

International Market Situation

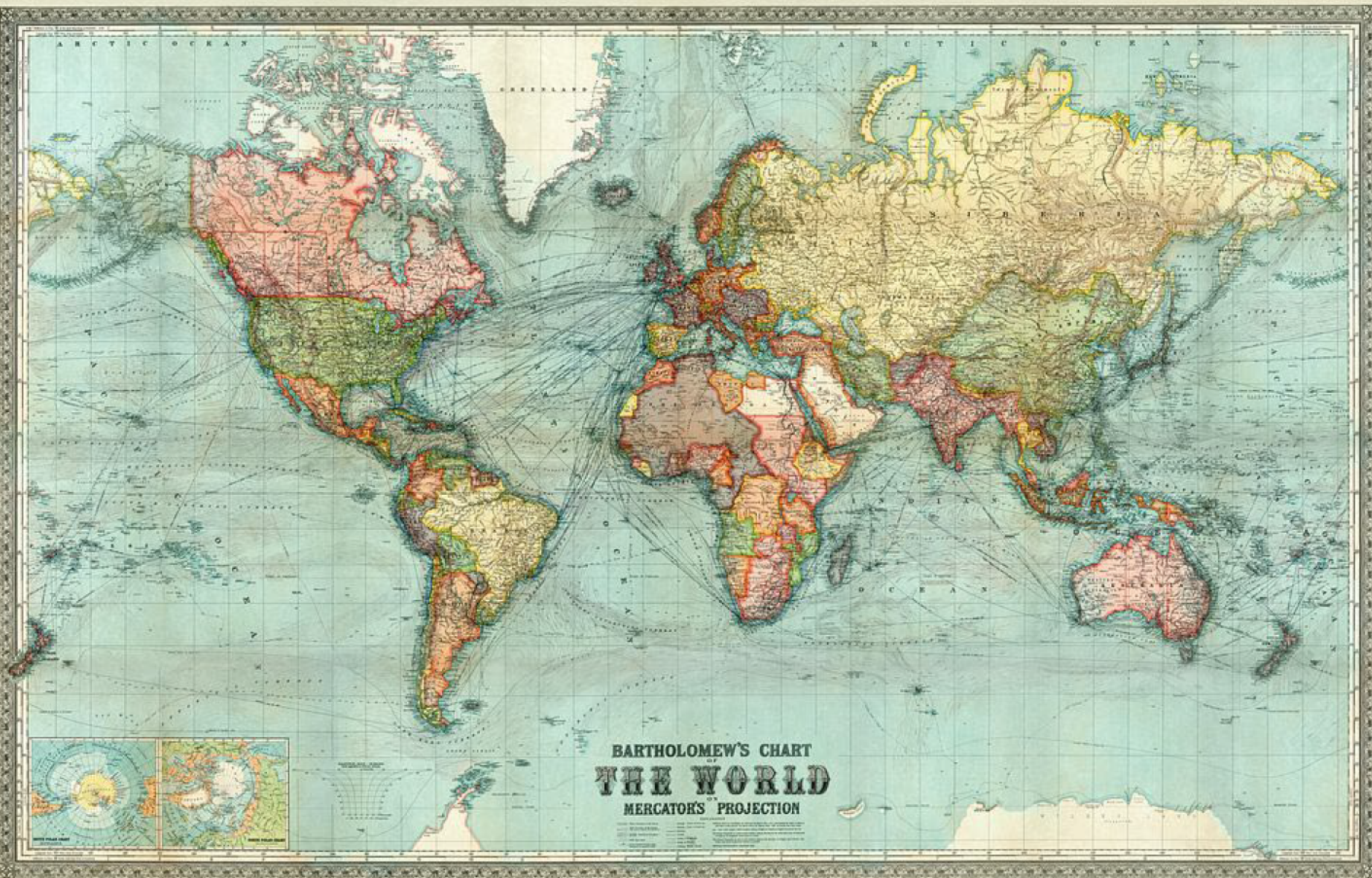
Recent trends in wine markets

Spanish Observatory of Wine Markets (OeMv)

Wine Market Observatory – Expert Group

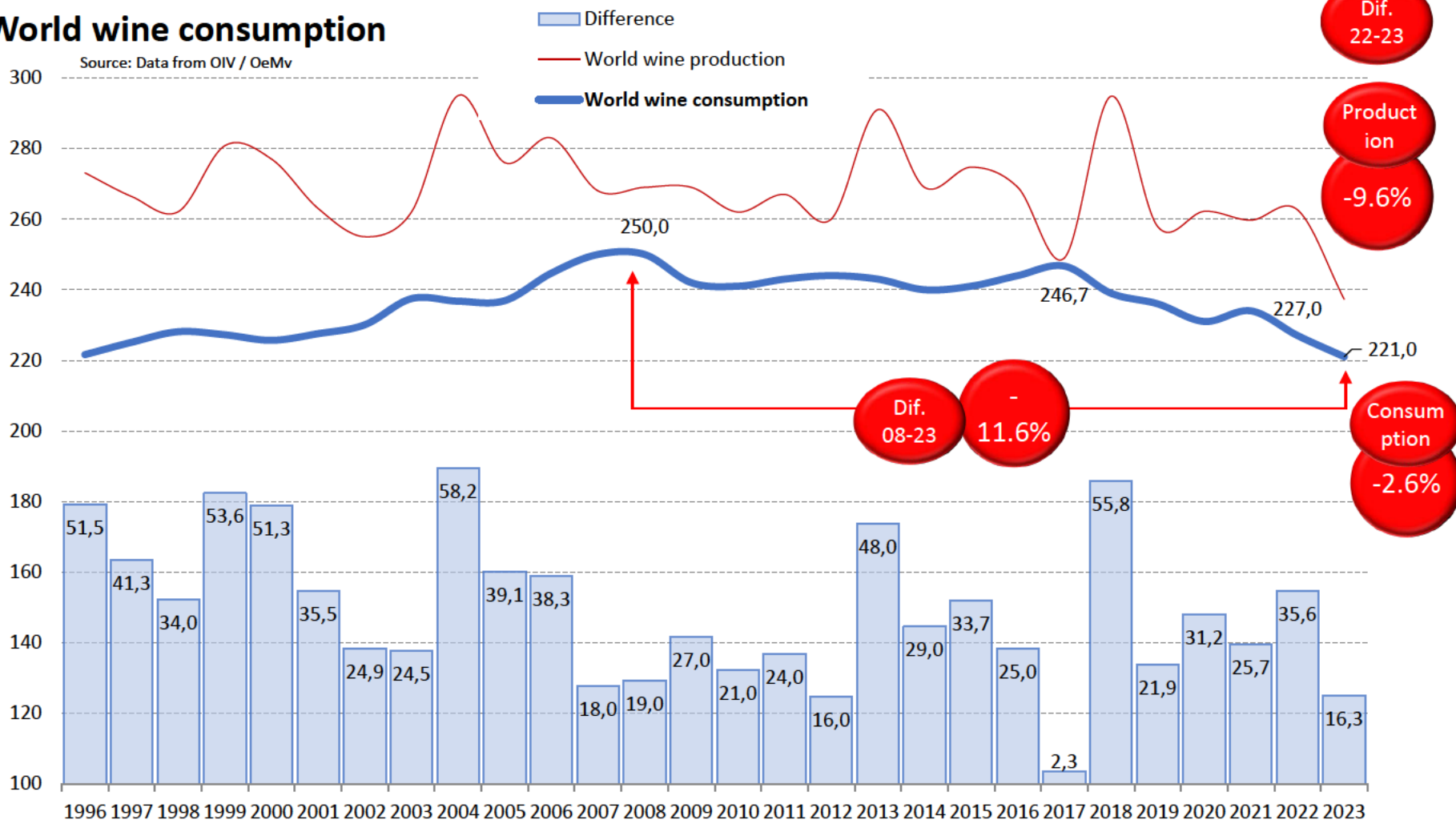
Brussels, June 10th 2024

The World



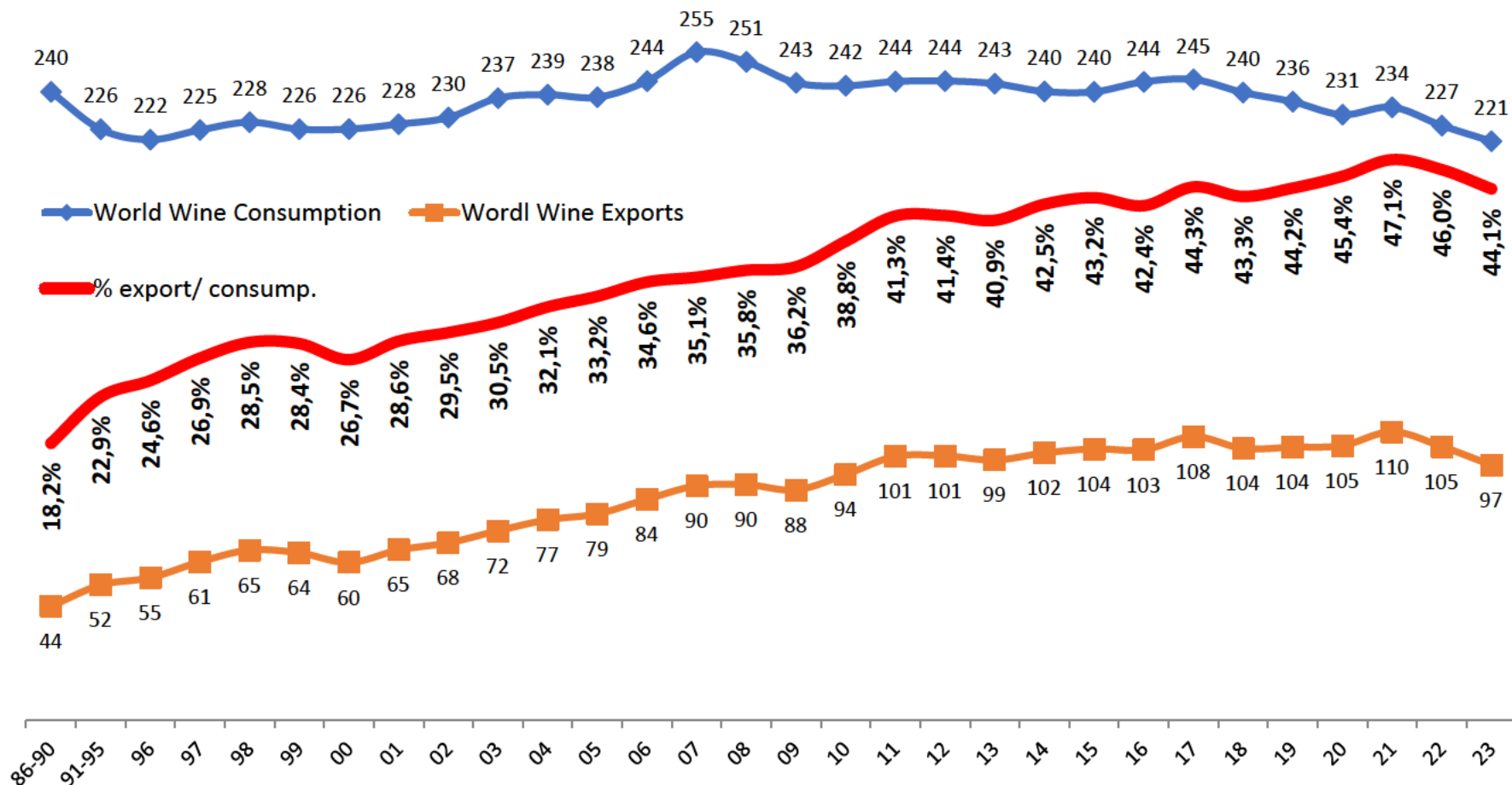
World wine consumption

Source: Data from OIV / OeMv



Things are not worse due to an even larger decrease in world production.

International trade is still a very relevant part of total wine consumption

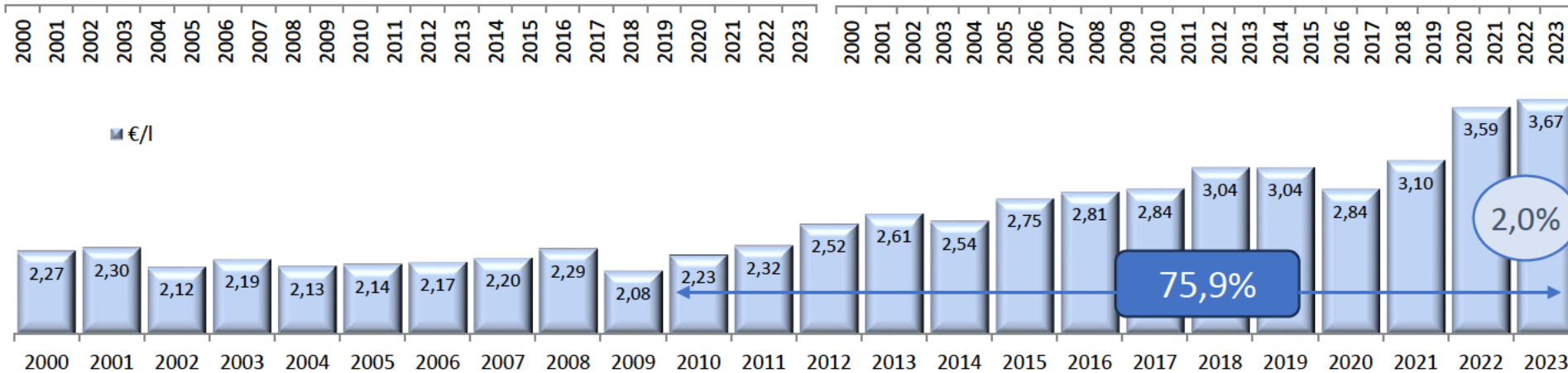
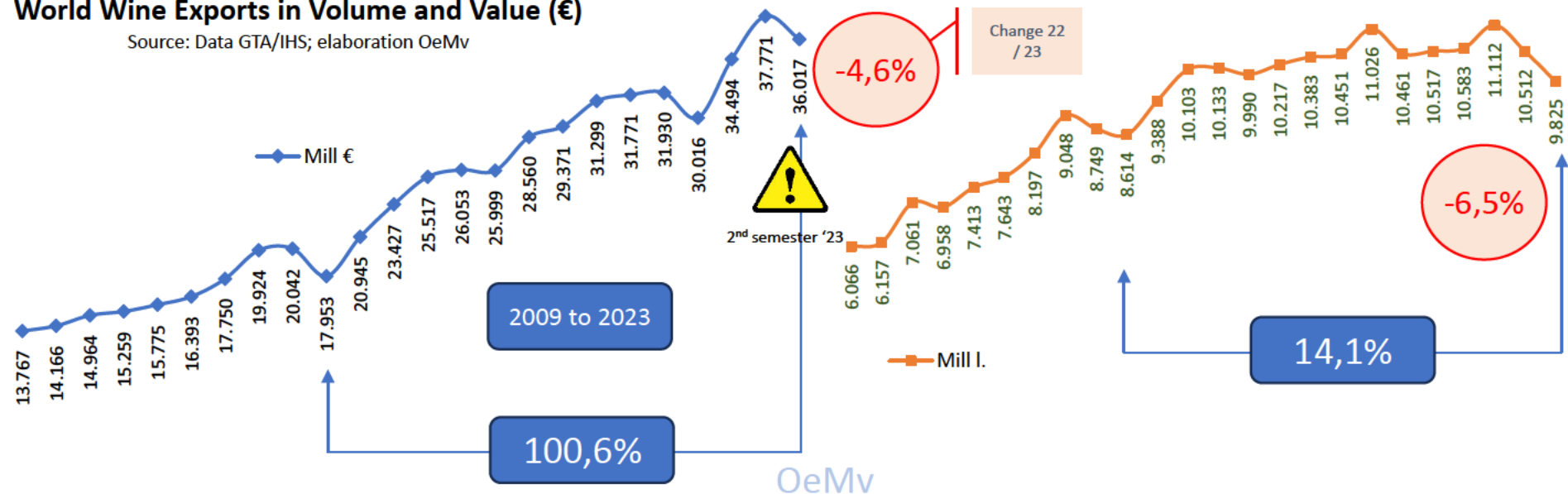


