Press release
#BourgogneWines

BOURGOGNE
Bourgogne Wine Board

Bourgogne wines are flirting with records
but producers remain prudent in the face of uncertainty

Bourgogne, 5 October 2021

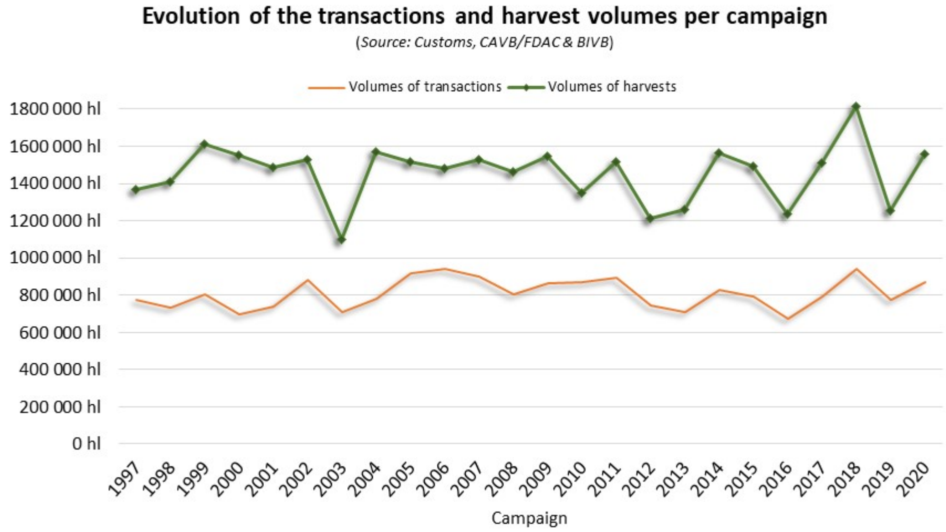
Over the first part of 2021, Bourgogne wines enjoyed growth in terms of exports to almost all markets. That was even better than 2019[1]. This was mainly due to the 2020 harvest, the boom in consumption during confinement, and government recovery schemes. Over the coming year, however, this may well be challenged by the slim pickings of the 2021 harvest and the potential slowdown of the global economy.

- *The 2020 harvest (almost 1.56 million hectoliters) is giving a boost to sales from the winery and transactions.*
- *Although stocks by the end of July 2021 seemed to be down on the five-year average, they are being supplemented by equivalent stocks in the* négoce *trade.*
- *In terms of exports, growth was strong, with results even better than 2019, up 22.1% by volume and 26.2% in terms of revenue for the first seven months of 2021 compared to the same period in 2019.*
- *In France, Bourgogne wines continued to show growth, particularly thanks to their presence across all kinds of retail outlets.*

Sales from the property driven by the good 2020 harvest

In 2020, the volume of grapes harvested (almost 1.56 million hectoliters) was higher than the average for the past five vintages (1.46 million hectoliters from 2015-2019). This was excellent news after the 2019 vintage, one of the smallest over the past decade (1.25 million hectoliters).

As such, the very high quality 2020 vintage had a big impact on transactions which returned to growth on a global level and gave a welcome boost across the entire Bourgogne.



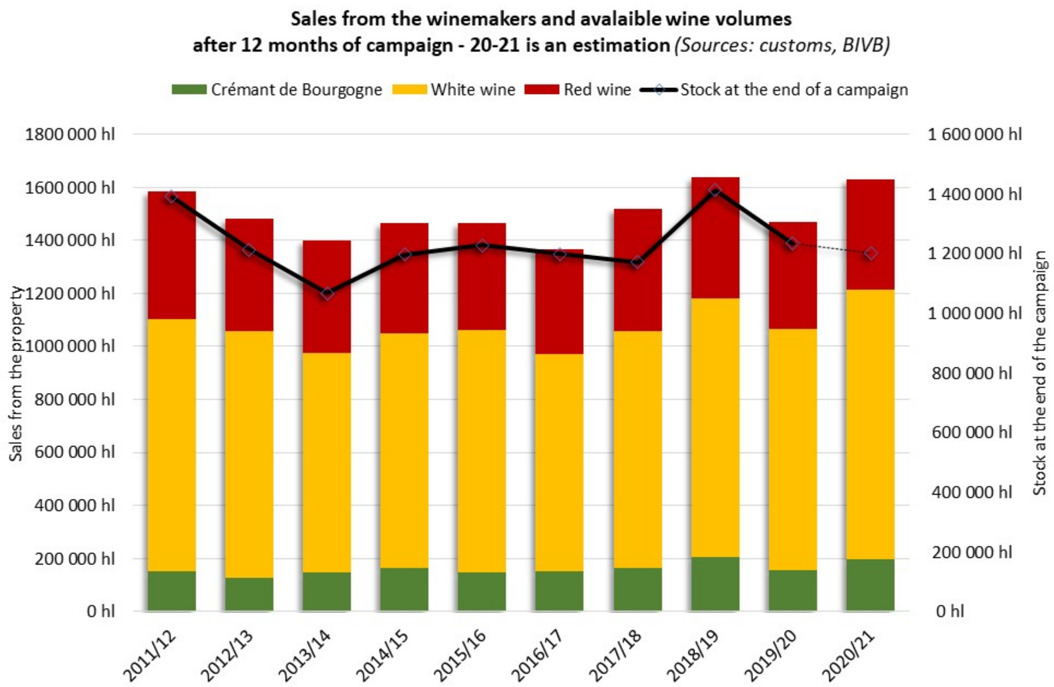
[1] *The gradual lockdown of countries caused by COVID-19 put a powerful brake on international trade, making 2020 a very unusual year. And for this reason, in this document we are favoring a comparison with results from 2019 for these most recent export figures.*

