

About Armenia's Wine Production Strategy

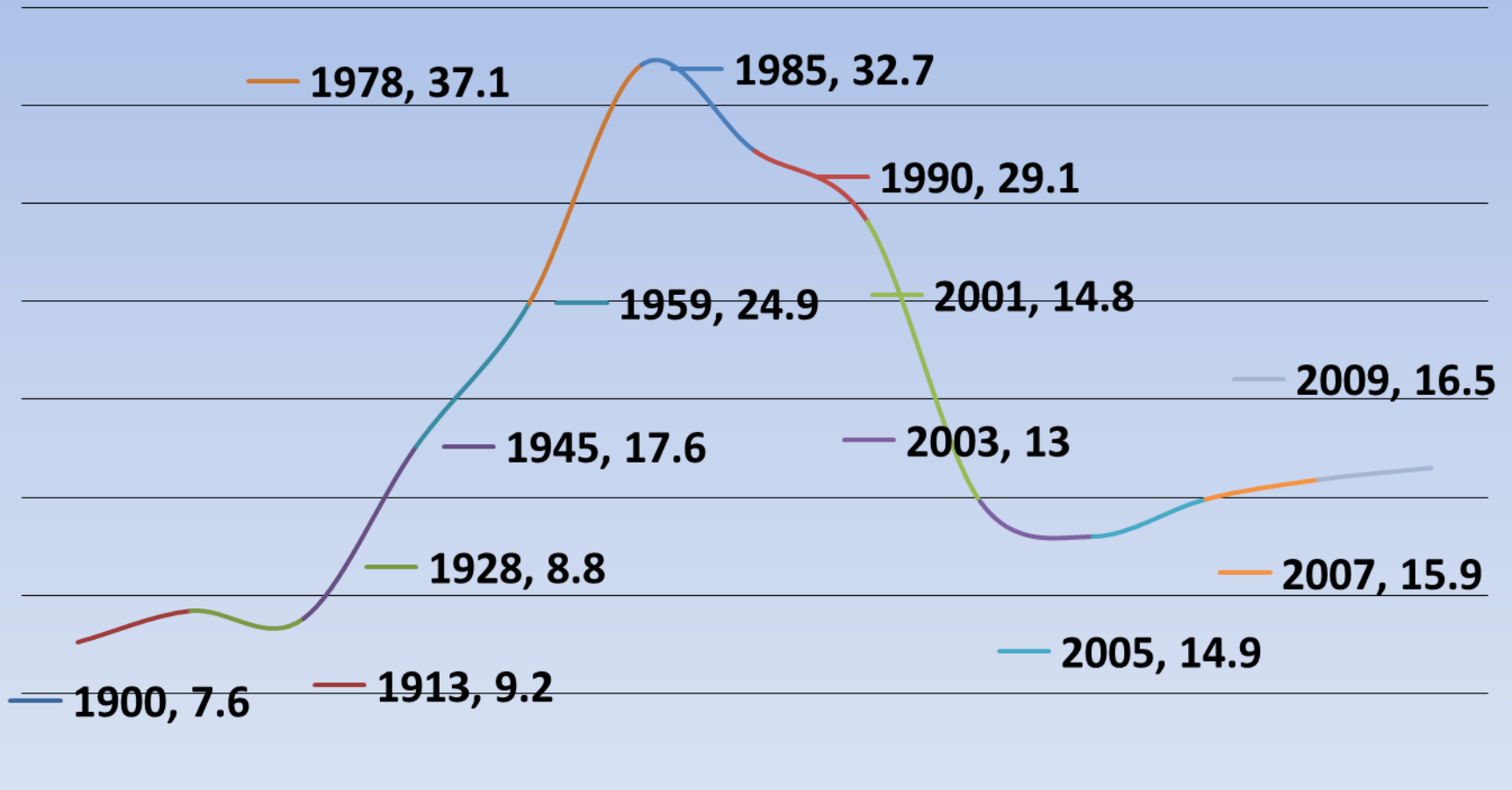
Avag Harutyunyan

