

PROSPECTS OF THE EU WINE SECTOR

EU Wine Market Observatory

June 2024

1. Overview of the EU Wine Sector

The wine sector is intricately intertwined with the EU's economy and society. A recent report estimated that in 2022, the sector contributed a total of €130 billion, or 0.8%, to the total EU's GDP, and generated 2.9 million jobs (1.4% of the EU employment), with notable ripple effects throughout the economy.¹ Wine production plays a pivotal role in sustaining the vitality of rural areas, nurturing wealth and innovation while remaining deeply rooted in their unique landscapes, histories, and rich cultural heritage. Internationally, wine is emblematic of the EU's traditional way of life, serving as a symbol of its identity to many nations around the globe.

Following the wine reform of 2008, the EU wine sector spectacularly shifted to higher quality and competitiveness, framed, and accompanied by the EU geographic indications (GIs) policy and more market-oriented wine national support programmes. This is reflected by a constantly increasing value of production and exports. Wine has become the food product with the larger number and value of GIs². In 2023, more than two thirds of the EU wine production was protected by a GI. Taking advantage of the growing global demand for quality wines and of globalisation, the market value of EU wines has constantly expanded. Export value tripled in the past two decades and wine became the third agri-food product for value exported, making up for 8%³ of EU agri-food exports in 2023.

At the shadow of this success, long-term trends remained rather undetected or not addressed adequately. The recent succession of conjunctural events including the US punitive taxes (Boeing case), the Covid pandemics, the Ukraine war, the general geopolitical tensions, and the acceleration of climate change aggravated the situation and sent worrying signals to the sector, which started questioning about its future.

The identification and understanding of the long-term factors at play, potentially distinct from conjunctural fluctuations, is becoming increasingly urgent. This is paramount to guiding the sector through future challenges and maintaining its pivotal role in generating wealth within a swiftly evolving economy and society. This paper aims at identifying those factors based on the best available information and includes figures and facts presented in two expert meetings (November 2023 and April 2024) held in the context of the **EU Wine Market Observatory**. It analyses trends of three key market aspects: consumption, trade, and production.

¹ PwC 2024 - "[Economic, social and environmental importance of the wine sector in the EU](#)". Direct contributions are EUR 56 billion, and 1.8 million jobs.

² [eAmbrosia - the EU geographical indications register](#)

³ [Agri-Food Trade Statistical Factsheet 2023](#)

2. Challenges and Structural Issues

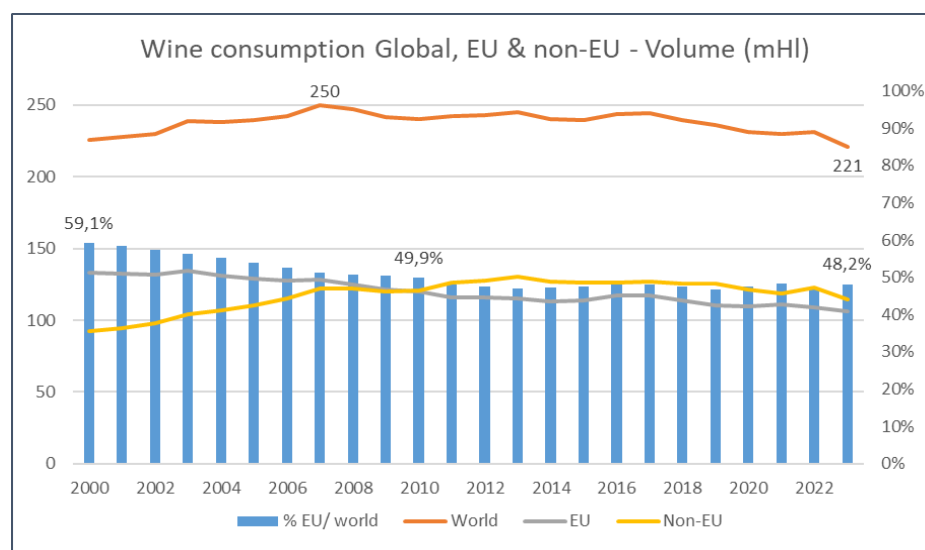
2.1 Consumption

The recent evolution of domestic and global wine consumption is the primary concern for the sector across the EU.

Key facts and figures

World wine consumption estimated at 221 million hectolitres (mHl) in 2023, is at the lowest level in the last three decades⁴. After increasing at substantial pace from year 1996 to peak in 2007, consumption remained rather stable until 2017, when a consistent decreasing pathway started, to reach an overall reduction of almost 10% in 2023. This trend is the result of a long-lasting de-consumption tendency in the EU, on top of a similar, more recent trend underway outside the EU.

The evolution of domestic consumption is critical for the balance of our wine market, as the EU is still the main consumer in the world, in terms of both total and per-capita consumption. With a total consumption at around 110 mHl in the last 5 years, or 20% (20 mHl)^{5,6} lower than in 2000, the EU share over the world wine consumption has decreased from 59% to 48%.



Source: OIV, OeMv

The decrease in consumption in the EU is a long-term process ongoing from the 1960s. In France alone, the reduction is estimated at 65% in per capita terms⁷. After the turn of the century, consumption in key producing countries (France, Spain, and Italy) dropped by around 30%⁶⁶. In the last

decade, EU consumption shrunk by 1,2% per year, with France on the lead of the decline and Germany, traditionally a stable market, showing first signs of de-consumption. In the same period, Italy, Portugal, and Spain present more stable even slightly increasing figures⁶. Consumption frequency in France has sharply gone down: between 1980-2022, while the share of non-consumers doubled, to reach 37%, regular consumers dropped from 51% to 11%⁸.

