
GLOBAL MARKET UPDATE – OCTOBER 2012
VOLUME 3 ISSUE NO. 10

As the 2012 harvest season continues in the Northern Hemisphere, expectations remain very low for the European crop results. All estimates for Italy, France and Spain are for a significant decrease in production, when compared to the 2011 harvest. It is believed that we will see a net decrease of one and a half million metric tonnes from the big three in Europe. The bulk wine market has already begun to feel the effects.

Spanish buyers are moving quickly through Chile and generic wines are quickly disappearing. Chile experienced a historically large crop in 2012, and it looks as though the fears of potential oversupply have now fallen away, replaced by the excitement of a very active market. The varietal market has yet to move from a price perspective, but the bottom end of the market has certainly moved in an upward direction.

The California harvest is well underway. Growers and buyers alike are expecting a large harvest of high quality. The current bulk inventory of California wine remains very low. Therefore, a large harvest would provide welcome relief for California bulk buyers.



ARGENTINA – OCTOBER 2012

TIME ON TARGET

Problems with the European crop have caused an increase in activity for Argentinian bulk wine and concentrate. Even though volume is available (especially generic red), the domestic market is slow. Prices have not changed for bulk wine, while Concentrate prices continue to rise. There are currently few lots of raw material for sale on the spot market.

The official carry over stock at September 1, 2012 was:

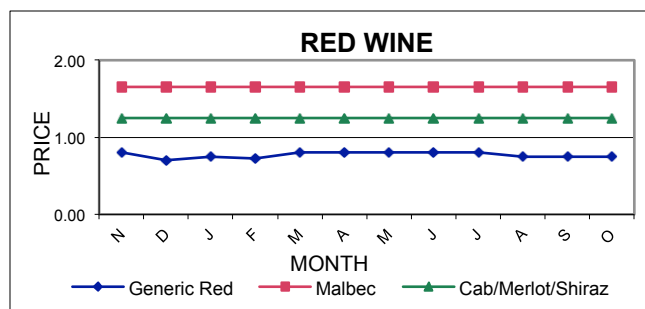
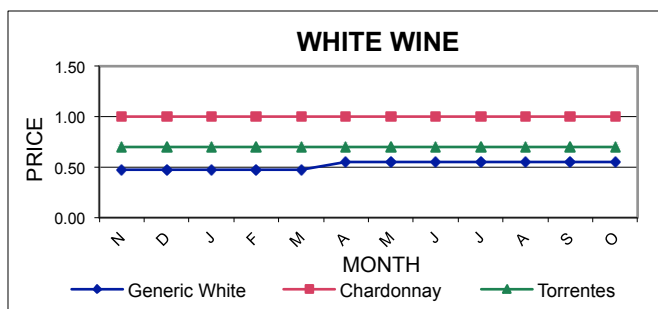
	Generic		Varietals		Generics & Varietals		
	Whites	Reds	Whites	Reds	Whites	Reds	Total
Total in Gallons	104,388,745	208,060,132	26,687,318	69,862,695	131,076,063	277,922,827	408,998,890
Total in Liters	395,111,400	787,507,600	101,011,500	264,430,300	496,122,900	1,051,937,900	1,548,060,800

CURRENT MARKET PRICING

ALL PRICING IN USD PER LITER; FCA WINERY:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2012	Generic White	0.50 – 0.60	↑	2012	Generic Red	0.70 – 0.80	↓
2012	Generic White (Criolla)	0.40 – 0.50	↔	2012	Cabernet Sauvignon	1.20 – 1.30	↔
2012	Chardonnay	0.95 – 1.05	↔	2012	Malbec	1.50 – 1.80	↔
2012	Torrontes	0.65 – 0.75	↔	2012	Syrah / Merlot	1.20 – 1.30	↔
2012	Chenin Blanc	0.65 – 0.75	↔	2012	Bonarda	0.95 – 1.05	↔
2012	Muscat	0.75 – 0.85	↔				

BULK PRICING OVER TIME



BITS AND PIECES

The weather remains warm in Argentina, with the only exception being a soft frost the last week of September in the Uco valley area.

Bulk wine exports grew 200% in volume from January to July 2012, compared to the same period last year. Bulk wine exports are being led by the United States (60.9 million), Russia (13.2 million) and Canada (5.8 million). Meanwhile, case good sales dropped 4.2%. These losses were particularly in the price category of up to USD 29.00 per case. The most affected countries have been the United States (-8.9%) and Brazil (-23.6%).

