



Key statistics :



Wines and spirits are the 2nd top surplus item in the French balance of trade, and the top item for food industry products
 The French wine grape vineyard is the 2nd largest in the world, behind Spain (754,000ha, or 10% of the world's wine grape vineyards)
 French wine production: 44.3 million hectolitres in 2016 (16% of world production): 2nd biggest wine producer by volume, behind Italy (51 million hectolitres)
 One in every five farms is involved in winemaking
 Value of production: €11.6bn
 Drinking 11.3% of worldwide production, France is the second largest consumer of wine, behind the USA.
 In 2016, 39% of wine made in France was exported, a figure that is rising
 High trade surplus: + €7.5bn

INDUSTRY STRUCTURE

- Winemakers are organised into cooperatives (600 cooperative wine cellars, accounting for 48% of wines made in France, excluding Cognac) and private wine cellars. Traders (1500 winemaking traders) buy grapes and wine in bulk or in bottles, and make some wine themselves using the grapes they purchased or those grown in their own vineyards.
- These two arms of the industry join together in industry groups, either regionally, encompassing all of the vineyards found therein, or on a national level with a body for wines with no geographical indication. These bodies fund efforts to promote their wines and monitor markets, and finance research and development initiatives, sometimes with the support of national or EU subsidies.

PRODUCTION

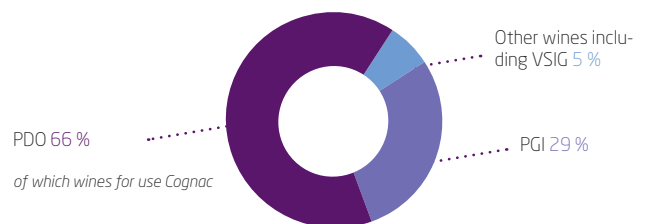
- Grown on 1.4% of French land, vineyards occupy a special place in wine production, which is itself one of the main symbols of French gastronomy and way of life.
 Every year, the French crop enables 65,000 vineyards to produce an average of 44 million hectolitres of wine, which can be broken down as follows:
 - > 21.3 million hectolitres of Protected Designation of Origin (PDO) French wines, grown on 446,590ha of vineyard,
 - > 12.8 million hectolitres of Protected Geographical Indication (PGI) French wines, grown on 196,750ha of vineyard,
 - > 2.5 million hectolitres of French varietal wines without designation of origin ("Vin de France") and "other wines", grown on 35,430ha of vineyard,
 - > And 7.5 million hectolitres of wines suitable for use in Cognac, grown on 75,690ha.

2016 wine production by category

2012-2016 average
43.9 million hl



2016 vineyard surface area by category of wine



2017 HARVEST IN SPOTLIGHT : With just 35.6 million hectolitres produced, 2017's harvest was the lowest since 1945.

- French Customs (the Directorate-General of Customs and Indirect Taxes – DGDDI) has now published the first batch of data for the 2017 harvest, using harvest declarations submitted by 12 December 2017 (97% submitted online).
- The 2017 wine harvest stands at 35.6 million hectolitres in raw data, down 22% on the 2016 harvest.
 This confirmation of the lowest harvest in recent history does not in any way indicate consequences for the market, as wine industry professionals have the tools they need to prevent such an outcome (stock, replacement volume, industry reserves).

SALES

- The first stage in the wine-selling process takes place in producer markets where industry players can buy and sell wine "in bulk" or in bottles.
- In 2016/17, the total volume of "bulk" sales fell slightly (16.7 million hl). This is largely due to there being less sellable stock this season: the historically low harvest, compensated by large amounts of reserve stock.



