



National Wine Agency

Report

2021

Second 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;
- ◆ Wine quality control.

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

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, 27 tastings were held in 9 countries worldwide: USA, Poland, UK, Germany, Latvia, Lietuva, Japan, France, China.

The following events are noteworthy:

- On April 23, an online tasting of Georgian wine was held in the UK. The online presentation of Georgian wine was led by British Master of Wine, Sarah Abbott. The tasting was attended by wine professionals, wine traders and media representatives, who were sent samples of wines from 10 Georgian wine companies in advance. According to Sarah Abbott, the event was a success; The participants expressed the best evaluations, and several were already interested in purchasing Georgian wine. Taking into account the conditions of the pandemic, the marketing events of 2021 will mainly continue in remote formats in one of the strategic markets of Georgian wine, UK. The events will be organized by the National Wine Agency contractor "Swril Wine Group" company, headed by Sara Wine, Wine Master.

- On May 5, the National Wine Agency organized an online seminar "German Wine Market" for Georgian producers. The seminar, led by experts from ff.k Public Relations, the National Wine Agency contractor company, was attended by about 40 Georgian wine companies. Wine producers were given the opportunity to learn about the

structure of the German wine market, major German importers, business partner acquisition methods, customer priorities, assess strengths and weaknesses of production, export potential and barriers. The issues discussed at the seminar will help Georgian wine producers to increase and establish exports to the German market. The National Wine Agency has been cooperating with the German company "ff.k Public Relations" since 2021.

- The main concept of the tasting held on May 18 in Tokyo, Japan as part of the "Double World Heritage" event was to combine Georgian wine with traditional Japanese cuisine "Vashoku". The event was hosted by the head of the National Wine Agency contractor marketing company "Red Bridge", Master of Wine Kenichi Ohashi and the famous Japanese sommelier Satoru Mori. Teimuraz Lezhava, Chargé d'Affaires of the Embassy of Georgia in Japan, attended the presentation of Georgian wine. The combination of Georgian wine and traditional Japanese cuisine is very attractive to Japanese consumers. Journalists, bloggers, wine writers and professionals took part in the tasting in Tokyo. They tasted the Georgian wines that are already sold in the Japanese market.

- On May 21-24, Georgian wine was presented at the prestigious French gastronomic festival "SAVIM Printemps Salon des Vignerons et de la Gastronomie" with the support of the National Wine Agency and the contractor of the agency "Le Pont Caucasien". The festival was held in the city of Marseilles and was attended by wine importers from different countries to the French market. The head of "Le Pont Caucasien", oenologist Iliia Kakhoidze introduced the wines, which are already sold in France. The festival "SAVIM Printemps Salon des Vignerons et de la Gastronomie" has been held since 1989 and is considered one of the leading gastronomic events.

- On May 28, an online tasting of Georgian wine was held in the United States with the support of the National Wine Agency and the agency's contractor, Marq Energie Consulting company. About 60 local sommeliers, wine writers and importers, as well as Georgian wine producers participated in the event. The online event was hosted by the head of Marq Energie Consulting, Julie Peterson and American top sommelier, Taylor Parsons. Wine professionals had the opportunity to taste pre-shipped wines from Western Georgia that are already on the US market.

- On May 30, in the city of Krakow, Poland, the presentation of Georgian wine was organized by the National Wine Agency contractor "Malinova" company. The event was attended by sommelier, restaurateurs, wine writers and media representatives from Krakow and Katowice. The tasting mainly presented up to 10 wines from the small wine cellars of Kartli, Kakheti and Imereti, which are not currently exported to the Polish market. The presentation of Georgian wine in Krakow was led by wine journalist Mariusz Kapczynski and the head "Malinova" company - Marcin Sviatkovs.

