



## Bourgogne wines return to better volumes in a still-disrupted global environment

*Bourgogne, 20 November 2022*

The arrival of the abundant and high-quality 2022 harvest has given the Bourgogne region new room for maneuver, guaranteeing economic sustainability and more wines on the marketplace. However, multiple global challenges in recent years are reshaping the international geopolitical environment and bringing fresh challenges to Bourgogne wines.

- ▶ The 2022 harvest, estimated at 1.75 million hectoliters, up 23% compared to the average over the past five campaigns, comes as a relief to producers impacted by the small volumes of the 2021 vintage, which yielded just 0.9 million hectoliters, or around 133 million bottles. It will ensure the markets are able to relax a little towards the end of 2023.
- ▶ While stocks at the property at the end of July 2022 were well below the five-year average, equivalent stocks with the *négoce* business helped prevent any interruption to supplies.
- ▶ Exports have continued to grow and were up 12.6% over the first eight months of 2022 compared to the same period in 2021, while the lack of wine was reflected in volumes which were down 10.2% compared to the same period in 2021. However, the level of exports remains higher than in the pre-Covid period: up 8.5% in the first eight months of 2022 compared to the same period in 2019.

### Sales from the property boosted by the 2022 vintage

The arrival of the 2022 harvest, estimated at 1.75 million hectoliters, had an immediate impact on transaction volumes, right from the start of the 2022-2023 campaign. They rebounded significantly and were up 67.6% during the first three months of the 2022-2023 campaign compared to the same period the previous year. On the other hand, output from wineries at the beginning of the campaign, excluding the 2022 vintage, remained below the five-year average, which is no surprise in such a context of low availability.

One should remember that in July 2022, stocks at the property were below one million hectoliters (nearly 900,000 hectoliters), representing an average of 14 months of sales for wineries (cumulative figures for the 12 months to the end of July 2022).

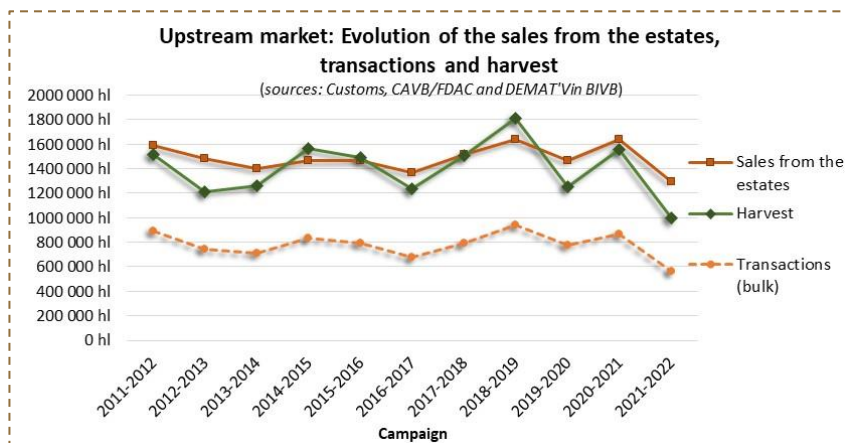
- In terms of individual appellations, stocks ranged from four months' worth for some white AOC *Villages* to 35 for some of the region's more prestigious AOCs.



The 2020-21 campaign has thus been a two-speed campaign:

When the first figures for the 2021 harvest were announced, demand suddenly rose, boosting the release of pre-2021 vintages in bottle format.

**Sales from the property** (bulk and bottles): As a result, and despite the historically low 2021 harvest, down 30% compared to the average of the last five harvests, they fell by a relatively modest 15% compared to that same average (1.3 million hectoliters for 2021-2022).

