

2. The Austrian Wine Industry

2.1 Economic Importance of the Wine Industry in Austria

The total income in 2001 for the land and forestry industry increased once again. The development analysis has been divided into sectors with plant production increase in 2001 at 70 million Euros and a total of 1.367 billion Euros and similar result to 1999. The gross yield of wine production made up 293 million Euro of this total; a 10% increase over the previous year. The increased value development appears to continue its positive trend. The total gross yield from the land and forestry production in 2001 lies at an estimated 4.79 billion Euros.

Gross Yields of Agriculture and Forestry (by product groups excl. VAT)

	1997	1998	1999	2000	2001*
Plant production	1,244	1,333	1,358	1,297	1,367
(Wine industry share)	(211)	(292)	(307)	(268)	(293)
Animal production	2,398	2,268	2,204	2,364	2,509
Final output agriculture	3,642	3,601	3,562	3,661	3,876
Final output forestry	978	982	987	901	913
Final output agriculture and forestry	4,620	4,583	4,549	4,562	4,789

(Figures in millions of EUR)

* preliminary figures

Total Wine Production Development over the past Decade

1992	EUR	230.3	million
1993	EUR	186.4	million
1994	EUR	262.8	million
1995	EUR	228.9	million
1996	EUR	230.6	million
1997	EUR	211.1	million
1998	EUR	292.2	million
1999	EUR	307.0	million
2000	EUR	262.5	million
2001	EUR	293.4	million (preliminary)

Source: WIFO; Land and Forestry Economic Statistics, 2002

2.2 Grape Harvests 1960-2001

Grape Harvest 1960-2001						
Year	Total in hl	Average in hl/ha*	NÖ in hl	BGLD in hl	STMK in hl	WIEN in hl
1960	897,500	29.1	no figure	no figure	no figure	no figure
1970	3,096,100	74.0	no figure	no figure	no figure	no figure
1978	3,366,278	69.2	1,851,104	1,390,224	91,268	33,682
1979	2,773,006	57.0	1,773,316	875,799	89,469	34,395
1980	3,086,422	57.2	1,984,465	967,130	101,795	33,032
1981	2,085,168	38.0	1,093,085	903,104	67,107	21,872
1982	4,905,651	88.1	3,050,837	1,663,511	143,979	47,324
1983	3,697,925	66.4	2,316,795	1,248,601	98,039	34,490
1984	2,518,918	45.6	1,461,392	927,553	109,057	20,916
1985	1,125,655	21.0	438,409	603,623	68,018	15,605
1986	2,229,845	40.8	1,144,972	936,186	124,925	23,709
1987	2,183,623	40.6	1,131,654	748,259	98,965	22,659
1988	3,502,457	65.1	1,967,369	1,398,647	110,289	25,936
1989	2,580,861	47.7	1,520,179	930,467	109,652	20,395
1990	3,166,290	57.6	1,717,299	1,291,974	133,571	23,230
1991	3,093,259	56.2	1,858,737	1,070,231	135,127	28,967
1992	2,588,215	48.3	1,599,132	842,682	125,865	20,087
1993	1,865,479	37.0	1,238,341	452,249	150,668	23,909
1994	2,646,635	53.0	1,665,645	800,098	150,211	23,089
1995	2,228,969	45.9	1,359,105	739,084	111,077	19,056
1996	2,110,332	43.5	1,394,962	547,433	133,481	28,377
1997	1,801,430	37.8	921,032	713,351	148,546	18,501
1998	2,703,170	56.4	1,609,853	932,430	137,238	23,268
1999	2,803,383	58.5	1,865,223	781,120	139,361	17,281
2000	2,338,410	44.1	1,491,605	678,372	156,250	11,478
2001	2,530,576	54.8	1,545,328	777,925	186,025	20,584

Source: Statistic Austria, Federal Ministry for Land and Forestry, Environment, and Technology (BMLFUW),
Fast Report 2002

* calculated on the basis of the productive vineyard area in ha

The following is a comparison of harvest development since 1960:

Share in % *	1960	1970	1980	1990	1994
White wine	87.1	88.0	84.1	80.9	81.4
Red wine	9.2	11.2	15.8	19.1	18.6

Share in % *	1997	1999	2000	2001
White wine	70.9	74.7	71.2	69.5
Red wine	28.5	25.3	28.8	30.5

* rounded

Source: Statistics Austria and BMLFUW, Green Report 2002

Grape Harvest 2001

Federal State	Number of wine-growers	Productive Vineyard Area in ha	Tafelwein		Landwein		Qualitäts- and Prädikatswein		Other products *)		total	
			white	red	white	red	white	red	white	red	white	red
Burgenland	7,652	13,485	53,772	21,571	15,741	6,779	336,972	325,013	14,708	3,370	421,193	356,733
Lower Austria	17,237	28,350	205,675	13,873	92,822	22,124	871,827	321,127	15,096	2,783	1,185,420	359,907
Styria	3,310	3,990	7,770	2,614	12,890	4,773	113,372	42,577	1,211	818	135,243	50,782
Vienna	281	335	1,400	226	2,671	422	12,856	2,986	10	13	16,937	3,647
Carinthia	6	1	8	3	3	5	11	8			22	16
Upper Austria	6	4	-	16	7	2	35	8			42	26
Tyrol	3	7	-	-	-	-	161	220			161	220
Vorarlberg	7	12	15	13	4	3	135	57			154	73
Salzburg	-	-	-	-	-	-	-	-			-	-
total	28,502	46,184	268,640	38,316	124,138	34,108	1,335,369	691,996	31,025	6,984	1,759,172	771,404
			306,956		158,246		2,027,365		38,009		2,530,576	

*) incl. Grape must concentrate, rectified

Source: BMLFUW and Statistics Austria; fast report February 2002

The 2,530,576 hl grape harvest of 2001 is approximately 5% over the annual average of 2.4 million hl and 8% above the previous year. White grapes made up 1,759,172 hl (69.5%) and black grapes 771,404 hl (30.5%) of the total harvest.