- The volume of transactions in 2020-2021 (869,141 hectoliters) was up 12% compared to the 2019-2020 campaign and 9.3% compared to the average over the past five campaigns back to 2015-2016.

  The availability of the 2020 vintage (89% of volumes of transactions in 2020-2021) soon compensated for the low volumes of the 2019 vintage.

- Sales from the winery during the 2020-2021 campaign (1.63 million hectoliters) were up 10.9% compared to the 2019-2020 campaign.

  All colors profited from this strong dynamic: White wine (up 12%), Crémant de Bourgogne (up 25%) and even red wine (up 1.8%), despite slightly lower volumes for the 2020 vintage (down 1.7% compared to 2019).



- Stocks in the winery at the end of the 2020-2021 campaign were estimated at close to 1.2 million hectoliters, almost the same as for the 2016-2017 and 2017-2018 campaigns, which were also impacted by a small harvest, that time from 2016. In addition, there was similar stock with the *négoce* trade. This left Bourgogne with the equivalent of almost two years of average yields in stock on the eve of the harvest.

As such, the region is not suffering from overstocking in wineries. It will be able to satisfy the market over the coming year as it did after the 2016 vintage. Industry professionals from Bourgogne will have to be very vigilant nonetheless, as the current boom in consumption and the small 2021 harvest will require very careful management of volumes and distribution. This is one of the major challenges facing the industry over the next two years.

Export: Bourgogne wines exceed results from before the COVID-19 crisis

The end of lockdown and gradual easing of restrictions caused by the pandemic are provoking a consumption boom in many countries. Exports of Bourgogne wines have been directly impacted by this and are also benefitting from the lifting of American levies. They have returned to growth after a relatively stable 2020, up 22.1% by volume and 26.2% in terms of revenue for the first seven months of 2021 compared to the same period in 2019.

One should remember that in a context of falling exports of French *AOC* wines in 2020, down 4% by volume and 12.7% in terms of revenue compared to 2019, Bourgogne wines stood up well:

- Exports remained almost stable, down just 0.3% by volume (89.33 million bottles) and 0.7% in terms of revenue compared to 2019.
- Revenue remained above the symbolic bar of a billion euros at €1.032bn.

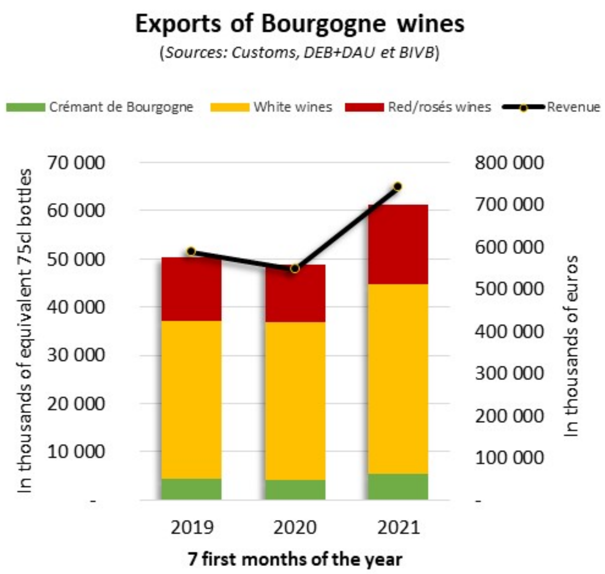
Nobody knows how much time this global upturn will last in the face of potential new waves of COVID-19, raw material supply shortages, and international political or economic tensions.

