# An Analysis of Turkey's Competitive Potential in the Global Wine Market

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**Abstract:** The study examined the structure of the global wine market based on production, consumption, and export data for the 2019–2023 period, and examined Turkey's position in the global market within the framework of the Revealed Comparative Advantages Index. The analysis revealed that France and Italy maintain their global leadership with high and stable RCA scores. While some countries, such as Chile, experience periodic declines in RCA scores, others, such as New Zealand, demonstrate consistent performance by focusing on niche markets. It was determined that major economies like Germany, the United States of America, and China have a comparative disadvantage in wine exports, positioning themselves primarily as importers. Despite its extensive vineyard potential, Türkiye faces a significant comparative disadvantage with low RCA scores. To increase its competitiveness in the global market, Türkiye must focus on niche markets by emphasizing the added value of unique grape varieties and geographical indications, expand quality-focused modern viticulture practices, and develop targeted marketing strategies.

**Key Words:** Wine Export Market, Competitive Analysis, Balassa Index, Market Strategies

## 1. INTRODUCTION

Wine is an alcoholic beverage produced from fermented grapes, with origins dating back to 3500 BC. With its rich diversity, which varies depending on grape type, growing conditions, production techniques, and ripening processes, it stands out not only as a commercial product but also as an integral part of gastronomic culture and a product that holds a significant place in global trade. The global wine market exhibits a highly dynamic structure in terms of both production and consumption, and intense competition exists among countries. EU countries lead in production, consumption, export, and import in this market. France, in particular, maintains its dominance in this sector, accounting for 33% of global wine exports by 2023 (FAO, 2025a). Viticulture potential, production technologies, marketing strategies, and agricultural supports such as the Common Agricultural Policy play a critical role in countries' competitive advantage.

International competition in the wine sector, with its multidimensional and dynamic nature, provides a rich basis for academic research. While structural characteristics such as industry density, market size, and product differentiation are among the elements that form the basis of competitive advantage (Demir, 2006), terroir elements such as geographical location, climate, and soil structure, along with technological competence and government policies, also play a strategic role (Castaldi et al., 2006; Balogh & Fertő, 2015). Final product quality stands out as one of the most critical determinants of competitiveness. Wine quality is directly related to the grape varieties used, growing conditions at harvest time, and vinification processes. Studies conducted specifically on Türkiye support this general framework while also shedding light on the sector's unique structural problems. Factors such as high taxes, unregistered production, difficulties in procuring raw materials, and the small-scale nature of enterprises are emphasized as limiting Türkiye 's competitive potential (Şenuyar et al., 2014; Cabaroğlu, 2023).

Various quantitative indices are used to empirically measure the competitiveness of agricultural products in international trade, moving beyond qualitative assessments. Among these methods, one of the most widely used tools is the Revealed Comparative Advantage (RCA) index, developed by Balassa (1965), which reveals a country's relative advantage by comparing its export performance in a specific product with the world average. The RCA index allows for objective determination of which products countries specialize in and where they have a competitive advantage in international markets. The validity and prevalence of this index in analyzing the competitiveness of agricultural products has been proven by numerous international studies, both Türkiye-focused and international. Research has revealed the competitive structure of Turkish agriculture in many product groups such as cherries (Yılmaz, 2025), apricots (Süygün, 2021), tomatoes (Keskin, 2021), citrus fruits (Özözen, 2023), olives and olive oil (Özözen, 2024), wheat and cotton (Paksoy & Şahin, 2023) and hazelnut (Abdikoğlu & Unakitan, 2016) through this index.

However, limitations of the standard RCA index, such as its lack of imports and its asymmetric

structure, have led to the development of alternative and complementary indices. Therefore, recent studies tend to use multiple indicators together to provide a more holistic picture of competitiveness. Indeed, studies examining the competitive dynamics of the international wine market often use different indices, such as Symmetric RCA (SRCA), Normalized RCA (NRCA), and Relative Trade Advantage (RTA), along with the standard RCA, to increase the robustness of the analysis (Balogh & Fertő, 2015; Yılmaz, 2025). This approach is also increasingly prevalent in the Turkish agricultural economics literature. In studies specific to Türkiye, derivative indices developed by Vollrath (Süygün, 2021) and Laursen (Kadakoğlu et al., 2024) are also utilized in addition to the Balassa (RCA) index to more precisely measure competitiveness. These methodologies have also provided concrete findings regarding Türkiye's position in the wine market. An analysis of the EU market revealed that while Türkiye has a competitive advantage against Germany, this strength remains weak against other important markets such as Belgium, the Netherlands, France, Italy, and Spain (Uysal et al., 2016). Comparative advantage indices provide a powerful analytical framework for diagnosing countries' current competitive landscapes and developing future strategies.

