Press Release
#BourgogneWines

Bourgogne wines economic report: stocks replenished at last

Bourgogne, November 19, 2023

The 2022-2023 trading campaign was very busy, thanks to the generous 2022 vintage. This made it possible to partially replenish stocks and/or fulfil orders awaiting availability from the previous campaign.
Marketing results for the current year are more subdued, following the strong trend of the last two years, while at the same time, an assortment of economic and geopolitical uncertainties is making markets more cautious.

- ***The 2022 harvest (around 1.75 million hectoliters, or just over 233 million bottles) has partially replenished stocks, even though the average harvest over five years remains below 1.5 million hectoliters (around 190 million bottles).***
- ***At the end of July 2023, on-property stocks remained well below the five-year average.***
  These will soon be topped up by the very good 2023 harvest, estimated at 1.9 million hectoliters (or just over 253 million bottles). After several years of shortages, Bourgogne wine stocks will be full once again.
- ***Export sales continue to grow. The volumes exported fell slightly, after a strong year in 2022, but remained higher than in the pre-Covid period (2019): Up 3.2% in volume (the first seven months of 2023 compared with the same period in 2019).***

Shipments from the estates boosted by the 2022 vintage

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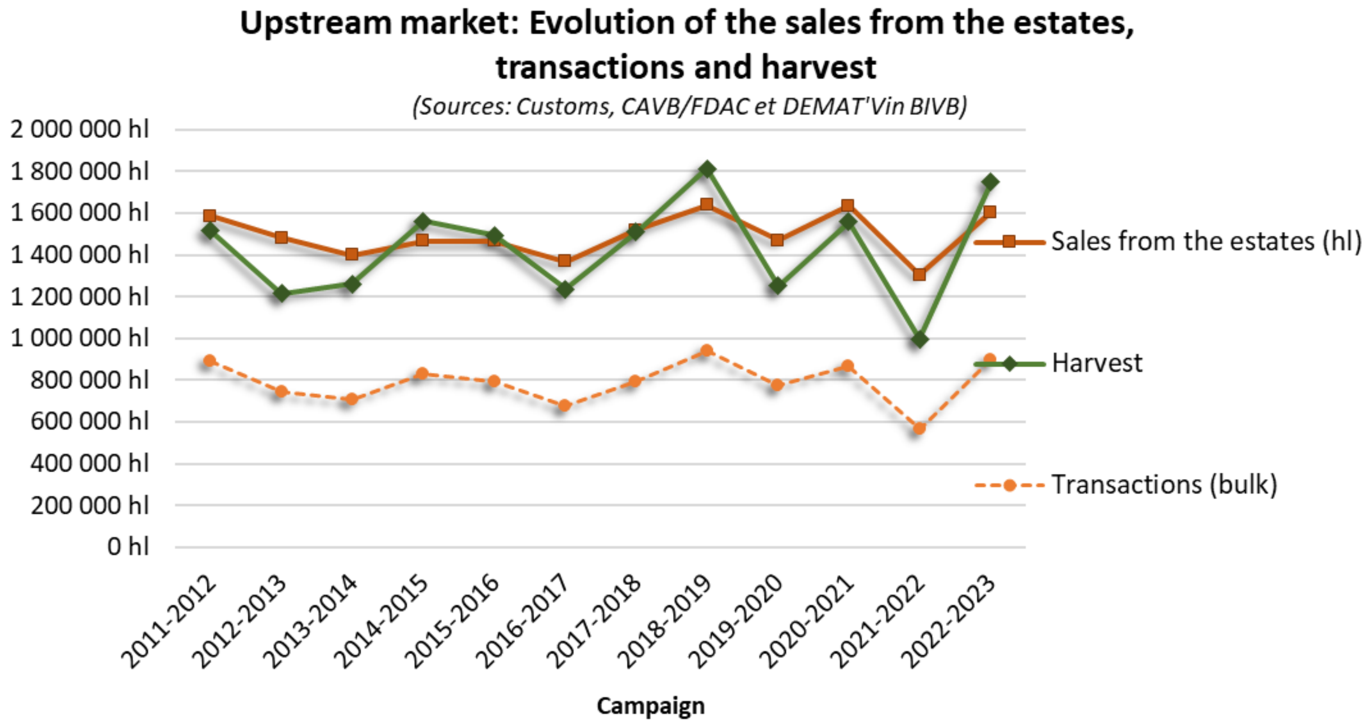
After a 2021-2022 campaign marked by high consumption levels combined with a shortage of wine, sales from the estates for the 2022-2023 campaign are back on track thanks to the very fine 2022 vintage.

