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EU-28

Wine Annual

Wine Annual Report and Statistics 2014

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Report Highlights:
CY 2013 EU-28 wine production is still preliminarily estimated at 167 Million Hectoliters (Mhl), 18.7 percent up from the previous year as notable increases occurred in Spain (+43 percent), Italy (+12 percent), and Portugal (+10 percent) thanks to ideal weather conditions that allowed for extended hang time and flavor development. Significant increases were also registered in France (+ 8.6 percent), Romania (+32 percent), Greece (+17.5 percent), Croatia (+10 percent), Hungary (+9 percent), and Austria (+5 percent). Only Germany's production is estimated to decrease by 6 percent from the previous year as a result of unfavorable weather conditions during flowering. The EU-28 is expected to remain the world's leading wine exporter and importer in 2013, exporting 18.8 Mhl valued at $10.9 billion, while importing 13.4 Mhl valued at $3 billion. The United States is expected to remain the leading export market for the EU-28 as a whole.

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 (000 Hectoliters, CYJan/Dec)

Wine	Estimates 2011/2012	Estimates 2012/2013	Forecast 2013/2014*
Beginning stocks	164,921	160,483	141,944
Production	158,527	141,135	167,553
Imports	13,740	13,360	12,800
TOTAL SUPPLY	**337,188**	**314,978**	**322,297**
Exports	22,293	18,799	22,600
Total domestic consumption	154,412	154,235	153,160
Ending stocks	160,483	141,944	146,537
TOTAL DISTRIBUTION	**337,188**	**314,978**	**322,297**

Source: FAS Europe Offices

*CY2013/14 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 60 percent of production by volume. Italy, France, and Spain are the largest EU wine producing countries, representing 80 percent of total output, followed by Germany, Portugal, Romania, Greece, and Austria. Wine is an important sector also in Hungary, Bulgaria, Croatia, and Slovenia.

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

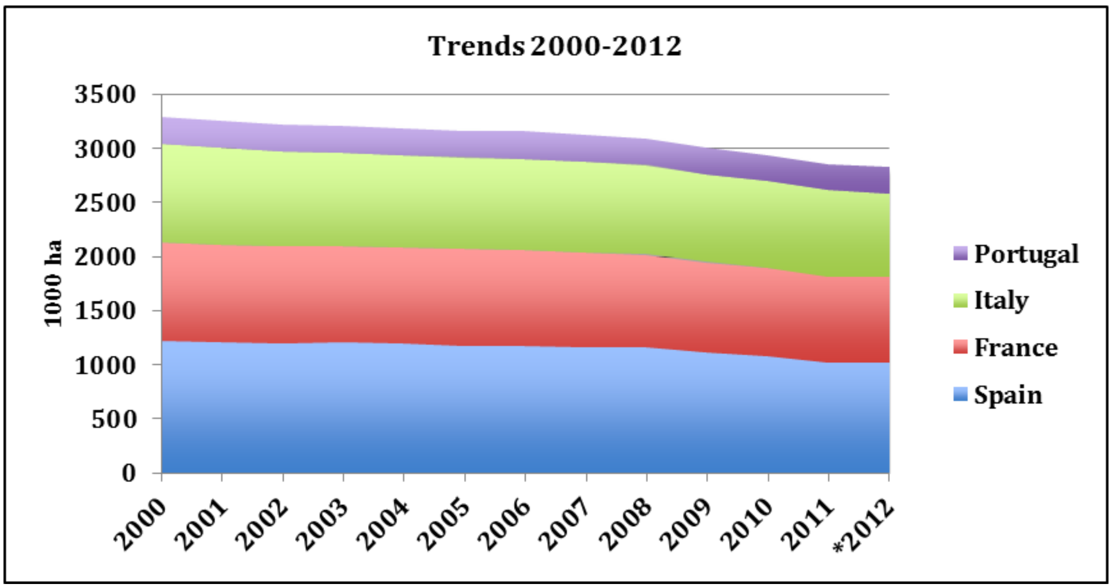
	2011/12	2012/13	2013/14
Italy	43,072	40,057	44,900
Spain	33,397	31,123	44,600
France	50,890	40,609	44,100
Germany	9,258	9,000	8,500
Portugal	5,609	6,140	6,740
Romania	4,700	4,100	5,400
Greece	2,750	3,150	3,700
Hungary	2,822	2,243	2,450
Austria	2,814	2,155	2,252
Other EU-28 countries	3,214	2,558	4,911
EU-28	**158,527**	**141,135**	**167,553**

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)

EU-28 vine-growing area has been declining over the past few 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. The 2013 EU area under vines is therefore the second in 3 years not to be influenced by these premiums. However, this does not mean that the community vineyard is permanently stabilized in the long-term. Some countries (i.e., Spain and Italy) are still forecasting a reduction in their vineyards. Cumulative reductions in the surface areas of Member States are one of the effects of the low EU production levels observed in recent years.

Table 3: European vineyards area trend



*Forecast

Source: OIV (International Organization of Vine and Wine)

CY 2013 EU-28 wine production is still preliminarily estimated at 167 Million Hectoliters (Mhl), 18.7 percent up from the previous year. After five modest consecutive harvests (from 2007 to 2011) and an exceptionally low 2012 campaign, CY 2013 EU-28 wine production may be qualified as relatively high, especially given the recent reduction in the surface area of its vineyards. Among the major EU wine producing countries, notable increases occurred in Spain (+43 percent), Italy (+12 percent), Portugal (+9.7 percent), and France (+ 8.6 percent). Significant increases were also registered in Romania (+31.7 percent), Greece (+17.5 percent), Croatia (+10 percent), Hungary (+9.2 percent), and Austria (+4.5 percent). Only Germany's production is estimated to decrease by 5.5 percent from the previous year as a result of unfavorable weather conditions during flowering.

