



National Wine Agency

Report

2021

First quarter

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 works in the following directions:

- ❖ 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.

Main events of the first quarter of 2021 are the following:

Grapes quality control

In order to improve the quality of Georgian wine, grape quality control will be tightened within the vintage 2021. The sugar content of the grapes to be delivered, which is determined by the relevant normative documents, defines the quality of the grapes, which is further reflected in its market value. In addition, control will be exercised over the PDO (protected designations of Origin) on the productivity limits determined by the specifications.

It is important that information on scheduled events should be delivered to farmers in a timely manner. The information-consulting services of the Ministry of Environmental Protection and Agriculture of Georgia together with the representatives of the National Wine Agency has held meetings with the representatives of local government and farmers in each village of 8 municipalities in Kakheti region.

Promotion of Georgian wine

Despite the challenges caused by pandemic, the National Wine Agency will continue to promote Georgian wine in 2021.

Georgian wine strategic markets for 2021 remains the following: The United States, Poland, UK, China, Japan, Germany and the Baltic countries. During the reporting period, negotiations were held with the contracting organizations of the National Wine Agency in the above-mentioned markets, contracts were signed with them, an annual action plan and key strategic directions were formulated. This marketing strategy is adapted to the challenges of the world wine market: special emphasis will be placed on access to online sales, social and media activities, support for importers and distributors, advertising campaigns will be activated in digital media; In addition, in case of stabilization of the epidemic, wine professionals' visits will be planned to Georgia, face-to-face tasting of Georgian wine / seminars, competitions, will be held, Georgian wine will be presented at international festivals.

Among the events of the first quarter, the online forum on March 30 on the growth of Georgian wine exports to the United States is noteworthy. During the forum, the growth trends of Georgian wine exports to America and the prospects for the next decade were the main subjects of discussion. Levan Mekhuzla, Chairman of the National Wine Agency, participated in the forum, which was

initiated by the US-Georgia Business Council, remotely. The United States is a strategic market for Georgian wine. According to the American Association of Wine Economists (AAWE), in 2020, the total rate of wine imports to the US, compared to 2019, decreased by 9.4%. Even under these conditions, the value of imported Georgian wine in 2020 increased by 21.4% and reached \$ 3.93 million. The US market is one of the most expensive segments for Georgian wine, where the price of one liter of Georgian wine exceeds 6 USD. Georgian wine exports to the US market have been growing steadily for the past 6 years. In 2020, wine exports from Georgia to the United States reached 1 million bottles.

Export of wine and spirits

In the first quarter of 2021, up to 19 million bottles (0.75 l) of wine were exported from Georgia to 52 countries around the world, which is 2% more than the same data of 2020. The value of exported wine reaches \$ 44 million, which is 5% less than the same period last year.

Exports increased to strategic markets of Georgian wine: China - 29% (959040), Lietuva - 38% (245940 bottles), USA - 3% (237 bottles 878), Estonia - 22% (161956 bottles), Japan - 11% (51346 bottles) and UK - 2% (117118 bottles). The growth is also significant in the following countries: Canada - 31% (67770 bottles), Kazakhstan - 57% (793114 bottles), Israel - 56% (131626 bottles), Azerbaijan - 66% (87449 bottles), Turkey - 115% (30930 bottles) and etc.

During the reporting period, 205 companies exported different amount of wine.

In addition, 7.4 million bottles (0.5 l) of brandy was exported, which is 18% more than in 2020. Revenues from brandy exports reached \$ 14 million (up 9%). 111 thousand bottles (0.5 l) of Chacha was exported, the decrease of export amounted 18%. Revenues from Chacha exports reached 293 thousand US dollars (a decrease of 11%).

Total exports of wine, brandy, Chacha, brandy alcohol and brandy on tap earned \$ 73 million, which is 4% more than the same period last year.

Wine Quality Control

Inspection control

In order to control the quality of wine and spirits, in the first quarter of 2021, state inspection was conducted in 7 companies, research on the samples taken is in progress. Inspection control was carried out in 10 companies, one of which was refused to export.

Tastings

For organoleptic testing of alcoholic beverages, 56 tastings were conducted, 2263 samples were tested, 107 were evaluated negatively and 2156 were evaluated positively.

Certification

A total of 2167 applications were submitted for certification to obtain export documentation. Based on the submitted applications, various documents were issued:

Form VI-1 certificate / for EU countries / - 1523 pieces; Certificate of Conformity - 1866 pieces; A total of 3389 certificates have been issued to various alcohol companies by the Certification Administration of the National Wine Agency.

Vineyards cadaster

In 2021, it is scheduled to complete the vineyard cadaster program in Kakheti and Racha-Lechkhumi regions, which is important for the development of the viticulture and winemaking sector and the promotion of quality wine production. Cadastral works have already started in Kakheti region.

During the reporting period, tender documents were also prepared and a tender was announced for aerial photography of new vineyards and preparation of orthopedics for 2021. The reference area for Sighnaghi, Lagodekhi, Dedoplistskaro, Sagarejo, Kvareli, Akhmeta, Telavi, Ambrolauri and Tsageri municipalities is 26000 hectares. Field work started on March 25 to collect cadastral information about

vineyards and viticulturists in Kvareli, Gurjaani, Sighnaghi and Akhmeta. For this purpose, the first group of operators was trained and deployed at 12 locations.

From February 5 to March 15, information on the planned works of the Vineyard Cadaster was announced on a door-to-door basis to the viticulturists and village leaders of all municipalities in the Kakheti Viticulture Zone, at meetings held directly in the villages and municipal boards.

The activities of 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://www.youtube.com/channel/UC0CPwXo8f7-QA329kmicFwQ>.)