



GLOBAL MARKET UPDATE – JUNE 2012

VOLUME 3 ISSUE NO. 6

During the past two years of producing this update, we have seen the global economic world continue to remain in a state of flux. Nimble producers that have kept a flexible sourcing model in this evolving world continue to prosper.

Currently, European economic concerns dominate the headlines; opportunities have now presented themselves in the bulk wine markets. As investors move away from the euro, and towards the relative safety of the dollar, the resulting gain in dollar strength has made several import markets more appealing. Wine from South Africa has attracted the most attention as the SA rand dropped significantly in value against the rebounding dollar. Chardonnay and dry white wine seem to be attracting the most interest from buyers today. The Australian dollar and Chilean peso have also seen relative weakening against the dollar, and wines from those countries are beginning to tempt buyers as well.

The Southern Hemisphere harvests are all winding down, and it appears that we have mixed results. South Africa and Chile look to be above average, Australia is reporting an average harvest, and Argentina and New Zealand have come up short. Producers are starting to make estimates in the Northern Hemisphere, and it is believed that California is looking at a larger than average 2012 crop. Recent storms in France have impacted several areas with varying degrees of crop damage and the extent of the damage is yet to be determined but could affect future crops. Germany and Spain have been experiencing mild temperatures and minimal rainfall. This has allowed for good bud break and fruit set, which should result in an average crop for both countries. While uncertainty remains regarding supply availability, activity remains strong, and prices are holding in most markets.

A big plus for all of us in the global wine industry is that demand for wines around the world remains relatively strong. Consumer thirst for wines from well-known producers in both new brands, in addition to tried and true labels, continues to grow. Paying close attention to all economic, supply and demand factors, as well as remaining agile, seems to be the current key to success.



ARGENTINA – JUNE 2012

TIME ON TARGET

The 2012 harvest is 20.5% shorter than 2011, with a final crush volume of 2.22 million tons. The most affected varieties of the shorter harvest were Criollas, Pedro Gimenez and Bonarda. 480 million liters (145,000 metric tons) of sulfited must was produced for the domestic and international concentrate market. 125,000 tons will be exported; the balance will be consumed domestically. Inflation has caused a decrease in consumption and a consequent slowdown in bulk sales.

Inflation has not affected prices, as they remain the same. Economic conditions remain volatile. Despite a very short crop, economic concerns resulting from inflation have kept demand down and maintained lower prices.

CURRENT MARKET PRICING

ALL PRICING IN USD/LITER; FCA WINERY:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2011/2012	Generic White	0.50 – 0.60	↑	2011/2012	Generic Red	0.75 – 0.85	↔
2011/2012	Generic White (Criolla)	0.40 – 0.50	↔	2011/2012	Bonarda	0.95 – 1.05	↔
2011/2012	Chenin Blanc	0.65 – 0.75	↔	2011/2012	Malbec	1.50 – 1.80	↔
2011/2012	Torrontes	0.65 – 0.75	↔	2011/2012	Syrah / Merlot	1.20 – 1.30	↔
2011/2012	Chardonnay	0.95 – 1.05	↔	2011/2012	Cabernet Sauvignon	1.20 – 1.30	↔

BITS AND PIECES

Bulk Exports to the Top Ten Markets for Q1 of 2012

*Caucasia Wine Thinking

Country	FOB Total US	Share FOB	FOB Share of Total	Avg. Price/Lt.	Liters	Share of Lt.
US	27,798,484.00	72.40%	72.40%	0.82	34,012,600	65.18%
Russia	2,445,752.94	6.37%	78.77%	0.36	6,864,000	13.15%
Spain	1,559,680.00	4.06%	82.83%	0.35	4,416,000	8.46%
Canada	2,009,734.00	5.23%	88.06%	0.69	2,907,000	5.57%
Germany	1,451,651.05	3.78%	91.84%	1.26	1,152,000	2.21%
Japan	790,504.00	2.06%	93.90%	0.92	858,000	1.64%
UK	490,944.00	1.28%	95.18%	1.08	456,000	0.87%
Denmark	433,105.45	1.13%	96.31%	1.5	288,000	0.55%
France	283,567.00	0.74%	97.05%	1.18	240,000	0.46%
Netherlands	263,680.00	0.69%	97.74%	1.1	240,000	0.46%

