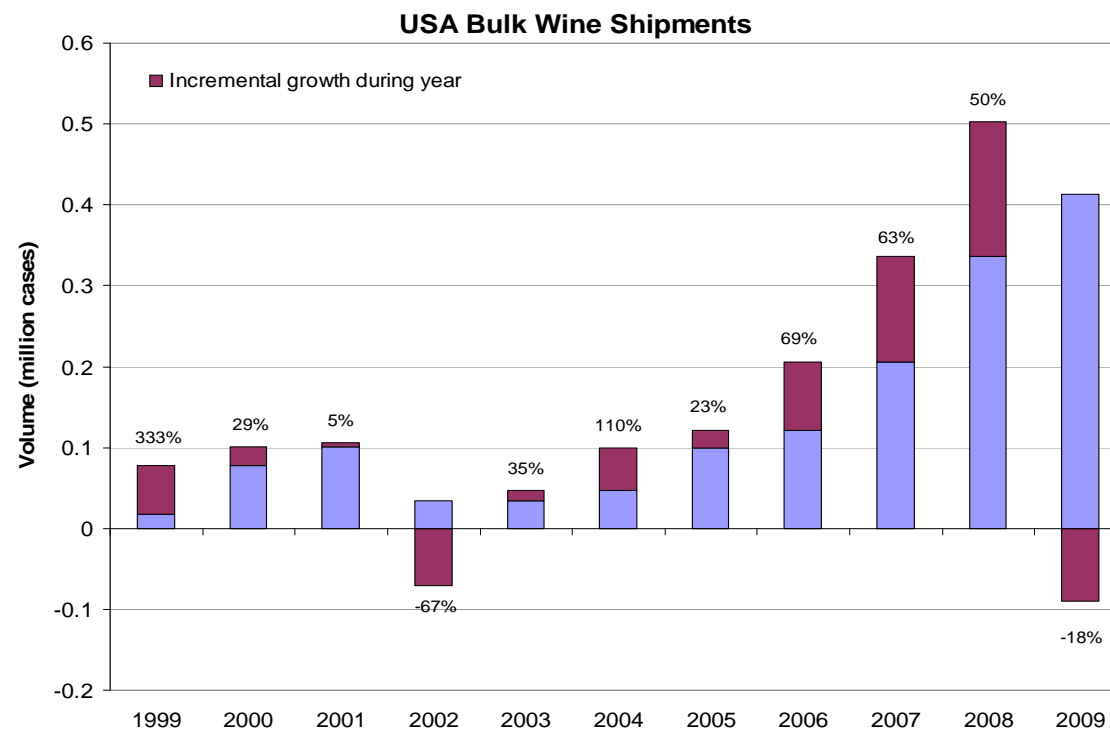
- The average value of USA bottled imports declined by 12% to US\$30 per case in 2009
- This is well below the Australian average of \$US39 per case



Source: Global Trade Atlas

US bulk imports declined around the same rate as all bulk

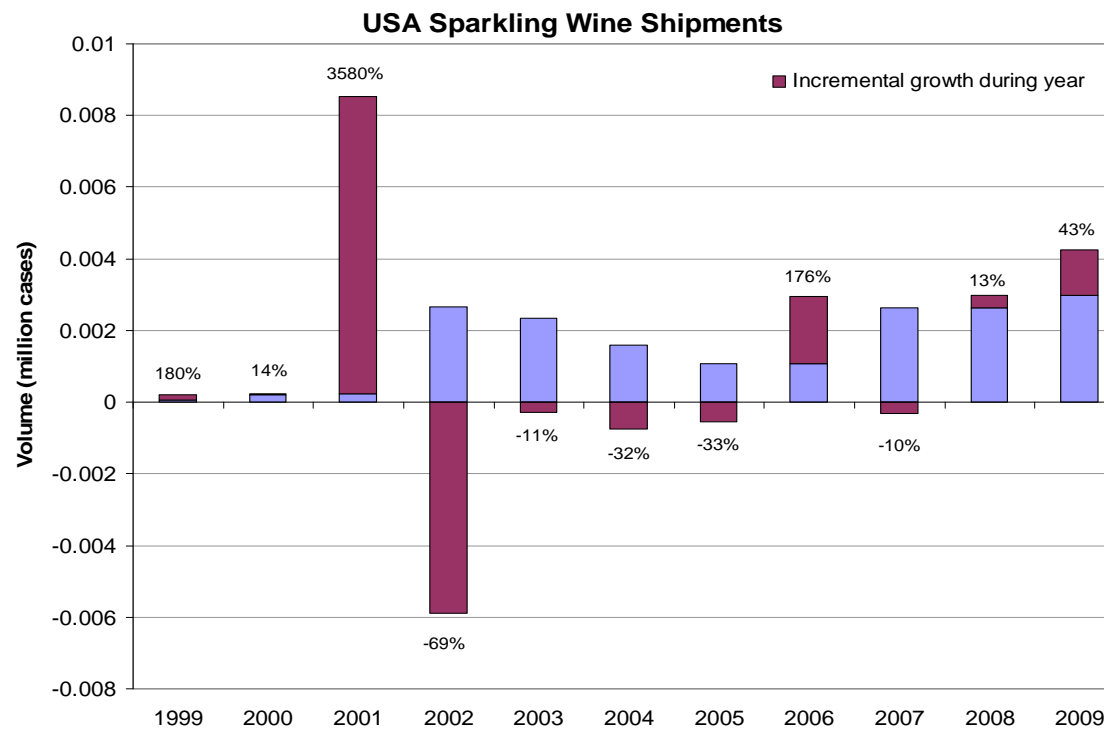
- US bulk shipments declined by 18% to the equivalent of 413,000 cases in 2009
- US accounted for 5% of bulk shipments in 2009



Source: Global Trade Atlas

US sparkling grew strongly in a depressed sparkling market

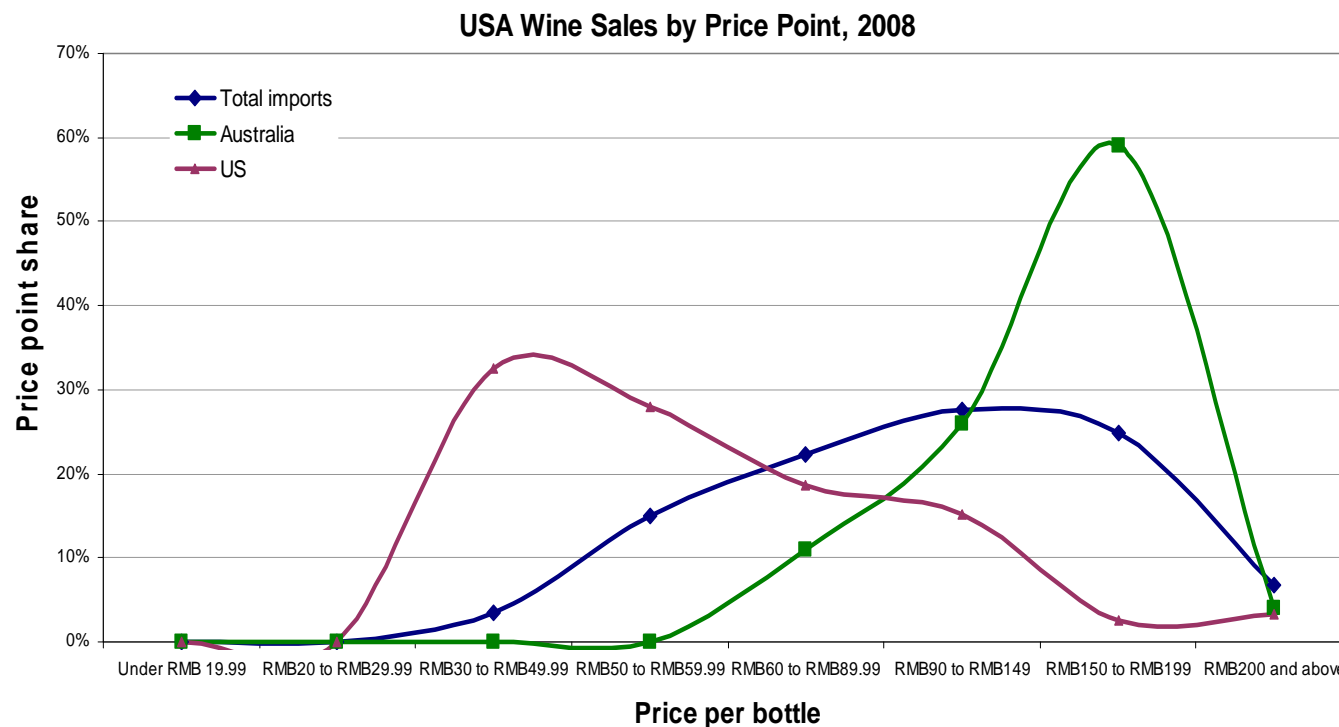
- US sparkling imports are minor but increased by 43% to 4,000 cases in 2009
- Sparkling levels are at their highest level since a surge in 2001, albeit at a very low level



Source: Global Trade Atlas

US wines skewed to the lower end of the import market

- In 2008, US sales were concentrated in the lower price points, most predominantly between RMB30 to 59.99 per bottle
- The US profile matches Australia at the highest end, RMB200 per bottle and above



