

Wine leaders in Adelaide as sector faces huge challenges

BUSINESS

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BY ANDREW SPENCE

More than 3500 wine sector heavy hitters are in Adelaide this week for the Australian wine industry's biggest event as it faces its biggest challenges in more than a decade.



Image: Tom Aldahn/InDaily

Soaring costs, an oversupply of grapes leading to high inventory levels, supply chain issues and falling exports in the past 18 months have placed enormous pressure on the industry.

Held every three years since 1970, the 18th Australian Wine Industry Technical Conference will take place from today until Wednesday at the Adelaide Convention Centre and aims to tackle a number of these issues.

Keynote speakers include economist Saul Eslake, demographer Bernard Salt, former Foreign Affairs Minister Julie Bishop and Australian Grape and Wine Chief Executive Tony Battaglene.

Eslake will today discuss the outlook for Australia's major wine export markets in the context of rising interest rates and increasing geopolitical tensions, in particular with China.

Battaglene will present an Australian grape and wine sector outlook.

He wrote in a pre-conference abstract that the oversupply situation that Australia finds itself in following a bumper 2021 vintage coupled with reduced exports does not have a short-term fix.

“We are entering into the most challenging period for the Australian grape and wine sector of the past 30 years,” Battaglene wrote.

“The effective closure of the Chinese market in early 2021 due to the imposition of anti-dumping duties, coupled with the impacts of the COVID-19 pandemic have dramatically changed the trading landscape internationally and domestically.”

“New consumer trends and digitalisation have accelerated due to COVID-19 impacts; international supply chains have been dramatically impacted; global market impacts; climate change; and labour shortages and inflationary pressures, all add up to a difficult few years for the sector.”



Australian Grape and Wine Chief Executive Tony Battaglione speaking at the 2016 AWITC in Adelaide. Photo Andy

The event also incorporates the Australian Grape & Wine Outlook Conference and is among the biggest face-to-face events held at the Adelaide Convention Centre since the coronavirus pandemic.

It will feature 11 core plenary sessions with 49 presentations and eight business workshops.

The previous two conferences – in 2016 and 2019 – have also been held in Adelaide.

A trade show with more than 160 exhibits across 3100sq m will also form part of the event.

AWITC chair Dr Mark Krstic said the event will provide the latest information across a wide range of technical and business topics, as well as showcasing the newest innovative technologies and services.

He said the event was expecting about 3500 people to come through the trade exhibition while more than 1200 delegates registered for plenary sessions and workshops.

“There’s been some challenges and curve balls thrown at us but all the core elements are still staying there and we’re really happy with the way it’s all come together,” Krstic said.

“People are just looking forward to coming together for a glass of wine and a good chat with each other after being locked down for the past two years.

“It’s not just a venue for talking to reps and kicking the tyres, it’s an event for doing business at – ‘I need to buy some oak barrels, I need to buy a new press or a tractor’ so people really do business here.”

South Australia accounts for about half of Australia’s wine production and 70 per cent of wine exports by value.

In the latest figures released last month, South Australian wine exports reached \$1.398 billion in the 12 months to March 2022, up \$22 million on the \$1.376 billion worth of wine exported in the year to December 21.

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However, it is still massively down on the \$1.948 billion of SA wine exported in the 12 months to March 2021.

SA Wine Industry Association CEO Brian Smedley said while his association was not directly involved with the organisation of the AWITC event, it would be attending as an active participant.

He said the biggest challenges facing the SA industry included oversupply and its impact on the supply chain, high levels of inventory, shipping, energy costs and finding new export markets following the decline of sales into China, Smedley said.

Smedley said the calibre of industry participants the conference brought to Adelaide created great opportunities for side conversations to gather different perspectives and help solve common issues.

“It’s also a great opportunity for scene-setting and establishing a consistent message from national bodies to industry to ensure everyone understands what it’s like across Australia,” he said.