



# 2003 WFA VINTAGE REPORT

Winemakers' Federation of Australia

*For the Industry by the Industry*

## Estimated Crush of 1.36 million tonnes in 2003

In 2003, the Australian wine industry experienced its first year-on-year harvest decline since 1997 with an estimated crush of 1.36 million tonnes, 10% lower than 2002 despite an approximate 6% increase in bearing areas.

Reduced crop levels were experienced across almost all varieties. However, given the industry's current red wine stock levels, the lower 2003 vintage should assist in redressing the abundant stock position of certain red varieties.

Red winegrape production decreased by 46,000 tonnes to 802,000 tonnes and accounted for 59% of total production.

Specialist white winegrape production (ie. excluding the multipurpose varieties of Sultana and Muscat Gordo Blanco) decreased by 69,000 tonnes to 482,000 tonnes (representing 35% of total production), compounding the existing shortage of some premium white varieties.

The production of multipurpose grapes was severely impacted by seasonal conditions with the crush of 77,000 tonnes down by 40,000 tonnes (34%) on 2002. The reduction in tonnage is also reflective of the lower intake by wineries as multipurpose varieties are replaced with specialist white varieties such as Colombard or Semillon. When compared to the overall vintage, multipurpose grapes' share has declined from 26% of total production in 1993 to 6% in 2003.

## Grape Quality

Overall, the dry seasonal conditions have again helped to deliver a sound and generally disease-free vintage, with lower yields resulting in grapes of 'above average' to 'excellent' quality.

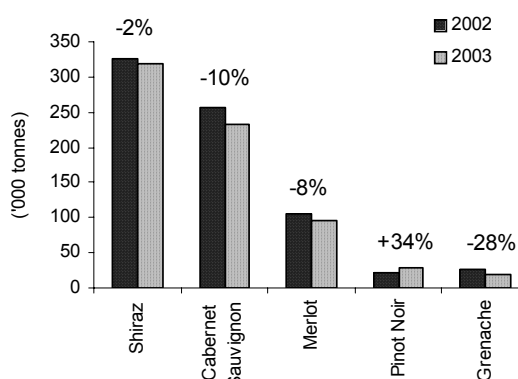
Given the highly competitive international trading environment, the 2003 vintage should assist the industry's competitive position in key export markets around the world.

## The Impact of the Drought

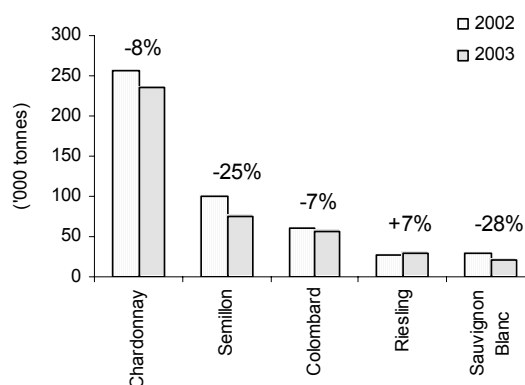
The decline in the 2003 vintage is largely attributable to widespread lower drought-affected yields in both cool and warm climate regions, and cool weather during initial bud formation (prior to the 2002 harvest). Notwithstanding this, Western Australian wine growing regions experienced milder weather compared to South Australia and the eastern states.

In 2003, production of red varieties was down approximately 5% on 2002 and 12% on anticipated production (based on 'normal' seasonal conditions) while production of white varieties decreased by approximately 16% on 2002.

### RED VARIETALS



### SPECIALIST WHITE VARIETALS



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**Red Varietals**

Production of the top two specialist red winegrapes - Shiraz and Cabernet Sauvignon - decreased by 2% and 10% respectively on the 2002 vintage.

Shiraz production decreased marginally by 7,000 tonnes to 320,000 tonnes, maintaining its position as Australia's largest volume winegrape variety, accounting for 24% of total production.

Cabernet Sauvignon production decreased by 25,000 tonnes to 233,000 tonnes, accounting for 17% of total production.

After a period of record growth, Merlot production decreased by 8% to 97,000 tonnes, representing 7% of the total winegrape crush.