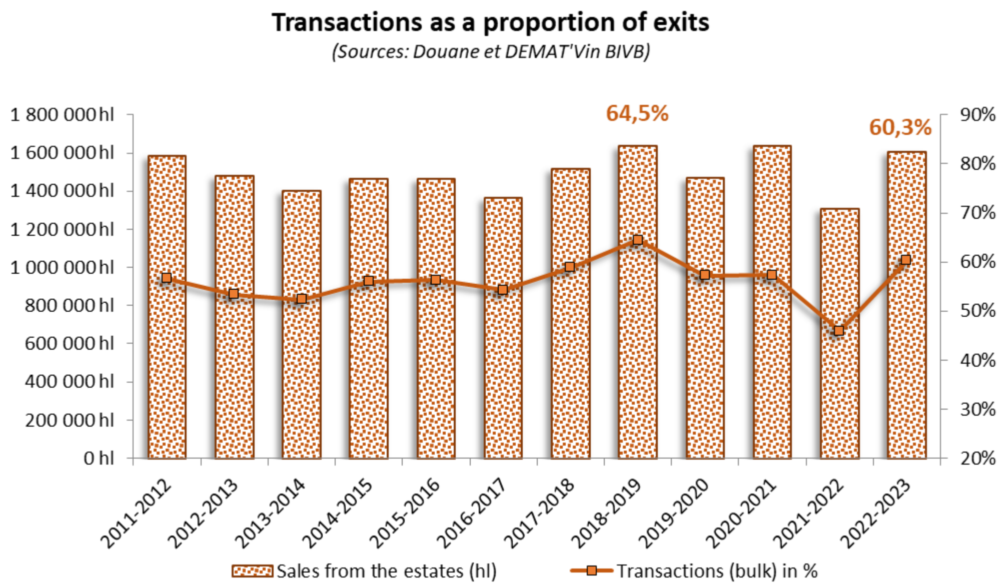
Sales from the estates rose by 24% (2022-2023 compared to 2021-2022), driven mainly by intra-regional transactions (Bourgogne to Bourgogne). These have jumped by 59% compared with the previous year (a rise of 65% for white wines).

This strong demand for the 2022 vintage indicates a real need to replenish stocks, after more than a year of emptying the cellars due to low volumes produced in 2021, in order to meet market demand.
As a result, from the end of 2022, bulk trading volumes for the 2022-2023 campaign (897,084 hectoliters) have been given a boost:

- 95.3% of transaction volumes for the vintage just harvested (2022), a record for the last 20 years.
- Transactions for the 2022-2023 campaign were up 14% on the average for the last five campaigns, the second-best result in the last 15 years.

