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Prepared By: Marta Guerrero and Arantxa Medina

Approved By: Karisha Kuypers

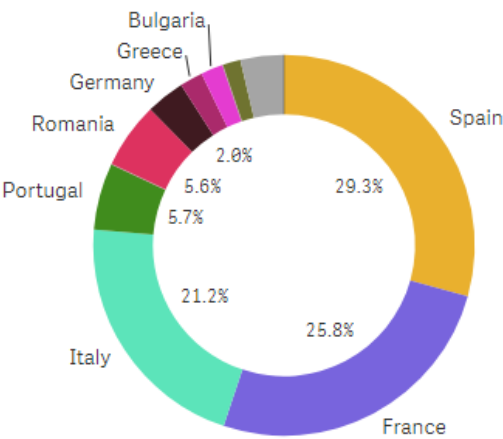
Report Highlights:

In Portugal, the wine sector is important economically, as well as from a cultural, social and environmental perspective. Portugal's wine sector is export- and quality-oriented and produces over three quarters of its wine output under differentiated quality labels. However, sluggish domestic and export demand combined with the steady pace of imports has resulted in the expansion of wine stocks, pushing wine prices down.

Area

Portugal has the European Union’s (EU) fifth largest area planted to vines.¹ After peaking in 1991, Portugal’s vine area contracted at a high rate until 2009. Since 2009, the Portuguese vine area has continued shrinking but at a much lower rate. In 2023, the country’s total vine area amounted to just above 180,000 Hectares.

Graph 1. Distribution of EU Vineyard Area by Member State (Percentage) in MY 2023/24



Source: EU Commission.

Graph 2. Vine Area and Wine Production in Portugal



Source: Portuguese Institute for Vine and Wine (IVV) and INE.pt.

¹ After Spain, France, Italy and Romania.

The Portuguese wine sector is divided into 14 main wine regions (**Map 1**). The many different wine producing regions results in product diversification across the country. In Portugal, there are over 350 different varieties, with the most popular varieties *Aragonez*, *Touriga Franca*, *Touriga Nacional*, *Fernão Pires*, *Castelão* and *Trincadeira*. The large number of available varieties is a source of agronomic and economic resilience. The varietal diversity not only provides opportunities to differentiate the final product and address new consumer trends, but also serves as a tool to adapt to changing agronomic conditions.

As in other EU Member States, vine area is determined by planting authorizations. Additional information regarding wine planting authorization can be found in the [Wine Market Support Programs](#) section in this report.

Map 1. Portuguese Wine Regions



Source: [Portuguese Wine and Vine Institute](#).

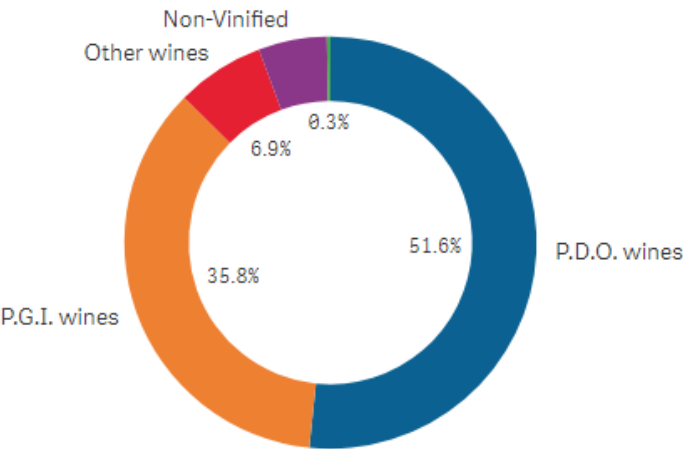
Production

According to the [Portuguese Statistical Institute \(INE\)](#), wine production in 2024 is expected to amount to nearly 6.9 million Hectoliters, nearly 5 percent below the 2023 wine output level. Excessive precipitation led to high humidity, in combination with high temperatures in August at key stages of grapes development, which resulted in fungal diseases such as downy mildew. This fungal disease was present across the country but was particularly aggressive in the regions of Lisbon and Tejo. Powdery mildew also had a higher incidence in the region of Lisbon. These adverse weather conditions leading to fungal diseases, along with the impact of the forest fires in September, are the main drivers behind this year's decline in Portugal's wine production in ten out of its fourteen wine producing regions. Despite the somewhat shorter crop, several wineries still have large quantities of unsold wine stocks from the previous campaign, limiting their processing and storage capacity in the current season. This is particularly true in the wine region of Trás-os-Montes.

