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Global Market Report

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Ciatti Global Wine & Grape Brokers

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With Brexit – scheduled for 11pm on 31st October – potentially days away, this month's Ciatti report includes an exhaustive guide setting out what a 'No Deal' scenario could mean for tariffs, paperwork, lab testing, and labelling. As the time of writing (3rd October), should a 'No Deal' Brexit occur the UK would suspend import tariffs on all wines from all countries for a period of at least 12 months, potentially offering a boost for Australian, New Zealand, US and Argentinian wines in particular, which currently must pay the EU's Common Customs Tariff to access the UK market.

Maybe we're hopeless optimists at Ciatti, but Brexit has sometimes seemed more a political problem than a commercial one. While the logistical headaches for importers and exporters are very real, and should not be underestimated, we have faith in people's resilience. As one UK columnist has written: "Problems that seem intractable to a central policy-maker are often solved easily [by businesses] through hundreds of instances of local ingenuity."

Meanwhile, Europe's harvests are into the final straight, with last month's forecasts (-4% to 43.4 million hectolitres in France, potentially -15-20% in Spain; -16% to 46 million hectolitres in Italy) still looking about right, though more certain figures will not be available for another couple of months. Spain's outcome is the most unpredictable of the three, with no official forecasts forthcoming and September bringing floods in Valencia and south-eastern La Mancha. As a result, some Spanish wineries have stopped quoting until the harvest is over. Argentina, with very aggressive pricing on generic and varietal wines, is watching how the Spanish market unfolds with interest. Argentina's varietal bulk wines may tick up in price if there is increased demand following Spain's problems: now is an optimal time to secure Argentinian bulk wines at the best pricing.

With California's 2019 crop looking at least average to average-plus in size, feeding the state's significant inventory, Chile's grape market has been hesitant. Chile's bottled wines are now facing stiffer competition in China from Australian wines (able to enter China tariff-free since 1st January) and in Japan from EU wines (the EU-Japan FTA came into force on 1st February). The benefits of open markets repeatedly crop up in this month's report, with other countries now catching up with the FTA kings, Chile. There is even some good tariff news for US wine exports: a new bilateral trade agreement promises to phase out Japan's import tariffs on US wines, while a 'No Deal' Brexit could temporarily reduce UK tariffs on Californian wines to zero. In the wine trade at least, tariff-free borders are not on the run.

Robert Selby

Ciatti's Brexit Report

This month we provide our *Global Report* readers with an exhaustive Brexit dossier suppling as much information as we have managed to obtain regarding the approaching UK exit from the European Union and its potential consequences for the international wine business, a USD 4.4 billion market. The political situation in the UK changes daily and – as you will discover – details of the steps the UK government may (or may not) take to help mitigate a 'No Deal' Brexit's impact on UK trade with the rest of the world often remain vague. **Please note all information supplied is correct as of 3rd October 2019 and could be subject to change in the run up to 31st October**.

The UK Prime Minister, Boris Johnson, remains committed to withdrawing the UK from the EU at 11pm on 31st October – either via the Withdrawal Agreement the UK has agreed with the EU (leaving on a 'deal' that would mean a 'soft' or 'orderly' Brexit) or without a withdrawal agreement (a 'No Deal' Brexit). Moving forward, there are three possible scenarios.

Scenario one: more delay

On 6th September the UK Parliament passed a law which requires of the Prime Minister that, should he fail to negotiate the required tweaks to the Withdrawal Agreement by 19th October, he must request from the EU a further time extension (the UK, remember, was originally due to leave the EU on 29th March this year) to 31st January 2020. This law – at least ostensibly – prevents a 'No Deal' Brexit from happening on 31st October.

There is a good chance, then, that the 31st October deadline will come and go with the UK having requested – and been granted – a further extension, this time until 31st January.

Scenario two: a 'Soft' Brexit

A 'soft' Brexit means the UK leaving the EU on 31st October via the Withdrawal Agreement and smoothly entering into a 'transition period' already agreed with the EU that is currently scheduled to last until December 2020 (but could be extended). During this period, the UK would remain inside the EU's Single Market and Customs Union (while thrashing out a new trading relationship with the EU). In this 'soft' Brexit scenario, we can assume there would be no immediate changes – and no significant changes for at least another 14 months – to wine suppliers' dealings with the UK market in terms of tariffs, paperwork, laboratory analysis and labelling.

Prime Minister Boris Johnson says he and his government are committed to this 'soft' Brexit option, and are currently negotiating with the EU to tweak the Withdrawal Agreement to make it more palatable to the UK Parliament, so that Parliament can finally pass it into law (at the fourth time of asking).

Scenario three: a 'No Deal' Brexit

Boris Johnson has said, however, that if the required tweaks to the Withdrawal Agreement cannot be agreed, he will take the UK out of the EU on the 31st October regardless, without a deal in place. This 'No Deal' Brexit scenario would see the UK immediately exit the EU's Single Market and Customs Union (as well as any trade deals the EU has in place with third countries) at 11pm on 31st October.

In this scenario, it is assumed that trade between the UK and the EU – and the UK and the rest of the world – would be disrupted by new tariffs, paperwork, lab analysis and labelling. However, the UK government has been working to help ensure that, should a 'No Deal' Brexit occur, trade continues as smoothly as possible. One of the ways it looks set to do this is to suspend UK import tariffs on 87% of imports for a period of at least 12 months.

UK to suspend tariffs on all wine imports for 12 months in the event of a 'No Deal' Brexit?

The UK government announced before the original Brexit date – 29th March – that, should a 'No Deal' Brexit occur, it would immediately suspend tariffs on 87% of all imports from the EU and the rest of the world for at least 12 months. Ciatti has received confirmation from the UK's Department for International Trade that – as it currently stands – this suspension would also apply if there is a 'No Deal' Brexit this 31st October. However, as with all things Brexit, this could be subject to change between now and 31st October; we advise readers to keep an eye on developments.

This tariff suspension would include tariffs on all wine and all other imported beverages (except rum). Tariffs on all wines from anywhere in the world would be reduced to zero. Details are on the UK government website **here**.

This would potentially provide a considerable boost for non-EU wines – especially those from Argentina, Australia, New Zealand, and the US – which have until now had to pay the EU's Common Customs Tariff (CCT) on wine (please see the below table for current CCT rates) to enter the UK market. (Chilean wines already enter the UK tariff-free thanks to the Chile-EU FTA which entered into force in 2003; South African wines receive an annual tariff-free quota from the EU.) There may of course be a tit for tat tariff imposed by the UK Government on imports from the USA due to the now confirmed 25% tariff increases in wine from the UK, France, Spain and Germany due to the Airbus case and wine may be one of these. However, as of this writing bulk wine is not included in the USA tariffs.

The BBC notes: "The new tariff regime would mark a shift [in the UK] in favor of products from non-EU countries. It would mean 82% of imports from the EU would be tariff-free, down from 100% now. 92% of imports from the rest of the world would pay no tariffs, up from 56%."

The UK's Wine & Spirit Trade Association (WSTA) welcomed this suspension of UK tariffs on wine in a 'No Deal' scenario: "It is however important to ensure that following the 12-month tariff suspension period, alternative arrangements must be in place to ensure wine tariffs are suspended until Free Trade Agreements can be concluded with all wine importing counties or, failing that, simply removing tariffs on wine for good."

EU Common Customs Tariff (CCT) on wine imports

- EUR 9.90 per 100 litres of bulk still wine < 13%
- EUR 12.10 per 100 litres of bulk still wine between 13% and 15%
- EUR 13.10 per 100 litres still wine < 13% in containers less than 2 litres
- EUR 15.40 per 100 litres of still wine between 13% and 15% in containers less than 2 litres
- EUR 32.00 per 100 litres of sparkling wine

What about UK paperwork & lab analysis on EU wines?

At present, EU wines enter the UK without needing either an accompanying 'EU VI-1' form or to undergo laboratory analysis, as the UK is inside the EU's Single Market and Customs Union. But in a 'No Deal' Brexit scenario, the UK would immediately be outside the Single Market and Customs Union, and a new UK equivalent of the EU VI-1 form (the 'UK VI-1') would need to accompany EU wines being imported into the UK, and laboratory analysis would presumably also be required.

However, before the original date for Brexit – 29th March – the UK government announced it would suspend the need for paperwork on wine imports from the EU for nine months, to ensure smooth trade flows. Since then, though, information on importing wine from the EU has been removed from the UK government website, and the WSTA claims the UK government has reneged on its March decision. Ciatti has been unable to gain clarity on this matter from the UK's Department for International Trade.

"If the UK falls out of the EU without a deal, an estimated 500,000 new import certificates [the VI-1 forms], all accompanied by a costly lab analysis, will be required to keep wine flowing in from Europe," the WSTA claims. "Each form comes at a price – estimated to be around GBP20 per two-page document – which is filled out by hand. And the laboratory tests will cost over GBP300 a time."

See next page for more.

The UK government has, however, announced that businesses can register for **Transitional Simplified Procedures** (TSPs) which would come into effect should a 'No Deal' Brexit happen. The UK government has said: "TSPs reduce the amount of information you need to give in an import declaration when the goods are crossing the border from the EU. They do this by letting you delay submitting a full declaration and paying any duty." TSPs as a policy would be reviewed "3 to 6 months after they're introduced". Details about TSPs, and where to register for them, are on the UK government's website **here**. There are two versions of TSP, EIDR (entry into declarants records) for non controlled goods and the controlled goods procedure. Excise goods come under the controlled goods procedure and a simplified declaration will need to be lodged at the border, an EMCS declaration will be needed if moving the goods under excise suspension and a futher declaration will be needed as the goods arrive at destination. This may cause problems for importers who are not used to declaring goods and if they come by road there will be timing issues. The import declaration must be lodged before the goods pass the last border. There will also need to be an export declaration completed at the EU border and traders should look to their incoterms to clarify who is responsible for this.

What about UK lab testing & paperwork on non-EU wines?

