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DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate G. Markets and Observatories
The Director

Brussels,
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MINUTES

5th Meeting of the Expert Group Wine Market Observatory

Via videoconference (Interactio)

9 November 2021

Chair: Unit AGRI G2

Present: Member organisations mentioned in the annex were present. DG AGRI: Unit AGRI G2

1. Approval of the agenda and of the minutes of previous meeting:

Unit AGRI G2 chaired and opened the meeting. Due to the COVID restrictions in Belgium, the meeting was held via videoconference with interpretation from FR – EN – IT – ES to FR – EN – IT – ES. The Members of the Observatory approved the previous meeting's minutes and the agenda of the present one.

2. Nature of the meeting:

The purpose of this non-public meeting was to assess the overall situation of the wine market in the context of the evolution of the Covid pandemic, as well as to continue to discuss on developing a new price monitoring system of the wine market.

3. List of points discussed:

3.1. Wine market situation and harvest forecasts 2021/2022:

The Commission services presented to the participants the updates on the wine market situation and the forecast for EU wine and must production 2021/2022.

The adverse weather events in spring and summer, alternating from frost to floods and vine diseases linked to these climatic conditions, seem to have had a real impact on the EU 2021 wine harvest. According to harvest estimates provided by Member States, EU wine production (wine and must) in 2021 (2021/2022 marketing year) would be 147 Mio Hl, i.e. -23 Mio Hl (-13 %) compared to the production 2020.

With an estimated production of 44,5 million Hl (-9 %), Italy would remain at the top, followed by Spain (39 million Hl -15 %) and France (33,3 million Hl -27 %). The production of these three Member States, which accounts for almost 80 % of the EU production, estimated in 2021 at 117 million Hl, would fall by -23 million Hl (-17 %) compared with their production in 2020 (140 million Hl).

Key facts:

- France, which is overtaken as wine producer by Italy since 2016, would be ranked third (after Spain) for the first time.

- Germany and Portugal would increase their production by + 4 % and + 1 % respectively in 2021.

- Some Member States in Eastern Europe (Czech Republic, Hungary, Romania, Slovakia), although producing smaller volumes, show an upward trend.

- With a relatively small volume, the 2021 harvest would be -11 % lower than the average of the last 5 years, but still higher than the 2017 harvest, the lowest in the last 20 years (2017, with 144 Mio Hl, had been a historically low harvest).

- The amplitude of production variations is increasing from year to year. For almost 10 years, production has varied from year to year in much greater proportions than in the previous decade. This instability in the volumes produced appears to be the direct consequence of major climatic hazards that are less and less predictable and more and more frequent.

- Exports 2020/2021: historical record: in volume: 28,8 Mio Hl: +29% (+6,4 Mio Hl, including 4,1 Mio Hl exported to UK => +10% net) and in value: 14 Bio€: +28% (+3 Bio€, including 1,7 Bio€ exported to UK => +12% net).

- Imports 2020/2021: the downward trend continues: in volume, 7 Mio Hl: -30% (-3 Mio Hl) and in value 1,7 Bio€: -25% (-578 Mio€, mainly corresponding to UK share).

- Stocks: at the beginning of the campaign 2021/2022, with 174 Mio Hl, they remain at a relatively high level. EU wine stocks are made up of almost 80% of PDOs and PGIs wines, they are kept mainly in FR, IT and ES and they represent more than one year of average production.

3.2 Evolution of EU and third countries' markets after Covid pandemic in Germany, Italy and France:

Three members of the Wine Market Observatory presented economic data on the evolution of the market in Germany, Italy and France following the pandemic.

In Germany, there is an evolution in consumer behaviour. Before the crisis, 75% of sales came from retailers. During the crisis, online sales increased significantly, more than doubling in two years, and direct contact sales declined. Wine stocks in Germany have decreased with the decline in tourism abroad while domestic consumption has increased. The possibility of a price increase in the medium term is pointed out. The prices of bottling materials have risen sharply, which suggests a possible pass-on of these costs to the consumers.

Regarding exports, Germany exporting only 10% of its production, the boom in the volume exported in 2020/2021 by the EU benefits only marginally to German producers. German wine exports recovered however correctly, both in volume (10%) and even more in value (15%), mainly on Scandinavian markets and Poland.

In Italy, the expansion of exports after the expiration of the lockdown is particularly remarkable, both in volume and in value. The development of Asian markets is to be highlighted, particularly in South Korea.

The positive effects of the crisis support measures taken by the Union during the pandemic has to be underlined, in particular those concerning the flexibility provided to the promotional measures. These tools should be maintained in the future as they are very effectively supporting exporters in third countries' markets.

