

**Voluntary Report** – Voluntary - Public Distribution

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**Report Highlights:**

In Spain, wine is an important part of the economy, society, landscape, culture and gastronomy. Spain boasts the world's largest vine area and is the third largest wine producer in the European Union (EU), after France and Italy. Spain is currently dealing with ample supplies and sluggish demand, particularly for red wines, making wine exports critical to the sector.

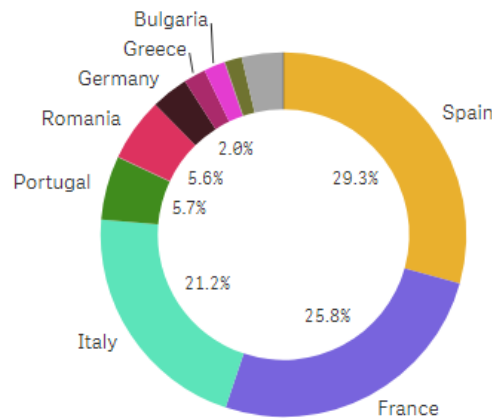
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## Area

With 913,000 Hectares (Ha) in 2024, Spain is the country with the largest area of vineyards in the world. Grapevines are present in all the 17 autonomous communities of Spain. Castilla-La Mancha has over 430,000 Ha, accounting for nearly half of the country's total vine area, followed by Castilla y León, Extremadura and Catalonia. Most Spain's grapevines are rainfed. However, given the increasingly variable climatic conditions, auxiliary irrigation has become more common. Spain also leads the European Union (EU) in area planted with organic vineyards, with over 165,000 Hectares.

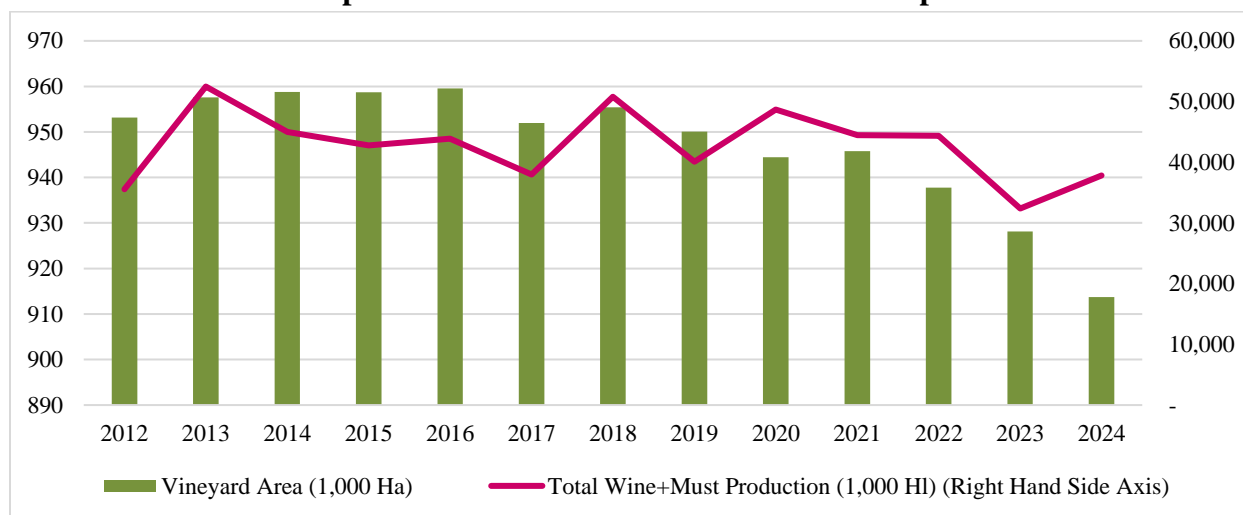
**Graph 1. Distribution of EU Vineyard Area by Member State (Percentage) in MY 2023/24**



Source: EU Commission.

