OIV
Organisation Internationale
de la Vigne et du Vin

WORLD VITIVINICULTURAL ECONOMIC DATA AVAILABLE as of the beginning of October 2009

Like last year, the economic data available at this time of the year allows merely an approximate estimate of the level of wine production. In particular, while the harvest from the southern hemisphere has been in the warehouses since April, the northern hemisphere crop has not yet been completely harvested.
These results should therefore be considered by the reader as merely indicative and subject to significant variations.

With regard to the development of **areas under vines**, from the qualitative point of view, it can be estimated that:

- Although the 2009 areas under vines for EU 27 countries are not known at this date, it is to be noted that the new CMO has lead to the first year of the new definitive abandonment procedure which shall be renewed for just 3 years. This first implementation year (2008/09) is accompanied by a new particularly attractive bonus packages at the beginning of the period, which has lead Member state producers to request to be able to benefit from this measure in very substantial proportions, since 160 mha requests for definitive abandonment on a EU 27 scale have been submitted. Given the budget allotted at this first year of application of the measure, 54.1% of requests were rejected, while just 73 mha were declared eligible for community financing.
The principle concerned EU countries are Spain (reduction expected close to 45,0 mha under the influence of the implementation of community regulations), Italy (11,9 mha), France (10,3 mha, following a return to definitive abandonment anticipated over 3 years on other Member states), Portugal (2,3 mha) and Hungary (1,5 mha).
In the case that a large majority of these eligible requests should be honoured and that these requests may be accompanied by complementary grubbing, EU-27 vineyards may be reduced by 70 to 80 mha. This amount relative to EU-27 vineyards evaluated in 2008 at 3804 mha, represents an estimated mean a decrease of close to 2% to amount to 3730 mha in 2009.
This foreseeable substantial reduction of areas under vines is linked to the low 2009 production level for the EU-27 for the 3rd year in a row.
NB: the second year of the implementation of the measure should result in a new reduction between 2009 and 2010 of EU-27 vineyards upon an initial analysis after a refusal of requests not financed on a community level, amounting to approximately 55 mha.

- The overall growth rate of areas under vines in the Southern hemisphere and in the USA has slowed compared to rates observed in 2000. This growth could come to a halt between 2008 and 2009. As such, between 2008 and 2009, Argentina and Chile may experience slight growth, Brazil and New Zealand, stabilisation on the level of their vineyards, while South Africa has experienced a decrease in planted surface areas under vines since 2006.

- Moreover, the professional sector in Australia, faced with a difficult economic context, has examined the issue of a surplus in areas under vines. To be noted that between 2007 and 2008 Australian areas under vines have decreased slightly.
  While information in terms of areas planted in 2009 is far from being exhaustive, the total areas under vines of all non Asian countries not including the EU is quite close to 2008 levels.

- As such, as indicated last year if growth of Chinese vineyards (especially wine grapes) decreases and if Turkish vineyards decrease, the drop in EU-27 vineyards reflects the evolution between 2008 and 2009 of world vineyards, which may record a drop of 1%.

With regard to **wine production (not including juice & musts)**:

Based on tables 1 & 2, appended, the following quantitative trends can be suggested:

- **On the level of EU-27: 3 successive low harvests in 2007, 2008 and 2009, following equivalent 2005 and 2006 production levels which can be qualified as average.**

In effect,

- While forecasts for France in 2009 note substantial growth (+ 4,1 Miohl + 9% /2008) compared to the low production recorded during the previous year (41,6 Miohl), the level is still modest: 45, 7 Miohl (this amount includes the cumulated effect of 4 successive grubbing campaigns which have reduced the production potential of France by 50 mha since 2005),
- While production forecasts for Portugal, Romania, and Bulgaria in 2009 have increased compared to 2008 levels,
- Italy, Spain and Germany have decreased compared to results recorded in 2008 with respectively 45,5 Miohl (-3%/2008), 34,2 Miohl (-6%) and 9,4 Miohl (-6%).

As such, **the overall EU-27 production, evaluated at an estimated mean of 160,6 Miohl not including juice and musts, registers a very slight growth (of 1,1 Miohl, soit +1%) compared to a modest production level in 2008 (159,5 Miohl).**

- **Outside the EU-27** (still in the absence of economic statistics concerning China)**, following a decrease in 2007, particularly due to drought in Australia, the « Southern hemisphere countries/ USA + Switzerland » in 2008 had an overall production level slightly higher than 2006 levels. 2009 production levels are slightly lower than 2008 results,** and can thus be compared to 2006 levels.

