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## GEORGIAN WINE MARKET WITH PARTICULAR EMPHASIS ON FOREIGN TRADE

### SUMMARY

The preparation of paper was based on the documentary analysis method. Data were derived from review of published statistics and collected by performing direct interviews with an expert of wine-making, as well as by the observations carried out in Georgia in April 2014.

The history of Georgian wine is very rich. The tradition of Georgian wine industry is long, it began over 7000 years ago. Variety of wines is very diverse. They are produced from more than 500 varieties of grapes grown in Georgia. Around 150 million liters of wine is produced every single year, with around 45 000 hectares of vineyards which are cultivated.

There two common techniques used in wine production. One is based on traditional and unique process when some wines are produced using modern "European" methods. The use of traditional technology is considered as state-of-the art and tends to be more popular, especially amongst home productions.

About 80-90% of the wines on the Georgian wine market is obtained from national production. It is estimated that not more than 20% of this drink is imported.

The aim of the research was to characterize the Georgian wine market and to investigate the scale of their exports. Georgian wines are popular all over the World. Based on collected results it was established that the export of drink has mounted up in recent years.

**Keywords:** wine, Georgian wine, export, foreign trade

### INTRODUCTION

In Georgia, a country with rich culture of wine-making. The tradition of Georgian wine industry is long, it began over 7000 years ago. The vine is significant to Georgian culture and tightly bounded to their religious heritage. It is common for families throughout Georgia to grow their own grapes and produce wine. Feasting and hospitality are central pillars of Georgian culture, and traditional banquets are presided over by a toastmaster, or Tamada, who proposes numerous toasts throughout the meal, and ensures the wine flows liberally. They

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are produced from more than 500 varieties of grapes grown in Georgia. Around 150 million liters of wine is produced every single year, with around 45 000 hectares of vineyards which are cultivated (<http://georgianwinesociety.co.uk>).

There are 18 Specific Viticulture Areas (a local analogy of the Controlled Appellations of Origin) where the grape types, planting density and yield per hectare is controlled by Ministry of Agriculture (Ghvaladze, 2010)..

### **MATERIAL AND METHODS**

The preparation of paper was based on the documentary analysis method. Data were derived from review of published statistics and collected by performing direct interviews with an expert of wine-making, as well as by the observations carried out in Georgia in April 2014.

The collected data was then analyzed and statistically calculated. The results are presented in narrative and graphic form.

### **RESULTS AND DISCUSSION**

Regarding to wine expert and entrepreneur, only 20% of wine being sold in this country is imported; the other 80% is domestic production. The manufacturing process is mostly based on traditional methods which differ from European standards of production.

Natural environmental conditions of Georgia ensure best quality viticulture. Wine industry, according to the peculiarities of which the country's territory is divided into the following micro-zones: Kakheti, Kartli, Imereti, Racha - Lechkhumi, Guria - Samegrelo, Abkhazia and Adjara. Most of Georgian vineyards which are 65-70% are cultivated in ancient and unique viticulture - wine-making region of Kakheti (Bosak, 2012).

Virtually every Georgian farm grows grapes and produces wine for self-consumption with family and friends, and some small and medium farm enterprises also sell grapes to commercial wineries. Domestic wine consumption per adult, including this from self-production, is 17 liters per year (Anderson, 2012.).

Georgian wines are popular all over the World. The wine is being exported to 43 countries, which results in 23 million of sold bottles. Countries such as Russia, Ukraine, Kazakhstan, Belarus, China and Poland are the largest importers of this wine. In comparison with year 2007, sales of wine in 2012 increased by over 109%. That might imply that demand for Georgian wine is rising in many countries year by year. In 2013, the increase in demand for wine was very dynamic. In 2013 noted more than 100% growth in export of Georgian wines and 83% in other alcohols. The demand for traditional alcohol – Chacha has increased as well. There has also been a decline in demand for materials for the production of wine - this decrease is at a level of 39%.

The biggest importer on wine market is Russia. Ukraine is also taking lead in Georgian wines purchases - amount in the year 2013 exceed 10 million of imported bottles. As it can be observed both Russia and Ukraine are key to

Georgian export market as Kazakhstan and Belarus bought twice less. Poland is in last place amongst top importers (about 1 million bottles a year).