- On June 10, Georgian Wine Tasting was held in Hong Kong for local wine professionals with the support of the National Wine Agency and the agency's marketing company, Meiburg Wine Media. The event was moderated by Debra Meiburg, Head of Meiburg Wine Media, Master of Wine, who introduced the participants to the history of Georgian wine, modern and traditional winemaking technologies in parallel with the tasting. The special presentation included information about Georgian vine varieties and wine regions of Georgia. The participants of the event were given the opportunity to taste up to 10 different types of wine.

- On June 12-13, with the support of the Ministry of Environmental Protection and Agriculture and the National Wine Agency, the second Saperavi International Competition was held in Georgia. The competition, initiated and organized by the Georgian Wine Association, aims to raise the awareness of Saperavi and its various wines. About 70 producers presented up to 250 wine samples from different Saperavi grape varieties produced. The chairman of the competition jury was oenologist, winemaker Gogi Dakishvili. Competitions like this help to improve the quality of wine made from Saperavi grapes, which is important for the development of the wine industry in the country, because the largest share of exports comes from wines made from Saperavi.

- On June 18, within the framework of promoting Georgian wine, a Georgian wine tasting seminar was held at the Le Meridien Hotel in Monaco. Sommeliers tasted and evaluated different types of wines from five Georgian companies with different dishes. The event was attended by 95 invited guests, including industry experts, sommeliers, potential importers and representatives of the international association "Epicure Club Monaco". The tasting-seminar was organized by the international association "Epicure Club Monaco" and the National Wine Agency contractor Georgian wine importer company "LE PONT CAUCASIEN".

- On June 22, Georgian wine tasting was organized in London by the National Wine Agency contractor British company "Swirl Wine Group". At the tasting, local importers of Georgian wine presented more than 50 different brands of Georgian wine, which are already available in the UK market. In addition, more than 100 wines of more than 50 Georgian wine companies were presented, which at this stage, with the support of the National Wine Agency, are trying to establish Georgian wine on the strategic, UK market. The event was attended by local sommeliers, importers, wine trade and media

representatives, a total of more than 100 guests. Georgian wine tasting was held at the prestigious restaurant "Trivet" in London, whose wine menu is based on the special history of wine.

- On June 23, the prestigious German media holding in the field of wine published an article about Georgian wines. With the support of the National Wine Agency and the organization of the German marketing company "ff.k Public Relations", one of the most prestigious German media holdings in the field of wine - "Meininger" held a competition-tasting to select the best Georgian wines in May. 152 Saperavi wines made by traditional Qvevri and classic methods made by Georgian wine companies participated in the competition, from which 55 best were selected. An article on selected wines has already been published in the June issue of Meininger magazine Weinwirtschaft. An article in another magazine of the media holding "Sommelier" will be published in the September issue. The competition-tasting was held in Neustadt, Germany. The goal was to select the best wines from Georgia and popularize them on the German market.
- On June 24, Georgian wine tasting was organized by the National Wine Agency contractor "Malinova" company in the historical settlement "Srebrna Gora" near the city of Krakow. Georgian wines were presented both in the classical method and in Qvevri with traditional technology. The tasting was attended by wine professionals, restaurateurs, sommeliers, wine trade and media representatives, a total of about 70 guests. The tasting featured 14 wines of various denominations, including products of companies that, with the support of the National Wine Agency, are now trying to establish in the Polish wine market. The wines were presented by local importers.

Export of wine and spirits

According to the data of 6 months of the current year, the dynamics of the growth of the export of Georgian wine in recent years is maintained: Poland - 31% (2864152), China - 10% (2762922), Latvia - 2% (809106), Lietuva - 38% (245940), USA - 35% (502353), Germany - 4% (364459), Estonia - 3% (348538) and Great Britain - 60% (283 830).

In the first six months of 2021, up to 46.4 million bottles (0.75 l) of wine were exported from Georgia to 56 countries around the world, which is 13% more than in the same period of 2020. The value of exported wine reaches 104 million US dollars, which is 7% more than the same period last year.

