October 2011

SAWIS
SA WYNBEDRYF-INLIGTING & -STELSELS
SA WINE INDUSTRY INFORMATION & SYSTEMS

NEW WORLD VS OLD WORLD

PRODUCTION (excluding juice and must)

Within the EU-27

Wine production in 2010 for both EU-15 and EU-27 member states is one of the lowest productions in the last 15 years. The 2010 wine production (15 290 million litres) did not even reach 2009 levels (16 289 million litres).

Portugal and Bulgaria experienced a growth of 89.2 million litres and 2.9 million litres respectively. A significant decline in production occurred in Germany, Italy, Austria and Romania.

Outside the EU-27

USA showed a decline in wine production in 2010 in comparison to the high production of 2009 (1 962 million litres and 2 196 million litres respectively). Chile also experienced a reduced harvest at 884.4 million litres in comparison to the 2009 record harvest of 1 009.3 million litres. Wine production increased by 411.5 million litres in Argentina, while South Africa experienced a decline in wine production of 76.9 million litres. Both Australia and New Zealand also experienced a decline in production.

The world wine production for 2010 (excluding juice and musts) is estimated at 26 000 million litres, which is 1 120 million litres (4.1%) less than 2009.

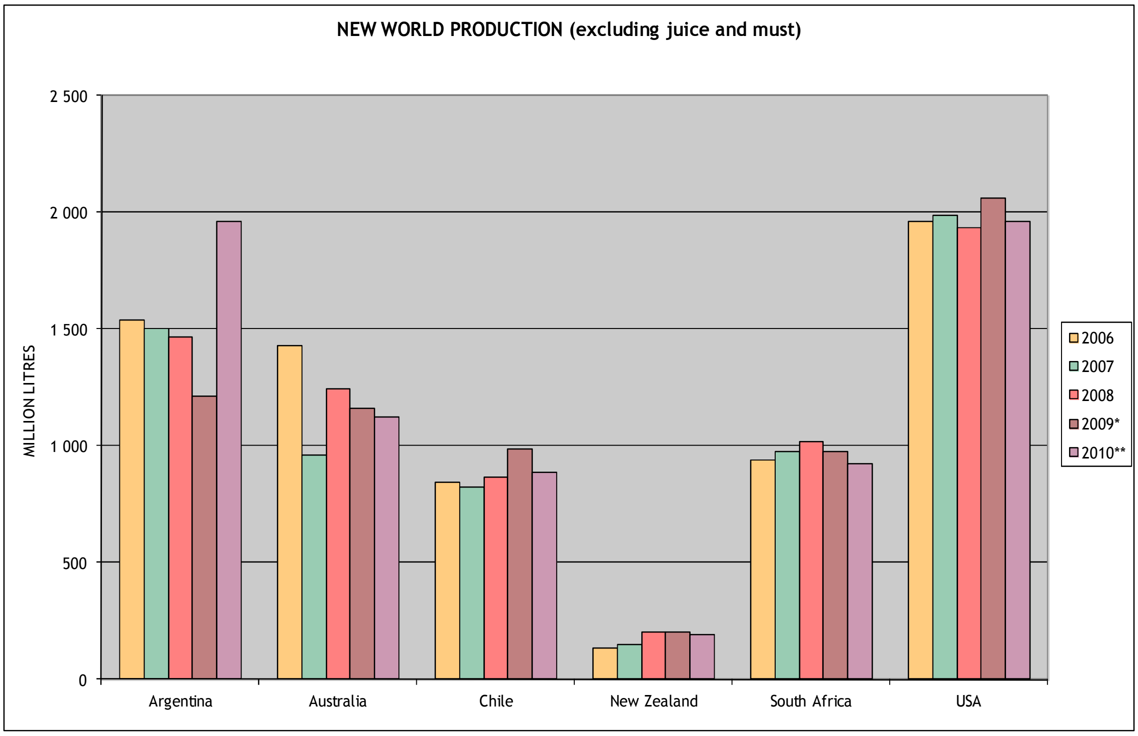
Wine production (excluding juice and must)

