

INTERNATIONAL TEAM PROJECT: ARGENTINA 2009

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Paper Title: Si Mas, An In Depth Analysis of the Argentine Wine Industry

Abstract:

Scholars of economic development increasingly argue that growth and international competitiveness depend on the ability of a society to upgrade its firms and industries – a shift from lower to higher-value economic activities by using local innovative capacities to make continuous improvements in processes, products, and functions. While the history of the wine industry in Argentina dates back more than four hundred years, it has only recently been able to compete in the global market. Until the late 19th Century, Argentine wineries produced mostly low quality table wines, and the industry was solely sustained by a strong domestic market. The steady decline of domestic demand in the 1980's, however, forced the wine industry to look to foreign markets and adjust the quality of wine it produced.

The turnaround of the Argentine wine industry over the last two decades is truly astounding, and can be credited to a convergence of economic and social factors. During the 1990s and 2000s, Argentina became a global leader in the industry as a result of government regulation, private innovation, foreign investment, and a favorable economic climate. The wine industry capitalized on a strong peso and the easing of government regulation to modernize. Following the devaluation of the peso in 2001, the wine industry took advantage of its cheap currency to greatly expand exports. Meanwhile, the Instituto Nacional Viniviticultrual (“INV”) created standards and regulations to monitor the wine industry, and also the regulations passed by the U.S. to control importing. The PEVI Plan, the newest collaboration between public and private industry, demonstrates the power of such partnerships and will surely translate into increased exports, domestic consumption, and allow the wine industry to continue its growth for decades to come. This paper will analyze the transformation of the Argentine Wine Industry and the efforts by Argentina's public and private sectors to promote and protect its growth and reputation.