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The Argentinean wine industry has incredibly grown in the last decade mainly driven by the expansion of international trade. Total exports have increased fourfold in the last 6 years, accounting for more than 723 million dollars in 2011. The average price has shown the same trend, increasing year by year as the recognition of wine quality has increased. The number of export wineries has more than tripled, increasing from 139 in 2003 to more than 380 in 2009 and the share of exports over total sales rises up to 90% in some cases.

The destination of these increasing wine exports has changed, even if concentration is still the main descriptive characteristic. North America and Europe account for more than 75% of all wine exports, the United States being the most dynamic and important market. Latin-American countries and Asian countries are increasing their participation, showing great dynamism in the last years. The intense competition of the world wine industry defines the need for a better understanding of the elements influencing exports.

Through a gravity model, originally proposed by Tinbergen (1962) and based on the use of proxies of trade costs, we have analyzed the impact of distance, gross domestic product, domestic wine production, tariff barriers and common language on export value. By selecting a representative sample of countries we intend to include all possible market differences. The selected countries were: the United States and Canada for North America; the United Kingdom, Germany, France, Italy and Spain for Europe; Brasil, Paraguay Chile for Latin-America; and Japan, China and Australia for Asia-Oceania.

Results indicate that the greatest impact on trade corresponds to variations in tariff barriers, even if this proxy has been largely ignored in gravity model literature. According to our estimations, a 1% increase in tariff barriers could define a reduction of imports of 3,1%. In an scenario of worldwide tariff barrier elimination our model estimates that Argentinean exports could raise up to 11,3%. The impact of gross margin product was found to be positive, with an elasticity of 1,41 on Argentinean exports. The effect of distance was, as expected, negative with an elasticity of 1,41. In terms of domestic production, we found that a 1% increase in production in one of the selected countries lead to a 0,57% reduction of Argentinean exports to this country. The search for diversity among consumers and export oriented wine industries can possible explain this phenomenon. Surprisingly, specially in terms of marketing, coefficients for common language were not significantly different from zero.

Overall, our results suggest that international negotiations over tariff barriers can be central for the growth of world wine trade. Even if we could not assess in this research non tariff barriers, we expect similar or stronger results.