Press release

#BourgogneWines

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Bourgogne Wine Board

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

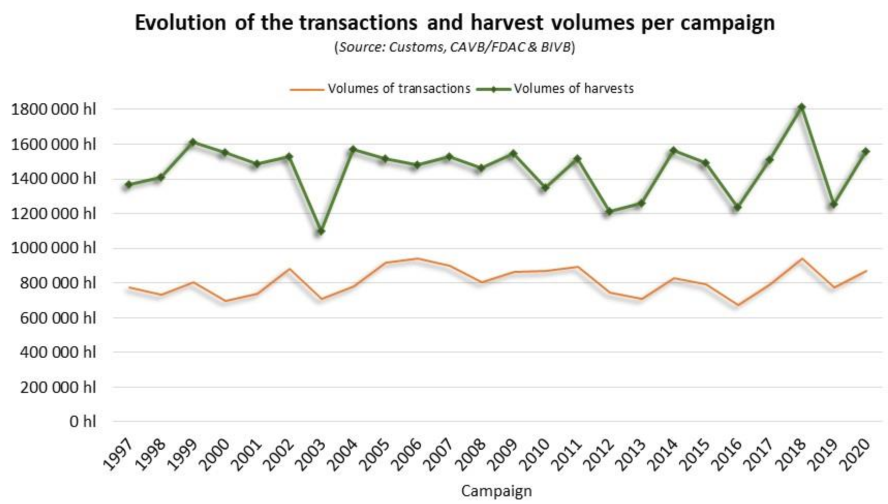
Bourgogne, 21 November 2021

In 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 still boosting sales from the winery and transactions.*
- *The 2021 harvest is estimated to be between 900,000 and 950,000 hectoliters, around half of a normal harvest.*
- *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 21.8% by volume and 26.4% in terms of revenue for the first nine 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[2] 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).

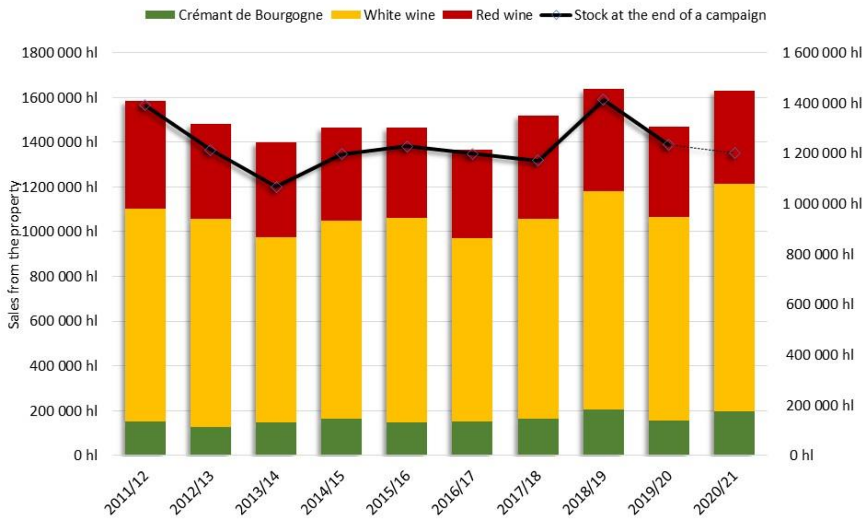


[1] *The gradual lockdown of countries caused by COVID-19 put a powerful brake on international trade, making 2020 a very unusual year. And for this reason, in this document we are favoring a comparison with results from 2019 for these most recent export figures.*

[2] *Sales from the property: Volumes sold from estates and cooperative cellars (in bulk and in bottles)*

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.

- 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).



Sales from the winemakers and avalaible wine volumes after 12 months of campaign - 20-21 is an estimation *(Sources: customs, BIVB)*

- 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.
- The arrival of the 2021 harvest, of between 900,000 and 950,000 hectoliters, had an immediate impact on transaction volumes for the 2021-2022 campaign.
  However, sales from the property at the start of this campaign, excluding sales of the 2021 vintage, remain on a positive trend, up 2.3% by volume compared to the same period in the previous year, and stable compared to the five-year average, thanks to the 2020 vintage.

