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## France

## Wine

## Competition Annual

## 2000

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### Report Highlights:

**French imports of U.S. wines increased in value 35 percent in 1999 to reach \$10 million, thanks to increased U.S. company promotional activities, augmented by AgParis U.S. wine tastings. Mondavi and Gallo are both established leaders in the French market and contributed in large part to this increase. U.S. wines face strong competition from other non-EU suppliers.**

**In 1999, France produced 62.8 million hectoliters of wine, and was the world's number one producer immediately followed by Italy. In 1999, French wine and spirits imports were \$1.1 billion; exports were \$8.1 billion. One third of French wine production is exported, representing 21 percent of total French agricultural exports.**

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## **EXECUTIVE SUMMARY**

American wines face strong competition in the European Union (EU) and France from domestic producers. The so-called "New World" (U.S., Chile, Australia and others) producers and emerging market producers are generating a lot of interest among French consumers. The perceived "exoticism" and high quality of many of these wines and increasing French demand for innovative foods and beverages are supporting demand. American wines are sold mostly in restaurants. Total French imports in calendar year 1999 amounted to \$10 million, for a volume of 30 MHL, or 2 percent of total French wine imports. Despite the strengthening dollar, during the period Jan-July 2000, U.S. exports of wines to France increased considerably due to in part to some U.S. wineries having opened offices in France.

The European Union (EU) has 45.4 percent of the world's vineyard area, and produces 61 percent and consumes 58 percent of the world's. France alone has 12 percent of the world's vineyard areas, 20 percent of world's wine production and 16 percent of the world's wine consumption. EU wine production has evolved considerably since 1987 due to efforts to reduce crop areas and control yields. Thus in France, approximately 102,000 hectares (HA) of vines have been uprooted and a total of 151,000 HA replanted since 1987. For marketing years 1997/98 and 1998/99, uprooted vines totaled 40,041 HA for a replanted area of 44,102 HA. New plantings with bonus payments are limited to 13,500 HA for calendar year 1999/2000.

Growth in trade and the EU's expansion to include Central and Eastern European countries will intensify competition among exporters to the EU and among European producers themselves. The Government of France (GOF) has urged European growers to adapt to changing consumer demand in order to better compete with emerging third countries and in new markets. This resulted in the creation of the European Community Market Organization (COM) to coordinate EU wine practices and production. The COM since its creation in 1971 has been redefined to adapt to the changes of the market (see Section III, paragraph 4).

### **DEFINITIONS:**

1. Appellation of Origin (AOC) wines: Certifies the wine's regional origin, manufacturing process, character, and alcoholic content. AOC wines must undergo taste tests by the French Institute of Appellations of Origin (INAO). Nearly 45 percent of French wines and spirits are designated AOC.
2. Quality Wines (VDQS): Although less strict than AOC, this also certifies origin, yields, etc. VDQS wines are subject to taste tests as well.
3. VQPRD Wines (Quality Wines Produced in Determined Regions or Areas): This is a European classification that combines French AOC wines and VDQS wines.

4. Table Wines: Wines other than AOC and VDQS. These wines include country wines (*vins de pays*) which are regionally produced and are often of higher quality than ordinary table wines. They follow certain rules including analytical tasting, various specified controls, and no mixing of wines from different regions.

5. French Wine Marketing Year (MY): September to August. Thus, MY 1998/99 is the period September 1998 to August 1999.

6. Average exchange rates:

Calendar Year 1997: USD 1.00 = FF 5.83

Calendar Year 1998: USD 1.00 = FF 5.90

Calendar Year 1999: USD 1.00 = FF 6.13

January-October 2000: USD 1.00 = FF 7.04

One EURO = FF 6.55957 = \$0.99

## SECTION I. SITUATION AND OUTLOOK

In 1999 French wine production amounted to 62.8 million hectoliters (MHL), 20 percent above the 1998 production level. Of total production, 26.4 MHL were VQPRD wines, 25.4 MHL table wines, and 11 MHL wines for cognac production. This increase is due mainly to weather conditions, with warm and dry weather in July favoring development of grapes. Experts announced the 1999 wine crop to be a satisfactory quality vintage, high in sugar content and adequate in acidity levels.

