

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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Required Report - public distribution

**Date:** 3/2/2012

**GAIN Report Number:**

## Argentina

## Wine Annual

## 2012

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**Report Highlights:**

Argentina's 2013 grape production is estimated to rebound to 2.86 million metric tons (MMT). This increase in production comes after the decrease in 2012 grape production to 2.2 MMT due to hail storms and late frosts. Given the increased grape production, wine production in 2013 is projected to increase to 1.53 billion liters up from 1.3 billion liters in 2012. Wine exports in 2012 and 2013 are estimated to increase, albeit at a slower pace. Domestic consumption is forecast to remain stable. (All data in Calendar years unless otherwise specified)

## **Executive Summary:**

Argentina continues to be a major wine producer and exporter, however inclement weather, high costs, inflation and restrictive government trade policies slowed down the wine sector growth in 2012. Wine production fell off to 1.3 billion liters in 2012 due to unfavorable weather conditions, affecting the grape crop which decreased to 2.2 MMT. However Post forecasts grape production to rebound under normal weather conditions to 2.86 MMT in 2013 and predicts wine production will reach 1.53 billion liters, close to the 2011 levels.

Wine exports will continue their growth in 2012 and 2013, but at a slower pace given sluggish expansion of worldwide consumption and strong competition by foreign competitors. Domestic consumption of wine, which had seen steady growth since 2006, is expected to remain stable in 2012 due to high inflation rates and increased retail prices.

The United States and Canada are expected to continue to be the largest export markets for Argentine wine given the favorable price-quality relationship in those markets. In addition Brazil has become a significant export market. Strong marketing promotion programs in China by both the Argentine wine industry and the government of the province of Mendoza has had positive effects. China is now the sixth largest market for Argentine exports, compared to the eighteenth market only two years ago.

The government of Argentina continues to support small wine grape producers through a variety of programs including the promotion of cooperatives, machinery donations and tax exemptions. These programs are partially funded by revenues received by the GoA through the 5 percent export tax levied on the wine industry and through international development loans. However, macro level policies such as restriction of foreign land ownership and an array of trade barriers have caused concern in the industry of its potential growth in the mid-to-long term.

## **Commodities:**

Wine

### **Production:**

Planted Area

Argentina's wine production areas range from the northern province of Salta to the southern region known as Patagonia (i.e., the provinces of Neuquen, Rio Negro, and Chubut). This 4,800 mile-long strip of irrigated desert along the Andes Range has proved to be highly suitable for growing grapes of different varieties. During the past few years, wine production has been growing in non-traditional wine producing areas, such as the Provinces of Buenos Aires, Entre Rios, Cordoba, and Jujuy. Even though the Malbec variety has become the signature for Argentine wine, almost all world varieties grow in Argentina.

The provinces of Mendoza and San Juan cover about 92 percent of the total area planted to wine grapes in Argentina, and are the most traditional wine producing areas in Argentina. Dry conditions give the vines good health in terms of fighting cryptogamic diseases (fungi, bacteria and virus). According to local wine makers, there is no such a thing as a best region to produce wine in Argentina, but the climatic and soil differences in regions result in the same variety tasting differently. Mendoza province offers the best combination of climate, soil and logistics, making it the most important wine territory in Argentina.

The three northern provinces of La Rioja, Catamarca, and Salta cover about five percent of the wine grape planted area. The white Torrontes variety is mainly produced in this region. Another region that is gaining importance as a wine grape producer is composed of the valleys of Neuquen and Rio Negro, located in the Patagonia region of southern Argentina which covers about two percent of the planted area. The remaining one percent is shared by the provinces of Cordoba, La Pampa, Buenos Aires, Tucuman, San Luis, Chubut, and Entre Rios.