The share of global consumption outside the EU grew from 41% to achieve 52% in 2011, and has remained around this level since, increasing the relevance of wine trade for the final balance of our wine sector. Among the top consuming markets of EU wines, USA (+57%), UK (+32%) and Russia (+84%) increased their total consumption significantly along the XXI century⁶. However, in the last 5 years the UK consumption has been stagnant. China's consumption rocketed in the

⁴ OIV - [State of the World wine and wine sector in 2023](#)

⁵ DG AGRI - EU wine data (apparent consumption)

⁶ [OIV Statistics](#)

⁷ FranceAgrimer - *Structural developments in production and consumption in France*. EU Wine Market Observatory (21.11.2023)

⁸ CNIV - *Perspectives for the EU Wine Market*. EU Wine Market Observatory (10.04.2024)

early XXI century but shrunk suddenly from (by 12 mHl) and remains below the levels of 1995, being responsible for half of the total global consumption decrease. Consumption in other countries remained relatively stable before Covid, while signals of de-consumption have become evident afterwards. At least in EU's key traditional markets, the roots of this trend seem to be the same as in the EU: in USA, for instance, a demographic shift is bringing a cultural change, where young adults have become less likely to use alcohol⁹; here also beer and liquors are surpassing wine as the preferred option for adults¹⁰.

By colour, the decline in consumption is mostly affecting red wines, while white and rosé wines, and especially sparkling wines, have experienced stability or even some growth amidst the general negative trends. In the EU, red wine consumption decreased more roughly in France (40%) and Italy (30%) since the turn of the 21st century, while in other countries (Spain, Germany, Portugal) the decline went along with the general de-consumption pattern¹¹. Red wines are also the most affected by the more recent decline in consumption globally. After peaking in 2007, global consumption of red wines decreased by 15%, or 20 mHl, to represent today 47% of total consumption. Conversely white wines, including sparkling wines, increased by 10% or 10 mHl (to 43% of total consumption), and rosé wines increased by 17% since 2000 (up to 10% of total consumption) and remained stable in the last 15 years. The decline of red wine consumption has thus been only partially compensated by the white, sparkling, and rosé wines, and thus the overall global consumption maintained the downward trend started in 2007. The consumption drop in China, which was a key market in recent times for red wines, added to the EU's declining trend, and these factors explain most of the crisis of red wines, while UK, USA or Russia have remained stable in their red wine consumption.

While domestic wine consumption has shrunk in volume, it constantly increased in value, as the various market segments have been differently affected by the de-consumption. The small niche of premium and super-premium wines has so far been unscathed by the de-consumption, and the most expensive wines were even able to increase their prices due to their niche appeal, customer loyalty and price-inelastic (and in some cases even positive) demand. Mid-range price offerings, regardless of their PDO or PGI status, have been facing significant pressure. A large segment of the highly price-sensitive consumers seems favouring wines with competitive prices, including fresher wines, no and low alcohol products and wines packed in bag-in-box. These trends are most pronounced in the consumption of red wines⁸.

Challenges and prospects

Part of the recent reduction in consumption is certainly due to conjunctural problems, including the uncertain global context, the erosion of the purchasing power of consumers, and geopolitical tensions. This share of the problem may be subject to correction once these problems fade away. Nevertheless, it seems clear that some factors with observed long-term trends are contributing to a more structural global de-consumption and to a change in the mix of types of wine preferred by consumers.

In the EU, profound structural changes are occurring in terms of amounts, quality and types of wine consumed. These trends did not ring the alarms until recently, due to a moderate decreasing trend in domestic production, to the shift in consumption to quality and more expensive wines, and notably to the expansion of external demand and globalisation. They became more evident

⁹ <https://news.gallup.com/poll/509690/young-adults-drinking-less-prior-decades.aspx>

¹⁰ CEEV - *Consumption Projections*. EU Wine Market Observatory (10.04.2024)

¹¹ OIV 2023 - [Evolution of the world wine production and consumption by colour](#)

after the Covid, with the acceleration of de-consumption and a weakening of the key external markets, which had so far compensated the reduced consumption in the EU. The domestic reduction in consumption is caused by multiple and intermingled demographic and cultural factors, which suggest that this decline is likely to continue unabated. More recently, anchored to the same reasons, similar and even faster changes appear happening in key importing third countries.

The decrease in consumption affects all age groups, but its distribution is more worrisome. In France, while the older generations remain the main wine consumers in frequency and volume, the younger are turning their backs on wine, particularly to the more traditional types: the strongest drop in the share of wine purchases in volume affects, the group aged 18-34 (- 28%)⁸, and in comparison the population over 66 buys almost 5 times more bottles⁸. In Italy, 57% of the daily wine consumers are over 60, while those below 44 represented only 16% (against 27% in 2009)¹². In Spain the population above 65 consumes 40% of the volume sold, while the population below 35 drinks less than 5%¹³.

The EU population structure is changing, and the negative continuous population decline and its simultaneous ageing weigh on the projections for future consumption in the EU, which are not optimistic. Considering these factors, a potential additional 19-27% decrease in consumption has been projected for 2034 in France⁸. Similar results could be expected for other consumer EU Member States with similar socio-demographic trends.

