

What is the demand for wine in Europe?

Europe is the largest producer of wine in the world, but most of this production is concentrated in the south. Traditionally, these countries are relatively closed to foreign wines. Most opportunities for developing countries can be found in the other countries, such as the United Kingdom, the Netherlands, Austria, Germany and Belgium. Due to insufficient domestic production in these countries, consumers are more open to foreign wines. Although the Eastern European markets are still relatively small, wine markets there are growing and also provide opportunities.

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1. Wine consumption in Europe

European wine consumption amounted to approximately 122 million hectolitre (hl) in 2015, showing an average annual decrease of 0.2% between 2011 and 2015. The largest European wine markets can be found in Southern Europe. These countries are characterised by a high domestic wine production and consumption. In Western Europe, Germany and the United Kingdom are the largest wine markets, mainly due to their large populations.

Between 2011 and 2015 several Eastern European markets recorded market growth, such as Romania (0.6% annually), Slovakia (4.9% annually) and Poland (0.3% annually). Although the Eastern European wine market is still small compared to the Western and Southern European markets, wine is becoming increasingly available. As standards of living are increasing in Eastern Europe, wine becomes more widely affordable and wine consumption increases.

**2015 data on Italy and the United Kingdom are estimates based on 2014 data*

Generally, countries with a rich wine tradition have a high per capita wine consumption dominated by domestically produced wine. Per capita wine consumption in Europe remained fairly stable between 2011 and 2015, at 24-25 litre per person. However, a longer-term trend shows that wine consumption per capita is slightly decreasing. This is due to changing lifestyles and tastes, anti-alcohol drinking campaigns and health concerns.

Tip:

Future opportunities can be found in the growing wine market of Eastern Europe. While lower-priced wines currently have the preference, rising disposable incomes are expected to cause an increase in demand for higher-quality wines in the future.

2. Wine production in Europe

Europe is the largest producer of wine in the world, with total production amounting to about 172 million hl in

2015 and showing an average annual increase of 1.6% between 2011 and 2015. Since January 2016, the new European Union vine planting scheme allows the European vine planting area to increase by 1% annually to meet the growing global demand for wine. As a result, it is likely that European wine production will increase in the (near) future. For more information, please refer to our study on [wine trends on the European market](#).

Most European wine production is concentrated in the south. Italy, France and Spain are the three largest producers in the world, accounting for about 80% of total European production in 2015.

Although Germany and Portugal are considerably smaller wine producers than Italy, France and Spain, they have long-standing traditions of wine production too. About 60% of German production consists of white wine and 40% of red wine. The majority of wine produced in Portugal has a Geographical Indication (67%). For more information about Geographical Indications, please read our study on [wine trends on the European market](#).

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. Romania is currently the sixth-largest producer of wine in Europe. White varieties occupy approximately 85% of the total vineyard area, while red varieties account for the remaining 15%.

Tips:

Always give preference to a target market without significant domestic production. In particular, avoid the Southern European markets in Italy, France, Spain and Portugal where few opportunities for developing country wines can be found. In those markets, consumers generally prefer domestically produced wines.

The German wine market is relatively open to red wines, which complements domestic white wine production. Please read our study on [the German wine market](#) for more information.

3. Wine imports in Europe

The United Kingdom is the main importer of wine from developing countries, and is followed by other Western European and Nordic countries. Growth opportunities can be found in the emerging Eastern European markets.

Total European wine imports amounted to €12.8 billion in 2015, showing an annual increase of 2.1% between 2011 and 2015. About 78% of imports are sourced in Europe, mainly in France, Italy and Spain, indicating a large intra-European wine trade. Wine imports from developing countries amounted to €1.4 billion in 2015, noting a 3.2% annual increase between 2011 and 2015. Chile is the largest developing country wine supplier to Europe (5.2% of total imports), followed by South Africa (3.2%) and Argentina (1.7%).

Germany and the United Kingdom are by far the largest importers in Europe with insufficient domestic production to satisfy demand. Particularly in the United Kingdom, the lack of significant domestic production has stimulated consumers to try wines from different countries. Although Germany is a traditional wine-producing country, importers search for wines which are complementary to domestic wines.

