Spain and the challenges of the International Wine Markets

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Eu Association of Wine Economists – May 15th 2025

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Recent evolution of international wine markets

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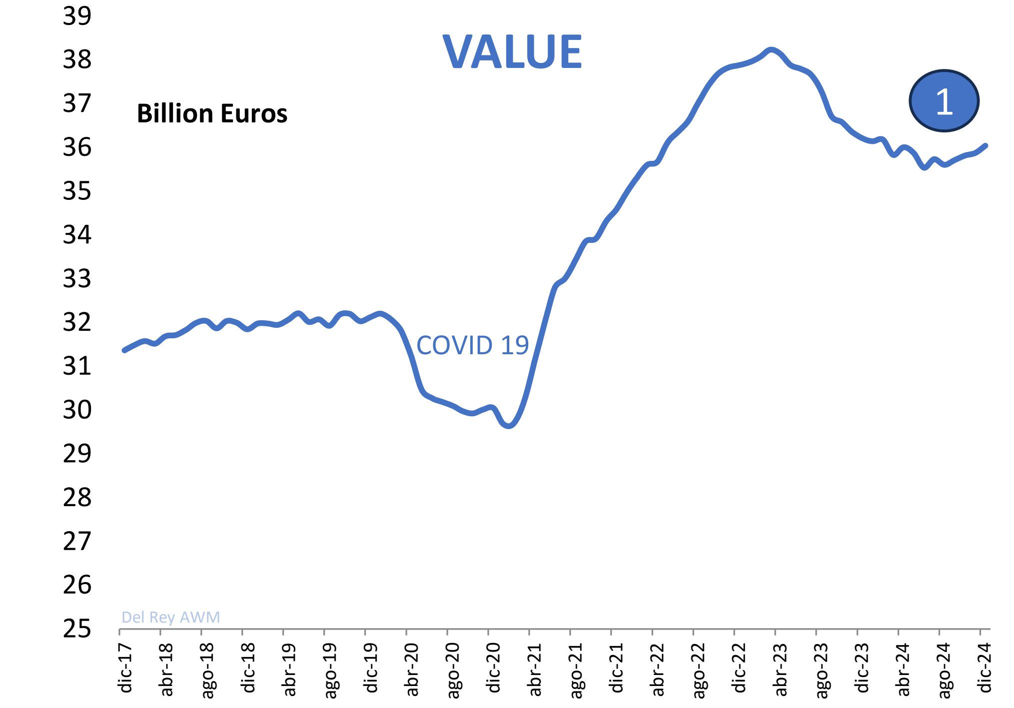
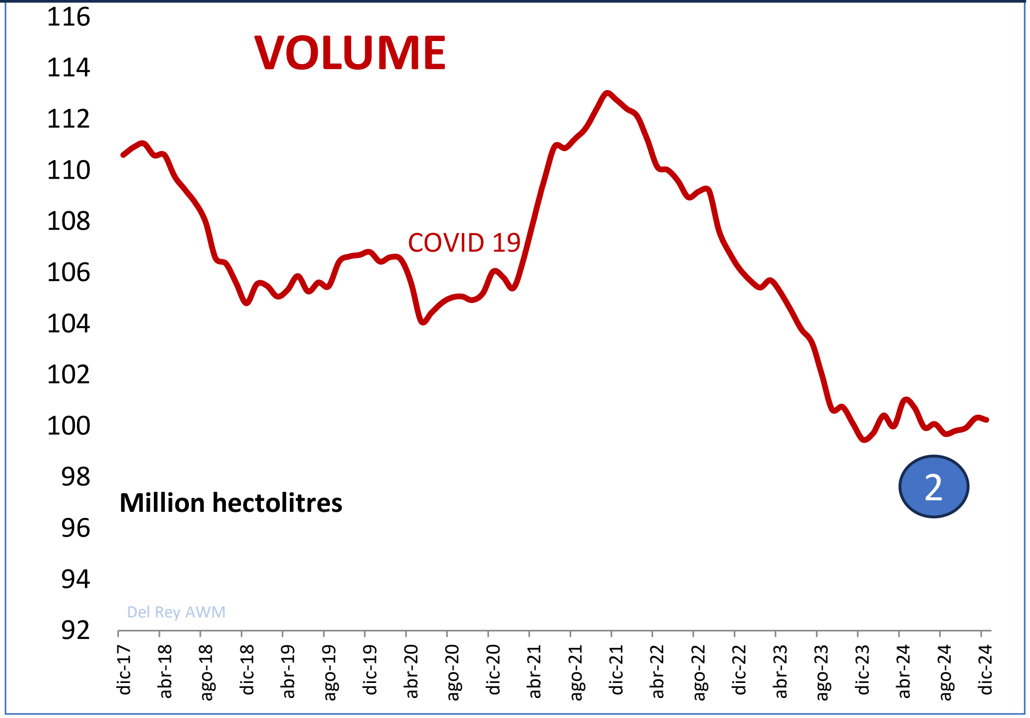
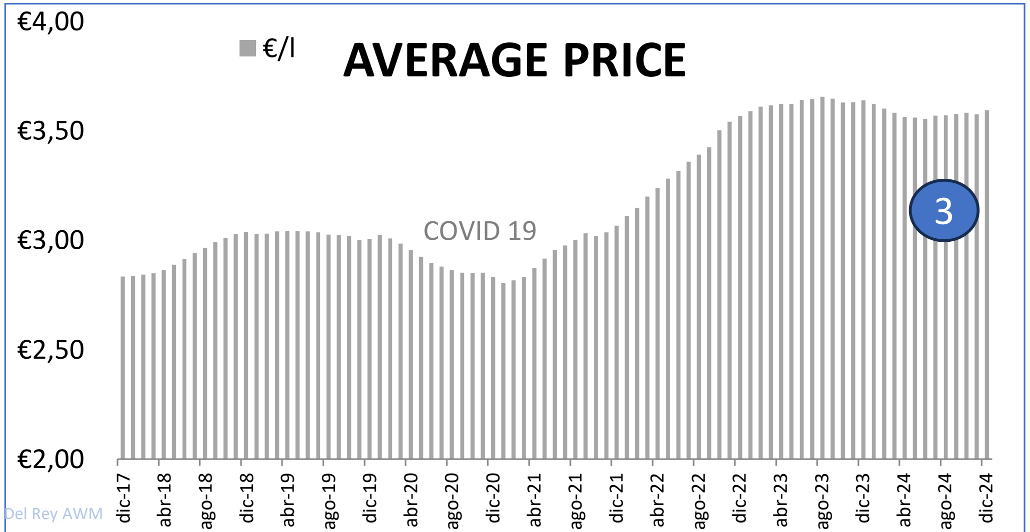
World Exports of Wine & Must

Source; Data S&P; elaboration Del Rey AWM







1. Wine trade in 2024 slightly decreased to €36 billion from €36.2 the previous year…
2. …despite a 0.8% growth in volume to 100.2 million hectolitres…
3. … pushed by a 1.2% decline in average unite prices to €3.60 per litre

This remarkable stability contrasts to sharp downfalls in 2023, when worries pointed at potential structural factors → RECOVERY?

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Trends by wine categories

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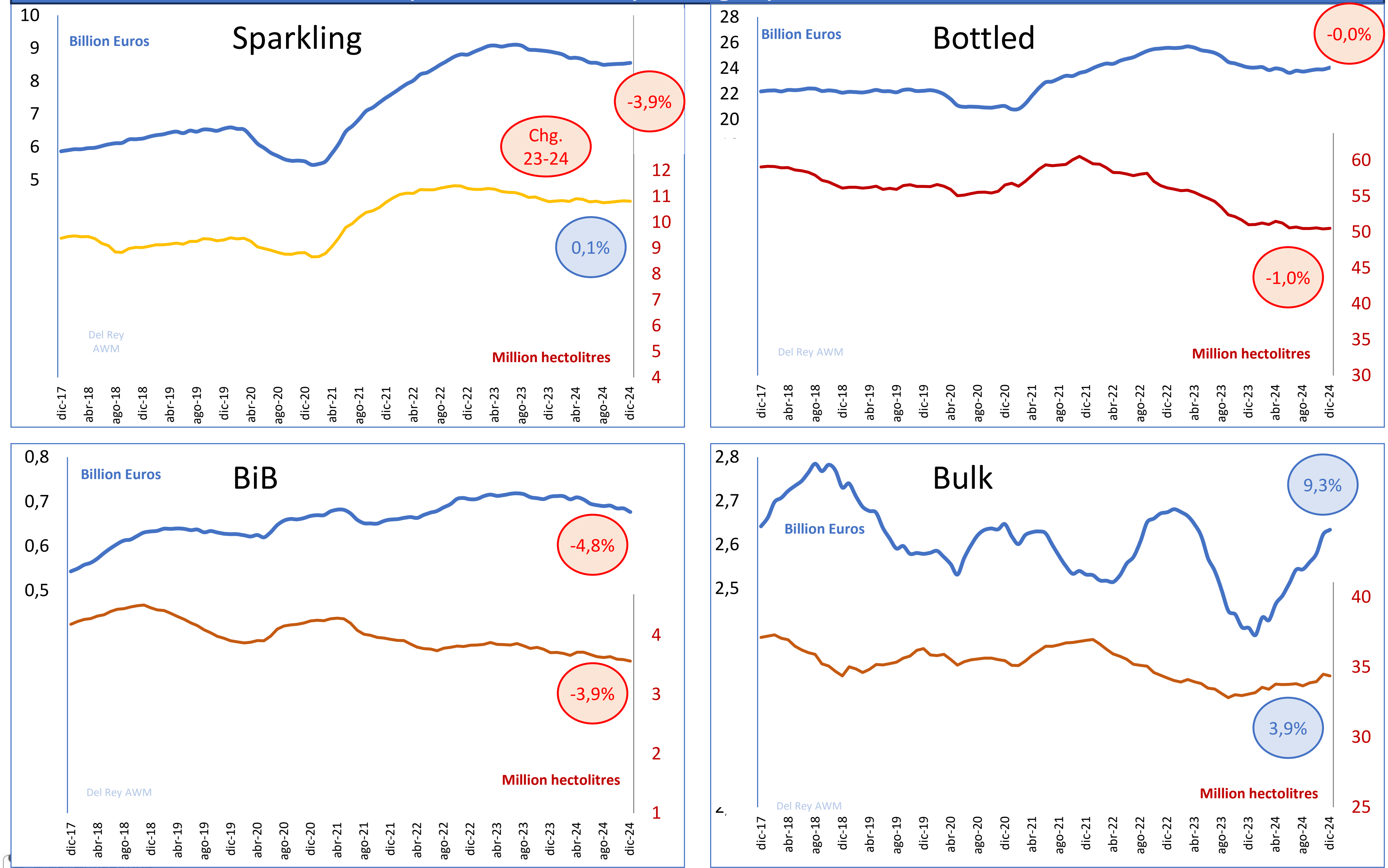
World Exports of Wine by Category