These demographic developments come often along with several societal transformations that add further pressure on consumption:

- *Health and wellness* concerns are driving consumers to reduce alcohol intake, seeking more for lower or no alcohol drinks (in France, 44% of the households declared in 2022 their will to limit alcohol consumption⁸); wine is not dissociated and considered as ‘alcohol’. In this context, the beverage market is increasingly filled with low and non-alcoholic products with simpler and faster methods of productions and subject to less strict quality regulations than wine.
- *New ways of life* go against wine consumption, including new meals habits (lighter and faster, cold, exotic, reduced in meat, and single-dish options); or shifts in ways of socializing, from open and physical to indoor and virtual. These affect chiefly red wines, while favouring whites, and roses, and especially sparkling wines and other beverages⁸.
- The increase in the share of population with *cultural backgrounds* (i.e., religious, ethnical) less or no acquainted with wine/alcohol also weighs on the total wine consumption.
- *Young generations*, as said above, consume wine less frequently and in lower volume, but are also volatile consumers, open to easily try different tastes and beverages, and occasions for consumption.
- Emerging *ethical and societal motivations*, with expanded preference for products and packaging suggesting sustainability, or the respect for climate and the environment.

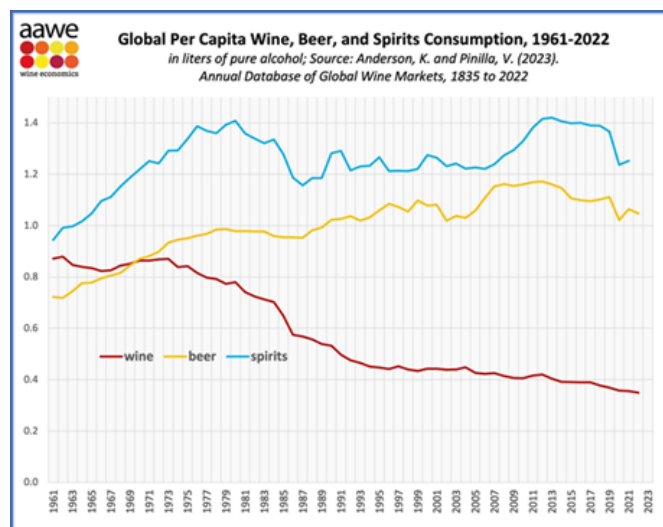
Population tastes have been changing in parallel to de-consumption. Where wine is often perceived as a traditional beverage, a broad array of innovative alcoholic drinks is coming to the market to satisfy all ranges of preferences. Within wine consumers, freshness, sweetness, and drinkability are key sought features. Younger generations prefer wines which are lighter in alcohol,

¹² EFOW - *Towards a paradigm shift. Insight from Wine Sales in the Italian Large Retailing Trade*. EU Wine Market Observatory (10.04.2024)

¹³ COPA - *Diagnosis of the problem in the Wine Market*. EU Wine Market Observatory (21.11.2023)

body, and colour, as well as sparkling and easy to mix wines. Climate factors, like the general increase in temperatures, also favour a higher demand for lighter and fresher products.

In this context, within wine consumers the appeal of red wines is decreasing, compared with white and rosé wines in almost all wine consuming countries^{14,13}. Red wines keep a majority share and chief preference in few, new consuming countries with limited share in the global scenario, like China and Vietnam¹¹. Conversely, sparkling wines are getting most of the preference in more traditional markets, also extending their occasions for consumption, as *aperitivo* or as a dessert, often replacing liquor or sweet wines, and during meals.



In addition, beverages other than wine are prevailing in consumer's choices and increasing the competitive pressure on the market. Beer has taken a significant share from wine (e.g., in France beer increased from 15% to 25% and wine declined from 49% to 41% in 2000-2022)¹⁵. Both wine producers and retailers acknowledge the success of other alcoholic beverages in reaching young consumers with novelties. In this context of increased competition with other beverages prices, and the high marketing investments made by the beverages industry, play a competitive disadvantage for wine.

2.2 Trade

Wine trade bloomed in the last decades, but there are growing signs of fatigue and threats that may affect the viability of the sector.

Key facts and figures

The wine volume traded worldwide increased by 47% in the first decade of the 21st century and remained relatively stable in the second decade, at around 100 mHl, to slightly decrease since 2021¹⁶. However, the value of wine traded increased constantly and reached EUR 37 billion in 2022, 152% more than 2002, before decreasing by 5% in 2023¹⁷.

The EU leads global wine exports, with France, Italy, and Spain widely dominating (84% of EU, 60% of global exported value¹⁸). France alone accounts for one third of global exported value. Since the latest wine reform in 2008, the wine exports of EU27 countries grew at an annual rate (4.4% in value, 1% in volume) higher than one from third countries (3.4% in value, 0.0% in volume)¹⁹. Along this century, the EU exported volume increased by 61%, from 20mHl to 32mHl, and the exported value more than tripled, from EUR 6 billion to near EUR 18 billion.

¹⁴ EFOW - A temporary crisis or a paradigm shift in Wine Markets? EU Wine Market Observatory (21.11.2023)

