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U.S. wine exports experience significant decline in first half of 2023

Volume and value drop as global market challenges intensify

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The first half of 2023 has seen a substantial downturn in the United States' wine exports, marking a challenging period for the industry. According to data from the U.S. Customs, there was a 31.2% decrease in volume and a 24.1% reduction in value, resulting in exports totaling 105.2 million liters, a drop of 47.6 million liters, and revenues reaching $599.7 million, down by $191 million. Despite this decrease, the

average price per liter rose by 10.2% to $5.70.

This period has been recorded as the worst first half for the U.S. global wine trade in terms of volume since 1997, and the second-lowest in revenue for this time of the year since 2010, marginally higher than 2021. This downturn is a stark contrast to 2022, where exports fell 14.9% in volume but only 0.6% in value.

The year began with a slight increase in volume in January and February, but by March, significant losses were recorded in both volume and value. Packaged wine exports fell by approximately 25%, yet it remains the most exported category with 59 million liters and $497.5 million, accounting for 56% of the total volume and 83% of total revenue. Bulk wine, the second most traded category, experienced a 45% decline, reaching 38 million liters and $53.5 million, with June being particularly detrimental.

On the positive side, exports of sparkling wine and bag-in-box wines have seen an increase. Sparkling wine exports surged by 86% in volume and 71% in value, surpassing 3 million liters and $28 million. Bag-in-box wine grew more in value (+33.6%) than in volume (+24.5%), reaching $20.7 million and 5 million liters.

Regarding price trends, there was a divergence: cheaper wines became more expensive, while premium wines saw a price drop. The price of packaged wines decreased slightly by 1.1% to $8.43 per liter, with a more noticeable decline in sparkling wines (8.3%) to $8.91. Bulk and bag-in-box wines saw price increases of 2.2% to $1.41 and 7.3% to $4.12 per liter, respectively.

In the first half of 2023, the U.S. exported wine to a total of 121 international markets. Of the top 10 destinations, only exports to China and the Netherlands grew, with double-digit declines in the remaining eight countries. The United Kingdom, despite being the largest volume destination, experienced a significant drop of 42%, falling from over 50 million liters in the first half of 2022 to just under 30 million liters. Canada, the second-largest market in volume, also saw a decline but less than the average, with 25.4 million liters (-17.2%).

However, Canada leads in value with $204.4 million in sales, a decrease of 18.8% but almost triple the amount of the United Kingdom, which is second in value with $71 million, a 30% decrease. This disparity is largely due to the average price per liter: the U.S. exported wine to Canada at $8.03 per liter, significantly higher than the UK's $2.40, the lowest among the top 10 markets. 87% of the volume exported to Canada is packaged, while 81% to the UK is in bulk, where large U.S. companies have bottling plants.

Other key markets such as Japan, South Korea, and Hong Kong also faced declines. Japan remained the third-largest destination with 4.7 million liters and $47.5 million, down approximately 20%. South Korea and Hong Kong followed in value, with $34.6 million and $30 million, respectively, although they ranked 6th and 7th in volume.

China and the Netherlands bucked the trend, with China emerging as the eighth largest market in volume (+14.5%) and sixth in value (+47%), at a 28% higher average price. The Netherlands experienced growth in both volume (+1.6%) and value (+33.4%). On the other hand, significant declines were observed in markets like France, Mexico, Sweden, and the Philippines.

This performance highlights the dynamic and challenging nature of the global wine market and the shifting trends in consumer preferences, pricing, and international trade dynamics.