The required paperwork and laboratory analysis for non-EU wines would effectively remain unchanged in the event of a 'No Deal' Brexit. The UK would, however, introduce a new 'UK VI-1' form to replace the existing 'EU VI-1' form, with a nine-month changeover period during which time the old EU VI-1 forms would still be eligible. Details of this change can be found on the UK government website **here**.

Exporting wines from the UK after a 'No Deal' Brexit

In the event of a 'No Deal' Brexit, businesses exporting wine from the UK to the EU will be required to fill out the 'EU VI-1' form, undergo laboratory analysis on the EU side and pay the EU's Common Customs Tariff (CCT).

The WSTA provides details: "Wine leaving the UK for the EU will also have to complete a VI-1 form – meaning an estimated 150,000 forms which will put a strain on wine exports, the UK's fifth-most valuable food and drink export. One wine business carried out an impact assessment which concluded that the introduction of VI-1s would increase administrative time by 55 hours, and the delivery time would increase from 23 days to potentially 37 days. Their estimated administrative cost for VI-1s for movements to Ireland alone is over GBP20,000 – a cost which may make those movements no longer viable."

The WSTA added: "Under the current system, as a member of the EU, the UK has access to the EU's Excise Movement Control System (EMCS) which tracks alcohol coming in and going out of the country documenting consignments electronically. EMCS allows all alcohol categories to and from the EU to be moved on with no extra checks or costs. However, a 'No Deal' Brexit will mean the UK loses EMCS which is likely to see significant confusion and delay at UK ports, where new paper documentation will need to be shown and checked." This may not be so much of an issue, exporters will use the UK EMCS system to declare their movements to port and these will be closed by the correct production of an export entry with the ARC number listed correctly. The European EMCS movement may be raised by the forwarders representative at import. There will of course be a charge for this.

Importing wine into the UK for bottling and then forwarding on to the EU

What about businesses that currently import bulk wines into the UK for bottling before forwarding on to elsewhere in the EU? The WSTA writes: "Currently, for products entering the EU from third countries without preferential arrangements in place, businesses pay a CCT at a bulk rate (lower than the bottled rate) when the goods enter the EU. No further CCT is payable and so goods can be bottled and move between EU countries without having to pay the higher CCT rate."

"In any ['No Deal'] Brexit scenario, when the UK is a third country, businesses would not pay UK customs duty if the goods are entered for **Inward Processing Relief** (IPR) – meaning the goods are not yet in free circulation while in the UK. The goods can then move under IPR to another EU member state where businesses would be liable for CCT on release into free circulation."

"The Union Customs Code (UCC) suggests that businesses could ask to pay the bulk rate given the history of the goods within an IPR regime, in short meaning that businesses bottling goods in the UK and re-exporting them to the EU would be able to pay a lower bulk CCT rate, as they do now. What is not clear is whether the revenue authorities in the receiving EU member state would agree to that conclusion, depending on the extent to which the IPR regime in the UK is recognised under the UCC. Under the [UK-EU] Withdrawal Agreement and a [potential] subsequent Free Trade

See next page for more.

Agreement, the WSTA deems it more likely that there would be a high degree of alignment meaning businesses would be able to pay CCT at the bulk rate. In the event of a 'No Deal' Brexit, this would be unlikely, meaning additional costs for businesses exporting goods to the EU." One of the problems using the IPR regime is that there is a time limit specified by Customs in which you must re-export and it is usually around 6 months. This may cause a problem for some companies.

UK labelling regulations

In the case of a 'No Deal' Brexit, the UK will implement a 21-month transition period for labelling changes after exit day. Details can be found on the UK government website **here**.

The WSTA writes: "Most businesses did not change their labels in advance of [the original Brexit date] 29th March 2019 and the government's decision to provide a transitional period for labelling on the UK market was hugely welcomed by the industry. However, concerns remain for products being exported to the EU market, especially for those without an EU importer address." Most of the EU countries have interpreted the overarching regulations from the EU in a slightly different way and it is worth checking with each countrie's regulatory body for labelling.

UK excise duty

Excise duty is a local tax; each country sets it's own rate, so the excise duty will not change should a 'No Deal' Brexit occur. UK excise duty on wine – 297.57/hectolitre as of 1st February 2019 – is one of the highest in the world, increasing by over by 70% in the past ten years. The UK's Value Added Tax (VAT) rate is 20%.

Has your country signed a Trade Continuity Agreement or specific wine trade agreement with the UK?

The UK has been signing 'Trade Continuity Agreements' (TCA) with as many non-EU countries as it can. These TCAs would immediately come into force should a 'No Deal' Brexit occur and effectively replicate existing deals third countries have with the EU and apply them to trade between those third countries and a post-Brexit UK.

On 30 January, **Chile** signed a TCA with the UK. The UK government said: "The new UK-Chile agreement replicates the existing trading arrangements as far as possible." In the event of a 'No Deal' Brexit, the current Chile-EU Free Trade Agreement is effectively rolled over, so that Chilean wines will continue to enter the UK duty-free. More details are on the UK government website **here**.

On 10 September, **South Africa** agreed – but is still to sign – a TCA with the UK. The new agreement mirrors the deal between the South African Customs Union and the EU and will come into effect in the event of a 'No Deal' Brexit. It is not known if the UK-South Africa deal would include something akin to the EU's tariff-free import quota on South African wines (known as the 'Tariff Rate Quota' or TRQ), in which South Africa enjoys annual tariff-free quotas on importing bulk and bottled wines into the EU. More details are on the UK government website **here**.

In January, **Australia** signed an 'Agreement on Trade in Wine' with the UK which – the UK government says – "allows trade in wine to continue between the two countries, also covers winemaking techniques, labelling and certification requirements. It will allow around GBP250 million of Australian wine to continue to enter the UK, [...] benefitting many businesses involved in the supply and distribution of wine." The agreement effectively replicates the 2008 'EC-Australia Wine Agreement' and applies it to Australia's wine trade with a post-Brexit UK. Details are on the UK government website **here**.

In February, the **US** also signed an 'Agreement on Trade in Wine' with the UK. This agreement includes – the US government said – "commitments regarding wine-making practices and labeling requirements, [and] will ensure market continuity for bilateral wine trade. The UK was the fourth largest export market for US wine products in 2017, with a value of USD227 million." Details are on the UK government website **here**.

Preparedness in the UK

Ahead of the original Brexit date of 29th March, the WSTA recommended that – for 'No Deal' Brexit preparedness – UK wine and spirit businesses should "consider holding around 20% more stock in the first six months of 2019, bearing in mind the fact that this would impact businesses cashflow, be dependent on warehousing space and increase guarantees".

In July, the WSTA reported that 80% of UK wine and spirit businesses had indeed initiated 'No Deal' Brexit plans – with the "responses received ranging between holding enough stock for two weeks to six months, with two weeks for one large company equating to around 300,000 cases. Others took a different approach, for example increasing stockholding of top-selling/main brand SKUs or critical lines."

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The WSTA had also advised businesses to avoid moving goods around the Brexit date, so this may have had an impact on the UK's import/export figures on wine around the 29th March: "Several businesses suggested that they halted or modified shipments around 29th March, by changing routes, bringing forward planned orders, and putting plans in place to change to ex-works movements for goods moving from the EU to UK."

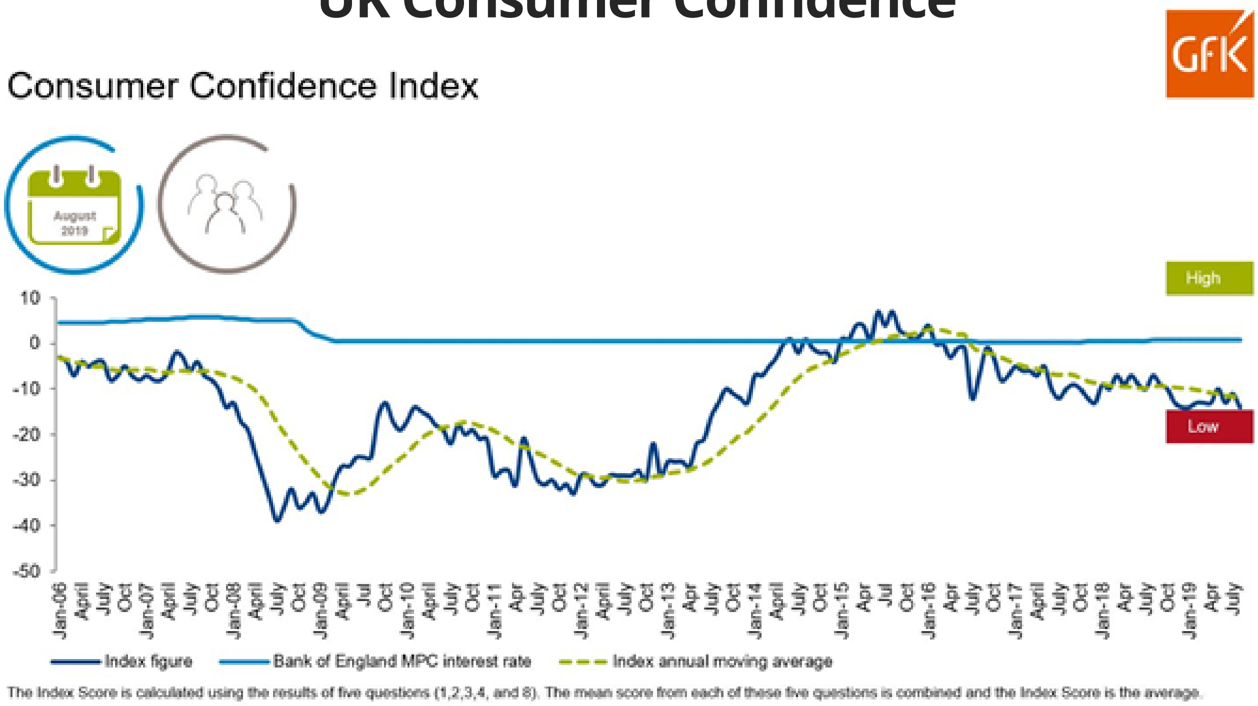
Laura Jewell, Wine Australia's regional general manager for Europe, is quoted as saying: "The UK trade is still in a state of hiatus, waiting for the political scene to settle down [....] The larger brands continue to hold stock above their usual levels, although lower than the first quarter stockpiled levels." Australia's export volumes to the UK dipped in recent times because, as Wine Australia's WEAR report put it, "some of the larger brands have wrapped up their pre-Brexit strategies of getting additional product into market pre-Brexit to mitigate any disruption to exports."