Despite their small populations, the Netherlands, Sweden, Denmark and Belgium are also considerable importers of wine. These countries have insignificant domestic production which does not meet their demand and are open to wines from diverse sources. In most of these countries, large retail chains dominate the retail landscape. These retail chains are particularly interested in the import of wine in bulk as a cost reduction

measure. However, due to little bottling capacity, the Netherlands has particular interest in bottled wine.

There are many emerging wine markets in Eastern Europe, such as Poland and to a lesser extent the Czech Republic. Wine drinking traditions in these countries are not as strong as in the south and west of Europe, but consumption is expected to increase with the standard of living. Therefore, importers play a big role in supplying the growing group of wine consumers. Developing countries are increasingly gaining market share because they are outperforming traditional suppliers such as Bulgaria and Hungary.

Chile and Argentina are other important export countries that are expected to increase their production in the coming years. Between 2011 and 2015 European imports of Chilean and Argentinian wines increased annually by respectively 3.1% and 9.6% on average. In 2014, Argentina already had a vine area of 224,000 hectares. Grape varieties in Argentina include Malbec, Shiraz, Chardonnay and Cabernet Sauvignon.

New production regions in Asia are expected to become more important, with China in the lead. Between 2013 and 2015, Chinese vine area increased by 33% to 799,000 hectares. Much of the Chinese wine production consists of Cabernet. Their exports are expected to target the entry level segment for cheap wines.

Tips:

Due to a lack of domestic production of wine, the British wine market is a relatively open market where developing country producers are more welcome than in other European countries. Stay up-to-date on the latest trends and developments in this market to benefit from this.

Supply wines that complement German domestic production. Therefore focus on red wines at low price points. As Italian red wine will be your main competition, make wines that have an Italian look and feel in terms of taste and labels.

High-volume producers should consider exporting bulk wine to Germany, where imports from developing country producers are increasing.

As the Netherlands has limited bottling capacity, it offers opportunities for bottled wine exporters, which can be supplied both in high and low volumes.

Denmark's wine market is offering interesting opportunities to developing country suppliers. Bag-in-box wine is growing in popularity, for which bulk wine is imported. However, note that off-trade sales (by retailers) are dominated by three big supermarket chains, which are looking for suppliers of high volumes at competitive prices.

The Belgian wine market is particularly interesting for exporters of relatively expensive wines, which offer an interesting alternative to the many French wines on the market.

Benefit from declining supplies by Hungary and Bulgaria to the low-end Polish wine market.

Nordic countries, and particularly Sweden, could offer good opportunities for new entrants to the European wine market if you are able to make a competitive offer in the tender procedures of the monopolies. Please refer to our study about the Nordic wine market.

4. Wine exports from Europe

Exports from Europe consist mainly of domestically produced wine. European producers increasingly find sales opportunities in emerging European markets and China, which offers more room for developing country

producers.

Total European wine exports amounted to €18.7 billion in 2015, recording an average annual increase of 3.8% between 2011 and 2015. Due to the high level of European production, exports are significant and are higher than imports. The leading European exporting countries (France, Italy and Spain) are also the leading producing countries in Europe. The United Kingdom and the Netherlands end up relatively high in the list due to their roles as re-exporters.

About 55% of European exports is destined to end up in other European countries. Between 2011 and 2015, the European exports for the European market recorded an average annual increase of 1.8%.

Countries in Eastern Europe are also becoming attractive destinations for European wine. Although exports to Eastern European countries are still small, exports to Poland and Czech Republic recorded annual increases of 9.0% and 1.1% respectively in 2015.

China is an emerging destination for European wine (4.1% average annual increase in wines from Europe since 2011). The Chinese wine market is booming in general, with consumers increasingly interested in higher-quality wines. There is particular interest in French, Australian and Spanish wines.

Other attractive export markets for European wines are traditionally the United States, Japan, Canada and Singapore. Those countries are seeing an increase in wine consumption. Spanish wines are increasingly exported to Japan because of the favourable price/quality ratio. Due to an economic crisis in Russia, European wine exports to Russia declined by 27.7% in 2014.

Tips:

Consider the United Kingdom and the Netherlands as intermediaries to reach other markets inside, but also outside Europe.

Keep track of developments in the global wine market and emerging wine destinations for European wines. For example, follow the news on the website of the [International Organisation of Vine and Wine](#). The emerging wine market in China influences world demand for wine, providing opportunities for developing country suppliers.

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