Source; Data S&P; elaboration Del Rey AWM



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Trends by colours

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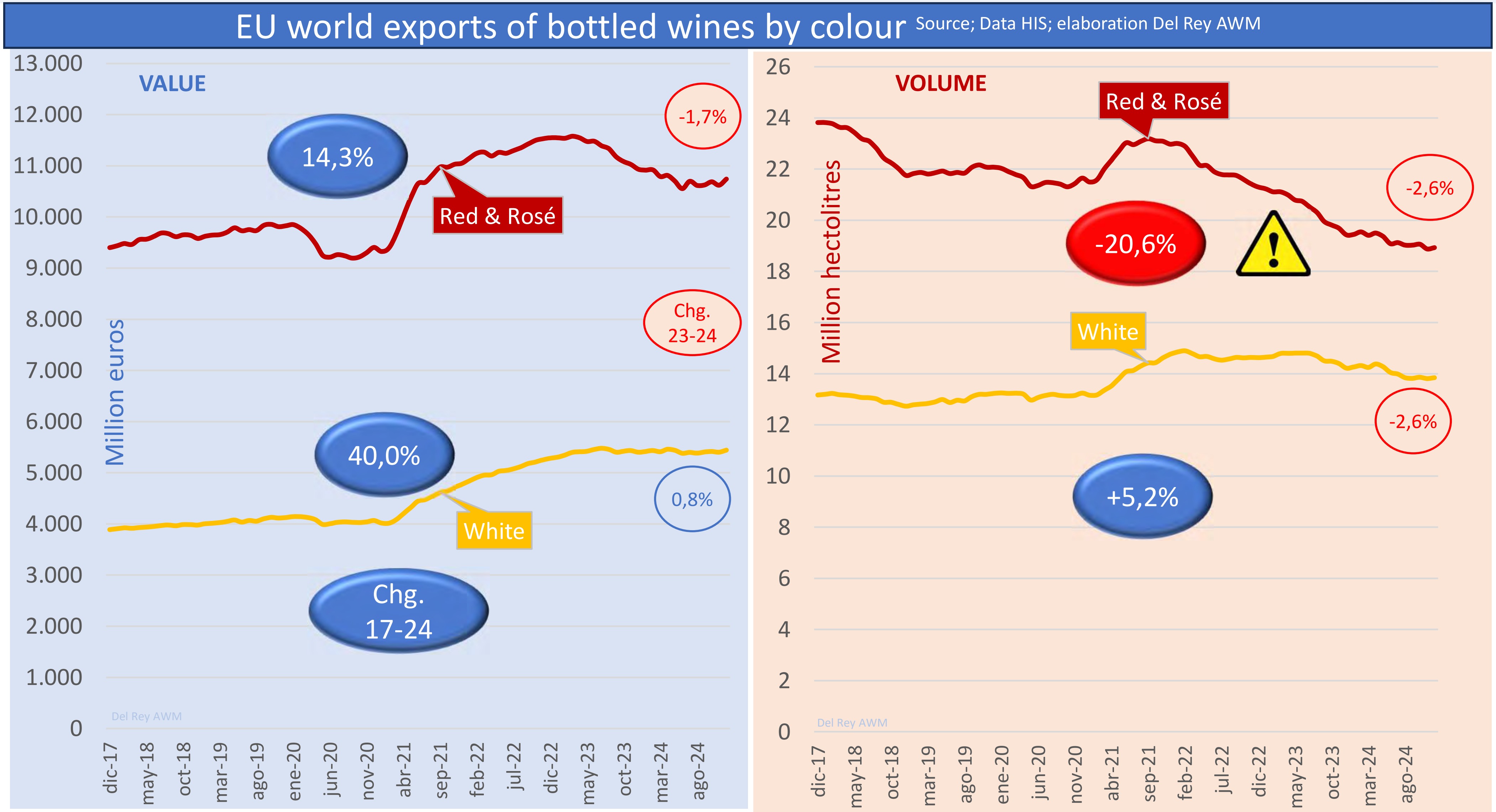

By colour, the difference between whites and reds & rosés grew in 2024 among EU exports of bottled wines in value.

Stability of whites around €5.5 billion (+0.8%) opposes to a new 1.7% decline of R&R bottled wines to €10.7 bl.

In volume, both colours show a 2.6% negative rate, continuing the crisis of R&R that results in a -20.6% fall in eight years.

Top wine exporters

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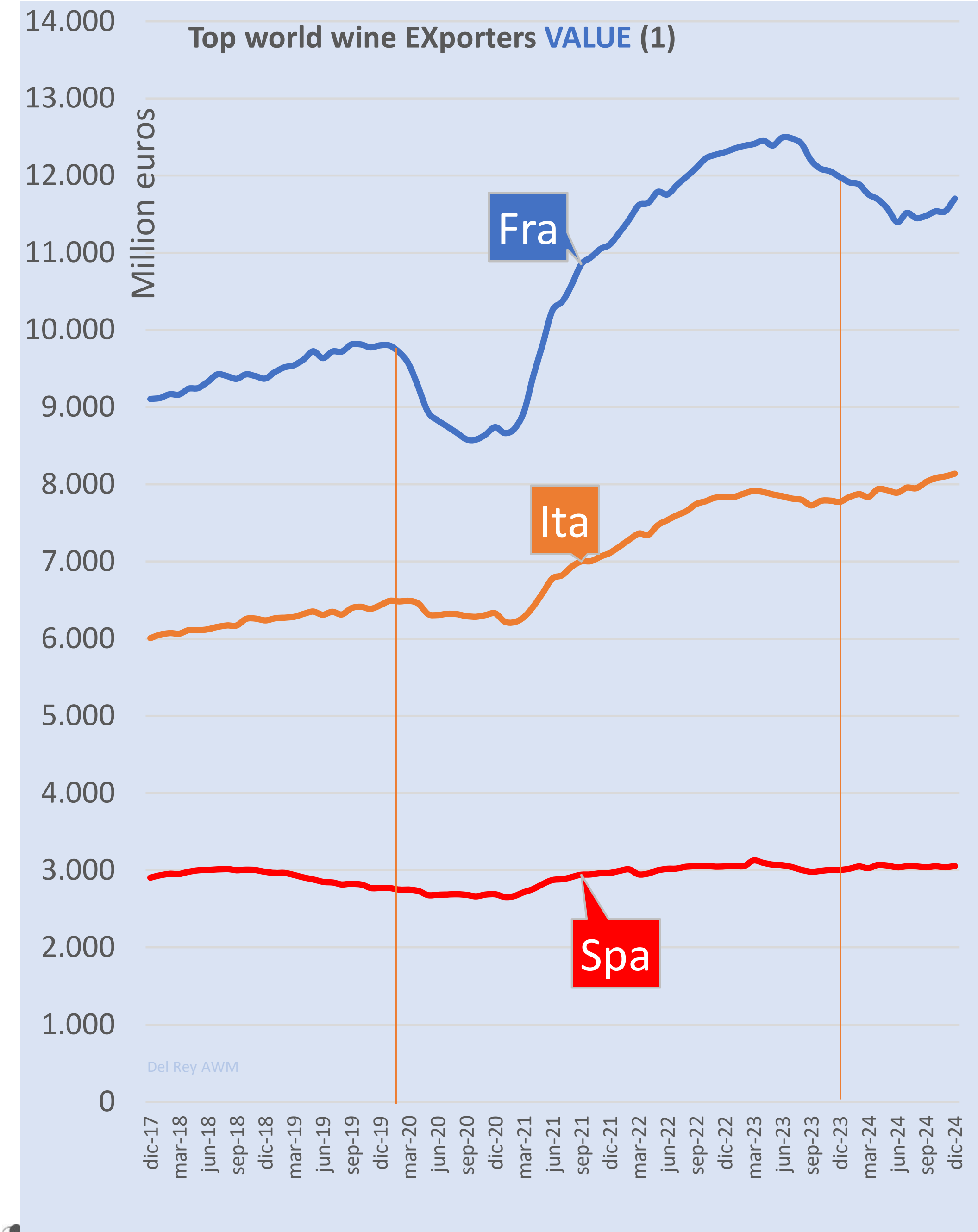
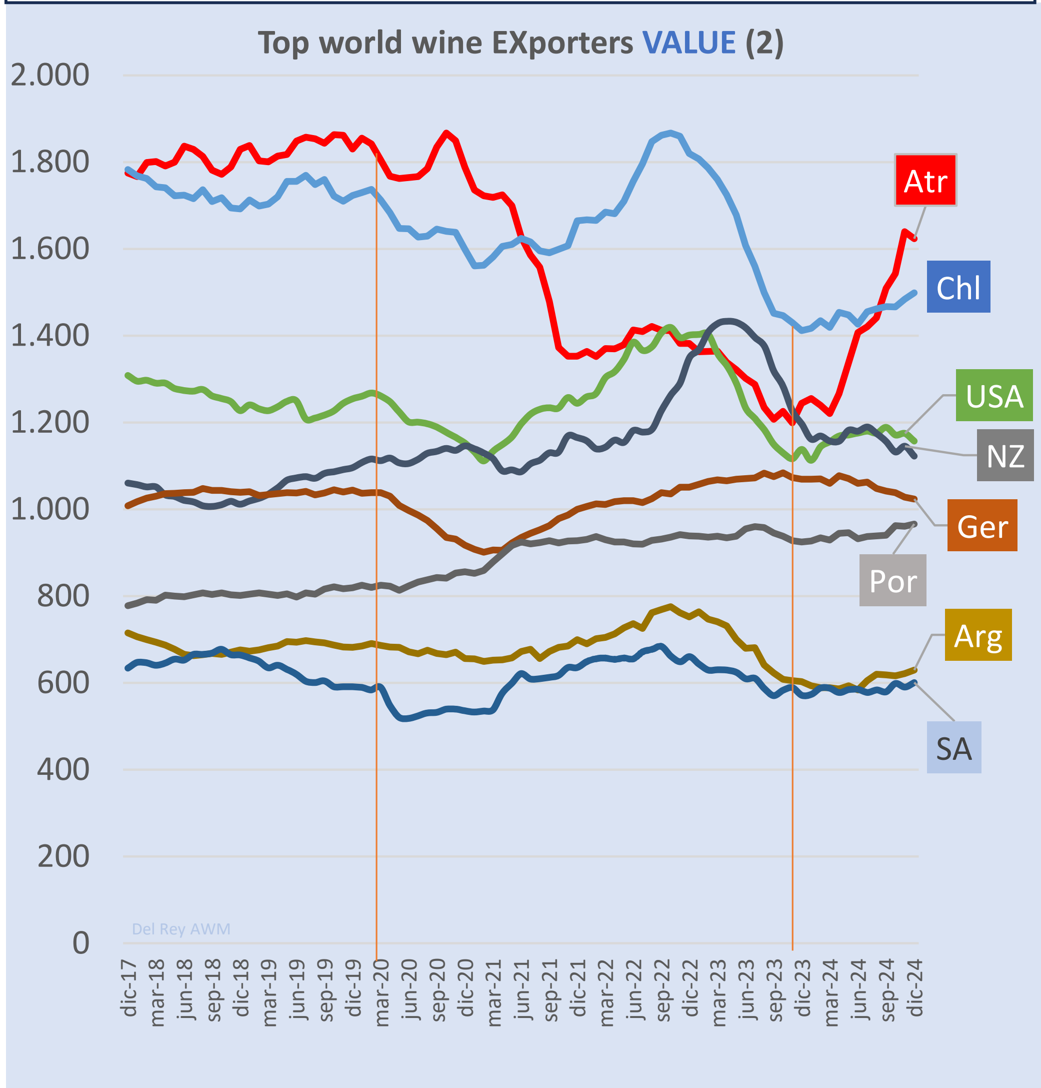


Among top world wine exporters, decline of French exports by 2.4% in euros contrasts with healthy growth of Italy's (4.7%) and small increase of Spanish shipments (1.6%).
Among smaller exporters, the recovery of Australian wine exports after Chinese lifting of deterrent tariffs and the growth of Chile contrast with decline of US and NZ's sales.