What about supplies in the UK of raw materials sourced specifically from the EU? Ciatti has seen – both before the original 29th March deadline and again now in the lead-up to 31st October – stockpiling of packaging materials such as glass, as well as grape juice concentrates mainly from Spain and Italy.

Another issue of concern is the effect the post-referendum weakness of pound sterling is having on forward cover contracts, which are taken out on all major foreign sourcing contracts and mature on a specific date. Pound sterling fell from EUR1.30/sterling on referendum day to EUR1.16/sterling in the days following, and has gradually weakened further since (briefly reaching a low of EUR1.06/sterling in August this year). On such a trend, importer buyers could lose significant value and potentially have to pay their financiers.

In addition, pound sterling's weakness and uncertainty surrounding their future residentials status in the UK has meant it has been something of a battle to retain EU workers – particularly from Eastern Europe – within the UK supply chain. According to the UK's Office of National Statistics, in the year ending September 2018 the number of EU nationals arriving in the UK looking for work was at its lowest level since 2012; for the October to December 2018 period, there were 61,000 fewer EU nationals working in the UK than in the same period of 2017.

UK Consumer Confidence



Consumer confidence in the UK took a big dip immediately after the Brexit referendum on the 23rd June 2016, bounced back quickly, then has gradually declined in the three years since. Consumer confidence for August 2019 was at -14%, twice as weak as -7% in the same month of 2018 and at its lowest level since 2013.

Joe Staton of GFK summed it up well in the market research company's latest report on UK consumer confidence, dated 30th August: "Until Brexit leaves the front pages – whenever that will be – consumers can be forgiven for feeling nervous not just about the wider economy but also about their financial situation."

Confidence in the "general economic situation" for the next 12 months was at -38%, worse than -32% in July and considerably weaker than -26% in August 2018. Data shows a steady increase in the urge to save money since July 2017 (it is at its highest level since the financial crisis in 2009).

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The UK's GDP fell 0.2% in the second quarter 2019, the first quarter to see a decline in six and a half years. However, all key indicators were stronger than expected in July (+0.3%), with retail sales (especially online) growing much more than expected, quelling fears of a recession.

Potential Impact by Supplier Country

UK Wine Imports by Value, 2018	
Top Ten Supplier Countries	
France	USD1.3 billion
Italy	USD939 million
Australia	USD336.7 million
Spain	USD326.9 million
New Zealand	USD319 million
Chile	USD247.9 million
US	USD227.3 million
Germany	USD179.8 million
South Africa	USD155.4 million
Argentina	USD107.5 million
Total Value of Wine Imports into UK in 2018	
USD4.4 billion	
11.5% of total value of global wine imports in 2018	
second in value as an importer, behind only the US and ahead of Germany	
Source: http://www.worldstopexports.com/top-wine-importing-countries/	

France, Italy, Spain & Germany

France, Italy and Spain represent three of the top four sources for wine imported into the UK by value. They currently benefit from sharing the same Single Market and Customs Union as the UK, paying zero tariffs to access the UK market, while paperwork and lab analysis is kept to a minimum.

In a 'No Deal' Brexit scenario

The change in the wake of a 'No Deal' Brexit could potentially be significant for EU wines entering the UK, with a 'UK VI-1' form required to be completed – and potentially lab analysis too – to access the UK market. However, as it currently stands, UK import tariffs on EU wines would remain at zero for at least 12 months after the Brexit date.

In a 'soft' Brexit Scenario

Any changes would not be immediate, as the UK would remain inside the EU's Single Market and Customs Union until at least December 2020.

We have heard from European suppliers that UK buyers have been covering their needs in such a way that takes into account potential disruption at the Brexit dates (the first in March, the next on 31st October) by taking more stock.

European suppliers already find the UK market very difficult in terms of margin: with the UK supermarket sector extremely competitive and UK wine consumers traditionally very price sensitive, UK importers often expect suppliers to absorb any increase in UK excise duty and other taxes. If tariffs were to be levied on top in the case of a 'No Deal' Brexit, and UK buyers sought to pass this cost onto suppliers, it may hurt trade. "We are not going to sell at below production price just to maintain deals with a country with import duties," is one mindset often expressed by European suppliers. Trade on the likes of French AOP wines, Spanish Rioja and Italian Prosecco would potentially continue robustly, but the entry-level market in the UK would be increasingly left to the EU's competitors.

The UK, alongside the US, is the most important export market for Italian Prosecco and Pinot Grigio. Italian suppliers are thus keeping a very close eye on how Brexit unfolds.

Australia & New Zealand

In terms of value, Australia and New Zealand are the leading non-EU sources for wine in the UK. Neither Australia nor New Zealand have a Free Trade Agreement in place with the EU, and must pay the EU's Common Customs Tariff to access the UK market. Australian wines benefit, however, from the 2008 'EC-Australia Wine Agreement', which simplifies certification requirements on wines entering the EU.

In a 'No Deal' Brexit scenario

As it currently stands, the UK would suspend tariffs on all Australian and New Zealand wines for at least 12 months after a 'No Deal' Brexit. The paperwork required would switch from a 'EU VI-1' form to a 'UK VI-1' form, though EU VI-1 forms would continue to be valid for nine months after the Brexit date.

Australia has signed an 'Agreement on Trade in Wine' with the UK which effectively replicates the 2008 'EC-Australia Wine Agreement' should a 'No Deal' Brexit occur. Wine Australia writes: "Uncertainty remains, however, in the situation where wine is exported in bulk to the UK prior to packaging for subsequent shipment to the EU. In these circumstances, the EU VI-1 form would need to be drawn up by UK authorities, not by Wine Australia. It is not yet certain they have the resources necessary to cope with what would appear to be an enormous number of transactions."

In a 'soft' Brexit Scenario

The UK would remain in the EU Single Market and Customs Union until at least December 2020, so there would be no immediate changes to tariffs, paperwork, lab analysis and labelling.

Chile

Chilean wines currently access the UK market tariff-free, thanks to the EU-Chile FTA which came into force in 2003.

In a 'No Deal' Brexit scenario

If a 'No Deal' Brexit was to happen, the EU-Chile FTA would no longer apply to the UK. However, as mentioned above, the UK and Chile have signed a Trade Continuity Agreement that effectively rolls the EU-Chile FTA over to also apply to UK-Chile trade post-Brexit: this would come into effect immediately after a 'No Deal' Brexit had occurred. In addition, as it stands the UK would suspend tariffs on all wines from all countries for a period of at least 12 months anyway. Chile's wine trade flows with the UK look well insulated from any major disruption.

In a 'soft' Brexit Scenario

The UK would remain in the EU Single Market and Customs Union until at least December 2020, so there would be no immediate changes to tariffs, paperwork, lab analysis and labelling.

USA

Could zero tariffs be possible?

In a 'No Deal' Brexit scenario

As it currently stands, the UK would suspend tariffs on all US wines for at least 12 months after a 'No Deal' Brexit. The paperwork required would switch from a 'EU VI-1' form to a 'UK VI-1' form, though EU VI-1 forms would continue to be valid for nine months after the Brexit date.

The US has signed an 'Agreement on Trade in Wine' with the UK which would come into effect should a 'No Deal' Brexit occur. It includes commitments regarding wine-making practices and labelling requirements. It is hoped this would at least mitigate some of the potential disruption to trade flows in the event of a 'No Deal' Brexit.

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USA Cont.

In a 'soft' Brexit Scenario

The UK would remain in the EU Single Market and Customs Union until at least December 2020, so there would be no immediate changes to tariffs, paperwork, lab analysis and labelling.

South Africa

South Africa currently enjoys annual tariff-free quotas on its bulk and bottled wine imports into the EU (known as the 'Tariff Rate Quota' or TRQ). Once these quotas are maxed out each year, South African wines must pay the Common Customs Tariff to enter the EU.

In a 'No Deal' Brexit scenario

As it currently stands, the UK would suspend tariffs on all South African wines for at least 12 months after a 'No Deal' Brexit. The paperwork required would switch from a 'EU VI-1' form to a 'UK VI-1' form, though EU VI-1 forms would continue to be valid for nine months after the Brexit date.

The UK and South Africa have agreed a Trade Continuity Agreement (yet to be signed). The new agreement replicates the deal between the South African Customs Union and the EU and will come into effect in the event of a 'No Deal' Brexit. It is not known if the new UK-South Africa TCA would include something akin to the present annual 'Tariff Rate Quota' South African wine receives from the EU.

In a 'soft' Brexit Scenario

The UK would remain in the EU Single Market and Customs Union until at least December 2020, so there would be no immediate changes to tariffs, paperwork, lab analysis and labelling.

Argentina

Argentina does not have a Free Trade Agreement in place with the EU, and its wines must pay the EU's Common Customs Tariff to access the UK market.

In a 'No Deal' Brexit scenario

As it currently stands, the UK would suspend all import tariffs on all Argentinian wines for at least 12 months after a 'No Deal' Brexit. The paperwork required would switch from a 'EU VI-1' form to a 'UK VI-1' form, though EU VI-1 forms would continue to be valid for nine months after the Brexit date.

In a 'soft' Brexit Scenario

The UK would remain in the EU Single Market and Customs Union until at least December 2020, so there would be no immediate changes to tariffs, paperwork, lab analysis and labelling.