Finally, data presented on the French market related mainly to the evolution of the consumption. Hypermarkets and supermarkets market of bulk wines, regardless of category. Discounters and wine stores market preferably foreign wine, while direct sales, wine merchants and other specialists market PDO and PGI wines. Still wine sales fell by 3.4% in volume in the first half of 2021, but rosé increases by 2.5% in value. The growth dynamic was particularly strong for white wines (+5.8% in volume and +12.7% in value). In terms of packaging, only sales of non-returnable bottles (75 cl) have increased (+2,8% in volume and +8,4% in value). To be noted also the increase in sales of PDO wines (+0,9% in volume, +6,7% in value). Online wine sales have been growing over the years: with an estimated value of 600 million € in 2020, and more than 500 active websites. According to FranceAgriMer, it represents 9% of national consumption in value. The online share is still modest, but France is at the forefront of this digital market, which, above all, is constantly growing, in particular in 2020, where deliveries exploded with the pandemic. The share of online wine buyers would have increased from 31% in 2019 to 46% in 2020.

More details of these presentations are available here:

https://ec.europa.eu/info/food-farming-fisheries/farming/facts-and-figures/markets/overviews/market-observatories/wine/wmo-meeting-reports_en

3.3 The data sources to support the wine sector monitoring - presentation of the wine prices monitoring survey results:

The Commission services presented the wine prices monitoring survey' results. Price notification proposals were received from COPA, COGECA and IRTA, concerning IT, ES and DE, mainly for bulk wine prices at producer level, for PDOs, PGIs, varietal and other wines (red, rosé, white).

Others members of the WMO (CEVI – CEEV) explained that wine not being a commodity, there are many difficulties on gathering prices data. It will be difficult to have a reading of the real price of wines in a region as these depend very much from one company to the other, from one wine to the other. There are also questions concerning the representativeness of the data that would be presented. Final market prices are data that are normally monitored by specialised companies who produce reports for clients. This data cannot be shared openly.

To conclude, the Commission services underlined the current weaknesses of this exercise: categories of wines are not enough specified in the data received (PDOs, PGIs, Varietal, Others), the current database is not big enough to provide a good level of detail, FR data are missing, the question of the frequency of data communication and how to transmit them is not resolved. The representativeness of the sample obtained with this survey was also underlined, as it would represent only bulk wine at producer level(see annexe 2).

Finally, following the observations of the WMO members quoted above, the Commission services questioned the pertinence of the continuation of this price monitoring survey exercise, taking also into account the limited resources available.

4. Conclusions:

The Commission services took note of the experts' comments and feedback, and counts on their continuing active support for the further improvement of the WMO. The chair thanked experts for their participation. The meeting was opened at 14h30, and ended at 16h30.

5. List of participants:

See at the end the table

6. Next meeting

10 May 2022

(e-signed)

Michael SCANNELL

Annexe 1
List of participants – Minutes
Meeting of the Expert Group Wine Market Observatory
09/11/2021

ASSOCIATION OR ORGANISATION	NUMBER OF PERSONS
European Council of Young Farmers (CEJA)	1
Confédération européenne des vignerons indépendants (CEVI)	1
European agri-cooperatives (COGECA)	1
European farmers (COPA)	2
European Federation of Origin Wines (EFOW)	1
Institut de Recerca i Tecnologia Agroalimentaria (IRTA)	1
Comité Européen des Entreprises Vins (CEEV)	2

Annex 2
Results of the survey on price monitoring

Basic analysis – example:

Notified by: COPA-COGECA-IRTA
Period: **June -> August**

Name of the wine	Notified by	Country of origin	Price level	Type	Colour	Price in €	Price unit	Month
Average white bulk wines	COPA	Germany	Producer	Bulk wines	White	€ 107	€/Hectolitre	August
Average red bulk wines	COPA	Germany	Producer	Bulk wines	Red	€ 84	€/Hectolitre	August
Average white bulk wines	COGECA	Spain	Producer	Other wines	White	€ 29	€/Hectolitre	Sem.35
Average red bulk wines	COGECA	Spain	Producer	Other wines	Red	€ 35	€/Hectolitre	Sem.35
Average white bulk wines	COPA	Italy	Producer	PDO wines	White	€ 115	€/Hectolitre	July
Average red bulk wines	COPA	Italy	Producer	PDO wines	Red	€ 121	€/Hectolitre	July
Average red bulk wines	COPA	Italy	Producer	Sparkling wines	White	€ 213	€/Hectolitre	July
Average white bulk wines	IRTA	Spain	Producer	Total white wines	White	€ 26	€/Hectolitre	June
Average red bulk wines	IRTA	Spain	Producer	Total red wines	Red	€ 35	€/Hectolitre	June
			==>>	Average **white** bulk wines at **producer level**:		**€ 69,25**	**€/Hectolitre**	
			==>>	Average red bulk wines at **producer level**:		**€ 68,75**	**€/Hectolitre**	

Weaknesses:

* categories of wines not specified here (PDOs, PGIs, Varietal, Others) - database not big enough to provide this level of detail,
* relevance of the indicator obtained ?
* FR is missing => representativeness of the sample ?
* periodicity of data (3 different months),
* frequency of data communication and how to transmit it ?

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