The Portuguese wine sector is also facing challenges on the supply side affecting farmers profitability. Like other agricultural producers in the EU, wine producers face increasing restrictions on use of phytosanitary products in their vineyards, a shortage of labor, and an increased need to adapt to climate change. These challenges serve as an incentive for wine growers to improve their management by focusing on precision viticulture and input optimization (irrigation, fertilizers, plant protection products and labor) and reducing their environmental impact to ultimately remain profitable. While Portugal’s wine production is increasingly exposed to adverse climatic conditions, ranging from high summer temperatures to drought, auxiliary irrigation has become more common in the south of the country, which contributes to yield stabilization.

About three quarters of Portugal’s wine production consist of red and rosé wine, while white wines account for one third. Of the total wine production, Portugal produced over fifty percent of its wines under Protected Denomination of Origin (PDO) in Marketing Year (MY) 2023/24 and over 35 percent of wines with a Geographical Indication (GI). In Portugal, there are a total of 31 different PDOs and 14 GI wines.²

Graph 3. Distribution by Wine Category in MY 2023/24
Production by Category



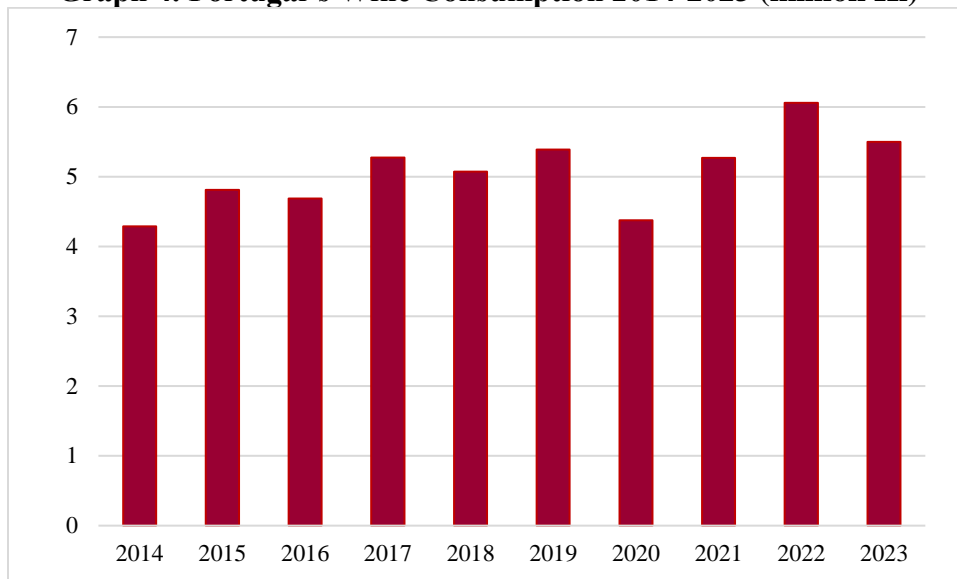
Source: EU Commission.

