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Wine Annual

Wine Annual Report and Statistics 2015

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Report Highlights:
CY 2014 EU-28 wine production is still preliminarily estimated at 16.3 billion liters, 9.8 percent down from the relatively high 2013 campaign (18 billion liters) after a cold winter crippled vines, hailstorms ravaged vineyards, and rain in August delayed ripening, thus leading to considerable variance in grape quality. Among the major EU wine producing countries, notable decreases occurred in Spain (-22.3 percent) and Italy (-15 percent), while increases were registered in France (+12 percent) and Germany (+11 percent). Significant decreases occurred in Bulgaria (-36 percent), Croatia (-30 percent), Romania (-29 percent), Greece (-13 percent), Hungary (-10 percent), Austria (-10 percent), and Portugal (-6 percent). The EU-28 remained the world's leading wine importer and exporter in 2014, importing 1.4 billion liters valued at $3.2 billion, while exporting 2.1 billion liters valued at $11.9 billion. The United States remained the leading EU-28 export market in 2014, representing 24.7 percent of the total volume and 29.5 percent of the total value.

This report presents the outlook for wine production, trade, consumption, and stocks for the EU-28. Unless stated otherwise, data in this report are based on the views of Foreign Agricultural Service analysts in the EU-28 and are not official USDA data.

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Table 1: EU-28 Production, Supply, and Demand (Million liters - CY Jan/Dec)

Wine	Estimates 2012/2013	Estimates 2013/2014*	Forecast 2014/2015
Beginning stocks	16,048	15,087	17,393
Production	15,060	18,053	16,285
Imports	1,374	1,446	1,383
TOTAL SUPPLY	**32,482**	**34,586**	**35,061**
Exports	2,230	2,035	2,120
Total domestic consumption	15,165	15,158	15,153
Ending stocks	15,087	17,393	17,788
TOTAL DISTRIBUTION	**32,482**	**34,586**	**35,061**

Source: FAS Europe Offices

*2013/14 includes Croatia that joined the EU on July 1, 2013

Production

The European Union (EU-28) is the world's leader in wine production, with almost half of the global vine-growing area and approximately 65 percent of production by volume. France, Italy, and Spain are the largest EU wine producing countries, representing 81 percent of total output, followed by Germany, Portugal, Romania, Greece, Hungary, and Austria. Wine is an important sector also in Bulgaria, Croatia, and Slovenia.

Table 2: Wine production* trend in the EU-28 (Million liters)

	2012/13	2013/14	2014/15
France	4,136	4,149	4,650
Italy	4,412	5,243	4,442
Spain	3,560	5,355	4,161
Germany	900	838	930
Portugal	630	624	589
Romania	410	520	370
Greece	311	334	290
Other EU-28 countries	701	990	853
EU-28	**15,060**	**18,053**	**16,285**

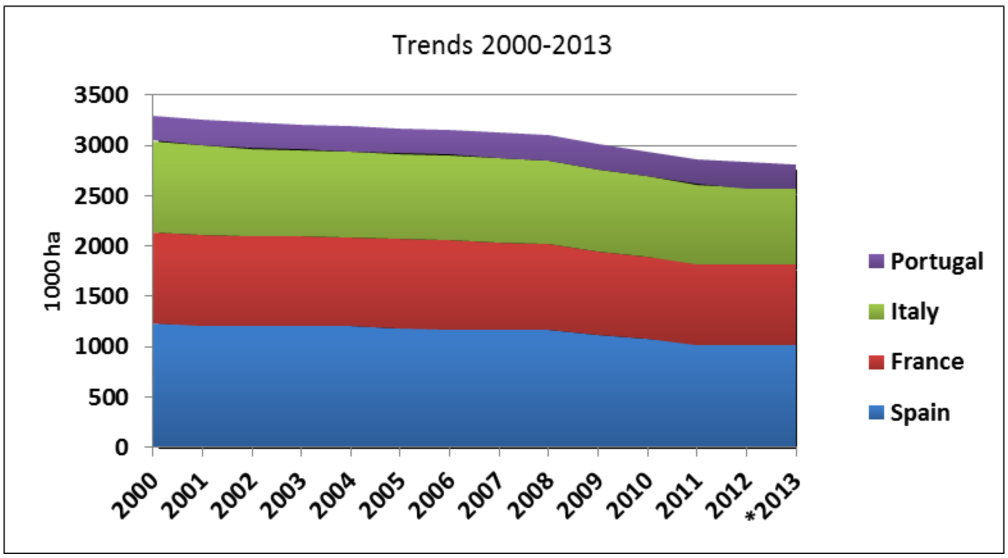
Source: FAS Europe Offices

*Volume of product removed from fermenters after the first natural fermentation of the must of fresh grapes (juices and other musts excluded)

CY 2014 EU-28 wine production is still preliminarily estimated at 16.3 billion liters, down 9.8 percent from the relatively high CY 2013 campaign (18 billion liters) after a cold winter crippled vines, hailstorms ravaged vineyards, and rain in August delayed ripening, thus leading to considerable variance in grape quality. Among the major EU wine producing countries, notable decreases occurred in Spain (-22.3 percent) and Italy (-15 percent), while increases were registered in France (+12 percent) and Germany (+11 percent). Significant decreases occurred in Bulgaria (-36 percent), Croatia (-30 percent), Romania (-29 percent), Greece (-13 percent), Hungary (-10 percent), Austria (-10 percent), and Portugal (-6 percent).

EU-28 vine-growing area has been declining over the past years due to shrinking margins and the implementation of the new Common Market Organization (CMO) grubbing-up scheme (see the Policy section for details). The grubbing-up scheme involved voluntary withdrawal from vine growing. Subsidies were decreased over three years (2009-2011) to reduce production of uncompetitive wines and cut surpluses. Producers were compensated for alternatives. According to the EU Commission, 175,000 hectares (Ha) were taken out of production between 2009 and 2011, the last year of the program. However, since then, the decline rate of EU vineyards has slowed significantly (-19,000 Ha from 2012 to 2013 compared to -54,000 Ha from 2011 to 2012), with the area stabilizing at 3,481,000 Ha in 2013.

Table 3: European vineyards area trend



*Forecast
Source: OIV (International Organization of Vine and Wine)

France's CY 2014 wine production is estimated at 4.6 billion liters, 12 percent more than the previous year (4.1 billion liters), but still below the record harvest of CY 2011 (5.1 billion liters). This can be attributed to the volume increase of AOP (Appellation d'Origine Protégée) wines (2.2 billion liters compared to 1.9 billion liters in CY 2013) in the regions of Côtes du Rhône, Bordeaux/South West, and Burgundy, despite the worst floods in 60 years engulfed many vineyards in Languedoc, France's largest wine-producing region. IGP (Indication Géographique Protégée) wines are estimated to stay flat at 1.3 billion liters. French vineyard area was reported at 755,200 Ha in 2013. Nearly 62 percent of France's vineyards are devoted to VQPRD (Vin de Qualité Produit dans des Régions Déterminées) wines. On average, approximately 87,400 French wine makers produce 4.2 billion liters of wine per year.

Italy's CY 2014 wine production is estimated at 4.4 billion liters, 15 percent less than the previous campaign (5.2 billion liters) and 7 percent below the five-year average, as a result of a rainy summer. Veneto, Emilia Romagna, Puglia, and Sicily together produce almost 60 percent of the Italian wine production. Wine production decreased by 40 percent in Sicily; 25 percent in Campania and Lombardia; 20 percent in Apulia, Trentino Alto Adige, and Sardinia; 15 percent in Veneto, Abruzzo, and Piedmont; 10 percent in Emilia Romagna and Friuli Venezia Giulia; and 5 percent in Marche. Only Toscana, and Lazio and Umbria registered production increases of 10 and 5 percent, respectively. Reportedly, quality is good on average. The harvest started mid August through the beginning of November, reaching its peak during the last week of September. Approximately one-third of Italy's wine production is Controlled Appellation (DOC and DOCG) - mostly from the Northern and, to a lesser extent, Central regions. According to industry contacts, the most popular grape varietals for red wine are *Montepulciano*, *Barbera*, *Sangiovese*, and *Merlot*. *Tocai* is the most popular choice of white wine and *Montepulciano* for rosé. In white wine, other popular grapes are *Prosecco*, *Chardonnay*, and *Pinot Grigio*. In rosé, *Pinot Noir* and *Negroamaro* grapes experienced an increase in their popularity over CY2013.