This overall evolution reflects not very contrasting results:

- The USA recorded net progress in the growth of the 2009 wine production compared to the rather modest production level in 2008 (20,6 Miohl not including juice and musts, compared to 19,33 Miohl that being: +6,6%). This result was not obtained by growing production of fresh grapes but rather by apparent growth in a directing of a part of these grapes towards wine production. It is to be noted that table grape production and especially raisins are traditionally very important in this country.
- Chile and Switzerland, compared to 2008, have reached substantial levels in 2009 (respectively 8,8 and 1,1 Miohl, that being +1,4 et + 2,8% / 2008) . This increase is likewise shared by New Zealand (the 2009 production is almost on line with the very high harvest in 2008). Despite a decrease in the production of wine grapes harvested, South Africa maintains in 2009 almost the same level as in the likewise high harvest in 2008,

while decreasing the quantity of non vinified products (9,9 Miohl of wine in 2009 compared to 10,3 Miohl in 2008 that being -3,5%).

- Nevertheless 2009 production levels in Argentina, Brazil and in Australia have posted an apparent and sometimes substantial decrease compared to 2008 (respectively -5%, -13% and -6%). To be noted that in Australia, this result was obtained despite a catch-up at the end of the campaign of the initially forecasted production deficit, particularly due to improved water management.

Based on the variability hypothesis of 10% for the 2008 harvest for countries not covered in 2009, this information leads to proposing **2009 world wine production between 262,8 and 273,1 million hl** (268,0 Miohl estimated mean).
The relative evolution 2009/2008 is thus included between -1,9 and +2,0%, and on average is almost identical to the 2008 vinified production (provisional level: 267,8 Mio hl).
This evolution leads to modest worldwide wine availability due to the combination of once again low production levels and global carry over stock which may likewise be modest even if analyses should be carried out by the market segments.

In order to approach on a global level the nature of the cyclical situation in 2009 and the beginning of the 2009/2010 campaign in the northern hemisphere, there is a need to position world wine consumption in 2009. At this time of the year, we do not have any consolidated information on the consumption level of the principle markets. A projection of the world consumption level based on the trend reversal observed in evolving demand from the mid 1990's can be made. The first signs of the world economic crisis, noticeable the last quarter in 2008, led to a modest reduction but nevertheless a slight decrease in 2008 consumption compared to 2007. A decrease in world trade over the same time frame can likewise be noted (cf. the OIV state of vitiviniculture world in March 2009).

2 scenarios can henceforth be considered:

- The first consideration is that despite the economic crisis, the increasing trend of world consumption in terms of **volume** is not put to question (the recent evolution of domestic demand on the American market illustrates this point: continued growth of volumes purchased, but decrease in average purchase prices)
- The second consideration of year 2009 reflects the depression of the vitiviniculture market at the end of 2008 and consequently, particularly under the influence of decreased trade volume, the consumption level of importer countries which are most affected by the crisis which shall lead to a new low point in the consumption level in 2009 compared to the provisional level in 2008 (the downward trend of importer countries like Russia or Ireland illustrates this second option).

Table 3 encompasses these two views of 2009 world consumption which appear uncertain. The error margin is twice as large as usual given that the mean is larger at the bottom.

Table 3 evaluates world wine consumption in 2009 included between 241,0 and 251,5 Miohl ;
The **« production - consumption »** difference can then be evaluated. ***NB: let us remind that this difference can not be entirely regarded as a surplus, in view of industrial requirements.***
World wine consumption in **2009, will be situated at a very low level of the estimated mean (21,7 Mhl) but included in a mean between 11,3 and 32,1 Mio hl**, that being 1,2 Miohl lower than levels recorded in 2008 (22,9 Miohl), due to the combination of maintaining world production at a level equivalent to last year's level and an opening of the bottom of the estimated mean of world demand.

The 2007/2008 campaign (cf. price pattern) combining weak production levels and a high consumption level, demonstrated a slight increase in table wine with no geographic indicators prices (eat that time with no indication of vine variety) for red / rosé and white wines. The situation particularly for the 2008/2009 campaign reflects a substantial drop in rates and this despite the new overall modest 2008 production, even if the relative price position is partially reflected by the very low 2008 production.

While market demand on the wine spirits and brandies market remains at previous level despite the crisis, industrial needs should « consume » the wine « production/consumption » difference of wine even at the high end of the estimated mean. Nevertheless, this does not signify, as is indicated every year, that in certain market segments or in certain countries, particularly in accordance with changes in rapid potential demand affected by the crisis, all wine prices should be strained.

NB: This information is at best provisional hence subject to significant changes.