Concentrate sales growth was 22.9% from January to July 2012, totaling 85,544 metric tons. This growth in Concentrate sales mainly took place in the United States (43%), Japan (15.5%), Canada (15%), South Africa (11%) and China (4%).

AUSTRALIA & NEW ZEALAND – OCTOBER 2012

TIME ON
TARGET

Many wineries are gearing up for 2013, ensuring all vineyards have been pruned and prepped for the fast approaching vintage. There have been some frost concerns as warm days have caused shoot growth, but nights are temperate and cool.

Griffith wineries have had minor concerns regarding the potential rot in the vines root systems. However, most have a positive outlook. Vignerons will have another 6-8 weeks to wait before they can confirm bunch sizes. The 2013 crush is expected to be slightly larger in size than that of last year. Growers have already started talking to buyers, while some larger players are already offering short term contracts.

In New Zealand, there is ongoing demand for 2012 Marlborough Sauvignon Blanc. Negotiations are now including forward contracts for the 2013 and 2014 vintages, in order for buyers to secure future wine. As a result, grape prices are expected to increase.

CURRENT MARKET PRICING

ALL PRICING IN AUD PER LITER:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
NV	Dry White	0.60 – 0.80	↔	NV	Dry Red	0.70 – 0.80	↔
2012	Chardonnay	0.75 – 0.90	↓	2012	Cabernet Sauvignon	1.05 – 1.30	↔
2012	Sauvignon Blanc	0.85 – 1.00	↔	2012	Merlot	1.05 – 1.30	↔
2012	NZ Marlborough SB	NZ 5.00 – 5.50	↑	2012	Shiraz	1.05 – 1.20	↔
2012	Pinot Gris	0.95 – 1.20	↔	2012	Muscat	0.90 – 1.10	↔

BITS AND PIECES – AUSTRALIA

September has brought many inquiries for premium regional material. Shiraz and Cabernet Sauvignon from premium areas such as the Barossa, McLaren Vale, Clare and Coonawarra, have been in high demand with good-sized volumes and price points attached. Inquiries for 2012 entry-level Shiraz remain consistent.

The Phylloxera and Grape Industry Board of South Australia recently reported a slight increase in both production and average grape prices. The South Australia Wine Grape Crush Survey provides details on the 2012 vintage: South Australia's total crush has increased by 2% to 698,005 tonnes.

The Riverland produces approximately 60% of the total grapes produced in South Australia, with an output of 411,529 tonnes. Of this tonnage, the Barossa Valley (50,889 tonnes) and Langhorne Creek (48,651 tonnes) come in with the highest quantities. The average South Australia price per tonne increased by 7.2%, giving a median of \$607 per tonne, and a boost of \$60 million across the state to \$420 million.

BITS AND PIECES – NEW ZEALAND

Pricing is still high at around NZ \$5.00 per liter. New Zealand Chardonnay has also seen an increase in activity, as wineries look to stretch their Sauvignon Blanc blends with other white varietals.

CALIFORNIA – OCTOBER 2012

TIME ON TARGET

Recent heat spells have spiked sugar levels throughout the state. Wineries are aggressively crushing in all regions. Capacity is constrained, as wineries are harvesting multiple varieties at the same time. The extreme inventory shortages of the 2011 vintage will be replaced with much needed 2012 wines from all regions.