According to the latest figures released by the Spanish Ministry of Agriculture, Food, and Environment (MAGRAMA), **Spain**'s CY 2014 wine production is estimated at 4.2 billion liters, 22.3 percent lower than the previous record campaign (5.3 billion liters), because of adverse weather conditions during the harvesting period. Spain's main wine producing areas include Castilla La Mancha, Extremadura, Catalonia, Castilla Leon, the Region of Valencia, and Andalusia. The most significant decline occurred in Castilla La Mancha (from 3.3 billion liters in CY 2013 to 2.3 billion liters in CY 2014), one of the leading wine producing areas. Quality is estimated to be good. Spain has the largest vineyard area in the world (954,378 Ha in 2014).

Germany's CY 2014 wine production is estimated at 930 million liters, 11 percent more than the previous year, thanks to a rebound in white wine production (+16 percent). Red wines increased by only 2 percent. Quality is estimated to be good. Approximately 48 percent of the harvested grapes qualify for "Praedikatswein" (premium wine) compared to 35 and 49 percent in 2013 and 2012, respectively. More than 99 percent qualify for controlled appellation wines. In Germany, approximately 102,425 Ha are currently planted with grapes for wine production: 65 percent to white wine varieties and 35 percent to red varieties. However, when looking at volumes, the relation is 60 percent white and 40 percent red, as red varieties generally have a slightly higher yield. The top five white varieties are *Riesling*, *Mueller-Thurgau*, *Silvaner*, *Pinot Grigio*, and *Pinot Blanc*, accounting for 77 percent of the white wine area. The most popular red varieties are *Pinot Noir*, *Dornfelder*, *Portugieser*, *Trollinger*, and *Black Riesling* accounting for 77 percent of the red wine area.

Portugal's CY 2014 wine production is estimated at 588 million liters, 6 percent lower than the previous campaign (624 million liters), because of adverse weather conditions during flowering, especially in the regions of Minho (-14 percent) and Douro (-8 percent). Portugal is divided into 14 main high quality wine producing regions. Douro, Lisbon, Beira Peninsula de Setubal, and Alentejo are Portugal's leading wine producing areas. After completing the 3-year EU "grubbing-up scheme," Portuguese grape growing area was reported at 177,000 Ha in 2013. The majority of wines produced in Portugal are either PDO (44 percent) or PGI (23 percent).

Romania's CY 2014 wine production is estimated to drop by 29 percent as heavy rains coupled with hailstorms affected fruit development. Grape quality is estimated to be very good or even excellent. According to official data, white varieties occupy approximately 85 percent of the total vineyard area, while red varieties account for the remaining 15 percent. Homemade wine represents approximately 50-60 percent of total production. *Feteasca Alba* and *Feteasca Regala* are the main white varieties, followed by *Riesling, Aligote, Sauvignon,* and *Muscat*. Leading red varieties are *Merlot* and *Cabernet Sauvignon*. Thanks to investments and innovative marketing strategies, the Romanian wine industry has been evolving considerably over the years, in terms of wine quality, brands, and number of players.

Greece's CY 2014 wine production is estimated to drop 13 percent to 290 million liters due to unfavorable weather conditions during flowering and heavy rains in September. Greece's central regions of Boeotia and Euboea were most affected, registering a 30 percent decline. Production in Attica fell approximately 20 percent, while output in Thrace and Drama declined by 10 percent. Greece's wine producing areas include Northern Greece, Central Greece, Peloponnese and the Ionian Islands, the Aegean islands, and Crete. In Greece, there are two categories of VQPRD: Wines with Appellation of Superior Quality (Οίνοι Ονομασίας Προελεύσεως Ανωτέρας Ποιότητος, or ΟΠΑΠ) and Wines with Appellation of Controlled Origin (Οίνοι Ονομασίας Προελεύσεως Ελεγχόμενης, or ΟΠΕ**)**. ΟΠΑΠ wines include *Amyntaio, Anchialos, Archanes, Dafnes, Goumenissa, Lemnos, Mantinia, Naoussa, Paros, Patras, Rhodes, Santorini*, etc. ΟΠΕ wines comprise *Samos, Muscat of Patras, Mavrodaphne of Patras, Mavrodaphne of Cephalonia Muscat of Lemnos, Muscat of Rion of Patras, Muscat of Rhodes,* and *Muscat of Cephalonia.*

Hungary's CY 2014 grape wine production is estimated at 260 million liters, 10 percent less than the previous year as a result of a rainy autumn and grape infection by powdery mildew and other fungal diseases. Quality is expected to be satisfactory, especially for rosé and white *primeur* wines. Excellent red wines are expected only from the *Cabernet* varieties harvested in October. Approximately 70 percent of Hungarian wine is white, 28 percent red, and less than 2 percent rosé. Hungarian vineyard area was estimated at 82,200 Ha in 2013.

Austria's CY 2014 wine production is estimated at 214 million liters (Statistik Austria), 10 percent less from the previous campaign and 12 percent below the five-year average, mostly because of the rain and low levels of sunlight during summer and fall, after too dry conditions in spring. The wet conditions resulted in fruit rotting and delayed ripening. However, the Austrian wine is expected to be well balanced, but lighter than in average years, due to lower sugar content. Austrian vineyard area was reported at 43,995 Ha in 2013 (1 percent more than 2012). Average harvest yields are approximately 250 million liters.

While the average size of winegrowing farms has increased significantly during the last two decades, the structure of viniculture in Austria is still characterized by small average size (2.49 Ha in 2012). White wine accounts for the largest share of total area; 22 major white wine varieties were cultivated on 65 percent of the vineyards in 2012. Austria's leading white wine varieties include *Gruener Veltliner*, *Welschriesling*, *Mueller Thurgau*, *Weissburgunder*, and *Reisling*. During the last 20 years, the share of red varieties (13 major varieties) has doubled. Leading red wine varieties are *Zweigelt, Blaufraenkisch*, and *Blauer Portugieser*. Three general quality designations are recognized in Austria**:** "Tafelwein" (table wine), "Qualitaetswein" (quality wine), and "Praedikatswein" (premium wine). The categories are determined by sugar content of the grape must. More than 50 percent of Austrian wine production consists of quality wine. In addition, the number of denomination of origin areas, which feature wines defined by a specific taste profile (DAC = Districtus Austriae Controllatus) is increasing and totaled nine in 2013.

Bulgaria's CY 2014 wine production is estimated at 123 million liters, 36 percent lower than the previous year, due to unusually cold and rainy weather from spring to winter that lowered yields and quality, while increasing grape infection and protection costs. Bulgarian vineyard area was estimated at 58,236 Ha in 2013. Red varieties (mainly *Merlot*, *Cabernet*, and *Pamid*) account for 56 percent of total area, with the remaining 41 percent planted to white varieties (mainly *Red Misket*, *Muskat Ottonel*, and *Rkatsiteli*). After years of decline, Bulgaria's wine sector started to grow in 2013 and 2014, thanks to increased investments in wineries and vineyards.

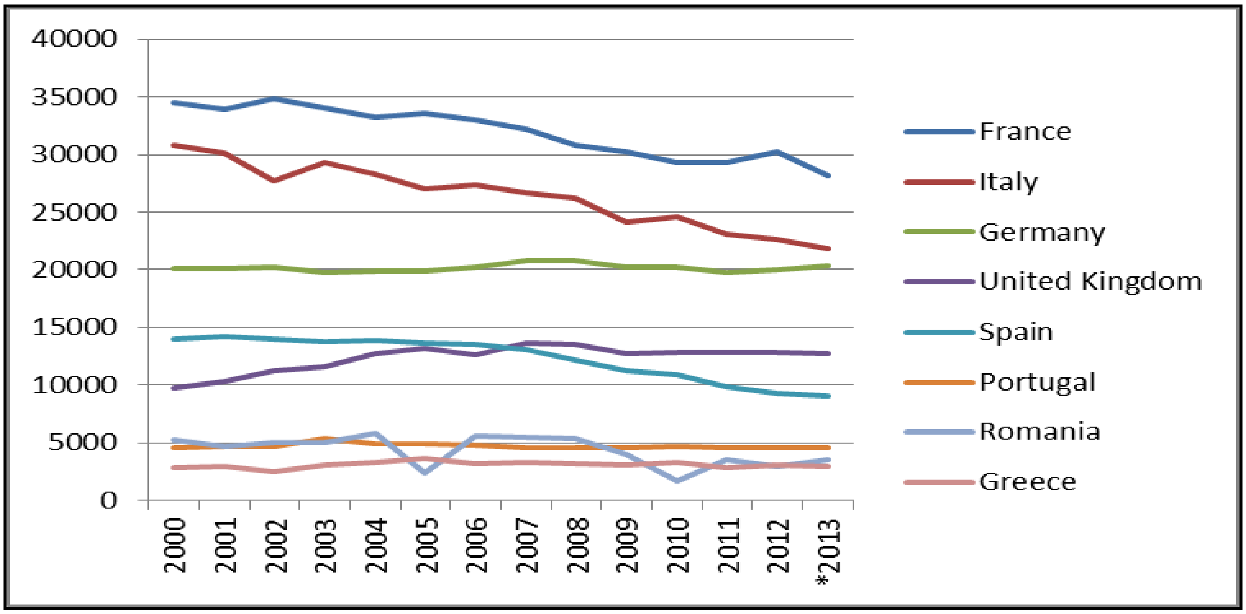
Croatia's CY 2014 wine production is estimated at 87.4 million liters, 30 percent less than the previous campaign, due to cold and rainy weather. Croatian vineyard area is estimated at 28,000 Ha. Approximately two-thirds of Croatian grape production belongs to white varieties and one-third to red varieties. Leading grape varieties are *grasevina* (white), *malvazija istarska* (white), and *i plavac mali* (red). Production of rosé wine is negligible.