Sources: OIV expert networks + Commission EU DGVI D4 + national or professional sources + information from the press / internet.

Table 1: WINE PRODUCTION in EU-27

Unit:1000 hl	Germany	Austria	Greece	Spain	France	Italy	Portugal
WINE prod. OIV 2005	9153	2264	4027	37808	52105	50566	7266
WINE prod. OIV 2006	8916	2256	3938	38137	52127	52036	7542
recast WINE prod OIV 2007 (to be publish	10261	2628	3511	34755	45672	45981	6074
WINE prod OIV 2008	9991	2993	3873	36240	41640	46970	5620
Estim. 2009 low hyp. *(wine,juice & musts)*	*9500*	*2600*	*3800*	*38000*	*46400*	*46500*	*6100*
Estim. 2009 high hyp. *(wine,juice & musts)*				*39907*	*46800*	*48000*	
Evaluation **wine prod.2009**: low hyp.	*9400*	*2600*	*3800*	*33500*	*45400*	*45000*	*6100*
high hyp.				*34907*	*46050*	*46000*	
avg forecast	**9400**	**2600**	**3800**	**34204**	**45725**	**45500**	**6100**
Wine prod. : Variation 09/08 in volume	-591	-393	-73	-2037	4085	-1470	480
Variation 09/08 in %	-6%	-15%	-2%	-6%	9%	-3%	8%

Unit:1000 hl	Hungary	Slovenia(2)	Czech rep.	Slovakia	Cyprus	Malta	**EU-25**(1)
WINE prod. OIV 2005	3103	634	436	296	197	60	167915
WINE prod. OIV 2006	3271	527	432	325	183	65	169992
recast WINE prod OIV 2007 (to be publish	3222	664	821	363	169	48	154169
WINE prod OIV 2008	3460	537	773	420	147	32	152696
Estim. 2009 low hyp. *(wine,juice & musts)*	*3600*	*600*	*800*	*400*	*130*	*50*	*158480*
Estim. 2009 high hyp. *(wine,juice & musts)*							*162287*
Evaluation **Prod. wine 2009**: low hyp.	*3500*	*600*	*800*	*400*	*130*	*50*	*151280*
high hyp.							*154337*
avg. Forecast	**3500**	**600**	**800**	**400**	**130**	**50**	**152809**
Wine prod.: Variation 09/08 in volume	40	63	27	-20	-17	18	112,5
Variation 09/08 in %	1%	9%	3%	-6%	-10%	38%	0%

(1): Sum of countries with info provided (except Lux., Belg, NL, UK, Lit & Est).

(2): not incl home consumption, evaluated at 40% of total production

Unit:1000 hl	Bulgaria	Roumania	**EU-27** (3)
Prod. WINE OIV 2005	1708	2602	172225
Prod. WINE OIV 2006	1757	5014	176763
recast prod WINE OIV 2007 (to be publish	1796	5289	161254
Prov prod. WINE OIV 2008	1617	5159	159472
Estim. 2009 low hyp. *(wine,juice & musts)*	*1700*	*6110*	*166290*
Estim. 2009 high hyp. *(wine,juice & musts)*			*170097*
Evaluation **Prod. wine 2009**: low hyp.	*1700*	*6110*	*159090*
high hyp.			*162147*
avg forecast	**1700**	**6110**	**160619**
Wine prod.: Variation 09/08 in volume	83	951	1146,5
Sum if Variation 09/08 in %	5%	18%	1%

(3): Sum of countries with info provided (not incl Lux., Belg, NL, UK, Lit & Est).

