

Prospects of the EU Wine Sector

1. Overview of the EU Wine Sector

The wine sector is intricately intertwined with the EU's economy and society. A recent report estimated that in 2022, the sector contributed to €130 billion, or 0.8% of the total EU's GDP, and generated 2.9 million jobs (1.4% of the EU employment), with notable ripple effects throughout the economy.¹ Wine production plays a pivotal role in sustaining the vitality of rural areas, nurturing wealth and innovation while remaining deeply rooted in their unique landscapes, histories, and rich cultural heritage. Internationally, wine is emblematic of the EU's traditional way of life, serving as a symbol of its identity to many nations around the globe.

Following the wine reform of 2008, the EU wine sector spectacularly shifted to higher quality and competitiveness, framed, and accompanied by the EU geographic indications (GIs) policy and more market-oriented wine national support programmes, constantly increasing the value of production and exports. Wine became the food product with the larger number and value of GIs and in 2023, more than two thirds of the EU wine production was protected by a GI. Taking advantage of the growing global demand for quality wines and of globalisation, the market value of EU wines constantly expanded, the export value tripled in the past two decades and became the second agri-food product for value exported, making up more than one-fifth of EU agri-food trade surplus.

At the shadow of this success, long-term trends remained rather undetected or not addressed adequately. The recent succession of conjunctural events including the US punitive taxes (Boeing case), the Covid pandemics, the Ukraine war, the general geopolitical tensions, and the acceleration of climate change aggravated the situation but did not bring structural problems more into the light despite sending worrying signals.

The identification and understanding of the long-term factors at play, potentially distinct from conjunctural fluctuations, is becoming increasingly urgent. This is paramount to guiding the sector through future challenges and maintaining its pivotal role in generating wealth within a swiftly evolving economy and society. This paper aims at identifying those factors based on the best available information and includes figures and facts presented in two expert meetings held in the context of the **EU Wine Market Observatory**. It analyses three key market aspects: consumption, trade, and production medium-term trends.

2. Challenges and Structural Issues

2.1 Consumption

The recent evolution of wine consumption, domestic and global, is the primary concern for the sector across the EU.

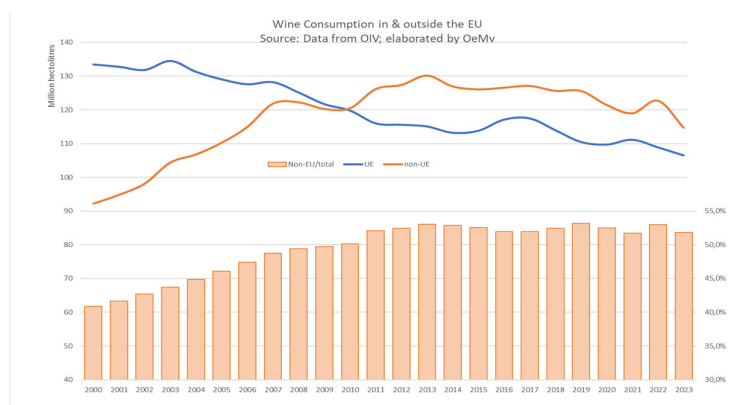
Key facts and figures

World wine consumption in 2023, estimated at 221 million hectolitres (mHl), is the lowest in more than 29 years². After increasing at substantial pace from year 1996 to peak in 2008, it remained

¹ PwC "Economic, social and environmental importance of the wine sector in the EU". March 2024. EUR 50 billion and 0.9 million jobs generated indirectly through the value chain.

² OIV 2023 - State of the world vine and wine sector in 2023

stable until 2018, when a consistent decreasing pathway started, with an overall reduction of almost 10% in the period 2017-2023. The most recent trends result from a long-lasting de-consumption process in the EU, and a more recent change in consumption behaviour outside the EU.



The evolution of domestic consumption is critical for the balance of our wine market, as the EU is still the main consumer in the world, in total and per-capita. The EU share over the world wine consumption decreased from 59% to 48% since year 2000, standing at about 65-70% of the domestic production (consumption estimated at around 110 mhl in the last 5 years, after declining by 20 mhl (20%)³ since 2000.

The decrease in consumption in the EU is a long-term process ongoing from the 1960s. In France alone it is estimated at 65% in per capita terms⁴. Since 2000/2001, consumption in France, Spain and Italy dropped by 30%⁵. In the last decade, EU consumption shrunk by an average of 1,2% per year, with France on the lead of the decline and Germany, a traditionally stable market, showing signs of de-consumption. Italy, Portugal, and Spain have more stable figures even with some slight increase⁶. Consumption frequency in France has sharply gone down: regular wine consumers shrunk from 62% to 30% between 1980-2022, while the share of non-consumers doubled, to 37%. Regular consumers dropped from 51% to 11%⁷.

