aicep Portugal Global

Portuguese wines

Lisbon, March 2011

Portuguese wines

Statistical breakdown

► Classification of Economic Activity – Rev.3

1102 – Wine industry

11021 – Production of table and dessert wines
11022 – Production of sparkling and bubbly wines

► Combined Nomenclature

2204 – Wine of fresh grapes, including fortified wines; grape must other than that of heading 20.09

Portuguese wines

Main factors

Production (Million €)	1,156.3
Weight of GVA in the Manufacturing Sector	1.6%
Contribution of Employment in the Manufacturing Sector	0.99%
Number of Companies	628 (30% with over 10 employees)
Turnover (Millions €)	1,262

Source: INE, Sistema de Contas Integradas das Empresas, values refer 2008

Portuguese wines

Main factors

Exports (Millions €)	604.2
Increase in Exports	4.8%
Weight within Portuguese Exports	1.64%
Contribution of the three main export markets	38.1%
Contribution of the ten main export markets	80.1%

Source: INE, values refer 2010, February 2011 Version

Portuguese wines

Main factors

Portugal's ranking as a world supplier	8th
Portugal's share in the world market	3.03%
Development of Portugal's market share compared to previous year	+0.17 pp
Portugal's ranking in the main export market	2nd (France)
Portugal's share in the main export market	19.89%

Source: ITC – International Trade Centre (data available in the ITC, 17th December, 2010); WTA – World Trade Atlas

Portuguese wines

Trade balance - Development

Average annual growth rate - 2006 to 2010
Exports: 2.3%
Imports: 12.5%

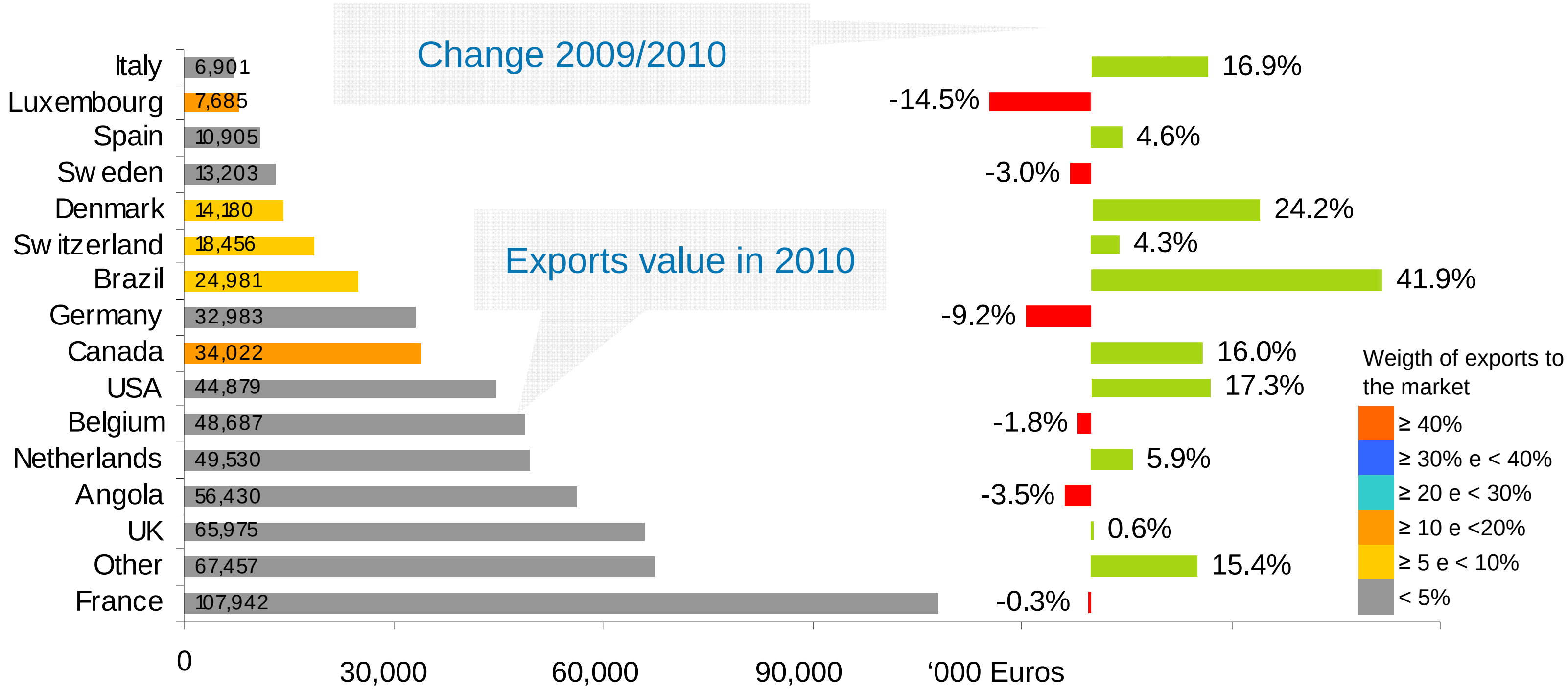
Growth rate in 2010
Exports: 4.8%
Imports: -14.0%