The black grape share has seen a steady increase in each of the provinces over the last years. This increase has been particularly significant in Burgenland where the black grape harvest reached 45.9% (2000:43%, 1999: 38%). The black grape harvest now makes up 23.3% of the total in Lower Austria (2000 23%, 1999:20%). In Styria and Vienna the Red wine production remains constant at 27% and 18% respectively. 61% of the total harvest came from Lower Austria, 31% from Burgenland, 7% from Styria, and 1% from Vienna (see graphic).

2.3 Qualitätswein in Austria 2001

Statistics – State Inspection Numbers (1/2001 – 12/2001)

Number of state inspection numbers issued:	30,393	30,568
Number of rejections, refusals, reversals:	5,794	4,781
Number of withdrawals:	19	20
Number of applications in 2001:	35,913	35,370
Growth rate of applications (basis 1.1.2000-31.12.2001):	1.54 %	15.63%
Number of wine-growers making application:	6.059	
Cost of inspection according to tariff (in ATS):	27,647,900.20	
Inspection costs passed on (in ATS):	14,475,626.14	52.35 %

Breakdown of State Inspection Numbers by Volume (in hl)

In the 2001 calendar year state inspection numbers were issued for a total of 1,148,268 hl of wine. White wine accounted for 723,818 hl (63 %), red wine for 405,133 hl (35.3 %) and rosé wine for 19,317 hl (1.7%).

Breakdown according to Wine-growing Regions and Wine-growing Areas

	Volume hl 2001	% *) 2001	Volume in hl 2000
Weinland	1,043,574	90.88	1,112,549
Burgenland	172,899	15.06	159,950
Mittelburgenland	53,011	4.62	73,716
Neusiedlersee	89,084	7.76	123,853
Neusiedlersee-Hügelland	37,732	3.29	56,573
Südburgenland	6,577	0.57	6,359
Niederösterreich	112,436	9.79	112,179
Carnuntum	12,579	1.10	12,768
Donauland	43,818	3.82	46,257
Kamptal	62,930	5.48	74,753
Kremstal	84,354	7.35	84,750
Thermenregion	27,195	2.37	28,474
Traisental	9,227	0.80	8,787
Wachau	54,949	4.79	61,876
Weinviertel	276,783	24.10	262,254
Steiermark	97,989	8.53	76,672
Südoststeiermark	24,139	2.10	17,829
Südsteiermark	62,137	5.41	49,848
Weststeiermark	11,713	1.02	8,995
Wien	6,492	0.57	7,184
Bergland	156	0.01	102
others	57	0.00	46
Total in hl	1,148,268		1,196,553

*) rounded

Source: Federal Institute for Viticulture, Eisenstadt, 2002

Breakdown by Quality Levels

	2000		2001	
	Volume in hl	% *)	Volume in hl	% *)
Qualitätswein	1,069,627	89.39	1,022,198	89.02
Kabinettwein	86,854	7.26	88,581	7.71
Prädikatswein				
Spätlese	23,782	1.99	27,780	2.42
Auslese	7,695	0.64	4,754	0.41
Beerenauslese	2,919	0.24	2,019	0.18
Ausbruch	740	0.06	518	0.05
Eiswein	2,304	0.19	1,003	0.09
Strohwein	77	0.00	104	0.01
Trockenbeerenauslese	2,564	0.21	1,321	0.12

*) rounded

Source: Federal Institute for Viticulture, Eisenstadt, 2002

Breakdown by Variety

Grape varieties	%
Grüner Veltliner	34.8
Blauer Zweigelt	16.9
Blaufränkisch	8.0
Welschriesling	6.7
Riesling	3.7
Weisser Burgunder	3.4
Chardonnay	2.9
Blauer Portugieser	2.4
Müller-Thurgau	2.4
other varieties	18.8

*) rounded

Source: Federal Institute for Viticulture, Eisenstadt, 2002

2.4 Austria's Wine Supply and Storage Capacity 2001

Total wine stock in Austria remains nearly the same in 2001 as in the previous year at around 2.838 million hl (2000: 2.822 million hl). The proportions saw a slight shift with a reduction in table and land wine and an increase of 200,000 hl in quality wine. The storage capacity has reached a constant level of 7 million.

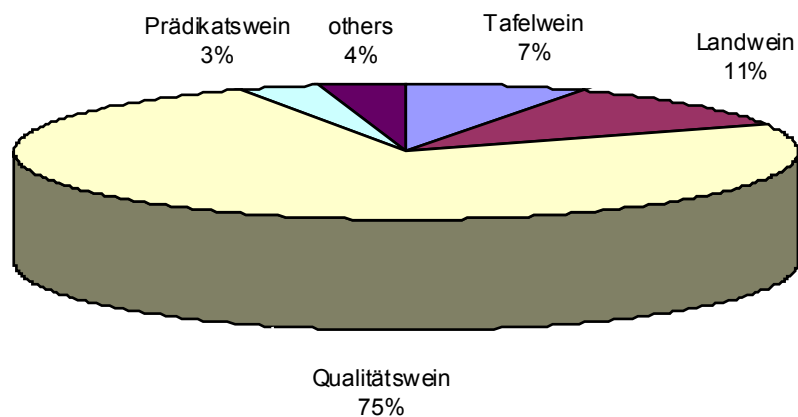
Federal States	Tafelwein	Landwein	Qualitätswein	Prädikatswein	Schaumwein	Grape must concentrated
	in hectolitres					
Burgenland	22,308	45,291	449,352	49,928	2,814	478
Carinthia	2	82	188	5	58	-
Lower Austria	159,438	215,119	1,465,537	40,156	15,805	1,073
Upper Austria	2,377	2,037	13,261	391	4,114	-
Salzburg	44	227	1,394	30	83	-
Styria	11,520	35,884	116,659	-	8,318	32
Tyrol	3,789	4,627	21,222	130	163	-
Vorarlberg	3,170	4,243	8,603	4	132	-
Vienna	6,800	7,188	42,904	1,147	31,748	15
Austria 2001	209,449	314,698	2,119,119	91,791	63,235	1,598
Austria 2000	253,467	349,457	1,914,421	207,309	58,613	1,908

