# An update of the worlds of wine: the emerging countries' influence

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**Abstract:** The article re-categorises two concepts widely used in the literature of wine, old world and new world. It generates a new classification of the world of wine in terms of the up-to-date paths of production, consumption, and global trade expansion in the last decades: emerging countries competing with developed countries. While determining the temporal and geographical location of the major transformations that happened in the wine industry in the last six decades, the article opens the discussion for a better and updated characterisation of the worlds of wine. It is imperative to compare and examine wine countries within their structural local and global economic and competitive context; it is then relevant to use a 21st-century classification like the one this article proposes (developed versus emerging countries) rather than a 20th-century characterisation (old world versus new world) when describing, analysing, and defining the worlds of wine.

**Keywords:** emerging countries; worlds of wine; wine global trade; wine production; wine consumption.

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## 1 Introduction

> "For most of the past two millennia, grape wine has been a European product. Most production was for home consumption and sale in local markets, with very little crossing national borders. Europe's imperial expansionism from 1500 led to the emergence of wine grape production in some colonies, but again mostly for local consumption by European migrants or, in the case of South Africa's Western Cape, to resupply crews of passing European ships. The first wave of globalization, from the 1830s to World War I, might have stimulated intercontinental trade in wine as it did for so many other goods, but it did so only slightly: apart from vineyard expansion in North Africa, the product remained almost exclusively European, plus minor exports to European colonies. Even within Europe, wine remained a luxury product in the non-producing countries, where it accounted for only a tiny fraction of alcohol consumption. It took until the second globalization wave, which accelerated from 1990, before intercontinental trade in wine expanded – which it then did so spectacularly, albeit unevenly, and which led to the democratization of wine consumption in many more countries." (Anderson and Pinilla, 2018)

One important feature of the wine industry is how only three countries – France, Spain and Italy – represented the bulk of wine production well into the mid-19th century and remained very influential until the late 20th century. Following the arrival of many new producers and wines, it was not until 2006 that the wines of these three nations dropped below a 50% share of world production. They were also the largest consumers of such wines in the world up until the 1960s. Therefore, the trajectory of the wine industry in the last century is one of not only an increase in the diversity of internationally competitive wine producers but also the expansion of wine drinking to at least a significant degree in most parts of the world (Anderson and Pinilla, 2018).

The denomination of old and new world of wine is a conventionalism of recurring use in the professional and academic study of the industry. These denominations attempt to describe and categorise certain countries in terms of their winemaking tradition and wine business strategy. However, defining these categories is complex and has different edges. It could be argued that these categories are based on a winemaking criterion, in terms of commercial and/or productive strategies, because of the development of wine exports, taking in consideration religious, regional, geographic, legal, social, and/or cultural characteristics, based on the origin of the colonisation or the type of immigration or the history of the vineyards planted, but surely the exceptions would impose the inability to generate the rule. All these elements may be necessary to a rightful classification, but surely it would not be enough to comprehend a complex reality.

The way the terms old/new world are commonly used is often close to gross generalisations in the specialised media and the press, tend to focus on winemaking practices (tradition), the effect of climate and land (terroir), rules and regulations, and industrial organisation (Alonso Ugaglia et al., 2019). At first glance, the old world is

Mediterranean Europe and its geographical area of influence and the new world are those countries that subsequently emerged from the colonising experience of European empires. Even when this Eurocentric classification is probably still valid in the analysis of the world of wine, it may be interesting to evaluate its significance over the last decades and therefore see alternatives when categorising, stereotyping, or tagging countries with these denominations or dimensions.

The study of the international wine trade is a very important issue but never an easy task to tackle (Mariani et al., 2012). As Overton et al. (2012) mentioned, "the wine industry is becoming increasingly globalised as consumer demand, capital investment, and industry restructuring lead to higher volumes of trade, greater levels of multinational ownership, and the evolution of new worldwide networks of production and consumption". Wine is available almost universally, it is consumed by a range of social classes, and its production is increasingly globalised (Anderson et al., 2003; Campbell and Guibert, 2007; Crenn et al., 2004). It is manufactured through a variety of modes of production, from small-scale, labour-intensive peasant production largely for subsistence, through medium-sized highly capitalised enterprises, to very large-scale 'industrial modes' owned and operated by global multi-beverage corporations (Overton et al., 2012; Duarte Alonso, 2016). Furthermore, wine as a product has symbolic value, often regarded as a high-status product, associated with tourism, affluence and sophistication (Overton et al., 2012; Charters, 2006; Villanueva and Moscovici, 2016).

This article aims to differentiate the production, consumption, and global trade development path of all the worlds of wine, beyond the well-established classification among the traditional old world and innovative new world. In doing that, it studies the recent evolution in the (multiple) worlds of wine, characterising the process from a historical perspective, emphasising its global trade perspective, and focusing on the increasing presence of emerging countries competing with developed ones. Data used in this article is originated from the FAOSTAT database (FAO, 2019). This resource has advantages and draw backs. The main advantage is the homogeneity of the information and ample coverage (since 1961 on in most of the series and until 2016). The major draw-back is the level of aggregation of the data, which does not allow discriminating into types and qualities of wines.