Bulk Exports from Top Ten Exporters for Q1 of 2012

*Caucasia Wine Thinking

Country	FOB Total US	Share FOB	FOB Share of Total	Avg. Price/Lt.	Liters	Share of Lt.
Grupo Peñaflo	9,263,836.40	24.13%	24.13%	0.51	18,141,080	34.76%
Bodegas Esmeralda	14,549,550.00	37.89%	62.02%	1.21	12,044,000	23.08%
Royal Mount	2,893,338.00	7.54%	69.55%	0.56	5,129,000	9.83%
Fraccionadora San Juan	825,120.00	2.15%	71.70%	0.32	2,568,000	4.92%
Bodegas Y Viñedos Crotta	986,880.00	2.57%	74.27%	0.38	2,568,000	4.92%
Bodegas Y Viñedos Lanzarini	868,070.00	2.26%	76.53%	0.74	1,176,000	2.25%
Bodegas Y Viñedos Amadeo Maraion	948,324.00	2.47%	79.00%	0.82	1,152,000	2.21%
Coop. Vitivinicola Nueva California	404,880.00	1.05%	80.06%	0.40	1,008,000	1.93%
Concesur	611,540.00	1.59%	81.65%	0.67	912,000	1.75%
Coop. Vitivinicola Ingeniero Giagnoni	291,720.00	0.76%	82.41%	0.37	792,000	1.52%

AUSTRALIA & NEW ZEALAND – JUNE 2012

TIME ON TARGET

The Australian Bureau of Agricultural and Resource Economics and Sciences has predicted the 2012 wine grape crush to be 1.53 million tonnes; 80,000 tonnes lower than last year's yield. The effect of the wet season from 2011 has caused issues for fruit set of the 2012 grapes, causing fewer bunches on the vine with smaller berries and therefore more concentrated flavor. The ABARES are also forecasting the harvest next year to increase by 5% to 1.61 million tonnes.

Another premium Australian wine has been released at record price. The 2007 Parawa Estate Ingalalla Grand Reserve has been released at AUD \$1100 per bottle but will only be available offshore. Produced by the prominent Winestate Magazine owner Peter Simic, the wine will not be available in Australia, as the supplier feels it would be a conflict of interest to release the wine in the domestic market. Instead, the wine will be available to affluent buyers in Asia, particularly Singapore, China and Hong Kong. The majority of the wine blend is a Bordeaux blend - 35% Cabernet Sauvignon and 30% Petit Verdot. This exceeds the pricing for Australia's other prestigious wines which include the recently released Penfolds Bin 620 at \$1,000 per bottle, Torbreck's The Laird at \$700, Penfolds Grange at \$600 and Hill of Grace at \$595.

CURRENT MARKET PRICING

ALL PRICING IN AUD/LITER:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
NV	Dry White	0.60-0.80	↔	NV	Dry Red	0.70-0.80	↔
2011	Chardonnay	0.75-0.85	↔	2011	Shiraz	0.90-1.10	↑
2012		0.85-1.00	↔	2012		1.00-1.20	↔
2011	Sauvignon Blanc	0.80-0.90	↔	2011	Cabernet Sauvignon	1.00-1.25	↑
2012		0.85-1.00	↔	2012		1.05-1.30	↔
2012	Pinot Gris	0.95-1.20	↔	2011	Merlot	1.00-1.25	↔
2011	Marlborough SB	NZ 3.80-4.00	↑	2012		1.05-1.30	↔
2012		NZ 4.00-4.55	↑				

NB: 2012 prices have yet to be released by wineries, these are expected prices only.

BITS AND PIECES – AUSTRALIA

The Australian Government has announced new changes in the Federal Budget, preventing producers from claiming the Wine Equalisation Tax Rebate twice. Wine producers have previously been able to purchase bulk wine from suppliers and sign over the rebate. Subsequently, the buyer will then combine this material with other parcels and claim the rebate for the overall blend, thus effectively acquiring the rebate on the same wine twice. Removing this loophole expects to save the government \$10 million. The release of the budget has also provided \$2.1 million to Wine Australia to assist in the focus of wine export opportunities to Asia.

Australia is to release the world's first high pressure sparkling screw cap. A joint collaboration between Guala Closures, O-I and DeBortoli has produced the 'Viiva.' The screw cap, which is similar to a standard aluminium closure, can be used on a large range of pressurised wines. However, it will not be strong enough to keep a lid on traditional method champagne. Although the twist of the screw cap does not provide the signature 'pop' desired by the romantic few, many are enticed with the elimination of cork taint and the ability to reseal the bottle.