Bourgogne was the fastest French *AOC* wine region to return to growth, in the first three months of 2021 compared same period in 2019:

- Revenue was up 7.8% for Bourgogne wines compared to a fall of 2.7% all French *AOC* wines
- Volumes rose 8.8% for Bourgogne wines, compared to up 1.6% for French *AOC* wines

Over the first seven months of 2021, Bourgogne wines extended their lead over exports of all French *AOC* wines:

- Volumes were up 22.1% for Bourgogne wines while they were up 7.9% for all French *AOCs* compared to the first seven months of 2019
- Revenue was up 26.2% for Bourgogne wines compared to up 10.5% in 2019



Bourgogne wines broke new records for exports in this favorable context:

- Volumes exported broke the record set in the first seven months de 2007 (up 0.6%), just prior to the recession in 2008, and that of the first seven months of 1998 (up 2.2%), another record year for the region.
- In terms of revenue, another new record was reached by Bourgogne: 741 million euros for first seven months of 2021.

All colors of Bourgogne wine profited:

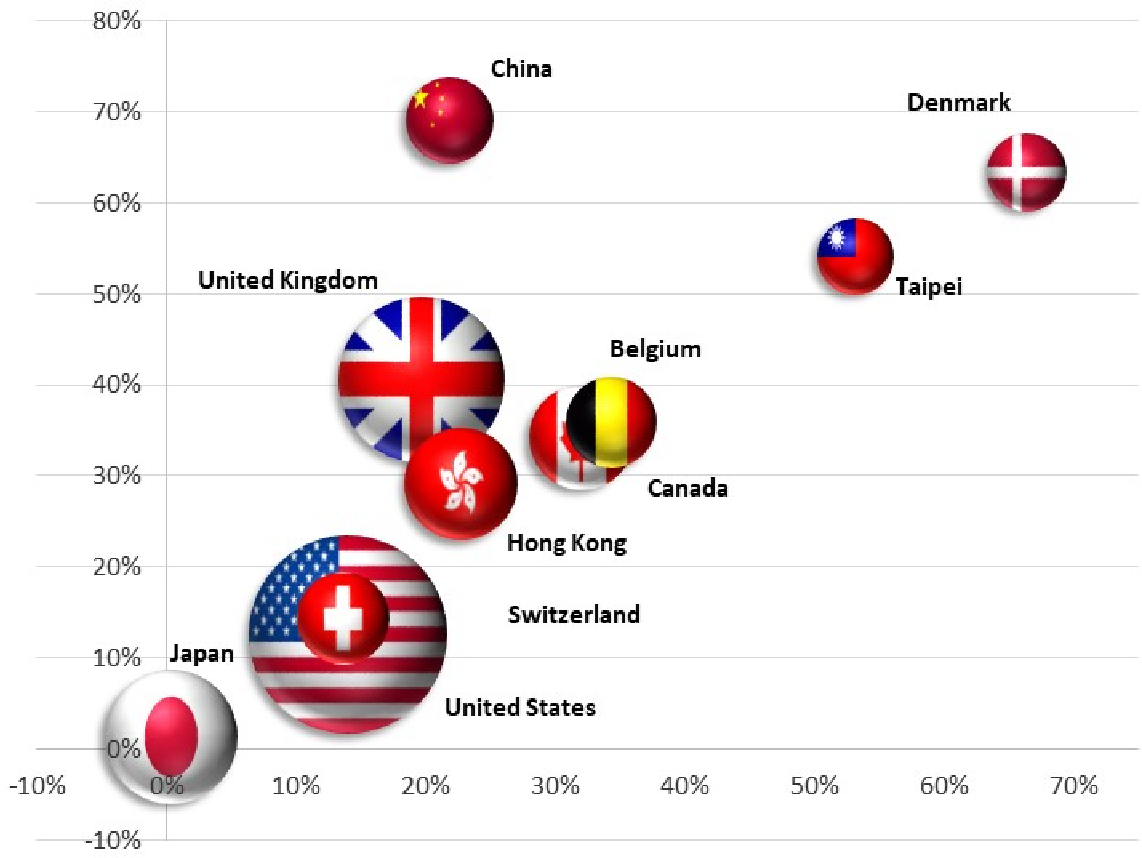
- White wine: Up 19.9% by volume and 22% in terms of revenue
- Red wine: Up 28% by volume and 31.2% in terms of revenue
- Crémant de Bourgogne: Up 20.8% by volume and 20.6% in terms of revenue

Exports up across almost all markets

These excellent results will clearly be challenged by the return to normal consumption, a slowdown of economies due to a lack of raw materials and semi-conductors, and by potential future waves of the pandemic.