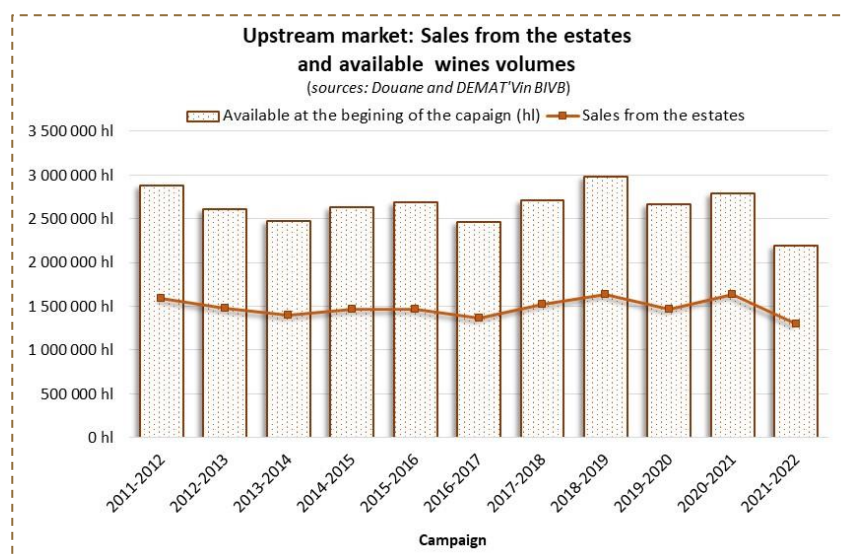


**Transaction volumes** (bulk) for the 2021-2022 campaign

(564,716 hectoliters) were strongly affected by the drop in yields, down 30% by volume for the 2021-2022 campaign compared to average of the last five campaigns, with 84% of transaction volumes involving the 2021 vintage.

**Property releases in bottles** partially cushioned the drop in bulk transaction volumes and were up 10% for sales by the bottle for the 2021-2022 campaign compared to average of the last five campaigns.

Overall, **sales from the property from 2021-2022** accounted for almost 60% of available wines at the beginning of the campaign, the same as in 2020-2021. They remained 10 points higher than the average over the last five campaigns.



- **White wines:** Sales from the property in 2021-2022 accounted for almost 62% of available stocks at the beginning of the campaign (58% being the average over the past five campaigns).
- **Red wines:** Sales from the property in 2021-2022 accounted for almost 50% of available stocks at the beginning of the campaign (48% being the average over the past five campaigns). One would have to go back to the excellent 1997-1998 campaign to find comparable figures.

## Exports: A changing geopolitical context is impacting the market

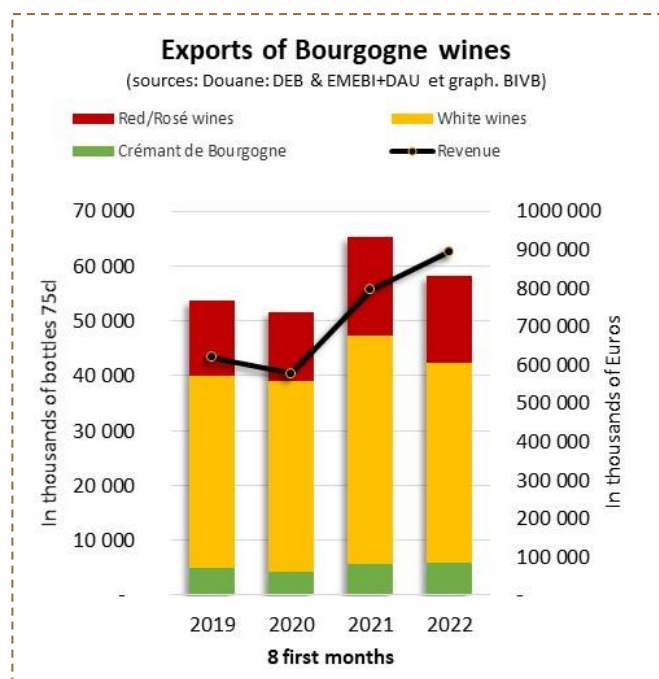
Pandemics, wars, and climate change are now having more or less lasting consequences depending on the market. However, despite great uncertainty about the future for some of their customers, on a global level, these changes could offer new growth opportunities for Bourgogne wines.

In this changing context, and given the lack of available wines, export volumes of Bourgogne wines were down 10.2% over the first eight months of 2022 compared to the same period in 2021.

This slowdown, which comes after three years of record volumes, was nonetheless accompanied by an increase in terms of revenue, which was up 12.6% compared to the same period in 2021.