Consumption

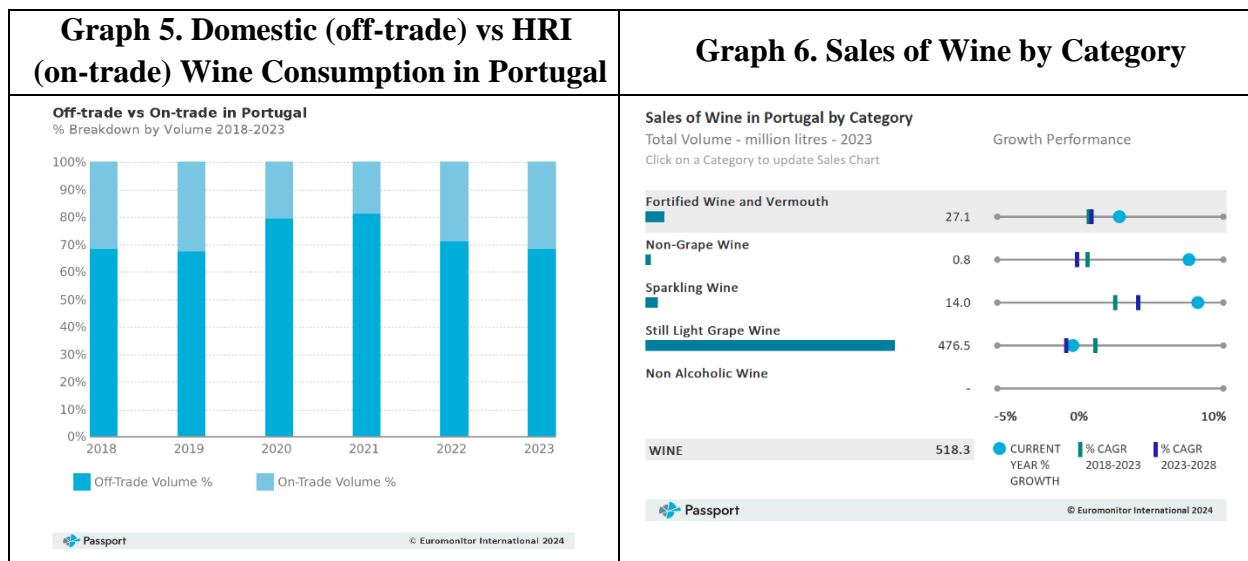
Portugal’s annual per capita consumption amounted to 52.5 liters in 2023. After peaking in 2022, total apparent consumption declined in 2023 and is expected to continue to contract in 2024. According to the International Organization of Wine and Wine (OIV) data, wine consumption in Portugal in 2023 recorded a sharp decline, amounting to 5.5 million Hectoliters, down from the 6.1 registered in 2022. However, the 2023 figure still exceeded OIV’s latest five-year average, indicating relative stability.

² Additional information on EU Geographical Indications for wine in Portugal can be found in the [eAmbrosia data base](#).

Graph 4. Portugal's Wine Consumption 2014-2023 (million Hl)



Source: [INE.pt](https://inec.pt) and FAS Madrid estimates.



Source: Euromonitor

In Portugal, conflicting forces drive wine consumption volumes. Wine consumption in traditional markets in Portugal is decreasing, particularly for red wines, and competition by other world producers and alternative beverages is intensifying. White wines are relatively better positioned to maintain consumption levels, as consumers are increasingly looking for lighter alternatives. Additionally, anti-alcohol campaigns have started to change public opinion regarding the alleged negative health effects of wine. Aware of these challenges, the Portuguese Association of Wines and Spirits ([ACIBEV](https://www.acibev.pt)) is responsible in Portugal for the EU Wine in Moderation program (WiM), an effort to promote moderate wine consumption.

On a positive note, Portugal's flourishing tourism activity is driving the expansion in the Hotel, Restaurant, and Institutional (HRI) channel and increasing the visibility of Portuguese wines in third country markets. In Portugal, the HRI market in Portugal represents barely 30 percent of the volume consumed.

According to Euromonitor, the growing pressure surrounding alcohol consumption in the EU poses a threat to the sector's future development, despite efforts by Portugal and other southern European countries to "protect" it. A key challenge to sales is declining wine consumption among younger generations, who generally drink less wine compared to middle-aged and older age groups. However, Portugal will continue to defend moderate wine consumption as part of its culture and the Mediterranean diet and lifestyle.

In 2024, an additional 10 percent tax will be levied on alcoholic beverages, excluding wine, which provides a form of "protection" within the broader alcohol market. This reflects the economic importance of the wine industry in Portugal. Tourism will also remain a vital factor in driving wine consumption and sales. Additionally, sustainability initiatives continue to spur investments in new production methods, eco-friendly packaging, and transport optimization.