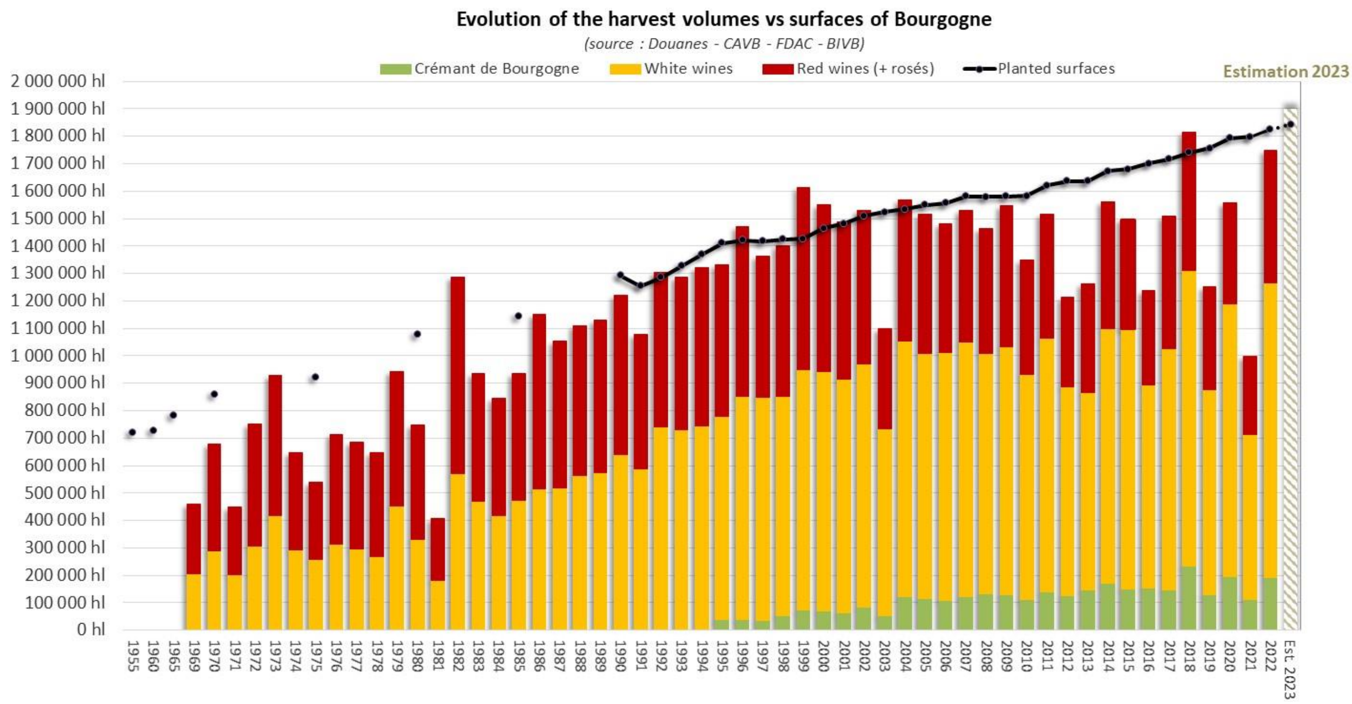


Bulk shipments accounted for over 60% of sales from the estates in 2022-2023. Shipments of bottles, meanwhile, are correspondingly down: a 9% decrease (in the 2022-2023 campaign compared to the 2021-2022 campaign).



- Bulk shipments from the estates to the Bourgogne wine industry for the 2022-2023 campaign represented 37% of available stocks at the start of the campaign, a record for the last 20 years.
- The estate's stocks at the end of the 2022-2023 campaign (end of July 2023) were up 17% on July 2022.

The 2023-2024 campaign starts with the excellent harvest potential of the 2023 vintage, estimated at around 1.9 million hectoliters, or just over 253 million bottles. This is a record result, albeit short of the full harvest potential (which is around 2.5 million hectoliters), and it is good news that should ease market conditions. Indeed, in recent years it has been unusual for Bourgogne to produce two good harvests in a row in terms of volume and replenished stocks.
As a result, the start of the 2023-2024 campaign (the first four months) will be more relaxed than that of 2022-2023, which was very tense due to the shortage of wine from the 2021 vintage.



