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The decline of american wine exports and what lies ahead

The rise in price amidst falling U.S. wine exports

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In the ever-evolving world of wines, the U.S. market has recently experienced a notable shift, painting a complex picture of challenges and opportunities. The latest data from U.S. Customs reveals a significant downturn in the country's wine exports, marking a pivotal moment for producers and enthusiasts alike. This downturn is not just a number; it reflects a broader narrative of the global wine landscape, consumer trends, and the economic pressures facing the American wine industry.

In 2023, the United States saw its wine exports decrease by 25.8% in volume, dropping to 206.4 million liters, and by 16.3% in value, amounting to $1.223 billion. This reduction in volume and value represents the lowest level of wine exports from the U.S. since 1997 and the lowest revenue since 2010. Moreover, the average price per liter rose to $5.93, marking the highest price point in the recorded history of U.S. wine exports. This increase in price, while indicative of a premium on American wines, also hints at the challenges in maintaining volume in competitive global markets.

Analyzing the trends month by month, the U.S. only saw an increase in the value of its wine exports in December, with December, January, and February witnessing growths in volume. However, this was not enough to counteract the overall downward trend. The decline in exports is part of a broader trend affecting not just the United States but also other major wine-producing countries in the Americas, such as Chile and Argentina. This collective downturn confirms that 2023 was a challenging year for American wines on the international stage.

Despite the decline in exports, the story of American wine in the 21st century is not all gloomy. Since the year 2000, the volume of wine exported by the United States has seen an average annual decrease of 1.3%. However, revenue from wine exports has grown at an annual rate of 3.7%, with the average price per liter more than tripling over the past 23 years (from $1.92 to $5.93). This growth in revenue, against the backdrop of declining volume, suggests a strategic shift towards higher-value products in the U.S. wine industry.

The decline in exports has been particularly pronounced for bottled and bulk wines, which together account for 92% of total exports. Bottled wine, leading the export volume for the second consecutive year, saw a decrease of 20.4%, while bulk wine exports dropped by 38.6%. Despite these declines, both categories have reached historical highs in pricing, indicating a market that values quality over quantity.

Interestingly, amidst the overall downturn, U.S. exports of sparkling wine have surged by 134% in volume and 90% in value, reaching 7.8 million liters and $62 million, respectively. This remarkable growth, however, comes with a caveat as the average price per liter for sparkling wine has decreased by 19%, the only category to see a price

drop. The bag-in-box wines, on the other hand, have seen a price increase of 17%, leading to a slight decrease in volume but a 13.5% increase in value.

The current state of U.S. wine exports reflects a multifaceted industry facing both internal and external pressures. From changing consumer preferences and economic challenges to the impact of climate change on viticulture, the American wine industry is at a crossroads. As it navigates these turbulent waters, the focus on premiumization, diversification of product offerings, and strategic market positioning will be key to overcoming the current challenges and seizing future opportunities.