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The wine industry's unyielding march forward

International wine industry demonstrates remarkable resilience amid global challenges

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WRITTEN BY ROBERT BEIR



Over the past decade, the international wine scene has illustrated an impressive ability to adapt and remain resilient, even in the face of significant global challenges. From the global pandemic of COVID-19, escalating inflation rates, geopolitical tensions as seen in the Russian conflict with Ukraine, to a growing inclination towards deglobalization, the

wine market has managed to weather these storms remarkably well.

In a comprehensive report titled "State of the International Wine Market in 2022", authored by Rafael del Rey of OeMv and Simone Loose from the University of Geisenheim, it is revealed that global wine consumption has largely hovered around 240 million hectoliters since 2009.

Decades of Transformation in the Wine Market

The analysis, which spans a 22-year timeframe from the turn of the millennium, touches upon pivotal elements in the wine industry. It evaluates the industry's trajectory, taking into account significant factors such as production, consumption, trade transactions, and pricing trends.

Climate realities, combined with political decisions like the European Union's cessation of wine distillation subsidies in 2011, have led to notable fluctuations in wine production. The lowest point in production was recorded in 2017 with 246 million liters, while a peak was achieved in 2018 with 295 million liters. Notably, despite these production variations, global consumption remained relatively stable, only seeing minor dips in 2017 and during the pandemic period. This can partly be attributed to China reducing its wine imports and a general decline in global consumption.

This scenario underscores an average overproduction of about 30 million liters annually. Consequently, the industry grapples with the challenge of recalibrating prices in alignment with the laws of supply and demand.

A Shift in Consumption Patterns and Values

Observing the first decade of the 21st century, there was a marked rise in global wine consumption and a notable expansion to nations that were not traditionally wine producers. However, post-2011, the global wine trade plateaued, with figures fluctuating between 100 and 110 million hectoliters annually.

While trade volumes remained stable, the value of these trades surged impressively. Over two decades, wine transactions have grown from a valuation of 15 billion dollars to exceed 37 billion dollars. This upward trajectory underlines a trend of "premiumization", where the average price per liter soared from $2.48 in 2011 to $3.84 in 2022.

Not all wine categories followed this pattern uniformly. Sparkling wines, led by Italian Prosecco and closely followed by Champagne and Cava, have shown consistent growth. In contrast, non-sparkling bottled wines have generally mirrored the broader market trends.

Dominance of Wine Titans

In the global trade landscape, France emerges as a titan, accounting for a third of the total value of wine exports. Adding Italy and Spain to the mix, these three nations constitute 61.6% of the value and 54.5% of the volume in 2022. Historically, these three wine juggernauts have exerted dominance in the global market. While each of these nations experienced distinct growth trajectories, all have seen an increase in the value of their exports, responding uniquely to various economic crises.

Drawing from the extensive data in the report, one conclusion stands out: The global wine industry has consistently demonstrated strong resilience and adaptability in the face of economic and climatic challenges. Despite fluctuations in production and emergent challenges, the sector has upheld a balance, accentuating the relevance and stability of wine in international trade.