

German Wine Exports Weather the Economic Crisis

Sales Increases in Important Export Markets Compensate for Losses in the USA

Despite the difficult economic environment, the German Wine Institute/Mainz reports that German wine exports showed posted growth in 2008. At a press conference just prior to the international wine trade fair ProWein in Düsseldorf, the institute's managing director, Monika Reule, announced that in 2008, German wine exports increased 11% (reaching 427 million Euro) in terms of value and 14% (reaching 2.2 million hectoliters) in terms of volume compared with 2007. Reule pointed out, however, that the positive export figures must be considered in light of upward price adjustments undertaken by producers to offset increased expenses for energy, glass and logistics.

The impact of the global economic crisis on German wine exports was particularly noticeable in the USA and South Korean markets. After years of strong growth during which the USA developed into Germany's most important export market in terms of value, value declined by 8%, and volume by 5%, in 2008. According to Reule, in commenting on current market developments: "Of course we hope that the overall market situation will improve, but export-oriented producers' business prognoses are somewhat reserved at the moment."

Nevertheless, export gains in several markets in 2008 compensated for export losses in the USA: the Netherlands (+30%), Russia (+34%), and Belgium (+39%).

The Russian market, in particular, has shown dynamic growth in recent years. Five years ago, with an export volume of 35,000 hl, Russia ranked twelfth among German wine export markets. By 2008, this figure increased to nearly 200,000 hl – making Russia the fourth most important export market in terms of volume and value after the USA, Great Britain and the Netherlands. However, the upswing in imports in Russia is based primarily on simple wines with an alcohol content of less than 9% by volume – a category that benefits from tax breaks. The value of these wines averages 119 Euro/hl, far below the average value of total exports at 196 Euro/hl.

The trend in Great Britain in recent years a notable upgrade from entry-level to the middle-price segment - continued in 2008, with stable to slightly higher value (+5%), despite slightly lower volume (-3%). Unfavorable currency exchange rates and an increase in the wine tax in 2008 (+8%, to 1.57£ per 0.75 l) do not bode well for wine producers wishing to export to the British market.

There were also double-digit increases in value – albeit on a somewhat lower level – in other destinations for German wine exports: Norway (+15%), Denmark (+18%), Ireland (+33%), and in the meantime, also China (+73%).



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In the next few years, the German Wine Institute will continue to focus on Germany's premier varietal – Riesling – but will expand its communication efforts to publicize the country's most important red varietal – Spätburgunder (Pinot Noir). After all, Germany is the world's third largest producer of this premium grape variety, after France and California. Reule adds: "Many a Spätburgunder from Germany is on a par with its top international counterparts and these wines are increasingly capturing the attention of the international wine trade and press."

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