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The world market of the wine sector

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THE WORLD MARKET OF THE WINE SECTOR

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Abstract: *The increased share of horticultural crops in the world economy of agricultural production is due to the role that grapes, fruits and vegetables have in the rational nutrition of man and in increasing the national income of the cultivating countries, as well as in improving the microclimatic living conditions of of man. Viticulture, held and holds a well-defined place in the agricultural economy and the national economy, whose importance can be appreciated from several points of view. The research is based on data provided by the National Institute of Statistics and OIV regarding the area of vines intended for the production of wine grapes, table grapes or dried grapes, the production and consumption of wine by traditional producers and the trade of the producing countries of the world with an emphasis on the period 2018-2022. The following research methods were used in the elaboration of this research: monograph, analysis and synthesis with the help of statistical indicators.*

Keywords: *viticulture, production, consumption, trends*

JEL classification: Q10, Q12, Q14, Q19.

INTRODUCTION

Wine is a kind of fruit wine made from grapes. Science has proven that wine has an effect on the health of the human body, especially in terms of cardiovascular, anti-aging and other aspects. Wine has a long history in the world, and in recent years, as people pay more attention to their health, the performance of wine is increasing.

The purpose of the study is to study the current situation of the wine sector on a national and global level.

Romania is an important European wine-producing country, with rich cultural traditions, most of them directly related to this drink, which is rightly considered a divine liquor. The European Commission has adopted exceptional measures to address the current imbalances in the wine market in several EU regions.

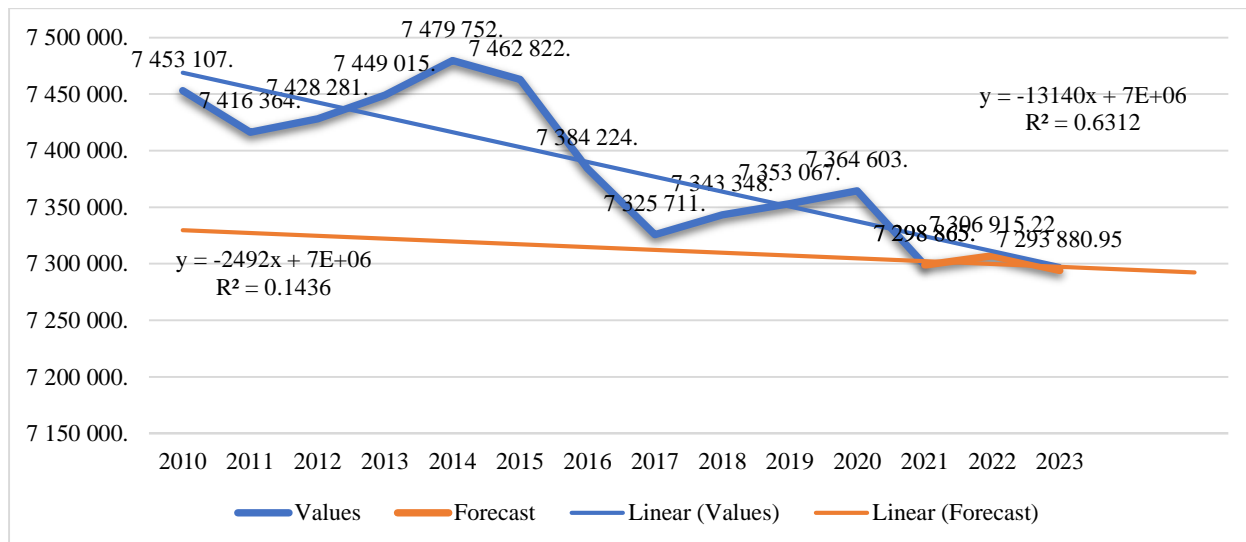
Within national wine support programmes, Member States will now be able to include crisis distillation to remove excess wine from the market. Flexibility is also granted in the implementation of support programs for wine, allowing more flexibility for green harvesting this summer and increasing the EU co-financing rate of measures related to restructuring, green harvesting, promotion and investment.

