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2015 was a record year for Spanish wine exports

Report Categories:
Wine

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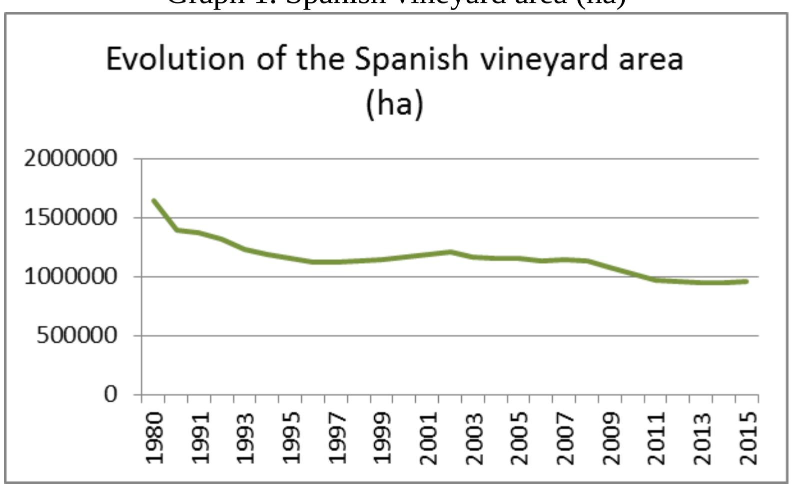
Report Highlights:
For 2015/16, Spain's wine and must production is forecasted to decrease 3.3 percent compared to previous year. The last total production official forecast foresees 42 million hl, positioning Spain third in production after Italy and France. Exports in 2015 reached record levels both in volume and value positioning Spain as the global leader in wine exports with important growth outside of the EU to North America and China.

General Information:

Production

After completing an EU voluntary program known as the "grubbing-up scheme" which ended in 2011- aimed at reducing the EU annual wine surplus- Spain still enjoys the largest vine area in the world with 954,659 hectares planted to wine grapes in 2015 (See Graph 1) according to the last official data published by the Spanish Ministry of Agriculture, Food and Environment (MAGRAMA). This current vineyard area is almost 42 percent lower than in 1980 with 1,642,622 ha. Also, 37 percent of all planted area is irrigated. From this total area, approximately 42 percent belongs to Production of Designation of Origin (PDO) wine production, 9 percent for Production of Geographical Area (PGA) wine production, and the rest are used for other wines. Spain has 85 D.O. regions (See Graph 2) where a variety of quality wines are produced. The most common varieties in Spain are Airen (24%), Tempranillo (21%), Bobal (8%), Garnacha Tinta, Monastrell, Pardina, Macabeo and Palomino. From these, red grape varieties are Tempranillo, Bobal, Garnacha and Monastrell and all the rest are white grape varieties.

Graph 1. Spanish vineyard area (ha)

