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Article

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State of the German and International Wine Markets

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International Wine Markets

Pandemic Caused Global Decline in Consumption – Strong Oversupply

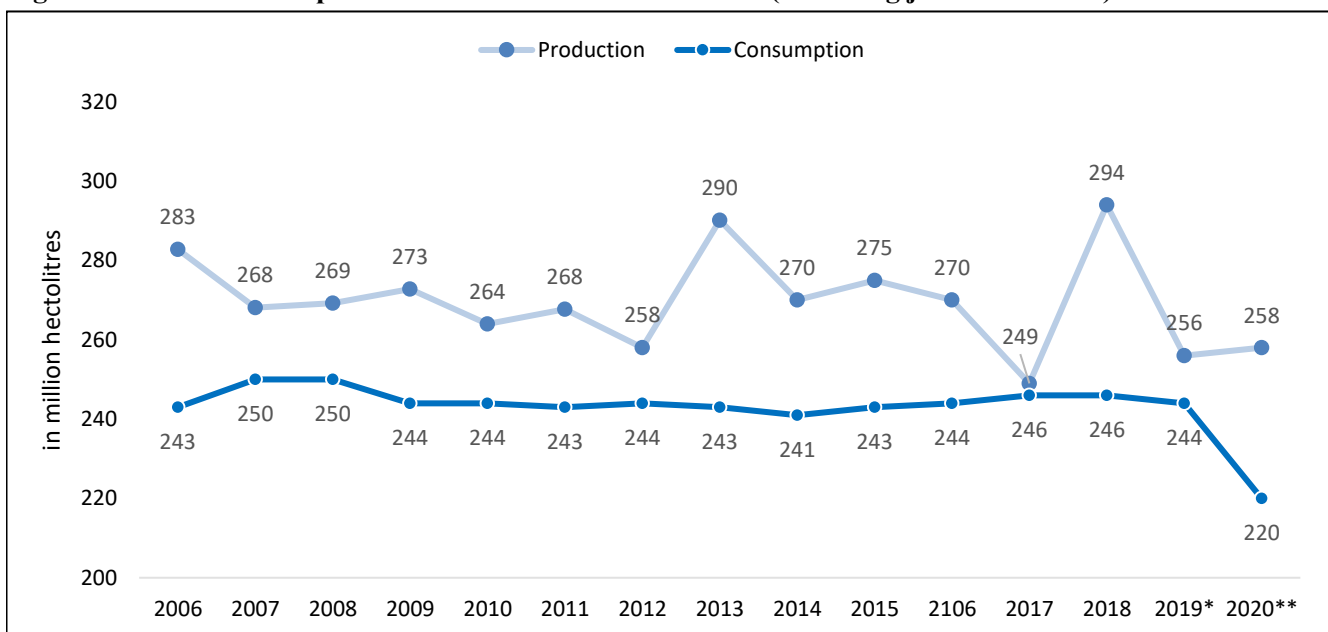
At least regarding global wine production 2020 was an average year. It is estimated at a total volume of 258 million hectolitres, close to the latest five year average and considerably smaller than the exceptional high harvest in 2018 (Figure 1). There are some local variations with below average harvests in the Southern hemisphere in Argentina, Chile and Australia. Drought and bushfires affected the harvest in Australia (CIATTI, 2021). In the Northern hemisphere, Spain and Germany reported slightly higher harvests, mainly because of less severe drought conditions during the warm summers.

Already before the outbreak of Covid-19, the global wine market suffered from oversupply from the exceptional high 2018-harvest and partially through trade conflicts between the US and Europe (LOOSE

and PABST, 2020). In early 2020, the large European producer countries still had carryover stock from 2018. Particularly France had lost export volumes in the US because of the retaliation 25% tariffs for wine, of which Italy was exempted because it does not host any Airbus production. The value (volume) of French wines declined by 10.8% (4.9%), exports of Champagne and premium Bordeaux wines declined most strongly while those of bag-in-box increased (FEVS, 2021). There was a similar but less severe development for Spanish wine, which decreased by 3.6% in value and 5.9% in volume (OEMV, 2021a).

Covid-19 had a drastic global effect on wine consumption that is estimated to have reduced by about 10 to 13 percent (IWSR, 2021; McMILLAN, 2021; WINE AUSTRALIA, 2021). The main reasons are the shut-down of on-premise wine consumption in most countries and the standstill of tourism in many parts of the world. For instance, wine sales in Mediterranean countries were double hit because local food culture is

Figure 1. Global wine production in millions of hectolitres (excluding juice and musts)



* 2019 provisional data for production and forecast for consumption, ** 2020 forecasts

Source: OIV (2020), DWI (2020), estimates for 2020 global consumption IWSR (2021)

Table 1. Wine production 2015-2019 in millions of hectolitres (excluding juice and musts)

Rank		2015	2016	2017	2018	2019*	2020**	2019/20 variation in volume	2019/20 variation in %
1	Italy	50.0	50.9	42.5	54.8	47.5	47.2	-0.3	-1
2	France	47.0	45.4	36.4	49.2	42.1	43.9	1.8	4
3	Spain	37.7	39.7	32.5	44.9	33.7	37.5	3.8	11
4	United States	21.7	23.7	23.3	24.8	24.3	24.7	0.4	2
5	Argentina	13.4	9.4	11.8	14.5	13.0	10.8	-2.2	-17
6	China	13.3	13.2	11.6	9.3	8.3	n.a.		
7	Chile	12.9	10.1	9.5	12.9	11.9	10.3	-1.6	-13
8	Australia	11.9	13.1	13.7	12.7	12.0	10.6	-1.4	-12
9	Germany	8.8	9.0	7.5	10.3	8.2	8.9	0.7	9
10	South Africa	11.2	10.5	10.8	9.5	9.7	10.4	0.7	7
OIV	World Total	275	270	249	294	256	258	2.0	1

* 2019 provisional data. ** 2020 forecasts

Source: OIV (2020)

strongly tied to gastronomy that went into lock-down. Moreover, consumption through tourists diminished in these countries when global tourism almost grinded to a halt. While these markets saw a strong decline in wine sales, the opposite was true for North and Middle European countries, such as Scandinavia and Germany. The large share of population that would have travelled South over summer mainly stayed at home for local tourism and purchased wine off-premise. Although these countries reported a slight increase in wine sales (DWV, 2021a) it could not offset the strong decline in the South. As a result of the sudden decrease in demand and the large carryover stocks, for the first time in 10 years the European Commission passed regulations for an extraordinary market intervention (EC, 2020). A total of 10 million hectolitres were taken off the market through crisis distillation, storage or green harvest programs. Representing about 6.5% of an average European harvest, those measures have temporarily slightly eased pressure on bulk wine prices (see also next section). The support package was extended in January 2021 (EC, 2021).