BITS AND PIECES – NEW ZEALAND

New Zealand grape growers are completing the final stages of picking for the 2012 crush. Pricing for the 2012 NZ Marl SB has increased dramatically in the past few months, with reports that bulk material will be around NZ 4.00/L. This is a substantial increase from last year's pricing, which ranged from NZ 2.80/L to 3.30/L. Reports on the size of the 2012 crop predict the crush to be down approximately 30% in volume, hence the high spike in bulk prices.

CALIFORNIA – JUNE 2012



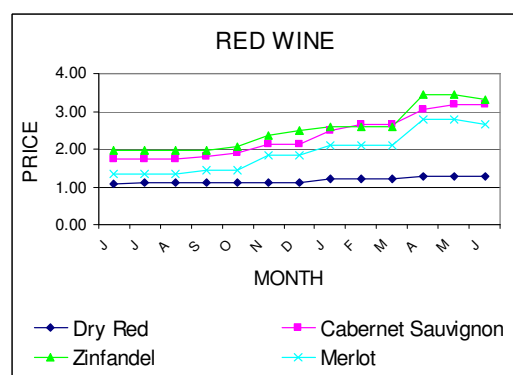
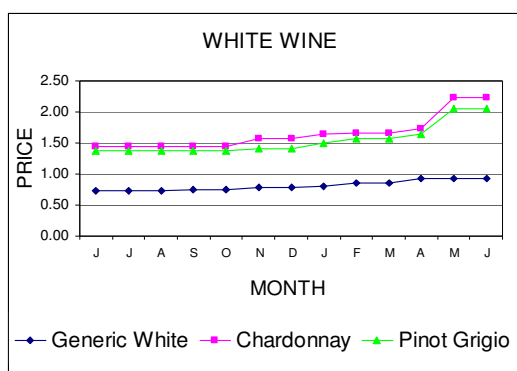
All regions of California are reporting early potential for an above average crop, due to positive spring weather and aggressive pruning practices. With frost issues behind us and most vineyards completing bloom, growers and vintners will now wait for berry sizing over the next 45 days. The coastal regions are expected to bounce back after last year's frost damage, with solid yields across all varieties. Current demand remains strong for all varieties, with pricing continuing to push to new levels. The state's interior growing region also shows promising potential, especially in northern vineyards. Bunch counts on table and raisin varieties look to be down, after having had solid crops over the past few years. Overall, it is our belief that California vineyards are currently contracted at the highest percentage and most sustainable prices seen in the past 15 years.

CURRENT MARKET PRICING

All pricing in USD per liter:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2011	Muscat	1.70 – 2.11	↑	2011	Cabernet Sauvignon	2.90 – 3.43	↑
2011	Chardonnay	1.98 – 2.50	↑	2011	Merlot	2.38 – 2.90	↑
2011	Pinot Grigio	1.84 – 2.25	↑	2011	Pinot Noir	2.38 – 3.17	↑
2011	Colombard	0.92 – 1.06	↔	2011	Syrah	2.11 – 2.64	↑
2011	White Zinfandel	1.45 – 1.70	↑	2011	Zinfandel	2.90 – 3.70	↑
2011	Generic White	0.79 – 1.05	↑	2011	Generic Red	1.10 – 1.45	↑

BULK PRICING OVER TIME



BITS AND PIECES

First quarter sales show mixed results. Some wineries expanded and others declined. Volume brands are beginning to feel the effects of the lower production from past vintages, the shifting of inventory to higher intended uses and smaller package sizes, and the many recent price increases. Wines priced above \$15 per bottle retail are continuing to see solid growth, as our economy tries to recover. Today's growth, in comparison to the past, is impressive given the industries removal of deep discounting and promotional support, and releasing of lower price brands aimed to reduce inventories at all price levels.

Bottled imports have decreased (-8%) this quarter with only France, New Zealand and South Africa increasing. In contrast, bulk imports more than doubled in both volume (+119%) and value (+116%) for the quarter. Many of these wines will fulfill the shortages found domestically. The upward trend for sparkling wine sales within the US continue for both domestic (+14%) and imported (+8%).

Export of California wines to outside markets continue for both cased goods (+6%) and bulk (+5%) for the quarter.