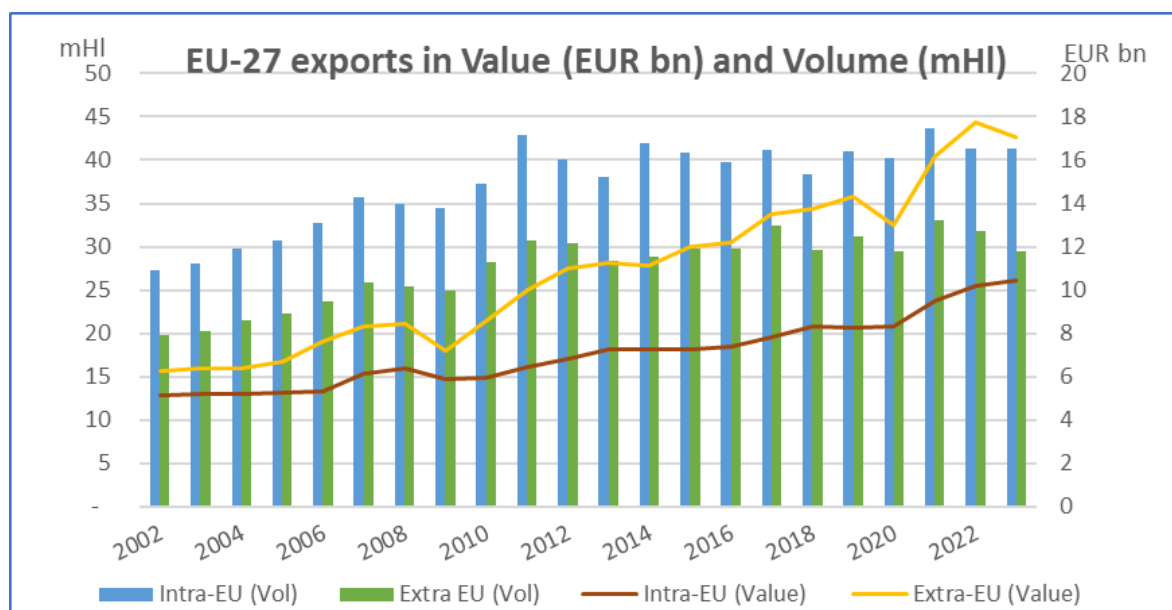
¹⁵ EuroCommerce - Trends in Sales of wine. EU Wine Market Observatory (21.11.2023)

¹⁶ OIV data as of June 2024 (Statistics | OIV)

¹⁷ OeMv - International Trade Trends. EU Wine Market Observatory (10.06.2024)

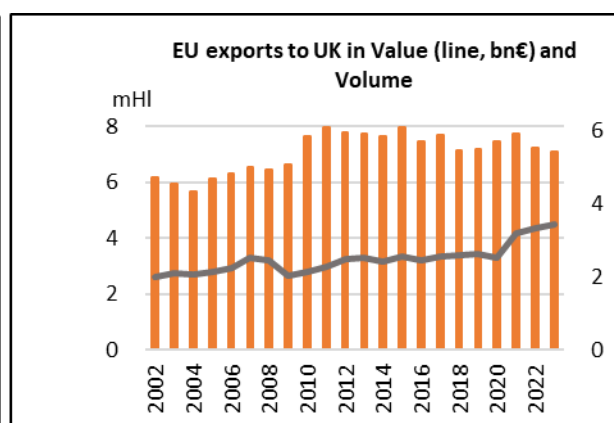
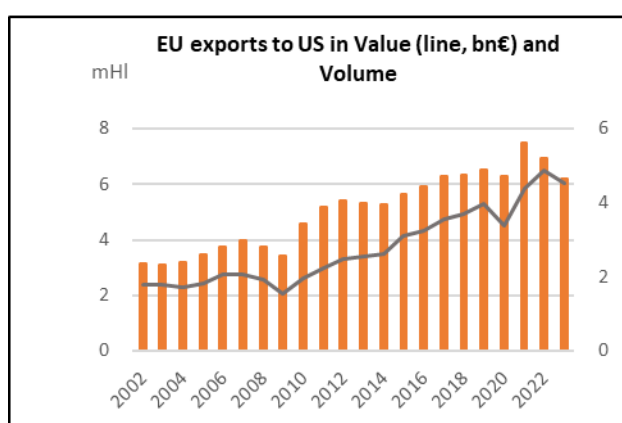
¹⁸ Eurostat - Comext

¹⁹ OeMv - International wine trade Factors affecting consumption & trade trends. EU Wine Market Observatory (10.04.2024)



Source: Eurostat (Comext)

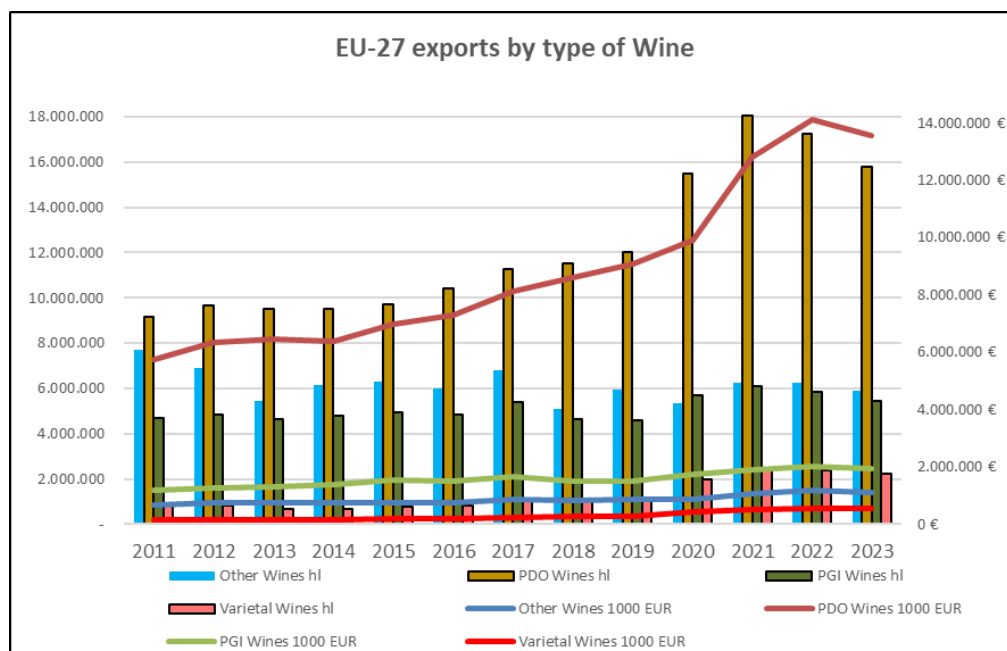
Recent trends in key markets are disturbing the sector. EU exports started declining in 2021, affecting particularly still wines of all colours, with a drop of about 12% in total volume in two years. The EU exports to UK, which increased in volume from 2002 to 2012, have been decreasing since 2015, despite a constant increase in value of 73% in the past 20 years. The EU exports to USA, grew significantly in the past two decades (97% in volume, 150% in value) but dropped recently due to a combination of factors, such as overstock of unsold wine following the post-Covid catch-up and lower sales, affecting their total wine imports, which decreased by 15% in 2023^{20,21}). In China, wine imports thrived from 2005 and peaked in 2017, but more than halved afterwards due to various reasons, including the substitution of imported wines with domestic products, a general drop in consumption and changes in consumers' preferences. As exceptions to this general recent trend, certain important markets such as Russia and Switzerland have kept, and even expanded, their EU imports.