Export Promotion Conference

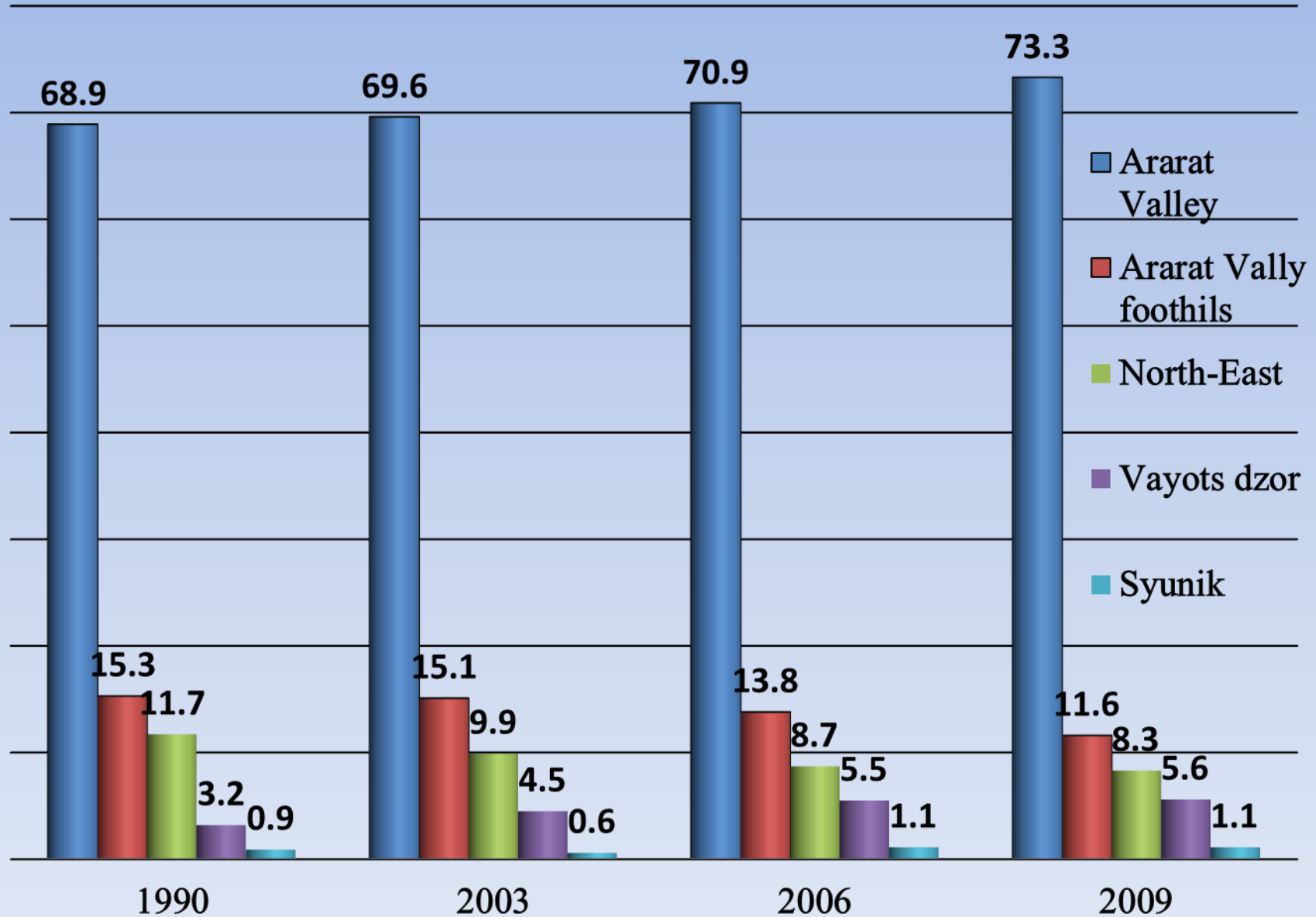
December 11, 2010

Yerevan