Bourgogne thus remains the best performing French AOC wine region by revenue compared to pre-Covid 2019 figures. To date, exports are still higher than pre-Covid with 58 million bottles exported over the first eight months of 2022, up 8.5% by volume compared to the same period in 2019.

“This slowdown in exports is explained by the low harvest in 2021,” said François Labet, President of the BIVB. “Estates and wine houses have had to reduce allocations to their different customers in order to satisfy everyone. Stocks are at their lowest and we will have to wait for the arrival of the 2022 vintage. But the volumes we have just harvested, combined with a weak euro for our dollar-zone customers, should go a long way to restoring color in our sales in 2023,” he concluded.



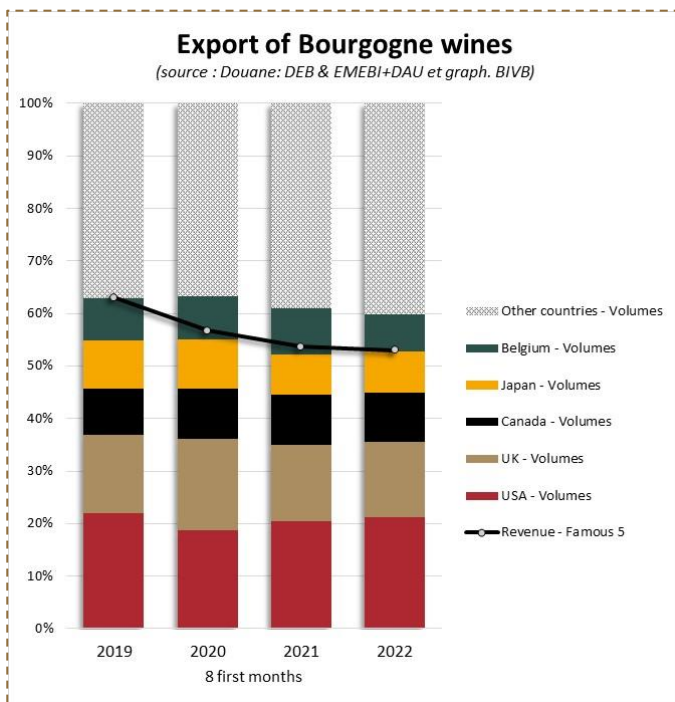
French AOC wine regions also experienced a loss of nearly 8.5 million bottles worth of exports over the first eight months in 2022, down 1.4% compared to the same period in 2021, for a gain of more than €0.5 billion, up 14% compared to the same period in 2021.

For the past 12 years, the five main markets by volume for Bourgogne wines have remained the same. The USA, the UK, Canada, Japan, and Belgium are the elite members of this “Famous Five.”

Over the first eight months of 2022, they totaled:

- 60% of the volume of bottles exported by the Bourgogne region, accounting for 36.76 million of a total of 61.5 million bottles
- 53% of export revenues for Bourgogne wines, worth €500.7 million of a total of €943.7 million.





Bourgogne continues to diversify its markets, and as a result, the Famous Five lost some of its significance over the first eight months in 2022 compared to the same period in pre-Covid 2019:

- Export volumes fell from 63% to 60%
- Export revenues fell from 57.6% to 53%

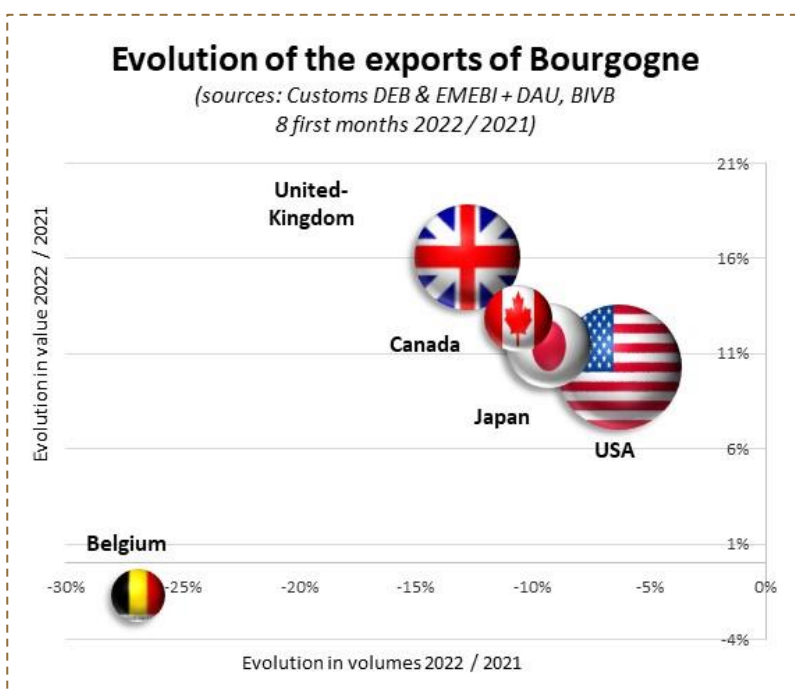
The markets where Bourgogne has found new development opportunities are showing better growth and are slowly nibbling away at the Club of Five's lead.