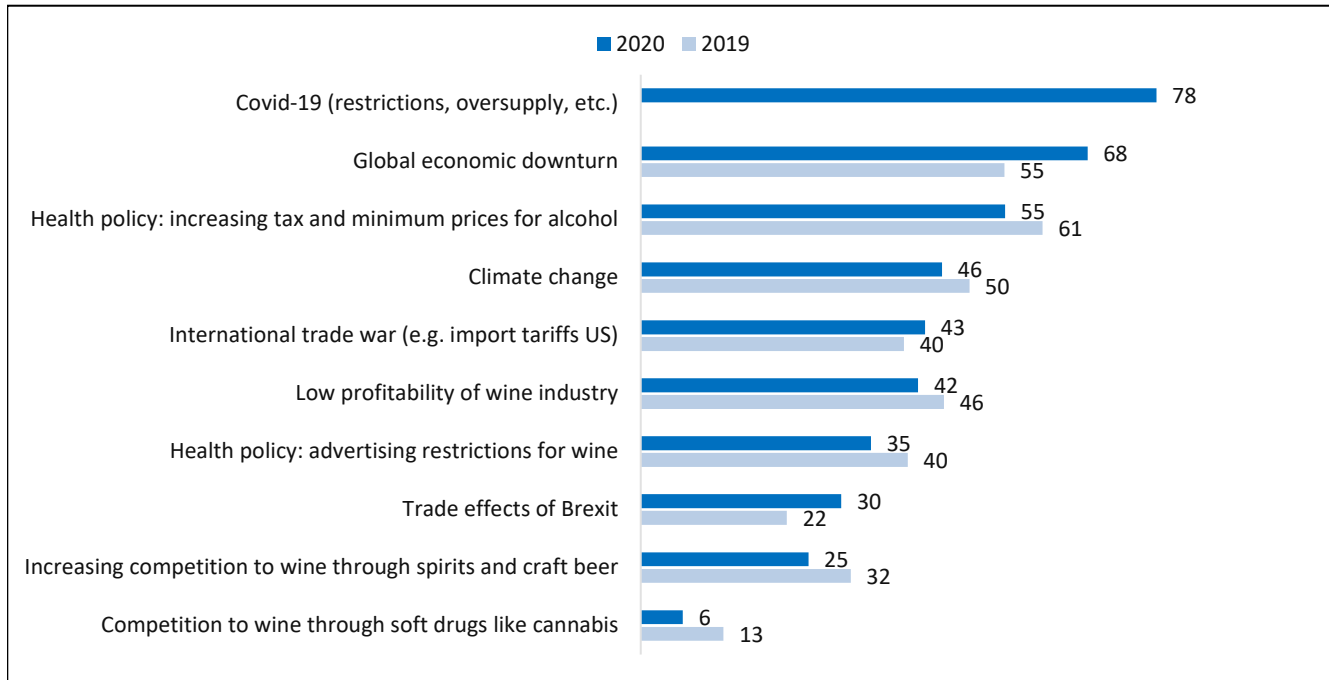
Over the last 15 years, the global wine consumption had shifted to the East through rising middle-class incomes in China and other Asian markets (LOOSE and PABST, 2018, 2019). After reaching their peak in May 2018, already before Covid-19 the import of wine into China as well as domestic Chinese production had reduced strongly, partly because of public orders to reduce spending for gifts and banquets (OEMV, 2021b). The fact that wine is still a luxury good in

Asia that is strongly tied to social prestigious consumption is responsible for the very strong decline through Covid-19. Over 2020 wine sales in China reduced by about 30% (LANG, 2021). Since its peak in 2018 import value even declined by 39% and by 47% in volume (OEMV, 2021b). This had strong repercussions on all major wine producing countries, such as France, Spain, Italy, Chile and Australia, which had shifted their export focus to Asia. An escalating trade war at the end of the year 2020 brought another bad news for Australian producers when China imposed very high import tariff on Australian wine.

Threats and Challenges for the Global Wine Industry

The global effects of the Covid-19 pandemic represent the most important threat and challenge of the global wine industry today (Figure 2). In the annual survey for the ProWein Business Report more than 3,400 global wine industry experts assessed the importance of threats and challenges for their wine business in October 2020. While Covid-19 was not on the agenda in 2019, a year later 78% of businesses along the supply chain of wine perceive it as a strong or very strong challenge to their business. But overall, Covid-19 only added another problem to the challenging industry conditions of the wine sector. Most of the other issues the industry has to cope with have hardly reduced. The experts surveyed anticipate that Covid-19 is likely to increase the risk for a global economic down turn that will affect the demand for wine,

Figure 2. Challenges to the wine sector, share of wine industry experts who expect strong or very strong expected effect 2019 (n=1,745) and 2020 (n=3,443)



Source: LOOSE and PABST (2019), LOOSE and NELGEN (2020)

particularly premium wine (LOOSE and NELGEN, 2020). The extreme bush fires in Australia and California as well as drought in South America that both also affected wine production have vividly reminded the world of the continuing effects of climate change (LOOSE and PABST, 2020). Recent official statements of the European regional WHO office about the policy action needed to reduce cancers attributable to alcohol use (WHO, 2020) have reignited the fear of restrictions for marketing and sales of wine (MCMILLAN, 2021).

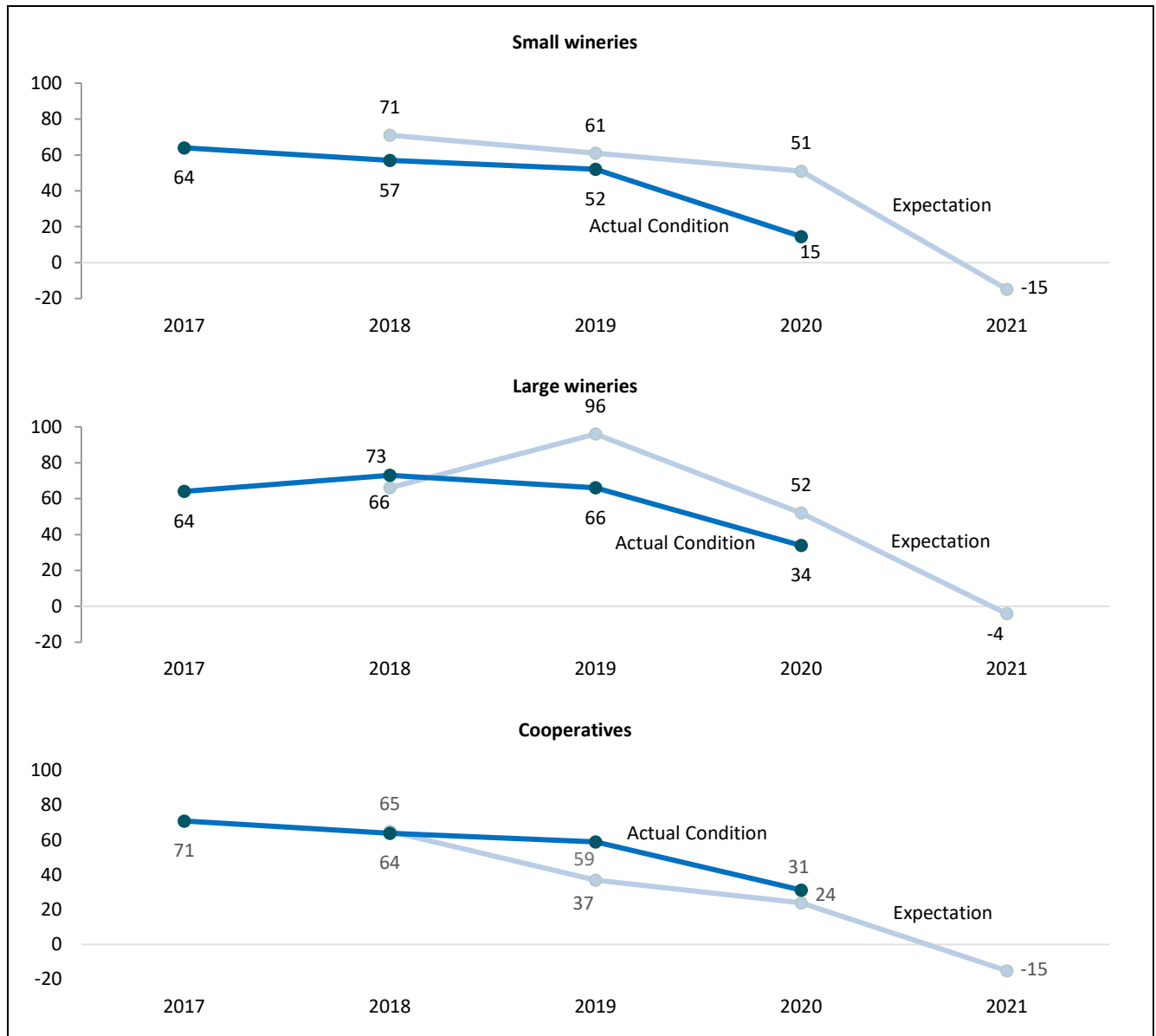
Since the last survey in mid-2019, trade restrictions have rather increased when the US imposed a retaliation import tariff on wine at the end of 2019. In addition, in November 2020, an import tariff of between 107-212% was imposed by China on wine from Australia, causing a steep decline in sales to Australian winemakers (WINE AUSTRALIA, 2021). The increase of Australian exports to Europe in 2020 (mainly to the UK) could by far not compensate the steep decline in exports to China (HARPER, 2021). While a no-deal Brexit was evaded in the last minute in December 2020, specific details of the import administration after the exemption until summer 2021 are still unclear. Exports to the UK have broken down in most European countries, because the UK trade has built up large safety stock far ahead of the Brexit.

