

# CIATTI COMPANY

GLOBAL WINE & GRAPE BROKERS



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## GLOBAL MARKET UPDATE – MARCH 2012

### VOLUME 3 ISSUE NO.3

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As the annual Prowein trade show begins in Germany, the harvests in the Southern Hemisphere move into full swing. Chile, South Africa and Australia all look to be having normal sized harvests, while growers in Argentina now expect numbers to be down significantly from last year. It is still early in the harvest season, but buyers have been actively searching for 2012 offers, and many will commit early.

Bulk wine supply continues to be scarce in most markets, but opportunities for red varietals in Chile and Australia, and white varietals in South Africa still exist. The European varietal stocks continue to fade, and pricing in France has caused buyers to hold off on making major supply commitments. Meanwhile, US buyers are looking more purposefully at international supply, as California stock is lower than it has been in recent memory.

Overall, prices for bulk wine remain strong, and buyers and sellers should be very active in Dusseldorf.



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## CONCENTRATE – MARCH 2012

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TIME ON  
TARGET

Pricing for grape juice concentrate produced in the United States remains expensive as only small quantities of red and white grape juice concentrate remain. Initial prospects for next year's Thompson and natural (generic) grapes remain bullish in the California Central Valley. Growing winery demand followed by no raisin pack house carryover from the previous year is setting the stage for high 2012 prices. Both the 2010 and 2011 harvests of Central Valley generics were healthy, however, with the lack of water this late in the season, many farmers do not expect a strong 2012 harvest, although it is too early to make any definitive predictions.

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### CURRENT MARKET PRICING

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ALL PRICING IN USD/LITER; FCA WINERY:

WHITE GRAPE JUICE CONCENTRATE			
Vintage	Country	Price	Trend
2011	Argentina	8.50 – 9.00	↑
2011	California	10.00 - 12.00	↑
2011	Italy	10.00 – 11.00	↑
2011	Chile	12.50 - 13.50	↑
2011	Spain	10.00 - 11.00	↑

RED GRAPE JUICE CONCENTRATE			
Vintage	Country	Price	Trend
2011	California (1000)	12.00 - 14.00	↔
2011	Spain (1000)	13.00 - 14.00	↔
2011	Chile (600)	14.00 - 15.00	↔
2011	Chile (1000)	15.00 - 16.00	↔

APPLE JUICE CONCENTRATE			
Vintage	Country	Price	Trend
2011	China	12.00 - 12.50	↔
2011	US	14.50 - 15.00	↔

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### BITS AND PIECES

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Argentina is expecting at least 10-15% crop damage from the late storms that hit the Mendoza and Santa Rosa regions. A smaller crop had already been predicted compared to last year, so total deficit could reach 20% for concentrate volumes. Pricing for the Creolea grape and other generic varieties that go to concentrate production have already increased 20% over last year. Compounding the issue is the 20% increase in global freight charges due to large Asian container contracts, thus limiting the amount of ships and containers available to transport concentrate worldwide.

Chilean concentrate volumes remain low and some wineries are importing concentrate from Argentina to back fill their requirements. Winery demand will continue to dominate the grape market, taking concentrate pricing high for another season. While there will be some red and white grape juice concentrate available, those limited supplies will likely go to Chilean wineries to supplement internal requirements.

South Africa will look heavily to Argentina for their concentrate needs as Spain will have little to offer due to the continuing economic crises and heavy Spanish winery demand.