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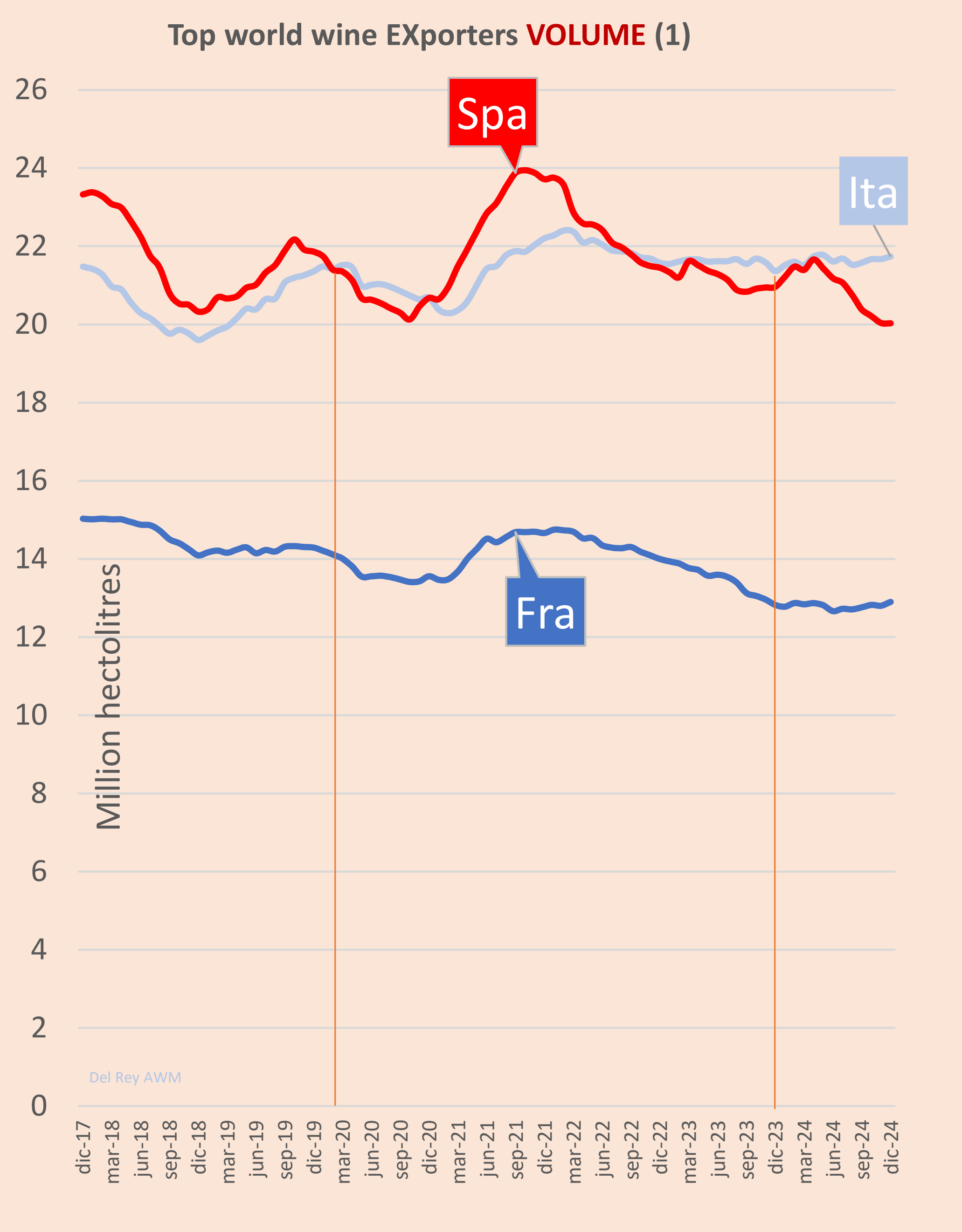
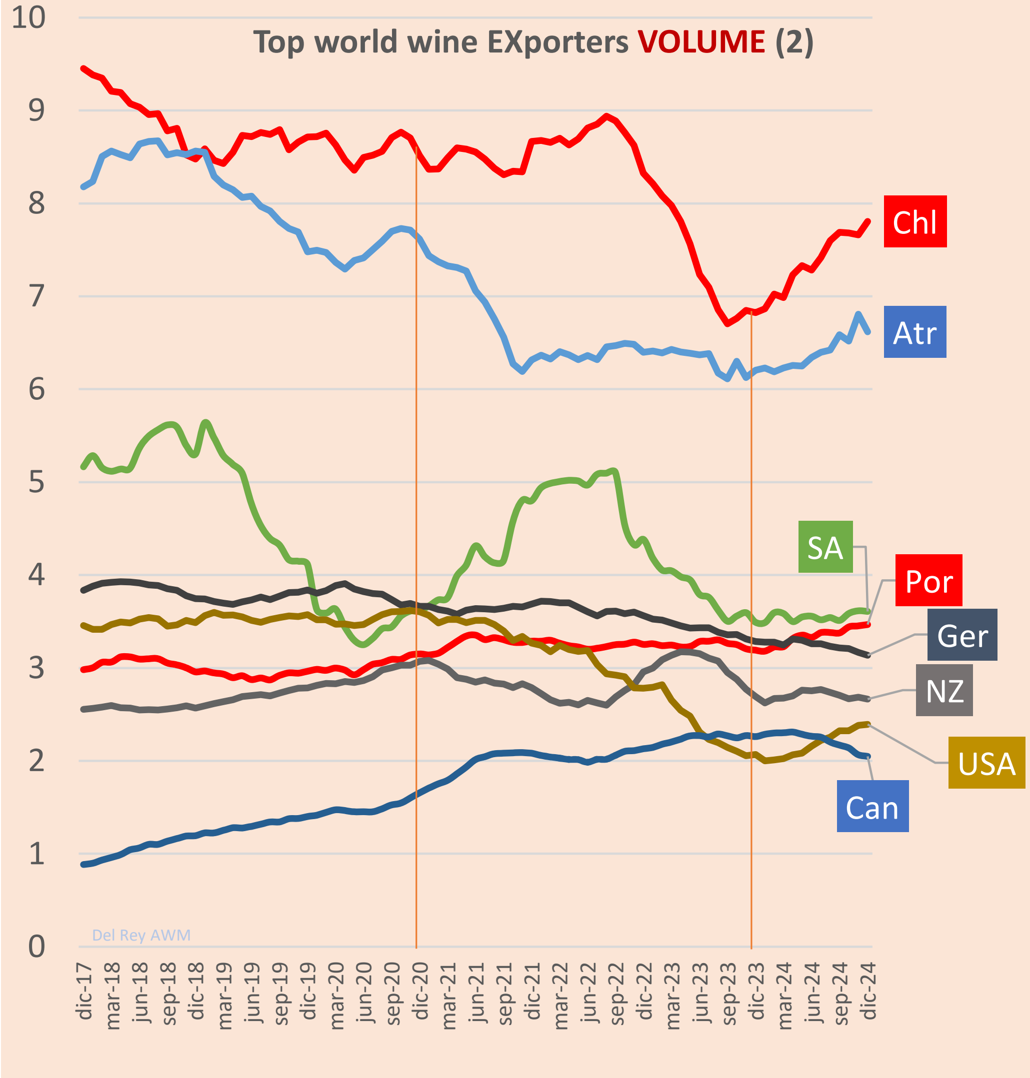
Top wine exporters



In volume, Italy maintains the lead as opposed to Spanish downturn due to falls in more expensive bulk (-80 M l) and sparkling (-16 Ml). Chile and Australia also grow in litters after decline in 2023.



Trends by key markets

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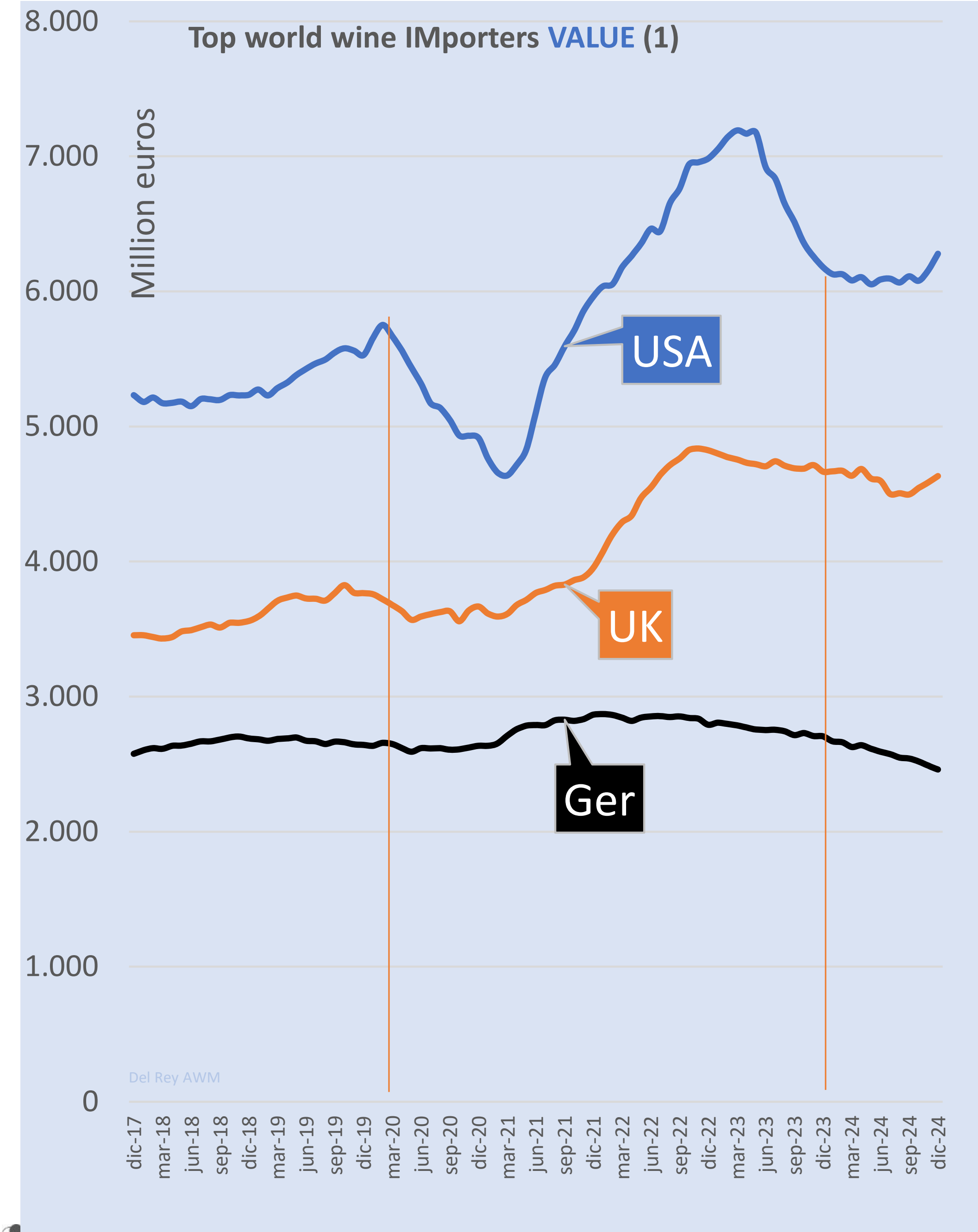
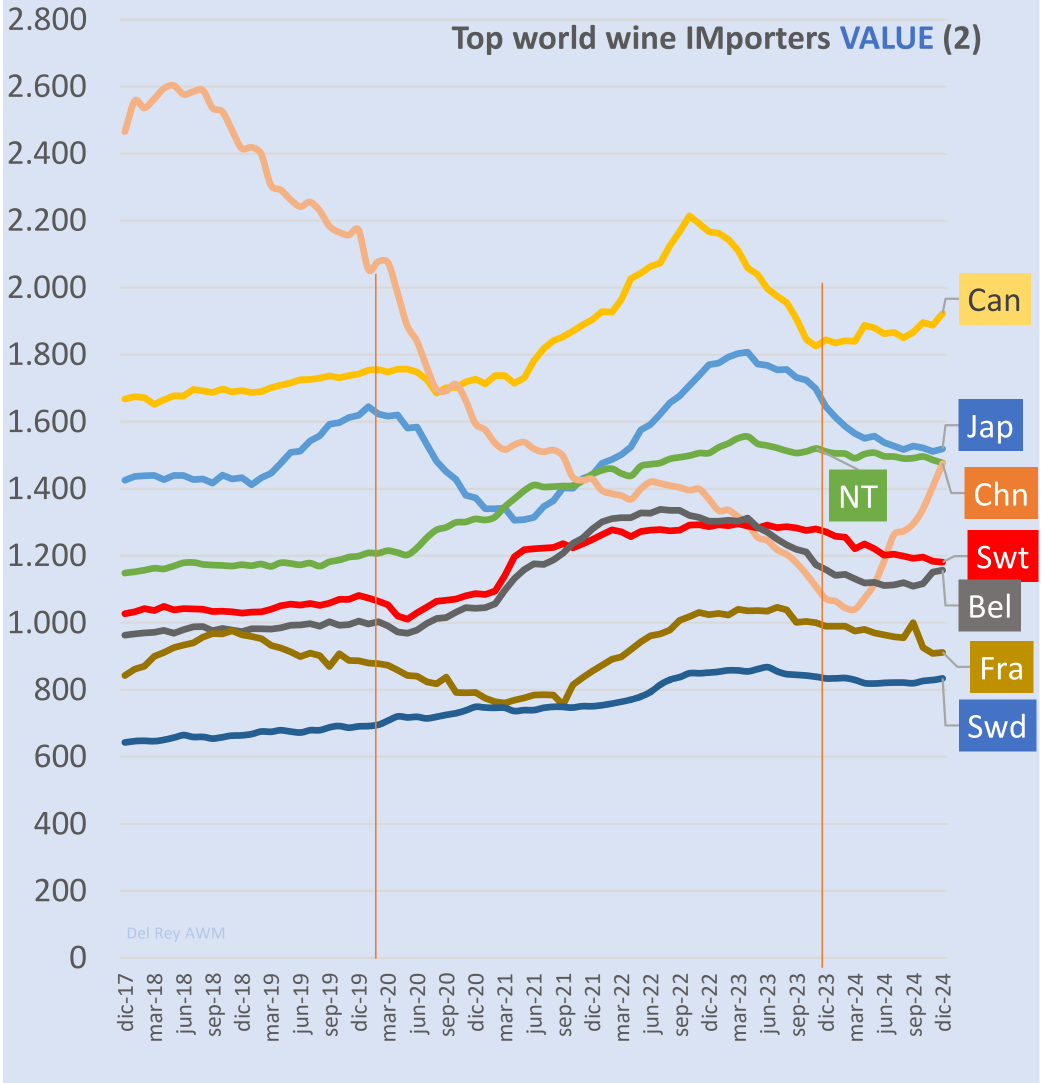
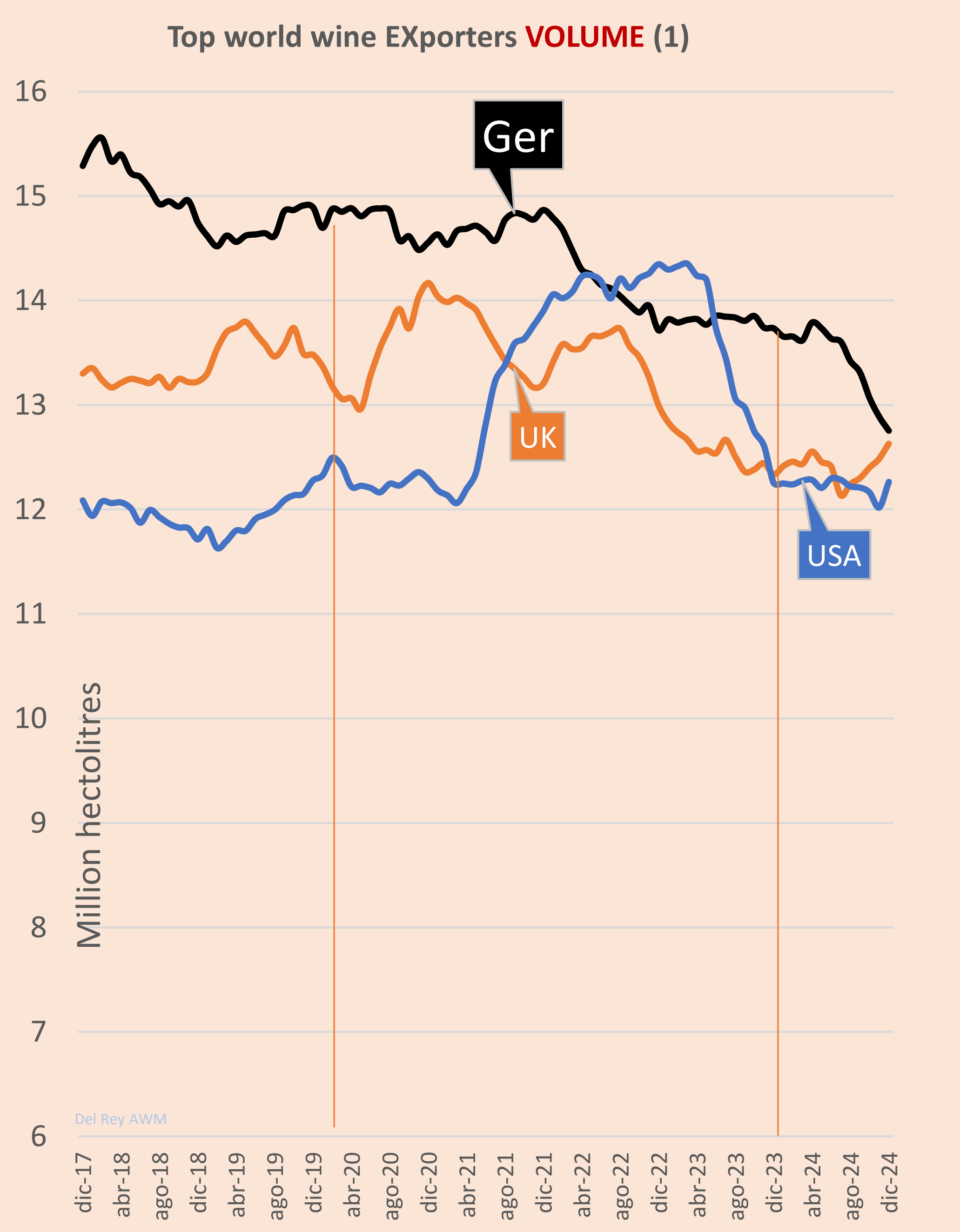
Among top three wine markets, the US recovered imports (+1.6%) after a very negative 2023, UK remains stable around €4.6 bl (-0.7%) and Germany falls to €2.5 bl (-9.1%).
China's 37.6% growth and Canada's +4.2% oppose to declines in other major markets such as Japan, Netherlands and Switzerland.

