

FOCUS ON...

WINE Spain is the third largest producer of wine in the world, behind France and Italy. Their combined production represents 83% of all wine produced by the 25 members of the EU, and amounts for more than 50% of total global production. Spain produces roughly 20% of quality wines, 28% of table wines and over 60% of total grape juice concentrates in the EU.

Spain has a very long history of producing high quality wines and in most cases, these are made from high calibre indigenous vines. Spain has a large number of distinct wine producing regions, with Rioja and Priorato being the flagship regions of Spanish wine making.

Castilla-La Mancha has nearly half of the planted acreage followed closely by Extremadura, Valencia and Castilla-Leon. In 2007 sales of Spanish wines were 4,830 million Euros, as the result of increased prices; but in fact represented a decrease in consumption.

There are approximately 750 wine cooperatives in Spain that control about 70% of all the country's wine production. A few of these cooperatives operate in large scale with a revenue of over 100 million Euros. The most notable companies are J. García Carrión, Freixenet, Codorniu and Miguel Torres.¹



FAMOUS SPANISH WINES AND CAVAS

The majority of Spain's Cavas come from the Penedés region – in the larger region of Catalunya – in the north east of the country.

Freixenet is one of only a few producers that export Cava. Based in the small village of Sant Sadurní d'Anoia, Freixenet produces 200 million bottles each year and is responsible for 95% of cava production.

Codorniu is another famous Spanish brand of Cava. Hailing from Catalonia, with a rich history dating back to 1551, Codorniu produces 60 million bottles a year and is made in the traditional champagne method.

J. García Carrión is Spain's number one wine producer and the sixth largest in the world. Known in the wine world as García Carrión, this multinational company founded in 1980 is also known for owning the juice brand Don Simón. García Carrión is an ambitious company and seeks to keep on growing, defying the economic downturn in Spain by recording huge increases in turnover and profit in the past few years.

Miguel Torres, better known by their brand name Torres, trade in wine and brandy under a range of different labels; Viña Sol, Sangre de Toro, De Casta. Coronas, Atrium and Viña Esmeralda, with their best know brandies being Torres 5 and Torres 10. Their wines are produced from many different varieties of grapes from around the world and are exported to over 140 countries.²

WINE IN SPAIN

Over half of all wine consumed in Spain is done on-trade as there is a strong tradition of drinking wine with meals. However, sales of wine in restaurants have fallen from previous years. This fall in sales is largely the result of the economic downturn causing people to dine out less and to cut back on spending money on alcohol in restaurants.

This has led to a decline in the number of smaller producers producing good quality wines. It is harder for these companies to supply both within Spain and also Europe-wide as they struggle to keep up with the

competitive prices and exposure of the bigger producers. Spanish wines face a downturn in Spain. So, to counteract this, major Spain producers are expected to focus on expanding their international sales. They are likely to explore growing economies like India, China and Russia. However, in Britain there is still a large demand for wine as people continue to drink regularly at home, with wealthy wine consumers looking for new wines to try and experience. With a concerted effort at marketing, Spanish wines in this country could become one of the largest revenue streams for some of the largest Spanish wine makers. It should be noted, however, that the recently reported increase in Spanish wine sales in the UK through supermarkets is largely due to discounting, not a love affair with Spain. Also, there has recently been an increase in the sales of lower alcohol wines, another potential market for the Spanish wine industry.

SHERRY

Where ten years ago sales of Sherry in the UK were in decline, 2010 saw Marks and Spencer's sales of the Spanish drink rise by 18%. Osborne is one of Spain's most prestigious sherry makers, and Osborne's Sherries are part of a long history of Spain's own special type of fortified wine. Rich and full-bodied with big flavours, sweet or dry, sherry has been consumed in the UK for centuries, and compliments Spanish food very well. Perhaps the recent rise in demand for Spanish food in the UK explains sherry's recent rise in demand.

¹ http://www.spainbusiness.com/staticFiles/WINE%20IN%20FIGURES_11298_.pdf

² <http://www.graysonline.com/retail/TORVIE10ST/wine/torres-vi-a-esmeralda-2010-12-x-750ml-catalunya-spain>

³ <http://www.euromonitor.com/wine-in-spain/report>, ⁴ <http://ewnbusiness.com/461/sherry-makes-a-comeback-as-sales-soar>