Slovenia's CY 2104 wine production is estimated at 66 million liters, 5.7 percent lower than the previous year. Average annual wine production totals 100 million liters. Approximately 70 percent of Slovenian wine is white. Slovenian wine production takes place on approximately 16,000 Ha commercial vineyards located in three leading wine regions: the Drava Valley (Podravje), Lower Sava (Posavje), and Slovenian Littoral (Primoska).

Consumption

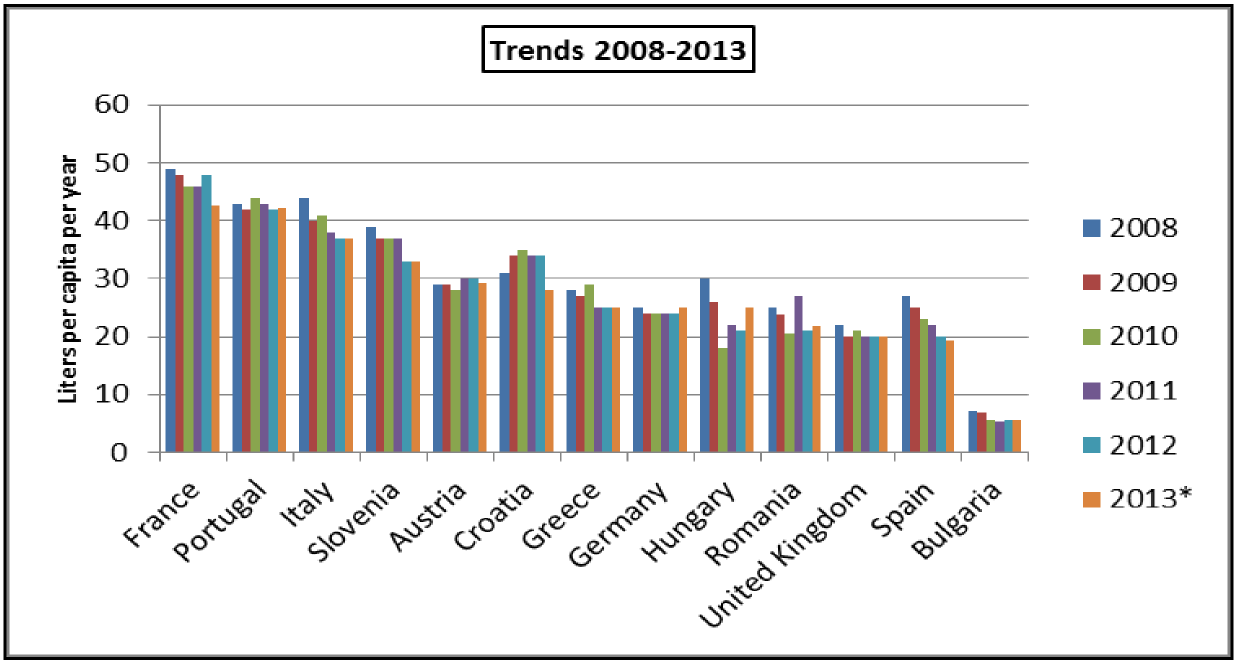
CY 2014 EU-28 wine consumption is expected to continue the current downward trend. EU-28 wine per capita wine consumption has been falling for decades especially in Southern European countries, where changing lifestyles and tastes, anti-alcohol drinking campaigns, and health concerns have affected overall demand. Meanwhile, in the Northern Member States consumption is neutral or increasing slightly but focused more on branded wines or varietal wines than PDO/PGI wines. Another relevant development is the increasing demand for bulk wines, due to lower transport costs. Industrial use of wine in the EU-28 (i.e. potable alcohol distillation, by-products distillation, crisis distillation, etc.) has decreased from approximately 33 Mhl in 2006/07 to slightly over 26 Mhl in 2009/10 (-7 Mhl), mostly due to the decrease in EU subsidized distillations. The estimates for industrial uses of wine in the coming years are: 13 Mhl distilled into potable alcohol for the alcoholic beverages industry; 5-6 Mhl distilled into alcohol for energy or other non-potable purposes (including the alcohol resulting from compulsory or voluntary delivery of by-products); and 3-4 Mhl for vinegar.

Table 4: EU-28 MS wine consumption trend (000 Hl)



Source: OIV (International Organization of Vine and Wine)
*Forecast

Table 5: EU-28 MS per capita wine consumption



Source: FAS Offices
*Forecast

France remains the largest European wine consumer, although per capita consumption has declined since the 1960s, stabilizing at 43.4 liters in 2014, because of the economic recession, as well as anti-alcohol drinking campaigns. Moreover, younger generations are gradually shifting to other alcoholic beverages such as beer, liqueurs, and spirits. The bulk of wine consumers are aged 50-60. In 2013, French consumers purchased approximately 58 percent of their wine in hypermarkets, with a turnover of $3 billion (4 percent more than the previous year). Red wines accounted for 55 percent of sales ($2.8 billion), followed by rosé ($1.3 billion), and white wines ($1 billion). Appellation d'Origine Contrôlée (AOC) wines, valued at $3.6 billion, accounted for 71 percent of total sales, while Appellation d'Origine Vin De Qualité Supérieure (AOVDQS) wines reached $1 billion. Table wine sales increased by 4.1 percent to $256 million. The market share of wine packaged in bag-in-box (22.3 percent in 2012/13) grew in terms of both volume (340 million liters) and value ($1.1 billion) by 6.6 and 11.3 percent, respectively.

Portugal's annual per capita wine consumption stands at 42.2 liters. Portuguese wine consumption has been stable for the last four years at 450 million liters and is expected to decrease as payments for potable alcohol-distillation are phased out and producers redirect production to focus on wine exports.

Wine consumption has been declining in **Italy** for decades. Causes for the trend include changing lifestyles and tastes, as well as anti-alcohol drinking campaigns. According to the Italian Association of Enologists (Assoenologi), Italy's 2014 per capita wine consumption is estimated to be less than 40 liters, considerably lower than the 45 liters in 2007 and 110 liters in the 70s. Recent wine consumer surveys show that Italian origin and familiarity with the winery are the main elements in determining consumer choice. Despite economic austerity measures, Italian wine consumers are seeking higher quality wines but still in the modest price range. However, in general, consumer preferences are gradually shifting to other alcoholic beverages such as beer, liqueurs, and spirits. This trend is more noticeable when discussing occasional and out-of-home consumption than daily consumption, which is still centered on wine.

Slovenian wine consumption stands at 80 million liters annually. Almost all of the Slovenian wine production is consumed domestically. Per capita consumption stands at 33 liters.

According to the latest statistics available, **Austrian** wine consumption totaled 260 million liters in 2012/13. During the same period, per capita wine consumption was 29.3 liters. Austrians consume approximately three quarters of domestic production, while the remaining quarter is exported. Approximately 5-7 million liters are used industrially. Increasing home consumption of wine is an ongoing trend in Austria, because of lower costs and high drunk-driving penalties. Increasingly quality wine is making gains at the expense of table and country wines. Although Austrian consumers prefer locally grown light white wines, there are good prospects for “New World wines”, including those from the United States.

Croatia’s annual per capita wine consumption stands at 28 liters (Croatian Ministry of Agriculture and Croatian Chamber of Economy). It is worth noting that for years Croatian consumers had little choice but to consume domestic wines. However, after Croatia’s independence, the wine market opened and foreign wines began to enter the country. Croatian wine market is still developing and is expected to grow with the standard of living. This is especially true for the market segment of medium to higher quality wines and for consumers in Zagreb, the Croatian capital, where people have higher incomes and want to experiment with new wines and tastes.

