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Global Consumption Slumps to 26-Year Low

Wine Consumption Continues Downward Slide as Costs Rise

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The global wine scene in 2023 has been nothing short of a rollercoaster, thanks to a mix of geopolitical tensions and economic pressures that have notably shaped consumer habits and the wine industry at large. This year's report from the International Organization of Vine and Wine (OIV), unveiled by Director General John Barker in Dijon, France, paints a picture of an industry at a historical crossroads. In 2023, the total estimated wine consumption dipped to 221 million hectoliters (mhl), marking a 2.6% decline from the previous year and bringing us back to levels not seen since 1996.

The reduction in wine consumption isn't a sudden blip but part of a downward trend observed since 2018. One of the most striking contributors to this pattern has been China's significant cutback, with the country shedding an average of 2 mhl annually since 2018. The COVID-19 pandemic in 2020 only exacerbated this fall, as lockdown measures took a toll on major wine markets globally.

However, 2021 saw a rebound in consumption due to easing pandemic restrictions and the reopening of the hospitality sector and social gatherings. Yet, 2022 brought with it geopolitical strife, notably the Ukraine conflict and subsequent energy crises, along with disruptions in the global supply chain. These factors led to increased production and distribution costs, which in turn pushed up consumer prices and dampened demand.

2023 has continued to be challenging for the wine sector, with global inflationary pressures squeezing consumers' purchasing power, contributing to the notable decline in wine consumption over the past two years.

Spain: A Beacon of Hope in the Wine World

Despite the gloomy global outlook, the European Union still accounted for 107 mhl in 2022, making up 48% of global wine consumption. Although this is a slight 1.8% decrease compared to the previous year, it's still more than 5% below the decade's average. France remains the top consumer within the EU, with an estimated 24.4 mhl in 2023, though it saw a 2.4% drop from 2022. Italy and Germany follow, consuming 21.8 mhl and 19.1 mhl, respectively, both also below their averages.

In contrast, Spain stands out as one of the few major markets that didn't see a decline in 2023, with a total consumption of 9.8 mhl, up by 1.7% from the previous year. On the other hand, Portugal and the Netherlands experienced the steepest declines among the major EU markets, with decreases of 9.2% and consumption levels 9% below their five-year averages, respectively.

US Wine Market Fizzles Out: Consumption Down Despite Being World's Largest

Looking beyond Europe, the UK saw a 2.9% drop in wine consumption, while Russia, surprisingly, saw a 3.0% increase, returning to pre-pandemic levels. Switzerland reported the lowest wine consumption of the 21st century, with a 3.0% decrease from 2022.

Across the pond in the Americas, the United States, the world's largest wine market, saw its consumption decrease by 3.0%, reaching 33.3 mhl. Canada also saw a downturn, marking the first time since 2016 that total consumption fell below 5 mhl. In South America, Argentina reported a 6.2% decline, whereas Brazil saw an impressive 11.6% increase, returning to 2020-2021 levels.

The global wine consumption landscape of 2023 shows that, despite resilience in certain areas, the wine industry faces significant challenges that demand attention from both producers and consumer markets. The evolution of this sector remains a fascinating topic due to its impact on the economies and cultures of many countries.