Italy's CY 2013 wine production is estimated at 44.9 Mhl, 12 percent more than the previous campaign thanks to ideal weather conditions that allowed for extended hang time and flavor development, especially of the white grape varieties. Wine production increased by 30 percent in Apulia and Sicily; 20 percent in Lombardia; 15 percent in Piedmont, Trentino Alto Adige, Emilia Romagna, and Sardegna; 10 percent in Veneto, Abruzzo, and Campania; and 5 percent in Friuli Venezia Giulia, Tuscany, and Marche. Only Lazio and Umbria registered a decrease of 20 percent, respectively. Veneto, Emilia Romagna, Puglia, and Sicily together produced approximately 62 percent of total output. The harvest started early August in Puglia and Sicily, and ended in November, reaching its peak during the last week of September and early October. November saw the last contributions to the 2013 harvest with Valtellina's Nebbiolo, Alto Adige's Cabernet, Campania's Aglianico, and the late harvested native vines on Etna's slopes.

Reportedly, quality is excellent for white wines. However, there are some uncertainties regarding red wines produced from the grapes harvested early October, as the rainfall over the Peninsula thwarted the end of some varieties ripening and anticipated the harvesting of others. About 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 CY2012.

According to the latest figures released by the Spanish Ministry of Agriculture, Food, and Environment (MAGRAMA), **Spain**'s CY 2013 production is estimated at 44.6 Mhl, 43 percent higher than the previous year and 13 percent more than the ten-year average. The notable increase is due not only to positive weather and climactic conditions, but also to the entry in full production of over 100,000 hectares of "restructured" vineyards (especially in Castilla La Mancha). According to the Spanish Wine Market Research Foundation (OEMV), Spain is estimated to produce 17 Mhl of PDO (Protected Denomination of Origin) and 5 Mhl of PGA (Protected Geographic Indication) wines. Production of quality wine without PDO/PGA is estimated at 22.6 Mhl. Spain has the largest vineyard area in the world (942,971 Ha in 2012). Spain's main wine producing areas include Castilla La Mancha, Extremadura, Catalonia, Castilla Leon, the Region of Valencia, and Andalusia.

France's CY 2013 production is estimated at 44.1 Mhl, 8.6 percent more than the previous year (40.6 Mhl), but well below the record harvest of CY 2011 (50.9 Mhl). Wet weather caused grape losses in Bordeaux and Burgundy, adding to damage from poor flowering and summer hailstorms. The threat of rot by botrytis fungus prompted growers in Burgundy, Bordeaux, and southwest France to harvest early, sometimes picking not fully ripened grapes. Rot also forced major sorting and cut volumes in Alsace, the Loire Valley, and Charentes. Approximately 45 percent of French vineyards are devoted to AOC (Appellation d'Origine Contrôlée) and VDQS (Vin Délimité de Qualité Supérieure) wines; 28 percent to

IGP (Indication Géographique Protégée) wines, 11 percent to table wines, and 16 percent to *brandy* production (mostly *cognac*). On average, France produces 42 Mhl of wine per year.

German CY 2013 grape wine production is estimated at 8.5 Mhl, 6 percent less from the previous year and 9 percent below the ten-year average as a result of unfavorable weather conditions during flowering. The quality is exceptionally good due to the sunny fall weather, which allowed a long ripening period. 58 percent of the harvested grapes qualify for “Praedikatswein” (premium wine) compared to 49 and 45 percent in 2012 and 2011, respectively. More than 99 percent qualify for controlled appellation wines. In Germany, approximately 102,172 Ha are currently planted with grapes for wine production: 64 percent to white wine varieties and 36 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 is the fifth largest wine producer in the EU-28, with production estimated at 6.7 Mhl in CY 2013, 10 percent more than the previous year, as a result of a flowering period without major problems, especially in Tejo, Lisbon, and Península de Setúbal. 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 CY 2013. The majority of wines produced in Portugal are either PDO (44 percent) or PGI (23 percent).

Romania’s CY 2013 grape wine production is estimated to rise 32 percent. The notable increase is due not only to positive weather and climatic conditions, but also to the entry in full production of new “restructured” vineyards. Quality is estimated to be very good. According to official data, white varieties occupy about 85 percent of the total vineyard area, while red varieties account for the remaining 15 percent. *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*.

Greece’s CY 2013 wine production is estimated to increase by 17.5 percent thanks to favorable weather. Quality is estimated to be excellent. 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.*

Austria's CY 2013 grape wine production is estimated at 2.25 Mhl (Statistik Austria), 5 percent more than the previous campaign, but 6 percent below the five-year average. This can be attributed mostly to a rapid change between very warm and wet, cold conditions during the flowering period, especially for the leading variety Gruener Veltliner. Moreover, because of the severe heat and drought over the summer, the harvesting period started two weeks later than usual. Quality is reportedly good. CY 2013 vineyard area is estimated at 43,543 Ha (minus 0.2 percent compared to 2012). Average harvest yields are around 2.5 Mhl.

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 (2.4 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.

Hungary's CY 2013 grape wine production is estimated at 2.4 Mhl, 9 percent more than CY 2012. Quality is excellent. About 70 percent of Hungarian wine is white, 28 percent red, and less than 2 percent rosé.

Bulgaria's CY 2013 wine production is estimated at 1.5 Mhl, 4 percent higher than the previous year, thanks to a warm winter and moderate summer temperatures. Quality is estimated to be very good. Bulgarian vineyard area was estimated at 62,701 Ha in CY 2012. 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 recover in 2012. Vineyard area, grape yields, and wine production all registered notable growth thanks to increased investments in wineries and vineyards.

Croatia's CY 2013 wine production is estimated at 1.4 Mhl (Croatian Central Bureau of Statistics), cultivated on 29,000 Ha of vineyards. The majority of Croatian wine is white, with most of the remainder being red and only a small percentage rosé. There are currently over 300 geographically defined wine regions and a strict classification system to ensure quality and origin.