Federal States	Grape must concentrated, ¹⁾ rectified	other products	Third-country wine	total	storage capacity in barrels, tanks und vats
	in hectolitres				
Burgenland	141	3,398	919	574,628	2,185,079
Carinthia	-	90	1	426	44
Lower Austria	329	14,581	3,135	1,915,173	4,216,417
Upper Austria	-	864	11	23,055	7,788
Salzburg	-	106	3	1,887	-
Styria	-	2,271	646	175,328	413,000
Tyrol	-	2,361	2,468	34,760	44,074
Vorarlberg	5	1,094	163	17,414	28,003
Vienna	6	4,053	1,558	95,420	134,644
Austria 2001	481	28,818	8,903	2,838,093	7,029,050
Austria 2000	779	29,150	7,279	2,822,384	7,020,721

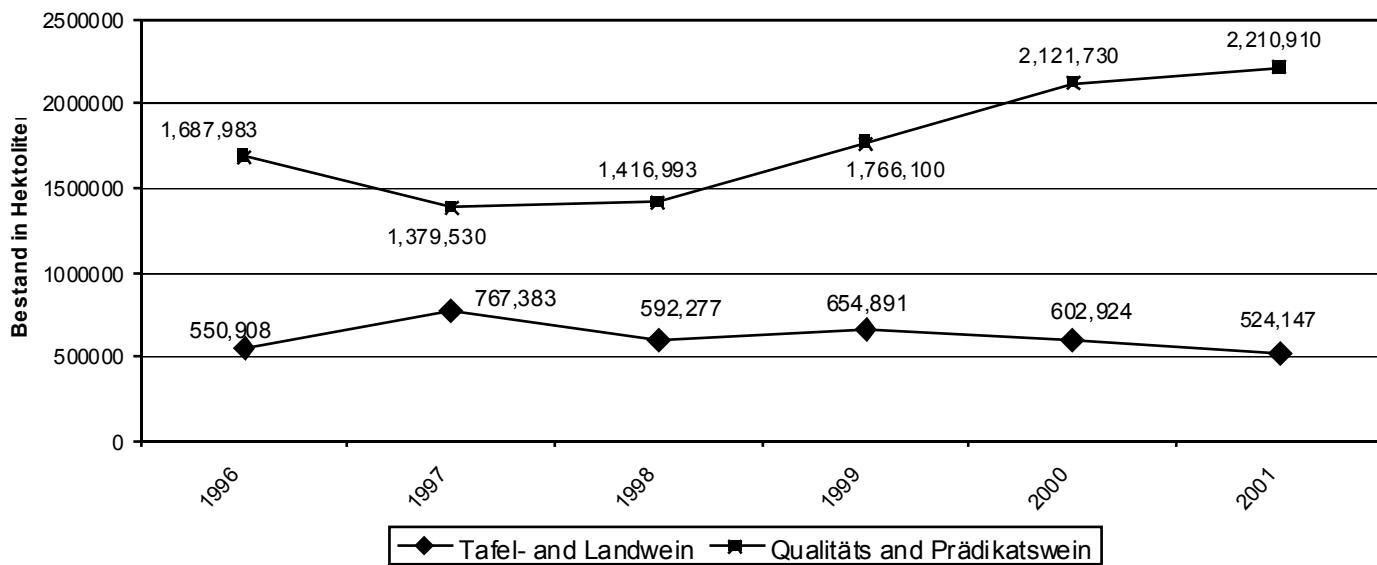
Minor discrepancies are due to rounding.

source: Wine Inventory Report of the Provincial Governments (key date: 31/7/2001)

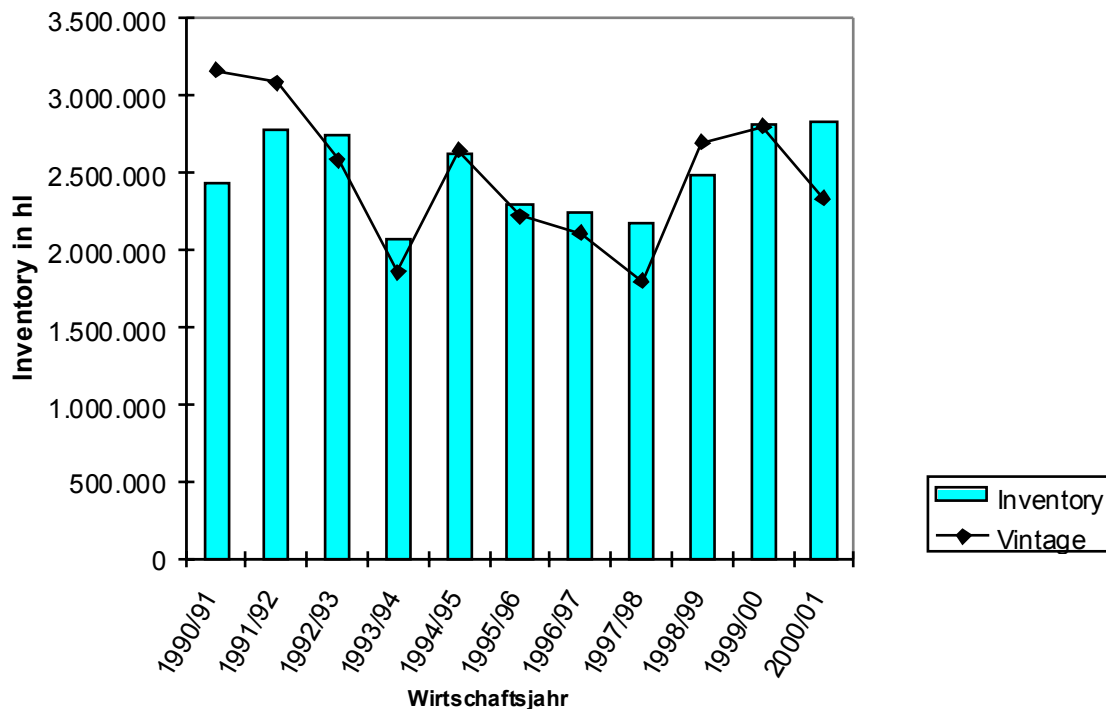
Share of products in the wine inventory 2001



