

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## India

**Post:** New Delhi

### Wine Production and Trade Update

**Report Categories:**

Wine

Agriculture in the Economy

Retail Foods

Food Service - Hotel Restaurant Institutional

Market Development Reports

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**Report Highlights:**

FAS Mumbai forecasts Indian 2014 wine production at a record 17.3 million liters as cooler temperatures during February and March improved grape yields and quality. Depending on the data source, there is an apparent 2014 uptick in imports of certain “new world” wines from Australia, the United States, and others while imports from France and Italy have fallen.

## **General Information:**

After reviewing this GAIN report, please supply feedback by clicking on the [hyperlinked survey](#).

This report does not include a Production, Supply, and Distribution/Demand table. Rather, the report includes a category for “availability” which is a combined measure of production and imports minus exports. Additionally, this report revises fortified wine production estimates upward for the state of Goa since 2009. Finally, the report explores data availability and discrepancies for wine trade.

## **Production Up and Quality Improved on Better Conditions**

The 2014 wine production estimate for the states of Maharashtra and Karnataka is 14.2 million liters (1.58 million cases at 12 bottles per case of 750 milliliters each). The fortified wine (also referred to as port) production estimate in Goa is 3.1 million liters (344,000 cases) as sources report business continues expanding. In Maharashtra, weather conditions were mixed during the grape ripening period; however, cooler temperatures during February and March led to better yield and quality. While there was some hail damage, affected areas were few and localized. Production in Karnataka has increased steadily and was estimated at 5 million liters (555,000 cases), a jump of 1.3 million liters (145,000 cases) from the previous year as key wineries expanded production. Generally, sources report Indian wineries are struggling to source adequate grape supplies as growers have switched to table grapes and other crops in recent years. See [IN2162](#) for additional background.

## **Total Imports Continue Sliding While New World Wine Imports Up - Maybe**

The Indian Ministry of Commerce reports that wine imports in 2013 equaled nearly 4 million liters and totaled almost U.S. \$25 million. In the first seven months of 2014, imports are just over 1.7 million liters and have totaled just over U.S. \$10 million. In comparison with the first seven months of 2013, import volumes and values are down by over 27 percent and 28 percent, respectively. Some sources attribute the slide to inconsistencies and difficulties interpreting the Indian Government position on wine product labeling and product approvals. The Indian reported trade data suggests that wine imports from “new world” wine countries is growing; especially for Australian, American, South African and New Zealand products. However, the top 3 wine suppliers to India are France, Australia, and Italy.

Wine exports in 2013 equaled nearly 1.8 million liters valued at nearly U.S. \$7 million per the Ministry of Commerce data. In the first seven month of 2014, exports have increased 20 percent as fueled by growth of sweeter variety wine exports to Bhutan and Vietnam. Export sales have grown almost 40 percent by value in the first seven months of 2014 as compared to 2013 and have reached nearly U.S. \$4.4 million. Wine industry sources reported to FAS Mumbai that continued sales are expected in these aforementioned export destinations. Additionally, sources report that there is good demand for Indian fruit wines (e.g., lychee and mango) in markets like Japan where products fit niche needs.

India is often touted as an important emerging market for wine, but sources report that sales have lagged behind expectations for the past several years. Sources report that nearly half of all imported wine is for the hotel sector (including; hotel restaurants, catered events and receptions). Retail sources have reported that grocery-store sales are an emerging area as high-end chains are dedicating spaces to wines. However, sales are largely of domestic wines as imported products sell very infrequently as consumers are unfamiliar with imported brands, the wine growing regions and characteristics of such wines as well as the retail prices which are pushed higher due to import tariffs.

### **Trade Data Anomaly Deserving Additional Attention**

It is common to see trade data vary between what one country reports for its imports and another country reports for its exports. Timeliness of trade, manner of trade, invoices versus scale weights, recorded data as FOB or CIF, and several other factors can create such anomalies. However, as presented in tables 2 and 3, below, it could be worth additional investigation to understand why certain discrepancies exist with Indian wine import data and other country export data. For example, 2013 Indian import data for French wine is 1,296,000 liters whereas France reported its wine exports to India were much lower at 524,000 liters. Similarly, Indian data on imported wine from Australia is 415,000 liters whereas Australian export data is much higher and shows 787,000 liters.

FAS Mumbai speculates that the discrepancy could be due to sales being destined to “Duty Free” stores which are a large market for wine buying. Another possible cause could be that imported wine has been held in-bond and not captured by data collectors as goods have not been presented to Indian Customs until clarity over the Food Safety and Standards Authority of India (FSSAI) labeling and product requirements receives greater clarity. Another couple of factors could be that transshipment or consolidated shipments of wine occurs or, as evidenced in the Indian data, wine is categorized as coming from an “unidentified country”.