This is particularly the case for Sweden, the 6<sup>th</sup> biggest market by volume for Bourgogne exports. Since 2017, it has seen continuous growth, both by volume and in terms of revenue, which continued in 2022, up 4.2% by volume and 24% in terms of revenue for white

wines and Crémant de Bourgogne over the first eight months of 2022 compared to the same period in 2021, accounting for 88% of the total volume of Bourgogne wines imported to the country.

Other territories such as Denmark, the Netherlands, China, South Korea, Hong Kong, and Taiwan are also performing well.

■ **A Famous Five where the Bourgogne region is looking for new opportunities**



***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 2021
- Vertical axis: Change in revenue compared to the same period in 2021

► **United States**    **The leading market in terms of revenue and volume**



Exports fell by volume in the first eight months of 2022, down 6.3% compared to the same period in 2021. This was mainly due to the lack of availability, but also to the slowdown of the American economy since the beginning of the year, along with geopolitical tensions and supply-chain bottlenecks (*Treasury Department - Sept 2022*). At the same time, revenue grew up 10.3% compared to the same period in 2021.

Only Crémant de Bourgogne wines found opportunities for growth, both by volume and in terms of revenue over the first eight months of 2022 compared to the same period in 2021.

White and red wines sold for higher prices:

- **White wines** (57.7% of volumes) were down 12.9% by volume and up 8.8% in terms of revenue
- **Red wines** (30.5% of volumes) were down 0.1% by volume and up 7.7% in terms of revenue
- **Crémant de Bourgogne** (11.8% of volumes) were up 19.1% by volume and up 54.9% in terms of revenue

In terms of revenue, most AOCs saw growth:

- **Régionale Bourgogne AOCs** (36% of export revenue) were up 23%
- **The four Chablis AOCs** (11.25% of export revenue) were up 11.7%, mainly driven by Chablis Grand Cru and Chablis Premier Cru wines
- **AOC Village and Village Premier Cru wines from the Côte Chalonnaise** were up 28.2%

French AOC wines as a whole experienced a decline in volumes of 1.4%, although revenue rose by 19.3%.

► **United Kingdom**    **The second-biggest market by revenue and volume**



The economic crisis affecting Great Britain, with an inflation rate of 10% that is the highest in the G7, is impacting exports. For the first the eight months of 2022, exports of Bourgogne wines by volume fell by 12.8%, while revenue rose by 16.1% compared to the same period in 2021.

Except for Crémant de Bourgogne, all colors of Bourgogne wines were impacted:

- **White wines** (78% of volumes) were down 13.1% by volume
- **Red wines** (18% of volumes) were down 15.4% by volume
- **Crémant de Bourgogne** (4% of volumes) were up 8.5% by volume

Some AOC groups did relatively well:

- **AOC Village and Village Premier Cru wines from the Côte d'Or (white and red)** were up 40% by volume
- **Petit Chablis and Chablis AOC Village wines** were up 8.5% by volume
- **AOC Village and Village Premier Cru wines from the Mâconnais** were up 16.1% by volume
- **AOC Village and Village Premier Cru wines from the Côte Chalonnaise**, which were produced in much smaller volumes, saw exports more than double, up 128.6% to 107,000 bottles compared to 47,000 in 2021.