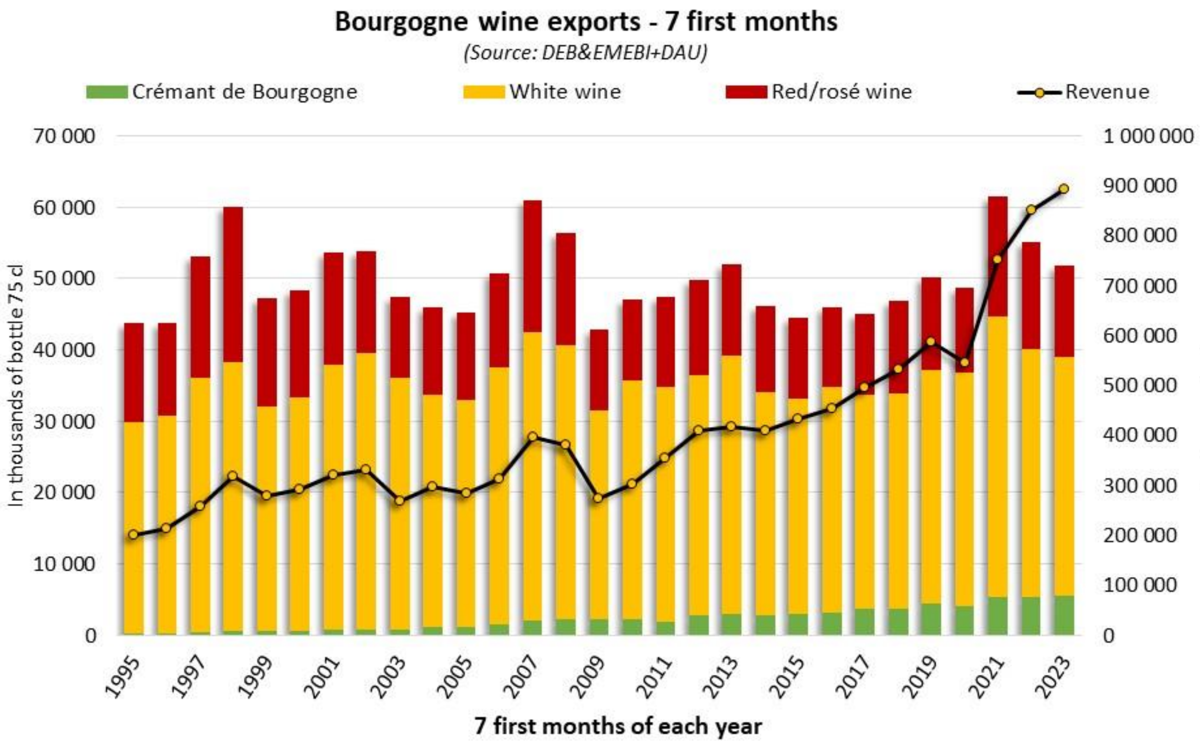
It means Bourgogne has what it needs in its cellars to meet the dual challenge of successfully marketing these two consecutive vintages, while continuing to build up its stock in anticipation of increasingly frequent climate-related incidents.

François Labet, President of the BIVB, said: "The number one problem in Bourgogne is the shortage of wine. By enabling us to solidly enforce our stocks, this second good harvest will give us back some room for maneuver. Companies that are able to do this will be in a better position to consider a slight lowering of prices".

Export: The 2022 vintage boosts shipments of some *AOC*s

Following on from 2022, the first seven months of 2023 showed a mixed picture: Down 5.9% in volume for sales that were up 4.8% (first seven months of 2023 compared to the first seven months of 2022). However, this result needs to be put into perspective: At 51,8 million bottles, this level of exports remains one of the highest in the last 30 years, even though Bourgogne has not yet fully replenished its stocks. Conversely, some markets, notably those with state monopolies, were overstocked during the Covid period (supply difficulties, longer delivery times etc) and are currently being regulated.
In terms of sales, the 900-million-euro threshold for the first seven months has almost been reached (just over 893 million euros).

Similarly, exports of French *AOC* wines are down overall in volume (a fall of 8.1% over the first seven months of 2023 compared with the same period in 2022), but are maintaining a good pace in terms of sales (up 2.7% compared with the first seven months 2022). Bourgogne is the second most resilient *AOC* wine growing region in France (for still wine) compared to 2019.



