

Report, 2018

The main function of LEPL National Wine Agency is to promote development of viticulture and winemaking in Georgia. 2018 was an exceptionally important year for wine exports and it marked the first grape harvest without state subsidization, since 2008.

Activities in the reporting year include:

- Increasing awareness of Georgian wine;
- Quality control of Georgian wines;
- Harvest process control and organization;
- Historical and cultural research of Georgian wine;
- Vineyard cadastre program execution and other activities for development of the industry.

Marketing and popularization of Georgian wines

Throughout 2018, together with its partners, National Wine Agency conducted marketing activities aimed at promoting Georgian wine in strategically important export markets (USA, Japan, Great Britain, China, Poland). Georgian wine was represented on major world forums and exhibitions. With support of National Wine Agency, Georgian wine companies in Georgia and 13 countries abroad, participated in 26 wine and spirit fairs, and around 160 presentation-tastings of Georgian wines were held. 15 tour groups were organized, which consisted of Masters of Wine, sommeliers, wine importers, bloggers and media representatives.

National Wine Agency supported Georgian wine producers in attending the following fairs:

- Qyevri wine producers attended natural wine fair “Les Penitentes” in Angers (February 3-4) and “La Dive Boutteille” (February 4-5) in Saumur;
- 43rd International Food and Beverage Exhibition “FOODEX JAPAN 2018”, held in Tokyo, Japan (March 6-9);

- Small qvevri wineries participated in “RAW WINE” – a natural wine exhibition held in London, the Great Britain (March 11-12);
- 26 wine producers took part in “ProWein-2018” – a world’s leading wine and spirits fair held in Dusseldorf, Germany (March 18-20);
- 32 of Georgian wine producers took part in “The 98th China Food and Drinks Fair”, held in Chengdu, Sichuan Province, China (March 22-24);
- 16 wine producers took part in “Wine and Gourmet Japan 2018” held in Tokyo, Japan (April 11-13);
- Georgian wine was exhibited in an annual “Copenhagen Wine Fair” in Copenhagen, Denmark (April 23);
- 9 Georgian wine producers took part in food and beverage trade show “GastroNord 2018” held in Stockholm, Sweden (April 24-27);
- With support from National Wine Agency, Georgian Wine Association organized the 2nd International Qvevri Wine competition in Tbilisi (May 3-4);
- The Georgian Wine Club organized the 9th New Wine Festival (May 12);
- 8 Georgian wine producers participated in international natural wine exhibition “RAW WINE” held in Berlin, Germany (May 13-14);
- 13 Georgian wine producers took part in an international wine and spirits event “Vinexpo HK-2018” in Hong-Kong;
- 150 producers from 12 countries took part in the 11th international wine and spirits fair “WinExpo Georgia-2018” (June 14-16);
- LEPL National Wine Agency and Georgian Sommelier Association hosted the 49th annual General Assembly of International Sommelier Association in Tbilisi (June 18-21);
- Numerous fair-festivals were held in Tbilisi, Telavi, Marneuli and Gurjaani under “Gvinobistve-2018” (October 5-21);

- For the first time in history, Georgia was an honorary guest at Expovina – an annual international wine fair held in Zurich, Switzerland (November 1-15);
- Georgian wine producers participated in natural wine exhibition “RAW WINE” held in New York (November 4-5) and Los Angeles (November 11-12);
- 12 Georgian wine producers took part in an international exhibition “EnoExpo 2018” held in Krakow, Poland (November 7-9)
- International wine and spirits competition (EAWSC) “Georgia - cradle of wine” was held in Tbilisi (November 7-9);
- Washington, USA hosted “The First *q*vino Forum of America”. The three-day event included “Saperavi Festival”, Georgian wine tastings and a scientific conference, dedicated to Georgian wine culture and history (November 11-13);
- Around 30 Georgian wine producers took part in an international wine and spirits fair “Prowine China-2018” held in Shanghai, China (November 13-15);
- With help from National Wine Agency, Georgian Wine Association held the first Saperavi competition in Georgia (December 15-17).

“Georgia – cradle of wine” Exhibition in Japan

National Wine Agency and Georgian Wine Association, supported by the Ministry of Environmental Protection and Agriculture, along with the National Museum of Georgia organized and held the 2nd exhibition under the name of “Georgia – the cradle of wine” in Tokyo, Japan.

Export

Successful marketing strategies of recent years have positively affected wine export numbers. In 2018, 86,2 million bottles (0,75 ml) were exported to 53 countries, which is a record number for the last 30 years. The numbers show a 13% increase compared to 2017. Wine export revenues amount to 203 mln USD, showing a 20% increase compared to 2017.

Exports have increased in:

Strategic markets: Japan - 37% (211 883), Poland - 31% (3 508 122), the Great Britain - 33% (105 608) and USA - 2% (466 056);

To Europe: Switzerland- 378% (25 350), Denmark - 111% (17 834), Romania - 100% (99 774), Czech Republic - 81% (61 908), Italy 69% (17 244), Bulgaria - 60% (26 790), the Netherlands - 38% (82 641), Germany - 20% (483 791), Lithuania - 17% (488 154), France - 14% (113 885), Latvia - 14% (1 711 078), Estonia - 11% (581 190) etc;

To traditional markets and Asia: South Korea - 275% (68 124), Turkmenistan - 196% (197 694), Kyrgyzstan - 63% (218 550), Azerbaijan - 40% (197 724), Mongolia - 27% (214 398), Ukraine - 26% (10 687 835), Russia - 12% (53 682 627), Kazakhstan - 8% (3 599 143) etc.;

Top ten export countries include: Russia (53 682 627), Ukraine (10 687 835), China (6 951 019), Kazakhstan (3 599 143), Poland (3 508 122), Latvia (1 711 078), Belarus (1 606 002), Estonia (581 190), Lithuania (488 154) and Germany (483 791).

