

Australian wine exports rebound on China reopening, but global markets remain fragile

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Australian wine exports have rebounded strongly in the 12 months ending March 2025, largely driven by renewed access to the mainland China market after the removal of punitive tariffs. Total export value soared by 41 per cent year-on-year to reach \$2.64 billion, the highest since May 2021, while export volumes increased by a more modest 6 per cent to 647 million litres. The disconnect between value and volume growth reflects a sharp uplift in the average export value, which climbed 33 per cent to \$4.09 per litre FOB, the highest in nearly two decades.

The standout catalyst for this recovery was mainland China's lifting of import tariffs on Australian bottled wine at the end of March 2024. In the first full year of tariff-free trade, exports to China reached \$1.03 billion in value and 96 million litres in volume.

China now accounts for 39 per cent of Australian wine export value – a dramatic recovery – while making up only 15 per cent of volume, underlining the premium nature of shipments. The average value of exports to China hit \$10.65 per litre FOB, the highest among Australia's top ten volume markets. Packaged wine dominates these exports, comprising 93 per cent of value but just 43 per cent of volume, with still red wine making up a commanding 93 per cent of volume.

Despite the celebratory figures, underlying challenges remain. China's overall wine market has contracted by 68 per cent over the past five years, meaning that Australian wine exports, while growing, are still below their 2018 peak.

Peter Bailey, Manager, Market Insights, Wine Australia, said the average value of packaged wine shipped to mainland China was \$23.00 per litre, much higher than any other major export market. The lower volume and high average value demonstrate that mainland China is a premium market for Australian wine and will therefore not solve oversupply issues in Australia.

Outside of China, Australian wine exports paint a far more concerning picture. Exports to the rest of the world fell 13 per cent in value to \$1.62 billion and 9 per cent in volume to 551 million litres – the lowest value in a decade and the lowest volume in over two decades.

Key trends include:

United Kingdom: Exports slipped 3 per cent in value and 8 per cent in volume. The UK remains Australia's largest market by volume, but consumer caution, alcohol duty hikes, and Brexit-related pressures persist.

United States: Exports fell sharply by 9 per cent in value and 17 per cent in volume, reaching their lowest point in over 20 years. Challenges include surplus inventory, declining consumption, and the looming threat of new US tariffs on imports, including Australian wine.

Canada: Value rose slightly (+3 per cent), but volume plummeted (-19 per cent), reflecting a shift toward higher-value packaged wines.

Hong Kong: A severe 47 per cent value drop, largely due to earlier stockpiling ahead of the anticipated China tariff removal.

Broader global headwinds – from the health and wellness movement to economic uncertainty and geopolitical volatility – continue to pressure wine consumption and discretionary spending worldwide.

Red wine and high-value shipments dominate

The structural composition of Australian wine exports has shifted notably:

Red wine's share of export volume rose to 57 per cent, reflecting China's strong preference.

Exports above \$5 per litre rose overall, but excluding China, volumes in this premium segment declined, highlighting Australia's continued dependence on a volatile Chinese market.

Wine Australia emphasises the urgent need for market diversification. While the short-term bounce in exports thanks to China is welcome, the broader trend remains fraught with risk. Australia's wine sector must play to its strengths – premium offerings, strong brand equity, and innovation – while navigating an increasingly VUCA (Volatile, Uncertain, Complex, and Ambiguous) global environment.

Future success will depend not only on maintaining gains in China but also on building resilience across mature and emerging markets, adapting to changing consumer preferences, and managing geopolitical risks.

While the removal of Chinese tariffs has delivered an immediate windfall to Australian winemakers, the overall export landscape remains challenging. The sharp divergence between China and the rest of the world underscores a critical vulnerability. Sustained recovery and growth will require strategic foresight, market agility, and a deliberate push toward global market diversification.