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ANALYSIS AND PROSPECTS OF DEVELOPMENT OF WINE EXPORT FROM PREFECTURE OF DRAMA

Review
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Abstract

One of the reasons of the crisis we are experiencing today is the dramatic reduction of the primary sector. However, in regions such as the prefecture of Drama, there is the possibility of developing and strengthening of the primary sector in the wine domain. This study presents the development of wine industry and its recent export activity. More specifically, it analyses the wine domain existing situation in the prefecture of Drama and the export activity from 2009 to 2015. There is a trend going around favoring extroversion in the Greek winemaking industry after the advent of the economic crisis in Greece in 2009. It also analyses the wine sector's existing situation in global, national and regional level, especially in the prefecture of Drama. The survey highlights useful conclusions concerning the production, the consumption, the stocks, the imports and exports of wine and the obstacles encountered in the export activity.

Moreover, the dynamics of Drama' s winery and activity, including wine exports for the six years 2009-2015 both to the EU countries and with the third countries after the collection of secondary data, are presented and analyzed. Finally, it presents the export activity of prefecture of Drama in comparison to domestic/national export activity is also analyzed for the same period of time. Although the survey was conducted in a particular region, it draws useful conclusions which can be exploited for generalization in future work.

Keywords: Wine exports, Drama's wine exports, Wine market

1. INTRODUCTION

The vineyards of the Drama region in Northern Greece have literally been reborn during the last 30 years, thanks to the efforts and the insistence of the local winemakers. Today it continues to be one of the Greek regions with a strong wine-growing activity (Makrionitou, N., 2015).

Drama vineyards, with an area of approximately 5,200 acres, are exemplary cultivations and spread out in the valley as well as on the low hills to the east of the city, mainly in the areas of Hadrian, Agora, Mikrohorio, Kokkinogion and on the slopes of Mount Menikio on clay soils (Netsika, M., 2016). Small vineyards are the main characteristic of the winemaking industry in general, throughout Greece (Kyriakou, A., 2014).

In the wider region of Drama there are a total of seven (7) exemplary winemaking units that base their production on privately owned vineyards, where excellent varieties of grape varieties are grown and have been recognized both by the domestic and international markets, winning international awards and distinctions. Most wine factories in the region are certified with ISO 9001 and HACCP (Net Municipality of Drama Greece, 2016).

At the beginning of the modern wine history of the region, the dominant varieties were French (especially of the Bordeaux region), so as quality wines with a commercial perspective to be provided. In addition, there were other internationally renowned cosmopolitan varieties as well, mainly French and Italian (Export Academy, 2014). In recent years, there has been a significant shift in the enhancement of the Greek varieties dominated by Asyrtiko, Malagousia and Agiorgitiko, which are used either in blends with international varieties or for the production of unicolored wines (Papadopoulos, 2016). The characteristic blends of international and Greek varieties, such as Sauvignon Blanc and Asyrtiko, are more familiar to the foreign consumers and help them get to know the modern face of Greek winemaking (Drama vines and wines of Drama, (2015-2016α).

2. THE LOCAL WINE PRODUCTION

Drama does not produce PDO wines (Protected Designation of Origin). It only produces PGI (Protected Geographical Indication) wines, known as Local Wines of Drama, Hadrian and Agora, as well as wines without any indication. PGI (Protected Geographical Indication) wines account for 99.5% of the total production while only 0.5% are wines without any indication. Of the total PGI wine production for 2009-2015, 43% were red wines / PGIs, while 57% white wines / PGIs (Fournari N., 2016).