The Effect of Covid-19 on International Wine Producers

Economic Condition of Producers

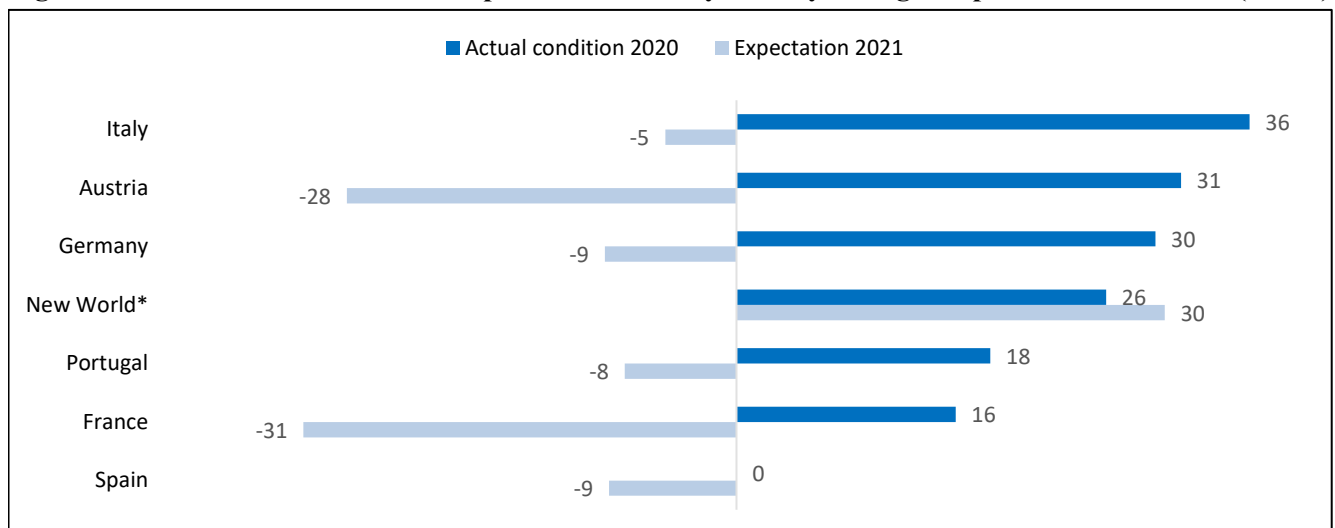
With 80% the majority of international wine producers were negatively affected by the Covid-19 related changes in sales volumes (LOOSE and NELGEN, 2020). Through their listing in the food retail trade, larger producers in particular, such as bottlers and cooperatives, were able to compensate for part of their losses. 70% of the smaller wineries, which depend even more on wine tourism and gastronomy, have seen their economic situation deteriorate due to Covid-19 (Figure 3). Even though the wine producers have increased their sales via online channels, these were based on a very low starting level and for most of the wineries they, by far, could not compensate the losses from the important sales channels of gastronomy, export and wine tourism (LOOSE, NELGEN and ROHRMÜLLER, 2021). Mediterranean wine producers in particular lack easy access to consumers in Central and Northern Europe due to the regulation of intra-European online trade in wine (Figure 4). Expectations for 2021 reflect a further deterioration of business conditions for all business types (Figure 3). At the time of the survey in October 2020 only producers from new world countries had positive expectations for 2021 (Figure 4).

Figure 3. Economic condition and expectations index by global wine producers 2017-2021



Source: LOOSE and NELGEN (2020)

Figure 4. Economic condition and expectations index by country of origin of producers 2020-2021 (n=957)



Source: LOOSE and NELGEN (2020)

Disruption and Shift of Sales Channels

As a result of global restrictions, the Covid-19 crisis has led to an abrupt change in the purchasing behaviour of consumers. In many countries there have been extensive closures and restrictions in the restaurant and hotel industry. International tourism, which is of immense importance for sales in countries such as Spain, France and Italy also came to a virtual standstill. In return, consumers were more dependent than before on buying their wine at food retailers or online (Figure 5).

The restrictions imposed by Covid-19 mainly affected restaurants and hotels, 77% of which had to close down at least temporarily (LOOSE and NELGEN, 2020). Compared to restaurants and hotels, the wine trade was much less affected, with only 25% of businesses having to close and/or suffering a loss of turnover. Moreover, 38% of specialty wine retailers reported increased sales since March 2020 (LOOSE and NELGEN, 2020). During the lockdown, retailers observed a higher willingness of consumers to spend money, who for instance treated themselves to a special wine as compensation for their cancelled trip abroad. Due to the fact that many consumers spent their vacation at home in 2020, they also turned more often to local and regional wines. The demand for sparkling wine suffered particularly from the lack of social occasions and celebrations to which it is normally drunk. The expected negative economic effects of the Covid-19 crisis will also weigh on consumers' disposable income in the future. The wine trade there-

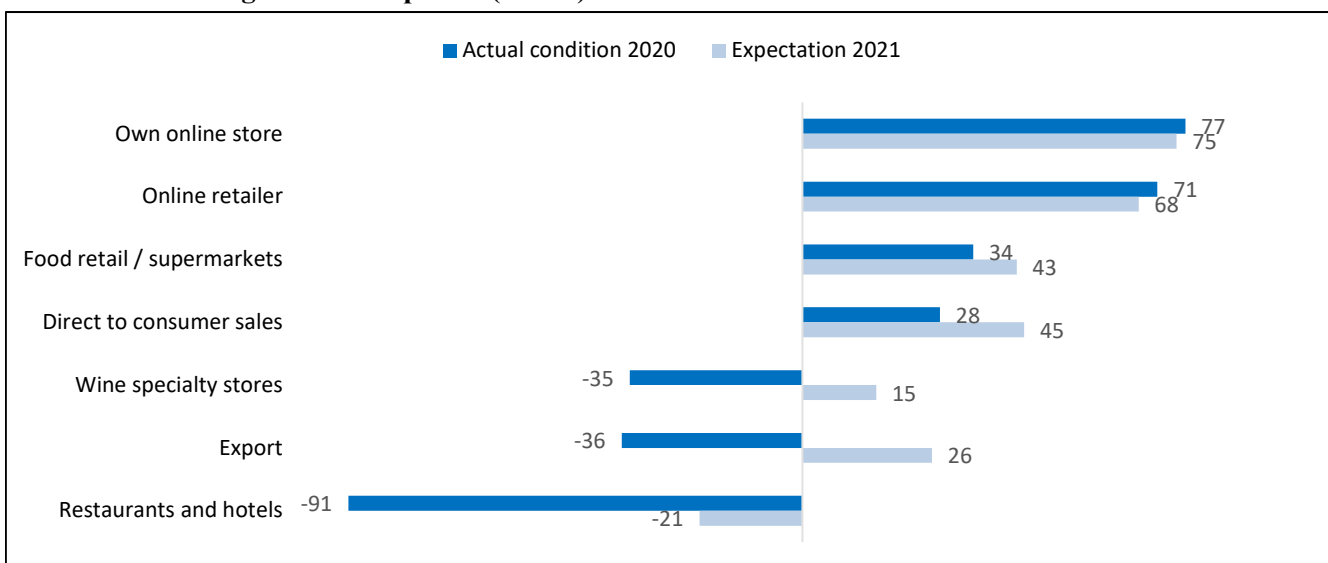
fore expects wine buyers to be more price-sensitive in the future (LOOSE and NELGEN, 2020).

