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Vinovalie delays payments to winegrowers as merger strains finances and banks withhold credit

Cooperative faces cash shortfall after poor harvests and merger costs, spreading payouts over several years to ease pressure

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Vinovalie, a major wine cooperative in southwestern France, has decided to postpone advance payments to its member winegrowers, following a vote by 90% of its members. The decision comes as the group faces a temporary need for about 3 million euros in working capital after its recent merger with the Labastide de Lévis winery.

Despite reports from regional media suggesting a financial deficit of 3 million euros and an aborted merger, Vinovalie’s general manager Jacques Tranier firmly denies these claims.

Tranier clarified that the merger with Labastide de Lévis has been effective since February and was always expected to require additional funding. He explained that the need for extra working capital, estimated at around 3 million euros, is directly linked to the integration process. This includes aligning payment schedules and remuneration rates for all members, as well as managing supplier and customer accounts, equipment moves, and restructuring costs.

The cooperative had anticipated raising about 1.8 million euros for these purposes. However, the situation became more complicated when banks refused to provide the necessary financing. Tranier attributes this reluctance to two consecutive years of poor harvests: a 50% loss two years ago and a 35% drop last year. In 2023, Vinovalie generated 12 million euros in revenue but paid out 14.5 million euros to its members. The same pattern is expected for 2024, with projected revenues of 11.5 million euros and payouts again reaching 14.5 million euros.

This imbalance has deepened the cooperative’s internal accounts with its members over the past two years. Tranier notes that Vinovalie has been paying out more than it brings in, which has made banks wary of extending further credit—even though the upcoming 2025 harvest is expected to be average.

With external financing unavailable, Vinovalie turned to its members for support. The cooperative proposed delaying advance payments scheduled for August and November 2025—a move that was approved by a large majority despite the financial strain it will place on individual winegrowers. Payments for the 2023 and 2024 vintages will now be spread out until the end of 2027.

Tranier also points out some positive developments on the horizon. Vinovalie is nearing the end of repayments on debts related to restructuring in 2007 and will finish repaying a state-guaranteed Covid loan within six months. This will significantly reduce the group’s debt burden. Operational and commercial margins have remained stable, even as sales volumes have dropped due to smaller harvests. Thanks to existing stock,

turnover has only fallen by 2.5%. The cooperative is now selling less wine but at higher prices.

Tranier remains cautiously optimistic about Vinovalie’s future if weather conditions stabilize and harvests return to normal levels. However, he acknowledges ongoing concerns about declining wine consumption across France—a trend affecting many producers nationwide. For now, Vinovalie is focused on managing its finances internally while hoping for more favorable conditions in the coming years.