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Global wine trade faces historic decline amidst rising economic and political uncertainties

Analyzing the steepest fall in global wine exports

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During the twelve-month period ending in September 2023, the global wine trade experienced a significant downturn, marking the most substantial decline in its historical series with a 7.2% decrease in volume. This downturn resulted in a total volume of 9,945 million liters, a stark reminder of the sector's vulnerability to external pressures. This period, fraught with uncertainties including political tensions, military

conflicts, inflation, tariffs on international wine trade, transportation crises, rising costs, and an overall increase in the cost of living, saw the global wine trade retract to levels not seen in a decade, dipping below the 100 million hectoliters threshold.

The value of global wine exports, until recently, had managed to sustain an upward trajectory, buoyed partly by rampant inflation but also due to the robust performance of wines with higher added value. However, the year-over-year figures to September 2023 reveal a decline of 2.1% to $39,436 million, marking the first fall since the year ending in March 2021—a period heavily impacted by trade restrictions stemming from the COVID-19 pandemic. In comparison to the year ending in September 2022, the global wine trade has seen a reduction of 768 million liters and $866 million in value, despite an average price increase of 5.4% to $3.96 per liter (an increase of $0.18).

Analyzing monthly trends, the global wine trade had previously reported 26 consecutive months of growth in value terms, from February 2021 to March 2023. Yet, this trend has been followed by six consecutive months of decline, from April to September 2023, with particularly steep falls in August (12.5%) and September (17%)—both registering double-digit declines. In terms of volume, only March 2023 showed a positive trend (+2.5%), with August and September nearing 15% declines.

The downturn was universal across all wine categories in terms of volume, with packaged wines seeing the most significant drop. However, sparkling wines and bag-in-box formats saw increases in revenue, even as bulk wine was the only category to experience a price drop. Packaged wines, despite losing market share, continue to lead in terms of both volume (52%) and value (67%), followed by bulk wine in volume (32.4%) and sparkling wine in value (24.4%). Bag-in-box wines, though starting from a smaller base, are gaining notable international market presence.

Among the 11 leading wine-exporting countries, which collectively account for over 85% of global wine trade, only New Zealand and, to a lesser extent, Portugal saw an increase in volume over the year ending in September 2023. These countries, along with Germany and France, also reported an increase in revenue. Italy experienced a lesser decline in volume than Spain, solidifying its position as the global leader in wine exports, followed distantly by France, which, despite losing market share, commands a

significant lead in value due to its higher average price. Exportations from Chile, Argentina, and the United States faced steep declines, with South Africa and Australia also reporting poor performance.

This downturn in the global wine trade underscores the sector's sensitivity to a myriad of external pressures and highlights the challenges faced by wine producers and exporters in navigating a complex and rapidly changing global landscape.