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Germany

Wine

Annual

2006

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Report Highlights:
American winemakers are shipping increasing volume to Germany. Part of this is for bottling and re-export to other European countries. After a stress period for American sales to the German market in the first half of 2006 due to denigrating statements about U.S. wines in German media retail sales of U.S. wines in Germany are increasing again. The German consumer generally associates high quality with American wines despite a period of denigrating statements by German politicians and media about American wines.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Berlin [GM1]
[GM]

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Executive Summary

In 2006, German vintners produced an estimated 8.8 million hectoliters (hl) of wine, which is about 360,000 hl less than in 2005. This wine is expected to be of good quality, comparable with last year's quality.

Germany is predominantly a white wine producing but mainly a red wine consuming country. About 62 percent of the retailed wines are red or rosé wines. The actual downward trend in consumption for white wines came to a stop in 2006 most likely due to the growing demand for Riesling wines. Per capita consumption is estimated at 23.6 liters, including sparkling wine.

U.S. shipments of wine to Germany increased by about ten percent during the first nine months of 2006. However, a growing portion of these arrivals is in bulk for bottling and re-export to other European countries. Reports indicate that retail sales of U.S. wines in German stores dropped by more than 20 percent during the first half of 2006. Recent reports indicate that sales by the end of 2006 were growing again.

Total U.S. wine sales to Germany amounted to $75 million in 2005, which represents 3.2 percent of all imports. German exporters have been very successful during the past ten years, steadily increasing their sales to the U.S. market, shipping less volume but higher value.

Note: In recent years the U.S.$/EURO exchange rate has been as follows:

2001: $1 = Euro 1.1166	2004: $1 = Euro 0.8039
2002: $1 = Euro 1.0575	2005: $1 = Euro 0.8038
2003: $1 = Euro 0.8840	Oct 2006: $1 = Euro 0.7930

Production

In the fall of 2006, German vintners harvested about 8.81 million hl of grape must, which is about 0.4 million hl less than in 2005. Vintners attributed the decrease to the extreme heat in June/July followed by below normal August temperatures but marvelous September/October conditions. First impressions are that this year's wine quality is like in 2005 of better than average quality.

Germany grape area for wine production amounts to 102,000 hectares, which is the 6th largest area grape area in the EU. However, at the same time in volume Germany is the EU's fourth largest producer of wine. There are 14 different growing regions in Germany. The names of these regions are used for region of origin labeling. The commercial production of wine beyond these designated areas is not permitted. Based on the rules of the EU wine regime, the German wine law allows regional authorities to stipulate which grape varieties can be produced in the production regions. In 2005, 63 percent of the grapes produced in Germany were white wine varieties. Ten years ago, white wine vines covered about 80 percent of Germany's wine production area. The leading Riesling and Mueller-Thurgau varieties are grown on about 34 percent of the grape area. Area devoted to white Burgundy, Chardonnay, and Rulaender grapes is growing, while the planting of the Mueller-Thurgau variety is decreasing. Red wine is only planted in about 36 percent of the grape area, but its production area is growing by about 1,500 hectares every year. The popular red grape varieties are Blue Burgundy, Dornfelder, and Blue Portuguese. For re-plantings, the grape variety of highest acreage gains of the past five years has been the Regent. Other preferred grapes during the past five years have been the Dornfelder and Blue Burgundy varieties (see Table 2.).

To assist vintners in responding to consumer demand, the EU offers a restructuring program for vineyards. For the MY 2006/07 (Aug/Jul) the EU offers Euro 450 million of subsidies for the uprooting of unwanted grape varieties and the subsequent replanting of modern varieties. This program is available to all the wine-producing countries within the EU. Major beneficiary countries are Spain and France. Under this program Germany will receive a total Euro 12.7 million ($16.7 million).

Consumption

The economic situation in Germany has improved significantly in 2006. After almost stagnant growth during recent several years, GDP growth for 2006 was expected to reach 2.4 percent. Unemployment was down to 4.0 million by the end of 2006 and a further reduction of 500,000 is forecast for 2007. Additionally, the government reports significantly increasing tax revenues. These positive messages create an optimistic spirit in the German society, which hopefully will also reflect in the willingness to increase private spending. The more optimistic economic situation in Germany is also reflected in increased wine sales by the end of 2006. The hotel, food and beverage sectors were very satisfied with the business development improving over the year. Also the successful Soccer World Cup event in Germany in the summer of 2006 initiated a very positive spirit, which hopefully will produce a promising base for further economic growth and optimism in the foreseeable future.

Over the past 15 years, wine has been gaining in popularity among German consumers (see Table 4). Wine consumption by volume was affected by Germany's negative economic conditions of the past years. Wine consumption actually grew while demand for all other alcoholic beverages decreased. Good product quality, creatively designed bottles, and labels have made wine more attractive to all consumers. Per capita consumption in 2005 was estimated at about 19.8 liters. Sparkling wine consumption stagnates at 3.8 liters per capita.

Trade Channels

A trade panel report of AC Nielsen (found in Wein+Markt 9/2006) reveals that hard discount stores[1] handle 62 percent of all wine sold through retail outlets in Germany. The market share of these discount stores grew by about four percent in 2006. These stores are taking business away specifically from traditional supermarkets. The selection of wines in discount stores is rather limited compared to supermarkets and specialty stores.