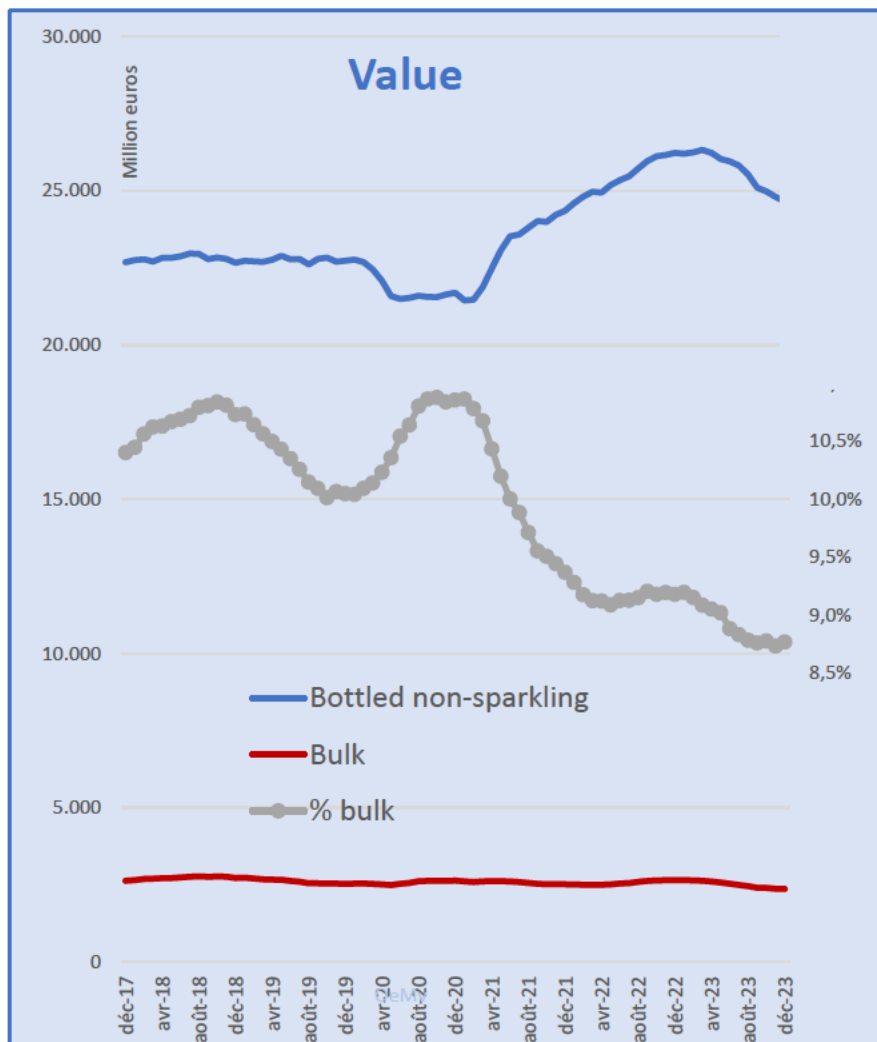
Share of exports on total consumption is above 40% since 2013.



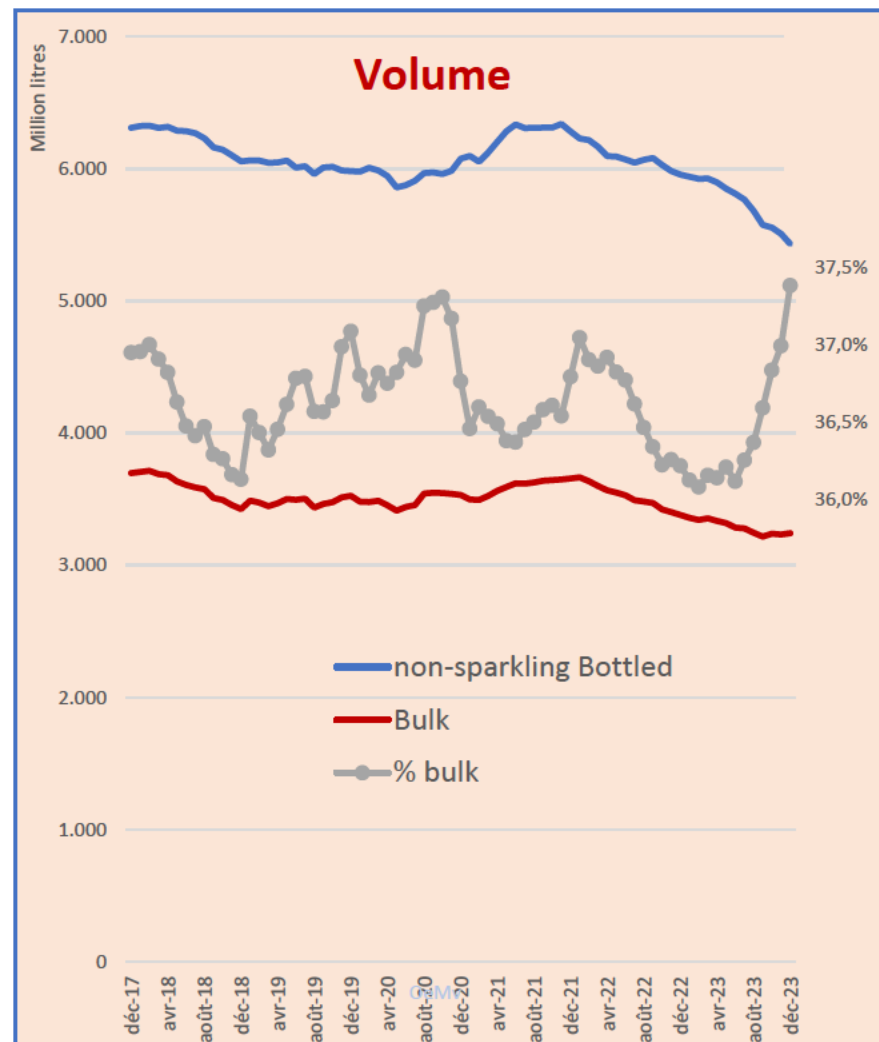
World Wine Exports in Volume and Value (€)

Source: Data GTA/IHS; elaboration OeMv

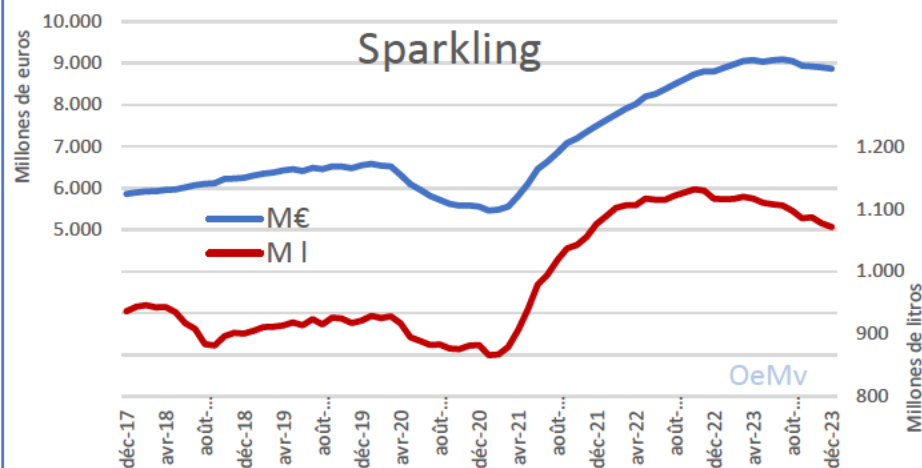




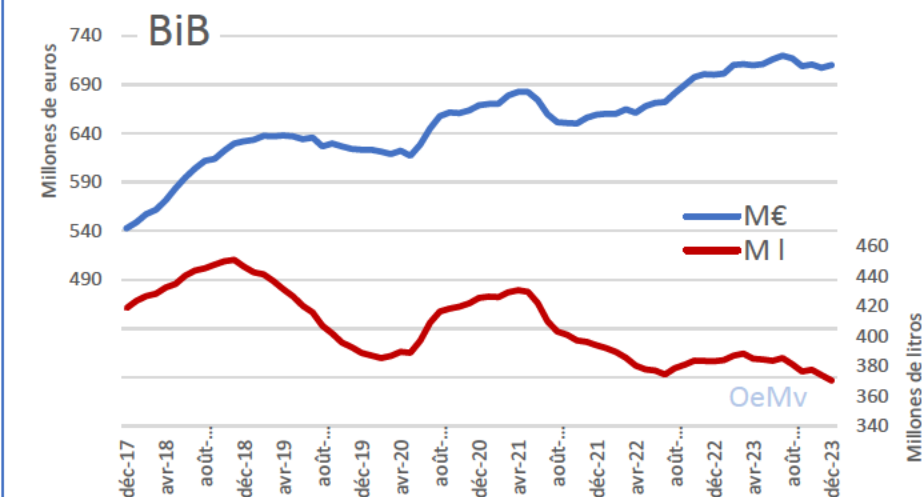
Bulk (without BiB) is less than 9% of total non-sparkling wines in value terms, decreasing from almost 11% in 2021, although...



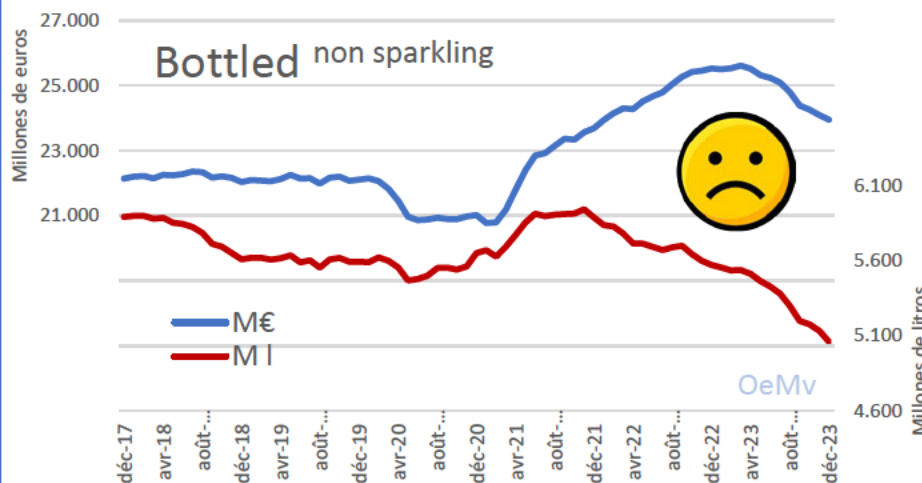
... more than one third of total volume, increasing quite sharply in 2023.



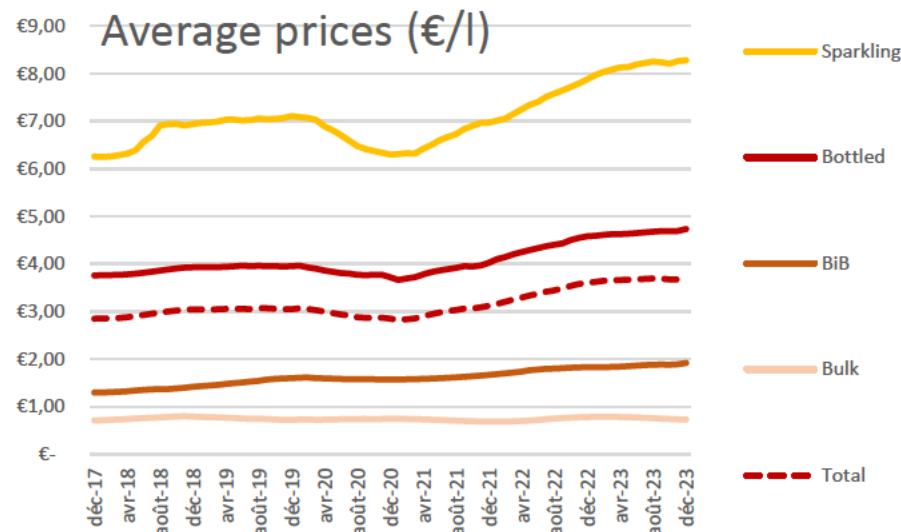
Sparkling is still growing in 2023 at least in value terms (+0.8%), was the fastest growing category in recent times but now falls in litres.