Moving against the vintage trend, Pinot Noir recorded a 34% increase on 2002, with production rising to 29,000 tonnes. The difficult seasonal conditions experienced by many of Australia's cool climate regions during the 2002 vintage (the variety is almost exclusively grown in cool climates) combined with increased bearing areas in 2003 may explain this result.

Grenache production fell significantly (28%) in 2003 to 19,000 tonnes.

**Specialist White Varietals**

Chardonnay posted a decrease of 20,000 tonnes to 236,000 tonnes compared to 2002, but still represents 17% of the total grape production.

Semillon was down by 25% or 25,000 tonnes to 75,000 tonnes compared to 2002.

Colombard also contributed to the vintage decline, with production down from 60,000 tonnes in 2002 to 56,000 tonnes in 2003.

Riesling moved against the vintage trend, lifting production by 7% from 28,000 tonnes to 30,000 tonnes.

Another key variety, Sauvignon Blanc, recorded a 28% decrease in production falling by 8,000 tonnes to 20,000 tonnes.

**Low Yields in 2003**

Based on 'normal' seasonal conditions, the industry would have anticipated producing around 1.66\* million tonnes, including 897,000 tonnes of premium red winegrapes and 564,000 tonnes of premium white winegrapes.

For key red and white varietals, low yields in 2003 resulted in:

- Shiraz - 70,000 tonnes down on 'normal' production
- Cabernet Sauvignon - 70,000 tonnes down
- Merlot - 9,000 tonnes down
- Chardonnay - 32,000 tonnes down
- Semillon - 30,000 tonnes down

\*Source: ABARE, National Winegrape Outlook Conference (Nov 2002)

**Projected Production to 2005**

The projected production for 2004 and 2005 is 1.72\* million tonnes and 1.77\* million tonnes respectively.

These projections indicate that, assuming 'normal' seasonal conditions, there will be a 26% increase in production in 2004 and a further 3% increase in production in 2005.

\*Source: ABARE, Australian Wine Grape Production and Winery Intake (Dec 2002)

The table below details the projected production for key red and white varietals to 2005.

**PROJECTED WINEGRAPE PRODUCTION**

	2003 ('000 tn)	2004p ('000 tn)	2005p ('000 tn)	% Change '03 to '05
Total Production	1,361	1,715	1,771	30%
<b>Red Varietals</b>				
Shiraz	320	403	414	30%
Cabernet Sauvignon	233	312	318	37%
Merlot	97	110	112	16%
<b>Specialist White Varietals</b>				
Chardonnay	236	284	302	28%
Semillon	75	107	108	43%
Riesling	30	35	36	21%

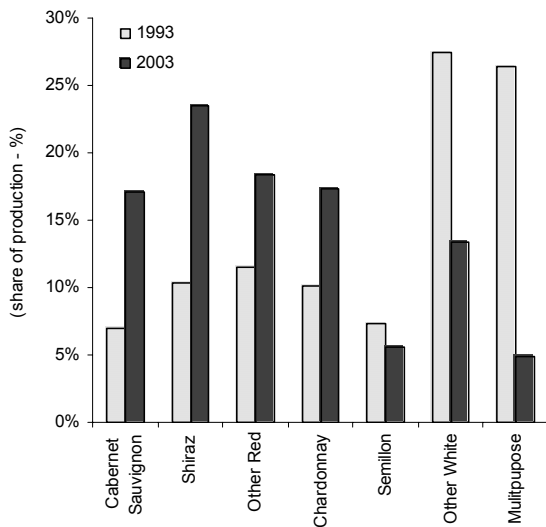
\*Source: ABS, KPMG, ABARE (Dec 2002)

**Note: Given the seasonal conditions since the 2003 vintage, and the general lack of sub-soil moisture and restricted irrigation supplies, the ABARE projections are likely to overstate winegrape production in 2004.**

## A Decade of Change

The following chart highlights the significant change in the profile of Australian winegrape production over the last 10 years. Production has increased by 150% since 1993, driven by growth in export volumes of some 280% over the same period.

