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Wine Annual Report and Statistics

Report Categories:
Wine

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Report Highlights:
France's CY 2014 wine production is estimated at 4.6 billion liters, 12 percent more than the previous year (4.1 billion liters), but still below the record harvest of CY 2011 (5.1 billion liters). France's wine imports increased by 22.7 percent to 644 million liters (valued at $822 million) in 2014, mainly thanks to increased volumes from Spain (+44 percent), the leading supplier to the French wine market, accounting for 71 percent of total imports. Imports from the U.S. increased by 1 percent to 6.2 million liters valued at $48 million. Most U.S. wines sold in France are from California and include ***Cabernet Sauvignon***, ***Chardonnay***, ***Zinfandel***, and ***Pinot Noir*** varieties, kosher as well as conventional, and are mainly purchased by restaurants. France's wine exports slightly decreased by 1.4 percent to 1.4 billion liters (valued at $10.2 billion) in 2014. The United States (117 million liters valued at $1.4 billion), the United Kingdom (201 million liters valued at $1.5 billion), Germany (262 million liters valued at $1 billion), and China (126 million liters valued at $582 million) remained the leading destinations for French wines in 2014.

Wine Designation Definitions:
The EU regulation regroups wines in two major categories:

- Table wines
- Wines produced in denominated regions or areas (VQPRD).

In France, each of these categories is divided in two sub-categories:

- Tables wines, including: table wines and country wines
- VQPRD includes AOC (Appellation of Origin) wines and AO-VDQS (Superior Quality Wines).

1. Appellation of Origin (AOC) wines: A label which certifies a wine’s characteristics, including region of origin, manufacturing process, character, and alcohol content. Nearly 45 percent of French wines and spirits are designated AOC. AOC wines are controlled and officially agreed to the French Institute for Appellation of Origin (INAO).

2. Superior Quality Wines (AO-VDQS): A label which also certifies origin, but is less restrictive in testing than AOC wines. These wines are also controlled and officially agreed to by the INAO. AO-VDQS wines are an intermediate category between AOC and table wines.

3. Table Wines: For Vins de Pays, these wines include domestic wines which are regionally-produced and are often of higher quality than ordinary table wines. The designation requires analytical tasting, specified controls, and the blending of wines from different regions is prohibited. Table wines can be called “French table wine” provided they are exclusively French and issued from region or multiple regions of France. If they are issued from different EU countries they will be called “mix of wines from different EU countries”. Table wines are generally sold under a brand name.

4. Vin de Pays Wines: These are table wines produced in a specific geographic origin. A Vin de Pays wine should originate exclusively from the region whose name is indicated on the label. The current regulation for this type of wine is in transition: Vins de Pays are now named IGP (Indication Géographique Protégée) Protection of Geographical Indication, which has a different status from the AOP (Appellation d’Origine Protégée – Protected Designation of Origin).

Planted Area:

Based on FranceAgriMer, a French MinAg division, France had 87,400 wine makers and 755,200 hectares of vineyards for wine production in 2013 and 62 percent of French vineyards were devoted to VQPRD wines. The value of the wine production was estimate at $54 billion. In 2010, there were more than 3,000 organic wine growers on about 50,300 hectares representing 6.5 percent (4.6 percent in 2009) of the total planted area.

French Wine Production Areas 2012 - FranceAgrimer

Production:

According to FranceAgriMer statistics, the total harvest in 2013 reached 41,491 million hectoliters (hl), projected at 52 million for 2013/14. This is a 0.4 percent decrease from the previous year, according to Ubifrance (French Ministry of Agriculture). FranceAgrimer experts estimate that wine harvest should stabilize around this level of production, which is judged normal for France.

- The harvest for VQPRD wines reaches 18,764 million hl
- Country wines record 12,589 million hl
- Other table wines have produced 7,438 million hl
- By color, France’s harvest records 22,371 million hl for red and rose wines, and 19,120 million hl for white wines.