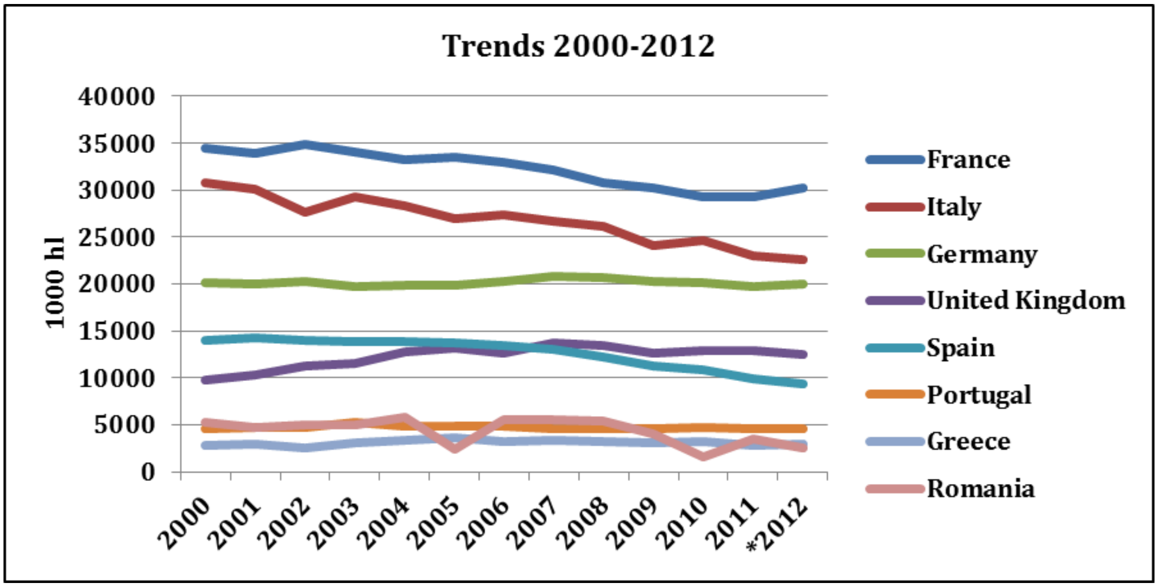
Slovenia' s CY 2103 wine production is estimated at 740,000 Hl, 14 percent more than CY 2012, but still 7 percent below the ten-year average. Approximately 70 percent of Slovenian wine is white.

Slovenian wine production takes place on approximately 16,000 Ha commercial vineyards located in three leading wine regions: the Drava Valley, Lower Sava, and Slovenian Littoral.

Consumption

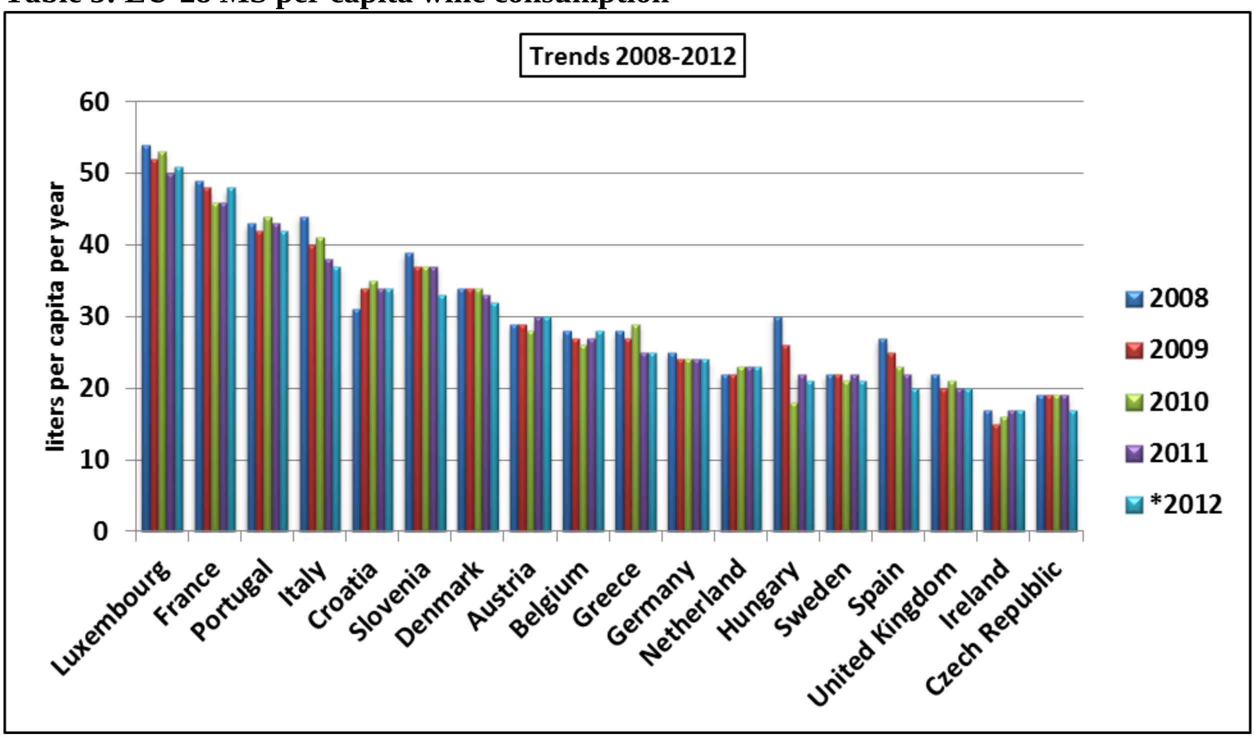
CY 2013 EU-27 wine consumption is expected to continue the current downward trend. EU-28 wine per capita wine consumption has been falling for decades especially in Southern European countries, where changing lifestyles and tastes, anti-alcohol drinking campaigns, and health concerns have affected overall 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 around 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



Source: OIV
*Forecast

Table 5: EU-28 MS per capita wine consumption



Source: OIV
*Forecast

France remains the largest European wine consumer, although per capita consumption has declined since the 1960s, stabilizing at 46.4 liters per year. In 2012, French consumers purchased approximately

60 percent of their wine in hypermarkets. Red wines accounted for 50 percent of sales ($2.8 billion), followed by rosé ($1.16 billion), and white wines ($1 billion). Appellation d'Origine Contrôlée (AOC) wines, valued at $3.7 billion, accounted for 73 percent of total sales, while Appellation d'Origine Vin De Qualité Supérieure (AOVDQS) wines, valued at $945 Mln, accounted for 18 percent. Table wine sales continued to decline, falling by 10.6 percent to $212 Mln. The market share of wine packaged in bag-in-box (19.3 percent in 2011) grew in terms of both volume (2.98 Mhl) and value ($978 Mln) by 7.1 and 10.2 percent, respectively.