<b>Number of Vineyards and Area Planted to Vineyards by Province 2010 (*) (hectares)</b>				
<b>Province</b>	<b>Vineyards</b>		<b>Planted Area</b>	
	<b>Number</b>	<b>%</b>	<b>Hectares</b>	<b>%</b>
Mendoza	16,361	66.00	154,214.8	70.80
San Juan	5,229	21.10	47,227.5	21.70
La Rioja	1,233	5.00	7,066.7	3.20
Catamarca	1,159	4.70	2,539.2	1.20
Rio Negro	269	1.10	1,733.4	0.8
Salta	241	1.00	2,552.3	1.20
Neuquen	68	0.30	1,656.0	0.80
Cordoba	139	0.60	264.6	0.10
La Pampa	14	0.10	211.2	0.10
Buenos Aires	10	0.04	53.8	0.02
Tucuman	22	0.10	77.8	0.04
San Luis	4	0.00	84.0	0.04
Chubut	1	0.004	20.0	0.01
Entre Rios	9	0.04	23.6	0.01
Santiago del Estero	1	0.004	8.8	0.004
Misiones	7	0.028	5.3	0.002
Jujuy	13	0.05	11.1	0.005
<b>TOTAL</b>	<b>24,780</b>	<b>100.00</b>	<b>217,750.2</b>	<b>100.00</b>

Source: National Wine Institute (INV, [www.inv.gov.ar](http://www.inv.gov.ar))

(\*) Data based on end of 2011 harvest

<b>Area Planted to Vineyards by Use (ha)</b>				
	<b>1990 (*)</b>	<b>2000 (**)</b>	<b>2009 (***)</b>	<b>2010 (****)</b>
<b>Processing</b>	202,146	188,398	213,034	200,784
<b>Table grapes</b>	3,352	8,754	11,496	12,179
<b>Raisins</b>	4,166	3,483	3,850	3,749
<b>Other</b>	707	478	194	1,039
<b>Total</b>	<b>210,371</b>	<b>201,113</b>	<b>228,575</b>	<b>217,751</b>

Source: FAS Buenos Aires based on data from the National Wine Institute (INV, [www.inv.gov.ar](http://www.inv.gov.ar))

(\*) Fifth National Viticultural Census

(\*\*) Vineyard Registry Update (Resolution C 27/00)

(\*\*\*) Data based on end of 2010 harvest

(\*\*\*\*) Data based on end of 2011 harvest

Total area planted to wine grapes in Argentina totaled 217,751 hectares (ha) by July 2011. It decreased by about five percent, compared to the previous year, due to adjustments in official data as a result of improved measuring techniques. The red wine grape reigns supreme in Argentina with area planted more than doubling from 42,381 ha in 1990 to 102,777 ha in 2010. The white grape area, during the same period, decreased from 60,398 ha to 42,906 ha; and the rose grape area fell from 99,367 ha to 55,101 ha.

<b>Area Planted to Vineyards by Color of Grape Variety (ha)</b>			
<b>Color</b>	<b>2000 (*)</b>	<b>2009 (**)</b>	<b>2010 (***)</b>
<b>Red</b>	70,048	103,397	102,777
<b>White</b>	49,432	48,078	42,906
<b>Rose</b>	68,918	61,560	55,101
<b>Total</b>	<b>188,398</b>	<b>213,034</b>	<b>200,784</b>

Source: FAS Buenos Aires based on data from the National Wine Institute (INV, [www.inv.gov.ar](http://www.inv.gov.ar))

(\*) Vineyard Registry Update (Resolution C 27/00)

(\*\*) Data based on end of 2010 harvest

(\*\*\*) Data based on end of 2011 harvest

This trend is the result of the significant increase of domestic consumption and exports of red wine (especially the Malbec variety) in the past 20 years, while domestic consumption of white and rose varieties decreased.

Over the past 20 years, production of high-quality grape varieties increased significantly. In 2011, 56 percent of the grapes destined for wine production were high-quality grapes. Red grape varieties accounted for 38 percent of the total wine grapes processed; and white grape varieties, 18 percent.