During 1999, total French wine and spirits exports increased by 8.3 percent in value to reach FF 49.2 billion (\$8.1 billion), of which wine exports registered increase of 9.1 percent in value, compared to 1998, to FF 37.5 billion (\$6.1 billion), for an exported volume of 15.4 MHL. France's major clients remained Germany, the United Kingdom, Belgium/Luxemburg, and the United States. France's exports of wines to the United States represents 7 percent in volume of total French wine exports.

Total French wine imports in 1999 decreased one percent in volume to 5.6 MHL, valued at FF 3.1 billion (\$511 million). Table wines represented 80 percent of total French wine imports, mostly from EU countries with Italy and Spain remaining the leading suppliers. In 1999, imports of U.S. wine into France increased by 30 percent in volume and 35 percent in value compared to the previous year; however, total U.S. market share of French imports is only 0.5 percent in volume, for an imported value of FF 61 million (\$10 million).

In August 1998, the European Commission proposed to reform the Common Organization of the Wine Market. This proposal is part of the Agenda 2000 proposals and includes an estimated budget of 1.3 million Euros per year. It will take effect on August 1, 2000. In the meantime, the French Government continues to financially support wine growers' efforts to adapt their vineyards to new market conditions. During Marketing Year (MY) 1998/99, uprooting of vines declined, while yields from new plantings rose.

In response to increasing competition in France and Europe, and in view of changing consumer preferences in France and in foreign countries, the French Office for Wines and Vines (ONIVINS) and the French export promotion agency (SOPEXA) launched advertising campaigns targeting domestic and the export markets. Domestic advertising focuses on regional wines, while international advertising targets VQPRD wines.

The French Ministry of Agriculture reports the 2000 wine crop at 59 MHL, down 6 percent from 1998. French customs officials say that during the period January-July 2000, French wine exports decreased by 9 percent in volume but increased by 7.6 percent in value from the previous year, amounting to FF 19 billion (\$3.1 billion). Significant price increases affected mainly exports of AOC wines from Bordeaux, Burgundy, Beaujolais and Loire Valley regions. The European Union takes 74 percent of total French wine exports in volume and 61 percent in value. All French bottled wine exports decreased 3.9 percent while bulk exports increased 0.8 percent. The United States, which imports \$980 million worth of wine, ranks fifth among France's clients in volume.

## SECTION II. STATISTICAL TABLES

## 1. PS&amp;D Table:

<b>PSD Table</b>						
<b>Country</b>	<b>France</b>					
<b>Commodity</b>	<b>Wine</b>					
	<b>Revised</b>	<b>1998</b>	<b>Preliminary</b>	<b>1999</b>	<b>(1000 MT)(1000 HL)</b>	
	<b>Old</b>	<b>New</b>	<b>Old</b>	<b>New</b>	<b>Forecast</b>	<b>2000</b>
<b>Market Year Begin</b>		<b>08/1998</b>		<b>08/1999</b>		<b>08/2000</b>
TOTAL Grape Crush	0	0	0	0	0	0
Begin Stock (Ctrl App)	35156	37811	39722	23087	20087	16949
Begin Stock (Other)	4398	8661	11573	12386	7386	6197
TOTAL Beginning Stocks	39554	30386	51295	48918	59156	64907
Prod. from Wine Grapes	55112	55112	52600	62800	61700	59000
Prod. from Tabl Grapes	0	0	0	0	0	0
TOTAL PRODUCTION	55112	55112	52600	62800	61700	59000
Intra-EU Imports	5372	5054	4740	4937	5024	4971
Other Imports	389	495	736	663	478	439
TOTAL Imports	5761	5549	5476	5600	5502	5410
TOTAL SUPPLY	100427	91047	109371	117318	126358	129317
Intra-EU Exports	10841	10089	11634	10171	11654	11765
Other Exports	4496	6331	4786	5782	5049	4188
TOTAL Exports	15337	16420	16420	15953	16703	15953
Dom. Consump(Cntrl App)	15644	11601	15644	18048	17001	19167
Dom. Consump(Other)	18151	14108	18151	18410	18410	19859
TOTAL Dom. Consumption	33795	25709	33795	36458	35411	39026
End Stocks (Cntrl App)	39722	38139	39409	46414	44317	47296
End Stocks (Other)	11573	10779	19747	18493	29927	27042
TOTAL Ending Stocks	51295	48918	59156	64907	74244	74338
TOTAL DISTRIBUTION	100427	91047	109371	117318	126358	129317

Source: French Office for Wines and Vines (ONIVINS) and  
French Customs/French Center for External Trade (CFCE)

