



Spain is the world's biggest  
wine-exporting country

# NEW horizons

**Spain is the world's largest exporter of wine. While a lot of that success comes from bulk sales, Rioja and Cava, *Adam Lechmere* finds winemakers are turning their attention to new varieties and new markets**

**THIS IS** an exciting time for Spanish wine. Not only is the country the world's largest exporter of wine, but never before has Spain seemed so open and dynamic, and its producers so willing to experiment with a wealth of indigenous varieties that are perfectly adapted to its ancient terroirs. Albariño and Godello from Galicia may long have had a devoted following (though their

ageworthiness has only recently been recognised by consumers), but now Bobal, Xarel.lo, Monastrell and a dozen other grapes feature on sommeliers' and buyers' lists as interesting – and sellable – Spanish varieties. "In the past three years there has been an amazing change," Toni Sarrión of Mustiguillo in Utiel-Requena says. "At tastings in countries such as Germany and Austria people would be

asking for Tempranillo and not much else. Now they're saying: 'Tell me about Bobal and Merseguera'."

Sarrión is typical of a generation of dynamic artisanal bodegas finding increasing interest in export markets. Around 20% of his 250,000 bottles are sold locally, in Valencia, Alicante and Murcia. The rest of Spain is more difficult – except for the major centres of Madrid and

Barcelona, it's hard to find a market for anything but Tempranillo, he says. But his export market is wide and varied. Another 20% goes to the US and Canada, and a further third to Germany, Belgium, Austria, Switzerland and the Netherlands. Then there is Asia – the Japanese are enthusiastic consumers of European gourmet products, and lately he's had success in Hong Kong and China. And finally, "the Australians love Bobal".

Sarrión stresses that he's sending small quantities – "a couple of pallets a year" – to most of these markets. The biggest growth market, he says, is the US, where "sommeliers are always on the look-out for something new".

"The US is definitely the most exciting export market at the moment," says Maria José Sevilla, head of food and wine at Wines of Spain in London. Spanish exports to the US have risen by 40% in the past six years, from 46.9m litres in 2009 to 65.7m in 2015. Sommeliers and importers cite a variety of different reasons: the huge Hispanic population, especially in

sell five million bottles. The problem is, the Spanish are not very good at marketing and Chile and Argentina were the first to take advantage of the huge market in the United States."

Indeed, the enormous and thirsty Spanish market has meant there has not traditionally been the imperative to export. "When I started out in the company 18 years ago, Spain was centred on the domestic market," Solís Ramos says. "It's only in the past eight or 10 years that people have started to look outside. I used to go to Germany, Austria and other European countries and there was no real competition from Spain. Now, wherever you go you see other Spanish wineries trying to sell their wine."

## WORLDWIDE EXPORTS

It's now a crowded market. In 2014, Spain became the world's biggest exporter of wine, with 2.28bn litres going abroad, compared with France's 2bn litres. Spain's biggest companies export worldwide. In any small- to medium-sized Spanish bodega with an international reputation,

the export section will be dealing with dozens of countries. The ultra-premium Cava producer Gramona, for example, cites China, Finland, India, Portugal, Indonesia, Thailand, Malaysia, South Korea, Peru and Bermuda as growing export markets. Bodegas Protos, the former cooperative in Ribera del Duero, which is responsible for 10% of that DO's output, exports to 95 countries, an export market worth €6m (£5.16m). "The US,

Mexico, Germany, Panama, China and the Netherlands are our top markets," says international marketing manager Alexandre Lladós, "and we continue to grow, especially in Mexico, Puerto Rico and the Dominican Republic.