In a much smaller scale, BiB also keeps on growing in value terms (+30.8% since 2017 and +1.4% in 2023) although losing sales in litres (-3.3%)

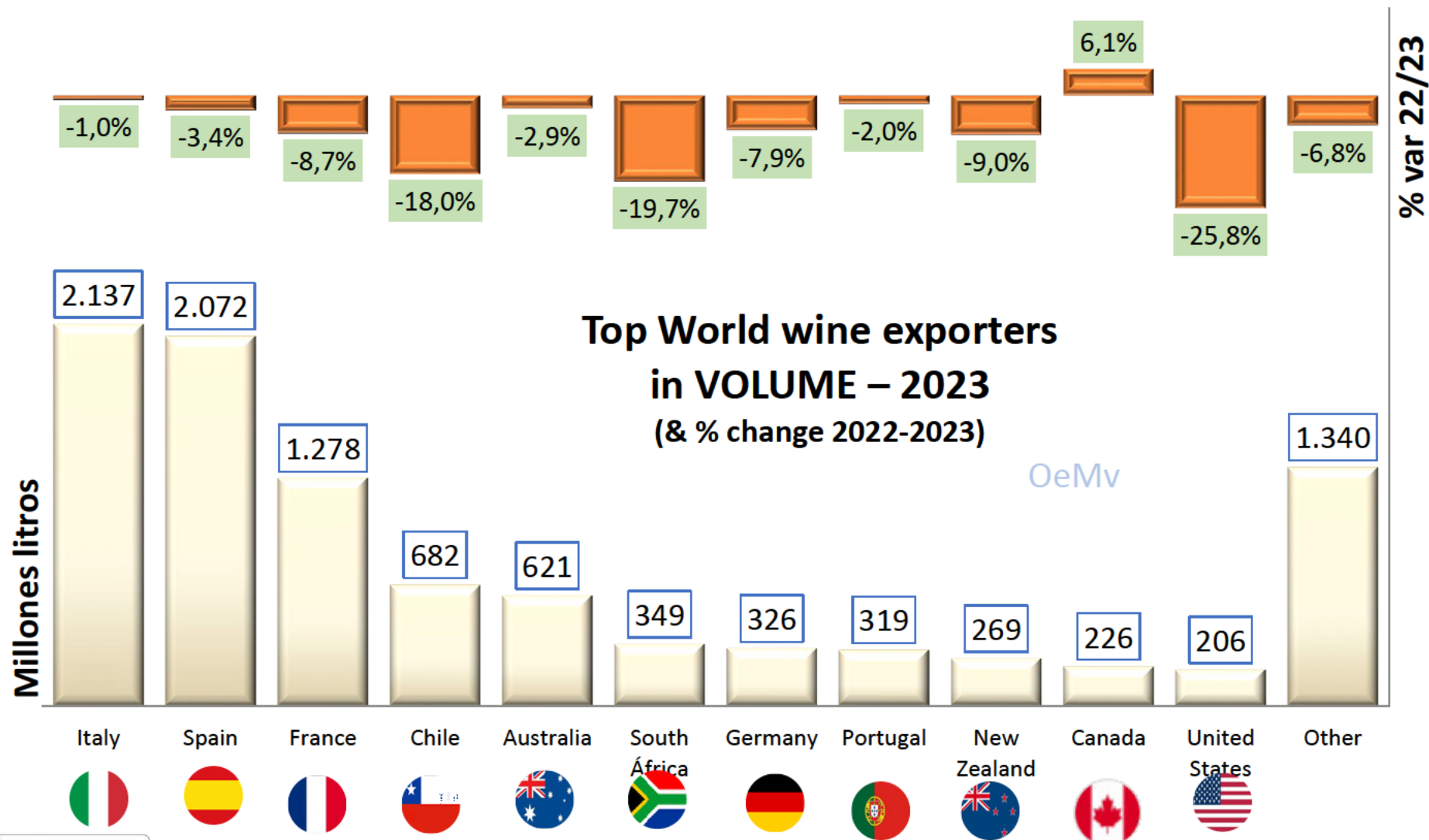


Non-sparkling bottled wines decreased by 14% since 2017 and by 9.2% in 2023, also falling now in Euros (-6.2%)

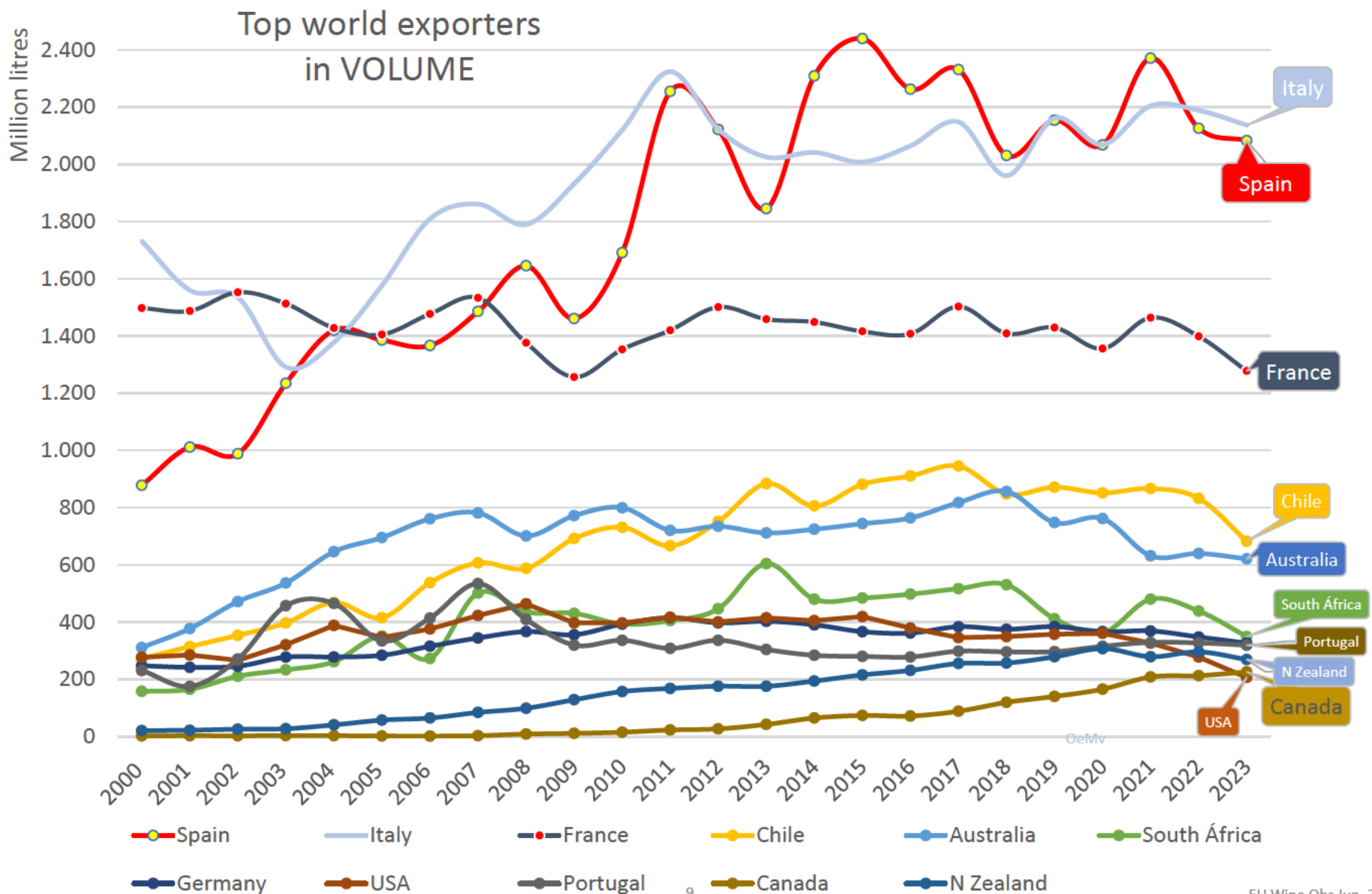


With average prices that have evolved much better for bottled wines than for bulk

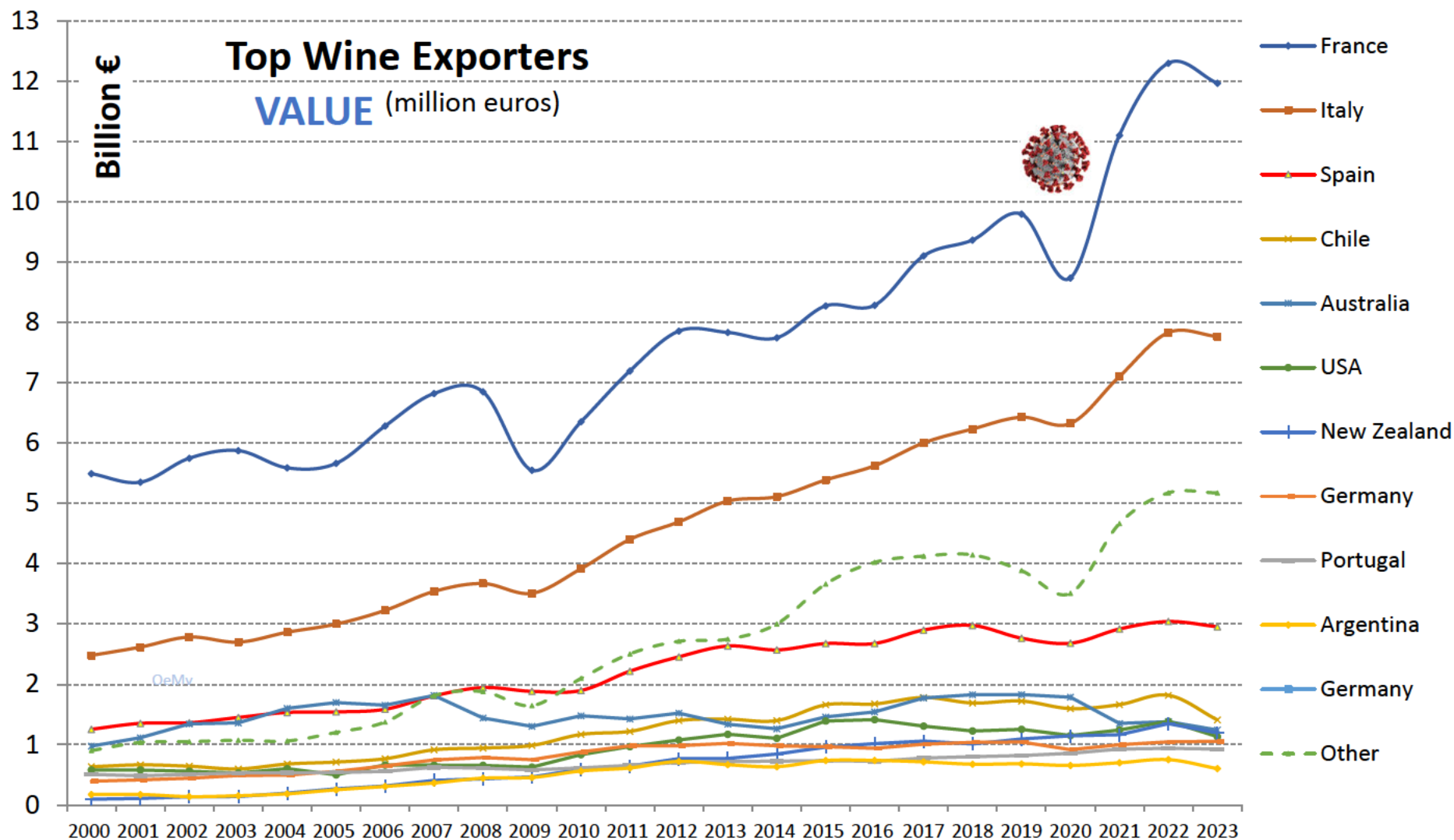
Top exporters ended 2023 as forecasted: all decreased in volume terms but Canada, with Italy and Portugal declining less than France and Spain; and Chile, South Africa and the US leading the negative rates.

