China FTA a chance to top up profits at last, say winemakers

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Kaesler's Sarah Macmahon. Picture: James Elsby *Source:* News Corp Australia

WINEMAKERS are praising the China free-trade agreement, hoping it will increase profitability in an industry that has battled high exchange rates, competition from new-world producers and oversupply.

The FTA removes the 14 per cent tariff on bottled wine and 20 per cent levy on bulk Australian wine over four years, levelling the playing field against competitors including New Zealand, France, the US and the growing might of South America.

In the year to June 30, Australian Grape and Wine Authority figures show Australia exported $211 million worth of wine to China. Australia exports about 5 per cent of its volume to China, comprising 12 per cent of export value.

Kaesler Wines export manager Sarah MacMahon, based in the Barossa Valley, said any removal of trade barriers was positive. While the FTA would mean profits could rise, Kaesler would spend returns on marketing. "The biggest challenge is being on the ground in China."

Winemakers Federation chief executive Paul Evans said Australia was the second-largest supplier of bottled wine to China behind France.

"One of the great benefits of a China free-trade agreement is it will enable us to once again compete on quality and value … it will be great for both fine wine and commercial wine segments."

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