Source: INE, February 2011 Version

aicep Portugal Global

Portuguese wines

Development and main export markets - 2010



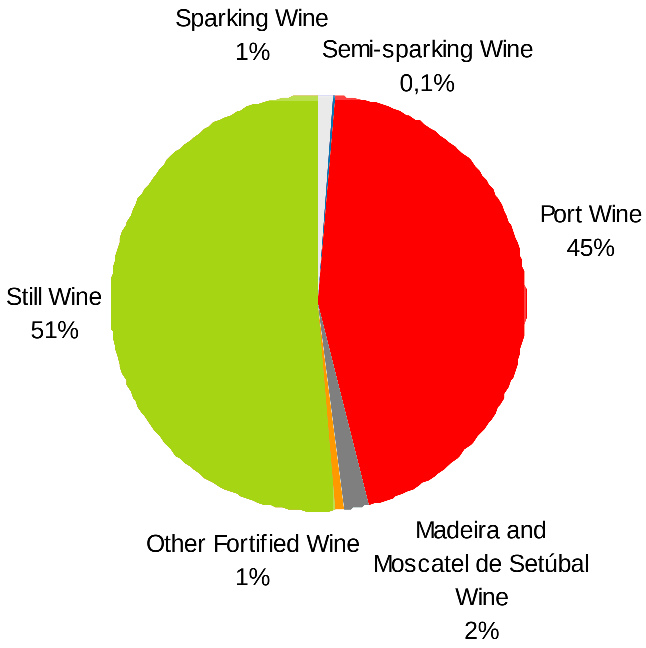
Except for Germany, Spain and Italy (where wine exports amount to less than 1% of total Portuguese sales in each market), wine has a prominent position in the Portuguese trade relationship with the majority of the primary markets in this sector: between 2 and 3% in France and Angola; close to 3 to 4% in the United Kingdom, the Netherlands, the USA and Sweden; close to 5% in Belgium; and between 5 and 7% in Brazil, Switzerland and Denmark. It is up to 14.5% in Luxemburg and 19.1% in Canada.