Against this backdrop, several groups of appellations performed well over the 7 first months of 2023:

- *Régionale AOC* Mâcon[1] white: Up 12.2% in volume (5.8 million bottles over the 7 first months 2023 / 2022). This rebound is mainly due to the second quarter of 2023. Sales benefited from a move upmarket, notably through the Mâcon plus geographical denomination (Mâcon-Uchizy, Mâcon-Igé, etc.): Up 21.3% on the first seven months of 2022.
- Chablis and Petit Chablis *AOC*s: Up 2.6% in volume compared with the first 7 months of 2022 (9.96 million bottles) for sales of more than €97.2 million over the period.
- Crémant de Bourgogne: Up 2.9% by volume (5.4 million bottles), with sales of €30.9 million.

[1] Mâcon *AOC* = Mâcon, Mâcon-Villages and 27 Mâcon plus a geographical denomination.

Bourgogne's main markets form a loyal group, the **"Famous Five"** (United States, United Kingdom, Canada, Japan and Belgium), which for around ten years now has been importing on average almost two-thirds of volumes (55.7 million bottles out of 88 million exported), accounting for almost 60% of sales (€543 million euros out of €937 million). After outperforming during the pandemic (2020-2021), purchases from these destinations slowed in 2022.

Other **"outsider" countries**, such as Sweden, the Netherlands, Denmark and several Asian countries (China, South Korea, Hong Kong, Taiwan and Singapore) are taking up some of the slack.

This slowdown in purchases by the "Famous Five" continued over the first seven months of 2023. However, over the last three months of that period (May to July 2023 compared with May to July 2022), four of these five countries showed signs of recovery: Japan (up 10.6% in volume compared to May to July 2022), the UK (up 4.3%), Belgium (up 0.6%) and the USA (up 0.3%). Only Canada showed a fall, down 6.1% in volume and down 14.7% in sales.

While all colours were affected over the first seven months of 2023, certain groups of appellations continued to see their imports grow within the "Famous Five": The *Grands Crus* from Côte d'Or, the *Régionale AOC* Mâcon[1] and, to a lesser extent, the *Village AOC*s of the Mâconnais (including the Pouilly-Fuissé *Premier Cru* wines).

After dizzying growth in 2021, which continued in 2022 though growth was slightly lower, the "outsider" Asian countries (China, South Korea, Hong Kong, Taiwan and Singapore) have performed poorly in the first seven months of 2023: Down 12.3% in volume compared with the first seven months of 2022). They remain committed to the most highly-regarded *AOC*s whose sales are still rising (up 3.7%).
The *Régionale AOC* Bourgogne is proving very popular, as are the *Village AOC*s (including the *Premier Cru Climats*) from all over Bourgogne.

We'll be keeping an eye on the end of 2023, especially if the international economic and trading environment does not improve.

The "Famous Five" to be revitalised by two fabulous harvests

- **United States** — **Number one market in terms of value and volume**

Export volumes are down: A fall of 3.5% compared to the first seven months 2022. This is mainly due to a challenging environment in the United States, a saturation of logistics flows and large stockpiles at American importers and wholesalers (*State of the Industry Hillebrand* - 8/23). At the same time, revenues of Bourgogne wines rose by 4.9% compared with the first seven months of 2022.

Crémant de Bourgogne is slowing down after several years of doubling growth in volume and sales: Down 18% in volume and 27% in value (first seven months of 2023 compared with the same period in 2022).
It is being replaced in first place by Bourgogne white wines, which appeal to American consumers mainly because of the more affordable appellations:

[1] Mâcon *AOC* = Mâcon, Mâcon-Villages and 27 Mâcon plus a geographical denomination.

- *Régionale AOC* Mâcon[2]: Up 30.8% in volume and up 44% in value compared with the first seven months of 2022.
- All *AOC* from Chablis: Up 16,5% in volume and up 29,1% in value compared with the first seven months of 2022.