Greece’s annual per capita wine consumption stands at 25 liters. Greeks are consuming less and opting for cheaper wine. The most popular varieties of still white wine is *Moschofilero,* while *Ageioritiko* is the leading still red wine. Wine is widely consumed in Greece by both genders and different age groups. White and rosé wine are mostly consumed over the summer months, whereas red wine gains ground in the winter. Unlike in most Western markets, the largest consumer base for wine in Greece, particularly when it comes to artisanal wine, can be found in rural areas. For 92 percent of consumers aged 65+, wine is their preferred alcoholic beverage, whereas wine ranks first amongst only 32 percent of consumers between 18 and 24. Moreover, 30 percent of Greeks drink wine on a daily basis. Branded wine mostly appeals to women and urban consumers, yet there is a strong wine culture in Greece, with very high consumption rates of artisanal wine in urban and rural areas. Red wine consumption is much higher in northern Greece, whereas white wine ranks first in the Peloponnese.

Total **German** consumption of still and sparkling wines in recent years has fluctuated between 1.9 and 2 billion liters. Similarly, per capita consumption varies between 23.8 and 25.1 liters. As a comparison, per capita consumption of beer, although declining, currently amounts to 106 liters. In 2013, German households spent €11.2 billion on alcoholic beverages. Within this category, wine and sparkling wine together accounted for 39 percent of expenditures, followed by beer (28 percent) and spirits (25 percent). When looking at imported wine, German households tend to favor red over white wines. In 2013, 60 percent of household purchases at retailers consisted of red wine, 31 percent of white, and 9 percent of rosé wines. For German wines, the situation was reversed with 51 percent white wines, 38 percent red, and 11 percent rosé wines.

Hungary's annual per capita wine consumption stands at 24-26 liters. In Hungary, the decades-long decline in wine consumption has slowed during the past several years, thanks to a stronger demand for quality and imported wines, as well as to the increase in beer prices. Homemade wine represents 20 percent of total consumption and is forecast to grow because of the deepening economic crisis. Hungarian consumers purchase their wine mostly in hypermarkets and supermarkets.

Romania's per capita wine consumption reached 21.7 liters in 2013, an increase of 0.6 liters compared to the previous year. Approximately 60-70 percent of Romanian consumers generally prefer domestic white wines, whereas rosè wines are also gaining some ground.

Wine is becoming increasingly popular in the **UK**. According to Euromonitor, UK wine sales showed surprising growth in terms of both volume and value in 2013. The long-term trend is that consumers are opting for quality over quantity. UK consumers have become increasingly sophisticated, thanks to more education on the different types of wine and its combination with food. Also, increasing international travel to Southern Europe and other traditional wine drinking regions is having a positive effect. Value growth is tempered in real terms, since the excise duty continues to rise year on year, contributing to artificial growth in the statistics relating to sales values. Sparkling wine alternatives to *Champagne,* such as Italian *Prosecco* and Spanish *Cava,* were the best performing sub-category in 2013. Within still wine, the best performing category in 2013 was rosé wine, posting total volume growth of 4 percent. Still white wine also performed relatively well in 2013, while red wine declined by 2 percent in total volume terms.

Spanish wine consumption has been decreasing for the last few years and stands currently at 19.2 liters per capita, according to OIV (International Organization of Vine and Wine). Data released by the Spanish Ministry of Agriculture, Food, and Environment show that wine consumption decreased in terms of both volume (-5.8 percent to 311 million liters) and value (-3.3 percent to €734 Mln) during the first ten months of 2014.

Bulgaria's per capita wine consumption dropped from 6.7 liters in 2009 to 5.5 liters in 2013. In 2013, the best performing wines were the still rosè and champagne. *Cabernet Sauvignon* was the leading variety used for rosé. Still red wines continued to be the backbone of the market, mainly *Cabernet, Merlot, Mavrud,* and *Syrah/Shiraz*. White wines also performed well in 2013, with *Muscat* and *Chardonnay* leading in demand, followed by *Sauvignon Blanc* and *Riesling*.

Trade

The EU-28 remained the world's leading wine importer and exporter in 2014, importing 1.4 billion liters valued at $3.2 billion, while exporting 2.1 billion liters valued at $11.9 billion. Total EU-28 imports from third countries stagnated in 2013 and remained flat during 2014. EU-28 main wine suppliers were Australia (330 million liters valued at $566 Mln), Chile (301 million liters valued at $802 Mln), South Africa (300 million liters valued at $510 Mln), and the United States (227 million liters valued at $526 Mln). Approximately 64 percent of imports were comprised of bulk wine (882 million liters valued at $1 billion) to be bottled and then traded again. Moreover, approximately 42 percent of intra-EU trade involves shipments of bulk wines used mainly for blending purposes: from Italy to Germany (581 million liters valued at $1.3 billion) and France (84 million liters valued at $175 Mln); and from Spain to France (482 million liters valued at $306 Mln), Germany (352 million liters valued at $482 Mln), Portugal (212 million liters valued at $120 Mln), and Italy (145 million liters valued at $78 Mln). U.S. bulk exports to Italy in 2014 were approximately 47.4 million liters or 99.97 percent of total U.S. exports to Italy. Once bottled, this product is sold within the EU, mainly in the UK and German markets. Since 2004, this bulk trade remains competitive due to reduced tariff, transportation, and bottling costs. EU-28 imports of bottled wines are slowly losing ground, decreasing from 54 percent in 2007 (677 million liters valued at $3 billion) to 35 percent in 2014 (491 million liters valued at $2.2 billion).

The EU-28 is not only the world's largest wine importer, but also the biggest exporter. Approximately 72 percent of exports are comprised of bottled wines (1.5 billion liters valued at $8.8 billion in 2014). The United States remained the leading EU-28 export market in 2014, representing 24.7 percent of the total volume and 29.5 percent of the total value. It was also among the largest extra-EU export partners for Italy (293 million liters valued at $1.5 billion), France (117 million liters values at $1.4 billion), and Spain (65 million liters valued at $237 Mln). Switzerland was the second largest importer of EU-28 wines in value terms ($1.1 billion) in 2014.

Table 6: EU-28 wine imports by category

	Million liters			$ Mln		
	2012	**2013**	**2014**	**2012**	**2013**	**2014**
Sparkling wine	12	9	10	64	55	61
Bottled	510	505	491	2,129	2,175	2,166
Bulk	852	932	882	1,017	1,044	1,019
Wine total	**1,374**	**1,446**	**1,383**	**3,210**	**3,274**	**3,246**

Source: GTA (Global Trade Atlas)

Table 7: EU-28 wine imports by trading partner

	Million liters			$ Mln		
	2012	**2013**	**2014**	**2012**	**2013**	**2014**
Chile	302	400	301	765	842	802
Australia	332	266	330	704	589	566
United States	230	196	227	493	486	526
South Africa	270	354	300	500	568	510
New Zealand	66	55	67	354	346	414
Argentina	56	67	61	184	210	217
Switzerland	1	1	1	75	84	53
Macedonia	68	57	49	42	43	42
Moldova	16	19	21	21	28	30
Georgia	3	3	3	9	11	12
Israel	1	1	1	9	9	10
World	**1,374**	**1,446**	**1,383**	**3,210**	**3,274**	**3,246**

Source: GTA

Table 8: EU-28 wine exports by category

	Million liters			$ Mln		
	2012	**2013**	**2014**	**2012**	**2013**	**2014**
Bottled	1,577	1,515	1,527	8,559	8,919	8,831
Sparkling wine	214	232	249	2,327	2,564	2,649
Bulk	439	288	344	467	429	424
Wine total	**2,230**	**2,035**	**2,120**	**11,353**	**11,912**	**11,904**

Source: GTA

Table 9: EU-28 wine exports by trading partner

	Million liters			$ Mln		
	2012	**2013**	**2014**	**2012**	**2013**	**2014**
United States	538	525	523	3,182	3,395	3,518
Switzerland	171	158	167	1,123	1,187	1,146
Japan	163	155	150	989	1,030	972
Canada	188	174	171	986	1,021	951
China	257	197	220	980	875	855

Hong Kong	29	26	27	772	765	732
Russia	273	236	279	635	732	681
Singapore	16	17	18	361	404	456
Norway	62	63	67	353	387	412
Australia	24	26	28	196	219	225
World	**2,230**	**2,035**	**2,120**	**11,353**	**11,912**	**11,904**

Source: GTA

Germany is the world's biggest wine importer by volume and ranks third after the United States and the United Kingdom on a value basis. German wine imports remained flat at 1.5 billion liters (valued at $3.3 billion) in 2014. Italy (556 million liters valued at $1.2 billion), Spain (358 million liters valued at $484 Mln), and France (260 million liters valued at $1 billion) remained the leading suppliers to Germany's wine market, accounting for 37, 24, and 17 percent of total imports, respectively. Imports from the U.S. totaled 47 million liters (valued at $121 Mln), a decrease of 6 percent compared to the previous year. Traditionally, the majority of U.S. wine imported into Germany is shipped as bulk wine and bottled locally. However, the share of wine imported from the United States in bottles has increased from 21 percent in 2006 to 43 percent in 2013. Germany's wine exports slightly decreased by 3.6 percent to 386 million liters (valued at $1.3 billion) in 2014, mainly because of reduced volumes to the Netherlands (-4.4 percent), the United States (-9.6 percent), Poland (-11 percent), and France (-21 percent). The Netherlands (74 million liters valued at $179 Mln), the United Kingdom (57 million liters valued at $170 Mln), Sweden (31 million liters valued at $61 Mln), and the United States (23 million liters valued at $120 Mln) remained the leading destinations for German wines in 2014. However, it is more than likely that a substantial share of the German exports to the Netherlands consists of transshipments, many of which were destined for the United States.