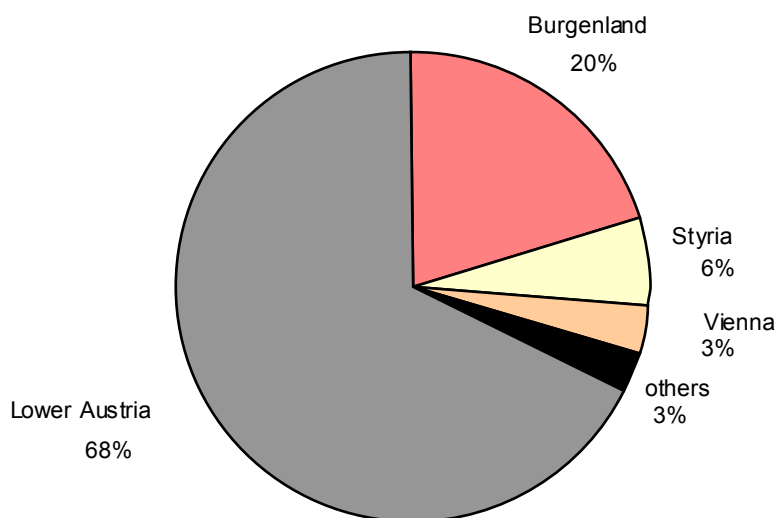
Inventory development of Tafel/Landwein and Qualitäts/Prädikatswein 1996 - 2001 in hl



Inventory in hl 1991-2001 compared to Vintage 1990-2000



Inventory 2001 relative breakdown by Federal States



2.5 Development of Grape and Wine Prices

There is presently an unchanged situation on the Austrian barrel-wine market relative to the previous months. White wines in barrels are mainly exported to the east – high-quality red wines in barrels are sold out, and in the case of Burgenland no red wines at all remain available.

	1996		1997		1998		1999		2000	
	Price in € *	Index 1995 = 100	Price in € *	Index 1996 = 100	Price in € *	Index 1997 = 100	Price in € *	Index 1998 = 100	Price in € *	Index 1999 = 100
Grapes, white, mixed**; kg	0,3481	139,7	0,4513	129,6	0,2980	66,0	0,2282	76,6	0,2529	110,8
Grapes, red, mixed**; kg	0,3910	161,6	0,5349	136,8	0,3634	67,9	0,2558	70,4	0,3648	142,6
Barrel wine, white, mixed**; litre	0,5559	137,3	0,6475	116,5	0,6155	95,1	0,3466	56,3	0,2863	82,6
Barrel wine, red, mixed**; litre	0,6475	140,8	0,7761	119,9	0,7580	97,7	0,4382	57,8	0,4869	111,1
Barrel: <i>Qualitätswein</i> , white	**)		**)		**)		0,4041		0,3503	86,7
Barrel: <i>Qualitätswein</i> , red	**)		**)		**)		0,5312		0,6061	114,1
2-litre bottle, white, mixed**; litre	1,4084	101,6	1,4585	103,6	1,5298	104,8	1,6569	108,3	1,6555	99,9
2-litre bottle, red, mixed**; litre	1,4469	102,8	1,4949	103,3	1,5312	102,4	1,7122	111,8	1,7267	100,9
Bottles, white; 0.75 litre	2,6765	104,6	2,8684	107,2	2,8793	100,4	2,9374	102,0	3,0370	103,4
Bottles, red; 0.75 litre	2,7965	103,7	2,8691	102,6	2,9585	103,1	2,9062	98,2	3,1053	106,9

*) in EUR excluding VAT

***) mixed grapes from the same vineyard

****) no data available

source: *Statistics Austria*

Current data - Austrian wine market

Average prices – barrel-wine (from August 2002)

Land	price per litre (net) *	comment
NIEDERÖSTERREICH		At the time of documentation the bulk wine market situation after the flooding of 2002 remained unchanged. The supply of white cask wines before the 2002 harvest remains larger than the demand. The price per litre rarely reaches over € 0.20.
Qualitätswein (white)	0,18– 0,20	
Qualitätswein (red)	0,30 – 0,72	
BURGENLAND		
Qualitätswein (white)	0,18 – 0,20	
Qualitätswein (red)	0,30 – 0,80	

Source: *Der Winzer* 8/2002

* in Euro

2.7 General regulations for wine production

Austria's Wine Industry – Structural Change

In the last 20 years the small world of Austrian wine has markedly changed and opened. Various wines and origins have differing images, not only in Austria, but also abroad (see Nielsen Brand Tracking Statistics).

According to structural statistics from 1999 there are currently 32,000 farms with vineyards in Austria. Only around 2,500 of these grape growers have 5 ha of vineyards or more. The advantages and disadvantages of this incremented structure will be analysed later. A small-structured wine grape production can generally be documented in the entire EU although the acquisition of data through market organizations varies among the different countries.

On a ten-year average, Austria's annual production has been 2.5 million hl of wine grown on an area of approximately 48,000 ha. The quantity produced in the years 1995, 1996 and 1997 was far below this average. The 1998 and 1999 harvests were significantly larger than the yearly average. The 2001 harvest was just under the average.

A comparison with the EU clearly illustrates Austria's position: within the Community there are approximately 3.5 million ha of active vineyards, resulting in an average annual production of 170 million hl of wine. The position of the biggest producers in the Community – France (914,000 ha, average annual production 60 million hl) and Italy (909,000 ha, 58 million hl) – is best described as “world-market dominance”. While Spain has the largest viticultural area in the Community (1.18 million ha), because of its low average yield per ha it produces “only” around 33 million hl of wine annually (source: OIV, 1999).

At present, Austria's vineyards are planted with c. 75% white-wine vines and c. 25% red-wine varieties, although the tendency is towards a higher percentage of red-wine vines. Austrian red wines attained a level that holds up to comparison with the finest international wines. The Zweigelt has attained a definite position of leadership among the red-wine varieties, while another indigenous variety, the Blaufränkisch, has retained its position.

In the white-wine sector, Styria demonstrated in the 1990's that the Sauvignon Blanc grape is perfect for this wine-growing area. Because of this, its success is expected to spread to the other Austrian regions as Chardonnay slowly subsides.

Among the trend-setting wine-growers, production of the white “Burgundy family” is being accelerated in Burgenland, while Niederösterreich (Lower Austria) continues to produce more Grüner Veltliner and Riesling.