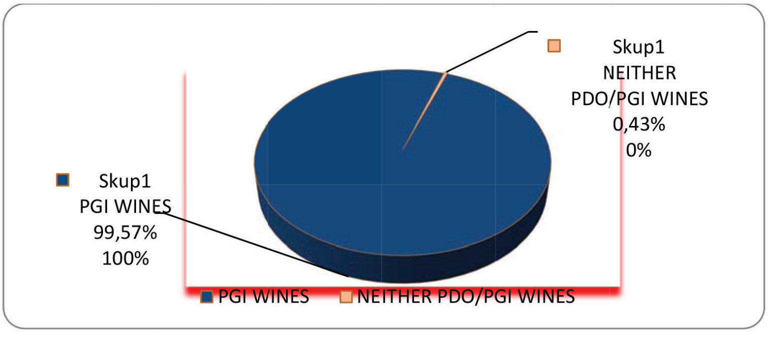

Chart 1 Wine production 2009-2015 in prefecture of Drama per category

Source: Ministry of Agriculture

Table 1

Drama's wine 2009-2015 production in Volume –HL

YEAR	PGI RED WINE (HL)	PGI WHITE WINE (HL)	NEITHER PGI/ PDO RED WINE (HL)	NEITHER PGI/ PDO WHITE WINE (HL)	TOTAL
2009	9284.28	11195.04	79	69.2	20627.52
2010	8437.35	7937.76	165.1	14.5	16554.71
2011	6516.53	8937.9	34	0	15488.43
2012	4785.26	6430.66	65.7	38.85	11320.47
2013	5809.57	7454.49			13264.06
2014	5221.55	8866.49			14088.04
2015	6763.86	10640.14			17404.00
TOTAL	**46818.4**	**61462.48**	**343.8**	**122.55**	**108747.23**

Source: Ministry of Agriculture

On the basis of the data collected by the Ministry of Agriculture, local wine production is characterized by annual fluctuations in the six-year period of 2009-2015 with an overall reduction of 15.6%. From 2009 and afterwards, when the Greek economic crisis began, we have a continuous decline in the wine production, culminating in the year 2012, (Table 1). In the following years (2013, 2014, 2015), wine production is gradually increasing, despite the fact that 2015 production is 15.6% less than that of 2009 (20.627,52HL / 2009 versus 17.404,00HL / 2015) (Hellenic Statistical Authority, 2016).

3. WINES EXPORTS OF DRAMA

The progress of wine exports of Drama in the period 2009 - 2015, according to ELSTAT and the Drama Customs Office, is steadily rising except in 2010. The total exports of wine to third countries and to EU countries increased by 114.50% in quantity (lt) and by 70.36% in value (€) (Table 2). Characteristically, in the period 2009-2015, the value of wine exports to European Union countries is increased by 56.00% while to Third Countries is twice as high (104.47%), (Stefanidou, C., 2007).

The average unit export prices per liter of wine are subjected to significant fluctuations. Exports to European Union countries, although they started in 2009 at a high average unit price per liter (7.90 € / lt), then declined steadily to reach 5.65 € / lt in 2015. Despite the fact that exports to Third Countries started with a high average unit price of 7.46 € / lt in 2009, then prices fell slightly, and in 2015 the average returned to the 2009 levels (Table 3).

Unfortunately, the data provided cannot explain the variation in average wine prices over the period 2009-2015, since a number of parameters are not known, as for example the type per quantity of wine exported each year. It seems, however, that the increase in exports must have been affected by the decrease in the average price, but it is not the only reason why the average price of wine to third countries has returned to the 2009 levels without exports to be reduced.

Table 2

Drama's wine export 2009-2015 in Volume –lt

Drama's wine export 2009-2015 in Volume (lt)			
YEAR	**EU COUNTRIES**	**OUTSIDE OF EU COUNTRIES**	**TOTAL**
2009	194.924.50	86.901.50	281.826.00
2010	161.356.25	96.380.75	257.737.00
2011	263.376.75	112.346.25	375.723.00
2012	293.107.25	169.410.75	462.518.00
2013	324.687.01	177.557.99	502.245.00
2014	380.270.64	170.840.36	551.111.00
2015	425.117.50	179.420.50	604.538.00
Variation 2009 to 2015	**118%**	**106.46%**	**114.50%**

Source :Hellenic Statistical Authority

Also, as we can see in table 3 and chart2, the low average export price in the countries of the European Union is 5.65 €, compared with the high average price in third countries, which is stabilized at 7.39 €. This signifies that the export profile is addressed to low price category products in the European market, compared to the medium and high-end products exported to the market of the Outside EU-Countries.