Currently, franchise operators of wine retail chains express their will to expand the number of wine franchise outlets considerably. The main problem seems to be to find appropriate store locations. The Wein + Markt magazine reports that another major wine trader intends to develop a discount chain for wine at a price range below the price level of traditional wine stores. It is the goal to gain customers interest who usually buy at supermarkets and food discount stores.

Consumer Preferences

While overall German consumer preference is for red wine (62 percent) about 53 percent of the German wine consumed within German is white wine. Only 37 percent is red and 10 percent is rosé. (Source Deutsches Weininstitut).

In 2006, German wine gained market shares in the domestic market. Retail sales of **German wine** by volume went up by 6.4 percent and by 7.7 percent by value. Demand grew

[1] The retail segment of so-called hard discounters is represented by retail chains such as Aldi, Lidl, Penny, Plus, Norma and the like.

especially for rosé wine (+23.8 percent). Red wine sales increased by 5.1 percent and white wines 4.3 percent. **German white wine** represents about **52 percent** of the white retail sales, followed by Italy (17.1 percent) and France (5.0 percent). In the red wine market Germany supplies only 26 percent, followed by France (20 percent) and Italy (16 percent).

With respect to taste, German consumers are commonly perceived as sweet wine drinkers. In fact their preference for dry and semi-dry wines is steadily growing. The German Weininstitut reports that 41 percent of the retailed wines are dry wines, same share as for the semi-dry market segment. Only 18 percent of retailed wines are sweet wines. Reports indicate that during recent two to three years, consumers increasingly asked for wines with 1.0 to 1.5 percent lower alcohol content, which is in line with increasing demand for fresh and young white and rosé wines.

German customers prefer to buy their wine by production region, grape variety and harvest year rather than by branded name. In a recent press interview the leading discount retailer Aldi laid down their quality monitoring program for wines. As a first step Aldi requires a supplier certification according to the International Foods Standard (IFS). Then the supplier has to provide analytical test results. The next step is a tasting. Once the product is on the shelf it is again tested on a monthly basis. Aldi also pointed out that the grape variety has to determine the taste character of the wine. This implies that varietal designations cannot be solely determined by volume as it is regulated by U.S. law – minimum 75 percent.

Prices

In Germany wine is sold through two main trade channels. The food retail represents about 75 percent and direct sales from vintners and vintner cooperatives account for about 20 percent. The rest is sold through specialty stores, hotels and restaurants.

According to AC Nielsen, the vast majority of retailed wine (75.4 percent) sell at a price of below Euro 2.00 per bottle (0.75 liter), which reflects the domination of hard discount outlets in wine retailing. Only 18.2 percent of wine sold in Germany is priced at Euro 2.00 to 2.99, 5.6 percent at Euro 3.00 – 4.99 and 0.8 percent sell at prices above Euro 5.00. The price segment of Euro 1.50 – 1.99 has shown the strongest growth during the past two years, mainly gaining from the next level above of Euro 2.00 – 2.99.

Wine purchased directly at the vintner (including vintner cooperatives) or in specialty stores is considerably more expensive. About 15 to 20 percent of total wine consumption is sold through this trade channel. The long-term trend indicates that this trade channel has been continuously losing customers.

Bottling

The most popular bottling size for Germany is the 0.75 liter bottle. Wines sold in one liter bottles are often of the lower price segment or sold directly through the vintners. About 94 percent of German wines are in glass bottles, of which about 27 percent are returnable. An alternative to the glass bottle is the bag-in-the-box system, which is frequently used for French wines. The bag-in-the-box is gaining popularity in the lower price segment.

Another point of interest is the issue of corking. According to an opinion poll among the German food and beverage sector, about 20 percent prefer screw caps, 53 percent natural cork, and 27 percent plastic cork. In the same opinion poll, a majority of the respondents preferred a corked wine for a higher-priced wine. In the retail sector, the share of plastic cork has been rising noticeably for wines in the prices range of up to Euro 5 per bottle. For example, the retailer Aldi recently announced that they intend to ask their suppliers to only use plastic cork for wines of less than Euro 3.00.

New World Wines

The term New World Wine summarizes wine imports from the Americas, South Africa, Australia and New Zealand. U.S. (mainly California) and other New World wines have increasingly captured space on many of the retail shelves. These are no longer exotic products. More importantly, they are selling at above average prices (except for Chile) and are of wine varieties that are popular with German consumers. Retailers like to advertise wines of international origin in their weekly offer bulletins. In 2006, Australian wines have become successful in discount retail chains most likely because of the large production and currently low prices for wine in Australia.

During the first half of 2006 sales of U.S. wines through German retailers dropped by about 20 percent (according to AC Nielsen). One of the main factors for this negative development was the intense and emotional discussion in Germany about the U.S.-EU wine agreement in late 2005 and early 2006. German politicians and national wine industry representatives were vocal opponents to the agreement because of the trading conditions it established. They feared that it would give U.S. wine an unfair advantage over their own. Germany politicians used highly derogative language, which was widely picked up by German media. Terminology such as artificial wine was used to describe a perceived fear that imports of low priced American wine may flood the German market. For several months, German consumers were reluctant to purchase U.S. wine but by the second half of 2006 again increasingly purchased US wine honoring its quality and uniqueness.

California wines are relatively well known in Germany and German consumers expect high quality when they purchase California wines. Wines from other regions or states in the U.S. are not yet well known.