CHILE – JUNE 2012

**TIME ON
TARGET**

Harvest is coming to an end with only a week left in some areas. The 2012 crop is larger than earlier estimates, but the official numbers will not be released for a few months. The weather conditions were excellent this harvest, without any rain at all. Wine exports have increased 16.3% from the previous year. Cased goods exports keep showing an increasing trend (March -3.9%, April -1.1%)

CURRENT MARKET PRICING

ALL PRICING IN USD/LITER; FOB PORT:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2011/2012	Generic White	0.72 – 0.80	↑	2011/2012	Generic Red	0.66 – 0.80	↔
2011	Sauvignon Blanc (Casablanca)	1.80 – 2.50	↔	2011/2012	Cabernet Sauvignon (Basic)	0.88 – 0.98	↔
2011/2012	Sauvignon Blanc	0.98 – 1.25	↔	2011/2012	Cabernet Sauvignon	1.00 – 1.25	↔
2011/2012	Chardonnay	1.05 – 1.30	↔	2011/2012	Carmenere	1.00 – 1.25	↔
2011/2012	Pinot Noir	1.40 – 1.85	↔	2011/2012	Syrah	1.00 – 1.25	↔
2011/2012	Malbec	1.45 – 2.00	↔	2011/2012	Merlot	1.00 – 1.40	↔

EXPORT FIGURES

Wine export Figures	January - April 2011			January - April 2012			Vol. Var
	MM Lts	M US\$ FOB	Avg Price	MM Lts	M US\$ FOB	Avg Price	%
Bottled	117.5	391.5	3.33	116.3	384.5	3.31	-1.1%
Bulk	59.2	63.2	1.07	96.4	115.7	1.20	62.7%
Musts (Juice Conc. & Alcohol)	0.8	1.4	1.73	2.1	4.2	1.98	157.6%
Sparkling Wines	0.9	3.4	3.78	0.8	3.4	4.15	-9.0%
Fruit Wines	0.7	3.1	4.36	0.4	2.1	4.63	-37.0%
Packed Wines	16.6	31.6	1.91	11.6	23.8	2.06	-30.4%
Total	195.8	494.2	2.52	227.6	533.7	2.34	16.3%

BITS AND PIECES

Bulk wine still makes up a significant share of the export market with 96.4 million liters in the first four months of 2012 and a growth of 62.7%.

Although this harvest has been one of the largest in recent years, some varieties such as dry white, Muscat, Pinot, and Malbec are short. Merlot and Chardonnay yields remain average, while entry-level Cabernet Sauvignon and dry red wine are in surplus.

FRANCE – JUNE 2012

TIME ON TARGET

Roughly 6,000 hectares of vineyards have been affected by hailstorms in the Var region of Southeast France. Impacted areas have seen 70% to 100% crop damage and while it is still too early to evaluate the extent of the damage, the largest AOP rosé wine-producing region will be affected for the next two years.

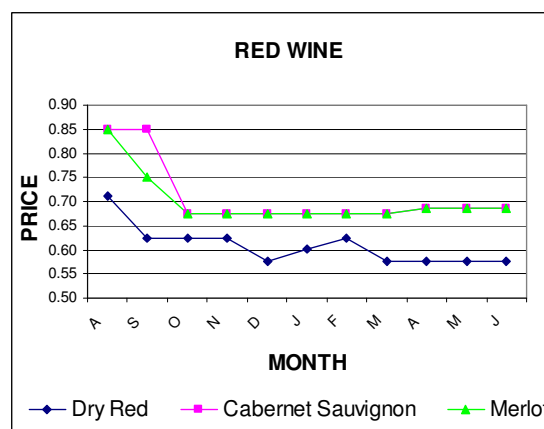
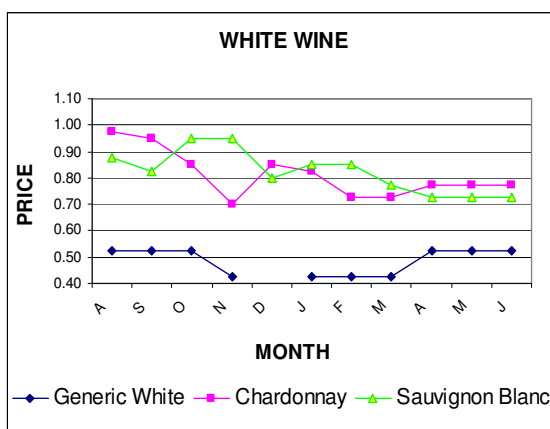
According to Inter Rhone Syndicate technicians, freezing winter temperatures caused significant reductions in Grenache Noir bud break (15% to 20% reduction on average and up to 60% for old vines). Although it is too early to speculate, it is believed that this will diminish future crop yields in the Côtes du Rhône region where Grenache makes up 60% of vineyards planted. Due to recent strong winds, Grenache Noir, Sauvignon Blanc and Chardonnay varietals have all seen extensive young shoot damage. Merlot bud break has been irregular (specifically in the Aude region) and a significant crop size reduction can be expected in some areas.