One of the most discussed aspects of wine globalisation over the last 50 years has been the so-called rise of the new world at the expense of the old world, creating crisis conditions in the latter, notably in France (Inglis, 2020). "Simultaneously with the emergence of these new producing and exporting countries, there was the appearance for a significant increase in demand of wine from new buyers with little or no tradition of wine consumption. The consumption profile in these new consumer countries was qualitatively different from the one in the traditional consumer countries. The preferences of these new consumers were likely to be less subject to tradition and/or reputation of certain areas and established brands and therefore more likely to try new wines" (Parcero and Villanueva, 2012). Also, while the consumption in old world countries was widespread in all social classes, in new consumer countries, consumption started first in upper classes conceiving wine as a conspicuous good, and it diffused later to middle classes (Villanueva et al., 2015; Villanueva et al., 2017).

The article re-categorises two concepts widely used in the literature of wine, old world and new world. It generates a new classification of the world of wine in terms of the up-to-date paths of production, consumption, and global trade expansion in the last decades: emerging countries competing with developed countries. Although the general classification of countries existing today from organisations such as the United Nations, the World Bank or the International Monetary Fund is not based on strict criteria, economic or otherwise, and these global institutions in many occasions do not have official definitions for the terms developed or developing countries, and advanced and emerging market economies, these tags and classifications have been widely used. Probably as much as old world and new world for the worlds of wine. The article intends to update people's mental models of understanding the global perspective of the wine industry while reflecting on analytical and useful data. While determining the temporal and geographical location of the major wine developments in terms of production, consumption, and global trade (exports and imports) that happened in the wine industry in the second half of the twentieth century and beginning of the current century, the article performs a historical analysis of the global wine trade, opening the discussion for a more comprehensive characterisation of the diversity of the worlds of wine.

The article is organised as follows: Section 2 portrays the worlds of wine, and presents a new characterisation of the worlds of wine; Section 3 depicts the world's wine production, consumption, and global trade following the new typology of the worlds of wine, specifically addressing the recent influence of emerging countries in the world wine trade, production, and consumption. Finally, the conclusion and the references are presented.

## 2 The worlds of wine: a new characterisation

"Wine is usually sold to us today as deeply redolent of the place where the grapes that went into it were grown" (Inglis, 2020). Country of origin is relevant in the world wine business, as it is the well-known characterisation of the 'worlds of wine' into the classification of countries in old and new world (Johnson and Robinson, 2013).

As a binary categorisation, it is probably insufficient because of historic overlooks and, as mentioned, has a very Continental European bias (Li et al., 2018). However, the criteria of colonisation origin, Spanish and/or British rule, and winegrowers origin, all European immigrants, manifest the European influence in the diffusion and development of the wine industry. The massive immigration of workers and entrepreneurs from Europe to the so-called new world implies that this is a historical detachment of the old world, since the makers of this new wine are the same European entrepreneurs, but in a different location. The constitution of the new world is a crucial movement of knowledge from established areas to new ones. Without these globalising forces of the past, especially the first globalisation wave that ended with the Great War at the beginning of the 20th century, the new world would not have a wine industry (Simpson, 2009).

In the last decades of the 20th century, the categorisation of old world and new world became popularly used but showing the confrontation between two productive and commercial business models. The first one, the old world, was based on the coexistence of two types of wine: table wine and wine of higher quality, the latter produced, organised, and sold around recognised denomination of origin (DO) systems. This model represented a strong track record in the production of wine, developed its industry through the centuries, heavily regulated, with even supranational organisations. Its consumers were also traditional and with (very) demanding habits. The second one, the new world, corresponded to massive productions of varietal wines with certain homogeneity, obtained in industrial wineries achieving important economies of scale, and sold under brands with heavy marketing investment and advertising campaigns. This model came at this time of the end of the last century with sufficient strength and very dynamically, gaining the recognition of consumers around the world. Countries practicing this model were generally younger producers, who have experienced great growth in those recent decades, both in its volumes produced and in the quality of the final product. The model did not have a strong concern regarding the creation of controlled designations of origin, but a strong drive to incorporate new technology for crop management and winery production, while showing a more commercial profile than that observed in traditional old world countries.

These tags represented a way of making and selling wine: Latin European old world wine producers were traditional, historical, highly regulated, they did it 'the way it always was', and Anglo-Saxon new world wine producers and their varietal wines represented the 'current and modern' way of doing wine, where regulation was more flexible. An immemorial historical background of differences in forms of think and act between Latin European old world producers and Anglo-Saxon new world producers (Americans and Australians) can be described in how companies gain a competitive advantage by representing the institutions of the country in which they were formed (Artopoulos et al., 2011). Companies from England, Australia, and the USA are good at the mass production and standardisation of goods, because the institutions in these countries support and have historically supported them. The countries of continental Europe are good at the production of quality goods in small batches, because their institutions have supported them in that regard. In both cases their institutions are themselves, their inhabitants with their mindsets, and their own idiosyncrasies (Artopoulos et al., 2011). In certain extent the two models antagonism may be visualised in the world organisations that represent their interests, on the one hand, the International Wine Organization (O.I.V.), led by and headquartered in France, as representative of the interests of the old world, with forty-seven member states but the important absence of the USA, and on the other hand, the Wine World Trade Group, founded in 1998 as representative of the interests of the new world, led by the USA, and with nine member states (eight of the members also belong to the O.I.V.). However, these models and their representation may not be presented as exclusive, the European Union's wine policy established in 2006, demanded a shift from an 'artisanal' to an 'industrial and more competitive' model of winemaking across the bloc. Old world producers would have to imitate new world producers and make easy-to-drink wines, made using the latest techno-scientific manipulations, sell them under branded labels, drop terroir-based marketing on mass market wines, and put the grape varietal(s) on the label (Roger, 2010).