Change in the export of Bourgogne wines

(*sources: Douanes, DEB+DAU - BIVB* - 7 months 2021 / 7 months 2019)



__How to read this chart__:

The size of the bubble is proportionate to the export revenue from Bourgogne wines in each market over the period:

- *Horizontal axis: Change in volumes **compared to the same period in 2019***
- *Vertical axis: Change in revenue **compared to the same period in 2019***

United States

The leading market in terms of revenue in 2020

And the second-biggest market by volume (behind the UK)

After a tough 18 months due to the 25% *ad valorem* tax[2], Bourgogne wines have, since the spring, been benefitting from the lifting of this levy, with exports up 14% by volume and 12.5% in terms of revenue compared to the first seven months of 2019.

All colors showed good growth, almost compensating for losses by volume and revenue over the first seven months of 2020 compared to the same period a year previously:

- White wine rose 15.9% by volume and 9.9% in terms of revenue
- Red wine was up 10.4% by volume and 15.3% in terms of revenue
- Crémant de Bourgogne exports grew 13.7% by volume and 16% in terms of revenue

Similarly, most *AOC* groups returned to the market:

- *Régionale* Bourgogne *AOCs* (40% of volumes exported) were up 10.3% by volume
- The four Chablis *AOCs* (14.9% of volumes exported) rose 20.7% by volume
- *Régionale* Mâcon *AOCs* (14.3% of volumes exported) were up 10.4% by volume.
  This was also the only one of these three *AOC* groups to maintain growth by volume over the first seven months of 2020.

Globally, French wines as a whole grew more slowly: Up 9.2% by volume and 3.4% in terms of revenue.

The USA saw GDP rise by 6.6% during the second quarter of 2021. This was inflated by expenditure by consumers who had saved money during the pandemic, but also by the Biden government's huge recovery plan of $1.2 trillion. This advantageous economic climate was nonetheless threatened by the Delta variant which reached a new peak in mid-September.

The UK

The second-biggest market in terms of revenue in 2020

And the leading market in terms of volume

Over the first seven months of 2021, Bourgogne wine exports grew by volume, up 19.7% compared to the first seven months of 2019.

These results, that were unexpected after an already very good year in 2020, with exports up 12.3% compared to the first seven months of 2019, was partly due to a continuation of temporary measures to boost imports post-Brexit.

<u>All colors of Bourgogne wine profited from this new dynamic, compared to the previous year</u>:

- White wine (77.7% of volumes) was up 10.8% by volume
- Red wine (18.7% of volumes) rose 63.5% by volume
- Crémant de Bourgogne (3.6% of volumes) grew 85.5% by volume

But not all French winegrowing regions benefitted from this economic situation and as such, export volumes of all French *AOCs* were still down 1.3% by volume for the first seven months of 2021 compared to the same period in 2019.

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[2] *This tax was imposed on certain European products, including still French wines below 14° alcohol, as part of the Boeing/Airbus dispute. It was introduced on 19 October 2019 and suspended in mid-March 2021.*

The UK enjoyed a more rapid economic recovery compared to other countries in the EU, thanks to an early vaccination program and the lifting of COVID restrictions starting on 12 April. However, it is still yet to return to its pre-crisis level, having been hit much worse by the pandemic than neighboring countries. It remains to be seen what import rules will be put in place as a result of Brexit and which could have an impact on trade as early as 2022.

- The other three traditional top five export markets by volume (Canada, Japan, and Belgium) continued to grow imports of Bourgogne wines over the first seven months of 2021.
  Canada and Belgium showed double-digit growth in the first seven months of 2021 compared to the same period in 2019. Canada was also alone in seeing growth by volume during the period.

- **Japan** **The third-biggest market in terms of revenue in 2020**

And the fifth-biggest by volume

Exports to Japan remained stable for the first seven months of the last four years. 2021 was no exception, with exports up 0.4% by volume and 1.27% in terms of revenue compared to the first seven months of 2019.

- Red wine: Unlike the other top-five countries, red wines have enjoyed the most growth in Japan, up 21.8% by volume and 14.9% in terms of revenue.
  - *Régionale* Bourgogne *AOCs* (76.5% of volumes exported) were up 37% by volume and 36.9% in terms of revenue
- White wine and Crémant de Bourgogne were lagging, unable to return in 2021 to levels they enjoyed over the first seven months of 2019: Down 8.7% by volume for whites and down 33.7% for Crémant de Bourgogne (representing around 4% of volumes exported).