## ARGENTINA – MARCH 2012

TIME ON TARGET

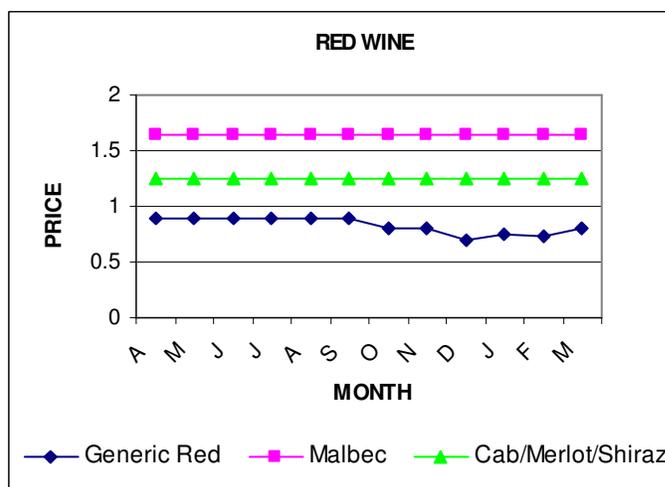
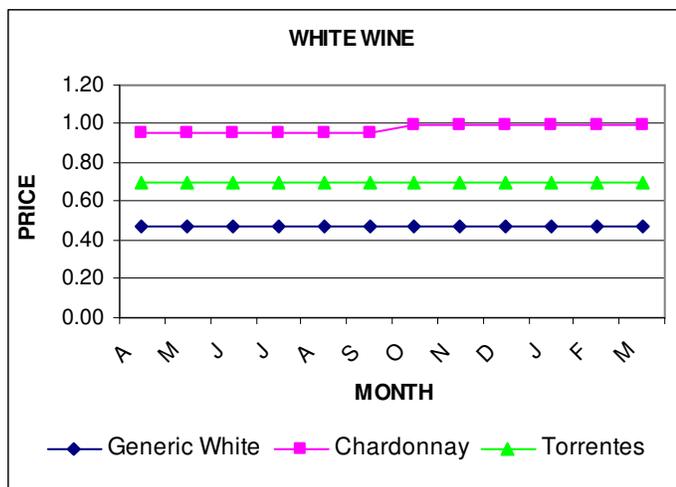
As harvest approaches, the crop looks like it will be down from last year. Expectations are now for a reduction of at least 10%, and likely more. Weather issues have taken their toll on the vines in both Mendoza and San Juan, and most now feel that a reduction is eminent. The last few days have been humid but disease issues are not reported in large numbers. Despite the anticipated small crop, bulk wine prices are not increasing as the carry over stock is trending toward a long position. As of January 1, 2012 the official bulk stock number was 1.3 billion liters. At current demand levels, a six month use rate would be near 700 million liters, and the needed technical stock should be at 200 million liters. Therefore, it appears that stocks are in a slight over supply at 400 million liters, or roughly three and a half months of demand. We see strong availability in both Red and White Generic wine, and a slightly tighter varietal market.

### CURRENT MARKET PRICING

ALL PRICING IN USD/LITER; FCA WINERY:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2011	Generic White	0.45 – 0.50	↔	2011	Generic Red	0.75 – 0.85	↔
2011	Generic White (Criolla)	0.33 – 0.38		2011	Bonarda	0.95 – 1.05	↔
2011	Chenin Blanc	0.65 – 0.75	↔	2011	Malbec	1.50 – 1.80	↔
2011	Torrontes	0.65 – 0.75	↔	2011	Syrah / Merlot	1.20 – 1.30	↔
2011	Chardonnay	0.95 – 1.05	↔	2011	Cabernet Sauvignon	1.20 – 1.30	↔

### BULK PRICING OVER TIME



### BITS AND PIECES

Russian buyers purchased roughly twenty million liters of bulk wine. The majority of the wine purchased was Generic White wine with prices in the USD \$ 0.30 per liter range.

Many believe that large volumes of generic fruit will go to concentrate production (over wine production) as the concentrate market continues to see strong demand. Due to government intervention in the grape market, raw material costs for concentrate should increase by nearly 25% in 2012; this number has tracked closely to the current rate of inflation in the country. The current net cost for Criolla grapes, including all subsidies, is 1.10

ARG pesos/KG, as opposed to the average rate of 0.85 pesos in 2011.

## AUSTRALIA & NEW ZEALAND – MARCH 2012

TIME ON TARGET

Speculation continues about the size of the 2012 crop from Australia, with various mixed reports. Due to grape price increases buyers should expect a rise in bulk wine cost. The level of increase remaining uncertain until the reds are picked and final figures tallied. Many suppliers are reluctant to give definite prices and available volumes. Exceptional quality is expected for this vintage due to favorable weather with little humidity or rain and warm days and cool nights resulting in strong varietal character.