The share of global consumption outside the EU grew from 41% to 52% in the period 2000-2011 and remained around this level since. Among the top consuming markets of EU wines, in the period 2000-2023, USA (+57%), UK (+32%) and Russia (+84%) increased their total consumption significantly⁸. In the last 5 years, however, the UK consumption has been stagnant. China's consumption rocketed in the early XXI century but shrunk suddenly between 2017 and 2023 below the levels of 1995; the recent drop in China (12 mhl in 6 years) is responsible for half of the global consumption decrease. Other countries remained relatively stable before Covid, while signals of de-consumption have become evident afterwards. The roots of this de-consumption seem like those in the EU. In USA, for instance, a demographic shift is bringing a cultural change where young adults have become less likely to use alcohol⁹; here also beer and liquors are surpassing wine as the preferred option for adults¹⁰.

³ Consumption data 2023 OIV ([Statistics | OIV](#)), and EU wine data (apparent consumption)

⁴ FranceAgrimer - Structural developments in production and consumption in France. EU Wine Market Observatory (21.11.2023)

⁵ OIV data as of June 2024 ([Statistics | OIV](#))

⁶ OIV data 2013-2023 as of June 2024 ([Statistics | OIV](#))

⁷ CNIV – Perspectives for the EU Wine Market. EU Wine Market Observatory (10.04.2024)

⁸ OIV consumption data as of June 2024 ([Statistics | OIV](#))

⁹ <https://news.gallup.com/poll/509690/young-adults-drinking-less-prior-decades.aspx>

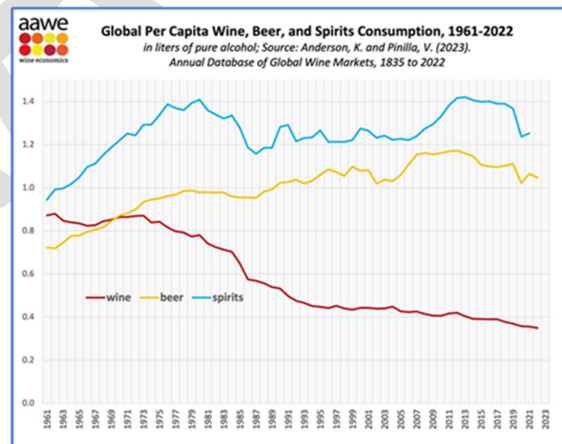
¹⁰ CEEV – Consumption Projections EU Wine Market Observatory 10.04.2024

By colour, the decline in consumption in the EU is concentrated on red wine, while white and rosé wines, especially sparkling wines, experienced stability or even some growth. Red wine consumption decreased by 40% in France, and by 30% in Italy, since the beginning of the XXI century; in other EU countries (Spain, Germany, Portugal), red wine followed the general wine de-consumption pattern¹¹. Red wines are also the most affected by the decrease in consumption globally. Since peaking in 2007, global consumption of red wines decreased by 15% (currently at 47% of global consumption); white wines, including sparkling, increased by 10% since 2010 (43%), and rosé wines have risen by 17% since 2000 (10%). The decline of red wine consumption has been partially compensated by the white, sparkling, and rosé wines, but overall global consumption maintained the downward trend through the XXI century. The drop in China, a key market for red wines, added to the EU's downwards trend, explain most of the crisis of red wines, while UK, USA or Russia have remained stable in their red wine consumption.

Considering quality schemes, domestic wine consumption has shrunk in volume, but improved in 'quality' (namely wines with protected denomination of origin or protected geographical indication (PDO/PGI)) and increased in unit value. The small niche of premium and super-premium wines has so far been unscathed by the de-consumption, and the most expensive wines were even able to increase their prices due to their niche appeal, customer loyalty and price-inelasticity (and in some cases even positive) demand. Mid-range price offerings, regardless of their PDO or PGI status, have been facing significant pressure. A large segment of the highly price-sensitive consumers seems favouring wines with competitive prices, including fresher wines, no and low alcohol products and wines packed in bag-in-box. These trends are most pronounced in the consumption of red wines.

Challenges and prospects

Some of the recent reduction in consumption is certainly due to conjunctural problems, including the uncertain global context, the erosion of the purchasing power of consumers, and geopolitical tensions. This may be subject to correction once these problems fade away. Nevertheless, it appears clear that some observed long-term trends are also underway, pointing at a structural reduction in global wine consumption, accompanied by a change in the mix of types of wine preferred by consumers.



Long term de-consumption is deeply rooted in the EU, where profound changes are occurring in terms of amounts, quality and types of wine consumed. These trends did not ring the alarms until recently due to a moderate decrease in domestic production, the shift to quality and more expensive wines, the expansion of external demand and globalisation. They became more evident with the acceleration of de-consumption that occurred after the Covid and weakening of the key external markets, which have been so far compensating for the de-consumption in the EU.

The domestic reduction in consumption is caused by multiple and intermingled demographic and cultural factors, which suggest that this decline is likely to continue unabated. More recently,

¹¹ OIV 2023 Evolution of World Wine production by colour

anchored in the same reasons, similar and even faster changes appear happening in key importing third countries.