In this traditional grouping of producers, French wines were the paradigm of highest quality and prices, however old world producers no longer dominated production, export and marketing of wine to the extent that they once did. The new world came to challenge the old world in general, and France in particular, in the 1980s and 1990s because of successful coalition-building which upset the long-established dominance of French thought and practice (Roger, 2010). New world producers such as the USA and Australia have successfully combined innovation in production, management, and marketing to emerge as new forces on the global wine landscape (Aylward, 2003). They enjoyed close ties both too big, powerful wine companies like Gallo in the USA, and to national governments which were ambitious to extend the export potential of national industries (Inglis, 2020; Outreville, 2016).

At the beginning of this century, Aylward (2003) describes the new world as formed by Anglo-Saxon wine producer countries, while Banks and Overton (2010) also define the new world as formed by these Anglo-Saxon countries, while grouping the South American countries, China, India, and any newcomer from developing and emerging economies, the third world of wine.

In the wine industry, the catch-up process has begun in the mid-1990s, when the innovators Australia and the USA, were followed by some emerging economies including Argentina and Chile, taking advantage of the changing needs in the international market (Morrison and Rabellotti, 2017). These countries experimented with new pathways of technological modernisation, product standardisation, and marketing innovation, which were also largely diverging from the established business models characterising for a long time the old world countries (Morrison and Rabellotti, 2017). Due to their different historical background and temporal opening to the world of wine, the new world characterisation hence can be decomposed among Anglo-Saxon and Latin new worlds of wine (Parcero and Villanueva, 2012).

The Latin new world countries were a bit different, since they were newcomers as exporters in the international markets but were already important producers and consumers. On the other hand, the lack of insertion as exporters of South American countries until the end of the last century was related to the type of product they specialised until recently: bulk wine, cheap and destined to the domestic markets. The recent reshaping of their industries towards higher quality wines than in past decades, was a process where innovators replicated the experience of California, and import processes and production technologies, modern capital goods and developed new experimental practices adapted to local problems (Ferro and Benito-Amaro, 2018). These actions yielded benefits, since its highest quality products, wineries and trade-marks began to be recognised in international rankings, as well as a newly developed taste for diversity started to attribute value to 'exotic' varietal wines such as Chilean Carmenère, or Argentine Malbec (Ferro and Benito-Amaro, 2018).

However, there were newcomers to the world wine industry that arrived in the 21st century and may be forming a new classification, the newest new world of wine. The French Foreign Trade Advisory Committee already defined the new-new world as the latest countries producing significant quantities of wine such as China, Brazil, India, Eastern Europe, and North Africa (CNCCEF, 2009). Alonso Ugaglia et al. (2019) also called these new-wine producing countries the new-new world, specifically paying attention to China. Most considerations and arguments related to these classifications are focused in the intense process of transformation that the industry has endured in the last decades, especially in the perspective of the global wine trade, therefore China is the newest addition to the industry, besides the historical wine producing background that China has.

Related to the history of wine production, Li et al. (2018) consider China as an ancient world wine producer, a characterisation that could also easily be applied to Georgia and other countries of the Caucasus region, countries where wine production probably began centuries ago. However, and as shown before, most of the literature considers China as a new and important addition to the world of wine, a major producer, consumer, and importer that joined the wine world in the 21st century. China is a star in many respects, by its size, its culture, its population, and its spectacular macroeconomic performance. The giant arriving in the international economy is present also in the wine market with a short tradition as a producer of bulk and cheap wine for its domestic market (García-Cortijo et al., 2019). China's potential as a producer of high-quality wine and even as an exporter of it (and not merely as a re-exporter) is an open issue but given the experience of the recent decades in other markets, it is not difficult to imagine a future in which China becomes an important producer, exporter, and producer of high-quality wines. As Anderson (2018) states "the suggestion that the scope for further growth in wine production and sales in China is still enormous". Jointly with China, and to a lesser extent, India arrives in the world of wines (Overton et al., 2012).

Morrison and Rabellotti (2017) illustrated a catch-up narrative in which the latecomers (new worlds) were gradually catching up with the leaders via a path-creating strategy and the incumbents (old world) have indeed lost some market shares but instead of disappearing, they have been able to retain their leadership by adapting to the new path created. This is probably the situation at this time where authors like Anderson and Pinilla (2018) divide the wine globalisation analysis into traditional and newer markets or, along this line, Alonso Ugaglia et al. (2019) mentioned "after the growth of wine trade within a club limited to a few developed countries, a second phase of emergence has seen the new world countries take over. A third phase of emergence is at work, and it mainly concerns China".

Old world and new world are powerful metaphors, but rest on conventions. Although this typology is useful to divide the world between the established producers and exporters from the newly arrived in the international market, the developments of the last two decades show the continuous leadership of old world (European) and Anglo-Saxon new world producers, a commercial battle between the innovative and developed and the followers and emerging. This article intends to analyse and categorise the international wine market producers and exporters, extending the traditional categories of old and new world of wines. Thence, to give order and update this discussion of the worlds of wine, it is useful to precise definitions of the possible typologies.