Stocks:

The total amount of wine stocks in MY 2013/14 raised 30.4 million hl, subdivided as follow: 23.6 million hl VQPRD wines; 5 million hl country wines, and 6.7 million hl for other wines. Wine stocks in France are stable and showed a small increase of 1.6 percent from the 2012/13 MY.

The total wine production and stock for France raises 71.9 million hl in MY 2013/14 and projected at 74 million hl for the MY 2014/15.

MY 2013/14

RED AND ROSE WINES																	
AOC			VDQS			VQPRD			COUNTRY WINES			OTHER WINES			ALL WINES		
Harvest	Stock	Total	Harvest	Stock	Total	Harvest	Stock	Total	Harvest	Stock	Total	Harvest	Stock	Total	Harvest	Stock	Total
11454	15233	26687				11454	15233	26687	9230	4165	13395	1688	1263	2951	**22371**	**20661**	**43032**
WHITE WINES																	
AOC			VDQS			VQPRD			COUNTRY WINES			OTHER WINES			ALL WINES*		
Harvest	Stock	Total	Harvest	Stock	Total	Harvest	Stock	Total	Harvest	Stock	Total	Harvest	Stock	Total	Harvest	Stock	Total
7310	8440	15751				7310	8440	157551	3359	918	4277	641	403	1043	**19120**	**9761**	**28881**
ALL WINES																	

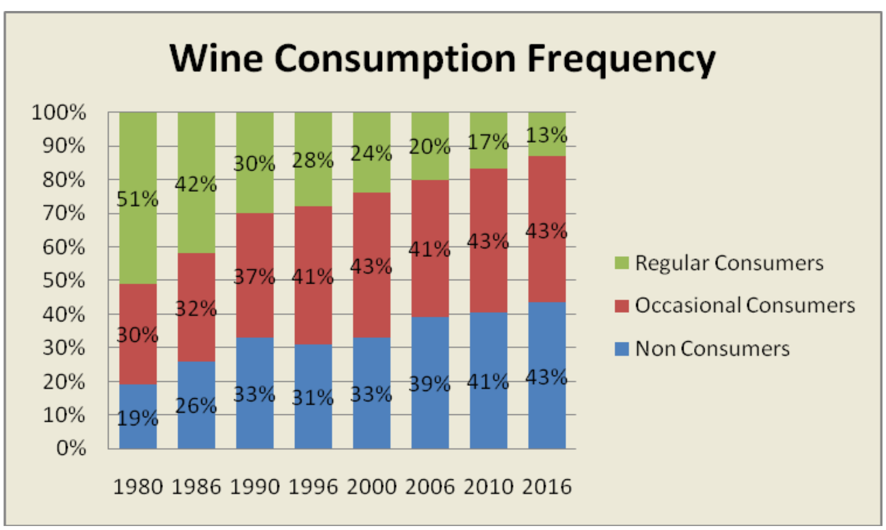
AOC			VDQS			VQPRD			COUNTRY WINES			OTHER WINES			ALL WINES		
Harvest	Stock	Total	Harvest	Stock	Total	Harvest	Stock	Total	Harvest	Stock	Total	Harvest	Stock	Total	Harvest	Stock	Total
18764	23673	42438				18764	23673	42438	12589	5083	17672	2329	1666	3994	**41491**	**30422**	**71913**

Source: FranceAgriMer Stats 2014

Consumption:

Since the sixties, French wine consumption has been in steady decline. Where total French annual per capita consumption was 100 liters in 1960, by 2014 it had fallen to 43.4 liters (53.2 liters for the population older than 14 years). Increased regulation of alcohol in France and the bad economic situation had a negative impact on the French wine consumption; moreover, younger generations show a stronger preference for alcoholic beverages other than wine.