### 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	0.85-1.00	↔
2012		0.85-1.00		2012		1.00-1.20	
2011	Sauvignon Blanc	0.80-0.90	↔	2011	Cabernet Sauvignon	0.95-1.20	↔
2012		0.85-1.00		2012		1.05-1.30	
2011	Pinot Gris	0.95-1.20		2011	Merlot	1.00-1.25	↔
2011	Marlborough SB	NZ 2.75-3.00	↑	2012		1.05-1.30	

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

### BITS AND PIECES - AUSTRALIA

The increased popularity of imported wine, thanks to the strong Australian dollar and heavy discounting in supermarket chains, has caused havoc for Australian wineries. Australian domestic wine producers now have to compete with good quality and well-priced wine from Chile, US, France and Spain. This has placed Australian consumers in a powerful purchasing position and allowed them to further educate their palates.

A US winery, Jackson Family Wines, recently announced the purchase of the Hickinbotham Vineyards and property at Clarendon, SA. The property encompasses a total of 445 acres including 207 planted acres and two architectural homes. These vineyards are renowned for contributing to great wines such as Penfolds Grange and Hardy's Eileen Hardy. Jackson also owns nearby Yangarra Estate where the grapes will be processed. It is estimated the property sold for around \$10 million.

### BITS AND PIECES – NEW ZEALAND

The 2012 Marlborough crop estimates are down roughly 15-30% as a result of the cool summer and poor fruit set. The current vintage is tracking around 10 to 14 days late with some concern for getting the fruit ripe by the end of the season. There is also a domino effect for the 2013 harvest, with the cool weather expecting to effect the bud initiation for the following harvest.

The 2012 spot grape market continues to rise from strong winery demand. 2012 price points for Marlborough Sauvignon Blanc are likely to rise due to increased demand from local wineries for material. This will put pressure on overseas markets if bulk wine prices push close to NZD \$3.00/L or above.

## CALIFORNIA – MARCH 2012



The recently released 2011 California Grape Crush Report confirmed 3.343 million total tons of winegrapes (-7%) harvested in 2011. Additionally, 528,000 tons of raisin and table grapes were processed (+33%). The market for appellation varieties remains extremely tight, with prices continuing to increase. Given these lower than desired yields, inventories should remain scarce. Retail price increases in the future will be needed to offset costs.

Apparent from the numbers were the increases, mainly from the Southern Interior, of vineyards and varieties that have been planted since 2005. More plantings are scheduled but will not affect the overall tonnages for the coming vintages.

### CRUSH COMPARISON 2010 vs. 2011

MAJOR VARIETIES PRODUCED					
WHITE			RED		
	TONS	% CHANGE		TONS	% CHANGE
Chardonnay	558,300	-15%	Cabernet Sauvignon	383,600	-14%
Colombard	314,000	-4%	Zinfandel	344,900	-12%
Pinot Grigio	173,500	19%	Merlot	28,600	-8%
Muscato	110,000	16%	Rubired	256,000	16%
Sauvignon Blanc	78,900	-23%	Pinot Noir	170,000	15%
Chenin Blanc	54,000	-17%	Syrah	109,000	-14%
White Riesling	27,500	7%	Ruby Cabernet	74,500	-11%

### BULK GRAPE PRICING

Statewide pricing on grapes increased dramatically on many key varieties:

VARIETAL	% CHANGE
ZINFANDEL	+ 29%
CABERNET SAUVIGNON	+ 13%
MERLOT	+ 11%
CHARDONNAY	+ 8%
RIESLING	+ 11%

Prices were higher, especially in the interior regions, but also in many coastal districts. Prices for ALL red grapes increased an overall 21.5%. Early grape buying continues in all California grape growing regions, growers with available fruit are fielding multiple offers.

### BITS AND PIECES

Weather remains a concern with continued unseasonably warm and dry weather. Some growers are fearing frost coming off of last seasons episodes. Even with the decreased inventories, bulk activity remains brisk, however many buyers are hesitant to accept additional price increases.

**Bottom Line** – Domestic and export demand for California wines have now surpassed the production capacity of currently planted grapes. Even bumper crops can be absorbed, all to fulfill the consumption growth of today's wine drinkers.