Table 3

Unit price per €/lt of Drama's export wine 2009-2015

Average unit price per lt /€ of export wine		
YEAR	**Unit price / EU Countries**	**Unit price /outside EU Countries**
2009	7.90	7.46
2010	8.12	7.42
2011	6.00	6.96
2012	5.80	6.84
2013	5.49	6.86
2014	5.48	6.63
2015	5.65	7.39

Source :Hellenic Statistical Authority

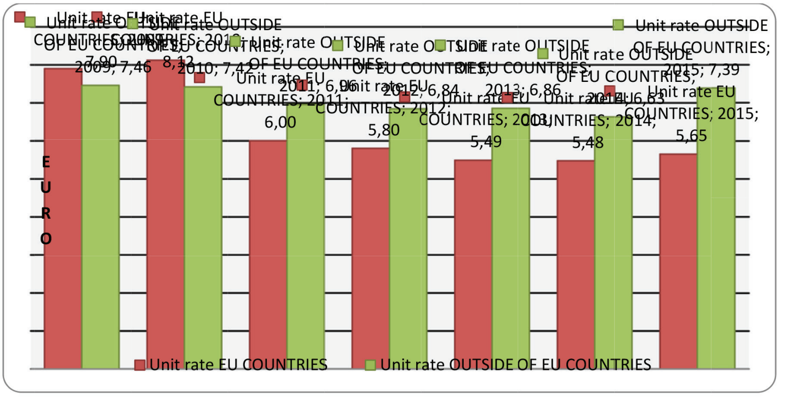

Chart 2: Unit price per €/lt of Drama's export wine 2009-2015

Source :Hellenic Statistical Authority

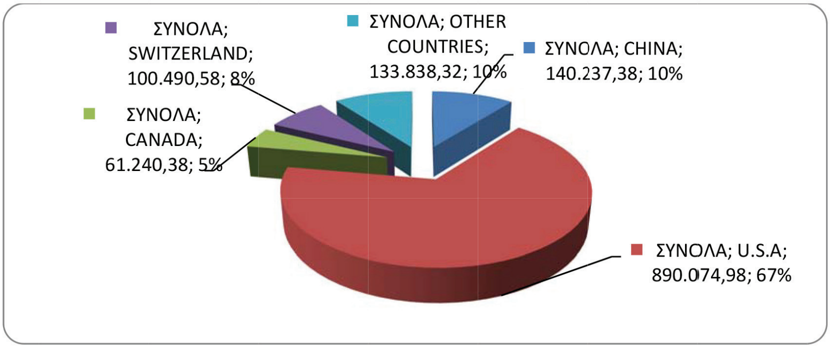

Chart 3: Wine's exports in value per country (outside of EU countries-2015)

4. EXPORTS TO COUNTRIES OUTSIDE EU

According to the Hellenic Statistical Authority and Drama's Customs Office (chart 3), the most important markets for Drama's wines exports to countries outside the EU are the, USA, China, Switzerland, and Canada. The USA holds the lion's share of 68% of the volume and 67% of the value, followed by China with 9% and 10% respectively. The following chart presents the main destination countries outside the EU of Drama's Wine for the year 2015, in volume and value. In summary, exports of wine to countries outside the EU in volume and value in period 2009-2015 are presented in table 4 and chart 4 (Hellenic Statistical Authority, 2016).

Table 4

Drama's wine export in volume (lt) to outside EU countries 2009-2015

DRAMA'S WINE EXPORT IN VOLUME (lt) TO OUTSIDE EU COUNTRIES (2009-2015)						
YEAR	CHINA	U.S.A	CANADA	SWITZERLAND	OTHER COUNTRIES	TOTAL
2009	0.00	76,367.00	5,665.50	4,869.00	0.00	86,901.50
2010	243	75,813.00	7,095.00	9,530.75	3,699.00	96,380.75
2011	18,526.50	49,857.00	7,663.50	6,447.75	29,851.50	112,346.25
2012	29,457.00	97,456.50	10,278.00	12,336.00	19,883.25	169,410.75
2013	18,061.50	112,860.74	7,158.00	9,425.25	30,052.50	177,557.99
2014	25,065.86	107,539.50	10,251.00	9,055.50	18,928.50	170,840.36
2015	16,641.00	121,802.50	7,606.50	13,051.50	20,319.00	179,420.50
TOTAL	10,.994.86	641,696.24	55,717.50	64,715.75	122,733.75	992,858.10