CURRENT MARKET PRICING

BULK WINE PRICES: All prices in € per Liter; EXW:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2011	Generic White	0.50 – 0.55	↔	2011	Generic Red (VDF)	0.55 - 0.60	↔
2011	Chardonnay (IGP OC)	0.75 – 0.95	↓	2011	Syrah (IGP OC)	0.75-0.80	↔
2011	Chardonnay (VDF)	0.75 – 0.80	↔	2011	Malbec (IGP)	0.85-0.95	↔
2011	Sauvignon-Blanc (IGP OC)	0.70 – 0.75	↔	2011	Cabernet-Sauvignon (IGP OC)	0.75-0.80	↔
2011	Dry Muscat (IGP Oc)	0.90-1.00	↔	2011	Cabernet Sauvignon (VDF)	0.67-0.70	↔
2011	Generic Rosé (VDF)	0.60-0.70	↔	2011	Merlot (IGP OC)	0.75-0.80	↔
2011	Varietal Rosé (IGP OC)	0.70-0.80	↔	2011	Merlot (VDF)	0.67-0.70	↔

BULK PRICING OVER TIME



BITS AND PIECES

Bank holidays and poor weather conditions have decreased white wine and rosé wine consumption and have contributed to a slow sales month. Inventory in the Languedoc region in southern France remains available for white and rosé varietals.

Generic white table wine inventories have decreased due to its popularity throughout France. Prices remain stable for most red varietals, but are decreasing for white and rosé varietals.

GERMANY – JUNE 2012

TIME ON TARGET

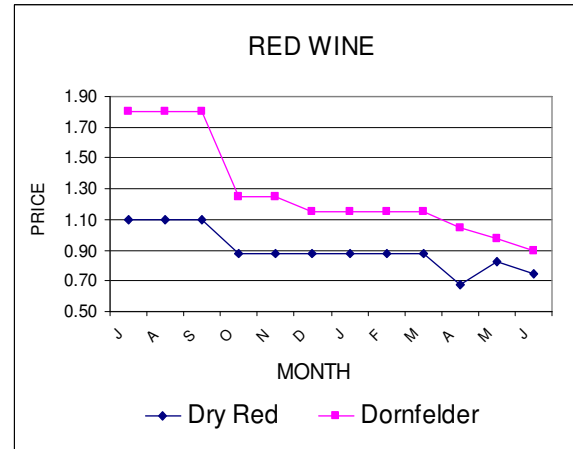
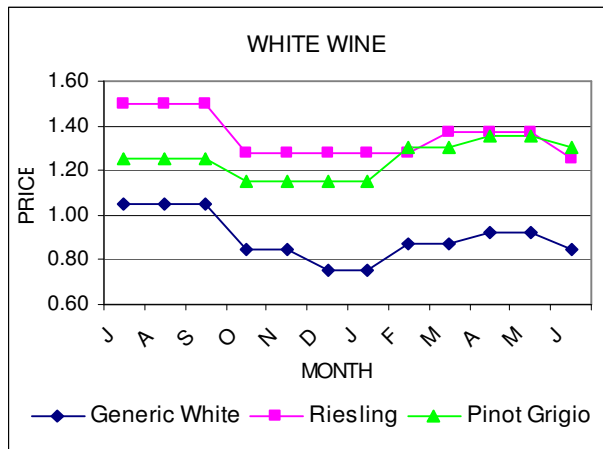
Red and white bulk inventory remains unbalanced with red varieties in a long position. As suppliers move from this difficult inventory situation, they are preparing for the upcoming harvest. After an early 2011 bud break, the 2012 harvest looks to be set for a typical early June bud break. The cold winter and warm spring have led to early foliation, but an unusually cold May has slowed down flowering. It can be expected that the crop for the vintage year 2012 will be harvested during the second half of September. Mild temperatures and no rainfall within the next few weeks will ensure the desired flowering and fruit set.

