World wine production exceeds wine consumption, putting downward pressure on wine prices. Global wine production was 258 million hectoliters or 6.9 billion gallons in 2022, while global wine consumption was 232 million hectoliters or 6.2 billion gallons (one hectoliter is 26.4 gallons).

Three fourths of the world’s eight billion people are 15 or older. The world’s six billion adults consume an average of one gallon or five bottles of wine.

Sales of premium wine and champagne fell in 2020 and 2021 as restaurants closed and weddings and other events were postponed. Wine consumption fell by a sixth in China, reflecting covid and revised data.

World wine production peaked at almost 300 million hectoliters or 7.9 billion gallons in 2004, was 290 million hectoliters in 2013, and was 290 million hectoliters in 2018. Excess wine production, especially in Europe, prompted the EU to restrict new vineyard plantings and to provide subsidies to distill excess wine into industrial alcohol. The EU produced 63 percent of the world’s wine in 2020, including 49 million hectoliters in Italy, 47 million in France, and 41 million in Spain; these three countries produced 53 percent of the world’s wine. The US produced 23 million hectoliters, half as much as Italy and about nine percent of the world’s wine. Argentina, Australia, Chile, and South Africa each produced about 10 million hectoliters, four percent each.

**Countries**

The US consumed more wine than any other country, 33 million hectoliters (872 million gallons) or 14 percent of global wine consumption in 2020. France and Italy were next, consuming 25 million hectoliters or 660 million gallons each, Germans consumed 20 million hectoliters, the UK 13 million, China, 12 million, and Russia, Spain, and Argentina, about 10 million hectoliters each.

Per capita wine consumption varies across countries. Persons 15 and older in France and Italy drink an average 50 liters or 13 gallons of wine a year. A gallon is five 750 ml bottles, so 13 gallons is 65 bottles a year or about five bottles a month. Americans who are 15+ drink an average 12 liters of wine a year, which is 3.2 gallons or 16 bottles, slightly more than a bottle a month. Americans drink half as much wine as British adults.
Global wine production fell to 244 million hectoliters in 2023, and France (45 million hectoliters) displace Italy (44 million hectoliters) as the leading wine producer. The third leading wine producer in 2023 was Spain with 31 million hectoliters, followed by the US with 25 million. Southern Hemisphere countries produced 45 million hectoliters in 2023, the same as France, led by 10 million hectoliters each in Australia and Chile, nine million each in Argentina and South Africa, and 3.5 million in New Zealand.

Napa

Napa county is the best-known US wine region. Napa has about 46,000 bearing acres of grapes, eight percent of the state’s 575,000, but makes only four percent of the state’s wine, about 11 million cases, due to lower yields. The four largest owners of Napa vineyards are Treasury Wine Estates, TIAA Silverado Investment Management, the Laird Family, and Gallo, which has 1,500 Napa acres and wineries that include Martini, William Hill and Stagecoach.

Napa Cabernet grapes sold for an average $9,000 a ton in 2022. About 2.7 pounds of grapes are required to make a bottle of wine, making the cost of the grapes in a typical bottle $12. One rule of thumb is that the retail price of wine should be one percent of the price of a ton of grapes, so $9,000 a ton grapes suggest $90 a bottle wine.

The US has about 12,000 wineries, half in California and at least two in every state. Napa has almost 30 percent of California’s wineries, including 900 physical wineries and hundreds of virtual wineries that produced 11 million of the state’s 280 million cases of wine in 2022. Napa markets itself as a place to enjoy the good life, emphasizing gourmet food and some of the
world’s best wine. Four million people visit Napa each year, but competition from other areas in California and other states may slow the growth of tourism in Napa.

US alcohol guidelines assume that a standard drink includes 0.6 ounces of alcohol, equivalent to five ounces of 12 percent wine or 12 ounces of five percent beer. Alcohol levels in wine are rising, and many red wines have 15 percent or more alcohol. Craft beers often have high alcohol levels.

**Trade**

Some 105 million hectoliters of wine, 45 percent of global wine production, was exported from the country where it was produced in 2020.

The leading wine exporters by volume were Italy, 21 million hectoliters exported, Spain, 20 million, France, 14 million, Chile and Australia, eight million each, and Argentina and the US, four million each. France was the leading wine exporter by value, exporting wine worth €8.7 billion in 2020 and was followed by Italy, €6.2 billion, and Spain, €2.6 billion.

The three largest wine importers were the UK, Germany, and the US. These three countries accounted for about 40 percent of wine imports by both volume and value.

Climate change means warmer winters and earlier plant bud growth in Europe. Late frosts, as occurred in April 2021, reduced wine production in France and Italy, the two countries that normally account for over a third of global wine production. Vineyard owners tried to prevent frost damage by spraying water over the vines and burning straw bales to raise temperatures, drawing complaints of air pollution.
Global warming is also raising sugar levels in grapes and thus alcohol levels in especially red wines. Fermentation can convert 56 percent of the sugar in grape juice into alcohol, so grapes that have 24 percent sugar or Brix can make wine that is 13 percent alcohol. Rising sugar and alcohol levels are tempting some wineries to add water (known as Jesus units for the miracle of Jesus turning water into wine) to reduce alcohol levels.

**Trends**

The Wine Intelligence Global Wine Brand Power Index in April 2021 reported that Australia’s Yellow Tail and Chile’s Casillero del Diablo were the two most recognized global wine brands, followed by Australia’s Jacob’s Creek and US Gallo and Barefoot.