In Spain, there are about 150 native grape varieties planted. The most cultivated varieties in Spain include *Airen*, *Tempranillo*, *Bobal*, and *Garnacha tinta*. White grape varieties represent almost half of the total area planted to vines. As in other EU Member States, vine area is conditioned by planting authorizations. Additional information regarding the wine planting authorization can be found in the [Policy](#) section in this report.

**Graph 2. Vine Area and Wine Production in Spain**



Source: Ministry of Agriculture, Fisheries and Food.

## Production

Spain is the third largest wine producer in the EU after France and Italy, representing about one fourth of the wine produced in the EU.

The Spanish wine sector is confronting challenges on the supply side that affect farmer profitability. Similar to other agricultural producers in the EU, wine producers face increasing restrictions on the use of phytosanitary products in their vineyards, a shortage of labor, and an increased need to adapt to climate change. These challenges serve as an incentive for wine growers to improve their management by focusing on precision viticulture and inputs optimization (irrigation, fertilizers, plant protection products and labor) and reducing their environmental impact to ultimately remain profitable.

The Spanish wine sector has significantly improved production diversity and quality. Under the [Spanish Wine Technologic Platform](#) (PTVino), the Spanish wine sector and research institutions continue to collaborate in research and development projects<sup>1</sup> to promote innovation and quality as a way to improve producer competitiveness while also addressing consumer demands.

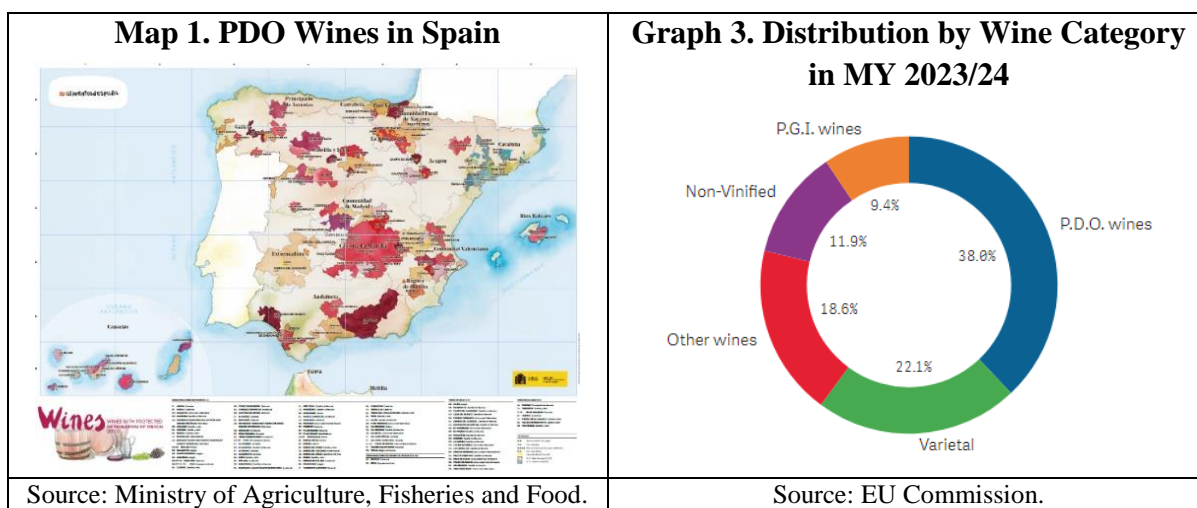
After peaking in 2018, wine production is contracting in response to both a reduction in the area planted to vineyard and climate-driven variable yields.

<sup>1</sup> A list of innovation projects by PTVino are available in the [link](#).

While not to the severity of 2023, drought conditions in 2024 negatively affected wine producing regions in eastern growing regions, reducing initial output expectations. However, the somewhat shorter than initially anticipated harvest comes as a relief, as different industry actors believe it will reduce the imbalance between ample supplies and sluggish demand.

While too early to assess the extent of the impact, the storm caused by the DANA (a Spanish acronym for high-altitude isolated depression) that hit the eastern part of the country in late October 2024 has had devastating consequences, particularly in the regions of Valencia and Castilla-La Mancha, causing major damage to permanent crops such as vineyards.