RESULTS AND DISCUSSION

The world vineyard area is estimated at 7.3 million hectares in 2022, only slightly lower compared to 2021 (-0.4%). The world area under vines refers to the total area planted with vines for all purposes (wine and juice, table grapes and dried grapes-raisins), including young vines that are not yet productive. As can be seen in figure 1, the world vineyard area seems to have stabilized since 2017. However, the current stabilization hides heterogeneous developments in the main grape growing countries.

In the year 2022, contrasting trends in three main blocs of countries. On the one hand, countries such as Moldova, Turkey, Spain, Argentina and the USA are causing a decrease in the

world's wine-growing areas. On the contrary, France, along with other important wine-growing countries such as India, Russia and Brazil, experienced an increase in wine-growing areas. The other major grape growing countries such as China, Italy, Chile and Australia recorded stable areas with no significant changes compared to 2021. These different directions tend to balance their effects worldwide.



Graph 1. Evolution of the world surface

Source: data processing according to OIV

Wine plantations in the European Union have reached a stabilization in recent years, being 3.3 million hectares. This stability can be attributed to the management and management of the wine production potential, since 2016, the authorization of new plantings with an annual increase of up to 1% of the wine area already planted in the Community countries.

As for Spain, the world's largest wine-growing country, with 955 kha in 2022, decreased by 0.8% compared to 2021. In contrast, France, the second largest area under vines -vine of the World, increased the size of its plantations (+ 0.8%) compared to 2021 and stands at 812 kha. Italy has 718 kha of area under vines, stabilizing after the expansion recorded between 2016 and 2020. Most of the other important wine-growing countries in the EU remained stable compared to 2021: Portugal (193 kha, - 0.5% / 2021), Romania (188 kha, -0.3% compared to 2021) and Germany (103 kha, 0.0% / 2021).

Outside the EU, Moldova continues the trend that started in 2018, with a significant decrease in the vineyard area to 122 kha in 2022 (-11.6% / 2021). This decline is determined by the effects of the restructuring of the wine sector. Russia increased the size of its plantations for the fifth consecutive year, reaching 99 kha in 2022 (+1.4% / 2021). Turkey has an estimated 410 kha of wine-growing area and remains the fifth largest wine-growing country in the world in 2022, even though its vine area has continued to decline since 2000.

After a long period of significant expansion, the growth of China's wine-growing area (third in the world) is slowing down in recent years and in 2022, it is estimated to be in line with that of 2021, at 785 kha. In the United States, plantings have been steadily declining since 2014, and in 2022 its vineyard area is estimated to be 390 kha, which is slightly less than the previous year. Among other factors, this size reduction was requested in recent years to overcome an oversupply problem of grapes in California.

In South America, the wine area of Argentina has been decreasing since 2015 and reaches 207 kha in 2022. It records a reduction of 4 kha, i.e. -2% compared to 2021. Reduction of vine areas in Argentina can be explained by climate factors such as water scarcity, rising temperatures and extreme drought-like conditions.

Chile's wine-growing area remained almost unchanged compared to 2021, reaching 196 kha in 2022. After eight consecutive years of continuous decline, Brazil increases the size of its plantations in 2022 by 0.8%, reaching 81 kha.

World wine production, excluding juices and musts, in 2022 is estimated at 258 mhl, which marks a decrease of almost 3 mhl (-1%) compared to 2021. This is due to a larger than expected harvest volume in Europe and the USA (despite drought and heat waves during the spring and summer) and average production levels in the Southern Hemisphere.

Table no. 1. Wine production (excluding juices and musts) in the main wine-growing countries (thousand hl)

COUNTRY	2018	2019	2020	2021	2022
Italy	54783	47533	49066	50232	49843
France	49186	42193	46673	37643	45590
Spain	44933	33676	40949	35471	35703
USA	26074	25562	22750	24070	22385
Argentina	14522	13019	10796	13436	12444
Chile	12898	11939	10337	12482	11451
Germany	10268	8218	8405	8448	8940
China	9269	7824	6587	7359	6777
Portugal	6060	6527	6418	5908	4700
Romania	5088	4620	4433	4797	4182
Russia	4293	3808	3984	4522	3889
Hungary	3699	2743	2913	3082	3200
Brazil	3084	2465	2398	2928	2900
Austria	2753	2425	2283	2469	2327
Greece	2235	2176	2257	2460	2135
Moldova	1900	1760	1800	2100	2127
Georgia	1740	1460	920	1430	1400
Switzerland	1112	979	834	893	992
Bulgaria	1084	918	823	749	756
Turkey	754	725	695	622	747
Uruguay	745	585	622	609	91

Source: OIV, <https://www.oiv.int/what-we-do/global-report?oiv>

Wine production in the European Union is 161.1 mhl in 2022 which represents an increase of 4% compared to the previous year and is in line with its latest five-year average. Italy (49.8 mhl), France (45.6 mhl) and Spain (35.7 mhl) together account for 51% of world wine production in 2022.