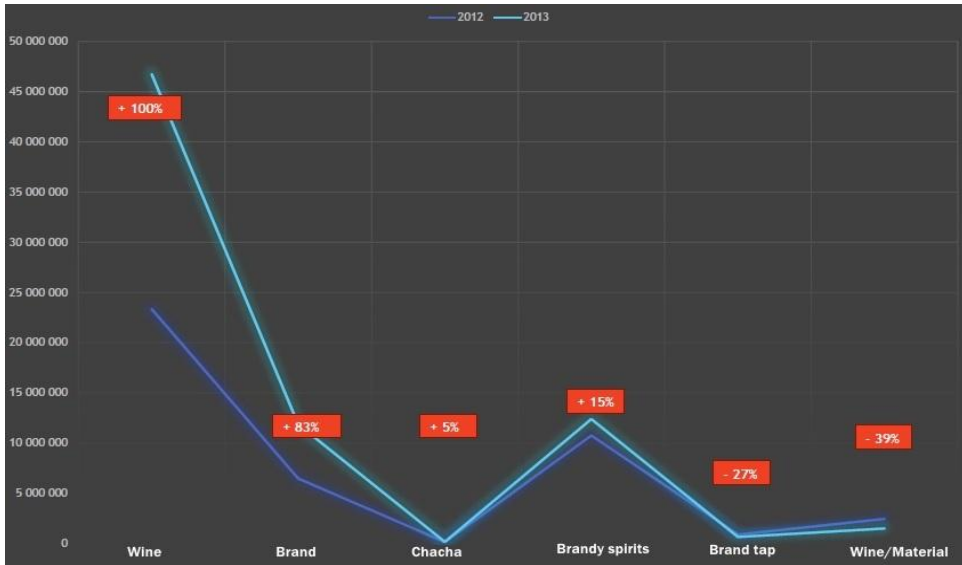


Figure 1. Exports dataset statistics in 2012-2013 (All products) (<http://www.nwa.ge>)

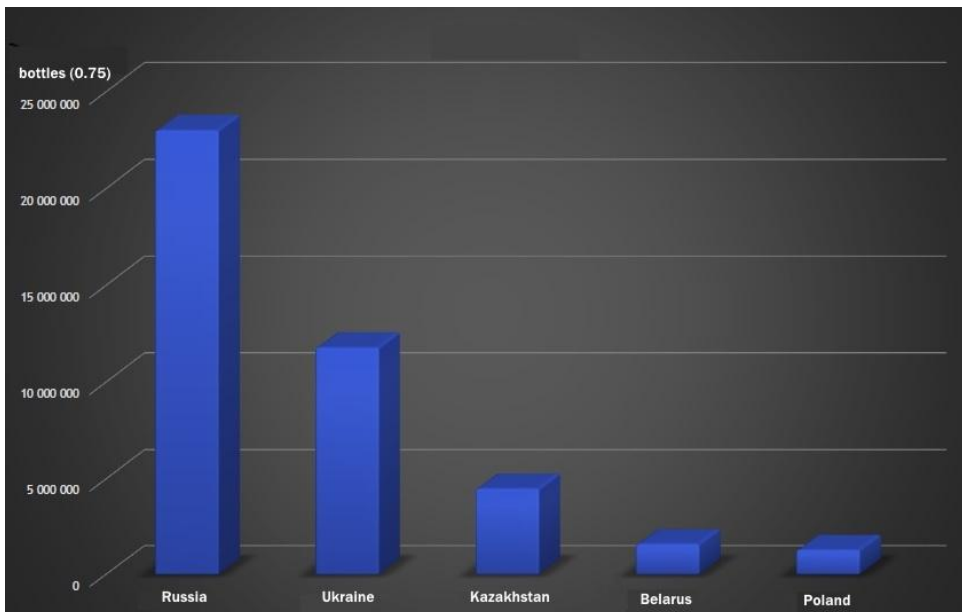


Figure 2. Five countries with the highest importing rates (<http://www.nwa.ge>)

However, in 2013 the largest increase (by 12%) in imports of Georgian wines was observed in Poland. Ukraine was still in second place, the increase in imports was equal to 7% there. (what sustains the largest volume of sales). Both

in Kazakhstan and Belarus noted a slight increase in imports. The 11% decrease in imported wines was noticed in Latvia.