	2009*	2010**
	'000 litres	
EU-27		
Austria	235 200	173 700
Bulgaria	139 700	142 600
France	4 636 100	4 496 300
Germany	913 900	718 500
Greece	336 600	310 000
Hungary	319 800	250 000
Italy	4 745 000	4 484 000
Portugal	586 800	676 000
Romania	670 300	495 700
Spain	3 516 600	3 399 900
Others	189 800	144 600
Total EU-27	**16 289 800**	**15 291 300**
Countries outside EU-27		
Argentina	1 213 500	1 625 000
Australia	1 171 000	1 124 000
Brazil	272 000	245 400
Chile	1 009 300	884 400
New Zealand	205 000	190 000
South Africa	998 600	921 700
Switzerland	111 200	102 700
USA	2 196 000	1 962 000
Others	3 653 600	3 653 500
Total countries outside EU-27	**10 830 200**	**10 708 700**
TOTAL	**27 120 000**	**26 000 000**

Provisional

*****Forecast***

Source: OIV



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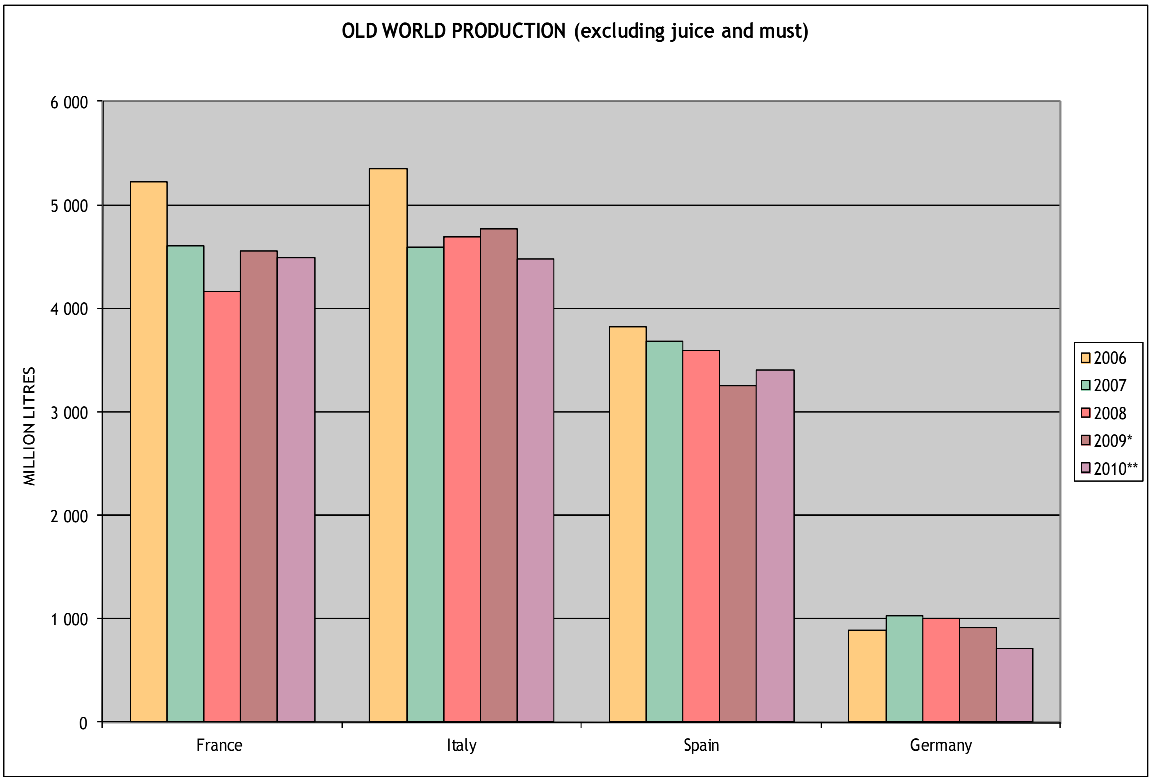