The EU population structure is changing, and the negative population dynamics and ageing process play a crucial role for the projection of future consumption. In France, over the period 2014-2021 the number and volume of wine purchases decreased for all age groups, with the strongest drop, of 28%, for the group aged 18-34¹². The decrease in consumption affects all age groups, but the distribution of consumption is worrisome. The older generations remain the main wine consumers in frequency and volume, while the younger ones are turning their backs on wine, particularly, traditional wines, as the figures in 2022 show. In Italy, 57% of the daily wine consumers are over 60, while those below 44 represented only 16% (27% in 2009)¹³. In France, the population over 66 buys 4,7 times more bottles than the 18-35 age group¹⁴. In Spain the population above 65 consumes 40% of the volume sold, while the population below 35 drinks less than 5%¹⁵. Projections into the future are not optimistic, considering the population decline and the change in age composition. In France, a potential additional 19-27% decrease in consumption has been projected for 2034¹⁶. Similar results could be expected for other main EU Member States with similar demographic trends.

There are in addition several societal causes of the decline in consumption, often associated with the population structural changes. These include:

- *Health and wellness* concerns are driving consumers to reduce alcohol intake and seek for lower or no alcohol drinks (in France, 44% of the households declared in 2022 their will to limit alcohol consumption¹⁷); wine is not dissociated and considered as ‘alcohol’. In this context, the beverage market is increasingly filled with low and non-alcoholic products which production is simpler and faster, and not subject to strict regulations as wine.
- *New ways of life* go against wine consumption, including new meals habits (lighter and faster, cold, exotic, reduced in meat, and single-dish options); or shifts in ways of socializing, from open and physical to indoor and virtual. These affect chiefly red wines and are more suitable for whites and roses’ and especially, sparkling wines, and other beverages¹⁸.
- The increase in the share of population with *cultural backgrounds* (i.e., religious, ethnical) less or no acquainted with wine/alcohol also weighs on the total wine consumption.
- *Young generations* consume wine less frequently and in lower volume, being also more open to quickly change to different tastes and beverages, and experiencing different occasions for consumption, etc.
- Emerging *ethical and societal motivations*, with expanded preference for products and packaging suggesting sustainability, or the respect for climate and the environment.

Population tastes have been changing in parallel to de-consumption. Where wine is often perceived as a traditional beverage, a broad array of alcoholic drinks is innovating to satisfy all ranges of preferences. Within wine consumers, freshness, sweetness and drinkability are key sought features. Younger generations prefer wines which are lighter in alcohol, body, and colour, as well as sparkling and easy to mix wines. The general increase in temperatures also favours a higher demand for lighter and fresher products. Red wines are decreasing its appeal compared

¹² CNIV – Perspectives for the EU Wine Market. EU Wine Market Observatory (10.04.2024)

¹³ EFOW – Towards a paradigm shift. Insight from Wine Sales in the Italian Large Retailing Trade. EU Wine Market Observatory (10.04.2024)

¹⁴ CNIV – Perspectives for the EU Wine Market. EU Wine Market Observatory (10.04.2024)

¹⁵ COPA – Diagnosis of the problem in the Wine Market. EU Wine Market Observatory (21.11.2023)

¹⁶ CNIV- Perspectives for the EU Wine Market. EU Wine Market Observatory (10.04.2024)

¹⁷ CNIV – Perspectives for the EU Wine Market. EU Wine Market Observatory (10.04.2024)

¹⁸ CNIV – Perspectives for the EU Wine Market. EU Wine Market Observatory (10.04.2024)

with white and rosé wines in almost all wine consuming countries¹⁹. Red wines keep a majority share and chief preference in very few relatively small consuming countries, like China and Vietnam²⁰. While sparkling wines are getting most of the preference, and extending their occasions for consumption, as *aperitivo* or as a dessert, replacing liquor or sweet wines, and during meals.

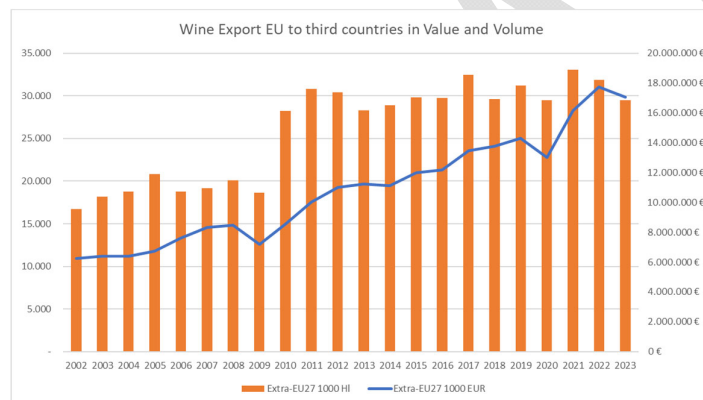
Other beverages are prevailing in consumer's choice, increasing the competitive pressure on wine. Beer has taken a significant market share from wine (e.g., in France beer increased from 15% to 25% and wine declined from 49% to 41% in the overall alcoholic beverages share in the period 2000-2022)²¹. Both wine producers and retailers acknowledge the success of other alcoholic beverages in reaching young consumers with novelties. In this context of increased competition with other beverages, prices and high marketing investments by the beverages industry also play a competitive disadvantage for wine.