Among the ca. 6,500 wine-growers who bottle their wines, a society of several classes has become established on the Austrian market. Roughly speaking it can be divided into a “three-class society”. In the “upper class” as it were are the top wine-growers who consistently win awards at the numerous wine competitions and good marks in the various wine guides. They can easily sell their products even in average vintage years. Within this elite, marketing has become diversified. Some of the top producers have gradually halted the practice of direct marketing, which used to predominate. In addition, several wine-growers from the “middle class” have managed to move up – often via the “Salon of Austrian Wine”. This “middle

Marketing weakness is expressed in:

- *product and producer brands that are lacking in prominence*
- *low access to efficient international sales channels*
- *lack of international companies in the Austrian wine industry*

Source: BACCHUS STUDY 2000, Vienna, 1994

Even though the findings of the Bacchus Study 2000 still retain a certain validity, positive tendencies can be clearly seen in a number of areas.

- Political structural conditions
The repeal of the tax on alcoholic beverages has to a great extent evened out competitive conditions within the wine industry.
- Structure
The problems that are found in the structural area of the domestic wine industry can be solved primarily by shifting vineyards to areas less susceptible to frost, shutting down some wineries, merging vineyards, or farming them as a secondary occupation. The Austrian programme of vineyard conversion addresses these problems in a number of ways (see also Chapter 1.3)
- Marketing
The establishment of regional Wine Committees will permit the definition of common brands for origins. After their establishment, they will help to even out the existing lack of profile with respect to brands for products and producers.

2.7 EU Wine Trade Regulations Reform – a Chance for Austria

Grape Variety Balance

Current reforms of the EU wine trade regulations open opportunities for Austria. Beginning with 2000/2001 Austria is able to take advantage of a subsidizing programme for improving wine cultivation. Financial aid is available to promote measures taken to adjust wine production to fit market demands.

The reformed joint wine trade organization will no longer promote passive intervention methods such as distillation and supply holding to combat the problems of surplus wine, but actively aid in adapting vineyards to produce marketable wines. Although Austria has no structural wine surplus, for the first time ever the wine branch will have the possibility to access EU subsidies for vineyard improvement.

The Agricultural Department has drawn up outlines for planned vineyard conversions in Austria and each grape grower can choose suitable measures to fit his situation. Grape variety conversion, higher vine density (less stress per vine), rationalization of scattered vineyard parcels, shift of vineyards to slopes (less frost danger, better quality grapes), building of terraces and reinforcement of escarpment vineyards (erosion prevention), quality improving irrigation, as well as financial compensation for vine removal are some of the supported options open for wine grape growers.

Conversion Measures

How large a budget will be put at the dispense of Austria from the European Union until 2005 can only be estimated. Between 45 and 50 million Euro is the current estimate, which is not much higher than the sum of all the applications already received by the Federal Ministry for Agriculture, Forestry, Environment, and Water Supply (BMLFUW) since the beginning of the reform programme.

Statistics of current applications for planned reforms in Austria can thus be analysed as follows:

	Applications	Grape Variety Conversion (ha)	Euro	Vineyard Parcel Rationalization (ha)	Euro	Irrigation (ha)	Euro
Burgenland	2.461	1.948	11.736.723	3	13.536	1.424	4.850.311
Lower Austria	3.699	2.515	10.739.628	52	571.225	271	897.659
Styria	626	535	4.968.036	0	320	19	63.745
Vienna	24	11	68.257	0	0	6	19.376
<i>Austria</i>	<i>6.810</i>	<i>5.009</i>	<i>27.512.645</i>	<i>56</i>	<i>585.081</i>	<i>1.720</i>	<i>5.831.090</i>

	Escarpment Re- inforcement (metre)	Euro	Stone Terraces (m ²)	Euro	Vine Removal (ha)	Euro	<i>Total Euro</i>
Burgenland	2.361	25.151	1.521	55.271	1.268	2.761.637	19.442.629
Lower Austria	41.225	295.036	49.771	1.775.067	1.697	2.855.856	17.134.471
Styria	37.560	271.434	3.222	109.736	206	322.814	5.736.085
Vienna	0	0	412	14.972	8	12.849	115.454
<i>Austria</i>	<i>81.146</i>	<i>591.621</i>	<i>54.926</i>	<i>1.955.046</i>	<i>3.179</i>	<i>5.953.156</i>	<i>42.428.639</i>

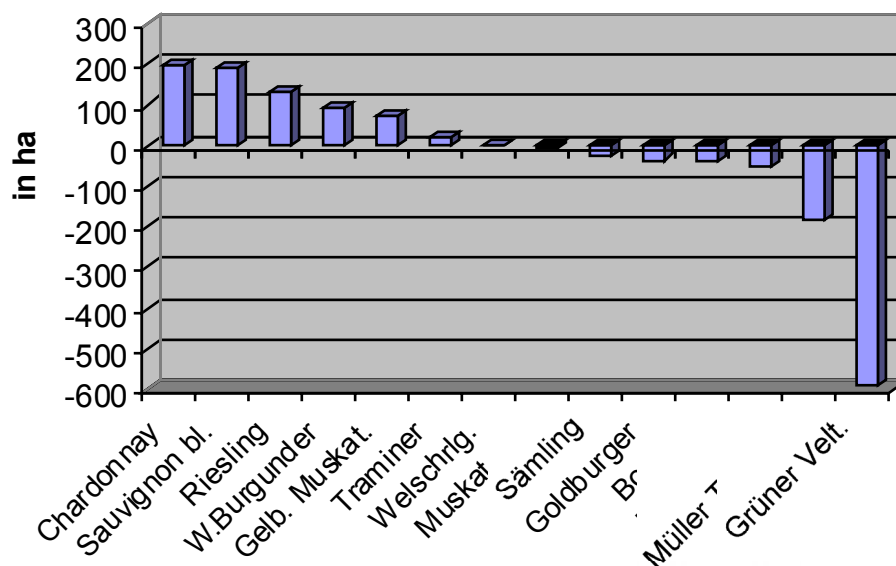
This table shows all the computer data from the Federal Ministry for Agriculture, Forestry, Environment, and Water Supply (BMLFUW) and includes both applications that have already been financed and those that are planned in the future. It can be said without exaggeration that these vineyard adaptations will bring and are already bringing fundamental changes in the Austrian wine industry.

