The amfori BSCI Sustainable Wine Programme

An overview of the Argentinian wine industry
New world, old traditions

Argentina is the third largest wine producer in the New World*. The country’s wine map comprises a vast strip running along the western border and covering an area of more than 217,750 hectares. Argentina’s unique viticulture is steeped in over five centuries of tradition. This deeply rooted culture of winemaking is a result of the country’s range of altitudes and temperatures and local know-how. These factors, along with the introduction of new technology, gives Argentinian wine its unique identity. Malbec is the flagship variety. Although originally from France, in Argentina the grape found ideal conditions in which to flourish and today constitutes roughly 58% of exports.

Argentinian wine in numbers

Argentina is the world’s ninth largest exporter of wine. It is estimated that in 2017 the wine value chain - encompassing grape production for wine, fresh consumption and raisins, and the growing wine tourism industry - generated an added value of around €885m.

Around a third of this value derives from the production of grapes for wine making (€298m), reinforcing primary production’s capacity for generating wealth. It contributed almost the same amount of added value as the commercialisation stage (€303m).

The bottling and production of wine contributed 1 out of every 3 euros of added value, while wine tourism, despite being a relatively new activity in relation to production, generates an added value that goes beyond fresh grapes and raisins.

Wine tourism generated almost €37m in 2017, and the industry has the potential to grow even larger. The number of ‘enotourists’, or people who carry out wine related activities, is estimated at just under two million and brings in roughly €21 per tourist. This would indicate an added value of more than €15m when the production and resource costs are subtracted. Wine tourism, therefore, offers a valuable opportunity to cover 40% of production costs.

Top importers of Argentinian wine in 2017:

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>33.4%</td>
</tr>
<tr>
<td>UK</td>
<td>13.4%</td>
</tr>
<tr>
<td>Canada</td>
<td>7.5%</td>
</tr>
<tr>
<td>Brazil</td>
<td>61%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>4.02%</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>35.8%</td>
</tr>
</tbody>
</table>

(*) The New World, in the context of wine, is a term used to describe wines that are either grown outside of Europe and the Mediterranean or growing regions that are new to wine production. The New World countries are: United States, Australia, New Zealand, South Africa, Chile and Argentina.
Employment

The industry’s main issues revolve around informal working conditions at vineyards. An informal approach to hiring procedures and working conditions results in an absence of social security and health coverage, and hazardous workplaces. Occupational health and safety is an area of concern, especially on farms that lack the proper training, safety equipment and sanitation. Such issues occur more frequently at small producer vineyards and family-run businesses.

Another factor affecting employment is technology. The widespread use of machinery is replacing workers, making the industry far less labour intensive. Seasonal workers are employed for pruning and harvesting, as well as for winemaking during the harvest season, which usually runs from late February to mid-May.

100,000
direct employees

273,000
indirect employees

54,676
permanent employees

Going green

In the recent years, efforts have been made to improve the Argentinian wine industry’s environmental performance. The two issues at the heart of the agenda are:

Water management

All vineyards in Argentina need irrigation. The technique traditionally used was surface irrigation, which would consume 100% more water than drip irrigation. A large number of vineyards have upgraded to the drip system, not only to economise their water consumption but also to allow for different irrigation patterns according to the needs of the plant.

The drip system is used for two reasons: to reduce the consumption of water and to cultivate different kinds of plants. Irrigating once per day for a long period results in deeper roots than those cultivated by several short bursts of irrigation. These techniques each affect the grapes and ultimately the taste of the wine produced.

Hazardous waste management

The industry requires the use of agrochemicals to control diseases and fertilise plants. According to Argentinian regulation, the empty containers of these products are considered hazardous waste and require procedures for their disposal. There is a serious risk of poisoning in rural areas, where it is common to see these containers used to transport water for human consumption.

Sustainability

More than 35 wineries participate in a Sustainability Committee organised by Bodegas de Argentina. In 2010, this Committee began work on different sustainability issues in the wine industry and has launched an initiative called Sustainability Protocol that has been certified by eight wineries so far. The Protocol provides guidelines for sustainable wine production from both a social and environmental perspective.
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