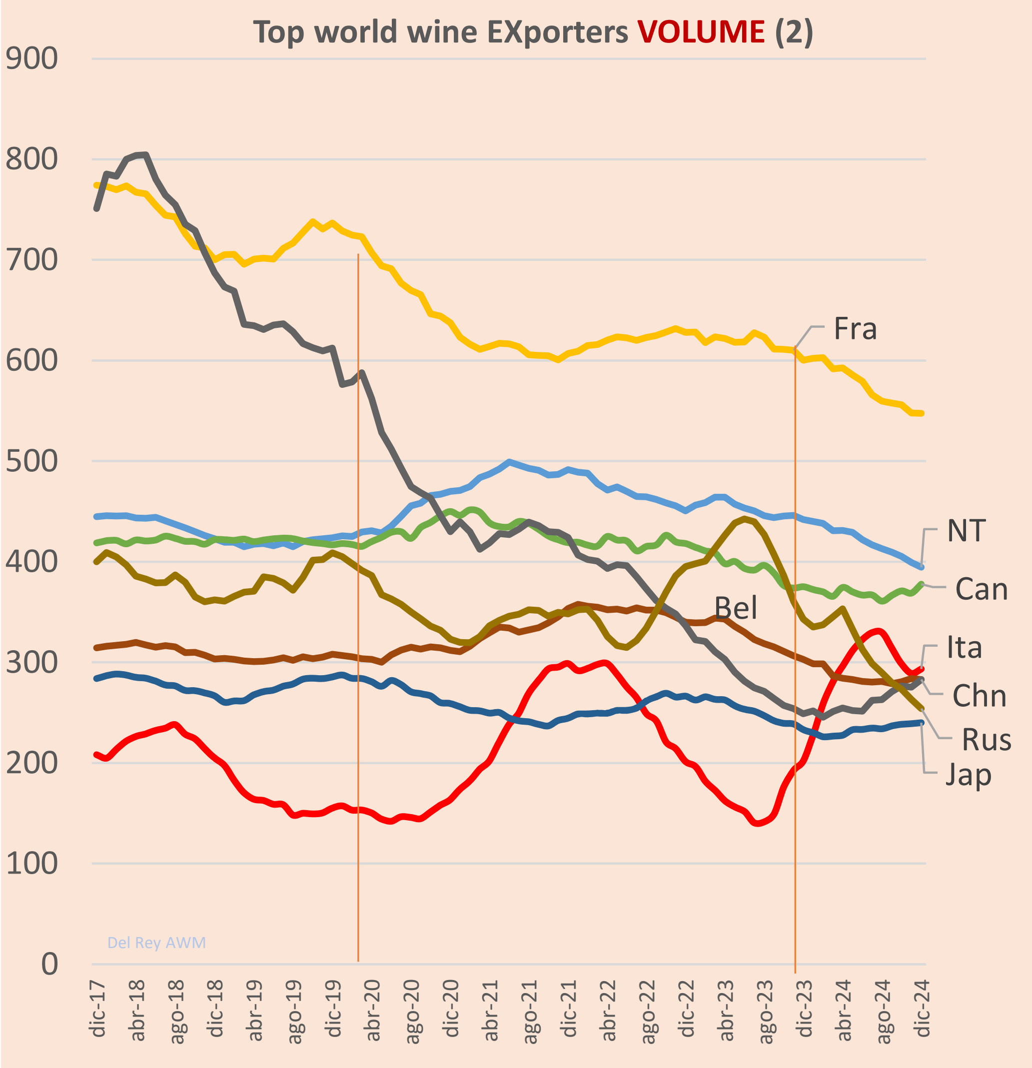




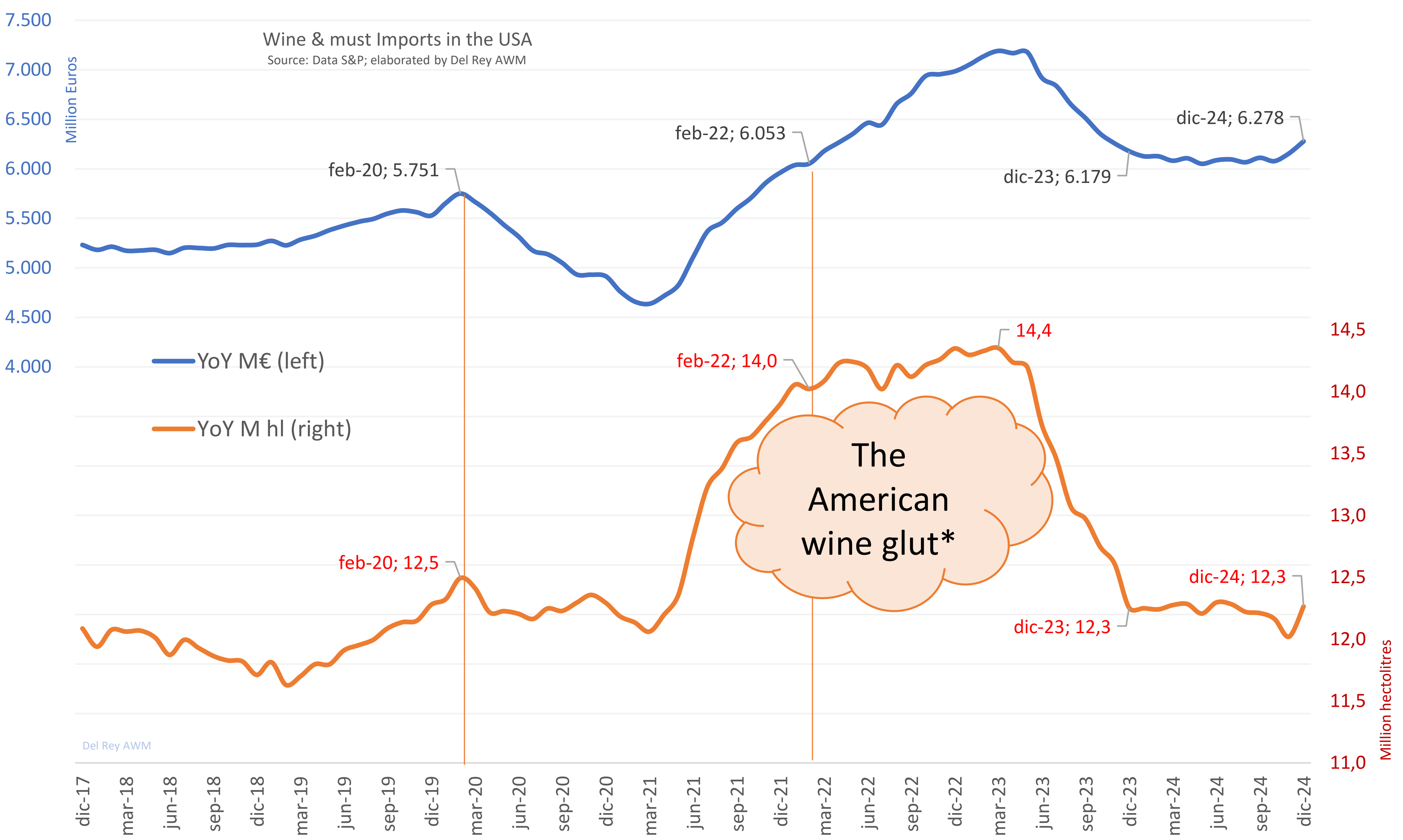
Trends by key markets



In volume, top three markets import around 12.5 million hectolitres each, with fall in Germany (-7.1%) not compensated last year by stability in the US (+0.1%) and growth in UK (+2.4%).
Negative figures in France and the Netherlands oppose to sharp increase in Italy, led by Spanish bulk exports, and in China.

