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Portugal Wine Standing Report

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Report Highlights:

Portugal is the EU fifth wine producer in volume with total production estimated at 5.9 Mhl in 2012. This marks a return to normal levels after an extraordinarily high production in the previous year. Wine imports are projected to remain constant in 2012 at 1.0 Mhl with the third country origin share to stay at 2,500 hectoliters. Exports are projected to grow to 3.0 Mhl in 2012 of which 1.45 Mhl to countries outside the EU.

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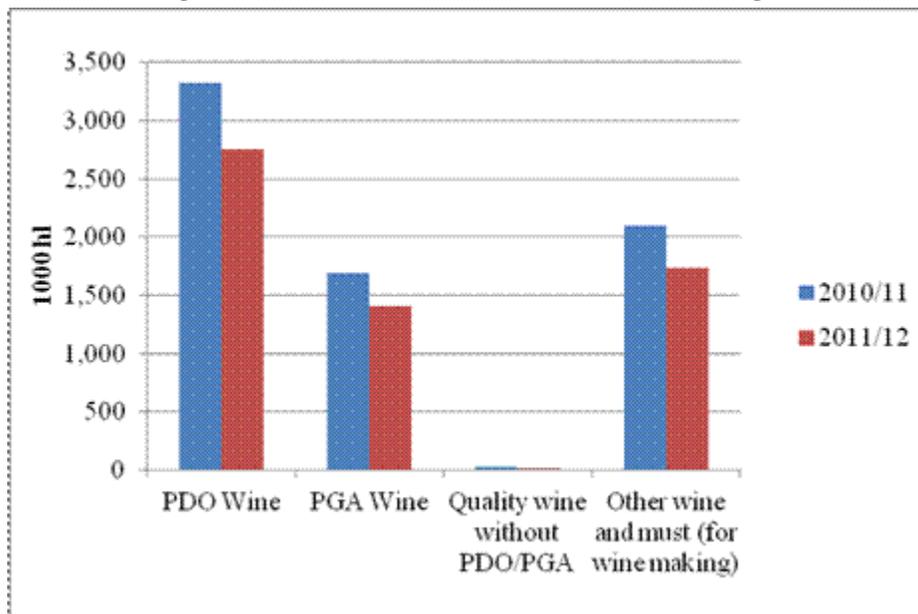
The following report is a Voluntary GAIN report on the wine industry and market in Portugal. This report complements the EU-27 Annual Wine Report. The data below is shared to help characterize the Portuguese industry and market – none of the figures are official USDA data.

Production:

Portugal is the EU fifth wine producer in volume with total production estimated at 5.9 Mhl in CY2012. This marks a return to normal levels after an extraordinarily high production in the previous year. The EU Commission estimates that Portugal will have reduced its grape growing area by 4.3 percent from an initial 238,831 ha by the end of 2011, the term of the three year period of duration of the grubbing-up scheme. This equates to a reduction in wine production of an estimated 234,985 hl corresponding to 3.6 percent of Portugal’s 5-year production average.

The majority of wines produced in Portugal are either Wine with Protected Denomination of Origin (PDO) or Wine with Protected Geographic Indication (PGA) [Fig. 2]. Production of Red and Rosé wine stood at 71 percent in 2010 while that of White wine accounted for the remainder 29 percent.

Fig.2 Production of Wine and Must in Portugal



Source: DG AGRI

Consumption:

Human consumption has been stable over the last years at 4.700 Mhl. Portugal's annual per capita consumption stands at 44 liters, the third highest in the EU after Luxembourg and France. Total consumption is estimated to decrease to levels closer to human consumption in CY2012 as payments to potable alcohol-distillation come to a term (see Policy section below) and producers redirect production to increase exports of wine.

Trade:

Wine imports are projected to remain constant in CY 2012 at 1.0 Mhl with the third country origin share to stay at 2,500 hectoliters. In value terms the major import origins are Spain, France, Italy, and Germany. Total wine import value is estimated to at 112 million U.S. dollars in 2011.

Exports are projected to grow to 3.0 Mhl in CY2012 of which 1.45 Mhl to countries outside the EU. In value terms the most important destinations are France, Angola, United Kingdom, and United States. Total wine export value is estimated at 917 million U.S. dollars in 2011.

Table 1. Portugal Wine Production, Supply and Demand

Wine, Portugal	CY 2010	CY 2011	CY 2012
	Year Begin: Jan 2010	Year Begin: Jan 2011	Year Begin: Jan 2012
	Post Estimate	Post Projection	Post Projection
Beginning Stocks	9,252	8,685	8,500
Production	5,872	7,133	5,925
Intra EU-27 Imports	1,464	1,159	998
Extra EU-27 Imports	3	3	3
Total Imports	1,467	1,161	1,000
Total Supply	16,591	16,979	15,425
Intra EU-27 Exports	1,330	1,499	1,550
Extra EU-27 Exports	1,170	1,395	1,450
Total Exports	2,499	2,895	3,000
Human Dom. Consumption	4,695	4,688	4,675
Other Use, Losses	712	897	100
Total Dom. Consumption	5,407	5,585	4,775
Total Use	7,906	8,479	7,775
Ending Stocks	8,685	8,500	7,650
Total Distribution	16,591	16,979	15,425
1000 HL			

Source: FAS-Madrid estimates and GTA

Policy:

From the EU list of eligible measures of support ([Council Regulation \(EC\) No 479/2008](#)) Portugal chose to adopt in its **national support program** for the period 2008/09 to 2012/13 the following:

- *Promoting wines on third-country markets.* Support covers information or promotion measures concerning Community wines in third countries, thereby improving their competitiveness in those countries. Eligible wines are those with a protected designation of origin or geographical indication or wines with an indication of the wine grape variety.
- *Restructuring and conversion of vineyards.* The objective of this measure is to increase the competitiveness of wine producers and covers the following activities: (a) varietal conversion, including by means of grafting; (b) relocation of vineyards; and (c) improvements to vineyard. It may take the form of compensation to producers for the loss of revenue due to the implementation of the measure (up to 100%) or of a contribution to the costs of restructuring and conversion.
- *Distillation of by-products of wine making.* The amount of aid is fixed by % volume and per hl of alcohol produced. The alcohol resulting from the supported distillation shall be used exclusively for industrial or energy purposes so as to avoid distortion of competition.
- *Potable alcohol-distillation (ending MY2011/12).* This is a per hectare aid that can be granted until July 31, 2012 in the EU. The relevant contracts concerning the distillation of wine as well as the proofs of delivery for distillation must be submitted before support is granted.
- *Use of concentrated grape must to increase product's natural alcoholic strength (ending MY2011/12).* Support is granted until July 31, 2012 to wine producers who use concentrated grape must including rectified concentrated grape must to increase the natural alcoholic strength of products. The amount of the aid is fixed per % volume potential alcoholic strength and per hl of the must used for enrichment.