Georgia forced to reform the wine market

11 May 2008 by Joachim Binz

In the wake of Bisso's recent update on wine in Russia, Joachim Binz of Wineconsale GmbH based in Wiesbaden, Germany, sends this update on the current state of the Georgian wine market.

Georgia's main economic activities include the cultivation of agricultural products such as grapes, citrus fruits, and hazelnuts, and these – besides scrap metal – are also the country's most important exports and very important source of finance for imports, which include nearly all necessary supplies of natural gas and oil products.

Russia's ban on imports of Georgian wines (one can still speculate on the true reasons), brought the Georgian wine business into the deepest plight ever faced. Since the ban became effective about 80% of Georgia's wineries have had to close their doors. Sure, one can argue now that most of the wine which was produced for Russians with their famously sweet taste would not have survived in any other (western) market. I can agree on this point going through my own tasting notes.

It is easy to become complacent when you have an ongoing business with no real need to update or even to look at quality production. At the same time, the international wine market, consumers' preferences, and finally the huge competition from the New World have changed things so entirely that Georgia simply missed the chance to update its wine offer. A swift reformation is certainly not possible, and it should also not be the target as of now. Just trying to copy the style of international uniform wine styles such as oaked Chardonnay is not the way to go – there are already too many of these sort of wines and the competition certainly does not allow Georgia to make even a living out of this. But there are some great chances out there. If you are forced to reform then you have the chance to start right at the beginning.

If we just think back a little at how the situation was in Austria, and also for a long time in Germany, it is clear that a well thought-out strategy is needed to come up with something for which Georgia can proudly stand in the world and which will allow them to occupy the right niche. This country has a history in wine production of almost 7,000 years (I was brought up in the Mosel area, and we are proud of our 2,000 years of wine making history), and surely deserves a clever, history-related strategy. We need international markets to look openly at the Georgian wines of the new generation.

The Georgian Wine Family, a sort of copy of Germany's VDP comprising some of the country's best producers such as **Shumi, Maisuradze, Kakhuri** and **Vinoterra** seems a sound initiative. The wines of the Georgian Wine Family can be sampled at the London Wine Fair (stand G-70) later this month. **Telianí Valley** is another superior producer, who also seems to be in London, and there are more projects on the way. German-based Burkhard Schuchmann fell in love with Georgia and has just bought a sizeable amount of vineyards in very good sites. **Schuchmann**'s first wines will be released in 2009. Disclosure: we are consultants to Schuchmann on how to market the wines internationally.