The study aims to analyze the competitive structure in the global wine market, identify Türkiye's position within this framework, and develop recommendations for Türkiye's role in the global wine market. Accordingly, the outlook for global wine exports and the market shares of major player countries will be examined. Türkiye's competitiveness in the international wine market will then be analyzed using the Revealed Comparative Advantage Index. Based on the findings, the study aims to offer concrete policy recommendations to strengthen Türkiye's competitive position in wine exports.

## 2. MATERIAL AND METHODS

### 2.1. Material

The study utilized macro data for the years 2019-2023. Vineyard areas, grape production, wine production, and export data for France, Italy, Spain, Chile, India, Australia, New Zealand, the U.S., Germany, Portugal, Argentina, South Africa, China, and Türkiye, which were considered in the comparison conducted within the scope of the competitiveness analysis, were obtained from the Food and Agricultural Organization of the United Nations (FAO).

### 2.2. Method

The Revealed Comparative Advantage (RCA) index, developed by Balassa (1965), was used in the study to reveal countries' comparative advantages or disadvantages in the global wine market. The RCA index aims to reveal relative productivity differences across countries through trade flows.

The RCA index measures how a country's export performance in a specific product group compares to its share of global trade. The formula proposed by Balassa (1965) is as follows:

$$RCA_j^i = \frac{E_j^i / E^i}{E_j^w / E^w}$$

Where, $RCA^i_j$ represents the Revealed Comparative Advantage Index score for country i in good j, $E^i_j$ represents the export value of country i in good j, $E^i$ represents the total export value of country i in good j, $E^w_j$ represents the total export value of world good j, and $E^w$ represents the total export value of the world.

When the RCA score is greater than 1 (RCA > 1), the country in question is considered to have a comparative advantage in that product. This indicates that the country is a competitive producer and exporter of that product. If the RCA score is less than 1 (RCA < 1), the country is considered to have a comparative disadvantage in that product.

## 3. WINE MARKET

An examination of the world's major grape-producing countries' vineyard acreage between 2019 and 2023 reveals that Spain leads the world with over 900 thousand hectares (Table 1). Spain is followed by France, with over 750 thousand hectares of vineyard area, and Italy, with over 700 thousand hectares. Italy's increase in vineyard area from 2019 to 2023 is a positive indicator for Europe's traditional viticultural hub. These three traditional European producers maintain their dominance in the sector, accounting for over one-third of the total vineyard area. China, meanwhile, ranks fourth as the Asian continent's largest power in this field. Türkiye ranks fifth globally with approximately 380 thousand hectares of vineyard area, demonstrating its significant potential as a viticultural player. However, Türkiye also appears to have experienced a contraction in vineyard acreage

between 2019 and 2023. This situation can be interpreted as a reflection of productivity-focused changes in the country's viticulture strategies or the agricultural policies implemented. Countries such as the United States (US), Argentina, Portugal, Chile, and India comprise the other major players in the top ten.

Table 1: Major countries in vineyards (1000 ha)

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Spain | 937 | 932 | 929 | 923 | 913 |
| France | 755 | 760 | 758 | 758 | 753 |
| Italy | 698 | 704 | 703 | 710 | 713 |
| China | 746 | 713 | 704 | 707 | 609 |
| Türkiye | 405 | 401 | 390 | 385 | 378 |
| U.S.A. | 378 | 374 | 365 | 364 | 361 |
| Argentina | 215 | 215 | 211 | 207 | 205 |
| Portugal | 176 | 176 | 176 | 176 | 176 |
| Chile | 193 | 191 | 182 | 181 | 172 |
| India | 140 | 150 | 155 | 163 | 169 |
| Australia | 128 | 130 | 135 | 114 | 124 |
| South Africa | 110 | 115 | 114 | 117 | 111 |
| Germany | 101 | 101 | 101 | 101 | 101 |
| New Zealand | 36 | 36 | 36 | 35 | 35 |