Source: IWSR

Spain

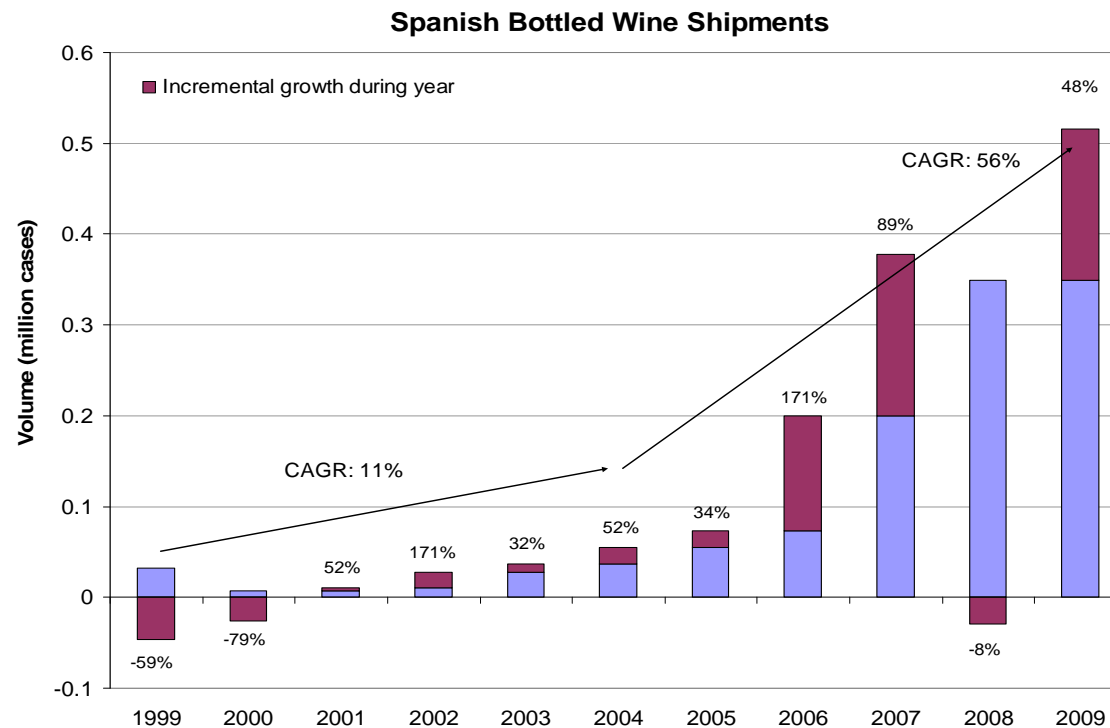
Spain Summary		
Import Retail Position (volume): 6th		
Exchange rate ('09):	1 EUR = 9.52 RMB,	1 EUR = 1.39 USD
Avg. price per case (fob):	2009	US\$27
	2008	US\$34
Bottled import market:	Share	Change (pp)
Volume	5.1%	-0.4 %age Points
Value	3.6%	-0.7 %age Points



Spain recorded solid growth in bottled wine shipments through most of the last decade, with the notable exception of a decline in 2008. However, Spain's growth rate has generally been below that of Australia and the imported market. The average value of Spanish bottled wine shipments had been increasing before dropping by almost a quarter in 2009. Spain's bulk shipments to China have dropped away in recent years.

Spanish bottled shipments growth below market growth rates

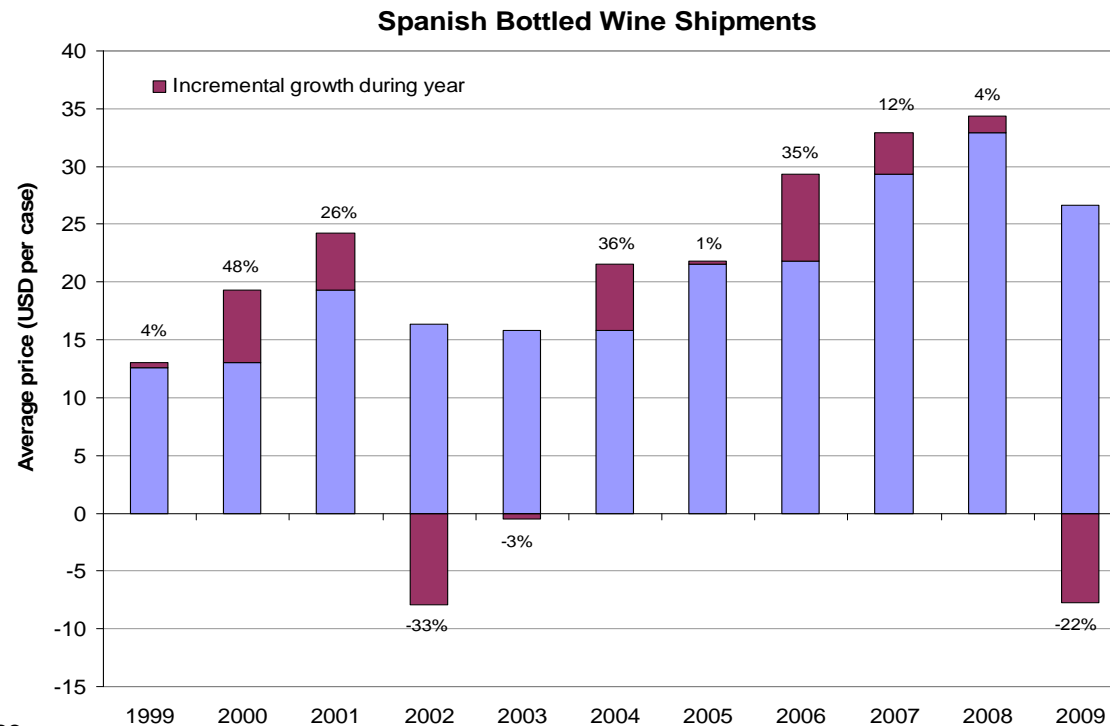
- Spanish bottled wine imports increased by 48% to over 500,000 cases in 2009
- Spain's compound annual growth rate over the past five years has been below that of Australia and the imported market



Source: Global Trade Atlas

Spain has the second lowest bottled average value

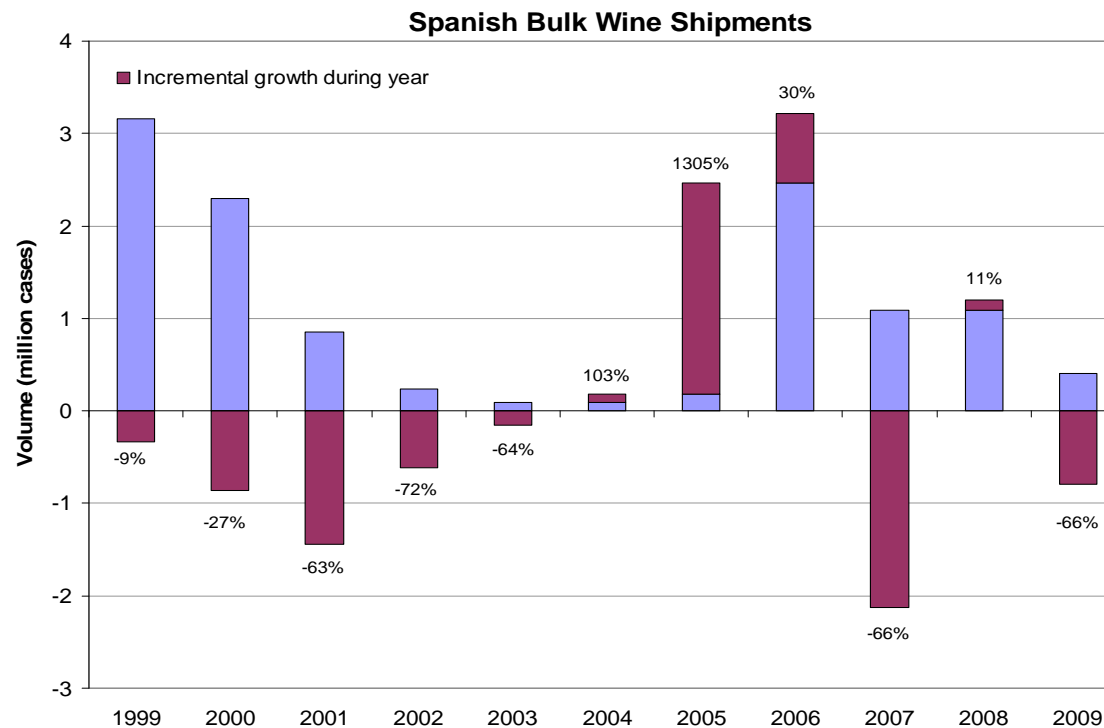
- The average value of bottled Spanish shipments declined by 22% to US\$27 per case in 2009
- Spain's average bottled value was \$US12 per case lower than Australia's and is the second lowest of the reported importing countries, ahead of only Argentina



Source: Global Trade Atlas

Spanish bulk imports have declined in recent years

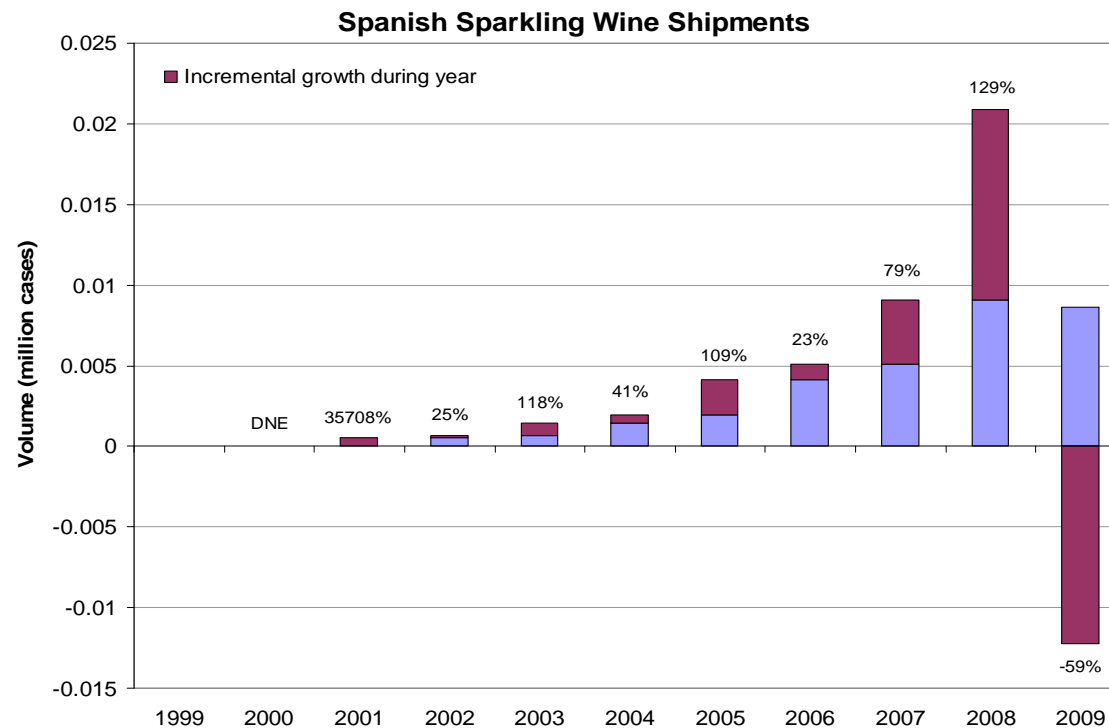
- Spanish bulk wine shipments declined by two-thirds in 2009 to the equivalent of just under half a million cases
- Bulk wine imports from Spain peaked at the equivalent of 3.2 million cases in 2006