Due to the global scale of the pandemic, sales channels have shifted virtually simultaneously in all wine markets of the world. As a result, there was a strong negative feedback loop on wine exports from the three main producing countries, with France and Spain already affected by the import tariffs to the USA since October 2019. Italy's export loss of -4.6% was smaller due to the exemption from the import duties (VINITALY, 2020). The prospects for a recovery in exports in 2021 are modest.

The industry expects the Covid-19 induced shifts in sales channels to sustain in the future. Online trade in wine will continue to play a very strong role after the pandemic and wine sales via food retailers will emerge stronger from the crisis. One in three also expects premium wines to be sold via food retailers in the future.

The crisis will accelerate structural change and diversification. The sudden collapse of important sales channels and export markets is likely to result in wine producers having to diversify more to reduce their dependence and the risk of individual channels and markets (LOOSE and NELGEN, 2020). This will only be possible through further business growth or partnerships that allow more specialization in the sales area and ensure the necessary sales volume. The majority of business experts anticipate that some of the producers will not survive economically, which will lead to a further acceleration of the ongoing structural change and concentration process (RANNEKLEIV, 2021).

Figure 5. Change of sales channel index by country of origin of producers 2020-2021, saldo of positive and negative development (n=985)



Source: LOOSE and NELGEN (2020)

Producers' Marketing and Business Reactions

As a result of the crisis, producers completely re-aligned their marketing with a very strong focus on all online channels and direct to consumer activities. Direct to consumer sales could be increased by 44% of the wine producers – specifically through special offers with price discounts (46%) and increased customer activation via newsletters (40%) (Figure 6).

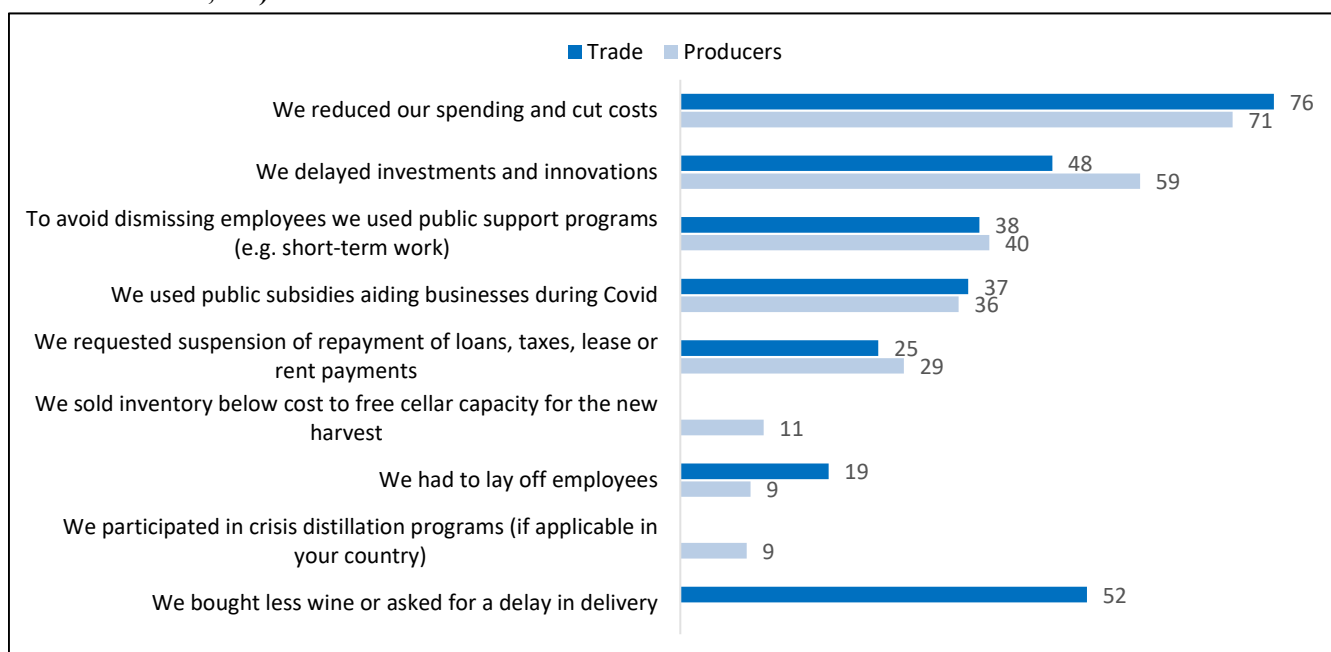
23% of wine producer tried to profit from the sales increases in the food trade and online trade by negotiating new listings there. 60% of the wine producers intensified the communication with their customers via social media (Facebook, Instagram etc.). 37% of wineries conducted online tastings to reach their clients and customers during the lockdown. Likewise, 23% of wine producers opened a new, company-owned online store (Figure 6).

Figure 6. Producers' marketing reactions during Covid-19 crisis, share of producers who undertook according measures in percent (n=1,131)



Source: LOOSE and NELGEN (2020)

Figure 7. Business reactions of wine producers and trade negatively affected during the Covid-19 crisis, share of businesses who undertook according measures in percent (producers n=741; trade n=1,199)



Source: LOOSE and NELGEN (2020)

Those wine producer and trade businesses negatively affected by the crisis had to reduce their expenses and costs in order to survive economically (Figure 7). Half of the businesses postponed planned innovations and investments. Almost 40% of companies used public aid programmes, also to be able to continue paying their employees. One producer in five was forced to lay off employees. One in ten producers surveyed took part in crisis distillation (EC, 2020), except for countries such as Germany where crisis distillation was not permitted.

Like in most other sectors, Covid-19 will also accelerate the digital transformation of the wine industry (MCMILLAN, 2021). Experts from all parts of the wine value chain agree that digitisation will play a much stronger role in the wine industry (LOOSE and NELGEN, 2020). Even though there are still legal hurdles in cross-border online sales between EU countries, two out of three experts agree that in the future producers will focus more on their direct digital marketing. Also, 56% of retailers plan to increase their spending on digital marketing. On the production side the advancement of digitalization in wine growing and making will continue to accelerate and experts agree that the Covid-19 crisis is unlikely to slow down this process (LOOSE and NELGEN, 2020).

Development of Bulk Wine Prices

The globally largest wine broker Ciatti reported strong local differences in how Covid-19 affected the prices for bulk wine. California has been suffering from a structural over-supply after the record 2018 harvest and the closure of direct to consumer sales, restaurants and hotels have brought premium price wine estates under pressure. There was a shift of wine sales to food retail, but at rather lower prices that supported and slightly increased the demand for bulk wine.

During 2020, South Africa temporarily banned alcohol sales totally during one of the globally most severe lock-downs and exports of wine grinded to a

halt. At the end of 2020, South African exporters reported large stocks ready for shipment before the start of the harvest in February 2021, exerting pressure on prices (CIATTI, 2021). Bulk wine prices for red Australian varieties showed a declining path, while whites tended to be stable or increasing. The sudden closure of Australia's most important export market China is expected to have strong negative effects on the demand for Australian wine and prices for red bulk wine were reported to have fallen by 20% to 25% in February 2021 (CIATTI, 2021). The Australian wine industry is still looking for other markets to sell their wines to, with the UK leaving Europe being one of the strong candidates (HARPER, 2021).

Prices of bulk wines of European origins are rather sloping downwards despite the ongoing market intervention by the European Commission (EC, 2021). Particularly Spain suffers from low demand and above average supply (Table 1), resulting in declining prices. Italy benefits from its unrestricted access to the US market, where it wins market share from French wine and shows mostly stable or increasing bulk wine prices.