This tough period for the British economy did not, however, impact the various market segments in the same way. Thus, export volumes of French AOC wines were down by 3.8% for revenue that was up 13.7%.

► **Japan**      **The third-biggest market by value and fourth by volume**



After experiencing very stable exports between 2019 and 2021 (for the first eight months of each year), this year, Japan has experienced its lowest level of import volumes of Bourgogne wines for a decade, down 9.3% compared to the same period in 2021, for 4.8 million bottles. On the other hand, revenue was at an all-time high, up 11.4% in terms of revenue compared to the same period in 2021, with €87.3 million.

- **White wines** (57.5% of exported volumes) were down 5.2% by volume for all AOCs
  - **Régionale Bourgogne appellations** (42% of all reds) continued to grow by volume, up 19.3%, and in terms of revenue, up 51%
  - **Grand Cru wines from the Côte d'Or**, in smaller quantities (3%), saw strong growth, up 228% by volume and 73% in terms of revenue
  - **Village and Village Premier Cru wines from the Côte Chalonnaise** made a breakthrough despite small volumes, and were up 96.5% for 33,000 bottles
- **Red wines** (38% of exported volumes) were down 16.5% by volume for all red AOCs
  - **Grand Cru wines from the Côte d'Or** (6.6% of red wine volumes) were up 62.6% by volume and 16% in terms of revenue
  - **Régionale Mâcon AOCs** (4.7% of red volumes) were up 537% by volume and up 585% in terms of revenue
- **The Crémant de Bourgogne AOC** (4.5% of exported volumes) is regaining momentum after two years of decline and was up 10.5% by volume and 22% in terms of revenue

► **Canada**      **The fifth-biggest market by revenue and third by volume**



Canada retained its third place by volume during the first eight months of 2022. After an exceptional 2021, this market has now returned to the pace it had in 2020, with export revenue up 13% and volumes down 10.6% compared to the same period in 2021. Crémant de Bourgogne wines are still relatively little-known here but made some real progress this year.

- **White wines** (68.6% of exported volumes) were down 8.4% by volume but up 17.2% in terms of revenue
  - **Régionale Bourgogne and Mâcon AOCs** (57.3% of white volumes) were down 9% by volume and up 15.5% in terms of revenue.
  - **The four Chablis AOCs** (36% of white volumes) were down 7.8% by volume and up 22% in terms of revenue
- **Red wines** (25.2% of exported volumes) were down 21.6% by volume and up 3.3% in terms of revenue. This decline is primarily related to *Régionale Bourgogne AOCs* (74.5% of exported volumes), which were down 31.4% while other AOC groups saw an overall increase:
  - **Village and Village Premier Cru wines from the Côte d'Or** (15% of exported volumes): Up 28% by volume
  - **Village and Village Premier Cru wines from the Côte Chalonnaise** were up 33% by volume
  - **Village AOCs from the Grand Auxerrois** were up 18% by volume
  - **Grand Cru AOCs from the Côte d'Or** were up 7.4% by volume
- **Crémant de Bourgogne wines** (6.2% of exported volumes) were up 28.6% by volume and up 44.4% in terms of revenue.

► **Belgium**    **The eighth-biggest market by revenue and fifth by volume**



Belgium slipped down a notch, ceding its seventh spot by revenue to China and its fourth by volume to Japan. It was down 26.8% by volume and 1.7% in terms of revenue compared to the same period in 2021. However, these results would be much better for Belgium if the large volumes of wine purchased directly by Belgians at estates or on the border were taken into consideration. Indeed, Belgians account for large numbers of visitors to the Bourgogne winegrowing region.

- While all colors were down, **Village and Village Premier Cru AOCs from the Côte d'Or** experienced growth during the first eight months of the year by volume and in terms of revenue for both reds and whites compared to the same period in 2021.
  - **White wines** were up 3.8% by volume and 12.8% in terms of revenue
  - **Red wines** were up 25.5% by volume and 28.5% in terms of revenue

**An example of a market with growth potential for Bourgogne**

► **Sweden**    **The ninth-biggest market by revenue and sixth by volume**



Sweden is the most important market by volume for Bourgogne wines in Scandinavia. It has been growing steadily since the 2000s, and during the first eight months of 2022, it jumped up three places in the ranking in terms of revenue for Bourgogne wine exports. It is the only territory in the top 10 to have enjoyed both growth by volume (up 2%) and in terms of revenue (up 20.8%) over the first eight months in 2022 compared to the same period the previous year.

