INTERNATIONAL ORGANISATION OF VINE AND WINE

STATE OF THE VITIVINICULTURAL WORLD IN 2020

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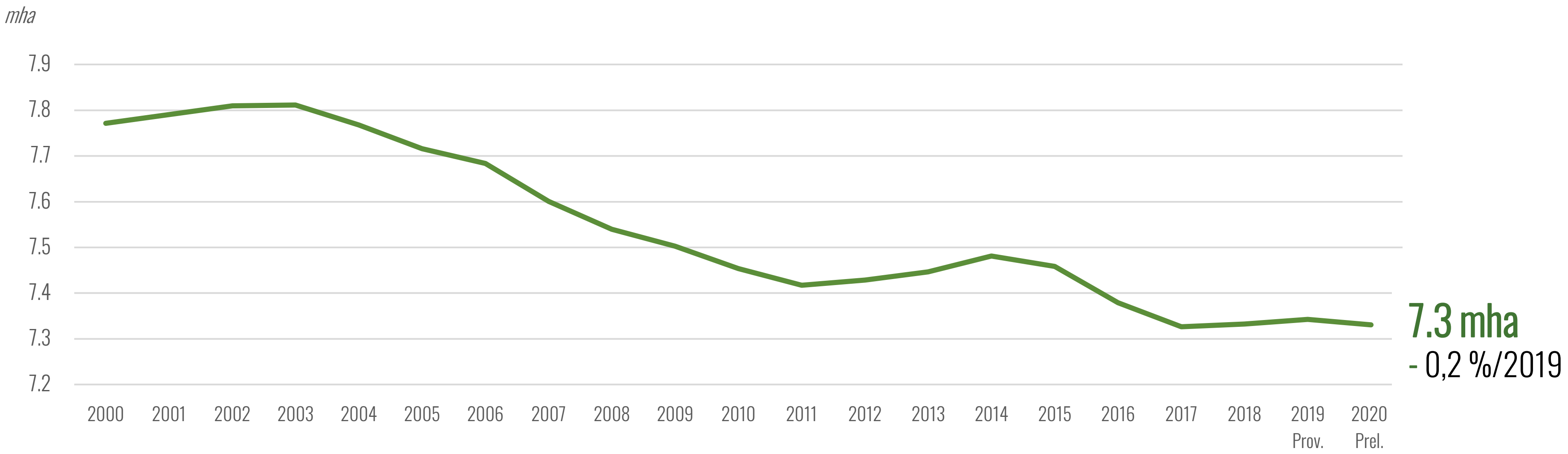
Director General of the OIV
OIV Press Conference
20 April 2021

Topics

- State of the world vitivinicultural sector in 2020
  - Vineyard Surface Area
  - Wine Production
  - Wine Consumption
  - International Trade of Wine
- Southern Hemisphere Wine Production: First Estimates 2021
- Covid-19 and the Wine Sector: Looking Ahead

Vineyard Surface Area

Evolution of world vineyard surface area

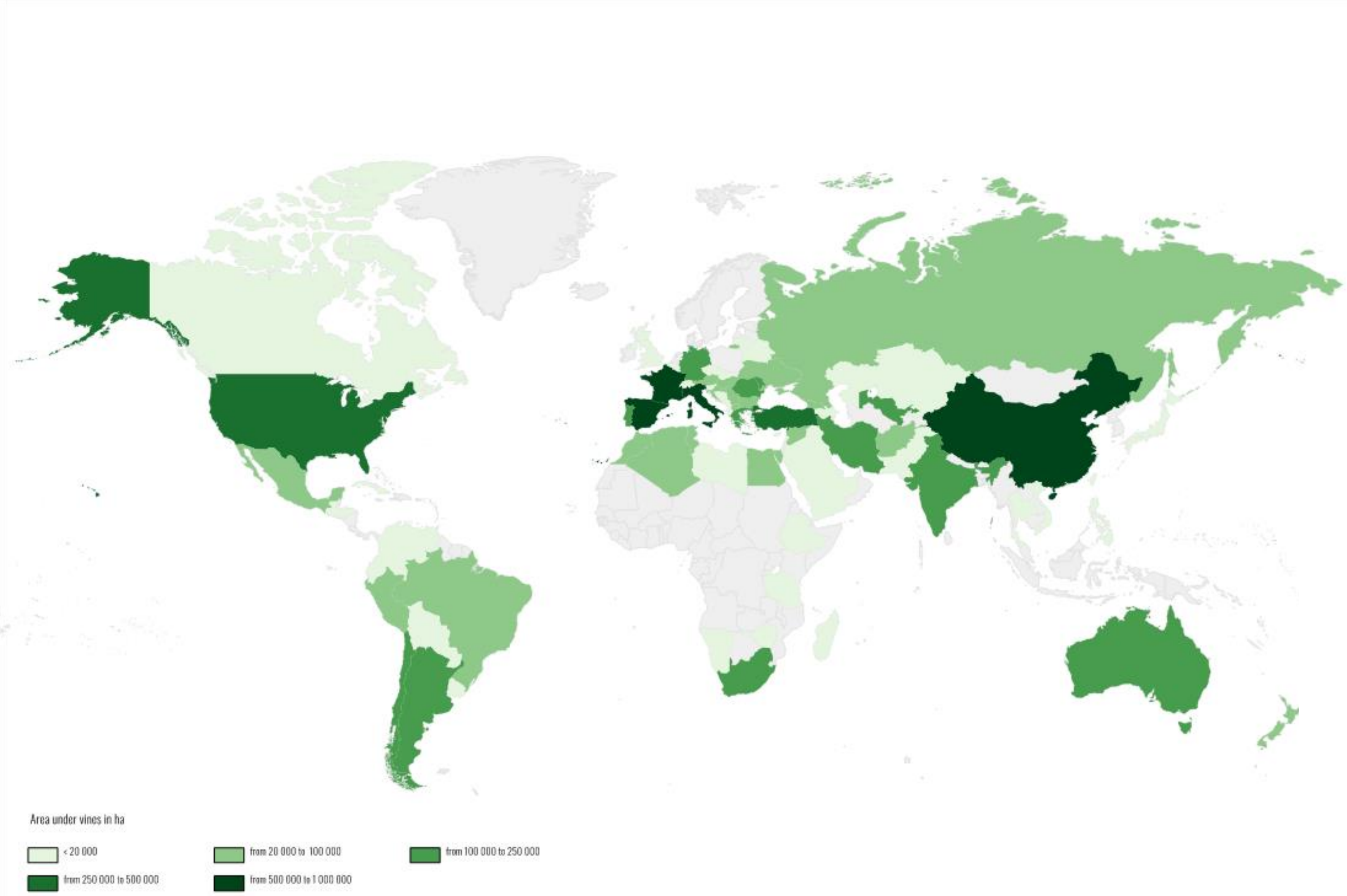


The world area under vines, corresponding to the total surface area planted with vines for all purposes (wine, table grapes and raisins), including young vines not yet in production, **is estimated at 7.3 mha in 2020**.

The world vineyard has **stabilised since 2017,** mainly thanks to the slow down of the Chinese vineyard's growth and the implementation of the system of new planting authorisation in the EU, which stand for the fifth consecutive year at 3.2 mha. The current stabilisation, however, hides **heterogeneous evolutions in different regions of the world**.

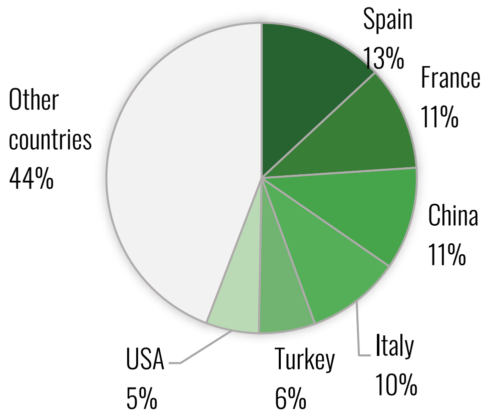
Vineyard Surface Area

World vineyard distribution in 2020



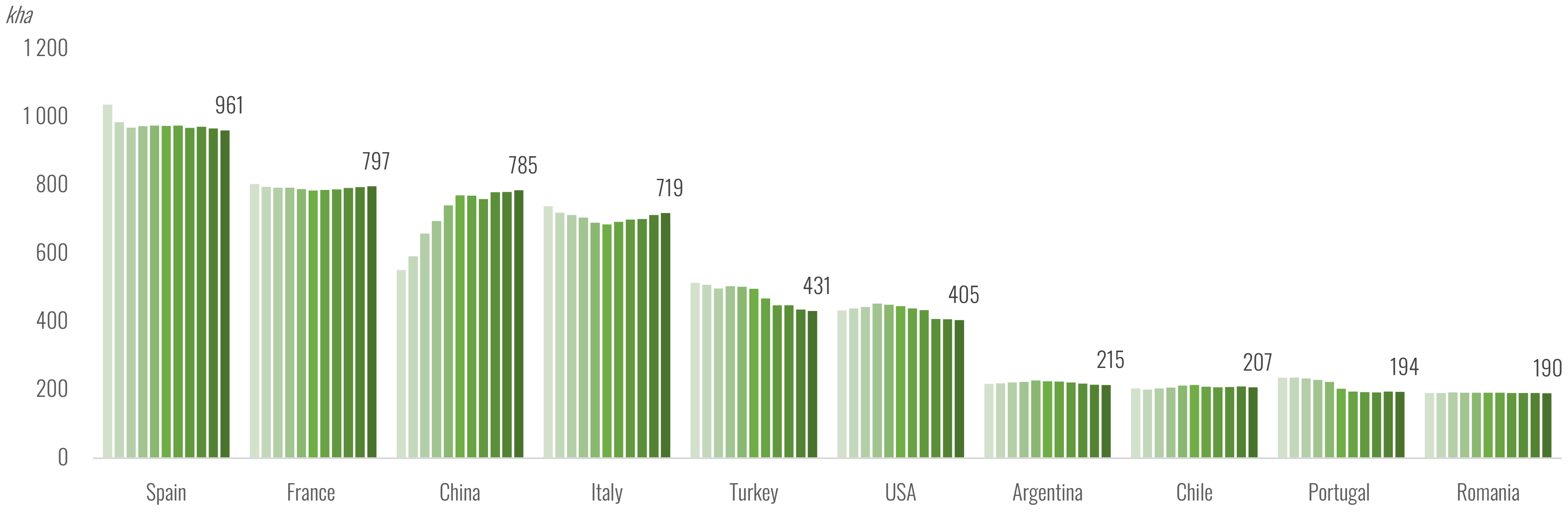
Top 6 vine-growing countries represent **56 %** of the world vineyard surface area in 2020