Of these three major wine producers, Italy is relatively stable in terms of wine production, by (-1%) compared to the year 2021 and +2% compared to its last five-year average. On the other hand, France is seeing an increase in wine production not only compared to the low volume of 2021 (+21%), but also compared to its last five-year average (+7%). Due to drought and limited access to water in many regions, in Spain 2022 wine production stabilizes at +1% compared to the previous year, but is 5% below its last five-year average.

Germany is the only country to see an increase in wine production in 2022 recording 8.9 mhl being 6% higher than the previous year, thanks to drought and heat in the growing season, which were beneficial to its vineyards. with regard to production levels from 2022, the other EU wine-producing countries recorded negative variations: 6.8 mhl in Portugal (-8% / 2021), 3.9 mhl in Romania (-19% /2021), 2, 9 mhl in Hungary (-6% / 2021), 2.3 mhl in Austria (-5% / 2021) and 2.1 mhl in Greece (-14% /2021).

As for non-EU countries, Russia (4.7 mhl) increases its wine production from 2022 by 4% compared to 2021. This volume is due to favorable weather conditions, which lead to a large amount of grapes, with higher yields and a government subsidy program that pushed production to record levels. Wine production in Moldova is estimated at 1.4 mhl. This level is 2%. lower than wine production in 2021. Switzerland records a production of 1.0 mhl, which is not only a 63% increase over 2021 production, but also 15% higher than the average seen over the past five years. The heatwaves across Europe have been beneficial for Swiss vineyards, which are located at relatively high altitudes.

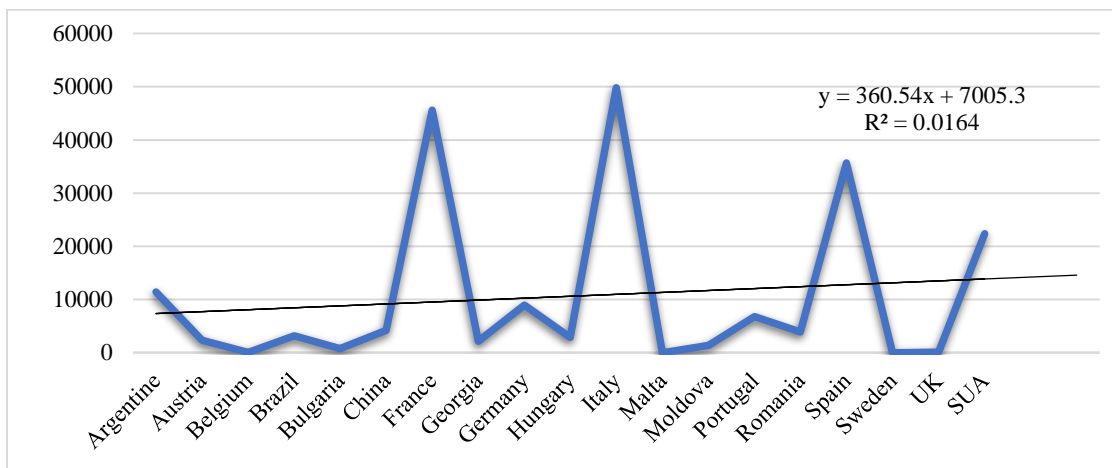
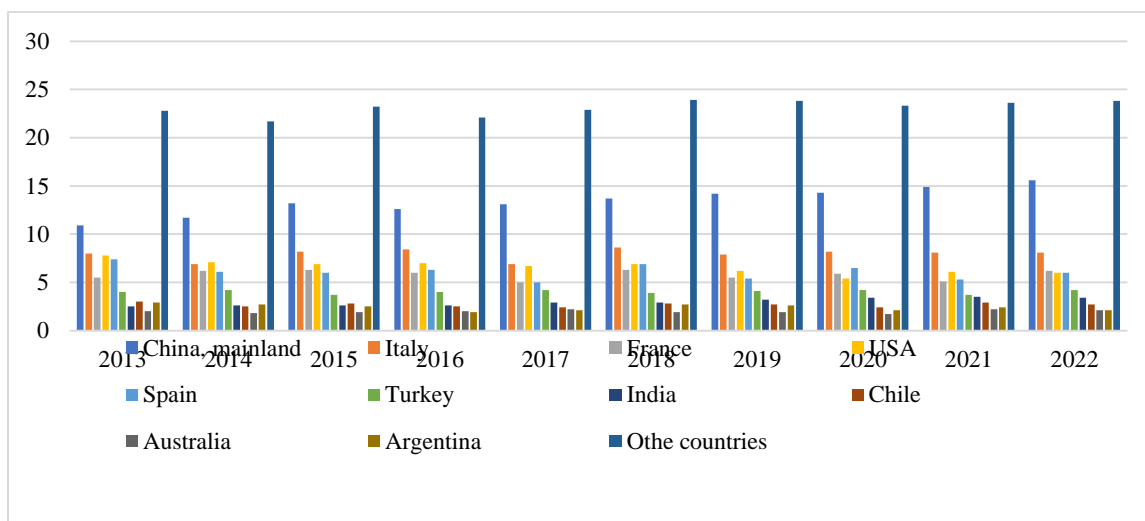