The first typology (traditional) divides the whole world into old world, new world and rest of the world. Old world is open in three differentiated groups, namely, the traditional Southern European (TSE) producers, the Central European (CE) producers, and finally the Eastern European (EE) producers. The TSE comprehends the most important producers and exporters in volume and value, the most established, prestigious and priced wines within a very heterogeneous production which includes high, mid, and low-quality wines. CE countries produce a narrower line of products than TSE, with moderate volumes and prices which were comparatively higher some decades ago and declined in recent decades. EE are relatively important players in volume, but not yet in quality and price, and includes some post-communist countries. The new world, in this traditional typology, comprises the Anglo-Saxon and the Latin new world (ANW and LNW respectively), plus the newest new world (NNW) to group two newcomer Asian countries, very populated, and rapidly growing in the world wine industry (India and China). The rest of the world (RW1) in this typology includes the whole world minus the old world and the new world, as above defined.

**Table 1** Three typologies to characterise the world of wines

| *First typology: traditional* | *Meaning* | *Countries included* |
|---|---|---|
| OW | Old world | OW(TSE) + OW(CE) + OW(EE) |
| OW(TSE) | Traditional Southern European | France, Greece, Italy, Portugal, Spain |
| OW(CE) | Central European | Austria, Germany, Hungary, Switzerland |
| OW(EE) | Eastern European | Bulgaria, Croatia, Czechia, Czechoslovakia (before 1991), Georgia, Moldova, Romania, Russia, Slovakia, Slovenia, USSR (before 1991), Yugoslavia (before 1991) |
| NW | New world | ANW + LNW + NNW |
| ANW | Anglo-Saxon new world | Australia, New Zealand, South Africa, USA |
| LNW | Latin new world | Argentina, Brazil, Chile, Uruguay, Mexico |
| NNW | Newest new world | China, India |
| WW | Whole world | All Countries |
| RW1 | Rest of the world (1) | WW – OW(TSE) – OW(CE) – OW(EE) – ANW – LNW – NNW |
| *Second typology: major players (MP)* | *Meaning* | *Countries included* |
| OW(MP) | Old world major players | France, Italy, Spain |
| ANW(MP) | Anglo-Saxon new world major players | Australia, South Africa, USA |
| LNW(MP) | Latin new world major players | Argentina, Chile |
| NNW(MP) | Newest-new world major players | China |
| WW | whole world | All countries |
| RW2 | Rest of the world (2) | WW – OW(MP) – ANW(MP) – LNW(MP) – NNW |
| *Third typology: developed and emerging* | *Meaning* | *Countries included* |
| Developed | | Australia, France, Italy, Spain, USA |
| Emerging | | Argentina, Chile, China, South Africa |
| WW | Whole world | All countries |
| RW3 | Rest of the world (3) | WW – developed – emerging |

*Source:* Own elaboration

A second typology considers only the major players (MP) in each group presented in the first typology. Under this definition, only the three major Southern European countries remain in the OW(MP), France, Italy, and Spain, three countries in ANW(MP), USA, Australia, and South Africa, two countries in LNW(MP), Argentina and Chile, and only

China in the NNW. Thus, the rest of the world (RW2) adds to RW1 definition some minor producers and exporters considered in the first typology as OW and NW.

The third typology is even more restrictive, classifying the same countries presented in the second typology by their nowadays classification of developed countries (France, Italy, and Spain, of the OW, and USA and Australia, of the ANW) and emerging countries or countries with an emerging market (the major players of LNW plus China of the NNW, and South Africa from the ANW). Rest of the world (RW3) in this definition is coincident with RW2, since the same nine countries of the second typology are now ordered into these two different groups.

This last third typology characterisation may prove to be extremely useful in terms of current geopolitical, trade, and economic policy analysis. While many definitions of emerging markets exist, all tend to have three characteristics in common:

1 rapid economic growth

2 proactive adoption of market-based frameworks

3 being in a transition phase between developing- and developed-country status.

Markets within the emerging category have been further classified based on national income and progress on market infrastructure development. The key challenges facing emerging markets include governance, political risk, rapid urbanisation, a shortage of highly skilled labour, poor infrastructure, and more recently, the global and local economic crisis. The macroeconomic experience of emerging (and developing) economies has tended to be quite different from that of developed countries, and that is why this last characterisation may prove of interest. Compared to developed countries, emerging (and developing) economies have tended to be much more unstable, with more severe boom/bust cycles, episodes of high inflation, and a variety of financial crises.

Table 1 shows the three typologies to characterise the worlds of wine.

## 3 The world's wine production, consumption, and global trade: the emerging countries influence

Having portrayed the worlds of wine and presented a new characterisation of them, it could be indeed interesting to describe the world's wine production, consumption, and global trade of the last six decades following the new typology of the worlds of wine, particularly paying attention to the nine major players of the world wine industry (France, Italy, Spain, USA and Australia – developed countries, and their followers, Argentina, Chile, South Africa and China – emerging countries) and specifically addressing the recent influence of those emerging countries in world wine trade, production, and consumption.

### *3.1 World's wine production*

According to data of FAO (2019), a general decreasing trend of vineyard area has been observed from 1961 to 2016. The world's total vineyard area was 9.33 million hectares in 1961 and this amount fell to 7.12 million hectares in 2014, decreasing 24% (FAO, 2019). In recent decades, the world's total vineyard surface area is decreasing mainly because of the reduction of vineyards in Europe. However, at the same time, dramatic increase of vineyard area occurs in countries such as China (FAO, 2019). In 2014, Spain posed the largest vineyard area and China had the second largest vineyard area, however the majority (approximately 90%) of Chinese vineyards were for table grapes (FAO, 2019).