In 2018, various volumes of wine were exported by 284 companies. This number has increased by 34 compared to last year. In addition, 20 mln bottles (0,5 l) of brandy were exported to 26 countries, which is a 9% increase compared to 2017. The revenues from brandy export amount to 40,7 million USD, which shows an increase of 3%.

Georgia has also exported 422 thousand bottles (0,5 l) of chacha to 26 countries, which is a 47% increase. The revenues from chacha exports amount to 1,2 mln USD, which, compared to 2017 numbers, shows a 44% increase.

In total, Georgia has sold \$306.5 million worth of alcoholic beverages in 2018, including wine, brandy, chacha and others. It is a 7% increased compared to 2017.

Georgian wine export prices

According to the report published by the American Association of Wine Economists (AAWE), in 2014-16, with the average price of 1 liter of wine exported at USD 3,49, Georgia holds the 5th place in the world. AAWE – American Association of Wine Economists is a

prestigious American organization and according to their rating, France takes the first place (6.59 \$), followed by New Zealand (\$ 5.39) and third in the United States (\$ 3.68). Austria is ahead of Georgia, taking the fourth place (3.51 \$). Georgia is followed by Croatia (3.41 \$), Argentina (3.11 \$), Portugal (3.07 \$), Germany (3.06 \$) and Italy (3.06 \$).

Rtveli (harvest) 2018

The harvest of 2018 in Kakheti went through without any interruptions. In 2018, 245 thousand tonnes of grape were processed by 292 companies throughout the country. This is a record-breaking number in history of independent Georgia. 235 thousand tonnes of grape were processed in Kakheti. 1492 tonnes of Aleksandrouli and Mujuretuli grape varieties were processed in the region of Racha-Lechkhumi.

Vine and Wine Culture Research programme

- In pursuit to prove the exact dates of archaeological materials found in Georgia, three samples of carbonized plant remains were sent to the D-REAMS laboratory of Weizman Institute, Israel;
- Six archaeological samples were biomolecularly studied by Professor Patrick Edward McGovern (University of Pennsylvania);
- All of the excavated materials will further be studied by Georgian and foreign researchers;
- In order to study the qualities of some wild vine varieties, lab researches were carried out in Caucasus International University. These findings will later be used in variety cultivation.
- Programme findings will be presented to the general public on the 41st world congress of International Organisation of Vine and Wine (OIV)
- This programme also initiated the edition of a series of publications “Georgian vine and wine: a literary heritage”, which aims to re-publish historical texts on

winemaking and viticulture. The first book of the series will be Ermile Nakashidze's (1929) "Viticulture and winemaking in Guria-Samegrelo, Ajaria and Abkhazia"

- Works on a documentary "Georgia – cradle of wine" about the programme and the Bordeaux Wine Exhibition were finalized. The documentary premiered December 27 in Tbilisi.

Protected Designations of Origin (PDO)

Khashmi Saperavi was recently added to the list of Protected Designations of Origin (PDO), which includes 18 other grape varieties. This is indicative of the diversity and varietal richness of Georgian wines which are especially important in terms of their popularization and the growth of export potential. The addition of Khashmi Saperavi to the Register of the Appellations of Reserved Enterprises will ensure the protection of the above-mentioned denominations on the basis of all the agreements and conventions of which Georgia is a signatory. Last year, the National Wine Agency applied to register the Khashmi Saperavi to the National Intellectual Property Center - "Sakpatenti". An application was preceded by the joint work of the National Wine Agency and the LEPL Agricultural Research Center to prepare the relevant manufacturing specification and other required documents for registration.

Adding Georgian wine to OIV list of special wines has moved to its next stage

Negotiations to include Georgian wine to the special wines list of the International Organisation of Vine and Wine have moved to their next stage. This topic will further be discussed on a General Assembly of an Executive Committee, which will meet in Autumn of the current year. In 2017, the International Organisation of Vine and Wine (OIV) accepted the petition to include a specific kind of wine – Georgian amber wine - to its special list. Georgian amber wine or "qarvisperi" is made using an ancient Georgian method of

fermentation using grape pulp. Currently, OIV special wine list includes 7 wines: sparkling wines, carbonated wines, fortified wines, liqueur wines, naturally sweet wines, “Icewine” and sherry. After completion of due procedures, Georgian amber wines will be the 8th one in the OIV list. This decision will be another important event to promote popularization and awareness of Georgian traditional wines all over the world.

The procedures for importing Georgian wine to Japan will be simplified

4 Georgian laboratories have been added to the list of foreign laboratories registered in Japan, which will significantly simplify Georgian wine import procedures in Japan. Prior to making this decision, additional customs and verification of the wine exported from Georgia to Japan contributed to additional costs and procedural difficulties, which in turn, resulted in a high price of the wine. In order to resolve these problems, the National Wine Agency consulted with the Embassy of Japan, which requested a suggested list of Georgian laboratories, that they thought appropriate to register in Japan. Furthermore, the Georgian diplomatic missions held discussions with the representatives from Ministry of Health, Labour and Welfare of Japan to officially register these laboratories with appropriate agencies. Following months of negotiations about specifications and technical details, the Japanese side registered the following laboratories: Wine Laboratory LTD, Norm LTD, MultiTest LLC and Expertise + LLC.