At a glance

Source Country	Current UK import tariff on wines	Current required EU VI-1 paperwork	TCA or Wine Agreement in place with UK should 'No Deal' Brexit occur?	UK import tariff after 'No Deal' Brexit (Correct as of 3rd October)	Required paperwork after 'No Deal' Brexit
France	None	None	No	None (for at least 12 months)	UK VI-1
Italy	None	None	No	None (for at least 12 months)	UK VI-1
Spain	None	None	No	None (for at least 12 months)	UK VI-1
Germany	None	None	No	None (for at least 12 months)	UK VI-1
Australia	EU Common Customs Tariff (Australian wines enjoy simplified certification requirements on entering the EU due to the 2008 EC-Australia Wine Agreement)	EU VI-1	Agreement on Trade in Wine (2008 EC-Australia Wine Agreement rolled over)	None (for at least 12 months)	UK VI-1 (EU VI-1 still eligible for nine months after Brexit date)
New Zealand	EU Common Customs Tariff	EU VI-1	No	None (for at least 12 months)	UK VI-1 (EU VI-1 still eligible for nine months after Brexit date)
Chile	None (Chile-EU FTA)	EU VI-1	TCA (Chile-EU FTA rules rolled over)	None	UK VI-1 (EU VI-1 still eligible for nine months after Brexit date)
US	EU Common Customs Tariff	EU VI-1	Agreement on Trade in Wine (Includes commitments regarding wine-making practices and labelling requirements)	None (for at least 12 months)	UK VI-1 (EU VI-1 still eligible for nine months after Brexit date)
South Africa	None / EU Common Customs Tariff (Once South Africa exceeds its annual Tariff Rate Quota with the EU, the CCT applies)	EU VI-1	TCA (pending signature)	None (for at least 12 months)	UK VI-1 (EU VI-1 still eligible for nine months after Brexit date)
Argentina	EU Common Customs Tariff	EU VI-1	No	None (for at least 12 months)	UK VI-1 (EU VI-1 still eligible for nine months after Brexit date)

California

Time on target

HARVEST WATCH: *Crop size looking average to average-plus*

The harvest in California's southern Central Valley is around 55-65% complete; Lodi and the northern Central Valley, areas more red varietal-focussed, are a little behind the south. The harvest has been proceeding smoothly – except for a day of rain in Lodi in mid-September – with most whites crushed and fermented well before picking of the reds gets fully underway. There is, as in the Coastal areas, a fear of bottlenecks at wineries in October should the later reds – such as Cabernet, Merlot and Petite Verdot – become ready to pick all at once. Quality looks very good.

With casegood sales in the US stagnant, the grape and bulk wine markets continuing to move very slowly, and the state's 2019 crush looking potentially average to average-plus in size, sellers of grapes and bulk wines are plentiful but buyers are not. There are few grape buyers coming onto the market even to take fruit at 'clean-up' prices that only cover harvesting costs, while even opportunistic négociant buyers of bulk wines – seen on the market in recent months – have been showing hesitation.

A widely held view is that it will take more than a single year for the bulk wine market dynamic in California – oversupply coupled with slow casegood demand – to radically change. This should make potential international buyers of Californian bulk wines feel confident that prices in the Central Valley are going to be good value for some time to come. Now is an opportune time to start or fulfill long-term, attractively-priced Californian wine programs. In addition, there are many more bulk wine opportunities on the Coast – at international pricing – than we have seen for many years.

On 25 September the US and Japan signed a bilateral trade agreement, part of which includes the phasing out of Japan's import tariffs on US wines. California's Wine Institute welcomed the deal, saying the US is currently the only major wine-producing country paying a 15% tariff on wine imports into Japan. "While the final tariff schedule and the information on non-tariff provisions is yet to be released," the Wine Institute said, "it is understood that the tariff for US bulk wine will be eliminated upon implementation and the tariff on bottled wine will be phased out by 2025". In a potential further boost for US wine exporters, UK import tariffs on all US wines will be suspended for a period of at least 12 months should the UK exit the EU without a deal on 31st October *(see our Brexit Report)*. Currently US wines must pay the EU's Common External Tariff to enter the UK market.

With the grape crop looking good-sized in the southern Central Valley, there should be good levels of grapes for **grape juice concentrate** and distilling. The price of red GJC should remain stable; there is a possibility that the white GJC price will reduce – but from historic highs.

To find out more about California's bulk wine market you can read Ciatti's monthly *California Report*.

See next page for more on California.

Key Takeaways

With large inventory and another good-sized harvest underway, Californian bulk wine prices have fallen and offer very good value for the international buyer – now and for the longer-term, potentially even on premium wines from the Coast. It is the most opportune time for many a year to start or fulfil a Californian wine program.

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California: Current Export Market Pricing (USD per liter)

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2018	Generic White	0.85 – 0.99	↔	2018	Generic Red	0.79 – 1.05	↔
2018	Chardonnay	1.20 – 1.59	↔	2017/18	Cabernet Sauvignon	1.06 – 1.85	↓
2018	Pinot Grigio	1.20 – 1.59	↔	2018	Merlot	1.20 – 1.58	↔
2018	Muscat	1.12 – 1.45	↔	2018	Pinot Noir	1.45 – 1.98	↓
2018	White Zinfandel	0.90 – 0.99	↔	2018	Syrah	1.20 – 1.58	↔
2018	Colombard	0.86 – 1.12	↔	2018	Ruby Cabernet	0.92 – 1.05	↔
				2017/18	Zinfandel	1.20 – 1.72	↔

Argentina

Time on target

HARVEST WATCH: *Normal spring conditions*

Spring has sprung in Mendoza with daytime temperatures up at 25-28°C degrees towards the end of September. There have been no serious frosts. Rather than on the weather at home, an eye is being kept on the size of the harvest unfolding in Spain and the adverse conditions there.

Argentina stands waiting for international business with significant inventory and the world's most competitive pricing on generic bulk wines. It is also very aggressive on Malbec and the rest of the international varietal wines. Pricing remains stable at its low level, and in some cases is open to negotiation.

While demand from domestic wineries remains slow, there is growing international interest in Argentina's offer, particularly its generic wines and Malbec. Buyers from producer countries facing a harvest shortfall this year are requiring Argentina's bulk wines for their domestic entry-level or distilling programs.

The Argentinian market is waiting to see if countries that are not themselves major wine producers – such as the UK and Germany – and who normally source from France, Spain or Italy, seek out Argentina as a potential alternative source of varietal bulk wine. If this happens, once the European harvests are complete and the final declarations known, prices on Argentina's varietal bulk wines may tick up in the face of increased demand. Now, then, is an optimal time to secure Argentinian bulk wines at the best pricing.

With the Argentinian government still operating currency controls ahead of the country's 27 October election, the peso remains in-line with last month at around ARS55-58/dollar. It is widely believed that, if and when controls are ended, the peso will quickly weaken further against the US dollar. Rofex forecasts ARS71/dollar by Christmas.

See next page for more on Argentina.

Export statistics for full-year 2018 show that the US took 606,541 hectolitres of Argentinian wine (bulk and bottled combined), some 22% of Argentinian wine's total exports. The UK was second, with 355,506 hectolitres, while Spain – with 269,030 hectolitres (of which 263,434 hectolitres was bulk) – was third, ahead of Canada's 242,541 hectolitres.

Key Takeaways

Argentina can offer bulk wines in good volumes at very attractive pricing. Demand is increasing and pricing may undergo upward pressure later in the year should Europe's harvests come in significantly short: now is an opportune time to come onto the market to get the best pricing, some of which is open to negotiation.

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Argentina: Current Market Pricing (USD per liter; FCA Winery)

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2018	Generic White (Basic)	0.22 – 0.24	↓	2018	Generic Red	0.25 – 0.30	↓
2018	Generic White (Standard)	0.24 – 0.36	↓	2018	Cabernet Sauvignon	0.50 – 0.60	↓
2018	Muscat	0.30 – 0.35	↓	2018	Merlot	0.45 – 0.55	↓
2018	Torrontes	0.35 – 0.45	↓	2018	Syrah	0.35 – 0.45	↓
2018	Sauvignon Blanc	0.45 – 0.55	↓	2018	Malbec Standard	0.55 – 0.65	↓
2018	Chardonnay	0.45 – 0.55	↓	2018	Malbec Premium	0.70 – 1.00	↓
2018	Bonarda	0.35 – 0.45	↓	2018	Malbec High End	1.00 – 2.50	↓
2018	Tempranillo	0.35 – 0.45	↓				

White Grape Juice Concentrate **Per metric ton in bulk*	925.00	Red Grape Juice Concentrate (Color 1,000) **Per metric ton in bulk*	1,300.00

Chile

Time on target

HARVEST WATCH: *Rainfall deficit continues; some light frost*

A small amount of rain fell in some areas of Chile in September but not enough to dent what is now being called a 'ten-year drought' (the country has experienced below-average precipitation since 2010). The phenomenon forecasted last month – high temperature waves in the stratosphere over the South Pole pushing a mass of cold air northward – did happen, with frosts every day in some areas, but they were only light.

Likely these frosts came too early to affect wine grapes; it is too early to tell. More rain has subsequently fallen in the Valle Central area in the week commencing 30th September. The frost threat is expected to be high in the coming days, especially in the Valle Central area – a risk for cherries, vines and plums.

International and domestic demand for Chile's bulk wine has been quiet, with a steady procession of spot deals. On the wine grape market, buyers who require specific good qualities are seeking to cover their needs, but – with growers trying to increase their grape prices

See next page for more on Chile.

due to the drought and the frost risk – most buyers are holding off. Grape buyers are wary of committing to big volumes when they see California's harvest coming in healthy-sized and see signs that wine sales to China and Japan are slowing.

Chile faces increased competition in China from Australian wines which – from 1st January 2019 – have been able to enter into China tariff-free like their Chilean counterparts. Chile's bottled wines also now face revived competition in Japan from EU wines (mainly French and Spanish) after the EU-Japan FTA – which came into force on 1 February 2019 – scrapped import tariffs on EU wines.

Chile must also remain sensitive to an aggressive global bulk market, with Spain and especially neighbouring Argentina remaining highly competitive on bulk wine pricing (generic and varietal). Increased global price competition and the establishment of competitor FTAs, combined with increased input costs at home due to rising land prices and technological investment in the industry, means finding the right price point on grapes and bulk wine in Chile is becoming a real balancing act.

Nevertheless, Chile's bulk wine exports in the first six months of 2019 were 16% up on the first six months of 2018, to 216.2 million litres, while bottled wine exports were basically stable (-1%) at 276.7 million litres.