2.2 Trade

Wine trade bloomed in the last decades, but there are signs of a change in tendency.

Key facts and figures

The volume traded worldwide almost doubled in the first decade of the XXI century and remained relatively stable in the second decade, around 100 mHl, to slightly decrease since 2020. However, the value of wine traded increased constantly and multiplied by three in the same period (EUR 37 billion in 2022) but also decreased by 5% in 2023 to EUR 36 billion²².



The EU leads global wine exports (EUR 17,2 billion in 2023), with France, Italy, and Spain widely dominating (84% of EU, 63% of global exported value²³). France alone accounts for one third of Global exported value. EU Volumes exported remained stable in the last few years, around 30-32 Mio Hl a year. In the last 20 years, trends in trade were very positive for the EU,

with exported volume increasing by 62% and exported value by 166%, well above the overall world figures. EU exports have however been declining since 2021, particularly non-sparkling white, red, and rosé wines. In 2023, volumes suffered a 7.5% drop compared to the previous year.

Since the latest wine reform in 2008 world exports of EU countries (making 76% of total world exports in value and 71% of total volume, excluding UK) grew at an annual rate of 4.1% in value and 0.2% in volume, at a higher rate than exports from third countries (3.3% and -0.1% respectively)²⁴.

¹⁹ COPA: Diagnosis of the problem in the Wine Market; EFOW – A temporary crisis or a paradigm shift in Wine Markets? EU Wine Market Observatory (21.11.2023)

²⁰ OIV 2023 Evolution of World Wine production by colour

²¹ EuroCommerce - Trends in Sales of WINE. EU Wine Market Observatory (21.11.2023)

²² OeMv - International Trade Trends. EU Wine Market Observatory (10.06.2024)

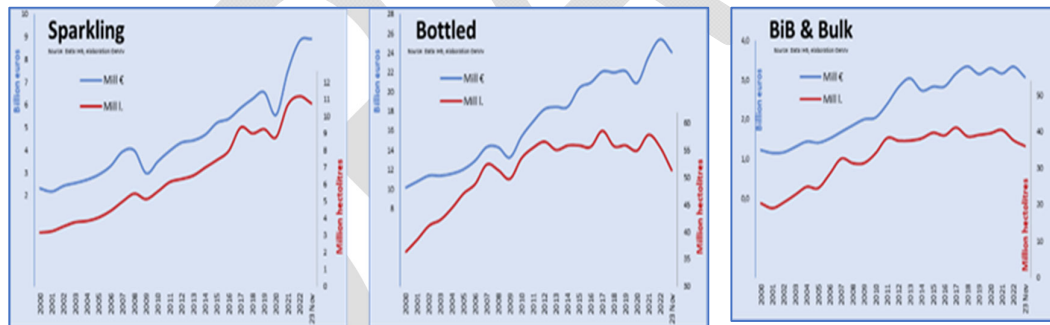
²³ Comext Data and OeMv International Trade Trends presented at EU Wine Market Observatory (10.04.2024)

²⁴ OeMv – International wine trade Factors affecting consumption & trade trends. EU Wine Market Observatory (10.04.2024)

Recent trends in key markets have impacted the sector. The EU exports to UK reduced by -8.5% in volume but increased 35% in value (3.4 Bio€ in 2023) in the past 10 years. In USA, the EU exports grew significantly in the past two decades (68% in vol, 150% in value)²⁵ but are dropping recently due to a combination of factors such as overstock of unsold wine following the post-Covid catch-up and lower sales (total imports decreased by 15% in 2023²⁶). In China, wine imports thrived from 2005 and peaked in 2017, but more than halved afterwards due to various reasons, mainly substitution with domestic production, drop in consumption and change in consumers preference. As exceptions, certain quite important markets such as Russia and Switzerland have kept and even expanded their EU imports.



By colour, exports of white wines outperformed reds, showing an increase of 15.8% from 2010 to 2023, while red and rosé wines decreased by 7% in the same period. Among the white wines the *sparkling wines*, grew close to 7% CAGR (compound annual growth rate) in both value and volume in the period 2000-2023. Even in adverse circumstances, sparkling wines continued to behave well and showed resilience compared to other categories. Very successful examples in this category include Prosecco and Champagne²⁷.

