

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Spain

**Post:** Madrid

### Spain Wine Standing Report

**Report Categories:**

Wine

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**Report Highlights:**

Spain boasts the largest wine production area in the world and is the third wine producer in volume after France and Italy. Wine production for 2012 is estimated to be very close to the previous year levels at 34.4 Mhl. Wine imports are projected to remain constant in 2012 at 420,000 hectoliters with the third country origin share to slightly fall to 17,000 hectoliters. Exports are projected to continue growing in 2012 and reach 23 Mhl of which 9 Mhl destined to countries outside the EU.

## Disclaimer

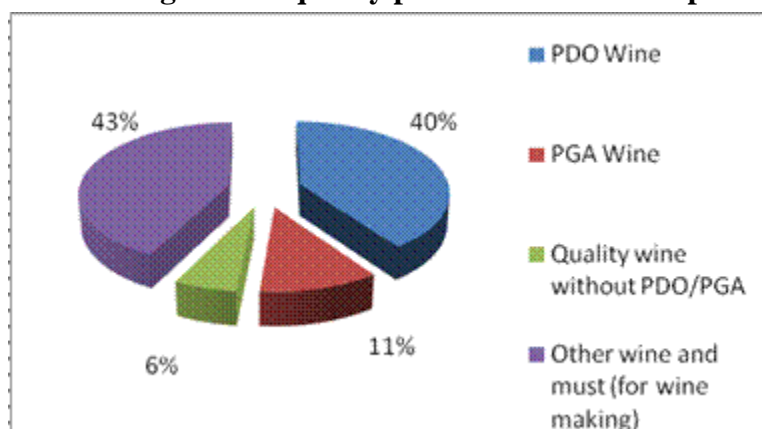
The following report is a Voluntary GAIN report on the wine industry and market in Portugal. This report complements the EU-27 Annual Wine Report. The data below is shared to help characterize the Spanish industry and market – none of the figures are official USDA data.

## Production:

Spain has the largest wine production area in the world and is the third wine producer in volume after France and Italy. Wine production for CY2012 is estimated to be very close to the previous year levels at 34.4 Mhl. Beginning in 2008/09, the EU targeted an area of 175,000 hectares of vineyards in producing Member States to be uprooted over a three-year period, and allocated a budget of €1,074 million for the program. Subsequently, Spain has reduced its overall wine area as part of this voluntary program known as the ‘grubbing-up scheme’ by removing less productive vineyards. The EU Commission estimates that after the three year period of duration of the grubbing-up scheme, Spain will have decreased its wine growing area by 8.5 percent from an initial 1,100,000 ha. This 94,000 ha reduction in area is equivalent to 2.5 percent of all EU-27 wine growing area. In terms of production reduction this is estimated to reach 4.5 Mhl corresponding to 11 percent of Spain’s 5-year production average and 2.6 percent of EU-27 production.

Most wine produced in Spain is either wine with Protected Denomination of Origin (PDO) or wine with Protected Geographic Indication (PGA) [Fig.1]. Production of Red and Rosé wine passed from 49 percent of the total in CY2009 to 58 percent in CY2011 while production of White wine had an opposite evolution from 51 percent to 42 percent of total production in the same period of time.

**Fig.1 Wine quality production share in Spain**



Source: DG AGRI (MY 2011/12)

### Consumption:

Human consumption of wine has been decreasing in the last few years and it is estimated this trend will continue into 2012. The current annual per capita consumption is 24 liters and the total human consumption is 10.2 Mhl. Consumption data released by the Ministry of Agriculture, Food and Environmental Affairs (MAGRAMA) show that the only wine category whose consumption is increasing is sparkling wines like Cava.

Total domestic use is expected to continue falling after the end of the aid measures related to potable alcohol-distillation and as producers keep increasing sales of wine to export markets. There continues to be, however, a market for vinous alcohol, be it for the fortification of generous wines like Jerez, for the making of brandies, or to export to other Member States. The extent to which alcohol sales will eventually recover remains to be seen in the coming years.

### Trade:

Wine imports are projected to remain constant in CY2012 at 420,000 hectoliters with the third country origin share to slightly fall to 17,000 hectoliters. In value terms the major import origins are France, Italy, Portugal, and Germany. Total wine import value is estimated at 180 million U.S. dollars in 2011. Exports are projected to continue growing in CY2012 and reach 23 Mhl of which 9 Mhl destined to countries outside the EU. In value terms the most important destinations for the Spanish wines are Germany, United Kingdom, United States, and France. Total wine export value is estimated at 3.1 billion U.S. dollars in 2011.

**Table 1. Spain Wine Production, Supply and Demand**

Wine, Spain	CY 2010	CY 2011	CY 2012
	Year Begin: Jan 2010	Year Begin: Jan 2011	Year Begin: Jan 2012
	Post Estimate	Post Projection	Post Projection
<b>Beginning Stocks</b>	36,962	36,446	35,446
<b>Production</b>	35,489	34,985	34,370
<b>Intra EU-27 Imports</b>	437	400	401
<b>Extra EU-27 Imports</b>	19	19	19
<b>Total Imports</b>	456	419	420
<b>Total Supply</b>	72,907	71,850	70,236
<b>Intra EU-27 Exports</b>	11,830	13,749	14,000
<b>Extra EU-27 Exports</b>	5,625	7,551	9,000
<b>Total Exports</b>	17,455	21,300	23,000
<b>Human Dom. Consumption</b>	11,044	10,864	10,193
<b>Other Use, Losses</b>	7,962	4,240	2,043
<b>Total Dom. Consumption</b>	19,006	15,104	12,236
<b>Total Use</b>	36,461	36,404	35,236
<b>Ending Stocks</b>	36,446	35,446	35,000
<b>Total Distribution</b>	72,907	71,850	70,236
1000 HL			

Source: FAS-Madrid estimates and GTA

**Policy:**

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

- *Single Payment Scheme and support to vine-growers.* This measure started to be applied by Spain in MY2010. It implies the continuation of this scheme in subsequent years and the commensurate reduction of funds available for other measures in the national support program.
- *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 reconversion of vineyards.* The objective of this measure is to increase the competitiveness of wine producers and covers the activities (a) varietal conversion, including by means of grafting; (b) relocation of vineyards; and (c) improvements to vineyards. 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 winemaking.* 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.* This is a per hectare aid that can be granted until July 31, 2012 in the EU but for which Spain chose to accept applications only until MY2009/10. The relevant contracts concerning the distillation of wine as well as the proofs of delivery for distillation must be submitted before support is granted;
- *Crisis distillation to dispose of surplus wine.* Support may be granted until July 31, 2012 for voluntary or obligatory distillation of surplus wine decided upon by the Member State in justified cases of crisis so as to reduce or eliminate the surplus and at the same time supply continuity from one harvest to the next. The alcohol resulting from the supported distillation shall be used exclusively for industrial or energy purposes so as to avoid distortion of competition. The share of the available budget for this measure shall not exceed 20% in 2009, 15% in 2010, 10% in 2011, and 5% in 2012. Although making part of the national support program this measure has so far never been activated in Spain.