



Brussels,  
AGRI.E.2/VL/pgg (2022)5069330

## MINUTES

### *Meeting of the EXPERT GROUP WINE MARKET OBSERVATORY*

**10 June 2022**

Chair: AGRI.E2

Delegations present: All delegations were present, except ECVC, IRTA, CEJA and EFOR.

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

Unit AGRI E2 chaired and opened the meeting. 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, to evaluate the perspectives of organic viticulture and to discuss on the evolution and trends of EU exports including the context of war in Ukraine.

#### **3. List of points discussed :**

##### **3.1. Update of the Terms of Reference of the EU Wine Market Observatory:**

The COM briefly informed the members of the update of the terms of reference of the Observatory, which detail the framework and the expected objectives of this group.

##### **3.2. Wine market situation:**

The COM presented an update of the market situation, underlining the following: the overall wine and must production 2021/22 declared in March 2022 stands at 159 Mio Hl. The fall in production is half of the estimation made last October, with a decline of -7% as compared to the production 2020/21 (170 Mio HL in 2020/21).

With 50.4 Mio Hl, IT stands as the largest EU producer with 32% of total volume production, followed by ES (39.4 Mio Hl, 25%) and FR (37.2 Mio Hl, 23%). These three MS alone represent 80% of the Union production. Two thirds of the wines produced are quality wines (this proportion remains stable: 45% are PDOs and 21% are PGIs). Stocks remains at a stable level (175 Mio Hl), representing more than one year of average

production. Exports reached record levels in 2020/21, and this trend continues for the first 8 months of the current campaign.

COPA-Cogeca made an update of the positive situation in IT on exports though some recent trends to slowing down, and expressed some concerns on the prospects (war in Ukraine, issues with logistics and availability of materials, economic perspectives in China), and highlighted the heterogeneity of Italian PDOs as a factor making it difficult to monitor the price trends.

CEVI supported his intervention, and expressed concerns on the transport limitations to key markets such as USA, in particular for young wines, rosés, etc., consumed mostly in summer. In this regard, she asked for agile systems to facilitate the internal market as an alternative to exports that could be lost. To reduce a possible risk of dependence to external markets, some actors on the Italian market are asking for a reduction of Italian excise duties as well as an authorization to direct sales of wines by producers to consumers.

### **3.3. Perspectives of organic viticulture**

The COM presented some figures on organic viticulture.

- In 2020, 13,2 % the total EU area under grapes were organic. For the target of 25 % of organic in 2025, the viticulture is in good position; in 2020, only 9.1 % of the total utilised agricultural area were organic.
- The fastest progression of viticulture compared to the utilised agricultural area were noted in BG, ES, FR and LU, while in DE, IT and CY the percentage under organic were comparable.
- In CZ, EL, HR, HU, AT, PT RO, SI, and SK, organic percentage for grape area were below the percentage of utilised agriculture area.

The data from the International Organisation of Vine and Wine (OIV) confirmed the leading role of EU for organic viticulture: in 2009, certified organic vineyards area accounted for 381.000 ha, representing 84 % of the world's total certified organic vineyard.

The COM confirmed that the support for organic production will continue via the action plan for organic production.

A member of the Observatory (CEEV) pointed out that the organic wine is a sector with strong growth and deserves attention, including on the need to address the sensibility of certain varieties used in organic production to certain diseases. A dedicated point on this subject will be planned for the next meeting of the Observatory, in November 2022.

### **3.4 Evolution and trends of EU exports including the impact of war in Ukraine:**

#### **Regarding the impact of war in Ukraine:**

- According to COPA-Cogeca, beverages and alcohols represent the third Russian trade deficit in value in 2021 (-1.8 Bio€). These imports are mostly from the following countries: Italy (15%), France (13%) and the United Kingdom (11%). The French market share is growing faster than these competitors and the

European average. Russia's imports from France include wines (54%) and alcohols (38%), in particular whiskeys. Therefore, the situation in Ukraine does not have for now an important impact on the EU wine sector, obviously except for companies specialized on the Russian market.

However, the war in Ukraine has also an indirect impact on EU exports of wine: lack of raw materials at all levels of production and cost increases (cardboard, paper, glass, increase in the price of energy and input costs).

- **According to Eurocommerce, regarding the economic context in Europe:** household confidence in Europe has been shrinking in recent months. Households continue to anticipate price increases in the coming months. In terms of retail channels, the sales of non-specialised food retailers continued to grow. At the same time, food service sales have returned to growth in 2021, but their level remains below 2019. Retailers do not expect demand changes in relation to bread, milk, extra-virgin olive oil, but expect decreases in demand for fresh seafood, cheese and wine.

