

## PERSPECTIVES

At last year's World Bulk Wine Exhibition in Amsterdam it became clear that, for all the talk about premiumisation, the bulk wine market has never looked healthier. Indeed, for some types of wine, there are shortages looming. We asked a panel of international experts for their view of this market.



**FLORIAN CESCHI,**  
wine broker and manager of  
Ciatti Europe, France

Since last year we have seen new interest from international customers, who are rediscovering that two thirds of the wines produced in the world come from Italy, France and Spain. So the situations in these countries have changed. Spain has maybe doubled its price since last year; most of the wines have been sold, due both to bigger interest and a slightly lower crop in volume (3% to 5% lower). Italy, for its part, has had one of the smallest crops in its history. Some of their markets remain really strong, as the prices keep increasing. They have even had to buy Spanish generics or varietals to produce concentrate must or alcohols. In some categories, the prices have increased 30% to 40%. Historically, France hasn't been very present on the bulk export market due to higher prices than the others, but finally they are potentially more interesting for clients, because this year they have a large inventory. As an example, the Languedoc Roussillon area, which is the biggest place to find international varietals and generics, produced 2m hectolitres more than last year. Potentially, we are seeing more interest from customers. To summarise, the Old World is at the moment more popular: inventories remain high from some countries, with lots of potential.



**JIM MOULARADELLIS,**  
Chief Enthusiasm Officer, Austwine

After two short vintages, bulk stocks of South East Australian wines are now very limited. Supply of good-quality wine from the three main red grape varieties Shiraz, Cabernet Sauvignon and Merlot are virtually exhausted and the supply of Chardonnay is also almost exhausted. Low levels of bulk wine inventory on the eve of harvest has driven good demand for 2012 grapes from the inland regions of Griffith, Murray Darling and Riverland. Wineries and brand owners have been looking to replenish stocks of good quality, commercially priced beverage wine after the very difficult and very wet 2011 vintage. Most grape growers have had a number of offers for their fruit and this year's market for wine grapes has been closer to balance. The current outlook is that a super-sized 2012 harvest appears unlikely.

The harvest started two to three weeks early in the inland irrigated areas. Chardonnay is the main variety being crushed at present and crops look average. The Sauvignon Blanc harvest has also commenced in the inland regions and tonnages picked for this variety are generally below average. Regional wines are less scarce and specific varietals and appellations remain in oversupply - for example Western Australian, Adelaide Hills, and other excellent regions for Sauvignon Blanc, continue to suffer from continued high levels of imports of this variety from Marlborough. Furthermore, regional appellations have not experienced the proportion of vineyard removals of the inland irrigated areas. After quite a wet winter it has been a dry, cool summer so far - almost perfect growing conditions for grapes. Very, very different to the conditions experienced last year, and wine-makers are excited about the quality prospects for their 2012 wines. Over the next 12 months I expect prices for South East Australian bulk wine to firm by A\$0.10-0.20 (\$0.19-0.21) per litre, reflective of higher grape prices paid by wineries this season. But more will be known after the harvest finishes. In the meantime Australian winemakers and grape growers will pray for continued good weather until the harvest is over.



**STEVE FREDRICKS**, president and partner,  
Turrentine Brokerage, California

We've come from almost ten to eleven years of excess to a much more balanced supply situation because of increased consumption, harvests shorter than normal, no additional acres and not as many as needed being planted. In short, increased demand and decreased supply. It's a complicated picture in the United States because we have 50 different countries in the way wine is sold and marketed; however, bottled wine will increase, imports will increase because of the rationing of short supply, and the increased price will create a market for substitution. Then people will look around to wherever there is wine, at Chile for Cabernet and Merlot, Chardonnay from Australia, and red wines from Spain or Italy. Eventually we will hopefully have better crops on existing acres, which would help increase supply. The population demographics in the US are strong for wine and we look to be growing our consumption and growing our sales. The wine that's actively for sale is at its lowest level in 11 years and there's been a global harvest that's below normal. Around the world, base of supply hasn't been increasing. There will be an incentive for people to plant vineyards, but that's not a short-term solution. It will take a few years to change the base of supply.

The focus of the 2012 London International Wine Fair is very much on discovery. New wines and spirits, new producers, emerging countries and regions, new vintage releases, seminars, debates and masterclasses make LIWF the perfect trade event to discover what's new in the industry today.

LIWF is perfect for spotting market trends too. Buyers and producers travel to London to see what's happening in the UK where over 99% of all wine consumed is imported; and with the Olympics in London for 2012, the focus will never be stronger.

And being strictly trade only, and free to visit, it's the reason why so many importers, retailers, restaurateurs and trade buyers choose London. If wine and spirits are important to your business, time spent at LIWF will reward for many months to come.

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