"We have other new markets such as Colombia with a promising future, and other Asian countries like Vietnam, Singapore and Korea where wine consumption is raising year after year." In Rioja, Marqués de Cáceres exports 53% of its production to "more than 120 markets worldwide. Our top markets are the US, UK, Norway, Germany, Mexico, France,

## Feature findings

- > Spain is the world's largest exporter of wine, with 2.28bn litres going abroad, compared with France's 2bn litres.
- > Spanish wine is particular popular in the United States, for reasons including the huge Hispanic population, millennials' interest in Spanish single-vineyard terroirs and Spain's reputation for value and quality.
- > In the domestic market, Rioja leads wine sales, followed by Cava. When it comes to exports, however, the positions are reversed.
- > Sommeliers are driving the interest in new grape varieties such as Mencía, Merseguera or Bobal.
- > Because of its hot and arid climate, the Levante is well suited to the production of organic wines.

**In 2014, Spain became the world's biggest exporter of wine, with 2.28bn litres going abroad, compared with France's 2bn litres**

the western US; the increasing sophistication of the millennial market, which is looking for authenticity and regionality in its wines just as Spanish producers are promoting their single-vineyard terroirs; and Spain's reputation for value and quality.

"The US has tremendous potential for us," says Félix Solís Ramos, international director of the 400m-bottle Félix Solís Avantis, Spain's third-largest wine company. "Our biggest single market is the UK, where we sell 23m bottles and that's not even 10% of our production. Compare that with the US, where we only

Belgium, Holland, Sweden and Ireland," says export director Anne Vallejo.

The UK and the domestic Spanish market continue to be hugely important, but they are dominated by the long-established powerhouses of Rioja and Cava. Rioja bestrides Spain like a colossus. In 2015 its marketing budget was €10m; and its most dependable customers the UK, Germany and Switzerland. The US is its third-biggest importer, while China has grown exponentially, Wines of Rioja says.

In the domestic market, Rioja is the leader with 25.5% of sales, followed by Cava with 9.9%. Cava has the biggest slice of exports with 23.9%, followed closely by Rioja with 22.4%.





While Rioja and Cava continue to dominate the export market, the landscape looks different to a generation ago. "Twenty years ago, if you were drinking Spanish wine, it was Rioja or plonk," Matthew Kaine of the Spanish Wine Company, a wine export business based in Alicante, suggests. Now, he says, things have changed. While the UK, Spain and more conservative European countries like Switzerland continue to fixate on the established regions, imaginative sommeliers and importers worldwide are pushing new regions, grape varieties and styles. "The classic regions are the ones that clients recognise – Rioja, Ribera del Duero, Montsant, Priorat, the whites of Rueda," says Daniel Varela, who co-owns Spanish specialist retailer Viniberica in Ettlingen in Baden-Württemberg, Germany. "But in the past five to eight years there has been a revolution, particularly in white wines."

Varela says the new wave is being driven by sommeliers – "mostly when a

**'In the past five years there has been a revolution, particularly in Spanish whites'**

## Trade talk: What are your fastest-growing export markets and how are you reaching new customers?



### JAVIER PAGÉS, CHIEF EXECUTIVE, CODORNÍU

"Some of the most important markets for us are the UK, US, Belgium and Japan. In Asia we have enjoyed 54% growth. In general, the company has experienced an international market growth of 16% due to implementing our strategy based on prestige and value, and building brands like Anna de Codorníu and Viña Pomal. Our strategy has been based on reaching new consumers and bringing Cava to new moments of consumption. We have also increased our still-wine business, allowing us to obtain a growth of 60% over the past six years. This is clearly the year of market recovery, and Codorníu has benefitted from widespread acceptance of the innovations implemented over the years."



### NICOLAS BERTINO, INTERNATIONAL SALES DIRECTOR, GONZÁLEZ BYASS

"We are seeing growth in all the markets we're investing in, such as the US and Far East, and are seeing good growth across the board with our premium wine and spirits brands. Rioja continues to boom in export and we've had tremendous results in the US and Germany with +45% and +11% growth respectively. With Beronia we're having particular success with the recreation of the Basque Txoko traditions. In the UK we have a branded food van that visits all the country's major food festivals, and in the US, Germany, Belgium and Switzerland we have held successful cookery classes introducing the Beronia Txoko concept to trade and consumers."



