

In 2020, taxes and pandemics halt growth seen on US market since 2015



Key figures in 2019 for Bourgogne wines in the United States

**N° 1 export market for Bourgogne wines
in terms of both revenue and volume**

Exports: 18.6 million bottles (up 7.2% on 2018) for 225.6 million euros (up 6.5%)

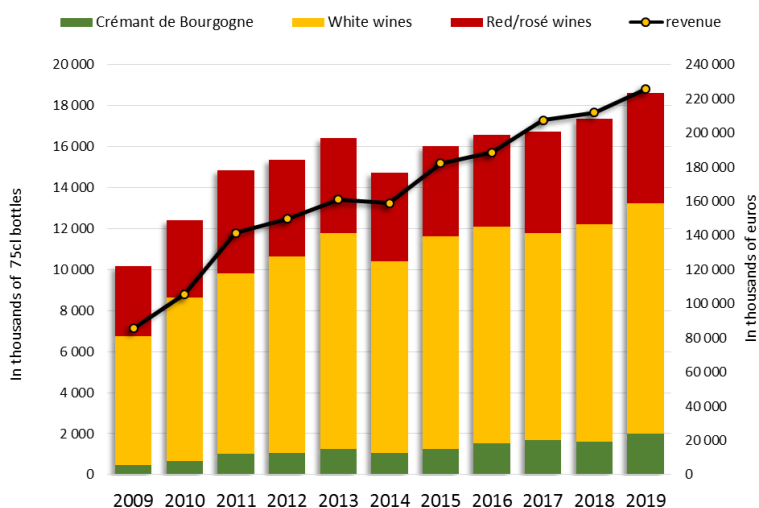
by volume

- ▶ Still white wines: 60.6%
- ▶ Still red wines: 28.8%
- ▶ Crémant de Bourgogne: 10.6%

In 2019, Bourgogne wines accounted for 11.9% of the total volume of French AOC wines exported to the United States, and 13.8% of total revenue.

After good results in 2019, 2020 was off to a bad start

Exports of Bourgogne wines to the USA
Source: Custom/ BIVB



In 2019, Bourgogne wine sales continued to grow on the American market, for both white and red. Crémant de Bourgogne returned to growth after a stagnating for a year.

Overall, exports of Bourgogne wines to the United States recorded year-on-year growth in 2019 of:

- ▶ +7.2% by volume
- ▶ +6.5% in terms of revenue

In 2019, the USA was the leading export market for Bourgogne wines by revenue, **accounting for 22% of total Bourgogne wine exports**. It was also in top spot **by volume, with 21% of total exports**.

This strong performance was notably driven by a favorable euro/dollar exchange rate.

However, since mid-October 2019, Bourgogne wines (excluding Crémant de Bourgogne) have been subject to a decision by the US President to impose a 25% *ad valorem* tax on still wines under 14° as part of the trade dispute concerning Boeing and Airbus. This has been compounded by the consequences of the COVID-19 pandemic (closure of restaurants, wine bars, lockdown, suspension of shipping by plane, etc.). It is still too early to know the impact of these two factors on the Bourgogne wine market in the USA, but initial figures providing an indication should be available by May.

Unsurprisingly, results for the first seven months of 2020 confirmed gloomy predictions at the end of 2019. Not just impacted by the economic situation and health crisis in the USA, Bourgogne wines were also hit hard by the 25% levy imposed by the Trump administration.

Over the first seven months of 2020, **exports fell 16.6% by volume** (equivalent to 1.8 million bottles), compared to the first seven months of 2019, and were **down 24.7% in terms of revenue**, a fall of 33.5 million euros.

All colors suffered:

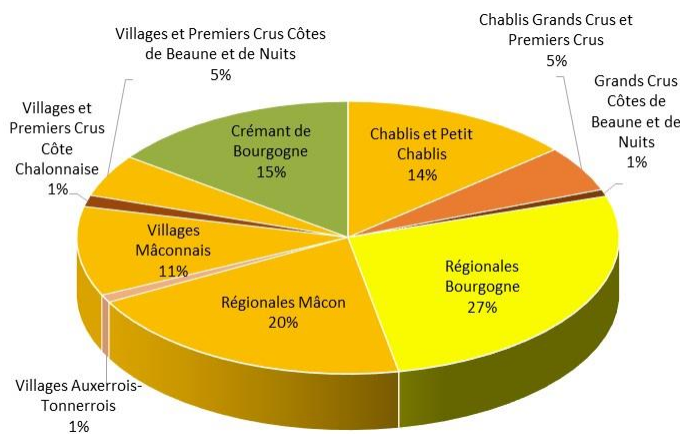
- ▶ White wine: Down 13.2% by volume and down 23% by revenue
- ▶ Red and rosé wines: Down 20% by volume and down 26.5% by revenue
- ▶ Crémant de Bourgogne: Down 27.9% by volume and down 26% by revenue

Bourgogne wine industry professionals regularly voice their concerns to the French government, requesting that it and the European Union find a solution to the Boeing/Airbus conflict.

