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EU report alerts to significant reduction in wine consumption by 2035

Analyzing the Implications of the Agricultural Outlook 2023-2035 Report

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The European wine industry, long regarded as a cornerstone of the continent's culture and economy, is now entering a phase of transition marked by significant challenges. The "Agricultural Outlook 2023-2035" report by the European Union's Agricultural Commission paints a picture of decreasing wine consumption and production, coupled with a slowdown in export growth that is expected to set the trend for the coming years.

The report notes a notable decline in wine consumption in Europe, especially in red wines. This downturn is attributed to generational shifts where younger consumers are not replacing older generations, historically the main wine consumers, in volume. It is forecasted that this trend will continue, with an annual decrease of 1% in consumption until 2035, averaging 20 liters per person, which is 2.4 liters less than the global average recorded between 2018 and 2022.

Interestingly, there is an evolution in consumer preferences, with growing interest in non-alcoholic wines, low-alcohol wines, and a shift towards white, rosé, and sparkling wines. This diversification in demand could partially offset the decline in consumption of certain types of wine.

As a direct consequence of reduced demand, a decline in European wine production is anticipated. This decrease is estimated at 0.6% annually, projecting a production of approximately 145 million hectoliters by 2035. The EU Agricultural Commission warns that this situation is exacerbated by climate and environmental challenges, such as reduced pesticide use and irrigation restrictions in certain countries, potentially decreasing both yield and vineyard area.

The report also predicts a slowdown in the growth of EU wine exports. Although exports are expected to continue growing, they will do so at a more moderate pace, with an annual increase of only 0.3% until 2035. This slowdown could be due to increased competition in low and mid-range wines and changes in consumption patterns in key export markets. However, high-quality wines with protected designations of origin (PDO) and protected geographical indications (PGI), as well as sparkling wines, are expected to continue driving the value of EU wine exports.

These shifts present significant challenges for the European wine sector, which must adapt to an evolving market reality. The industry's ability to innovate in production, diversify its offerings, and explore new markets will be crucial for its long-term sustainability and success.

As the European wine industry navigates through these uncertain times, its resilience and adaptability will be tested. The changes in consumption patterns, production dynamics, and export growth present a complex landscape. Yet, there lies an opportunity for the industry to reinvent itself and emerge stronger, catering to the evolving preferences of a new generation of consumers while upholding its rich heritage and tradition.