Quality Improvements and International Positioning of Chilean and Argentine Wines
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Abstract

This paper looks briefly at the historical background of the Chilean and Argentine wine industries from their origins and at the impact of political changes, regulatory framework reforms and improved macroeconomic conditions in facilitating the development of the wine industry in both countries. It addresses a number of key questions: for example, what can explain the fact that the wine export boom unfolded only in the 1980s in Chile and in the 1990s in Argentina and not earlier, as, for example, in California and Australia? Is there evidence to suggest that Chilean and Argentine wine exports have been characterized by an increase in quality and value-added contents over time? Are the (internal and external) conditions under which the Chilean and Argentine wine industries compete at the global scale any different from those that, in other industries, led to repeated failures in the past?

After having acknowledged the natural assets and competitive cost structure underlying the successful export performance of the Argentine and Chilean wine industries as mere conditions of departure, the paper assesses the quality improvements introduced in the Chilean and Argentine wine industries over time and analyzes the extent to which these have been accompanied by equal improvements of their positioning in the international market. It also looks at the potential role of Chilean and Argentine local consumers in stimulating and accelerating the drive towards high-quality wines. These issues are important for understanding whether the large improvements characterizing both the Chilean and Argentine wines – as shown by their increased quality, enhanced international ranking and rising export unit value – are incidental or sustainable over time.