In 2011, compared to 2010, Pinot Negro and Malbec were among the high-quality red grape varieties that increased most in volume, totaling 24 percent and 23 percent, respectively. Of the high-quality white grape varieties, Viognier and Sauvignonasse grew the most with 43 percent and 31 percent, respectively. Increases were also noted among the following varieties: Red - Cabernet Franc (20 percent), and Tannat (13 percent); White - Sauvignon (21 percent), Torrontes Riojano (19 percent) and Chardonnay (17 percent).

#### High Quality Red Grape Varieties – 2010 (\*)

Variety	MT	%
Malbec	300,141	27.82
Bonarda	269,508	24.98
Cabernet Sauvignon	139,278	12.91
Shiraz	173,380	16.07
Merlot	61,521	5.70
Tempranillo	76,811	7.12
Sangiovesse	22,160	2.05
Pinot Negro	17,674	1.64
Barbera	6,949	0.64
Cabernet Franc	4,276	0.40
Tannat	7,312	0.67
<b>TOTAL</b>	<b>1,079,010</b>	<b>100.00</b>

#### High Quality White Grape Varieties – 2010 (\*)

Variety	MT	%
Pedro Gimenez	182,152	36.09
Torrontes Riojano	131,075	25.97
Chardonnay	70,055	13.88
Chenin	37,280	7.39
Ugni Blanc	31,985	6.34
Sauvignon	26,883	5.33
Semillon	7676	1.52
Viognier	11,764	2.33
Sauvignonasse	5773	1.14
Pinot Blanco	137	0.03
<b>TOTAL</b>	<b>504,780</b>	<b>100.00</b>

Source: FAS Buenos Aires based on data from the National Wine Institute (INV, [www.inv.gov.ar](http://www.inv.gov.ar))

(\*) Data based on end of 2011 harvest

#### Grape Production

With normal weather conditions and new plantations entering production, replacing older plantations being removed, 2013 grape production is expected to rebound to 2011 levels at 2.86 MMT. Due to intemperate weather 2012 grape production is forecast to decrease to 2.2 MMT, compared to 2011. Hail storms primarily in the east of Mendoza and San Juan Provinces, and late frosts affected volume (grapes for basic wines and must to a larger extent) but not quality. Another factor which contributed to the decrease in grape production was high temperatures. Rose grapes were the most affected variety, followed by white and red grapes.

Grape production in 2011 increased to 2.89 MMT, compared to 2.6 MMT in 2010 hydric shortage and hailstorms in the main growing regions in both 2009 and 2010 reduced production.

In 2011, grapes devoted for wine production accounted for 97 percent (roughly 2.8 MMT) of total grape production; raisins, 2.25 percent (65,140 MT); and fresh table grapes, 0.61 percent (17,683 MT). Production of grapes that had high capability to produce good quality wine accounted for approximately 1.08 MMT (red varieties), and 504,779 MT (white varieties). Main red varieties were: Malbec, Bonarda, Shiraz, and Cabernet Sauvignon. Main white grape varieties were: Pedro Gimenez, Torrontes Riojano, and Chardonnay.

Type/Year	2009	2010	2011	2012	2013
<b>Red</b>	900	1,000	1,149	880	1,140
<b>White</b>	500	550	677	510	667
<b>Rose</b>	700	940	1,061	808	1,050
<b>Other</b>	100	110	3	2	3
<b>Total</b>	<b>2,200</b>	<b>2,600</b>	<b>2,890</b>	<b>2,200</b>	<b>2,860</b>

Source: FAS Buenos Aires based on data from the National Wine Institute (INV, [www.inv.gov.ar](http://www.inv.gov.ar)) and private sources

### Wine Production

Wine production in 2013 is estimated to return to 2011 levels at 1.53 billion liters as a result of larger grape production. Wine production in 2012 is projected to decrease to 1.3 billion liters, compared to the previous year, as a result of unfavorable weather conditions which affected the grape crop. Wine production in 2011 increased to 1.55 billion liters as grape production recuperated from previous poor harvests in 2010 and 2009.