Source: Global Trade Atlas

Growth in Spanish sparkling to 2008 but a decline in 2009

- After growing consistently since 2000, sparkling wine shipments from Spain declined by over two-thirds in 2009
- Consequently, Spain's share of sparkling shipments more than halved from 11% to 5%



Source: Global Trade Atlas

Spain's price profile is similar to the total import profile

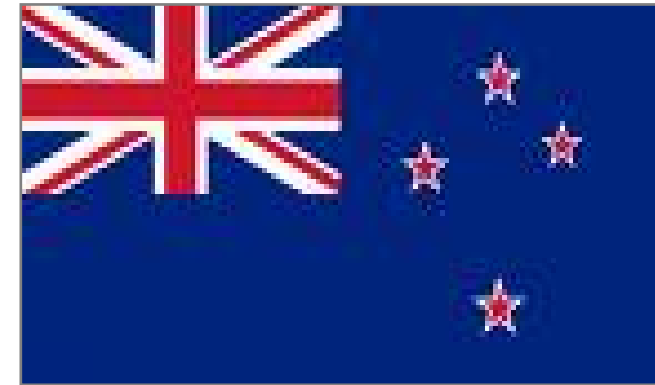
- Spain is over-represented in the RMB50 to 59.99 per bottle segment compared to total imports
- In the segments above RMB90, Spain tracks at or slightly under the market profile of the import sector



Source: IWSR

New Zealand

New Zealand Summary		
Import Retail Position (volume): 11th		
Exchange rate ('09): 1 NZD = 4.34 RMB, 1 NZD = 0.63 USD		
Avg. price per case (fob):	2009	US\$73
	2008	US\$79
Bottled import market:	Share	Change (pp)
Volume	1.1%	0.2 %age Points
Value	2.1%	0.5 %age Points



Ranked tenth in the volume of bottled shipments, New Zealand jumps three spots in value share to be ranked seventh. This is due to New Zealand recording the highest average value of bottled shipments among the importing countries. As a result, New Zealand wines retail at the highest end of the China market. Bottled shipment volumes from New Zealand have grown strongly, albeit off a very small base.

NZ bottled shipments growing strongly off a small base

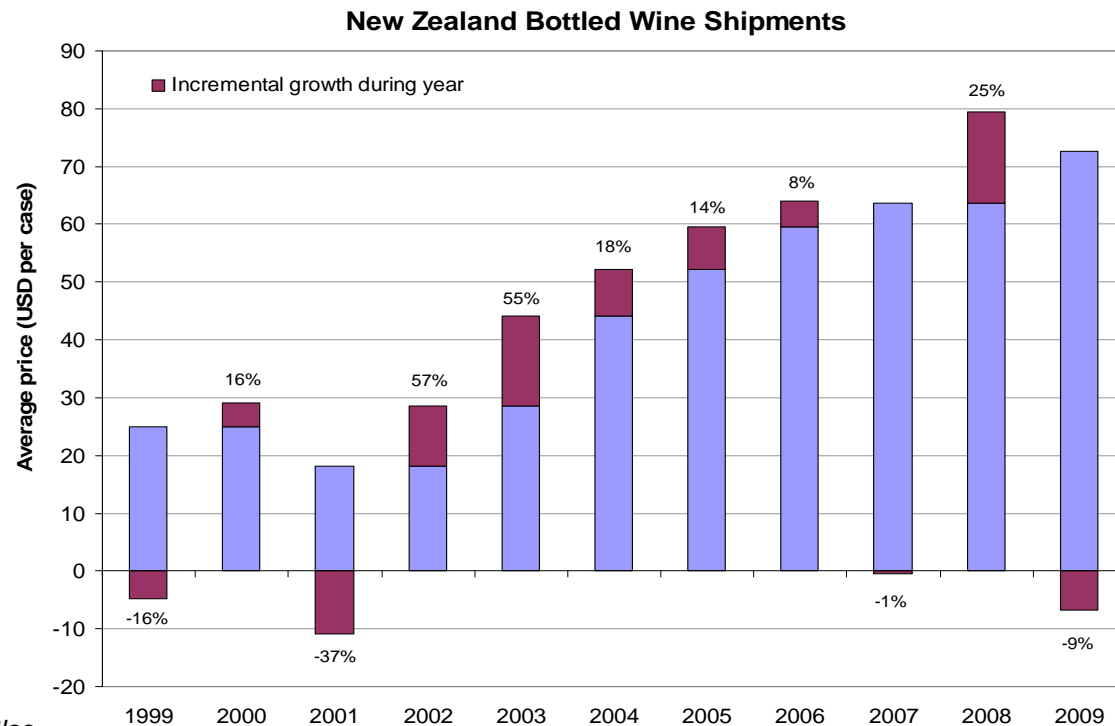
- In 2009, New Zealand bottled wine shipments doubled to just over 100,000 cases
- The rate of growth in New Zealand bottled shipments is accelerating
- New Zealand has been one of the fastest growing suppliers of bottled wine to China over the past few years, albeit off a very small base (1% share of bottled imports)



Source: Global Trade Atlas

NZ bottled shipments have the highest average value

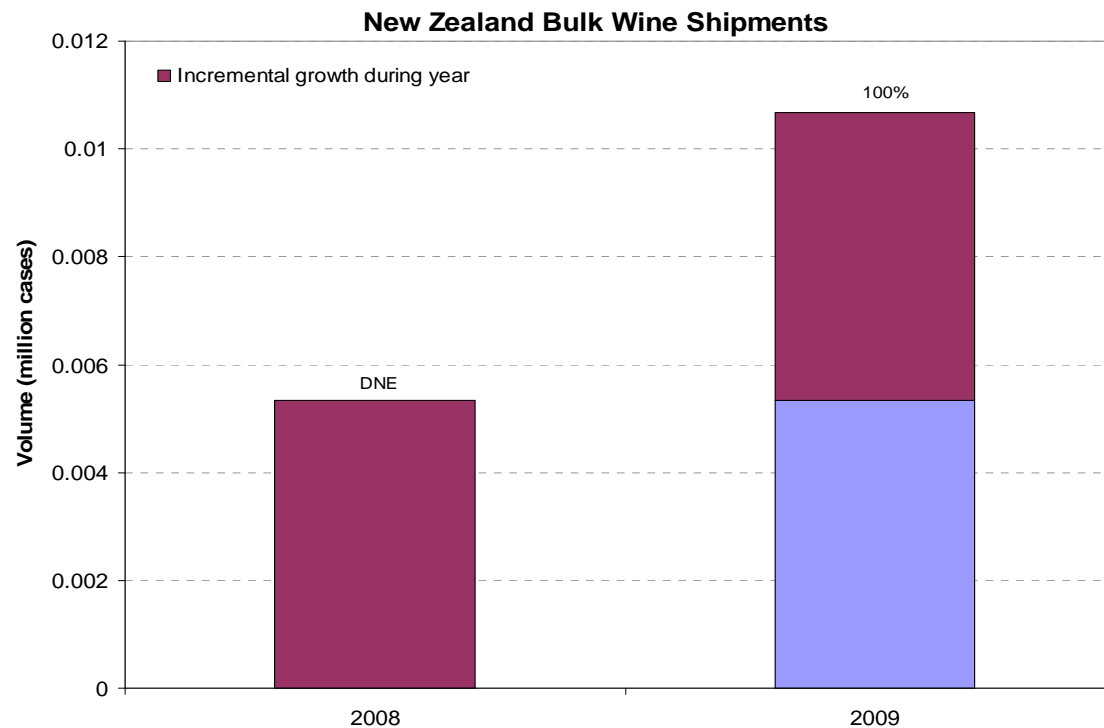
- Despite a 9% decline in 2009, the average value of New Zealand bottled wine imports at US\$73 per case is the highest among the importing countries
- The New Zealand bottled average value is almost double that of Australia (\$US39 per case)