Source: FAO, 2025

When examining grape production volumes according to countries, China is the undisputed world leader, with production ranging from 13 to 15 million tons and a market share of approximately 19% (Table 2). Traditional producers Italy and France rank second and third, followed by China, while Spain, the world leader in vineyards, has notably fallen to fourth place in production. The U.S. maintains its fifth-place production volume. Türkiye, meanwhile, ranks sixth, with production ranging from 3.4 to 4.17 million tons. The decline in production observed from 2022 to 2023 can be explained by the combined impact of various macro and microeconomic factors, such as climatic factors, global economic conditions, agricultural diseases, or changes in market dynamics.

Table 2. Major grape producers (thousand tons)

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| China | 14284 | 14388 | 15068 | 15443 | 13566 |
| Italy | 7900 | 8222 | 8149 | 8438 | 6669 |
| France | 5490 | 5858 | 5074 | 6200 | 6205 |
| U.S.A. | 6315 | 5479 | 5474 | 5409 | 5361 |
| Spain | 5745 | 6818 | 6087 | 5902 | 4823 |
| India | 3041 | 3181 | 3358 | 3401 | 3740 |
| Türkiye | 4100 | 4209 | 3670 | 4165 | 3400 |
| Chile | 2715 | 2435 | 2313 | 2462 | 2321 |
| South Africa | 1884 | 2008 | 2000 | 2065 | 1974 |
| Australia | 1554 | 1475 | 1886 | 1450 | 1550 |
| Argentina | 2520 | 2056 | 2241 | 1937 | 1455 |
| Germany | 1125 | 1150 | 1151 | 1223 | 1174 |
| Portugal | 865 | 853 | 978 | 904 | 1000 |
| New Zealand | 413 | 457 | 370 | 532 | 532 |

Source: FAO, 2025

An examination of data on the global wine market between 2019 and 2022 reveals that the market continues to be shaped by the strong dominance of traditional European producers, often referred to as the "Old World" (Table 3). Italy, France, and Spain, in particular, consistently hold the top three positions, controlling approximately half of the market. The fact that the total production share of these three countries fluctuated between 45% and 50% throughout the period under review demonstrates the highly concentrated nature of the market. Producers defined as the "New World"

constitute the second tier of competition. Although the United States (US) and China, both countries in this group, competed for fourth and fifth places, both countries experienced a decline in market share during this period. Other major New World producers, such as Australia, Chile, and Argentina, maintain their positions in the top ten with stable production volumes. Türkiye accounted for only 0.25% to 0.28% of total global production between 2019 and 2022. This demonstrates that, despite Türkiye's extensive vineyards and deep-rooted viticulture, this potential has not yet been fully realized in industrial wine production. Therefore, Türkiye's current production scale suggests that its competitive strategy should be based on value-added elements such as quality, authentic local grapes, and branding, rather than volume. Table grapes and dried grapes account for 52.88% of the total grape production in Türkiye in 2023, while wine grapes account for 8.72% (TÜİK, 2025).

Table 3. Wine production (thousand ton)

| | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| Italy | 4986 | 5192 | 5089 | 5401 |
| France | 4242 | 4689 | 3784 | 4606 |
| Spain | 3370 | 4070 | 3701 | 3640 |
| U.S.A. | 2631 | 2006 | 2052 | 2063 |
| China | 2066 | 2000 | 1814 | 1818 |
| Australia | 1197 | 1107 | 1482 | 1307 |
| Chile | 1194 | 1034 | 1344 | 1244 |
| Argentina | 1302 | 1080 | 1248 | 1145 |
| South Africa | 974 | 1040 | 1133 | 1064 |
| Portugal | 635 | 627 | 719 | 666 |
| Germany | 438 | 473 | 453 | 482 |
| New Zealand | 297 | 329 | 266 | 383 |
| Türkiye | 85 | 86 | 97 | 74 |