## CHILE – MARCH 2012

TIME ON TARGET

The 2012 harvest began with Sauvignon Blanc, but by Monday, February 27, all major varieties in all grape producing regions were in the process of being harvested. The majority of grapes harvested have had a minimum guaranteed price, which will only be fixed in June and there has been a noticeable increase in purchasing of grapes at these fixed prices. The expected final volume is still unclear, but appears to be similar to last year. The drought appears to have had a negligible effect on the harvest, but it will not be known until March.

### CURRENT MARKET PRICING

ALL PRICING IN USD/LITER; FOB PORT:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2011	Generic White	0.65 – 0.75	↓	2011	Generic Red	0.67 – 0.80	↔
2011	Sauvignon Blanc (Casablanca)	1.20 – 1.70	↔	2011	Cabernet Sauvignon (Basic)	0.90 – 0.97	↔
2011	Sauvignon Blanc	1.05 – 1.25	↔	2011	Cabernet Sauvignon	1.05 – 1.20	↔
2011	Chardonnay	1.20 – 1.35	↔	2011	Carmenere	1.08 – 1.25	↔
2011	Pinot Noir	1.35 – 1.65	↔	2011	Syrah	0.95 – 1.20	↓
2011	Malbec	1.80 – 2.00	↔	2011	Merlot	1.25 – 1.40	↔

### EXPORT FIGURES

Wine Export Figures	January - December 2010			January - December 2011			Difference in %
	M Liters	M US\$ FOB	Avg Price	M Liters	M US\$ FOB	Avg Price	
Bottled	382,6	1.186,5	3,10	396,6	1.321,5	3,33	3,7%
Bulk	290,9	243,3	0,84	210,2	245,2	1,17	-27,7%
Grape Musts (juice conc.+ alcohol)	4,9	8,0	1,63	6,0	14,6	2,43	22,4%
Sparkling Wines	3,3	12,9	3,91	3,8	14,7	3,87	15,2%
Fruit Wines	1,8	7,6	4,22	1,7	7,5	4,41	-5,6%
Paked Wines (Tetra & bag in box)	48,6	90,1	1,85	49,5	98,7	1,99	1,9%
<b>Total</b>	<b>732,1</b>	<b>1.548,4</b>	<b>15,56</b>	<b>667,8</b>	<b>1.702,2</b>	<b>2,55</b>	<b>-8,8%</b>

### BITS AND PIECES

Many wineries have increased their cooperage capacity since the recent earthquake which has led to a surplus of storage space.

Europe is still behind on its bulk shipments, but exported case goods are very active, causing large wineries to continue to actively buy on the domestic market.

The Chilean peso remains strong against the US dollar.

Merlot and Chardonnay are in short supply. Generic wines, as well as Sauvignon Blanc and Cabernet Sauvignon remain readily available, with Syrah wine and grapes being in the longest position of any varietal.

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## FRANCE – MARCH 2012

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### IGP Pays d'Oc: Buying campaign picking up at last



TIME ON TARGET

Well behind 2010 buying campaign figures at the end of 2011, sales of varietal wines from Southern France in the IGP category have finally reached the average level to date in mid-February 2012. The IGP Pays d'Oc syndicate indicates that although the 2011 vintage campaign started out at a sloth's pace (total sales for 2010 vintage until Dec. 2010: 220million L vs. total sales for 2011 vintage until Dec 2011: 160million L), sales are picking up with significant volumes sold since January (total sales for 2010 vintage until end of January 2012: 319million L sold in bulk vs. 321 million L last year at the same date) for a total stock commitment of 60%. There are several reasons why this year's campaign lagged: 1) a longer than usual harvest period, 2) producers and buyers inability to agree on average prices until the end of December, 3) rumors about very high inventory; giving negociants time and choice to buy.

However, the situation is not the same for every varietal. White varietal sales are still 16% behind last year's figures. Although demand is still stable, negociants are postponing their purchases, knowing that stocks are high (good crop, new vineyards, high price competition) in the hopes of getting a better deal. Varietal rosé sales are also 14% behind last year's figures but have a growing market even if there is a large quantity available (Syrah & Grenache overall). Vineyards typically dedicated to AOP wines were allocated to produce IGP rosé wines, thus dramatically increasing the supply, but not in a good way (risk of price drop, quality issue, etc).

Finally, red varietal (60% of total varietal production) are the only wines showing positive sales figures with a +4.7% increase in volumes (200 million L already sold) and price (3.9% vs 2010 and 16% vs 2009) to date.