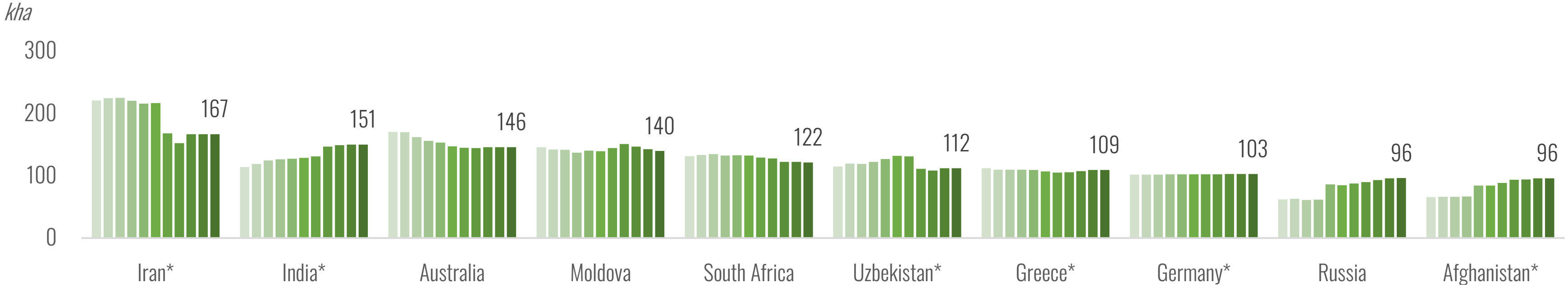
Breakdown of vineyard surface area in 2020



Vineyard Surface Area

Major vine-growing countries by surface area, 2010-2020

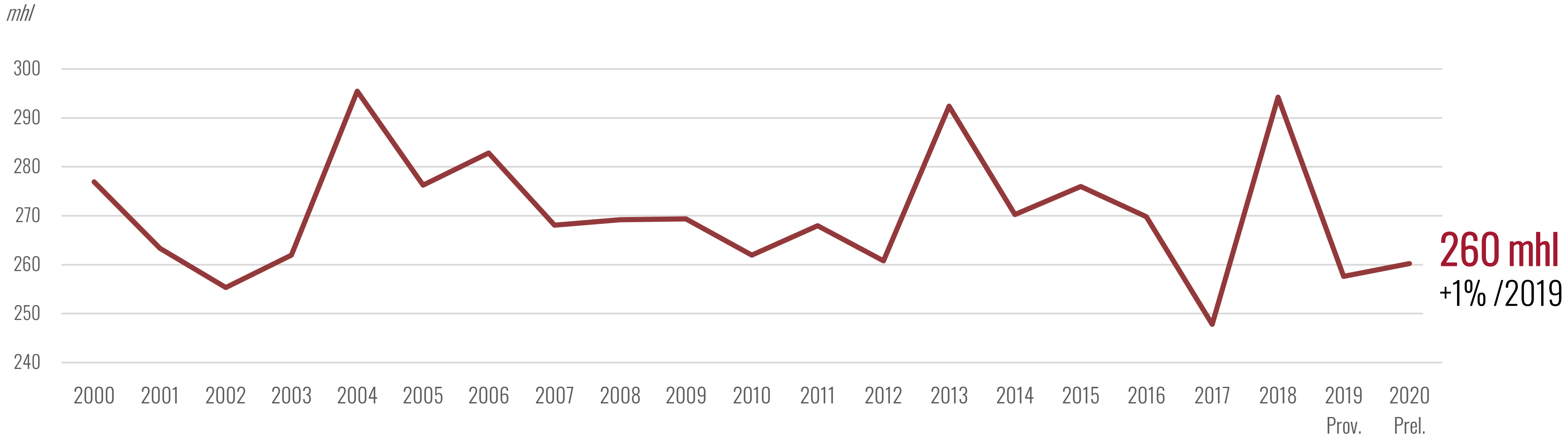




*Carried over from latest available data

Wine production

Evolution of world wine production

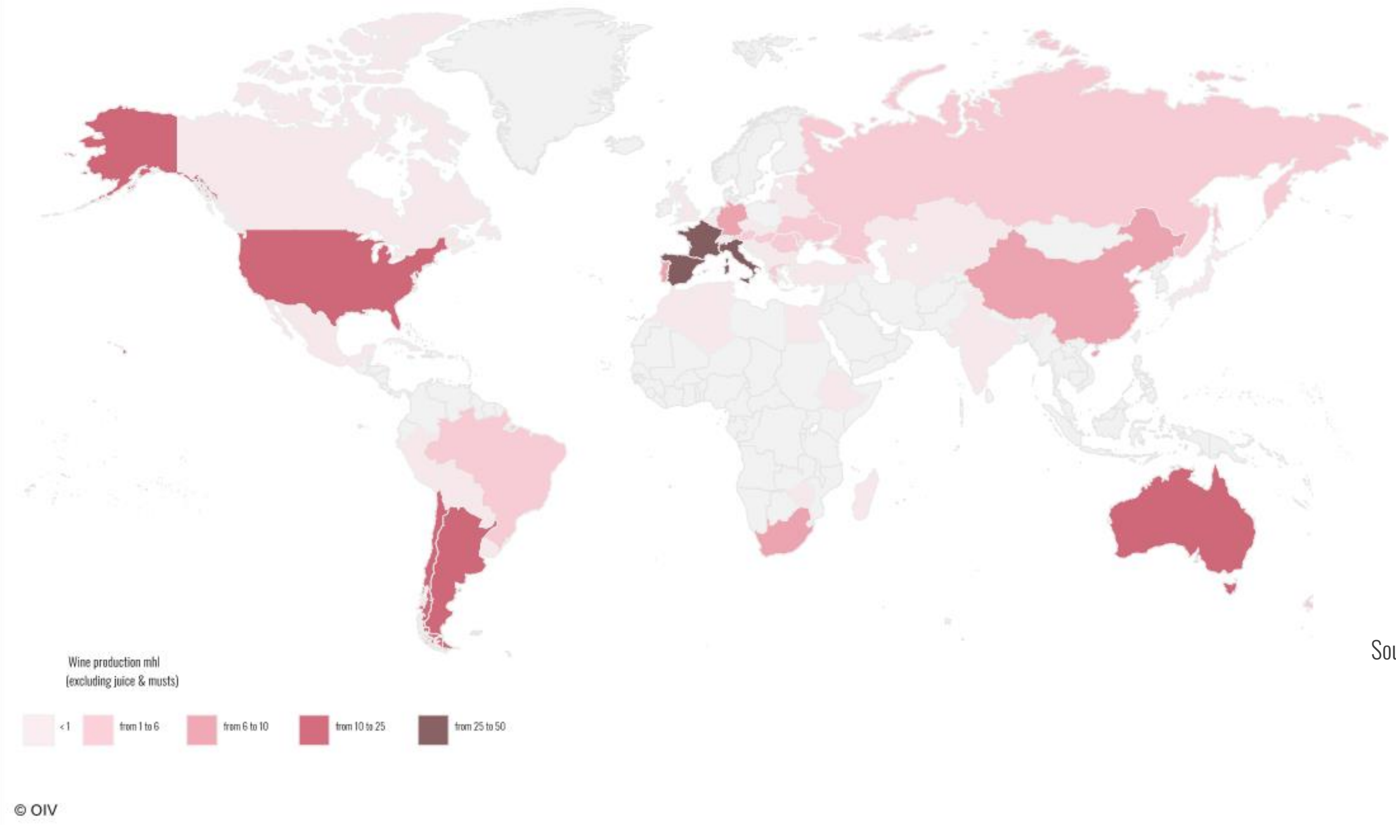


In 2020 world wine production, excluding juices and musts, is estimated at **260 mhl**, marking an increase of 2.5 mhl compared to the 2019 production.

After two consecutive years that can be defined as extremely volatile in 2017 and 2018, global wine production in 2020 **is for the second consecutive year slightly below the average** observed in the last twenty years.