Over the past several years, American wines established their presence in all price and quality categories in German retail starting from the lowest price level of less than Euro 2.00 per 0.75 liter bottle to the high price for boutique wines.

Trade

Imports: Germany is the world's most important import market for wine. About 57 percent of Germany's wine consumption is comprised of imported wine. Total imports in CY 2005 decreased by one percent to 13.3 million hl compared to 2004 (tariff no's 2204:1011 – 2204;2999). During the first nine months of 2006, German wine imports increased again by 5.0 percent to 9.9 million hl. According to official German trade statistics, the import increase in 2006 occurred predominantly in imports from Italy and France with price being an important factor. The big winner in the German wine import market in 2005 and 2006 is Italy, which increased its export shipments by almost 20 percent in 2006 and 12 percent in 2005.

Of significantly growing importance to the German wine trade have been New World wines. These wines comprised of 12.8 percent of all German wine imports in 2004, compared to 4 percent in 1999. In 2005, sales from Australia improved by about 20 percent to 2.9 million hl (Jan/Sep). South Africa also increased its 2005 sales to Germany from 1.9 to 2.9 million hl during the Jan/Sep period. While prices for U.S., Australian, Argentine, and South African wines are noticeably higher than the average import price, Chilean wine is marketed very aggressively.

United States: According to German official trade statistics, imports of U.S. wines increased by ten percent to 361,000 hl during the first nine months of 2006. This statistical increase occurred predominantly in the arrival of bulk wine for bottling for the German and other European markets. However, this did not translate into increases of sales into the national German market. German export statistics unfortunately do not distinguish for re-exports and exports of domestically produced commodities. Trade experts report that in particular the price aggressive discount retailers increasingly supply their chain stores in the new EU member countries with imported bulk wine from the U.S., which was bottled in Germany. Also Scandinavian countries are increasingly targeted by German bottlers. The strength of the Euro compared to the US dollar assisted U.S. exporters in their market development efforts to Europe. Increasing volume of U.S. wine is sold through the retail chains including the price aggressive discounters.

The German market for U.S. wine is predominantly in red wine accounting for 80 percent of the market, amounting to 356,000 hl in CY 2005. Total export value for U.S. red wine to Germany in 2005 amounted to $58.2 million. The trend for 2006 showed a further growth of red wine shipments to Germany of 16 percent in value. However, reports from the retail market indicate that these shipments do not reflect the actual sales to the German customer, which reportedly were down by up to twenty percent during the first half of 2006. (See para on consumption.)

Exports: German wine exports amount to 20 to 25 percent of domestic production. In 2005, Germany exported 2.9 million hl, five percent more than in 2004. In terms of value, German exports increased by 12 percent to US$ 689 million. The positive export trend for German wines continued in 2006 as preliminary trade figures show a five percent increase in export volume and 12 percent in value. However, these trade data include re-exports of wine, which has been bottled in Germany. The leading markets for German wine exports are the United Kingdom, the Netherlands, and the United States. Germany is working hard to improve its image as a supplier of quality wines. The export marketing is focused primarily on dry Riesling wine. The German Wine Institute spends about EUR 3.5 million annually on export promotions, mainly to other EU countries but also to the United States and Far East countries. German wine makers intend to increasingly focus on Chinese markets.

Stocks

German wine stocks as of July 31, 2006 amounted to 12.8 million hl, which is 300,000 hl less than in 2005. Compared to five years ago, this represents a noticeable reduction in surplus stocks of 3.7 million hl. Of the 12.8 million hl of stored wine, about 53 percent are held by vintners and 47 percent are in trade storage. Approximately 59 percent of the stored wine is white wine and the remaining 41 percent is red wine. Roughly 75 percent are German wines and 25 percent are imported including those from EU countries. More importantly, the reduction of these surpluses could translate into rising prices for wine in general.

Policy

The German government has voiced the strongest opposition in Europe against the U.S.-EU wine trade agreement, which was finally approved by the EU Agriculture Minister Council on December 20, 2005. The Federal Minister for Agriculture publicly complained that the trade agreement provides the potential that ‘artificially produced’ cheap wines from the United States may flood the German market. The core complaints were that U.S. wines may be watered down or recomposed by using the spinning cone column. The minister also complained that differing enological practices applied in the United States but not approved for European vintners would not be shown on the bottle label. To protect the 'traditional' German vintners the minister proposed to develop a purity law for German wine, which would only permit traditional wine making practices. In the following discussion process in the first half of 2006 the minister realized that it is next to impossible to define traditional wine making rules. The final result of the long learning process is a regulation that prohibits the use of oak chips for the making of predicate wines, representing about 20 percent of German wine production. However, the idea of developing a purity law is still floating around in German media but no longer on the minister's radar.

The Commission proposal for the reform of the EU wine market regulation is expected for May 2007, which is at the end of the German EU presidency. The German position for the wine market reform may be summarized in following main points:

- Oppose an EU-wide un-rooting program for 400,000 hectares of grape area. Germany does not face a surplus problem in the wine market and therefore does not want to pay for the problems of other member countries.
- Abolition of distillation programs.
- Introduction of national envelopes. Each member states should be given the ability to finance measures necessary to modernize their own wine sector, taking into account the different needs of each region.
- Maintain chaptalization of wine and the use of must concentrates.
- Use EU funds for quality improvement and marketing programs.
- Ban the use of imported grapes or must for wine making.