Source: INE, February 2011 Version

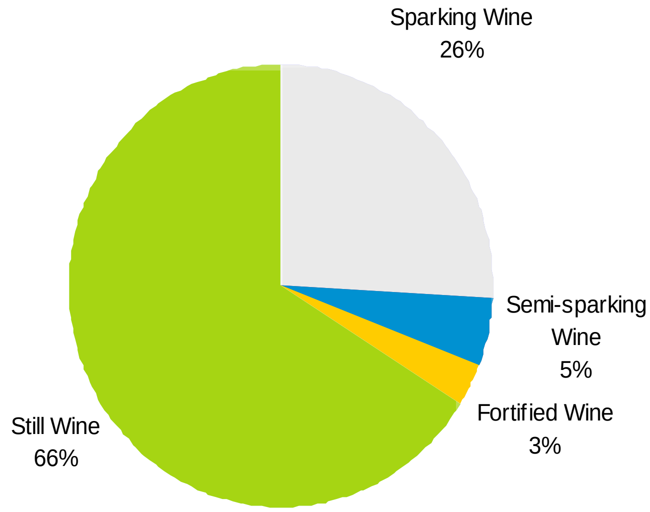
Portuguese wines

Main products

Exports



Imports

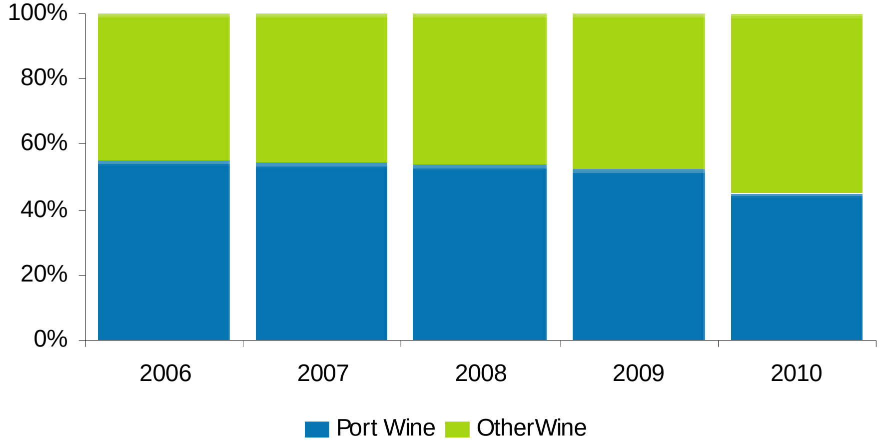


Source: INE, values refer 2010, February 2011 Version

aicep Portugal Global

Portuguese wines

Port Wine
Export trends and market share of exports in the sector



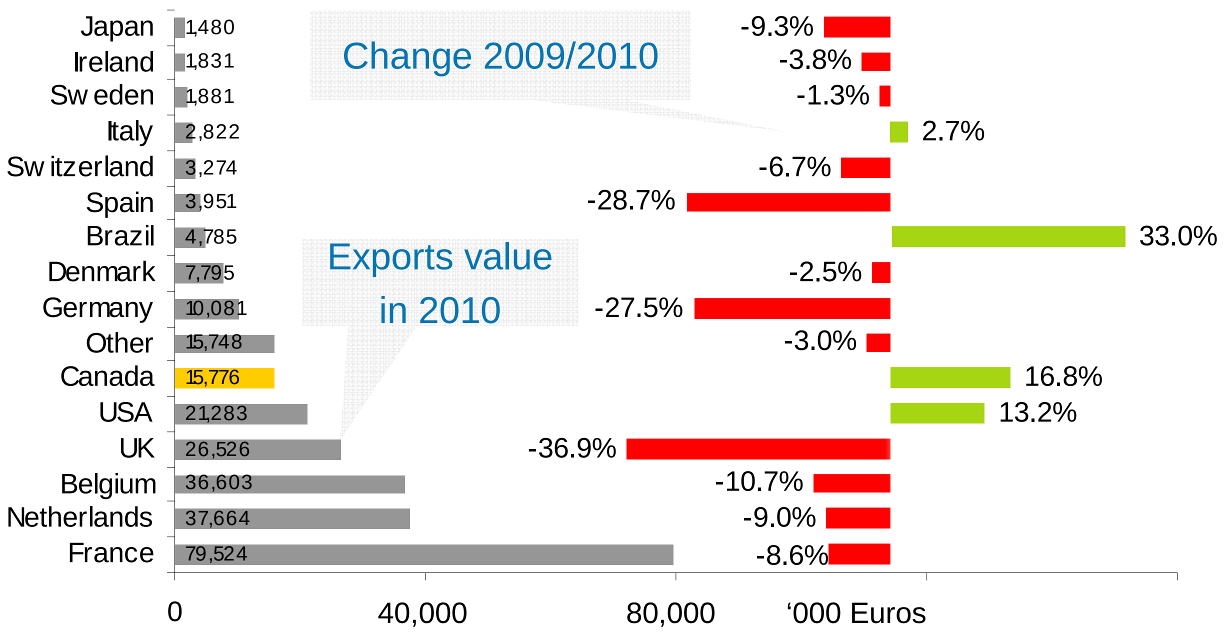
Decreasing market share of wine exports

- ► 2006 : 55.1%
- ► 2007 : 54.2%
- ► 2008 : 53.4%
- ► 2009 : 52.5%
- ► 2010 : 44.9%

Source: INE, February 2011 Version

Portuguese wines

Port Wine
Development and main export markets – 2010



Exports value in 2010:
▶ **271,024 thousand euros**

Growth rate in 2010:
▶ **-10.4%**

Average annual growth rate 2006 to 2010:
▶ **-2.7%**

Contribution of the three main export markets:
▶ **53%**

Contribution of the ten main export markets :
▶ **90%**

Weigth of exports to the market
- ≥ 40%
- ≥ 30% e < 40%
- ≥ 20 e < 30%
- ≥ 10 e <20%
- ≥ 5 e < 10%
- < 5%

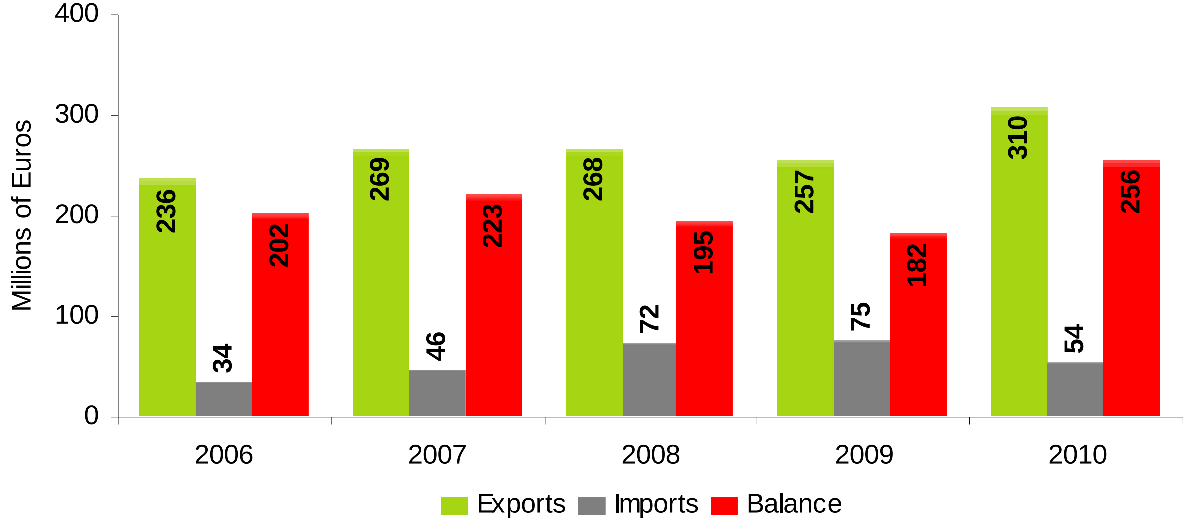
In the majority of markets (France, the United Kingdom, the USA, Brazil, Switzerland, Ireland and Japan), Port wine comprises 1 to 2.5% of total Portuguese exports. In Germany, Spain, Italy and Sweden, it represents less than 1%.
However, it approaches nearly 9% of exports to Canada and between 2.5 and 3.5% to the Netherlands, Belgium and Denmark.