Expectations for Future Wine Demand

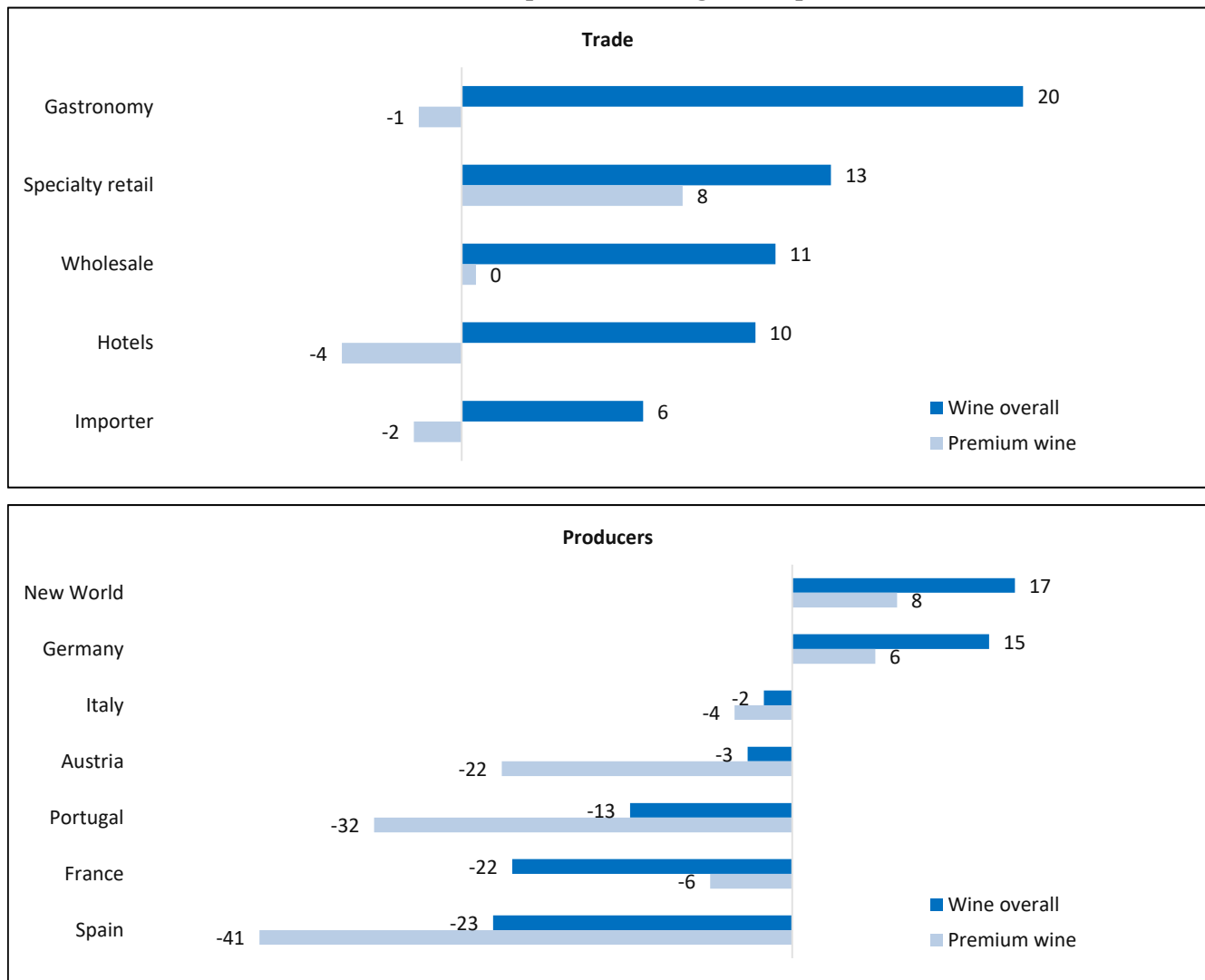
For the post-Covid-19 period, one in seven wine industry experts anticipate a recovery in demand for wine to the previous level. The proportion of 20% of experts who expect an incomplete recovery is slightly higher than the proportion of 11% who expect wine demand to increase (LOOSE and NELGEN, 2020). Expectations for the future mainly seem to extrapolate trends observed in the pandemic year 2020. Trade experts surveyed with their focus on Central Europe are slightly more optimistic than wine producers with their focus on Southern Europe (Figure 9). Wine producers from Germany and the New World, as well as wine trade, expect demand for wine overall to be stronger after the crisis than before it. The expectations of wine producers from Southern Europe are rather subdued.

Figure 8. Development of bulk wine prices for international grape varieties of different origins



Source: CIATTI (2018, 2019, 2020)

Figure 9. Expectations for the development of national demand for wine overall and premium wine by producers by country of origin (n=829) and by trade by trade channel (n=1,921) for the time after the Covid-19 crisis, saldo of positive and negative expectations



Source: LOOSE and NELGEN (2020)

The German Wine Market

German Wine Production

In Germany, 2020 was the second warmest year after 2018 since the start of weather recordings in 1881 (LUX, 2021). The sunny spring resulted in major late frost damage to early developed vines in the continental climate eastern regions of Franconia, Saale-Unstrut and Saxonia, as well as in some valleys of Württemberg that resulted in regionally strong harvest losses (DWI, 2020). In September, warm temperatures prevailed and the harvest started very early and finished within few weeks, in agreement with previous observed effects of climate change (LOOSE and PABST, 2020). The overall volume is in line with the long term average (Table 1).

The Effects of Covid-19

Like in other countries, the restrictions caused by Covid-19 led to a strong shift of purchase channels for wine in Germany. With the start of the lock-down in mid-March 2020, food retail and online shops were the only available sources to buy wine. Food retail sales are tracked by Nielsen Homescan data, which show a strong increase of wine sales with the onset of the lock-down in March (Table 2).

Initially, volume and value of wine sales increased in March when many households build up large safety food stocks. Customer reach increased from April 2020 on, when those households switched to buy their wine in food retail that previously used other channels. With the end of the lockdown in May, the increase of wine sales through food retail slowed

Table 2. Changes of German wine purchase behaviour in food retail based on Nielsen Homescan, in percent

in %	January	February	March	April	May	June	July	August	September
Customer reach	-4.1	-5.1	-3.2	5.4	9.6	9.2	1.2	3.7	4.5
Wine sales (volume)	-4.2	-2.6	7.7	11.4	12.9	9.2	7.7	1.3	3.1
Wine sales (value)	-5.1	-5.1	8.2	15.1	17.4	11.0	9.4	3.5	5.6
Quantity per household	-0.7	1.6	10.1	5.0	4.3	1.6	6.4	-2.1	-1.0
Average prices	-0.9	-2.5	0.4	3.4	4.0	3.2	3.2	3.5	3.5

Source: DWI (2020)

