

## Section 4. Economics, organization and management of enterprises, branches, complexes

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### THE WORLD WINE MARKET AND GEORGIA – DEVELOPMENT OPPORTUNITIES

**Abstract.** Georgian wine is one of the oldest wines in Europe. The existence of winemaking in Georgia is indicated by the earliest signs of about 8000 years ago, which gives Georgia the status of the homeland of wine. Winemaking has been a priority for Georgia since time immemorial. In the conditions of global competition, it is necessary to implement the standardization and branding of the unique methods of making Georgian wine. Although winemaking occupies a small place in the world market today, Georgian wine has a great future. Georgian wine is distinguished by its ancient history and production methods, which makes it unique. According to scientists, Georgian wine production will make a significant contribution to the world economy, which will create the foundations for a significant change in the Georgian economy.

Winemaking played and continues to play a special role in the national economy of Georgia. Recently, significant activities have been observed in the Georgian wine market, which increases the interest in this field. Part of the activities is expressed in the promotion of wine through exhibitions and conferences held in different countries of the world, which leads to the growth of its area of awareness.

Georgian wine business has great potential for development, but this is possible only in the case of quality wine production. Despite the existing problems, it is necessary to thoroughly study the exporting countries, to produce wine of appropriate quality and price, to export it and to establish oneself in foreign markets.

**Keywords:** world market, wine business, competitiveness, quality, price.

**Introduction.** Georgian wine is unique in its types and production; it has already taken its place on the world stage. This is evidenced by the interest expressed in it by consumers from different countries. 8000-year-old history, which is

confirmed on the basis of ancient archeological excavations. We can safely say that Georgian wine has a continuous history with its unique methods, variety of varieties (more than 500 endemic varieties are known) [1].

Pitcher winemaking is very popular among wine-makers who prefer natural and organic winemaking methods. In 2013, the ancient, traditional Georgian method of making “Kvevri” wine was granted the status of a UNESCO intangible cultural heritage, which indicates the uniqueness of this method and sends a message to the whole world that wine is an integral part of the ancient Georgian culture. The state’s role in wine production is manifested in the subsidization of viticulture. Based on official data, the state allocated 270 million GEL in various forms to support the viticulture and wine industry in 2013–2014. Since then, this interest has been growing. 2018 was the first year in the last ten years, when the state completely left the grape subsidy regime, the harvest was completely based on market price conditions, and the entrepreneur and the farmer agreed on the price of grapes independently, without the intervention of the state. In 2022, the state again decided to subsidize in the amount of 150 million GEL. The wine industry plays an important role in the economic development of Georgia. In recent years, vineyard plantations have been growing, new and old wine enterprises have been created, international standards of quality management and wine production have been introduced, and the incomes of winegrowers have increased.

**Discussion.** The Georgian wine market always attracts attention, because our country has a great potential for wine production. According to State Department of Statistics, 2017 data, wine ranks fourth among the largest export products, which makes the importance of the wine market for Georgia visible. Despite the successful functioning of the Georgian wine market, there are many obstacles that prevent the full realization of its potential.

Before the “Covid-19” pandemic, there was an increase in exports to Europe, the USA, Asia and other traditional markets, such as: Belarus (429%; 233220 liters), Japan (230%; 53160 liters), Great Britain (98%; 37740 liters), France (71%; 24248 liters), Kazakhstan (85%; 877494), Czech Republic

(68%; 18888), Latvia (61%; 412626), Netherlands (46%; 21993), Germany (38%; 136222), Ukraine (36%; 1771928), Poland (32%; 740922), Estonia (28%; 120246), Russia (28%; 11511830), Israel (24; 52722), USA (3%; 68620), and others.

The wine was exported by 134 companies.

Many foreign wine experts believe that among Georgian grape varieties, the variety and wine with the greatest potential are Saperavi. Saperavi must be dry, especially wine from a jug – “qvevri”. The fact that Saperavi is the most successful product on the international market. Another unique variety is Rkatsiteli, followed by Khikhvi, Kisi, and Green, which, unfortunately, were forgotten in Soviet times because they were low-yielding varieties compared to others and were not paid attention to.

