World Wine Situation

Overall, the production and export forecast for 2000 is favorable for the selected Northern Hemisphere countries (France, Italy, Spain, Germany, and the United States). U.S. Wine production in 2000 is estimated at 24 to 25 million hectoliters, up about 20 percent from the previous year.

Northern Hemisphere

France

Over the last 15 years, wine production in France and other European Union (EU) countries has taken on a new direction. The EU has been making efforts to gain better control of the yields by way of better control over crop areas. Since 1987, France has uprooted about 102,000 hectares of vines and replanted about 151,000 hectares. The Government of France has urged European growers to adapt to changing consumer demand in order to better compete with emerging third countries and in new markets.

The French government subsidizes the wine sector. During 1999, EU subsidies allocated to the French wine sector included export refunds and aid earmarked for vineyard restructuring, distillations and grape juice fortification. During 1999, $34 million were allocated to wine growers for restructuring and renovating vineyards.

The French Ministry of Agriculture reports wine production in 2000 at 59 million hectoliters (hl), down 6 percent from 62.8 million hl in 1999 but up 7 percent from levels seen in 1998. French customs officials say that during the period January-July 2000, French wine exports decreased by 9 percent in volume but increased by 7.6 percent in value from the previous year, amounting to approximately $3.1 billion. The United States ranks fifth among France's clients in terms of volume. Germany, the United Kingdom, Belgium/Luxembourg, the Netherlands, and the United States were France's top markets in 1999.

Italy

Italy significantly increased its wine exports in 1999 to 18.3 million hl, up 21 percent over 1998 primarily due to expanded shipments of table wines. Germany, France and the United States were the leading destinations but volumes also increased to Switzerland, Japan, Canada and some eastern European countries. Export prospects in 2000, however, are not expected to be as bright, with large supplies of wine in other EU countries. Imports of U.S. wines into the Italian market showed encouraging signs of recovery in both 1999 and during the first half of 2000. Large supplies of U.S.

wines helped to soften the effect of the dollar's high value on the world market. But, prospects still remain somewhat limited, with tough competition and a strong dollar expected.

Italy provides export promotion assistance funds. The Ministry of Agriculture allocated about $6.8 million during March 2000 through February 2001 for Appellation of origin products, of which approximately one third was spent to promote wines.

Spain

Relatively favorable weather conditions have led to a larger 2000 vintage of about 36 million hl in Spain, up 9 percent from last year's weather-reduced-crop. Despite a recent major reduction in Spanish vineyards, the area planted to vineyards in Spain continues to be the largest in the EU, accounting for about one third of the EU vineyard area. Total Spanish wine production ranks behind Italian and French production, mainly due to limited rainfall, poor soils in certain areas, and restrictive measures on vineyard irrigation.

During the first half of 2000, Spanish wine exports declined in terms of both volume and value due to increasing prices. Wine exports in 1999 declined 2 million hl. About 75 percent of these exports went to other EU countries, consistent with previous years, 3 percent to the United States and 3 percent to Switzerland.

Germany

The 2000 harvest was estimated at approximately 11 million hl, down slightly from 1999 bumper crop of 13 million hl. After a second year of surplus production, prices for bulk white wine have reached near record lows. This resulted in wines being distilled to drinking alcohol under the EU drink alcohol program. In addition to this regular program, the German government applied for a crisis distilling program to process the surplus wine.

U.S. exports of wine to Germany are growing steadily, amounting to 140,000 hl in 1999, the majority of which (80 percent) were red wines. Helping to bolster this trend are the reports of the health advantages of red wine consumption and the fact that about 75 percent of German-produced wines are white. The German Wine Institute markets wines internationally through contributions paid by the industry and proceeds from its own business. Its annual budget totaled approximately $9 million.