Chart 2. Evolution of world wine production, thousand hl,
Source: OIV data processing, <https://www.oiv.int/what-we-do/global-report?oiv>



Graph no. 3. Top 10 producers (mt)
Source: OIV, FAO, National Statistical Offices

Wine consumption

World wine consumption in 2022 is estimated at 232 mhl, marking a decrease of (-1%) 2 mhl compared to 2021. Since 2018, world wine consumption has had a downward trend, increasing in 2020 by the Covid-19 pandemic, which has had a depressing effect on many large wine markets, but also due to the war in Ukraine and the associated energy crisis, together with global supply and global production chain disruptions, leading to an increase sudden rise in production and distribution costs. This has led to significant increases in wine prices for consumers. In such a context, wine consumption behaviors at the national level were quite heterogeneous between geographical regions.

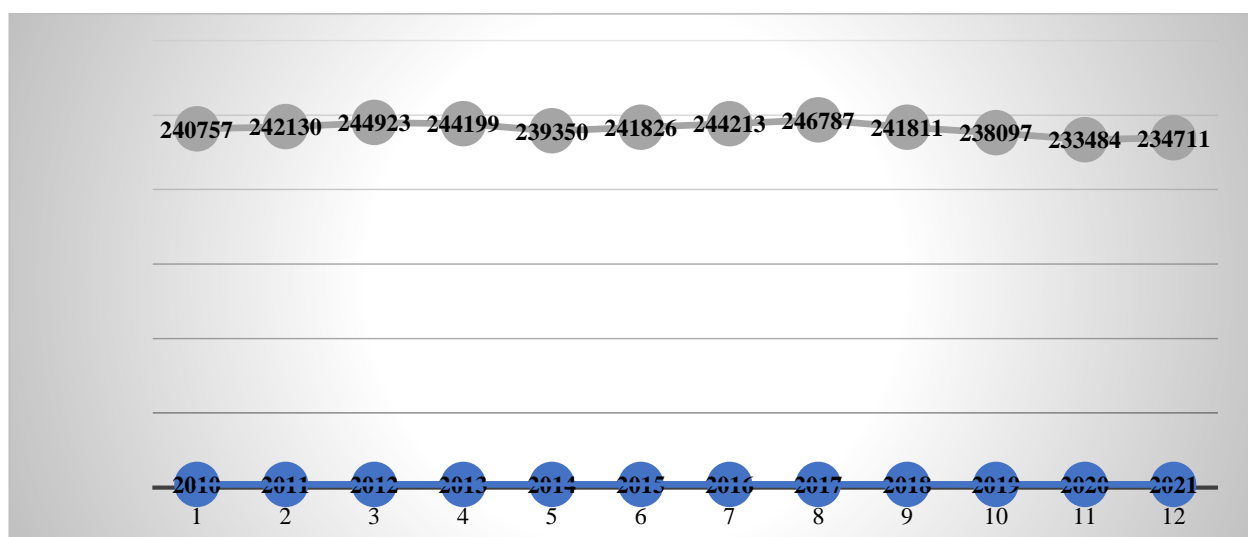


Chart .4. Evolution of world wine consumption in the period 2010-2021 (mhl)