Source :Hellenic Statistical Authority

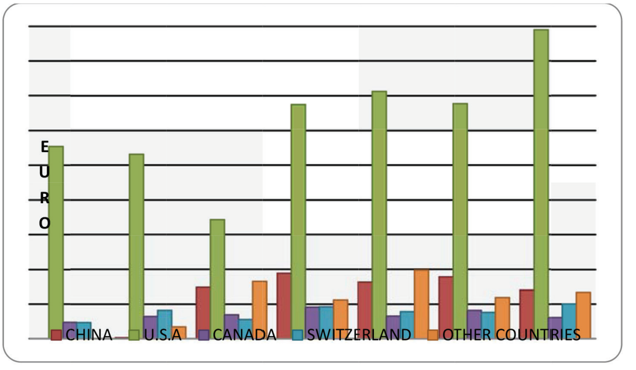

Chart 4: Drama's wine export in value (€) to outside EU countries 2009-2015

Source :Hellenic Statistical Authority

5. EXPORTS TO EU COUNTRIES

Wine exports to EU countries and Germany in value, volume and average unit price per liter in the period 2009-2015 are presented in table 5 and chart 5.

Table 5

Drama's wine export in value (€), in volume (lt), in unit price €/lt to EU countries & Germany, 2009-2015

YEAR	EXPORTS TO GERMANY			EXPORTS TO EU COUNTRIES	
	VALUE (EURO)	VOLUME (LITRE)	UNIT PRICE €/lt	VALUE (EURO)	VOLUME (LITRE)
2009	894,660.00	110,678.00	8.08 €	1,540,262.23	194,924.50
2010	934,242.00	111,915.00	8.35 €	1,310,694.95	161,356.25
2011	978,750.00	143,382.00	6.83 €	1,581,194.70	263,376.75
2012	1,131,851.00	194,833.00	5.81 €	1,701,458.66	293,107.25
2013	1,318,340.00	235,731.00	5.59 €	1,782,927.83	324,687.01
2014	1,541,291.00	277,722.00	5.55 €	2,082,809.48	380,270.64
2015	1,696,639.00	301,253.00	5.63 €	2,402,751.36	425,117.50

Source: Hellenic Statistical Authority

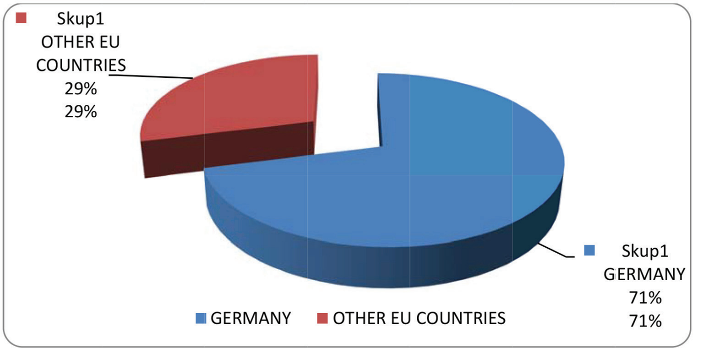

Chart 5: Drama's wine export in value (€), in volume (lt) to EU countries & Germany -2015

Source: Hellenic Statistical Authority

The most important market for Drama's wines exports to the European Union is Germany, representing 71% of the total volume exported to the EU countries. The chart 5 depicts the percentage of Drama's wines exports to the EU countries and Germany for 2015, in volume and value.

During the six-year period (2009-2015), wine exports to Germany show a significant increase in value (89.6%) and almost a double increase in volume (172%), with the average unit price per liter being significantly reduced by 30.3%. (chart 6, 7).