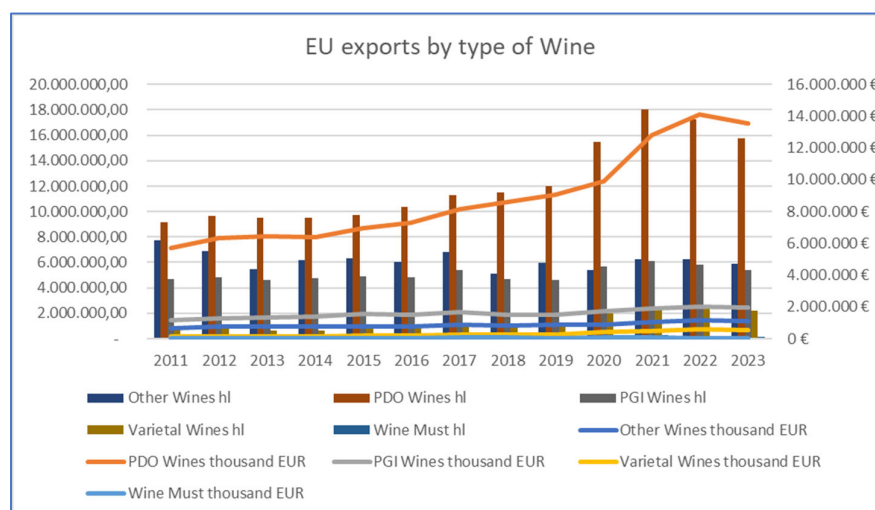


When analysing wines under quality schemes (PDO and PGI), wines with geographical indication outperformed non-protected wines in value and volume. In the last decade, the trends for both categories of wine show a similar, steady behaviour, though GIs wines remained more stable in volume exported. While PDO wines experienced a consistent growth in value, driven by rising prices, PGI wines experienced more fluctuations. In the same period, wines without indication have seen a marginal decrease, with better behaviour of varietal wines. In volume, PDO and PGI wines had modest increases, as well as varietal wines, while wines without indication stagnated.

²⁵ Eurostat (Comext) data ([europa.eu](https://ec.europa.eu/eurostat))

²⁶ Eurostat (Comext) data ([europa.eu](https://ec.europa.eu/eurostat))

²⁷ OeMv – International wine trade Factors affecting consumption & trade trends. EU Wine Market Observatory (10.04.2024)

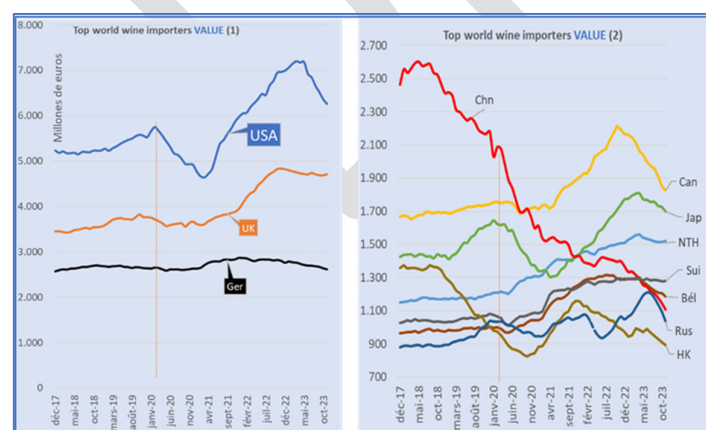


Challenges and prospects

International trade is experiencing changes and facing uncertainties due to surplus supply and weakening demand. The interplay of a significant downturn in consumption—where the structural factors analysed in the former section (health concerns, shifting demographics, shifting consumer preferences) are underway worldwide—and a series of international conjunctural factors (political, logistic, conflicts) combined with the decrease of consumers purchasing power, have put demand under severe pressure. In this context, the EU and other traditional wine producing countries, such as Australia²⁸, Chile²⁹ are experiencing overproduction, pointing to a global structural market issue.

The current trade dynamics, where different countries exhibit varied preferences and consumption patterns and where new wine enthusiast countries may chip-in, underscores the need of the sector to adapt quickly to diverse and emerging market trends. In a world with an accrued competition, only those most able to satisfy new market demands will thrive.

So far, the EU has maintained a strongly positive trade balance, sustained also by the premiumization trend and the growth in organic and, to a lesser extent, low-alcohol wines.



Market Observatory 10.04.2024 EU Observatory OeMv

However, the dependence on few main importing countries involves high risks for the future. While EU wines are sold worldwide, two markets (USA, UK) account on average for 40% of EU exports in volume and 42% in value³⁰ in the past five years. In total 9 countries absorb 80% of EU exports in value (USA, UK, Switzerland, China, Canada, Japan, Russia, Singapore, and Hong Kong)³¹. In the last few years, trade with our main wine-

²⁸ <https://www.wineaustralia.com/news/media-releases/wine-inventory-remains-high-despite-steady-sales-and-reduced-production>

²⁹ OEMV International wine trade Factors affecting consumption & trade trends. EU Wine Market Observatory

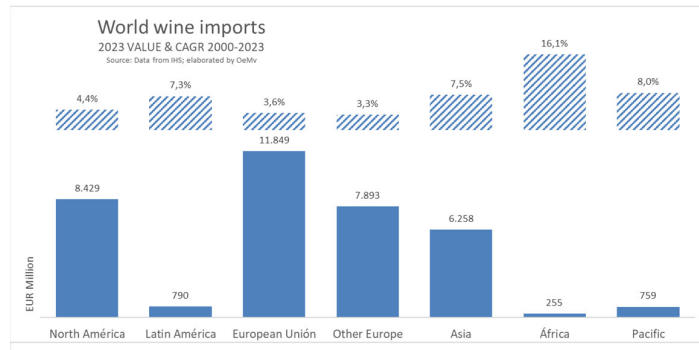
³⁰ Eurostat (Comext) Marketing year 2023/2024 ([europa.eu](https://eurostat.ec.europa.eu/en/statistics-explained))

³¹ Eurostat (Comext) Marketing year 2023/2024 ([europa.eu](https://eurostat.ec.europa.eu/en/statistics-explained))

importing countries has shown symptoms of fatigue and experienced significant declines in volume.