The downward trend in wine consumption, combined with a steady supply, is resulting in an increase in the country's wine stocks.³ The amount of wine in storage is creating constraints in current season processing while also pressuring prices down.

Marketing

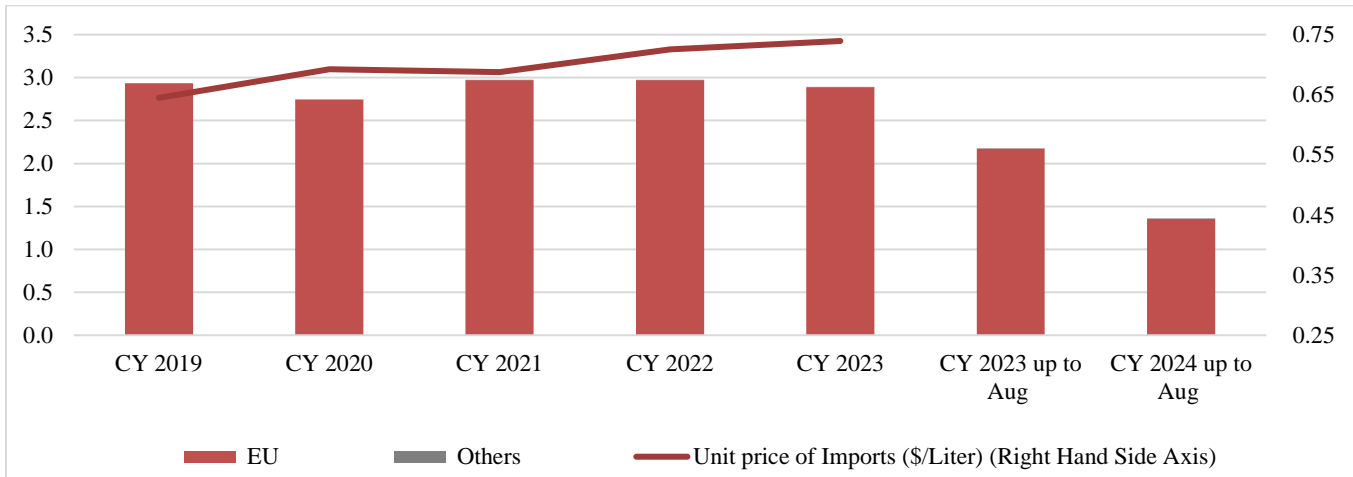
Sustainability Labeling: Since 2022, the Portuguese Association of Wines and Spirits ([ACIBEV](#)) in collaboration with the Portuguese Institute for Vine and Wine ([IVV](#)), has implemented a National Reference for Sustainability Certification of the Wine to address growing consumer sensitivities regarding sustainability and climate change.

Trade

Portugal is a net exporter of wine. However, imports largely originate in neighboring Spain, playing a significant role on the country's wine supply.

³ According to [EU Commission data](#), Portugal wine beginning stock numbers have followed an upward trend for the past 10 years.