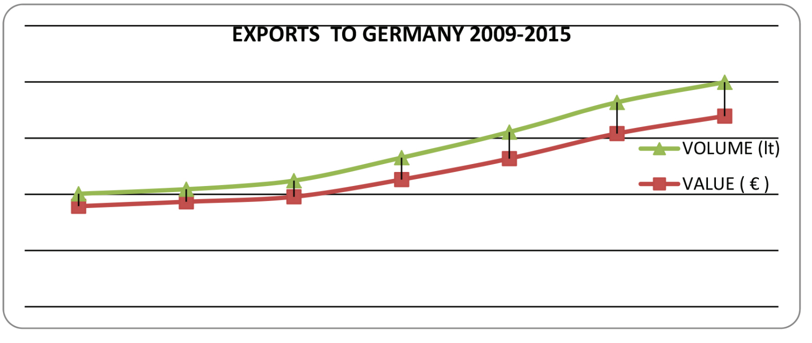

Chart 6: Drama's wine export in value (€), in volume (lt) to Germany 2009-2015

Source: Hellenic Statistical Authority

Chart 7: Variation of average export price of wine per €/lt to Germany 2009-2015

Source: Hellenic Statistical Authority

Drama exports its wines to only three countries (Germany, U.S.A and China). From these, two countries (Germany and the USA) absorb 66% of the volume and account for 67% of the value of its total exports. (table 6, 7 and chart 8, 9). There are possibilities to export in other countries, if these counties know Dramas wines by suitable marketing.

Table 6

Drama's wine export to Germany & USA in volume (%), 2009-2015

DRAMA'S WINE EXPORT IN VOLUME (lt) 2009-2015			%	%	%
EU Countries & Outside EU Countries	**Germany**	**U.S.A**	**Germany**	**U.S.S**	**Other Countries**
3,035.698.00	1,375,514.00	641,696.24	45%	21%	34%

Source :Hellenic Statistical Authority

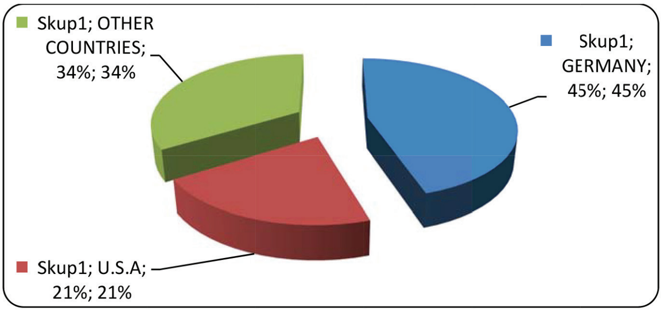

Chart 8: Drama's wine export to Germany & USA in volume (%), 2009-2015

Source: Hellenic Statistical Authority

Table 7

Drama's wine export to Germany & USA in value (%), 2009-2015

DRAMA'S WINE EXPORT IN VALUE (€) 2009-2015			%	%	%
EU Countries & Outside EU Countries	Germany	U.S.A	Germany	U.S.A	Other Countries
19,383,421.00	8,495,773.00	4,383,001.00	44%	23%	33%

Source: Hellenic Statistical Authority

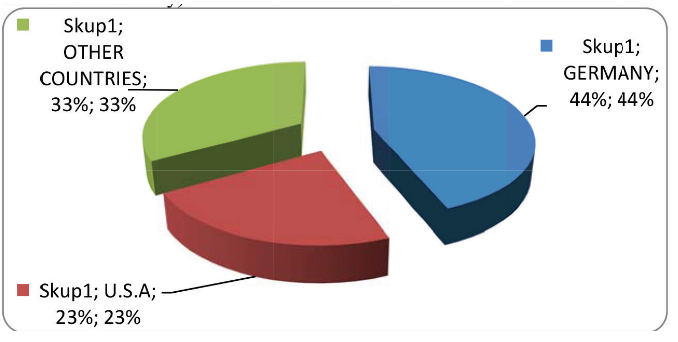

Chart 9: Drama's wine export to Germany & USA in value (%), 2009-2015

Source: Hellenic Statistical Authority

As it is well known (Leonidou, L.C., 2000; Papalexiou, C., 2009), exports to individual markets - countries are subjected to various risks, such as embargoes due to political changes. A recent example is the case of the Russian embargo, the imposition of which on agricultural products of the EU countries created huge problems for Greek exports (Pappous, G., 2015). In order to avoid such problems in the future, the market in Drama should seek alternative markets (new markets) and expand them.

