Norwegian Wine Imports: a Gravity Model Approach
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Over the last decades, Norwegian wine consumption has strongly increased. The great part of this consumption is satisfied by import flows which exhibit an increasing trend as well. Many countries are involved in this process, traditional exporters, as well as new world wine producers, interested in the potentials offered by the recent expansion of the Norwegian wine market. The aim of this paper is to investigate the main determinants of wine imports in Norway. At this scope we implement a gravity model, duly augmented, that considers unilateral wine import flows from the major exporting countries as dependent variable and a set of five determinants. According to our preliminary results, distance exerts a, unexpected, statistically significant positive role, together with the lagged dependent variable. Conversely, relative prices report an high and significant negative elasticity meaning that Norwegians are strongly affected by price differentials across the countries of origin. For the other variables considered in the analysis, i.e. Norwegian outbound tourism flows and the number of foreigners currently living in Norway, we have not found strong statistical significance levels.