Every year since 1994, the governments of the two main grape producing provinces in Argentina (Mendoza and San Juan, and this year La Rioja joined in) establish the volume of grapes which will be used for must (grape juice) production to mitigate the negative effects on the domestic and export market due to oversupply of raw material, to regulate price distortion, and also to protect smaller producers' interests. In 2012, 30 percent of the grape harvest will be devoted for must production (same as in 2011) but it may be reduced when final harvest estimates are completed.

Type/Year	2009	2010	2011	2012	2013
<b>Red</b>	730,000	750,000	960,000	804,000	950,000
<b>White</b>	464,000	600,000	535,000	450,000	527,000
<b>Rose</b>	16,000	30,000	52,000	43,400	50,000
<b>Other</b>	NA	20,000	3,000	2,600	3,000
<b>Total</b>	<b>1,210,000</b>	<b>1,400,000</b>	<b>1,550,000</b>	<b>1,300,000</b>	<b>1,530,000</b>

Source: FAS Buenos Aires based on data from the National Wine Institute (INV, [www.inv.gov.ar](http://www.inv.gov.ar)) and private sources

The largest challenges that the wine sector face in 2012 are high inflation, with the relatively stable value of the local currency vis-a-vis the dollar, and an increase in production costs, which will cause wineries lose competitiveness in export markets. In bottled wine, grapes account for 30-40 percent of production costs. Other inputs, such as bottles, corks, labels, labor, fuel, freight, etc. account for the balance, and the price increase is tied to inflation rates.

### Investment

According to private sources, land prices for vineyards reached a plateau by mid-2007. Foreign investors are still interested in buying vineyards but the political and economic restrictions are hampering the process.

During the past 6 years, there has been a rapidly growing trend towards the investment, primarily by foreigners, in "wine resorts", which are a combination of retreats and vineyards. The price of the best land in Mendoza for these types of operations, such as Valle de Uco, has increased in the past four years from about \$135,000/ha to \$180,000/ha.

For 2012, several investments have been announced by the local wine industry aimed at increasing the processing capacity and the grape supply through plantations owned by wineries. In addition, further investments will be made in the wine tourism sector through the incorporation of upscale lodging and restaurant facilities to wineries. However, the new Law on

Land Ownership has raised concern among foreign investors as it restricts the land owned by foreigners to a maximum of 1,000 hectares. (see Policy Section)

As a result of the GOA's decision to extend until 2013 a tax exemption to sparkling wine producers (see Policy Section below), it is estimated that new investments totaling about \$50 million will be made during 2012 and 2013 (in 2011 the sparkling wine sector invested around \$24 million).

### **Consumption:**

Domestic consumption for 2012 is forecast to remain stable at 980 million liters, compared to the previous year. As a result of high inflation rates, wine retail prices increased substantially preventing an increase in consumption. According to INV official data, in 2011, consumption increased marginally as a result of an increase in consumption of medium-priced wines after the development of promotional campaigns throughout the country. Per capita wine annual consumption is estimated between 25-28 liters.

Given the current international economic scenario and somewhat sluggish export market, local wineries are focusing on the local domestic wine market, causing increased competition, oversupply of some variety wines, and saturation in some price ranges.

Wine consumption in Argentina had been falling at an annual rate of between 1 and 2 liters per person per year during the 20 years prior to 2006, when the downward trend changed. According to industry sources, marketing promotional campaigns carried out by wine associations began to pay off and wine consumption started to move up. Also, the success of Argentine wines in many high-value international markets has echoed in the domestic market where, during the past few years, a lot of specialty wine stores have opened in larger Argentine cities.