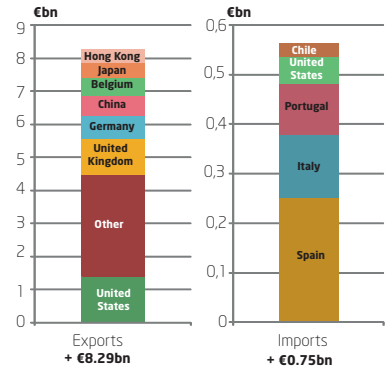
CONSUMER HABITS

- France held on to its place as the second biggest consumer of wine in 2016, behind only the United States. According to the OIV, 27 million hectolitres of wine were consumed in France in 2016, a fall of 0.7% on 2015, and equivalent to 40 litres per capita per year.
- French consumers buy most of the wine they drink in supermarkets (70% of wine purchases), some 9.5 million hectolitres. Coupled with the falling volume of sales, the increase in value (€4.2bn) shows that they are buying more expensive wines. By colour, sales can be broken down as follows : 51 % red wine, 18% white wine, 31% rosé wine. Compared to the figures for 2015, white wines have increased in volume and value, while reds have fallen according to these same criteria. Rosé wines are falling in volume only. en baisse sur ces deux critères. Les vins rosés, quant à eux sont en baisse seulement en volume.

TRADE

- French exports of wine reached 14 million hectolitres in 2016, generating €8.29bn. In general, export values for the past five years have remained stable. Still PDO wines account for most exported wines and, along with Champagne, fetch a very good price, accounting for more than 75% of exports by value while making up less than half of all exports by volume. The four main countries to which France exports its wines (Germany, China, United Kingdom, and the United States, in that order) account for more than half of trade by volume. Exports to the United States and United Kingdom generate the most value.
- France imported 7.52 million hectolitres of wine in 2016. This is a new record for imports of wine, which have been climbing since 2013. Despite this, the value of imports fell slightly, to €749 million. Imported wines come mainly from EU countries, with Spain topping the list. Spanish wines account for 73% of French wine imports. These wines, mainly in bulk, satisfy the demand for entry-level wines which constitute a gap in the French industry. In light of all this, France's balance of trade for wines is largely positive, with a surplus of around €7.54bn in 2016.

France trade by value in 2016



TURNOVER

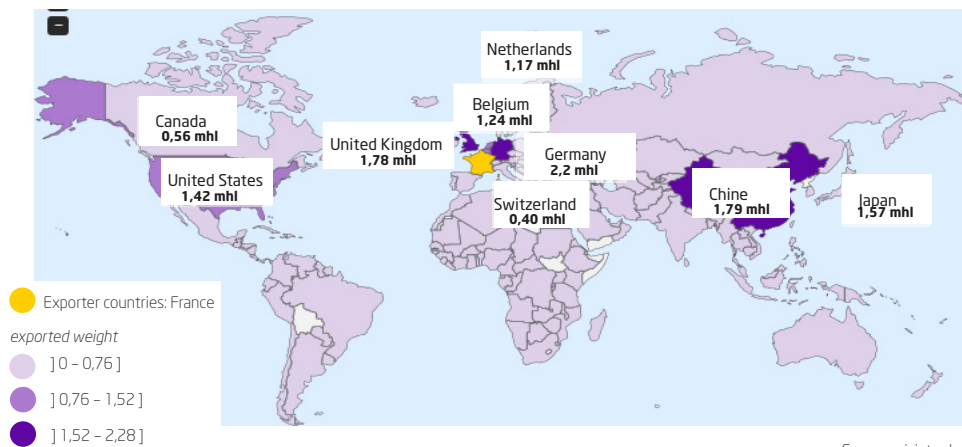
- Turnover from the French winemaking industry is estimated at €27bn (excluding spirits). In greater detail, wine production for all wines, excluding subsidies, is estimated to be worth almost €11.4bn¹. Companies operating downstream of the winemaking industry and with a turnover of more than €2 million produce a total turnover of almost €16bn².
Sources: 1. 2016 INSEE Farming Accounts, 2. Food Industry Finance Monitor – Crédit Agricole – 2013

SPOTLIGHT Excellence in export products

- France is the world's third biggest exporter of wines by volume, but the top exporter by value. France exports wines that sell with a high margin, placing it in a higher value market segment than some of its competitors. Although some major exceptions may remain, exported French wines are synonymous with luxury and refinement. And it is in particular thanks to France's flagship appellations with global reputations – from Champagne to Burgundy's grand crus – that French expertise is being exported to an ever-growing number of countries. However, French wines are faced with increasing competition on the export markets. Against the backdrop of a growing international market, France's role in the international wine trade is shrinking, particularly for its mid-range and entry-level products.

MAP OF THE WINE MARKETS FOR EXPORT IN 2016

(WITH INDICATION OF VOLUMES BY MAIN COUNTRY)



Source : visiotrade