While these recent trends might also be due to conjunctural factors, general consumption patterns mirroring those in the EU and due to the same factors, are clearly underway also in traditional importing markets. Recent geopolitical events, such as the Boeing case in USA, Brexit in UK, frictions with China and Russia, have been adding further risks for traditional EU export destinations. This urges wine producers and traders to diversify and explore also other promising markets, with growing populations and wealth and openness to wine.

Growth opportunities seem to exist in emerging markets like Africa, Latin America, and East Asia. Asian markets, which contribute 17% to global wine trade and grew quickly until recently, show unclear trends and altogether are evolving now at a pace comparable to the traditional consuming regions. Conversely, Africa and Latin America have



shown significant annual growth rates in imported values, of +16.1% and +7.3% respectively per year in the last 23 years; although they currently represent a small fraction of the market (altogether 2.9% of imports in 2023), their potential seems high due to low current consumption and the projected demographic growth. Penetration in new markets require significant marketing efforts and adjustments of the products to the local tastes and consumer behaviours, which are often outside the traditional schemes of most of the sector.

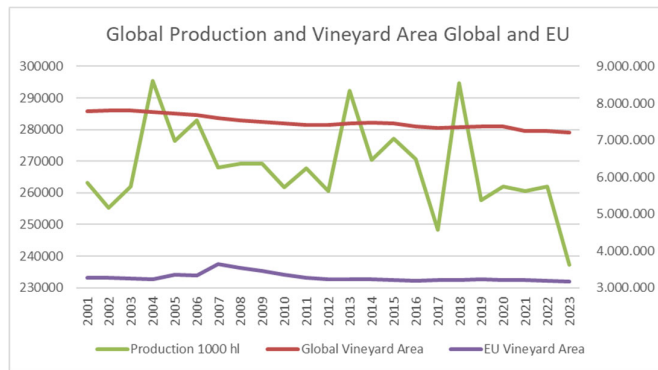
Certain types of wines (i.e., sparkling, fresh, low/no-alcohol, various innovative, organic wines), apparently better adapted to new tastes and ways of drinking, have succeeded in the international markets despite the de-consumption landscape and increased competition from other products. This suggests the need of the sector to improve further the analysis of the trends in various international markets and adapt faster the portfolio of products supplied and market strategies.

A market polarization long-term trend is evident in international markets, with a growing preference for wines at the extremes of price: premium and lower-priced and popular (i.e. fresh, sweet, light) wines. While premium wines are thriving, middle-range wines face challenges, globally, mirroring a pattern observed already in domestic EU consumption. The market is becoming increasingly stratified, with the extremes (premium wines on one side, popular and cheap wines on the other) likely to maintain or enhance their positions, while the mid-range wines face a challenging future, potentially leading to a market consolidated around value and premium offerings.

2.3 Production

Growing uncertainty is the main concern of wine production, with increasingly larger and frequent swings and consequent difficulties to regularly match production to demand.

Key facts and figures



World wine production remains slightly below the 20-year average, at around 260 mHl, mirroring a global reduction in vineyard area of about 5%, from 7.7 to 7.2 million hectares (Mha)³².

The EU's vineyard area represents about 43% of the world total. It has decreased more significantly than the global area, due to the main eight wine producing Member States that were in the Union in

year 2000, which lost about 14% of the total vineyard area, from 3.27 to 2.81 Mha. The EU vineyards area decreased through grubbing up mainly in the aftermath of the 2008 wine reform, which aimed at improving market orientation towards competitiveness and wine quality and stabilised by 2015 at around the current level of 3.2 Mha. The decrease occurred in most Member States (SK by 28%, PT and SI by 10%, HU, AT, ES and RO by 3-6%); it slightly increased in some: IT by 5.8%, FR by 1.5%, DE, GR, and CZ by 1%³³.

Despite the reduction in vineyard area and switch of most of the production to GI wines, EU wine production slightly increased since year 2000 due to high yields; it remained in average around 160 mHl in the last 5 years (this is about 60% of world production, with IT, FR and ES as key producers taking 80% of EU total). Around these average values, since the 2010s the interannual variation have been increasing in frequency and magnitude, widely ranging between 140 and 190 mHl. National and regional fluctuations have been even larger, with minimum and maximum production in FR between 38 to 55 mHl, in IT from 36 to 48 mHl, and ES from 32 to 52 mHl. In 2023 a country like FR achieved a decadal record, while IT and ES recorded decadal losses.

Production by colour is showing differentiated pathways. Red wines, in the past the wine reference of the sector, have been overtaken by white wines since the 2010s. Since 2015, red wines have shown a sharp decrease of about 10 mHl (current production 60 mHl), while white wines (including base wines for sparkling wines) have mostly taken up this loss (current production 85 mHl). In terms of area, vine varieties for red wine were still above those for white wine in 2020, with 1.5 and 1.3 Mha³⁴, respectively.