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## CURRENT MARKET PRICING

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

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2011	Generic White	0.40 – 0.45	↔	2011	Generic Red (VDF)	0.55 - 0.60	↔
2011	Chardonnay (IGP OC)	0.90 - 1.00	↔	2011	Syrah (IGP OC)	0.75-0.80	↔
2011	Chardonnay (VDF)	0.70 – 0.75	↔	2011	Malbec (IGP)	0.85-0.95	↔
2011	Sauvignon-Blanc (IGP OC)	0.75 – 0.80	↓	2011	Cabernet-Sauvignon (IGP OC)	0.75-0.80	↔
2011	Dry Muscat (IGP Oc)	0.95-1.10	↔	2011	Cabernet Sauvignon (VDF)	0.65-0.70	↔
2011	Generic Rosé (VDF)	0.60-0.70	↔	2011	Merlot (IGP OC)	0.75-0.80	↔
2011	Varietal Rosé (IGP OC)	0.73-0.80	↔	2011	Merlot (VDF)	0.65-0.70	↔

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## BITS AND PIECES

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According to the Export Federation of Wine and Spirits (FEVS), 2011 sales increased by 10.5% in value (10.1 billion Euros meaning +1 billion euros vs. 2010). The wine/spirits industry takes second place of all products exported from France, after the aeronautical industry.

## GERMANY – MARCH 2012

**TIME ON TARGET**

Despite the comparatively big 2011 crop, the market for Riesling bulk wine continues to be strained. The entry appellation “Landwein” is almost sold out, while for the higher quality appellation “Qualitaetswein,” growers expect even higher prices in the near future.



### CURRENT MARKET PRICING

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

Vintage	Variety	Price	Trend
2011	White Wine	0.75 - 1.00	↔
2011	Red Wine	0.75 - 1.00	↔
2011	Riesling	1.25 - 1.50	↑
2011	Dornfelder	1.10 - 1.20	↓
2011	Pinot Grigio	1.20 - 1.40	↑

### BITS AND PIECES

In preparation for the upcoming Prowein fair, the magazine “Weinwirtschaft” published the Top 10 rankings for German distribution and bottling companies:

TOP 10 GERMAN WINERIES / BOTTLERS		
	VOL. SOLD	ANNUAL SALES
	In mil. Liters	In mil. Euro
Peter Mertes	200	250
Rheinberg Kellerei	124	215
ZGM	95	140
Langguth	38	110
Binderer	49	80
Hauser	60	75
REH Kendermann	34	73
WSK Ostrau	70	65
Oster	60	65
Schmitt	20	51

TOP 10 GERMAN DISTRIBUTORS		
	DISTRIBUTION	ANNUAL SALES
	In mil. of Bottles	In mil. of Euros
WIV	43	484
Hawesko	63	411
Mack & Schuhle	106	208
Schenk	62	127
Eggers & Franke	24	127
Tophi	105	n.s.
Gibal Wiens	65	104
Schlumberger	10	62
Bernard Massard	17	62
Heinz Eggert	n.s.	36