### ENRIQUE PASCUAL, PRESIDENT OF THE CONSEJO REGULADOR, RIBERA DEL DUERO

"Switzerland is our number-one market in terms of value and volume. We are aiming to export more volume to the Netherlands, Denmark and Mexico. The UK continues to be an important destination and is our fifth-largest market in terms of volume. This year our campaign has focused on reaching clued-up consumers, which is why we've taken part in London Wine Week and events like The Wine Show Chelsea. We've also organised two trade masterclasses with Tim Atkin MW to illustrate new trends in Ribera del Duero."

client comes in and asks for Mencía or Merseguera or Bobal, it's because they have tried it at a restaurant". The revolution is even pushing into Switzerland. Carlo Wismer of Casa del Vino in Zurich admits the Swiss are still sticklers for "hearty red wines – anything with a bit of barrel age", but he sees growing interest in the Levante. "Monastrell from Jumilla is the next hot grape. Everybody's talking about it." Scandinavia is a particularly important market but one that needs careful nurturing. "It's a very difficult market to enter and to retain distribution in," says Paul Dunn at

Cosme Palacio in Rioja. "The monopolies are constantly on the lookout for new regions, new varieties, lower alcohol wines, lighter rosés." Norway and Sweden are high on the list of top export destinations for wineries in Spain (as Vallejo said, Norway is Marqués de Cáceres' third largest market after the US and the UK). The peculiar nature of the monopolies means that "they can more or less dictate what people drink", Kaine says. Valencia might be a hard sell in the UK and Switzerland, but Sweden's Systembolaget considers it "one of the most successful regions after Rioja", a spokesperson said.

There are good reasons why the DOs of the southeast – Valencia, Alicante, Utiel-Requena, Jumilla and their neighbours – are being namechecked as some of the most exciting in Spain. Many of the growers here are working land that has been cultivated for over a thousand years. Enrique Mendoza in Alicante has Arab wells on his vineyards that are of international archaeological significance. There are artisan producers in this part of Spain working with native varieties like Monastrell and Bobal that are catnip to the new generation of sommeliers. Another important consideration is availability of land – the arid, semi-desert vineland of this region is vast and underpopulated, and little exploited. There won't be a shortage of grapes. A region like Rías Baixas has a fraction of the volume potential of Alicante.

## ORGANIC MARKET

Then there is the issue of organics. "Because the Levante is so hot and arid they can produce grapes organically at no extra cost," Kaine says. Mainland Europe is a keen market for organic wines (the Brits aren't so bothered). "People are asking for biodynamic, organic, handcrafted wines," Varela says. His customers are part of a burgeoning base of consumers for whom sustainability is a key consideration when buying wine. Miguel Torres, whose commitment to the environment is a matter of record (the Penedès bodega was awarded Green Company of the Year 2010 by *the drinks business*, among other green awards), has said that the future for Spanish wine lies in organics, and in regionality.

This is commercially sound. Spain has to make its wines distinct – by being a leader in organics or promoting its regions. When it became the world's largest wine exporter in 2014, any celebration was somewhat dampened by the fact that it is nowhere near the leader in value (in 2015, Spain earned €2.6bn

## 2016 harvest report in key Spanish regions

**Rioja:** Riojanos have reported an "exceptional" vintage this year both in terms of quality and quantity due to favourable conditions. The wet spring and early summer left water reserves, which helped the vines – especially old ones with deep roots – through the hot, dry summer. Acidity and tannin levels are normal, especially in the higher, cooler vineyards. Roberto Rodriguez at Cosme Palacio is delighted with abundant compact berries with good soft skins. "It would be hard to make bad wine with this material," he said. A classic vintage with very good yields across Rioja.

**Ribera del Duero:** Like Rioja, a mild winter was followed by a cool and wet spring. Summer arrived late and was hot and dry, but Ribera del Duero's limestone-clay soils helped retain water. At Bodegas Protos, export manager Daniel de Manuel said the early-October weather, with hot days and cool nights, promised a vintage that could be "as good as the excellent 2015". Bodegas Mauro reports "high-quality grapes that are balanced with fine tannins, lower alcohol and good acidity".