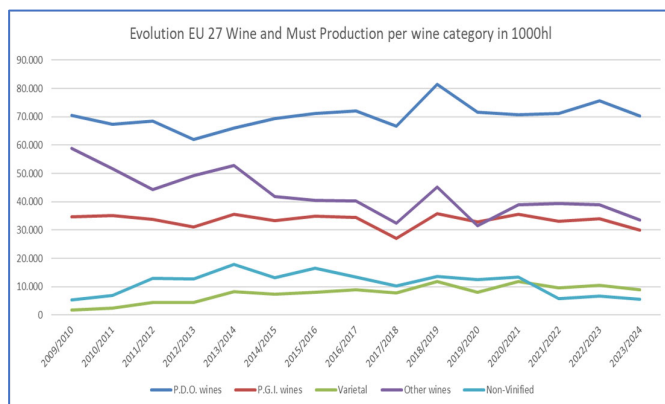
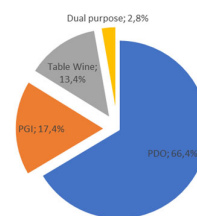
³²OIV, 2023 ([Statistics | OIV](#))

³³ DG AGRI data

³⁴ Eurostat [Vineyards in the EU - statistics - Statistics Explained \(europa.eu\)](#)

Production by types of wine in the period 2010-2023 show a certain stability for wines with PDO and a slight reduction of PGI wines. Varietal wines increased sharply, although from very low level. Wines without GI accounts for the whole reduction in the total wine production. More than two-thirds of the wines produced are GI wines, with 47% being PDOs and 22% PGIs. The conversion to PDO and PGI of many vineyard areas increased the area planted for wines with GI (66% under PDO and 17% under the PGI in 2020), but maintained the total production of those wines, due to the maximum yields per hectare contained in the GI specifications. The transformation of most of the

Area of vineyards per type of production 2020 - Wine grapes source: Eurostat [\(europa.eu\)](#)



Source: DG AGRI data

the vineyards' area into GIs helped to stabilise their volume of production (GI production has been stable around 105 mHl), while the fluctuations of production were mostly for wines without GI (which have moved sharply in the range between 50-75 mHl).

Organic production has increased outstandingly in the EU, to reach 12% of the total vineyard area. Spain and France have about 140.000 ha each dedicated to organic grape

production³⁵. In IT, organics cover 19.7% of the national vineyard area and grew by 138% since 2012³⁶.

Challenges and prospects

Wine production in the EU is adapting to the new demands in terms of colour, quality, and typology (e.g., organic wines), though apparently at a slower pace than required by domestic and especially international demand. Currently, many producers in certain regions perceive a global imbalance in the wine market, with an excess of supply compared to demand, and suggest reducing oversupply.

The wine sector is extremely vulnerable to climate change. Change in climate is accelerating more than expected and production is hardly predictable and at risk of becoming non-viable in some regions. Extreme weather events are increasing in frequency and intensity; drought, hail, late freeze, excess of humidity or temperatures are increasingly affecting EU production. Known pests and diseases are changing their behaviour and capacity to produce damage and getting more challenging to contain. These factors can also negatively affect the production methods that rely on lower inputs (i.e., organic and others). Climate change is making the desired quality of the grapes more difficult to obtain and predict, and the recognisable features of one same brand of wine are difficult to maintain across the years. Higher temperatures lead to wines with higher alcohol content, heavier and less palatable, particularly in a context of hotter weather that incites the consumption of fresher beverages. This is especially evident for red wines that are suffering a considerable increase of their average alcoholic strength, which is the opposite to what the consumers are currently demanding. Significant adaptation is already taking place, as producers

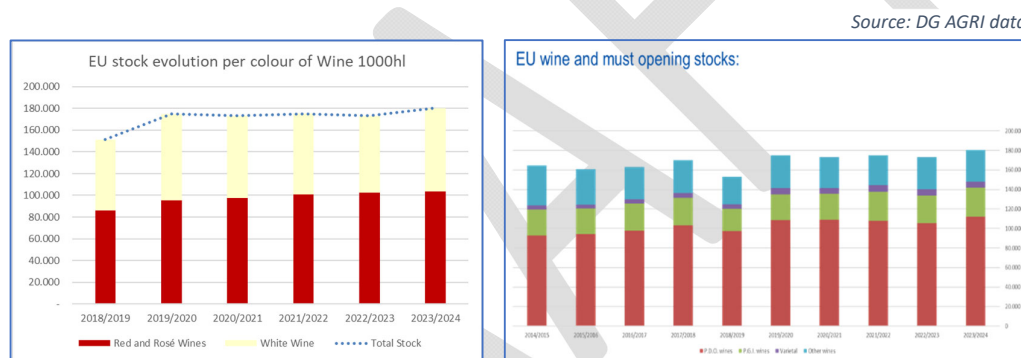
³⁵ <https://www.statista.com/statistics/1302545/global-organic-wine-vineyard-area-by-country/>

³⁶ ISMEA – Tendenze e perspective del Vino italiano EU Wine Market Observatory (21.11.2023)

have changed some agricultural practices, invested in different types of vines/varieties, harvest methods and vinification practices.