Source: INE, February 2011 Version

aicep Portugal Global

Portuguese wines

Still Wines
Export trends and market share of exports in the sector



Increasing market share of wine exports:

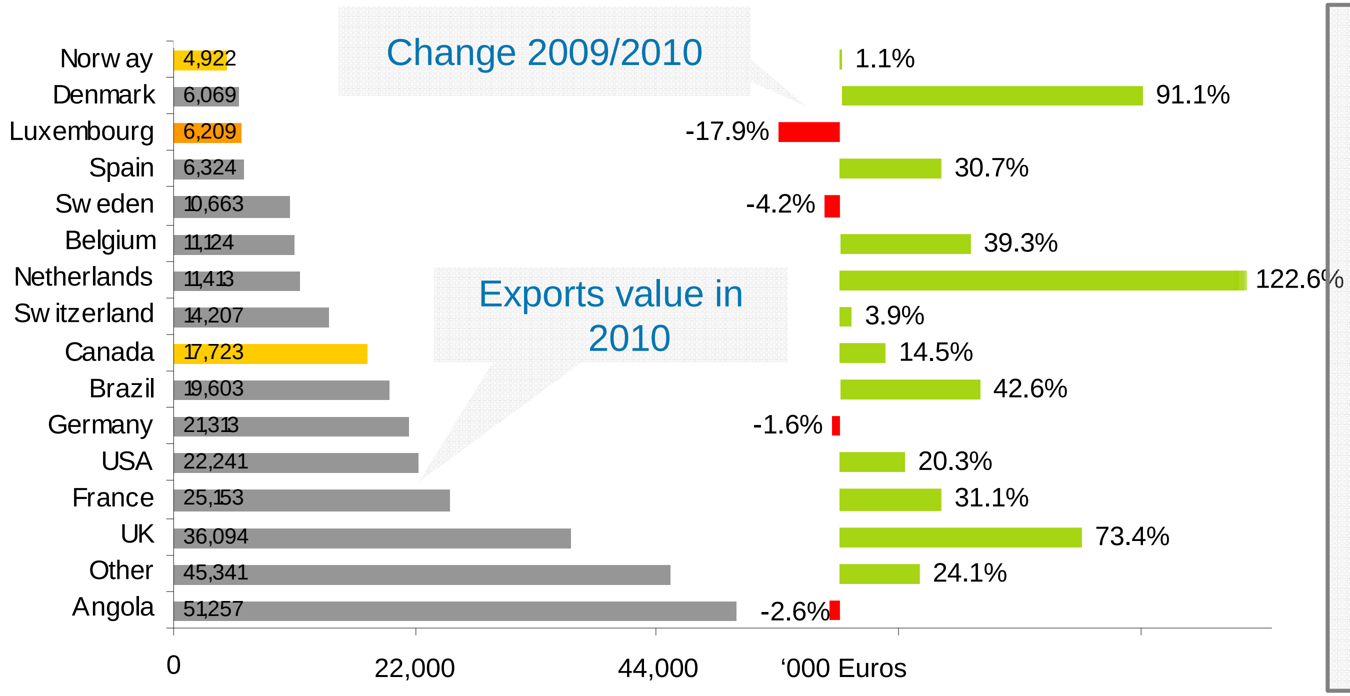
- ▶ 2006 : 42.4%
- ▶ 2007 : 43.2%
- ▶ 2008 : 43.9%
- ▶ 2009 : 44.5%
- ▶ 2010 : 51.2%

Source: INE, February 2011 Version

aicep Portugal Global

Portuguese wines

Still Wines
Development and main export markets – 2010



Exports value in 2010:
▶ **309,656 thousand euros**

Growth rate in 2010:
▶ **20.5%**

Average annual growth rate 2006 to 2010 :
▶ **7.5%**

Contribution of the three main export markets:
▶ **36.3%**

Contribution of the ten main export markets :
▶ **74.3%**

Still wines represent 1 to 2.5% of Portuguese exports to the United Kingdom, the USA, Belgium, and Denmark and between 3 to 5% to Brazil, Switzerland and Sweden. For France, Germany, and the Netherlands, market share for this type of wine accounts for less than 1% of exports.
However, exports in this category to Luxemburg surpasses 11% and reaches 9.9% to Canada and 6% to Norway.