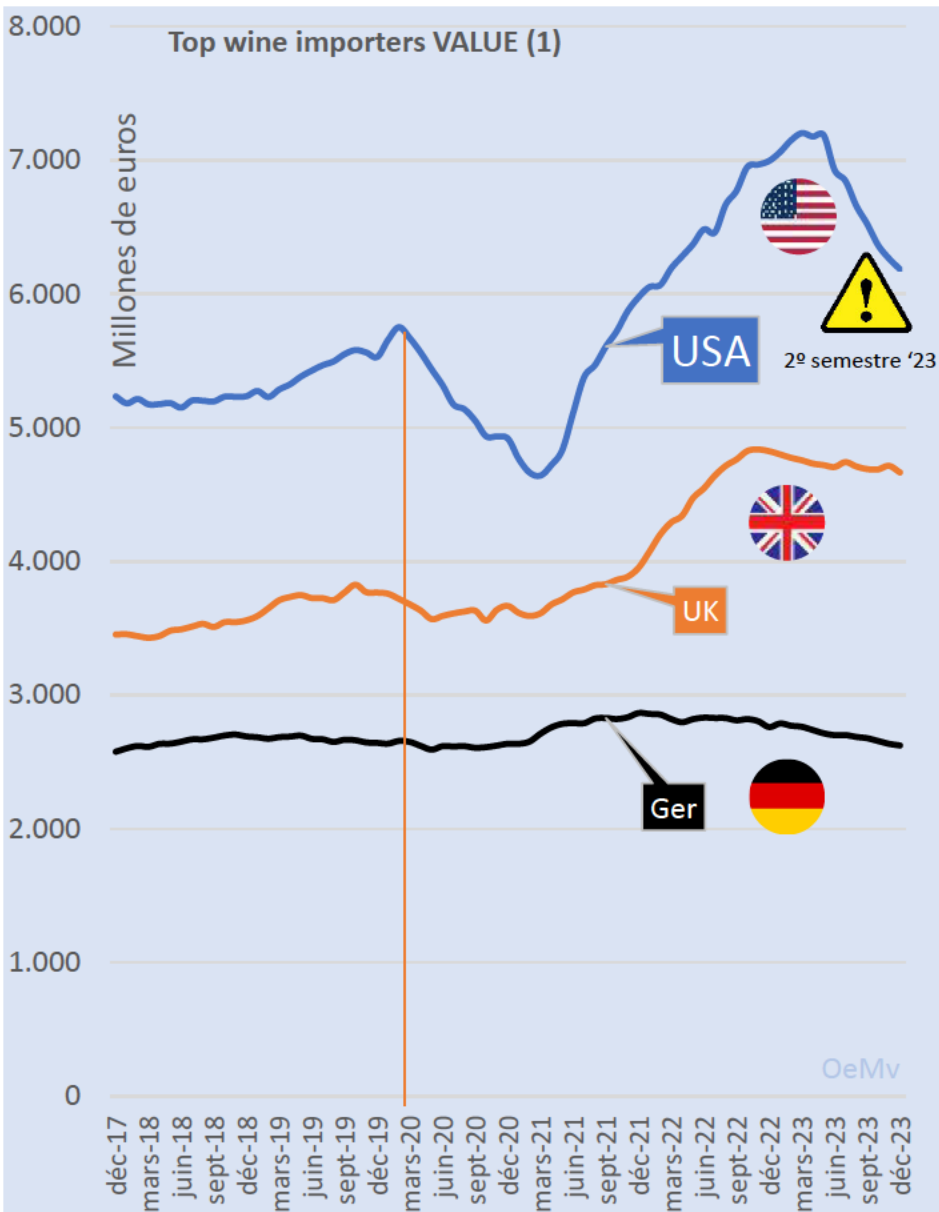


Different exporters evolving differently ... also in the long run

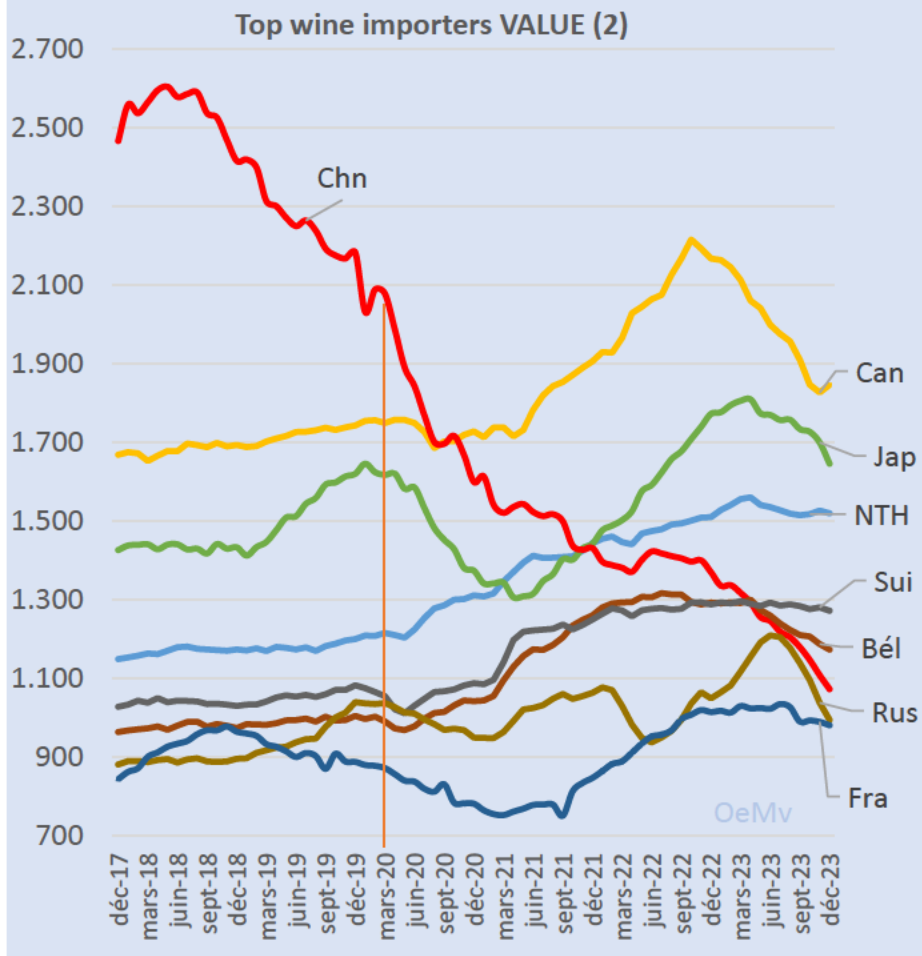


In value (€), the extraordinary post-COVID recovery stopped in 2023

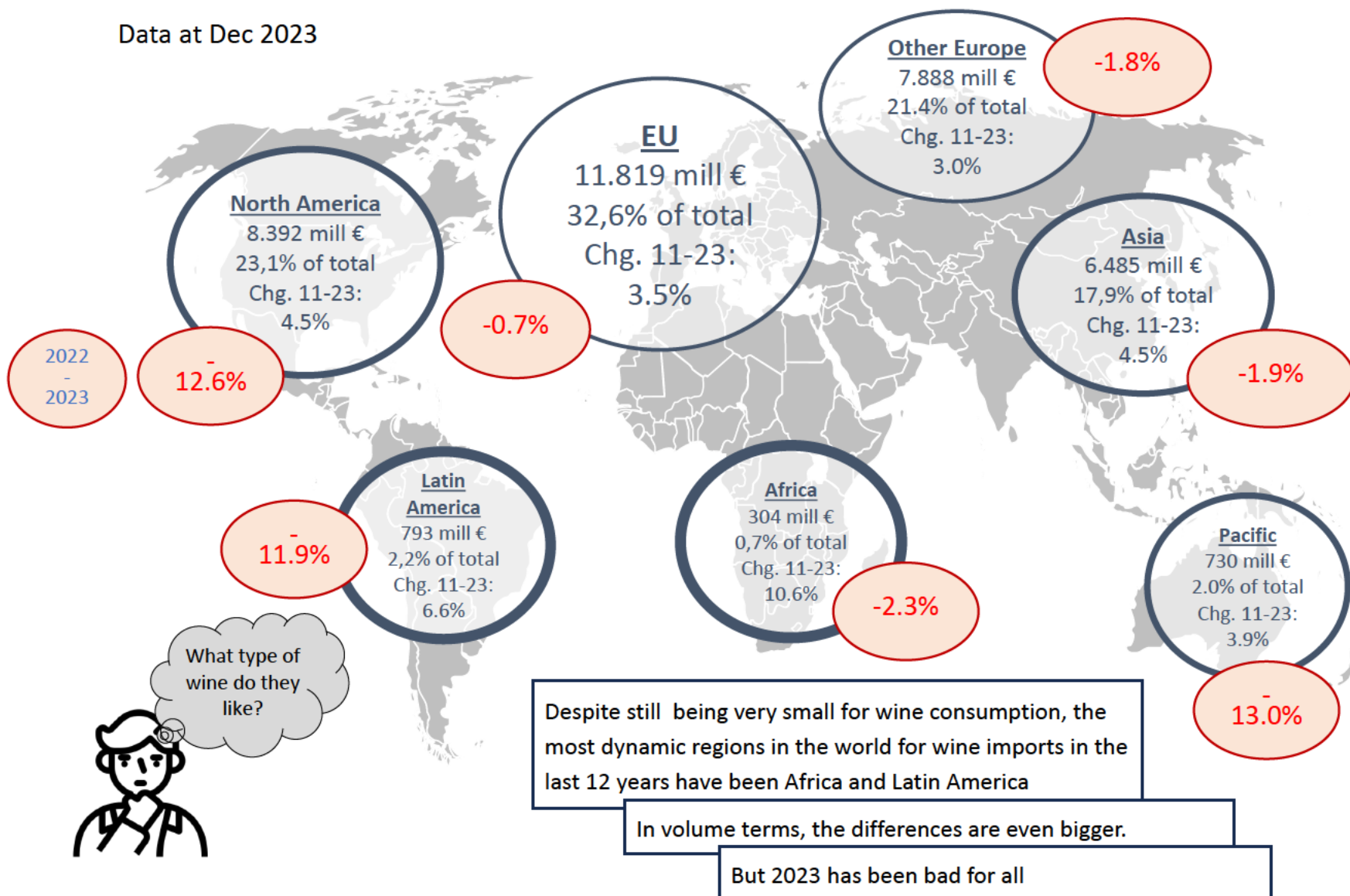




Top 3 markets represent 37% of total. Among them, USA strongly declined in the 2nd semester of 2023, while UK and Germany show softer reductions. Among the resto, China deepens its long-term fall, while Canada, Japan, Russia and to a lesser extent Netherlands and Belgium also decreased in 2023



Data at Dec 2023



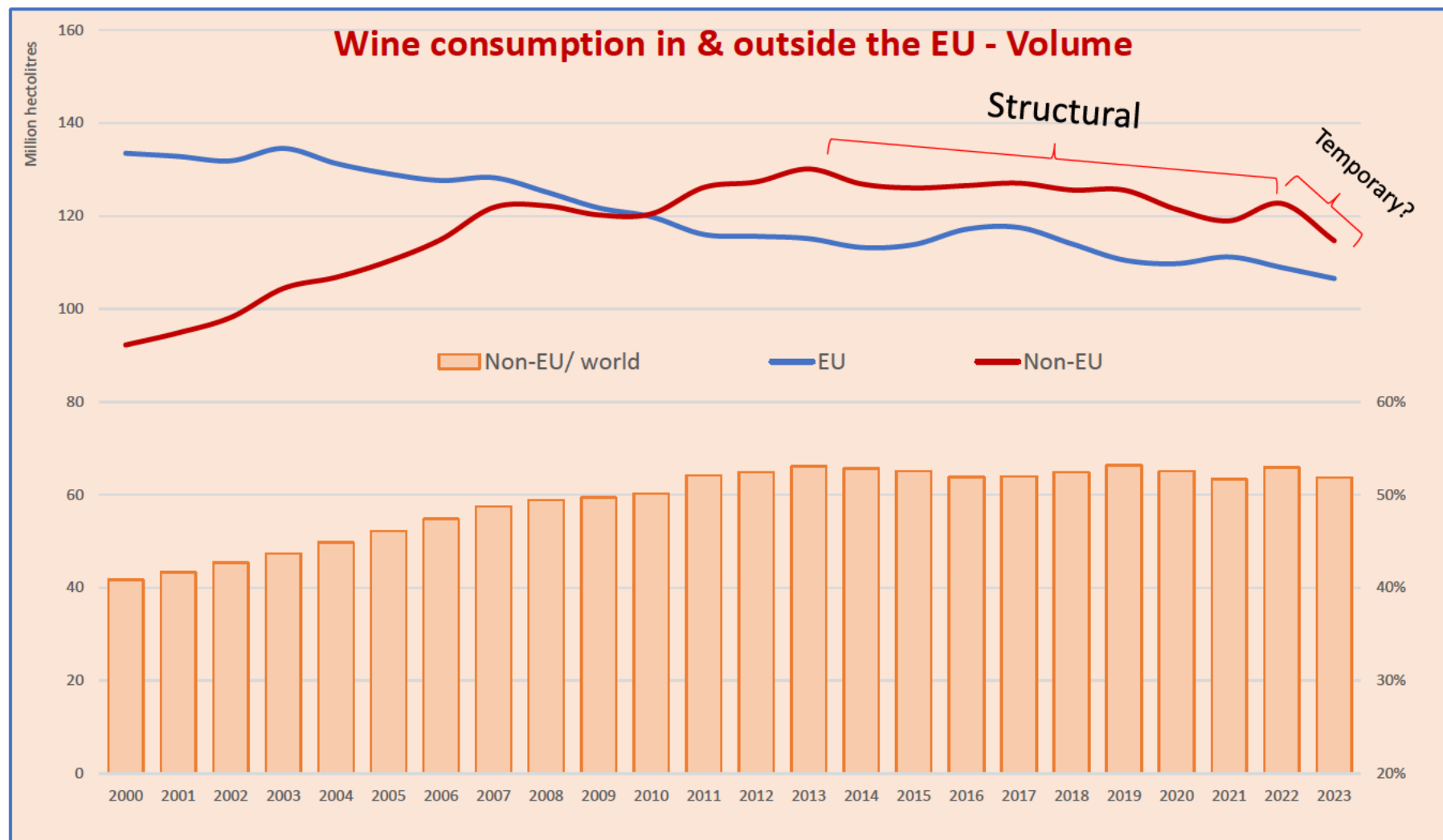
The EU



**EUROPEAN
UNION**

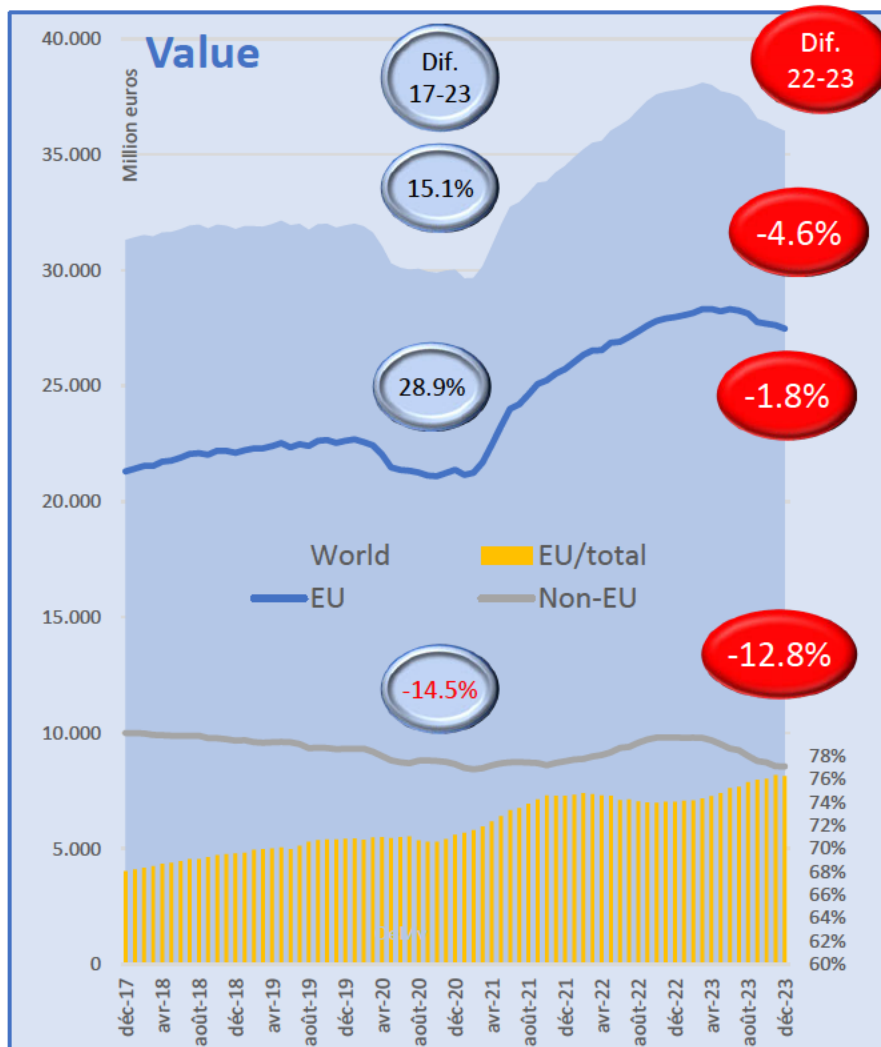


Foreign wine consumption compensated EU's decrease until 2013, when first stability (2013-2019) and then decrease of wine consumption in third countries took place