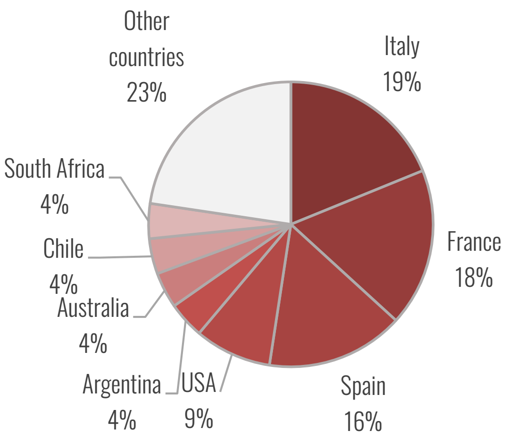
Wine Production

World wine production distribution in 2020

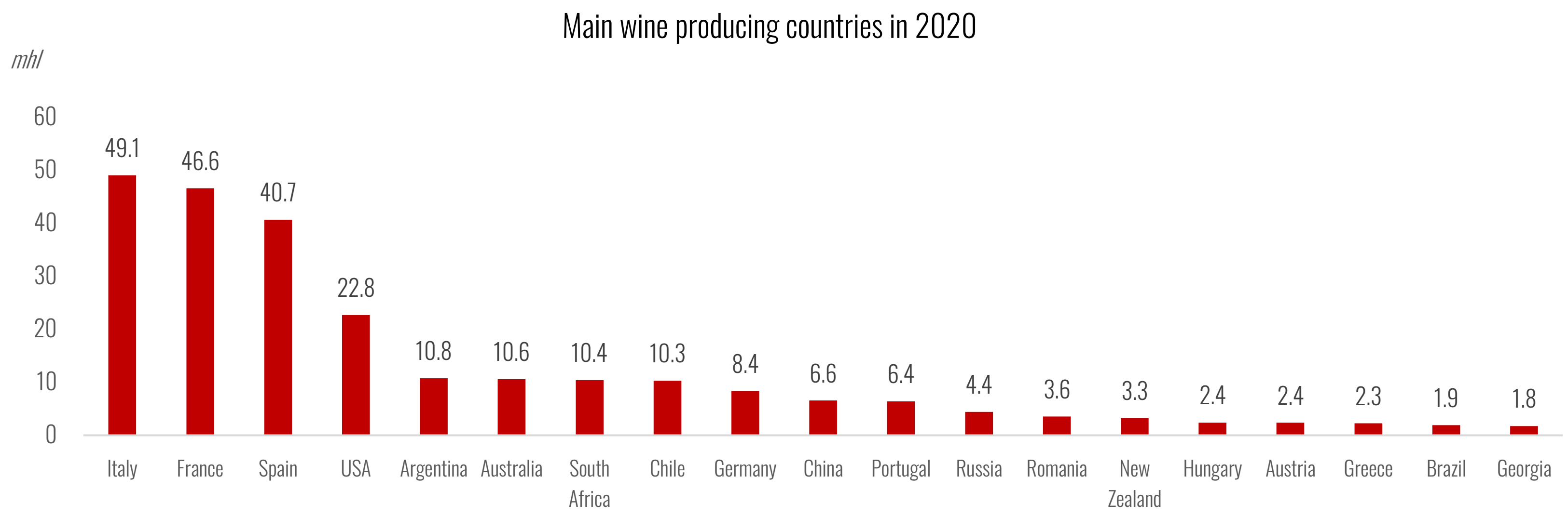


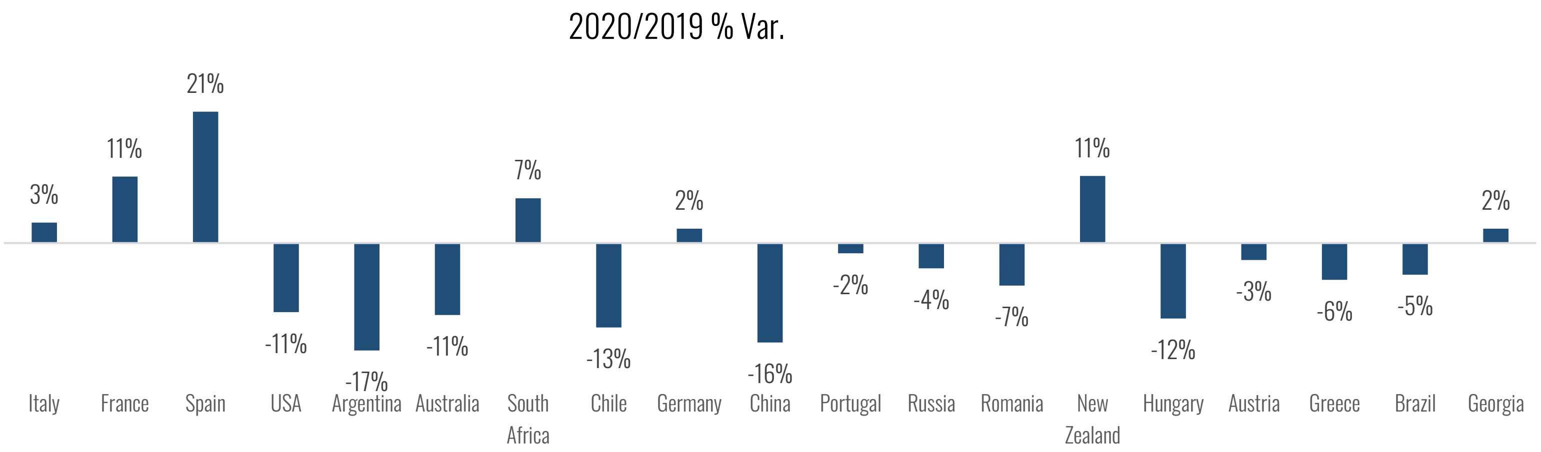
Three countries - **Italy, France and Spain** - account for **more than half of the world production.**
Top 8 wine producing countries vinified **77% of all wine produced** in 2020.
EU: 165 mhl in 2020 (+8%/2019), 63% of world total

Breakdown of wine production in 2020



World wine production





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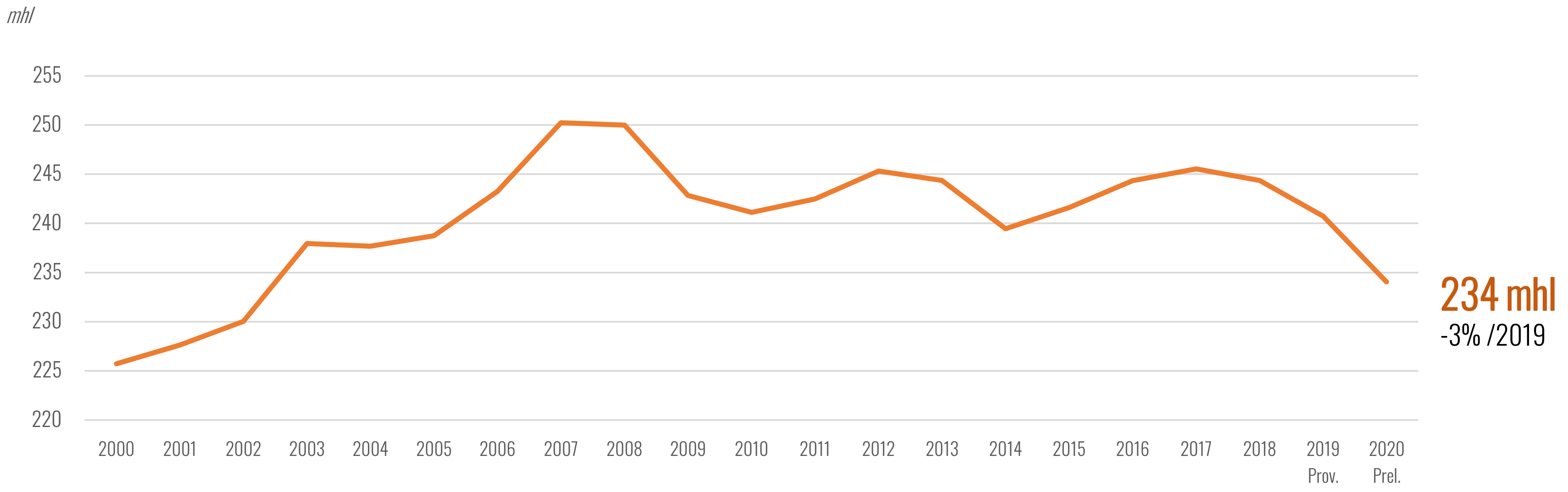
Wine Consumption