More than 6,000 wine growers presented applications with conversion plans. These plans include 5,000 ha of new vineyards, which is 10% of the country's current total vineyard area. Irrigation to prevent harvest loss and to ensure quality is planned for 1,720 ha. Vineyard escarpment reinforcement will make up 81 km and 55,000 m² of stone walls for vineyard terraces will be built or repaired. A vine pulling scheme will cover 3,100 ha. Subsidies of 42.4 million Euros have been committed for all of these measures; 19.6 million Euros have already been paid out.

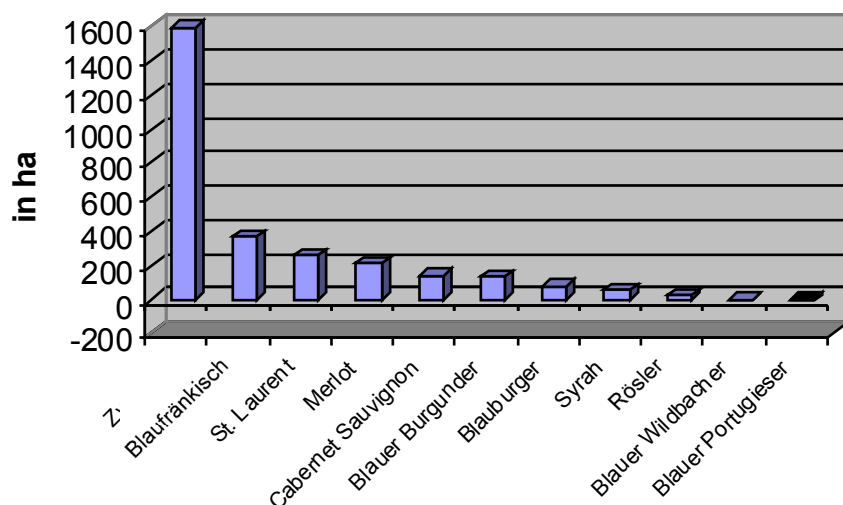
Grape Variety Conversion

The most interesting aspect of the planned vineyard conversions in Austria is naturally the changes in the selection of grape varieties.

Variety Proportions WHITE



Variety Proportions RED



If one takes the current variety proportions minus the planned vine removal and adds the 5,000 ha of new vineyards, the popular new favourite becomes quite apparent. By the end of the planned adaptations there will be a total of 1,597 ha of Zweigelt in Austria. The vineyard area of nearly all the major Austrian red wine varieties will expand, except Blauer Portugieser which will lose 6 ha. Blaufränkisch gains 366 ha, St. Laurent 255 ha, and Merlot 208 ha. All black grape varieties together will increase by 2,865 ha (new vineyards 3,184 ha minus 319 ha pulled vines).

Among the white grape varieties there are winners and losers. Total vineyard area of Chardonnay will increase by 200 ha, Sauvignon Blanc by 191 ha, Riesling by 135 ha, Pinot Blanc by 93 ha, and interestingly the Gelber Muskateller will gain 73 ha. On the other side, Grüner Veltliner will lose 590 ha and Müller Thurgau 179 ha. The reduction of Grüner Veltliner can be seen as relatively small considering a total current area of 19,000 ha of the variety. With total new plantings of white grapes at 1,738 ha and removed vines equalling 1,940 ha, the total white grape area will decrease by 202 ha. In addition 606 ha of mixed variety vineyards will be grubbed up where no specific variety can be designated.

The overview of grape varieties in the various provinces is as would be expected. **Burgenland** polarizes increasingly in the direction of red wine and will have an expansion of 2,522 ha of black grape varieties compared to a decrease of 532 ha in the white grape sector. In the proportion of varieties there are also no great surprises: Zweigelt gains 651 ha and Blaufränkisch gains 341 ha, and all other black grape varieties also increase along with the two white wine varieties Chardonnay (+61 ha) and Sauvignon Blanc (+37 ha). All the other white grape varieties see a decrease including Grüner Veltliner (-277 ha), mixed variety vineyards (-313 ha), and Müller Thurgau (-93 ha).

The difference in changes between black and white grape varieties is not as extreme in **Lower Austria**. The red wine production will also see an increase here with an additional 876 ha Zweigelt and all other black grape varieties expanding a total of 1,254 ha. The shift is much milder in the white grape sector with 1,021 new vines being nearly equal to the removal of 1,074 ha. Riesling increases 129 ha and Chardonnay 74 ha, while decreases are seen with Grüner Veltliner (-213 ha) and Müller Thurgau (-93 ha).

Styria remains faithful to white wine. A vineyard area increase of 383 is dedicated primarily to Sauvignon Blanc (+ 111 ha), Welschriesling (+72 ha) and Pinot Blanc (+79 ha). The expansion of 89 hectares in the red wine sector is due nearly completely to the new plantings of Zweigelt (+71 ha). The Schilcher boom appears to have reached its end with only a small increase of 2.9 ha for Blauer Wildbacher.

LOWER AUSTRIA (NIEDERÖSTERREICH – NÖ)							
Black Grape Varieties h a				White Grape Varieties h a			
Variety	New Plantings	Vine Removal	Total	Variety	New Plantings	Vine Removal	Total
Zweigelt	918.2	42.6	875,6	Grüner Veltliner	454.7	767.6	-312.9
St. Laurent	98.9	3.5	95,4	Riesling	150.7	22.2	128.5
Blauer Portugieser	81.1	96.8	-15,7	Welschriesling	116.8	83.1	33.7
Blauburger	73.2	6.8	66,4	Chardonnay	76.7	2.5	74.2
Merlot	71.5		71,5	Weissburgunder	59.9	27.9	32.0
Blauer Burgunder	56.3	3.5	52,8	Sauvignon Blanc	44.0		44.0
Cabernet Sauvignon	54.0		54,0	Gelber Muskateller	35.3		35.3
Blaufränkisch	26.7	1.6	25,1	Müller Thurgau	34.7	127.5	-92.8
Syrah	13.2		13,2	Frühroter Veltliner	18.4	27.5	-9.1
Roesler	10.7		10,7	Traminer	12.2		12.2
Rathay	3.1		3,1	Neuburger	10.1	16.2	-6.1
Cabernet Franc	2.2		2,2	Muskat Ottonell	7.8		7.8
<i>Total</i>	<i>1,409.1</i>	<i>154.8</i>	<i>1.254,3</i>	<i>Total</i>	<i>1,021.3</i>	<i>1,074.5</i>	<i>-53.2</i>