Source: Eurostat (Comext)

²⁰ UK data adjusted with estimations for 2006-2009

By colour, exports of white wines outperformed the reds, showing an increase of 15.8% from 2010 to 2023, while red and rosé wines decreased by 7% in the same period. Among the white wines the *sparkling wines* continued to behave well and to show resilience despite the adverse circumstances for the sector, growing by 7% CAGR (compound annual growth rate) in both value and volume in the period 2000-2023. Very successful examples in this category include Prosecco and Champagne¹⁹.



When analysing wines under quality schemes (PDO and PGI), the sales of wines with geographical indication outperformed non-protected wines in value and volume. In the last decade, while PDO wines experienced a consistent growth in volume and value, PGI wines saw a more uncertain development, with stable exported volumes and only slight increases in value. In the same period, varietal wines performed very well, multiplying exports in both volume and value by more than three, while the other wines without protected indication experienced a marginal decrease in volume sold²¹.

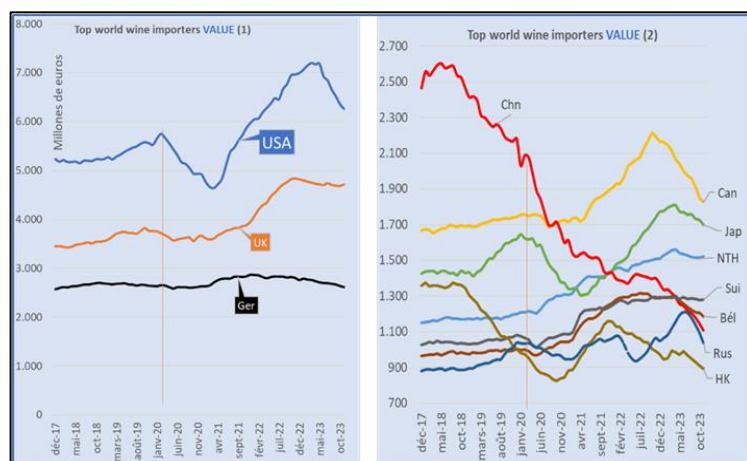
Challenges and prospects

International trade is experiencing changes and facing uncertainties due to surplus of supply and weakening demand. The interplay at global level of a structural de-consumption trend due to the factors analysed in the former section (health concerns, shifting demographics, shifting consumer preferences) and a series of international conjunctural factors (geopolitics, difficult logistics and conflicts) combined with the decrease of consumers purchasing power, have put demand under severe pressure, affecting international trade. In this context, the EU but also other traditional wine exporting countries, such as Australia²² and Chile¹⁹ above, are experiencing overproduction, pointing to a global structural market issue.

The current trade dynamics, where different countries exhibit a wide variety of preferences and consumption patterns and where new wine enthusiast countries may chip-in, underscores the need of the sector to adapt quickly to scenarios of diverse and emerging market trends. In a world with an accrued competition, only those most able to satisfy new market demands will thrive.

²¹ Eurostat (Comext)

²² <https://www.wineaustralia.com/news/media-releases/wine-inventory-remains-high-despite-steady-sales-and-reduced-production>

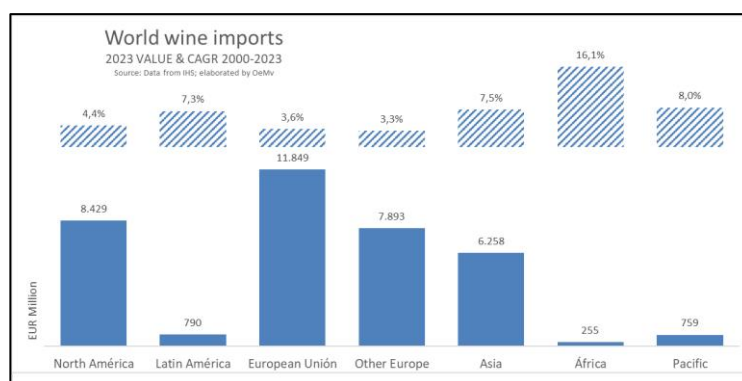


OeMv – EU Market Observatory

average for 40% of EU exports in volume and 42% in value in the last five years. In total, 9 countries absorb 80% of EU exports in value (USA, UK, Switzerland, China, Canada, Japan, Russia, Singapore, and Hong Kong)²¹.

In this context, some recent symptoms of fatigue in trade with these markets is worrying the sector. These recent trends might be partly due to conjunctural factors, including recent geopolitical events, such as the Boeing case in USA, the Brexit in UK, and the frictions with China and Russia, which have been adding additional risks to several of the traditional EU export destinations. Beyond those, more structural factors are clearly underway also in traditional importing markets, including the evolution of general consumption patterns mirroring those in the EU and caused by the same factors. This context urges wine producers and traders to diversify and explore other promising markets, with growing populations and wealth, and openness to enjoy wine products.