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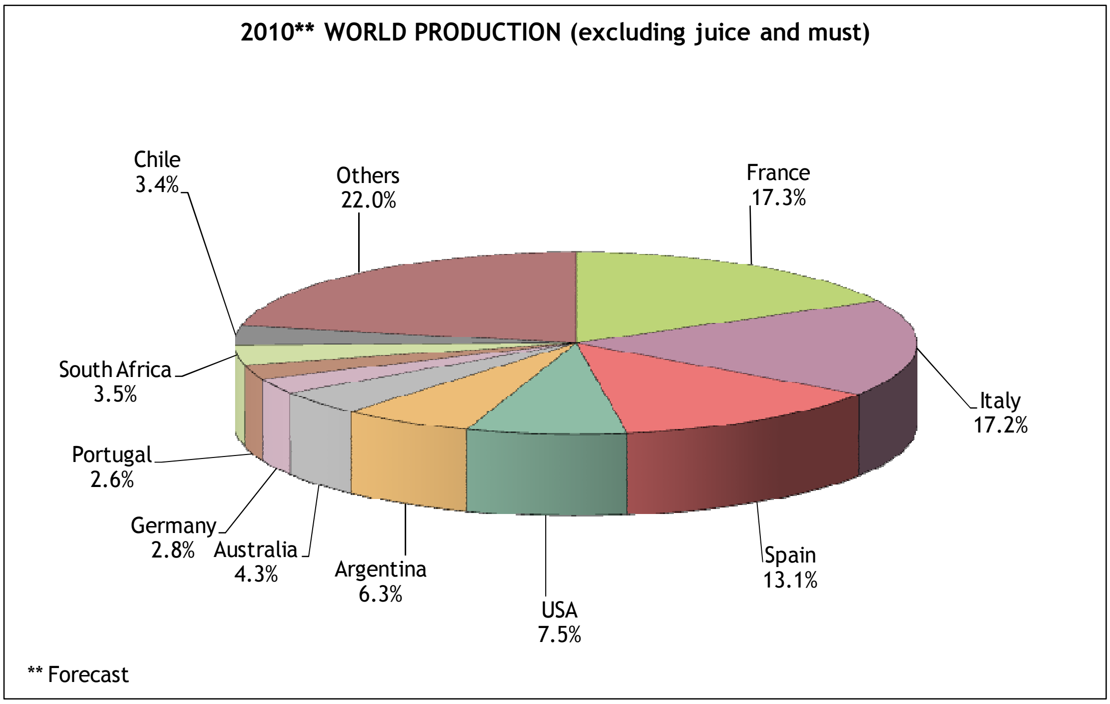
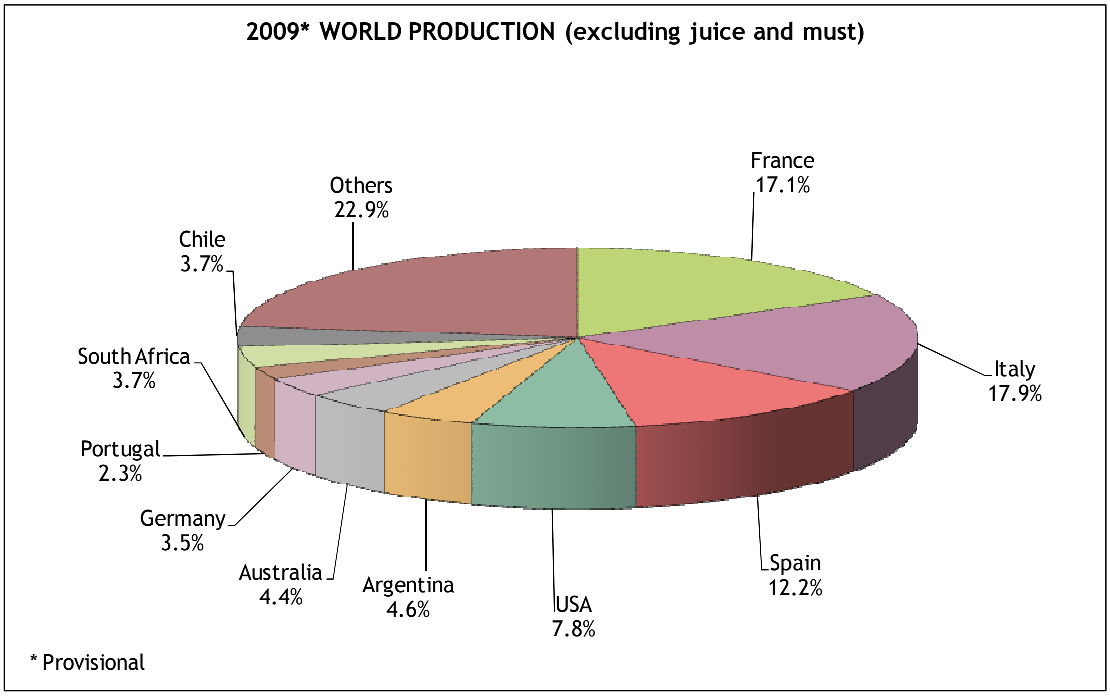