Key Takeaways

Chile's bulk wine market has been proceeding quietly, with a continuous level of spot deals; on the grape market, buyers seeking specific good qualities have been active but most other buyers are holding off to gain a better picture of what sort of bulk wine volumes are going to be needed in the year ahead, particularly as growers are currently trying to increase their prices due to the drought situation.

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Chile: Current Market Pricing (Pricing in bulk; FOB Chilean Port)

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
NV	Generic White	0.50 – 0.60	↑	NV	Generic Red	0.50 – 0.60	↑
2019	Chardonnay	0.76 – 0.85	↔	2019	Cabernet Sauvignon (Basic)	0.72 – 0.80	↔
2019	Sauvignon Blanc	0.73 – 0.85	↔	2019	Cabernet Sauvignon (Varietal Plus)	0.85 – 0.95	↔
2019	Syrah	0.70 – 0.75	↔	2019	Merlot	0.74 – 0.85	↔
2019	Carmenere	0.78 – 0.90	↔	2019	Malbec (Basic)	0.80 – 0.95	↔
2019	Pinot Noir	0.90 – 1.05	↔				

Chilean Export Figures

Wine Export Figures	January 2018 - July 2018			January 2018 - July 2019			Volume
	Million Liters	Million US$ FOB	Average Price	Million Liters	Million US$ FOB	Average Price	Variance %
Bottled	330,22	1.075,36	3,26	320,46	1.038,21	3,24	-2,96
Bulk	212,25	213,96	1,01	248,43	238,47	0,96	17,05
Sparkling Wines	2,47	10,74	435,44	2,84	11,45	4,03	15,37
Packed Wines	15,96	29,81	1,87	13,29	23,94	1,80	-16,69
Total	**560,89**	**1.329,87**	**110,40**	**585,03**	**1.312,08**	**2,51**	**4,30**

France

Time on target

HARVEST WATCH: *September rain potentially boosting harvest in last stretch*

Mid-September onward brought some welcome rainfall across the Languedoc region punctuated by sunny spells, potentially helping to size-up the later-ripening varietals – such as Cabernet and Carignan – that were still to be picked. The rainfall was not heavy enough to soak the soil and each spell was followed by drying north winds, so there was no risk of disease.

This rainfall will have only affected approximately the final third of the harvest – depending on area – and until the harvest is complete and the production declaration announced in December it will be unclear what the crop figure will be. The latest estimate at the time of writing remains the Ministry of Agriculture's 19 August forecast: 43.4 million hectolitres (-12% versus 2018; -4% versus the five-year average), with the Languedoc's harvest estimated at 11.9 million hectolitres (-6% versus 2018; -4% versus the five-year average). The Languedoc's harvest should be complete by mid-October.

Elsewhere, there is not a single major wine-producing region in France that is expected to produce more wine this year than last. Aromatic table white wine production in South West looks to have held up well; the Loire Valley will see a smaller crop than the five-year average but not dramatically so; likely the same applies in the Côte du Rhône and Provence; Bordeaux, as well, will see a smaller crop but not dramatically so (and the carryover inventory of its reds, whites and rosés is good-sized).

The spread of the shortfall this year versus last is not heterogenous; crop performance is turning out to be highly localised. We know for instance that some areas of the Languedoc's Gard department have been particularly affected this year, especially on the earlier-ripening varietals such as Chardonnay, Sauvignon Blanc and Merlot; some of the department is likely to see shortfalls much larger than August's headline estimates. We know, however, that the shortfalls in the western areas of the Aude department will generally be smaller than those in Gard.

Since last month's report, the market in France has woken up and people are busy reviewing their contracts. There is a sense that everyone is in the starting blocks ready for the buying campaign to get underway, but the 2019 vintage pricing remains unclear.

As mentioned last month, we expect the market for the Languedoc's good quality 2019 varietal white wines – Chardonnay, Sauvignon Blanc, Viognier – to start very quickly, with those wines likely to be sold out by springtime. Demand is outstripping supply in some instances and there is the potential for a price increase by the end of January. As such, buyers requiring specific good quality varietal whites should get in contact with us as soon as possible. The same applies to those needing Languedoc varietal rosé.

It will be a very good vintage for the reds, quality-wise, with deep colors, good alcohol levels and balanced aromas. Volume levels depend on how much red goes toward rosé production. Generally speaking, prices are being maintained at the same level for those buyers doing pre-harvest deals and/or intending to load quickly.

Due to the harvest shortfall this year, the Languedoc's IGP d'Oc production is likely to be maximised at the expense of the departmental IGP categories – IGP Gard, IGP Aude and IGP Hérault – and we are already seeing buyers of departmental IGPs ask for IGP Terres-du-Midi as an alternative. IGP Terres-du-Midi is a useful new IGP that allows for the blending of wines between the three Languedoc departments. In turn, the maximisation of IGP departmental and Terres-du-Midi output will likely squeeze the supply of table reds and rosés; buyers of these should signal their needs as soon as possible.

Due to the competitive pricing this year of Bordeaux's AOP reds, there are some excellent opportunities to be had on Languedoc, Minervois, Corbières and Costières de Nîmes AOP reds.

See next page for more on France.

Key Takeaways

The reduced size of the 2019 harvest means buyers of specific Languedoc wines need to be proactive. Buyers seeking the Languedoc's good quality 2019 varietal whites and rosés should get in contact as soon as possible, as prices could potentially rise from January and stock could be sold out by springtime. Those seeking the Languedoc's departmental IGP wines – IGP Gard, IGP Aude and IGP Hérault – should also move soon rather than later, and perhaps consider the new IGP Terres-du-Midi for ease. In turn, buyers of table reds and rosé should get in contact soon. And, with Bordeaux AOP reds continuing to be aggressively priced, excellent opportunities remain on Languedoc, Minervois, Corbières and Costières de Nîmes AOP reds.

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2019 French Harvest Estimate by Area (AGRESTE, 19th August, unit: 1,000 hectolitres)

Region	5-year Average	2018	2019	2019/18	2019/average
Champagne	2.623	3.415	2.526	-26%	-4%
Bourgogne-Beaujolais	2.383	2.860	2.092	-27%	-12%
Alsace	1.098	1.293	1.005	-22%	-8%
Savoie	114	133	116	-13%	3%
Jura	84	122	45	-63%	-46%
Val de Loire	2.655	3.359	2.464	-27%	-7%
Charentes	8.570	9.933	7.956	-20%	-7%
Sud-Ouest	3.568	3.875	3.654	-6%	2%
Bordelais	5.437	5.534	5.285	-4%	-3%
Languedoc-Roussillon	12.366	12.683	11.900	-6%	-4%
Corse	332	338	341	1%	3%
Sud-Est	5.374	5.084	5.314	5%	-1%

France: Estimated Market Pricing (EUR per liter; Ex-Winery)

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2018	Generic White	0.60 – 0.70	↔	2018	Generic Red	0.65 – 0.80	↔
2018	Chardonnay IGP	0.95 – 1.10	↔	2018	Cabernet Sauvignon IGP	0.90 – 1.10	↔
2018	Chardonnay VDF	0.90 – 1.05	↔	2018	Cabernet Sauvignon VDF	0.85 – 0.90	↔
2018	Sauvignon Blanc IGP	0.95 – 1.10	↔	2018	Merlot IGP	0.85 – 1.00	↔
2018	Sauvignon Blanc VDF	0.90 – 1.00	↔	2018	Merlot VDF	0.80 – 0.85	↔
2018	Generic Rosé IGP	0.90 – 1.00	↔	2018	Syrah / Grenache IGP	0.85 – 1.00	↔
2018	Generic Rosé VDF	0.75 – 0.90	↔	2018	Varietal Rosé IGP	0.90 – 1.20	↔

Spain

Time on target

HARVEST WATCH: *Flooding in Valencia and south-eastern La Mancha*

In spectacular fashion September ended the long drought in some areas of southern Spain, bringing flooding across Andalusia, Almeria, Alicante, Murcia, Valencia and the south-eastern part of Castilla-La Mancha. The rainfall levels were highly localised, so the impact of rainfall and flooding in these areas is heterogenous.

Valencia produces Muscat and Bobal grapes, while south-eastern La Mancha is the best area for high-proof reds. Consequently, the flooding in these areas will impact on Spain's total harvest size – expected before the flooding to come in at 40-45 million hectolitres this year, down from 50 million hectolitres in 2018 – though not dramatically. On the flip-side, rainfall may have helped size-up those grapes still on the vine, though also increased the likelihood of rot and disease. Another issue is that mud or water levels in some vineyards have been big enough to prevent growers from getting to their vines.

Harvesting of international varietals is largely complete: some Cabernet, plus Tempranillo, Airén and other Spanish varietals are being harvested now. International varietals less well adapted to Spain's climate may have particularly suffered in this summer's extreme heat – in terms of volumes and/or color intensity – and buyers of these are advised to cover their needs sooner rather than later. The heat's impact on the quality of the reds is not confined to Spain, so demand for deep color reds will be up this buying campaign.

Market prices are being set up little by little and the situation is evolving every day. The risk of price increases is higher on the red category, especially for the high proof reds in the area affected by the floods. As they do not know the potential tonnage to come, some wineries have stopped quoting until the harvest season is over.

There have been signs of a slight price uptick on international varietals, but competition from Chile and Argentina is ensuring this is so far small. Buyers of generics can afford to cover short-term needs and see how the market pans out. Supply of whites is good; the carryover of good quality reds has been reduced by purchases by some big buyers during the summer.

Harvest estimates are no longer issued from official quarters in Spain, so the market has to feel its way with little guidance as to the 2019 vintage outcome. The initial signs were that 2019 grape purchase prices would be in line with 2018's, but some quarters now expect prices to increase.

Key Takeaways

Buyers of international varietals and high colour red wines out of Spain should seek to cover their needs as soon as possible: demand for these is high, their 2019 volumes likely shorter than in 2018, and prices could rise. Generics will remain in good supply and buyers have the room to cover their short-term needs and wait on the rest. The extent of this year's harvest shortfall is unclear; prices in Spain continue to take into account the highly competitive pricing in Chile and Argentina.