Currently, there are 973 wineries and 4,000 labels in Argentina. The ten largest wineries account for 70 percent of the market and, in the sparkling wine subsector, the concentration is even larger. According to a market research carried out by The Nielsen Company, the wine segments which have shown the best performance in the domestic market in 2011 were red wines of less than \$3 and between \$17 and \$29 per bottle. In addition, the study stated that about 84 percent of the wine sold in Argentina is red wine, 15 percent is white wine, and the balance is rose wine.

Wine distribution channels in Argentina are as follows: hyper and supermarkets, which have about 20 percent market share; wholesalers and self-service stores (25-30 percent); the HRI (hotels, restaurants, and institutions) sector (30 percent); and wine stores, the balance.

### **Trade:**

The volume of Argentine wine exports is expected to continue to rise, however somewhat at a slower pace in 2012 and 2013 to 340 million liters and 360 million liters, respectively. World consumption is not expanding significantly, and competition by the main international wine producers, such as Australia, France, the U.S., Portugal, South Africa, and Italy, is strong. Wine exports in 2011 increased to 317 million liters, up 38 million liters, as a result of larger production and successful promotional campaigns in export markets, reaching record high levels both in volume and value.

The U.S. and Canada will continue to be the largest export markets for Argentine high-quality wine with a favorable price-quality relationship in those markets. In 2011, the Malbec variety accounted for 45 percent of the total exports of bottled wine (compared to 40 percent in 2010). Also, the Malbec and Torrontes varieties, which have become Argentina's signature wines, are expected to continue to expand their market in the U.S. According to the Global Trade Atlas, in 2011, exports to the U.S. totaled about 136.6 million liters and were valued at \$321 million (compared to 80.4 million liters and \$223 million the previous calendar year), and exports to Canada reached around 23.7 million liters and were valued at \$85 million. Argentine wines are positioned very well in the \$10-\$20-bottle segment of the U.S. market, and wineries have been actively promoting wines of Argentine labels with excellent results. Several wine labels have received high marks in prestigious U.S. specialized magazines, which contributed to promoting Argentine wines.

In addition to the North America market, Brazil is becoming a significant export market for Argentine bottled wines given the relative high value of the Brazilian real compared to the Argentine peso, the country's economic growth, and the

expansion of the Brazilian middle class with increasing purchasing power. In 2011, Brazil became the third largest export market for local wines in value, replacing the U.K., and the fourth largest market in volume.

In 2011, China became the 6<sup>th</sup> largest export market for Argentine wines, from being 18<sup>th</sup> two years earlier. One hundred and thirty local wineries sold wine to China in 2011 compared to 76 wineries in 2009. As opposed to other export markets, China does not import large quantities of Malbec but Cabernet Sauvignon and blends.

In 2011, Argentina exported over 2,300 brands to more than 100 countries. The twenty largest exporters accounted for about 30 percent of total exports, showing the low concentration of the wine sector although there is a growing trend towards greater concentration.

Higher production costs reduced competitiveness of inexpensive local wines in international markets forcing wineries to focus on exports of premium brands. While the price range lower than \$18/ case decreased by 46 percent, the price range higher than \$90/ case increased by 43 percent.

<b>Total Wine Exports</b>					
<b>Year</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Volume (1,000 liters)</b>	294,500	279,123	316,642	340,000	360,000
<b>Value (million \$)</b>	637	742	846	920	990

Source: FAS Buenos Aires based on Global Trade Atlas data

Argentina's primary wine export destinations in 2011 are illustrated below:

<b>Country</b>	<b>Volume (million liters)</b>	<b>Country</b>	<b>Value (million \$)</b>
U.S.	136.6	U.S.	321
Canada	23.7	Canada	85
Paraguay	19.3	Brazil	68
Brazil	18.6	U.K.	47
U.K.	15.3	Netherlands	38
Netherlands	11.9	Paraguay	23
Russia	10.7	Japan	21
Japan	9.1	China	16
Peru	5.7	Sweden	16
Denmark	5.4	Mexico	16