2010** WORLD PRODUCTION (excluding juice and must)
Chile
3.4%
Others
22.0%
France
17.3%
South Africa
3.5%
Italy
17.2%
Portugal
2.6%
Germany
2.8%
Australia
4.3%
Argentina
6.3%
USA
7.5%
Spain
13.1%
** Forecast


2009* WORLD PRODUCTION (excluding juice and must)
Others
22.9%
France
17.1%
Chile
3.7%
South Africa
3.7%
Italy
17.9%
Portugal
2.3%
Germany
3.5%
Australia
4.4%
Argentina
4.6%
USA
7.8%
Spain
12.2%
* Provisional

AREA UNDER VINES (includes table grapes)

Within the EU-27

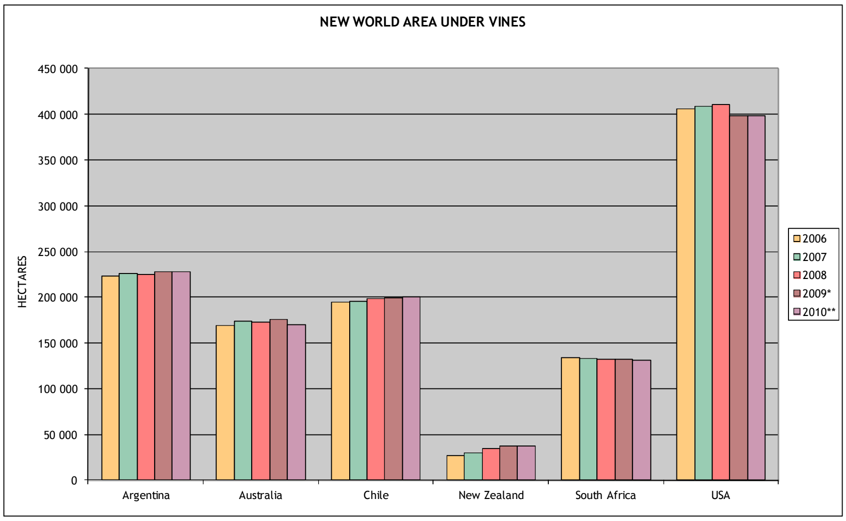
For the second year, the development of the European Union vineyard has been affected by the implementation of new community regulations. From 2008/2009 until 2010/2011 inclusive, this common market structure allows wine producers to receive a permanent uprooting subsidy, authorizing the uprooting of 175 000 hectares over 3 years.

Spain is still the main country affected, with an overall reduction in its vineyards of 31 000 hectares (2.8%). The Italian vineyard also suffered an overall reduction estimated to be 14 000 hectares including approximately 11 000 hectares that can be attributed to the EU premium. France, which before the implementation of the current community regulation, had started to reduce its vineyard using the premiums provided for in the previous community system, sees its vineyard reduced by a further 12 000 hectares.

Outside the EU-27

The vineyard outside the EU seems relatively stable for the third consecutive year, except for Chilean vineyard continuing to grow at a steady pace. The Turkish and South African vineyards continue to decrease. Total area under vines in China is estimated at 490 000 hectares.

The total worldwide area under vines amount to approximately 7.5 million hectares.