Growth opportunities seem to exist in emerging markets like Africa, Latin America, and East Asia. Asian markets, which contribute 17% to global wine trade and grew quickly until recently, currently show unclear trends, with altogether an evolving pace comparable to that of traditional consuming regions. Conversely, Africa and Latin America have shown significant



Source: OeMv

annual growth rates in imported values of +16.1% and +7.3% respectively per year along the 21st century. Although they currently represent a small fraction of the market (altogether 2.9% of imports in 2023), their potential as markets seems high due to their low current *per capita* consumption and projected demographic growth¹⁹. Penetration in those new markets will require significant marketing efforts, together with adjustments of the products to local tastes and consumers' behaviours, which might fall outside the more traditional schemes of the sector.

Certain types of wines (i.e., sparkling, fresh, low/no-alcohol, various innovative, organic wines), apparently better adapted to new tastes and ways of drinking, have succeeded in the international markets despite the increased de-consumption and competition with non-wine products. This suggests the need for the sector to improve the analysis of consumption trends in different international markets to adapt faster the portfolio of products supplied and the market strategies.

Mirroring the pattern observed already in domestic EU consumption, a long-term trend of market polarization is also evident in international markets, with a growing preference for wines at the extremes of the price scale: premium wines on one side and lower-priced and popular wines on the other (i.e., fresh, sweet, light). While premium wines are thriving, middle-range wines face challenges. As in the EU, the global market is becoming increasingly stratified, with the extremes (premium and popular/cheap wines) likely to maintain or enhance their positions, while leaving the mid-range wines to take most of the pressure, and potentially leading to a market consolidated around value and premium offerings.

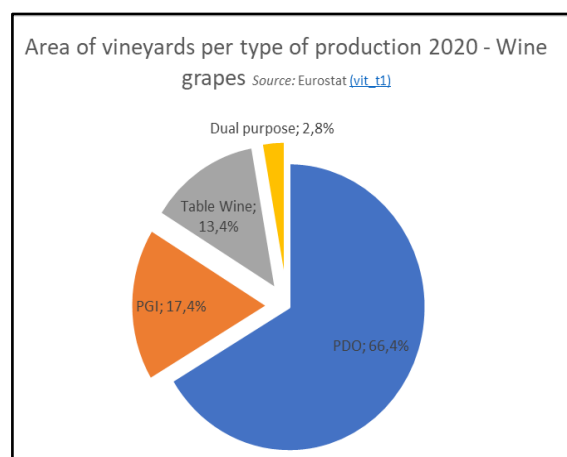
2.3 Production

Growing uncertainty is the main concern of wine production, with increasingly larger and more frequent swings and consequent difficulties to regularly match production to demand.

Key facts and figures

World wine production remains slightly below the 20-year average, at around 260 mHl in recent years, mirroring a global reduction in vineyard area of about 5%, from 7.7 to 7.2 million hectares (Mha)²³.

The EU's vineyard area represents 43% of the world total. It has decreased more significantly than the global area, due to the main eight wine producing Member States that were in the Union in year 2000, which lost about 14% of the total vineyard area, from 3.27 to 2.81 Mha. The EU vineyards area decreased through grubbing up mainly in the aftermath of the 2008 wine reform, which aimed at improving market orientation towards competitiveness and wine quality. It decreased from the peak reached in 2007/08 of 3.65 Mha to stabilised at around current level of 3.1-3.2 Mha. The decrease from 2008 to 2023 occurred in most Member States (for Bulgaria, Cyprus, Hungary, and Slovakia, around 40%; for Portugal, Slovenia, Spain, Greece, and Austria by 10-30%; for France, Italy, and Romania, by 0-10%) and slightly increased (1-2%) in Czech Republic and Germany. In 2015-2020, the EU's total vineyard area remained stable with a slight decrease of 1.1%, with some growth in Italy (+38,000 ha) and losses in Spain (-30,000 ha), Portugal (-25,000 ha) and France (-10,000 ha). Overall, most EU countries saw a reduction in the number of winegrowing businesses, except Greece.



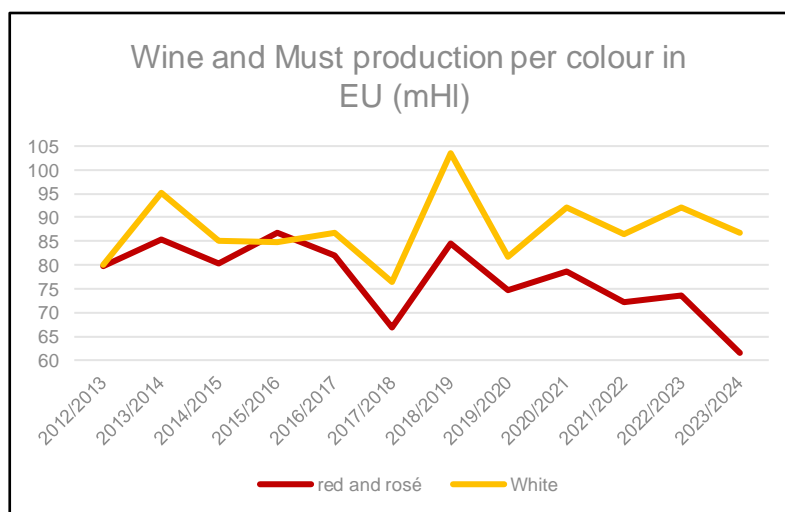
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Despite the reduction in vineyard area and switch of most of the production to GI wines, EU wine production slightly increased since year 2000 due to higher yields; it remained in average around 160 mHl in the last 5 years (this is about 60% of world production, with Italy, France and Spain as key producers taking 80% of EU total). Around these average values, since the 2010s the interannual variation have been increasing in frequency and magnitude, widely ranging between 140 and 190 mHl. National and regional fluctuations have been even larger, with minimum and maximum production in FR between 38 to 55 mHl, in IT from 36 to 48 mHl, and ES from 32 to

²³OIV, 2023 ([Statistics](#) | OIV)

52 mHl. In 2023 a country like FR achieved a decadal record, while IT and ES recorded decadal losses²⁴.