Source: FAS Buenos Aires based on Global Trade Atlas

Argentine wine imports continue to be small. Although they increased significantly from 12.2 million liters in 2009 to 35.5 million liters in 2010, imports declined significantly, to 8.3 million liters in 2011 due to government import restrictions. In 2011, Chile accounted for 87 percent of total wine imports. Other countries of origin, which supplied high-quality wines, were: Spain (with a market share of 6 percent), Belgium and France (about 1 percent each), among others. Even during times when the Argentine import market was open, the U.S. share was small due price sensitiveness and lack of marketing campaigns promoting the virtues of U.S. wine. Given those restraints and the current government import restrictions, the outlook for U.S. wine in Argentina in the mid-term is dim.

<b>Wine Import Tariff and Export Taxes (HS 2204)</b>		<b>%</b>
<b>Import Tariff</b>	<b>Outside Mercosur Area</b>	20
<b>Statistical tax</b>		0.5
<b>Export tax</b>		5
<b>Export Rebate</b>		6

Source: National Wine Institute (INV, [www.inv.org.ar](http://www.inv.org.ar))

Prices

The average wine FOB price in 2011 was \$2.74/liter, compared to \$2.66/liter in 2010 due to higher costs, mainly transportation and labor. These higher costs translated into increase retail prices of between 15 and 50 percent. Lower quality, inexpensive wines have had the most difficulty in absorbing the increased costs. Retail prices of most wines range from \$5 to over \$90. Prices of exclusive wines of limited production vary from \$180 to \$500.

### **Stocks:**

In 2011, wine stocks recovered as a result of an increase in grape production, compared with the two previous grape harvests. Due to reduced grape production in 2009 and 2010, wine stocks (especially red wines) were very limited and wineries were forced to import table wine, primarily from Chile.

### **Policy:**

#### Policy and Government Support

The government of Argentina has focused on supporting small scale wine grape producers and promoting increased production of sparkling wine. However at the same time policies that restrict imports and land ownership have the potential of dampening further investment and growth in the sector.

In February 2012, the Ministry of Agriculture, Livestock and Fisheries supplied equipment to about 230 small wine producers from Mendoza and San Juan, valued at over \$1.1 million. The goal of this financial assistance was to improve the competitiveness of small producers.

In June 2010, the Government of Argentina (GOA) established a \$14 million support fund for the wine sector. The fund is financed with 50 percent of the five-percent export tax paid for wine and is reimbursed to the sector to promote the development of cooperatives of small and medium-sized producers and processors. It benefits about 5,000 producers who own less than 20 hectares. The fund has several objectives such as the implementation of integrated plans of businesses within the wine sector and the support and promotion of new technologies that contribute to the value added of the wine production chain.

In addition, wine producers who own up to 20 hectares planted to vineyards benefit by an on-going \$50 million loan from the Inter American Development Bank (IDB). They do not receive financial assistance individually but are required to form integrated business program groups. The ultimate goal of the program is to assist these 60 groups which represent 1,800 primary producers and 60 of the leading wineries. Production by these groups totals about 10,000 planted hectares.

In order to promote investments within an emerging wine subsector, the GOA also decided to extend for one more year (until 2013) a tax exemption originally implemented in 2005, which benefits over 100 sparkling wine producers. Producers are exempted from paying a 12.5 percent sales tax and, in return, they must commit to invest 25 percent over the amount of the tax savings. According to INV official data, in 2011, production of sparkling wines totaled 35 million liters, of which 31 million liters were sold in the domestic market, and 4 million liters were exported.

Through an agreement signed between the Ministry of Agriculture, Livestock, and Fisheries, the Argentine Wine Corporation, and the Argentine Nation Bank, a subsidized financing system was created to assist small and medium-sized wineries which are committed to an IDB program that integrates wine and grape producers. This \$25-million fund is oriented towards the renewal and incorporation of technology and infrastructure, and improvements in the quality standards of wine making.