## 2. Trade Matrices

Export Trade Matrix			
Country	France		
Commodity	Wine		
Time period	Jan-Dec.	Units:	1,000 HL
Exports for:	1998		1999
U.S.	1178	U.S.	1084
Others		Others	
Germany	3344	Germany	3444
United Kingdom	3222	United Kingdom	3248
Belgium/Lux.	1907	Belgium/Lux.	1909
Netherlands	1616	Netherlands	1570
Japan	1030	Switzerland	700
Switzerland	744	Denmark	678
Denmark	717	Japan	568
Canada	610	Canada	567
Total for Others	13190		12684
Others not Listed	2052		2185
Grand Total	16420		15953

Import Trade Matrix			
Country	France		
Commodity	Wine		
Time period	Jan-Dec.	Units:	1,000 HL
Imports for:	1998		1999
U.S.	44	U.S.	30
Others		Others	
Italy	2397	Italy	3391
Spain	1994	Spain	852
Portugal	455	Portugal	420
United Kingdom	148	United Kingdom	149
Chile	60	Germany	88
Morocco	59	Chile	74
Bulgaria	59	Morocco	51
Germany	55	Bulgaria	48
Greece	50	South Africa	41
South Africa	35	Greece	35
Total for Others	5312		5149
Others not Listed	193		421
Grand Total	5549		5600

Source: French Customs/CFCE

**3. Price Tables:**

Average 1999 FOB Prices of Bottled VQPRD Wine  
Alcoholic Content below 13%  
(USD/liter)

	White Wines		Red Wines	
	Average Price	% 1999/98(*)	Average Price	% 1999/98 (*)
Champagne	18.53	+25.8	--	--
VQPRD Still wines	4.52	+ 8.0	5.01	+7.9

Source: French Customs/CFCE

Average 1999 FOB Prices Table Wines  
(USD/Liter)

Table Wines and Country Wines in bottles with an alcoholic content not exceeding 13% by volume	Country Wines		Table Wines	
	Average Price	% 1999/98(*)	Average Price	% 1999/98(*)
White in bottles	2.30	+12.4	1.41	+5.2
Red/Rose in bottles	1.98	+17.2	1.42	+1.8

Source: French Customs/CFCE

\* % change 1999-1998 is calculated on the wine price in French francs.

Wine Price Evolution and Retail Sale Prices  
From 1995 to 1999

Years	Wholesale Prices Index				Retail Price in USD/liter	
	Table Wines	VQPRD Wines	Sparkling Wines	Total	Alcoholic content of 11% by volume	Alcoholic Content of 12% by volume
1995	109.8	113.6	101.4	110.1	1.22	1.39
1996	114.9	117.4	102.1	113.5	1.29	1.46
1997	116.2	119.1	103.4	114.9	1.31	1.47
1998	100.6	102.7	102.1	102.1	1.32	N/A
1999	105.9	109.6	98.8	114.5	1.30	N/A

Note: All above indices are current

N/A = Not Available

Source: INSEE

**4. Tariff Table:**

## Taxes on Wines Imported into France from Outside the EU

HTS Codes (*)	Types of Wines	EU Customs Duties (EURO/HL)	French Transportation Tax (EURO/HL)	French Value Added Tax (TVA)
22 04 10	Sparkling wines	32.00	8.35	19.6%
22 04 21	Volume of still wines with alcoholic content not exceeding 13%: - in containers holding 2 liters or less - In containers holding more than 2 liters	13.10	3.35	19.6%
22 04 21		9.90	3.35	19.6%
22 04 29	Volume of still wines with alcoholic content above 13% but not exceeding 15%: - In containers holding 2 liters or less - In containers holding more than 2 liters	15.40	3.35	19.6%
		12.10	3.35	19.6%

Note: The current value of the EURO is FF 6.55957

Footnotes: (\*) Harmonized Tariff Schedule

HL = Hectoliters

EU customs duties are calculated as a percentage of the ad valorem value of the product. Also, as a result of the implementation of the World Trade Organization (WTO) and the Uruguay Round Agreement on July 1, 1995, over a six year period, starting September 1, 1995, customs duties are being decreased by 20 percent.