**Table 2** Wine production – a time perspective

| *Evolution of the world's production of wine (volume, in tonnes) major wine producers* | | | | | | | |
|---|---|---|---|---|---|---|---|
| *Country* | *1961* | *1970* | *1980* | *1990* | *2000* | *2010* | *2014* |
| France | 4,855,300 | 7,540,180 | 6,971,100 | 6,552,210 | 5,754,100 | 4,531,671 | 4,293,466 |
| Italy | 5,248,200 | 6,887,400 | 8,654,500 | 5,486,610 | 5,408,752 | 4,469,318 | 4,796,600 |
| Spain | 2,018,400 | 2,560,500 | 4,240,200 | 3,969,200 | 4,117,300 | 3,610,000 | 4,607,850 |
| Australia | 153,481 | 286,900 | 414,237 | 444,584 | 806,300 | 1,142,297 | 1,186,343 |
| USA | 641,632 | 968,776 | 1,800,000 | 1,844,500 | 2,487,000 | 2,711,000 | 3,300,000 |
| *Developed* | *12,917,013* | *18,243,756* | *22,080,037* | *18,297,104* | *18,573,452* | *16,464,286* | *18,184,259* |
| South Africa | 305,172 | 423,584 | 706,872 | 771,338 | 694,917 | 932,695 | 1,146,006 |
| Chile | 485,300 | 400,500 | 586,000 | 397,800 | 667,403 | 884,413 | 1,214,000 |
| Argentina | 1,675,000 | 1,835,975 | 2,348,998 | 1,403,630 | 1,253,700 | 1,608,826 | 1,498,380 |
| China | 0 | 0 | 80,000 | 254,000 | 1,050,000 | 1,600,000 | 1,700,000 |
| *Emerging* | *2,465,472* | *2,660,059* | *3,721,870* | *2,826,768* | *3,666,020* | *5,025,934* | *5,558,386* |
| World total | 21,492,265 | 30,191,265 | 35,232,797 | 28,512,650 | 28,314,832 | 27,028,149 | 29,105,841 |

*Source:* Own elaboration from FAO (2019)

Table 2 shows the consistent leadership in wine production in the world in the last six decades of the three traditional Southern European countries of France, Italy and Spain, once followed by Argentina until the 1980s, and then by the USA, from the 1980s and until now (FAO, 2019). In the last decades, a showing surprise is certainly China; China is added to the second group of five big world wine producers (FAO, 2019). Australia, South Africa, and Chile have steadily improved their shares of world wine production (FAO, 2019).

While considering the wine production in the full period of analysis (1961–2014) and grouping countries following the third typology, developed and emerging countries, the latter is explaining 5.5 million tonnes of wine grape production, against around 18 million of the developed producers (see Table 2). Production of the developed countries is the same since 1990, while emerging producers doubled their output from that year to date. The worlds' tendency over time is of certain stability in production and is strongly influenced by the developed countries; growth in emerging producers mirrors the decrease in other countries not classified as developed or emerging.

## 2.2 World's wine consumption

Considering the traditional classification or first typology and its historical analysis, consumption shares show an eloquent decrease of wine consumption in the OW (TSE – France, Italy and Spain) and the LNW (mainly Argentina). On the contrary, there was a consequent increase of their share for NNW (China), and ANW (mainly the USA). Regarding per capita apparent consumption, it increases in OW (CE), ANW, and NNW, and a fundamental decrease happened in the OW (TSE). For the third typology (developed and emerging countries), shares in apparent consumption had changed sharply, with an important increase of wine consumption in the rest of the world (countries not classified as developed or emerging). For per capita apparent consumption, there was an important decrease of consumption in the developed countries of France, Italy, and Spain, but opposite for the USA and Australia.

