

2002 WFA VINTAGE REPORT

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Red Grape Intake Soars

Australia achieved another record grape harvest in 2002, with an estimated vintage crush of 1.65 million tonnes.

A significant increase in premium varieties, led by Shiraz and Merlot, witnessed an overall estimated increase of 19% (258,000 tonnes) of winegrapes when compared to the 2001 vintage (see table on page 4).

Red winegrape intake increased by 190,000 tonnes (25%) to 963,000 tonnes, representing 58% of the total intake. This is a remarkable turnaround from only 4 years ago when red intake represented only 38% of total intake.

Specialist white wine grapes (i.e. excluding the multipurpose varieties of Sultana, Muscat Gordo Blanco and Waltham Cross) increased by 63,000 tonnes to 558,000 tonnes (or 34% of the total production).

Intake of multipurpose grapes marginally increased - by 4,000 tonnes (+3%) on the 2001 vintage. Multipurpose grapes have declined from a 24% share in 1992 to 8% in 2002

Shiraz up by 134,000 tonnes

Shiraz intake increased by 43% to 445,000 tonnes – equivalent to about 10 million additional cases of finished product. More than a quarter of total Australian grape production is now Shiraz, reflective of the dramatic shift to Shiraz plantings in 1997, 1998 and 1999 (12,000 hectares).

Cabernet Sauvignon intake increased by a modest 4% to 259,000 tonnes. The less dramatic increase reflects its higher prevalence in cooler climates, where yields were poor (see below), and a proportion of

fruit in warmer climates that was not processed.

Merlot intake increased dramatically, up by 31% to 105,000 tonnes, representing 6% of the total winegrape intake.

Pinot Noir intake declined by 32% to 20,000 tonnes. Given that this variety is almost exclusively grown in cool climates, and the poor yields in these regions, this result is not surprising.

The less traditional (in Australia) varieties of Sangiovese and Petit Verdot also increased substantially, reflecting the relatively high rate of plantings to these varieties in recent years.

Chardonnay intake increased by only 3% (7,000 tonnes) to 252,000 tonnes. In 1999, Chardonnay was the largest varietal in the Australian mix. In the three vintages since then, Chardonnay intake has only increased by 41,000 tonnes, compared with Shiraz, which increased by 253,000 tonnes over the same period. The relative scarcity of Chardonnay has prompted a number of companies to write new Chardonnay contracts to provide greater supply surety in the medium term.

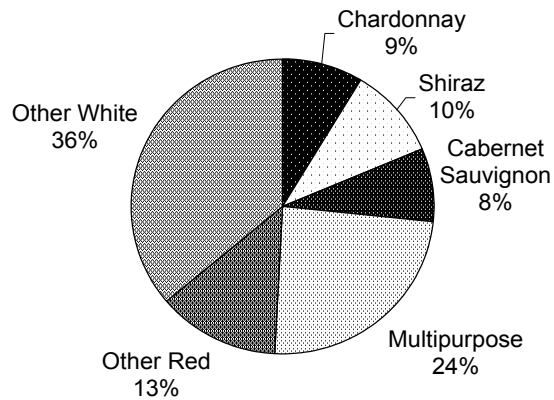
Semillon intake was up by 19% or 17,000 tonnes to 105,000 tonnes, and Sauvignon Blanc recorded a 15% increase to 29,000 tonnes

Riesling also increased, from 27,000 tonnes to 29,000 tonnes. Modest plantings over several years indicates that the variety will continue to grow slowly. Colombard also contributed to the vintage increase, nearly doubling its intake from 39,000 tonnes in 2001 to 68,000 tonnes in 2002.

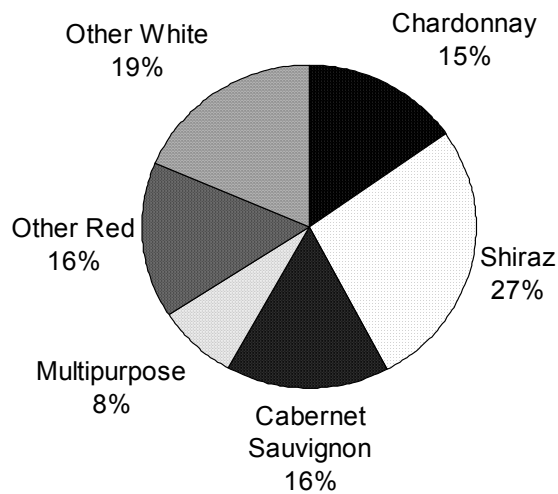
A Decade of Change

The profile of Australian grape production has altered dramatically over the last decade. Not only has grape production increased by 160%, but the shift towards premium varietal production has been substantial, precipitated by strong international growth in varietal brands. In 1992, Chardonnay, Shiraz and Cabernet Sauvignon accounted for around one quarter of total production. In 2002, these varieties alone accounted for almost 60%.

