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Global Wine Yields Hit 62-Year Low Amidst Climatic Turmoil

Global Wine Production Dips to a Record Low

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The world of wine is facing a pivotal moment as recent data OIV from 29 countries, accounting for 94% of global production, predicts a significant decline in wine output in 2023. Excluding juices and musts, the expected wine production ranges between 241.7 and 246.6 million hectoliters (hL), averaging at 244.1 million hL. This forecast represents a 7% drop from the already below-average volumes of 2022 and heralds the

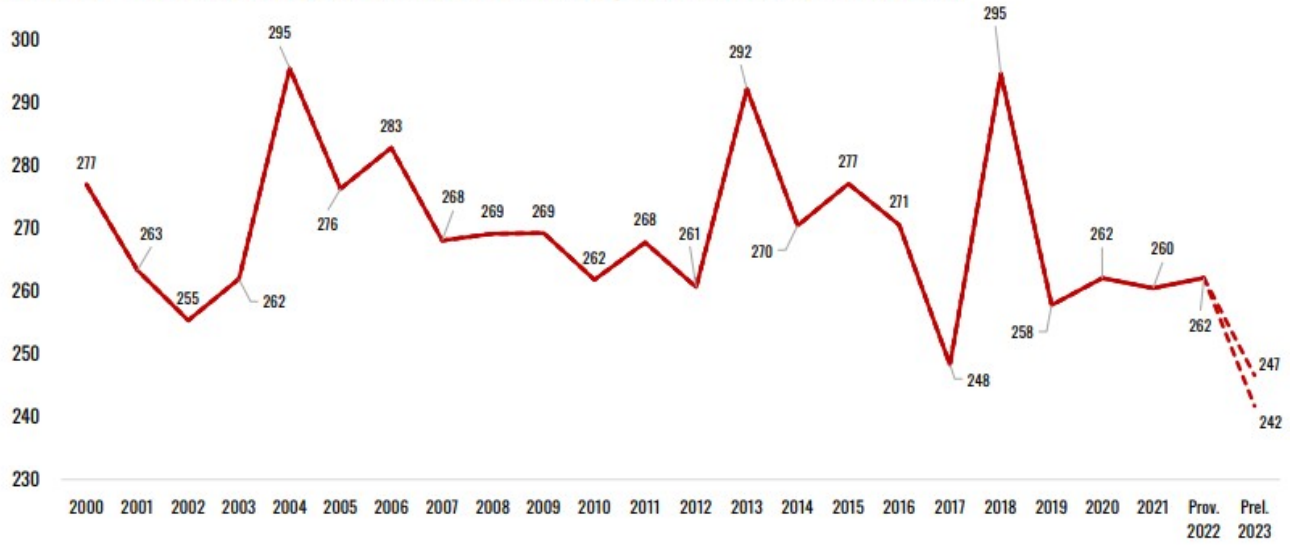
lowest production levels since 1961, which saw outputs of 214 million hL, even falling short of the historically low yields of 2017 at 248 million hL.

These unsettling figures can be largely attributed to considerable decreases in the major wine-producing nations across both hemispheres. In the southern hemisphere, countries like Australia, Argentina, Chile, South Africa, and Brazil have reported annual variations plummeting from 10% to 30%. The northern hemisphere's situation is not optimistic either, with Italy, Spain, and Greece suffering the brunt of adverse weather conditions during the growing season. In stark contrast, the United States and some European Union (EU) countries, including Germany, Portugal, and Romania, have enjoyed favorable meteorological conditions leading to average or above-average production volumes.

The wine industry has not been immune to the wrath of extreme weather phenomena, such as early frosts, heavy rainfall, and drought, which have significantly impacted global vineyard production. However, in a climate where global consumption is on the decline and inventories remain high in many world regions, the anticipated drop in production may well balance the global market.

It is imperative to note that these global figures for 2023 are still preliminary and should be approached with caution. Significant revisions to these estimates may emerge in the coming months, and data from key countries like China is yet to be reported. Moreover, the volatility observed in recent years concerning national and regional production volumes further complicates forecasting efforts.