Marketing

Sales of California wines have been very successful in Germany during recent years. California wines have an excellent reputation in the German market and so far consumers appear to be willing to pay above average prices for these wines. However, since they are no longer a novelty in the German market, growth rates may level off. They have to compete intensively with other New World wines, in particular wines from Chile, South Africa, Australia, and New Zealand that also have a good quality reputation in Germany.

Other American wine growing regions are encouraged to test the German market and follow the Californian success. Wines from the Mid-West have done some tastings/promotions in Germany during recent years.

The German Wine Institute conducts generic marketing for the industry. It is responsible for marketing and promoting German wine within Germany and around the world. It receives most of its funds as royalties from German wine growers and processors. The annual funding of German wine promotion amounts to Euro 11.5 million ($15 million). Overall, the German wine marketing strategy aims to improve the image of German wine and promote German wine in the high and medium priced market segments. These promotional efforts have the potential to also generically support marketing opportunities of imported high quality wines. Promotional efforts are particularly targeting the lucrative medium-priced segment of the wine market (between $5 and $9 per bottle), a segment in which German wines are under-represented. Besides the traditional export markets in Europe, North America, Eastern Europe, the East Asian markets are also targets for international promotion of German wines.

For marketing domestic wines, quality seals and wine awards have proven to be very effective and efficient marketing tools. Consumers perceive these marketing labels as an assurance of quality. Examples include the golden or silver plaque of the Chamber of Agriculture or DLG quality seal (DLG = Deutsche Landwirtschaftsgesellschaft). A major portion of German wine is sold directly (about 35 percent), which provides the vintners with the opportunity for direct communication and more importantly for higher prices.

Helpful addresses for marketing wines in Germany and general information about the German wine market are available from the following:

California Wine Institute	or	Wine Institute of California
Christine Bertold		European Office
Parkallee 217		The Netherlands
28213 Bremen, Germany		Tel.: +31 172 471 571
Tel/Fax: +49 421 217 020		Fax: +31 172 475 545
bertold@wineinstitute.de		molleman@zwart.nl

Deutsches Weininstitut
Postfach (POBox) 1660
Gutenbergplatz 3-5
55006 Mainz, Germany
Tel.: +49 6131 2829 0
Fax +49 6131 2829 20
info@dwi-dwf.de
www.deutscheweine.de

The major international trade show for wine in Germany is the ProWein, held every spring in Duesseldorf. Next show: Mar 18 - 20, 2007. ProWein is an excellent opportunity to meet importers, wholesalers, wine buyers, media contacts, and to taste-test your wine against the competition. In addition to individual U.S. exhibitors, California has a large Pavilion. Visiting ProWein would be a first step for U.S. exporters that want to market their wines in Germany. Exhibiting at the show is particularly effective because it gives trade visitors a point of contact for questions and provides an opportunity to taste the wines. The next step would be to generate tastings for wine buyers in various German cities.

ProWein - International Trade Fair Wines and Spirits
Messe Duesseldorf GmbH
Stockumer Kirchstrasse 61
40474 Duesseldorf, Germany
Tel.: +49 211 4560 01
Fax +49 211 4560 668
www.prowein.de
info@messe-duesseldorf.de

Another interesting regional trade fair is the Forum Vini, which is held every November at the fairgrounds in Munich (Muenchen). Forum Vini is a consumer fair with 326 exhibitors. In November 2005, it attracted more than 9,400 visitors, about 85 percent of the attendees were private customers. Forum Vini provides a good opportunity to test the German market in a large scale public tasting and selling environment.

Forum Vini
ALBRECHT, Gesellschaft fuer Fachausstellungen und Kongresse mbH
Oettingenstr. 25
80538 Muenchen
Tel.: +49 89 2729 4820
Fax: +49 89 2729 4822

www.forum-vini.de
Info@forum-vini.de

Another event with increasing success is the Berliner Wein Trophy, which is a wine sampling competition held every year in the capital City of Berlin in January attracting more than 15,000 visitors. The trophy is organized by the Deutsche Weinmarketing GmbH, since 2004 under the patronage of the OIV. The samples are evaluated according to the OIV international guidelines. More info under www.berliner-wein-trophy.de.

The intense efforts of U.S. wine makers and U.S. wine associations to promote American wines in Germany over the past years made American wines well known among German consumers. Increased shipments of bulk wines also opened the market segment for lower priced wines. Since this market is extremely competitive and increasingly price sensitive American suppliers have to build on their quality and uniqueness of the product. In order to maintain the German consumers' appreciation for high quality American wine promotion campaigns should focus on quality and taste characteristics.

Statistical Section

Table 1: German Wine Production by Type and Quality, in 1,000 hl

Calender Year	2001	2002	2003	2004	2005	2006*
White Wine	**6,071**	**6,364**	**5,397**	**6,034**	**5,401**	**5,200**
Table Wine	359	592	230	526	265	
Quality Wine	3,545	3,314	1,757	3,390	2,722	
Quality Wine w/ Spec. Attributes**	2,166	2,459	3,410	2,118	2,413	
Red Wine	**2,820**	**3,521**	**2,713**	**3,973**	**3,763**	**3,600**
Table Wine	25	31	18	60	42	
Quality Wine	2,539	3,216	1,854	3,478	3,276	
Quality Wine w/ Spec. Attributes	256	274	841	435	446	
Total Wine	**8,891**	**9,885**	**8,110**	**10,007**	**9,164**	**8,800**
Table Wine	384	623	248	586	307	
Quality Wine	6,085	6,530	3,611	6,868	5,998	
Quality Wine w/ Spec. Attributes	2,422	2,732	4,251	2,553	2,859	

