



## **National Wine Agency**

### **Report**

**2020**

### **Introduction**

The main direction of LEPL National Wine Agency activities is to promote development of viticulture and winemaking industry in Georgia. To achieve this goal, the National Wine Agency implements the following programs:

- Development of viticulture;
- Promotion of Georgian wine;
- Vintage promotion activities;
- Research and popularization of Georgian vine culture;
- Development of the system of designations of origins of Georgian wine;
- Laboratory research of wine.

In 2020, the COVID-19 pandemic had a significant impact on the wine industry. Reduced exports to international markets and the downturn in the domestic tourist season have posed new challenges for the industry. Despite the difficult epidemiologic situation in the country, the LEPL National Wine Agency did not delay the technical and technological procedures

required for wine exports, marketing activities in the international strategic markets of Georgian wine were replaced by remote and online formats, vintage was organized and wine quality monitoring activities continued.

Despite all the challenges, Georgia is one of the countries that has successfully coped with the challenges in the viticulture and winemaking sector in 2020.

In addition, 2020 was important for the viticulture and winemaking sector of Georgia in several areas:

- **Another international recognition of Georgian wine**



In 2020, one of the main successes in the wine industry was the addition of Georgian technology wine to the list of special wines of the International Organization of Vine and Wine (OIV).

The General Assembly of the OIV decided to include the wines made by Georgian technology - "Wines made on drags (Chacha) through long maceration" in the list of OIV special wines on November 26, 2020.

So far, only 7 wines had been included in the OIV list of special wines: sparkling wines, carbonated wines, fortified wines, liqueur wines, sweet wines with residual sugar derived from grapes, 'icewine', flor, or film wines. The wine fermented on dregs through long maceration has become the 8th wine on the list.

OIV accepted Georgia's proposal in 2017. Before making the final decision, the OIV workgroup used to examine the issue on annual basis.

The corresponding information will be included in the International Code of Oenology Practice. Customers and the jury members at contests will be updated on special characteristics of wines of this category.

- **Vintage 2020**



During the COVID-19 pandemic, one of the biggest challenges was the smooth running of the vintage 2020 and the accommodation of the excessive grape harvest. In addition, the main goal of the state was to maintain the positive dynamics of stable development of the wine industry in recent years.

The vintage coordination HQ was opened in Telavi on August 25. Against the background of the existing challenges, by the decision of the Government of Georgia, the vintage 2020 was subsidized.

The wine company, which purchased and processed at least 1000 tons of Rkatsiteli or Kakhetian green grapes grown in Kakheti region, was subject to the subsidy. In addition, he paid at least 0.80 GEL to the grape deliverer for 1 kg of grapes purchased. When purchasing 1 kg of grapes, subsidies were issued to wine companies: for 1 kg Rkatsiteli and 1 kg Kakhetian greens - 0.30 GEL.

Thus, thousands of viticulturists were given the opportunity to sell 1 kg of Rkatsiteli for 80 tetri. Without the state subsidy, due to the market demand, farmers would have had to sell 1 kg of Rkatsiteli for 50 tetri, which could not cover even the cost price.

In addition, state-owned factories purchased surplus grapes from growers that were not in demand by the private sector. Without this support, up to 10 thousand growers would not be able to sell up to 94 thousand tons of grapes.

As a result of state support, it became possible to fully accommodate the record grape harvest of the past 30 years - up to 284 thousand tons. Up to 25 thousand grape growers delivered the grapes to the wineries. They received more than 310 million GEL in revenue.

More than 300 large, small and medium-sized wineries were involved in the grape processing process.

During the current vintage in the Racha-Lechkhumi region, where the vintage coordination HQ was also opened in the town of Ambrolauri, ampelographers monitored the grapes at all grape receiving points to ensure the varietal accuracy and quality of the Khvanchkara PDO. In addition, special block posts were arranged at the entrances of the region to prevent grapes from being imported from other municipalities and mixing in Mujuretuli/Aleksandrouli. In Ambrolauri municipality, 20 grape delivery points were opened at various locations, which enabled the population to deliver their harvest in a timely and smooth manner. Up to 1400 tons of different grapes were processed in Lechkhumi.