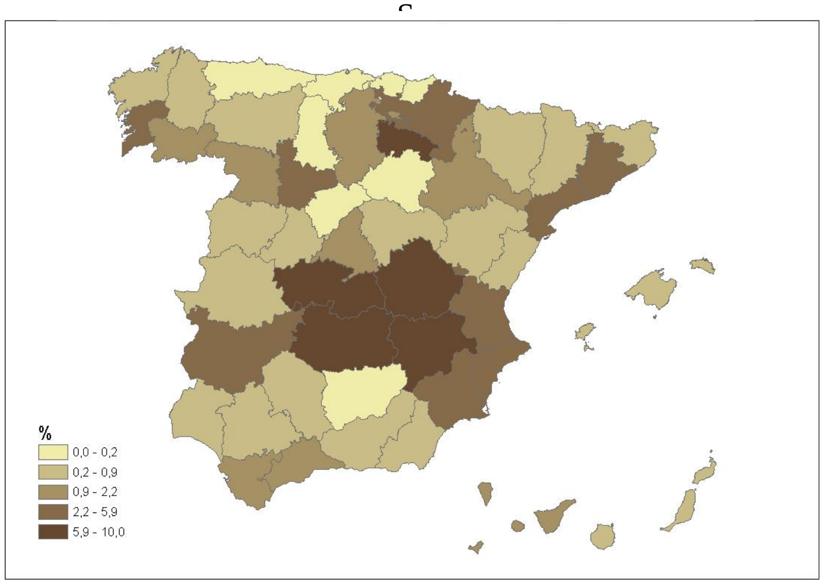


Source: MAGRAMA

Graph 2. Spanish DOP area

Source: MAGRAMA

Graph 3. Spanish vineyard area with respect of the Geographical area



Source: MAGRAMA

By regions (See Graph 3), Castile La Mancha has the highest area with 473,268 ha in 2015 or almost 50% of the total Spanish vineyard area and the higher area increase in 2015 (+2%). It follows Extremadura with 80,391 ha and Castile Leon with 63,359 ha. La Rioja registered in 2015 the second highest area increase (+1.7%) reaching 52,068 ha and being the last Autonomous Region over the 50,000 ha (See Table 1).

Table 1. Spanish vineyard area by Regions

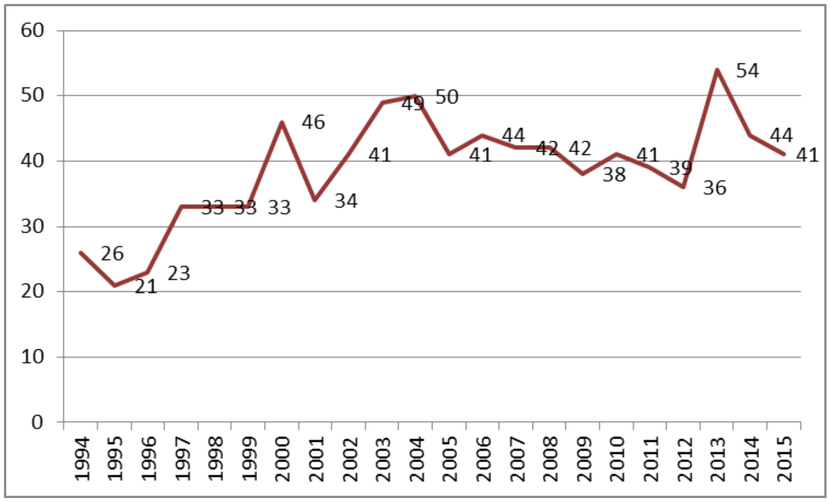
	2014	2015	2015/14, %
Castile La Mancha	463,912	473,268	2
Extremadura	83,055	80,391	-3.21
Castile Leon	63,732	63,359	-0.59
C. Valencia	65,068	62,676	-3.68
Catalonia	54,621	54,560	-0.11
La Rioja	51,223	52,068	1.65
Aragin	37,237	36,750	-1.31
Galicia	26,022	25,997	-0.09
Murcia	25,465	25,731	1.05
Andalusia	25,346	24,952	-1.55
Navarra	19,204	19,425	1.19
Pais Vasco	13,497	13,513	0.12
Madrid	10,765	10,704	-0.57
Canarias	8,533	8,393	-1.64
Baleares	2,848	2,858	0.37
Cantabria	14	14	0
Asturias	1	1	0

Source: FAS Madrid with MAGRAMA data

The productive capacity of Spanish grapes, musts and wines, is traditionally lower than that of the main competitors, France and Italy due to lower yields. The last total production forecast published by the Ministry of Agriculture, Food and Environment (MAGRAMA) foresees 42 million hl of wine and must or 3.3 percent lower (See Graph 4) than the previous year, positioning Spain as the world's third leader in production after Italy and France. The increase in production over the last few years may be explained by the fewer vineyards due to the "grubbing-up scheme" occurred in recent years with improved yields resulting in the growth of Spanish wine production. Spanish vineyard yield average from 2010 to 2015 was 44.53 hl/ha, 18.5percent higher than the previous 5 years period. It has been studied that the net effect of the EU program as the "grubbing-up scheme" of 150,000 ha in total and the EU funds for the wine restructuring represents an annual wine production growth of about 1 Mhl in Castile La Mancha, the main Spanish wine area.