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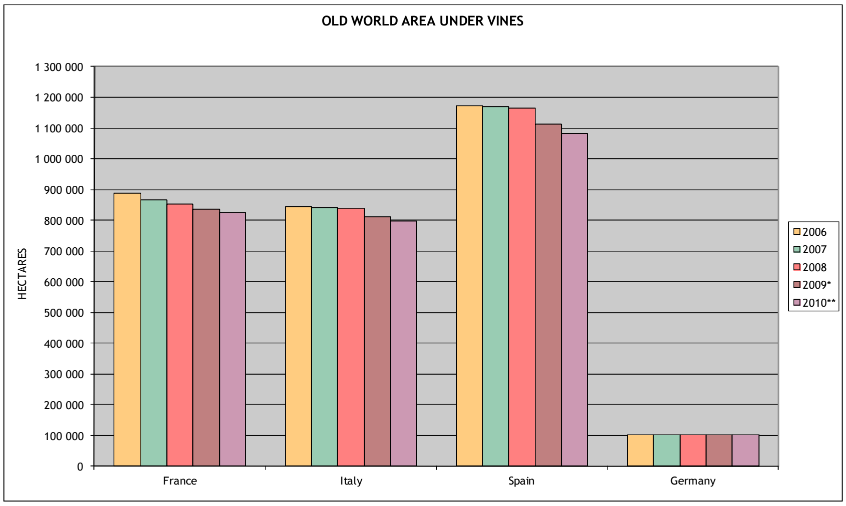

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CONSUMPTION

Within the EU-15

Most of the EU-countries remained relatively stable, almost at 2009 levels. The United Kingdom recorded a recovery in its demand, whereas Spain showed a decline of 67.1 million litres in consumption.

Outside the EU-15

Outside the EU-15, countries remained relatively stable. Australia and Chile experienced a reasonable growth in demand, while Argentina showed a decline in consumption of 62.8 million litres.

The 2010 world wine consumption is estimated to be 23 630 million litres, 1% less than in 2009.

The world difference between production and consumption is estimated to be 2 370 million litres.

Wine consumption

	2009*	2010**
	'000 litres	
EU-15		
Austria	240 000	240 000
Belgium & Luxembourg	310 800	310 100
Denmark	189 000	193 000
Finland	59 700	60 600
France	2 930 400	2 943 800
Germany	2 025 000	2 020 500
Greece	302 900	295 500
Ireland	68 400	71 000
Italy	2 460 000	2 450 000
Netherlands	346 000	347 000
Portugal	451 500	444 700
Spain	1 127 100	1 060 000
Sweden	201 000	201 000
UK	1 268 000	1 320 000
Total EU-15	**11 979 800**	**11 957 200**
Countries outside EU-15		
Argentina	1 034 200	971 400
Australia	519 800	532 500
Brazil	350 800	350 000
Chile	260 500	311 800
New Zealand	91 700	90 500
Czech Republic	200 600	203 400
South Africa	338 400	346 700
Switzerland	288 500	290 000
USA	2 725 000	2 711 000
Others	5 860 700	5 865 500
Total countries outside EU-15	**11 670 200**	**11 672 800**
TOTAL	**23 650 000**	**23 630 000**

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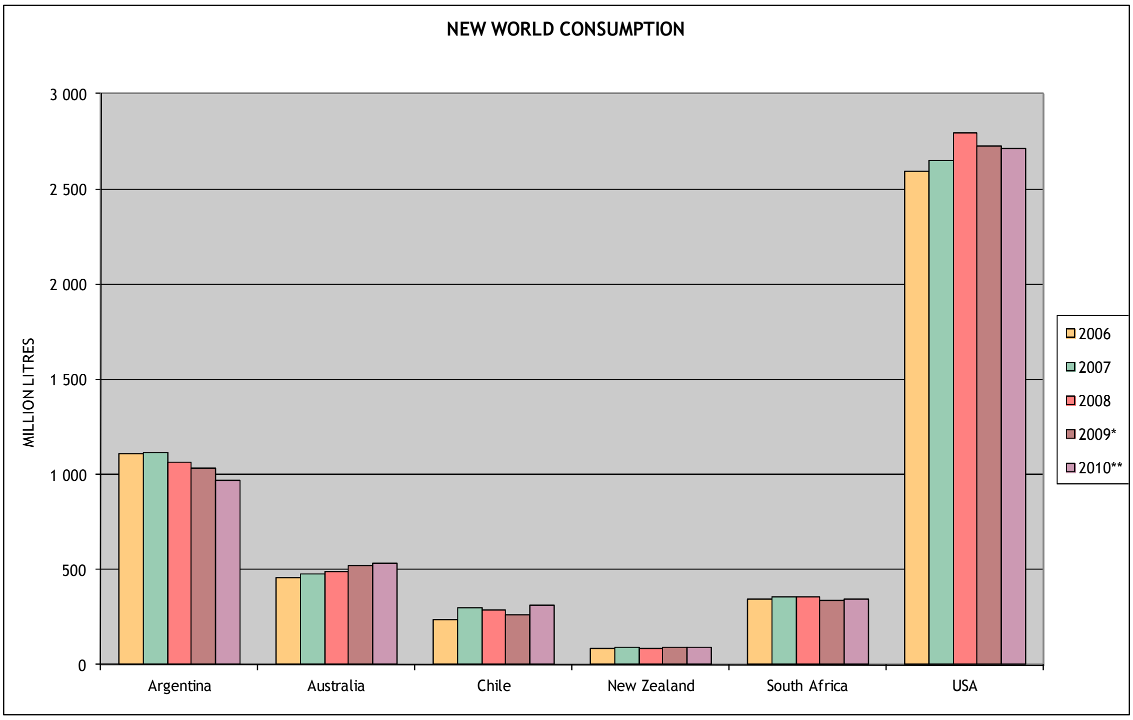
*****Forecast***

