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Douro Wine Crisis Deepens

Low Demand for Port Wine Pushes Producers to the Brink

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The ongoing crisis affecting winegrowers in the Douro Valley, one of the most prestigious regions known for its production of Port wine, continues to worsen following the latest harvest. While these wines are produced in the city of Porto, the grapes are grown and transported from the Douro Valley, an area closer to Spain than to the Portuguese city that gives its name to the wine.

As anticipated in June, producers in the region are facing severe economic problems, exacerbated by the low demand for grapes, which has driven prices down to levels that no longer cover production costs. The news, reported this week by AFP, highlights that the situation for winegrowers has become unsustainable.

The decline in the consumption of Port wine is alarming. Currently, the region sells only a quarter of the volume it moved 15 years ago, which has resulted in a surplus of stock in wineries and a continual reduction in production quotas. This has left many winegrowers, most of whom are smallholders, in a precarious position. In the Alto Douro region, there are around 20,000 producers, the majority of whom own only about two hectares of vineyards. Due to the lack of demand, many of them are unable to sell their grapes.

The AFP report emphasizes that for many winegrowers, it is no longer economically viable to harvest their grapes. The steep terrain of the Douro, famous for its terraced vineyards, requires a significant amount of manual labor, further driving up production costs. Local winegrower Oscar Quevedo explained that while in other countries like Spain or France, it is possible to produce a liter of wine at a cost between 30 and 35 euro cents, in the Douro it is impossible to do so for less than one euro while maintaining quality.

Quevedo stressed that winegrowers are in a difficult situation: after putting in all the effort to grow their grapes, their financial situation is worse after the harvest than it was at the beginning of the year. This affects not only vineyard owners but also the approximately 40,000 to 45,000 people whose livelihoods depend directly or indirectly on wine production in the region.

Frederico Falcão, president of ViniPortugal, the organization representing the country's wine sector, described the situation as a "major structural problem." Falcão mentioned that a vine-pulling plan is being considered, which would involve reducing some of the vineyards. This raises a debate about whether the current vineyard areas in some Portuguese regions are excessive relative to the real market demand.

The scenario reflects earlier warnings from winemaker Teresa Sabrosa, who predicted at the beginning of the year that 2024 would be much more difficult for producers. Sabrosa, who owns vineyards in Celeirós do Douro, in the heart of the valley, pointed to the same concerns that have now materialized: declining demand, the buildup of stock, and a production system that no longer seems viable in the current market conditions.

This economic problem not only threatens Port wine production but also endangers the cultural and landscape heritage of the region, recognized as a UNESCO World Heritage site, whose landscape is closely tied to viticulture. Without a short-term solution, the future of many small Douro winegrowers is in jeopardy, and the consequences could be devastating for the region.