The current situation is not unprecedented, since the average annual harvest of around 1.4 million hectoliters between 2017 and 2021 is identical to that of the previous five-year period from 2013-2017. Bourgogne industry players will nevertheless make sure to carefully supply their markets over the coming year, as they did after the 2016 and 2013 vintages. They remain very vigilant as the current boom in consumption and the small 2021 harvest will require very careful management of volumes and distribution, which will present a major challenge 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 stable 2020: Up 21.8% by volume and 26.4% in terms of revenue for the first 9 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:

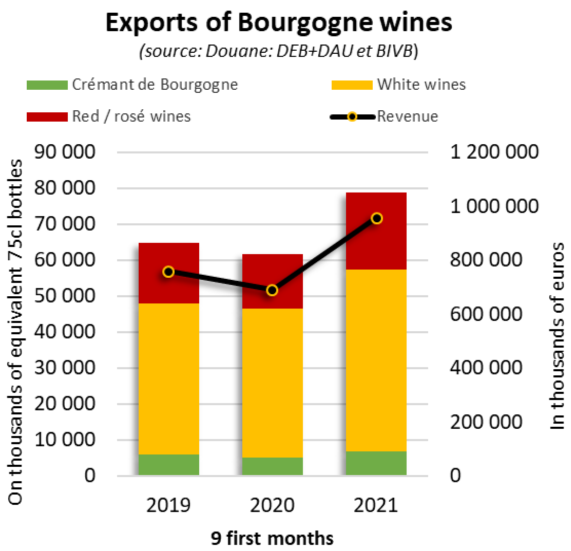
- Exports remained almost stable, down just 0.3% by volume (89.33 million bottles) and 0.7% in terms of revenue compared to 2019.
- Revenue remained above the symbolic bar of a billion euros at €1.032bn.

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% compared to a fall of 2.7% for French *AOC* wines
- Volumes rose 8.8%, compared to up 1.6% for French *AOC* wines

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



- Volumes were up 21.8% while they were up 8.8% for all French *AOCs* compared to the first nine months of 2019
- Revenue was up 26.4% compared to up 13.2% in 2019

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

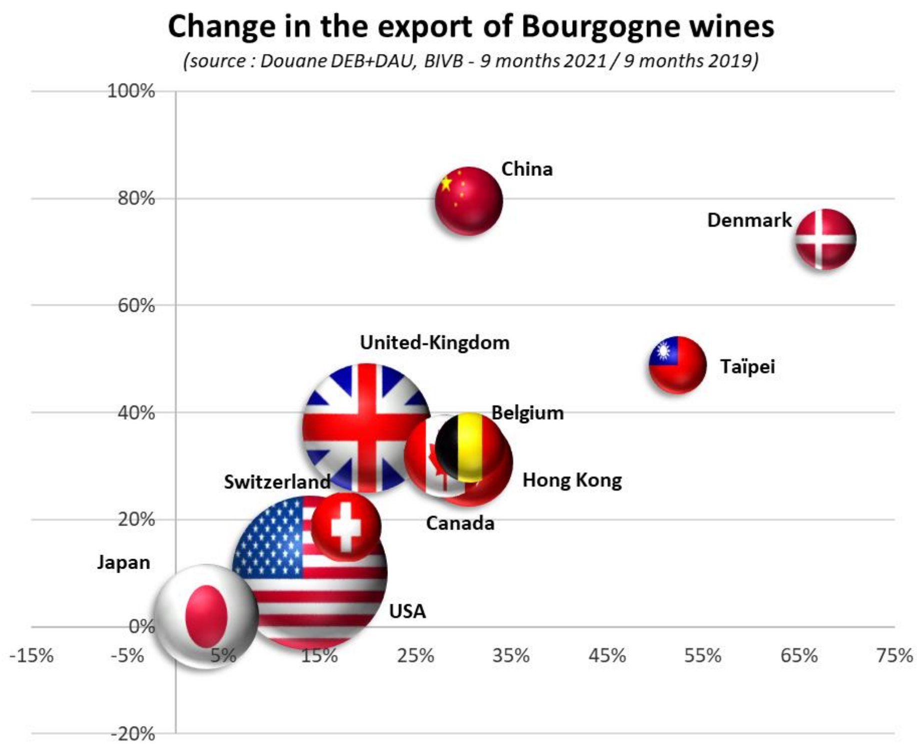
- Volumes exported broke the record set in the first nine months in 2007 (up 2%), just prior to the recession in 2008. and that of the first nine months of 1998 (up 2.9%), another record year for the region.
- In terms of revenue, another new record was reached by Bourgogne: Nearly 957 million euros for the first nine months of 2021.