### **ADDITIONAL INFORMATION**

**Please see the following USDA FAS GAIN reports:**

[IN2162](#) – Indian Wine Market Update 2012

[IN3022](#) – New Delhi and Odisha Excise Policies

[IN3041](#) - Indian Wine Industry Proposes New Standards

[IN3042](#) - Public Comments on Draft Indian Wine Standards

### **Production, Supply and Demand Data Statistics :**

**Tables 1a and 1b. India: Wine Availability in 1,000 liters and 1,000 cases**

**Availability of Wines (1,000 liters)**

	2009	2010	2011	2012	2013	2014*
<b>Production - Wine</b>	12,600	13,500	11,450	11,800	14,001	14,200
<b>Production - Fortified Wine</b>	2,300	2,500	2,700	2,800	3,000	3,100
<b>Total Production</b>	14,900	16,000	14,150	14,600	17,001	17,300
<b>Imports \1</b>	1,795	2,551	4,439	4,262	3,946	3,360
<b>Annual Supply</b>	16,695	18,551	18,589	18,862	20,947	20,660
<b>Exports \1</b>	2,093	696	1,114	963	1,776	1,800
<b>Domestic Availability</b>	14,602	17,854	17,476	17,899	19,171	18,860

**Availability of Wines (1,000 cases)**

	2009	2010	2011	2012	2013	2014*
<b>Production - Wine</b>	1,400	1,500	1,272	1,311	1,556	1,578
<b>Production - Fortified Wine</b>	256	278	300	311	333	344
<b>Total Production</b>	1,656	1,778	1,572	1,622	1,889	1,922
<b>Imports \1</b>	199	283	493	474	438	373
<b>Annual Supply</b>	1,855	2,061	2,065	2,096	2,327	2,296
<b>Exports \1</b>	233	77	124	107	197	200
<b>Domestic Availability</b>	1,622	1,984	1,942	1,989	2,130	2,096

\1official data from the Directorate General of Foreign Trade, for HTS 2204

\*estimated by FAS Mumbai

**Trade Tables:** The above data for HTS2204 is from the Directorate General of Foreign Trade. The information below is from the Global Trade Atlas and their sources; specifically for India, the Ministry of Commerce and covers HTS 220410, 220421, 220429.

**Table 2. India: Imports from top 15 Major Suppliers (1,000 liters)**

	Calendar Year					Year To Date		
	2009	2010	2011	2012	2013	7/2013	7/2014	%Change
World	1,784	2,540	4,419	4,231	3,945	2,333	1,712	-26.61
France	555	602	1298	1384	1296	819	355	-56.61
Australia	226	362	422	475	415	197	352	78.53
Italy	245	361	399	467	492	331	238	-27.9
United States	125	103	245	174	204	119	179	49.69
United Kingdom	97	149	254	392	305	164	159	-2.96
Chile	97	147	147	230	299	136	111	-18.28
South Africa	48	78	147	130	123	60	74	24.71
Spain	45	48	69	161	79	35	37	6.31
New Zealand	44	37	53	90	42	18	28	51.05
Argentina	25	17	18	33	54	26	27	1.68
Portugal	9	12	12	13	19	16	24	48.95
Germany	16	54	198	78	156	114	19	-83.47
UAE	38	24	237	130	178	145	18	-87.3
Belgium	0	0	21	19	18	8	17	110.22
Unidentified	54	26	50	52	91	49	32	-35.29

**Table 3. Listed Country: Wine Exports to India from Major Suppliers (1,000 liters)**

Reporting Country	Calendar Year					Year To Date		
	2009	2010	2011	2012	2013	7/2013	7/2014	%Change
World	2,292	2,788	2,838	2,955	3,262	2,026	1,459	-27.97
France	879	546	645	450	524	372	196	-47.27
Australia	451	722	611	670	787	440	395	-10.18
Italy	186	327	373	369	405	258	180	-30.08
United States	135	245	204	282	476	357	176	-50.63
United Kingdom	37	44	56	28	42	27	48	80.43
Chile	143	187	242	311	324	187	128	-31.76
South Africa	54	152	124	110	110	71	33	-53.08
Spain	95	137	156	218	119	33	38	16.99
New Zealand	24	36	48	39	32	20	27	33.33
Argentina	40	39	50	50	61	43	49	12.83
Portugal	28	40	40	45	20	18	22	23.06
Germany	38	78	44	60	43	15	32	112.79
Belgium	12	7	6	8	10	5	4	-32.27
Singapore	160	215	221	297	297	173	110	-36.29
Netherlands	3	1	4	1	1	0	18	3927.03

Source: Official country export statistics as reported to the Global Trade Atlas for Harmonized Tariff Schedule code – 220410, 220421, 220429