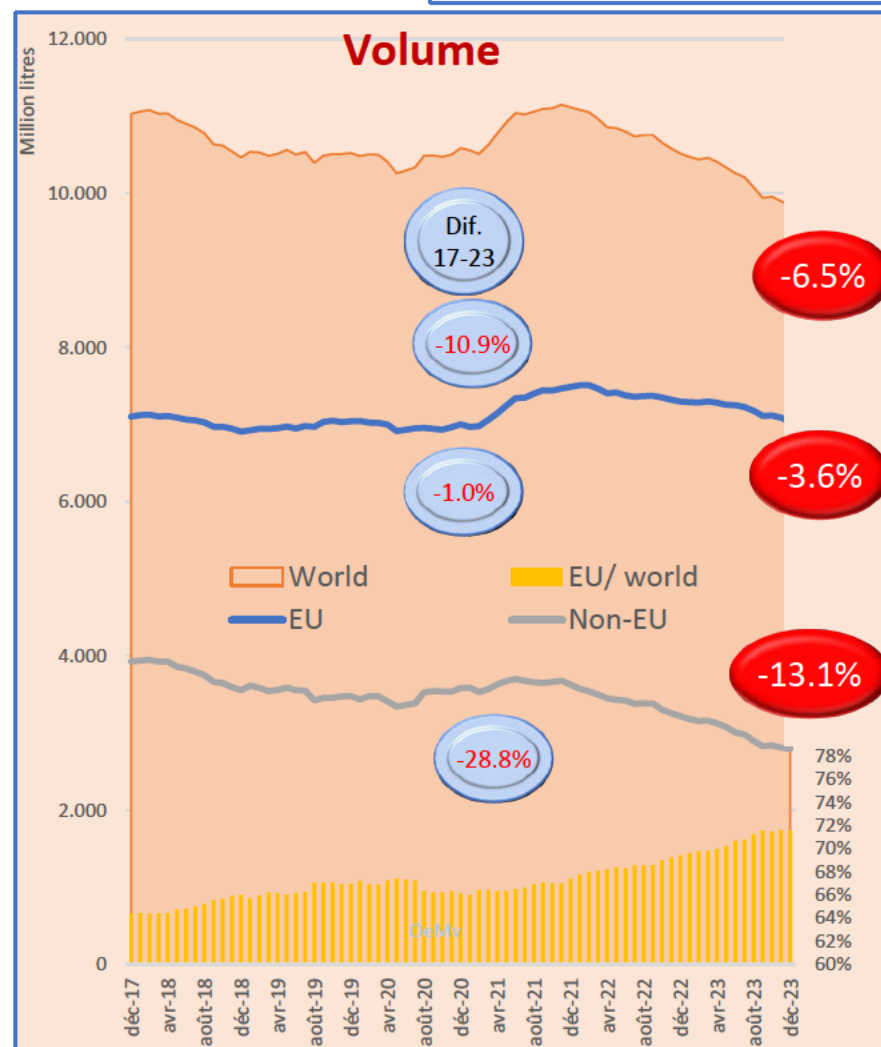


Total exports from EU countries (intra and extra UE) have evolved much better than the world average, both in the last 6-year period and in 2023.

If consumption was growing abroad more than in the EU, it follows that exports may increase

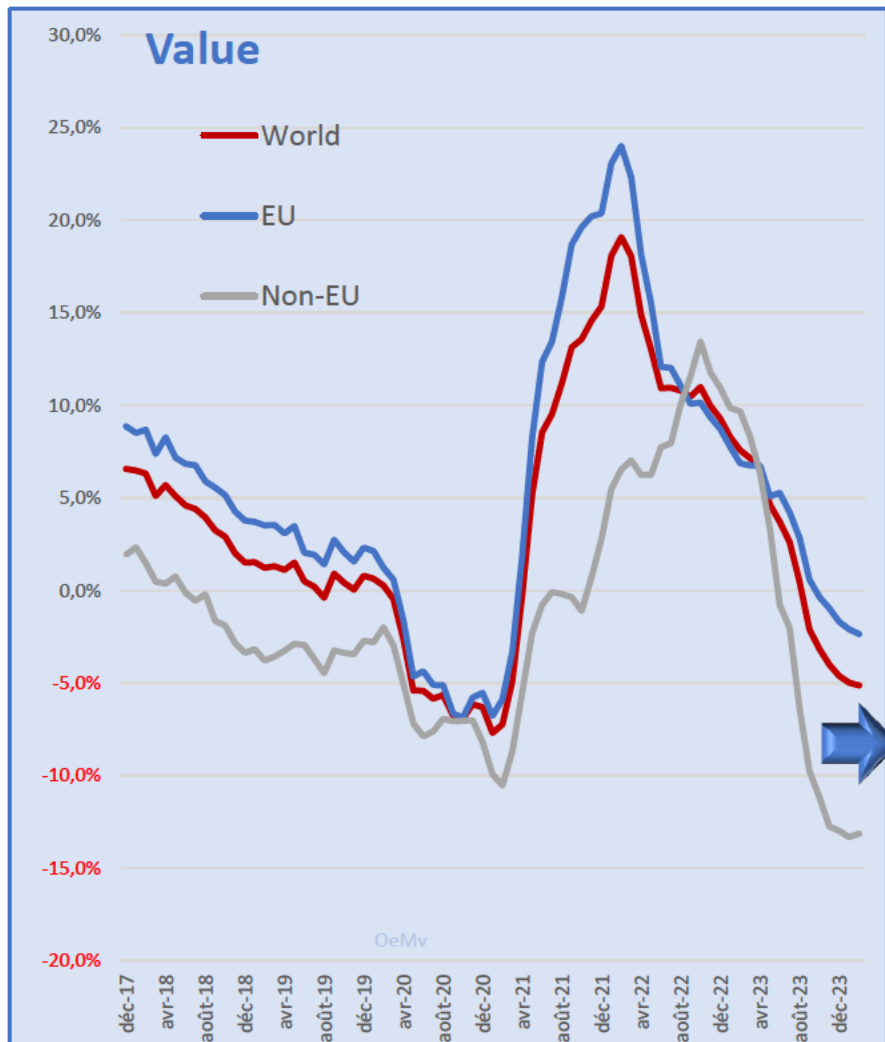


In value, soft EU decrease in 2023 (-1.8%) is much smaller than world average (-4.6%), while previous growth was faster.

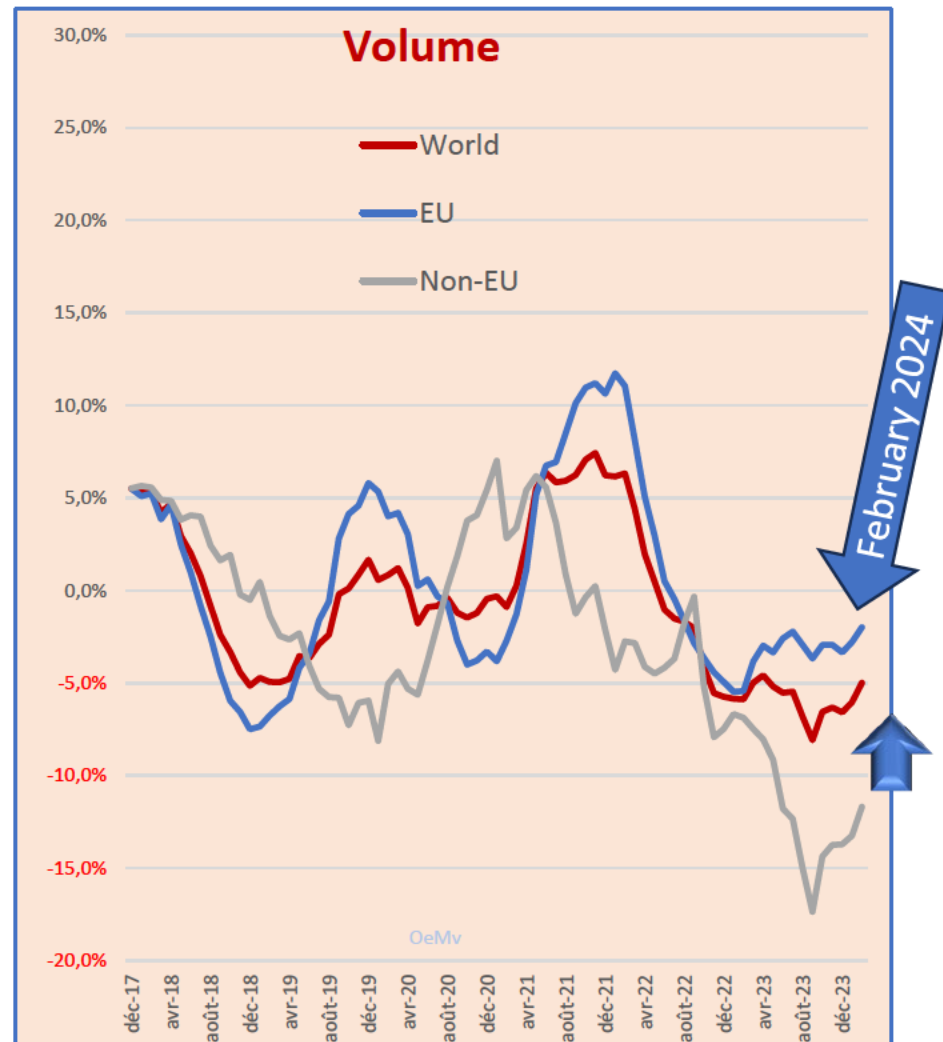


In volume, all trends are negative, but EU's are relatively better.

Year-on-year exchange rates show a very sharp decline of world exports, both EU and non-EU, after strong post pandemic recovery, with more positive evolution at the end of 2023 and beginning of 2024. In all cases, with better relative evolution of the EU.



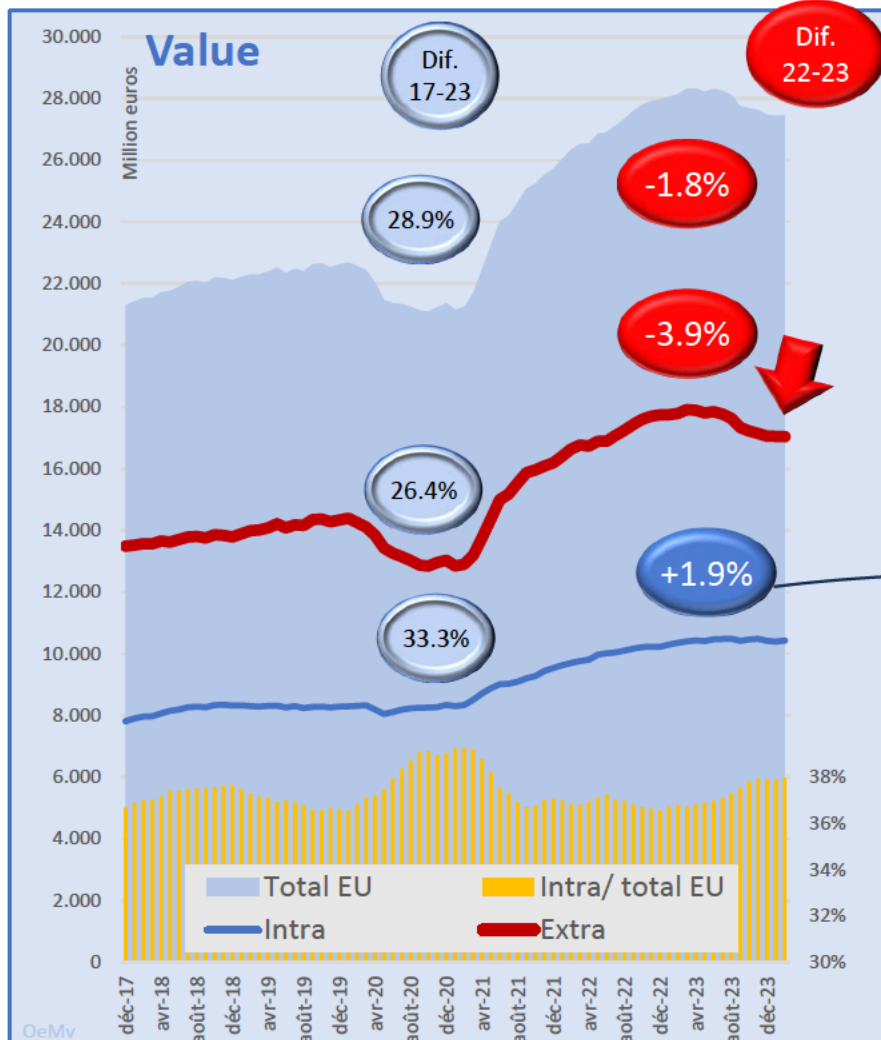
In value, extraordinary increase after COVID reached 25% in February 2022 for EU world exports, to later declined to -2.4% in Feb 2024, as compared to decrease of 13.3% in non-UE exporters.