Mexico

Mexico ranked 13th on the list of top markets for U.S. wine in 2000. The value of U.S. exports of all alcoholic beverages to Mexico increased from $24.9 million in 1996 to $35.2 million in 1998, representing an annual average growth rate of 20.7 percent, or more than twice the growth rate of the total import market. However, per capita wine consumption in Mexico is estimated to be less than one liter, per year. A higher preference for other alcoholic beverages and an underdeveloped consumer awareness of wine reflects this very low per capita consumption.

United States

U.S. wine production is estimated at 24 to 25 million hl for 2000, up significantly from the previous year. In February 2001, the California Department of Food and Agriculture estimated 2000 crush at 3.6 million tons, compared to 2.6 million tons.

In 2000, exports of U.S. wine and wine products (including cider, fermented beverages, and must) increased about 3 percent to 2.9 million hl from 2.8 million hl in 1999. Heavy competition on global markets and the strong U.S. dollar hampered growth during the year. In 2000, the top export markets were the United Kingdom, Canada, and the Netherlands.

Wine imports increased nearly 14 percent with large increases from Italy, Australia and Canada.

(The FAS Attache Report search engine contains reports on the wine industry for more than 13 countries, including France, Italy, and Spain. For information on production and trade, contact Heather Page at 202-720-9792. For information on marketing contact Yvette Wedderburn Bomersheim at 202-720-0911. Also, see our wine webpage at: http://www.fas.usda.gov/htp/horticulture/wine/wine.html.)

WINE: U.S. EXPORTS 1/

Destination	1995	1996	1997	1998	1999	2000
				---Hectoliters---		
United Kingdom	325,728	377,743	482,808	635,998	623,903	695,749
Canada	296,215	361,021	383,718	455,212	512,859	545,622
Netherlands	49,763	60,651	96,396	194,935	326,705	337,108
Japan	193,467	192,715	254,392	516,050	457,806	428,567
Switzerland	82,680	85,933	100,166	115,516	136,634	111,012
Germany	31,344	103,144	105,308	93,367	76,771	86,634
Belgium-Luxembourg	30,986	29,164	47,872	55,777	65,444	82,435
Denmark	37,588	53,158	54,272	50,954	70,253	52,302
Ireland	16,041	26,615	33,484	42,400	56,919	54,107
Sweden	35,138	54,516	71,831	58,946	51,990	37,024
All Others	339,365	418,004	592,298	469,545	484,180	513,255
Total	**1,438,314**	**1,762,664**	**2,222,546**	**2,688,700**	**2,863,463**	**2,943,815**

1/ Calendar year for all countries.
SOURCES: U.S. Agricultural Attaché Reports and Bureau of the Census, with forecasts by the Foreign Agricultural Service/USDA.

WINE: U.S. IMPORTS 1/

Origin	1995	1996	1997	1998	1999	2000
				---Hectoliters---		
Italy	1,135,166	1,280,460	1,549,076	1,464,862	1,507,206	1,659,727
France	710,889	930,645	1,393,533	1,142,240	1,062,783	1,080,169
Australia	139,040	184,978	256,366	314,037	410,565	564,554
Chile	236,598	512,939	601,655	483,016	447,707	527,679
Canada	9,847	13,447	16,811	24,480	133,492	290,015
Spain	196,747	204,148	205,350	218,993	243,988	212,605
Germany	101,483	105,618	103,101	101,321	108,670	133,102
Argentina	14,178	38,280	74,688	125,474	92,261	113,222
Portugal	62,613	76,045	76,709	77,623	81,146	82,063
New Zealand	1,265	2,458	6,782	12,656	19,131	30,485
All Others	203,364	243,995	260,241	188,593	179,522	184,780
Total	**2,811,189**	**3,593,012**	**4,544,312**	**4,153,294**	**4,286,470**	**4,878,401**

1/ Calendar year for all countries.
SOURCES: U.S. Agricultural Attaché Reports and Bureau of the Census, with forecasts by the Foreign Agricultural Service/USDA.