Source: Global Trade Atlas

New Zealand bulk wine shipments are negligible

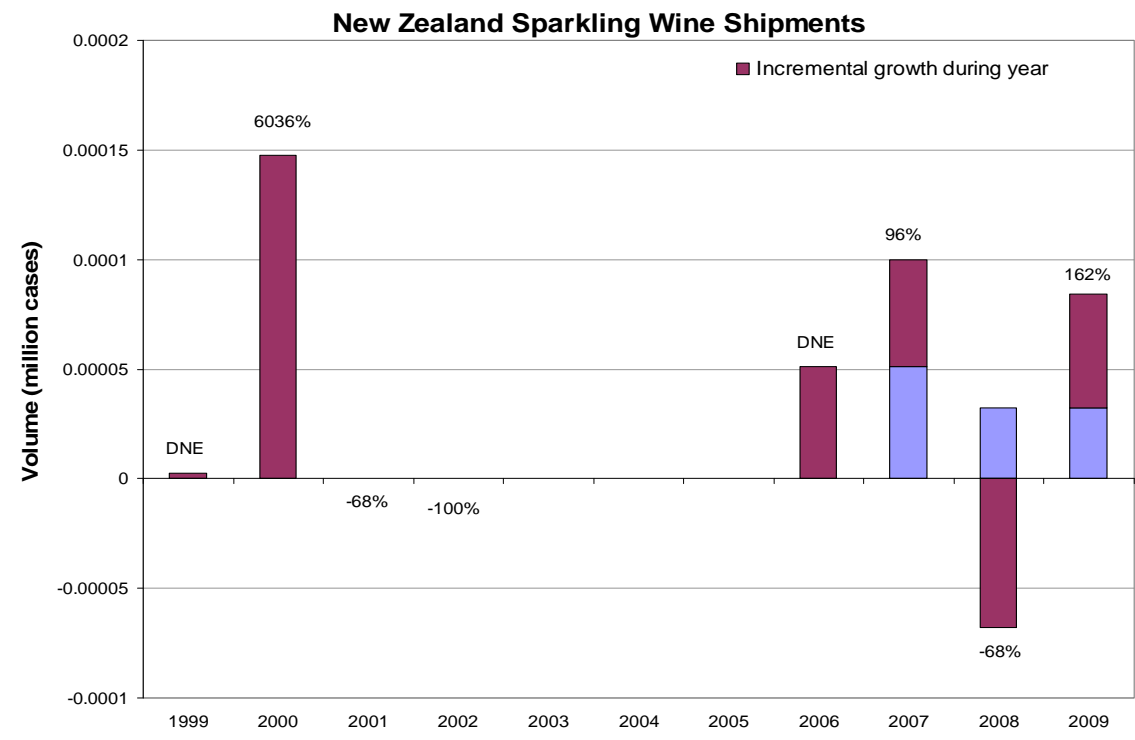
- In 2009, New Zealand bulk wine imports doubled to just over the equivalent of 10,000 cases
- This was only the second year that New Zealand bulk wine had been shipped to China



Source: Global Trade Atlas

New Zealand sparkling shipments are negligible

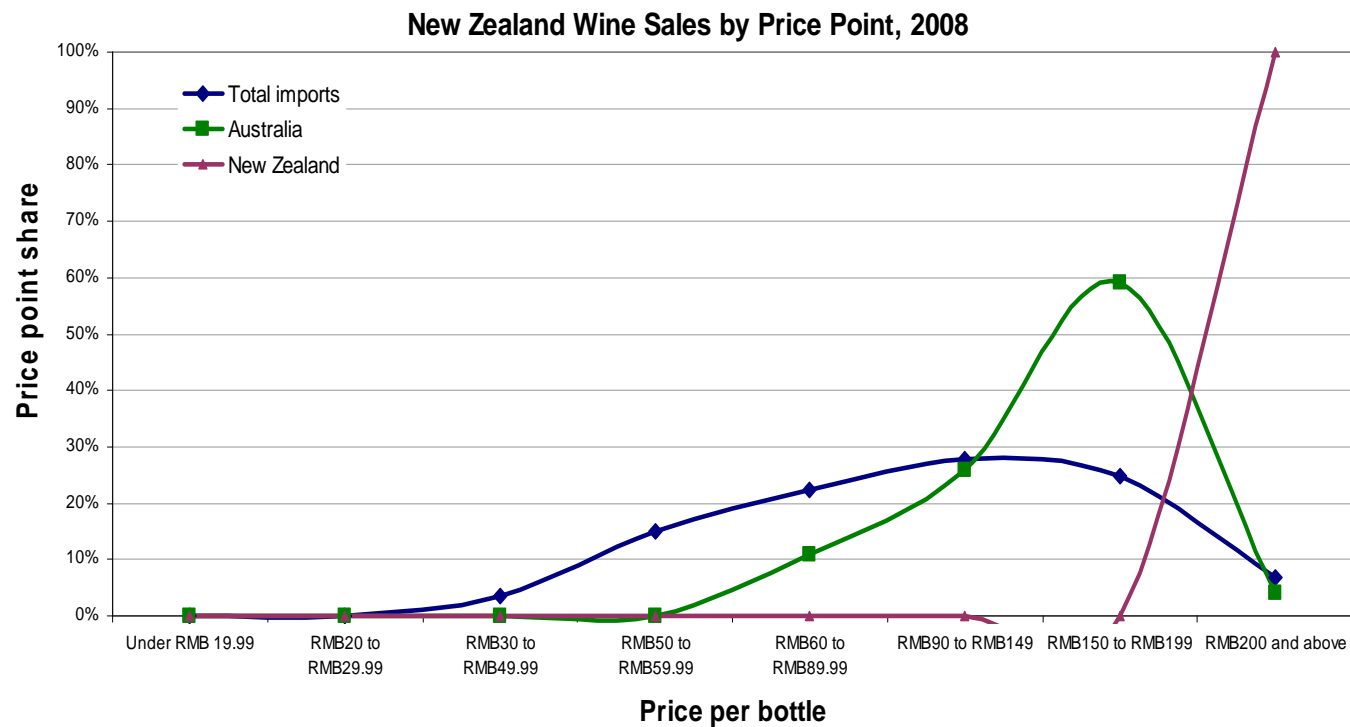
- Less than 1,000 cases of New Zealand sparkling was imported in 2009
- This represents a more than doubling of the volume from 2008



Source: Global Trade Atlas

New Zealand sales are in the highest price point

- In 2008, all New Zealand wine was priced at over RMB200 per bottle
- This compares with 4% of Australian sales and 7% of all imported sales



Source: IWSR

Germany

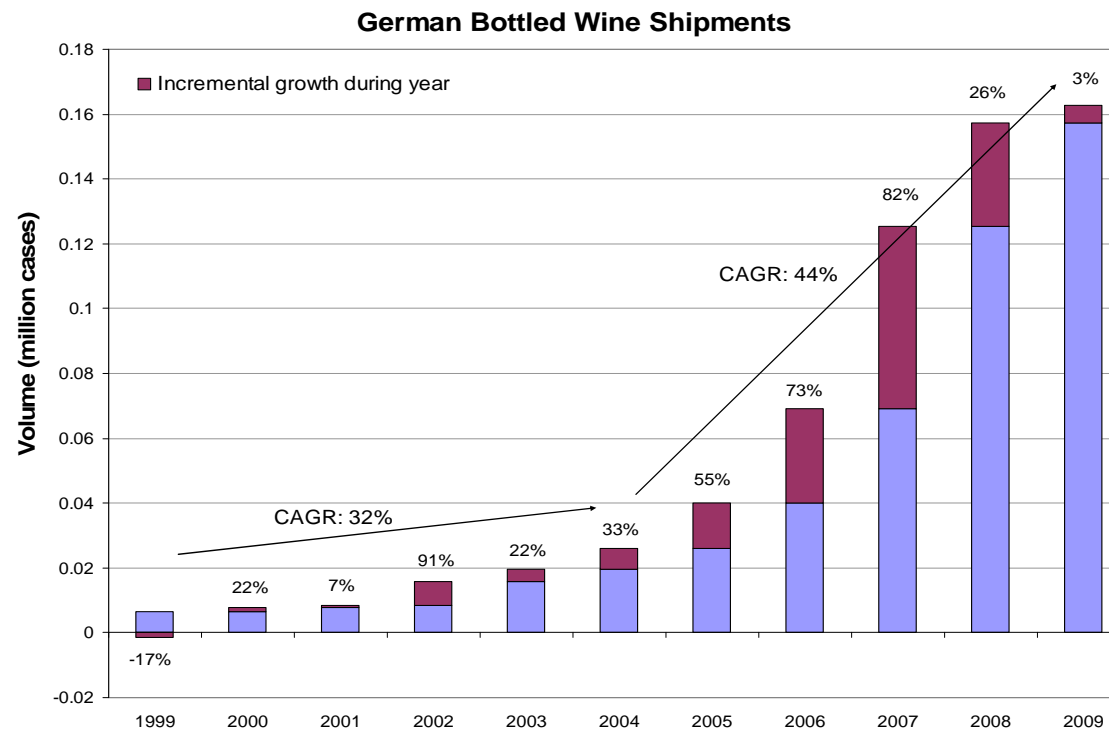
GERMANY SUMMARY		
Import Retail Position (volume): 8th		
Exchange rate ('09):	1 EUR = 9.52 RMB,	1 EUR = 1.39 USD
Avg. price per case (fob):	2009	US\$45
	2008	US\$51
Bottled import market:	Share	Change (pp)
Volume	1.6%	-0.9 %age Points
Value	1.9%	-1.0 %age Points



German bottled wine shipments increased by only 3% in 2009, a significantly lower rate than most other importing countries. The average value of German bottled shipments declined by a greater rate at 13%. This made Germany one of only two reported importing countries to record a decline in the value of bottled shipments in 2009. Despite the decline, Germany recorded the second highest average value of bottled shipments.