**Cava:** The grapes are generally healthy, despite the worst drought in Penedès since the 1940s. Some grape varieties are 50% down on last year; Xarel.lo fared best, with Chardonnay, Pinot Noir and Macabeu hardest hit. The grapes are small, and Gramona considers it a difficult harvest for growers and winemakers, "and not easy for the winery as we will produce less wine at a considerably higher cost".

**Jerez:** The 2016 growing season started late after a drier year than usual, but with heavy late-summer rainfall, followed by hot sun, creating ideal conditions for mildew in some regions. Vineyards situated near the coast, where humidity is naturally higher, were the most affected, and yields will therefore be lower there. González Byass reported: "Due to their privileged location in Jerez Superior and the influence of the dry Levante wind our vineyards were not affected. Yield predictions for 2016 are lower than 2015 but it is shaping up to be a healthy vintage."







**Cava is Spain's most successful export in terms of volume sales**

**Top 10 Spanish wine producers by value in 2015 (source Alimarket)**

García Carrión – €698 million  
 Freixenet – €510 million  
 Félix Solís Avantis – €263 million  
 Miguel Torres – €263 million  
 Osborne Group – €241 million  
 Codorníu – €233 million  
 González Byass – €211 million  
 United Wineries Iberia – €150 million  
 Pernod Ricard – €119 million  
 Baron de Ley – €92 million

from exports, while France, exporting less volume, earned €8bn). More than half of Spain's exports in 2015 were bulk wines, a vast lake of it going to France, which is Spain's biggest customer. "I don't like bulk-wine sales," Solís Ramos says. "The real value comes when you bottle the wine, not when you sell in bulk." He resents the fact that France can bottle the wine and take all the profit – not to mention that a reputation for being one of the world's foremost bulk wine producers isn't conducive to selling premium wines.

Spain remains a formidable producer of bulk wine. The sector's engine room is the vast region of La Mancha, which produces half of all Spanish wine, and sells 20m hectolitres in bulk, about 70% of its production. Almost all of it is Airén and Tempranillo, and it fetches about €0.35 a litre at current prices. "Spain is very, very successful at bulk wine," says Daniel Murphy of the Murphy Wine Company, a multinational broker. "It can make quantities per hectare no one can keep up with." La Mancha is dry and hot,

so it's easy to produce organically. "There's a lot of demand for organic wine out there, and for branded wines, which are fed by bulk wines."

**FASHIONABLE REGIONS**

Spain, it seems, can cover all the bases. The vertiginous slate slopes of Galicia and the handkerchief-sized single vineyards of Rioja and Priorat feed a global demand for artisanal wines, while newly-fashionable regions like Yecla, Jumilla, and Mallorca satisfy sommeliers' endless search for esoteric expressions. Then there is the powerhouse of La Mancha churning out its millions of litres of bulk wine for an insatiable worldwide market. No wonder a recent article on Spain's promotion to world's largest producer was headlined, 'Spanish wine: the most popular on the planet'.

But there's one great spanner in the works: Brexit. Spanish producers are thinking hard about the implications of the UK leaving the EU, and none pretends to be able to predict the outcome. Many people are optimistic, however. Richard Cochrane, the UK-based managing director of Félix Solís Avantis, notes that Spain enjoyed its greatest success after the collapse of Lehman Brothers in 2008 and the worldwide economic downturn. "It is possible to row against an adverse market." There is also the sense that, as far as the UK is concerned, the special relationship with Spain will

overcome all, including the plummeting pound and the inevitable rise in prices. There are silver linings in currency fluctuations, Solís Ramos says. "America will have a worse exchange rate with the UK – the dollar has appreciated against the Euro, and so in many ways we are better placed to deal with Brexit than them. So it's not all bad, and whatever happens, Spain will continue to produce the best-value wine in the world." *db*

**Spanish producers are thinking hard about the implications of the UK leaving the EU**