<u>All colors of Bourgogne wine profited</u>:

- White wine: Up 19.5% by volume and 23.6% in terms of revenue
- Red wine: Up 28.3% by volume and 28.9% in terms of revenue
- Crémant de Bourgogne: Up 12.5% by volume and 14.9% 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.



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
and by volume

After a tough 18 months due to the 25% *ad valorem* tax[3], Bourgogne wines have, since the spring, been benefitting from the lifting of this levy, with exports up 14% by volume and 10% in terms of revenue compared to the first nine months of 2019.

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

- White wine rose 16% by volume and 8.6% in terms of revenue
- Red wine was up 8.8% by volume and 11.2% in terms of revenue
- Crémant de Bourgogne exports grew 17.4% by volume and 15.3% in terms of revenue

[3] *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.*

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

- *Régionale* Bourgogne *AOCs* (39% of volumes exported) were up 8.7% by volume
- The four Chablis *AOCs* (15.1% of volumes exported) rose 22% by volume, mainly due to Chablis and Petit Chablis
- *Régionale* Mâcon *AOCs* (14.3% of volumes exported) were up 12% by volume.

Globally, French wines *AOC*s as a whole grew more slowly: Up 11% by volume and 5.5% 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.

The UK

The second-biggest market in terms of revenue and by volume

Over the first nine months of 2021, Bourgogne wine exports grew by volume and value, (respectively up 20% and 37.1% compared to the first nine months of 2019).

These results, that were unexpected after an already very good year in 2020, with exports up 7.3% and 1,9% compared to the first nine months of 2019, was partly due to a continuation of temporary measures to boost imports post-Brexit.

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

- White wine (78.3% of volumes) was up 11.9% by volume
- Red wine (18.4% of volumes) rose 60.3% by volume
- Crémant de Bourgogne (3.3% of volumes) grew 77.1% by volume

But not all French winegrowing regions benefitted from this economic situation and as such, export volumes of all French *AOCs* grew much more slowly in comparison to pre-pandemic volumes: Up 2.1% in volume for the first nine months of 2021 compared to the same period in 2019.

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. The UK has also been hit with a new wave of infections since October, the consequences of which are yet to be felt in the medium term.
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 nine months of 2021.
Canada and Belgium showed double-digit growth in the first nine months of 2021 compared to the same period in 2019. Canada was also alone in seeing growth by volume and revenue during the same period in 2020.

▶ Japan

The third-biggest market in terms of revenue
and the fifth by volume

Exports to Japan in the first eight months of the year were stable between 2016 and 2020. But over the first nine months of 2021, exports were up 3.3% by volume and up 1.9% in terms of revenue over the same period in 2019.

- Red wine: Unlike the other top-five countries, red wines have enjoyed the only growth by volume in Japan (up 19.4%), with a lovely growth in terms of revenue (up 13.8%).
  - *Régionale* Bourgogne *AOCs* (73.7% of volumes exported) were up 24% by volume and 28.1% in terms of revenue
- White wine and Crémant de Bourgogne were unable to return in 2021 to levels they enjoyed over the first nine months of 2019: Down 7.9% by volume for whites and down 15.7% for Crémant de Bourgogne (representing around 3.7% of volumes exported). They were also down in terms of revenue by 10.6% for the whites and 8% for Crémant de Bourgogne.

▶ Canada

The fifth-biggest market in terms of revenue
and the third by volume

Canada held onto third place in terms of exports by volume over the period, showing growth of 28.1% by volume and 31.9% in terms of revenue compared to the first nine months of 2019.

- White wine (66.3% of volumes exported) was up 30% by volume
  - *Régionale AOCs* (58.9% of volumes of whites) were up 15% by volume and 22.1% in terms of revenue
  - The four Chablis *AOCs* (34.3% of volumes of whites) were up 68.2% by volume and 54.1% in terms of revenue
- Red wine (29.4% of volumes exported) was up 33.2% by volume
- Only Crémant de Bourgogne (4.3% of volumes exported) went down 13.7%

▶ Belgium

The seventh-leading market in terms of revenue
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 3.7% by volume and 33.5% in terms of revenue compared to the first nine months of 2019.