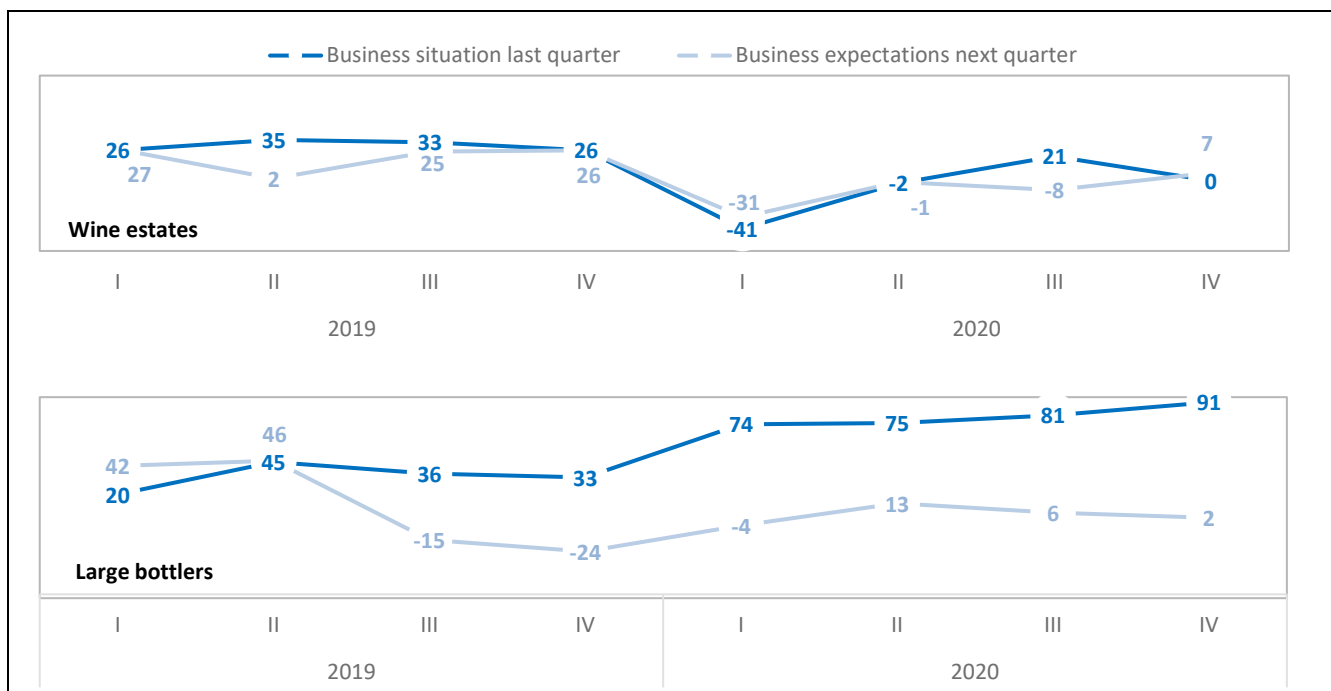
down. Nevertheless, sales remain above average all year because of the strong domestic tourism in Germany when most Germans spend their holidays locally and also wine tourism increased in the most popular wine regions, such as the Mosel valley (LOOSE and NELGEN, 2021). Although no official data are available yet, industry sources report a strong increase of wine sales through food retail with the onset of the second lock-down in mid-December 2020.

The shift in purchase channels had a profound impact on suppliers and wine producers (Figure 10). Only four weeks into the lock-down, wine estates that focus on direct to consumer sales, gastronomy and specialty wine retail saw a sudden slump in their business situation and business expectations (quarter I/2020

in Figure 10). Contrary, bottlers that supply food retail reported a sudden improvement of business conditions that extended progressively throughout the year 2020.

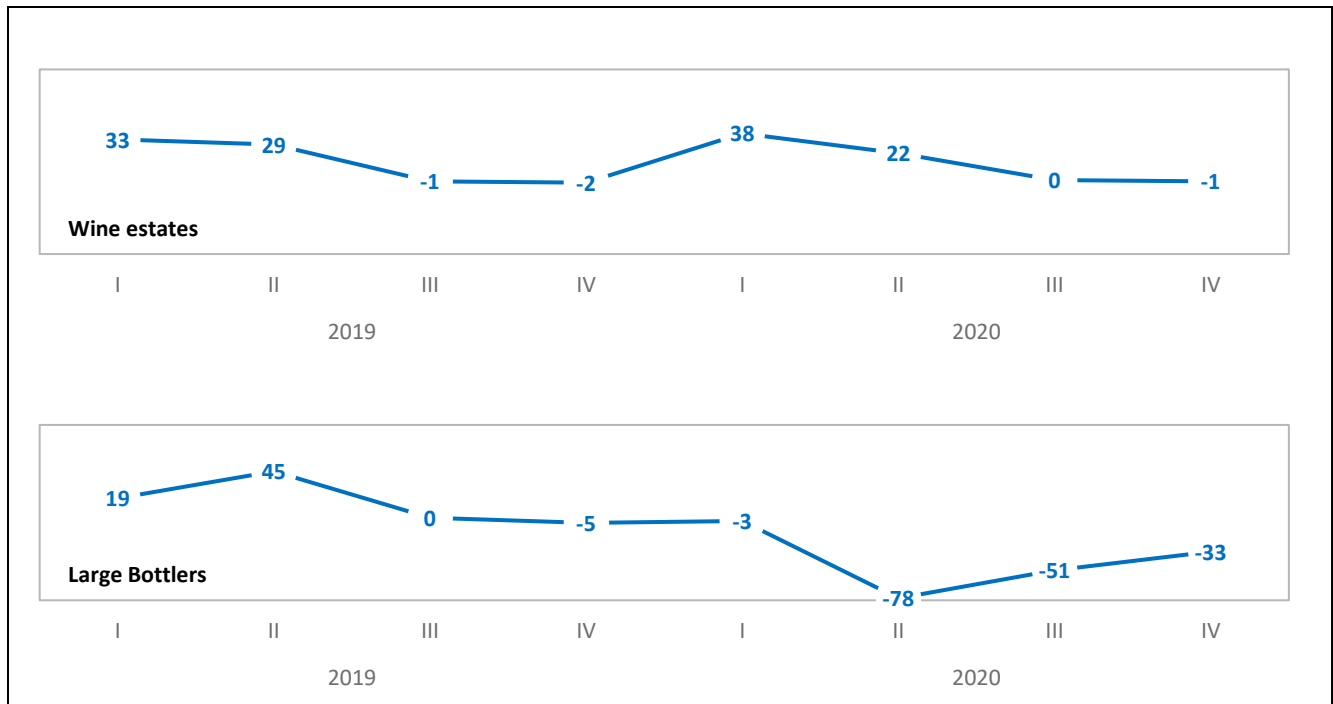
The shift in business and wine volume between the business types is also reflected in their stock (Figure 11). In April, four weeks into the lock-down, wine estates reported a sudden increase in stocks due to their planned and then cancelled sales into the gastronomy, for Easter festivities, and because the start of the wine tourism season could not be realised. Stocks of the large bottlers fell suddenly in the second quarter when wine sales through retail increased strongly. The end of the first lock-down and the availability of the new harvest by the end of 2020 eased the supply issue of the large bottlers in the fourth quarter.

Figure 10. Business situation and business expectations of German wine estates and German large bottlers for 2019-2020



Source: LOOSE, NELGEN and ROHRMÜLLER (2021)

Figure 11. Assessment of wine stocks by German wine estates and German large bottlers for 2019-2020