The growth is also significant in the following countries: Canada - 87% (149290), Sweden - 48% (61972), Kazakhstan - 61% (1911844), Israel - 63% (273860), Azerbaijan - 41% (133391), Turkey 324% (61110), Ukraine - 15% (5259909), Russia - 8% (28027286), Mongolia - 261% (232920), etc.

During the reporting period, 322 companies exported different amount of wine.

In addition, 16 million bottles (0.5 l) of the brandy was exported, which is 21% more than in 2020. Revenue from brandy exports reached \$ 30 million (up 11%). 398 thousand bottles (0.5 l) of Chacha was exported, the export growth was 77%. Revenue from Chacha exports reached \$ 1 million - an increase of 64% over the same period last year.

Total exports of wine, brandy, Chacha, brandy alcohol and brandy on tap received \$ 170 million, which is 13% more than the same period last year.

Georgian wine quality control

International audit companies have been involved in monitoring the quality of Georgian export wine since June. One of the main goals of the National Wine Agency is to promote high

quality Georgian wine. The agency is actively working to ensure that tens of millions of bottles of Georgian wine are produced to meet international standards. According to the new regulation, the inspection of certified export Georgian wine is carried out by the international audit companies "SGS" and "Bureau Veritas" in the Customers Clearance Zone.

Involvement of independent, authoritative international companies SGS (Switzerland) and Bureau Veritas (France) is important for the monitoring process in order to export the wine that has already been certified. The inspection has already started by the company "Bureau Verita", the company "SGS" will be involved in the process in a few days.

The initiative came from the private wine sector and aims to ensure greater transparency in the quality of export wine. Until now, inspections have been carried out by the company in the process of submitting an export certification application. With the involvement of international auditing companies, it became possible to inspect a certified wine batch for export in the Customers Clearance Zone.

Pursuant to the Law of Georgia on Vine and Wine, the National Wine Agency, which regulates the viticulture and winemaking sector, issues a certificate of conformity for export products, which confirms that the identified products comply with the requirements of Georgian legislation. The inspection involves verifying compliance with the export alcoholic beverage lot (bottled wine batch) submitted for certification. In accordance with the “Certification of Grape Alcohol and Grape Alcohol Certification Rule”, and the continuous quality control process, the Agency has the right to carry out inspections at any stage of certification and even after certification.

Inspection control

In order to control the quality of wine and spirits, in the second quarter of 2021, state supervision was conducted in 18 companies, of which 200 samples were taken for the survey.

Inspections were carried out in 19 companies, 47 samples were taken, of which one company was refused to export.

Tastings

For organoleptic testing of alcohols, 68 tastings were conducted, 3220 samples were entered, 169 were evaluated negatively and the remaining 3051 were evaluated positively.

Certification

A total of 2895 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 / - 2066 pieces; Certificate of Conformity - 2499 pieces;

A total of 4,565 certificates have been issued to various alcohol companies by the Certification Division of the National Wine Agency.

Vineyard Cadaster Program

This year it is planned 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 and registration of vineyards have started in Kakheti region. The following works have been carried out in the second quarter of the current year:

- Information on the planned works of the Vineyard Cadastre was provided to the leadership of all municipalities and villages of Kakheti Viticulture Zone at the meetings organized in the district administrations.
- From May 1, field work was continued to register cadastral information on Kvareli, Gurjaani, Sighnaghi and Akhmeta vineyards and to collect cadastral information. For this purpose, a group of operators was prepared, located at 46 locations in villages and district centers.

- From May 1 to June 30, interviews with growers were conducted and they were registered in the cadaster database. About 6,000 viticulturists were registered by the end of the quarter.
- Trainings were held and operators were prepared to work in Dedoplistskaro and Signaghi municipalities.
- Operator training started on June 29 and lasted for 5 days for future work in Ambrolauri, Racha and Lechkhumi. 10 trainees were trained.
- Information posters were prepared to inform the growers and displayed in the administrative buildings of the villages and district centers.

