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Chile’s wine industry expects sales to fall 4%-5% in 2026

Producers say easing freight costs and steadier export markets could bring a more stable 2027, with Brazil leading demand

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Chile’s wine industry expects another difficult year in 2026, with sales likely to fall 4%-5%, but it sees a more stable outlook for 2027 as freight costs ease and major export markets become less volatile, according to Alfonso Undurraga, president of the trade group Vinos de Chile.

In an interview published Saturday, November 21, Undurraga said the sector had started 2026 on a stronger note, with a solid first quarter that raised hopes of a recovery. He said that changed in March, when tensions involving Iran pushed up oil prices and transportation costs, hurting a business that depends heavily on overseas shipments and already faces weak global wine consumption.

Chile exports about 80% of the wine it produces by volume, according to figures cited from the country’s Office of Agricultural Studies and Policies. That exposure has left wineries especially sensitive to freight prices, currency swings and changes in demand abroad. Undurraga said the current downturn has been the longest and most severe crisis he has seen in the industry, combining softer consumption with a broader shift by some drinkers toward lower-alcohol beverages.

Even so, he said the damage has not translated into widespread failures. Many wineries have responded with restructuring, smaller operations and other adjustments, while outright closures and bankruptcies have remained limited. That distinction matters for producers, growers and distributors across Chile’s wine supply chain, which has been under pressure for several years.

Undurraga said several export markets have helped cushion the decline. Brazil has become the standout destination and is now firmly Chile’s top market, he said, continuing to grow while many traditional destinations have weakened. Canada has also surprised the industry. He said Chile benefited after trade frictions between Canada and the United States reduced the presence of American wines there. Growth was strongest in 2025, he said, and Chilean wine sales in Canada were still up 7% over the 12 months through late 2026.

Russia has provided another offset, though with limitations. Undurraga said Chilean wine exports to Russia rose 27% in 2026 as the war in Ukraine reshaped Russian sourcing away from many European suppliers. But he said that market is concentrated in low-priced wine, meaning the main beneficiaries have been Chile’s lower-end producers rather than the premium segment the industry would prefer to expand.

That pattern reflects a broader dynamic in Chile’s export position. Undurraga said Chile, the world’s fourth-largest wine exporter, can sometimes gain market share in weaker economic periods because its wines are generally priced below those from France, Italy and Spain. In downturns, consumers often trade down rather than leave the category altogether. For the wider beverage business, that makes Chile an important country to watch: shifts in Chilean wine exports can affect pricing, promotion and shelf space in key alcohol markets, while trade disputes can redirect demand away from one supplier and toward another.

India remains a longer-term target rather than an immediate growth engine. Undurraga said Chile has invested heavily in developing the market, but a 150% tariff still limits progress. He said the Chilean government is working on a free trade agreement that could be completed in 2026 or soon after. Even if that happens, he said results would take time because wine is not yet an established habit for many Indian consumers, despite the size of the country’s spirits market.

He drew a contrast with China’s earlier trajectory, when Chile’s trade agreement helped turn that country into a top-10 export market within five years. India, he said, may take longer. For 2027, he said the industry is not expecting a surge in demand, but it does expect a more orderly market environment if international disruptions ease.

Undurraga said Brazil should continue to send positive signals in 2027, and he also pointed to Mexico, Colombia, Peru and Venezuela as markets with room to grow from current levels. Russia could weaken if the war in Ukraine is resolved and European competition returns, he said, though that would mainly affect the lower-priced segment.

On the broader outlook, he said he does not see a new major threat emerging beyond the pressures already facing the industry. He cited falling oil prices as a reason to expect lower freight rates and said the sector hopes uncertainty around U.S. politics and trade policy will moderate. His central view was that a normalization of current conditions, rather than a jump in demand, would be enough to produce a better 2027 than 2026.

Undurraga also argued that Chile needs to spend more to promote its wine abroad. He said public support for international promotion totals only about US$1 million, far below the more than US$50 million spent by the world’s three largest wine exporters. He pointed to Chile’s role as host of Vinexpo Explorer for the first time, an event expected to bring 50 buyers from about 30 countries, as the kind of commercial platform that can help improve the country’s image and win export orders.

At home, he said the industry also needs to rebuild its place in the domestic market after years of declining consumption and changing drinking habits. For Chilean producers, the challenge is no longer only about weathering a slump. It is also about defending wine’s position in a beverage market where consumers have more choices, more price sensitivity and, in many cases, less interest in traditional wine consumption than they had a decade ago.