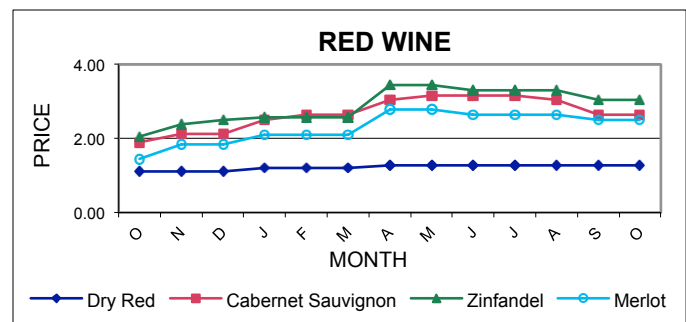
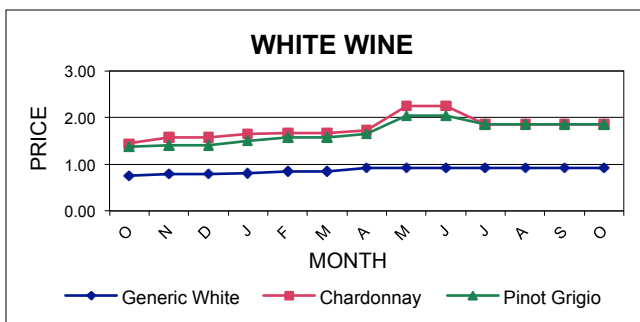
- **Valley:** All wineries are reporting larger yields in most of their vineyards. The Zinfandel crop size continues to amaze, as sugar levels are slow to rise toward the expected levels for red wine. Cabernet Sauvignon, Chardonnay, Pinot Noir and Merlot are all above average.
- **Central Coast:** Crush is now in full swing. With vineyards continuing to fill out, most are picking at above expectation. Monterey County Pinot Noir and Chardonnay could post this as being a record harvest.
- **North Coast:** This vintage is shaping up to be the biggest in recent years. Quality looks outstanding. Sonoma County Pinot Noir and Chardonnay are continuing to size-up. Many Chardonnay grapes are still hanging on the vines. Napa Cabernet Sauvignon and Merlot are looking beautiful and of great quality.

CURRENT MARKET PRICING

ALL PRICING IN USD PER LITER:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2011	Generic White	0.79 – 1.05	↔	2011	Generic Red	1.10 – 1.45	↔
2011	Chardonnay	1.72 – 1.98	↔	2011	Cabernet Sauvignon	2.38 – 2.90	↓
2011	Pinot Grigio	1.72 – 1.98	↔	2011	Merlot	2.11 – 2.90	↓
2011	Muscat	1.58 – 1.85	↔	2011	Pinot Noir	2.38 – 2.90	↓
2011	White Zinfandel	1.32 – 1.58	↓	2011	Syrah	2.11 – 2.38	↓
2011	Colombard	0.92 – 1.06	↔	2011	Zinfandel	2.64 – 3.43	↓

BULK PRICING OVER TIME



BITS AND PIECES

The Gomberg-Frederikson Report shows that sales in California, including imported bulk wine and case good sales, grew by 3.6% (6 million cases) over the last seven months.

The largest wine companies in California make up the largest portion of this growth in sales, whereas growth in sales for small and mid-sized wineries is inconsistent.

Bulk wine exports remain down (-13%), while case good exports have grown (+6%).

CHILE – OCTOBER 2012



The Chilean market has been quiet over the last couple of months with regard to new purchases. Spanish buyers have been purchasing some generic rosé and red wines, prompting Chilean wineries to secure other wines on the market as well.

Generic wines, Cabernet Sauvignon and Tintorera are in the highest demand. Bulk wine purchases and wine shipments have been active over the last weeks. Prices remain fairly stable.

CURRENT MARKET PRICING

ALL PRICING IN USD PER LITER; FOB PORT:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2012	Generic White	0.68 – 0.85	↔	2012	Generic Red	0.60 – 0.78	↑
2012	Chardonnay	0.85 – 1.25	↔	2012	Cabernet Sauvignon (Basic)	0.70 – 0.94	↔
2012	Sauvignon Blanc	0.90 – 1.25	↓	2012	Cabernet Sauvignon	0.95 – 1.15	↔
2012	Sauvignon Blanc (Casablanca)	1.80 – 2.50	↔	2012	Merlot	0.88 – 1.30	↔
2012	Pinot Noir	1.40 – 2.00	↔	2012	Malbec	1.45 – 2.00	↔
2012	Syrah	1.00 – 1.45	↔	2012	Carmenere	0.95 – 1.25	↔

EXPORT FIGURES

Wine export Figures	January - August 2011			January - August 2012			Vol. Var
	MM Lts	M US\$ FOB	Avg Price	MM Lts	M US\$ FOB	Avg Price	%
Bottled	249.5	833.6	3.3	260.7	865.7	3.3	4.5%
Bulk	117.4	136.6	1.2	159.4	196.1	1.2	35.8%
Grape Musts (Juice Concentrates & Alcohol)	3.3	7.3	2.2	4.0	9.8	2.4	22.4%
Sparkling Wines	2.0	7.5	3.8	2.0	8.0	4.1	0.2%
Fruit Wines	1.3	5.6	4.5	1.2	5.6	4.7	-4.7%
Packed Wines	30.8	61.2	2.0	26.9	55.5	2.1	-12.7%
Total	404.2	1,051.9	2.6	454.2	1,140.7	2.5	12.4%

BITS AND PIECES

Total wine exports increased 12.4% over the same period from last year (January-August), which is up from 404.2 million liters to 454.2 million liters.