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See next page for more on Spain.

Spain: Current Market Pricing (EUR per liter; Ex-Winery)

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2018	Generic White	0.30 - 0.40	↑	2018	Moscatel	0.50 - 0.60	↑
2018	White Blends (Higher Quality)	0.40 - 0.55	↑	2018	Generic Red	0.40 - 0.50	↑
2018	Sauvignon Blanc	0.75 - 0.80	↑	2018	Generic Red (Higher Quality)	0.50 - 0.60	↑
2018	Chardonnay	0.80 - 0.90	↑	2018	Cabernet Sauvignon	0.60 - 0.75	↑
2018	Generic Rosé	0.35 - 0.45	↑	2018	Merlot	0.65 - 0.75	↑
2018	Varietal Rosé	0.50 - 0.60	↑	2018	Syrah	0.60 - 0.75	↑

Italy

Time on target

HARVEST WATCH: *Estimated at 46 million hectolitres (-16%)*

The 2019 harvest in Italy is moving towards its conclusion and August's Assoenologi/ISMEA/UIV forecast of a 15-18% volume decline from 2018 appears to be accurate. The early varietals suffered from adverse weather conditions during flowering, while all varietals were adversely affected by the very high summer temperatures. However, quality looks excellent, with good sugar content and a perfectly balanced pH/acidity.

The price of generic wines immediately increased when the crop shortfall became apparent, but not to the extent seen in the short year of 2017 – the main buyers have been very careful before taking decisions.

We have seen a strong increase in bottling capacity over the past five years, mainly due to big co-operatives in the north. The price competition for the final product is very intense and, because of this competition, buyers know that any additional euro the wine costs will be very difficult to transfer onto the final product.

Digging deeper, we see that reds in general are in strong demand because storage levels were very low; whites, meanwhile, are following a similar increasing price trend but a little slower, with the market always keeping one eye on what is happening in Spain – the main competitor for export.

Pinot Grigio yields are certainly shorter than in 2018 but prices are stable at between EUR0.85/litre and EUR1.10/litre. Prosecco is also stable at around EUR160/hectolitre. Both these varietals are the most exported Italian wines to the UK and US – a 'No Deal' Brexit in the UK or additional duties in the US could affect these two products in a very strong way. The feeling is that the market will start to be very active only once there will be a clear picture on the international situation.

See next page for more on Italy.

Key Takeaways

With storage levels low, Italy's generic wines increased in price as soon as it became clear that the 2019 harvest will likely come in approximately 15-18% down in size on 2018. The price rise is not to the extent seen in 2017 as buyers have been proceeding carefully with margins in mind. Whites are increasing in price but at a slower rate than reds. Pinot Grigio and Prosecco prices are stable and the situations in the key UK and US markets – especially Brexit – are being followed closely in Italy.

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2019 Italian Harvest Estimate by Area (Assoenologi, ISMEA, UIV, 29th August, unit: 1,000 hectolitres)

	2018*	2019	Volume Difference 2019/2018	Var. % 2019/2018
Piemonte	2.905	2.470	-435	-15%
Valle d'Aosta	17	17	0	-15%
Lombardia	1.173	1.200	-513	-30%
Trentino Alto Adige	1.591	1.350	-241	-15%
Veneto	13.413	11.270	-2.143	-16%
Friuli Venezia Giulia	2.167	1.780	-387	-18%
Liguria	46	41	-5	-10%
Emilia-Romagna	9.260	7.410	-1.850	-20%
Toscano	2.335	2.570	235	10%
Umbria	444	340	-104	-24%
Marche	968	820	-148	-15%
Lazio	781	660	-121	-15%
Abruzzo	3.423	3.050	-373	-11%
Molise	239	239	0	0%
Campania	616	580	-36	-6%
Puglia	9.521	8.000	-1.521	-16%
Basilicata	94	85	-9	-10%
Calabria	116	113	-3	-3%
Sicilia	4.701	3.760	-940	-20%
Sardegna	434	380	-54	-13%
Italy	54.783	46.135	-8.648	-16%

** 2018: dato Agea, dichiarazioni di produzione*

See next page for pricing.

Italy: Current Market Pricing (EUR per liter; Ex-Winery)

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2019	Generic White (Alc. 9 - 10%)	0.37 – 0.42	↑	2019	Generic Red (Alc. 11 - 12%)	0.48 – 0.60	↑
2019	Generic White (Alc. 11 - 12.5%)	0.40 – 0.55	↑	2019	Generic Red (Alc. 13%)	0.65 – 0.80	↑
2019	Organic Generic White (Alc. 10 - 12%)	0.48 – 0.65	↑	2019	Organic Generic Red (Alc. 11 - 13%)	0.80 – 1.20	↑
2019	Varietal Chardonnay (Alc. 11 - 13%)	0.70 – 1.10	↑	2019	Varietal Cabernet Sauvignon (Alc. 12 - 13%)	0.80 – 1.00	↑
2019	Organic Pinot Grigio (Alc. 12%)	1.20 – 1.60	↑	2019	Varietal Merlot (Alc. 12 - 13%)	0.75 – 1.00	↑
2018	DOC Pinot Grigio delle Venezie	0.85 – 1.05	↔↑	2019	Varietal Syrah (Alc. 12 - 13%)	0.75 – 1.00	↔
2019	Pinot Grigio IGT (Different Regions)	0.90 – 1.10	↑	2019	Rossissimo (Alc. 12.5 - 14%)	1.08 – 1.30	↑
2019	Pinot Grigio IGT (Blends)	0.60 – 0.90	↑	2019	Primitivo IGT Puglia/ Salento (Alc. 12 - 14%)	1.30 – 1.50	↑
2019	DOC Prosecco (Cannot be sold outside of Italy)	1.55 – 1.65	↑	2019	Sangiovese IGT (Alc. 11.50 - 13%)	0.60 – 0.80	↑
2019	Soave or Garganega DOC	0.95 – 1.10	↑	**2019**	**Chianti**	**2.00 – 2.25***	↔
2019	Trebbiano IGT (Alc. 10.5 - 12%)	0.50 – 0.60	↑				

Bottled Price

South Africa

Time on target

HARVEST WATCH: *Cape water reserves well-replenished*

We have continued to see wine become available in South Africa over the past couple of months, including Cabernet, Chardonnay and the other international varietals. Merlot and generic red remain more elusive.

With aggressive pricing elsewhere in the world and a wait-and-see situation as the Northern Hemisphere harvests unfold, the number of international requests for South African wines continues to be down on where it was at this stage in previous years. There remains EU duty-free wine import quota, something normally used up by 1 September.

Latest SAWIS data shows that South Africa's wine exports were down 23% in the August 2018 to July 2019 period on the prior 12 months. It is not clear how much that fall owes to a lack of supply, and how much to a lack of need in export destinations – for example, is Brexit affecting UK demand? South African wine's domestic sales, meanwhile, fell 5.6% in the same period. Some 125 million fewer litres were sold in this period (for the domestic and export markets combined) than in the prior year.

Rand pricing is stable, but some suppliers are open to negotiation should the buyer be able to ship promptly. We at Ciatti have been involved in a good level of removals out of South Africa in the past couple of months.

The Rand itself has – with its typical fluctuations – been on a weakening trend since February and currently sits at approximately ZAR15/dollar and ZAR16/euro.

See next page for more on South Africa.

Key Takeaways

As the Western Cape continues to build inventory and is expected to do so for the rest of the year. Rand pricing is stable and potentially open to negotiation should the buyer be able to ship promptly.

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South Africa: Current Market Pricing (SA Rand per liter, FOB Cape Town)

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2019	Dry White	7.30 – 8.00	↑	2019	Generic Red	9.00 – 9.50	↑
2019	Chardonnay	10.50 – 11.50	↑	2019	Cabernet Sauvignon	11.00 – 13.00	↔
2019	Sauvignon Blanc	10.00 – 12.00	↔	2019	Ruby Cabernet	9.00 – 10.00	↑
2019	Chenin Blanc	8.20 – 8.80	↑	2019	Merlot	11.00 – 12.50	↔
2019	Colombard	7.50 – 8.00	↑	2019	Pinotage	10.50 – 11.50	↑
2019	Muscat	7.80 – 8.50	↔	2019	Shiraz	11.00 – 12.50	↑
2019	Generic Rosé	7.50 – 8.00	↑	2019	Cinsaut Rose	8.60 – 9.00	↑
2019	Cultivar Rosé	8.60 – 9.00	↔				

NB: pricing is directly related to remaining available stock and - due to the current short situation - can change without notice

Australia & New Zealand

Time on target

HARVEST WATCH: *Water allocations rise again in Murray-Darling Basin area*

On 24 September the Australian Competition & Consumer Commission (ACCC) published its final report on the country's wine grape industry. The report made ten recommendation "to improve the efficiency and fairness of wine grape markets" in Australia's warm climate grape growing regions, where most of Australia's wine is produced.

The ACCC said winemakers should "review their contracts with grape growers and immediately remove potentially unfair contract terms, including those imposing lengthy payment periods on grape growers". Winemakers are recommended to phase out these long-term payment periods and that "large winemakers make payment within 30 days of grape delivery".

The commission also recommended a significant change to the way grape prices are reported in the industry: "Instead of the current 'indicative pricing' system which involves winemakers announcing their indicative prices in December, well after most grape growers have already signed contracts, the ACCC has recommended mandatory post-season price reporting by all major winemakers, with the prices paid to be publicly reported at the completion of each season."

The ACCC also recommended that: all winemakers sign the voluntary Australian Wine Industry Code of Conduct (and parts of this code be strengthened, including its process for dispute resolution); national uniform standards for testing and measuring grape sugar levels and colour be developed ("to address concerns that current quality assessments lack transparency and can be manipulated"); warm climate grower representative organisations should "publicly report market trends analysis, with support from Wine Australia".