**Table 3** Wine consumption – a time perspective

| *Evolution of the world's consumption of wine (volume, in tonnes and per capita, in litres) Major wine producers* | | | | | | | |
|---|---|---|---|---|---|---|---|
| *Country* | *1961* | *1970* | *1980* | *1990* | *2000* | *2010* | *2014* |
| France | 5,948,923<br>128.01 | 8,169,232<br>160.67 | 6,750,926<br>124.85 | 5,771,863<br>101.33 | 4,706,600<br>78.96 | 3,703,998<br>58.77 | 3,485,404<br>54.30 |
| Italy | 5,097,157<br>101.75 | 6,423,364<br>119.89 | 7,207,018<br>127.74 | 4,349,867<br>76.14 | 3,997,711<br>69.78 | 2,429,560<br>40.68 | 3,018,856<br>50.66 |
| Spain | 1,865,537<br>60.53 | 2,236,624<br>65.82 | 3,695,060<br>97.76 | 3,534,707<br>89.93 | 3,389,441<br>82.86 | 1,889,180<br>40.38 | 2,412,738<br>51.86 |
| Australia | 145,301<br>13.85 | 282,808<br>22.02 | 414,912<br>28.32 | 418,210<br>24.54 | 511,054<br>26.80 | 411,454<br>18.60 | 418,130<br>17.81 |
| USA | 686,098<br>3.62 | 1,057,000<br>5.04 | 2,138,682<br>9.31 | 1,991,355<br>7.89 | 2,657,997<br>9.43 | 3,248,564<br>10.53 | 3,969,957<br>12.50 |
| *Developed* | *13,743,016*<br>*61.55* | *18,169,028*<br>*74.68* | *20,206,598*<br>*77.59* | *16,066,002*<br>*59.96* | *15,262,803*<br>*53.56* | *11,682,756*<br>*33.79* | *13,305,085*<br>*37.42* |
| South Africa | 287,252<br>16.03 | 413,250<br>18.09 | 695,140<br>23.36 | 757,034<br>20.16 | 532,686<br>11.65 | 542,016<br>10.51 | 668,826<br>12.26 |
| Chile | 483,090<br>61.23 | 395,708<br>41.38 | 575,541<br>51.09 | 354,775<br>26.79 | 266,864<br>17.48 | 156,900<br>19.23 | 415,858<br>23.61 |
| Argentina | 1,675,291<br>79.95 | 1,833,944<br>76.50 | 2,342,313<br>83.34 | 1,351,577<br>41.30 | 1,166,759<br>31.49 | 1,362,865<br>33.06 | 1,232,511<br>28.68 |
| China | 0<br>0 | 0<br>0 | 80,000<br>0.08 | 252,948<br>0.22 | 1,080,371<br>0.84 | 1,884,590<br>1.39 | 2,080,434<br>1.50 |
| *Emerging* | *2,445,633*<br>*39.30* | *2,642,902*<br>*33.99* | *3,692,994*<br>*39.46* | *2,716,334*<br>*22.11* | *3,046,680*<br>*15.36* | *3,946,371*<br>*16.04* | *4,397,629*<br>*16.51* |
| World total | 21,550,902<br>6.97 | 30,298,736<br>8.19 | 35,300,796<br>7.92 | 28,446,400<br>5.34 | 27,693,782<br>4.51 | 26,331,306<br>3.78 | 28,858,951<br>3.95 |

Note: Data is apparent wine consumption = wine production – wine exports + wine imports.

*Source:* Own elaboration from FAO (2019)

According to Table 3, the demand for the four large consumers at the beginning of the 1960s (Italy, France, Spain, and Argentina), who drank about 90 litres average of wine per capita and concentrated 60% of global demand at the time, decreased in the following decades converging to lower levels of per capita consumption concentrating only around 35% of the global demand of wine in 2014 (FAO, 2019). Although old worlds countries were still at the top of world wine consumption ranking, there has been an undergoing clear shift towards non-traditional consuming countries, such as China – and more broadly Asia (French, 2016) – and the USA.

## 3.3 World's wine global trade

### 3.3.1 Exports of wine

As shown in Table 4, total world wine exports in volume increased from 2,742,423 tonnes in 1961 to 10,866,217 tonnes in 2016; wine exports grew by 3 times in 50 years (FAO, 2019). Until the beginning of the 1970s the export of wine was an almost exclusive European business, but since then, the proportion of wine exported from Europe began to decline, dropping to less than two third of the total in 2016 (Parcero and Villanueva, 2012). This market share was taken away by non-European new producing and exporting countries. Australia and the USA, developed countries, were the innovators that started to change the international wine landscape in the 1980s. Chile, Argentina, and South Africa, all emerging countries, were their followers in the 1990s.

World's wine exports (in volume) represented roughly a 37% of the world's production in 2016 (FAO, 2019); of 10.9 million tonnes exported that year, OW sold 6.8 million and NW 3.4 million tonnes. In 1990, the world's exports were 4.2 million tonnes, the OW exported 3.8 million tonnes, and the NW a very small portion of the world exports (0.25 million tonnes). The growth rate of wine exports, under this First Typology, is 158% on average since 1990. OW grew 78% from that year on, while the NW increased 1,261% their exports in the same period. The ANW grew more quickly than the LNW and NNW since 1990.

For the value of exports shares, all US$ values were deflated from nominal values to real values by using the consumers' price index of the USA and presented in 2016 US$ money. The world's wine exports amounted to 32.3 billion of 2016 dollars in the more recent observation. OW's exports represented 20.8 billion dollars and NW's exports were 8.3 billion. The global exports in real terms more than doubled since 1990. In 2016 shares were 65% of export values for OW and 26% for NW while in 1990, the shares were 93 and 4% respectively.

Grouping countries in the third typology, developed countries exported 7.1 million tonnes of the 10.9 million tonnes exported in the world in 2016, while emerging countries exported around 1.7 million tonnes (see Table 4). Until the end of the 1980s the export volume of the latter was negligible. The share of developed countries wine exports in volume since 1990 was relatively stable, and the importance of wine exports in volume for the emerging countries grew. Adding both sets of countries (developed and emerging), the share of the RW3 is consistently decreasing. The growth in export volume since 1990 has been 138% for developed countries, 88% for the RW3, both under the world's average, while emerging countries increased their accumulated export volume in 1,401%.

In terms of value, developed countries exported 21.4 billion dollars in 2016, of the 32.3 billion dollars exported worldwide. Emerging countries exported 3.8 billion, and the RW3 exported 6.9 billion. In a long-run perspective, emerging countries represented less than 1% of the world's export values in 1961 and developed countries were well under RW3 (mostly Algeria) in the same year. In 1990, the global market of wine exports was 14.7 billion dollars, of which 11.7 billion dollars were exported by the developed countries and only 170 million dollars by the emerging countries. However, the growth rates accumulated since 1990 are 83% for the developed countries wine exports, while in the same period the emerging countries grew 2,138%.