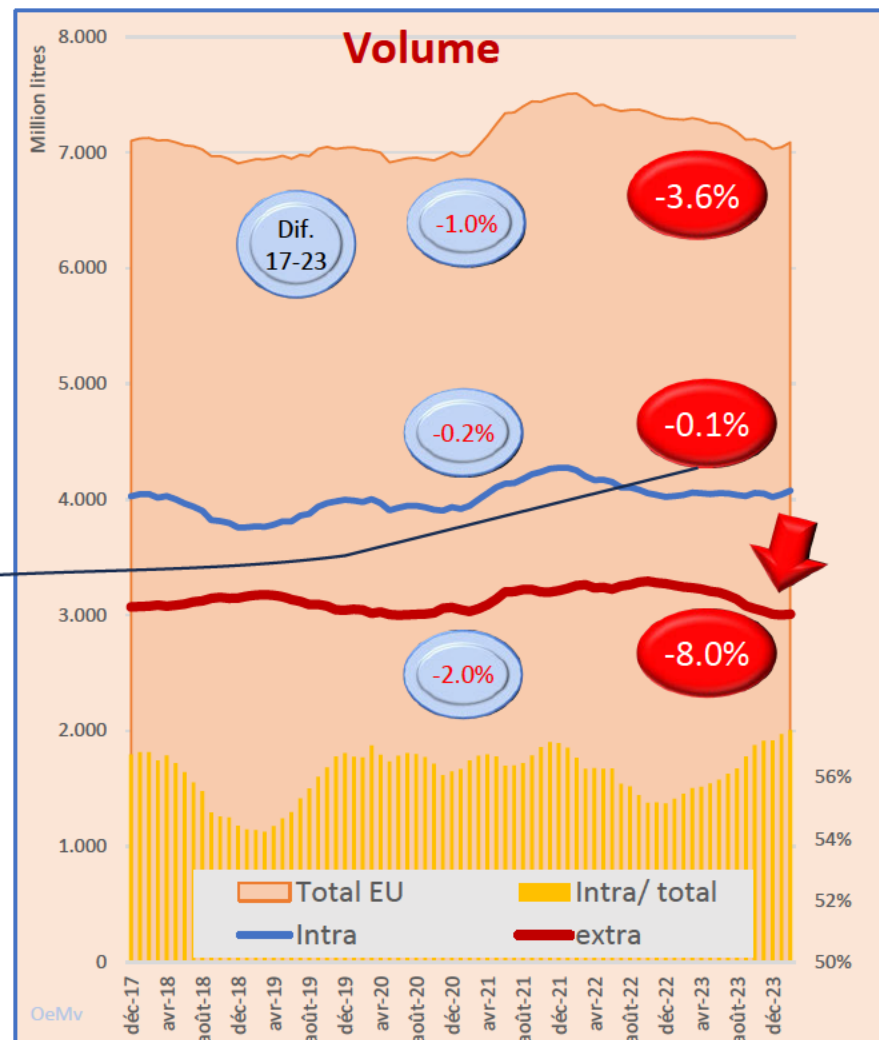
In volume, recovery was softer (lower impact of inflation?) but decrease in 2021 through 2023 has been bad, showing some signs of improvement since August 2023.

Total wine exports of EU countries evolved very well since 2017 in value, with soft falls in volume; but decreased in 2023.

However, things have gone worse in sales outside the EU than on the intra trade.

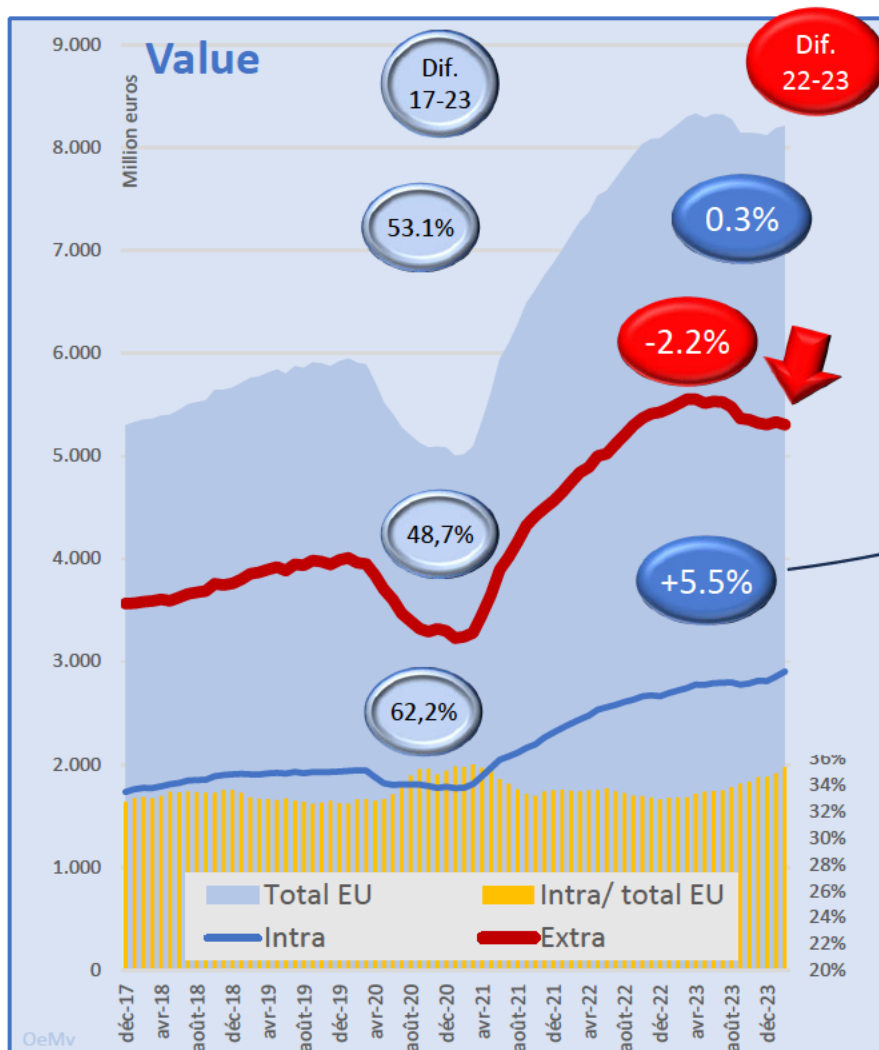


In value, sales within the EU amount to 38% of total exports from EU member states. Evolved better between 2017 and 2023 and better in 2023.

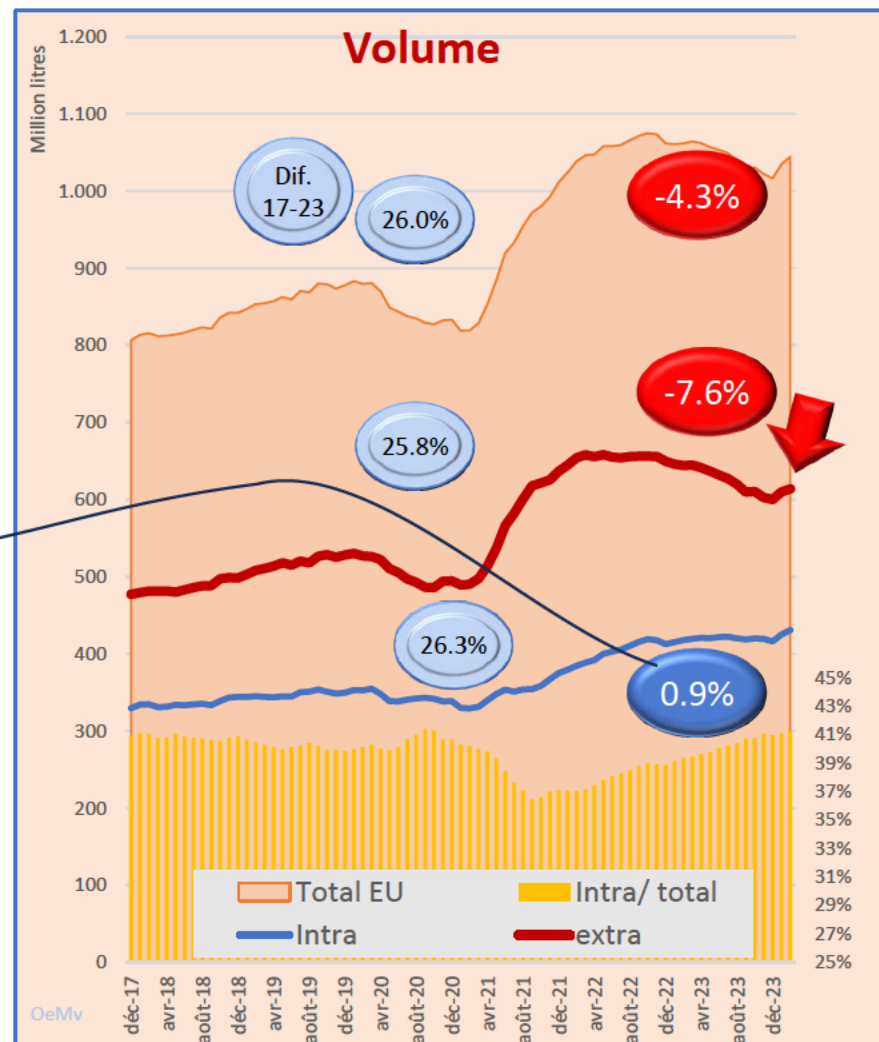


In volume, intratrade is higher than exports to third markets (57%) and also evolved better both in the 6-year period and in 2023.

Sparkling wines are mostly sold outside the EU, but intra trade evolves better.



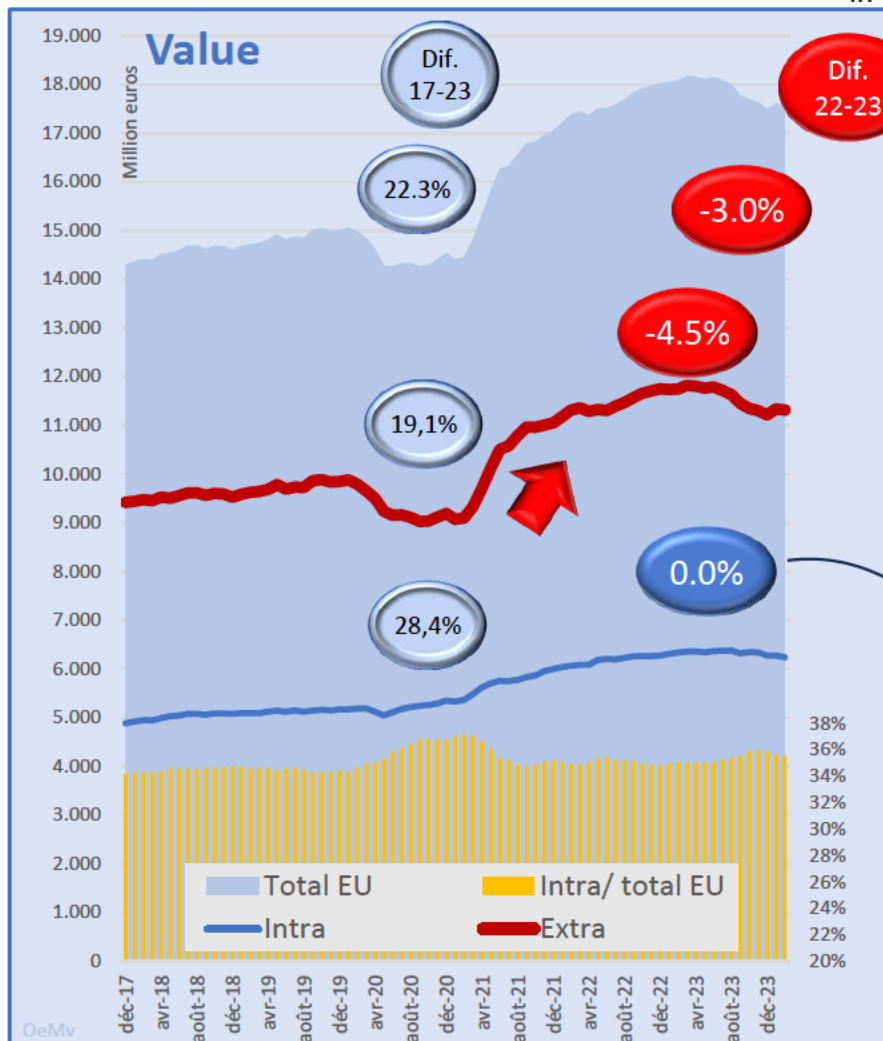
Only 1/3 of total EU sparkling exports remain within the EU in value and, again, intra trade has evolved much better than sales to third countries.



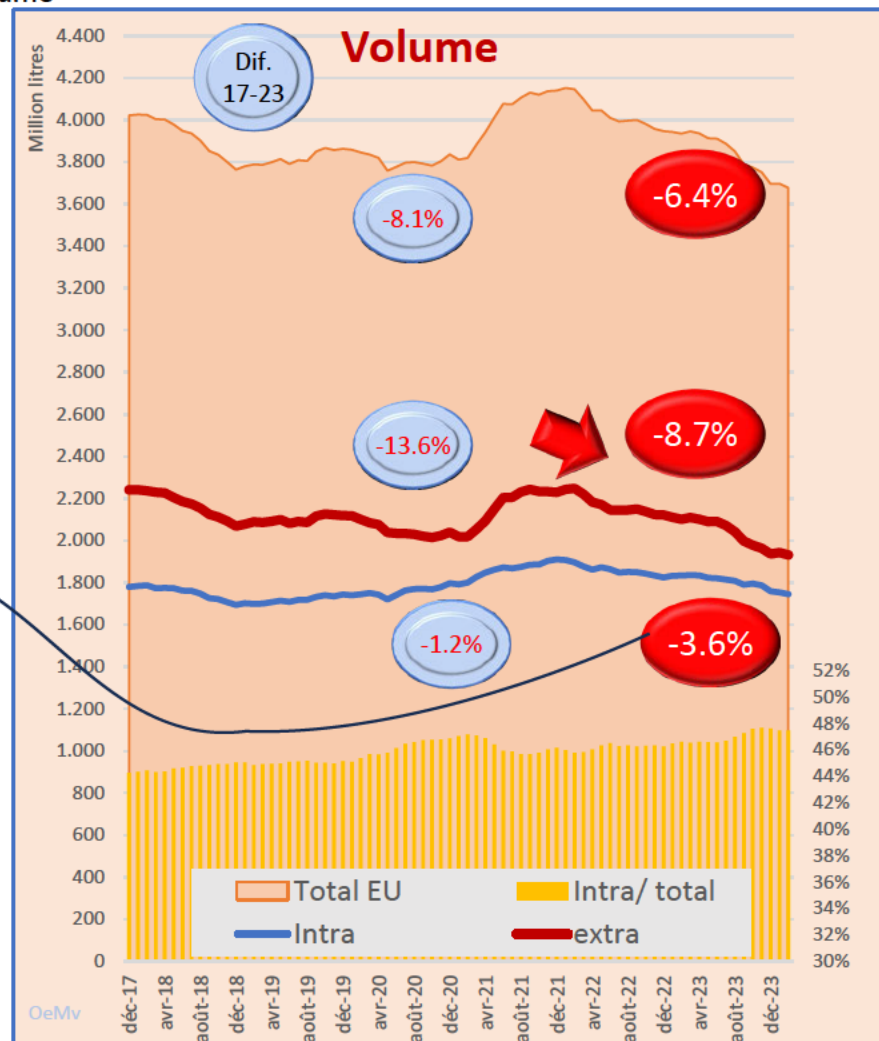
In volume, more than 41% total exports remain in the EU, but they have not compensated decline of extra trade in 2023.

Non sparkling bottled wines are also mostly sold outside the EU, with intra trade evolving better than sales to third countries.