- **White wines** (59% of exported volumes) were up 3.8% by volume and 27.6% in terms of revenue
  - **The four Chablis AOCs** (50% of white wine volumes) were down 1.3% by volume and up 21.6% in terms of revenue
  - **Régionale Bourgogne and Mâcon AOCs** (45% of white wine volumes) were up 4.6% by volume and 26.6% in terms of revenue
- **Crémant de Bourgogne wines** (29% of exported volumes) were up 8.3% by volume and 16.6% in terms of revenue
- **Red wines** (12% of exported volumes) were down 17.6% by volume and up 5.9% in terms of revenue
  - The fall in volumes is mainly due to the strong decline of **Régionale Bourgogne AOCs** (down 25.3%)
  - **Village and Village Premier Cru wines from the Côte d'Or** still showed good growth, up 75.7% by volume and 42% in terms of revenue



## Exports of Bourgogne wines by country

For the first eight months of 2022 compared to the same period in 2021

Sources: Customs DEB-EMEBI+DAU - BIVB)

Destinations	In thousands of bottles 75cl			In thousands of Euros		
	Total January to Aug. 2022	Total January to Aug. 2021	Evolution	Total January to Aug. 2022	Total January to Aug. 2021	Variation
<b>Total of the exportations</b>	<b>61 490</b>	<b>68 457</b>	<b>-10,20%</b>	<b>943 543</b>	<b>837 867</b>	<b>12,60%</b>
USA	13 100	13 996	-6,3%	189 899	172 212	10,3%
United-Kingdom	8 703	9 978	-12,8%	135 198	116 497	16,1%
Canada	5 781	6 468	-10,6%	54 550	48 274	13,0%
Japan	4 798	5 289	-9,3%	87 310	78 389	11,4%
belgium	4 377	5 980	-26,8%	33 773	34 348	-1,7%
Sweden	4 139	4 057	2,0%	28 525	23 608	20,8%
Netherlands	2 130	2 999	-29,0%	19 712	23 016	-14,4%
China	2 048	1 963	4,3%	47 212	34 238	37,9%
Denmark	1 879	2 589	-27,4%	26 433	26 480	-0,2%
Germany	1 853	1 874	-1,1%	23 891	17 633	35,5%
Australia	1 187	1 213	-2,1%	18 593	15 156	22,7%
South Korea	1 101	1 402	-21,5%	23 501	20 662	13,7%
Switzerland	1 027	1 190	-13,7%	47 142	43 852	7,5%
Italia	927	689	34,4%	13 494	10 372	30,1%
HongKong	882	1 016	-13,2%	57 282	55 478	3,3%
Taipei	579	678	-14,7%	24 205	24 179	0,1%
United Arab Emirates	527	336	56,7%	9 799	3 568	174,6%
Ireland	513	671	-23,6%	4 513	4 144	8,9%
Spain	456	368	24,0%	7 897	5 150	53,3%
Singapore	427	429	-0,4%	16 934	16 702	1,4%
Brasil	300	446	-32,6%	4 002	4 321	-7,4%
Poland	266	351	-24,3%	2 430	2 812	-13,6%
Finland	235	227	3,3%	1 863	1 533	21,5%
Norway*	233	207	12,6%	3 103	2 608	19,0%
Mexico	228	172	32,2%	2 550	1 413	80,5%
Luxembourg	205	199	2,8%	4 028	3 488	15,5%
Austria	181	150	20,9%	4 184	3 082	35,8%
Czech Republic	104	149	-30,5%	1 803	1 321	36,5%
Ukraine	29	72	-59,6%	469	635	-26,2%

\*Data for Norway seem to be lower than the marketing figures that the monopoly sends us each year. It is very likely that some exports to Norway pass through other countries.

Sources: Customs DEB&EMEBI+DAU, CAVB/FDAC, IRI, KANTAR, BIVB

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