Growth in German bottled shipments has slowed

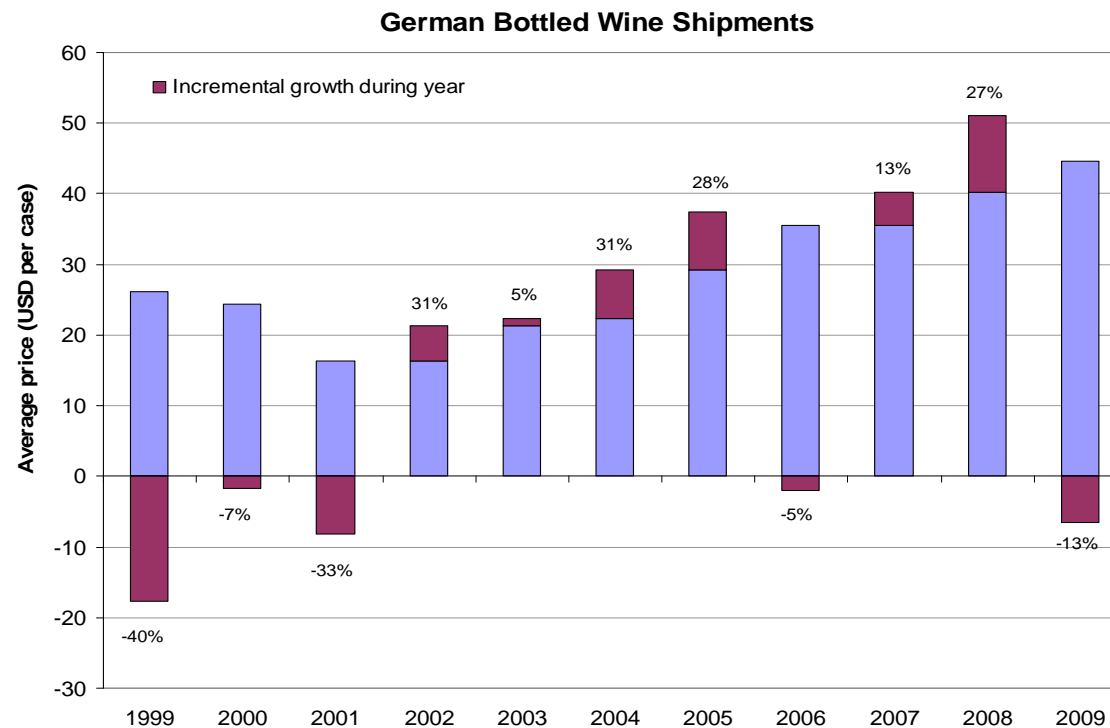
- In 2009, German bottled wine shipments grew by 3% to 163,000 cases
- 2009 marked the tenth straight year of growth for Germany
- The rate of growth in German bottled shipments has slowed significantly over the past two years



Source: Global Trade Atlas

Average value of German bottled shipments is high

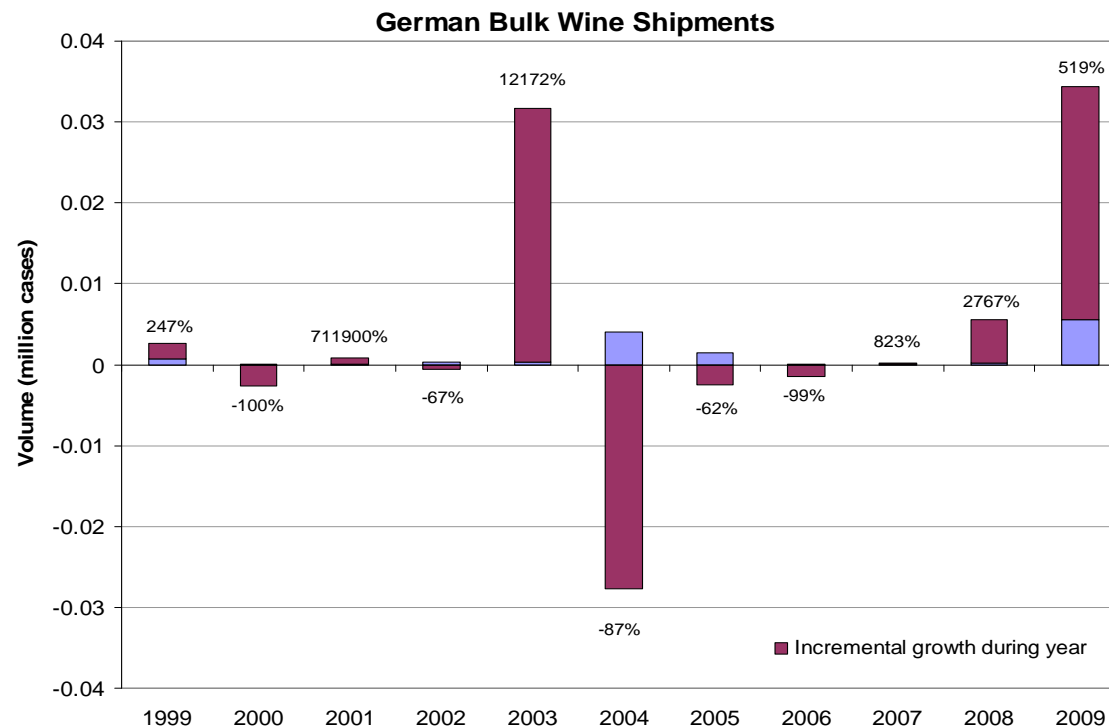
- The average value of German bottled shipments declined by 13% to US\$45 per case
- Despite the decline, Germany was ranked behind only New Zealand in the average value of bottled shipments



Source: Global Trade Atlas

Germany has a small presence in the bulk market

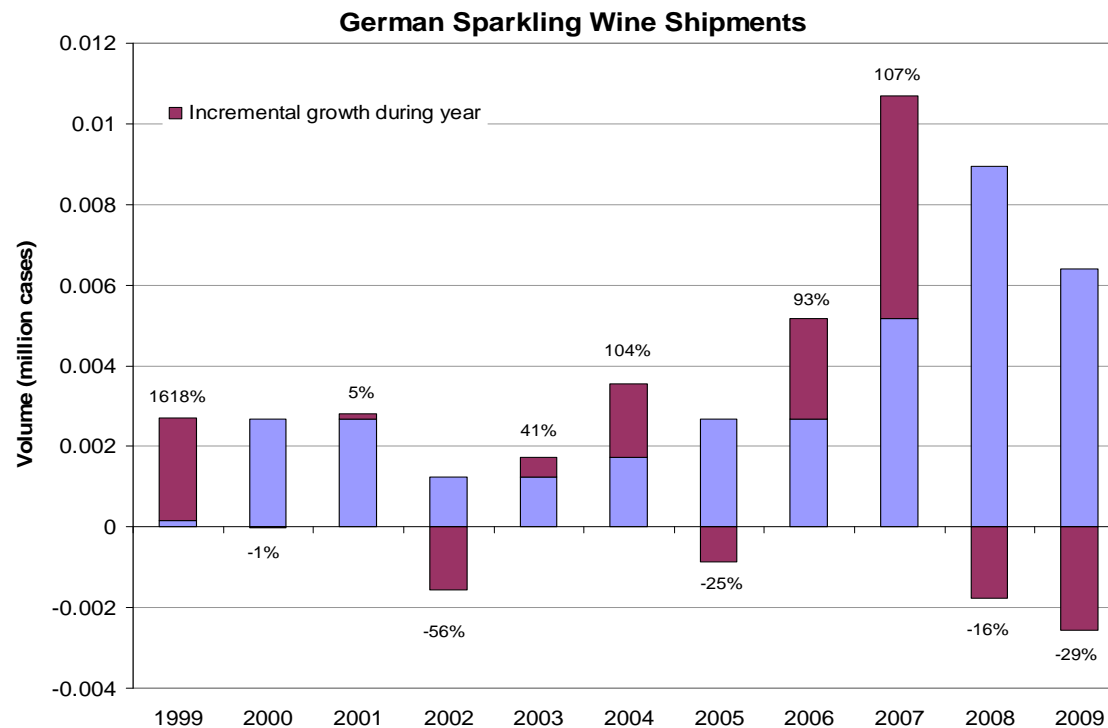
- German bulk imports surged by 519% to the equivalent of 34,000 cases in 2009
- This represented less than 1% of bulk wine shipped to China



Source: Global Trade Atlas

German sparkling shipments peaked in 2007

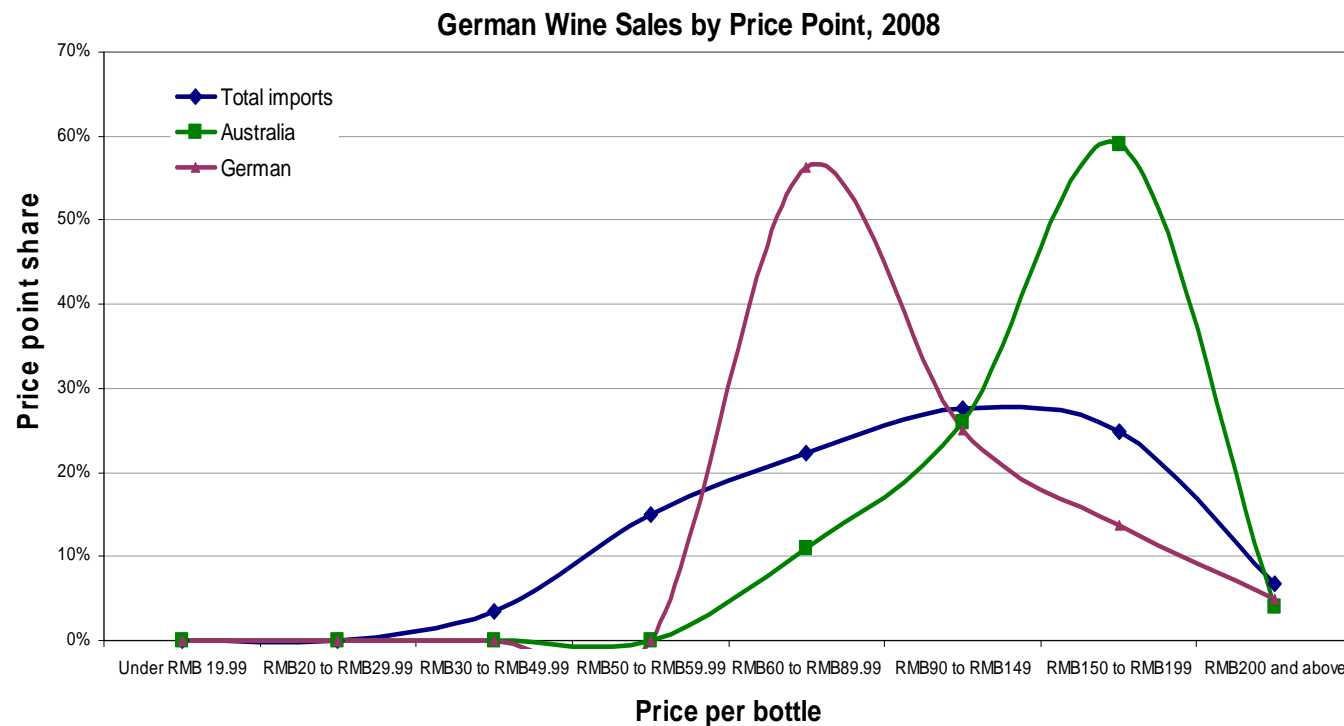
- German sparkling wine imports declined by 29% to 6,000 cases in 2009 (a 4% share of imported sparkling wine)
- The rate of decline was substantially larger than the 2% decline recorded for total sparkling wine shipments to China