Source: data processed according to OIV

In the European Union in 2022, a 48% share of wine consumption in the total world consumption was estimated, 2% lower than the level estimated in 2021 and compared to the year 2000, the relative share was estimated at 59%. France is the largest consuming country, is achieved with an estimate of 25.3 mhl in 2022. being the second consecutive year of positive growth, after the drop in consumption caused by the Covid19 health crisis. Italy, the third country worldwide, has an estimated amount of wine consumption of 23.0 mhl in 2022, down 5% from 2021, but maintaining its average of the last five years.

On the fourth level is Germany, which registers a consumption volume of 19.4 mhl in 2022 (-3% / 2021); Spain remains stable at 10.3 mhl in 2022 (-0.1% / 2021) and Portugal shows an increase in its wine consumption level by 6.0 mhl in 2022 with an increase of 14% compared to the previous year, and of the last five-year average by +19%.

Romania registers a consumption of 3.7 mhl, with a share of -0.2% in 2021 and the Netherlands registers a negative trend compared to 2021 of -3%, respectively 3.6 mhl. Austria records a consumption of 2.4 mhl, being -0.4% compared to 2021. Similarly, the Czech Republic (2.2 mhl, +0.3% / 2021) remains stable compared to 2021, but in up 6% from the five-year average. Belgium (2.0 mhl, -15% / 2021) and Sweden (2.0 mhl, -6% / 2021) are decreasing in terms of wine consumption in 2022, both year-on-year and their averages over the last five years.

The fifth largest wine-consuming country in the world, Great Britain records a slight decrease in wine consumption being estimated at 12.8 mhl and a share of -2% compared to the previous year. In Switzerland the USA and the share of wine consumption is 3%.

In Asian markets, wine consumption in 2022 in China is estimated at 8.8 mhl, and in Japan at 3.4 mhl with a share between 2-3% compared to the previous year.

In South America, the largest consuming country is Argentina, with 8.3 mhl, followed by Brazil with a consumption of 3.6 mhl but with negative differences compared to 2021, respectively 1.3% and 12.9%.

International wine trade

World wine trade refers to the import/export of sparkling and bulk wine is estimated to decrease by -5% in 2022 compared to 2021.

Regarding the global export, the value is estimated at 37.8 billion euros. In terms of volume, the top three exporters are Italy (22 million), Spain (21 million) and France (14 million), and the top three importers are the USA (14 million), Germany (14 million), Great Britain (13 million).

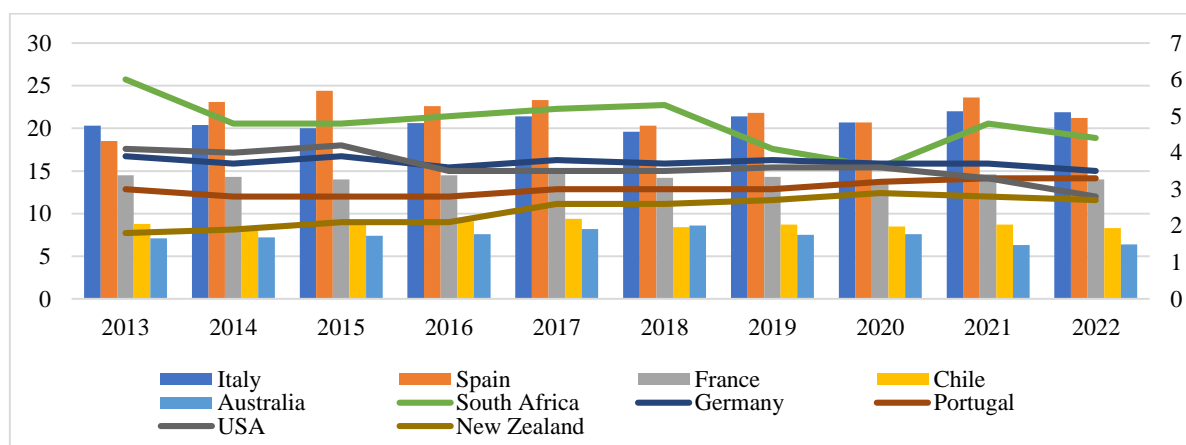


Chart 5. Top 10 exporters (mhl)