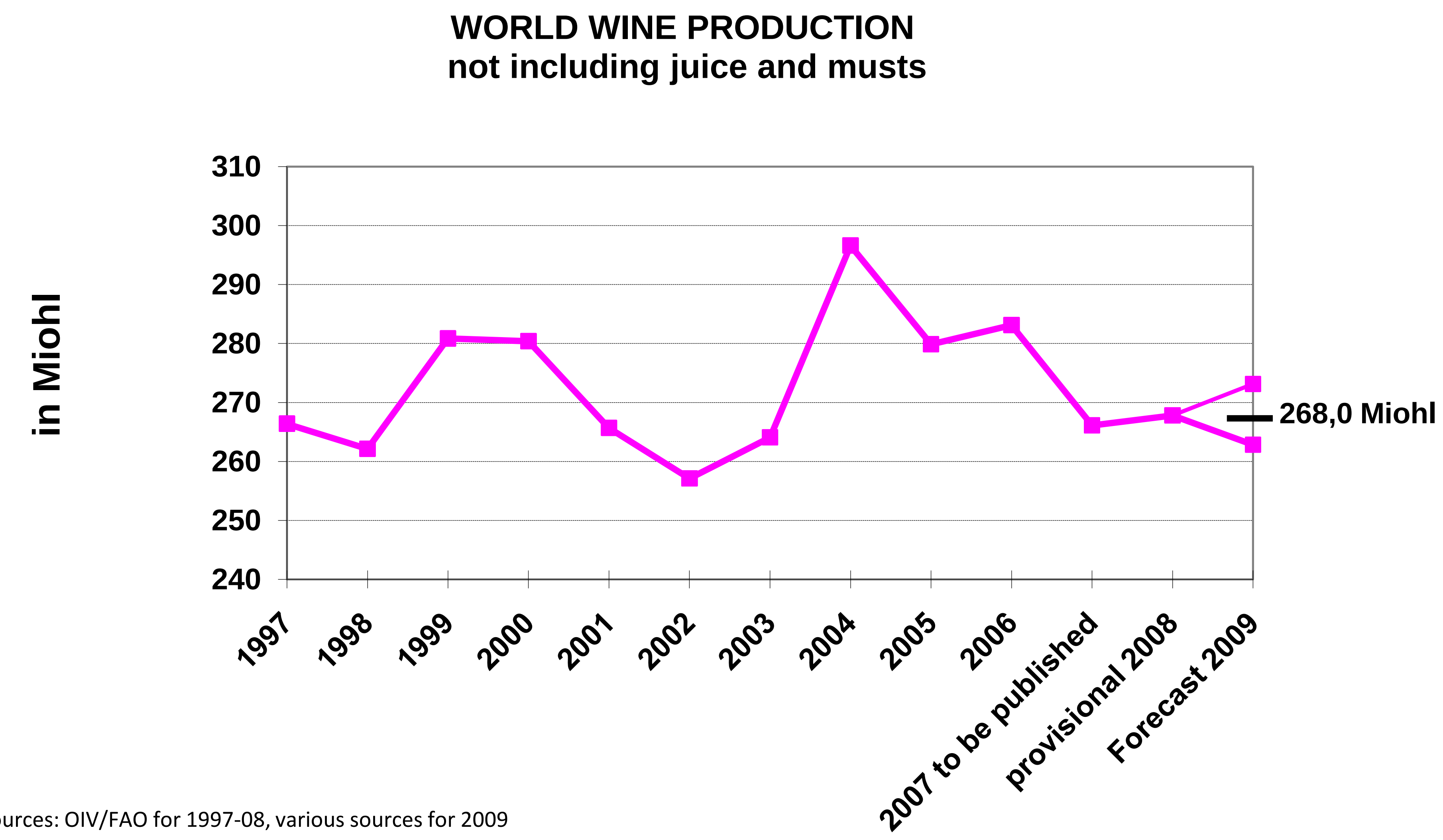
NB: This information is a forecast or provisional hence subject to significant changes

Table 2: WINE PRODUCTION (not incl juice & musts unless mentionned) outside EU-27

Unit: Millions of hl	Forecast 2009	Forecast OIV 2008	OIV 2007 to be published	2006 OIV	2005 OIV	Comments 2009
U.S.A.	**20,60**	**19,33**	**19,87**	**19,44**	**22,89**	Base 2007 à 2009 USDA "crop production" au 01/10/09: production totale de raisins frais 2009 =7021mT / 7303,26 mT in 2008, evaluation of prod. of wine according destination of grape production by State. 2009 wine production estimated at 4122,8 mT / 3776,4 in 2008 & Estimation of wine/ musts and juice breakdown according to past proportions.
+ production of musts & juice estimated	6,5	5,8	6,3	5,5	7,4	
Switzerland	**1,10**	**1,07**	**1,04**	**1,01**	**1,00**	Source: Q OIV World vitiviniculture data. Oct 2009
Argentina	**13,90**	**14,68**	**15,05**	**15,40**	**15,22**	Source 2009: -8%/2008 and -15%/2007 (musts incl): direct prod estimation.
Σ(wine, musts, juice)	19,91	21,06	23,15	21,78	21,33	of musts of nearly 6 Mhl
Chile	**8,80**	**8,68**	**8,28**	**8,45**	**7,89**	avg. expert estimation (March 09) stable, and USDA eval at 8900mhl
South Africa	**9,90**	**10,26**	**9,78**	**9,40**	**8,41**	base SAWIS Aug 09: 13,3 Mqx (compared to 13,0 Mqx in March 09) / at 14,256 Mqx in 2008 that being -6,7%(compared to -9% in March), and reduction of quantity of musts stored / 2008 of 360 mhl (base Q OIV World vitivinicult data. Oct 2009)
Australia	**11,70**	**12,43**	**9,61**	**14,26**	**14,30**	Evaluation OIV base: Prod.2009 close to 2008 level (source AWBC) while dividing by 2 the 2008-2009 difference forecasted in June 2009 (prod. Evaluated at 11 Mhl) at the time
New Zealand	**2,00**	**2,05**	**1,48**	**1,33**	**1,02**	base: maintain Q. harvested at 285mT like in 2008
Brazil	**3,20**	**3,68**	**3,50**	**2,37**	**3,20**	Sources: on average Q. OIV world vitiviniculture data. Oct 2009 and Ibravin est(-18% / 2008)
TOTAL	**71,20**	**72,18**	**68,60**	**71,67**	**73,93**	