Wine performance depends on the combination of two main factors: a structural factor, marked by a deep investment in the vineyard occurred in the last years, helped by EU funding for wine restructuring, manifested in a change of the conduction system, establishment of irrigation and other improvements leading to higher potential production. The second main factor is the weather.

Graph 4. Evolution of the Spanish Wine & Musts Production (Mhl)



Source: MAGRAMA

According to MAGRAMA the forecast of wine production, excluding musts, in 2015/16 may decrease by 2.5 percent reaching 37,200 hl when compared to the previous year (See Table 2).

Table 2: Wine production* trend in the EU-28 (000 Hectoliters)

	2013/14	**2014/15**	**2015/16**
Total Production	53,550	43,400	42,000
Must Production	8,242	5,244	4,800
Wine Production	**45,308**	**38,156**	**37,200**

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

The main Spanish wine production areas are Castile La Mancha, with 22.5 million hl of wine production in 2015/16 (-8.7%) and amounting for 60.5 percent of the total Spanish wine production, Extremadura with 4 million hl (-5.1%) and Catalonia with 3.31 million hl (+0.6%). Region of Valencia, Castilla Leon, and Rioja contribute around 5 percent of total wine production each. In 2015/16 according to MAGRAMA, PDO wine production is of 15.2 million hl (+4.5%) and the production of PGA wine is of 4.2 million hl (+2%). Production of quality wine without PDO/PGA is forecasted at 17.8 million hl.

According to OEMV, Spanish Wine Market Observatory, the Spanish wine sector may be oriented in searching the balance between production and sales with added value.

Consumption

Human annual consumption of wine has been decreasing in the last few years and according to MAGRAMA stands currently approximately at 9.8 Mhl being then in the ninth world position (Table 3). From this amount, consumption of red wines are 56 percent and of white wines 44 percent.

Table 3. Global Wine Consumption

Mhl	2012	2013	2014
USA	29	30	31
France	29	29	28
Italy	23	22	20
Germany	20	20	20
China	18	17	16
United Kingdom	13	13	13
Russia	11	10	10
Argentina	10	10	10
Spain	10	10	10
Australia	5	5	5
Canada	5	5	5
Portugal	5	4	4
South Africa	3	3	4
World Total	243	243	240

Source: OIV

According to OIV, the International Wine Organization, the Spanish individual consumption was 19.9 liters of wine per capita in 2012. The human consumption is expected to stabilize due to the changing lifestyle (Table 4). Spanish domestic consumption of wine in Spain still offers some troubling data, being at the bottom of the European consumption.