The **UK** is the world's biggest wine importer by value. UK wine imports increased by 7.5 percent to 1.4 billion liters (valued at $5 billion) in 2014, thanks to increased volumes from Italy (+17.5 percent), Australia (+3 percent), France (+7 percent), Spain (+10 percent), Germany (+26 percent), and New Zealand (+21 percent). Italy (294 million liters valued at $938 Mln), Australia (250 million liters valued at $421 Mln), France (205 million liters valued at $1.7 billion), Spain (134 million liters valued at $412 Mln), South Africa (110 million liters valued at $176 Mln), the United States (107 million liters valued at $237 Mln), and Chile (105 million liters valued at $286 Mln) confirmed to be the leading suppliers to the UK wine market. Often considered a hub of international trade in wine, the UK has a thriving industry of importers, bottlers, freight forwarders, and retailers as a result. UK wine exports increased by 5 percent to 100 million liters (valued at $748 Mln) in 2014, mainly thanks to increased volumes to France (+36 percent), UK's leading destination, accounting for 31 percent of total exports.

France's wine imports increased by 22.7 percent to 644 million liters (valued at $822 Mln) in 2014, mainly thanks to increased volumes from Spain (+44 percent), the leading supplier to the French wine market, accounting for 71 percent of total imports. Imports from the U.S. increased by 1 percent to 6.2 million liters valued at $48 million. Most U.S. wines sold in France are from California and include

Cabernet Sauvignon, *Chardonnay*, *Zinfandel*, and *Pinot Noir* varieties, kosher as well as conventional, and are mainly purchased by restaurants. France's wine exports slightly decreased by 1.4 percent to 1.4 billion liters (valued at $10.2 billion) in 2014. Germany (262 million liters valued at $1 billion), the United Kingdom (201 million liters valued at $1.5 billion), Belgium (141 million liters valued at $734 Mln), the Netherlands (126 million liters valued at $455 Mln), China (126 million liters valued at $582 Mln), and the United States (117 million liters valued at $1.4 billion) remained the leading destinations for French wines in 2014.

Italy's wine imports decreased by 7.7 to 244 million liters (valued at $377 Mln) in the first 11 months of 2014, mainly because of the reduced supply from France (-20 percent), Portugal (-38 percent), South Africa (-97 percent), Greece (-67 percent), and Chile (-87 percent). Spain (156 million liters valued at $75 Mln) and the United States (47 million liters valued at $60 Mln) confirmed to be the leading suppliers to the Italian wine market, accounting for 64 and 19 percent of total imports, respectively. Italy's wine exports remained stable at 2 billion liters (valued at $6.7 billion) in the first 11 months of 2014. Germany (581 million liters valued at $1.3 billion), the United States (293 million liters valued at 1.5 billion), and the United Kingdom (293 million liters valued at $861 Mln) were the leading destinations for Italian wine.

Portugal's wine imports climbed 54 percent to 219 million liters (valued at $157 Mln) in the first 11 months of 2014, mainly thanks to increased volumes from Spain (+56 percent), the leading supplier to the Portuguese wine market, accounting for 95 percent of total imports. Portugal's wine exports decreased by 8.3 percent to 283 million liters (valued at $965 Mln) in the first 11 months of 2014, mainly because of reduced volumes to France (-31 percent). Angola (62 million liters valued at $125Mln) and France (37 million liters valued at $149 Mln) were Portugal's leading destinations. Exports to the U.S. increased by 8 percent to 15 million liters valued at $78 Mln.

Austria's wine imports decreased by 4.6 percent to 78 million liters (valued at $269 Mln) in the first 11 months of 2014, because of the reduced supply from Italy (-2.4 percent), South Africa (-44 percent), Australia (-57 percent), and Chile (-23 percent). Italy (47.8 million liters valued at $126 Mln) and Germany (13.5 million liters valued at $31.6 Mln) were the leading suppliers to the Austrian market. Imports from the U.S. slightly increased by 1.4 percent to 1 million liters valued at $5 Mln. Austria's exports increased by 7.4 percent to 49.7 million liters (valued at $197 Mln) in the first 11 months of 2014, thanks to increased volumes to Germany (+6.3 percent), the leading destination, accounting for 72 percent of total exports. Exports to the U.S. increased by 13 percent to 2 million liters valued at $12.6 Mln.

Spain's wine imports decreased by 70 percent to 47 million liters (valued at $187 Mln) in 2014, mainly because of the reduced supply from Chile (-86 percent) and Portugal (-65 percent). Italy (19 million liters valued at $46 Mln) and Chile (13.2 million liters valued at $11 Mln) confirmed to be the leading suppliers to the Spanish wine market, accounting for 41 and 28 percent of total imports, respectively.

Imports from the United States increased by 24 percent to 38,698 liters valued at $797,813. Spain is a net exporter of wine. Spain's wine exports increased by 21 percent to 2.2 billion liters (valued at $3.3 billion) in 2014, thanks to increased volumes to France (+44 percent), Germany (+18 percent), Portugal (+44 percent), Russia (+167 percent), China (+32 percent), the Netherlands (+8 percent), and Czech Republic (+55 percent). France (500 million liters valued at $305 Mln), Germany (352 million liters valued at $475 Mln), Portugal (211 million liters valued at $115 Mln), Italy (152 million liters valued at $80 Mln), and the United Kingdom (152 million liters valued at $427 Mln) were Spain's leading destinations. Wine exports to the U.S. decreased by 5.3 percent to 66 million liters valued at $328 Mln.

Hungary's wine imports decreased by 18 percent to 35.7 million liters (valued at $29 Mln) in the first 11 months of 2014, mainly because of the reduced supply from Italy (-13 percent), France (-64 percent), and Slovakia (-90 percent). Italy (31.8 million liters valued at $16.9 Mln) remained the major supplier to the Hungarian market. Hungary's wine exports increased by 5.3 percent to 58 million liters (valued at $89 Mln) in the first 11 months of 2014, thanks to increased volumes to the Czech Republic (+30 percent), the United Kingdom (+41 percent), and Lithuania (+12 percent). Germany (13 million liters valued at $17 million), Czech Republic (10.8 million liters valued at $11 Mln), Slovakia (7.8 million liters valued at $8 Mln), the United Kingdom (6.5 million liters valued at $13.4 Mln), and Lithuania (4.7 million liters valued at $2.8 Mln) were the leading destinations for Hungarian wines. Exports to the U.S. decreased by 10 percent to 378,258 liters valued at $2.4 Mln.

Romania's wine imports decreased by 21 percent to 29 million liters (valued at $41.8 Mln) in the first 11 months of 2014, mainly because of the reduced supply from Moldova (-6 percent), Italy (-57 percent), Bulgaria (-46 percent), Macedonia (-62 percent), and Germany (-23 percent). Spain (11.4 million liters valued at $7 Mln) was the leading supplier to the Romanian market, accounting for 39 percent of total imports. Romania's wine exports remained flat at 10 million liters (valued at $23.9 Mln) in the first 11 months of 2014. The United Kingdom (2.7 million liters valued at $5.8 Mln), Germany (1.7 million liters valued at $2.4 Mln), and China (1.1 million liters valued at $3.7 Mln) confirmed to be the leading destinations for Romanian wine exports. Exports to the U.S. increased by 31 percent to 746,276 valued at $1.6 Mln.

Croatia's wine imports increased by 22.6 percent to 16.4 million liters (valued at $30.8 Mln) in the first 11 months of 2014, thanks to the increased supply from Italy (+588 percent) and Kosovo (+57 percent). Macedonia (7 million liters valued at $12 Mln), Italy (2.7 million liters valued at $3.7 Mln), Kosovo (2.3 million liters valued at $2 Mln), and Bosnia & Herzegovina (1.4 million liters valued at $1.8 Mln) were the leading suppliers to the Croatian market. Imports from the United States are currently very small ($29,450), mainly because of a lack of familiarity with the product and the high cost of transportation, which adds to the expense. Croatia's wine exports dropped by 20 percent to 2.5 million liters (valued at $12.7 Mln) in the first 11 months of 2014, mainly because of reduced volumes to Bosnia & Herzegovina (-40 percent), Croatia's leading export destination.