In 1980, France had 50.7 percent regular consumers of wine (including 36.8 percent of women). In 2010, there were only 17.8 percent (including 10.8 percent of women).
In 1980, 30.1 percent of French people, including 36.6 percent of women were occasional drinkers of wine. The 2010 survey counts 44.2 percent of occasional consumers, with almost parity for men and women. Finally, in 1980 19.2 percent of the population did not consume wine. This percentage increased to 38 percent in 2010, the latest data available.



Source: Viniflhor – INRA – UM2

Since 2005 there is almost no increase in the number of non-regular consumers of wine aged less than 25 years old, the bulk of the consumers are aged 50 to 60. The regular consumers have an average age of about 70 years, and the occasional consumers are between 30 and 40 years old.

Distribution:

In 2013/14, total sales of still wines in the retail sector were $5.1 billion, an increase of four percent over MY 2012/13. In volume, this amount represents 9.7 million hectoliters. The average price for still wine was 4.15 Euros ($5.32) per liter, up 3.8 percent from 2012/13.

In 2013 the sparkling wine market in the retail sector represented $1.8 billion, a decrease of 0.4 percent from the previous year. This decrease is due to the fall of Champagne sales; nevertheless, it stills represent 65 percent of total sparkling wines in the retail sector. Foreign sparkling wines increased by 33.9 percent from 2009-12 but represent only a 3 percent market share and reached $48 million in sales. As usual, almost 20 percent (19.3) of wine sales took place in the last four weeks of the year.

In 2013, hypermarket sales represented 58 percent of retail sales with a turnover estimated at $3 billion, up 4 percent from the previous marketing year. Supermarkets also increased their sales by 4 per cent to $2 billion. The average price for a still wine in hypermarkets was $5.43 and $5.15 in supermarkets.

Red wines account for 53 and 55 percent of volume and market values, respectively, with total sales value increasing by 2.6 percent to $2.8 billion. Rosé wine sales increased by 7 percent in value and 2.8 percent in volume from the previous year reaching $1.3 billion. Finally, the value of white wines sales was $1 billion, increasing by 4.5 percent in value and 1.4 percent in volume.

By type of category, the AOC wines represented 71 percent of the sales in the retail sector in MY 2012/13, far ahead of other wine categories. The AOC wines grew by 1.9 percent in value from the previous year and reached $3.6 billion in sales. Other VQPRD wines sales increased by 11 percent to $1 billion. Nevertheless, table wine sales continued to decline in volume, but increase in sales by 4.1 percent to $256 million. In MY2012/13, AOC wine occupied 71 percent market share, 20 percent by VDQS, 7 percent by table wines, and 2 percent by foreign wines (not EU origin).

Sales of foreign wines represent 424,000 hl and $1.3 billion in sales, a decrease of 1.9 percent in volume but an increase of 1.9 percent in value from the previous year. The average price was $3 per liter. Sales of New World wines (South Africa, Australia, New Zealand, Chile, Argentina, and the United States) totaled 17,200 hl and were valued at $15 million. California ranks number two after Chile and reached a volume of 5,300 hl, with an increase of 2.8 percent in value to $4.23 billion. The average price per liter is estimated at 5.8 Euros ($7.40).

With a market share estimated at 22.3 percent, sales of ‘bag in box’ wines in 2012/13 reached 3.4 million hl and 1.1 billion dollars, up 6.6 percent in volume and 11.3 percent in value from last MY. The average price for these wines was $3.35 per liter. Sales of wine under branded marks made progress during the marketing year. This increase is often linked with the increase in ‘bag in box’ offerings. This segment totals 3.8 million hl with total sales of $1.5 billion, down 0.5 percent in volume but an increase of 4.4 percent in value.

Despite the difficult economic situation, purchases by the food service sector (traditional restaurants, cafeterias, and company restaurants) were stable. The main category of wine providers is direct suppliers at 75 percent, followed by the “cash and carry” at 50 percent, and the wholesalers at 47 percent. The main type of wine served was Champagne at 85 percent of the restaurants, ahead of Bordeaux wines (75 percent), Provence wines (70 percent), and Rhone Valley wine (68 percent). Foreign wines are served in 25 percent of the restaurants.