All colors profited from this boom:

- White wine (74.9% of volumes and 68.4% of the value) was up 28.7% by volume and 32.8% in terms of revenue
  - *Régionale* Mâcon and *Village* AOCs from the Mâconnais (49.7% of volumes of whites) were up 23.8% by volume and 26% in terms of revenue
  - *Régionale* Bourgogne *AOCs* (21% of volumes of whites) were up 28.9% by volume and 40.3% in terms of revenue
- Red wine (13.4% of volumes exported and 25% of the value) saw a rise of 34.9% by volume and 34.2% in terms of revenue
- Crémant de Bourgogne (11.7% of exports by volume) were up 39.3% by volume and 38% in terms of revenue

Exports of Bourgogne wines to three of the top-15 importing countries continued to grow in the first nine months of 2021.

▶ Switzerland

The sixth-biggest market in terms of revenue
and the 13th by volume

Switzerland held onto sixth place in terms of revenue over the period, with growth of 18.6% by volume and 21.5% in terms of revenue compared to the first nine months of 2019.

- White wine (59.5% of volumes exported) was up 12.2% by volume
  - The four Chablis *AOCs* (43.6% of white wine volumes) were up 34.4% by volume and 34.8% in terms of revenue
  - *Régionale* Bourgogne and Mâcon *AOCs* (27.3% of white wine volumes) were up 30.1% in terms of revenue and down 7.6% by volume
  - *Village* and *Village Premier Cru AOCs* from the Côte de Nuits and Côte de Beaune (12.5% of white wine volumes) were up 14.6% by volume and up 51% in terms of revenue
- Red wine (39.1% of volumes exported) was up 30% by volume
- Crémant de Bourgogne (1.4% of volumes exported): Down compared to the first nine months of 2019

▶ Sweden

The 10th-biggest market in terms of revenue
and the sixth by volume

Sweden is the leading export market in Scandinavia for Bourgogne wines by volume and it has enjoyed constant growth since the 2000s. This growth remained strong in 2021: Up 16.8% by volume and 20.1% in terms of revenue compared to the first nine months of 2019.

- White wine (57.4% of volumes exported) was up 16.3% by volume
  - The four Chablis *AOCs* (50% of white wine volumes) were up 7.3% by volume and 4.9% in terms of revenue
  - *Régionale* Bourgogne and Mâcon *AOCs* (44.5% of white wine volumes) were up 22% by volume and 19.2% in terms of revenue
- Red wine (15.4% of volumes exported) was up 21% by volume
- Crémant de Bourgogne (27.2% of volumes exported) was up 15.7% by volume

▶ Denmark

The ninth-biggest market in terms of revenue
and the eighth-biggest by volume

Denmark is the second leading export market in Scandinavia by volume and in terms of revenue. In 2020, it returned to the strong levels of imports it enjoyed in 2011. The first nine months of 2021 confirmed this shift, with exports up 67.8% by volume and 72.3% in terms of revenue compared to the first nine months of 2019.

- White wine (58.4% of volumes exported) was up 63.3% by volume
  - *Régionale* Bourgogne and Mâcon *AOCs* (47% of white wine volumes) were up 86.8% by volume and 80.7% in terms of revenue
  - The four Chablis *AOCs* (37% of white wine volumes) were up 28.9% by volume and 31.8% in terms of revenue
- Red wine (26.7% of volumes exported) was up 130.9% by volume
- Crémant de Bourgogne (14.9% of volumes exported) was up 21.4% by volume

Three Asian markets performed particularly well in 2021

Hong Kong, Taiwan, and China mainly import red Bourgogne wines, and over the first nine months of 2021, these three markets enjoyed very strong export growth by volume and in terms of revenue.

▶ Hong Kong

The fourth-biggest market in terms of revenue
and the 14th by volume

Hong Kong held onto its fourth place in terms of revenue over the period, with growth up 30.6% by volume and 30.7% in terms of revenue compared to the first nine months of 2019.

- Red wine (51.5% of volumes exported) was up 38.6% by volume
  - *Village, Village Premier Cru* and *Grand Cru AOCs* from the Côte de Nuits and Côte de Beaune (58.6% of all red wine export volumes) were up 78.9% by volume and 76.3% in terms of revenue
  - *Régionale* Bourgogne *AOCs* (37.6% of all red wine export volumes) were up 70.2% by volume, but down 2.4% in terms of revenue
- White wine (47.4% of white wine volumes exported) was up 21.6% by volume
- Crémant de Bourgogne (1.1% of volumes exported) was up 161.5% by volume

▶ China

The eight-biggest market in terms of revenue
and the 10th by volume

China moved into eighth place in terms of revenue for the period, with growth up 30.6% by volume and 79.5% in terms of revenue compared to the first nine months of 2019.