Greece's wine imports decreased by 7 percent to 16 million liters (valued at $39 Mln) in the first 11 months of 2014, mainly because of the reduced supply from Bulgaria (-84 percent). Italy (9 million liters valued at $13 Mln), Spain (4 million liters valued at $3 Mln), Germany (1.1 million liters valued at $5 Mln), and France (1.1 million liters valued at $13 Mln) were the main suppliers to the Greek market. Greece's wine exports slightly increased by 2 percent to 25 million liters (valued at $83 Mln) in the first 11 months of 2014. Germany (11.8 million liters valued at $35 Mln), France (3.6 million liters valued at $7.2 Mln), the United States (1.9 million liters valued at $11.3 Mln), and Cyprus (1 million liters valued at $4.4 Mln) were the leading destinations for Greek wines.

Slovenia's wine imports increased by 40 percent to 12 million liters (valued at $16 Mln) in the first 11 months of 2014, thanks to increased volumes from Macedonia (+42 percent), Italy (+104 percent), and Hungary (+33 percent), the leading suppliers to the Slovenian market.
Slovenia's wine exports decreased by 14 percent to 6.6 million liters (valued at $16.3 Mln) in the first 11 months of 2014, mainly because of reduced exports to Czech Republic (-52 percent). Exports to the Unites States decreased by 2 percent to 661,257 liters valued at $1.8 Mln.

Bulgarian wine imports declined by 38 percent to 3.8 million liters (valued at $14.7 Mln) in the first 11 months of 2014, mainly because of reduced volumes from Italy (-45 percent) and France (-16 percent), the leading suppliers to the Bulgarian market, accounting for 35 and 16 percent of total imports, respectively. Bulgarian wine exports decreased by 15 percent to 43 million liters (valued at $55.7 Mln) in the first 11 months of 2014, because of reduced volumes to Russia (-6.4 percent), Romania (-40 percent), Czech Republic (-59 percent), and Slovakia (-77 percent). Poland (15.7 million liters valued at $14.8 Mln) and Russia (12.4 million liters valued at $15.5 Mln) remained the main destinations for Bulgarian wines, accounting for 36.5 and 28.6 percent of total exports, respectively. Exports to the U.S. increased by 48 percent to 326,836 liters valued at $950,675.

TRADE TABLES FOR SELECTED EU-28 COUNTRIES

Table 10: German wine imports

	Million liters			**$ Mln**		
	2012	**2013**	**2014**	**2012**	**2013**	**2014**
EU-28	**1,258**	**1,221**	**1,251**	**2,658**	**2,938**	**2,858**
Italy	598	582	556	1,128	1,248	1,175
France	259	262	260	873	954	1,008
Spain	321	304	358	476	549	484
Austria	26	24	30	72	74	81
Extra EU-28	**269**	**296**	**266**	**459**	**503**	**465**
United States	51	51	47	111	123	121
South Africa	79	95	84	115	129	114
Chile	43	63	50	84	102	87

Australia	46	41	39	85	77	68
World	**1,527**	**1,517**	**1,517**	**3,117**	**3,441**	**3,323**

Source: GTA

Table 11: United Kingdom wine imports

	Million liters			$ Mln		
	2012	**2013**	**2014**	**2012**	**2013**	**2014**
EU-28	**680**	**663**	**753**	**3,560**	**3,475**	**3,512**
France	201	191	205	2,015	1,828	1,723
Italy	253	250	294	759	838	938
Spain	128	122	134	401	402	412
Germany	60	62	78	206	217	240
Extra EU-28	**632**	**641**	**648**	**1,499**	**1,488**	**1,537**
Australia	250	243	250	484	452	421
New Zealand	55	44	54	279	256	324
Chile	102	112	105	283	288	286
United States	117	111	107	224	224	237
World	**1,312**	**1,304**	**1,401**	**5,059**	**4,963**	**5,049**

Source: GTA

Table 12: Spanish wine exports

	Million liters			$ Mln		
	2012	**2013**	**2014**	**2012**	**2013**	**2014**
EU-28	**1,513**	**1,357**	**1,656**	**1,905**	**2,163**	**2,006**
Germany	321	297	352	467	538	475
United Kingdom	163	160	152	427	459	427
France	393	347	500	266	335	305
The Netherlands	46	47	50	113	131	135
Extra EU-28	**564**	**443**	**518**	**1,213**	**1,288**	**1,262**
United States	83	70	66	312	327	328
Switzerland	34	27	33	139	147	149
China	69	41	55	115	98	110
Japan	37	36	35	104	159	104
World	**2,077**	**1,800**	**2,174**	**3,118**	**3,451**	**3,268**

Source: GTA

Table 13: Italian wine exports

	Million liters			$ Mln		
	2012	2013	2014 Jan-Nov	12	2013	2014 Jan-Nov
EU-28	**1,471**	**1,390**	**1,377**	**3,153**	**3,530**	**3,556**
Germany	621	592	581	1,233	1,346	1,292
United Kingdor	289	291	293	683	815	861
Sweden	41	47	48	155	187	192
Denmark	37	39	41	167	177	185
France	95	85	84	160	181	175
Extra EU-28	**652**	**626**	**634**	**2,853**	**3,079**	**3,192**
United States	289	292	293	1,279	1,400	1,481
Switzerland	70	67	70	386	411	422
Canada	72	69	67	364	376	361
Japan	44	42	43	197	199	206
Russia	53	43	43	129	145	146
World	**2,123**	**2,016**	**2,011**	**6,006**	**6,609**	**6,748**

Source: GTA

Table 14: French wine exports

	Million liters			$ Mln		
	2012	2013	2014	2012	2013	2014
EU-28	**919**	**914**	**895**	**4,819**	**4,996**	**4,848**
United Kingdom	211	211	201	1,754	1,728	1,509
Germany	259	263	262	918	992	1,062
Belgium	150	144	141	720	743	734
The Netherlands	122	121	126	414	432	455
Extra EU-28	**580**	**543**	**541**	**5,278**	**5,410**	**5,372**
United States	117	118	117	1,327	1,386	1,422
Japan	72	67	64	617	603	607
China	139	121	126	702	617	582
Switzerland	46	42	40	478	466	431
Singapore	13	13	14	314	350	399

World	**1,499**	**1,457**	**1,436**	**10,097**	**10,408**	**10,220**

Source: GTA

Policy

In April 2008, the EU Council of Ministers reformed the Common Market Organization (CMO) for wine. The detailed rules for the implementation of the reform can be found in Commission Regulation 555/2008. The reform aimed to reduce overproduction, phase-out expensive market intervention measures, and make EU wine more competitive on the world market. To reach these goals, the Commission began in 2008 with a number of different measures, including: grubbing-up; issuing planting rights; abolishing crises distillation; reevaluating enrichment practices and labeling rules; and offering more flexibility on oenological practices. For more information on the Wine Reform, see GAIN Report IT1414.

Grubbing-up: "Grubbing up" was when grape growers received a financial incentive to voluntarily pull up their grape vines. This measure, which was aimed at rapidly reducing wine production, was available for three years (2008/2009-2010/2011). During all three years the scheme was substantially oversubscribed, and the Commission acceptance level was on average only 50 percent. The reasons for the oversubscription of the grubbing-up program were low wine prices, labor intensive practices, and financial difficulties. Lump sums were allocated to Member States (MS) to distribute. So, a MS could decide whether to distribute its allocation to all applicants providing only partial compensation or it could prioritize which applicants were accepted. The two largest priority groups were older people and people who decided to leave wine production completely.

Initially, when the Commission prepared the reform the estimated surplus of wine was 1.8 billion liters. According to a report from the European Court of Auditors (ECA), the grubbing-up scheme only reduced EU production by an estimated 1 billion liters per year largely because the assumptions on which the initial target were based did not materialize. The ECA believes that the aid rates were set too high and that the scheme would have achieved more significant results with the available resources if lower aid rates had been set.

