

**Voluntary Report** – Voluntary - Public Distribution

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**Report Highlights:**

Baltic States' wine consumption has steadily increased in recent years due to higher disposable incomes, easier access to higher quality products, and evolving consumer trends. Since the Baltic States are European Union (EU) Member States, Baltic wine importers and distributors enjoy relatively easy access to wines available within the common market, including many U.S. wines which generally enter the EU through Western European ports of entry or Lithuania. According to Baltic States' Customs data, U.S. wine imports to the region neared \$1.3 million in 2021, a \$400 thousand increase over 2020 imports. As Baltic States' consumers are increasingly exposed to different types of wines, increasing diversity in wine supply is needed to meet demand.

## I. Introduction

Wine consumption in the Baltic States (Lithuania, Latvia, and Estonia) has steadily increased in recent years due to higher disposable incomes, easier access to higher quality products, and evolving consumer trends. As the Baltic countries are European Union (EU) Member States, Baltic wine importers and distributors enjoy relatively easy access to wines available within the common market, including the many U.S. wines which generally enter the EU through Western European ports of entry or Lithuania.

## II. Market Sector Opportunities and Threats

Advantages	Challenges
Wine consumption and market share is projected to continue to increase in the future in the alcoholic beverage category.	EU subsidies and close geographic proximity give EU winemakers a comparative advantage in accessing the low-cost dominated Baltic wine market.
Baltic States are key access points for re-export to The Commonwealth of Independent States (CIS markets): Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Uzbekistan, Russia, Tajikistan, Turkmenistan, and Ukraine.	In the region, there are strict regulations concerning the advertisement of alcoholic beverages, including wine.
Baltic consumers are aware of country of origin and perceive imports as higher quality. Consumers are increasingly well-traveled and open to trying more New World wines.	Baltic consumers face price-oriented issues as one of the largest consumers of alcohol in the EU leading to government policies to curb consumption such as increases in excise and value-added taxation.
Baltic consumers have a positive perception of U.S.-origin products.	Consumers may not retain country loyalty if wines of similar quality are differently priced.

## Entry Strategy

Most large importers distribute products through their own wholesale operations located throughout the three Baltic States. Besides utilizing their own distribution channels, importers also sell their products to independent wholesale firms, which in turn distribute wine to hypermarkets, specialty shops, and small retail stores located in larger cities. The largest retail store chains import wines for their own distribution or obtain it from a local importer or wholesaler. Each year [FAS European Union](#) and [FAS Warsaw](#) prepare Exporter Guides and other market reports, which provide critical tips for market entry, trends, and insights. See the [USDA Gain](#) for more information. Other important reports to consult include those on specific regulatory and standards information such as labeling.

## Market Size, Structure, Trends

In 2021, total Baltic wine imports were valued at \$801 million. U.S. wine imports were valued at \$1.3 million in 2021, a \$400,000 year-on-year increase; following the general upward trend U.S. wine imports have experienced over the past five years (apart from 2020). U.S. wines are generally not shipped directly to the Baltic States, but arrive through western EU intermediaries like Germany or The Netherlands, where wines arrive bottled or in barrels to be bottled before being transshipped to final destinations. However, Lithuania is a port of entry, and a large importer and re-exporter of wine for the region. According to Baltic customs data based on country of origin, the top 2021 wine imports came from Italy, France, and Spain. The United States makes up a very small percentage of the market, being the 26<sup>th</sup> largest exporter of wine to the region. Wine imports are primarily made up of still wines, reds in particular, in containers less than or equal to 2 liters (68 percent of imports). As the market continues to grow, sparkling wine has started to comprise a larger percentage of imports (28 percent of imports). Growth has been noted in non-alcoholic wine as well.

**Table 1: Baltic Imports of Wine**

	2017	2018	2019	2020	2021
World	592,772,611	623,239,259	667,017,130	724,882,017	801,163,619
Italy	155,266,203	165,957,262	182,727,349	219,130,621	238,606,296
France	137,110,328	140,235,031	158,474,737	182,449,699	218,643,629
Spain	107,027,730	107,577,720	115,975,467	121,381,685	125,694,647
Germany	65,964,085	61,877,312	55,930,615	45,411,570	49,147,799
Portugal	9,502,689	12,089,363	18,665,436	26,093,031	35,594,571
Austria	5,621,707	6,362,718	8,995,297	10,320,116	11,694,868
Denmark	9,760,186	9,592,968	9,573,993	8,604,617	11,197,923
Georgia	6,179,046	6,465,726	7,194,209	7,714,810	9,094,027
Finland	11,918,386	12,149,560	11,802,824	7,056,344	8,139,930
Chile	10,007,209	9,185,918	8,314,688	8,650,585	7,615,918
<b>United States</b>	639,560	867,373	1,320,452	925,833	1,338,006

Source: TDM

**Table 2: Baltic Total Imports of U.S. Wine by Type**

		2017	2018	2019	2020	2021
BICO-Wine & Related Products	bico-wine & related products	639,560	867,373	1,320,452	925,833	1,338,006
220421	wine of fresh grapes (other than sparkling wine) and grape must with fermentation prevented, etc. by adding alcohol, containers of not over 2 liters	622,585	846,639	1,235,480	923,210	1,330,679
220410	sparkling wine of fresh grapes	9,912	6,521	2,442	2,253	6,230
220600	fermented beverages, nesoi (incl cider, perry & mead); mixtures of fermented beverages & mixtures of fermented beverages & non-alcohol beverage nesoi	-	13,377	-	201	788
220510	vermouth and other wine of fresh grapes flavored with plants or aromatic substances, in containers holding 2 liters or less	7,027	-	9	-	310
220422	other wine; grape must with fermentation prevented or arrested by the addition of alcohol, in containers holding more than 2 liters but not more than 10 liters	-	389	82,522	168	-
220429	wine of fresh grapes (other than sparkling wine) and grape must with fermentation prevented, etc. by adding alcohol, containers holding over 2 liters	36	448	-	-	-

Source: TDM

## Company Profiles

There are over 35 Baltic wine importers. Beyond the leading top three pan-Baltic companies, importers tend to be small and informal operations and little reliable data exists for this market segment. U.S. wine exporters interested in exporting to the Baltic countries can reach out to FAS Warsaw for additional information.

## Market Promotion Constraints

Alcoholic beverage promotion rules vary by country in the Baltics, with some total bans and others allowing promotion at point of sale or in the media following set guidelines. Importers and wholesalers can actively promote their products in restaurants and hotels or at wine tastings. Wine in the Baltics is also marketed through targeted trade events, where organizers work with sommeliers and selected audience. FAS Warsaw has conducted several successful outreach activities in Poland and looks forward to expanding and cooperating on future outreach in the Baltics.



*Sample food and beverage promotion organized by FAS Warsaw in Riga, Latvia*

## III. Market Access

To determine the correct rate of customs tariffs, companies can refer to [TARIC EU Customs database](#). All wines entering the Baltics are charged a six to nine percent excise tax varying by country. The Baltic States apply a 20 to 21 percent value-added tax for wine products. Post recommends that U.S. wine shippers consult their Baltic importers prior to product shipment about any new regulations or other specific requirements such as labeling.

#### **IV. Key Contacts and Further Information**

For additional information regarding the Polish market please contact:

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#### **Attachments:**

No Attachments.