## ITALY – MARCH 2012

TIME ON TARGET

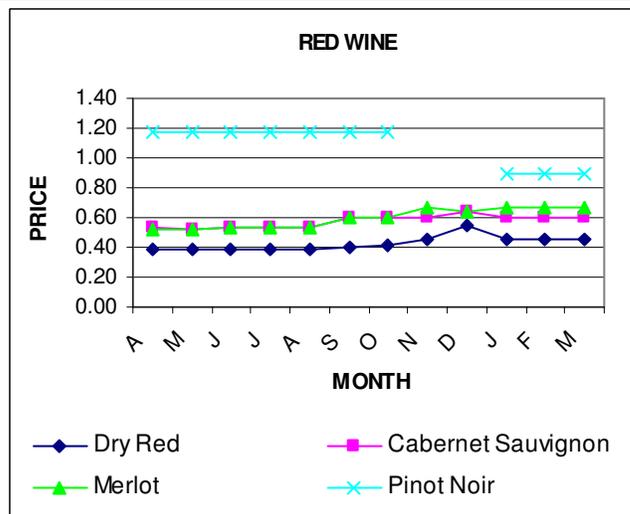
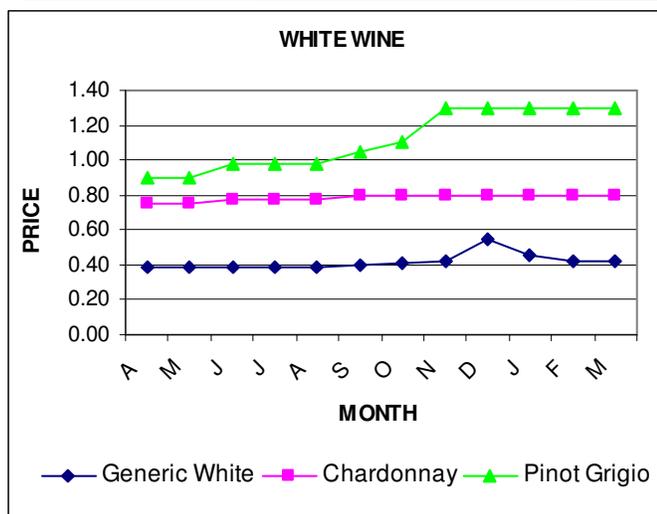
Bulk wine prices increased through December but stayed flat for February. Some suppliers are already expressing concern over the recent deep freezes and the crop damage they could have caused. Both suppliers and buyers are expressing sentiments that another small crop would result in a continuation of high prices for all bulk wine categories. Currently, buyers who do not have long-term supply contracts are unable to get reasonable prices and are directly impacted by this exceptional vintage. The exchange on the bulk market remains constant and demand is still strong.

### CURRENT MARKET PRICING

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

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2011	Generic White	0.40 - 0.45	↑	2011	Generic Red	0.42 - 0.50	↑
2011	Pinot Grigio	1.25 - 1.35	↑	2011	Merlot	0.63 - 0.70	↑
2011	Chardonnay	0.70 - 0.90	↔	2011	Cabernet Sauvignon	0.50 - 0.70	↔
2011	Zinfandel rosé	0.85 - 0.95	↑	2011	Primitivo (Zinfandel)	0.85-0.95	↑

### BULK PRICING OVER TIME



### BITS AND PIECES

Several indications, such as low stocks, the Italian uprooting campaign, and the ever-increasing demand for concentrate, point to one foregone conclusion: prices levels offered in Italy at the beginning of 2010 are no longer available.

The Italian market now mirrors what the Spanish and French markets experienced over the last 2 years. The time when buyers could re-negotiate contracts to their advantage is over. Suppliers now hold the power to maintain their position in terms of validity of offers, loading terms, and prices.

## SOUTH AFRICA – MARCH 2012

### TIME ON TARGET

Excellent ripening and harvesting conditions persist. A good quality crop with a slight increase in size is expected. The harvest is about two weeks later than last year due to cooler conditions earlier in the season. All wineries have now started with their 2012 harvest.

## CURRENT MARKET PRICING

ALL PRICING IN SA RAND, FOB, CAPE TOWN:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2011	Generic white	4.20 – 4.40	↔	2011	Generic Red	5.50 – 6.30	↔
2011	Chenin Blanc	4.25 – 5.20	↔	2011	Cinsaut	5.75 – 6.40	↔
2011	Sauvignon Blanc	5.65 – 8.00	↔	2011	Ruby Cabernet	5.80 – 6.40	↔
2011	Chardonnay	5.75 – 7.50	↔	2011	Pinotage	6.50 – 7.25	↔
2011	Muscat	4.60 – 4.85	↔	2011	Cabernet Sauvignon	6.30 – 8.00	↔
2011	Generic Rosé	5.50 – 6.00	↔	2011	Merlot	6.30 – 8.00	↔
2011	Cultivar Rosé	5.70 – 6.25	↔	2011	Shiraz	6.50 – 8.25	↔

## BITS AND PIECES

### SOUTH AFRICA

- A broader international client-base (EU/UK/Canada) seemed to commit to pre-harvest contracts compared with previous years and therefore pricing listed above is for both 2011 and 2012 vintages.
- 2011 white wine stock is still available, but 2011 red wine stock is in short supply.
- Predictions for the size of the 2012 crop vary widely between regions – from 10% up to 8% down for 2012. More accurate indications are expected at the beginning of March, once harvest is well under way.
- The weather conditions have been very favorable for good quality grapes and little rot has been reported. Very warm conditions persist into the latter part of February with heat wave conditions in some areas, but enough water to save crops from too much damage.
- Most wineries will be finished with the 2012 harvest by mid-April.