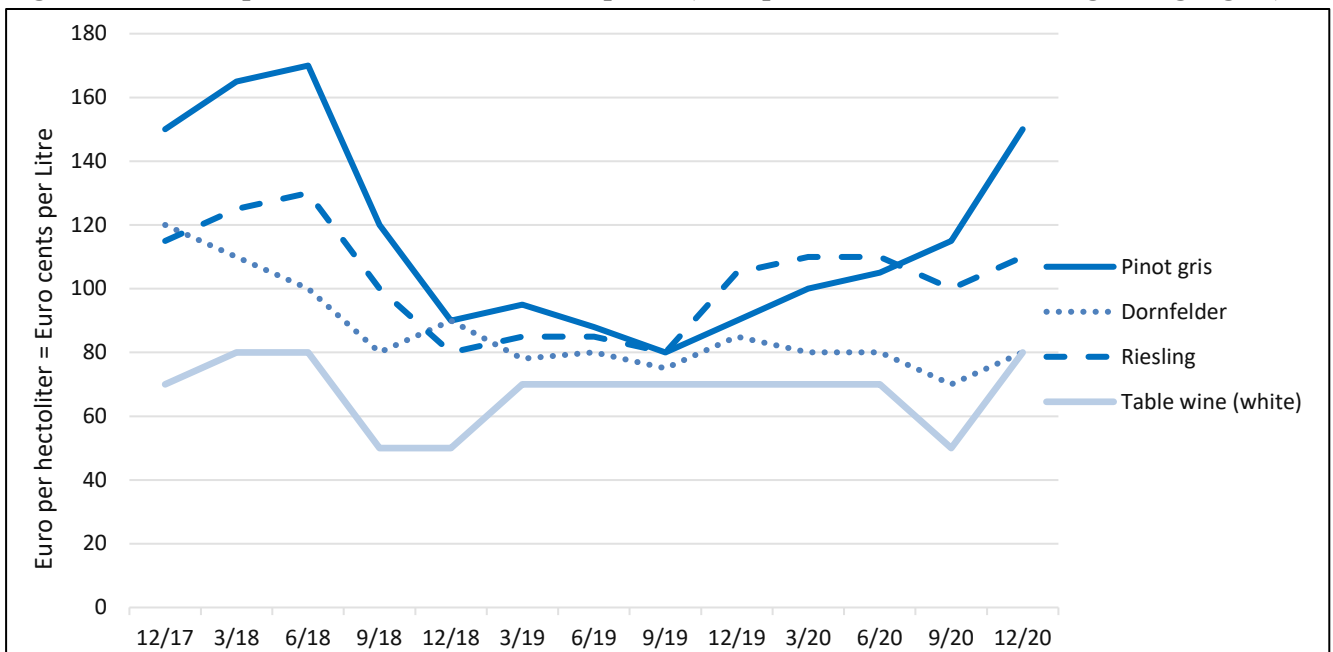


Source: LOOSE, NELGEN and ROHRMÜLLER (2021)

Declining stock of bulk wine also affected prices (Figure 12). After plenty of supply from the large 2018 harvest and a year of low prices, prices started to increase in the first quarter of 2020. Because of the German trend towards white wine consumption, white

varietals benefited strongly, in particular sought after varietals such as Pinot Gris that became unavailable in early 2021. Contrary, red varietals, most importantly Dornfelder, are in lower demand.

Figure 12. Development of German bulk wine prices (example of the Palatinate wine growing region)



Source: WEINWIRTSCHAFT (2018-2020)

Sales Channels and Business Situation

German wine estates represent less than a third of wine volume sold in Germany but their value share is considerably higher through their particular mix of sales channels (LOOSE and PABST, 2018). Based on recent data of the Geisenheim Business Cycle Analysis of the German wine sector, direct to consumer sales, events (including consumer fairs and festivities), as well as gastronomy, represent the most important sales channels (Table 3). The first two, direct to consumer and events, cannot be clearly separated in their volume share because of their strong organisational overlap. Many wine consumers buy and order wine, when they attend a wine estate's event. The value of the three most important sales channels is particularly high because there is no or in the case of gastronomy only a small sales margin the estates have to share with sales agents.

Of all the wine estates' sales channels, events and gastronomy suffered most strongly. Compared to 2019 their median sales decline was 90% and 50% respectively (Table 3). There is low heterogeneity between wine estates (Figure 13). 69% of wine estates lost 80% or more of their sales from events, fairs and festivities (top right hand box in Figure 13). For both channels hardly any businesses could increase their sales, which is not surprising considering the lock-

down. Direct to consumer sales increased slightly for the majority of wine estates, mainly through efficient mail and email marketing or local wine tourism in summer. On average, there were few changes in sales to specialty wine shops. Because many specialty wine retailers also act as wholesalers for gastronomy, 28% of wine estates reported declining sales through specialty wine retail by more than 20%.

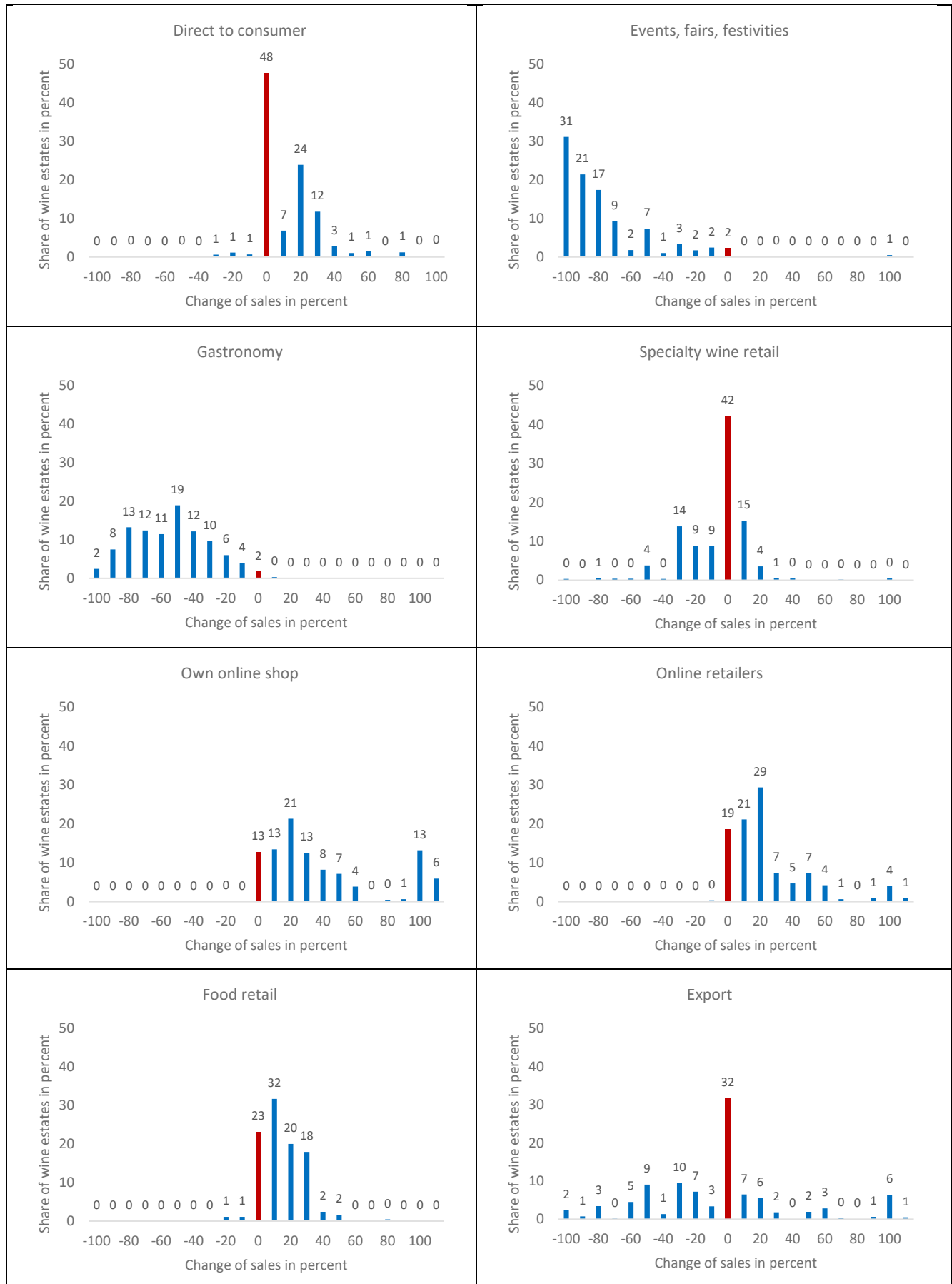
In alignment with global trends (see above), online sales through external online retailers or the estates' own online shop increased. The median increase is small to moderate but there is very strong variance, indicating that some wine businesses were very successful in online marketing while others were not. Nevertheless, online sales started from a small base (Table 3) and the relatively large percentage increases are small in absolute volume terms. The majority of larger wine estates, which are listed in food retail benefited from the sales shift. 75% reported an increase in sales to food retail, where the focus is on increases by 10% to 30% (bottom left box in Figure 13). The largest variance in sales changes can be observed for export. Performance strongly depended on the destination country and the targeted sales channels. While sales to Northern alcohol monopolies increased significantly, all sales dedicated for international on-premise customers declined very strongly.