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 CY 2013 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.

Total **German** wine consumption in recent years has fluctuated between 19.3 and 20 Mhl. Similarly, per capita consumption varies between 23.8 and 24.4 liters. As a comparison, per capita consumption of beer, although declining, currently amounts to 106 liters. In 2012, German households spent €11.2 billion on alcoholic beverages. Within this category, wine and sparkling wine together accounted for 40 percent of expenditures, followed by beer (29 percent) and spirits (25 percent). When looking at imported wine, German households tend to favor red over white wines. In 2012, 60 percent of household purchases at retailers consisted of red wine, 30 percent of white, and 10 percent of rosé wines. For German wines, the situation was reversed with 52 percent white wines, 37 percent red, and 11 percent rosé wines.

Although official figures are not yet available, it is widely expected that total wine sales in CY 2013 fell by 1 percent in the **United Kingdom**, both in terms of volume and value, due to excise duty increases. Consumer spending is likely to remain under severe pressure throughout 2014. While consumers have partly been trading down to less expensive wines, many have chosen to limit consumption volume and opt for better-quality wines. Approximately 70 percent of red still wine is purchased between the £4.01 to £7.00 ($6.62 – $11.55) price range. Approximately 79 percent of white still wine is purchased between the £3.76 to £7.00 ($6.20 – $11.55) price range. However, the fastest growing segment for both is represented by those wines sold above £7.00 ($11.55) at retail. Still light grape wine dominates the market with approximately 90 percent share by volume, although this is slowly declining as less expensive sparkling wine is increasing its market share (13 percent). Approximately 74 percent of sparkling wine is purchased between the £6.51 and £10.00 ($10.74 to $16.50) price range. Blush or rosé wine has generally a younger and more price sensitive demographic of consumer. Approximately 97 percent of blush or rosé wine is purchased under £7 ($11.55) per 75 cl bottle. Currently, the most popular grape varietals in the UK are *Chardonnay*, *Sauvignon Blanc*, and *Pinot Grigio* (white wine); *Cabernet Sauvignon*, *Merlot*, and *Shiraz* (red wine); *Zinfandel White*, *Shiraz*, and *Garnacha* (blush/rosé). Supermarkets continue to be the main distribution sector in the UK, as consumers attempt to reduce their expenditure on drinking and eating out.

Spanish wine consumption has been decreasing for the last few years and stands currently at 19.9 liters per capita, according to OIV. Data released by the Spanish Ministry of Agriculture, Food, and Environment show that wine consumption in households grew by 3 percent during CY 2013, as consumers reduced expenditure on drinking and eating out, preferring to purchase most of their wine in supermarkets because of the economic recession.

Portugal's annual per capita wine consumption is the third highest in the European Union, after Luxembourg and France, and stands at 42.5 liters. Portuguese wine consumption has been stable for the last three years at 4.7 Mhl and is expected to decrease as payments for potable alcohol-distillation are phased out and producers redirect production to focus on wine exports.

According to the Hellenic Statistical Authority (ELSTAT), **Greece**'s economic downturn has led to a 7 percent decline in national wine sales falling to 2.9 Mhl in CY 2012. Per capita consumption stands at 25 liters. Greeks are consuming less and opting for cheaper wine. The most popular varieties of still white wine are *Moschofilero* and *Asirtiko*, while *Ageioritiko* and *Xynomavro* are the leading still red wines. 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.

According to the latest statistics available, **Austrian** wine consumption totaled 2.7 Mhl in 2011/12. During the same period, per capita wine consumption was 30.5 liters. Austrians consume about three quarters of domestic production. About 50,000 Hl is 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.

Croatia's average 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.

Romania's per capita consumption declined from 27 liters in 2011 to 24.3 liters in CY 2012 and is expected to rise in CY 2013 driven by the increased production. Approximately 60-70 percent of Romanian consumers generally prefer white wines, whereas rosè ones are also gaining some ground.

In **Hungary**, the decades-long decline in wine consumption has slowed during the past several years due 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.

Bulgaria's wine per capita consumption dropped from 6.7 liters in 2009 to 5.5 liters in 2012. In 2012, economic challenges affected consumer choice and purchase ability. Red wines were the most affected, while white ones performed better thanks to consumers' loyalty and warm summers in 2012 and 2013. *Chardonnay* led in demand, followed by *Muscat*, with *Sauvignon Blanc* and *Riesling* gaining popularity.

Trade

The EU-28 is expected to remain the world's leading wine exporter and importer in 2013, exporting 18.8 Mhl valued at $10.9 billion, while importing 13.4 Mhl valued at $3 billion. Bottled wines represent the largest share of EU-28 exports, while the majority of imports are comprised of bulk wine to be bottled and then traded again. According to the latest EU Commission data, intra-EU trade has increased 14 percent from 43 Mhl in 2007 to 49 Mhl in 2011. A large portion of this trade (42 percent) involves the shipments of bulk wines used mainly for blending purposes: from Italy to Germany (4.9 Mhl) and France (0.7 Mhl); and from Spain to France (2.7 Mhl), Germany (1.5 Mhl), Italy (1.2 Mhl), and Portugal (0.8 Mhl). Bottled wines are slowly losing ground, decreasing from 52 percent in 2007 to 49 percent in 2011. EU-28 wine exports to third countries were stable from 2007 to 2009, and registered important increases in 2010 (+ 23 percent) and 2011 (+11 percent).

The United States is expected to remain the leading EU-28 export market in 2013, representing 25.9 percent of the total volume and 28.7 percent of the total value. It was also among the largest extra-EU export partners for France ($1.3 billion), Italy ($1.2 billion), and Spain ($0.3 billion). Switzerland was the second largest importer of EU wines in value terms ($1.1 billion).

