Chile claws into Argentina

26 Oct 2008 by Maximiliano Morales

The Argentine wine scene continues to be affected by the arrival of new Chilean investors who have so far invested in areas such as Luján de Cuyo, La Consulta, Perdriel and Agrelo. Based on Caucasia Wine Thinking statistics, and supported by the leading Chilean newspaper *El Mercurio,* Chilean-owned Argentine wineries already account for 18% of all Argentine wine exports in bottle. This percentage will keep increasing in the next years, according to a report on AndesWines.com, the multilingual (English, German, Portuguese and Spanish) Latin American site devoted to wine and tourism.

The latest Chilean investors are Espíritu de Argentina, the name of the wine produced by the Chilean Winery Aresti in Argentina, in alliance with the German distributor Racke. Also, Veramonte winery of Casablanca Valley in Chile, whose owner is the well-known Chilean vintner based in California, Agustin Huneeus, has just launched an Argentine wine in order to conquer and expand their portfolio in the international market.

AndesWines.com's report points out the existence of other Chilean businesses with limited Malbec productions that are developing in the area of Vistalba. Therefore, in the next months there will be more surprises complemented with potential Argentine vineyard and winery acquisitions by other Chilean investors.

Since their arrival in Argentina, Chileans aimed for higher market share thanks to several strategies such as buying grapes initially or joint ventures with prestigious wineries in order to carry out small productions to test the market before investing.

"Chilean investors and vintners have planned this strategy since the very first moment they started to buy wineries in Argentina. Therefore, this plan is going to expand and new wine players are planning to invest in Argentina in order to improve their global portfolio with Argentine Malbec and Torrontés, for example. One of the main reasons to invest on the other side of the Andes is based on importers' and distributors' interest in countries such as the UK, US, China, Korea, Japan and others, in order to keep working with Chilean producers, and this way, to keep long-term commercial relationships by expanding into Argentine wine", says wine marketing consultant, Maximiliano Morales of AndesWine.com.

The current rollcall of Chilean wine investments is Trivento (owned by Concha y Toro), Kaikén (Montes), Bodega Renacer (Patricio Reich), Doña Paula (Santa Rita), Finca del Origen (Santa Carolina) and Bodega Universo Austral (the giant Viñedos Córpora). Finally, Viña San Pedro and Viña Tarapacá are in the process of merging, creating a significant new wine exporter, the merger of Finca La Celia and Tamari in Argentina..

However, this pan-Andes trend has not convinced everybody. One of the most important players in Chilean wine, Eduardo Chadwick, owner of Errázuriz, Seña and Caliterra and instigator of the Berlin tasting, has pointed out in several interviews that he will continue to promote Chilean wines and will not invest in Argentina.