Source: INE, February 2011 Version

Portuguese wines

Madeira and Moscatel de Setúbal Wine
Export trends and market share of exports in the sector

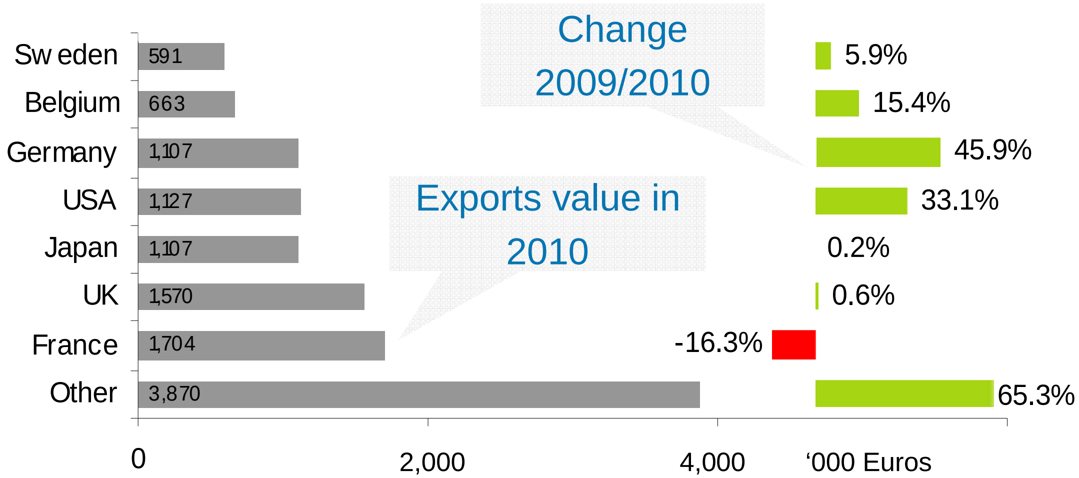
Small market share in wine exports:

- ► 2006 : 1.9%
- ► 2007 : 2.0%
- ► 2008 : 1.9%
- ► 2009 : 1.7%
- ► 2010 : 1.9

Source: INE, February 2011 Version

Portuguese wines

Madeira and Moscatel de Setúbal Wine
Development and main export markets – 2010



Exports value in 2010:
▶ **11,739 thousand euros**

Growth rate in 2010:
▶ **20%**

Average annual growth rate 2006 to 2010:
▶ **3.6%**

Contribution of the three main export markets:
▶ **37.5%**

Contribution of the ten main export markets:
▶ **79.2%**

Weigth of exports to the market
- ≥ 40%
- ≥ 30% e < 40%
- ≥ 20 e < 30%
- ≥ 10 e <20%
- ≥ 5 e < 10%
- < 5%

In terms of specific numbers, Madeira and Moscatel wines have almost no share of Portuguese exports to the main customer markets, with Japan consuming the largest share in this category of wines at 0.9%.

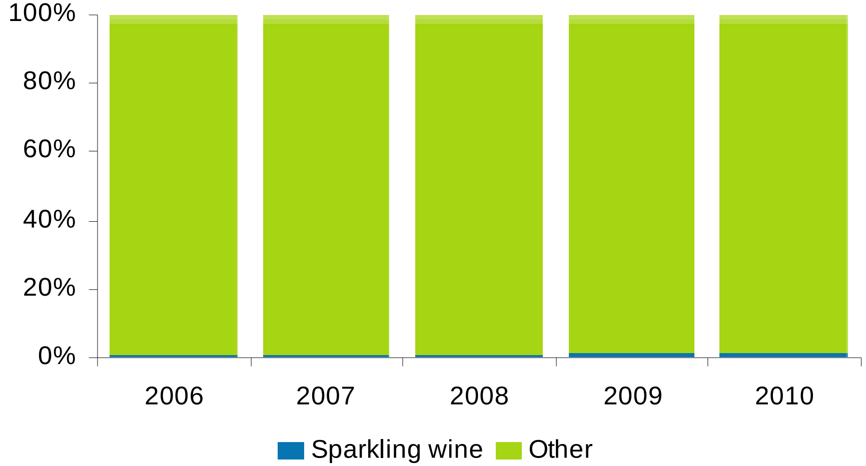
Source: INE, February 2011 Version

aicep Portugal Global

Portuguese wines

Sparkling Wine

Export trends and market share of exports in the sector



Still insignificant but growing market share in wine exports:

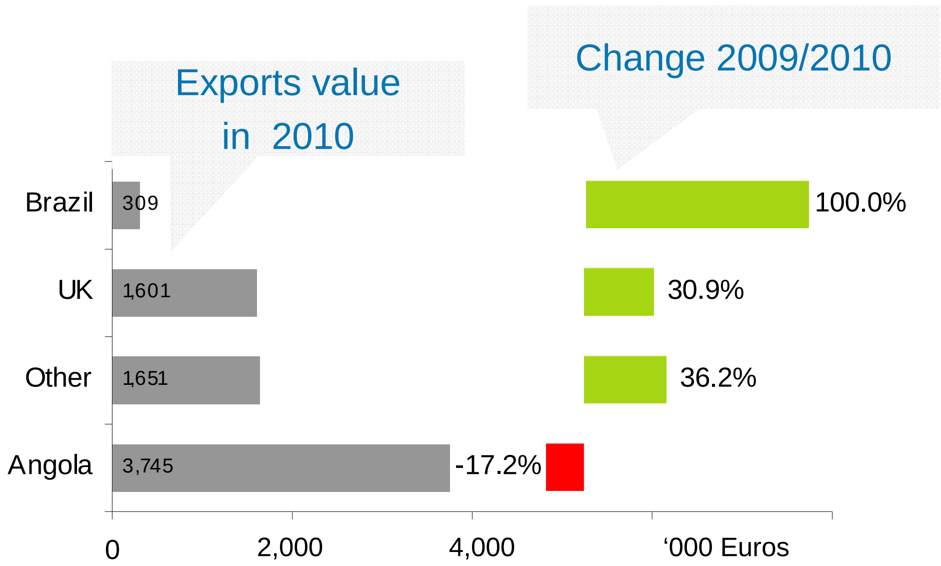
- 2006 : 0.6%
- 2007 : 0.6%
- 2008 : 0.8%
- 2009 : 1.2%
- 2010 : 1.2%

aicep Portugal Global

Source: INE, February 2011 Version

Portuguese wines

Sparkling Wine
Development and main export markets – 2010



Exports value in 2010:
► **7,306 thousand euros**

Growth rate in 2010:
► **2.7%**

Average annual growth rate 2006 to 2010:
► **24.9%**

Contribution of the three main export markets:
► **77.4%**

Contribution of the ten main export markets:
► **88.7%**

Weigth of exports to the market
- ≥ 40%
- ≥ 30% e < 40%
- ≥ 20 e < 30%
- ≥ 10 e <20%
- ≥ 5 e < 10%
- < 5%

As for sparkling wines, Angola buys 51% of total Portuguese exports and the United Kingdom consumes an additional 22%.
Sparkling wine has only a modest market share in the wine trade between Portugal and these markets: it does not exceed 0.2% of our total sales to the Angolan market and represents only 0.1% in sales to the United Kingdom

Source: INE, February 2011 Version

Portuguese wines

Highlights

The number of companies operating in the wine industry increased by 4% (from 603 to 628) in 2008. This increase was reported only for the production of table and dessert wines (+4.4%) since the number of sparkling and bubbly wine producers ended the year 2008 with one unit less than in 2007. This development in the wine sector runs contrary to the trend reported for the manufacturing industry, which lost 2,705 companies (3.3% of the total) between 2007 and 2008.

Wine sector employment, however, decreased by 6.8% (a much stronger contraction than the average for the manufacturing industry as a whole, which lost 2.1% jobs). This development resulted largely from the closure of 5 plants with 10 to 49 employees each.
Production in the sector increased by 2.1% while revenues increased by 1%. This figure is slightly below the trend in the manufacturing industry, which reported increases of 2.4 and 1.9%, respectively. The upward trend here was limited to the production of table and dessert wines; the production of sparkling and bubbly wines fell 3.7% while revenues slid by 2.5%.

The wine industry is one in which small- to medium-sized businesses (SMEs) predominate: 70.2% of companies employ less than 10 workers, 25.8% have 10 to 49 employees, 3.7% employ 50 to 149, and only 2 companies can boast more than 250 employees on their payrolls.
In the sparkling and bubbling wine category, the number of companies is almost evenly split between those with less than 10 employees and those with 10 to 49 employees.

The wine industry represents 0.8% of companies, 1% of jobs, 1.5% of production and revenue, and 1.6% of GAV (Gross Added Value) in the manufacturing industry.
Table and dessert wines predominate; together, they represent 97.3% of companies, 96.7% of jobs and GAV, and 97.8% of production and revenue in the sector.

Portuguese wines

Highlights

There is a large surplus in the Balance of Trade but imports grew between 2006 and 2010 at an annual average rate faster than the export rate:

► Exports increased by 12.1% in 2007, but posted losses of 2.1% and 5.4% in subsequent years. The 4.8% growth rate in 2010 suggests a return to the plus side of the ledger.

► Wine imports took double digit leaps in 2007 and 2008 (23.5% and 42.7%, respectively), then slid by 2% in 2009 in comparison with the previous year. The downward slide continued, with a drop of 14% in 2010.

Thus, between 2006 and 2010, wine exports increased at an average annual rate of 2.3%, driven by increased sales of still and sparkling wines (7.5% and 24.9%, respectively, at an annualized average rate), although the sale of Port wine dropped slightly by 2.7% on average each year.

When analyzing exports by product, the following observations can be made:

► **Port Wine**: This has traditionally been the wine with the largest market share. However, the level of exports in this category was surpassed by table wines in 2010.

Exports of Port wine decreased at an average annual rate of 2.7% between 2006 and 2010. In this period, they increased only in 2007, showing a gradual decline after that: -3.5% in 2008, -7.1% in 2009 and -10.4% in 2010).