* Preliminary
** Quality attributes shown on the label
Source: German Wine Growers' Association 0

Table 2: Grape Variety Distribution, 1,000 hectares

	2000	2001	2002	2003	2004	2005
White Varieties	77,525	73,882	70,605	67,663	65,389	64,500
Riesling	22,118	21,514	21,053	20,765	20,627	20,794
Mueller-Thurgau	20,023	18,609	17,287	16,042	14,983	14,346
Silvaner	6,691	6,422	6,101	5,819	5,578	5,383
Kerner	6,543	6,054	5,557	5,041	4,606	4,253
Bacchus	3,209	2,967	2,756	2,515	2,320	2,205
Rulaender	2,769	2,905	3,146	3,433	3,786	4,211
Scheurebe	2,948	2,693	2,436	2,190	2,003	1,864
White Burgundy	2,593	2,795	2,984	3,104	3,192	3,335
Chardonnay	610	719	821	891	958	1,018
other white	10,021	9,204	8,464	7,863	7,336	7,091
Red Varieties	27,245	29,723	32,384	34,826	36,852	37,537
Blue Burgundy	9,255	9,806	10,637	11,029	11,371	11,660
Dornfelder	4,372	5,530	6,661	7,693	8,200	8,259
Blue Portogese	5,026	5,039	4,980	4,931	4,879	4,818
Trollinger	2,593	2,615	2,607	2,597	2,578	2,543
Black Riesling	2,405	2,481	2,518	2,514	2,491	2,495
other red	3,594	4,252	4,981	6,062	7,333	7,762
Total	104,770	103,605	102,989	102,489	102,241	102,037

Source: German Wine Growers' Association

Table 3: German Beverage Consumption, Liter per Capita

	1999	2000	2001	2002	2003	2004	2005
Alcoholic Beverage	156.3	154.4	152.2	151.8	147.0	145.5	144.5
- Beer	127.5	125.5	122.4	121.7	117.5	115.8	115.2
- Wine	18.0	19.0	19.8	20.3	19.8	20.1	19.8
- Sparkling Wine	4.9	4.1	4.2	3.9	3.8	3.8	3.8
- Spirits	5.9	5.8	5.8	5.9	5.9	5.8	5.7
Non-alcoholic Bev.	248.3	253.1	261.5	273.2	291.8	284.8	290.5
- Mineral Water	104.2	106.8	113.6	120.0	135.0	131.3	134.8
- Soft Drinks	103.7	105.7	107.4	112.8	114.8	113.2	115.9
- Fruit Juice	40.4	40.6	40.5	40.4	42.0	40.3	39.8
Hot Drinks + Other	277.3	320.3	320.6	316.3	319.7	319.1	311.6
- Coffee	159.4	158.9	159.0	156.1	153.5	151.8	145.1
- Coffee Substitute	3.0	3.0	3.0				
- Herbal Teas		44.5	44.6	45.8	49.8	51.4	52.2
- Black Tea	28.2	26.7	26.2	26.2	25.2	24.1	24.4
- Milk	86.7	87.2	87.8	88.2	91.2	91.8	89.9
Grand Total	681.9	727.8	734.3	741.3	758.5	749.4	746.6

Source: Ifo Institut Muenchen - Weinbauverband - Zahlen, Daten, Fakten

Table 4: German Wine PS+D - 1,000hl MY Aug/Jul

	2001/02	2002/03	2003/04	2004/05	2005/06*	2006/07*
					Estimate	Forecast
Beg.Stocks	16,495	14,765	14,278	12,629	13,156	12,406
Production	8,980	9,984	8,191	10,107	9,150	9,000
Imports	12,434	12,056	13,068	13,158	13,000	13,000
Total Supply	37,909	36,805	35,537	35,894	35,306	34,406
Exports	2,509	2,703	2,920	2,937	3,000	3,000
Processing	600	450	540	540	400	0
Dom Wine Cons	20,035	19,374	19,454	19,261	19,500	19,500
Ending Stocks	14,765	14,278	12,623	13,156	12,406	11,906
Total Distrib	37,909	36,805	35,537	35,894	35,306	34,406
Per Capita Cons	24.3	23.5	23.6	23.3	23.6	23.6

Source: German Vintners' Association

* Source FAS Bonn

Table 5: Wine Stocks - July 31, Million hl

	Total	White	Red	Domestic	Imported		Sparkling	
					EU	non-EU	Domestic	Imported
2001	16.495	12.163	4.332	12.776	3.037	0.689	0.956	2.024
2002	14.765	10.708	4.058	11.089	3.037	0.639	0.860	1.916
2003	14.278	9.700	4.578	10.889	2.790	0.599	0.832	1.802
2004	12.620	8.400	4.200	9.200	3.400		0.700	1.770
2005	13.156	8.266	4.890	9.809	2.771	0.576	0.613	1.719
2006	12.794	7.553	5.241	9.498	2.658	0.639	0.686	1.615
2007	12.000			8.700				