### EXPORT FACTS/FIGURES

- SA pricing on 2012 whites such as Sauvignon Blanc, Chardonnay, Colombard and Chenin Blanc is increasingly favourable against other New World wine countries due to stable pricing and exchange rate trends.
- The SA Rand rate is around R8 to 1US\$ and remains weaker against all major currencies compared to the same time last year (8-14% weaker).
- The 2011 SA supplier-trend to export in bulk rather than packaged, and do bottling closer to the end-buyer/consumer market will continue in 2012 with persistent high packaging costs in SA. In 2011 exports in packaged product decreased by 19.6% while bulk exports increased by 16.2% for the 12 month period Jan to Dec, compared to previous year.

## SPAIN – MARCH 2012

TIME ON TARGET

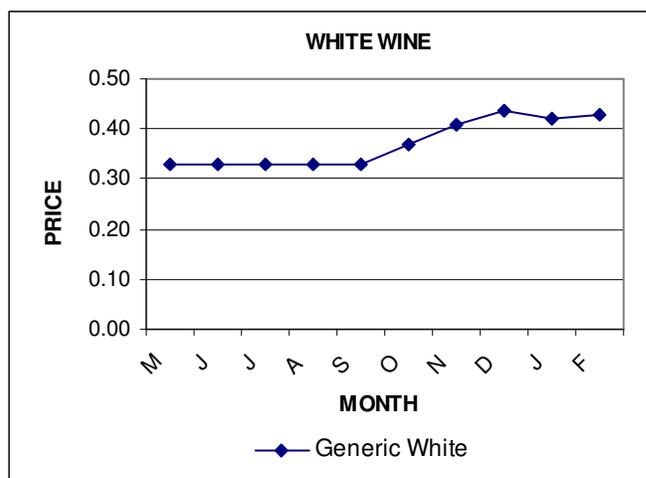
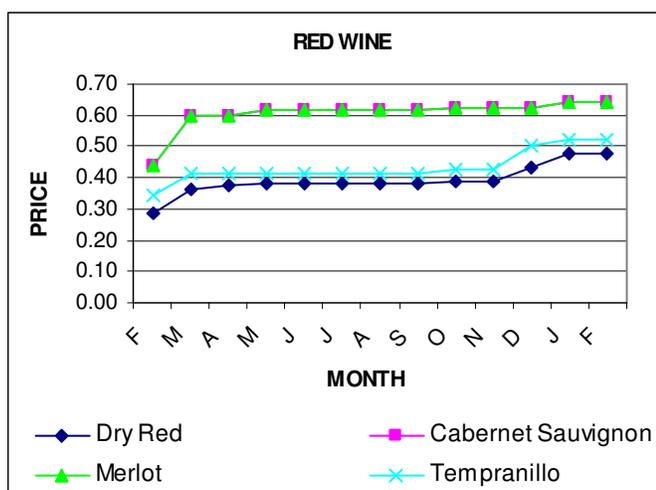
As the campaign progresses, pricing continues to trend upwards. Generic whites and rosés have reached price parity while generic red pricing is still slightly higher.

### CURRENT MARKET PRICING

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

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2011	Generic White	0.42-0.45	↑	2011	Generic Red	0.45-0.50	↑
2011	Moscatel	0.85-0.90 (limited)	↔	2011	Tempranillo	0.50-0.55	↑
2011	Generic Rosé	0.42-0.45 (limited)	↑	2011	Cabernet-Sauvignon	0.60-0.65	↑
2011	Syrah	0.52-0.55	↔	2011	Merlot	0.60-0.65	↑

### BULK PRICING OVER TIME



### BITS AND PIECES

In terms of inventory, there are still good quality wines available in the hands of the negotiators, especially generic and varietal reds. Large operators are currently busy regrouping all purchased stocks into their bottling facilities to prepare (fining / filtering / cold & heat stabilization) for future shipments. Most wineries have wine treatment booked out for the entire month. It is strongly recommend to those who have committed stock to schedule their shipments now in order to allow enough time for preparation. Bulk shipments are now in full swing for big international negotiators who are preparing their bottling programs for next spring. This will allow for greater visibility in the coming weeks of the actual amount of sold/unsold stocks remaining, especially once options are confirmed or rejected.