Source: Global Trade Atlas

Half of German sales in the RMB60 to 89.99 segment

- In 2008, over half of German wine sales were between RMB60 to 89.99 per bottle
- Despite having a higher average value of bottled shipments, Germany had a lower price point profile than Australia in 2008



Source: IWSR

South Africa

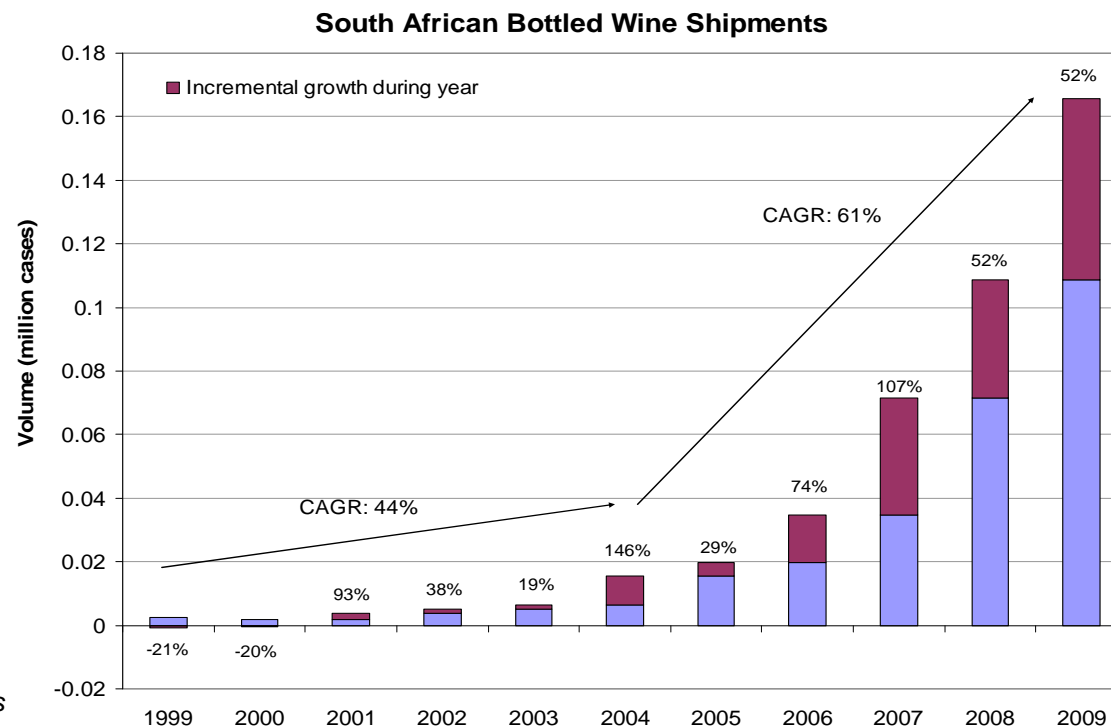
SOUTH AFRICA SUMMARY		
Import Retail Position (volume): 9th		
Exchange rate ('09):	1 SAR = 0.82 RMB,	1 SAR = 0.12 USD
Avg. price per case (fob):	2009	US\$32
	2008	US\$32
Bottled import market:	Share	Change (pp)
Volume	1.6%	-0.1 %age Points
Value	1.4%	0.1 %age Points



South African bottled imports have grown strongly over the past decade. In the first five years of the decade, growth exceeded the market average, but in last five years, South African growth was slightly under the average growth rate of bottled shipments to China. The average value of South African bottled shipments has consistently been below the average. Most South African wine sells in the two price segments between RMB60 and RMB149.

South Africa has a 2% share of bottled shipments

- In 2009, South African bottled wine imports increased by 52% to 170,000 cases
- This represents a 2% share of bottled shipments, a consistent share since 20004
- The average rate of growth for South African bottled shipments over the past five years has been below Australia's growth rate



Source: Global Trade Atlas

Average value of South African bottled shipments stable

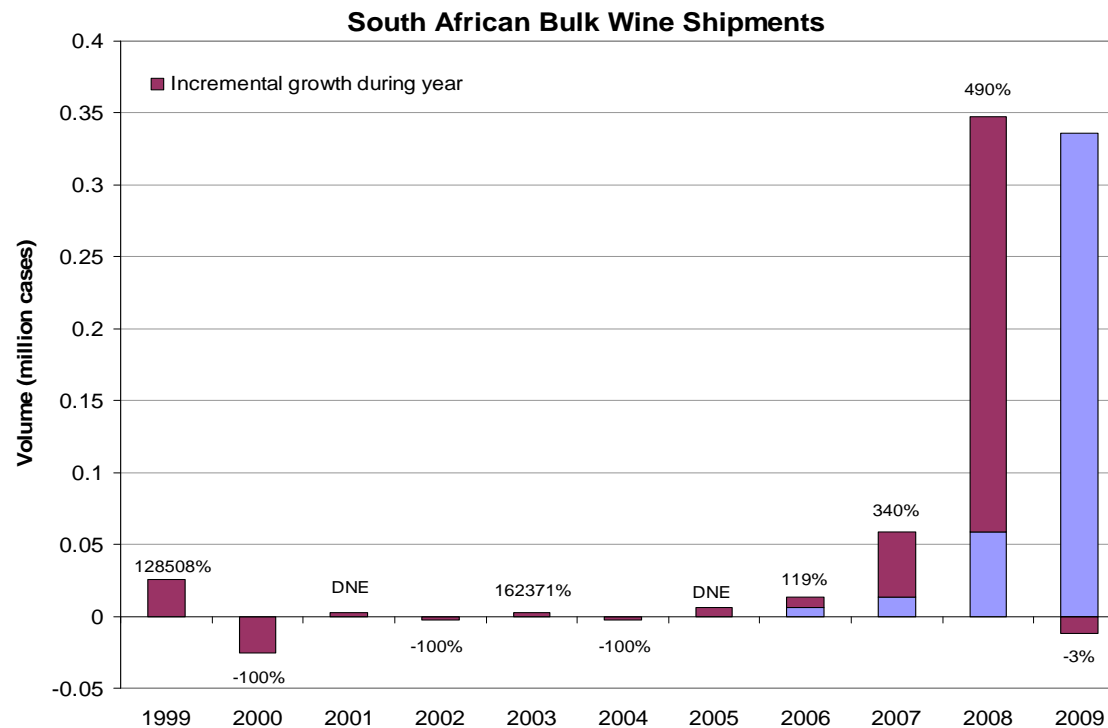
- The average value of South African bottled wine shipments declined marginally in 2009 to \$US32 per case
- This is close to the historical peak for South Africa but is below the Australian and total import average value for bottled shipments



Source: Global Trade Atlas

Surge in bulk shipped from South Africa in 2008

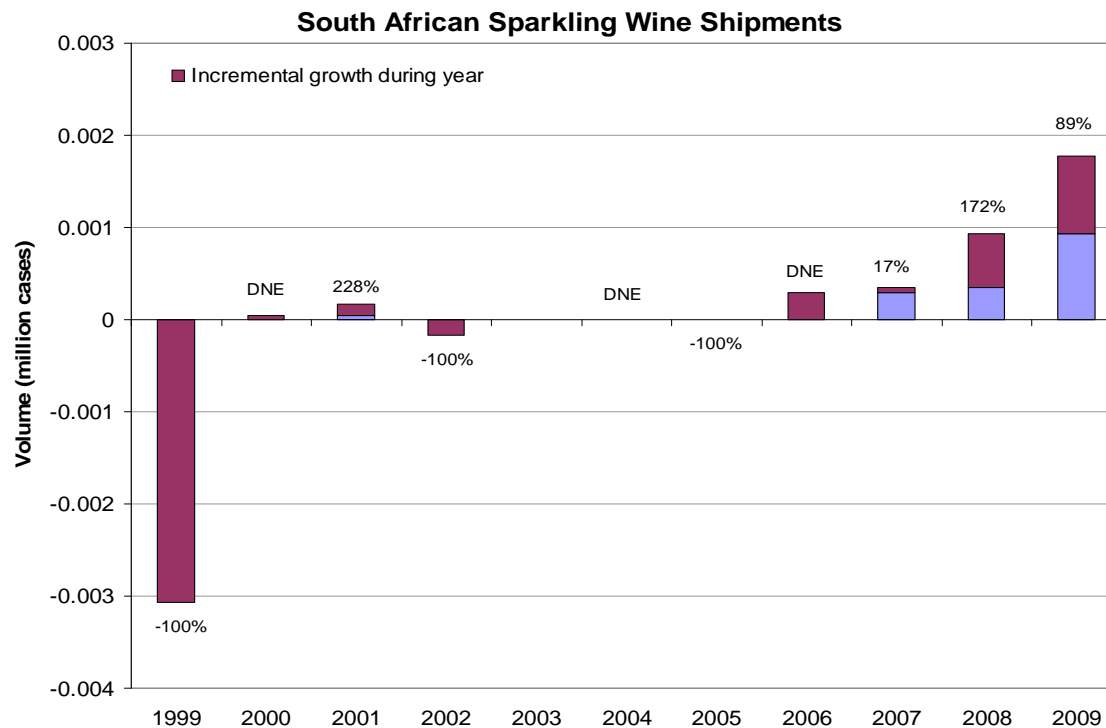
- After a surge in 2008, South African bulk imports declined by 3% to the equivalent of 336,000 cases in 2009
- This represented 4% of bulk wine shipped to China in 2009