Portuguese wines

Highlights

► **Still Wines**: There was an average annual growth of 7.5% in exports during the period of 2006-2010, with a rise in sales abroad of 14.3% in 2007. This was followed by sluggish sales in 2008 and 2009 (-0.6% and -4% respectively). Exports in 2010 showed the highest rate of growth for the period, with a leap of 20.5%.

Imports posted gains, on average, of 17.2% annually, between 2006 and 2010, with strong showings reported for 2007 and 2008 (36.8% and 56.8%, respectively). The rate of growth dipped by 3.5% in 2009 and imports fell by 28.2% in 2010.

When considered together, Madeira, Moscatel de Setúbal, and sparkling wines represent slightly more than 3% of Portuguese wine exports:

► **Madeira and Moscatel de Setúbal Wine**: The value of exports reached about €12 million in 2010. Exports jumped by 16.9% in 2007, but slid back over the next two years by 9.3% and 13.4%. However, foreign sales surged forward again in 2010, improving by about 20%.

► **Sparkling Wine**: This is the only product with a deficit balance of trade and a smaller market share of exports (1.2% of the total). Nevertheless, it posted the highest gains in foreign sales: an average annual increase of 24.9% was reported between 2006 and 2010, with strong showings every year in this period except for a slowdown in 2010, the year in which exports grew by only 2.7%.

Imports increased on average by 1.8% annually between 2006 and 2010, despite a 15.9% contraction in 2009.

Portuguese wines

Highlights

Of the 15 primary foreign markets for Portuguese wine, the following five were particularly significant in the 2006-2010 period in terms of an annual average rise in sales: Brazil (+12.6%), Angola (+9.4%), Switzerland (+9%), Sweden (+8.5%), and Luxembourg (+7.3%).
Exports to Canada and Denmark also grew (6.5% and 4.7%, respectively) at a rate above the sector average.
Holding more modest positions but still showing significant growth, are Poland (as the 12th largest customer with an average annual increase of 34.9%) and China (our number 13 buyer with an average increase of 51.2% annually).
Exports to the United Kingdom and Spain fell on average by 0.9% and 8.5% per year, respectively.
Results were highly favorable in 2010 for the North American continent: exports increased by 17.3% to the USA and 16% to Canada. Exports rose for other countries as well: Brazil (+41.9%), China (+94%) and Macau (+16.6%). In Europe, sales to Belgium (+5.9%) rose, and also to Denmark (+24.2%) and Poland (+6.6%).

France is the number one buyer of Portuguese wines, but a trend of diminishing market share has emerged for this country (19.2% in 2006 but only 17.9% in 2009).
Exports increased on average by 0.4% annually between 2006 and 2010, but this outcome is somewhat misleading because it is the result of a strong performance reported only for 2007 (a jump of 10.4%). Since then, exports have been on the decline (-3.5%, -5.1% and -0.3%, for 2008, 2009 and 2010, respectively).
Port wine represents 73.7% of wines exported to France. As our top-ranking buyer for this wine, this country consumes 29.3% of our exports. Sales increased by 6.8% in 2007 but afterwards dropped 0.3% in 2008, 3.3% in 2009 and 8.6% in 2010.

Portuguese Wines

Highlights

France is also our number one importer of Madeira and Moscatel Wines, since it is the destination country for 14.5% of exports. It is also our number 3 customer of still wines (buying up 7.2% of total Portuguese exports). Exports of Madeira and Moscatel wines show a performance similar to Port wine: an increase of 27.7% in 2007 and contractions of -14.5%, -2.1% and -16.3% in 2008, 2009 and 2010. Although exports also shrank by 13.4% in 2008 and 12.9% in 2009, still wines seem to have recovered market share in 2010, posting a healthy gain of 31.1%.

Although the United Kingdom is our second best wine customer, a declining market share was reported for this country (12.5% in 2006 and 10.9% in 2009).

Exports to this country dipped at an average annual rate of 0.9% between 2006 and 2010, due to an unfavorable sales performance in 2008 and 2009. Exports increased by 0.6% in 2010, driven by the still and sparkling wine categories, which posted average annual gains of 11.8% and 328.5%, respectively.

Port wine represents 40.2% of wines exported to the UK (65.3% in 2007 and 2008). In 2010, the UK was the 4th largest buyer of this wine, purchasing 9.8% of exports – it ranked number two in 2009, with 13.9% of the total. In the period between 2006 and 2010, imports declined on average by 6.8% per year, with significant losses in 2008, 2009 and 2010; this last year saw a drop of 36.9%.

The United Kingdom is also our number 2 buyer of Madeira and Moscatel wines. The UK is the destination for 13.4% of our exports, although these posted losses on average 6.2% per year between 2006 and 2010. The UK imports 21.9% of our total sparkling wine and 11.7% of our still wine.

Portuguese wines

Highlights

Angola is the number three destination for Portuguese wines, with a growing market share of total exports (7.2% in 2006, 9.3% in 2010). Exports to Angola grew on average by 9.4% per year between 2006 and 2010, showing a positive upward trend until 2009 but then dropping by 3.5% in 2010.