Bottled wine exports are up 4.5%, from 249.5 million liters to 260.7 million liters.

Bulk wine exports are up 35.8%, from 117.4 million liters to 159.4 million liters.

FRANCE – OCTOBER 2012



Crop estimates released last month have now been revised and it appears that the 2012 crop will be even smaller than expected. It is expected to be 40.6 million hectoliters (the 2011 crop was 50.9 million hectoliters), which could be considered one of the smallest crops of the last ten years. Based upon these numbers, the crop will be down 20% compared to last year and down 13% compared to the average production over the last five years (46.5 million hectoliters).

CURRENT MARKET PRICING

BULK WINE PRICES: ALL PRICES IN € PER LITER; EXW:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2011	Generic White	0.60 – 0.65	↑	2011	Generic Red (VDF)	0.60 – 0.65	↑
2011	Chardonnay (VDF)	0.60 – 0.75	↔	2011	Cabernet Sauvignon (VDF)	0.65 – 0.70	↔
2011	Chardonnay (IGP OC)	0.65 – 0.85	↔	2011	Cabernet-Sauvignon (IGP OC)	0.70 – 0.75	↔
2011	Sauvignon-Blanc (IGP OC)	0.60 – 0.70	↔	2011	Merlot (VDF)	0.65 – 0.70	↔
2011	Generic Rosé (VDF)	0.60 – 0.70	↔	2011	Merlot (IGP OC)	0.70 – 0.75	↔
2011	Varietal Rosé (IGP OC)	0.60 – 0.75	↔	2011	Malbec (IGP)	0.85 – 0.95	↔
2011	Dry Muscat (IGP Oc)	0.85 – 0.95	↔	2011	Syrah (IGP OC)	0.65 – 0.70	↔

BITS AND PIECES

In Languedoc, the crop is believed to be about 11.7 million hl, which is down 21% compared to last year and is similar to the small crop sizes of the 2009 and 2010 vintages. The most affected varieties are Chardonnay (yields are down 50% in some parts of Languedoc), Cabernet Sauvignon and Merlot (used for red blends), and Syrah and Grenache (of which the most part is used for rosé blends). Sauvignon Blanc and Carignan, however, don't seem to be as affected and are showing average yields.

In response to the small upcoming harvest, Languedoc authorities and grower/producer associations (Cooperative Cellar syndicates, independent grower syndicates, IGP control boards) claimed for the settlement of multiannual contracts to insure a harmonization of bulk wine prices. This would guarantee a quantitative and qualitative supply to the trade/negotiants of every segment and a fair price to producers. Based upon bulk wine transactions from 2011, they have claimed the following prices:

- IGP Pays d'Oc and other IGP varieties: 75 €/hl for red wine, 70 €/hl for rosé wine, 90 €/hl for Chardonnay and 85 €/hl for Sauvignon Blanc.
- IGP without mention of variety: 65 €/hl

Although the market is still busy loading 2011 wines and looking at 2012 potential volumes available, prices aren't yet being discussed. However, these figures are the first indication as to what the 2012 vintage prices will be.

GERMANY – OCTOBER 2012



Germany is showing an average-sized crop and the early ripening grape varieties have mostly been harvested. Dornfelder, along with other red grape varieties and Riesling, will be harvested during the first week of October.

-The trend of an imbalance between white and red grape juice, which has existed since last year, is in seamless transition as we move into the 2012 vintage. White grape juice is in limited supply and is even more expensive than last year. The only exception is Riesling, which will be slightly cheaper than it was last year. Red grape juice prices for entry-level qualities is only 0.40 €/L.