Table 6: EU-28 wine exports by category

	000 HL			$ Mln		
	2011	2012	2013 Jan-Nov	2011	2012	2013 Jan-Nov
Bottled	14,991	15,766	13,996	8,509	8,561	8,194
Sparkling	2,068	2,139	2,127		2,327	2,311

wine				2,247		
Bulk	5,464	4,388	2,676	482	467	401
Wine total	**22,523**	**22,293**	**18,799**	**11,238**	**11,355**	**10,906**

Source: Global Trade Atlas (GTA)

Table 7: EU-28 wine exports by trading partner

	000 HL			$ Mln		
	2011	**2012**	**2013 Jan-Nov**	**2011**	**2012**	**2013 Jan-Nov**
United States	5,182	5,384	4,868	3,108	3,183	3,132
Switzerland	1,689	1,707	1,452	1,064	1,123	1,089
Canada	1,818	1,887	1,636	958	987	957
Japan	1,307	1,629	1,439	845	988	911
China	2,365	2,568	1832	964	980	808
Hong Kong	304	287	235	1,091	772	687
Russia	3,991	2,730	2,132	641	635	655
Norway	610	626	590	345	353	363
Singapore	155	164	152	351	361	360
Australia	186	242	237	163	196	203
World	**22,523**	**22,293**	**18,799**	**11,238**	**11,355**	**10,906**

Source: GTA

The EU-28 is not only the world's largest wine exporter, but also the biggest importer. EU-28 main wine suppliers are Chile, South Africa, Australia, and the United States. Total EU-28 imports from third countries stagnated in 2012 and remained flat during 2013.

U.S. wine exports to the EU-28 increased in value terms by 17 percent in 2013 because of strong pricing improvements for both bulk and bottled wines. Over 70 percent of U.S. exports are represented by bulk Californian wine that is bottled in Europe for local consumption. Since 2004, this bulk trade remains competitive due to reduced tariff, transportation, and bottling costs. Bulk exports to Italy in 2013 were more than 408,015 Hl or 99.4 percent of total U.S. exports to Italy. Once bottled, this product is sold within the EU, mainly in the UK and German markets.

Table 8: EU-28 wine imports by category

	000 HL			$ Mln		
	2011	**2012**	**2013 Jan-Nov**	**2011**	**2012**	**2013 Jan-Nov**

Sparkling wine	129	117	80	68	64	49
Bottled	5,624	5,103	4,651	2,341	2,130	2,003
Bulk	7,992	8,520	8,629	941	1,014	958
Wine total	**13,745**	**13,740**	**13,360**	**3,350**	**3,208**	**3,010**

Source: GTA

Table 9: EU-28 wine imports by trading partner

	000 HL			**$ Mln**		
	2011	**2012**	**2013 Jan-Nov**	**2011**	**2012**	**2013 Jan-Nov**
Chile	2,795	3,022	3,790	790	765	783
South Africa	2,709	2,700	3,301	545	500	526
Australia	3,509	3,317	2,327	764	704	523
United States	2,532	2,299	1,791	508	490	445
New Zealand	659	659	517	332	354	323
Argentina	558	563	629	191	184	195
Switzerland	17	12	12	85	75	78
Macedonia	529	676	550	34	42	41
Moldova	132	157	175	20	21	25
Georgia	23	26	27	8	9	10
Israel	12	13	14	8	9	9
World	**13,745**	**13,740**	**13,360**	**3,350**	**3,208**	**3,010**

Source: GTA

France’s wine exports are projected to increase by 2.9 percent to $9.6 billion in 2013. The United Kingdom ($1.6 billion), the United States ($1.3 billion), and Germany ($910 Mln) are the main destinations for French wines. France’s wine imports are expected to grow by 8.5 percent to $793 Mln in 2013, mainly thanks to the increased supply from Spain (+25.7 percent). The next most important suppliers to the French market are Portugal ($128 Mln) and Italy ($117 Mln). The United States ranks 5th ($44.9 Mln), representing 5.7 percent of total French wine imports. 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.

Italy’s wine exports are expected to increase by 11 percent to $6 billion in 2013, thanks to increased exports to the United States (+10.4 percent), Germany (+10.5 percent), and the United Kingdom (+20 percent). The United States is expected to remain the leading destination for Italian wine, reaching $1.3 billion during 2013. The next most important destinations are Germany ($1.2 billion), the United Kingdom ($757 Mln), and Switzerland ($378 Mln). An interesting trend in international wholesale prices shows that there was a 12 percent increase in the average price of Italian wine per liter during the first 6 months of 2013, reaching €2.38 per liter. Italy’s wine imports are expected to increase by 9.3 percent to $384 Mln in 2013, thanks to the increased supply from Spain (+21 percent), the United States (+35 percent), South Africa (+3,163 percent), and Australia (+527 percent). France ($166 Mln), Spain

($107 Mln), and the United States ($58 Mln) are the leading suppliers to the Italian market, accounting for 85.5 percent of total imports.

Spain is a net exporter of wine. Spain's exports are projected to decrease by 14.85 percent to 16.85 Mhl in 2013 as bulk exports to France, Germany, China, and Russia lose market share to bottled wines. In value terms, Germany ($491 Mln), the United Kingdom ($426 Mln), France ($300 Mln), and the United States ($297 Mln) are the main destinations for Spanish wines. Spain's wine imports are expected to surge by 150 percent in 2013–due to lower beginning stocks followed by lower production in 2012–to 1.5 Mhl, thanks to increased imports from Chile, South Africa, and Argentina.

Portugal's wine exports are expected to increase by 7.4 percent to $890 Mln in 2013. France ($137 Mln), Angola ($117 Mln), the United Kingdom ($88 Mln), and the United States ($69 Mln) are the most important destinations. Portugal's wine imports are expected to grow by 47 percent to $142 Mln in 2013, mainly thanks to the increased supply from Spain (+66.5 percent).