Planting rights: "Planting rights" in the 2008 reform refer to the right of a wine producer to plant vines. The EU has prohibited any new plantings until December 31, 2015. Replanting is allowed only to renew or replace areas where producers voluntarily pull up the vines. After the current restrictive planting rights regime ends, MS may decide to renew the prohibition until 2018. However, many wine producing MS consider the planting right to be a tool to keep stability in the wine market. Twelve of the largest wine producing countries lobbied the Commission to keep a planting regime. On January 20, 2012, former Commissioner for Agriculture and Rural Development Ciolos formed a high level group to look into this request, which would allow planting rights to be kept after 2015. In December 2012, the high-level group presented its conclusions, which included a recommendation to maintain a regulatory framework for wine planting in the EU for all categories of wine and a system of "authorizations" for new vine plantings applicable to all categories, which would be managed by the Member States. As of January 1, 2016, there will be a new regulatory framework for vine planting. This new system, which is expected to give MS more autonomy, includes a general safeguard mechanism, which is measured in terms of percent of growth of the planted vine area for each MS and translated into hectares. The establishment of a relatively low percentage level of growth would give the MS the flexibility to increase the plantings, while a relatively high percentage would likely encourage MS to decrease the plantings.

Promotion in third-country markets: In October 2014, the European Commission approved 27 programs to promote agricultural products in both the EU and third countries (North America, Latin America, Middle East, South-East Asia, Japan, North Africa, and Turkey). The total budget is €77.4 Mln of which the EU contributes €39 Mln. Most of the programs will run for a period of three years. In November 2014, the European Commission adopted new rules for the promotion of agricultural products that will enter into force on December 1, 2015. This new promotion policy will increase significantly the available EU budget, rising from €61 million per year to €200 million per year. According to the EU Commissioner for Agriculture and Rural Development, Phil Hogan "the new regime will boost our medium-term capacity to find new markets, diversify existing ones, and explain European and international consumers the standards of EU agricultural products, as well as the great traditions and diversity available within the EU".

Crisis Distillation scheme: Crisis distillation of wine was an important way for the EU to get rid of surplus production. However, the distillation scheme of surplus wine has been gradually phased–out over the last four years and concluded in July 2012. The peak support was 20 percent of national funding in 2009, which declined each successive year thereafter: 15 percent in 2010, 10 percent in 2011, and finally only 5 percent in 2012. MS were allowed to increase the available funds for crisis distillation using national funds. However, EU support for crisis distillation completely ended on July 31, 2012. Beginning August 1, 2012, Member States were allowed to grant national aid to wine producers for the voluntary or mandatory distillation of wine, but only in justified cases of crisis and with the approval of the Commission. Distilled alcohol must be used in the industrial sector.

Organic Wine: Until a few years ago, there was no EU legislation on organic wine. The only way this wine could be designated was as "wine made from organic grapes." On March 8, 2012, the Commission published the implementing rules for organic wine, setting out the rules for organic wine. The most complicated issue in drafting this legislation was sulfite reduction. In the new rules, the maximum sulfite content is set at 100 mg per liter for red wine versus 150 mg/l for conventional, and 150mg/l for white/rosé versus 200 mg/l for conventional, with a 30mg/l differential where the residual sugar content is more than 2g per liter. When the U.S. - EU Organic Equivalency Arrangement was signed in February 2012, the EU still did not have its regulation for organic wine finalized so wine was not included in the Arrangement. On June 20, 2012, the Commission published the implementing rules for imports of organic products from third countries. The regulation states that for organic wine, exported from the United States to the EU, the U.S. authorities have agreed to apply and certify compliance with the rules for organic wine in the EU Regulation. The wine section of the arrangement entered into force on August 1, 2012, and is valid until a working group examines the issue of equivalency of organic wine making. This means that U.S. organic wine is now allowed to be exported to the EU and can use the EU organic logo. Regulation 203/2012 sets out the conditions to label wine as organic.

Marketing

Health Issues: In the EU, alcoholic beverages are important economic commodities. They also represent a cultural value for several regions in Europe. The production, trade, and marketing of alcohol contribute to economic growth in the EU. At the same time, alcohol is a key public health and social concern across the EU. Targeted measures aimed at limiting the availability of alcohol, reduced exposure to commercial communication, drunk-driving countermeasures, and improved education and information are still nascent. The Commission has developed an EU alcohol strategy that aims to help governments and other stakeholders coordinate their actions to reduce alcohol problems in the EU.

Labeling: Commission Regulation 607/2009**,** as amended by Commission Regulation Implementing 1185/2012, lays down detailed rules on Protected Designations of Origin and Geographical Indications, traditional terms, and labeling. Chapter II of Regulation 607/2009 establishes the application procedure for a Designation of Origin or a Geographical Indication. Designation of Origin or Geographical Indications which have been accepted are entered in a "Register of Protected Designations of Origin and Protected Geographical Indications" maintained by the European Commission and available on the "E-Bacchus" database.

Chapter III of Regulation 607/2009 sets out rules on the use of traditional terms. The "E-Bacchus" database lists the traditional terms that are protected in the EU. The use of expressions such as "style," "type," "method``, "as produced in", "imitation", "flavor", "like" or similar, accompanied by a traditional term included in the E-Bacchus database is not allowed. Third countries may use traditional terms not listed in the database. Since Regulation 607/2009 became applicable, the European Commission has received several applications from third countries – most of which came from the United States – seeking to use EU protected traditional terms. Commission Implementing Regulation 723/2012 allows the use of the traditional term "Cream" on U.S. grapevine products. Allowing the use of the traditional term "Chateau" on U.S. grapevine products is still under consideration by the European Commission.

Chapter IV of Regulation 607/2009 sets out rules for the indication of compulsory and optional information on wine labels. The mandatory information must appear in the same field of vision on the container, in such a way that all the information (except the lot number) is readable without having to turn the container. The mandatory information must be clearly distinguishable from surrounding text or graphics. The indication of the wine grape variety on the label is optional. For third country wines, the wine grape variety must be included in at least one of the lists established by the "International

Organization of Vine and Wine (OIV), the "Union for the Protection of Plant Varieties (UPOV)", or the "International Board for Plant Genetic Resources (IBPGR)". Terms such as "barrel matured" or "barrel aged" (listed in Annex XVI to Regulation 607/2009) may not be used on wines produced with the aid of oak chips. The use of the term "alcohol free wine" is not allowed in several Member States. Examples on compliant wine labels can be found in the U.K. Food Standards Agency's "Wine Labeling Guidance."

The EU's FIC (Food Information to Consumers) Regulation 1169/2011 became applicable on December 13, 2014. The FIC Regulation sets out horizontal labeling rules applicable to all products and complements requirements set out in product-specific legislation, such as wine Regulation 607/2009.

Minimum Font Size: FIC Regulation 1169/2011 introduces a minimum font size for printing the mandatory information on food and drink labels, including wine. As a general rule, the information must be printed in characters using a minimum font size of 1,2 mm for the "x-height", as defined in Annex IV.

Allergen Labeling: Allergen labeling is compulsory on all alcoholic beverages and must respect the minimum font size requirement (1,2 mm). For wines, the presence of allergens must be indicated using the word "contains", followed by the name of the substance or product, as listed in Annex II to the FIC Regulation. Wine labels must indicate the presence of sulfites and egg and milk derivatives. The translation of the terms "egg", "egg protein", "egg product", "egg lysozyme", "egg albumin", "milk", "milk product", "milk casein", and "milk protein" is available in Part A of the Annex to Commission Implementing Regulation 579/2012 (amendment to Wine Regulation 607/2009).

Language Requirements: According to the Single Market Regulation 1308/2013, compulsory and optional particulars must appear "in one or more official languages of the Union" on wine labels. This provision applies only to the labeling requirements set out in Regulation 1308/2013. Any other mandatory information covered by the FIC Regulation 1169/2011, such as allergen labeling, must be indicated in "a language easily understood by the consumers of the Member State where the food is marketed", which generally means the official Member State language(s). U.S. exporters should verify with their importers about Member State language requirements.

EU Wine Labeling Requirements can be found at the following website: http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/eu-labeling-requirements/wine-labeling/

US-EU Wine Agreement: In March 2006, the U.S. and the EU signed the "Agreement between the United States and the European Community on Trade in Wine" which addresses a number of issues, such as labeling and certification. The Agreement covers wine with an actual alcohol content of not less than 7 percent and not more than 22 percent. All U.S. wine exports must be accompanied by certification and analysis documentation using the format specified in Annex III (a) to the Agreement.

More information on the simplified EU import certificate form can be obtained from the Alcohol and Tobacco Tax and Trade Bureau at http://www.ttb.gov/industry_circulars/archives/2007/07-02.html. The Agreement's "Protocol on Wine Labeling" sets conditions for the use of optional particulars on wine labels. Commission Regulation 1416/2006, as amended by Commission Implementing Regulation 1212/2011, concerns the protection of U.S. names of origin in the EU. Information on the US-EU Wine Agreement can also be obtained from the U.S. Dept. of the Treasury – Alcohol and Tobacco Tax and Trade Bureau (http://www.ttb.gov/itd/index.shtml).