**Table 4** Wine exports boom – a time perspective

| *Evolution of wine exports (volume, in tonnes and value, in 000 constant US$) major wine producers* | | | | | | | |
|---|---|---|---|---|---|---|---|
| *Country* | *1961* | *1970* | *1980* | *1990* | *2000* | *2010* | *2016* |
| France | 400,361<br>$145,553 | 387,923<br>$272,710 | 887,266<br>$1,735,337 | 1,230,755<br>$4,254,687 | 1,482,513<br>$5,044,348 | 1,411,363<br>$8,392,084 | 1,442,555<br>$9,106,767 |
| Italy | 155,839<br>$29,000 | 482,066<br>$107,390 | 1,466,931<br>$819,740 | 1,206,890<br>$1,432,810 | 1,467,533<br>$2,229,584 | 2,192,254<br>$5,170,569 | 2,058,653<br>$6,176,622 |
| Spain | 152,958<br>$29,194 | 324,428<br>$66,358 | 545,881<br>$381,237 | 442,998<br>$580,561 | 777,302<br>$1,126,106 | 1,771,386<br>$2,453,272 | 2,253,863<br>$2,921,415 |
| Australia | 8,606<br>$2,910 | 5,892<br>$3,272 | 6,106<br>$9,334 | 36,825<br>$92,364 | 310,885<br>$903,594 | 799,465<br>$1,955,028 | 1,021,912<br>$1,706,034 |
| USA | 1,096<br>$690 | 2,958<br>$2,566 | 29,308<br>$29,817 | 94,918<br>$127,995 | 276,943<br>$530,596 | 400,854<br>$1,102,505 | 378,987<br>$1,568,674 |
| *Developed* | *718,860*<br>*$207,347* | *1,203,267*<br>*$452,296* | *2,935,492*<br>*$2,975,465* | *3,012,386*<br>*$6,488,417* | *4,315,176*<br>*$9,834,228* | *6,575,322*<br>*$19,073,458* | *7,155,970*<br>*$21,479,512* |
| South Africa | 18,210<br>$4,837 | 10,968<br>$3,729 | 12,500<br>$11,830 | 15,000<br>$21,281 | 170,000<br>$244,753 | 392,284<br>$781,385 | 496,771<br>$660,645 |
| Chile | 2,250<br>$384 | 4,809<br>$1,843 | 14,509<br>$18,806 | 43,074<br>$51,578 | 402,351<br>$576,822 | 729,938<br>$1,541,139 | 906,681<br>$1,845,244 |
| Argentina | 22<br>$11 | 2,167<br>$477 | 10,728<br>$9,519 | 52,213<br>$19,594 | 92,121<br>$148,771 | 280,996<br>$736,974 | 259,258<br>$816,825 |
| China | 0<br>$0 | 0<br>$0 | 0<br>$0 | 1,128<br>$1,428 | 4,200<br>$5,557 | 1,450<br>$24,417 | 10,007<br>$542,397* |
| *Emerging* | *20,482*<br>*$5,232* | *17,944*<br>*$6,049* | *37,737*<br>*$40,155* | *111,415*<br>*$93,881* | *668,672*<br>*$975,903* | *1,404,668*<br>*$3,083,915* | *1,672,717*<br>*$3,865,111* |
| World total | 2,742,423<br>$536,193 | 3,525,370<br>$915,357 | 4,493,365<br>$4,443,877 | 4,205,194<br>$8,139,851 | 6,100,840<br>$12,704,789 | 9,814,072<br>$27,875,172 | 10,866,217<br>$32,278,580 |

Note: *Mainly re-exports.

*Source:* Own elaboration from FAO (2019)

### 3.3.2 *Imports of wine*

The volume of the imports of wine is mainly concentrated in the RW1 (4.5 million tonnes of 10.4 million tonnes in 2016). Nevertheless, the OW is also a major importer, mainly in OW(CE), and the NW is also an importer (mainly the ANW and NNW). In 1990, the imports of the NW were of low importance, the NNW was not importing at all, and the RW1 was the main buyer of foreign wines. Among the OW, in contrast to the current situation, the more important importer was the OW(TSE), mainly bulk wine from overseas. The world's wine imports grew 154% since 1990. Growth is especially impressive in accumulated percent in the NNW. The NW is also growing rapidly as a wine importer; on the other hand, imports by OW(TSE) and of the OW, are growing at a lesser extent than the world's average.

In terms of value, 32.7 billion of 2016 dollars is the more recent amount of world's wine imports (FAO, 2019). More than half, 16.6 billion dollars, are imported by the RW1, followed by ANW and OW with 6.5 and 6.7 billion dollars respectively. Imports of LNW are of low importance, and it is remarkable the levels of NNW imports, which from negligible values in 1995, its imports in 2016 values were like the sum of OW(TSE) and OW(EE) considered together. OW(CE) continues to have an important 4 billion dollars of wine imports.

The third typology considers three groups of countries (wine producers and exporters that are developed countries, the ones that are emerging, and the rest of the world); here RW3 concentrates 7.6 out of 10.7 million tonnes of wine imports in volume. Emerging countries are of low importance as wine importers, and developed countries maintain nearly one-fourth of the world's wine imports. Looking at the shares, the split between RW3 and developed countries imports remain constant in the last decades while emerging markets' wine imports are growing rapidly, even when departing from very low levels. The accumulated growth since 1990 is then quite like the world's average for developed and RW3, while in emerging countries the wine imports' growth is very pronounced.

