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French wine and spirits exports face significant decline

How international trade tensions affect france's vineyards

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The French wine and spirits industry, revered globally for its quality and heritage, faced a significant setback in 2023, with exports experiencing a notable decline. The French Association of Wine and Spirits Exporters (FEVS) recently published a report highlighting a 10.4% drop in the volume of alcoholic beverages exported from France, marking a worrying trend for one of the country's most prestigious sectors.

This downturn in exports is partially attributed to a decrease in shipments to the United States, which fell sharply by 22%. American wholesalers have been actively reducing their inventory, a surplus that accumulated during the challenging times of the Covid-19 pandemic. This inventory correction has particularly affected sparkling wines, which saw a 16% decrease in value, although the value of still wine exports to the U.S. has remained relatively stable. Spirits, however, bore the brunt of this downward trend, with export values plummeting by 37%.

Gabriel Picard, the president of FEVS, has expressed concern over these developments, emphasizing the importance for French exporters to adapt to the evolving tastes and demands of the global market. The sustainability of France's wine and spirits export success, he notes, depends significantly on the support of public authorities. Picard's call to action includes opening new markets and safeguarding existing ones from the impact of trade retaliatory measures, a point underscored by recent tensions between the European Union and China.

China, in a move perceived as retaliatory, has initiated an "anti-dumping" investigation into European brandy, a decision that came on the heels of the EU's own probe into Chinese electric vehicles and biodiesel products. This has had a direct impact on French brandy sales, notably Cognac, with leading companies such as Rémy Cointreau, Pernod Ricard, and LVMH experiencing a dip in sales and a significant decrease in market value. Despite these challenges, the Bureau National Interprofessionnel du Cognac has stated its intention to cooperate fully with Chinese authorities, confident in the compliance of their products with both Chinese and international regulations.

The repercussions of these geopolitical and market dynamics are palpable, with French exports to China declining by 6%, leading to a €1.2 billion loss for the French economy. Overall, the total value of French wine and spirits exports in 2023 fell to €16.2 billion, a decrease of 5.9% from the previous year.

These figures not only reflect the immediate economic implications but also hint at deeper shifts within the global trade landscape and consumer behavior. As the French wine and spirits industry navigates these turbulent waters, the resilience and adaptability of its stakeholders will be crucial in overcoming current challenges and seizing future opportunities. This situation serves as a reminder of the

interconnectedness of global markets and the importance of diplomatic and trade relations in maintaining the vitality of key industries such as that of French wine and spirits.