Figure 1 – World wine production volume (excluding juices and musts), 2000-2023



European Union (EU)

Within the European Union (EU), wine production (excluding juices and musts) for 2023 is expected to reach 150 million hL, marking an 11.2 million hL year-on-year decrease. In relative terms, this estimated volume is 7% lower than in 2022 and 8% below the last five-year average. Overall, the EU's 2023 wine production is projected to constitute 61% of the global total, aligning with the decade's average. Should these estimates hold, 2023 will witness the third-lowest production level since the start of the century, trailing behind 2017 (141 million hL) and 2012 (148 million hL).

Preliminary estimates of wine production in EU countries for 2023 depict a varied landscape, with diverse climatic conditions recorded across key viticultural regions during the growing period. Some nations experienced a wet spring, leading to an uptick in fungal diseases, while storms and hail resulted in flooding, damage, and losses in vineyards. Conversely, other regions, particularly in the EU's southern territories, faced severe droughts causing vine stress.

France emerges as the top global producer this year, with an estimated wine production of 45.8 million hL, consistent with its 2022 output and 3% above the last five-year average. Despite some regions experiencing negative variations from 2022, such as Bordeaux and Southwest due to downy mildew, and Languedoc-Roussillon affected by heatwaves and drought, the year's harvest can be considered relatively

abundant. Particularly high volumes are expected from the Cognac, Corsica, and Champagne regions.

Italy and Spain, the other two leading EU wine producers, anticipate challenging years ahead. Italy's wine production volume for 2023 is estimated at 43.9 million hL, a 12% decrease from 2022, marking its lowest since the historically low yield of 2017. Central and southern regions were particularly afflicted by heavy rains fostering the spread of downy mildew, along with flooding, hail, and drought. Spain maintains its position as the world's third-largest wine producer, with an estimated volume of 30.7 million hL, a 14% decrease from 2022 and 19% below its last five-year average. 2023 is set to be Spain's lowest production level in the past 20 years, severely impacted by extreme drought and temperatures.

Positive growth rates in wine production are expected from Germany (9.0 million hL; +1% from 2022), Portugal (7.4 million hL; +8% from 2022), and Romania (4.4 million hL; +15% from 2022), with production volumes also surpassing their last five-year averages.

Non-European Union Countries

In the United States, the world's fourth-largest producer, preliminary estimates for 2023 place wine production at 25.2 million hL. This figure is 12% higher than the previous year and 4% above the country's five-year average, bolstered by cool temperatures and significant winter rainfall in the Napa and Sonoma regions, bringing much-needed moisture after years of drought.

As for Eastern European countries, Russia's wine production is estimated at 4.9 million hL, consistent with its 2022 volume and 9% higher than its last five-year average. Georgia predicts a 2023 wine production of 1.5 million hL, a 28% decrease from 2022 and 19% below its five-year average, primarily due to unfavorable weather conditions like excessive rainfall, hail, and strong winds.

Southern Hemisphere

Preliminary figures for wine production in the southern hemisphere are generally more accurate at this time of year since the harvest concluded in the first half of 2023. After a record harvest in 2021 and a relative decrease in 2022 volumes, the estimated wine production for the southern hemisphere in 2023 is 45 million hL. This not only signifies a 19% decrease compared to 2022 but also an 18% reduction from the last five-year average, marking the lowest production level since 2003.

Chile, as the largest producer in the southern hemisphere for 2023, faced a severe hit from wildfires and droughts, with wine production at 10 million hL, 20% below the previous year's high production and 18% under its five-year average. Argentina's production plummeted to 8.8 million hL, a 23% decrease from 2022, representing one of the lowest recorded volumes in its history.

These declining figures across the globe underscore the impact of climatic extremes on viticulture. While some regions may benefit from the reduced production, aligning with shrinking global consumption and high stock levels, many others face the stark reality of adapting to increasingly volatile weather patterns and their ramifications for the future of winemaking.