It seems two phenomena have taken place at the same time: strong increase of prices right after COVID coinciding with declining sales in volume

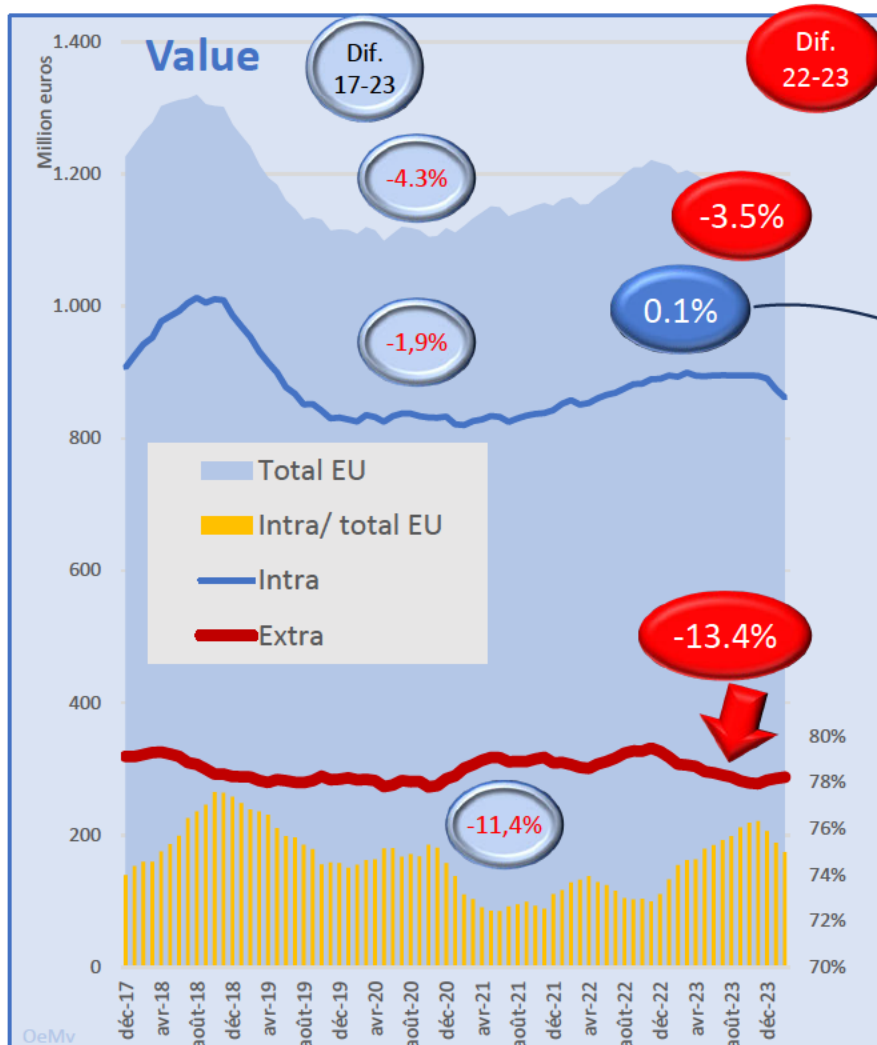


EU exports of non-sparkling bottled wines have evolved worse than others, growing less than sparkling since 2017 and falling down more in 2023. Again, with intra trade moving better than third countries

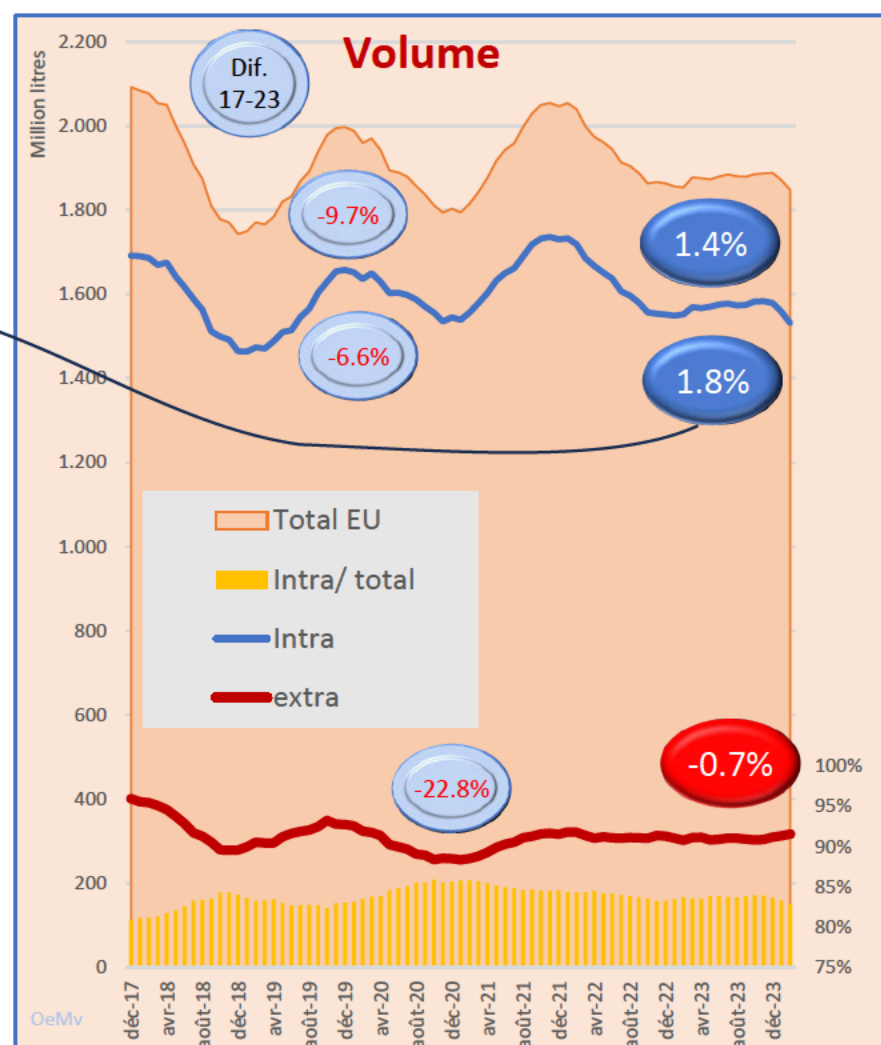


In volume, non-sparkling sales within the EU are slightly less than half of total, and have decreased less than extra trade.

Trade of wine in bulk is largely done within the EU (76% of total value and 83% of volume) and has also evolved better within the EU than sales to third countries



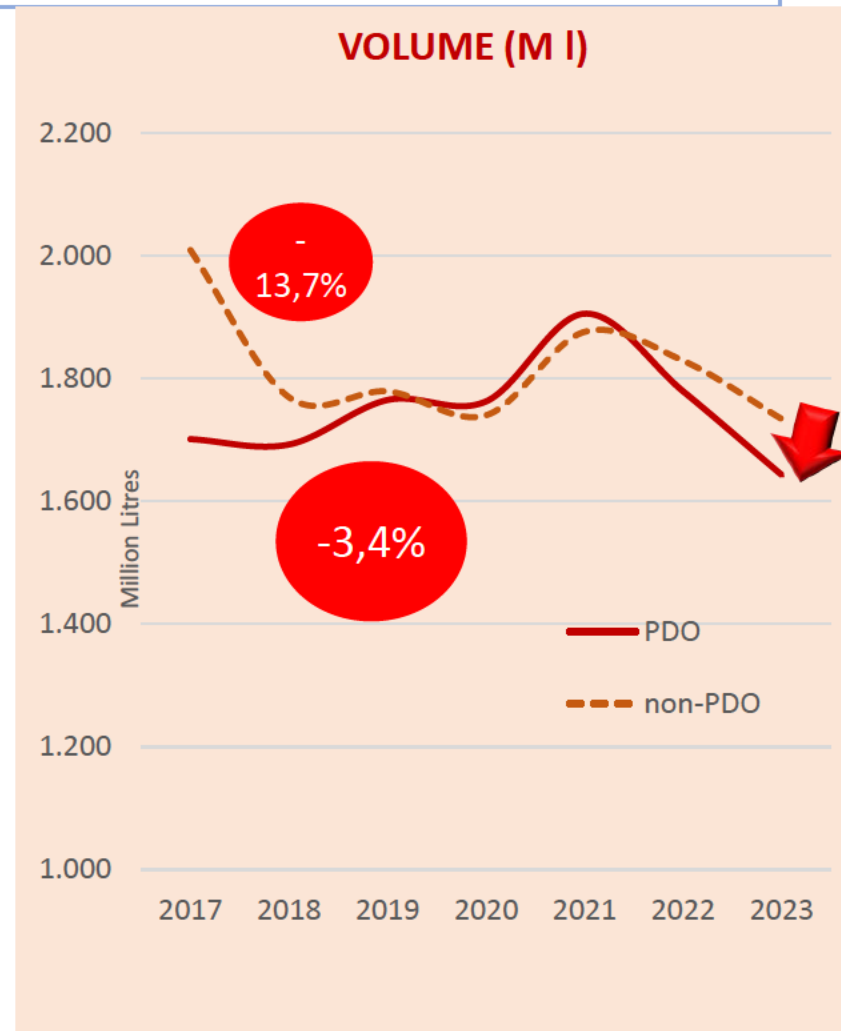
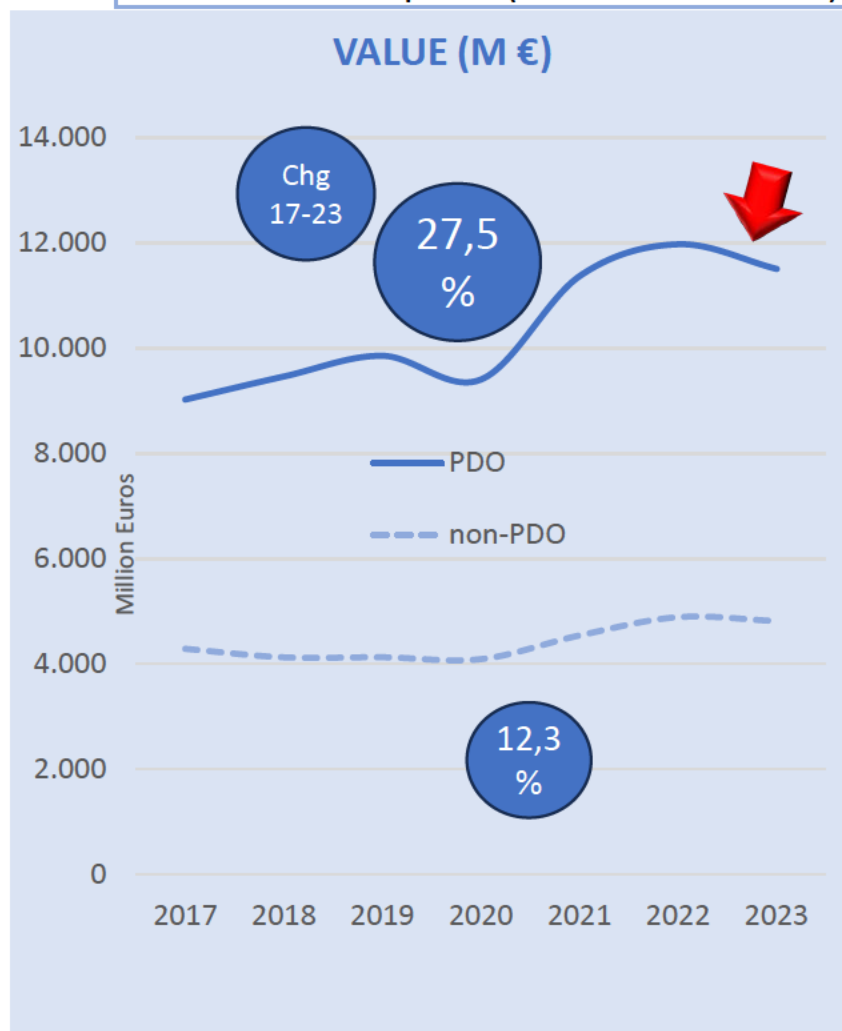
EU