## **SECTION III. NARRATIVE ON SUPPLY, DEMAND, POLICY AND MARKETING**

### **Production**

#### **1. General Production**

In 1999, there were 232,900 French wine growers cultivating a total area of 886,170 hectares of vineyards. This represented about a seven percent decrease in the number of wine growers over the previous year. About 60 percent of French vineyards is devoted to VQPRD wines and represents 26 percent of Europe's vines. Spain and France have the largest areas under vines, followed by Italy.

The three largest French wine producing regions--Languedoc-Roussillon, Aquitaine, and Provence/Alpes/Cote d'Azur--accounted for 64 percent of total French wine production in 1999. French vineyards made up 11.8 percent of all harvested agricultural areas, compared to 11.9 percent in Italy and 15.8 percent in Spain.

The 1999 wine crop amounted to 62.8 MHL, a significant volume increase compared to 1998 with homogeneous quality despite heavy rains which damaged some of the grapes at harvest.

During MY 1998/99, the GOF continued to provide financial assistance to French wine growers of ordinary table wine in order to help improve their vineyards, and FF 24,000 (\$ 3,915) per hectare was allotted for this program. This financial assistance will continue until the European Community Market Organization (CMO) is in place.

#### **2. Crop Area and Yields**

In 1999 French vineyards totaled 886,170 hectares, slightly up from 872,773 hectares in 1998. In 1999, VQPRD wine crop areas reached 530,050 hectares; table wines crop areas, 270,212 hectares; and wines for cognac and armagnac, 85,908 hectares. 1998 figures were 471,822 hectares, 317,089 hectares and 83,862 hectares, respectively. The growth of crop areas is the result of reduced uprootings and of the EU's vineyard restructuring program supporting new plantings.

On a total planted area of 886,170 hectares, French average yield was 72.1 hl/ha in 1999, compared to 62.2 hl/ha in 1998 or an increase of 16 percent.

### 3. Production Policy and Government Support

#### - EU Export Subsidies and World Trade Organization (WTO) Agreements on Wines

Table wines and liquor wines without appellation, as well as concentrated grape must, can benefit from EU export subsidies. This subsidy, however, is granted only for certain countries and the wines involved are subject to specific analyses and agreements. During CY 1999, the volume of French non-AOC wine exported with EU export subsidies amounted to 155,238 HL, and the amount paid by ONIVINS was FF 11.6 million (\$1.9 million).

MY 1998/99 was the fourth year of the EU agreements under the WTO implemented on July 1, 1995. According to these agreements, the EU must reduce the volume of subsidized wine exports by 21 percent, and the value by 36 percent. These reductions are to take place over a six-year period, starting September 1, 1995.

#### Consumption

French Wine Consumption by Category  
For Marketing Years 1997/98 and 1998/99  
(In 1,000 HL)

Wine Category	1997/98	1998/99
VQPRD Wines	17,001	16,573
Table Wines	18,410	17,732
TOTAL	35,411	34,305

Source: DGI/DGDDI (General Customs Office, Excise Taxes)

Per Capita French Wine Consumption by Category  
For Marketing Years 1997/98 and 1998/99  
(liters)

Category of Wines	1997/98	1998/99
VQPRD Wines	28.9	28.1
Table Wines	31.3	30.1
TOTAL	60.2	58.2

Source: DGI/DGDDI (General Customs Office, Excise Taxes)

Today, French wine consumption averages 49 liters per household per year, compared to 120 liters in 1970 and 90 liters in 1980. A study conducted by the National Institute for Agricultural Research (INRA) and ONIVINS shows that about 36 percent of French consumers never drink wine, while 39 percent (39 percent men and 40 percent women) drink it occasionally and most frequently in social settings and restaurants, and only 24 percent (32 percent men and 15 percent women) drink it regularly. While occasional wine drinkers are growing in numbers, the number of regular wine drinkers is on the wane. Experts say trend will continue. Nine out of ten bottles of wine sold in France are bought by consumers over the age of 35. 60 percent of those between the ages of 18 and 30 do not drink wine. They associate wine with past traditions and customs which no longer suit their lifestyles.

Since 1980, mineral water consumption during meals increased 87 percent and soft drinks by 131 percent. This trend affects all social classes. Even farmers, who are traditionally heavy wine drinkers, now consume wine during one out of three meals, down from two meals out of three meals 20 years ago. The middle and low income French population is switching from wine to beer.

