vinetur

The Spanish wine industry is valued at $22 billion

Spain's viticulture sector, a pillar of economic and social stability amidst challenges

Wednesday, November 29, 2023



In recent years, Spain's viticulture sector, globally renowned for its quality and tradition, has witnessed significant transformations, as detailed in a recent report by Analistas Financieros Internacionales. The 2023 analysis highlights a decline in wine production compared to the peak levels of 2018, marking a notable shift in both the economic and social landscapes of the country.

In 2018, Spain's wine production exceeded 45 million hectoliters, setting a benchmark in the industry's history. However, by 2022, this figure had fallen by 19.4%, a substantial decrease that is also reflected in the sector's value, albeit to a lesser extent, with an 11.8% reduction. This downturn is attributed to several factors, with adverse climatic conditions, exacerbated by climate change, being a prominent cause. Extreme weather events have not only impacted vine cultivation but also agriculture at large, leading to annual losses exceeding 6% of the agricultural production value, as per studies like the one conducted by Resco in 2022.

The repercussions of these conditions extend beyond production, affecting the primary sector's contribution to Spain's Gross Domestic Product (GDP). While in 2018, this sector accounted for 2.8% of the national GDP at market prices, it dropped to 2.3% in 2022, indicating a decline in the agricultural sector's economic significance.

Despite these challenges, the viticulture sector continues to play a crucial role in Spain's economy. The gross added value (GAV) generated by this sector, including direct, indirect, and induced impacts, is estimated at over $22 billion. This figure constitutes about 2% of Spain's GDP, highlighting the economic importance of wine in the country. Of this contribution, more than $12.5 billion come directly from viticulture, with the remaining $10.1 billion arising from indirect and induced effects.

The sector's significance is also evident in the employment landscape. It is estimated that the wine industry helps maintain over 363,980 jobs in Spain, accounting for approximately 2% of the national employment. Of these, over 201,795 jobs are directly generated by the sector, while the rest are due to the knock-on effect on other economic activities.

The wine production and commercialization activities make a substantial economic contribution, with a direct addition to the GAV estimated at $6.7 and $13.5 billion, respectively. Moreover, these activities create significant employment opportunities, with over 103,980 and 218,605 direct jobs, respectively.

The viticulture sector also plays a pivotal role in contributing to public finances. Its contribution, considering only the direct effect, is estimated to be around $4.9 billion. This amount includes over $1.7 billion in social security contributions, $1.2 billion in

Value Added Tax (VAT), more than $1.1 billion in Corporation Tax, and about $762 million in Personal Income Tax (IRPF). These figures highlight the fiscal relevance of the sector, with Social Security contributions and VAT being the most significant in terms of public treasury contributions.

Finally, the tax on intermediate products, which includes wine from fresh grapes and grape must, as well as vermouth and other aromatized wines, generated around $22 million in 2020. This tax represents another income source for the state from a sector vital to the Spanish economy and society.

In summary, despite facing significant challenges related to climate change and production fluctuations, Spain's viticulture sector remains a key economic and social pillar. Its contributions to the GDP, employment, and public finances underscore its crucial role in the national economy, emphasizing the need for policies and strategies to support its long-term sustainability and growth.