Table 4. Individual Human Consumption

l per capita per year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012*
Luxembourg	62,1	58,2	64,0	56,7	58,3	55,6	55,2	50,6	54,6	51,8	53,5	49,8	50,7
France	58,4	57,1	58,3	56,6	54,8	55,0	53,8	52,1	49,6	48,4	46,6	46,4	47,7
Portugal	44,5	45,3	44,6	50,8	46,8	46,5	45,3	42,6	42,7	42,4	43,9	42,6	42,5
Italy	54,0	52,7	48,2	50,7	48,6	46,0	46,3	44,9	43,7	40,0	40,7	37,9	37,1
Croatie	40,2	42,3	45,6	39,2	37,0	29,4	30,1	33,7	31,5	34,1	35,4	34,5	34,4
Slovenia	34,4	30,2	23,2	33,0	25,4	32,0	26,8	34,1	39,6	37,1	37,5	37,3	33,1
Denmark	33,7	34,5	33,5	33,8	31,7	31,9	31,6	32,9	33,8	34,2	34,1	33,0	32,6
Austria	30,9	28,5	29,7	29,3	29,3	29,2	29,6	29,5	28,8	28,7	28,6	30,3	29,7
Belgium	24,4	23,5	26,6	25,4	26,5	26,8	27,7	27,5	28,2	26,7	25,8	27,1	27,8
Greece	26,0	26,7	22,3	27,6	29,6	32,1	28,5	29,3	28,3	26,7	28,6	25,0	25,6
Argentina	33,8	32,3	31,8	32,5	29,0	28,4	28,5	28,4	26,9	25,8	24,1	24,1	24,4
Germany	24,5	24,3	24,6	23,9	24,0	24,0	24,5	25,2	25,2	24,5	24,5	24,0	24,4
Australia	20,3	20,5	20,4	21,1	21,7	22,2	22,0	23,2	22,9	23,4	24,0	23,6	23,5
Netherland	19,5	20,9	20,8	22,1	20,6	21,3	21,4	22,2	22,4	22,0	23,1	22,7	22,8
Hungary	30,9	31,4	34,0	30,8	30,5	26,2	28,7	28,1	30,2	26,1	18,1	21,9	21,1
Sweden	13,3	14,9	16,5	16,8	14,7	17,0	16,1	19,3	21,7	21,6	21,4	21,2	21,1
Spain	34,9	34,9	33,7	32,8	32,5	31,5	30,7	29,4	27,0	24,7	23,6	21,3	19,9
UK	16,4	17,4	18,8	19,4	21,2	21,7	20,9	22,4	21,9	20,5	20,7	20,5	19,9
Ireland	11,0	12,2	12,6	14,5	13,8	16,4	16,8	17,1	17,3	15,3	16,2	17,1	17,5
Czech Republic	6,6	8,8	10,6	11,5	8,0	10,8	12,7	17,2	19,0	19,2	19,1	19,0	17,4
Chile	14,7	14,4	14,6	16,0	15,8	16,2	14,5	17,9	13,9	18,4	18,9	17,4	15,5
Romania	23,5	21,3	22,6	23,0	26,0	10,9	25,6	25,5	25,0	18,7	7,6	16,4	12,1
USA	7,5	7,4	7,8	8,2	8,4	8,7	8,9	9,2	9,1	8,9	8,9	9,1	9,2
Russian Fed.	3,2	4,2	4,4	6,0	6,3	6,8	7,8	8,9	8,3	7,2	8,5	7,9	7,3

Source: OIV

In 2015 the wine more consumed in Spain is the wine with DO with 60 percent of the total wine consumption.

Trade

Spain is a net exporter of wine being the worldwide leader in wine exports, ahead of Italy and France. According to OEMV, Spanish exports of wine and musts grew in 2015 by 7.5 percent in volume reaching 24 million hl, valued at 2,638 million EUR (USD 2,930 million) or 4.4 percent more. Spanish exports of wine reached record levels during 2015.

Catalonia and La Rioja, focused on value added wine, led the Spanish rise in value, while Castile La Mancha, important bulk provider, did it in volume. Spanish bottled wines accounted for 33 percent of volume for all Spanish wine exports and 61percent in value, while the bulk meant only 20 percent in value and 58 percent of volume.

Although the wine industry has continued to make efforts to increase and give greater value to the bottled wines with the designation of origin, the reality is that the bulk has been imposed and mainly the cheapest ones. It has then resulted in an average sales price during 2015 for all Spanish wines of 1.10 euros / liter (USD 1.22 per liter) with a decrease of 2.9 percent (See Graph 5).

Spanish bottled wine exported in 2015 amounted to 7.9 million hl, representing an increase of 6.7 percent, while in value amounted to 1,611 million hl, an increase of 5.7 percent. The average price of all bottled wines amounted to 2.03 EUR/liter (USD 2.25 per liter) and it only experienced a decline of 1 percent, due to lower sales of bottled wines without PDO. However, the positive fact is that in the case of all bottled wines with a designation of origin or varietal there was an increase in sales prices from 6 percent to 15 percent.