Source: FAO, 2025

France is the undisputed leader in the global market with an export value of approximately $12.9 billion (Table 4). This stability in French export value maintains the country's strong position in the high-value-added and premium wine segments. Italy ranks second with over $8.3 billion in exports, making it the second-largest market power. Spain follows these two countries with an export value of approximately $3.1 billion. Following the three leading countries, New World producers such as Chile, Australia, New Zealand, and the United States experienced a significant decline in their export value from 2022 to 2023. Chile's export value, in particular, fell from $1.9 billion to $1.4 billion, while Argentina's fell from $814 million to $677 million. Contrary to this general trend, the slight increase in export value of European producers such as Germany and Portugal suggests that these countries are more resilient to market fluctuations.

Türkiye, with an export value of $14 million in 2022, lags far behind leading countries. Furthermore, it is noteworthy that export value will rise to $25.09 million in 2023, representing an increase of approximately 84%. This dynamic growth, despite a low starting point in absolute terms, indicates a growing acceptance of Turkish wines in international markets or a successful focus on higher-value product segments. This positive change demonstrates the potential for Türkiye to strengthen its position in the global wine market in the future.

## 4. RESULTS

Table 5 shows the scores for the 2019-2023 period, based on the Revealed Comparative Advantage (RCA) analysis conducted to determine the dynamics of the global wine market and the positions of exporting countries within it. An RCA index greater than 1 indicates a comparative advantage for a given product in the relevant country, while a value less than 1 indicates a comparative disadvantage. These analyses reveal that the wine market has a distinct hierarchy, and that countries' competitiveness exhibits different dynamics over time.

Table 4. Major countries in wine exports (million USD)

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| France | 10819 | 9935 | 12925 | 12925 | 12902 |
| Italy | 7079 | 7108 | 8255 | 8247 | 8362 |

| | | | | | |
|---|---|---|---|---|---|
| Spain | 3008 | 2999 | 3380 | 3142 | 3146 |
| Chile | 1921 | 1817 | 1970 | 1910 | 1406 |
| Australia | 2053 | 2035 | 1605 | 1454 | 1359 |
| New Zealand | 1230 | 1306 | 1387 | 1422 | 1297 |
| U.S.A. | 1384 | 1311 | 1451 | 1463 | 1224 |
| Germany | 1154 | 1034 | 1168 | 1098 | 1153 |
| Portugal | 910 | 976 | 1082 | 988 | 999 |
| Argentina | 793 | 776 | 828 | 814 | 677 |
| South Africa | 660 | 622 | 750 | 694 | 619 |
| China | 307 | 158 | 325 | 379 | 444 |
| Türkiye | 15 | 7 | 9 | 14 | 25 |
| India | 8 | 5 | 4 | 5 | 3 |
| World | 35628 | 34160 | 40441 | 39879 | 38926 |

Source: FAO, 2025

Argentina, at a comparative disadvantage at 0.90 in 2019, exceeded the threshold by rising to 1.02 in 2020, but fell below 1 again in 2021 and 2022. In 2023, it rose again to 1.01, gaining a relative advantage. This fluctuating trend demonstrates that Argentina's competitiveness in wine exports is fragile and can fluctuate depending on market conditions. The US's RCA score fell from 0.40 in 2019 to 0.35 in 2023. The low relative weight of wine exports within the country's large total export volume is the primary reason for the marginal RCA. This suggests that, despite being a wine producer, the US does not play a significant export role in the global wine market due to the saturation of its domestic market and the dominance of other export industries.

Türkiye's wine export performance indicates a significant comparative disadvantage. While the RCA score, which was 0.03 in 2019, has risen to 0.04 in 2023, these values are quite low and indicate that Türkiye is not competitive in the global wine export market. While Türkiye has the potential to produce high-quality wines given its climate and soil conditions, it is not sufficiently reflecting this potential in global markets. The characteristics of the domestic market, local regulations, and lack of promotion in global markets are among the main reasons for Türkiye's persistent disadvantage in wine exports.

