



NAMUR 2009

Market Changes in Portuguese Wine after EU Integration

Orlando SIMÕES

CERNAS, Escola Superior Agrária de Coimbra, Portugal
orlando@esac.pt

Portugal has an open economy, highly dependent on external markets. Being geostrategic located in the periphery of Europe, with the constraints resulting from this position, Portugal always followed the major trends of the world wine market, behaving as a small country, being traditionally a producer and exporter.

After the integration in the European Economic Community, in 1986, the Portuguese wine sector has undergone substantial structural changes. The main lines of these changes were: i) the adoption of the Common Market Organization (CMO) for the wine sector, with all the subsequent changes at institutional levels; ii) the development of the wine industry that came to dominate most of the wine sector; iii) changes in the consumption, being observed an increase preference of consumers for quality products.

With the adoption of the CMO in the wine sector, all the economic organizations that coordinate and supervised the various areas of wine production were dismantled, being created in their place, vertical organizations, able to apply in the country the common agricultural policy (CAP) for the wine sector.

In the production sector, there have been considerable investments in the conversion of vineyards and processing facilities, either in private or cooperative sector, which were greatly supported by EU funds. This support has been used not only by the producers, but also by the wine industry, which increased its relative importance in the wine sector and became its most dynamic component. At the market level, supermarkets increased dramatically in detriment of the traditional commerce.

Overall, the changes in consumption constituted the major drivers of development in the wine sector. Sustained by the increase of the welfare of the general population, several indicators show that the new model adopted by consumers has given priority to higher quality products, making demand more interested in quality. However, the Portuguese consumer has remained faithful to the national wine production. Imports continued to focus on specific types of wine without significance in the general consumption.

As a result of these changes there was a large increase in the number of origin denominations for Portuguese wine, and the development of a system for its management. Externally, the exports of table wines was maintained mostly to the countries with Portuguese official language, Yet, the quality wines seem to have difficulties in becoming known outside Portugal, particularly in European markets, maintaining the quantities exported. In the particular case of Port wine a sustained increase in the prices and quantities exported has been observed.

This work aims mainly at the identification, description and, where possible, the quantification of the changes noted above. The work begins with a description of changes resulting from European integration at institutional levels. Secondly we analyze the structural changes on the supply. Some indicators showing the main trends in the consumption of wine in Portugal are further analyzed. Finally, it is shown the structure and recent evolution of exports of Portuguese wine.