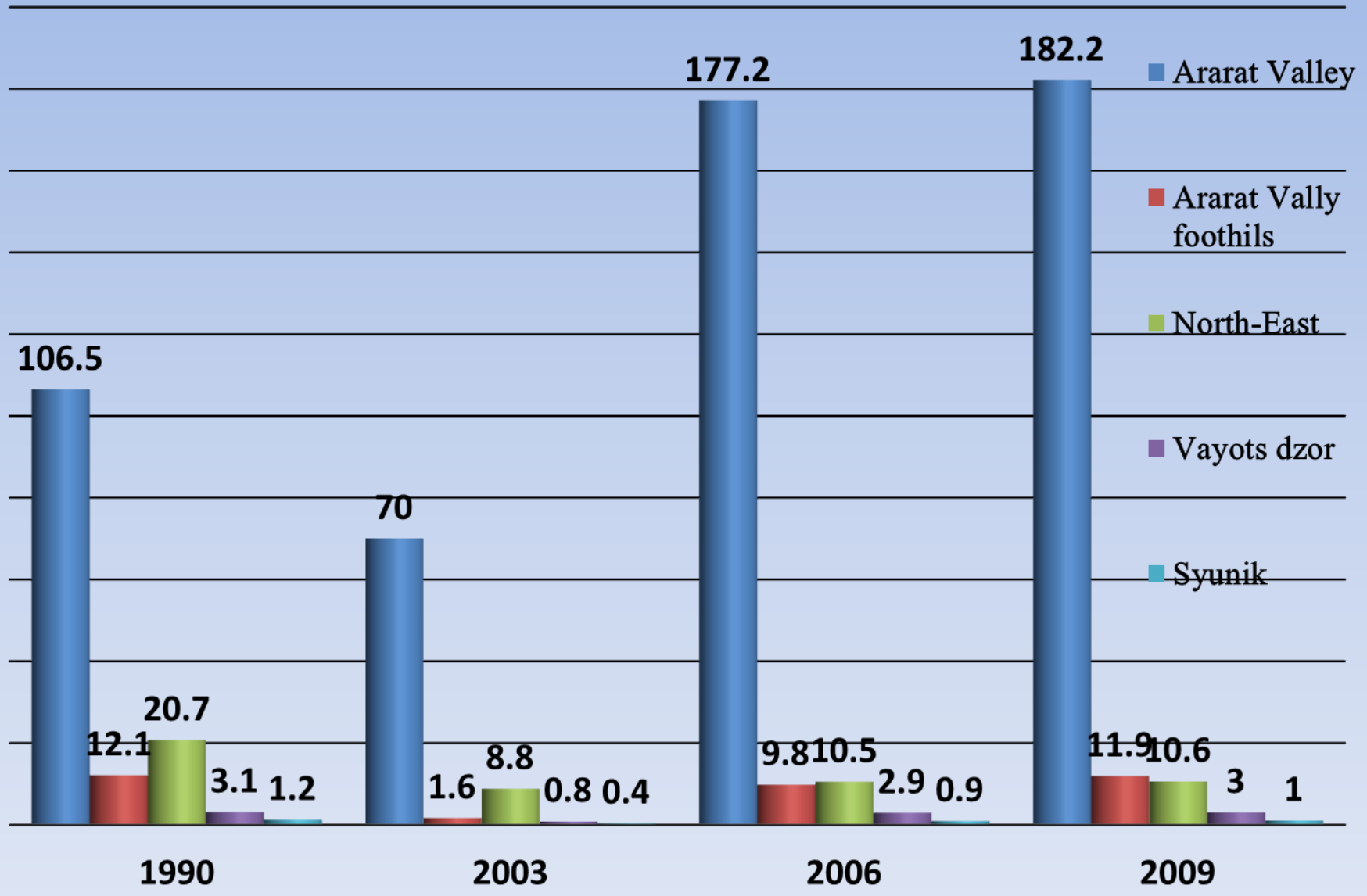
Dimension trends of Armenia's vineyards in 1900-2009 (thousand ha)