Sales of Bourgogne wines to the USA driven by Régionale wines¹

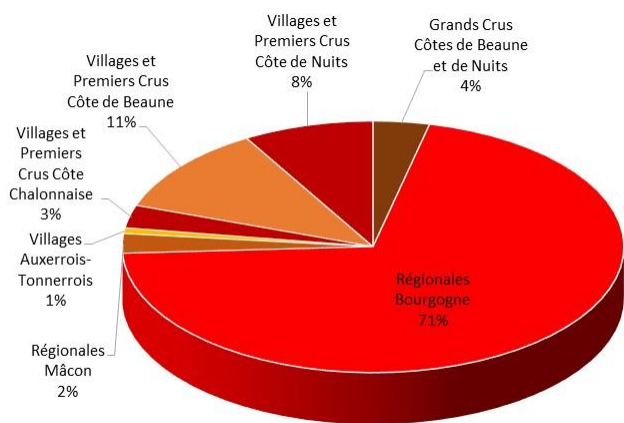
Exports of Bourgogne wines 2019 (volumes)

White wines and Crémant de Bourgogne (%)



Exports of Bourgogne wines 2019 (volumes)

Red and rosé wines (%)



In 2019, as usual, **Bourgogne white wines dominated the US market**, accounting for 61% of export volumes for 52% of revenue (up 10.5% on 2018), not counting Crémant de Bourgogne.

- ▶ **Bourgogne and Bourgogne plus geographical denomination AOCs** accounted for 32% of volumes (29% of revenue)
- ▶ **Mâcon, Mâcon-Villages, and Mâcon plus geographical denomination AOCs** came next, with 24% of the volume (11% of revenue)
- ▶ The **Chablis AOCs** were in third place, with 23% of volume (21% of revenue)

The image of Chablis wine has long suffered from the use of its name by mediocre American-produced white wine, which means the share of Chablis among Bourgogne white wine exports is lower than that seen in other markets. **The Chablis AOCs still accounted for 23% of the offer of Bourgogne white wines**, and 14% of all Bourgogne wine sales in 2019.

- ▶ **Village white wines from the Grand Auxerrois (Vézelay and Saint-Bris)** do not account for significant volumes of Bourgogne exports to the United States, but nonetheless saw growth of 17.3% by volume and 37% in terms of revenue compared to 2018.
- ▶ **Grand Cru white wines from the Côte de Beaune and Côte de Nuits** dropped by volume (down 27.5%), but were up in terms of revenue (up 20.4%).

¹ Régionale AOCs accounted for 53% of the production of Bourgogne wines, for 46% of Village and Village Premier Cru AOCs, and 1% of Grand Cru AOCs (average for five years from 2013-2017).

Red wine exports were up 3.8% by volume and accounted for 43% of the revenue from Bourgogne wines in the United States (up 0.5% on 2018).

- ▶ **Bourgogne and Bourgogne plus geographical denomination appellations accounted for the majority of sales**, with 71% of the volume of Bourgogne red wines (up 6.8%) and 41% of the revenue (up 6.6%).
- ▶ **Mâcon and Mâcon plus geographical denomination appellations** grew by volume (up 42.3%), with revenue up 41.4% on 2018.

Although 2020 has had a negative impact on Bourgogne wines as a whole, it is **the Village AOCs and Village Premier Cru AOCs from the Côte de Beaune and Côte de Nuits that have suffered the most**, down 22% by volume and 32.4% by revenue compared to the same period in 2019. Their high-end positioning means **these wines were hit particularly hard by the addition of the 25% import tax**, making them less accessible to the majority of consumers. The *Village AOCs* and *Village Premier Cru AOCs* from the Côte Chalonnaise also saw their steady growth over the last 10 years hit a wall, down 50% by volume and 59.5% by revenue in the first seven months of 2020 compared to the previous year.

White Village and Régionale appellations of the Mâconnais were the only wines whose exports increased by volume. However, revenue was down, reflecting efforts made to partially offset the additional cost of the tax.

Younger consumers adopt different buying habits

Bourgogne wines well represented in e-commerce.

American wines naturally dominated the offer of still wines available by the bottle via online stores (49% of references). However, French wines accounted for almost one in five references (19%), ahead of Italian wines (13%). **In terms of red**, Bourgogne wines were present on two-thirds of sites and accounted for 5% of all references (an average of 34 references per site), comprising a very high-end offer, mainly *Village* and *Grand Cru* appellations for the Côte de Beaune and Côte de Nuits.

The most widely available appellations found on 25-35% of sites included Pommard, Volnay, Nuits-Saint-Georges, Gevrey-Chambertin, and Vosne-Romanée. Bourgogne Pinot Noir was also available on one-third of sites.

For white wines, Bourgogne was represented on three in four sites, accounting for 8% of the offer (almost half the French offer), across a more diversified range. Most groups of AOCs from the region were referenced on half of the sites surveyed, with Chablis and Pouilly-Fuissé the most widely available. The Meursault and Mâcon-Villages appellations could also often be found.

In the sparkling wine segment, Crémant de Bourgogne (1% of the offer) was present on a quarter of sites, confirming this market as a key export destination for this appellation.

Survey of 2019 offer in the United States on 50 websites

Economic report by the Markets and Development department of the BIVB - September 2020
(Sources: Customs - DEB+DAU - MIBD Market - BIVB)

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