Source: Global Trade Atlas

South African sparkling shipments negligible

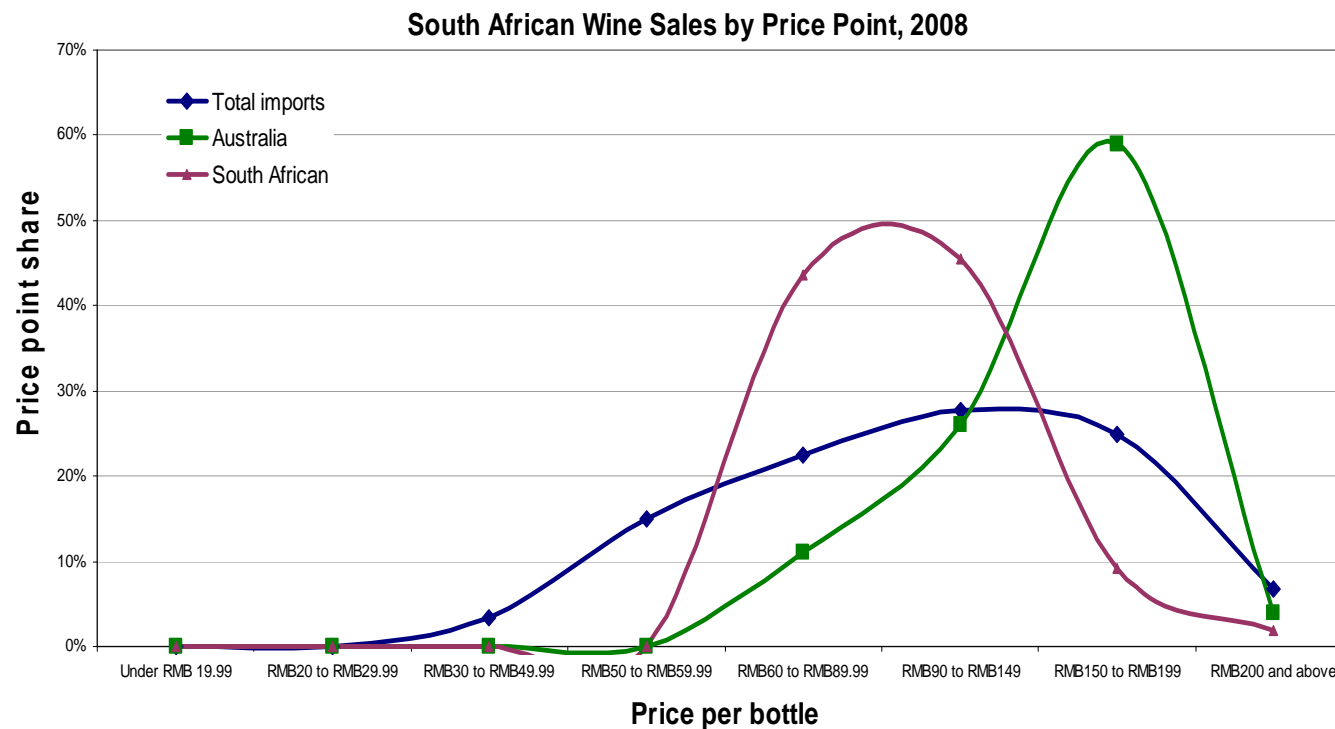
- South African sparkling wine imports increased by 89% to 1,700 cases in 2009



Source: Global Trade Atlas

South African sales are mostly between RMB60-149

- In 2008, 89% of South African wine sales were in the two price points between RMB60 and RMB149 per bottle – this is well above the overall import sector profile for these two price points



Source: IWSR

Argentina

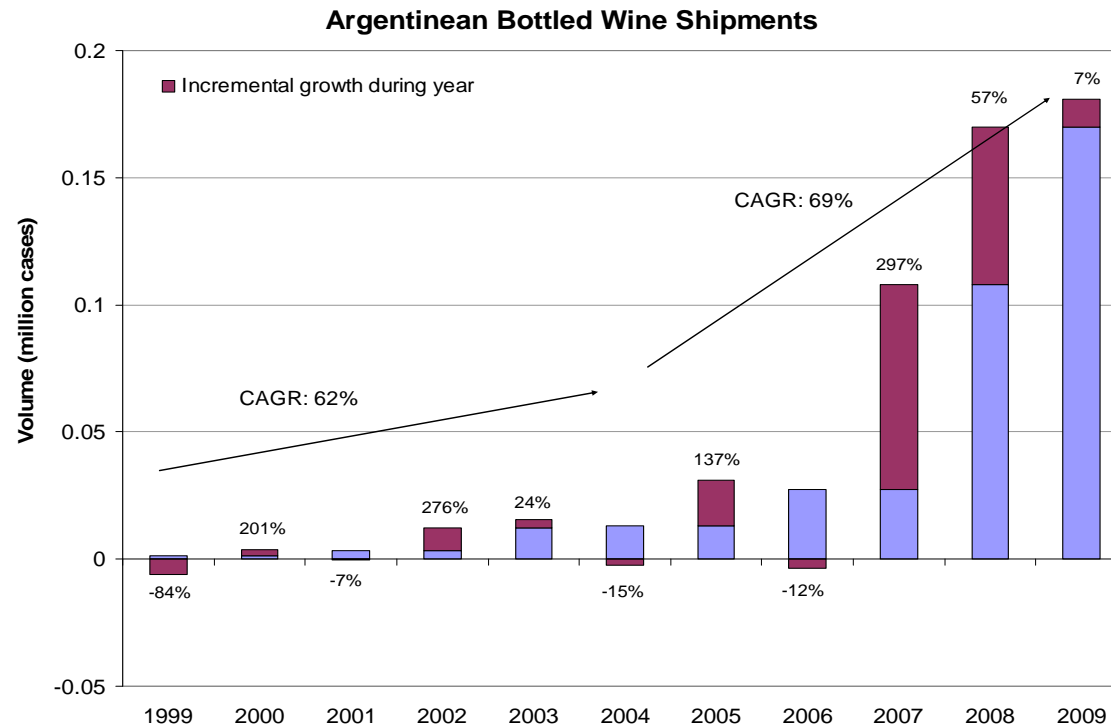
ARGENTINA SUMMARY		
Import Retail Position (volume): 7th		
Exchange rate ('09): 1 ARS = 1.81 RMB, 1 ARS = 0.27 USD		
Avg. price per case (fob):	2009	US\$26
	2008	US\$30
Bottled import market:	Share	Change (pp)
Volume	1.8%	-0.9 %age Points
Value	1.2%	-0.6 %age Points



Argentina is a small player in the China market. It held around 2% of bottled shipments in 2009 and had the lowest average value of bottled shipments among the reported importing countries. Argentina is generally not a major supplier of bulk wine to China, but in 2008 it filled a gap left by declines in Australian and Chilean shipments. The RMB90-149 price segment accounts for the largest share of Argentinean wine sales.

Argentinean bottled wine shipments growth slowed in '09

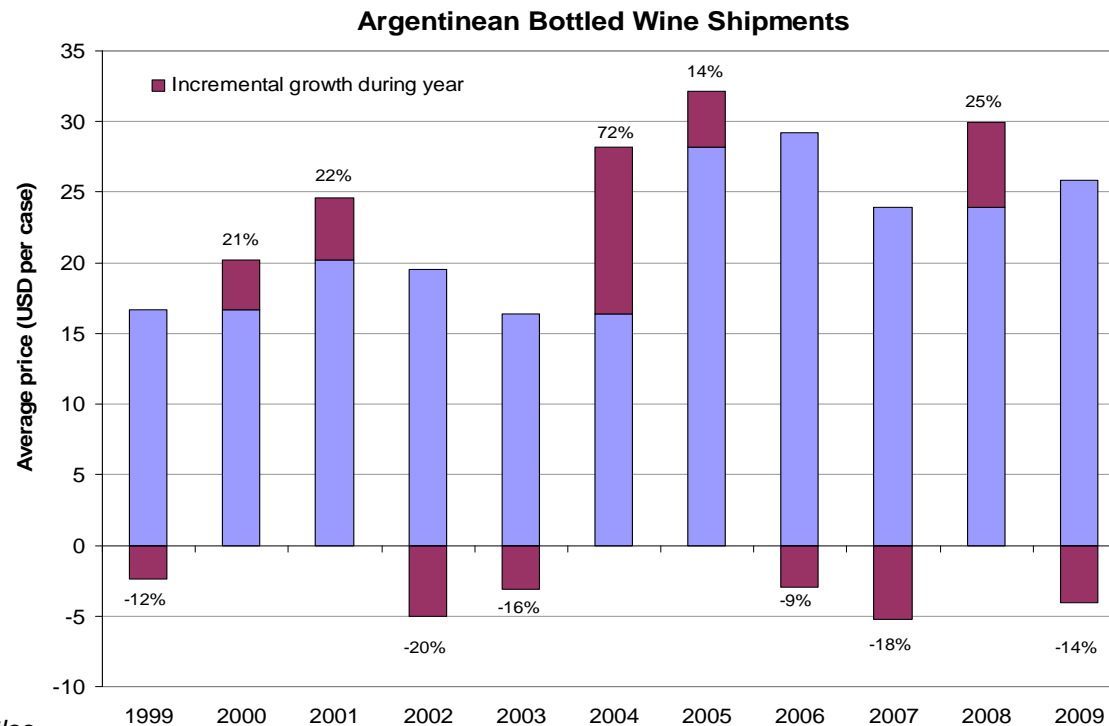
- Argentinean bottled wine imports increased by 7% to 166,000 cases in 2009
- While off a small base, the average rate of growth in bottled shipments from Argentina over the past five years has matched that of the import sector