Source: OIV



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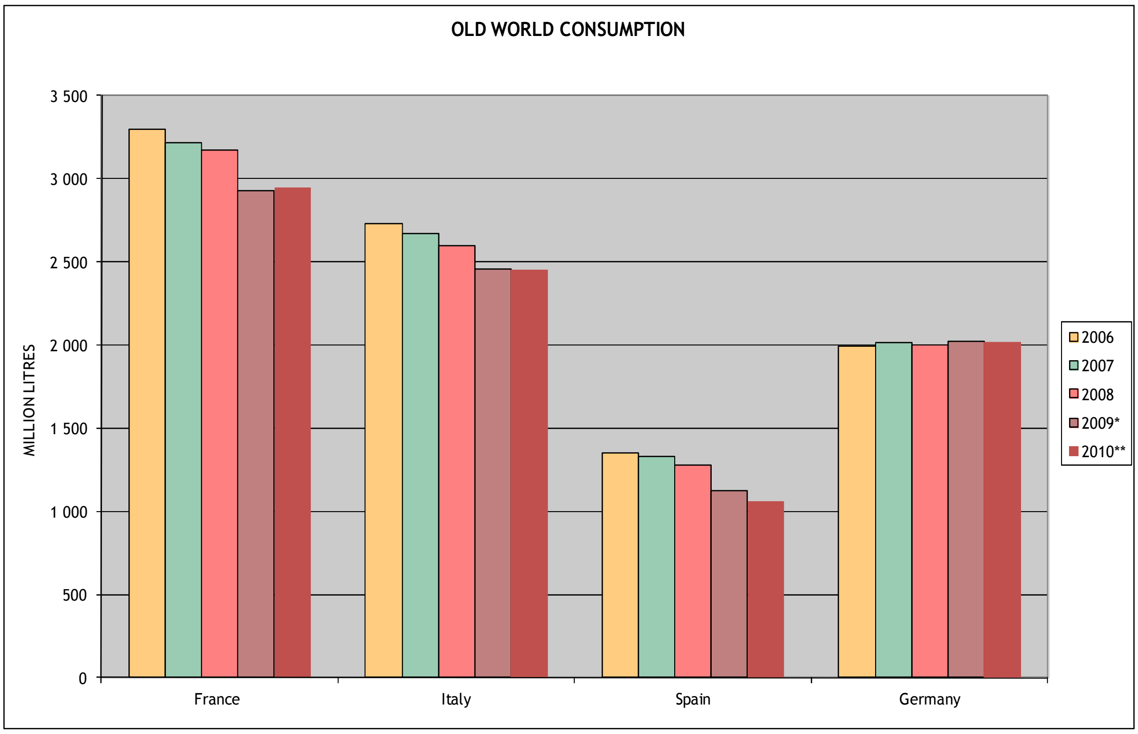