There are over 4,300 wineries in Spain, out of which more than 1,300 are organic-certified. In MY 2023/24, 45 percent of Spain’s wine production consisted of Red and Rosé wine, while white wines accounted for 55 percent of the country’s output. Of the total wine production, in MY 2023/24, Spain produced nearly 40 percent of its wines under Protected Denomination of Origin (PDO) and over nine percent of wines with Geographical Indication (GI). In Spain, there are a total of 104 different PDOs (out of which, Rioja and Priorat are qualified PDOs) and 43 GI wines.<sup>2</sup>



<sup>2</sup> Additional information of EU Geographical Indications for wine in Spain can be found in the [eAmbrosia data base](#).

## Stocks and Prices

Wine is subject to a great variability in prices. The differences in prices are highly correlated with current marketing year production levels and ending stocks<sup>3</sup> from the previous season, which determine the total supply available. Variations in prices are particularly steep in those wines not ascribed to PDO/GI. In the case of Spain, these wines account for over half of the country's wine production. Wines with PDO/GI designations are subject to their own self-regulation measures. Their differentiated quality can make them less vulnerable to market imbalances. In [October 2024](#), red wine prices stood at 44.34 Euros per Hectoliter, whereas white wine prices stood at 47.36 Euros per Hectoliter.

## Consumption

In terms of volume, wine consumption in Spain has been declining as consumers have changed their drinking habits, geopolitical instability has driven uncertainty, and inflation has eroded disposable income since the end of 2021 and throughout 2022 and 2023. Wine consumption in traditional markets is decreasing, particularly for red wines, and competition by other world producers and alternative beverages is intensifying. White wines are relatively better positioned to maintain consumption levels, as consumers are increasingly looking for lighter and fruitier alternatives.

Likewise, anti-alcohol campaigns continue to place pressure on public opinion regarding the alleged negative health effects of wine. Aware of these challenges, the [Spanish Wine Federation](#) (FEV) is responsible in Spain for the [EU Wine in moderation program](#) (WiM), an effort to promote moderate wine consumption.

Similarly, consumers are progressively seeking less-alcoholic wines. In this regard, the Spanish Wine Platform has put in place an [innovation project](#) to develop sustainable strategies for obtaining low sugar concentration grapes and de-alcoholized wine.

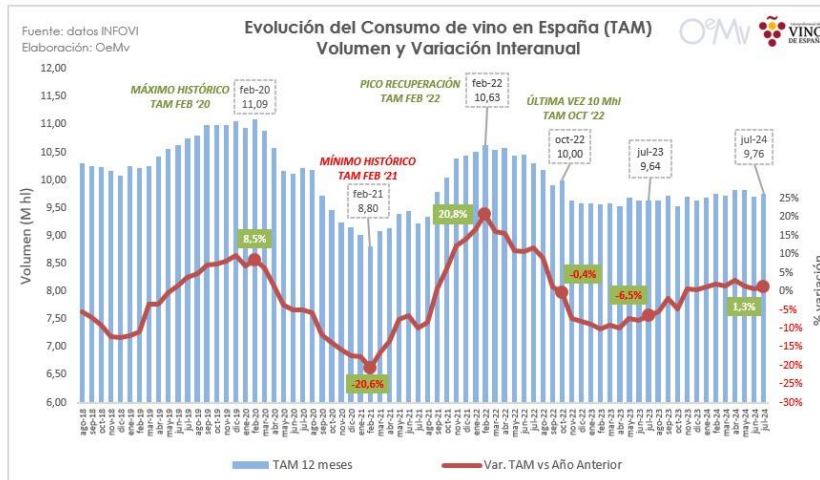
As Spain transitions towards lower alcohol drinks, white wine has become the go-to option for many people. Interestingly, vermouth is one of the few categories growing in volume. Sales of vermouth continue to benefit from a return to drinking cocktails and the premiumization trend.

