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Port Wine Production Faces Sharpest Cut in Decades Amid Economic Strains in Douro Valley

Reduced quotas and falling demand deepen crisis for growers and exporters as government pledges emergency support measures

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The Interprofessional Council of the Instituto dos Vinhos do Douro e do Porto (IVDP) has set the authorized amount of Port wine for the 2025 harvest at 75,000 barrels, each holding 550 liters. This decision, made on July 18 during the council's second meeting of the year, marks a significant reduction from previous years. The new limit is 15,000 barrels less than in 2024 and 29,000 fewer than in 2023, representing a 16% decrease from last year and the lowest figure recorded in the 21st century.

The annual "Benefício" determines how much grape must can be transformed into Port wine in Portugal's Douro Demarcated Region. The council's decision followed extensive discussions among representatives of winegrowers, trade houses, and public authorities. The final number reflects a compromise between producers, who wanted to maintain last year's higher quota of 90,000 barrels, and trade interests, which argued for a lower limit of 68,000 barrels due to sluggish sales and high stock levels.

This reduction comes amid growing economic challenges for Douro winegrowers. Many small and medium-sized producers have seen their incomes fall sharply in recent years. The average price paid for grapes destined for Port wine production has remained around 1,000 euros per barrel since the early 2000s, despite rising production costs. Grapes used for D.O.C. Douro wines fetch even less—about 500 euros per barrel on average. Some growers have reported receiving cancellation notices from export houses since April, warning that their grapes will not be purchased this season. In some cases, grapes have been left unharvested due to lack of buyers.

The lower Benefício means more grapes will be available for D.O.C. Douro wines, adding to an already oversupplied market with significant stocks from previous years. Producers are calling for several measures to address their difficulties: fairer prices for grapes, bans on buying below production cost, prioritizing regional brandy in Port wine production to help absorb excess wine, tighter controls on must imports from outside the region, state purchases of surplus stocks—especially from cooperatives—and crisis distillation programs.

Trade houses and exporters face their own challenges. Global demand for Port wine has dropped by about 32% since 2000. Sales of both Port and D.O.C. Douro wines have declined in recent years, leaving companies with large inventories. Exporters also cite

recent complications in shipping to the United States as a concern. They argue that using regional brandy in Port production would increase costs and could create confusion about authenticity among consumers.

The Portuguese government has acknowledged the crisis through its Ministry of Agriculture and announced an immediate support plan for small and medium-sized growers with surplus grapes. The plan includes financial aid—potentially exceeding 13 million euros—for those who deliver excess grapes for distillation. However, recipients must agree to reduce their vineyard area and switch to other crops as part of the deal.

The situation highlights deep-rooted tensions between different sectors of the Douro wine industry. While producers struggle with low prices and unsold grapes, trade houses are wary of overproduction and falling demand. Both sides agree that urgent action is needed to stabilize the region’s economy and protect its cultural heritage.

The Douro Valley is recognized as a UNESCO World Heritage site and is home to thousands of small family vineyards that have shaped its landscape for centuries. As the region faces another difficult harvest season under new restrictions, many are watching closely to see whether government intervention and industry cooperation can help secure its future.