On 15 September, meanwhile, the minimum water allocation for South Australian irrigators rose to 81% for 2019-20, up from the previous projected water allocations of 74% on 2 September, 68% on 15 August, and just 14% back in April. The increased allocation is based on the latest water availability advice from the Murray-Darling Basin Authority (MDBA).

Although the seasonal outlook from October to December indicates that it is likely to be drier than average, with warmer temperatures, water availability projections currently indicate that water allocations are likely to reach 100%. As of 15 September, the MDBA-controlled storages had remained steady at 44% capacity since the last water allocation announcement two weeks before, even with water being released to care for the river and meet water requirements in South Australia, New South Wales and Victoria.

Water users are now being provided with water allocation updates twice a month, reflecting any improved water availability while water allocations remain under 100%. The next update will be on 1 October.

The **New Zealand** wine industry celebrated its 200th birthday on 25 September: on that date in 1819, Reverend Samuel Marsden planted the country's first vines in the Bay of Islands (on the North Island) and said: "New Zealand promises to be very favourable to the vine… should it succeed, it will prove of vast importance in this part of the globe". New Zealand wine exports are now worth NZD1.83 billion (USD1.17 billion).

See next page for more.

New Zealand's 2019 vintage was the third in a row in which yields failed to deliver the volumes forecast, resulting in a pressure on stock and increasing supply-demand tension. As a result, we have seen prices stay consistent if not firm throughout the year.

The early predictions for the 2019 harvest were of a volume around 450,000-455,000 tonnes; the final tally, however, weighed in at only 413,000 tonnes. This follows smaller than anticipated vintages in 2017 and 2018. "Over the last two vintages we have sold more wine than the industry produced out of the previous vintage," New Zealand Winegrowers CEO Philip Gregan told *Rural News*.

The 2019 yields of Pinot Noir were down across the country by about a fifth – mainly due to weather conditions during spring flowering in Marlborough and spring frosts in Wellington – and this shortfall is being compounded by increased demand locally. Marlborough produced 76.6% of New Zealand's total tonnage in 2019, well ahead of next-biggest producers Hawkes Bay (9.3%), Gisborne (4.1%), Nelson (3.1%) and Central Otago (3%).

New Zealand Winegrowers has appointed two new general managers: Charlotte Read and Ed Massey. Read, who takes on her new role on 22 October, will become general manager of marketing, while Massey commenced the newly created position of general manager of sustainability on 16 September.

Key Takeaways

The recently published Australian Competition & Consumer Commission report into Australia's wine grape industry recommended winemakers phase out long-term payment periods, that large winemakers make payment within 30 days of grape delivery, and that there be mandatory post-season price reporting by all major winemakers. Water allocations for Southern Australian irrigators have risen again, this time to 81%; they are expected to rise further.

A third-successive year of smaller than expected yields (413,000 tonnes) in New Zealand has resulted in a pressure on stock and increasing tension in the balance between supply and demand. Yields of Pinot Noir were down across the country by about a fifth.

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Australia: Current Market Pricing (AUD/litre unless otherwise stated)

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
NV	Dry White	0.85 – 0.95	↔	NV	Dry Red	1.20 – 1.35	↑
2019	Chardonnay	1.00 – 1.15	↔	2019	Cabernet Sauvignon	1.50 – 1.65	↔
2019	Sauvignon Blanc	1.15 – 1.30	↔	2019	Merlot	1.50 – 1.65	↔
2019	Pinot Gris	1.20 – 1.40	↔	2019	Shiraz	1.50 – 1.65	↔
2019	**NZ Marlborough SB**	**NZD 3.90 – 4.25**	↑	2019	Muscat	0.90 – 1.00	↑

Early Indications of 2019 Pricing
Price stated are indicative only; all offers subject to prior sale and subject to volume, drawdown and terms

Logistics update: Low Rhine water levels

Following the record-breaking hot and dry summer of 2018, and more dry weather this year, the Rhine in Germany is once again suffering from low water levels that could see restrictions enforced on shipping traffic.

Shipping on the Middle and Upper Rhine – accounting for 49% of container transport output on the Rhine – was severely curtailed in the late autumn of 2018. “In October and November 2018, when container vessels were no longer able to sail upstream towards Strasbourg or Basel, container traffic even had to cease for a period of several weeks,” according to the Central Commission for the Navigation of the Rhine (CCNR). It estimates that, as a result, EUR5 billion was lost in German industrial output in the second half of 2018. A further consequence was a sharp hike in transport prices.

Now, following another hot and dry summer, low water surcharges are again due on transport by waterway, levied by logistics company Contargo in three stages. For containers from/to Rotterdam and Antwerp, EUR45 and EUR60 per TEU or FEU respectively will be due.

The water level in Kaub was at 119cm as of 30th September. If the water level falls below 110 cm, the KWZ (surcharge) in the third stage increases to EUR60 and EUR75. This applies to ports such as Frankfurt, Duisburg and also Emmerich.

The German government is considering installing dams and locks on the Rhine to ensure the river remains navigable at all times. Dredging of the river is taking place in several places, including at the infamously problematic ‘Deutzer Platte’ sand and gravel shoal near Cologne. Locks, meanwhile, have ensured water levels on the Moselle (which goes through the Mosel wine region) are normal.

John Fearless Update

JOHN FEARLESS™
PROVIDER OF CRAFT HOPS AND PROVISIONS

Around this time every year we celebrate John the Fearless's birthday – this year he's 648, so we think old can be good! More importantly, it's an opportunity for us to take stock and give thanks for the loyalty of our customers, which is ultimately what keeps us part of the thriving craft beer community in the USA. John himself may be venerable, but we as a company are continually striving to provide our craft brewer clients with the most innovative new products to help them stay ahead in a fast-moving, ever-changing industry.

On that note, this year we are especially grateful for the ability to continue offering our most intriguing asset: **South African hops**. Brewers across the USA have been steadily falling in love with these unique aromatic or dual-purpose hops from the Western Cape – whether it be African Queen (gooseberry and chili notes), Southern Aroma (sunny hayfield and flowers), Southern Passion (passionfruit and spice), or Southern Star (tropical, berry and caramel). In addition, we are keeping an eye on the development of two exciting brand-new varietals – Southern Tropic (tropical fruit, guava, butterscotch) and Southern Sublime (pineapple, citrus, melon) – and aim to be at the forefront of their distribution into the USA when the time comes. Watch this space.

The tropical and fruity characteristics these South African hops impart are second to none, and especially play well in the beer styles driving craft beer growth such as hazy or New England-style IPAs. But don't just take our word for it. The hops have made quite an impact among those important taste-testers for the craft beer industry, the homebrewer clubs. The Coachella Valley Homebrew Club recently took a beer featuring African Queen to the finals of the Melvin Cup, and it will be produced by Melvin for national distribution.

Many other brewers have been releasing beers with South African hops like Southern Passion, Southern Star, African Queen and Southern Aroma, including Stone Brewing, Lagunitas, Societe, Fieldwork, Thorn Brewing, Armistace, Bay City, FiftyFifty, Gravity Heights, Hardywood Park, Lucky Envelope, Octopi, Stellwagon, The Bronx, Unsung and Uproar to name just a few.

What causes these South African hop aromas to be so distinctive? Well, for starters the hops are grown down by the ocean along the Western Cape's verdant and beautiful Garden Route, near the city of George. While most of the world's hops production occurs in Europe and the US where ideal growing conditions are between latitudes 40°-54°N, in South Africa, the local varietals are flourishing at 34°S, literally only a few miles from the Southern Cape coastline.

This exposure to the marine influence is unique in the hop-growing world. In fact, their very position, on the southernmost edge of Africa, has pushed the boundaries of hop cultivation, for at 34° they are situated at a lower latitude than any other commercial hop-growing area and must cope with fewer daylight hours as a result. That is why a unique feature of Western Cape hop gardens is the common presence of floodlights! However, these landmarks are becoming redundant as the old bittering hop bines get replaced by the new aromatic hops that have been bred to be daylight neutral.

During WW1, it was extremely difficult to get imported hops into South Africa and necessity became the mother of invention. In 1924 the Cape Town Brewery (later Ohlsson's Cape Brewery) organized a competition to see which South African region would be the first to supply 100 lbs of locally cultivated and dried hops. Hop cuttings were sent to a number of locations in South Africa, but it was the area around George in the Southern Cape that was the final winner. The first hop farm "Afgunst" was bought in 1935 by the Union Hop Growers, a company formed by Ohlsson's Cape Brewery and SA Breweries Limited. Hop growing in South Africa developed slowly over the next few decades into the 1970s, when a locally-developed bittering varietal named 'Southern Brewer' was cultivated, which was ideally suited to the growing conditions around George. As the local industry developed, specialist varietals were cultivated that flourish with the warmer winter climate and shorter summer days, producing yields almost comparable to the rest of the world. Originally these growers even used vast numbers of floodlights to compensate for the shorter summer days, but this is phasing out as newer varietals cope

John Fearless Update

JOHN FEARLESS

PROVIDER OF CRAFT HOPS AND PROVISIONS

better with local conditions and the cost of electricity makes it less economically viable to do so.

Since the 1970s introduction of 'Southern Brewer', the South African Breweries Hops Farm (SABHF) R&D team, in co-operation with growers, introduced the new varietals Southern Star, Southern Promise and Southern Dawn, known as the three 'Power Hops' varietals, during the 1980s and 1990s. Southern Aroma, African Queen and Southern Passion followed these, and were released during the last seven years since 2012. And just in the last 12 months the latest two varietals – Southern Tropic and Southern Sublime – were introduced. Their R&D program continues to develop new experimental strains, which take 7-11 years to develop into a final new varietal. This is achieved by naturally cross-cultivating different varietals and no GMOs are used in the process.

Such adaptation, carried out by South Africa's sophisticated hop R&D, has led to the unique aroma characteristics of the country's hops, rich in fruity, tropical notes. Furthermore, the hop industry is being incentivized by the country's government to export and its R&D is led by individuals who are often brewers themselves, so it has a deep knowledge of what hop aromas are in demand around the world, including in the USA. And contrary to the common misperception that hop growing in South Africa is fully monopolized by South African Breweries – now part of Anheuser-Busch InBev – there are dozens of independent and entrepreneurial hop growers now operating, well-supported by the government.