According to [INFOVI](#) data from July 2024, wine consumption in Spain grew by 1.3 percent year-on-year to July 2024, amounting to 9.76 million Hectoliters. This moderate growth responds to a greater price stability achieved in 2023 and 2024 and the expansion of tourism, which has boosted the Hotel, Restaurant, and Institutional (HRI) channel consumption. However, this rise in HRI sales has not compensated for reduction in household wine consumption.

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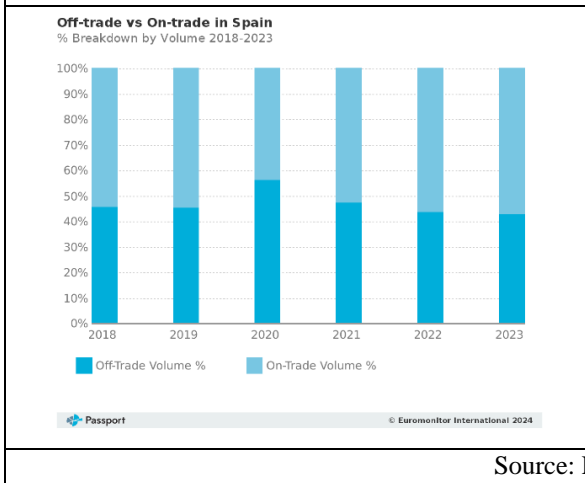
<sup>3</sup> According to EU Commission data, MY 2024/25 started with 32.7 million hectoliters, down from the 39.6 million in storage when MY 2023/24 started off.

**Graph 4. Spain’s Wine Consumption Evolution (September 2018 – July 2024)**

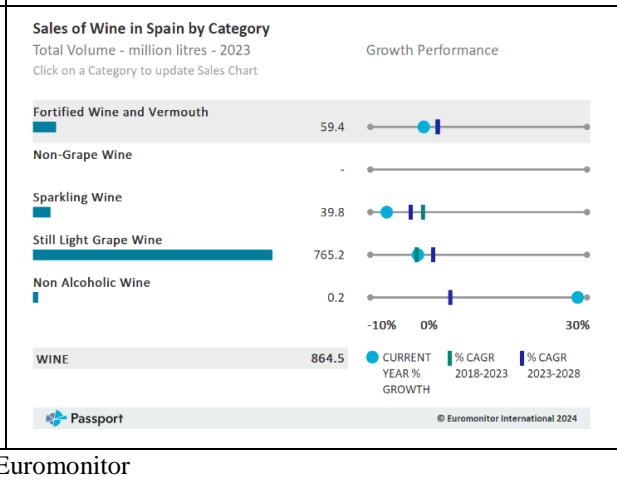


Source: [Observatorio Español del Mercado del Vino](#) based on [INFOVI](#) data.

**Graph 5. Domestic (off-trade) vs HRI (on-trade) Wine Consumption in Spain**



**Graph 6. Sales of Wine in Spain by Category**



Source: Euromonitor

## Marketing

**Sustainability Labeling:** To address growing consumer sensitivities regarding climate change, the [Spanish Wine Federation](#) (FEV) has implemented a certification called “Sustainable Wineries for Climate Protection” and aligned with the Sustainable Development Goals (SDG) of the United Nations (UN). This seal was launched in 2015 and now has over 100 wineries certified and adds value to sustainable production methods.

**Packaging Trends:** Wine makers are increasingly exploring other packaging options than the conventional glass bottle, such lighter glass bottles, cans, or bag-in-box systems in response to consumers demands for innovative, easy to use, portable, durable and more environmental-friendly packaging options.