Greece's wine exports are expected to decrease by 5.3 percent to $71.6 Mln in 2013. Germany ($31 Mln) and the United States ($9.8 Mln) are the main destinations for Greek wines, representing 43 and 14 percent of total exports, respectively. Greece's imports are expected to increase by 8 percent to $32 Mln in 2013, thanks to the increased supply from Spain (+196 percent) and Bulgaria (+194 percent). Italy ($11.8 Mln), France ($9.9 Mln), and Spain ($3.2 Mln) remain the main suppliers to the Greek market.

Hungary's wine exports are expected to increase by 5.5 percent to $75 Mln in 2013, thanks to increased exports to Germany (+24.7 percent) and the United Kingdom (+29.5 percent). Hungary's wine imports are expected to decrease by 4.5 percent to $30.4 Mln in 2013. Italy ($18.5 Mln), France ($4.1 Mln), and Germany ($3.4 Mln) are the major suppliers to the Hungarian market.

Bulgaria is a net wine exporter, even if exports have been declining in absolute terms, due to reduced stocks. Bulgarian exports are expected to slightly decrease by 1.7 percent to $55.4 Mln in 2013. Russia remains the main export market, accounting for 25.6 percent of total exports. The next most important markets are Poland ($13 Mln) and Romania ($4.2 Mln). Imports have seen a decline due to the economic slowdown since 2009, but rebounded in value terms beginning in 2012 and 2013. Bulgarian wine imports are expected to increase by 11.3 percent to $15.3 Mln in 2013, thanks to the increased supply from France (+34 percent), Chile (+34.5 percent), and Germany (+33.7 percent).

Germany is the world's biggest wine importer by volume and ranks third after the United Kingdom and the United States on a value basis. German trade data for 2013 is not yet available. However, the first 11 months of 2013 show a 2.1 percent decrease in total imports by volume to 13.7 Mhl. This reduction can be attributed to the higher per unit price of the imported wine. On a value basis, Germany's total imports increased by 8 percent, while imports from the United States increased by 11 percent. In 2012, Germany imported 15 Mhl of wine. Of these, 57 percent were bulk wines, 38 percent bottled wines, and 5 percent sparkling wines. The top five origins were Italy (39 percent), Spain (20 percent), France (17 percent), South Africa (5 percent), and the United States (3 percent). Imports from the United States amounted to 450,000 Hl, or 5 percent less than 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 37 percent in 2012. The first 11 months of 2013 show a 1.8 percent increase in total exports by volume (3.7 Mhl) and a 6.3 percent increase by value ($1.2 billion). German exports of wine amounted to 3.9 Mhl in 2012, of which 78 percent were exported in bottles and 14 percent in bulk. The remaining 8 percent consisted of sparkling wine. Top export destinations were the Netherlands (19 percent), the UK (15 percent), Sweden (8 percent), the United States (7 percent), and Poland (5 percent). German exports to the United States amounted to 286,344 Hl in 2012. 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 imports are expected to decrease by 4.5 percent to $4.3 billion in 2013, because of the reduced supply from France (-11.6 percent), Australia (-19.4 percent), and the United States (-24 percent). France ($1.6 billion) and Italy ($744 Mln) are the leading suppliers to the UK 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 exports are expected to remain flat at $618 Mln in 2013. Hong Kong ($216 Mln), France ($69 Mln), the Netherlands ($46 Mln), and Ireland ($44.6 Mln) are the main destinations for UK wines.

Romania's imports are expected to decrease by 7.5 percent to $44.8 Mln in 2013, mainly because of the reduced supply from Spain (-59.7 percent). Romania's exports are expected to grow by 10.3 percent to $19.6 Mln in 2013, mainly thanks to increased exports to the United Kingdom (+57.8 percent). The United Kingdom ($5.4 Mln), Germany ($2.7 Mln), China ($2.6 Mln), Italy ($1.3 Mln), and the United States ($1.1 Mln) are the top Romanian wine destinations.

Austria's imports are expected to increase by 3.2 percent to $242 Mln in 2013. Major suppliers are Italy ($109 Mln), France ($55.3 Mln), Germany ($47 Mln), and Spain ($11.8 Mln). The United States ranks 9th after Portugal. Austria's exports are expected to grow by 18 percent to $188 Mln in 2013, mainly thanks to increased exports to Switzerland (+121 percent). Approximately 85 percent of Austrian wine exports are shipped to the European Union, mainly to Germany, accounting for 73 percent of the total. Other key markets in order of importance include Switzerland, the United States, and the Netherlands.

Croatia's imports are expected to increase by 9.7 percent to $17.7 Mln in 2013, thanks to the increased supply from France (+70 percent) and Germany (+82 percent). Imports from the United States currently are very small ($52,000), mainly because of a lack of familiarity with the product and the high cost of transportation which adds to the expense. Croatia's exports are expected to drop by 13.7 percent to

$12.2 Mln in 2013, because of reduced imports from Germany (- 25 percent) and China (-71 percent). Bosnia and Herzegovina ($4.9 Mln) and Germany ($2.3 Mln) are Croatia's leading export destinations.

Slovenia's imports are expected to increase by 8.4 percent to $11 Mln in 2013, mainly thanks to the increased supply from Macedonia (+216 percent). Slovenia's leading suppliers include Italy ($2.9 Mln), Macedonia ($2.6 Mln), France ($1.8 Mln), and Germany ($1.3 Mln). Slovenia's exports are expected to rise by 31 percent to $13.4 Mln in 2013, mainly thanks to increased exports to Czech Republic (+1,027 percent) and the United States (+40 percent).

