



An Australian Turnaround?

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Signs point to renewed interest as Wine Australia touts diversity

It looked as if it were just going to be another trade tasting, a collection of importers sampling familiar wines to the trade. Wine Australia, which promotes Aussie wines around the world, expected about 150 sommeliers, retailers and wine media to the event in San Francisco Monday. More than 350 accepted the invitation...

Later, I got a slightly different take from a couple of veteran winemakers, each with more than 40 vintages under their belts: Iain Riggs of Brokenwood (Hunter Valley) and John Duval, ex-chief winemaker of Penfolds whose eponymous winery produces wines from Rhône varieties in Barossa Valley. He also makes wine in Chile (Pangea) and Washington (Sequel, with Long Shadows).

Astonishingly, they both believe that the exchange rate pressure has actually been good for top-end wines. “The low-end wines have come up in price, or take a loss,” said Riggs. “Basically, it has taken the focus off the low end,” said Duval. In other words, the perception that Australia is nothing but cheap juice has lost ground in wine drinkers’ minds.

The Aussie dollar currently trades at \$1.06, from 25 to 75 percent higher than it was for two decades, basically fluctuating between 60 cents and 85 cents until 2011. Some producers and importers have swallowed the margin of difference rather than raise prices here, especially in wines up to \$12, so as not to lose market share. Others have had to increase their bottle prices, making the wines look like less of a value than they were. High-end brands such as Brokenwood and Duval can still look good in a category where a difference in price of \$5 matters less.

The other bright spot Riggs and Duval see is a new generation of wine drinkers in the U.S. who approach Australia without prejudice. “When you describe to them the style of wines Australia was exporting to the U.S. 10 years ago, they look blankly at you,” said Duval. “They only care about what’s happening now.”

The new generation of Aussie winemakers is making a difference in that perception as well. “The young guns are giving it a go at a more elegant expression, using whole-cluster fermentations and other techniques, emphasizing individual vineyard sites, all to make their wines more distinctive,” Duval added.