During vintage 2020, there was processed: • 175 thousand tons of Rkatsiteli; • 80 thousand tons of Saperavi; • 5 thousand tons of Kakhetian green; • 2400 tons of Aleksandrouli and Mujuretuli; The rest of different varieties of grapes.

It should be mentioned that in 2020, during the vintage period, the National Wine Agency employed students living in the Kakheti region as operators in wineries.

- 120 students were selected as a result of interviews conducted in educational institutions of different municipalities in Kakheti. For the selected candidates, the vintage accounting program trainings were conducted by the relevant specialists of the Ministry of Environmental Protection and Agriculture at the Vintage Coordination Headquarters. The vintage accounting program has been operating in the country since 2013. The program provides complete information and accurate data on delivered grapes. This program contributes to the transparency of the grape delivery process,

which is important for the production of high-quality wine. Part of the selected young people had similar work experience from the vintages of previous years.

- **Promotion of Georgian Wine**



In order to enhance the export potential of Georgian wine in the international strategic markets, in the background of the global pandemic, marketing activities continued in a remote format, using online tastings and various online platforms. Advertisements on online wine retail

websites and applications, TV and radio stations have been activated, Georgian wine promotion pages have been created on various social media, etc.

It should be noted the "Small Cellars Assistance Program", under which up to 1,500 bottles of wine produced by tens of small cellars affected by the pandemic were transported to various countries around the world.

As a result of these activities, the growth trend of Georgian wine exports to strategic markets (USA, Poland, Great Britain) is maintained.

In 2020, 42 tastings / seminars were held in the strategic markets of Georgian wine, both online and in direct format.

Among the events held in 2020 the following activities are worth mentioning:

#### **Visit of Monaco Sommeliers**

In the second half of January, members of the Monaco Sommelier Association visited Georgia. The group included chef-sommeliers of the best restaurants in Monaco, which is very important for the promotion of Georgian wine in the Monaco wine market. During the visit,

the sommeliers got acquainted with Georgian wine in about 10 wine cellars in Kartli and Kakheti. The guests from Monaco were accompanied by a 7-member group of journalists. The group of wine professionals was led by Ilia Kakhoidze, a Georgian oenologist living in France and a promoter of Georgian wine, who was elected as a member of honor in the Monaco Sommelier Association last fall.

### **“VinExpo Paris 2020”**



Georgian wine companies participated in the VinExpo Paris International Wine and Spirits Exhibition held in the French capital Paris on February 10-12. Presenting Georgian wine at such exhibitions is crucial for finding new trade partners and diversifying markets. Within the

framework of the exhibition, a Georgian wine master class was held for wine professionals by the famous British wine writer Andrew Jefford. The above-mentioned master class was organized by the National Wine Agency and the Association "Georgian Wine".

### **Vinexpo New York 2020**

Georgian wine companies participated in the Vinexpo New York International Wine and Spirits Exhibition held in New York on March 2-3. With the support of the National Wine Agency, 12 companies from Georgia have been given the opportunity to present their products on the world's largest wine market, which is an important precondition for attracting new trading partners and increasing exports. Within the framework of the exhibition, the National Wine Agency contractor American marketing company "Mark Energy" organized Georgian wine tasting for wine professionals, representatives of the wine business and media. The

exhibition was attended by the Chair of the National Wine Agency Levan Mekhuzla, who met with representatives of the wine industry

### **The fourth Qvevri wine competition**

On July 10, the fourth international Qvevri wine competition was held. The aim of the competition is to present the best Qvevri wines, to promote the production and sale of Qvevri wines.

Giorgi Dakishvili, Honored Winemaker of Georgia, was the chair of the jury of the competition.

The winning wines will be sent to online tastings in various European countries, which is especially important in the background of the difficulties caused by the pandemic in the wine industry.

The competition was organized by the Association “Georgian Wine” with the support of the National Wine Agency.

This year, 460 wine samples were represented to the competition, which is 3 times more than the number of wines at the first competition. This indicates the great interest of the winemakers in the competition.