Source: www.destatis.de

Table 7: German Imports of Wine, 1,000 hl, Million Euro

	2003		2004		2005		Jan/Sep 2006	
Quality White Wine	1,000hl	Mill. $	1,000hl	Mill. $	1,000hl	Mill. $		
Total	1,003.2	225.4	1,141.0	285.4	951.0	254.3	656.7	175.4
Intra-EU*	1,003.2	225.4	1,141.0	285.4	951.0	254.3	656.7	175.4
Extra-EU*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
United States	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other White Wine								
Total	3,231.9	251.4	4,316.4	440.5	4,110.6	331.5	3,421.8	237.8
Intra-EU*	2,801.8	190.1	3,524.4	253.3	3,612.5	237.0	3,062.8	175.9
Extra-EU*	430.1	61.3	792.0	187.1	498.1	94.4	359.1	61.9
United States	94.7	16.8	174.5	38.5	93.1	16.2	69.8	12.1
Quality Red Wine								
Total	2,380.5	659.7	2,285.2	697.3	2,231.6	655.0	1,562.9	461.6
Intra-EU*	2,322.9	644.3	2,226.9	675.5	2,227.0	653.2	1,562.7	461.4
Extra-EU*	48.8	15.3	58.3	21.8	4.6	1.7	0.2	0.2
United States	6.1	2.8	12.9	5.0	0.6	0.3	0.0	0.0
Other Red Wine								
Total	4,462.7	546.7	4,289.6	482.4	4,520.5	608.2	3,199.2	416.9
Intra-EU*	2,789.8	312.8	2,674.7	333.4	2,529.7	310.8	1,739.2	204.6
Extra-EU*	1,672.6	233.9	1,614.9	148.9	1,990.8	297.4	1,460.0	212.3
United States	356.0	67.8	292.2	32.8	355.4	57.9	289.7	48.5
Vermouth								
Intra-EU*	657.7	33.3	488.1	27.2	584.5	42.6	244.2	20.3
Extra-EU*	607.3	30.9	467.5	26.0	547.9	40.8	215.4	19.0
Extra-EU	50.4	2.4	20.6	1.1	36.6	1.8	28.8	1.3
United States	0.2	0.0	0.2	0.0	0.0	0.0	0.2	0.0
Wine Cooler								
Total	319.7	39.3	313.9	43.1	351.0	44.4	237.1	30.0
Intra-EU*	307.0	37.2	292.8	39.6	326.5	41.0	215.7	27.6
Extra-EU*	12.7	2.0	21.1	3.5	24.5	3.4	21.5	2.5
United States	2.5	0.3	2.1	0.4	2.6	0.5	1.9	0.3
Liquor/Wine Spirits								
Total	145.3	39.6	123.8	42.1	147.3	46.9	78.1	25.8
Intra-EU*	144.1	38.9	122.5	41.0	146.1	46.0	76.4	24.2
Extra-EU*	1.3	0.7	12.9	1.1	1.2	0.9	1.8	1.6
United States	0.1	0.2	0.2	0.4	0.1	0.3	0.0	0.3
Sparkling Wine / Base Wine for Sparkling Wine								
Total	1,294.7	431.8	1,349.2	494.6	1,358.3	507.3	1,029.1	360.6
Intra-EU*	1,280.9	427.1	1,334.8	488.6	1,344.8	502.3	1,021.6	357.8
Extra-EU*	13.8	4.7	14.4	6.0	13.4	5.0	7.4	2.7
United States	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Wine								
Total	13,437.9	2,209.5	14,286.0	2,463.5	14,257.4	2,461.3	10,425.0	1,711.4
Intra-EU*	11,257.1	1,904.4	11,763.3	2,093.9	11,688.3	2,056.7	8,546.2	1,428.9
Extra-EU*	2,180.8	305.1	2,522.6	369.6	2,569.1	404.6	1,878.8	282.4
United States	453.5	85.2	482.0	77.3	451.9	75.2	362.0	61.4