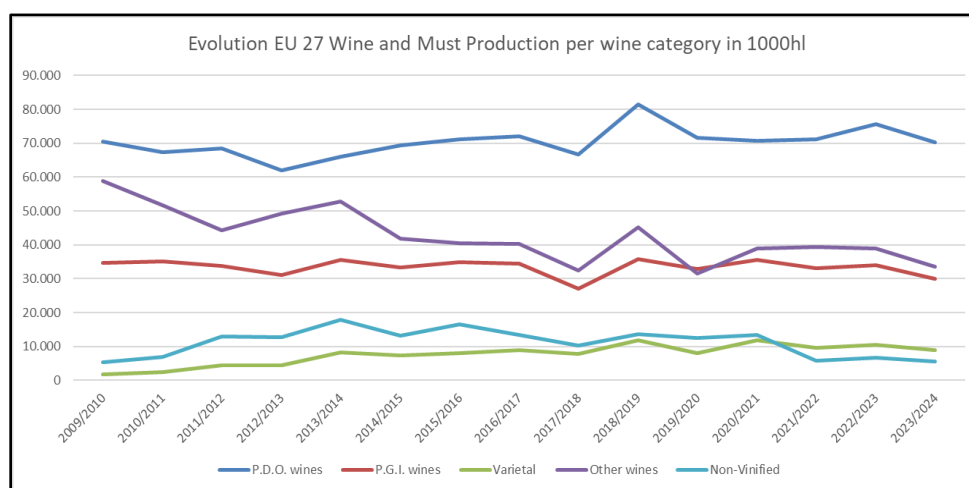
Production by colour is showing differentiated pathways. Red wines, in the past the wine reference of the sector, have been overtaken by white wines since the 2010s. Since 2015, red wines have shown a sharp decrease of about 25 mHl (current production 60 mHl), while white wines (including base wines for sparkling wines) have mostly taken up this loss (current production 85 mHl). In



Source: DG AGRI

terms of area, vine varieties for red wine were still above those for white wine in 2020, with 1.5 and 1.3 Mha²⁵, respectively.

Production by types of wine in the period 2010-2023 show a certain stability for wines with PDO and a slight reduction of PGI wines. Varietal wines increased sharply, although from very low level. Wines without GI accounts for the whole reduction in the total wine production. More than two-thirds of the wines produced are GI wines, with 47% being PDOs and 22% PGIs. The conversion to PDO and PGI of many vineyard areas increased the area planted for wines with GI (66% under PDO and 17% under the PGI in 2020), but maintained the total production of those wines, due to the maximum yields per hectare contained in the GI specifications. The transformation of most of the vineyards' area into GIs helped to stabilise their volume of



Source: DG AGRI

production (GI production has been stable around 105 mHl), while the fluctuations of production were mostly for wines without GI (which have moved sharply in the range between 50-75 mHl).

Organic production has recently increased outstandingly in the EU, to reach 12% of the total vineyard area. Spain and France have about 140.000 ha each dedicated to organic grape

²⁴ DG AGRI data

²⁵ Eurostat - [Vineyards in the EU - statistics - Statistics Explained \(europa.eu\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1)

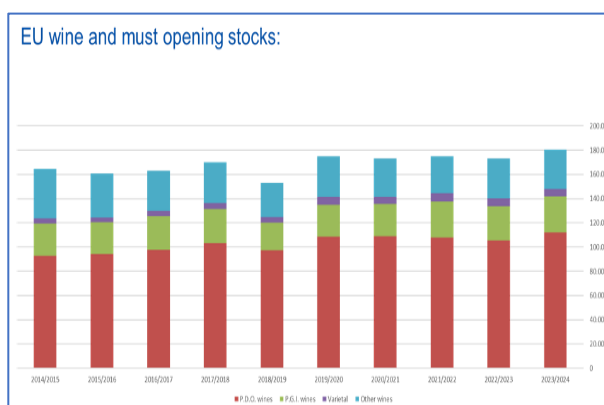
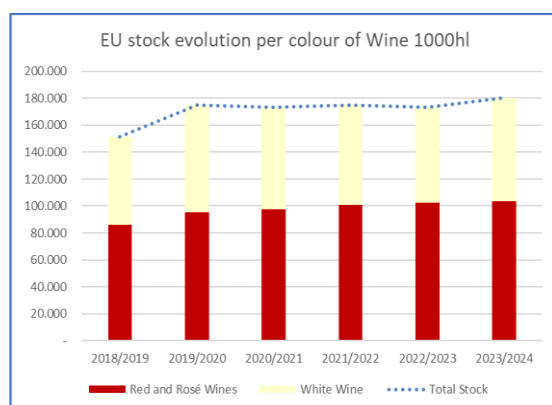
production²⁶. In IT, organics cover 19.7% of the national vineyard area and grew by 138% since 2012²⁷.

Challenges and prospects

Wine production in the EU is adapting to the new demands in terms of colour, quality, and typology (e.g., organic wines), though apparently at a slower pace than required by domestic and especially international demand. Currently, many producers in certain regions perceive a global imbalance in the wine market, with an excess of supply compared to demand, and suggest reducing oversupply.