### **The third Georgian Wine Forum in the USA**

On November 11, the Georgian Wine Forum was organized by the National Wine Agency and the US-Georgia Business Council for the third time, this time online.

The Minister of Environmental Protection and Agriculture, Levan Davitashvili participated in the forum remotely. The Minister participated in a scientific webinar held within the framework of the Georgian Wine Forum, which was dedicated to the 8000-year history of Georgian wine and the unique culture of winemaking. In parallel with the history, genetics

and traditions of Georgian wine, the participants discussed the current situation in the Georgian wine industry, the contribution of the sector to the development of the country's economy, its potential and prospects, as well as Georgian wine marketing strategy in the United States before and in the background of the World Pandemic.

Georgian Wine Forum is initiated by the America-Georgia Business Council. The first forum, in 2018, was hosted by Washington, and last year Harvard University, Boston.

### Export of wine and spirits



In 2020, up to 92.4 million bottles (0.75 l) of wine were exported from Georgia to 60 countries around the world, which is 1% less than in 2019. The value of exported wine reaches 216.5 million US dollars, which is 9% less than the same data for 2019.

Exports increased to Georgian wine strategic markets: Poland - 27% (5226366 bottles), USA - 34% (911931 bottles) and UK - 154% (428796 bottles). Due to the global coronavirus pandemic, there is a decrease in the Chinese market, where 4605768 bottles were exported (a decrease of 35%).

The growth is also significant in the following countries: Ukraine - 4% (10660884 bottles), Belarus - 32% (3677769 bottles), Latvia - 7% (1598455 bottles), Germany - 4% (697697 bottles), Canada 16% (188286 bottles), Azerbaijan - 32% (183164 bottles), France - 22% (183164 bottles), South Korea - 353% (89394 bottles), etc.

In 2019, 376 companies exported different amount of wine.

In addition, 32.7 million bottles (0.5 l) of the brandy were exported, which is 4% more than the same period in 2019. Revenue from brandy exports amounted to \$ 66 million (down 3%).



428 thousand bottles (0.5 l) of chacha were exported, the decrease of export made 31%. Revenue from chacha exports reached \$ 1.2 million (down 31%).

The largest number of PDO (Protected Designation of Origin) is exported "Kindzmarauli" - 18676195 bottles, followed by "Tsinandali" - 4458503 bottles, "Mukuzani" - 4140627 bottles, "Akhasheni" - 1344052 bottles, "Khvanchkara" - 987530 bottles "Tvishi"-254736 bottles, "Kvareli" - 120318 bottles, "Napareuli" - 100695 bottles, etc.

Wine, brandy, Chacha, brandy spirit and brand on tap exports total revenues reached \$ 336 million, decrease by 5% from the same period last year.

### Quality Control of Georgian wine



In order to produce wine competitive with local and international markets, the following technical regulations were amended in 2020: "On the definition of General Rules for the Production of Wine and the List of Permitted Processes, Materials and Substances" and " On definition of General Rules for the

Production of Grape Alcoholic Beverages and Permitted Processes, Materials and Substances".

These changes are intended to determine the ratio of different parameters and are important to detect possible falsifications. The determination of the carbon stable isotope ratio parameter is of particular importance.

The changes in the technical regulations for 2020 also include the determination of the ratio of glucose and fructose in the composition of grapes in the process of alcoholic fermentation. This determines whether the semi-sweet wines of the PDO are naturally or synthetically

sweetened. The sucrose content in semi-dry, semi-sweet and sweet wines is also important, as it determines whether a syrup made from sugar (sucrose) was used to synthetically sweeten the wine or not.

### **Inspection control**

In order to control the quality of wine and spirits, the National Wine Agency has inspected export products from 210 companies since the beginning of the year, from which 450 samples were taken. The certificate was denied in 12 cases. State supervision and state control was carried out in 50 companies, from which up to 2000 samples were taken.

### **Certification**

A total of 10,248 applications were submitted for certification for export documentation. Based on the submitted applications, various documents were issued:

VI-1 certificate / for EU countries / - 7 105 pieces; Certificate of Conformance - 8 855 pieces; A total of 15,960 certificates issued to various alcoholic beverage companies by the National Wine Agency Certification Division.