Source: Federal Statistics Office

Table 8: German Exports of Wine, 1,000 hl, Million Euro

	2003		2004		2005		Jan/Sep 2006	
Quality White Wine	1,000hl	Mill. $	1,000hl	Mill. $	1,000hl	Mill. $	1,000hl	Mill. $
Total	1,450.3	280.4	1,444.0	316.8	1,351.1	321.2	969.9	253.5
Intra-EU*	1,072.3	151.9	1,056.8	174.1	923.9	163.9	591.3	112.1
Extra-EU*	376.2	126.8	385.9	141.8	426.7	156.9	378.5	141.1
United States	164.5	67.5	18,402.0	74.9	224.6	87.8	196.2	78.3
Other White Wine								
Total	604.7	71.3	600.2	98.2	594.6	93.7	476.8	80.1
Intra-EU*	563.1	64.2	551.7	86.5	538.5	82.0	405.3	65.8
Extra-EU*	41.0	6.9	48.3	11.6	55.9	11.5	71.5	14.3
United States	2.1	0.7	4.8	1.7	12.1	2.4	15.2	3.0
Quality Red Wine								
Total	97.8	57.2	148.7	64.3	232.4	85.2	91.6	54.7
Intra-EU*	68.2	38.4	123.3	46.0	192.9	59.0	54.8	24.8
Extra-EU*	28.1	16.4	24.8	17.3	39.2	25.7	36.6	29.6
United States	4.0	3.3	2.8	2.3	6.7	5.2	6.9	6.3
Other Red Wine								
Total	448.7	84.7	417.1	75.8	530.1	112.5	529.8	108.3
Intra-EU*	393.2	70.1	360.3	62.6	462.2	95.4	469.6	92.5
Extra-EU*	54.7	14.0	56.6	13.1	67.7	17.0	60.1	15.7
United States	2.0	1.1	4.0	1.5	6.0	1.8	2.5	0.8
Vermouth								
Total	181.6	22.9	210.0	29.4	240.9	28.8	163.2	18.7
Intra-EU*	165.5	18.6	191.1	24.1	217.9	22.3	144.0	12.8
Extra-EU*	15.0	3.8	18.5	5.0	22.7	6.4	19.0	5.8
United States	1.4	0.3	1.9	0.3	2.6	0.4	1.3	0.2
Wine Cooler								
Total	191.4	21.9	151.5	21.4	170.9	25.2	156.7	18.4
Intra-EU*	166.1	18.4	128.9	17.4	151.2	21.6	136.0	15.0
Extra-EU*	25.2	3.4	22.5	3.9	19.7	3.7	20.7	3.4
United States	1.0	0.2	0.4	0.0	0.6	0.1	0.0	0.0
Liquor/Wine Spirits								
Total	34.1	12.1	32.0	12.5	43.0	10.1	21.2	8.4
Intra-EU*	33.7	11.6	31.5	12.1	42.3	9.7	19.7	7.3
Extra-EU*	0.2	0.2	0.3	0.3	0.7	0.4	1.4	1.1
United States	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sparkling Wine / Base Wine for Sparkling Wine								
Total	137.1	47.1	143.9	53.1	154.1	65.3	121.2	43.4
Intra-EU*	95.5	28.2	103.1	32.0	112.3	43.9	89.6	25.1
Extra-EU*	40.3	15.9	40.2	19.5	41.5	20.6	31.5	17.8
United States	4.2	1.8	4.6	2.2	5.7	2.4	3.7	1.6
Total Wine								
Total	3,145.9	597.6	3,143.9	667.0	3,314.4	744.1	2,529.1	582.2
Intra-EU*	2,557.8	401.4	2,545.7	453.5	2,643.0	504.0	1,911.9	355.6
Extra-EU*	580.8	187.4	594.7	209.5	669.7	238.2	616.6	225.4
United States	179.3	74.9	202.7	82.7	257.8	99.3	225.7	89.3

Source: Federal Statistics Office

Table 8: German Wine Imports by Country of Origin

	2003		2004		2005		Jan/Sep 2006	
	1,000hl	Mill. $	1,000hl	Mill. $	1,000hl	Mill. $	1,000hl	Mill. $
U.S.A.	450.9	84.8	479.8	76.8	449.3	74.8	359.8	61.0
Italy	4,518.5	725.7	4,796.2	803.2	5,343.1	801.5	4,322.0	566.5
France	2,721.0	659.5	2,485.5	695.7	2,361.7	677.7	1,657.5	479.4
Spain	2,064.1	316.8	2,733.8	387.4	2,187.4	359.2	1,520.6	245.0
Greece	222.3	38.1	196.8	39.2	170.3	32.6	94.7	17.6
Austria	451.7	37.6	329.3	36.8	326.5	40.2	243.1	32.3
Portugal	147.9	35.6	208.3	39.2	162.6	39.1	107.8	24.7
Hungary	202.8	20.5	166.3	18.7	156.4	17.5	119.0	13.0
Romania	171.3	11.3	142.0	10.8	127.6	9.9	61.3	5.7
Bulgaria	119.3	10.8	88.4	9.2	64.0	5.9	32.5	3.6
Mazedonia	303.4	15.2	366.4	18.9	334.5	16.4	333.4	15.5
Tunesia			15.4	1.1	17.0	1.1		
South Africa	187.0	40.6	242.7	55.9	374.0	72.8	291.7	52.5
Chile	458.1	53.9	628.4	81.6	574.3	92.7	347.4	55.5
Argentina	35.1	5.4	51.4	8.1	62.9	9.5	49.7	8.7
Australia	238.0	53.7	320.0	71.0	404.0	85.4	304.2	59.0
Other	169.0	27.4	160.3	34.2	146.3	34.2	62.8	15.9
World	12,460.4	2,136.9	13,411.0	2,387.8	13,261.9	2,370.5	9,907.5	1,655.9
Source: Federal Statistics Office								
NWW %	11.0	11.2	12.8	12.3	14.1	14.1	13.7	14.3
NWW Vol.	1,369.1	238.4	1,722.3	293.4	1,864.5	335.2	1,352.8	236.7
NewWorldWines								

