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KYM ANDERSON (ed.), *The World's Wine Markets: Globalization at Work*. Cheltenham (UK), Edward Elgar, 2004, 335 p.

Globalization of the world's wine sector has been characterized by technical innovation and transfer, investment in new regions, improved marketing strategies, and significant changes in industry structure and trade. Kym Anderson, from the University of Adelaide, has assembled a brilliant set of papers that provide a comprehensive and contemporary picture of the impacts of globalization. This important book allows the reader to gather ideas from extensive regional studies that might be useful for other situations.

The book is derived from papers presented at the Australian Wine Industry Technical Conference in October 2002 and involved 35 contributors from a wide range of universities throughout the world as well as three or four other agencies and firms. The book contains 15 chapters, including an introduction, a global analysis and 13 chapters on regions throughout the world. The authors describe and analyze relevant trends in order to estimate how these countries have adapted to globalization. The chapters use a scientific approach and successfully avoid political or regional biases. This is an "expert's" book. It does not provide "how to do it" advice, which is probably appropriate for the complex wine sector.

As one might expect in such a book, the clarity and quality of the chapters vary. Chapter 1 is the clear and comprehensive introduction written by Kym Anderson. He points out that producers and governments need more accurate information concerning the causes and effects of globalization in order to adjust their strategies. Accordingly, he sets the book's objective to improve the quantity and quality of data and the effectiveness of models used to analyze them.

Chapter 2 presents global data on production, consumption, and trade and uses a sophisticated economic model to project these factors in different markets. The results are general averages that may not indicate the situation for a single wine class or differentiated market. The chapter concludes with the observation that a preference for heterogeneity on the demand side and the infinite scope for experimentation on the supply side ensure continuation of small and medium size producers alongside the giants.

Chapters 3 through 8 cover the situation in Western Europe. The chapter on France surveys quality trends, noting a movement toward non-AOC wines, and shifts in trade, including a loss in market share in export markets. Globalization is leading to French overseas investment, changes in the structure of production and distribution, and changes in marketing strategies. Chapter 4 documents the situation in Italy and argues that a significant strategy for the future is product differentiation and market segmentation. The conclusion to the chapter is excellent. It contains a lucid road map for increasing Italy's competitiveness. The chapter on Spain and Portugal provides a good historical overview and analysis of trends affecting the industries since the 1990s. It projects added investment in marketing, shifts toward territorial wines, and revised product strategies. Chapter 6 covers Germany and presents a brief history and then a discussion of recent production, exports, imports and consumption. The description of trends and recent changes is good but the chapter provides little analysis supporting its conclusions. Chapter 7 examines the situation in the UK and highlights the significant institutional changes that have occurred. It suggests an increasing market potential for French AOC wines, more use of internet for marketing, and a continuation of the UK as a leading export market. The chapter's summary of implications is excellent. Chapter 8 concerns the Nordic countries. It is very detailed and some of the data are difficult to interpret. The authors conclude that monopoly systems have impeded consumption growth and fostered higher prices. These are still "emerging" markets with potential for expansion although there are no suggestions about how to penetrate them.

Chapter 9 considers Eastern Europe and the former Soviet Union. Some of the discussion centers on problems related to the accession to the European Union by certain countries. Basically the chapter analyzes changes in production, consumption, trade, structure and policies and how various factors are affecting outlook. Some of the discussion presumes extensive knowledge of trade negotiations and terms that may be beyond many readers. For this reason, I characterize this chapter as an “expert’s” chapter.

Chapter 10 examines North America, but primarily concentrates on the United States. It concludes with a discussion of the most important economic and policy issues and how industry is likely to evolve over the short and long term. The analysis of current wine consumption patterns and issues is very good although I found some of the cost data to be confusing. The authors suggest that near term outlook is clouded but over the long term California will remain a competitive force. The next chapter focuses on Chile and Argentina. The two countries have developed along different paths: Chile toward higher quality wines designed for the export market, and Argentina toward lower priced wines for the domestic market. The authors examine the effects of globalization and the segments of industry that have adjusted and the segments that have not. Their short run prognosis is for little growth but over the long term they believe that Chile will expand production and Argentina will expand exports. Chapter 12 examines South Africa. Some of the discussion of the KWV organization is far more detailed than necessary to support arguments about structural change and there is one significant error in grape production data. Otherwise, the chapter provides an excellent analysis of the structural changes affecting production, trade, competition and innovation. The arguments are brought together in an excellent conclusion.

Chapter 13, on Australia, is excellent with a sound analytical basis. Other countries and regions seeking ideas for better adapting to globalization can benefit from its conclusions. The authors analyze how Australia achieved growth and compare this with other “New World” producers. Collaboration within the industry and with agencies outside the industry has improved generic marketing, research and development, and political lobbying. Mergers and acquisitions within and outside of the country have been important elements in the globalization process and also in the growth of the Australian industry. Chapter 14 covers New Zealand. Although a relatively small wine producer, New Zealand’s adjustment to changing world markets provides a useful guide for other small regions seeking to reposition their wine sector. The author analyzes New Zealand’s development and the forces currently affecting it and concludes that producers will continue to shift toward quality wines, will capitalize on environmentally friendly production practices, and will use generic advertising for brand “New Zealand” as a means to increase consumer awareness.

Chapter 15, the book’s last chapter, examines markets in East Asia with a principal focus on China and Japan. The situation in China is clouded by uncertainties about domestic production levels and quality, the pervasiveness of fake wines, and the wide gap in consumer awareness about wines. The situation in Japan is more apparent, with consumption slowly growing, but with high tariffs and complex labelling rules. There is a large volume of bulk wine or must that is imported into Japan for bottling under Japanese labels. This chapter presents a good description of changes and the reasons for them, but does not suggest how exporters can better penetrate the South East Asia markets.

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