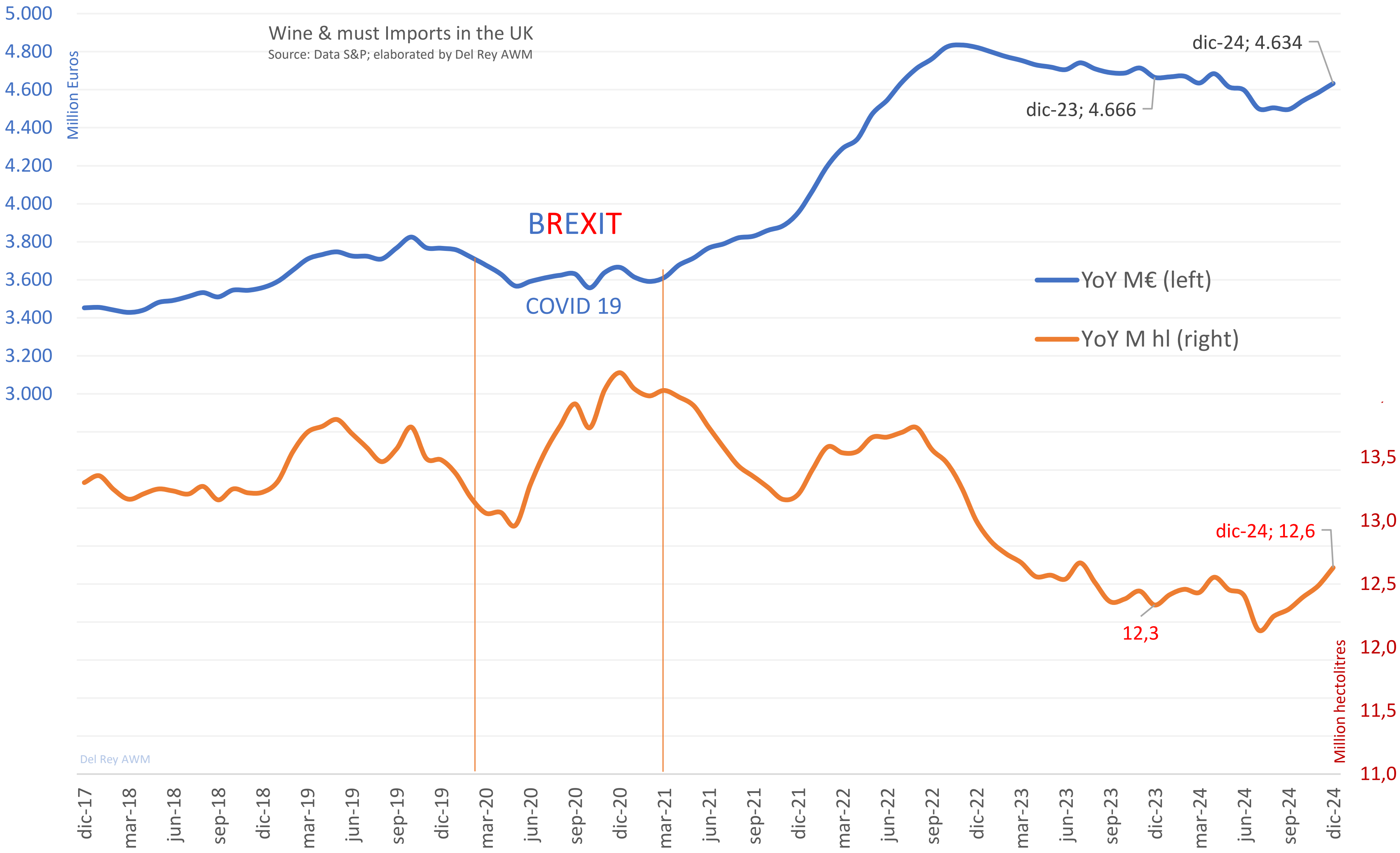


Threats and opportunities USA



* See note at https://www.oemv.es/oemv-note-the-american-wine-glut

Threats and opportunities UK



Threats and opportunities RUSSIA

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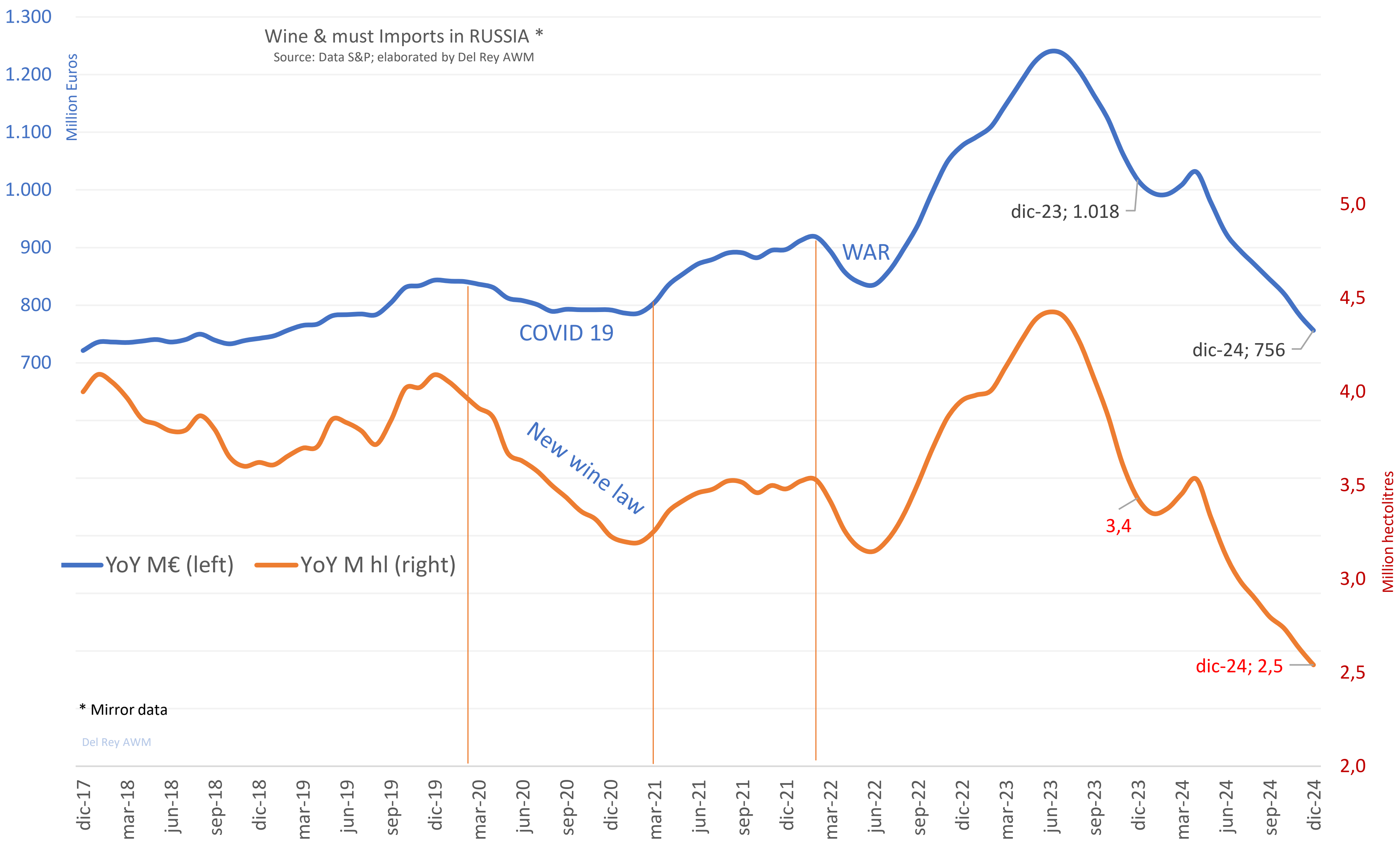

Much worse if combined with sales to Latvia and Lithuania

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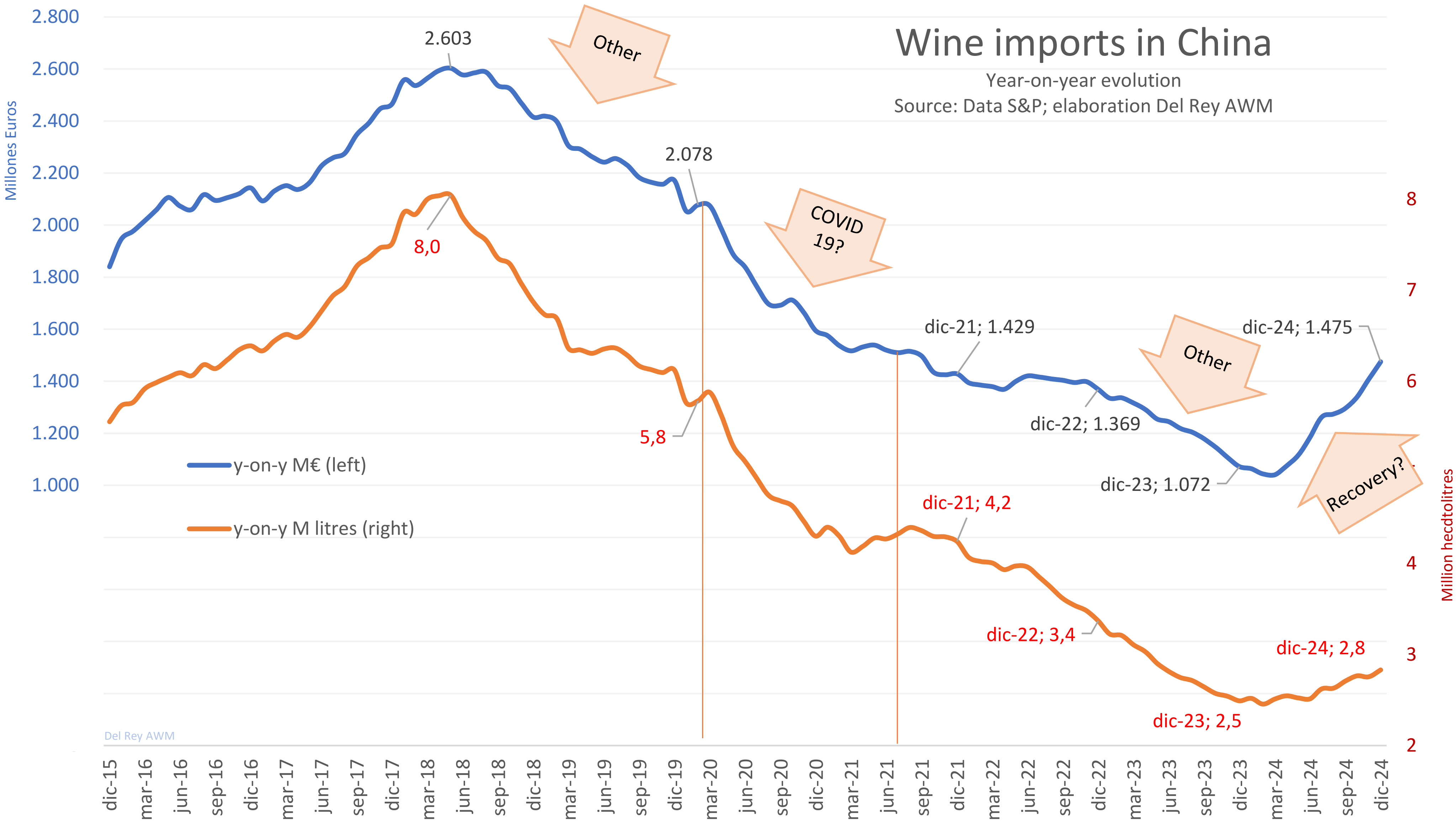
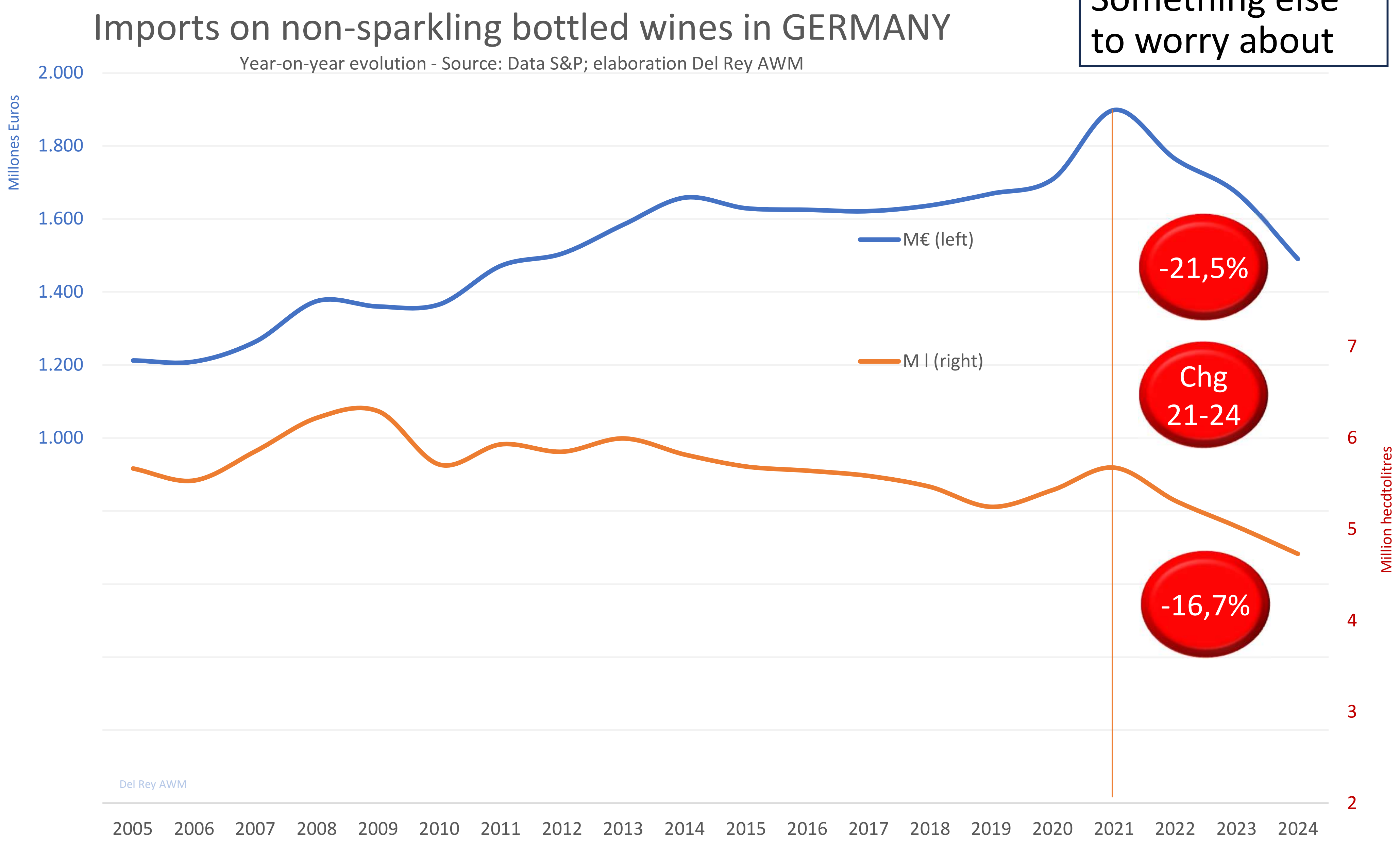
Threats and opportunities CHINA