Tablo 5. RCA Scores

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| France | 6,61 | 6,61 | 7,30 | 7,45 | 7,54 |
| Italy | 5,98 | 6,08 | 6,01 | 6,47 | 6,22 |
| Chile | 6,48 | 6,62 | 6,73 | 6,93 | 5,25 |
| Portugal | 5,34 | 5,72 | 5,45 | 5,11 | 4,82 |
| New Zealand | 2,04 | 2,30 | 2,13 | 2,37 | 2,42 |
| South Africa | 2,82 | 2,77 | 2,79 | 2,68 | 2,38 |
| Spain | 2,35 | 2,33 | 2,30 | 2,33 | 2,23 |
| Australia | 2,49 | 2,92 | 1,61 | 1,37 | 1,37 |
| Argentina | 0,90 | 1,02 | 0,95 | 0,78 | 1,01 |
| Germany | 0,60 | 0,57 | 0,58 | 0,57 | 0,57 |
| U.S.A. | 0,40 | 0,39 | 0,36 | 0,37 | 0,35 |
| China | 0,18 | 0,10 | 0,19 | 0,23 | 0,27 |
| Türkiye | 0,03 | 0,02 | 0,02 | 0,02 | 0,04 |

## 5. CONCLUSION

This study analyzes the competitive structure and relative specialization of countries in the global wine market based on Revealed Comparative Advantage (RCA) scores for the 2019-2023 period. The research findings demonstrate the existence of a dynamic hierarchy in the wine export market and the significant variation in competitiveness across countries over time.

Analysis has revealed that established producers like France and Italy maintain their global leadership with high and stable RCA scores. These countries reinforce their relative specialization with their deep-rooted winemaking traditions, strong brand recognition, and high quality standards. Conversely,

the decline in Chile's RCA score in 2023 and the significant decline in Australia's RCA clearly demonstrate the volatility of global market dynamics and the proactive nature of maintaining competitive advantages. New Zealand's consistent performance, rising from 2.04 in 2019 to 2.42 in 2023, demonstrates the potential for success through specialization in specific niches and a focus on product quality. The consistent RCA scores of major economies like Germany, the US, and China below 1 confirm that these countries are at a comparative disadvantage in wine exports and are positioned primarily as importers or players with strong domestic markets in the global wine market.

Türkiye's position in wine exports, however, is low despite its significant potential. While Türkiye ranks among the world's top wine producers in terms of vineyard area size and grape production, its wine production and export volumes lag significantly behind this potential. This is the primary reason for the low RCA scores. Analyses indicate that while Türkiye has the potential to specialize in wine, its current advantages are extremely fragile and their sustainability depends on significant strategic interventions. While the growth trend in the domestic market provides a positive signal for wine demand, it is not sufficient on its own to ensure global competitiveness. Prescriptive taxes, particularly the high Special Consumption Tax on alcoholic beverages, directly impact wine production costs, raising prices in the domestic market and negatively constraining export potential. This tax burden reduces producers' motivation to invest and invest in R&D, thereby negatively impacting international competitiveness.

Türkiye needs to adopt a multidimensional strategy to enhance its competitiveness in wine exports and address its relative disadvantage. First, it should be remembered that the country's rich grape variety offers a unique competitive advantage. Instead of competing with high-volume, standardized products in the global market, the focus should be on niche markets, emphasizing the local characteristics and added value of these unique varieties. These products, protected by geographical indications, should be positioned in international markets with a brand perception based on originality and high quality, and specialization should be deepened. Modern, quality-focused viticulture practices should be expanded in wine grape production, and irrigation systems and vineyard infrastructure should be improved. While increasing yield per unit area, the goal should also be to achieve internationally recognized quality standards. Thus, increasing agricultural support and technical knowledge transfer will strengthen producer capacity.

An integrated approach should be developed for Turkish wines in terms of marketing and promotional strategies. Local demand should be consciously developed in the domestic market through integration with wine tourism and gastronomy. In foreign markets, targeted marketing campaigns should be conducted, emphasizing the historical and cultural depth of grape varieties unique to Türkiye. Given the constantly evolving structure of the global wine market, regular competitive analyses and market research are essential. Changes in RCA scores and potential weakening signals should be closely monitored, strategies should be updated promptly, and the ability to quickly adapt to market dynamics should be enhanced. These integrated strategic steps will transform Türkiye's current disadvantage in wine exports into an opportunity, allowing it to take its rightful place on the global wine scene.

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