Evolution of world wine consumption



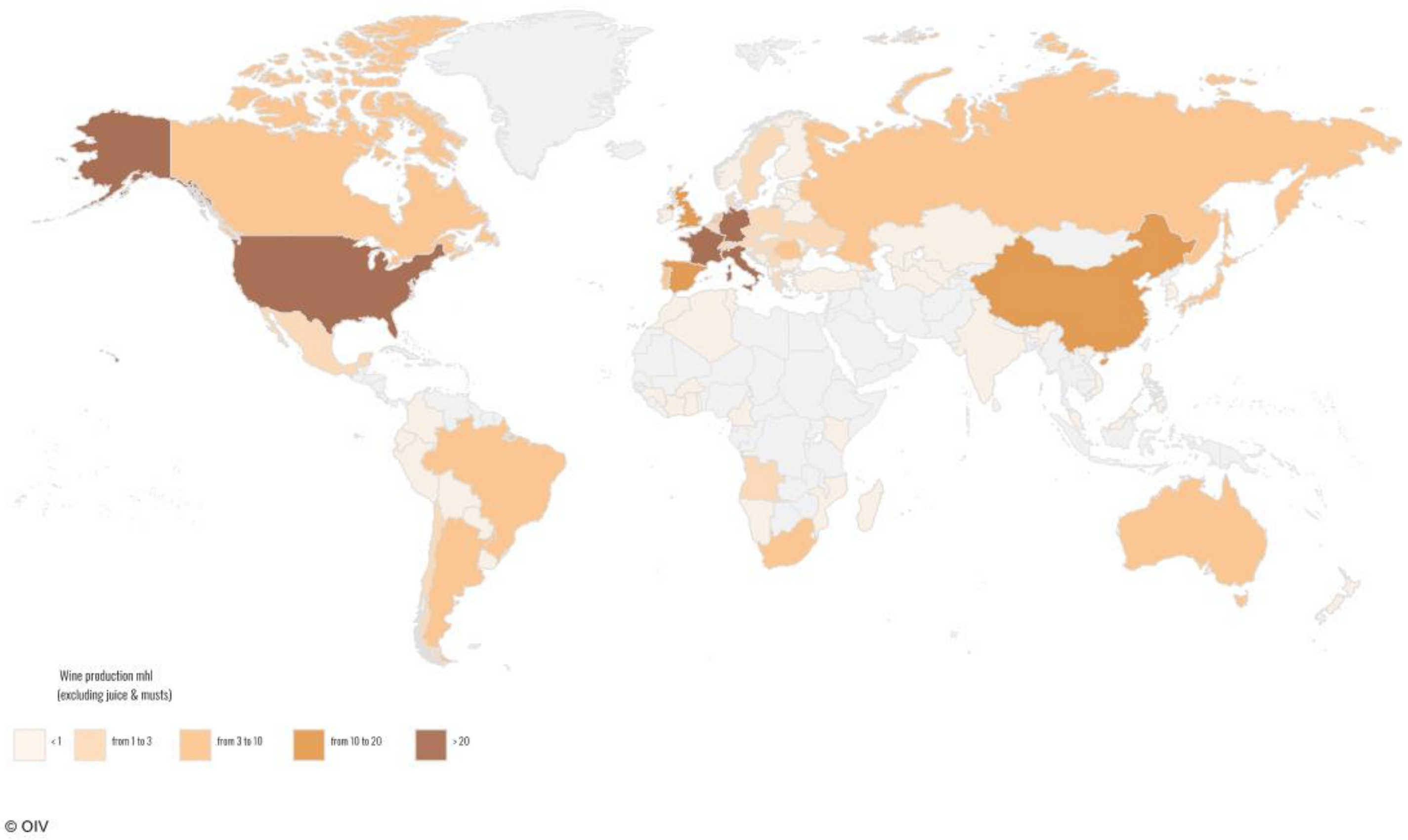
World wine consumption in 2020 is estimated at **234 mhl** marking a significant **decrease of 3% compared to 2019**; this year-over year fall of 7 mhl is analogous to the one seen during the 2008-09 global financial crisis.

The first year of the COVID-19 sanitary crisis highlighted **asymmetrical aggregate consumption behaviours in different countries in the world.**

NB: a notable revision in Chinese wine consumption has made China the key driver in lowering consumption levels in the last few years

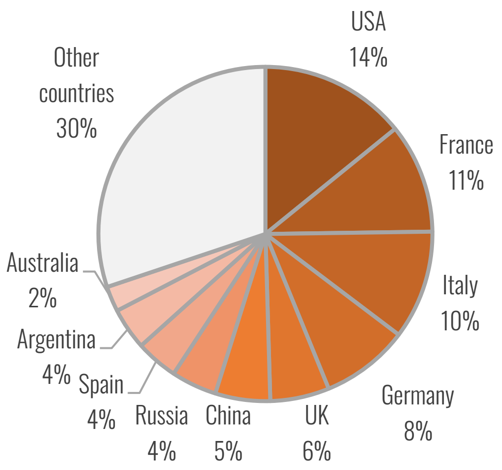
Wine Consumption

World wine consumption distribution in 2020

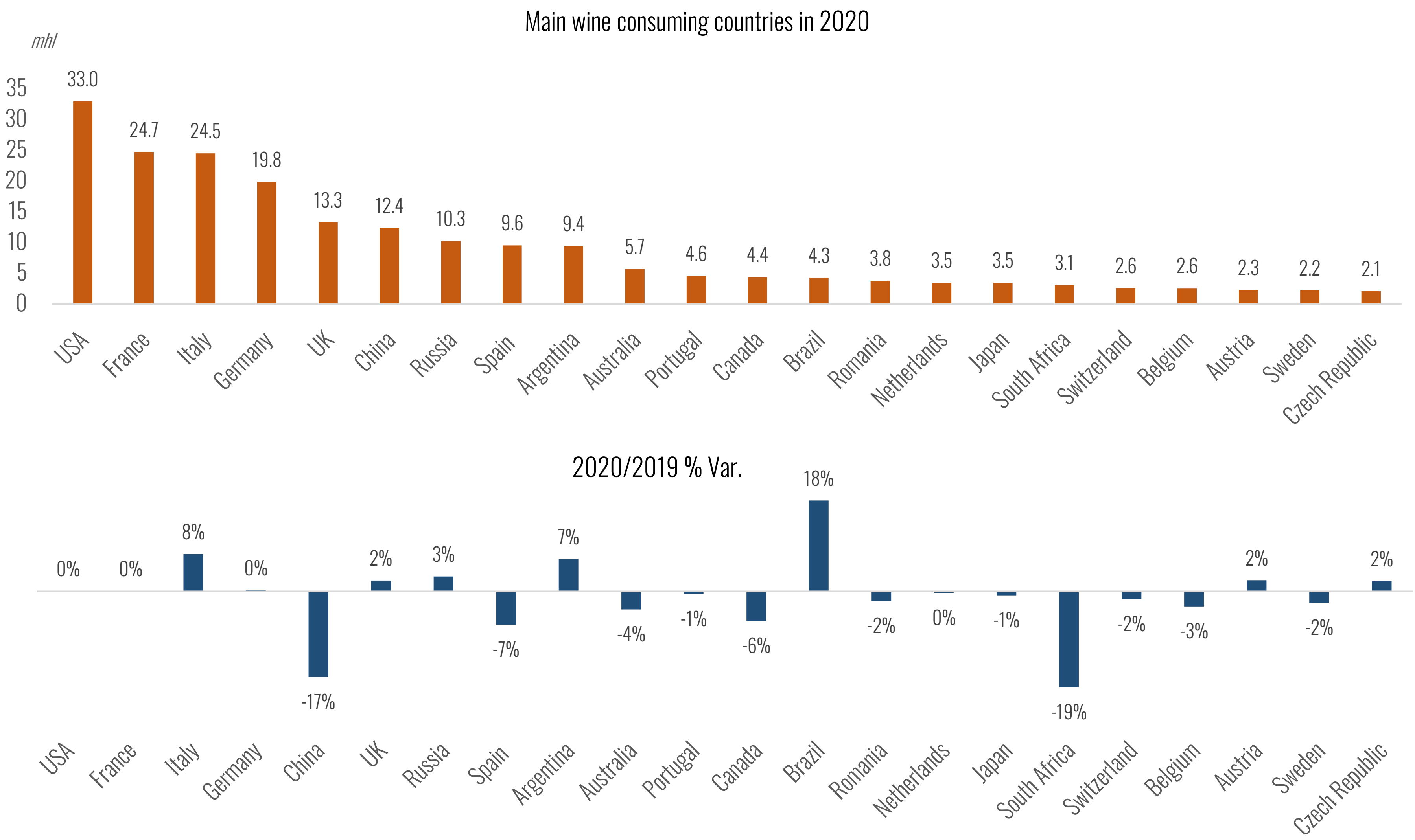


Wine consumed in 200 countries. First **5 countries** account for almost **50%** of the world, while the top **10 countries** represent **70%** in 2020.