In volume,

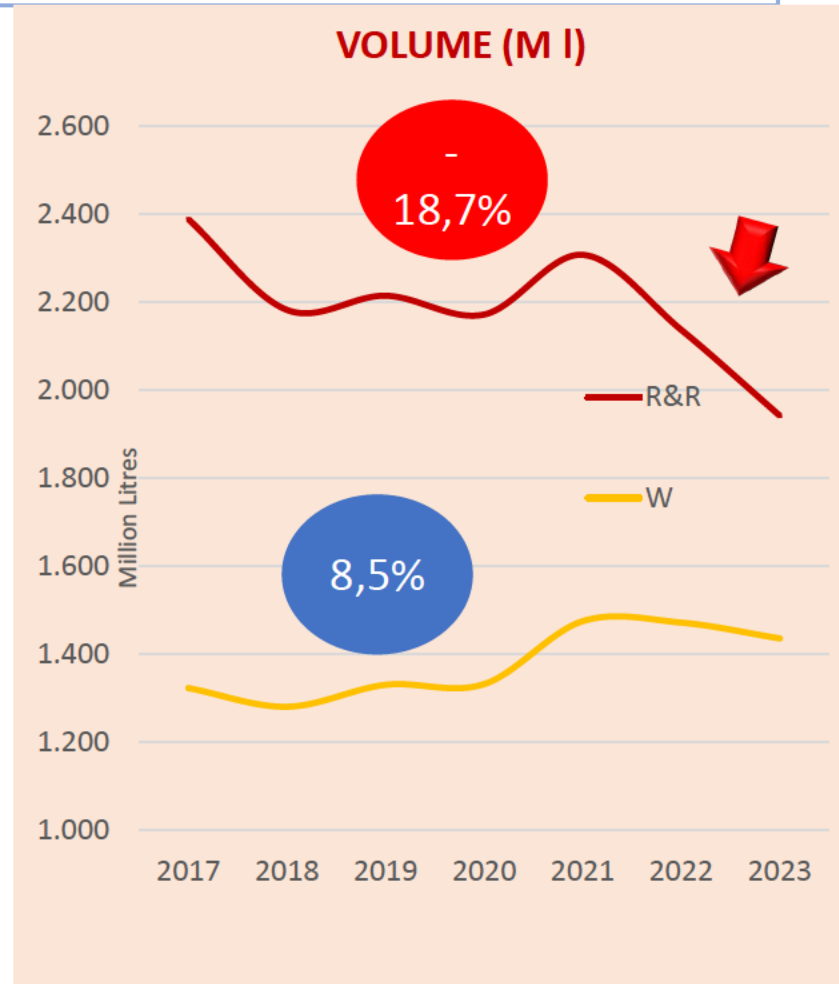
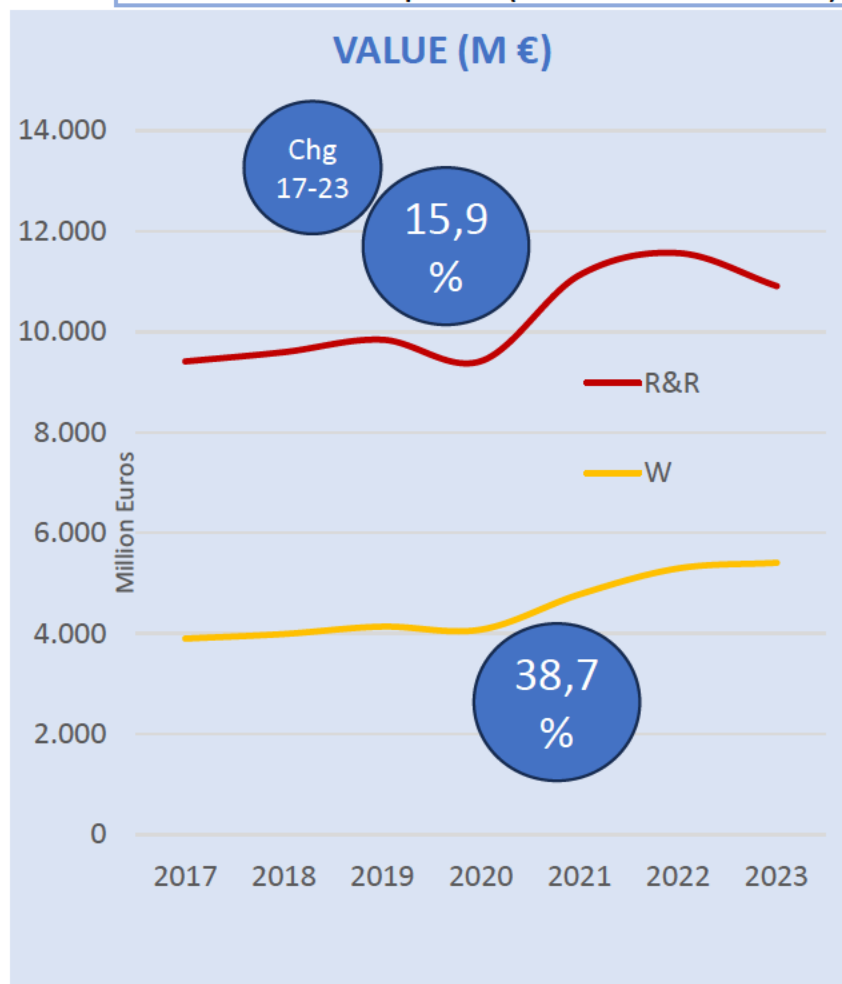
Within non-sparkling bottled wines, strong increase in value after COVID particularly affected PDO wines coinciding – or provoking – a sharp decline in volume sales right after.

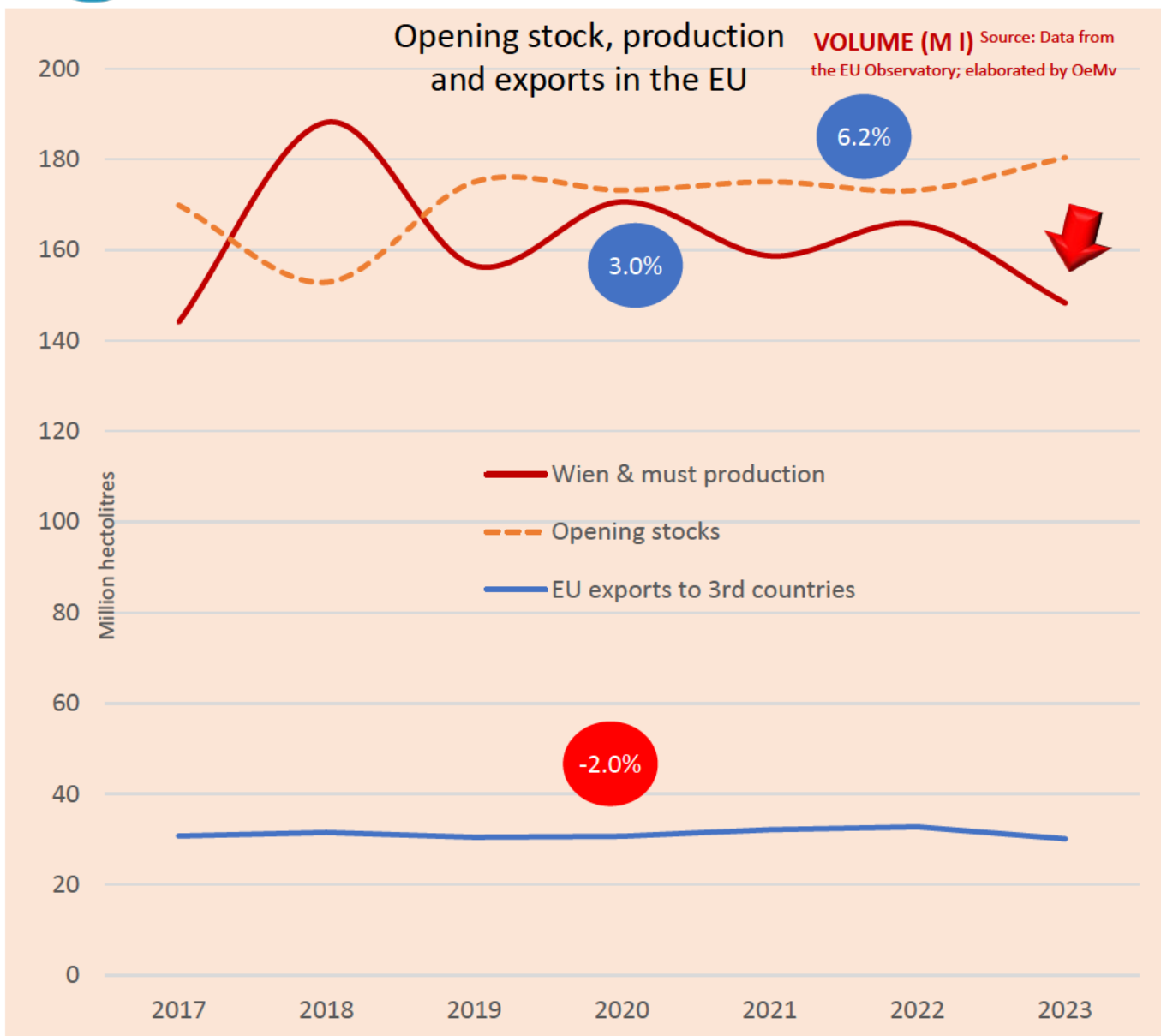
Total exports (intra and extra UE) of still bottled wines from EU countries



It is among red & rosé wines where the decline in 2022 and 2023 has been particularly strong, specially in volume terms

Total exports (intra and extra UE) of still bottled wines from EU countries

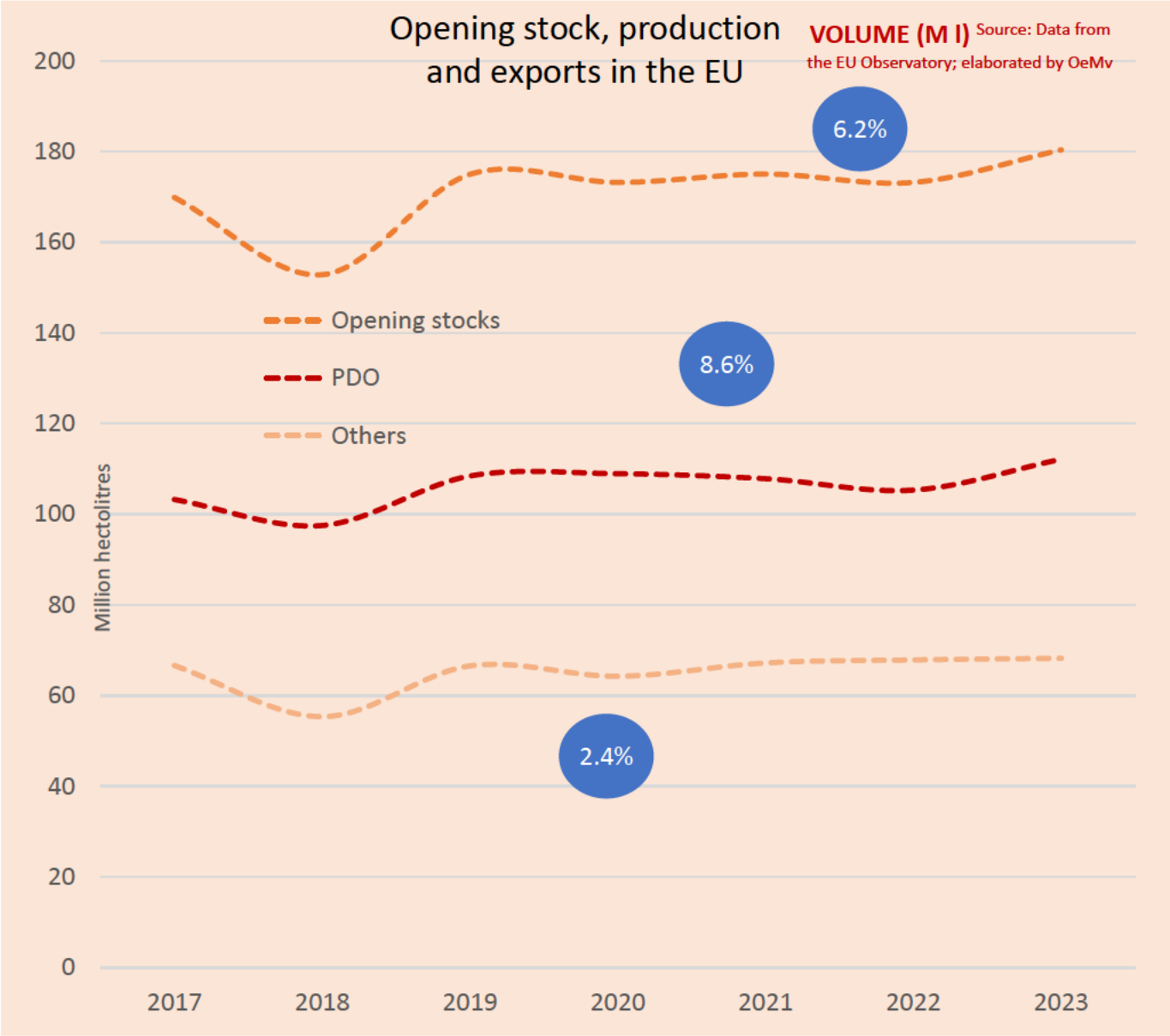




If things – prices – have not been worse – decreasing – is because lower sales have coincided with low production, avoiding thus excess availability... even though opening stocks in 2023 were relatively high.

In the last 7 years, the erratic but relative smaller production faced a decline in exports to third countries and led to increasing stocks.

Stocks...



Stocks...

... which have grown relatively more in PDO wines than in other categories.

Therefore, ...

... as regards to world wine trade:

- ☐ World wine consumption, particularly in third countries, stopped increasing in 2008, stabilized up to 2017 and is declining since then
- ☐ Accordingly, world wine trade in volume also stabilized first (2011-2021) and declined in the last two years (2022 and 2023)
- ☐ Previous stabilisation of wine trade was compatible with increasing prices... up to 2023
- ☐ Trade in bulk remains quite stable while larger changes occurred in bottled wines
- ☐ Among categories
 - ☐ Sparkling evolved particularly well after COVID, but declined in 2023 in volume
 - ☐ Bottled non-sparkling are the ones suffering the most
 - ☐ BiB remains stable
- ☐ Among exporters, we all reduced sales in 2023 but Canada; with Italy, Australia and Portugal showing lower negative rates. And all top exporters also reduced revenues last year.
- ☐ Among markets, radical downturn changes in the US, Canada, Japan and Russia in 2023 added to greater stability of UK, Germany, Netherlands and Switzerland; as well as the long-term decline of China
- ☐ Among regions, the EU is still the largest world market for wine, but with relative smaller growth than North America and Asia, with Latin America and Africa showing the strongest increase although from very low levels of consumption.

Therefore, ...

... as regards to the EU:

- ❑ World exports of EU member states (MS) have evolved much better than those of other producers, both since 2017 and also in 2023, and both in value as well as volume terms.
- ❑ The evolution of change rates show very big increase of revenues after COVID, followed by sharp decline in 2022 and 2023, particularly in Euros... with some signs of potential recovery in 2024.
- ❑ Comparing intra and extra trade of EU wine up to February this year:
 - ❑ Intra trade evolves better both since 2017 and in 2023, in value as well as in volume
 - ❑ Sparkling – mostly sold in third countries – experienced extraordinary growth after the pandemic, although extra EU sales declined in 2023
 - ❑ EU sales of non-sparkling bottled wines also evolved better within the EU than outside
 - ❑ While bulk trade is largely intra EU and remained more stable than bottled
- ❑ By category, still PDO wines are the ones showing larger increase after pandemic but also stronger fall in 2022 and 2023, vis a vis a more relative stability of non-PDO
- ❑ By colour, total exports (intra and extra EU) of white wines show fastest growth since 2017, also maintained in 2023 in value terms, and it is among red and rose still wines where the decline in the last two years is much stronger.
- ❑ Things have not been worse than to lower productions in 2023, but stocks are high.

- ☐ Yes, there is a recession in wine consumption and trade, but ...
- ☐ ... it is particularly affecting red and rosé wines
- ☐ ... more PDO than non-PDO wines
- ☐ ... more among other producers than for EU countries
- ☐ ... affecting more third than EU markets
- ☐ ... showing its most negative effects in 2022 and 2023
- ☐ And with certain signs of potential recovery in 2024

It is too early to talk about a long-term crisis.

The crisis has not been worse due to low harvest.

But some long-term trends may be identified and should make us start thinking about potential future changes



Liz Thach: President of the Wine Market Council (May 30th 2024):

"The industry needs to make a cultural and strategic shift that reflects the reality of the world we live in."

Thank you

International market
situation

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Brussels, June 10th 2024