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Europe’s Wine Market Faces a Long, Structural Decline

France and Germany are projected to record the steepest consumption drops over the next decade

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The European Commission's "EU Agricultural Outlook 2025–2035," completed in December 2025, sets out a baseline view of how EU farm markets may evolve over the next decade under an unchanged policy framework, using recent data cutoffs and multi-year averages to smooth volatility . For wine, the Commission notes an important methodological point: unlike many other commodities in the outlook, the wine sector is

not covered by the AGLINK-COSIMO market model used for the baseline, so the wine projections are built from expert judgment and literature reviews rather than a full model simulation . That context matters because the wine outlook is driven less by short-term shocks and more by the steady, structural trends the Commission believes are shaping consumption, production, and trade.

The report describes EU wine demand as continuing to shrink as drinking habits change across the bloc and governments put more weight behind "moderate alcohol consumption" messaging for health reasons . In the Commission's baseline, EU per capita wine consumption falls to 19.3 liters by 2035 from 21.2 liters in the 2021–2025 Olympic average, a decline of 0.9% per year . The report ties that drop to generational turnover and shifting social norms around alcohol, while also pointing to national policy choices that reinforce moderation . It also emphasizes that the decline is not evenly distributed across the EU. France and Germany, two of the biggest wine-consuming markets, are projected to see the largest declines in per capita consumption in the coming decade . With the EU population projected to edge down over the same period, the outlook implies an additional drag on total volumes even if the pace of per-person decline were to soften .

Within that broader contraction, the Commission points to a shift in what Europeans are buying. Euromonitor sales data cited in the report show that red and rosé wines have been losing ground in recent years, while sparkling wines have gained share and wine-based drinks remain a small but growing segment . The Commission connects these changes to the way consumers are approaching wine more like an occasional purchase than a daily staple, and it notes that the consumption decline is occurring even as some shoppers trade up in quality, buying less often but paying more per bottle in certain channels . The report frames this as a long-running adjustment in a mature market rather than a cyclical dip.

Supply, in the Commission's baseline, adjusts to that demand reality, and the adjustment runs through vineyards. EU wine production is projected to decline by 0.5% per year between now and 2035, reaching 138 million hectoliters by 2035 . The outlook explicitly links that production decline to a projected reduction in vineyard area of 0.6% per year over the same period, with the assumption that weather conditions and

average yields remain stable . In the executive summary's discussion of specialized crops, the Commission also flags the reduction of land devoted to vineyards as the key structural channel through which production is expected to fall . That vineyard pressure sits inside a wider land-use picture in which the area dedicated to permanent crops, vegetables, and spices is projected to decline by 7.2% by 2035 compared with 2023–2025, driven by climate-change-related impacts and fewer workers available to cultivate these labor-intensive crops .

The report also breaks down where EU wine goes, and those shares help explain the sensitivity of the sector to domestic demand. Domestic human consumption remains the largest outlet at 66% of use in 2021–2025, while exports account for 20% . "Other uses," including distillation or transformation into processed products, are described as relatively stable at around 30 million hectoliters per year . On the external side, the Commission says some of the EU's main export destinations are beginning to mirror Europe's consumption patterns, citing the United States and the United Kingdom as markets showing similar downward pressures . It adds a near-term layer of uncertainty tied to US tariff developments, saying the EU is "temporarily affected by declining shipments" to the US, the bloc's main export destination, and that demand in the UK, the second-largest market, is also declining . The report leaves room for growth in Latin America and parts of Africa, but it characterizes these markets as too small, at least today, to offset weakness in established destinations . In volume terms, EU exports are projected to decrease by 0.6% per year through 2035, while imports fall faster, down 1.9% per year, reflecting the same domestic consumption trends .

Environmental indicators in the outlook add another angle on vineyards because they capture projected shifts in cropping patterns and input use. In its crop diversity analysis, the Commission notes that permanent crops usually have a limited impact on regional diversity metrics, but it identifies the decline of vineyards in southern France as a notable exception because it reduces crop diversity there . In the pesticides section, the report projects an overall reduction in pesticide use by 2035, and it highlights that within the "vegetables and permanent crops" group, vineyard and vegetable areas are expected to decline while olive groves, fruit, flower, and nursery areas increase . For vineyards specifically, pesticide use intensity is projected to

decrease by 4% on average by 2035, even as changes differ by region and by pesticide type . The Commission also points out that hotspots for pesticide intensity tend to align with areas where vegetables and permanent crops concentrate, and it cites western German regions with vineyards among the places where insecticide and acaricide intensities are highest .

The outlook's new farm-level analysis adds an economic view of what these market trends could mean for holdings that include vineyards. Using the IFM-CAP model, the Commission projects that farm income per annual work unit for horticulture, permanent crop, and wine farms decreases by 2.5% overall between 2020 and 2035, mainly because real output prices decline while input prices remain stable, compressing gross margins . The report stresses that the change is uneven across the income distribution, with the highest-income farms (the top deciles) more exposed to margin compression in this farm type . On viability, it projects the share of these farms classified as "viable" falls to 83% by 2035 from over 87% in 2020, with the sharpest deterioration among the largest farms, while smaller farms show more resilience in the model results . The Commission also reports that environmental indicators for this farm type change only marginally in the simulation, with erosion risk down 0.75%, greenhouse gas emissions down 0.5%, and a slight increase in nitrogen surplus of 0.25% .