EVALUATION OF WORLD WINE PRODUCTION 2009 (not including juice & musts)

2009 harvest for countries with information available (Mio hl) of		**230,3**	**to**	**233,3**	
Provisional world harvest 2008 estimed in Miohl………………………………………………….				267,8	Miohl
Countries for which we have available information 2009 representing in 2008 (Miohl)			231,6	that being / tota	86,5%
Countries for which we have no information available 2009 and thus produced in 2008………			36,2	Miohl	
Variability retained for non documented countries included between:	-10%	and	10%		
RANGE ADOPTED for WORLD PRODUCTION 2009…………	of	**262,8**	Mio hl to	**273,1**	
EVOLUTION / WINE PRODUCTION 2008	of	**-1,9%**	to	**2,0%**	



Sources: OIV/FAO for 1997-08, various sources for 2009

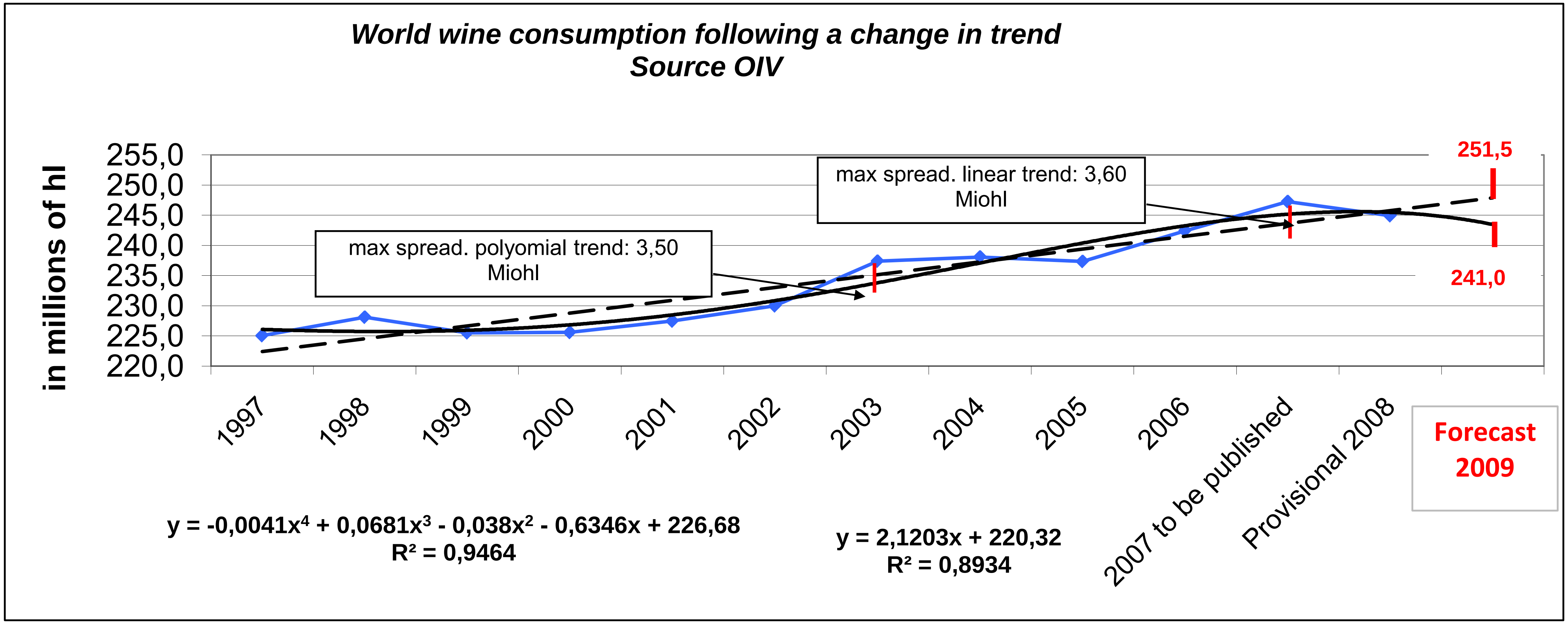
TAB. 3: "Production - consumption" difference of wine.