CURRENT MARKET PRICING

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

Vintage	Variety	Price	Trend
2011	White Wine	0.90 – 1.00	↔
2011	Pinot Grigio	1.30 – 1.40	↔
2011	Riesling	1.25 – 1.50	↔
2011	Red Wine	0.75 – 0.90	↔
2011	Dornfelder	0.80 – 0.95	↓

BITS AND PIECES

Top 10 Countries of German Wine Imports 12-Month Period August 2011 to July 2012

Countries	Value 1.00 EUR	Volume (hl)	EUR/hl	% Change in Value	% Change in Volume
TOTAL	2,328,000	15,060,000	155	10.1	3.0
Italy	829,000	5,836,000	142	8.6	- 6.9
France	654,000	2,489,000	263	4.7	0.8
Spain	343,000	3,100,000	111	30.6	30.7
South Africa	93,000	834,000	112	9.7	9.2
USA	91,000	569,000	160	12.7	12.1
Chile	68,000	463,000	147	2.5	- 9.7
Australia	66,000	465,000	141	6.7	- 7.3
Austria	50,000	233,000	214	0.7	- 15.4
Portugal	34,000	160,000	212	- 6.0	- 15.7
Greece	24,000	145,000	163	8.7	8.0
Others	76,000	766,000	99	-	-

With Italy, France and Spain all looking to be short, what will German buyers be looking to do for consumers?

Source: WEINIMPORT Aktuell October 2012

ITALY – OCTOBER 2012

TIME ON
TARGET

The 2012 Italian crop forecast has now been confirmed. This will be one of the smallest crops Italy has seen in the last 50 years. The total crop is about 38 to 39.3 million hectoliters, which is down 8% from the 2011 vintage of 42 million hectoliters. Some areas seem to be more affected by the small crop, such as Tuscany, Umbria and Salento.

CURRENT MARKET PRICING

BULK WINE PRICES: ALL PRICES IN € PER LITER; EXW:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2012	Generic White	0.58 – 0.65	↑	2012	Generic Red	0.55 – 0.60	↑
2012	Chardonnay	0.75 – 0.90	↑	2012	Cabernet Sauvignon	0.68 – 0.75	↑
2012	Pinot Grigio	1.30 – 1.45	↑	2012	Merlot	0.68 – 0.75	↑

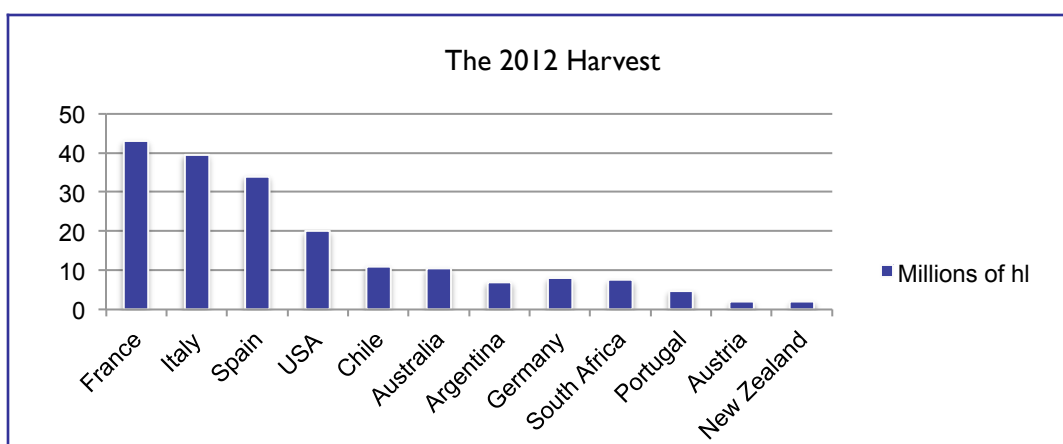
BITS AND PIECES

2011 stocks are really low, resulting in an increase in demand for all kinds of bulk wines.

Most bottlers in Italy are having difficulty in closing contracts with supermarkets due to price increases.

Requests for bulk wine, especially for the cheapest generic white and red wines of low alcohol, remains the most dynamic part of the market, both domestically and internationally.

White wine is in highest demand, while also the most problematic to find at the moment. White wine is difficult to buy, as prices seem to be increasing daily and suppliers are looking to sell only for fast deliveries (1 to 2 months maximum) and fast payments with guaranteed payment or payment in advance.



The graph above shows the 2012 vintage internationally in terms of millions of hl produced. Of the total countries monitored, approximately 200 million hl will have been produced in 2012. This number is down 8% from the 2011 vintage.