CURRENT MARKET PRICING

BULK WINE PRICES: ALL PRICES IN EURO PER LITER EX WINERY:

Vintage	Variety	Price	Trend
2011	White Wine	0.85 - 1.00	↑
2011	Red Wine	0.75 - 0.90	↓
2011	Riesling	1.25 - 1.50	↔
2011	Dornfelder	0.90 - 1.05	↓
2011	Pinot Grigio	1.30 - 1.40	↑

BULK PRICING OVER TIME



BITS AND PIECES

German consumers have been seeing higher priced wines in recent months. Even at higher prices, wine sales have not been affected.

In the 12-month period between April 2011 and March 2012, there was a 10.2% increase in the value of imports to EUR 2.3 billion. During this same period, the total imported volume also increased by 5.7% with an average price of EUR 1.50 per liter.

Of all wine imported into Germany, bulk wine accounts for 65% and cased goods account for 35%.

Red wine and rosé make up 60% of the wine imported into Germany, while the other 40% is white wine.

As the size of the London International Wine Fair seems to have decreased, management of "Messe Duesseldorf" recently announced the new hall concept for ProWein 2013, expanding the size of the exhibition. For the first time, exhibition halls 1 and 2 will be added in the south entrance for New World wine regions and Portugal.

ITALY – JUNE 2012

TIME ON TARGET

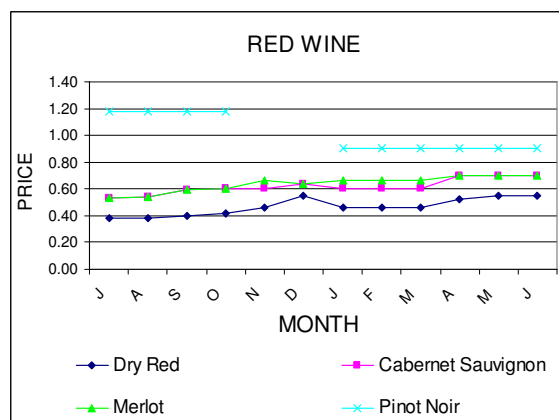
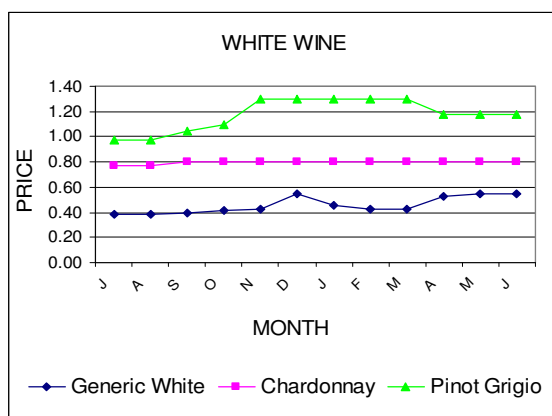
Prosecco prices are expected to remain stable as massive plantings continue in the north of Italy. The new Prosecco plantings are replacing older Merlot and Cabernet Sauvignon vineyards. These Prosecco plantings could create new opportunities for varietals such as Pinot Grigio and Chardonnay that have been used as less expensive blenders for the Prosecco. Prices will most likely not decrease as demand remains strong. However, it is still unknown at this time.

CURRENT MARKET PRICING

BULK WINE PRICES: All prices in € per Liter; EXW:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2011	Generic White	0.52 – 0.57	↑	2011	Generic Red	0.52 - 0.57	↑
2011	Pinot Grigio	1.10 – 1.25	↔	2011	Merlot	0.65 - 0.75	↔
2011	Chardonnay	0.70 - 0.90	↔	2011	Cabernet Sauvignon	0.65 - 0.75	↔
2011	Zinfandel rosé	0.85 - 0.95	↔	2011	Primitivo (Zinfandel)	0.85-0.95	↔

BULK PRICING OVER TIME



BITS AND PIECES

Primitivo remains in high demand in Southern Italy as buyers prepare for the 2012 vintage. Availability is limited, especially for red varietals.

New laws that will be taking effect January 1, 2013 will forbid the production of sparkling wine outside the area of production for the IGP and DOP (Protected Geographical Indication). This will mainly affect some Lambrusco and Moscato produced in the north of Italy from base wines made in the south.

Suppliers are expecting the creation of a new regional DOP in Sicily.

Analysis from Cribis D&B shows an increase in wineries running the risk of bankruptcy. Five years ago, 8.5% of wineries were at risk, whereas today 14% are at risk.