TRADE TABLES FOR SELECTED EU-28 COUNTRIES

Table 10: French wine exports

	000 HL			$ Mln		
	2011	**2012**	**2013 Jan-Nov**	**2011**	**2012**	**2013 Jan-Nov**
EU-28	**9,039**	**9,160**	**8,352**	**4,844**	**4,803**	**4,606**
United Kingdom	2,164	2,106	1,912	1,697	1,746	1,604
Germany	2,590	2,591	2,430	978	916	910
Belgium	1,494	1,489	1,296	718	716	663
Netherlands	1,142	1,215	1,097	405	412	390
Extra EU-28	**5,149**	**5,799**	**5,021**	**5,160**	**5,278**	**4,973**
United States	1,016	1,171	1,097	1,229	1,327	1,286
China	1,177	1,395	1,117	708	702	569
Japan	590	717	625	531	617	554
Switzerland	448	460	393	440	478	428
Canada	571	605	542	423	437	426
World	**14,188**	**14,959**	**13,373**	**10,004**	**10,081**	**9,579**

Source: GTA

Table 11: Italian wine exports

	000 HL			$ Mln		
	2011	**2012**	**2013 Jan-Nov**	**1**	**2012**	**2013 Jan-Nov**
EU-28	**16,560**	**14,491**	**12,820**	**3,253**	**3,145**	**3,252**
Germany	6,942	6,111	5,428	1,273	1,227	1,236
United Kingdor	2,977	2,876	2,685	707	686	757
France	1,089	944	845	151	160	169
Sweden	356	419	436		157	172

				136		
Denmark	397	356	368	197	161	165
Extra EU-28	**6,423**	**6,491**	**5,760**	**2,824**	**2,848**	**2,848**
United States	2,864	2,889	2,681	1,300	1,279	1,296
Switzerland	674	698	610	369	383	378
Canada	679	710	647	353	363	348
Japan	372	441	389	165	198	186
Russia	686	531	393	163	127	134
World	**22,983**	**20,982**	**18,580**	**6,077**	**5,993**	**6,100**

Source: GTA

Table 12: Spanish wine exports

	000 HL			**$ Mln**		
	2011	**2012**	**2013 Jan-Nov**	**2011**	**2012**	**2013 Jan-Nov**
EU-28	**15,102**	**15,133**	**12,393**	**1,852**	**1,905**	**1,969**
Germany	3,059	3,206	2,808	467	467	491
United Kingdom	1,451	1,629	1,472	431	427	426
France	4,394	3,934	3,146	240	267	300
Netherlands	509	460	422	121	113	116
Extra EU-28	**6,660**	**5,654**	**4,117**	**1,182**	**1,218**	**1,150**
United States	745	827	649	297	312	297
Switzerland	376	337	254	140	139	135
Japan	263	374	336	81	104	111
Canada	399	387	274	93	93	92
World	**21,762**	**20,787**	**16,510**	**3,034**	**3,123**	**3,119**

Source: GTA

Table 13: United Kingdom wine imports

	000 HL			$ Mln		
	2011	2012	2013 Jan-Nov	2011	2012	2013 Jan-Nov
EU-28	**7,115**	**6,784**	**5,887**	**3,245**	**3,495**	**3,043**
France	2,063	1,999	1,691	1,733	1,951	1,586
Italy	2,517	2,533	2,234	717	759	744
Spain	1,457	1,282	1,099	405	402	363
Germany	673	601	542	212	206	192
Extra EU-28	**6,184**	**5,982**	**4,678**	**1,535**	**1,520**	**1,288**
Australia	2,400	2,311	1,512	480	463	334
Chile	1,064	1,008	1,031	314	298	281
New Zealand	541	540	400	262	285	250
United States	1,204	1,111	673	223	221	153
World	**13,299**	**12,766**	**10,565**	**4,780**	**5,015**	**4,331**

Source: GTA

Table 14: German wine imports

	000 HL			$ Mln		
	2011	2012	2013 Jan-Nov	2011	2012	2013 Jan-Nov
EU-28	**13,556**	**12,786**	**11,118**	**2,881**	**2,721**	**2,608**
Italy	6,880	5,901	5,089	1,163	1,107	1,067
France	2,576	2,627	2,388	950	873	806
Spain	2,961	3,119	2,696	473	460	477
Austria	252	303	254	78	83	75
Extra EU-28	**2,558**	**2,481**	**2,557**	**419**	**396**	**401**
South Africa	785	757	857	116	106	111
United States	467	445	410	98	94	94

Chile	425	370	528	75	68	77
Australia	455	422	337	72	69	55
World	**16,114**	**15,267**	**13,675**	**3,300**	**3,117**	**3,009**

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.

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. The EU targeted an area of 175,000 hectares to be grubbed up over a three year period (2008/2009-2010/2011), with an allocated budget of €1.074 million. 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 18.5 million hl. According to a report from the European Court of Auditors (ECA), the grubbing-up scheme only reduced EU production by an estimated 10.2 million hl 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 have lobbied the Commission to keep a planting regime. On January 20, 2012, Commissioner 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. The Commission is currently working on a Delegated Act on planting rights to be published in September-November 2014. The European wine industry welcomes the high-level group's conclusions. They see them as helping strengthen the competitiveness and the market orientation of EU wine in the global market.

Single Payment: In order to bring the sector in line with the reformed Common Agricultural Policy (CAP), all areas formerly under vines can claim the status of areas eligible for decoupled single payments. One reason for making these areas eligible for the single payment scheme is that the environmental benefits from these areas have to meet cross-compliance rules.

National Envelopes: The term "National Envelope" refers to a funding allocation that gives Member States the flexibility to distribute their monies according to their own priorities. Article 7 of the Wine CMO outlines 11 measures which MS can use to support their wine industries, including restructuring and conversion of vineyards, green harvesting, and crises distillation.

Promotion in third-country markets: In November 2013, the European Commission approved 22 programs to promote agricultural products in both the EU and third countries (North America, Russia, China, South-East Asia, Norway, Switzerland, Ukraine, India and South-Korea). The total budget is €70 Mln of which the EU contributes €35 Mln. Three of the approved programs aim to promote wine in both Europe and North America for a period of three years. They have been presented by Spain and Portugal for a total budget of €6.5 Mln, of which €3.2 Mln provided by the European Union. More details on the programs can be found here: http://ec.europa.eu/agriculture/promotion/index_en.htm

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.