### *3.3.3 Wine prices*

Considering the world export price per litre in real terms (2016 US dollars), the world's average was \$1.57 in 1961, \$3.50 in 1990, and \$2.97 in 2016. For the OW(TSE), its real price in 2016 is the same as that of 1990. The OW relatively lost price in real terms as a combined result of the reduction in the OW(EE) and the increase in the OW(CE). The NW is almost in the same situation as it was in 1990, but the ANW relatively lost and the LNW gained price in real terms. Taking 1990 as a departing point, in real terms, the OW(TSE) lost 19%, while the ANW lost 25%, and the LNW average price grew 66% in the period.

The third typology shows that the world's average is 0.47 of France's export price, the developed countries average is 0.48, and the emerging countries average is 0.36, or 75% of the developed countries average price. From the year basis in 1990, developed countries average price lost 24% against the French average price, while the emerging countries' price gained 50% with respect to the French average price. Comparing with the basis year of 1990 developed countries' local export price to the world's average decreased 9%, while emerging countries' relative prices grew 79%. In real terms the developed countries' price was 3.89 US 2016 dollars in 1990, versus 1.52 US 2016 dollars for emerging countries. In 2016, the gap closed in part, with 3.00 and 2.31 US 2016 dollars respectively. The former is over the world's average, while the latter continues below the global average price. In real terms, and from 1990 on, real prices decreased 23% in the developed countries against an increase of 33% in the emerging countries.

## 4 Conclusions

In recent decades the wine export dynamism, major consumption, and major production growth have shifted from Europe to the new world countries and beyond. The article challenges that the traditional dichotomic characterisation of old world versus new world is not enough to describe and study the wine industry within its 21st century reality. Besides the fact that the conventionalism of old world and new world is of recurring use in the professional, policy making, and academic study of the wine industry, this article presents a different and perhaps more appropriate option to analyse this new global wine trade dynamic, differentiating wine producing countries as developed versus emerging. Utilising the conceptual characterisation of countries in major discussions of global economic, political, and social analysis and policy making, the article argues the proposed new classification (developed versus emerging) is a better way to describe, and eventually tag, wine producing countries.

It is imperative to compare and examine wine countries within their structural local and global economic and competitive context; it is then relevant to use a 21st-century classification (developed versus emerging countries) rather than a 20th-century characterisation (old world versus new world) when describing, analysing, and defining the worlds of wine.

The data presented in the article using the new classification shows clues for a different and updated perspective on the analysis of wine production, consumption, and global trade. Production of wine for the developed countries in our classification (France, Italy, Spain, the USA, and Australia) is the same since 1990, while emerging producers in our classification (Chile, China, Argentina and South Africa) doubled their output from that year to date. In terms of consumption of wine worldwide, there has been an important increase in the rest of the world (countries not classified as developed or emerging), with very dissimilar consumption paths within the developed or emerging countries. Regarding wine exports, the growth in export volume since 1990 has been 138% for developed countries, while emerging countries increased their accumulated export volume in an astonishing 1,401%. In 1990, the global market of wine exports was 14.7 billion dollars, of which 11.7 billion dollars were exported by the developed countries and only 170 million dollars by the emerging countries. However, the growth rates accumulated since 1990 are 83% for the developed countries wine exports, while in the same period the emerging countries grew 2,138%. Interestingly, in real terms the developed countries' average wine price was 3.89 US 2016 dollars in 1990, versus 1.52 US 2016 dollars for emerging countries. In 2016, the gap closed in part, with 3.00 and 2.31 US 2016 dollars respectively. The former is over the world's average, while the latter continues below the global average price. These data show how these countries, emerging and latecomers, have catch-up to the general trend of booming wine exports in the last decades.

Old world versus new world is a powerful metaphor of historical value, it shows how developed countries innovated and were able to catch-up ones to the others. It was a useful divide in the world of wine between the established producers and exporters from the newly arrived in the international market in the late decades of the 20th century. However, the developments of the initial decades of the current 21st century show how emerging countries, followers of those developed countries from Europe, and the USA and Australia, are now presenting battle in the very sophisticated world of wine. Chile, China, Argentina and South Africa, emerging countries by every definition in nowadays geopolitical analysis, are now heavily present in world wine trade, production, and consumption, and are the second tier of wine countries. They follow the first tier of the world of wine, the developed countries of France, Italy, Spain, the USA, and Australia.

The global wine industry catch-up cycles will be affected in the next future by a new challenge coming from these emerging countries, especially China which might become a key market but also a sizable producer and exporter (Morrison and Rabellotti, 2017). If in the future China becomes a major player in this industry, then it is expected a new catch-up cycle (Morrison and Rabellotti, 2017), an emerging country catch-up.

As this article represents a conceptual exercise, the main limitation of the proposed new classification is for how long it would be relevant. The article emphasises that the description of wine producing countries as old world versus new world is from past times; the question remains if this new characterisation of developed versus emerging will last the whole 21st century, or a new typology needs to be discussed soon. A second and related limitation is the terminology used for the new classification, and particularly the word 'emerging' meaning 'new'. It could be argued that there exists developed countries where there is a new or emerging wine industry. Countries whose wine industries have taken off in recent years, both in terms of rising production, global recognition, and prestige value. There is now a significant wine industry in developed Northwest Europe; England, Wales, Belgium, the Netherlands, and Sweden are all coming onto the world wine map, in large part because climate change is making possible both more production in these countries and higher-quality wines.

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