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## BUYER'S CORNER – SCANDINAVIA MARCH 2012

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TIME ON TARGET

Wine consumption continues to grow in all Scandinavian countries, albeit at different rates. BIB sales increased in Denmark, although not to the level of other Scandinavian countries. Wine consumption in Sweden posted the strongest growth of all alcoholic beverages and Norway saw strong BIB sales, with even prestigious wines now available in the BIB format. Both wine consumption and sales increased in Finland, although high taxes severely cut into profit margins.

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### IMPORT TRENDS BY COUNTRY

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#### DENMARK:

The wine market in Denmark is almost completely focused on pricing. Danish consumers focus on special price offers when buying their wine. Discounters continue to gain market share.

##### **Wine consumption**

Consumption has grown since 2005 with an average annual increase of 2.2%. Traditionally, Denmark was a beer consuming market, but this category has been in decline year after year. Red wines account for 75% of market.

##### **Imports**

Italy (18.1% of the Market share in 2011), France (14.8%) and Chile (12.6%) are the best-selling origins, closely followed by Spain (12.1%), Australia (9.3%) and South Africa (9.1%).

##### **Booming BIB sales**

Bag in box sales are growing in popularity in Denmark and account for 30% of the Danish wine market. However, BIB sales are not as popular as in other Scandinavian markets (in Sweden, BIBs represent around 60% of sales).

#### SWEDEN:

Wine seems to be the alcoholic beverage which has grown the most in volume during 2011 while the off-trade market also shows positive growth.

##### **Imports**

Sales increases are due to successful ongoing BIB listings from South Africa and the US but also new listings.

##### **Monopolies**

Systembolaget is working on a new system they will implement soon: 4 fixed Launches per year instead of 2. The idea is to renew ranges more often.

#### NORWAY:

Wine sales in Norway are still approximately 75% red and 25% white.

##### **Wine Consumption**

Around 50% of wine is sold as Bag-in-Box, mainly in 3 liter boxes. BIB wine has long been associated with low quality by both producers and consumers, but this perception has changed. Now, even the most prestigious wines are available in BIBs. The price of wine is very high due to the tax put on alcoholic drinks. This is a demanding market in terms of quality, safety, product norms, as well as environmental and health protection. Since the 1990s, consumption has risen consistently with beer and wine showing the largest growth rates.

##### **Imports**

Italy remains in high demand, followed by France, Australia, Spain, Germany, Chile, Argentina, Portugal, USA and South Africa.

From 2010 to 2011, Red Wine sales decreased from Argentina by 20.7%, Australia 11%, 10.2% France, 4% Portugal, and 6.1% for Hungary. On the contrary sales from Chile (0.9%), Italy (5.5%), Spain (2.1%), South Africa (1.2%) & USA (26%) have all shown positive growth trends.

#### FINLAND:

##### **Imports**

Given overall consumption, the N°1 selling country is Chile (23%), followed by Spain (12.7%), South Africa (11.8%), Italy (11.1%), France (10%), Australia (9.1%), Argentina (6.1%) & Germany (4.3%).

##### **Consumption**

The market is still mainly driven by spirits (especially Vodka) even if it is decreasing (from 34.9% in 2009 to 33.7% in 2010 and 32.8% in 2011). Overall sales of sparkling wines increased by 5% (among which Cava represents the biggest portion with 13% of the market share).

##### **Monopolies**

Prices rose at Alko due to a tax increase earlier this year (this has been in discussion since last summer 2011) and as a result, Alko decided to reduce their profit margin. Sales at Alko have therefore decreased by 1% over 2011 compared to 2010. The last price change in Finland was in 2007 when taxes decreased by 35% in order to facilitate the integration of Estonia in the European Union (trade cooperation between the 2 countries and relationships which are privileged by geographical location and ferry connections).

# CIATTI COMPANY

GLOBAL WINE & GRAPE BROKERS



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