Source: Global Trade Atlas

Argentinean bottled prices declined at the market rate

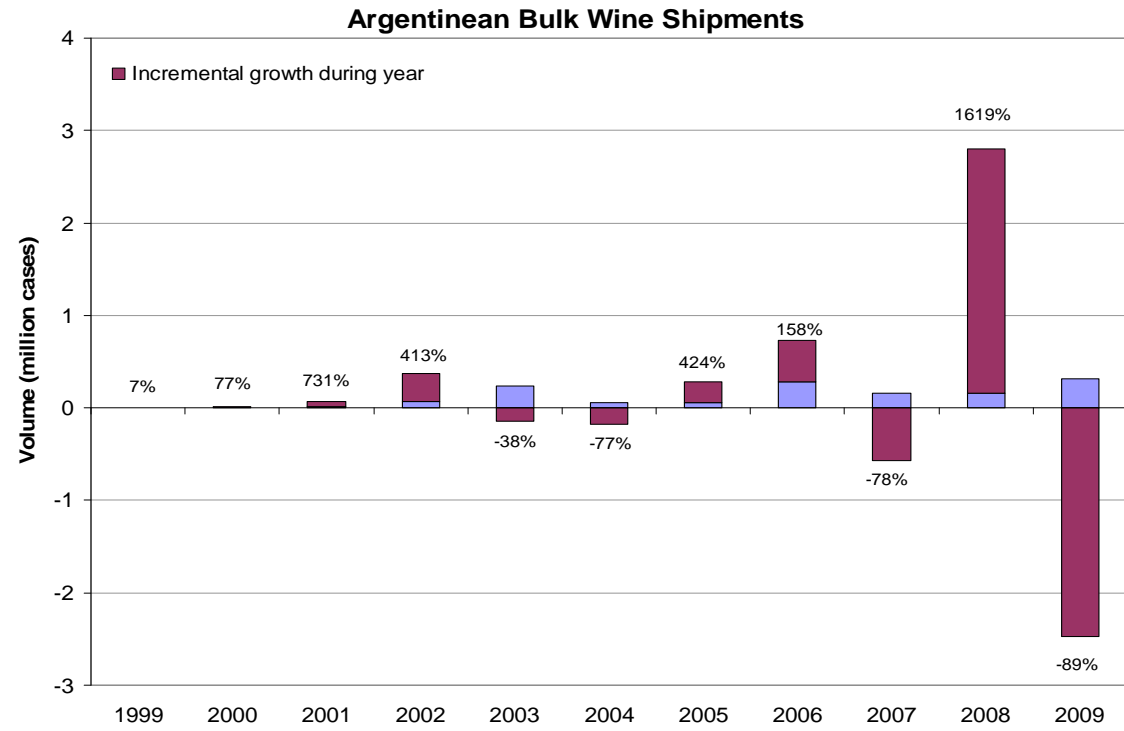
- The average value of Argentinean bottled wine imports declined at the same rate (14%) as the average value of all bottled wine imports in 2009
- At \$US26 per case, bottled shipments from Argentina recorded the lowest average value in 2009



Source: Global Trade Atlas

Bulk shipments surged in 2008 only to plunge in 2009

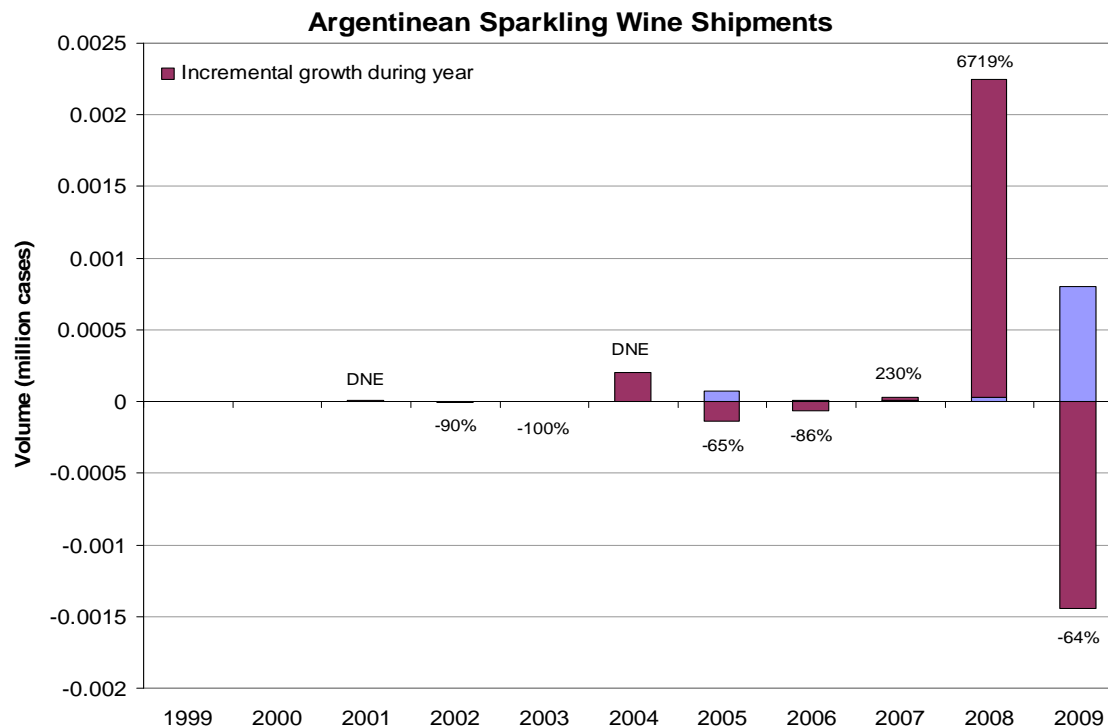
- After surging to almost the equivalent of 3 million cases in 2008, Argentinean bulk wine imports fell by 89% to 335,000 cases in 2009
- 2008 was the only year where bulk shipments from Argentina exceeded the equivalent of 1 million cases



Source: Global Trade Atlas

Argentinean sparkling shipments are negligible

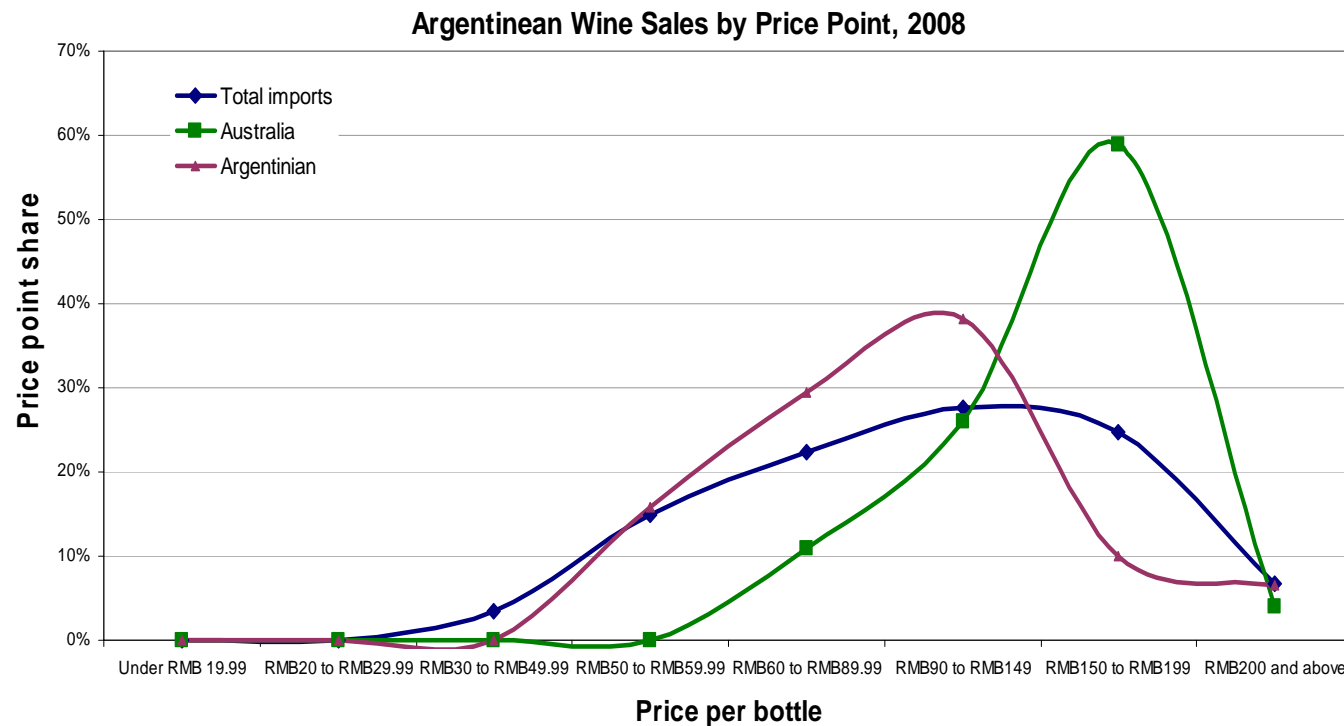
- Argentinean sparkling imports declined by nearly two-thirds in 2009 after a surge in 2008
- Off a marginal base - only 800 cases of Argentinean sparkling was imported in 2009



Source: Global Trade Atlas

Argentinean sales are concentrated at mid-range prices

- Around 70% of Argentinean sales are between RMB60 and RMB149
- In line with its low average value of bottled shipments, Argentina has a lower price point profile than the total imported market and Australia



Source: IWSR