

## **PERSPECTIVES OF GEORGIAN WINE EXPORT ON THE GLOBAL MARKET**

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Using international experience for the development of the national economy is of great importance in the era of globalization. Global wine market is quite large. The present paper discusses the pressing issues related to export of Georgian wine. On its part, the global wine market is one of the fastest growing markets; therefore, Georgian companies strive to achieve success on the global market. The paper provides the conclusion regarding the significance of Georgian wine export for socio-economic life of the country.

Georgia is one of the post-soviet countries on the way leading to market relations. The country has successfully implemented a number of socio-economic reforms and is strongly following the path of democracy and integration into the world economy. Currently, the main direction of foreign economic relations of the country is to get closer to the European Union and deepen trade and economic relations [1, 2, 3, 4].

Georgia is actively trying to promote growth of export, especially, of wine export. On its part, the growth of wine export will result in the growth of revenues and increase the importance of the sector.

More active attempts are needed for increasing the export of Georgian wine to the EU countries, the US, China and other markets.

Vine and wine are an integral part of social and cultural life in Georgia and they have been a tool of wellbeing for many centuries [5, p. 5]. It is widely acknowledged that Georgian wine is one of the oldest around the world. The earliest remains found so far indicate the development of viticulture and production of wine and therefore, the existence of wine culture in Georgia about 8 thousand years ago. Due to this, Georgia is granted the status of the motherland of wine. This factor can play a major role in promoting Georgian wine and its export.

Georgia accounts for 0.5 % of total wine export. According to the data provided by Geostat, the value of wine exported in 2017 amounted to 171.4 million USD (58400 tonnes), which is 51 % higher compared with the previous year [6]. In 2016 the corresponding figure amounted to 113.5 million US dollars (37636 tonnes). (For the comparison, in 2014 export of wine amounted to 180.4 million US dollars and in 2015 – 95.6 million US dollars). The main export markets for Georgian wine are Russia, China, Ukraine, Kazakhstan, Poland and others. In our opinion, the dependence on Russian market is one of the main problems and challenges.

It is essential to diversify markets for the export of Georgian wine and enter different existing and growing markets around the world.

Wine is the fourth largest export products in Georgia; however, considering the re-export, it is the second largest export product after ferroalloys. There are more than 300 companies operating

in wine sector, including both large and small and medium enterprises. In 2017 Georgia took the 20<sup>th</sup> position by wine export (171.4 million US dollars) and the country has the potential to improve its position and show better results than the countries currently ahead, like Lithuania, Austria and Latvia.

In addition, Georgian wine companies should try hard to use free trade agreements of Georgia with different countries (EU, China, EFTA, Turkey) for increasing export of wine. It will be helpful for Georgian wine companies to actively participate in international exhibitions and fairs.

Georgia has good perspectives to increase export of wine to the EU, the US, China and other markets. The growth of export of Georgian wine to the developed markets will be helpful for the companies to overcome technological backwardness and for enhancing competitiveness of Georgian economy. On its part, the growth of export of Georgian wine will result in solving a number of socio-economic problems.

In terms of current globalization processes, competition provides major challenges for this sector. Georgian companies should pay great attention to the quality of the product. It is essential to improve the export potential of Georgia on international markets.

In the global environment, where there is a multi-year-long history of wine production and, therefore, there are such famous wine exporting countries like France, Italy, Spain, Australia, Chile and others, it is quite hard to compete with the existing strong competitors regardless the status of the motherland of wine. It is desirable to study the world leading countries and companies in wine production sector and use their experience.

Quality management should be improved, high-tech production should be introduced and high quality product should be created, which will be able to present itself with dignity.

The government, together with the private sector, should pay more attention to and take measures for creating attractive business environment and attracting investments in this sector, which will promote technological development of wine production.

It is desirable to promote the growth of export potential of Georgian wine, especially on the EU market. In addition, it is desired to control and certify the quality of Georgian wine production; promote and popularize Georgian wine in international markets especially in new market and increasing its awareness; carry out research and promotion of Georgian vine and wine culture.

Georgian people started to make wine in qvevri 8 thousand years ago and this tradition is still maintained. The Georgian traditional method of qvevri wine-making was granted the status of intangible cultural heritage by UNESCO in 2013. This indicates the uniqueness of this method and is a message to the whole world that wine is integral part of ancient Georgian culture. This recognition is very important for raising awareness of the Qvevri wine and will promote the popularization of Georgian wine around the world. [7] Qvevri wine is produced by many companies in Georgia and it is exported to various countries. We believe that Georgian Qvevri wine has great perspectives.

Preparation of highly qualified personnel in wine industry will help to develop winemaking industry and increase export of wine.

It is desirable for the farmers owning small land plots to create cooperatives or other forms of cooperative organizations, so that they are able to get more benefit due to economies of scale and achieve better integration in different markets. Grape productivity in Georgia is much smaller not only compared with the countries using developed technologies, but with the developing countries as well. The main challenges in the sector are as follows: wine quality, dependence on the Russian market, falsification, low yield, high interest rates, etc.

In conclusion, the growth of export of Georgian wine and active efforts in this direction has been visible in recent years. Proper economic reforms provide possibility for Georgia to increase the export of wine around the world and to become one of the top players in the global wine market.

## References

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