source: OIV in collaboration with the FAO

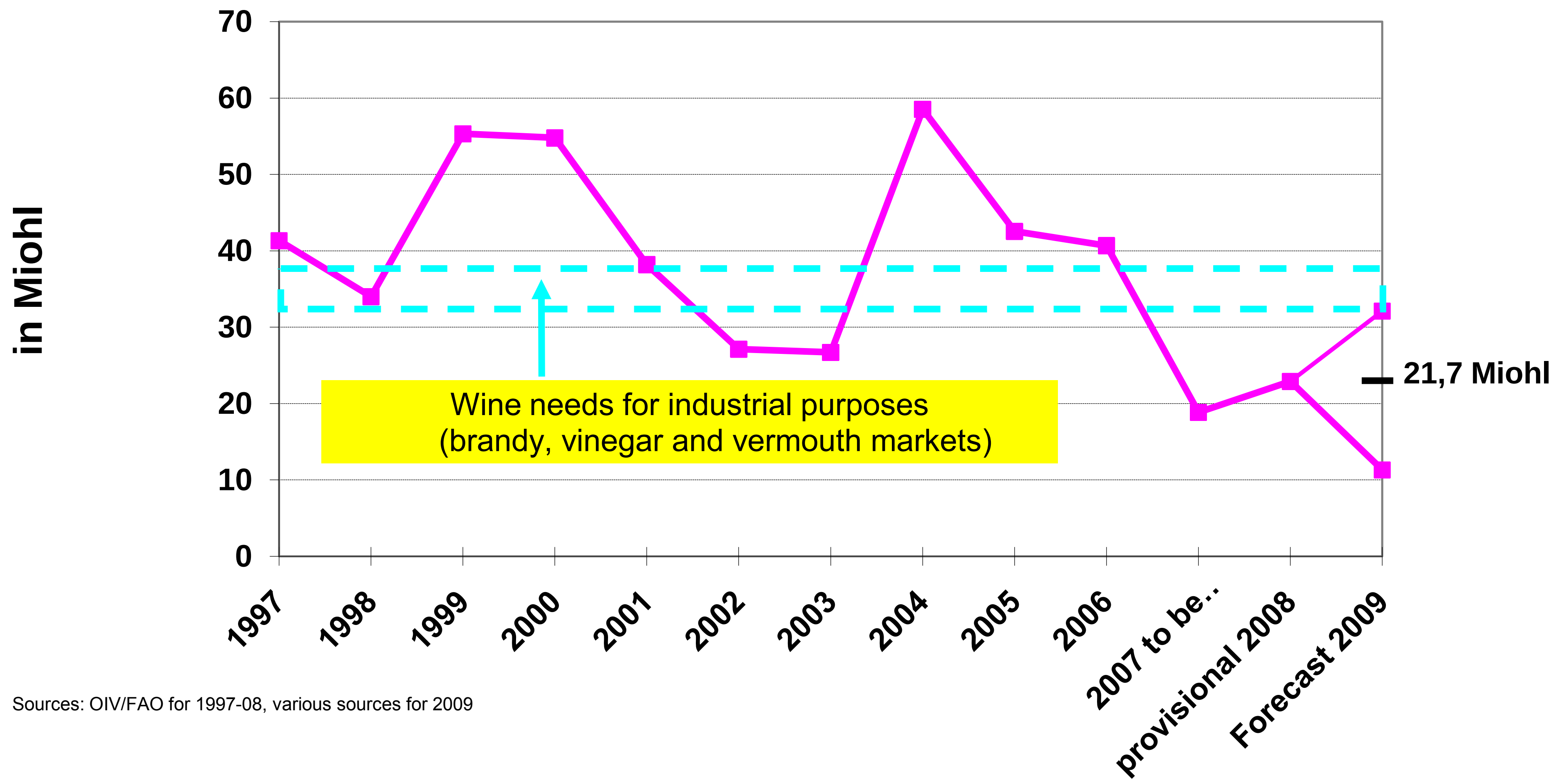
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007 to be published	Provisional 2008	Estimation 2009 Low hypo-thesis	Estimation 2009 High hypo-thesis
Wine production	266,4	262,1	280,8	280,4	265,7	257,1	264,1	296,6	279,9	283,1	266,1	267,8	**262,8**	**273,1**
Wine consumption (1)	225,1	228,1	225,5	225,6	227,5	230,0	237,4	238,1	237,3	242,4	247,2	244,9	241,0	251,5
"Prod.- consumption." difference	**41,3**	**34,0**	**55,3**	**54,8**	**38,2**	**27,1**	**26,7**	**58,5**	**42,5**	**40,7**	**18,9**	**22,9**	**11,3**	**32,1**