**SHARE OF PRODUCTION  
1993 & 2003**



Source: ABS, KPMG

Shiraz, Cabernet Sauvignon and Chardonnay now account for almost 60% of total production, up from 27% in 1993.

## Survey Methodology

This survey is the first quantitative national measure of the 2003 vintage, and is used widely by industry, industry analysts and media.

In May 2003, wineries were sent a mail survey to determine the industry's winegrape production for 2003.

Wineries were asked to provide details of their 2003 intake (from any source) for processing into wine, brandy, spirit or juice (excluding contract processing on behalf of other wineries).

The survey was conducted by an independent consultant, KPMG, and covered an estimated 97% of industry production.

The aggregated data was then extrapolated to estimate 100% of industry production, based on the survey participants' share of 2002 production.

It should be noted that the extrapolation process utilises the ABS winegrape production figures (by variety) for the 2002 vintage, and historically the ABS total winegrape production figure represents approximately 96%\* of the ABS total winemaker crush/intake figure, the official record of annual intake released in November each year.

Accordingly, the 2003 winegrape production figure of 1.36 million tonnes published in this vintage report could be expected to understate the 2003 ABS total winemaker crush/intake figure by a similar percentage.

\*4 year average: 1999-2002

## AUSTRALIAN WINEGRAPE PRODUCTION

Variety	2002 tonnes	2003 tonnes	% Change	% Share Total Prodn
<b>Red Grapes</b>				
Barbera	1,034	1,276	23.5%	0.1%
Cabernet Franc	6,185	5,481	-11.4%	0.4%
Cabernet Sauvignon	257,223	232,627	-9.6%	17.1%
Durif	3,999	6,916	73.0%	0.5%
Grenache	26,260	19,021	-27.6%	1.4%
Malbec	3,061	4,063	32.7%	0.3%
Mataro	12,452	11,809	-5.2%	0.9%
Merlot	104,423	96,594	-7.5%	7.1%
Muscat a Petit Grains	1,561	1,339	-14.2%	0.1%
Petit Verdot	14,850	16,360	10.2%	1.2%
Pinot Noir	21,341	28,646	34.2%	2.1%
Ruby Cabernet	49,974	35,608	-28.7%	2.6%
Sangiovese	6,344	6,098	-3.9%	0.4%
Shiraz	326,564	319,626	-2.1%	23.5%
Tarrango	2,803	3,348	19.5%	0.2%
Other Red	9,657	13,322	38.0%	1.0%
<b>Total Red Grapes</b>	<b>847,731</b>	<b>802,135</b>	<b>-5.4%</b>	<b>59.0%</b>
<b>White Grapes</b>				
Chardonnay	256,328	235,921	-8.0%	17.3%
Chenin Blanc	14,567	12,215	-16.1%	0.9%
Colombard	60,419	55,962	-7.4%	4.1%
Crouchen	1,948	1,460	-25.0%	0.1%
Doradillo	6,977	3,044	-56.4%	0.2%
Marsanne	2,399	1,727	-28.0%	0.1%
Muscadelle	1,344	927	-31.0%	0.1%
Muscat a Petit Grains Blanc	2,545	2,611	2.6%	0.2%
Muscat Gordo Blanco	51,064	43,781	-14.3%	3.2%
Palomino & Pedro Ximenes	2,462	1,468	-40.4%	0.1%
Riesling	27,838	29,647	6.5%	2.2%
Sauvignon Blanc	28,567	20,446	-28.4%	1.5%
Semillon	100,785	75,430	-25.2%	5.5%
Sultana	65,358	32,870	-49.7%	2.4%
Traminer	5,891	5,540	-6.0%	0.4%
Trebbiano	7,800	6,208	-20.4%	0.5%
Verdelho	16,121	16,749	3.9%	1.2%
Viognier	1,211	1,910	57.7%	0.1%
Other White	13,147	10,550	-19.8%	0.8%
<b>Total White Grapes</b>	<b>666,771</b>	<b>558,466</b>	<b>-16.2%</b>	<b>41.0%</b>
<b>Total Grapes</b>	<b>1,514,502</b>	<b>1,360,601</b>	<b>-10.2%</b>	<b>100.0%</b>

Source: ABS, KPMG

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