Something else to worry about



Threats and opportunities Central & South America

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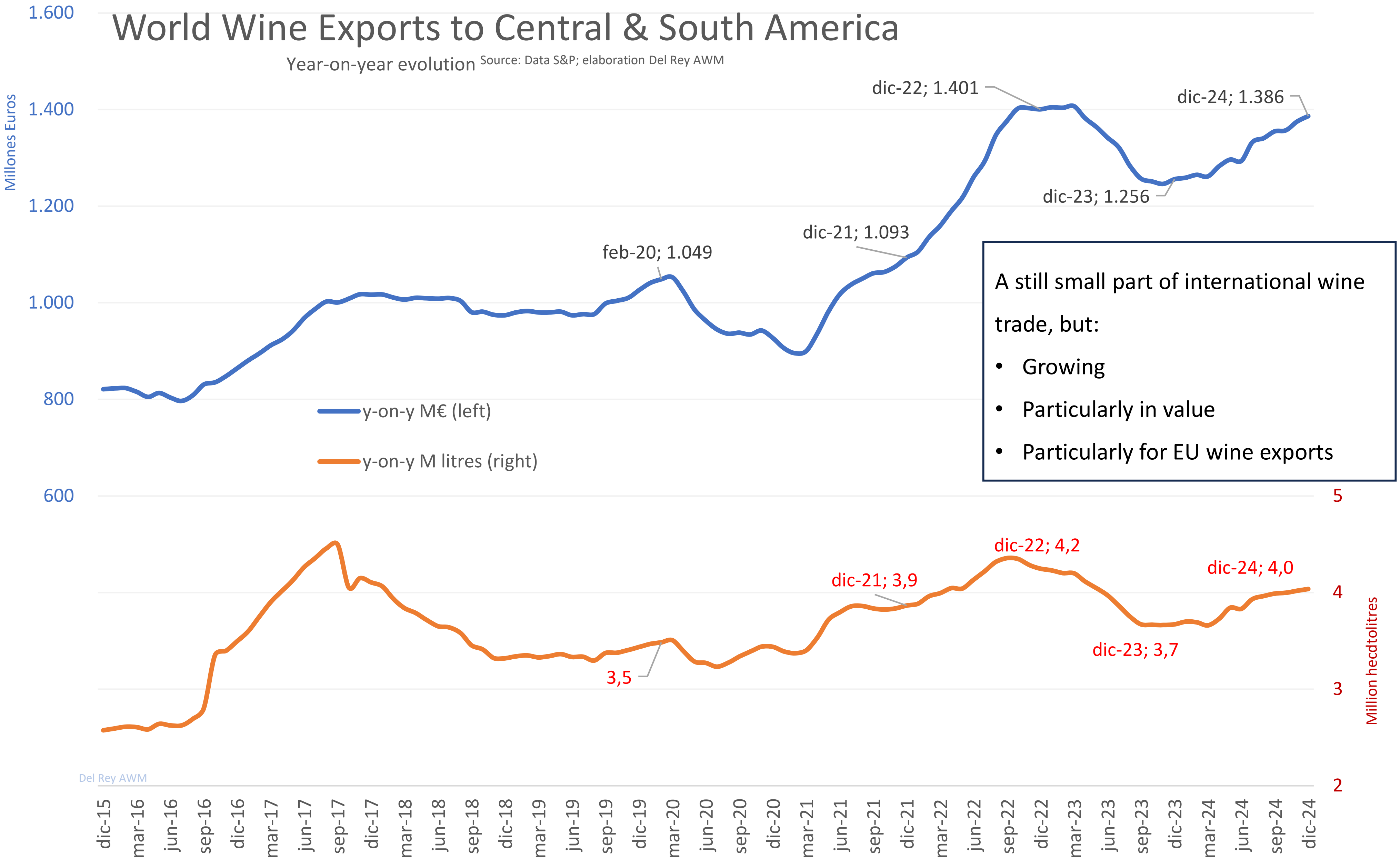

A still small part of international wine trade, but:

- Growing
- Particularly in value
- Particularly for EU wine exports

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Threats & Opportunities

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THREATS

- ➢ US tariffs

The facts:

- 20% increase in tariffs to all EU products, announced on April 2 (finally 10% general)
- Affecting all EU countries (as opposed to 2019's)
- With no differences by type of product (no bulk alternative)
- Less than the 30% increase for imports from South Africa…
- … but more than not announced hikes for Australia, New Zealand, Chile or Argentina
- Much less than the 200% increase announced in March

Impact in the USA:

- Total imports (around 12 M hl) account for close to 40% of wine consumption in the USA
- 72.3% of total wine imports in the USA come from EU countries, which cannot be easily replaced…
- … leaving the US consumer facing the alternative of either spend more for the wines he/she likes, move to other suppliers or reduce consumption.

Potential strategies for EU producers:

- Share the impact among (i) the company's profitability, (ii) the importer /distributor and (iii) the final consumer, by price increase (depending on the estimated elasticity) → Repositioning?
- Look for alternative destinations
- Increasing domestic consumption in EU countries
- Compete in the new environment.

Threats & Opportunities

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THREATS

- US tariffs
- World wine consumption → Alcohol concern?
- Russian war
- Chinese recession
- UK's taxes and lower economic growth
- Germany's change of priorities
- Continuous EU decline in wine consumption
- …

OPPORTUNITIES

- US recovery
- British stability
- Chinese recovery
- EU stability
- New products / new flavours to reach new consumers
- Fresh products
- High-end segment for traditional wines
- Cocktails → New image?
- New markets (LA, Africa?)
- …

Conclusions

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- The entire world has become more unstable and unpredictable
- Geopolitical threats, including deglobalization and new priorities on security and energy, affect all economic sectors, particularly in Europe
- But wine has demonstrated to be extraordinarily resilient in previous crisis
- The deep crisis in 2023 was more temporary than structural, despite showing some structural factors particularly affecting
    - New consumers' trends
    - Alcohol related threats coming from institutions
- Actual figures of international wine trade in 2024 show great stability in both value and volume
- Sparkling and white wines – fresher wines – softened their previous increasing trend while traditional bottled reds maintain their crisis. Wine based cocktails are increasingly popular.
- For some reasons, Italy preforms better than Spain and Spain better than France.
- Good news came in 2024 from the USA and China where imports recovered, to particularly benefit Australia and Chile.
- Increasing intra EU trade, together with new markets for probably new products in other regions of the world show up as opportunities.

Contents

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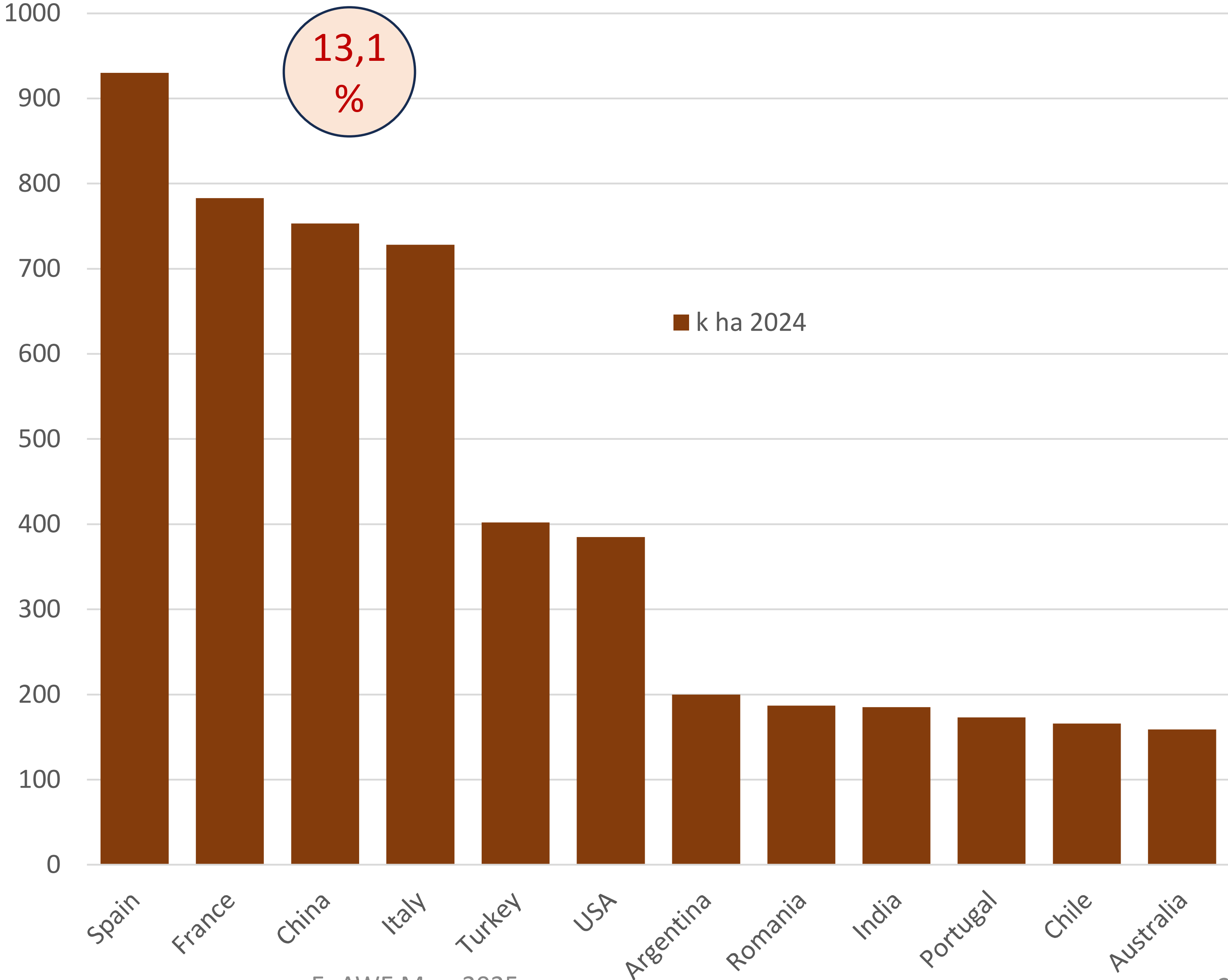
Large surface