Also one of the important and rare varieties is Ushelouri, which almost does not grow in other regions except Lechkhumi. It comes from the highlands and therefore the wine is produced in limited quantities. Wine from Usakhelouri, as well as Khvanchkara from Alexandrouli and Mujuretuli grape varieties, are semi-sweet wines. These wines were quite famous in the Soviet period, so they were more popular in the Russian market [2]. In countries with high wine culture, semi-sweet wines are less interesting and drier wines are preferred.

It is worth noting the fact that making wine in qvevri is a Georgian tradition and adds to our competitiveness in the international market. The image and popularity of Georgia are associated with this ancient technology. Qvevri is an earthen vessel buried in the ground. Most modern wines are prepared as follows: the grape juice is quickly separated from the skin and pits, according to the old method, the liquid, grape skins, stalk, and pits are collected in a fermentation jug. The result is a dark, dry luxury wine [3].

Despite the foregoing, the dominance of bottled and homemade (often falsified) wine on the local market is visible even to the “naked” eye.

The wine export promotion policy should be coordinated with the improvement of the invest-

ment climate, which is achieved through the improvement of the financial system (the emergence of long-term financing channels) and the simplification of tax and customs activities. One gets the impression that the wine export promotion policy is not a set of one or two tools, but a set of tools.

In addition to the policy of export subsidies, Georgia already uses almost all types of export promotion instruments to a greater or lesser extent. Those instruments that are relatively more effective in terms of promoting exports are declared a priority in Strategy 2020. These include: removing trade barriers, improving the overall investment climate (eg improved transport and logistics networks), and providing information on export markets.

Significant steps have been taken in recent years to remove technical barriers. An association agreement has been signed with the European Union, which will facilitate the export of goods to European markets. Negotiations are underway on free trade with China. It is important that these priorities, as defined by the 2020 Strategy, remain unchanged and that types of measures such as export subsidy policies (export credits, tax incentives, etc.) are not initiated. As practice shows, such a policy is ineffective and depends on the efficiency of the bureaucratic system and the qualifications of the program executors.

The National Wine Agency plans to develop winemaking in Georgia and promote Georgian wine products on the international market outside its borders, raise awareness and further increase export supply. In order to promote wine, in 2017 international and local tastings, competitions, international wine conferences, exhibitions and presentations were held both within the country and in 12 countries around the world. Also, media-campaigns, commercials and various market researches, planning and implementation of representative and cultural events and measures aimed at promoting and increasing the consumption of high-quality Georgian wine on the international and local markets were carried out [4].

According to many studies, the demand for wine in Georgia is quite high. These studies show the development trend of consumption of local wine at home (in Georgia). Therefore, it is possible that it is not at all unpromising that local wine producers, who are busy exploring the growing wine markets in the world, will also pay some attention to the utilization of domestic resources. In a country with a millennial history of wine consumption and valuable prerequisites, even a small stimulus can be enough to raise wine awareness, develop a consumer culture, and increase wine consumption.

In addition, it is necessary to further increase the awareness of the Georgian wine brand outside the borders of Georgia and promote it through various types of events. For all this to work, it is essential to reduce barriers as much as possible and sign trade agreements with even more countries/groups of countries in order to increase the wine export rate to the maximum level.

The development of wine tourism will play an important role in the diversification of the viticulture-wine industry. In this regard, it is necessary to reveal the perspectives of wine tourism and brand development.

The development of wine tourism can solve economic and social problems, for this it is necessary to increase the involvement of the state and the private sector. As we know, Georgia is not only distinguished by unique grape varieties, but also has an important geographically favorable location, where the features of the terrain are expressed. It is especially important for the population of Georgia to assess the potential of wine tourism. Wine tourism will not be the only solution, although it can play a crucial role in improving the living standards of the population.[5]

### **Conclusion**

Georgian wine successfully passed the most important and difficult stage of its establishment on the world market, this history was preceded by a rather difficult stage. Georgia has done important work, the results are confirmed at international wine

exhibitions and other promotion opportunities. This is also impressive with the great interest of foreigners in Georgian Kvevari wine.

The share of Kvevari wine from the exported wine is still small, however, the share of Kvevari wine in exports will increase in the future, because in Georgia, along with new technologies, the restoration of the old is gaining an active character.

Great importance is attached to qualification improvement. Due to unqualified approach, inconsistent policies create additional challenges between the state, partners and companies.

In the production of Georgian wine, it is necessary to develop and implement innovative technologies so that it meets the standards of the world market. In this direction, financial support from the state is important for wine producing companies.

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