Thanks to these two groups of *AOC*s, Bourgogne white wines are booming: Up 7% in volume and 11.2% in sales (first seven months of 2023 compared with the same period in 2022). The arrival of the first bottles of the much-anticipated 2022 vintage should help maintain this trend.

Red wines, meanwhile, are down: They are down 17,8% in volume but up 1,7% in value compared with the first seven months of 2022. Paradoxically, for this colour, it's the very top-of-the-range wines that are performing well:

- *Grand Cru AOCs* from the Côte d'Or: Up 12% in volume and up 19.4% in value compared with the first seven months of 2022.
- *Village* and *Village Premier Cru AOC*s from the Côte de Nuits: Up 2.1% in volume and up 17% in value compared with the first seven months of 2022.

French *AOC* wines as a whole are also experiencing a fall in volume: Down 12.3%, with losses in sales (down 2.2% on the first seven months of 2022).

• United Kingdom  Second biggest market in terms of value and volume

Although the British economy is recovering faster than expected, it is the only G7 country not to have returned to its pre-pandemic levels of activity. Other indicators are worrying economists: inflation remains high, as do interest rates on loans, which is making people poorer, and increasing pessimism among businesses.

Against this difficult backdrop, Bourgogne wines are containing the decline in their exports, after a first drop in 2022: Down 1.3% in volume compared with the first seven months of 2022.

Excluding Crémant de Bourgogne, all colours of Bourgogne wine are impacted:

- White wines (77% of volumes): Down 2.5% in volume compared with the first seven months of 2022.
- Red wines (17% of volumes): Down 6.5% in volume compared with the first seven months of 2022.
- Crémant de Bourgogne (6% of volumes): Up 38.6% in volume compared with the first seven months of 2022.

However, some *AOC* groups are doing relatively well:

- *Régionale AOC* Mâcon (whites and reds)[3]: Up 16.9% in volume compared with the first seven months of 2022, after two years of decline.
- *Village* and *Village Premier Cru AOC*s from the Côte Chalonnaise: Exports are progressing well: Up 40.9% compared with the first seven months of 2022.
- Chablis Grand Cru and Chablis *Premier Cru AOC*s: Up 6.1% in volume compared with the first seven months of 2022.
- *Village* and *Village Premier Cru AOC*s from the Mâconnais: Up 2.5% by volume compared with the first seven months of 2022.

[2] In white, the *AOC* Regional Mâcon includes: Mâcon, Mâcon-Villages and Mâcon plus geographical denominations such as Mâcon Azé, Mâcon-Lugny, Mâcon-Pierreclos…

[3] In white, the *AOC* Regional Mâcon includes: Mâcon, Mâcon-Villages and Mâcon plus geographical denominations such as Mâcon Azé, Mâcon-Lugny, Mâcon-Pierreclos… In red, only Mâcon and Mâcon plus are included.

The very poor British economic climate is not impacting the various market segments in the same way. Export volumes of French *AOC* wines slowed by 7.7%, but revenue rose by 3.7% compared with the first seven months of 2022.

• **Japan** — Third biggest market in terms of value and volume

In 2010, Japan lost its position as the world's second largest economy, and in 2023 it is set to fall to fourth place, behind Germany. An ageing population is depriving Japanese companies of a younger, more dynamic workforce. The country is also experiencing galloping inflation, with its currency losing value against other currencies.

After experiencing very stable exports between 2019 and 2021 (in the first seven months of the year), Japan is experiencing a second year at its lowest level of Bourgogne wine imports by volume for the last 10 years: Down 3.3% on the first seven months of 2022, for 4 million 75 cl bottles. Conversely, sales are at an all-time high: Up 8.7% in value compared with the first seven months of 2022, or €83.9 million.