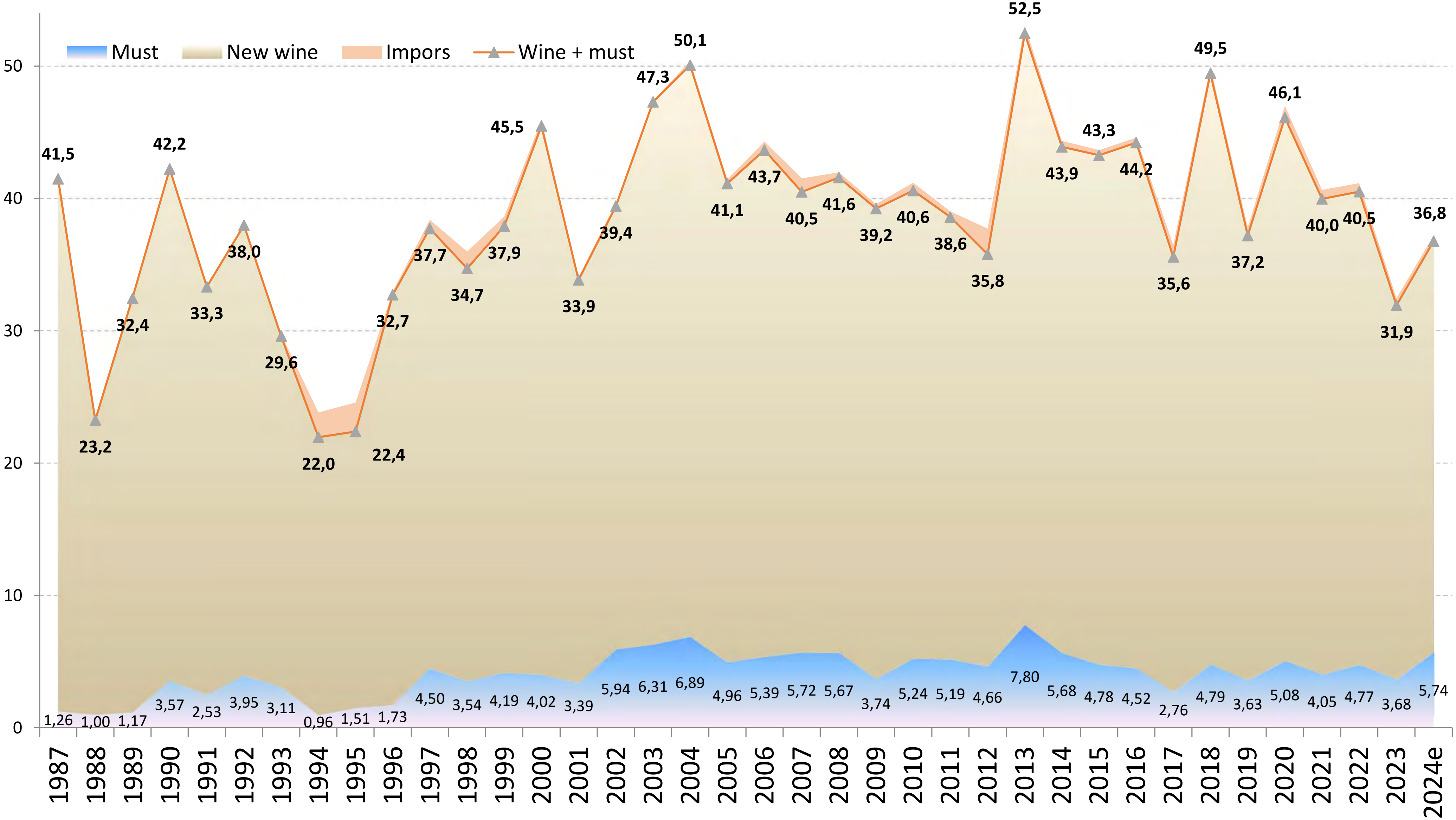
Spain is the world's top vineyard, with more than 900.000 hectares, representing 13.1% of total… despite decreasing in recent years

Vinyard surface area of major vine-growing countries 2024 Source Data OIV; elaborated by Del Rey AWM



Large producer

With great variation between 32 M hl and 52 M hl (20 Mhl !!!), particularly depending on weather conditions in the central region of the country



Large producer

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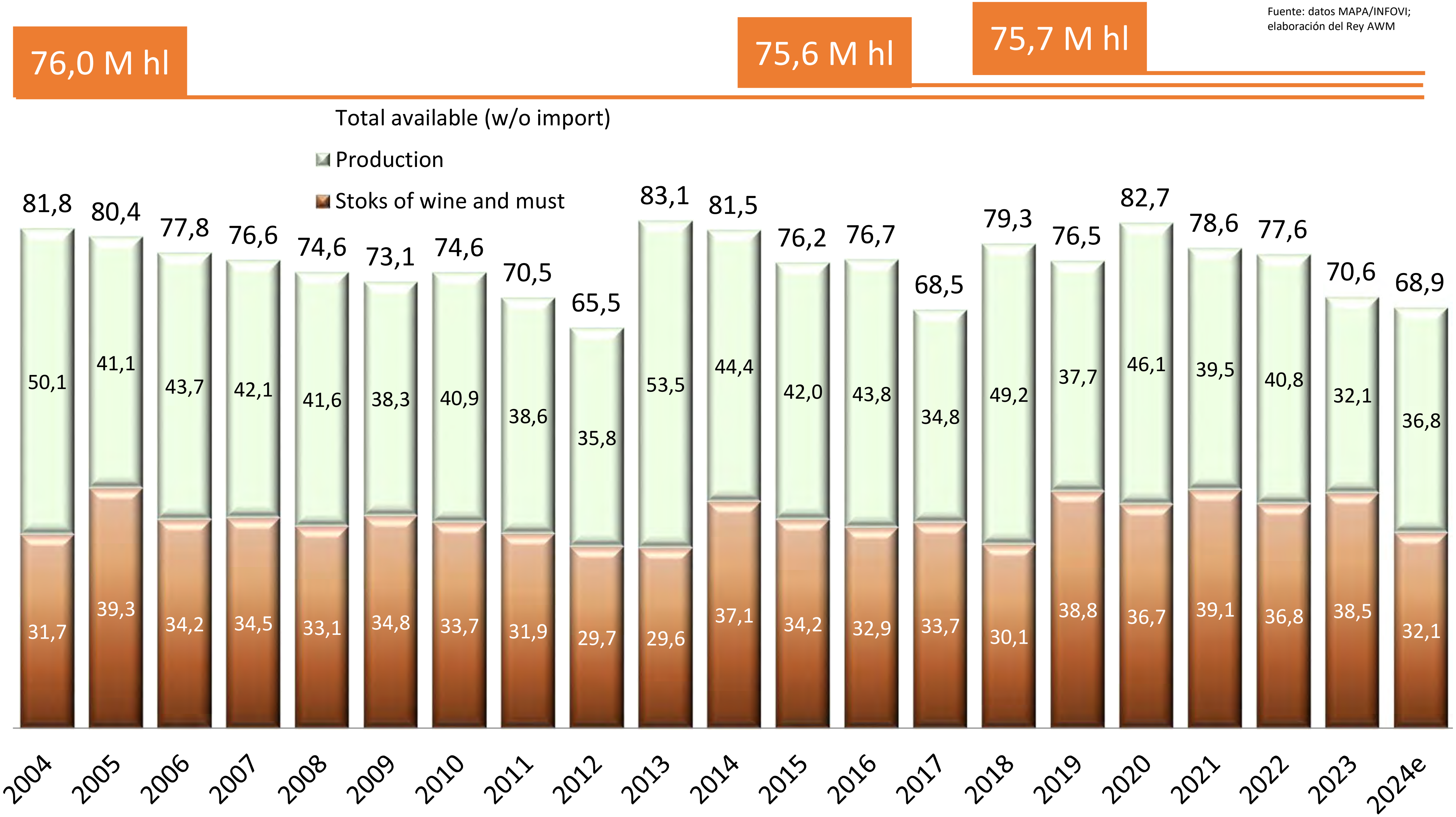
Adding wine production to previous inventories, total availability of wine varies between 70 and 83 M hl.

Fuente: datos MAPA/INFOVI; elaboración del Rey AWM



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Large surface & producer

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Graphically,…

Foreign consumer

On line | Off trade 70% | On trade

Direct | Importer / distributor

Export 20 / 23 mill hl

Consumer in Spain

retail 44% | On trade 26% | Direct sales30% | Distributor

MI 10 mill hl

The more must and alcohol we produce, the less wine needs to be sold

Other 2,5 mil hl

Must 4 mil hl

Alcohol 3 mil hl

Vino nuevo 36/39 mill hl

Cooperatives 60% | Provate companies 40%

913.695 hs

546.000 grape growers

Larger exporter than consumer

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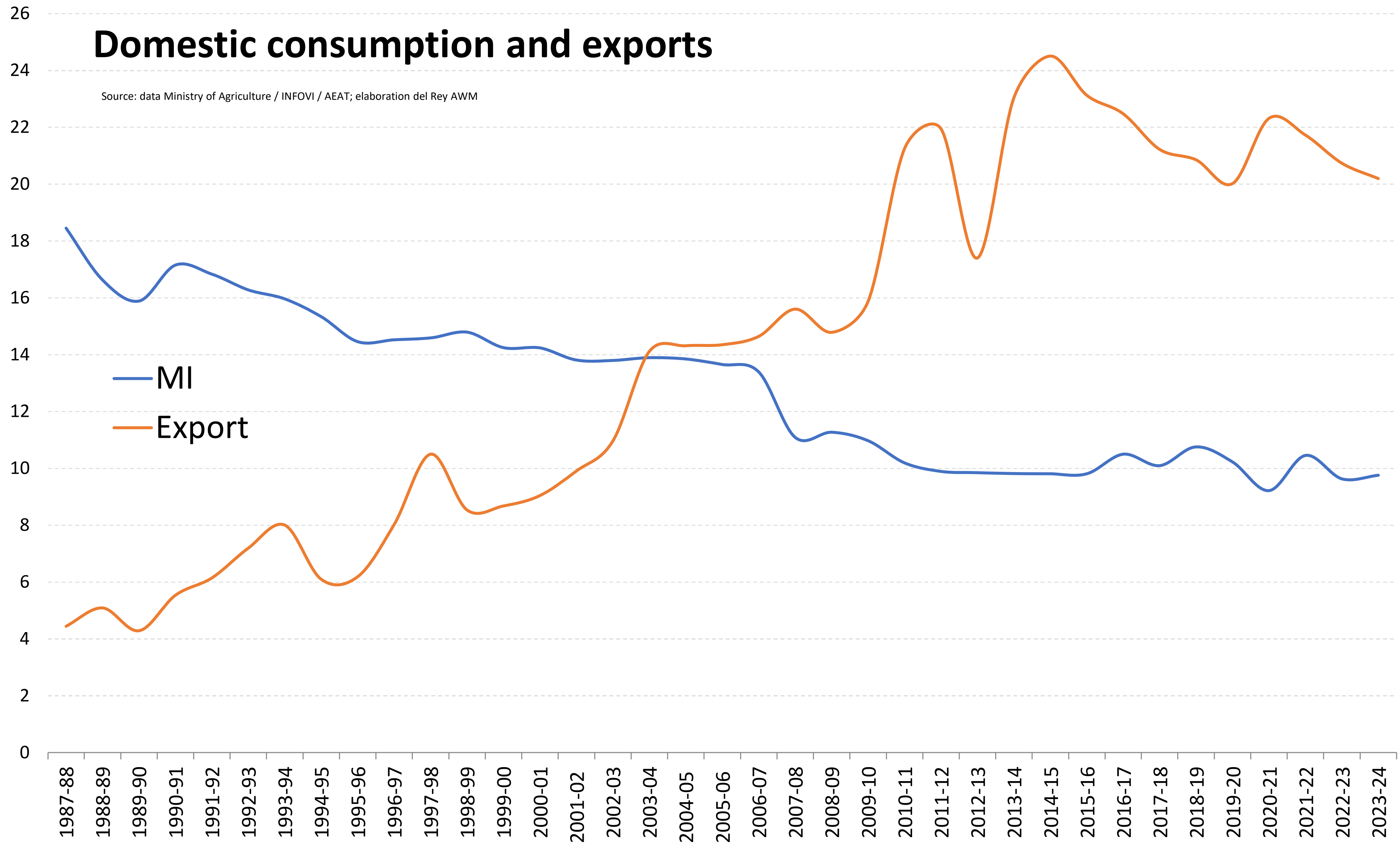
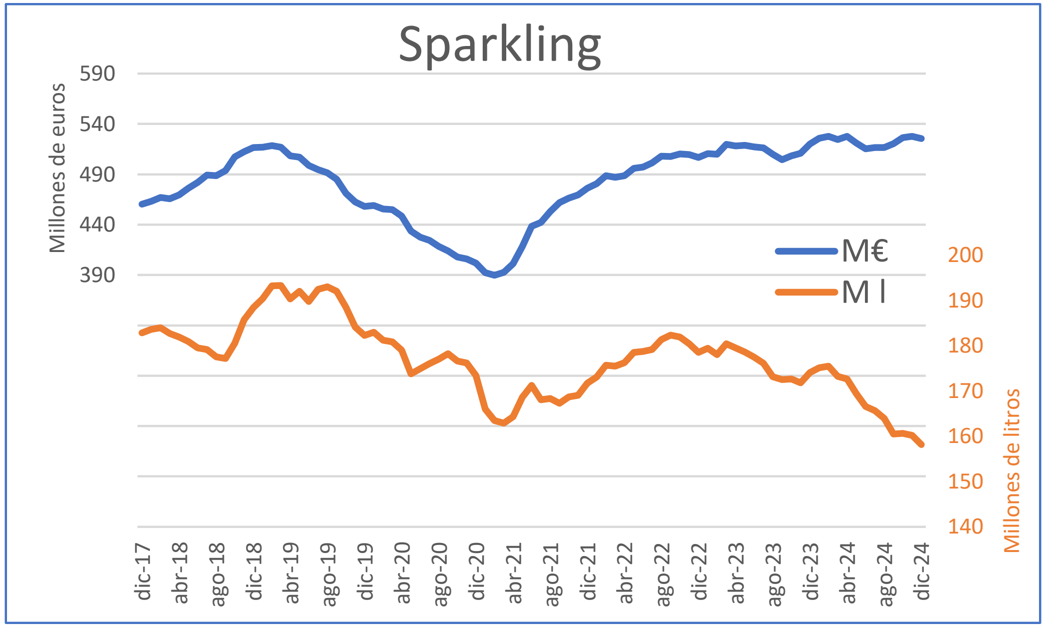
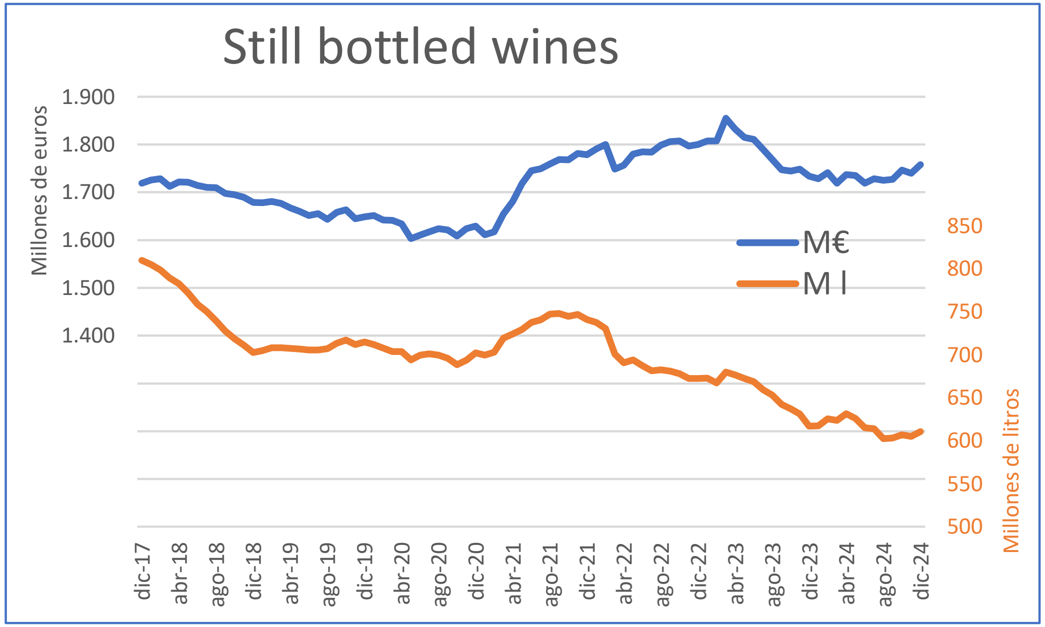
With two different large markets evolving very differently in recent years.