Of the Portuguese wines exported to Angola, 91% are still wines. This country, as our number 1 customer, consumes 16.6% of total exports. Exports of still wines increased on average by 8.3% annually over the 2006-2010 period. Despite a positive performance between 2006 and 2009, the following year saw a contraction of 2.6%.

Angola is also the number 1 customer of sparkling wines (importing 51.3% of total exports). Even though exports slipped by 17.2% in 2010, they continued to post an average annual increase of 28.1% for the period between 2006 and 2010.

Other important wine-consuming customers of Portugal, when classified by type of wine exported, are the Netherlands, Belgium, the USA, Canada and Germany (the top 4th, 5th, 6th, 7th and 8th importers of Portuguese wines, respectively).

For Port wine, besides France and the United Kingdom (1st- and 4th-ranking destinations for this product), two other important export markets are the Netherlands and Belgium, purchasing 13.9% and 13.5% of our exports, respectively. In the Netherlands, this wine represents 76% of wine purchases from Portugal and 75.2% in Belgium. During the period between 2006 and 2010, exports of Port wine to these two markets dipped on average by 0.8% per year.

Portuguese wines

Highlights

The USA is the 4th largest buyer of still wines (imports climbed on average by 9.3% per year between 2006 and 2010 and rose more sharply in 2010 by 17.3%); the USA is also the 3rd largest importer of Madeira and Moscatel Wines and the 5th largest customer of Port wine. This latter category experienced an annualized average shrinkage in exports of around 6.3% between 2006 and 2010, but posted gains in sales of 13.2% for 2010.

Canada is the 6th top destination for still wines (importing 5.7% of total exports) and the 7th-top destination for Port wine (5.8% of total exports). Wine exports to Canada increased on average by 4.7% per year in the period between 2006 and 2010, mainly due to the good performance of still wines. Exports to Canada increased at an average annual pace of 11.4% (in contrast to Port wine, which slipped by 0.6%). Exports of both still (14.5%) and Port wines (16.8%) climbed in 2010.

Germany is an especially important market for still wines – it is the 2nd largest customer purchasing 6.9% of exports: it reported an average annual growth rate of 6.8% during the period between 2006 and 2010, except for a 12.6% contraction in 2010.
Exports of Port wine to Germany are less than half that of still wines – as the 6th top customer for Port wine, this market consumes 3.7% of exports. Exports of Port wine to that country sank an average of 6.5% per year between 2006 and 2010, with favorable performance reported only in 2008.

Portuguese wines

15 Main exporters in 2009 – alphabetical order

Adega Cooperativa da Azueira, CRL
http://codigopostal.ciberforma.pt/dir/empresa2.asp?emp=45212

Adega Cooperativa de São Mamede de Ventosa, CRL
http://codigopostal.ciberforma.pt/dir/empresa2.asp?emp=373540

Aveleda - Sociedade Agrícola e Comercial da Quinta da Aveleda, SA
www.aveleda.pt

CCVP - Companhia Comercial de Vinhos do Porto, SA
http://codigopostal.ciberforma.pt/dir/empresa2.asp?emp=14927

Cockburn's Wines & Spirits, Unipessoal, Lda
www.cockburns.com

Source: INE

Portuguese wines

15 Main exporters in 2009 – alphabetical order

Real Companhia Velha

Companhia Geral da Agricultura das Vinhas do Alto Douro, SA
www.realcompanhiavelha.pt

Porto Cruz

Companhia União dos Vinhos do Porto e Madeira, Lda
www.porto-cruz.com

Esporão

Esporão - Vendas e Marketing, SA
www.esporao.com

Porto Cruz

Gran Cruz Porto - Sociedade Comercial de Vinhos, Lda
www.portocruz.net

José Maria da Fonseca

José Maria da Fonseca, Vinhos, SA
www.jmf.pt

Source: INE

Portuguese wines

15 Main exporters in 2009 – alphabetical order

Quarles Harris & Ca., SA
www.symington.com

Quinta and Vineyard Bottlers Vinhos, SA
www.taylor.pt

Sogevinus Fine Wines, SA
www.sogevinus.com

Sogrape Vinhos, SA
www.sogrape.pt

Symington Family Estates, Vinhos, Lda
www.smithwoodhouse.com

Source: INE

Portuguese wines

Main bodies

VINIPORTUGAL – Associação Interprofissional para a Promoção dos Vinhos Portugueses
www.viniportugal.pt

IVV – Instituto da Vinha e do Vinho
www.ivv.min-agricultura.pt

AEVP – Associação das Empresas de Vinho do Porto
www.aevp.pt

Instituto dos Vinhos do Douro e Porto
www.ivdp.pt

Portuguese wines

Main bodies

ADVID – Associação para o Desenvolvimento da Viticultura Duriense
www.advid.pt

ANCEVE - Associação Nacional dos Comerciantes Exportadores de Vinhos e Bebidas Espirituosas
www.anceve.pt

AVEPOD - Associação de Viticultores Engarrafadores dos Vinhos do Porto e Douro
http://codigopostal.ciberforma.pt/dir/empresa2.asp?emp=14924

aicep Portugal Global