Wine promotion in the EU

Promotion in third country markets has become widely used by the wine sector, supporting the growth in exports of wines with PDO/PGI in recent years. EU funds cannot be used on wines without GI, except varietal wines. Activities range from "public relations and campaign measures" to "participation in events, fairs, or exhibitions." Private companies can apply for the subsidy and even use their trademarks in the promotion campaigns. In October 2014, the European Commission approved 27 programs to promote agricultural products in both the EU and third countries (North America, Latin America, Middle East, South-East Asia, Japan, North Africa, and Turkey). The total budget is €77.4 Mln of which the EU contributes €39 Mln. Most of the programs will run for a period of three years. In November 2014, the European Commission adopted new rules for the promotion of agricultural products that will enter into force on December 1, 2015. This new promotion policy will increase significantly the available EU budget, rising from €61 million per year to €200 million per year.

In **France**, the Wine Board of FranceAgriMer (the French Association for Horticultural and Wine Products) manages the National Program for the wine Common Market Organization (CMO). The Wine Board also administers EU subsidies allocated to French wine promotion, research, and development. The Wine Board receives funding from the French market promotion agency SOPEXA for foreign promotions, mainly in Europe and overseas markets. Promotional activities include advertising campaigns, Point of Sale, promotions in hotels, restaurants, specialized outlets, trade shows, and fairs.

The **German** Wine Institute (Deutsches Weininstitut, DWI) carries out most of the generic marketing for German wines both domestically and abroad. The DWI is funded through a mandatory check-off program whose concept was challenged at the German Constitutional Court, but ruled as legitimate in June 2014. For details, see GAIN report GM14031. The fee for wine grape growers is based on the acreage and amounts to 67 Euro/Ha. The fee for wineries is 0.67 Euro per 100 liters of domestically produced wine they sell. DWI has offices in nine European countries (Belgium, Denmark, Finland, the Netherlands, Norway, Poland, Sweden, Switzerland, and the UK), as well as three overseas offices in Canada, China, and the United States. Furthermore, the German Ministry of Food, Agriculture, and Consumer Protection (BMELV) supports pavilions at select trade shows abroad. In 2014, BMELV supported a German pavilion at the VINEXPO Hong Kong and the Wine & Spirits Fair in Hong Kong.

The largest German trade show for wine and spirits is the annual ProWein show, held in Duesseldorf (March 15-17, 2015 and March 13-15, 2016). For more information, please visit: www.prowein.com

In **Italy,** funds for promotion from the EU wine Common Market Organization totaled €49.2 million in 2011, €82.4 million in 2012, and €102.2 million in 2013. Funds have been used to participate in fairs, shows, workshops, and wine tastings in the United States, the United Kingdom, Canada, Switzerland, and Japan. Moreover, the largest Italian wine trade show Vinitaly also promotes Italian wines in foreign markets (U.S., Russia, Hong Kong, etc.) through Vinitaly International. For more information, please visit: http://www.vinitalyinternational.com/
Vinitaly 2015 will be held in Verona from March 22 to 25 and will represent the largest international wine trade fair ahead of Expo Milan 2015.

In **Spain**, the ICEX Spain Trade and Investment, a public corporation belonging to the Ministry of Economy, promotes the internationalization of Spanish wine through the brand "Wines from Spain". According to the latest data, Spanish wine exports have doubled in value over the last ten years, reaching $3.3 billion during 2014, thanks to the active participation of wineries and growers to the EU programs. According to MAGRAMA, a total of 2,094 wine promotional programs have been launched in the period 2009-2013, with an investment of €271 million. Moreover, in the first year of the new period 2014-2018, 992 programs have been presented, with a total investment of €113.7 million. Funds cover Spain's participation in fairs, shows, workshops, etc., in the United States, Russia, Switzerland, Japan, Mexico, Germany, Brazil, Austria, Slovenia, Peru, Colombia, France, the United Kingdom, Denmark, Belgium, the Netherlands, China, Taiwan, and South Korea. For more information, please visit: www.winesfromspain.com

ViniPortugal, the Interprofessional Association of the **Portuguese** Wine Industry, manages the brand "Wines of Portugal", consistently present in 4 continents and 11 strategic markets. With an annual investment of approximately €7 million, ViniPortugal carries out over 100 annual wine promotions in the United States, Brazil, Angola, China, Canada, Germany, UK, and Scandinavia.

The **Hungarian** Government has budgeted €3 million for wine export promotion in Russia, Japan, China, the United States, and Canada for 2013-2016.

Wineries in **Romania** have been developing attractions and creating "wine roads" to increase consumer interest. Apart from the retail chains, wineries have started to build their own sales networks. The number of specialized wine shops has grown. The Romanian wine market is currently estimated at approximately €350-400 million. Wine support programs will continue in the period 2014-2018 (as per EU Regulation 1308/2013), with a budget allocation of approximately €47.7 million per year. Funds will cover wine promotion in the EU and third countries, vineyards restructuring and reconversion, harvest insurance, and investments in enterprises.

Bulgaria runs three EU funded projects. A joint program of the National Chamber of Vines and Wines and the Greek Association of Winemakers & Viticulturalists of Northern Greece (ENOABE SA) aims to advertise Bulgarian and Greek wines in the U.S., China, and Switzerland. For 2012 to September 2015, the budget is €4.6 million. On April 6, 2012, the State Fund "Agriculture" and the Regional Vine and Wine Chamber ("Trakia"), in cooperation with the Romanian Association of Wine Producers and Wine Products "Dobrudzha", agreed to implement a multinational program to promote PDO and PGI wines in Russia and China. The EU approved program will last three years (March 2012- March 2015), with a total budget of €3.2 million. Half of the budget is provided by the European Union (EU), 30 percent by the State budget, and the remaining 20 percent is paid by the beneficiary. A third EU funded project aims to promote GI wines from Southern Europe/Mediterranean region (Bulgaria, Romania, and Greece) in the UK, German, and Italian markets and is managed by the "Trakia," in cooperation with the Greek Consortium of Wine Producers and the Italian Enoteca Regionale Emilia-Romagna. The program will last three years (2013-2016), with a total budget of €5.2 million. Additionally, €7.5 million will be allocated over the next five years (2014-2018) under the new CAP framework to promote Bulgarian wines in the United States, Brazil, China, Vietnam, Singapore, and Switzerland.

On September 19, 2014, the former **Greek** Minister for Rural Development and Food, Georgios Karasmanis signed a Ministerial Decision to allocate €44 million during 2014-2018 to restructure 8,084 acres of vineyards. This action will include varietal conversion, vineyard relocation, and the improvement of vineyard management techniques. Boosting the competitiveness of the Greek wine market and promoting exports of quality wine to third countries is part of Greece's Strategy Plan for Rural Development. On September 8, 2014, Karasmanis allocated €16 million during 2015-2018 for Greek wine promotional activities in the United States, Canada, Russia, China, and Switzerland. Half of the budget will be provided by the European Union (EU), 30 percent by the State budget, and the remaining 20 percent will come from industry. The co-funded activities will range from public relation campaigns to participation in events or trade shows.

Generic marketing for **Austrian** wines is carried out by the Austrian Wine Marketing Board (Oesterreich Wein Marketing GmbH - OeWM). The OeWM is owned by the Austrian Agricultural Chamber (Landwirtschaftskammer Oesterreich), the Austrian Economic Chamber (Wirtschaftskammer Oesterreich), and the wine-producing federal states (Lower Austria, Burgenland, Styria, and Vienna) and is funded through a mandatory check-off program. Austrian wine promotion activities in 2014 are planned in Germany, Slovakia, United Kingdom, Poland, Croatia, and Denmark. Third country marketing events are scheduled in China, Japan, and Singapore.

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AU1406	Slovenian Wine 2014	2/4/2014

The above reports can be accessed through the FAS website
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Abbreviations and definitions used in this report

Harmonized System (HS) codes:
Grape wine total: 2204
Sparkling wine: 220410
Bottled wine: 220421
Bulk wine: 220429

HL = Hectoliter = 100 liters
L= Liters
Mhl = Million Hectoliters
Mln= Million
Ha = Hectares
CY = Calendar Year; wine production of a specific CY refers to the wine made from the wine grapes harvested in that CY. I.e. 2014 production refers to wines made from grapes harvested in Fall 2014.

AOC = Appellation d'Origine Contrôlée
AOP = Appellation d'Origine Protégée
CMO = Common Market Organization

DAC = Districtus Austriae Controllatus
IGP = Indication Géographique Protégée
PDO = Protected Denomination of Origin
PGA=Protected Geographic Indication
PGI = Protected Geographical Indication
VQPRD = Vin de Qualité Produit dans des Régions Déterminées
VDQS = Vin Délimité de Qualité Supérieure
MS = EU-28 Member State