

NORTH ASIA RAISES A GLASS TO GAPSTED WINES

EXPORT CASE STUDY | MARCH 2018

Located in Victoria's breathtaking alpine region, Gapsted Wines produces some of Australia's best cool climate wines. Thanks to Australia's free trade agreements with North Asia, the winery is sharing its passion for creating fine wines and exporting to international markets.

Founded in 1996, Gapsted Wines uses cool climate fruit from Victoria's High Country to create a selection of both innovative and classic wines, including Petit Manseng, Saperavi, Merlot and Chardonnay.

The winning combination of a unique climate and a state-of-the-art winery has landed the company several wine awards, including 'Best Alpine Winery' for six consecutive years and the Victorian Tourism Award for 'Best Winery Cellar Door'.

In 2016, Gapsted Wines processed 6,242 tonnes of grapes and made 1.85 million litres of wine.

China, an important export market

Having distributed its premium wines across Australia for over 20 years, Gapsted Wines took the international step two years ago, beginning its export journey in Norway. Following a successful few years of exports into Scandinavia, the winery turned its focus to Asian markets to further drive business growth.

Matt Fawcett, CEO and Chief Winemaker at Gapsted Wines, says China's demand for cool climate wines has significantly increased sales.

'Eighteen months ago, we were only exporting a couple of hundred cases to China, but now we're exporting over 18,000 cases, which equals about \$750,000 in total gross sales,' he says.



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Matt Fawcett, CEO and Chief Winemaker, Gapsted Wines

'We're hoping to double this figure in the next 12 months, making China an immensely important market for us.'

Further reductions in duties on Australian wine into China are not only driving an increase in the volume of Gapsted's sales, but also contributing to higher-quality, higher-priced wines being purchased.

'We have seen a noticeable shift to enquiries and purchases for mid- to high-end products rather than just the entry-level wines. I believe the further reduction in tariffs on wine has been a significant contributing factor to this trend,' Fawcett says.

In addition to China, Gapsted Wines is in the process of expanding its exports to Korea and Japan. While Fawcett admits it has been a time-consuming process, they are extremely excited about the export opportunities within these markets.

'We have been very keen to see Korea and Japan take off,' Fawcett says. 'After receiving lots of



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interest from both markets and identifying several business opportunities over the last three years, we have now secured our first importer for South Korea.

'We're also actively negotiating with some Japanese companies now and working toward securing an importer for Japan this year as well.'

Tariff reductions help businesses become more competitive

Australia's free trade agreements (FTAs) with China, Korea and Japan have reduced tariffs on a number of Gapsted Wines' products.

Thanks to the China-Australia Free Trade Agreement, tariffs on bottled and sparkling wine have reduced by 14 per cent to 2.8 per cent, with products expected to be duty-free from January 2019.

Kara Hinton, Export, Sales and Marketing Coordinator at Gapsted Wines, says tariff reductions under Australia's FTAs have helped the business become more competitive in international markets.

'Going into a market at full tariff makes our prices much higher and less competitive,' Hinton explains.

'Having that tariff reduction in place certainly helps make our product more appealing to consumers, and to a certain extent, makes it easier for us to build contacts with suppliers, customers and partners.'

Austrade—a valuable tool for exporters

Throughout the export process, Gapsted Wines worked closely with Austrade and TradeStart Advisers, receiving valuable insights into the North Asia markets and building contacts through introductions with new customers.

Fawcett says Austrade has been vital in helping the winery start off on the right track.

'Before we started exporting, we weren't sure how to get exposure to the international markets,' he says.

'Austrade gave us a lot of advice and guidance on each market and the specific business processes they have.'

Gapsted Wines also took advantage of Austrade's business matching process during visits to Korea, which Hinton says has helped its exposure in the market and gained important contacts.

'Austrade's business matching process has been really beneficial for us,' she says. 'Attending in-country seminars and trade shows helped us meet potential customers, who we are continuing to follow up and build relationships with.'

For more information about Australia's free trade agreements, visit austrade.gov.au/fta.

About Austrade

The Australian Trade and Investment Commission – Austrade – contributes to Australia's economic prosperity by helping Australian businesses, education institutions, tourism operators, governments and citizens as they:

- › develop international markets
- › win productive foreign direct investment
- › promote international education
- › strengthen Australia's tourism industry
- › seek consular and passport services.

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