Some clarifications following questions from the floor:

China is an important market for French wines, experiencing evolution. The reduction in volume exported to them is due to a combination of geopolitical reasons, and the increasing trends to consumption of luxury wines rather than increasing quantities.

In Germany, imports of wines are being reduced due to the consumers being more focused on consumption of national wines, not due to a reduction in consumption.

The impact of the war in Ukraine in the exports is limited, and that the main concern currently is the increasing costs of raw materials.

### **3.5. Major trends in France in terms of wine consumption**

Eurocommerce made a presentation on the French wine consumption patterns:

- The favourite alcoholic beverage of the French since 2015, still wines (49%, -1 point), are in 2022 in close proximity to beer, which has increased since 2021 (51%, +12 points).
- Wine remains in first place among the preferred alcoholic beverages for women (45%) while men prefer beer (59%). Champagne remains in third place for both sexes (31%). Nearly one French in five cites spirits in cocktails.
- Still wines are preferred by the older generations, with a gap of 28 points between the 18-25 years old (33%) and the 60-65 years old (61%).
- In 2022, the average budget for buying a bottle of wine continues to increase. The 11-20€ category reaches 56%, +34 points since 2013, and the more than 20€ category for the purchase of a bottle represents 23%, +17 points since 2013. Among consumers who allocate a budget between 11€ - 20€, 59% are particularly interested in the world of wine.
- In 2021, 46% of French people bought wine online. This figure will drop to 41% by 2022. After the reopening of shops, the number of online buyers has not returned to pre-pandemic levels, a sign that habits have structurally evolved during this period.

- Online purchasing remains more common among 18-25 year olds (55%), 26-35 year olds (53%) and wine connoisseurs/experts: a quarter are major online wine buyers (+3 points).
  - Hypermarkets and supermarkets account for the bulk of still wine purchases, regardless of category. Discounters and convenience stores are over-represented in foreign wine purchases, while direct sales, wine merchants and other specialists are over-represented in standard PDOs and PGIs.
- **Still Wines: home consumption 2021 & Q1 2022:** household consumption of wine decreased by -5,5% in volume in 2021 (vs -0,8% in volume in 2020) compared to 2020 and -6,3% compared to the average 2018-2020. The consumption decreased by -1,5% in value compared to 2020.
- Consumers tend to buy more expensive wines, in contrast to previous years. The average price was €4.91 per litre, up 4.2% on 2020 and +4,9% on the 2018-2020 average.
- Only white wine purchases increased in 2021 (+3,2% in volume and +8,5% in value). Sales of still wines are down by 10% in volume in Q1 2022 compared to Q1 2021 (-10% also compared to the 2019/21 average) and 10% in value (-6% compared to the 2018/20 average). In contrast, the price paid was €4.66/l, which is stable compared to 2021 (+4% compared to the 2019/21 average).
- **Organic market:** in 2021, organic wine sales in supermarkets amounted to 36.2 million litres, for a turnover of 271.2 million euros (-0,4 % in volume and +2,8 % in value compared to 2020). In terms of valuation, the dynamic is slowing down, but remains strong. Representing a little less than 4% of GD wine sales, organic wine accounts for almost 6% of sales in 2021.

Some members reported about **Wine consumption in Italy**, which increased during the lockdown and is currently going back to normal, and consumption transferred back to the restoration business. Italian consumers are consuming mostly national wines, and online sales are increasing.

### 3.6. EU Agricultural Wine Outlook survey:

The COM presented a questionnaire on wine survey regarding the latest medium-term outlook, and invited the members to participate and to disseminate this survey to the maximum actors of the sector, so that the results of this survey will be as representative as possible.

The survey is available here: <https://ec.europa.eu/eusurvey/runner/196de1ef-4aca-fc70-6e71-c6ab31431b35>

## 4. Conclusions:

The Commission services thanked the participants, but regretted the low level of participation to this meeting, and therefore suggests a possible revision of the membership structure of the observatory.

The meeting started at 9h30, and ended at 11h45.

## 5. List of participants:

See Annex

**6. Next meeting**

14 November 2022

[e-signed]

Michael SCANNELL  
Acting Director

List of participants– Minutes  
*Meeting of the EXPERT GROUP WINE MARKET OBSERVATORY*  
**10/06/2022**

<b>ORGANISATION</b>
Comité Européen des Entreprises Vins (CEEV)
Confédération européenne des vignerons indépendants (CEVI)
Eurocommerce
European agri-cooperatives (COGECA)
European farmers (COPA)
Institut de Recerca i Tecnologia Agroalimentaria (IRTA)