Mike Veseth’s Wine Wars argues that globalization and commodification increase the power of global brands that offer consistent-tasting wines such as Yellow Tail, much as fast food chains assure consumers that hamburgers taste the same at each outlet. Many consumers, faced with an array of labels, choose wines that are familiar and easy to drink rather than experimenting.

Globalization and commodification are encouraging retailers such as Costco, Target, and Walmart to offer more private label wines. Retailers have higher margins on private-label wines, and many consumers believe that private-label wines offer better value. Charles Shaw or Two Buck Chuck, made by Bronco and sold by Trader Joe’s, is an example of a private-label wine that became a major success.

**Australia**

Australia and New Zealand export most of the wine that they produce, but their wine industries are evolving differently. Australia’s wine acreage is falling as an oversupply of especially red wines persists, while New Zealand is planting more vineyards to take advantage of the growing demand for its Sauvignon Blanc wines.

Australian wine grape growers had revenue of about A$1 billion in 2023, when the average price per ton of wine grapes was A$640 ($405) per ton, less than half the price of California wine grapes ($910 a ton in 2022). Australia crushed a third as many grapes as California, 1.3 million tons versus 3.6 million tons. In both Australia and California, 55 percent of the crush was red.
The best-known popular-priced Australian wines are Yellowtail and 19 Crimes, while Penfolds dominates premium wines.

China was the major export market for Australian wine in 2019, with wine typically selling for $6 to $8 a bottle. Australia in 2019 surpassed France as the leading foreign provider of wine to China.

Australia’s questions about the origins of covid and other irritants in the bilateral relationship led to 100%+ percent tariffs on Australian wine in November 2020. The US and UK became the leading importers of Australian wine, each taking about 20 percent of Australia’s wine exports. However, most UK/US wine imports from Australia are bulk wines that sell for A$3 or $2 a liter in the US and A$175 or $1.15 a liter in the UK. Bulk Australian wine is often blended or sold as private label wine.

Australia has the equivalent of two billion liters or almost three billion bottles of wine in storage, a bottle for half of the adults on earth. The Australian surplus of red wine is reflected in vineyard removals, especially in warmer inland areas where almond orchards sometimes replace vineyards. Grower prices for Cabernet and Shiraz grapes peaked at almost A$700 a ton in 2019-20 and fell to less than $300 a ton in 2022-23. Australia is not alone in removing vineyards: Chile reduced its vineyard acreage by five percent between 2020 and 2021, and Bordeaux is reducing its vineyard acreage by 10 percent.

The NZ wine industry, by contrast, had record production and prices in 2023. The 680 NZ grape growers with 42,000 hectares of vineyards had average yields of 12 tons per hectare and received NZ$2,260 ($1,320) a ton for their 500,000 tons of wine grapes, more than the average price received by California growers.

NZ’s 750 wineries produced 360 million liters of wine and exported 315 million liters, almost 90 percent, making the NZ wine industry one of the world’s most export oriented. The average value of exported NZ wine was NZ$7.50 ($4.40) a liter, much higher than the average value of Australian wine exports. A third of NZ wineries are in Marlborough and another third are in Central Otago on the South Island. Most NZ wineries are small: fewer than 20 produce more than four million liters a year.
NZ Wine Grape Acreage, Wine Production, and Wine Exports are Increasing

### Summary of New Zealand wine (2014-2023)

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<tbody>
<tr>
<td>Number of wineries</td>
<td>699</td>
<td>673</td>
<td>675</td>
<td>677</td>
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<td>716</td>
<td>717</td>
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<td>762</td>
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<td>726</td>
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<td>692</td>
<td>694</td>
<td>732</td>
<td>706</td>
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<td>Producing area (hectares)</td>
<td>35,510</td>
<td>35,463</td>
<td>36,226</td>
<td>36,943</td>
<td>38,073</td>
<td>39,061</td>
<td>39,934</td>
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<td>Average yield (tonnes per hectare)</td>
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<td>10.7</td>
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<td>10.7</td>
<td>11.4</td>
<td>9.2</td>
<td>12.9</td>
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<td>Average grape price (NZ$ per tonne)</td>
<td>1,666</td>
<td>1,732</td>
<td>1,807</td>
<td>1,752</td>
<td>1,841</td>
<td>1,890</td>
<td>1,920</td>
<td>2,025</td>
<td>2,261</td>
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<td>Tonnes crushed (thousands of tonnes)</td>
<td>445</td>
<td>326</td>
<td>436</td>
<td>396</td>
<td>419</td>
<td>413</td>
<td>457</td>
<td>370</td>
<td>532</td>
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<td>Total production (millions of litres)</td>
<td>320.4</td>
<td>234.7</td>
<td>313.9</td>
<td>285.1</td>
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<td>297.4</td>
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<td>Domestic sales of NZ wine (millions of litres)</td>
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<td>61.9</td>
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<td>53.6</td>
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<td>40.6</td>
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<td>Consumption per capita NZ wine (litres)</td>
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<td>13.7</td>
<td>12.2</td>
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<td>10.9</td>
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<td>10.0</td>
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<td>Total domestic sales of all wine (millions of litres)</td>
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<td>96.0</td>
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<td>Consumption per capita all wines (litres)</td>
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<td>20.2</td>
<td>19.5</td>
<td>19.2</td>
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<td>1,663</td>
<td>1,705</td>
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<td>1,923</td>
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### References


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