Lower Austria Overview			
Black Grapes	1,409.1	154.8	1,254.3
White grapes	1,021.3	1.074.5	-53.2
Diverse	42.6	45.9	-3.3
Mixed Variety Vineyards		313.6	-313.6
<i>Total</i>	<i>2,473.0</i>	<i>1,588.8</i>	<i>884.2</i>

BURGENLAND (Bgl d)							
Black Grape Varieties h a				White Grape Varieties h a			
Variety	New Plantings	Vine Removal	Total	Variety	New Plantings	Vine Removal	Total
Zweigelt	717.5	66.6	650.9	Chardonnay	79.7	19.1	60.6
Blaufränkisch	415.3	74.4	340.9	Welschriesling	38.6	141.8	-103.2
St. Laurent	160.0		160.0	Sauvignon Blanc	36.7		36.7
Merlot	136.4		136.4	Weissburgunder	26.5	44.8	-18.3
Cabernet Sauvignon	83.8		83.8	Muskat Ottonell	20.9	36.5	-15.6
Blauer Burgunder	69.7		69.7	Grüner Veltliner	17.1	294.5	-277.4
Syrah	45.6		45.6	Riesling	13.8	15.7	-1.9
Blauburger	14.8	4.1	10.7	Gelber Muskateller	5.7		5.7
Cabernet Franc	13.2		13.2	Bouvier		35.9	-35.9
Roesler	10.7		10.7	Goldburger		34.6	-34.6
				Müller Thurgau		84.4	-84.4
				Neuburger		43.2	-43.2
				Sämling 88		20.3	-20.3
Total	1,667.0	145.1	1,521.9	Total	239.0	770.8	-531.8

Burgenland Overview			
Black Grapes	1.667.0	145.1	1,512.9
White grapes	239.0	770.8	-531.8
Diverse	38.9	66.6	-27.7
Mixed Variety Vineyards		213.2	-213.2
Total	1.944.9	1,195.7	740.2

STYRIA (Steiermark - Stmk)							
Black Grape Varieties h a				White Grape Varieties h a			
Varieties	New Plantings	Vine Removal	Total	Variety	New Plantings	Vine Removal	Total
Zweigelt	77.8	7.1	70.7	Sauvignon Blanc	111.9	1.3	110.6
Blauer Wildbacher	15.5	12.6	2.9	Welschriesling	102.9	31.4	71.5
Blauer Portugieser	9.2		9.2	Weissburgunder	87.8	8.8	79.0
Cabernet Sauvignon	5.7		5.7	Chardonnay	65.3		65.3
				Gelber Muskateller	35.8	3.9	31.9
				Müller Thurgau	31.0	33.3	-2.3
				Pinot Gris	13.9		13.9
				Traminer	10.7		10.7
				Sämling 88	9.7	16.1	-6.4
				Riesling	8.6		8.6
Total	108.2	19.7	88.5	Total	477.6	94.8	382.8

Styria Overview			
Black Grapes	108.2	19.7	88.5
White Grapes	477.6	94.4	382.8
Diverse	20.7	23.4	-2.7
Mixed Variety Vineyards		88.9	-88.9
Total	606.5	226.8	379.7

The Federal Ministry for Agriculture, Forestry, Environment, and Water Supply (BMLFUW) is still accepting applications for vineyard conversion plans. Because of the shifting of available EU funds from year to year, no guarantee for financing can be given. According to the present situation it is still advisable to apply for financial aid for necessary vineyard improvements.

As a closing statement it is important to note that the high standard of integrity of all vintners, consultants, and administrators involved has led to an efficient handling of the vineyard improvement process. This is a significant factor in the continued upward trend of Austrian wine production.

Source: Dr. Schmid, BMLFUW; 2002

2.9 The Austrian Wine Committees

The establishment of interprofessional committees has a long tradition in many of the classic wine countries, particularly in France. All sectors of the wine branch in each region work together on a committee for an optimal economic solution. After extensive discussions and assessment procedures, the Austrian Federal Minister for Agriculture, Forestry, Environment, and Water Supply signed the decree for the establishment of interprofessional committees in the wine branch. This decree meets the long-time wish of the Austrian wine branch for the instalment of such organizations

The fundamental level of the organization of interprofessional wine committees is regional.

Regional Wine Committees

Regional wine committees are made up of representatives of the essential sectors of each respective region's wine branch. Not only are the interests of merchants, grape growers, and bulk wine producers represented, but also those of small vintners and large well-marketed wineries. Together it is their responsibility to fulfil the following tasks:

- The primary task is to analyse the specific areas and enhance the coordination of sales. This can include general contract agreements like supply or operational contracts.
- Marketing measures for specific regional needs can be agreed upon with the Austrian Wine Marketing Board. The Austrian Wine Marketing Board's budget has been drastically increased to support regional advertising.
- If a regional committee agrees that it distinguishes the regional identity, D.A.C. specifications can be established for typical quality wines with geographic origins according to federal outlines.

National Wine Committee

The National Wine Committee serves as an administrative filter between the resolutions of Regional Wine Committees and the Federal Ministry for Agriculture, Forestry, Environment, and Water Supply. Specific responsibilities of the national wine committee include:

- The national wine committee must verify that the proportion of the nominated members of each regional committee reflects the market significance of the diverse regional branch sectors.
- The national wine committee must ensure that the regional committees' establishment of D.A.C. wines and other resolutions are in the general interest of the Austrian wine industry.