Rural Development Funding: There is an overall aim to transfer money from Pillar I into Rural Development (RD) of the CAP. However, only three MS: Spain, France and Italy, have allocated budget for using RD funds for the wine sector. The total budget for these MS increased from about €40 million in 2009 to €80 million in 2010 and rose to €120 million annually from 2011 onwards. The largest portion of this money is used for education to improve the quality of the wine. Some of this money is also being used for environmental purposes, for example to keep vineyards on slopes where planting other types of agriculture is difficult, and where there is risk of abandonment of land and the cultural contribution is important for the region. It is too early yet to say how the current CAP reform proposal might impact the wine sector. One reason that RD funding is not used anymore is that all RD measures are jointly funded between the EU and national authorities. The rate of EU co-financing varies from 50 to 80 percent depending on the funding amount and the region. The MS or local authority pays the remaining balance.

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. Europe has one of the highest levels of alcohol consumption per capita. At the same time, alcohol is a key public health and social concern across the EU. Harmful and hazardous alcohol consumption is a net cause of 7.4 percent of all ill-health and early death in the EU. Targeted measures aimed at limiting the availability of alcohol, drunk-driving countermeasures, and improved education and information campaigns 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.

Oenological Practices: *Commission Regulation 606/2009* lays down detailed rules for permitted oenological practices. Annex I A sets out the oenological practices authorized in the EU and the conditions for their use. For experimental purposes, Member States may authorize the use of certain oenological practices not provided for in the relevant EU regulations for a maximum of three years. Annex I B sets out the maximum allowed sulfur dioxide content: 150 mg per liter for red wines, 200 mg per liter for white and rosé wines.

Legislation: Rules on oenological practices, designations of origin and labeling, originally established by Council Regulation 479/2008, have been incorporated into the CMO (Council Regulation 1234/2007).

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/

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. The register is available through the Commission's *online "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 15 applications – of which 13 were from the U.S. – 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.

For detailed information, see GAIN report E49061 "New EU wine labeling rules". 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," "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.

Allergen Labeling: Under the EU's general labeling directive 2000/13/EC, the indication of allergens listed in Annex III is mandatory on all food and beverage labels. A temporary derogation from this rule for wines fined with egg and milk derivate expired on June 30, 2012. Commission Implementing Regulation 579/2012 sets out the modalities for the labeling of allergens on wine. Starting July 1, 2012, a wine label must state if it "contains" one or more of the following allergens: "sulphites", "sulfites", "sulphur dioxide", "sulfur dioxide", "egg", "egg protein", "egg product", "egg lysozyme", "egg albumin", "milk", "milk product", "milk casein" or "milk protein". The translation of these terms in all the official EU languages is available in Part A of the Annex to Regulation 579/2012. Information on the authorized languages to label allergens in the different EU Member States is available on the European Commission's website at http://ec.europa.eu/agriculture/markets/wine/labelling_allergens.pdf. The terms designating the allergenic ingredient may be supplemented by the pictograms laid down in Part B of the Annex to Regulation 579/2012. Allergen labeling is mandatory for alcoholic beverages with sulfite concentrations of more than 10 mg/liter. Wine products in which the milk/egg proteins cannot be detected are exempt from the mandatory labeling rules.

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". 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. The main target markets are the U.S., Canada, Japan, and Switzerland, although China, Brazil, and India are being developed as new markets. 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 September 2010, following a MS request, the Commission extended the length from 3 to 5 years to draw benefits for any given activity in a third country market. In November 2013, the European Commission approved 22 programs to promote agricultural products in both the EU and third countries (North America, Russia, China, South-East Asia, Norway, Switzerland, Ukraine, India and South-Korea). The total budget is €70 Mln of which the EU contributes €35 Mln. Three of the approved programs aim to promote wine in both Europe and North America for a period of three years. They have been presented by Spain and Portugal for a total budget of €6.5 Mln, of which €3.2 Mln is being provided by the European Union. More details on the programs can be found here: http://ec.europa.eu/agriculture/promotion/index_en.htm

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. 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 eight European countries (Belgium, Denmark, Finland, the Netherlands, Norway, Sweden, Switzerland, and the UK), as well as four overseas offices in Russia, Japan, Canada, and the United States. Furthermore, the German Ministry of Food, Agriculture, and Consumer Protection (BMELV) supports pavilions at select trade shows abroad. In 2013, BMELV supported a German pavilion at the VINEXPO Bordeaux, France, and the Wine & Spirits Fair, Hong Kong. For 2014, BMELV is supporting participation at VINEXPO, Hong Kong (May, 27-29) and the Wine & Spirits Fair, Hong Kong (November 6-8). The largest German trade show for wine and spirits is the annual ProWein show, held in Duesseldorf (March 23-25, 2014 and March 15-17, 2015). For more information, please visit: www.prowein.com

In **Italy,** funds for promotion from the EU wine Common Market Organization totaled €49 Mln in CY 2011, €65 Mln in CY 2012, and €102 Mln in CY 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/

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 $3.1 billion during 2013, 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 Mln. Moreover, in the first year of the new period 2014-2018, 992 programs have been presented, with a total investment of €113.7 Mln. 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 Mln, 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 Mln 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 Mln, although the economic challenges and the weakening consumers' purchasing power have adversely affected prospects. The "bag-in-box" segment has expanded as an effort to adjust to economic challenges.

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 Mln. 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 Mln. 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 Mln. Additionally, €7.5 Mln 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 July 30, 2013, the **Greek** Minister for Rural Development and Food, Athanasios Tsaftaris signed a Ministerial Decision to allocate €72 Mln over the next five years (2014-2018) to promote Greek wine 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. Improving the competitiveness of the Greek wine market and promoting exports of quality wine to third countries is part of Greece's National Strategy Plan for Rural Development.

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, Czech Republic, Slovakia, Italy, the United Kingdom, and the Netherlands. Third country marketing events are scheduled in the Russian Federation, China, Japan, Switzerland, and Singapore.

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AU1406	Slovenian Wine 2014	02/03/2014
PT1301	Portugal Wine Standing Report	02/20/2013
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PL1326	Poland – Product Brief Wine	10/31/2013
HR1401	Wine Report Croatia	02/20/2014

The above reports can be accessed through the FAS website
http://www.fas.usda.gov/scriptsw/attacherep/default.asp

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
Mhl = Million Hectoliters
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. 2013 production refers to wines made from grapes harvested in Fall 2013.
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