## Trade

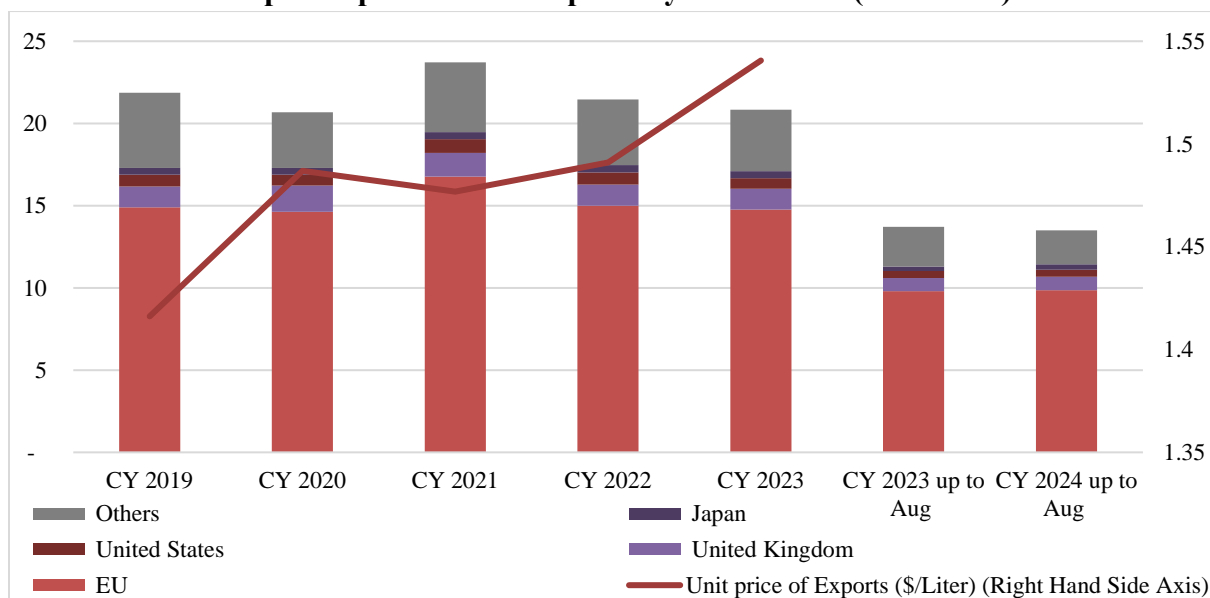
Given its high domestic production and relatively lower and declining demand, Spain is a net exporter of wine. The country is the world's largest wine exporter in terms of volume and the third largest in terms of value. However, Spain's wine exports follow a downward trend since CY 2021.

Given Spain's export-orientation, the wine sector is highly influenced by supply and demand in foreign markets, as in many cases Spanish wines lack geographical indications and are sold in large volumes in bulk on the world market. Spain exports an average of 21 million Hectoliters of wine annually.

According to International Organization of Vine and Wine ([OIV](#)) data, in 2023 over half of Spanish wine was exported in bulk and one third was bottled. The remainder consisted either of sparkling wines or bag-in-box format. Spain's main export markets include Germany, the United States, the United Kingdom and France.

On a positive note, despite a stagnate export volumes, the value of Spanish exports is growing as a result of its high-quality wines and niche products. Soaring numbers of foreign tourists in Spain have increased the visibility of Spanish wine in third country markets.