Wine sales represented 17 percent of the total food service sales. Red wines accounted for 50 percent of sales, followed by rosé wines (26 percent), and white wines (24 percent). Restaurant owners are trying to diversify their range of wines offered, with 97 percent now offering wine by the glass to boost consumption, as the demand for 750 milliliter bottles is dropping.

Policy:
Safety Laws specific to France and Affecting Trade and or Consumption

In the early 1990’s, the French government instituted regulations limiting radio and TV advertisements promoting alcohol and regulating advertising at points of sale and event sponsorships. In October 2007, the government began requiring that wine labels contain health warnings for pregnant women.

Trade

Exports:

Per 2014 Global Trade Atlas statistics, the United States at $1.3 billion is the second largest market for French wine exports after the United Kingdom, and ahead of Germany, Belgium and Japan, which occupy 3rd, 4th and 5th places, respectively. After a drop in exports in 2009, 2010 was marked with a recovery. In 2014, exports to the United States increased by 3.12 percent. Exports to China enjoyed 115 percent increase in 2011 but decreased by 8.7 percent in 2014. In 2005, China ranked 26th in French exports, but has risen to 6th in 2014.

Sales of wine in France for export in 2014 recorded a small decrease in value of 1.8 percent (compared to 2013) reaching $9.3 billion. In volume terms, exports decreased by 1.7 percent to 13 million hl.

Imports:

In 2014, France imported 5.9 million hl of wine, a strong increase of 22.5 percent from 2013. In value terms, imports decreased by 4.9 percent, or $759 million.

Spain, Portugal and Italy are the three top suppliers with 33.64 percent, 16.54 percent and 16.10 percent shares, respectively. The United States is ranked 5th and represents only 6.27 percent of total French wine imports in value (1.02 percent in volume). French imports of U.S. wines have decreased in 2013 at 5,874 hl but reach 6,026 in 2014 valued at $47.6 million.

Most U.S. wines sold in France are Cabernet Sauvignon, Chardonnay, Zinfandel and Pinot Noir varieties, kosher as well as conventional, mainly from California, and are purchased by restaurants. U.S.

wines face strong competition from domestic producers, leading EU suppliers, as well as Chile, Australia, South Africa and New Zealand. Central and Eastern European wine producers are potential competitors. E&J Gallo wine has been sold in France since 1998 and they have contracts with major French retailers (Carrefour, Auchan, etc.). Gallo also sells to restaurants and specialty wine stores. Mondavi wines have been sold in France since 2000.

Marketing:

Growth in world trade, compounded by the EU's expansion to central and eastern European countries, has intensified competition among exporters to the EU and among European producers themselves. French winemakers, facing overproduction, advertising restrictions, aggressive anti-alcohol abuse campaigns, and changing drinking habits, have requested the Government to modify their assistance. The government has urged French growers to adapt to consumer demand to increase their competitiveness with emerging third-country competitors and work to gain market share in new markets.

An EU wine reform package was agreed to by EU farm ministers on December, 2006. This reform included national subsidies, rural development measures, planting rights, phasing out of distillation schemes, introduction of a single-farm payment, wine making practices, better labeling rules, capitalization, and aid for the use of must. In this reform package, well-established national quality policies were safeguarded, which means that French AOC's can still be labeled as such under the new reform.

In order to increase American wine visibility in France, the Office of Agricultural Affairs has featured Californian wines at an international food and beverage tasting in May 2014 at the Residence of the Ambassador of Switzerland. The event generated strong interest from some 300 trade professionals and quality contacts. It also featured wines from Napa Valley. Californian wines were presented to top restaurant chefs and sommeliers, wine cellars, and buyers from the French food service and retail sectors. The goals for the wine tasting were to introduce new wines and educate French food industry representatives about U.S. wines and spirits, strengthen relationships in advance of Vinexpo, and expand sales in the French food service and related markets. Restaurants and especially high end are key sellers of U.S. wines in France.

