



## Media release

8 November 2021

### **New Zealand wine in high demand**

International demand for New Zealand wine shows no sign of slowing, with export value reaching \$599 million in the first quarter of the new export year, up 9% on the previous year. The demand for New Zealand wine is also reflected in an increase in price per litre, with the September quarter 2021 average value up 4% from September 2020.

“The ongoing demand for New Zealand wine has proven that the distinctive flavours, quality and sustainability of our wines increasingly resonate with consumers around the world. It is encouraging to see that during these uncertain times, consumers continue to choose a premium product they know that they can trust,” says Philip Gregan, CEO of New Zealand Winegrowers.

Although the quality of the 2021 vintage was exceptional throughout New Zealand’s wine regions, the overall harvest was much smaller than hoped for, with 370,000 tonnes of grapes harvested during the 2021 vintage - down 19% on last year’s crop. This reduced supply is reflected in the decrease in volume of exports, with YTD September 2021 exports down 3% on the previous year.

“Successfully managing the market impacts of the resulting supply constraints is a key focus for many in the New Zealand wine industry. Wineries are having to make tough decisions over who they can supply in their key markets.”

In addition, increasing production costs, the on-going effects of COVID-19 on the border and markets, and strained supply chains, have continued to impact growers and wineries.

The projected labour shortage and unavailability of skilled workers due to the ongoing closure of New Zealand’s borders remains a key concern, as these workers play a vital role in enabling the industry to meet the critical seasonal work peaks.

“With ongoing uncertainty at New Zealand’s borders, our industry is working hard to attract new people to our sector, to ensure we have the personnel in place to bring in the 2022 crop, to make our premium wine, and complete winter pruning. The recent decision to allow quarantine free travel for RSE workers is positive, and we continue to work with government to ensure that they are aware of the impact labour shortages will have on our members if they are not able to attract the workforce they need.”

Wine businesses that sell predominantly through the on-premise and tourism sectors continue to experience significant challenges.

“Domestically, restrictions on operations of hospitality businesses are a major stress point for wineries dependent on that sector. Cellar doors have been hit hard by the collapse in international tourist numbers, as well as the impact of current restrictions on regional travel. Positively, we have

seen more New Zealanders visiting cellar doors, but there are long, lean periods outside of the traditional Kiwi holiday period.”

COVID-19 has also greatly impacted the supply chain over the past year, with the ability to ship products to market becoming an ever-increasing concern.

“Like every industry dependent on sea-freight, the ability for New Zealand wineries to ship products to market has been greatly impacted, as transport costs more than double and shipping reliability plunges. Unfortunately, this is a worldwide problem without any quick fix.”

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