- Variation %: France (-16%), Italy (-8%), Spain (-12%), USA (+9%), Chile (+19%), Australia (+7%), Germany (--), South Africa (+2), Portugal (+4%), Australia (-21%), New Zealand (-17%)

Source: Corriere Vinicolo

SOUTH AFRICA – OCTOBER 2012



Many buyers have been showing considerable interest for South African wines over the last month, particularly for generic whites, rosés and generic red (to a lesser degree). The cause of interest is a combination of the small 2012 crop in Europe (mainly in Spain, Italy and France) and competitive South Africa pricing at a favorable exchange rate against major currencies. Many buyers are already committing to pre-harvest contracts on 2013 vintage wines. As a result, pricing for generic wine has already shown a slight upward trend.

CURRENT MARKET PRICING

ALL PRICING IN SA RAND PER LITER; FOB, CAPE TOWN:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2012 / NV	Generic white	4.25 – 4.45	↑	2012	Generic Red	5.70 – 6.30	↑
2012	Chardonnay	5.55 – 7.25	↓	2012	Cabernet Sauvignon	6.50 – 8.00	↔
2012	Sauvignon Blanc	5.75 – 7.80	↔	2012	Ruby Cabernet	5.85 – 6.30	↔
2012	Generic Rosé	4.65 – 6.00	↓	2012	Merlot	6.40 – 8.00	↔
2012	Cultivar Rosé	5.40 – 6.00	↓	2012	Pinotage	6.40 – 7.50	↔
2012	Chenin Blanc	4.35 – 5.00	↔	2012	Shiraz	6.60 – 8.25	↔
2012	Muscat	4.75 – 5.00	↔	2012	Cinsaut	5.85 – 6.30	↔

BITS AND PIECES

South African Overview

Domestic wine sales have remained just above 300,000,000 liters per year for the last four years.

In the last 12 months 370,000,00 liters of natural wine have been exported (packaged and bulk wine).

The Cape Wine Show was held from September 25-27 and received a very good turnout from wineries, traders, buyers and wine journalists.

A winter with better-than-average rainfall in all wine growing regions has just finished.

Cold and wet conditions persisted during September, which is typically the beginning of spring in South Africa.

The uprooting of vineyards in warmer areas is being offset by new plantings in traditional bulk regions.

South African Market Conditions

Stock levels at all wineries are consistent with previous years. A month ago, expected year-end stock levels were high. However, shipments have increased considerably during the last month.

Varietals like Cinsaut, Ruby Cabernet, Cabernet Sauvignon and Pinotage are in short supply.

Shiraz, Merlot and dry red still available in lots of 100,000 to 200,000 liters.

Entry-level generic white stocks are almost non-existent, with considerable volumes already contracted pre-harvest for the 2013 vintage. Other bulk white varietals such as Chenin Blanc, Sauvignon Blanc and Chardonnay are still available in decent volumes.

SPAIN – OCTOBER 2012



Now that the Spanish harvest is coming to an end, crop size estimates confirm the current situation in Spain. The forecasted volumes are even lower than were expected. One reason for this is the absence of late rain, which could have helped in achieving bigger berries. The crop in Spain is expected to reach 33 million hectoliters. Overall, this is down 14% compared to the crop last year, which was already lower than previous years.

CURRENT MARKET PRICING

BULK WINE PRICES: ALL PRICES IN € PER LITER; EXW:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2012	Generic White	0.60 – 0.65	↑	2012	Generic Red	0.60 – 0.65	↑
2012	Generic Rosé	0.60 – 0.65	↑	2012	Cabernet Sauvignon	0.70 – 0.75	↑
2012	Moscatel	0.85 – 0.95	↑	2012	Merlot	0.70 – 0.75	↑
2012	Syrah	0.65 – 0.70	↑	2012	Tempranillo	0.65 – 0.70	↑

Please note that these are purely indicative prices, as most producers have not yet published 2012 price quotes.