With approximately 430 hectares (1,062 acres) of hops being grown at this stage in the Southern Cape, SABHF contracted private growers still harvest only around 1% of the world's total hops produced – a maximum of about 855 metric tons (1.9m lbs) annually. Around 710 tons (1.56m lbs) are for SAB's own local brands, another 20 tons (44,000 lbs) goes to the local craft industry and the rest is exported (approximately 276,000 lbs).

SABHF aims to assist the expansion of current South African hops plantings to around 500 hectares by 2021 and thereby increase production by 150 metric tons to just over 1,000 tons per year, of which approximately 250 tons will be for the export market. As part of their public interest commitments the company undertook to invest ZAR610 million into boosting the South African beer-related agricultural industry through financing of 800 new emerging small-holder farmers and 20 new commercial farmers to produce hops, barley and maize, with the strategic intent to create 2,600 additional jobs in the agricultural supply chain.

An example of this emerging growers expansion and support is that, through a fund and loan from SABHF, a 20-hectare hop farm was purchased and is now being managed by entrepreneur Beverley Joseph, who is a former SABHF employee. Through delivery of key performance indicators and once the loan has been repaid, this farm will be 100% owned by Ms. Joseph.

The supported development of this small and unique South African hops industry and the adaptation from primarily bittering-hops varietals to aromatics and dual-purpose hops varietals, is leading to the unique aroma characteristics of the country's hops produced especially during the last decade – rich in fruity, tropical notes. This focused drive by SABHF and its growers gives them an expert understanding of which hop aromas are in global demand, especially in the US market.

South Africa's growers are steadily replacing bittering hop acreage with aroma, and the 2019 harvest was a good one. Consequently, we at John Fearless will be able to meet more requests for our range of South African hops – and all year round, too, so that beers brewed using them can become perennial fixtures in brewers' ranges. They arrive into our Californian warehouse in pelletized format for onward distribution: we have 2018 hops available now, and 2019 product will be ready soon. So get in touch!

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Celebrating the Hop Harvest

Export Pricing: USD per liter

Currency Conversion Rates as of October 3, 2019

Argentina (Pricing in bulk; FCA)

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2018	Generic White (Criolla)	0.22	-	0.24	↓	2018	Generic Red	0.25	-	0.30	↓
2018	Generic White Standard	0.24	-	0.36	↓	2018	Cabernet Sauvignon	0.50	-	0.60	↓
2018	Muscat	0.30	-	0.35	↓	2018	Merlot	0.45	-	0.55	↓
2018	Torrontes	0.35	-	0.45	↓	2018	Syrah	0.35	-	0.45	↓
2018	Sauvignon Blanc	0.45	-	0.55	↓	2018	Malbec Standard	0.55	-	0.65	↓
2018	Chardonnay	0.45	-	0.55	↓	2018	Malbec Premium	0.70	-	1.05	↓
2018	Bonarda	0.35	-	0.45	↓	2018	Malbec High End	1.00	-	2.50	↓
2018	Tempranillo	0.35	-	0.45	↓						

Australia & New Zealand (Pricing in bulk; FCA)

AUD Rate: 0.674881 / NZD Rate: 0.630959

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
NV	Dry White	0.57	-	0.64	↔	NV	Dry Red	0.81	-	0.91	↑
2019	Chardonnay	0.67	-	0.78	↔	2019	Cabernet Sauvignon	1.01	-	1.11	↔
2019	Sauvignon Blanc	0.78	-	0.88	↔	2019	Merlot	1.01	-	1.11	↔
2019	Pinot Gris	0.81	-	0.94	↔	2019	Shiraz	1.01	-	1.11	↔
2019	NZ Marlborough SB	2.46	-	2.68	↑	2019	Muscat	0.61	-	0.67	↑

California (Pricing in bulk; FCA)

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2018	Generic White	0.85	-	0.99	↔	2018	Generic Red	0.79	-	1.05	↔
2018	Chardonnay	1.20	-	1.59	↔	2017/2018	Cabernet Sauvignon	1.06	-	1.85	↓
2018	Pinot Grigio	1.20	-	1.59	↔	2018	Merlot	1.20	-	1.58	↔
2018	Muscat	1.12	-	1.45	↔	2018	Pinot Noir	1.45	-	1.98	↓
2018	White Zinfandel	0.90	-	0.99	↔	2018	Syrah	1.20	-	1.58	↔
2018	Colombard	0.86	-	1.12	↔	2018	Ruby Cabernet	0.92	-	1.05	↔
						2017/2018	Zinfandel	1.20	-	1.72	↔

Chile (Pricing in bulk; FOB Chilean Port)

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
NV	Generic White	0.50	-	0.60	↑	NV	Generic Red	0.50	-	0.60	↑
2019	Chardonnay	0.76	-	0.85	↔	2019	Cabernet Sauvignon (Basic)	0.72	-	0.80	↔
2019	Sauvignon Blanc	0.73	-	0.85	↔	2019	Cabernet Sauvignon (Varietal Plus)	0.85	-	0.95	↔
2019	Syrah	0.70	-	0.75	↔	2019	Merlot	0.74	-	0.85	↔
2019	Carmenere	0.78	-	0.90	↔	2019	Malbec	0.80	-	0.95	↔
2019	Pinot Noir	0.90	-	1.05	↔						

France (Estimated Pricing in bulk; Ex-Winery)

Rate: 1.098620

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2018	Generic White	0.66	-	0.77	↔	2018	Generic Red	0.71	-	0.88	↔
2018	Chardonnay IGP	1.04	-	1.21	↔	2018	Cabernet Sauvignon IGP	0.99	-	1.21	↔
2018	Chardonnay VDF	0.99	-	1.15	↔	2018	Cabernet Sauvignon VDF	0.93	-	0.99	↔
2018	Sauvignon Blanc IGP	1.04	-	1.21	↔	2018	Merlot IGP	0.93	-	1.10	↔
2018	Sauvignon Blanc VDF	0.99	-	1.10	↔	2018	Merlot VDF	0.88	-	0.93	↔
2018	Generic Rosé IGP	0.99	-	1.10	↔	2018	Red Syrah / Grenache IGP	0.93	-	1.10	↔
2018	Generic Rosé VDF	0.82	-	0.99	↔	2018	Varietal Rosé IGP	0.99	-	1.32	↔

Italy (Pricing in bulk; Ex-Winery)

Rate: 1.098620

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2019	Generic White (Alc. 9 - 10%)	0.41	-	0.46	↑	2019	Generic Red (Alc. 11 - 12%)	0.53	-	0.66	↑
2019	Generic White (Alc. 11 - 12.5%)	0.44	-	0.60	↑	2019	Generic Red (Alc. 13%)	0.71	-	0.88	↑
2019	Organic Generic White (Alc. 10 - 12%)	0.53	-	0.71	↑	2019	Organic Generic Red (Alc. 11 - 13%)	0.88	-	1.32	↑
2019	Varietal Chardonnay (Alc. 11 - 13%)	0.77	-	1.21	↑	2019	Varietal Cabernet Sauvignon (Alc. 12 - 13%)	0.88	-	1.10	↑
2019	Organic Pinot Grigio (Alc. 12%)	1.32	-	1.76	↑	2019	Varietal Merlot (Alc. 12 - 13%)	0.82	-	1.10	↑
2018	DOC Pinot Grigio delle Venezie	0.93	-	1.15	↔↑	2019	Varietal Syrah (Alc. 12 - 13%)	0.82	-	1.10	↔
2019	Pinot Grigio IGT (Different Regions)	0.99	-	1.21	↑	2019	Rossissimo (Alc. 12.5%)	1.19	-	1.43	↑
2019	Pinot Grigio IGT (Blends)	0.66	-	0.99	↑	2019	Primitivo IGT Puglia/ Salento (Alc. 12 - 14%)	1.43	-	1.65	↑
2019	DOC Prosecco (Cannot be sold outside of Italy)	1.70	-	1.81	↑	2019	Sangiovese IGT (Alc. 11.50 - 13%)	0.66	-	0.88	↑
2019	Soave or Garganega DOC	1.04	-	1.21	↑	2019	**Chianti***	**2.20**	-	**2.47***	↔
2019	Trebbiano IGT (Alc. 10.5 - 12%)	0.55	-	0.66	↑						

Bottled Price

South Africa (Pricing in bulk; FOB Cape Town)

Rate: 0.066008

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2019	Generic White	0.48	-	0.53	↑	2019	Generic Red	0.59	-	0.63	↑
2019	Chardonnay	0.69	-	0.76	↑	2019	Cabernet Sauvignon	0.73	-	0.86	↔
2019	Sauvignon Blanc	0.66	-	0.79	↔	2019	Ruby Cabernet	0.59	-	0.66	↑
2019	Chenin Blanc	0.54	-	0.58	↑	2019	Merlot	0.73	-	0.83	↔
2019	Colombard	0.50	-	0.53	↑	2019	Pinotage	0.69	-	0.76	↑
2019	Muscat	0.51	-	0.56	↔	2019	Shiraz	0.73	-	0.83	↑
2019	Generic Rosé	0.50	-	0.53	↑	2019	Cinsaut	0.57	-	0.59	↑
2019	Cultivar Rosé	0.57	-	0.59	↔						

Spain (Pricing in bulk; Ex-Winery)

Rate: 1.098620

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2018	Generic White	0.33 - 0.44	↑	2018	Generic Red	0.44 - 0.55	↑
2018	White Blends (Higher Quality)	0.44 - 0.60	↑	2018	Generic Red (Higher Quality)	0.55 - 0.66	↑
2018	Sauvignon Blanc	0.82 - 0.88	↑	2018	Cabernet Sauvignon	0.66 - 0.82	↑
2018	Chardonnay	0.88 - 0.99	↑	2018	Merlot	0.71 - 0.82	↑
2018	Generic Rosé	0.38 - 0.49	↑	2018	Syrah	0.66 - 0.83	↑
2018	Varietal Rosé	0.55 - 0.66	↑	2018	Moscatel	0.55 - 0.66	↑

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