Domestic Support and Impact on Trade:

The GOF and inter-professional organizations underwrite assistance for domestic and international promotion of wines and spirits for the French market promotion agency (SOPEXA) which actively promotes French wines in EU and overseas markets.

FRANCE AGRIMER (the new French Association for Horticultural and Wine Products) receives funding from SOPEXA for foreign promotions, mainly in Europe, the Americas, and Asia. Promotional activities are focused on advertising campaigns, point-of-sale materials, in-store promotions in hotels, restaurants, specialized outlets, trade shows and fairs. FRANCE AGRIMER also administers EU subsidies allocated to the French wine sector, including export refunds and assistance earmarked for vineyard reconstruction, distillation, and grape juice fortification.

In 2012, domestic credit for wines was around $17 million, down $3 million from last year. In addition, since January 2012, the credit program also integrates cider producers. For EU subsidies wine is regulated under the Wine Common Market Organization (Regulation 479/2008), which gives an annual budget to each EU member state producing wine. For France, this allocation amounted to approximately $1.6 billion over 5 years. This budget is directed to support French wine production and distribution, through investment aid, support for third-country promotion, or support for restructuring the vineyards. For help with promotion to third countries, the total amount of EU funds allocated is $250 million over 5 years.

On September 1, 2011, a Memorandum of Understanding (MOU) was signed in Paris with respect to trade in alcohol beverages between the General Directorate for Competition Policy, Consumer Affairs, and Fraud Control (DGCCRF) of the French Ministry for the Economy, Finance, and Industry and the Alcohol and Tobacco Tax and Trade Bureau (TTB) of the United States Department of Treasury.

This MOU is a statement of intent to consult, cooperate, and exchange information between the DGCCRF and TTB.

- The DGCCRF and TTB intend to notify each other in a timely manner of changes to their laws and regulations regarding trade in alcohol beverages.
- When problems occur concerning the quality, safety, or presentation of alcohol beverages, the DGCCRF and TTB intend to undertake to resolve them by an information exchange and cooperative consultation. They intend to obtain the assistance of any other relevant agency as needed.
- The DGCCRF and TTB intend to exchange information concerning the methods of analysis of alcohol beverages used by the laboratories supporting regulatory enforcement efforts.

The necessity of having this agreement between the United States and France resulted from the fake Pinot Noir case, when several French merchants were selling large quantity of fake Pinot wine to the United States. For the past two years, the Office of Agricultural Affairs Paris has deepened its contacts with the DGCCRF and has informed the TTB of the latest events. The agreement is important in facilitating wine trade between the two countries and hopefully will allow an increase of U.S. wine sales in France.

Please see GAIN FR9080

STATISTICAL INFORMATION
Trade matrices

1. French Exports By Major Countries of Destination

Value in million dollars
Source: World Trade – GTA

France (Customs) Export Statistics Commodity: wines, wine and sparkling wine
Year To Date: January - November

Partner Country	United States Dollars			% Share			% Change
	2012	2013	2014	2012	2013	2014	2014/2013
World	9324565095	9540386197	9366086531	100	100	100	- 1.83
United Kingdom	1,638,429,813	1,593,305,255	1,390,126,012	17.57	16.70	14.84	- 12.75
United States	1,242,782,884	1,285,708,981	1,325,828,779	13.33	13.48	14.16	3.12
Germany	836,125,275	903,456,054	969,746,762	8.97	9.47	10.35	7.34
Belgium	647,942,628	665,708,532	656,869,009	6.95	6.98	7.01	- 1.33
Japan	581,570,544	554,583,549	557,130,430	6.24	5.81	5.95	0.46
China	629,689,853	568,959,275	519,042,390	6.75	5.96	5.54	- 8.77
Netherlands	378,388,637	390,188,437	412,956,979	4.06	4.09	4.41	5.84