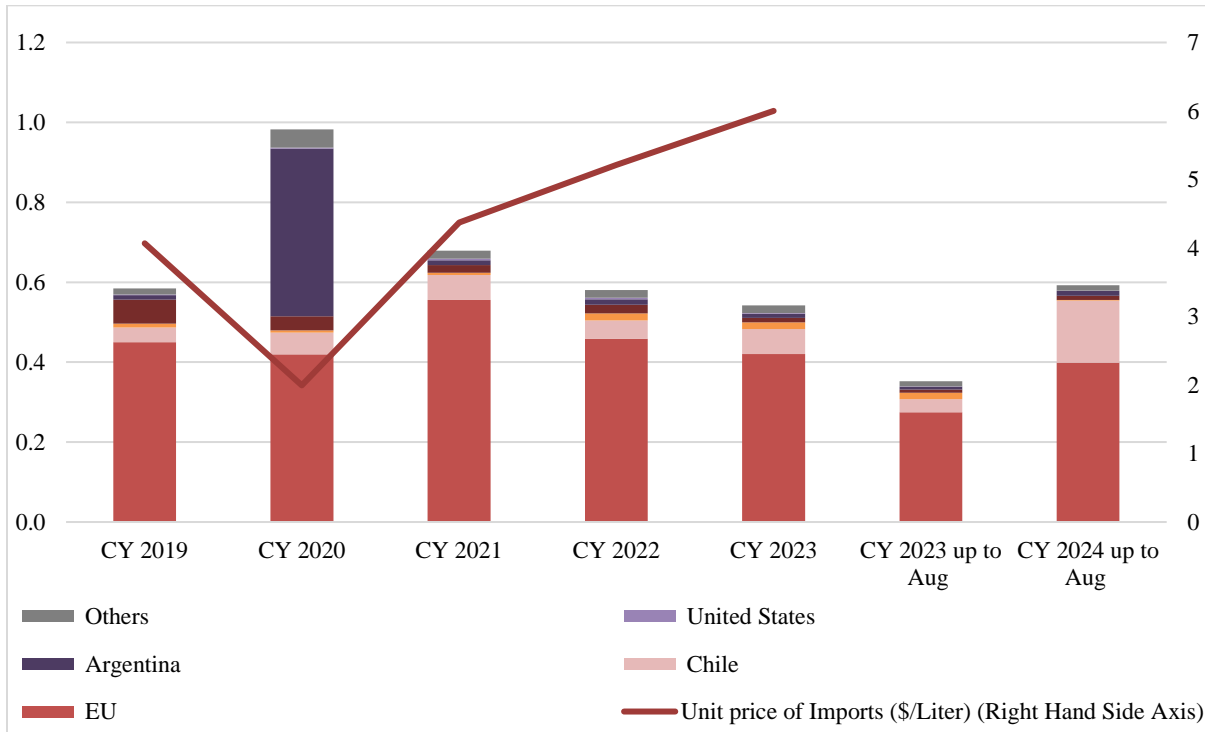
**Graph 7. Spain's Wine Exports by Destination (million Hl)**



Source: FAS Madrid based on Trade Data Monitor, LLC data.

Spain's wine imports amount to just over half a million Hectoliters annually, out of which 75 percent originated in other EU Member States. Main extra-EU suppliers of wine to Spain include Chile, Australia, Argentina, and New Zealand. The United Kingdom is also a significant supplier to Spain as a wine distributor in Europe.

**Graph 8. Spain's Wine Imports by Origin (million HI)**



Source: FAS Madrid based on Trade Data Monitor, LLC data.

## Wine Market Support Programs

**Vine Planting Authorizations<sup>4</sup>:** Since 2016, competitive EU producers can increase production within certain limits. Options are either uprooting and replanting vines or using a quota that the EU Member States make available annually to interested parties for a maximum of 1 percent of the planted area of the previous year.<sup>5</sup> In addition, the regulation allows for establishing additional limitations in the territorial scope of the PDOs and/or Protected Geographical Indications (PGI).

Support to the wine sector between 2024-2027 is articulated through the Wine Sector Intervention (ISV 2024-2027 by its acronym in Spanish). Spain has chosen to utilize the following instruments within [Regulation \(EU\) 2115/2021](#) to support its wine sector:

<sup>4</sup> [Regulation \(EU\) 2018/273](#) as amended by [Regulation \(EU\) 2021/2117](#) extending the application of the authorization regime until 2045<sup>4</sup>.

<sup>5</sup> For Portugal the maximum authorization of vine plantings in 2024 would amount to 1,139.4 Ha.