At the end of 2011, Argentina passed a land tenure law limiting land ownership by foreigners. The "Land law", which was published in the Official Bulletin on February 29, 2012, limits foreign owners to 1,000 hectares of land, and caps at 15 percent the total productive agriculture area that can be owned by foreigners. The law is not retroactive, such that land already owned by foreigners is not affected. While much of the Argentine wine sector's rise over the past decades was financed by international investment the effect of this law on future wine investments is unknown at this time.

The Argentine wine sector is also concerned about the numerous trade restrictions and requirements affecting imports which have been instituted by the Argentine government. These policies hamper producers in acquiring needed production and processing inputs. Some of these policies have resulted in some new non-traditional players in the wine export market. A

policy introduced in late 2010, requires importers to buy local products or commodities at the same value of what they are importing, and then export them. A number of foreign car companies have become wine exporters over the past year.

Other measures require preapproval for imports weeks before beginning the importation process. Additional obstacles include the imposition of strict limits on foreign exchange transactions and restrictions against the payment of dividends and repatriation of profits, more widespread usage of non-automatic import licenses, and difficulties in obtaining certificates of country-of-origin for products to be imported. While part of the goal of these regulations is to protect Argentine industries, another motive is a desire to increase Central Bank dollar reserves.

## **Marketing:**

At the end of 2004, the Argentine wine sector; including the government, the industry, and producers created the Wine Strategic Plan with the ultimate objective of positioning Argentina among the leading wine producing countries in both the export and domestic market. The goal is that, by the year 2020, Argentine wine exports will be valued at \$2 billion, and will have a world market share of 10 percent (currently, only 5 percent). So far, the Plan has been very successful in positioning Argentina as the eight largest wine producer in the world.

The primary goals of the Wine Strategic Plan are as follows:

- better position Argentine high-quality wines in the Northern Hemisphere markets,
- develop the Latin American wine market and promote wine consumption in the domestic market, and
- support the development of small grape producers, and incorporate them into the wine business.

In October 2010, the President of Argentina proclaimed wine as the “National Beverage” by official decree. Although wineries and grape producers did not expect that this measure would impact directly on an increase of wine exports or domestic consumption, they considered it an acknowledgement of the joint effort made by both the public and private sector towards the expansion of the local tradition of wine production and consumption.

In 2010, in continuation with its market promotion policy “ProMendoza”, the Government of Mendoza opened an office in Shanghai. In a press release they tout the location as highly strategic, since it is close to the Waigaoqiao Free Trade Zone, which is the port of entry for 90 percent of total wine sales in China.

The Argentine wine export association, Wines of Argentina, represents more than 90 percent of the wineries that have a presence in international markets. In 2007, they hired a consulting company to do research on the best way to promote Argentine Wines. The market study concluded that Argentina should use symbols that foreigners recognize when they hear the word “Argentina”. Among them, tango and “Latin passion” are the most widely mentioned in the study. In addition, Wines of Argentina hired Gustavo Santaolalla, an Argentine musician who is known in Hollywood, and named him as the “Wine Ambassador of Argentina” in order to promote Argentine wine in the United States and the rest of the world. Through the organization of various promotional activities in 36 countries and over 72 cities throughout the world, Wines of Argentina continues to actively promote local high-quality wines with excellent sales results. At the beginning of January 2012, they inaugurated an office in Beijing to initially focus on the Chinese market and, from there, on other Asian markets.

## **Author Defined:**

[www.inv.gov.ar](http://www.inv.gov.ar) (Instituto Nacional de Vitivinicultura)

[www.bodegasdeargentina.org](http://www.bodegasdeargentina.org) (Bodegas de Argentina)

[www.idr.org.ar](http://www.idr.org.ar) (Instituto de Desarrollo Rural de Mendoza)

[www.fondovitivinicola.com.ar](http://www.fondovitivinicola.com.ar) (Fondo Vitivinicola de Mendoza)

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