- Red wine (64% of volumes exported) was up 5.5% by volume
  - *Régionale* Bourgogne *AOCs* (66.5% of all red wine export volumes) were up 57.9% in terms of revenue and down just 4.4% by volume, following on from very dynamic figures in 2019.
  - *Village, Village Premier Cru* and *Grand Cru AOCs* from the Côte de Nuits and Côte de Beaune (27.3% of all red wine export volumes) were up 50.4% by volume and 84.8% in terms of revenue
- White wine (35% of volumes exported) was up 126% by volume
- Crémant de Bourgogne (1% of volumes exported) was up 158.6% by volume

▶ Taiwan

The 11th-biggest market in terms of revenue
and the 18th by volume

Taiwan moved into 10th place in terms of revenue over the period, with growth up 52.3% by volume and up 48.8% in terms of revenue compared to the first nine months of 2019.

- Red wine (60.6% of volumes exported) was up 44.9% by volume
  - *Village, Village Premier Cru* and *Grand Cru AOCs* from the Côte de Nuits and Côte de Beaune (55.7% of all red wine export volumes) were up 56.5% by volume and 40,9% in terms of revenue
  - *Régionale* Bourgogne *AOCs* (30.7% of all red wine export volumes) were up 5.6% by volume but fell by 2.8% in terms of revenue
- White wine (37.6% of volumes exported) was up 69.7% by volume
- Crémant de Bourgogne (1.9% of volumes exported) was up 9.9% by volume

VINS DE BOURGOGNE

Exports of Bourgogne wines

for the first nine months of 2021 compared to the first nine months of 2019 (sources: Customs DEB+DAU - BIVB)

	In thousands of 75cl bottles			In thousands of euros		
Destinations	Total January to Sept. 2021	Total January to Sept. 2019	Evolution in volumes	Total January to Sept. 2021	Total January to Sept. 2019	Evolution in value
Total of the exportations	**78 928**	**64 810**	**21,8%**	**956 973**	**757 345**	**26,4%**
ETATS-UNIS	16 198	14 209	14,0%	198 915	180 758	10,0%
United Kingdom	11 965	9 972	20,0%	137 841	100 512	37,1%
Japan	6 064	5 874	3,2%	89 885	88 238	1,9%
Hong Kong	1 146	878	30,6%	63 424	48 509	30,7%
Canada	7 370	5 752	28,1%	55 831	42 319	31,9%
Switzerland	1 415	1 202	17,7%	41 084	34 647	18,6%
Belgium	6 805	5 208	30,7%	39 586	29 655	33,5%
China	2 149	1 645	30,6%	38 467	21 429	79,5%
Denmark	2 890	1 722	67,8%	30 589	17 753	72,3%
Sweden	4 643	3 974	16,8%	27 553	22 950	20,1%
Taïpei	746	490	52,3%	26 788	18 003	48,8%
Netherlands	3 395	2 346	44,7%	26 345	14 700	79,2%
South Korea	1 550	540	187,0%	23 257	8 553	171,9%
Germany	2 179	2 671	-18,4%	21 197	22 228	-4,6%
Singapore	475	382	24,1%	18 218	12 457	46,3%
Australia	1 417	1 331	6,4%	17 057	14 819	15,1%
Italia	802	518	54,9%	12 022	8 549	40,6%
Israel	797	355	124,4%	6 488	2 839	128,5%
Spain	408	354	15,4%	5 671	5 726	-0,9%
brasil	499	287	74,1%	4 923	2 602	89,2%
Ireland	777	513	51,5%	4 838	3 373	43,4%
Luxembourg	234	188	24,1%	4 183	2 917	43,4%
United Arab Emirates	409	402	1,7%	4 142	6 118	-32,3%
Austria	178	154	15,7%	4 037	2 641	52,9%
Lithuania	261	203	28,9%	3 333	1 612	106,7%
Letva	321	182	76,2%	3 300	1 528	115,9%
Poland	406	194	109,6%	3 237	1 291	150,8%
New Zeland	187	88	112,9%	2 580	1 451	77,8%
Finland	258	174	48,1%	1 778	1 335	33,2%
Mexico	198	178	11,0%	1 666	1 550	7,4%
Other countries	2 784	2 826	-1,5%	38 739	36 283	6,8%

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

(Sources: Douanes DEB+DAU, CAVB/FDAC, IRI, BIVB)

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