1. **Restructuring and reconversion of vineyards (including reconversion to organic production):**  
This measure is intended to increase the competitiveness of wine producers, adapt vine cultivation to climate change, and make it more environmentally sustainable. This process consists of:
  - Varietal conversions, also by means of grafting-on, including improving the quality or environmental sustainability, for reasons of adaptation to climate change or for the enhancement of genetic diversity.
  - Relocation of vineyards.
  - Replanting of vineyards when necessary, following mandatory root removal, for health or phytosanitary reasons, on the instruction of the Member State competent authority.
  - Improvements to vineyard management techniques, particularly the introduction of advanced systems of sustainable production including the reduction of the use of pesticides. However, this excludes the normal renewal of vineyards, i.e., replanting with the same grape variety according to the same system of vine cultivation when vines have come to the end of their natural life.
2. **Wine By-products Distillation:** The distillation of by-products as wine lees and grape marc is mandatory and aims to assure the quality of wines by avoiding over-pressing of grapes and the pressing of wine lees. The resulting increase in production costs per liter of wine is partially offset by the minimum price paid to the distiller. The amount of aid is fixed by percent volume and per hectoliter of alcohol produced.<sup>6</sup> The alcohol obtained from distillation is used for industrial or energy purposes.
3. **Promotion in non-EU countries:** This measure targets improved competitiveness of Spanish wines, including the opening, diversification and consolidation of third-country wine markets. The amount allocated to each Autonomous Region for wine promotion in non-EU countries is determined in the Sectorial Conference for Agriculture. Wineries, PDOs and/or PGIs apply in their autonomous regions and then need to justify their expenditure.
4. **Investments in tangible and intangible assets:** This measure aims to improve the overall performance of companies in the wine sector and their adaptation to market demands, as well as to increase their competitiveness. These investment can include: improvement of the use and management of water, conversion to organic production, introduction of integrated production techniques, purchase of equipment for precision or digitized production methods, contributions to soil conservation and enhancement of soil carbon sequestration, creation or preservation of habitats favorable for biodiversity or maintaining landscape, including the conservation of historical features; or reduction of waste production and improving waste management.

Additionally, if deemed appropriate, additional extraordinary support instruments may be put in place, as requested by autonomous regions through the national government, and subject to EU Commission approval. These include:

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<sup>6</sup> 1.1 Euros per hectoliter and degree of alcohol obtained from grape marcs and 0.5 per hectoliter and degree of alcohol obtained from wine and lees.

- **Green Harvesting:** This national envelope-funded instrument intends to avoid market crises and restore the balance between supply and demand in the wine market. It entails the complete destruction or removal of grape bunches while still in their immature stage, thereby reducing the yield of the relevant area to zero and excluding non-harvesting, which is comprised of leaving commercial grapes on the plants at the end of the normal production cycle. This market regulation measure was made available to Spanish producers in 2023 and 2024.
- **Crisis Distillation:** Crisis distillation is a measure to purchase surplus wine and convert it into denatured alcohol or ethyl alcohol. The alcohol resulting from crisis distillation will be used exclusively for industrial purposes, including disinfection or pharmaceutical purposes, or for energy purposes to avoid distortions of competition. Member States can apply for crisis distillation under [Regulation \(EU\) 2018/273](#), Article 216, that implies the use of Member State funding, or Article 219 that mobilizes EU funding from the national envelope, provided that certain specific conditions concur. This market regulation measure was made available to Spanish producers in 2023 and 2024.
- **Private Wine Storage Aid:** When implemented, this measure allows the removal of wine from the EU market, limiting the negative impact on prices and improving operators' cash flow.

## Other Regulations Affecting the Wine Sector

As an EU Member State, Spain abides by EU rules for the import of wines, such as certification, analytical requirements, labeling, appellations of origin, and health warnings applicable to wine. For additional information, please consult the latest [EU FAIRS Country Report](#) and the latest [EU FAIRS Export Certificate report](#).

## Abbreviations and definitions used in this report

CY	Calendar year
EU	European Union
Ha	hectare; 1 ha = 2.471 acres
hl	hectoliter = 100 Liters = 26.42 gallons
HS Code	2204 Grape wine
TDM	Trade Data Monitor, LLC., <a href="https://www.tdmlogin.com">https://www.tdmlogin.com</a>
USD	U.S. dollar

### Attachments:

No Attachments.