Switzer land	441,299,142	428,485,408	394,509,344	4.73	4.49	4.21	- 7.93
Canada	412,090,590	426,073,934	377,155,182	4.42	4.47	4.03	- 11.48
Singap ore	281,454,676	310,637,470	360,897,248	3.02	3.26	3.85	16.18
Hong Kong	370,170,646	383,235,151	337,743,981	3.97	4.02	3.61	- 11.87

France (Customs) Export Statistics

Commodity: wines, wine and sparkling wine

Year To Date: January - November

Partner Country	**Unit**	**Quantity**			**% Share**			**% Change**
		2012	**2013**	**2014**	**2012**	**2013**	**2014**	**2014/2013**
World	L	1384030782	1339998855	1316821705	100	100.	100.	- 1.73
Germany	L	238532072	243214578	240661323	17.23	18.15	18.28	- 1.05
United Kingdom	L	195042027	191317086	185718987	14.09	14.28	14.10	- 2.93
Belgium	L	137878446	131624396	12812250	9.96		9.73	- 2.66

				3		9.82		
Netherlands	L	111116268	110405072	115026861	8.03	8.24	8.74	4.19
China	L	126524086	111694094	110881490	9.14	8.34	8.42	- 0.73
United States	L	109087197	109709902	109405938	7.88	8.19	8.31	- 0.28
Japan	L	67375602	62525587	59214379	4.87	4.67	4.50	- 5.30
Canada	L	56803344	54188797	51972213	4.10	4.04	3.95	- 4.09
Switzerland	L	43288675	39313928	37117401	3.13	2.93	2.82	- 5.59
Sweden	L	22001860	27407231	31868610	1.59	2.05	2.42	16.28

2. French Import by Major Countries of Origin

By Value in million dollars

Source: World Trade – GTA

France (Customs) Import Statistics Commodity: wines, wine and sparkling wine
Year To Date: January - November

Partner Country	Unit	Quantity			% Share			% Change 2014/2013
		2012	2013	2014	2012	2013	2014	
World	L	536501664	481845633	590309292	100.00	100.00	100.00	22.51
Spain	L	333189403	292374607	418939863	62.10	60.68	70.97	43.29
Italy	L	82131267	62059160	66335376	15.31	12.88	11.24	6.89
Portugal	L	53054588	46963571	32335222	9.89	9.75	5.48	- 31.15
South Africa	L	9926250	29347585	21363255	1.85	6.09	3.62	- 27.21
Chile	L	9166166	11817369	11062352	1.71	2.45	1.87	- 6.39
United States	L	9562681	5874230	6026340	1.78	1.22	1.02	2.59
Germany	L	8276294	8867870	5332161	1.54	1.84	0.90	- 39.87
Belgium	L	3328471	3948688	4306464	0.62	0.82	0.73	9.06
Australia	L	4572153	4085338	4296413	0.85	0.85	0.73	5.17

France (Customs) Import Statistics

Commodity: wines, wine and sparkling wine

Year To Date: January - November

Partner Country	United States Dollars			% Share			% Change 2014/2013
	2012	2013	2014	2012	2013	2014	
World	731847818	798410260	759263700	100.00	100.00	100.00	- 4.90
Spain	211919771	266771647	255391779	28.96	33.41	33.64	- 4.27
Portugal	126094970	128788343	125607323	17.23	16.13	16.54	- 2.47
Italy	114962106	118576359	122225787	15.71	14.85	16.10	3.08
France	92491448	60998417	62227102	12.64	7.64	8.20	2.01
United States	33150653	44913195	47606598	4.53	5.63	6.27	6.00
Chile	27256644	29289797	26881234	3.72	3.67	3.54	- 8.22
South Africa	13902877	26146306	20283613	1.90	3.27	2.67	- 22.42
Germany	18219421	20667234	13339274	2.49	2.59	1.76	- 35.46
New Zealand	9347392	9411099	11619220	1.28	1.18	1.53	23.46