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Italian wine prices fell more than 2%, squeezing producers’ margins

Unione Italiana Vini said demand stayed flat despite rising energy, glass, transport and packaging costs.

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Italian wineries are facing a sharper squeeze on margins as retail wine prices fall even while production and distribution costs keep rising, according to new figures cited Wednesday by Unione Italiana Vini, the country’s main wine industry association.

The group said consumer wine prices in Italy dropped by more than 2% over the past year, even as overall inflation remained above 4%. That gap is making it harder for producers to protect earnings, especially because lower shelf prices have not led to a meaningful increase in sales. Demand, the association said, has remained broadly flat.

The combination is creating pressure across the sector. Wineries are paying more for energy, gas, glass, transport, logistics and packaging materials, but many are struggling to pass those higher costs on to consumers. When final prices weaken instead of rising, the burden falls directly on producers' margins.

That pattern matters in Italy because wine is not a niche business. It is one of the country's leading food and beverage industries, with total revenue of about 14 billion euros, a trade surplus of more than 7 billion euros and more than 900,000 jobs when related activities are included, according to the data cited by the association. Any prolonged mismatch between selling prices and input costs can therefore affect not only winery balance sheets but also growers, bottlers, transport companies, glass suppliers and exporters tied to the sector.

The latest numbers also point to a wider problem for the beverage market. When a major wine-producing country cannot translate lower prices into stronger sales, the pressure shifts to efficiency, cost control and supply chain savings rather than volume growth. That could become a broader concern for drinks producers that rely on similar inputs, especially packaging, freight and energy, if weak consumer demand continues to limit pricing power.

For wineries, glass remains one of the most visible pain points because bottle costs have risen alongside other packaging expenses. Logistics is another area under strain, with transport and distribution costs adding to the pressure on both domestic sales and exports. Energy and gas bills continue to weigh on operations in vineyards, cellars and production facilities.

The issue is especially sensitive for a sector that plays an important role in Italy's external trade. Wine has long been one of the country's strongest agri-food export categories, and a sustained compression of margins could make it harder for producers to invest in promotion, innovation, sustainability projects and market expansion.

Smaller wineries may be particularly exposed because they often have less room to absorb cost increases or negotiate better terms with suppliers.

Against that backdrop, the industry is calling for structural measures at the European level to help contain costs and protect the economic sustainability of wine businesses. The association did not present a detailed package in the figures released Wednesday, but its message was clear: producers say they need broader support as rising operating costs and soft pricing combine to weaken profitability.

The latest data suggest that the central problem for Italian wineries is no longer only inflation itself, but the inability to recover those higher expenses through stronger prices or faster sales. With demand largely stagnant and costs still elevated, the sector is entering a period in which balance sheet resilience may matter as much as harvest quality or export reputation.