In the case of Spanish bulk wine, total exports in 2015 amounted to 13.9 million hl, representing an increase of 9.6 percent in volume, while in value only reached USD 558 million, an increase of only 0.2 percent. The price of bulk remains the major issue as rose only to an average of 0.36 EUR/liter (USD 0.40 per liter), with lower figures in major sales to large buyers countries like France or Italy with prices of only 0.32 or 0 33 EUR/liter (USD 0.36-0.37 per liter).

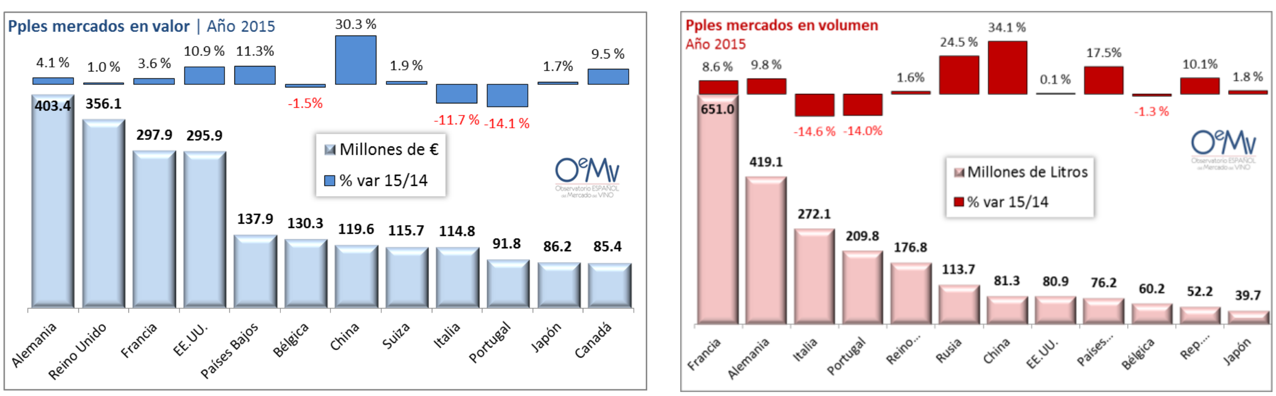
By countries, France has become the main market for Spanish wine with 6.5 million hl, 25 percent of total Spanish wine exports, but from that volume more than 5 million hl are cheap bulk. Germany, Italy, Portugal and the United Kingdom are the main markets in volume, and North American, Switzerland and northern European countries who pay the best. Asia or Mexico are new strategic markets. During 2015 there were important increases in wine export values in non EU markets such as the United States (+ 10.9%), Canada (+9.5%), Mexico (+12%) and China (+30.3%) (See Graph 6).

Graph 5. Spanish exports of wine

Source: OEMV

According to OEMV, Spain needs to sell less wine in bulk to other producers and more Spanish wine that indicates origin. The Spanish wine industry will look very different in 10 years' time.

Graph 6. Main Spanish wine markets in value and volume



Source: OEMV

According to GTA, in Spain the total wine imports in 2015 decreased 3 percent reaching 470,000 hl valued 2 percent lower than previous year at USD 193 million. Main wine suppliers are Italy, Chile and France. Wines from the United States decreased 15 % in volume with a total amount of 444 hl meaning USD 881,862 or 4.6 % less than previous year entering in Spain mainly as bottled wine.

Wine Promotion

The wine promotion in third countries is part of Ministry of Agriculture, Food and Environment, Institute for Foreign Trade (ICEX) belonging to the Ministry of Economy and representatives of the wine market industry (FEV, OEMV).

Funds cover Spain's participation in fairs, shows, workshops, etc., in different countries all around the world. For more information, please visit: www.winesfromspain.com