## **Trade**

### **1. Exports**

In 1999, the total value of French wine exports grew by 9.1 percent from 1998 to FF 37.5 billion (\$6.1 billion). Total quantity of French wine exports reached 15.9 MHL, 25 percent of the total French wine production and a decrease in export volume of 2.7 percent. The trade surplus in wine for calendar year 1999 was FF 34.4 billion (\$5.6 billion), an increase of 10 percent over the previous year. This increase in wine exports is due to increasing purchases among France's major clients, namely the United States (+23.1 percent in value), the United Kingdom (+19.9 percent), Italy (+14.9 percent), Canada (+12.7 percent), Switzerland (+10 percent) and Belgium/Luxemburg (+8.9 percent).

VQPRD wine exports in 1999 decreased in volume (-9.4 percent) but due to price stability value decreased only by 2.5 percent. Table wine exports are now stagnant due to lower purchases from the U.S., mainly in Chardonnay, Merlot, Cabernet-Sauvignon. The EU's share of all French exports makes up 74 percent in volume and 61 percent in value. Within the EU, France's major clients are Germany, the United Kingdom, Belgium-Luxemburg and the Netherlands. Major non-EU export markets for VQPRD wines are led by the United States followed by Canada and Japan. Major non-EU French clients for table wines are the United States, Canada and Japan.

### **2. Imports**

The value of French wine imports in 1999 amounted to FF 3.13 billion (\$0.5 billion). 80 percent of all French wine imports are table wines. Total VQPRD wine imports decreased 24 percent in volume, while table wine imports increased four percent. France's top suppliers are Italy, Spain and Portugal.

### **3. Domestic Support and Impact on Trade**

The GOF subsidizes the wine sector through the ONIVINS. ONIVINS's total budget in CY 1999 totaled FF 591 million (\$96 million), up from FF 490 million (\$83 million) in 1998. FF 464 million (\$76 million) went to orientation and intervention expenses; FF 110 million (\$18 million) to operational expenses, and FF 17 million (\$2 million) to working capital.

ONIVINS also administers and implements EU subsidies. During CY 1999, EU subsidies allocated to the French wine sector included export refunds and aids earmarked for vineyard restructuring, distillations, and grape juice fortification. During CY 1999, FF 207 million (\$34 million) were allocated to wine growers for restructuring and renovating vineyards by uprooting old vines and planting new ones.

#### **4. European Community Market Organization (COM) and French Aid for Vineyard Improvements**

CAP reform of May 21, 1992 does not cover wines. The 1971 European Community Market Organization (CMO), which coordinates EU wine practices and production, carries out reforms involving wines. In August 1998, the European Commission revised the CMO to help the EU wine industry adapt to new market conditions. This project took effect in August 2000 and is expected to cost 1.3 billion ECUs (approximately \$1.5 billion) per year. The revised CMO will simplify current legislation by:

— Replacing current distillations (preventive, mandatory or support) with a more flexible system that will address such "crises" as overproduction. The preventive distillation will be replaced by a certain distillation that will supply alcohol and products made from wine (vinegars and aromatized wines).

— Modifying the EU's system of planting and uprooting vines. The new reform provides an average bonus of 9,000 ECUs per hectare for grubbing 5,000 hectares of vines per year.

— Having the EU reimburse wine growers for losses resulting from reconversion, uprooting or planting. However, purchases of new equipment will be financed only 50 percent by Brussels, the other half being paid by the producer.

In July 1998, the EC instituted a quota of 2,584 hectares to be split between planting new vines of VQPRD (1,571 hectares) and table wines (1,013 hectares). New planting is expected to be carried out over two marketing years.

The EU Regulation which supports vine uprooting (originally Regulation 1442/88 CEE) has been extended to MY 1998/99. During the marketing year 1998/99, it gave France a maximum quota of 2,713 hectares with EU support. Preventive distillation within the EU to take excess production off the market was limited to 8.9 MHL during MY 1998/99 and is to be limited to 10 MHL for MY 1999/2000, including 2.09 MHL for France and 4 MHL for Italy.

## **MARKETING**

### **1. Infrastructure and Distribution**

Wholesalers and importers make up France's wine distribution system. Wholesalers frequently sell to specialized wine stores, food stores, restaurants and institutions. Importers sell to supermarkets. Mail order sales are generally made directly from the producer. Supermarket sales account for 60 percent of total wine sales; specialized wine stores, 19 percent; direct purchases, 13 percent; the general food stores, eight percent.