Table 9: German Wine Exports by Major Countries of Destination

	2003		2004		2005		Jan/Sep 2006	
	1,000 hl	Mill. $	1,000 hl	Mill. $	1,000 hl	Mill. $	1,000 hl	Mill. $
U.S.A.	176.9	74.4	200.4	82.3	254.5	98.8	224.2	89.0
Great Britain	986.0	148.8	1,007.3	166.3	924.6	174.0	594.8	116.4
Netherlands	387.3	54.2	404.8	69.4	433.8	84.8	356.0	66.9
Sweden	161.4	28.3	151.5	26.2	188.1	30.0	134.5	22.9
Japan	87.3	30.8	69.6	30.6	66.2	29.8	49.0	22.3
France	135.5	28.2	122.2	28.9	113.0	28.3	73.8	17.0
Bel/Lux	103.3	18.3	104.0	24.0	116.3	29.4	79.3	19.7
Denmark	68.6	8.4	78.8	12.5	80.5	14.9	72.7	12.0
Austria	65.3	22.9	73.0	25.7	103.9	32.9	74.4	19.8
Canada	52.1	14.8	54.9	16.4	48.7	16.5	47.0	16.1
Ireland	56.2	9.3	53.5	12.2	46.0	11.4	34.4	8.7
Poland	47.8	7.0	52.5	9.6	59.4	10.4	46.7	8.2
Norway	61.0	12.9	65.7	16.5	74.8	22.5	67.1	25.8
Switzerland	28.3	13.8	26.0	15.8	24.1	12.6	22.0	14.7
Latvia	53.6	9.8	21.2	4.1	8.5	2.0	6.4	1.6
Other	302.4	70.8	293.2	74.5	355.5	90.4	323.4	83.0
World	2,773.0	552.7	2,778.6	615.0	2,897.9	688.7	2,205.7	544.1

Source: Federal Statistics Office

Table 10: Average Prices for Imported Wine

	2003		2004		2005		Jan/Sep 2006*	
	Euro/L	$/L	Euro/L	$/L	Euro/L	$/L	Euro/L	$/L
	Quality White Wine							
WORLD	1.99	2.25	1.78	2.21	2.00	2.48	2.04	2.54
U.S.A.	-	-	-	-	-	-	-	-
INTRA-EU	1.99	2.25	1.78	2.21	2.00	2.48	2.04	2.54
CHILE	-	-	-	-	10.00	12.40	-	-
SOUTH AFRICA	-	-	-	-	-	-	-	-
AUSTRALIA	-	-	-	-	5.00	6.20	-	-
	Other White Wine							
WORLD	0.69	0.78	0.65	0.81	0.69	0.85	0.61	0.76
U.S.A.	1.57	1.77	1.32	1.64	1.09	1.36	1.15	1.43
INTRA-EU	0.60	0.68	0.56	0.67	0.61	0.76	0.55	0.69
CHILE	1.02	1.15	1.05	1.30	0.99	1.23	1.15	1.43
SOUTH AFRICA	1.37	1.55	1.40	1.74	1.11	1.37	0.94	1.18
AUSTRALIA	1.72	1.95	1.83	2.27	1.53	1.90	1.17	1.46
	Quality Red Wine							
WORLD	2.44	2.76	2.44	3.03	2.28	2.82	2.26	2.80
U.S.A.	-	-	-	-	-	-	-	-
INTRA-EU	2.44	2.76	2.44	3.03	2.28	2.82	2.26	2.80
CHILE	-	-	-	-	3.93	4.86	9.18	11.12
	Other Red Wine							
WORLD	1.08	1.23	1.07	1.33	0.93	1.16	0.87	1.09
U.S.A.	1.68	1.91	1.27	1.58	0.98	1.21	0.98	1.23
INTRA-EU	0.99	1.12	1.03	1.27	0.97	1.20	0.91	1.13
CHILE	1.04	1.18	1.04	1.30	0.89	1.11	0.88	1.09
SOUTH AFRICA	2.25	2.54	2.09	2.59	1.11	1.38	0.98	1.23
AUSTRALIA	2.10	2.38	1.77	2.20	1.21	1.49	1.03	1.28
	Liquor Wine							
WORLD	2.41	2.72	2.74	3.40	2.57	3.19	2.67	3.30
U.S.A.	15.10	17.09	21.13	26.24	17.86	22.11	31.63	39.73
INTRA-EU	2.38	2.70	2.69	3.34	2.54	3.15	2.56	3.17
CHILE	5.59	6.32	2.63	3.27	10.00	12.40	5.71	6.89
SOUTH AFRICA	3.98	4.50	8.94	11.10	4.86	6.01	5.82	7.26
AUSTRALIA	18.42	20.84	8.42	10.46	12.50	15.47	13.13	16.11
	Sparkling Wine							
WORLD	2.95	3.34	2.95	3.67	3.02	3.73	2.82	3.50
U.S.A.	10.00	11.30	7.38	9.17	7.03	8.70	10.63	13.36
INTRA-EU	2.95	3.33	2.95	3.66	3.02	3.73	2.82	3.50
CHILE	3.00	3.40	4.09	5.08	4.15	5.13	3.04	3.84
SOUTH AFRICA	3.31	3.75	2.72	3.38	2.91	3.60	3.00	3.77
AUSTRALIA	5.20	5.88	5.81	7.22	5.00	6.19	5.29	6.61
	Vermouth							
WORLD	0.45	0.51	0.45	0.56	0.59	0.73	0.68	0.83
U.S.A.	2.35	2.66	2.24	2.79	1.76	2.18	2.35	2.90
INTRA-EU	0.45	0.51	0.45	0.61	0.60	0.74	-	-
SOUTH AFRICA			20.00	24.85	9.09	11.25	-	-
	Wine Coolers							
WORLD	1.09	1.23	1.11	1.37	0.99	1.27	1.00	1.27
U.S.A.	1.11	1.25	1.73	2.15	1.42	1.76	1.42	1.77
INTRA-EU	1.07	1.21	1.09	1.35	1.02	1.26	1.01	1.28
SOUTH AFRICA	2.50	2.83	2.29	2.84	1.42	1.76	1.43	1.80

Source: Federal Statistics Office