Finally, the Drama exports are compared to the total Greek exports for the six-year period (2009-2015), in tables 8, 9, 10 and charts 10,11. The volume of Drama's wine exports shows a significant increase of 118% to EU countries, and 106.4% to outside EU countries compared to Greek exports, which declined towards EU countries by 13%, while they remained stable to outside the EU countries. In terms of value, Drama's wine exports increased by 104.5% to outside the EU countries and by 56% to EU countries. In relation to Greek exports, which showed an increase of 80% to outside the EU countries, while they remained almost constant to the EU countries.

Table 8

Drama and Greece's wine export in volume (lt), 2009-2015

YEAR	DRAMA'S WINE EXPORT IN VOLUME (lt) 2009-2015		GREECE'S WINE EXPORT IN VOLUME (lt) 2009-2015		DRAMA %	DRAMA %
	EU Countries	Outside the EU Countries	EU Countries	Outside the EU Countries	EU Countries	Outside the EU Countries
2009	194,925	86,902	26,638,800	3,767,200	0.73%	2.31%
2010	161,356	96,381	33,225,700	5,341,100	0.49%	1.80%
2011	263,377	112,346	29,450,700	4,498,500	0.89%	2.50%
2012	293,107	169,411	29,761,100	4,660,400	0.98%	3.64%
2013	324,687	177,558	19,854,500	4,506,700	1.64%	3.94%
2014	380,271	170,840	23,779,900	4,393,000	1.60%	3.89%
2015	425,118	179,421	23,151,900	4,676,400	1.84%	3.84%

Source: Hellenic Statistical Authority

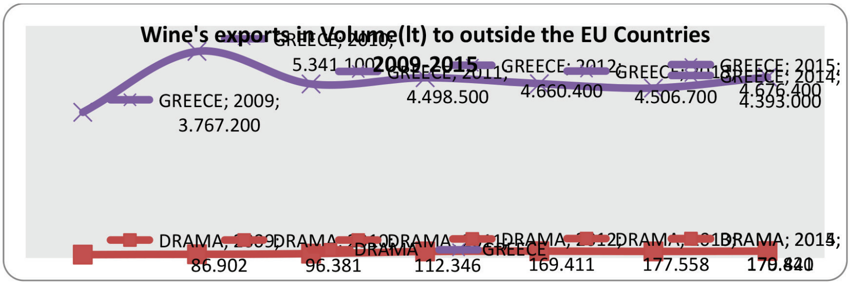

Chart 10: Drama and Greece's wine export in volume (lt) , 2009-2015 to outside the EU Countries

Source: Hellenic Statistical Authority

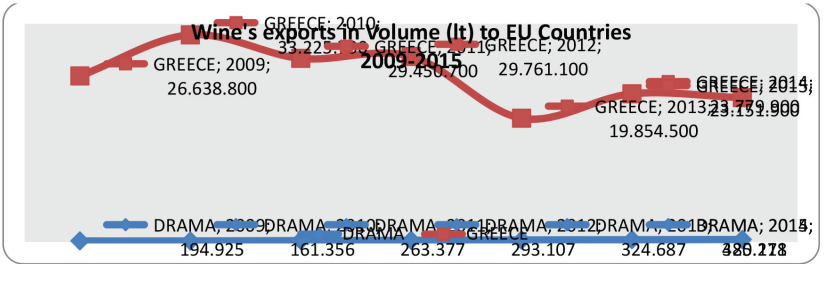

Chart 11: Drama and Greece's wine export in volume (lt), 2009-2015 to EU Countries