In this mixed climate, some *AOC*s are trying to hold onto their market share:

- All *AOC*s from Chablis (46% of exported white wine volumes) is regaining some growth in volumes (up 6.3% compared with the first seven months of 2022), after a two-year decline in this market.
- *Régionale AOC* Mâcon in white (4% of white wine volumes exported) has been stable since 2020: Up 0.4% in volume for a growth in sales of 36% compared with the first seven months of 2022.
- *Village* and *Village Premier Cru AOCs* from the Mâconnais are making a small breakthrough with small volumes: Up 0.2% compared with the first seven months of 2022 (40,000 bottles exported), for a sales increase of 12.4% compared with the first seven months of 2022.

• **Canada** — Seventh biggest market in terms of value and fourth in volume

Like many Western countries, Canada is affected by a decline in household consumption due to steadily rising borrowing costs and high unemployment. This is reflected in the figures, as Canada loses its third place in volume terms over the first seven months of 2023, to Japan.

After an exceptional year, Bourgogne wine exports are falling back to below 2018 figures: Down 22.7% in volume (just under four million bottles) and down 19.8% in sales compared with the first seven months of 2022 (just over €3.4 million).

- Paradoxically, it is Bourgogne's most prestigious *AOC*s that are experiencing the strongest growth over the first seven months of 2023: Up 113.2% in volume for white *Grand Cru AOC*s from Côte d'Or and up 20.7% for red *Grand Crus*.
- *Village* and *Village Premier Cru AOCs* from the Mâconnais are making inroads: Up 8% compared with the first seven months of 2022 (87,000 bottles) and up 17.5% compared with the first seven months of 2022 in sales.
- *Village* and *Village Premier Cru AOCs* from the Côte de Nuits: Up 9.1% compared with the first seven months of 2022 (60,000 bottles) and up 19.8% compared with the first seven months of 2022 in sales.

• **Belgium** — Eighth biggest market in terms of value and fifth in volume

Over the first seven months of 2023, exports of Bourgogne wines fell by 7.6% in volume and 3% in value compared with the first seven months of 2022. However, these results would be much better when considering the large volumes of wine bought directly by Belgians at the vineyards or at the border. Indeed, Belgians are among the top visitors to Bourgogne, and have been returning massively for the past two years.

While all colours are down, the *Régionale AOC* Mâcon is experiencing double growth:

- White: Up 9% in volume and up 23.7% in value compared with the first seven months of 2022.
- Red: Up 24.8% in volume and up 20.7% in value compared with the first seven months of 2022.

This country is one of only a few where *AOC* Bourgogne reds[4] are growing in volume and value, up 12% and 15.8% respectively.

One of the "outsiders", Australia keeps its promises

- **Australia** — **16th biggest market in terms of value and 11th in volume**

Exports of Bourgogne wines to Australia have grown steadily and significantly over the past 15 years. Over this period, it is the only country with more than one million bottles that has seen a growth in volume of over 15%, with sales up 11.3% (first seven months of 2023 compared with first seven months of 2022).

- The vast majority of white wines have doubled growth in terms of volume and value, with two "stars":
- Chablis and Petit Chablis *AOC*s: Up 42.3% in volume and up 42.4% in value compared with the first seven months of 2023.
- *Régionale AOC* Bourgogne: Up 8.3% in volume and up 10.9% in value.
- Crémant de Bourgogne, with more than 80,000 bottles, is performing well: Up 25% in volume and up 26.7% in sales for the first seven months of 2023.
- Red wines, more tentative and less sought after by Australians, are down: 12.6% in volume and 2.5% in sales.

A return to the international markets boosted by two generous vintages

With the arrival of the two very fine 2022 and 2023 vintages, Bourgogne winegrowers and *négociants* are able to head back to the markets with high volumes. This good news will enable them to regain some of the market share lost after the very small 2021 harvest.

In 2024, the Bourgogne Wine Board is organising five large tasting events in five of its main markets, after it had to cancel the 2023 tastings due to a lack of available wines.