The wine sector is extremely vulnerable to climate change. Change in climate is accelerating more than expected and production is hardly predictable and at risk of becoming non-viable in some regions. Extreme weather events are increasing in frequency and intensity; drought, hail, late freeze, excess of humidity or temperatures are increasingly affecting EU production. Known pests and diseases are changing their behaviour and capacity to produce damage and getting more challenging to contain. These factors can also negatively affect the production methods that rely on lower inputs (i.e., organic and others). Climate change is making the desired quality of the grapes more difficult to obtain and predict, and the recognisable features of one same brand of wine are difficult to maintain across the years. Higher temperatures lead to wines with higher alcohol content, heavier and less palatable, particularly in a context of hotter weather that incites the consumption of fresher beverages. This is especially evident for red wines that are suffering a considerable increase of their average alcoholic strength, which is the opposite to what the consumers are currently demanding. Significant adaptation is already taking place, as producers have changed some agricultural practices, invested in different types of vines/varieties, harvest methods and vinification practices.

One way to increase resilience relies on varieties and the rootstocks. The current wine production worldwide is based on a narrow portfolio of varieties that have been selected and promoted in the last decades in the “old world”: one third of the vineyards in the world are planted with only thirteen varieties of *Vitis vinifera* (and 50% of the area, with 33 varieties), neglecting around other 10 thousand varieties known in the world²⁸. Tests with native varieties and hybrids more resistant to harsh weather conditions and to diseases are rather widespread but still need more time, research, and practical experimentations to be able to select the right ones for each area and the desired taste. The increasing uncertainty of production is the main sector concern. The ample



Source: DG AGRI

²⁶ Statista - [Share of organic wine vineyard area worldwide in 2021](#)

²⁷ ISMEA – *Tendenze e perspective del Vino italiano*. EU Wine Market Observatory (21.11.2023)

²⁸ OIV - [Distribution of the world's grapevine varieties](#)

fluctuation in production brings unprecedented uncertainty, putting under heavy and continuous stress income and investments, the structure of production and the supply chains and disrupting regional markets: where low years produce insufficient wine to satisfy the traditional markets, high years lead to excessive stock accumulation, putting pressure on regions with slower sales. This situation impedes a smooth and efficient management of the wine market. Producers face the problem to match a less and less predictable supply with a reduced and shifting demand, with consequent risks of losing markets and accumulating structural stocks.

Producers of PDO wines and producer associations are particularly vulnerable to this situation, that would require stronger collective forms of association, with more possibilities to smooth annual fluctuations, diversify geographically and product categories in their product portfolio, as well as enhanced capacity to support their members to confront damages to production.

3. Recommendations and opportunities

The experts of the Wine Market Observatory underscored the need for a strategic approach to address the structural issues and dynamics affecting the global wine market, highlighting the importance of adapting to changing consumer preferences and market conditions. Options entail:

- The long-term de-consumption trend suggests a need of assessing a possible reduction in overall supply, to align it with a shrinking global demand.
- Strategies to adapt to markets evolving towards enhanced stratification include opening from tradition to a wine offer adapted to new demands: more accessible wines adapted to new tastes (fresher, lighter, sweeter, innovative, sustainable) can increase the appeal from the younger groups, while keeping and enhancing the market of traditional wines for other targets of consumers. Popular wines can coexist with premium wines and satisfy all ranges of consumers.
- To face this challenge, there is a need to better explore consumer preferences in a changing world, both in traditional markets, where tastes and lifestyles are quickly changing, and in new geographies and cultures for potentially adapting products to different tastes and habits.
- Despite recent economic difficulties, new cultural or ethical motivations in the purchases remain important, including references to ‘natural’, ‘no additives’, ‘not filtered’; ‘native’ with appealing narratives; ‘artisanal’; ‘local’; ‘ecological’; ‘sustainable certified’; ‘heroic wines’.
- Low and no-alcohol grapevine products hold a big growth potential, as consumers are more appealed by these types of beverages. The potential improvement in quality and taste of those wines can help expand this market niche and recover, at least partially, those consumers more careful with alcohol consumption.
- Fostering product innovation in response to evolving consumer preferences is an essential investment, which involves research, innovation, and openness in production methods, facilitated by the regulatory framework. Innovation is also perceived beyond the product, i.e., in packaging, presentations, narrative and promotional messages.
- Linking the EU wine to values such as tradition, sustainability, landscape protection, culture, gastronomy and tourism, or the wealth of rural areas and population, provides a competitive advantage to wine as compared to other beverages that should be better exploited.
- These elements could be accompanied by promotion, fostering the features of the EU wine sector, adapted to the new times.

- To address production challenges, adaptation to climate change is essential both by addressing the short-term fluctuations and weather events as well as the longer-term pattern shifts. Adaptation requires comprehensive strategies starting at national level and ending at the holding/producer level. The vineyard is a multi-decade investment and requires good climatic projections to guide decisions of producers and policy makers.
- The EU wine sector needs adaptation with investments in sustainable practices, new viticulture technologies and reinforcing the appeal of local and indigenous varieties, to ensure the long-term sustainability and success of the sector. A general mobilisation of research and innovation with professional support and knowledge transfer on the ground is critical for a quicker deployment of both historical autochthonous and eventually new suitable varieties.
- There are options for further and better promoting exports, in both traditional and new markets. Better targeting the promotion policy and programs to consumers in third countries is also needed, tailored to specific demographic and cultural segmentations.
- Leveraging the wine market through digital and direct sales provides an alternative market opportunity not sufficiently seized.
- The EU's regulatory framework, which guarantees competitiveness, quality, tradition and protection of EU wines, and EU promotion strategies for the EU quality products are essential in maintaining the leading global position.
- Certain legislative adjustments may help accommodate the production of grapevine products to the new consumer preferences and secure the position of the EU in a competitive global market. Adapting regulations should also aim at reinforcing the resilience of the sector, addressing production, consumption, and trade uncertainties in a shifting and unstable world.