- **Canada** **The fourth-biggest market in terms of revenue in 2020**

And the third-biggest by volume

Canada held onto third place in terms of exports by volume over the period, showing growth of 32% by volume and 34.2% in terms of revenue compared to the first seven months of 2019.

- White wine (68% of volumes exported) was up 34.1% by volume
  - *Régionale AOCs* (51% of volumes of whites) were up 15% by volume and 24.6% in terms of revenue
  - The four Chablis *AOCs* (36% of volumes of whites) were up 80% by volume and 61.7% in terms of revenue
- Red wine (28% of volumes exported) was up 34.4% by volume
- Crémant de Bourgogne (4% of volumes exported) remained more or less stable

- **Belgium** **The fifth-leading market in terms of revenue in 2020**

And the fourth-biggest by volume

Belgium nudged ahead of Japan in terms of export volumes, thanks to growth on two fronts, with exports up 34.4% by volume and 35.9% in terms of revenue compared to the first seven months of 2019.

All colors profited from this boom:

- White wine (75.5% of volumes and 69.2% du revenue) was up 33.9% by volume and 36.6% in terms of revenue
  - *Régionale AOCs* and *Village* wines from the Mâconnais (51% of volumes of whites) were up 34.8% by volume and 37.8% in terms of revenue
  - *Régionale* Bourgogne *AOCs* (22% of volumes of whites) were up 39.1% by volume and 46.8% in terms of revenue
- Red wine (11.7% of volumes exported) saw a rise of 25.5% by volume and 32% in terms of revenue
- Crémant de Bourgogne (12.8% of exports by volume) were up 47. 5% by volume and 43.3% in terms of revenue

VINS DE BOURGOGNE

Exports of Bourgogne wines

for the first seven months of 2021 compared to the first seven months of 2019 - Sources: Customs DEB+DAU - BIVB)

	In thousands of 75cl bottles			In thousands of euros		
Destinations	Total January to July 2021	Total January to July 2019	Evolution in volumes	Total January to July 2021	Total January to July 2019	Evolution in value
Total of the exportations	**61 304**	**50 221**	**22,1%**	**741 033**	**587 084**	**26,2%**
USA	12 375	10 847	14,1%	152 710	135 712	12,5%
United Kingdom	9 011	7 526	19,7%			
Canada	5 746	4 352	32,0%	42 462	31 641	34,2%
Belgium	5 512	4 102	34,4%	31 462	23 143	35,9%
Japan	4 539	4 520	0,4%	68 943	68 079	1,3%
Sweden	3 712	3 266	13,6%	21 579	18 834	14,6%
Netherlands	2 788	1 657	68,3%	21 588	11 307	90,9%
Denmark	2 358	1 417	66,4%	23 601	14 445	63,4%
Germany	1 731	2 029	-14,7%	16 578	17 779	-6,8%
China	1 704	1 399	21,8%	29 273	17 315	69,1%
South Koera	1 265	436	190,4%	18 675	6 315	195,7%
Switzerland	1 109	976	13,7%	32 529	28 460	14,3%
Australia	1 036	1 108	-6,5%	12 474	12 216	2,1%
Hong Kong	891	726	22,8%	48 792	37 783	29,1%
Israel	663	290	129,1%	5 575	2 377	134,5%
Italia	627	403	55,6%	8 762	6 440	36,1%
Taipei	608	397	53,2%	22 670	14 709	54,1%
Ireland	605	407	48,6%	3 765	2 709	39,0%
Singapore	387	317	22,2%	14 364	9 988	43,8%
Brasil	363	235	54,5%	3 287	2 220	48,0%
Spain	347	311	11,7%	4 943	5 082	-2,7%
Poland	313	160	95,2%	2 584	1 013	155,0%
Letva	266	145	83,4%	2 631	1 161	126,7%
United Arab Emirates	262	304	-13,7%	2 695	4 477	-39,8%
Lithuania	224	160	39,9%	2 626	1 305	101,2%
Finland	217	133	62,4%	1 460	1 018	43,5%
Luxembourg	174	126	38,1%	3 226	1 924	67,7%
New Zeland	145	64	124,9%	2 058	1 051	95,9%
Austria	144	133	8,3%	3 003	2 277	31,9%

Economic report produced by the Markets and Development department of the BIVB - March 2021

(Sources: Customs DEB+DAU, CAVB/FDAC, IRI, SYMETRIS, KANTAR, BIVB)

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