Other news

The pitcher was granted the status of a protected geographical indication

Qjevri is the first non-food product to be added to the State Register of Appellations of Origin and Geographical Indications of Goods. In the registration, the Ministry of Environmental Protection and Agriculture detailed data - the shape, description, size and capacity, raw materials, production technology and other characteristics of Qjevri, as a clay vessel for winemaking. Adherence to these specifications will be another step towards improvement of the quality of Georgian wine. The protection of the Qjevri as a geographical indication is especially important for Georgia, a country with an 8-thousand-year continuous history of winemaking. Making wine by the Georgian traditional method is connected with the national clay wine vessel - Qjevri. Qjevri-making is another result of the intellect of the Georgian people.

Only raw materials obtained on the territory of Georgia are used to make Qjevri and it is made only on the territory of Georgia.

The traceability system is coordinated by the Qjevri protected geographical indication or other authorized organization whose designation should accompany the product.

Each Qvevri registered with a protected geographical indication must be marked with a logo developed by the protected geographical indication of the Qvevri or another authorized organization, which allows the Qvevri to be traced and identified. When marking, in addition to the Georgian font, the Latin font may be used in the name: "Qvevri" or "Kvevri".

Changes in technical regulations

On May 24, the Government adopted amendments to the Technical Regulations on the General Rule of Wine Production and the List of Permitted Processes, Materials and Substances.

According to the changes, the actual volumetric alcohol content of wine made from grapes grown in Kakheti is set at no less than 10.5%. Until now, this figure was no less than 9.0%.

The change does not apply to PDOs, liqueur, fizzy, sparkling, fortified, dessert, flavored, Qvevri and ice wine, the alcohol content of which remains at the level set by the regulations. In recent years, the natural sugar content of grapes grown in the Kakheti viticulture zone has increased significantly, which is due to climate change in the same zone. The alcohol content of wine depends on the degree of ripeness of the grapes, which is determined by the natural sugar content of the grapes. That is why it is advisable to increase the actual alcohol content of grapes produced from grapes grown in the Kakheti viticulture zone from 9% to 10.5%. It should be noted that within the vintage 2021, the quality of the grapes to be delivered will be strictly controlled, in particular, the sugar content, which is established by the relevant normative documents.

The requirements set by the project will not apply to wine produced before August 1, 2021, which will allow entrepreneurs to sell wine produced in accordance with applicable law.

Legislative changes

Amendments to the Law of Georgia on Vine and Wine envisage the addition of new categories of wine, "dealcoholized wine" and "wine-based beverages. New products have been added to

the definition of terms in the “Law on Vine and Wine”: "Wine-based beverages" - a wine-based alcoholic beverage with a volume of not less than 50% consists of wine, alcohol content from 3.5% to 14.5% and "Alcohol free wine" - wine obtained by dealcoholization and alcohol content is from 0.5% to 15%.

The amendment to the law also applies to brandy; Its permitted alcohol content should not be less than 36%, instead of the current indicator - 37.5%.

Due to the amendment, from January 1, 2023, certification of all alcoholic beverages and spirits becomes mandatory. To date, only PDO wines and spirits have been subject to mandatory certification, while certification of any other alcoholic beverage has been voluntary.

In addition, the amendments to the Code of Administrative Offenses of Georgia clarified the amount of administrative fines. The amendment to the Code specifies the amount of fines in this area. The authority of the National Wine Agency is supplemented by the issuance of an enforcement sheet on the enforcement of a report on an administrative offense. Also, to participate in the examination of alcohol and spirits at the request of the administrative body.

The Committee on Sectoral Economics and Economic Policy of the Parliament of Georgia supported in the first reading the draft law "On Amendments to the Law of Georgia on Vine and Wine" and "On Amendments to the Code of Administrative Offenses of Georgia".

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/nationalwineagency/>, https://twitter.com/Georgian_wine , <https://www.youtube.com/channel/UC0CPwXo8f7-QA329kmicFwQ>)