### **Program for promoting the development of the Georgian PDO system and the protection of Georgian wine designations**

In 2020, four wines were added to the PDO wines registered in Georgia: "Salkhino Ojaleshi", "Akhmeta", "Tsarapi" and "Akhoebi". This fact indicates the diversity and uniqueness of Georgian wine and is especially important in terms of its promotion, awareness and growth of export potential.

At this stage, 24 PDOs are registered at the Georgian National Intellectual Property Center "Sakpatenti": "Kindzmarauli", "Manavi", "Kakheti", "Napareuli", "Teliani", "Mukuzani", "Tsinandali", "Akhasheni", "Gurjaani", "Khvanchkara", "Ateni", "Sviri", "Vazisubani",

"Kardenakhi", "Tibaani", "Tvishi", "Kvareli", "Kotekhi", "Khashmi Saperavi", "Bolnisi", "Salkhino Ojaleshi", "Akhmeta", "Tsarapi" and "Akhoebi".



LEPL National Wine Agency will continue to work in 2021 to add new wines to the list of PDO within the framework of the Program

for promoting the development of the Georgian PDO system and the protection of Georgian wine designations.

### **Vineyard Cadaster Program**

In 2020, the following works were carried out within the framework of the "Viticulture Development Measures" sub-program:

- Tender documents were prepared on the collection of cadastral information of the declared vineyards in Signaghi, Dedoplis-Tskaro, Lagodekhi and Sagarejo municipalities.
- The vineyard cadaster database was constantly updated with information about the vineyards in Kvareli and Gurjaani municipalities.
- The 2020 vintage was carried out based on the updated database of Georgian vineyards, in Kindzmarauli, Kvareli, Mukuzani and Akhasheni areas of origin in Gurjaani and Kvareli municipalities, which includes a total of 16.5 thousand hectares of vineyards.
- The database used for the cadaster was updated and the information was upgraded in the format of contacts with Abaco experts and viticulturists.

- In collaboration with Martin von Wyss, Georgia's viticulture zones and wine regions of PDO were placed on an interactive map of the World Wine Regions available at: <https://worldwineregions.com>.

### *The first regional representation of the Agency*

Representation of the National Wine Agency was opened in Telavi. Kakheti Service staff will provide the necessary consultations to viticulturists and winemakers; This will facilitate communication between the agency and wine companies, the majority of which are located in the Kakheti region. It has become possible to receive services in the city of Telavi within the framework of the current viticulture cadaster program in Kakheti region. Kakheti Service center of the National Wine Agency ensures constant updating and improvement of the vineyard cadaster data.

### **Research on Georgian vine and wine culture**

In the reporting year, a manuscript of the article entitled "Vine and Wine Culture in Georgia: A Scientific Project of the National Wine Agency" was drafted. This article was submitted to the National Agency for Cultural Heritage Preservation for publication in a collection dedicated to Mtskheta; An article entitled "Krikina Vine in Georgia" was prepared and published in the magazine "Wildlife" (December issue); Archaeobotanical analysis of vines obtained during the historical excavations in Rustavi was carried out by Laurent Bubb (University of Montpellier, France), the following Scientific article was published: Bouby L., Wales N., Jalabadze M., Rusishvili N., Bonhomme V., Ramos-Madrigal J., Evin A., Ivorra S., Lacombe T., Pagnoux C., Boaretto E., Gilbert MTP, Bacilieri R., Lordkipanidze D., Maghradze D. 2020. Tracing the history of grapevine cultivation in Georgia by combining geometric morphometric and ancient DNA. *Vegetation History and Archaeology*. First publication 20.10.2020. 16p.4

The activities carried out by the National Wine Agency are actively covered in print, electronic, social and television media

(<http://wine.gov.ge/>,

<https://www.facebook.com/Wines.of.Georgia/>,

<https://www.facebook.com/nationalwineagency/>,

[https://twitter.com/Georgian\\_wine](https://twitter.com/Georgian_wine),

<https://www.youtube.com/channel/UC0CPwXo8f7-QA329kmicFwQ>)