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Italian wine producers face an 8.9% cost surge that squeezes margins

Retail wine prices fell 2.6%, leaving wineries with weaker pricing power in a market where 35% of Italians may cut purchases

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Italian wine producers are facing higher production costs just as household demand weakens, a combination that is squeezing the sector’s margins and prompting calls for more government support.

On Friday, November 13, Unione Italiana Vini, or UIV, said the recent return of inflation in Italy has intensified pressure on the country's wine industry. The trade group pointed to data showing that production costs in the sector rose 8.9% from a year earlier in September, according to Ismea, while retail wine prices fell 2.6%, according to Istat.

That gap matters because wineries are paying more to produce and bottle wine while the prices consumers see on store shelves are moving in the opposite direction. The result is a growing mismatch between costs and revenues at a time when many businesses are already dealing with weaker sales at home and a more difficult export environment.

UIV also cited a survey by Noto Sondaggi for Il Sole 24 Ore showing that 35% of Italians are ready to cut wine from their grocery purchases. For a sector that depends both on domestic consumption and international demand, that points to softer spending from households under pressure from higher living costs.

The industry group said the picture has been made more difficult by higher energy costs, which are hitting wineries without a corresponding increase in selling prices. Energy is a key expense across the wine supply chain, from vineyard operations and cellar management to bottling, storage and transport, and sustained increases can quickly erode profitability, especially for small and mid-sized producers.

Lamberto Frescobaldi, UIV's president, said the sector is increasingly having to deal with external pressures in a market that is already under strain. He said the government's budget bill includes measures that could help the wine industry, including support for energy costs and incentives for investment in energy efficiency, and he called for those measures to be implemented quickly.

Frescobaldi also urged the government to provide an additional extraordinary allocation for promoting Italian wine in foreign markets, on top of the resources already planned for international expansion. He said that support is needed to protect the competitiveness of Italian wine companies as they confront the effects of tariffs, weaker consumption and broader difficulties in overseas markets, along with stronger competition from newer wine-producing countries.

The data described by UIV highlights a broader problem for the beverage business. When production costs rise faster than final prices, companies can face lower margins and less room to invest in marketing, technology and foreign distribution. For wine producers in particular, that can limit their ability to defend market share abroad at a moment when global competition is intensifying. If the pressure persists, it could also affect spending decisions across the supply chain, from growers and bottlers to logistics providers and exporters.

The warning comes as Italy’s overall inflation rate reached 5.4% in October, according to the figures cited by UIV. For the wine sector, however, the challenge is not only inflation itself but the uneven way it is being absorbed. Producers are dealing with higher input costs, while consumers are showing greater price sensitivity and in many cases cutting back on discretionary purchases.

That combination leaves wineries caught between rising expenses and weaker pricing power. It also raises the stakes for the government measures sought by UIV, particularly on energy support and export promotion, as the sector heads into a period marked by fragile demand and tighter competition in international wine markets.