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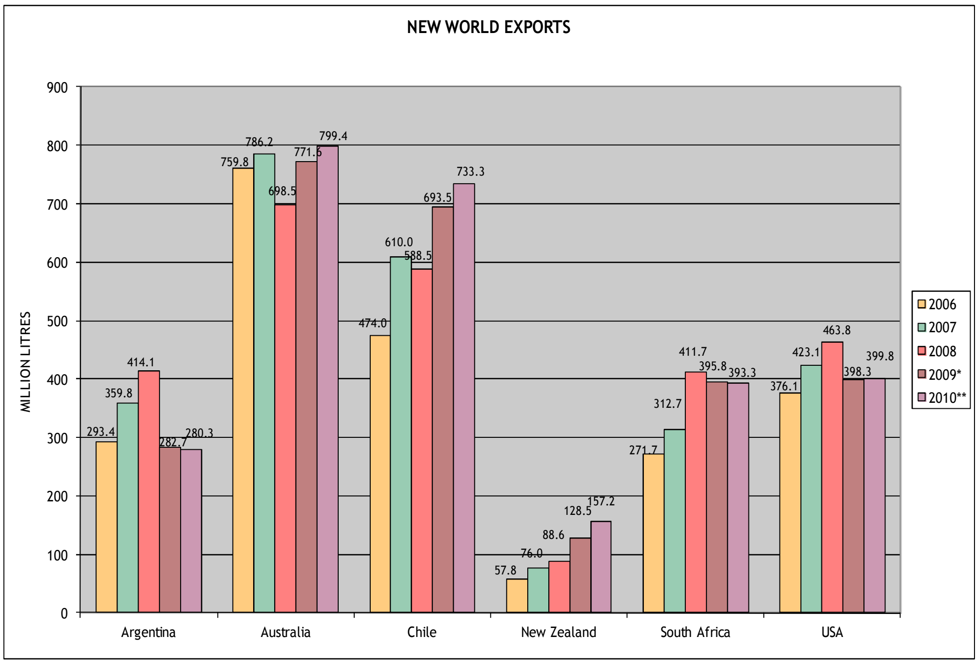
EXPORTS

The economic crisis has certainly contributed to the upward trend of an increasing amount of trade in bulk wines, already recorded the previous year. The world market reached 9 210 million litres in 2010, an increase of 6.7% compared to 2009.

Companies from export countries very broadly adopt one of two attitudes, either focus on maintaining flows and the level of demand by lowering average prices for distributors or maintain these average prices and risk these distributors passing on the decline in demand. Countries such as Italy, Australia and Chile seem to have chosen the first option last year, while Spain and France tended to follow the second.



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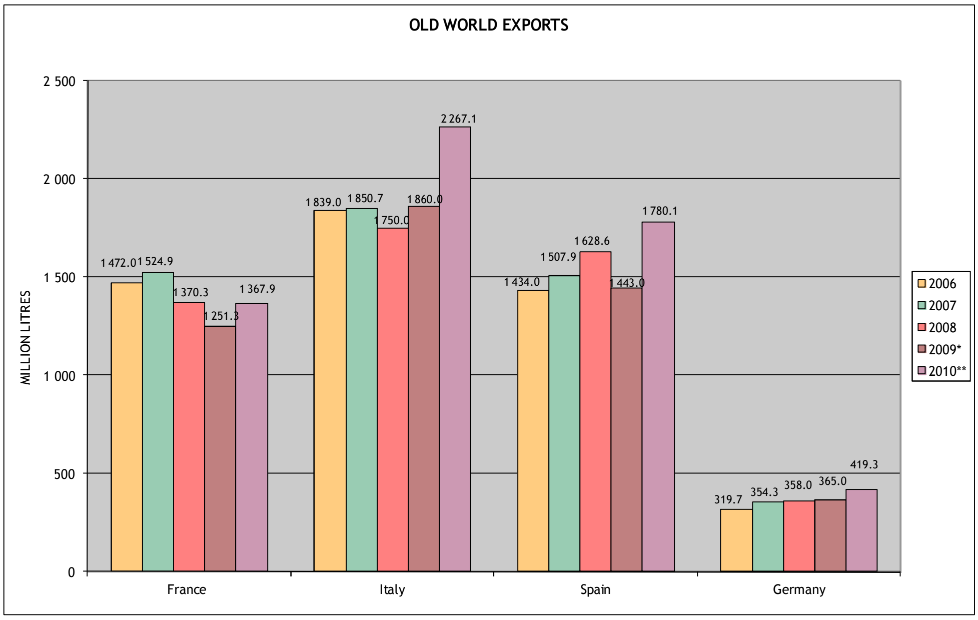

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