Table 3. Wine estates' share of sales channels and changes in 2020

	Share of wine estates that market through that channel %	Average sales share (all estates) %	Median sales change 2020 to 2019 %
Direct to consumers	99		+10
Events, consumer fairs, festivities	57	60	-90
Gastronomy	76	13	-50
Own online shop	60	6	+20
Specialty wine retail	48	9	0
Online retailer	37	2	+10
Food retail	35	4	+10
Export	33	5	0

Source: LOOSE, NELGEN and ROHRMÜLLER (2021)

Figure 13. Change of sales in 2020 compared to 2019 for wine estates by sales channel, distribution weighted by acreage (change of 0% as red column)

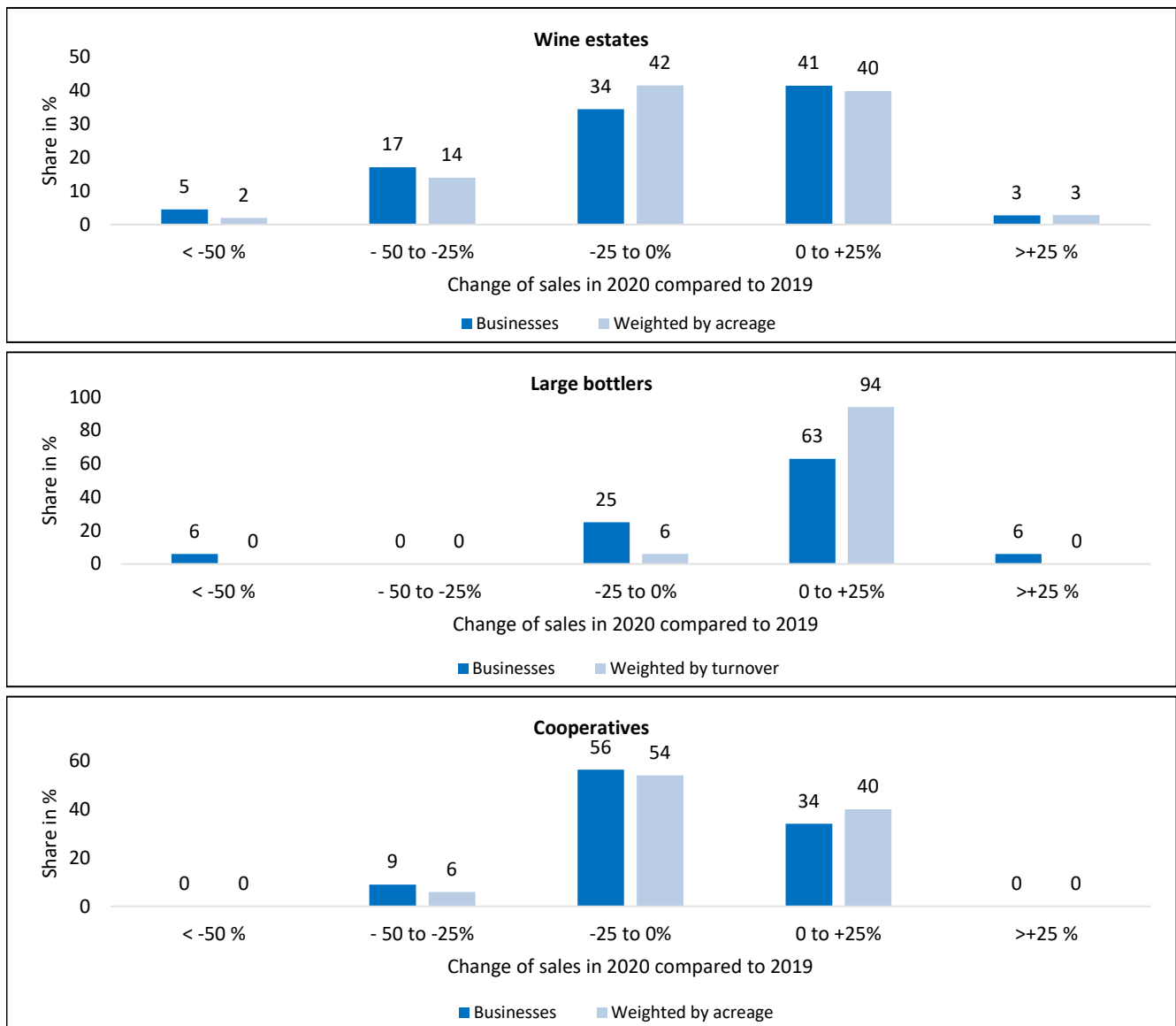


Source: LOOSE, NELGEN and ROHRMÜLLER (2021)

German wine producers differ strongly by how their total sales were affected by Covid-19. Overall, the large bottlers profited most by catering food retail. There is a very strong size effect for bottlers, where the large ones had average sales increases of around 15% (Figure 14). Smaller bottlers with a focus on export and gastronomy saw a decline in sales. For cooperatives, the total effect strongly depended on their sales focus with larger cooperatives supplying food

retail faring better. The average wine estate lost 6% of sales in 2020 with a large spread between losers and winners. 22% of wine estates lost more than a quarter of their sales, while 3% won more than a quarter. The degree by which negatively affected wine estates have built up reserve funds or can realign their marketing and sales channels in the near future will determine if they will survive economically. Gastronomy, event sales and export are likely to recover only slowly.

Figure 14. Change of sales in 2020 compared to 2019, unweighted and weighted by acreage / turnover



Source: LOOSE, NELGEN and ROHRMÜLLER (2021)

German Consumption, Imports and Exports

Between August 2019 and July 2020, German wine consumption increased by 2.0% (DWV 2021a). Thereof German wine increased more (+4.8%) than imported wine (+1.8%), while sparkling wine reduced significantly by -4.8% because of a lack of consumption incidences. The small increase in wine consumption is mainly related to the lack of international tourism and stronger domestic food consumption overall. There are also some signals that during the lock-down periods, Germans enjoyed more to drink wine with their family, not having to drive. The next publication of the German Wine Trade Balance for the period 2020/21 in early 2022 will have to show how the pandemic continues to affect German wine consumption. The exceptional effect of the pandemic broke the long-term trend of steadily declining wine consumption in Germany (Loose and Pabst, 2019 and 2020). It has to be expected that domestic consumption will fall again when international tourism becomes widely possible.

Exports of German wine declined strongly by -9.2% in value, -8.5% in volume (DWV 2021b). There are strong differences between the destinations. US import tariffs imposed a reduction by -18.5% of value and -5.6% of volume, indicating that premium wines lost more strongly. Exports to the UK saw an extraordinary strong decline (-44% value, -46% volume) that can partially be attributed to the Brexit. As a very small European wine exporter, it has to be expected that Germany suffers more strongly from the Brexit than the large three European wine producers. The German exports to the Netherlands, Canada, and Japan also declined. On the other side, the Northern countries saw very strong increases and further strengthened their position as important wine export destinations for Germany. With the exception of Denmark, volume increased more than value, suggesting stronger entry price level sales through the monopolies and weaker on-premise premium sales (DWV, 2021b): Norway (+26% value, +40% volume), Sweden (+3% value, +6% volume), Finland (+14% value, +28% volume), Denmark (+30% value, -2% volume).

The decline of imports by a total of -2.3% value and -5.9% volume is partially attributed to a slow-down of re-exports, where German large bottlers import bulk wine to export it as bottles to neighbouring markets. In line with their global performance, the import volumes declined uniformly for the most important three import origins Italy (-9%), France (-7%)

and Spain (-9%), underpinning their difficult economic situation (Figure 4). Contrary, origins with smaller market shares partially increased their exports to Germany, US (+13%), Austria (+13%) and New Zealand (+14%).

In early 2021, there are strong uncertainties how quickly the international and German wine world will be able to return to normality. It is certain though that the new normality will be different from the old one. The structural global wine oversupply, the shifts in market channels, the rise of online wine sales and the ongoing trade wars will have long-lasting effects for many countries.

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