SOUTH AFRICA – JUNE 2012

**TIME ON
TARGET**

Now that almost all harvest information has been collected, the latest indications and estimates reveal that the total 2012 harvest amounts to 1,405,845 tons, which is 7.6% more than 2011 crop and up 6% from previous indications, according to SAWIS. The changes from previous months are due to later harvesting and conservative initial estimates.

CURRENT MARKET PRICING

ALL PRICING IN SA RAND, FOB, CAPE TOWN:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2011/2012	Generic white	4.20 – 4.40	↔	2011/2012	Generic Red	5.85 – 6.30	↔
2011/2012	Chenin Blanc	4.40 – 5.20	↔	2011/2012	Cinsaut	6.00 – 6.30	↔
2011/2012	Sauvignon Blanc	5.75 – 8.00	↔	2011/2012	Ruby Cabernet	6.00 – 6.30	↔
2011/2012	Chardonnay	5.75 – 7.25	↔	2011/2012	Pinotage	6.50 – 7.25	↔
2011/2012	Muscat	4.75 – 5.00	↔	2011/2012	Cabernet Sauvignon	6.65 – 8.00	↔
2011/2012	Generic Rosé	5.50 – 6.00	↔	2011/2012	Merlot	6.65 – 8.00	↔
2011/2012	Cultivar Rosé	5.75 – 6.35	↔	2011/2012	Shiraz	6.80 – 8.25	↔

BITS AND PIECES

Over the last month, the SA Rand has weakened against all major currencies, losing 10% against the USD alone.

The cost of producing wine and all agricultural products is going up monthly due to the sharp increases in fuel and electricity costs over the last 3 months. Wineries are struggling to maintain present price levels.

The first winter rains have resulted in cooler temperatures and have benefited recently-harvested vineyards in need of rain.

Although the 2012 crop is larger, the ripening period has been 3 weeks longer than 2011; this has brought on a much more even ripening of the grapes, resulting in wines with good, intense fruit flavors and moderate alcohols.

The slightly larger volume availability, the weaker Rand, and the current pricing, are making it a very popular sourcing country for bulk wines at the moment.

While generic white wine and other white varietals like Chenin Blanc, Colombard, Chardonnay and Sauvignon Blanc show volume availability increases, the export-favorable exchange rate is attracting many new buyers. Therefore, traditional South African buyers should fix contracts while the market can still supply at competitive pricing verses availability.

The total consumption of all alcoholic beverages in South Africa from July 1, 2010 to June 30, 2011 was 3,711 million liters, of which 80% was beer and only 8% wine.

The total liquor market in South Africa has grown by 2% in the last 12 months with wine growth of 3%. There is a 2% normal growth plus a large influx of people across South African borders. .

SPAIN – JUNE 2012

TIME ON TARGET

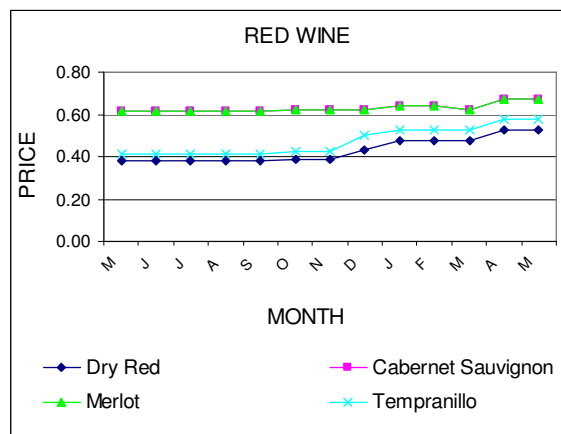
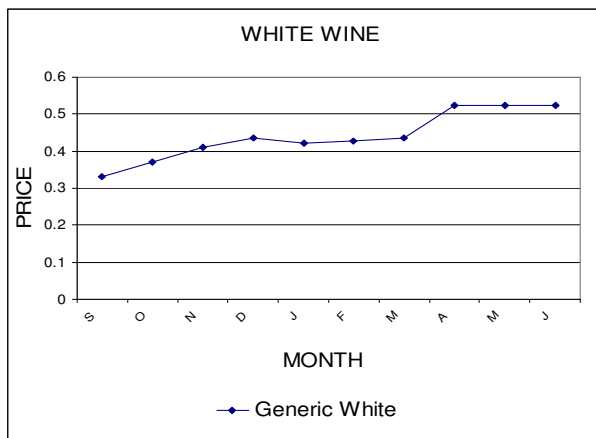
In May, producers, traders, and negociants took stock of cellar inventories. It was determined from these inventories that dry white wine remains in short supply, while large single lots of dry red wine remain available. Most buyers are waiting to purchase new vintage wines, however, there still remains limited activity on the current vintage. La Mancha, the largest wine producing region in Spain, experienced a temperate winter with minimal rainfall. This allowed for good bud break and indicates that next year's crop will most likely be at least as large as this year's crop.