Breakdown of wine consumption in 2020

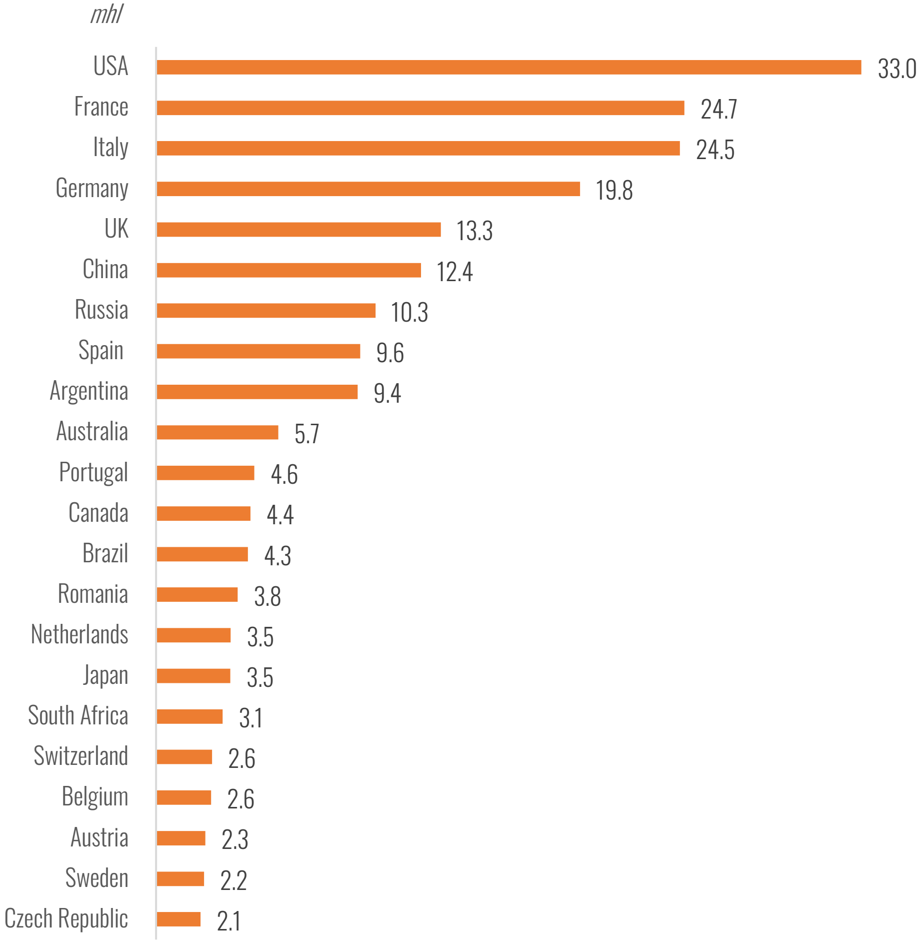


Wine Consumption

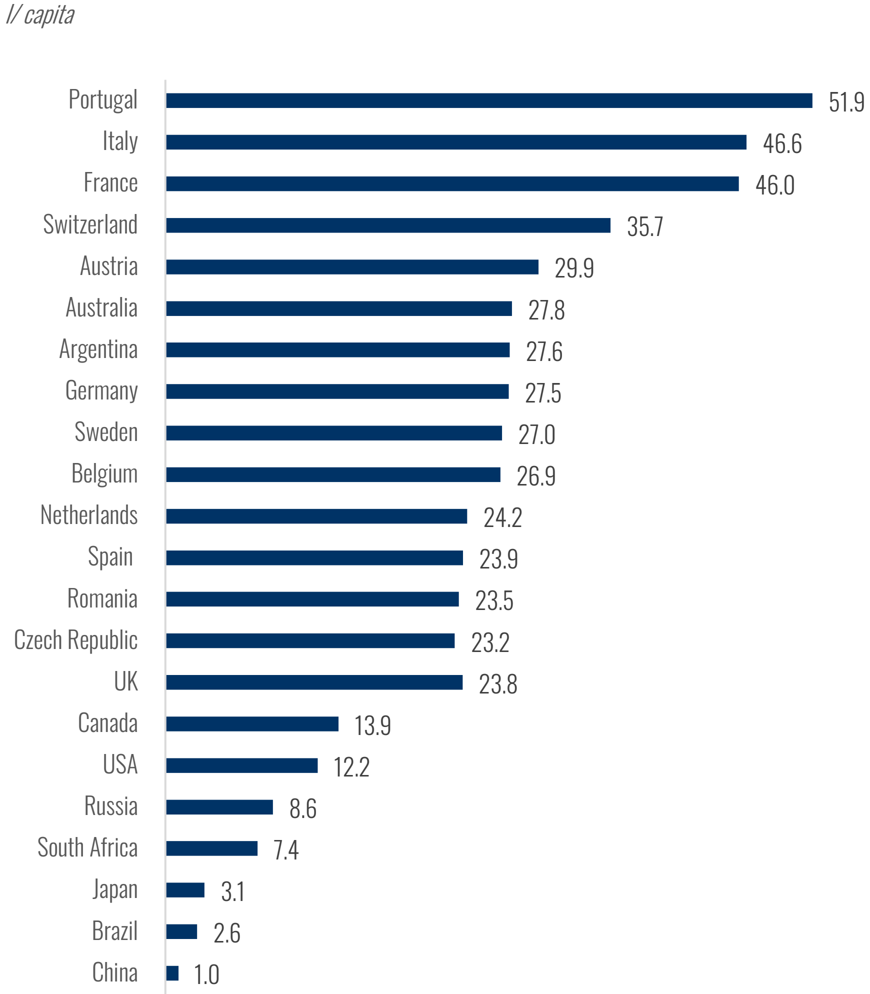


Wine Consumption

Top countries* by total consumption (mhl) in 2020



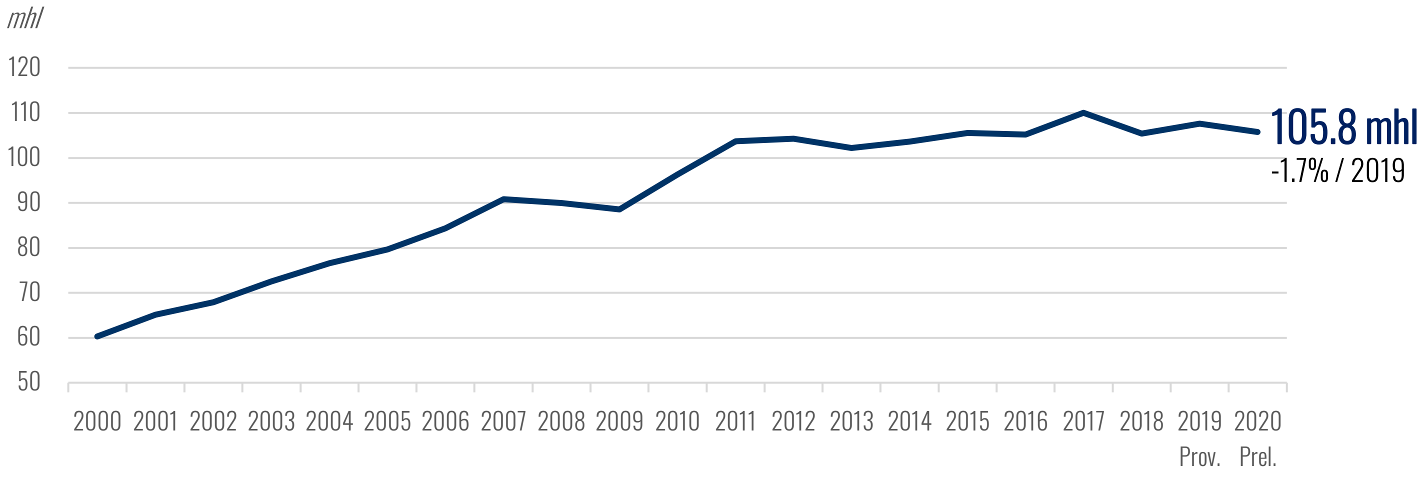
Consumption per capita +15 (l) in top consuming* countries



*Countries with consumption above 2 mhl

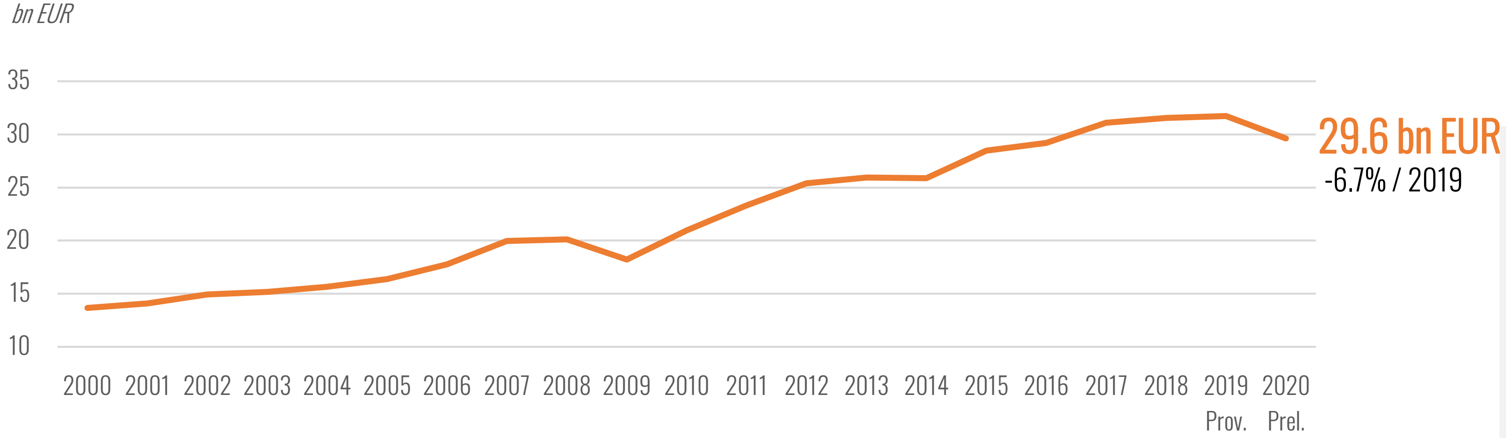
International Trade of Wine

Evolution of world wine export by volume



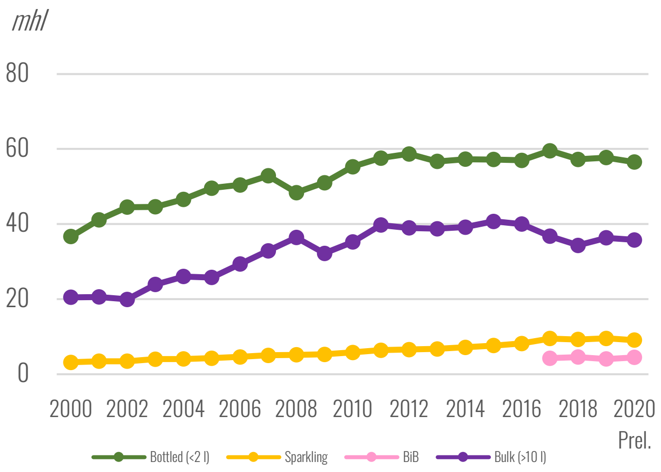
In 2020, notwithstanding a slight decrease (-1.7%) with respect to 2019, **global volume** exports with **105.8 mhl** is **in line with the last five-year average.**

