



Wine to Russia.

Trends and opportunities

The market

Russia is one of the fastest growing wine markets in the world. Starting from a relatively low base, the **market has expanded quickly in recent years**. This is creating excellent opportunities for Australian wine producers.

The Russian wine market is currently estimated at one billion litres per year (based on 2004 figures), of which 350 million litres (35 per cent) are imported. (The local production figure includes wine produced in Russia out of imported materials.) Most wine imported into Russia comes from Moldova (55 per cent of total imports), but figures show that the tastes of Russian consumers are changing from semi-sweet Moldovan wines to higher quality wines.

Although Australian wines are not yet a major force in the Russian market, **interest in Australian wines is growing**. Total imports of Australian wine into Russia for the first nine months of 2005 amounted to 455,000 litres, according to statistics from Russia's Federal Customs Service. Since August 2003, Austrade Moscow has assisted five Australian wine exporters to generate approximately A\$20 million in sales to Russia.

During the 2000-2003 period, the volume of wine products imported into Russia increased 2.4 times to reach US\$450 million. Consequently, Russia is now recognised as one of the most dynamic and attractive wine markets in the world.

An **annual growth rate of almost 20 per cent** has remained consistent for several years. Russian wine import companies have seen sales volumes increase by 30-35 per cent annually across all regions where they have a presence. This means that **increasing wine sales are primarily due to increasing wine imports** into the Russian Federation, rather than any increase in local wine production. These figures apply to both mass-market and premium wines.

Market composition

Traditionally, cheap Moldovan wines comprised the largest share of wine imports, although a recent report from the State Customs Committee of the Russian Federation highlighted a **shift towards more expensive wines**. As a result, the market share of Moldavian wine producers decreased in the 2000-2005 period from 67.8 per cent to 56.29 per cent.

In the same period, wine products from other regions grew in popularity and several wine-producing countries boosted their market share:

- ≠ Argentina (0.27 per cent to 1.45 per cent)
- ≠ Chile (0.31 per cent to 1.08 per cent)
- ≠ France (3.5 per cent to 5.17 per cent)
- ≠ Spain (0.86 per cent to 3.57 per cent)

Russia has a growing interest in New World wines, including Australian wine products. The **price-to-quality ratio of Australian wines compares favourably** with more expensive European wines, which is a key factor contributing to market growth and public interest. The increased consumption of wines from Argentina and Chile is the direct result of successful marketing and promotion in the Russian market.

Imports of Australian wine into Russia can be compared with wine imports from South Africa and the USA:

Country	2003 (litres)	2004 (litres)	1st half 2005 (litres)
Australia	445,415	362,204	338,925
USA	410,091	556,037	242,376
South Africa	243,131	613,600	345,345

Opportunities

As a producer of top-quality wine, **Australia has a wonderful opportunity to satisfy Russia's increasing demand for New World wine.** Current market indications all point toward Australian wines gaining in prominence through increased public exposure and marketing. In the first six months of 2005, exports of Australian wine to Russia increased by 50 per cent over the same period in the previous year.

Austrade offers a range of programs to help Australian wine producers learn more about the Russian market. Austrade Moscow has launched the Austrade Wine Subscription Program to provide detailed insight into the Russian wine market. The program provides regular updates to enable both large and small Australian wine companies to better understand the Russian market and start doing business in Russia as soon as you are ready.

The Austrade Wine Subscription Program provides market intelligence and virtual representation for companies keen to test the market, while events like [Australia Week in Moscow](#) offer a great way to engage buyers directly through wine tastings, product placement and sales meetings.

More information

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