Winegrowers, wineries and *négociants* will be presenting their wines to influencers from the UK, Japan, Hong Kong, Sweden and Norway. Importers, agents, wine merchants, sommeliers and journalists will be able to taste the 2022 vintage with a new perspective, aimed at sharing behind-the-scenes aspects of life in the heart of our *terroirs* and in our cellars.

This dynamic approach will be reinforced by the latest edition of the *Grands Jours de Bourgogne,* from March 18 to 22, 2024, during which over 1,700 professionals will be invited to tour Bourgogne to taste over 6,000 wines and meet nearly a thousand winemakers and wine dealers.

Calendar for 2024

- 10 January — Professional tasting in London
- 18 to 22 March — *Grands Jours de Bourgogne*, from Chablis to Mercurey
- 16 April — Professional tasting in Hong Kong
- 18 April — Professional tasting in Tokyo
- 21 May — Professional tasting in Stockholm
- 23 mai — Professional tasting in Oslo

[4] *AOC* Bourgogne includes: white and red Bourgogne and Bourgogne plus geographical denomination.

Exports of Bourgogne wines by country

For the first seven months of 2023 compared to the same period in 2022
(sources : Customs DEB-EMEBI+DAU - BIVB)

	In thousands of bottles 75 cl.			In thousands of euros		
	Volume Jan. to Jully 2023	**Volume Jan. to Jully 2022**	**Evolution 23/22**	**Value Jan. to Jully 2023**	**Value Jan. to Jully 2022**	**Evolution 23/22**
Totaux	**51 850**	**55 112**	**-5,9%**	**893 055**	**851 830**	**4,8%**
USA	10 840	11 234	-3,5%	173 012	164 997	4,9%
United Kingdom	7 924	8 030	-1,3%	139 562	122 205	14,2%
Japan	4 041	4 168	-3,0%	84 199	77 268	9,0%
Canada	3 952	5 115	-22,7%	38 427	47 901	-19,8%
Belgium	3 665	3 966	-7,6%	30 103	31 058	-3,1%
Sweden	3 297	3 757	-12,2%	23 589	26 004	-9,3%
Denmark	1 682	1 754	-4,1%	23 544	25 371	-7,2%
Netherlands	1 606	2 043	-21,4%	20 064	18 780	6,8%
Germany	1 585	1 702	-6,9%	22 692	22 361	1,5%
China	1 528	1 756	-12,9%	40 760	38 817	5,0%
Australia	1 179	1 024	15,2%	17 973	16 149	11,3%
Switzerland	975	989	-1,4%	49 403	46 396	6,5%
Italy	944	839	12,5%	16 343	12 678	28,9%
South Korea	842	1 033	-18,5%	20 071	22 025	-8,9%
HongKong	768	810	-5,1%	58 640	53 695	9,2%
Israel	589	455	29,3%	5 824	4 426	31,6%
Ireland	462	478	-3,4%	4 447	4 238	4,9%
Singapore	427	376	13,6%	19 404	15 485	25,3%
Taiwan	396	541	-26,8%	19 430	22 692	-14,4%
Spain	393	430	-8,7%	8 016	7 367	8,8%
Brazil	339	255	32,7%	4 350	3 589	21,2%
United Arab Emirate	296	484	-38,9%	6 529	9 070	-28,0%
Finland	218	221	-1,5%	1 925	1 709	12,6%
Poland	217	254	-14,4%	2 148	2 311	-7,1%
Austria	186	170	9,8%	4 404	4 022	9,5%
Lituania	178	161	10,2%	2 476	2 715	-8,8%
Latvia	176	204	-13,4%	2 076	2 079	-0,1%
Thailand	166	98	68,3%	3 377	3 084	9,5%
Luxembourg	152	195	-22,1%	3 915	3 815	2,6%
Mexico	139	209	-33,4%	1 751	2 399	-27,0%

(Sources : Douanes DEB-EMEBI+DAU, CAVB/FDAC, CIRCANA-IRI, KANTAR, BIVB)

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