Source: Hellenic Statistical Authority

Table 10

Drama and Greece's wine export in value (€), 2009-2015

YEAR	DRAMA'S WINE EXPORT IN VALUE (€) 2009-2015		GREECE'S WINE EXPORT IN VALUE (€) 2009-2015	
	EU Countries	Outside the EU Countries	EU Countries	Outside the EU Countries
2009	1,540,262	648,443	46,752,653	11,086,691
2010	1,310,695	715,300	44,972,544	12,901,771
2011	1,581,195	781,519	47,838,271	14,371,535
2012	1,701,459	1,159,605	47,889,419	18,329,283
2013	1,782,928	1,217,567	43,072,482	16,488,694
2014	2,082,809	1,133,006	45,730,265	16,766,882
2015	2,402,751	1,325,882	46,715,805	19,959,060

Source: Hellenic Statistical Authority

Table 11

Unit price per lt/€, 2009-2015

YEAR	DRAMA'S WINE EXPORT UNIT PRICE lt/€ 2009-2015		GREECE'S WINE EXPORT UNIT PRICE lt/€ 2009-2015	
	EU Countries	Outside EU Countries	EU Countries	Outside EU Countries
2009	7.90	7.46	1.76	2.94
2010	8.12	7.42	1.35	2.42
2011	6.00	6.96	1.62	3.19
2012	5.80	6.84	1.61	3.93
2013	5.49	6.86	2.17	3.60
2014	5.48	6.63	1.92	3.82
2015	5.65	7.39	1.92	3.80

Source: Hellenic Statistical Authority

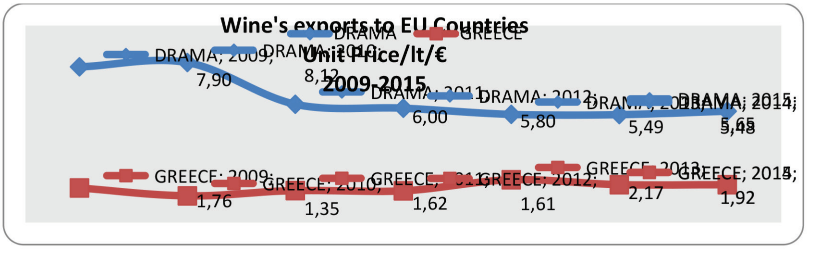

Chart 12: Unit price per lt/€ to EU Countries, 2009-2015

Source :Hellenic Statistical Authority

The data provided by the Hellenic Statistical Authority and Drama's Customs office cannot explain with certainty the reasons why there is a different tendency in the exports of Drama wine from wine exports in the rest of Greece. However, one of the reasons that seem to affect Drama's exports to EU countries is the reduction of the average export unit price of wine by 28.5% (Table 11). To find out other reasons, we contacted remarkable local wine producers who informed us that at the start of the economic crisis they paid special attention to the pricing of their wines, they put newer, more economical wine labels in the market, and turned quickly and earnestly towards new markets (extroversion) that were not active until then (http://data.europa.eu/, 2016; http://ec.europa.eu/agriculture/, 2016).

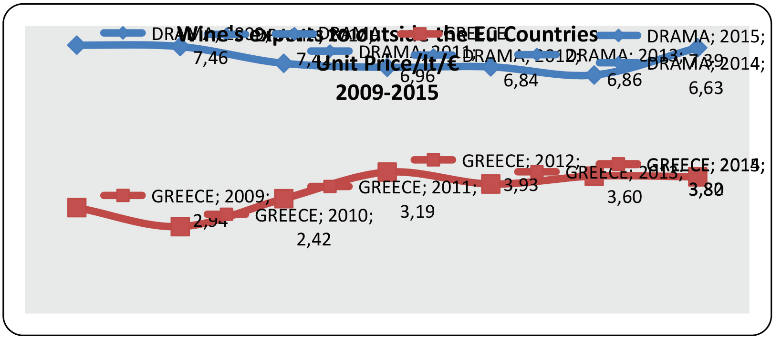

Chart 13: Unit price per lt/€ to outside the EU Countries, 2009-2015

Source :Hellenic Statistical Authority

6. CONCLUSIONS

It is noteworthy that in the six-year period (2009-2015) the average export unit price of the Drama wines to both outside EU countries and EU countries is much higher than Greece's average export unit price (Chart 12,13). This suggests that the wineries of Drama are targeting the expensive wine market, although in the last six years - in times of economic crisis - they produce and export wines at a lower price so as to be more market competitive.

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