Supermarket sales are valued at approximately \$3.3 billion. In 1999, wine consumption reached 34 MHL, of which restaurants, hotels and cafes accounted for 12 MHL, and homes 22 MHL. Of the 22 MHL of wine consumed in homes, 11 MHL were purchased in supermarkets and the rest in specialized stores or directly from wine growers. Of the 11 MHL sold in supermarkets, 5.3 MHL were VQPRD wines while 5.7 MHL were table wines. In both cases, wines sold were mostly red.

### **2. Policy: Safety Laws and Labeling**

#### **-- The Impact on French Wine Consumption of the Evin Law, and other Regulations Against Alcohol**

In 1992, the GOF instituted regulations that limited radio and TV advertisements promoting alcohol. These regulations were followed by two additional decrees in 1993 which regulate advertising at point of sales and events sponsorship. The wine industry continues to lobby for the GOF to modify the Evin law.

In addition, ONIVINS has conducted several studies to better understand the effects of moderate wine consumption on health. These studies show that moderate consumption has health benefits.

It is difficult to measure the impact of restrictive laws and regulations on wine French consumption. Although wine consumption began drop even before the law took effect, laws against drinking and driving have dramatically lowered alcohol consumption among consumers dining out.

## **-- Labeling Regulations**

Labels on U.S. wines exported to France must include:

- ! Net contents of the bottle, in milliliters, centiliters or liters.
- ! Name and address of the French importer preferably printed on the main label.  
However, small stick-on labels can also be applied by the French importer.
- ! The wine's alcohol content.
- ! Indication of manufacturing lot.
- ! Indication of country of origin.

EU labeling regulations allow the US government-authorized indication of two vine varieties for table wines provided the wines are exclusively from those vines. All varieties should be listed using the same print and field of vision, the most important variety topping the list. The label must indicate geographic origin.

In addition, imported wine must meet regulations on oenological practices and processes stipulated in EU Regulation 822/87, published in the EU Official Journal L 83 dated March 27, 1987. EU Regulation 2390/89 requires that wines be accompanied with analytical bulletins.

The EU is working on a new wine accord with the United States that will cover issues such as oenological practices, geographic indications, etc.

### **3. France Market Development Activities**

Public assistance for domestic and international promotion of wines and spirits comes from the French national market promotion agency (SOPEXA) which has actively promoted French food products and wines in EU and overseas markets.

During CY1999, ONIVINS had a budget for financing international promotional campaigns of French wines was FF 62 million (\$10 million), an increase of 98 percent over 1998. The GOF and inter-professional organizations underwrite this budget.

Promotional activities funded by ONIVINS focused on advertising campaigns, promotional materials, in-store promotions in specialized outlets, hotels, restaurants, as well as fairs and trade shows. New promotional activities were also conducted in 1999, including qualitative studies, reinforcement of advertising campaigns, educational programs and in-store promotions, not only in the EU (35 percent of the budget), but also in North America, Japan and in emerging markets (Eastern Asia and Central and Eastern Europe countries). SOPEXA promotes the image of the "French Style of Living" and "French Cooking" through "French weeks" in foreign restaurants, including wine waiter contests.

#### **4. Competitor Programs/Activities**

Nearly all of the other EU countries conduct some form of market promotion in France. Wine is commonly promoted through participation in trade shows as well as public and trade advertising and supermarket promotions. Countries that do not have export promotion agencies often use their local embassies or French importers to conduct their promotion. Non-EU countries promoting wines in France include South Africa, Chile, Argentina, the United States, Australia, and more recently New Zealand and Bulgaria.

#### **5. U.S. Market Opportunities**

Most of the American wines sold in France are Cabernet Sauvignon, Chardonnay, Zinfandel and Pinot from California. U.S. wines in France face strong competition from domestic producers, and from France's leading EU suppliers (Italy, Spain and Portugal), as well as Australia, South Africa, Argentina and Chile. Central and Far Eastern wine producers are now emerging and should be considered as future competitors. However, there are market opportunities for U.S. wines in France, thanks in part to the "exoticism" and quality of U.S. wines, and also to the promotional efforts of Office of Agricultural Affairs at the American Embassy and the many American restaurants in Paris.

Two American wineries are now present in Europe and France, E&J Gallo and Mondavi. Mondavi recently opened an office in Montpellier in the south of France and is working to buy a land for a vineyard. Gallo wines are now selling some 200,000 bottles of wine each year to restaurants and gourmet stores. The company is focusing on selling to Hotel, Restaurants, Institutions and supermarkets.