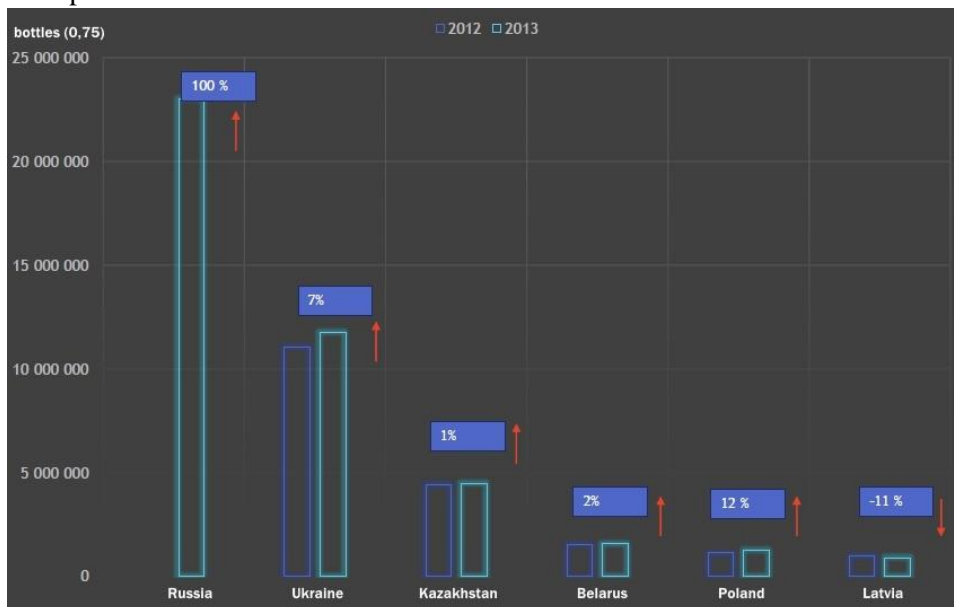


Figure 3. Georgia's countries of interest based on import data statistics in 2012-2013 (<http://www.nwa.ge>)

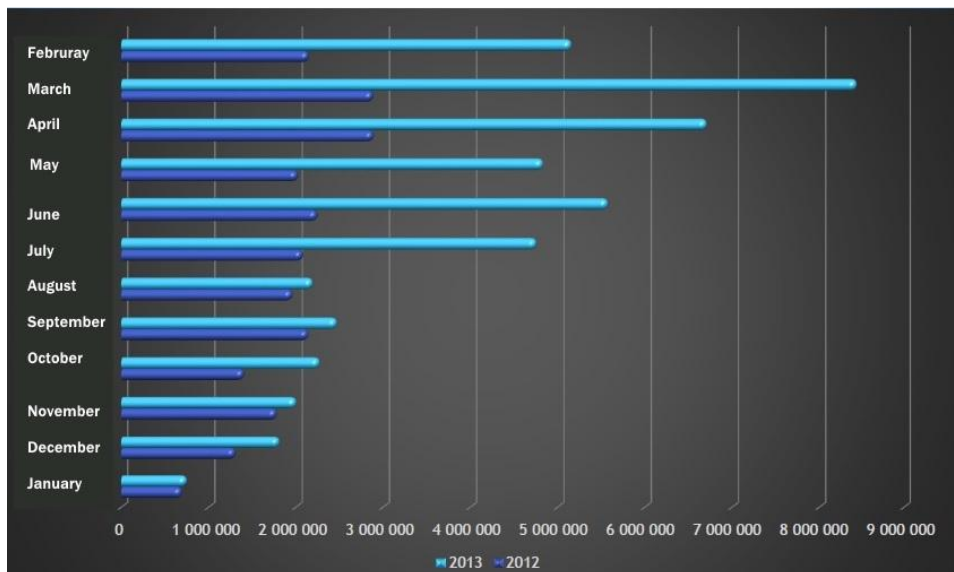


Figure 4. Monthly data statistics report (2012-2013) (<http://www.nwa.ge>)

Over 8 million bottles of wine were imported from Georgia in March 2013. It is the best month in terms of sales. Also the largest increase was

recorded in this month, comparing years 2012 and 2013. Thus, the highest volume of sales is being observed between February and July. In these months, a significant increment was noted in comparison with the year 2012 (approximately 60%). During autumn and winter, sales level declines. Although increase can be observed against the year 2012, this growth is small does not affect sales in significant way.

### **CONCLUSIONS**

Georgia is a major producer of wines. This production is related to the tradition of this country. These wines are known for distinctive flavor and are still produced in the traditional way. Georgians appreciate their own products, they dominate the market. Only about 20% of alcoholic beverages are imported.

Georgian wines are exported all over the world. Research has shown that Georgian wine is the most exported alcohol worldwide. The leading country in purchases of Georgian wines is Ukraine, with annual sales scale estimated to 47.3 %. The other main importers are Kazakhstan (18.8 %) and Belarus (6 %). The other largest importers are Russia and Poland. With every single year increases in volume of sales are being noted.

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