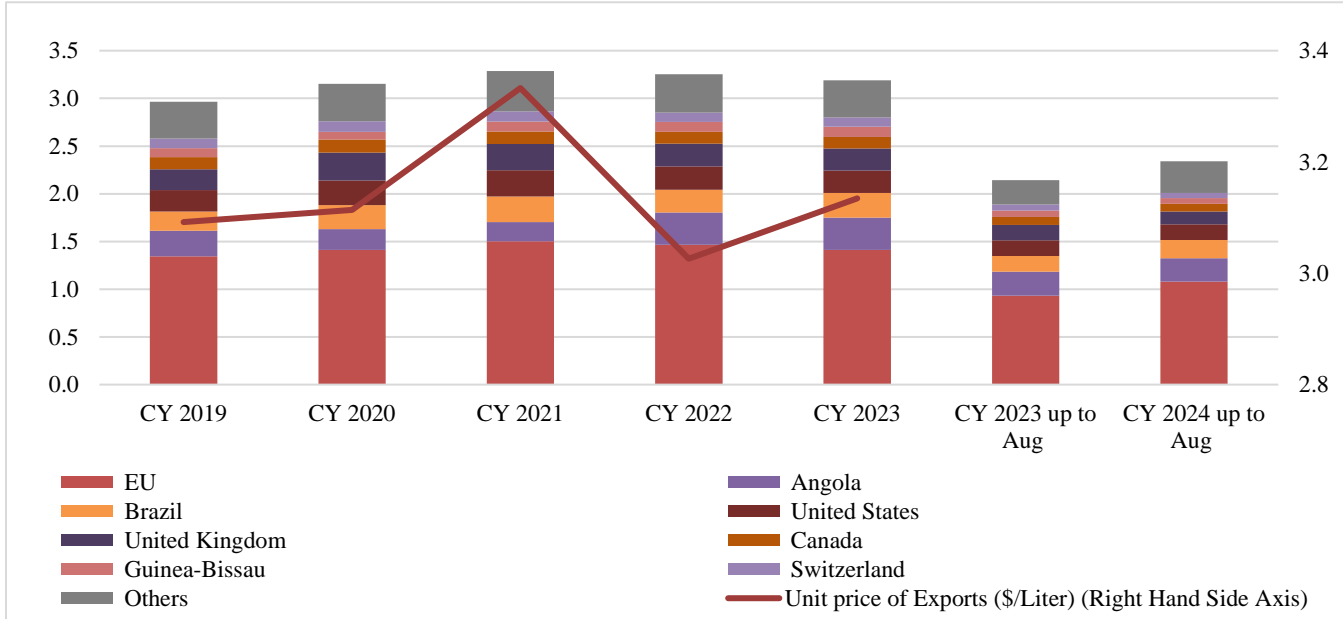
Graph 7. Portugal's Wine Imports by Origin (million Hl)



Source: FAS Madrid based on Trade Data Monitor, LLC data.

On a yearly basis, Portugal exports nearly 3 million Hectoliters. Other EU Member States are the destination for about 45 percent of the country's wine exports. Outside the EU, Angola, Brazil, the United States and the United Kingdom are Portugal's wine main destinations. After peaking in 2021, Portugal wine exports declined in 2022 and 2023. Data available for 2024 indicate that the pace of exports is picking up again.

Graph 8. Portugal's Wine Exports by Destination (million Hl)



Source: FAS Madrid based on Trade Data Monitor, LLC data.

Wine Market Support Programs

Vine Plantings Authorizations⁴: Since 2016, competitive producers can increase production within certain limits. Options are either uprooting and replanting vines or using a quota that the Member States make available annually to interested parties for a maximum of 1 percent of the planted area of the previous year.⁵ The EU regulation also allows for establishing additional limitations in the territorial scope of the PDOs and/or Protected Geographical Indications (PGI). New plantings are made available annually according to eligibility criteria defined.

Support to the wine sector between 2024-2027 is articulated through the Sectorial Program for the Wine Sector Intervention. Portugal has chosen to utilize the following instruments within [Regulation \(EU\) 2115/2021](#) to support its wine sector:

- 1. Restructuring and conversion of vineyards:** This measure is intended to increase the competitiveness of wine producers, adapt vine cultivation to climate change, and make it vineyards more environmentally sustainable. This process consists of:
 - Varietal conversions, also by means of grafting-on, including improving quality or environmental sustainability, for reasons of adaptation to climate change or for the enhancement of genetic diversity.
 - Relocation of vineyards.
 - Replanting of vineyards when necessary following mandatory grubbing up, for health or phytosanitary reasons, on the instruction of the Member State competent authority.
 - Improvements to vineyard management techniques, particularly the introduction of advanced systems of sustainable production, including the reduction of the use of pesticides. However, this excludes the normal renewal of vineyards, i.e., replanting with the same grape variety according to the same system of vine cultivation when vines have come to the end of their natural life.
- 2. Wine By-products Distillation:** The distillation of by-products as wine lees and grape marc is mandatory and aims to assure the quality of wines by avoiding over-pressing of grapes and the pressing of wine lees. The resulting increase in production costs per liter of wine is partially offset by the minimum price paid to the distiller. The amount of aid is fixed by percent volume and per hectoliter of alcohol produced.⁶ The alcohol obtained from distillation is used for industrial or energy purposes.
- 3. Promotion in non-EU countries:** This measure targets improved the competitiveness of Portuguese wines, including the opening, diversification and consolidation of third-country wine markets. Wineries, PDOs and/or PGIs apply for it and then justify their expenditure.