Source: OIV, FAO, GTA, ITC, National Statistical Offices

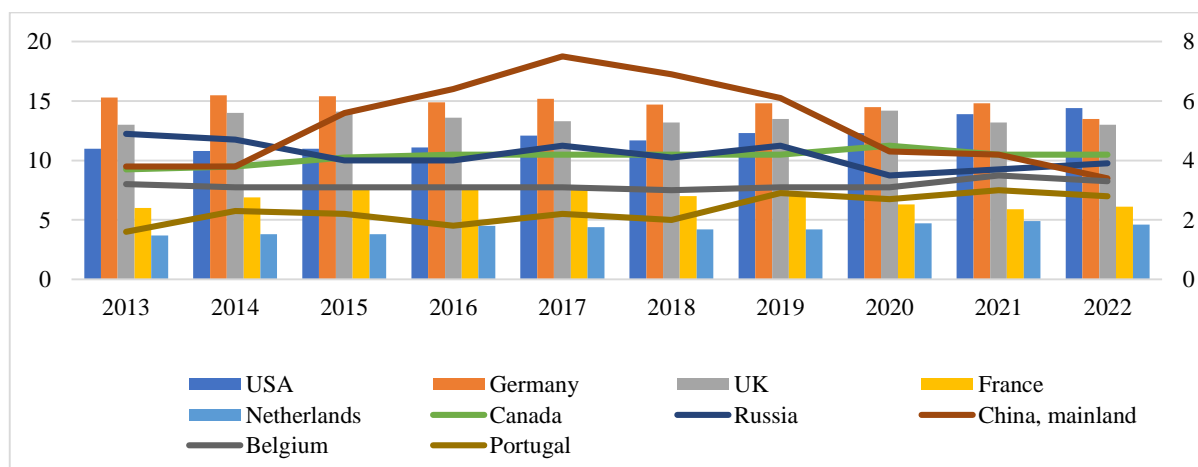


Chart 6. Top 10 importers (mhl)

Source: OIV, FAO, GTA, ITC, National Statistical Offices

Disruptive events such as the pandemic and the war in Ukraine led to strong inflationary pressure and the year 2022 was marked by global supply chain disruptions that led to a significant slowdown in shipping and more.

This combination of events resulted in a generally lower volume of wine exported at a much higher average price (+15% compared to 2021), with the value of global wine exports estimated at

€37.6 billion, the highest figure ever recorded. However, it should be noted that this sharp rise in prices is mainly driven by higher costs borne by manufacturers, importers, distributors and retailers.

CONCLUSIONS

Generally dry and hot conditions observed in various regions of the world led to early harvests and average volumes. The year 2022 was marked by high inflation, the energy crisis caused by the conflict in Ukraine and disruptions to the global supply chain. In this context, many markets have seen significant increases in wine prices, leading to a slight decrease in the volumes consumed worldwide (OIV, 2022).

In recent decades, the world wine sector has seen an overall positive trend in the production and consumption of white and rosé wines, while red wines have declined. This structural change can be attributed mainly to general changes in consumer preferences. A report prepared by the Statistics Department of the International Organization of Vine and Wine (OIV) aims to better understand this phenomenon, providing an overview of the evolution of world wine production and consumption according to color (broken down by red, white and pink) period 2000-2021.

Over the years, strategies in the wine sector have focused mainly on improving quality, as demonstrated by the recognition of a national or Community brand of origin. The 2020-2024 strategic plan and its key objectives are guided by the various challenges faced by the international wine sector, but also by the desire to integrate the 2030 perspectives of the Sustainable Development Goals (SDGs), developed under the auspices of the United Nations, into the Organization's activity (OIV strategic plan 2020-2024)

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