SHARE OF PRODUCTION 1992 (%)



SHARE OF PRODUCTION 2002 (%)

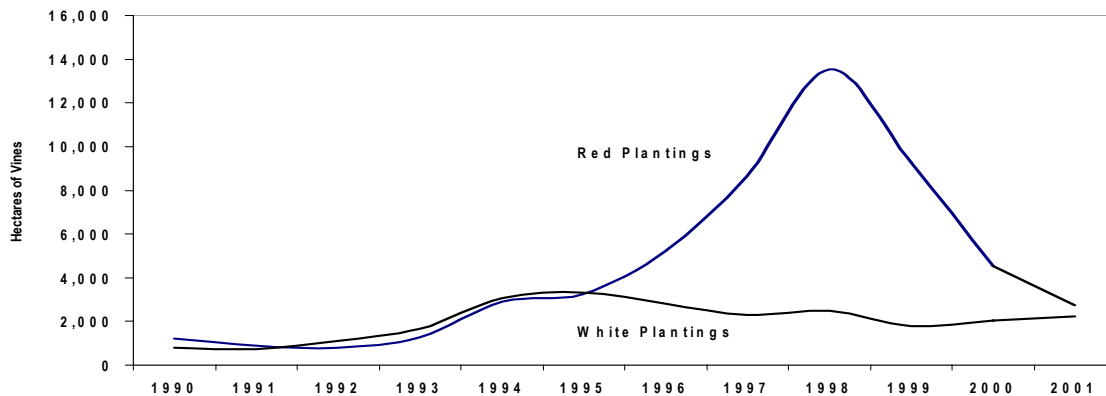


Note: Some variations due to rounding
Source: WFA, ABS

Grape Yields

Higher grape intake in 2002 was almost assured on the strength of new plantings coming on stream. Based on “normal” seasonal conditions, the industry would have anticipated producing around 1.58 million tonnes. At 1.65 million tonnes, vineyard yields were up on average about 5%.

WINEGRAPE PLANTINGS



Source: ABS. Note that 2001 data is intended plantings

Grape yields across regions varied dramatically in 2002. In general, yields increased in the warmer climates, and declined in the cooler climates – significantly in some regions. Reliable regional data will become available later in the year with the release of the National Utilisation Project (NUP) results by the Australian Wine & Brandy Corporation.

Grape Quality

The low incidence of rain in 2002, combined with a cool spring/summer and mild autumn has delivered a grape harvest of outstanding quality across all regions where fruit has ripened. In some of the very cool climates, ripening fruit was a significant challenge.

The majority of wineries, however, have reported exceptional quality. Given the more competitive international trading environment, a significant lift in wine quality in 2002 will assist Australia’s competitiveness in these markets.

Survey Methodology

In May 2002, wineries were sent a mail survey to determine the industry intake for 2002. Wineries were asked to provide details of their 2002 winegrape intake from any source for processing into wine, brandy, spirit or juice.

The survey was conducted by an independent consultant, KPMG, and covered an estimated 72% of industry production. This data was aggregated and the aggregated data was multiplied to estimate 100% of industry intake, based on known 2001 production.

As this survey records intake from wineries it does not measure the production of grapes that are not processed. In 2002, an additional 25,000 to 50,000 tonnes of grapes are estimated to have been produced but not processed.

Australian Winegrape Intake

Variety	2001 Tonnes	2002 Tonnes	% Change
Red Grapes			
Barbera	808	1,184	+47%
Cabernet Franc	6,168	5,492	-11%
Cabernet Sauvignon	249,288	258,836	+4%
Currant	1,619	150	-91%
Grenache	22,563	28,658	+27%
Malbec	4,288	3,280	-24%
Mataro	11,624	11,582	0%
Merlot	80,142	104,917	+31%
Muscat a Petit Grains	1,581	1,167	-26%
Petit Verdot	6,140	14,354	+134%
Pinot Noir	29,514	20,094	-32%
Ruby Cabernet	31,128	49,119	+58%
Sangiovese	3,295	4,597	+40%
Shiraz	311,045	445,372	+43%
Tarrango	2,666	2,268	-15%
Other Red	10,947	12,231	+12%
Total Red Grapes	772,816	963,299	+25%
White Grapes			
Chardonnay	245,199	252,166	+3%
Chenin Blanc	13,842	13,757	-1%
Colombard	39,112	67,629	+73%
Crouchen	1,648	2,405	+46%
Doradillo	4,903	5,147	+5%
Marsanne	2,276	2,197	-3%
Muscadelle	1,620	1,151	-29%
Muscat a Petit Grains Blanc	2,463	1,290	-48%
Muscat Gordo Blanco	48,970	54,243	+11%
Palomino and Pedro Ximenes	2,555	3,127	+22%
Riesling	26,980	28,756	+7%
Sauvignon Blanc	25,326	29,085	+15%
Semillon	88,427	105,397	+19%
Sultana	73,812	73,481	0%
Taminga	533	473	-11%
Traminer	4,345	5,705	+31%
Trebbiano	7,356	8,319	+13%
Verdelho	13,090	14,963	+14%
Viognier	683	1,302	+91%
Waltham Cross	1,109	433	-61%
Other White	14,017	15,247	+9%
Total White Grapes	618,266	686,275	+11%
Total Grapes	1,391,082	1,649,574	+19%

Source: ABS, KPMG

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