Estimated mean		Estimation 2009
	Production	**268,0**
	Consommation	**246,3**
	Difference	**21,7**

(1): Evaluation of 2009 consumption is calculated based on the below graph

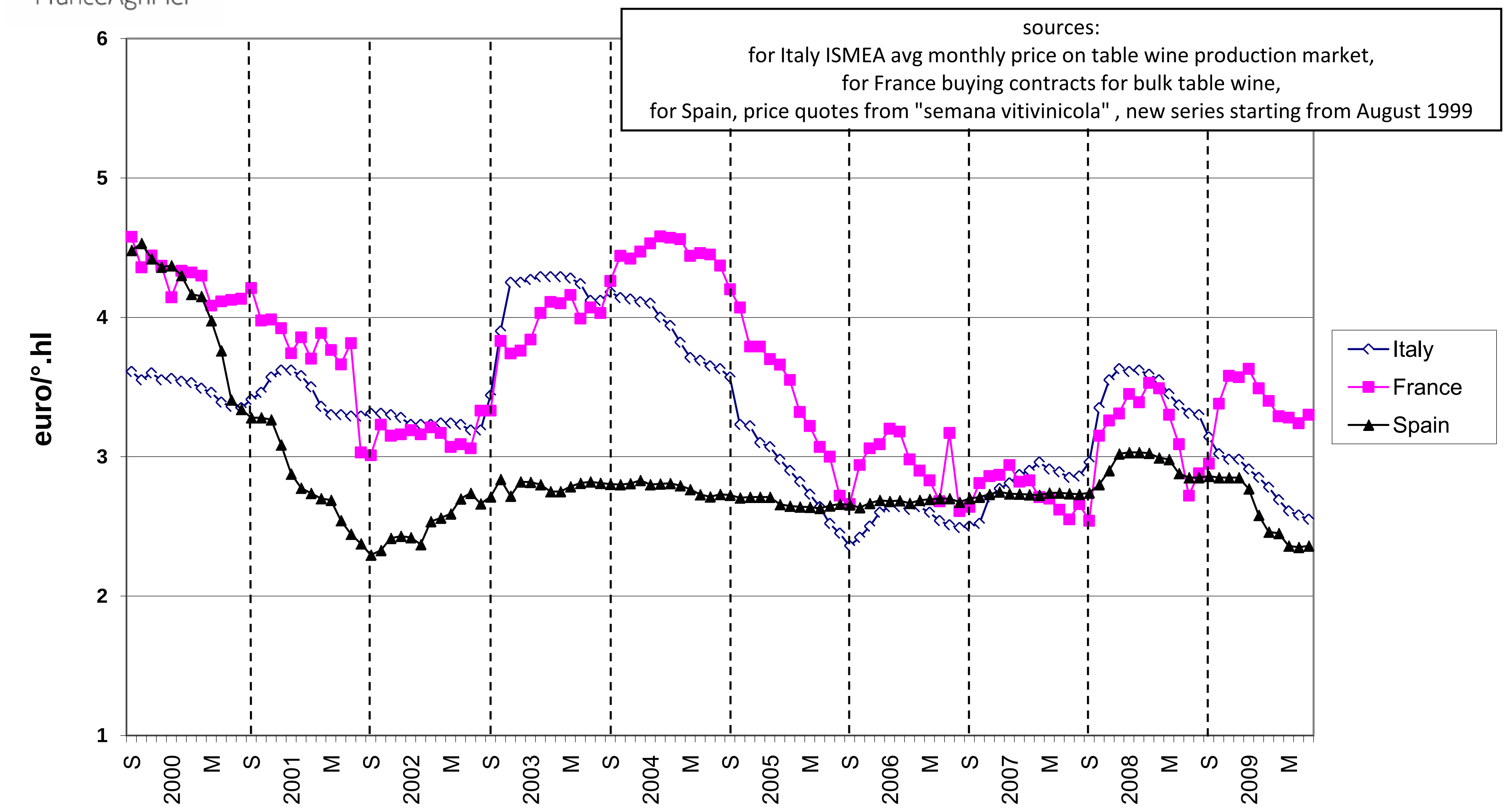


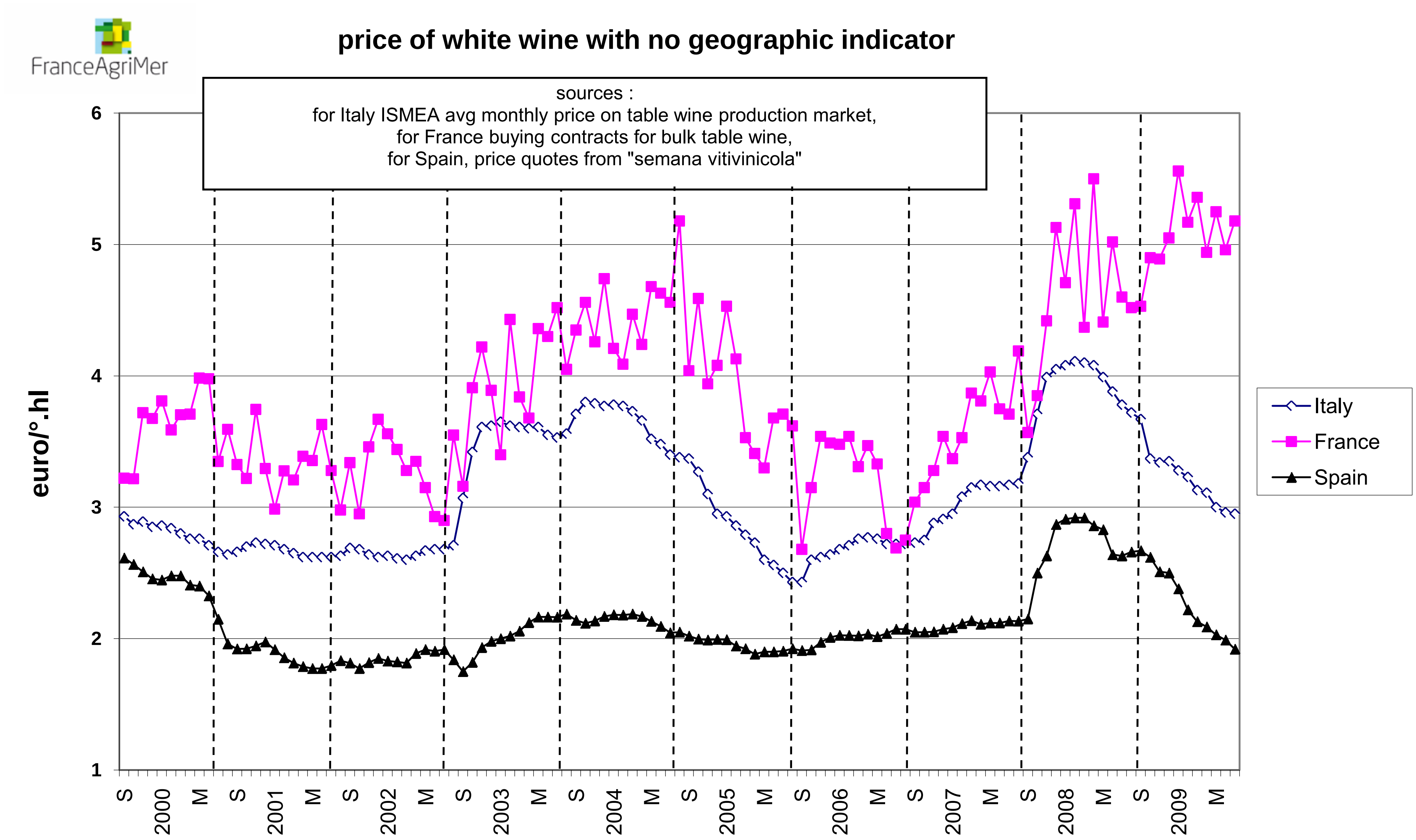
Production spread - world wine consumption



Sources: OIV/FAO for 1997-08, various sources for 2009

Price of red and rosé wine with no geographic indicator




FranceAgriMer
price of white wine with no geographic indicator
sources :
for Italy ISMEA avg monthly price on table wine production market,
for France buying contracts for bulk table wine,
for Spain, price quotes from "semana vitivinicola"
euro/°.hl
Italy
France
Spain
2000
2001
2002
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