

Environmental Hotspots in the Argentine Wine Industry

Pouring over key information:

888
wineries*

*In Argentina, there are 1208 Wineries. Of these, 888 produced wine in 2018



1,452,151,000
Litres of wine produced



218,232
Hectares of Vineyards



2,577,311
Tonnes of grapes harvested



A Well-Rooted and Ripening Industry

Wine production in Argentina dates back to modest beginnings in 1536. Five centuries on, Argentina is now the fifth-largest wine producer worldwide. The land used for grape cultivation covers around 218,232 hectares (2,182 km²) with a marked predominance of red wine production at 52.9%. There is also a significant presence of rosés (26.2%) and white wine (21%) varieties grown throughout Argentina.

Found at the Andean foothills across the picturesque Mendoza region, Argentine vineyards are generally located at nobly high altitudes. In with a climate of low humidity, the country's vineyards are well-protected against insects, fungi and other diseases. As a result, Argentina is known for its high production of almost pesticide-free varieties of wine.

Argentina's flagship vintage is Malbec, accounting for 63% of its annual wine exports. Today, Argentina exports around 20% of its wine, with the United States, United Kingdom, Canada and Brazil being its most important markets. The volume of wine exported represents a considerable stream of revenues for the Argentine economy, equivalent to \$212.6 million.

The Wine Industry's Growing Importance

Argentina is a major actor in the global wine industry, as it produces about 5% of the world's wine. In 2018, exports grew significantly in volume (23%), with smaller increases in value (2%). Nevertheless, the internal market for wine in Argentina experienced a decrease throughout the year.

In recent years, Argentina has undergone a transformation in its winemaking process to ensure higher quality production. The country has also introduced a system of geographical indications (GIs) and designation of controlled origin (DOCs) that allows the differentiation of products and an increase in added value.

The Argentine wine industry employs an estimated 385,000 people, directly and indirectly. Indirect employees are mainly involved in activities such as the packaging processes, distribution and retailing as well as wine tourism.

Wine tourism grows in Argentina at an average annual rate of 6%, according to the country's Ministry of Tourism. Mendoza is the province known for its highest wine production and is currently innovating its offering in enotourism to market its products more effectively.

Building an Environmentally Responsible Industry

In the last decade, the Argentine wine industry has addressed major environmental challenges. The most pressing areas include:

Scarce Water Supply Awash with Challenges

Mendoza, the region that accounts for almost 70% of the wine production of the country, is facing considerable water shortages. The province is currently experiencing a water emergency and is already starting to see significant impacts of this drought. This western province's 2018-2019 harvest season been challenged by a dwindling water supply in its rivers, many flowing at levels 50% under the normal capacity. This is the worst resource shortage seen in the last 100 years. This situation is being significantly aggravated by climate change and a rise in temperatures: which is almost entirely due to a lower snowfall in high-altitude mountains and the spring thaw occurring much earlier than expected.

In addition to this, the efficiency of water irrigation is considered to be poor. This does not exceed more than 40%. In practical terms, this is particularly shocking as it means that 60% of the water supply is lost in pipelines, through leaks or

pollution. Although the new vineyards in Argentina use drip irrigation, a micro-irrigation system that has the potential to save water, there is still a large number of old and new vineyards that are irrigated by flooding the ground with water. This practice results in significant loss of water overall. Losses of water also occur during the transportation of the resource through the network of irrigation canals: in general, these are not waterproofed or watertight.

Wastewater Generation A Murky Issue

Wastewater produced by wineries usually arises with washing operations during the peak harvest season. With this, wineries that carry out the bottling of their products have an even higher consumption than those that are only dedicated to winemaking. Wastewater from the wineries is essentially composed of water and organic material. Releasing this back into the environment could cause soil pollution but also surface and groundwater contamination.

During harvest season, effluents from wineries are - on average - ten times more concentrated than domestic effluents. Most of the wineries have rudimentary effluent treatment processes, underlining a need to invest in clean technologies for the Argentine wine industry.

Top importers of Argentine wine in 2018

USA	23,52 %
UK	14,11 %
Canada	11,92 %
Brazil	5,39 %
Mexico	4,73 %
China	2,60 %
Netherlands	2,35 %
Germany	1,80 %
France	1,24 %

Energy Consumption Pressing for Responsible Growth

The wine industry in Argentina still uses a vast amount of energy in its winemaking process and other activities along the entire supply chain. Progress made so far in the optimization of its energy consumption has been slow.

The most urgent processes that need to be modernized are the following:

- optimising the consumption of electric energy;
- Cooling and heating
- Insulation
- Energy used during the winemaking process.

For this reason, the Argentine wine industry is now trying to minimise the amount of energy used in the processes that take place at a factory level, where grapes are usually processed into wine.



¹ Salinisation is the accumulation of salts in water at levels toxic to humans



Raising a Glass to the Future of Argentine Wine

In recent years, wineries in Argentina are becoming more aware of the impact of wine packaging on climate change and have begun to take various measures in this regard. This has been motivated by **reducing costs for producers** as well as **consumer demand for a more environmentally friendly** offering.

The first measure implemented consists of the use of **lighter bottles**, which will significantly help to minimize the carbon released during transport and the exploitation of natural resources. However, there are limitations for certain qualities of wine and markets since a percentage of consumers still prefer heavier bottles for premium vintages.

Wineries in Argentina have also started the use of eco-friendly bottle closures, such as sugarcane-based closures. Studies have shown that sugarcane-based products are 100 percent recyclable, with a net zero carbon footprint. In addition, the replacement of the traditional plastic oil closure with a more sustainably produced alternative will help the industry to further reduce its carbon footprint. It is important to note that the packaging concentrates on average 40% of the carbon footprint of wine, therefore improvements in this dimension generate a significant positive impact.

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amfori supports its members to identify and mitigate risks in the Argentine Wine industry. Our activities in Argentina include:

- ✓ **48 vineyards and wineries** on the amfori BSCI Platform
- ✓ **19 Audited Wineries** from 2016
- ✓ **43 participants in training**

Click here to see is what amfori does to promote sustainability in the wine industry.

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