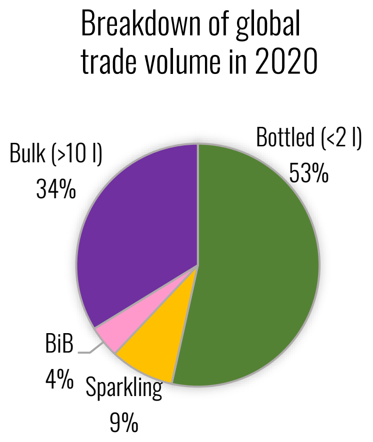
Evolution of world wine export by value

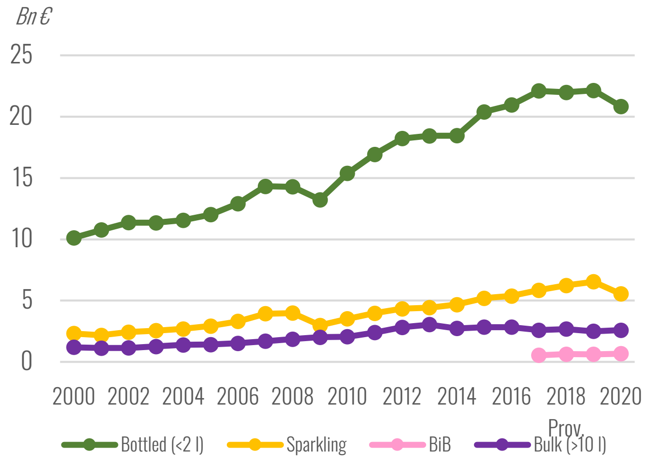


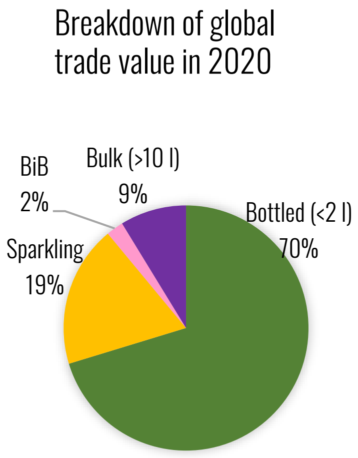
Disturbing the incremental growth path started in 2010, the **global value** of wine exports in 2020 decreased by -6.7% compared to 2019 reaching **29.6 bn EUR**.

International Trade of Wine









-Bottled wines decreased in volume (-2%) and for the first time since 2000, in value (-6%)

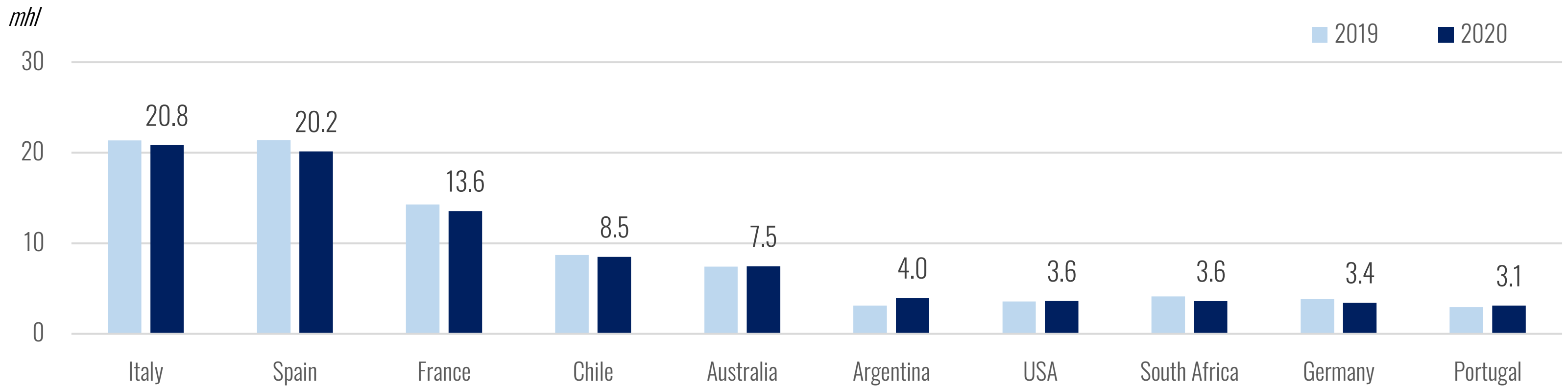
-A sharp decline was observed for sparkling wines which decreased by 5% in volume and 15% in value

-BiB was the only category that expanded massively, with an increase in volume (+12%) and in value (+8%)

-Bulk wine exports remained unchanged in terms of volume and increased by 4% in value

Main Wine Exporters

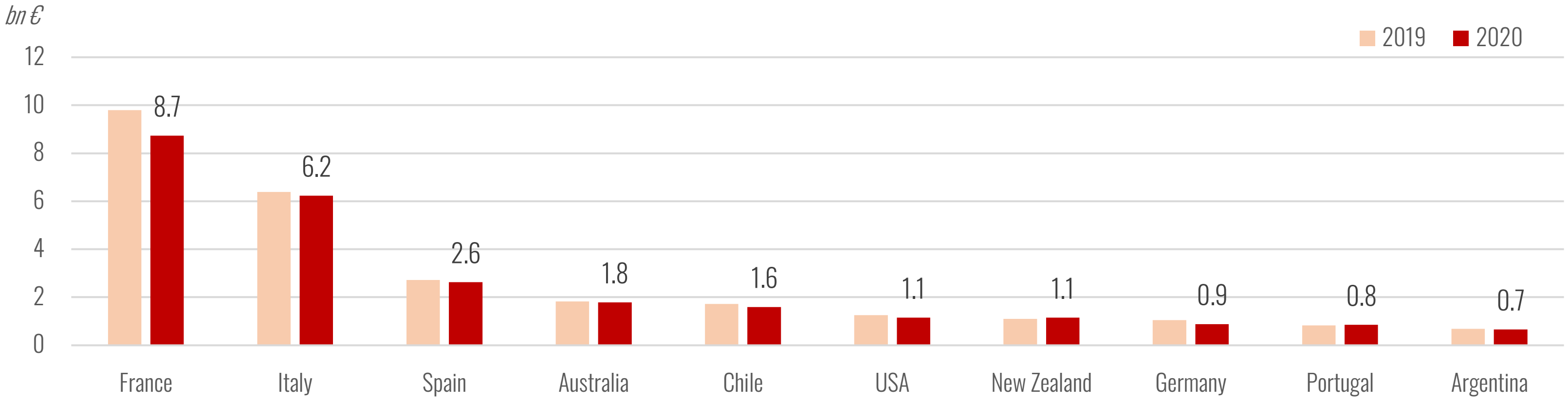
Top 10 by volume



ITA : -2%
ESP: -6%
FRA: -5%
CHL: -2%
AUS: +1%
ARG: +27%
USA: +2%
ZAF : -12%
DEU: -10%
PRT: +5%

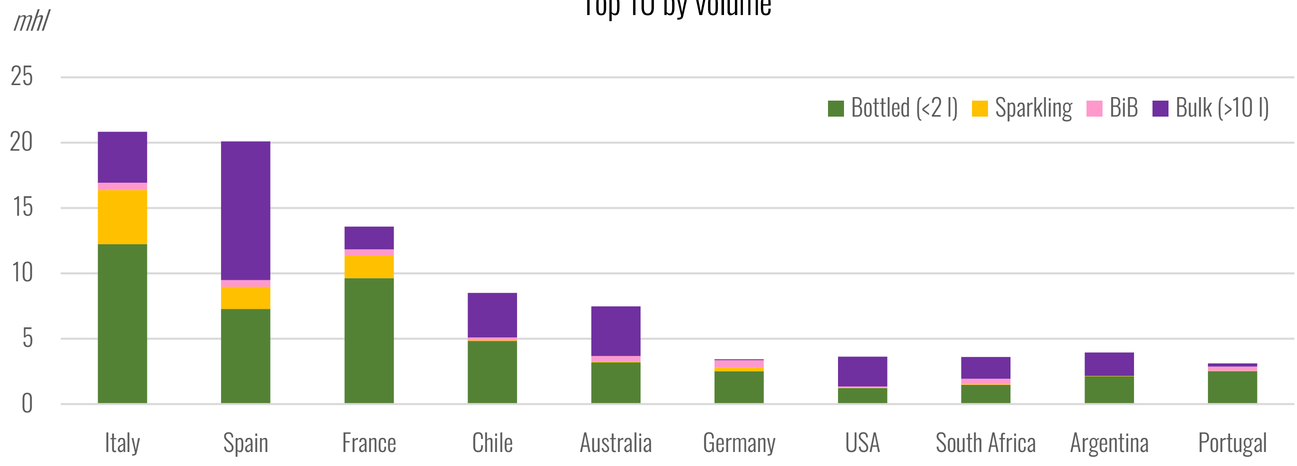
Top 10 by value

FRA: -11%
ITA : -2%
ESP: -3%
AUS: -2%
CHL: -7%
USA: -9%
NZL: +5%
DEU: -16%
PRT: +3%
ARG: -4%



Main Wine Exporters

Top 10 by volume



Among the top 10 exporters by volume:

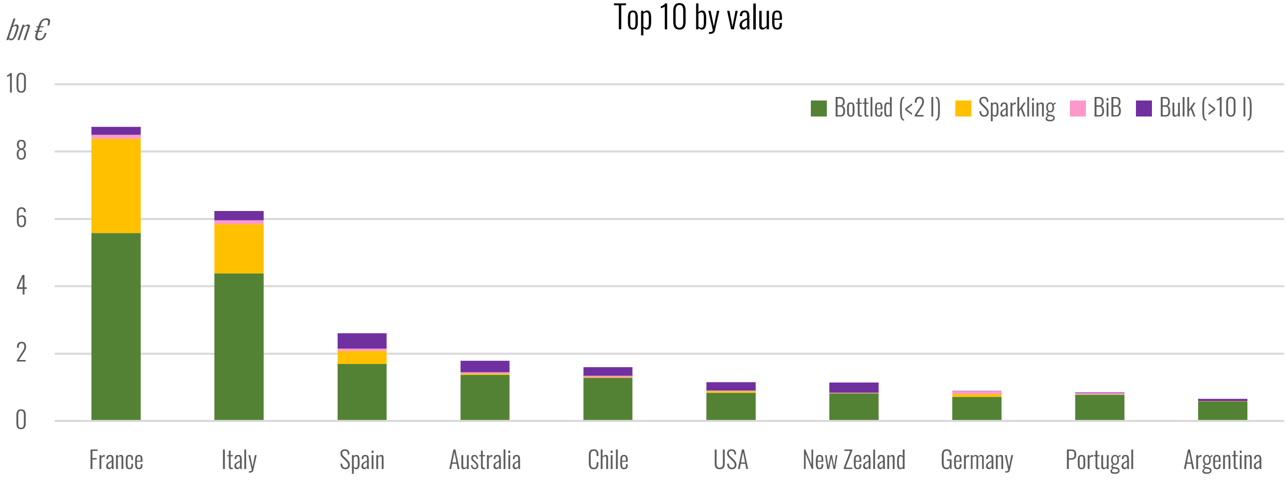
Top bottled →Italy, France, Spain

Top sparkling → Italy, France, Spain

Top bulk → Spain, Australia, Italy

Top BiB →Germany, Italy, Spain

Top 10 by value



Among the top 10 exporters by value:

Top bottled → France, Italy, Spain

Top sparkling → France, Italy, Spain

Top bulk → Italy, Spain, France

Top BiB → Spain, Australia, New Zealand

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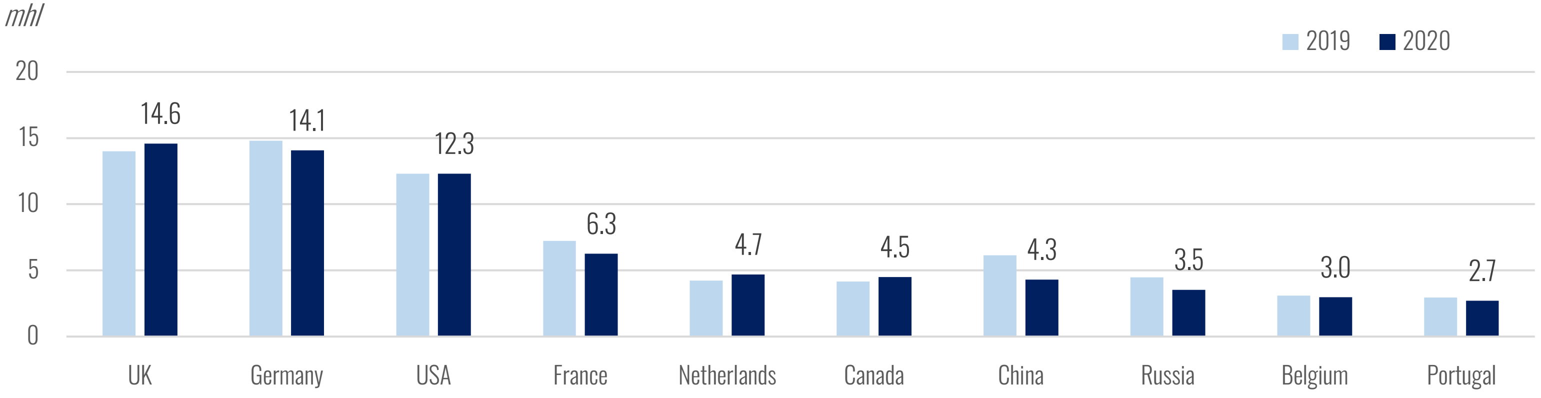
Main Wine Importers

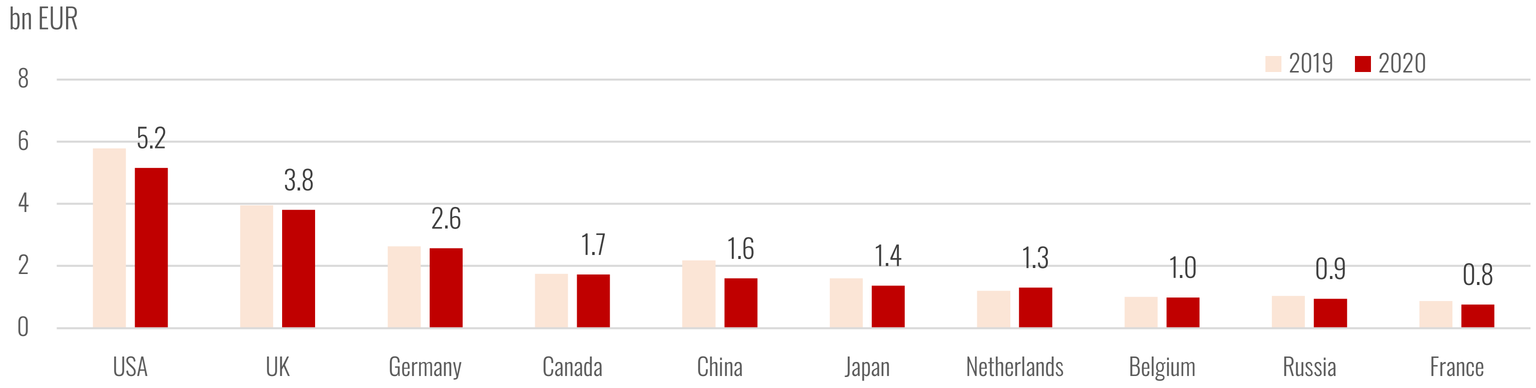
Top 10 by volume



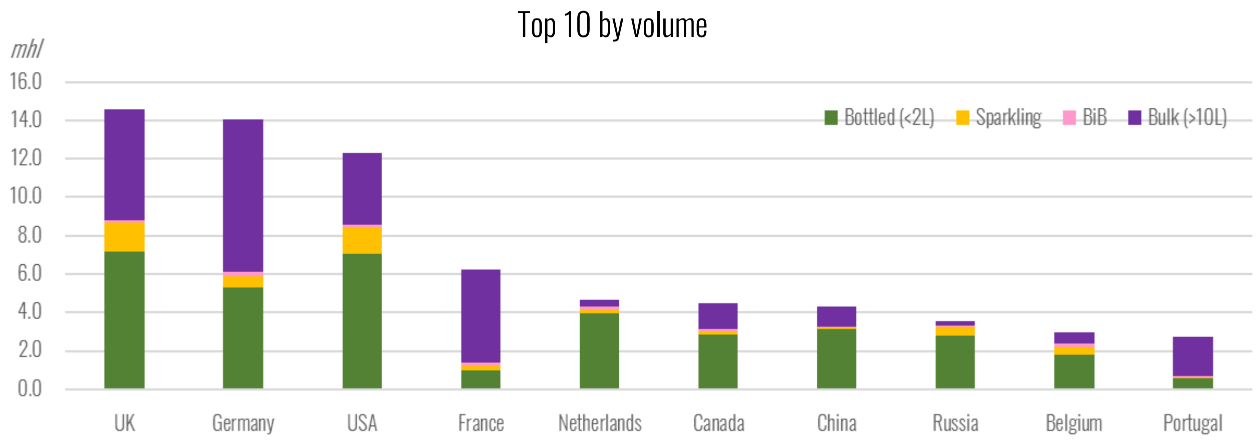
GBR: +4%
DEU: -5%
USA: 0%
FRA: -14%
NLD: +11%
CAN: +8%
CHN: -30%
RUS: -21%
BEL: -4%
PRT: -8%

Top 10 by value

USA: -11%
GBR: +4%
DEU: -2%
CAN: -1%
JPN: -15%
NLD: +9%
BEL: -2%
RUS: -9%
FRA: -12%



Main Wine Importers



Among the top 10 importers by volume:

Top bottled →UK, USA, Germany

Top sparkling → UK, USA, Germany

Top bulk → Germany, UK, France

Top BiB → Sweden, Germany, France

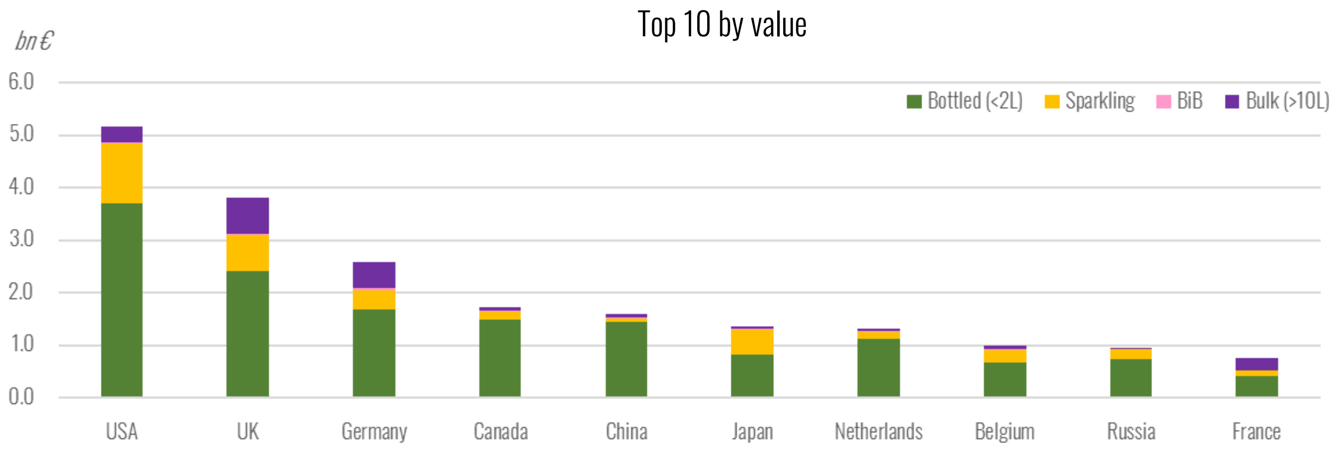
Among the top 10 importers by value:

Top bottled → USA, UK, Germany

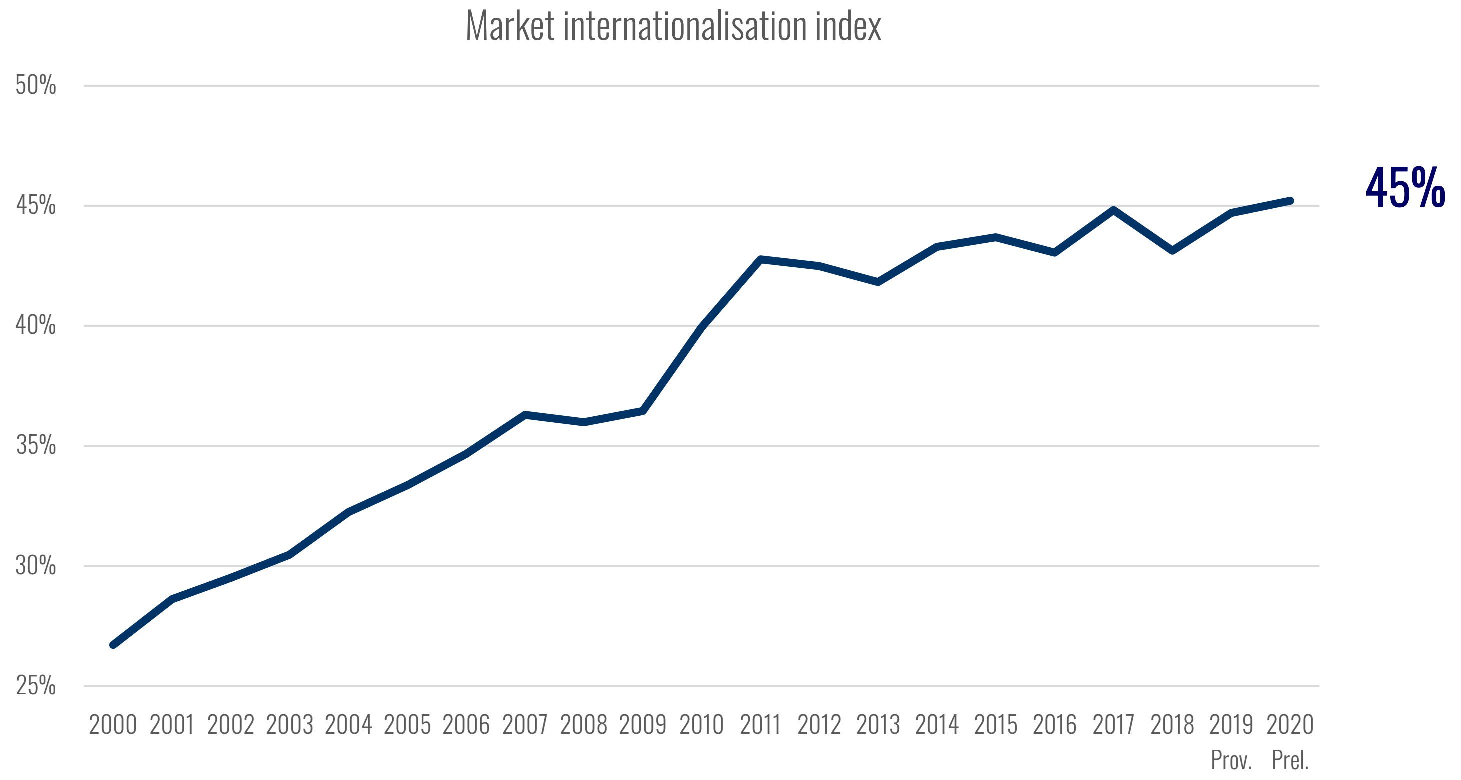
Top sparkling → USA, UK, Japan

Top bulk → UK, Germany, USA

Top BiB → Sweden, Germany, UK



Market Internationalisation Index



This **market internationalisation index** is constructed as the ratio between the volumes of world wine exports and world wine consumption.

In 2020, the wine market internationalisation index is at 45%, meaning that on average in 2020, of every 2 bottles of wine consumed in the world about 1 has crossed (at least) one border, that is **almost half the wine consumed in the world is imported wine.**

Wine Production in Southern Hemisphere First estimates 2021

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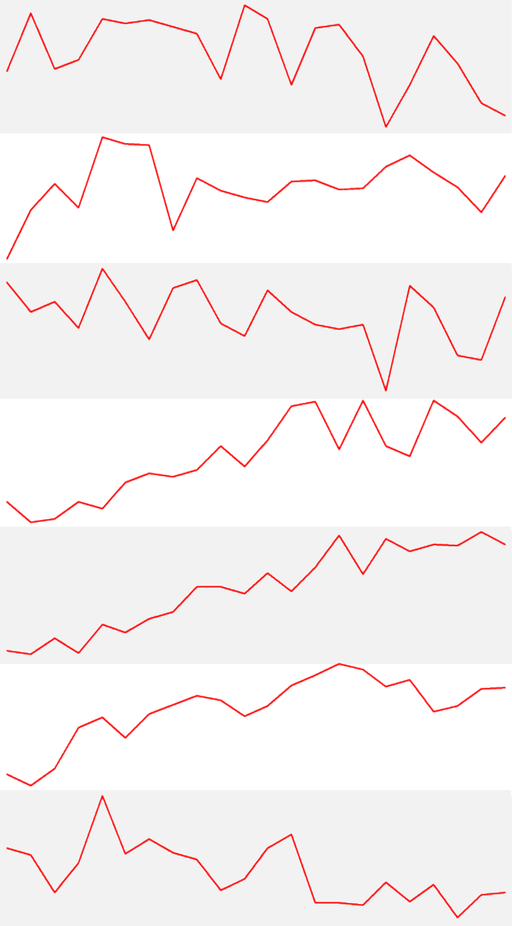
Southern Hemisphere Wine Production 2021

	Prov. 2020	Prel. 2021	Trend 2021	% Var. 21-20	Trend 2000-2021
Argentina	10 796	*10 106*		-6.4%	
Australia	10 600	*12 553*		18.4%	
Brazil	1 923	*3 300*		71.6%	
Chile	10 337	*11 888*		15.0%	
New Zealand	3 290	*3 000*		-8.8%	
South Africa	10 425	*10 500*		0.7%	
Uruguay	700	*710*		1.4%	



The impact of Covid 19 on the Wine sector

Looking Ahead

Impact of Covid-19 on the Wine sector: Key Trends

1. **Heterogeneous consumption behaviours** in 2020 across countries depending on:
   - Consumption habits (weight of wine over total alcoholic beverages, weight of Horeca channel, etc.)
   - Length and strictness of lockdown measures and associated policies such as sales bans
   - Weight of tourism in national wine consumption

2. **Distribution channel shift:**
   - Full or partial closure of the **Horeca** channel causing a fall in sales in value, and to a lesser extent in volume.
   - Increase in wine sales via **e-commerce and large retailers**, only partially compensating the losses caused by the closure of the Horeca channel

3. **Volume vs value:** premium wine suffered the most from the closure of restaurants and tasting rooms, while large producers that owned the off-premise channel with large partner wholesalers performed well

4. **Sparkling wine** is the category of wines that suffered the most (champagne shipments -18% in volume, 1 billion euros of losses), barring Prosecco (+4% in export vol, -3% in export value). Contrarily, **bag-in-box** wine sales have experienced a sharp increase in sales volume and value in US, UK, Japan and Scandinavian countries

5. **Shifts in global trade** patterns due to:
   - Reaction of a decrease in global demand due to Covid-19 crisis
   - New trade barriers (US retaliatory tariffs, China tariffs on Australian wine, Brexit)

The new "normality" will be different from what we left: **the lessons learned from this crisis will shape the future of the sector**

Wine producers

- **Diversification** of markets and distribution channels
- Integration of **online** and offline services
- **Data and technology**
- **Resilience and adaptability**

Governments

- Wine intrinsically deep-rooted in our culture, wine making needs to be considered as an **essential activity**
- After a crisis there are losers and winners, wineries relying on the HoReCa channel, not linked to large distribution channels and not able to sell via e-commerce need **support**.
- **Sustainability**
- **Digitalisation**
- **Anti – alcohol policies**
- **International cooperation**

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THANK YOU FOR YOUR ATTENTION

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