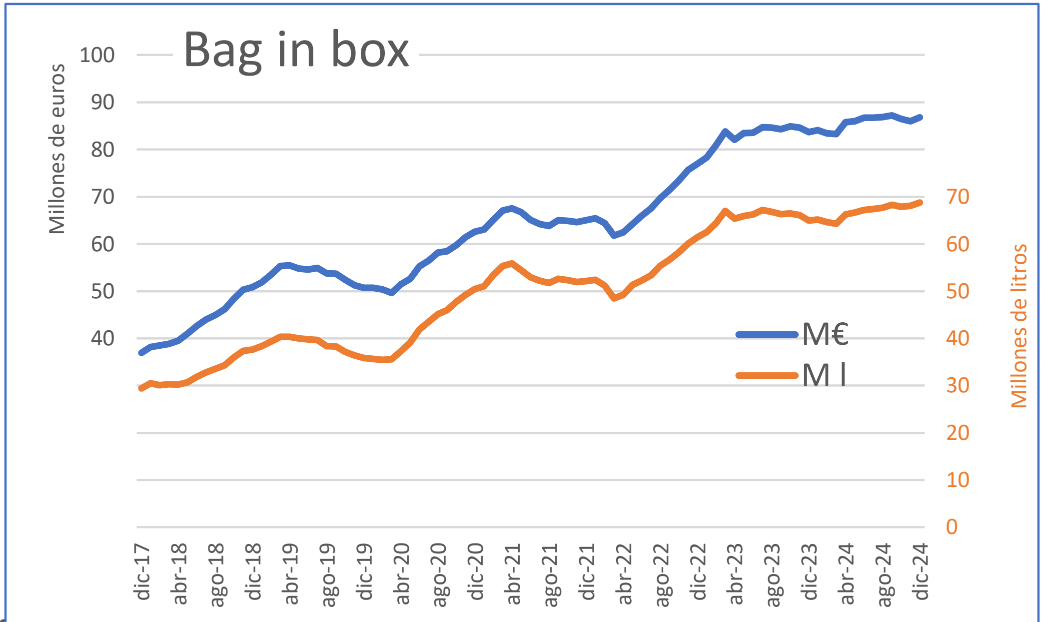


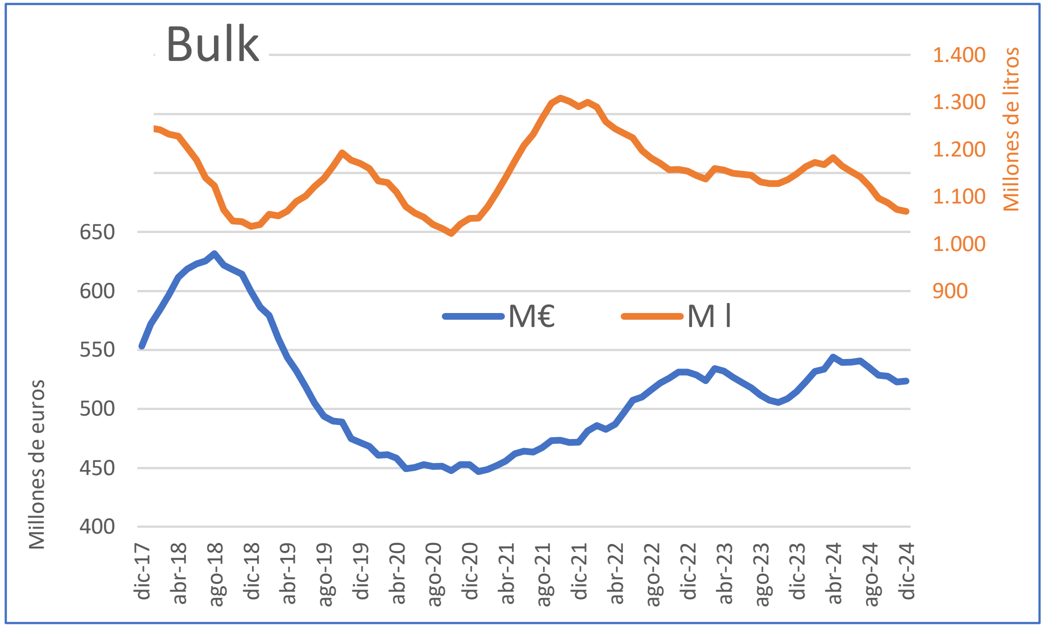
Exporter of …

Big exporter of sparkling wine, reducing sales of still bottled wines, increasing in BiB and leading bulk







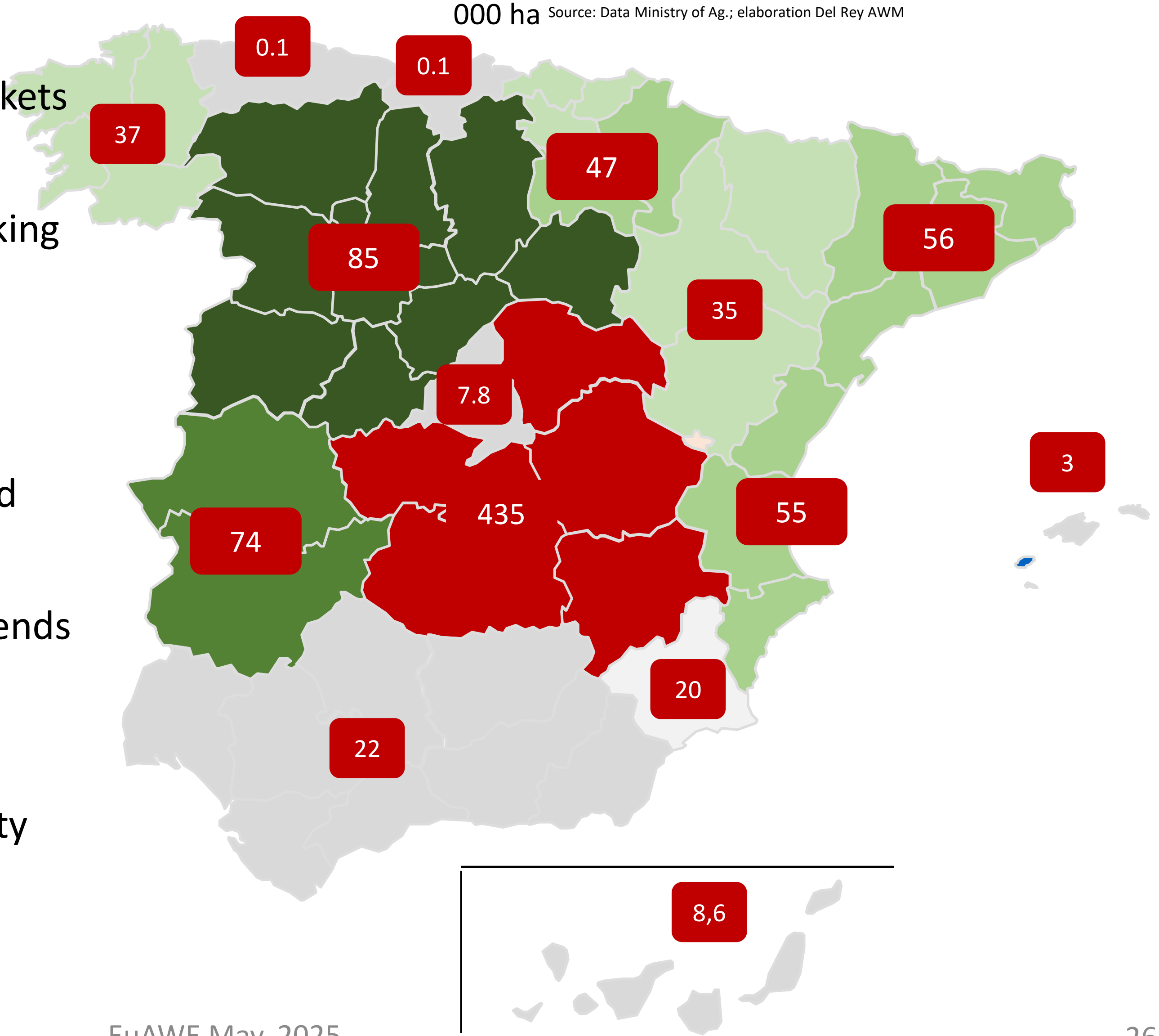


Source: data Ministry of Agriculture / INFOVI / AEAT; elaboration del Rey AWM

Conclusion

- ✓ A very large vineyard,
- ✓ Producing erratic volumes that may increase depending on availability of water and yields
- ✓ Leading producer of alcohol and must
- ✓ With stable domestic consumption
- ✓ Clearly focused on international markets
- ✓ … by necessity
- ✓ Holding a long tradition on wine making and trade
- ✓ Diverse
- ✓ Very competitive
- ✓ Slowly improving wine marketing and trade
- ✓ Learning about market needs and trends
- ✓ With an extraordinary capability to adapt to new trends
- ✓ And also able to produce great quality wines

Surface of Vineyard 2024 total by CCAA
000 ha Source: Data Ministry of Ag.; elaboration Del Rey AWM



Conclusion

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Ready to link wine, gastronomy & tourism

A country to follow and to enjoy

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Thank you

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Del rey Analysts of Wine Markets (Del Rey AWM)

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