The national wine committee is appointed by the Federal Minister for five years and consist of:

- Nine members from the wine production sector as nominated by the President Conference of the Agricultural Commerce Chamber, whereby at least two members must be representatives from wine producing cooperatives.
- Nine members of the wine trade sector as nominated by the Federal Chamber of Commerce, whereby at least two members must be representatives from the sparkling wine production.
- In addition there are members with consulting functions without voting rights that advise members and carry out committee resolutions in their various positions. These consulting members consist of one expert from each of the wine producing provinces from the Ministry of Agriculture, one expert each from the Agricultural Commerce Chamber and the Federal Chamber of Commerce, as well as the director of the Austrian Wine Marketing Board Ltd.

It is essential that the National Wine Committee has a balanced membership from all sectors of the wine branch. The committee should serve as a platform for listing and discussing all appropriate options for improving and enhancing the marketing of Austrian wine. Although quality wines are the main focus, Austrian land wine and sparkling base wines are also a responsibility.

The central element of the interprofessional committees remains with the Regional Wine Committees. The Regional Wine Committees play the most significant role in the decision making process and work autonomously. Only resolutions that have legal consequences require the National Wine Committee's approval. Because it is vital for each region to exploit its potential, all competent members of the wine branch have the duty to assist their respective regional committee.

Establishment of Regional Wine Committees

The regulations for the establishment of Regional Wine Committees are anchored a decree from the Federal Minister for Agriculture, Forestry, Environment, and Water Supply on the March 30th, 2001. Presently, the following regional wine committees have been designated:

A Regional Wine Committee shall undertake the following specific tasks:

1. Enhance awareness and transparency as regards the production and marketing of *Qualitätswein* with the aim of achieving a better co-ordination of sales.
2. Conduct market research and implement marketing measures in co-operation with the Austrian Wine Marketing Board. These marketing measures must be in keeping with the image of Austrian wines as a whole.
3. Develop procedures and technologies aimed at improving product quality.
4. Draw up standard agreements, such as supply contracts and cultivation agreements.
5. Define the conditions for the production and marketing of regionally typical *Qualitätswein* with a distinctive profile of origin.

The Committees are designated “Regional Wine Committees” combined with the name of their local area of jurisdiction. The goal is to set up one Wine Committee per wine-growing region. This principle may be departed from in justified cases.

The Regional Wine Committees are composed of local representatives of the wine industry in each area. Examples of representatives of the wine industry are:

- Grape growers
- Wine producers
- Wine merchants
- Representatives of co-operatives
- Producers of sparkling wines
- Brokers etc.

The composition of the Regional Wine Committees must at any rate reflect the specific features of their particular area. This means that the number of members comprising local representatives of the wine industry will be weighted according to the amount of wine actually marketed. At the same time, the number of grape growers, wine producers, members of co-operatives, wine merchants etc. must also be taken into account. However, provided that the market participants agree, the above-mentioned weighting may take into consideration not only the current position, but also the possible future situation (i.e. the target) of the market.

A Regional Wine Committee shall consist of at least five members.
The number of members may not exceed the following limits:

In a wine-growing region,

- | | |
|--|------------|
| 1. with less than 1,000 ha of vineyards: | 7 members |
| 2. with between 1,000 and 5,000 ha of vineyards: | 15 members |
| 3. with more than 5,000 ha of vineyards: | 21 members |

The members of the Regional Wine Committees are recommended by the Presidential Conference of the Austrian Agricultural Chamber and the Austrian Chamber of Commerce through their respective local and regional organisations and are then appointed by the Federal Minister for Agriculture and Forestry, the Environment and Water Management for a period of five years. This recommendation requires the approval of the National Wine Committee.

Presently, the following regional wine committees have been designated:

1. Carnuntum*
2. Thermenregion*
3. Traisental*
4. Wachau*
5. Burgenland**
6. Weinviertel**
7. Kremstal***
8. Wien***

* National Committee resolution, September 5th, 2001

** National Committee resolution, November 28th, 2001

*** National Committee resolution, March 18th, 2002

**** National Committee resolution, June 12th, 2002

2.10 The Value of Origin

An important goal will be to emphasise the unmistakable quality of Austrian wines, i.e. the creation of a unique identity, independent of price. In the long term, only clearly positioned products (in all price categories) will be able to maintain their edge on both national and international markets in the wake of increasingly fierce competition.

This goal can be achieved only if the consumer is given clear messages and information via the product itself. The best wine in the world is of no value if a potential buyer cannot recognise it clearly and distinctly.

The diversity of Austria's wine landscape, which is characterised by small wine-growing regions, a wide variety of grapes (some of which are hardly known internationally), a large number of quality grades and, above all, a broad range of different types of wine in one and the same region, makes Austrian wines difficult to export on the one hand and, on the other, does not provide much guidance for domestic consumers who do not profess to be wine experts.

Traditionally, Austria's wine industry has always been oriented to origin. It was only in the 1950s that, based on the German model, wines in this country became classified according to grape varieties and quality grades, which in turn were determined by the must sugar content. Based on these considerations, some six years ago the Austrian Wine Marketing Board embarked on discussions aimed at placing a stronger emphasis on origin in Austrian wine legislation. The core of this strategy, in line with the appellation policy that has been used by southern wine-producing countries since time immemorial, is to limit the designation of origin from a wine-growing area to just a few characteristic wine types, while all other varieties or quality grades are sold under the label of the new provincial wine-growing regions such as Niederösterreich und Burgenland (Lower Austria and Burgenland).

In other words: given the structural weaknesses and concomitant price fluctuations prevailing in Austria's wine industry, the range of products should be better segmented. Independent of the names of prominent wine estates, wines with a prominent designation of origin can thus maintain their price levels even when harvests are large.

The specific work undertaken by the Regional Wine Committees should not only ensure that these goals are achieved, but should also serve to strengthen the foundations of the Austrian wine industry in the long term. Based on the market data received, the Wine Committees ascertain how much wine is actually sold under the respective label of origin. For future harvests, the relevant Wine Committee could regulate the amount of regional quality wines offered by introducing additional quality standards to supplement the legal provisions (e.g. selling regional quality wines with inspection numbers by the barrel or by not selling grapes for regional quality wines without first concluding a specific vineyard agreement with the buyer). This should also ensure that wine sold by the barrel maintains reasonable prices. Price fluctuations would then be possible only in the case of *Tafelwein*, *Landwein* and *Qualitätswein-Bundesland*, which would absorb any "surplus".