One way to increase resilience relies on varieties and the rootstocks. The current wine production worldwide is based on a narrow portfolio of varieties that have been selected and promoted in the last decades in the “old world”: one third of the vineyards in the world are planted with only thirteen varieties of *Vitis vinifera* (and 50% of the area, with 33 varieties), neglecting around other 10 thousand varieties known in the world³⁷. Tests with native varieties and hybrids more resistant to harsh weather conditions and to diseases are rather widespread but still need more time, research, and practical experimentations to be able to select the right ones for each area and the desired taste.

The increasing uncertainty of production is the main sector concern. The ample fluctuation in production brings unprecedented uncertainty, putting under heavy and continuous stress income and investments, the structure of production and the supply chains and disrupting regional markets: where low years produce insufficient wine to satisfy the traditional markets, high years lead to excessive stock accumulation, putting pressure on regions with slower sales. This situation impedes a smooth and efficient management of the wine market. Producers face the problem to match a less and less predictable supply with a reduced and shifting demand, with consequent risks of losing markets and accumulating structural stocks.



Producers of PDO wines and producer associations are particularly vulnerable to this situation, that would require stronger collective forms of association, with more possibilities to smooth annual fluctuations, diversify geographically and product categories in their product portfolio, as well as enhanced capacity to support their members to confront damages to production.

3. Recommendations an opportunities

The experts of the Wine Market Observatory underscored the need for a strategic approach to address the structural issues and dynamics affecting the global wine market, highlighting the importance of adapting to changing consumer preferences and market conditions. Options entail:

- The long-term de-consumption trend suggests a need of assessing a possible reduction in overall supply, to align it with a shrinking global demand.
- Strategies to adapt to markets evolving towards enhanced stratification include opening from tradition to a wine offer adapted to new demands: more accessible wines adapted to new tastes (fresher, lighter, sweeter, innovative, sustainable) can increase the appeal from the younger

³⁷ [OIV - Distribution of the world's grapevine varieties \(en-distribution-of-the-worlds-grapevine-varieties.pdf \(oiv.int\)\)](https://oiv.int/en/distribution-of-the-worlds-grapevine-varieties.pdf)

groups, while keeping and enhancing the market of traditional wines for other targets of consumers. Popular wines can coexist with premium wines and satisfy all ranges of consumers.

- To face this challenge, there is a need to better explore consumer preferences in a changing world, both in traditional markets, where tastes and lifestyles are quickly changing, and in new geographies and cultures for potentially adapting products to different tastes and habits.
- Despite recent economic difficulties, new cultural or ethical motivations in the purchases remain important, including references to ‘natural’, ‘no additives’, ‘not filtered’; ‘native’ with appealing narratives; ‘artisanal’; ‘local’; ‘ecological’; ‘sustainable certified’; ‘heroic wines’.
- Low and no-alcohol grapevine products hold a big growth potential, as consumers are more appealed by these types of beverages. The potential improvement in quality and taste of those wines can help expand this market niche and recover, at least partially, those consumers more careful with alcohol consumption.
- Fostering product innovation in response to evolving consumer preferences is an essential investment, which involves research, innovation, and openness in production methods, facilitated by the regulatory framework. Innovation is also perceived beyond the product, i.e., in packaging, presentations, narrative and promotional messages.
- Linking the EU wine to values such as tradition, sustainability, landscape protection, culture, gastronomy and tourism, or the wealth of rural areas and population, provides a competitive advantage to wine as compared to other beverages that should be better exploited.
- These elements could be accompanied by promotion, fostering the particular features of the EU wine sector, adapted to the new times.
- To address production challenges, adaptation to climate change is essential both by addressing the short-term fluctuations and weather events as well as the longer-term pattern shifts. Adaptation requires comprehensive strategies starting at national level and ending at the holding/producer level. The vineyard is a multi-decade investment and requires good climatic projections to guide decisions of producers and policy makers.
- The EU wine sector needs adaptation with investments in sustainable practices, new viticulture technologies and reinforcing the appeal of local and indigenous varieties, to ensure the long-term sustainability and success of the sector. A general mobilisation of research and innovation with professional support and knowledge transfer on the ground is critical for a quicker deployment of both historical autochthonous and eventually new suitable varieties.
- There are options for further and better promoting exports, in both traditional and new markets. Better targeting the promotion policy and programs to consumers in third countries is also needed, tailored to specific demographic and cultural segmentations.
- Leveraging the wine market through digital and direct sales provides an alternative market opportunity not sufficiently seized.
- The EU's regulatory framework, which guarantees competitiveness, quality, tradition and protection of EU wines, and EU promotion strategies for the EU quality products are essential in maintaining the leading global position.
- Certain legislative adjustments may help accommodate the production of grapevine products to the new consumer preferences and secure the position of the EU in a competitive global market. Adapting regulations should also aim at reinforcing the resilience of the sector, addressing production, consumption, and trade uncertainties in a shifting and unstable world.