CURRENT MARKET PRICING

BULK WINE PRICES: All prices in € per Liter; EXW:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2011	Generic White	0.50-0.55 (limited)	↑	2011	Generic Red	0.50-0.55	↑
2011	Moscatel	0.85-0.90 (limited)	↔	2011	Tempranillo	0.55-0.60	↑
2011	Generic Rosé	0.50-0.55 (limited)	↑	2011	Cabernet-Sauvignon	0.65-0.70	↑
2011	Syrah	0.55-0.60	↑	2011	Merlot	0.65-0.70	↑

BULK PRICING OVER TIME



BITS AND PIECES

Suppliers are beginning to give indications for the 2012 vintage. Early estimates show pricing that will be similar to current price trends. While solid prices are expected for the 2012 vintage, it is clear that the high prices of the 2011 vintage will not persist. As suppliers continue to release quotes and harvest gets closer, more precise price trends will become evident.

As a consequence of the dry white wine shortage, the major Spanish suppliers purchase wines from around the world, predominately from South Africa, Chile, and Argentina. The major suppliers have been sourcing wine from around the world to maintain lower prices on the international market after seeing a shortage of dry white wine on their domestic market. It has been reported by Argentinean consultants that between January 1, 2012 and February 1, 2012 Spanish suppliers imported more than 1 million liters of dry white wine from Argentina alone.

BUYER'S CORNER – EUROPE 2012

THE NETHERLANDS

The size of the Dutch market is difficult to measure, since the country serves as a transit and distribution point for other countries in Europe, with a large proportion of imported wines re-exported to other European countries.

It is estimated that the Dutch imported around 400 million liters of wine in 2010.

France remains the dominant producer to the the Dutch market as the popularity of New World wine continues to increase.

The Dutch preference still goes to wines of the “Old World” such as France. Second to the wines of France are those of South Africa. Non-European wines grew to 33% market share. Spanish wines remain popular in the Netherlands.

The search for alternatives and new flavors benefited newer still wine brands that entered the market. For example, still wines from New Zealand are gaining a presence in the Dutch market, boosted by advertising and increased distribution.

The most popular grape varieties are:

Red wines: Cabernet Sauvignon, Merlot, Shiraz

White wines: Chardonnay, Chenin Blanc, Sauvignon Blanc

Rosé wines: Cabernet Sauvignon, Grenache

The off-trade accounts for 87% of all Dutch wine sales in volume, whereas on-trade represents 13%. In 2010 the off-trade accounted for 59% of all Dutch wine retail sales in value (more than EUR 1.38 billion). The share of on-trade was 41% (approximately EUR 980 million).

The Dutch wine market is highly taxed: wine tax is EUR 0.64/liter, environmental tax 0.4 EUR/liter and VAT is 19%. In addition, excise duties are included on imported wines that are not from the EU.

ITALY

The domestic market remains stable. The latest bulk wine price increases are now reflected on supermarket shelves. The latest numbers from ISTAT show that the price of wine has increased faster than the rate of inflation. 2011 bulk import figures have been released, and it is interesting to note that both imports and exports increased 14% and 12% respectively. France, the United States, Spain and Portugal were the largest suppliers to Italy.

FRANCE

The buying campaign in Languedoc remains unpredictable, as there are still significant volumes of white and rosé wine available. Although red varieties are in shorter supply, loadings are slow. One explanation could be that the large negociants who supply the supermarket chains didn't believe that the price increases at the beginning of the buying campaign were sustainable. They offered prices to the supermarket buyers that were based on bulk prices below the real market prices. These prices remained stable over the year, due to a firm and strong strategy from the Co-ops. This slowed down the purchase pace and reduced volumes ordered, so as to avoid overstocking and losing money every time they made a sale.

CIATTI COMPANY

GLOBAL WINE & GRAPE BROKERS



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