**Table 4. India: Imports from top 15 Major Suppliers (U.S. \$ Thousands)**

Partner Country	Calendar Year					Year To Date		
	2009	2010	2011	2012	2013	07/2013	07/2014	%Change
World	9,210	12,690	21,797	24,883	24,722	14,059	10,140	-27.88
France	3,079	3,402	6,768	9,627	10,353	6,027	3,938	-34.65
Australia	1,141	1,529	2,156	2,615	2,756	1,399	1,504	7.52
Italy	1,002	1,931	1,791	2,220	2,520	1,510	1,169	-22.61
United States	861	639	1,319	1,306	1,405	890	820	-7.95
United Kingdom	469	693	1,516	2,457	1,798	1,002	832	-16.91
Chile	244	488	613	870	1,049	510	333	-34.57
South Africa	246	283	448	491	493	263	296	12.67
Spain	204	188	201	1,021	329	170	200	17.67
New Zealand	316	272	298	558	381	130	197	51.29
Argentina	64	62	119	211	284	169	123	-27.4
Portugal	44	73	83	52	93	77	72	-6.86
Germany	93	239	401	280	453	306	76	-75.31
UAE	153	157	1,078	897	994	832	100	-87.96
Belgium	1	2	161	132	124	63	103	64.17
Unidentified	194	106	304	183	291	172	100	-41.93

**Table 5. Listed Country: Wine Exports to India from Major Suppliers (U.S. \$Thousands)**

Reporting Country	Calendar Year					Year To Date		
	2009	2010	2011	2012	2013	07/2013	7/2014	%Change
World	14,017	28,666	28,560	20,695	21,314	13,689	9,962	-27.23
France	4,918	4,936	6,865	4,426	4,687	3,350	1,771	-47.15
Australia	1,696	2,955	2,852	2,605	2,880	1,815	1,436	-20.89
Italy	1,306	1,938	2,431	1,989	2,329	1,576	997	-36.74
United States	443	1,024	838	1,033	1,553	1,179	640	-45.75
United Kingdom	724	506	598	288	206	103	189	83.09
Chile	439	572	791	1,030	965	591	369	-37.58
South Africa	202	471	360	360	351	223	129	-42.29
Spain	219	319	432	601	406	131	100	-23.92
New Zealand	250	352	395	399	349	199	195	-2.01
Argentina	115	126	216	177	231	158	162	2.62
Portugal	45	79	107	94	60	49	54	9.48
Germany	238	296	247	369	194	82	143	73.92
Belgium	157	29	19	100	47	34	35	2.96
Singapore	3,085	14,880	12,230	7,112	6,971	4,143	3,581	-13.56
Netherlands	55	36	84	24	19	8	138	1667.93

**Table 6. India: Exports to top 15 Market Destinations (1,000 liters)**

Partner Country	Calendar Year					Year To Date		
	2009	2010	2011	2012	2013	7/2013	7/2014	%Change
World	2,078	694	1,103	956	1,771	734	881	20.15
Bhutan	135	14	56	122	1	1	131	∞
Vietnam	0	0	0	5	152	0	130	n/a
UAE	52	150	84	235	184	102	124	22.51
United Kingdom	31	55	48	76	79	66	119	79.78
Japan	108	118	80	144	106	69	64	-7.38
Nigeria	0	0	16	0	169	63	45	-27.84
Netherlands	34	19	65	79	150	82	40	-51.08
France	465	58	74	26	90	50	39	-22.47
Sri Lanka	1	8	108	63	60	50	25	-50.45
Angola	0	0	0	0	0	0	24	n/a
Benin	0	0	5	0	0	0	20	∞
Spain	3	3	25	24	14	13	19	49
Nepal	0	0	64	21	18	14	17	18.63
United States	51	48	89	45	34	12	15	22.96
Maldives	400	43	66	23	44	1	14	2046.45

**Table 7. India: Exports to top 15 Market Destinations (U.S. \$Thousands)**

Partner Country	Calendar Year					Year To Date		
	2009	2010	2011	2012	2013	7/2013	7/2014	%Change
World	4,397	2,275	4,581	4,575	6,907	3,182	4,360	37.02
Bhutan	253	116	251	347	7	7	202	2673.46
Vietnam	0	0	0	11	568	0	501	n/a
UAE	196	197	552	1,177	899	530	654	23.45
United Kingdom	70	117	163	149	216	170	395	131.87
Japan	195	389	327	525	391	243	262	7.98
Nigeria	0	0	19	0	393	151	206	36.53
Netherlands	176	392	462	879	1,100	548	433	-20.98
France	956	247	355	137	413	197	182	-7.53
Sri Lanka	11	36	382	315	319	270	151	-44.03
Angola	0	0	0	0	0	0	164	n/a
Benin	0	0	25	0	0	0	56	∞
Spain	7	6	78	83	100	66	141	113.86
Nepal	1	1	72	54	44	31	58	87.32
United States	120	160	394	161	96	26	57	119.39
Maldives	1,005	150	697	335	206	15	563	3641.94