BITS AND PIECES

Spanish Crop Estimate Figures

	2011-2012 Crop Size		2012-2013 Crop Estimate			
	Grape (Qm)	Wine (HL)	Grape (Qm)	% 11-12 vs. 12-13	Wine (HL)	% 11-12 vs. 12-13
Galicia	2,250,000.00	1,499,600.00	981,066.00	-35.00	1,026,051.00	-32.00
Navarra	1,129,000.00	679,600.00	505,840.00	-7.00	523,719.00	-13.00
Rioja	2,718,000.00	2,003,000.00	1,762,640.00	-12.00	1,822,730.00	-9.00
Aragon	1,579,000.00	1,148,700.00	984,251.00	-14.00	1,018,712.00	-11.00
Catalunia	4,511,000.00	3,292,500.00	2,769,265.00	-16.00	2,868,040.00	-13.00
Castilla y Leon	2,551,000.00	1,845,000.00	1,452,192.00	-21.00	1,507,642.00	-18.00
Castilla La Mancha	26,308,000.00	18,622,300.00	16,614,500.00	-11.00	17,254,250.00	-7.00
Valencia	3,126,000.00	2,340,700.00	1,734,634.00	-26.00	1,810,148.00	-23.00
Rest of Spain	9,897,000.00	7,171,700.00	5,218,038.00	-	5,385,959.00	-
TOTAL SPAIN	54,069,000.00	38,603,100.00	32,022,426.00	-17.00	33,217,251.00	-14.00

Figures from "La Semana Vitivinicola" - September 27, 2012

The Valencia province is the region that seems to have suffered the most from the summer draught, because large percentages of their vineyards are not irrigated. On the other hand, every other region is expecting grape quality to be excellent with good color, concentration and ripening, without any cryptogamic diseases.

As a consequence of the small crop, grape buying prices have exploded, increasing between 30% and 50% in most of the producing regions. This has caused an increase in the price of fresh must, with some prices similar to that of last year.

Producers who suffered from the biggest crop decrease are now in the process of allocating the volumes to their historic clients (France, Russia, Italy, etc), thus limiting the possibility to develop new markets because of the limited supply and high pricing.

BUYER'S CORNER – SCANDINAVIA - OCTOBER 2012

The Buyer's Corner for this month will focus on Scandinavia, particularly Finland, Norway and Denmark. Scandinavia has a very influential marketplace that is both competitive and unique in many ways.

FINLAND

Bag-in-box (BIBs) wines represent 40.7% of the market in Finland.

Market share for vodka and Spirits continues to decline (32.8% in 2011, down 2% from 2009), whereas wine sales continue to gain market share (20.4% of market share for red in 2011 and 14.5% for white wines in 2011, which is +1% compared to 2009).

August 2012 ALKO figures by supplier:

#1	Chile	23% market share	+3.0%	310 listed products
#2	Spain	13% market share	+8.7%	370 listed products
#3	South Africa	13% market share	+9.2%	163 listed products
#4	Italy	12% market share	+3.4%	515 listed products
#5	France	11% market share	+4.8%	848 listed products
#6	Australia	8.5% market share	-3.8%	222 listed products
#7	Argentina	5.8% market share	-6.7%	143 listed products
#8	Germany	5% market share	-5.2%	128 listed products

NORWAY

A shorter, cooler summer in Norway has caused in a drop in sales of both white wine and rosé. Red wine sales, however, remain stable.

Vinmonopolet influences the consumer by the choices they make for the tenders. At the moment, Italian wines are doing extremely well. The monopoly is also currently focused on new products from other countries like Argentina. Journalists and their views on wines from around the world can also greatly influence consumer preferences.

Importers have to be both creative and innovative with their existing brands and with new products in order to ensure their products are represented on the shelves. Additionally, when a brand is not performing well, importers try to work on marketing, brand and quality in order to potentially replace the initial brand. They are looking at arguments such as carbon footprint and sustainability, which could work well in Norway.

Tax increases in Norway are leading to the growth of border trade with Sweden.

DENMARK

Danish consumers are increasingly setting aside their beer for a glass of wine. This market is still extremely price-sensitive. Bulk wine imports are increasing and are used for bag-in-box packaging, which is typically used in Scandinavia and is a growing trend in Denmark. New World producers are now finding their way to this non-producing wine market. Tax increases in Denmark are reducing profit margins and leading to a tense situation between retailers and importers.

Economic crisis stimulates price sensitivity: The wine market in Denmark is still almost completely focused on pricing. The global economic crisis stimulated this development even further, so that discounters have gained market share, responding to the growing price sensitivity of Danish wine drinkers.

Growing demand for New World wines: Recent figures show Italy as the largest supplier of wine to Denmark, followed by France (previously the largest supplier). Chile is the third largest supplier, showing an increase in exports to Denmark during recent years, although imports from Chile appear to be more or less stagnant. Wines from South Africa and Argentina are selling well in the Danish market. Bag-in-box sales also continue to grow.

CIATTI COMPANY

GLOBAL WINE & GRAPE BROKERS



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