⁴ [Regulation \(EU\) 2018/273](#) as amended by [Regulation \(EU\) 2021/2117](#) extending the application of the authorization regime until 2045⁴.

⁵ For Portugal the maximum authorization of vine plantings in 2024 would amount to 1,139.4 Ha.

⁶ 1.1 Euros per hectoliter and degree of alcohol obtained from grape marcs and 0.5 per hectoliter and degree of alcohol obtained from wine and lees.

- 4. Harvest Insurance:** This instrument is intended to contribute to safeguarding producers' incomes in the face of losses caused by natural disasters, adverse climatic events, diseases or pest infestations. This support is articulated as a reimbursement of a percentage of the crop insurance premium contracted, in accordance with eligible expenses and contracted coverage. The support is paid through insurance companies, which deduct aid from the payment of the insurance premium.

Additionally, if deemed appropriate, additional extraordinary support instruments may be put in place, as requested by autonomous regions through the national government, and subject to EU Commission approval. These include:

- **Green Harvesting:** This national envelope-funded instrument intends to avoid market crises and restore the balance between supply and demand in the wine market. It entails the complete destruction or removal of grape bunches while still in their immature stage, thereby reducing the yield of the relevant area to zero and excluding non-harvesting, which is comprised of leaving commercial grapes on the plants at the end of the normal production cycle.
- **Crisis Distillation:** Crisis distillation is a measure to purchase surplus wine and convert it into denatured alcohol or ethyl alcohol. The alcohol resulting from crisis distillation will be used exclusively for industrial purposes, including disinfection or pharmaceutical purposes, or for energy purposes to avoid distortions of competition. Member States can apply for crisis distillation under [Regulation \(EU\) 2018/273](#), Article 216, that implies the use of Member State funding, or Article 219 that mobilizes EU funding from the national envelope, provided that certain specific conditions concur. This market regulation measure was made available to Portugal in 2024. The support regime applies exclusively to the distillation of red wines in bulk under PDO/GI, excluding categories of liqueur wines.
- **Private Wine Storage Aid:** When implemented, this measure allows the removal of wine from the EU market, limiting the negative impact on prices and improving operators' cash flow.

With wine stocks pushing prices down in 2024, the Government of Portugal created a credit line with subsidized interest, designed to facilitate access to credit for wineries. This decision is part of the Government's strategic plan to respond to the current market imbalance created by excess stocks, particularly of red wines in Portugal. Additional details about this measure can be found in the [link](#) (Portuguese language only).

Other recent developments include IVV clarification regarding wines with Geographical Indication, in which at least 85 percent of the grapes used for their production come exclusively from that geographical area. Additional details about this measure can be found in the [link](#) (Portuguese language only).

Other Regulations Affecting the Wine Sector

As an EU Member State, Portugal abides by EU rules for the import of wines, such as certification, analytical requirements, labeling, appellations of origin, and health warnings applicable to wine. For additional information, please consult the latest [EU FAIRS Country Report](#) and the latest [EU FAIRS Export Certificate report](#).

As of January 1, 2025, a 10th digit will be introduced in CN Codes to identify exports of Portuguese wines produced under with geographical indications - Protected Designations of Origin (PDO) or Protected Geographical Indications (PGI). Additional information can be found in the [link](#).

Abbreviations and definitions used in this report

CY	Calendar year
EU	European Union
Ha	hectare; 1 ha = 2.471 acres
hl	hectoliter = 100 Liters = 26.42 gallons
HS Code	2204 Grape wine
TDM	Trade Data Monitor, LLC., https://www.tdmlogin.com
USD	U.S. dollar

Attachments:

No Attachments.