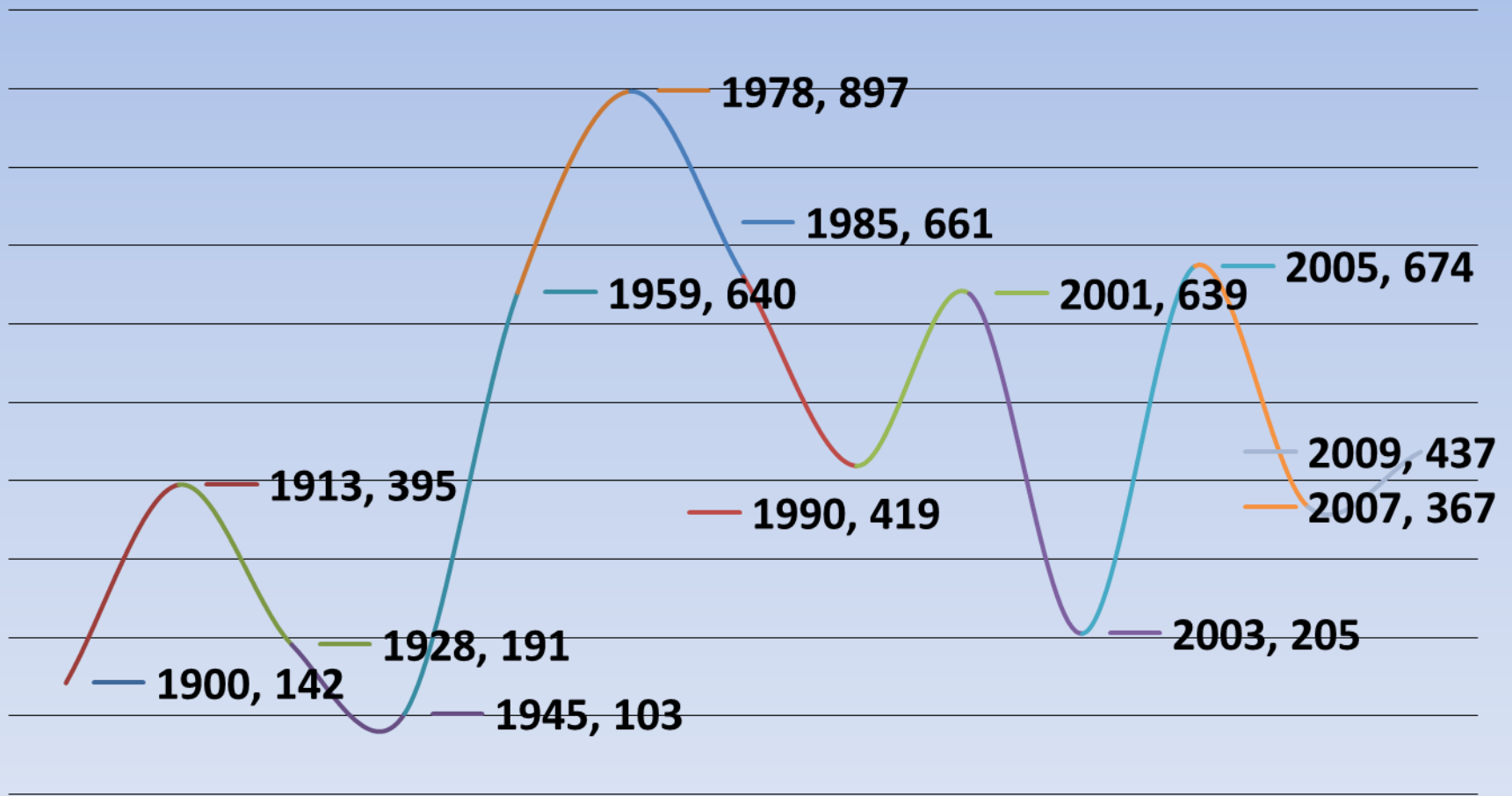
Share of vineyards according to wine production regions (%)



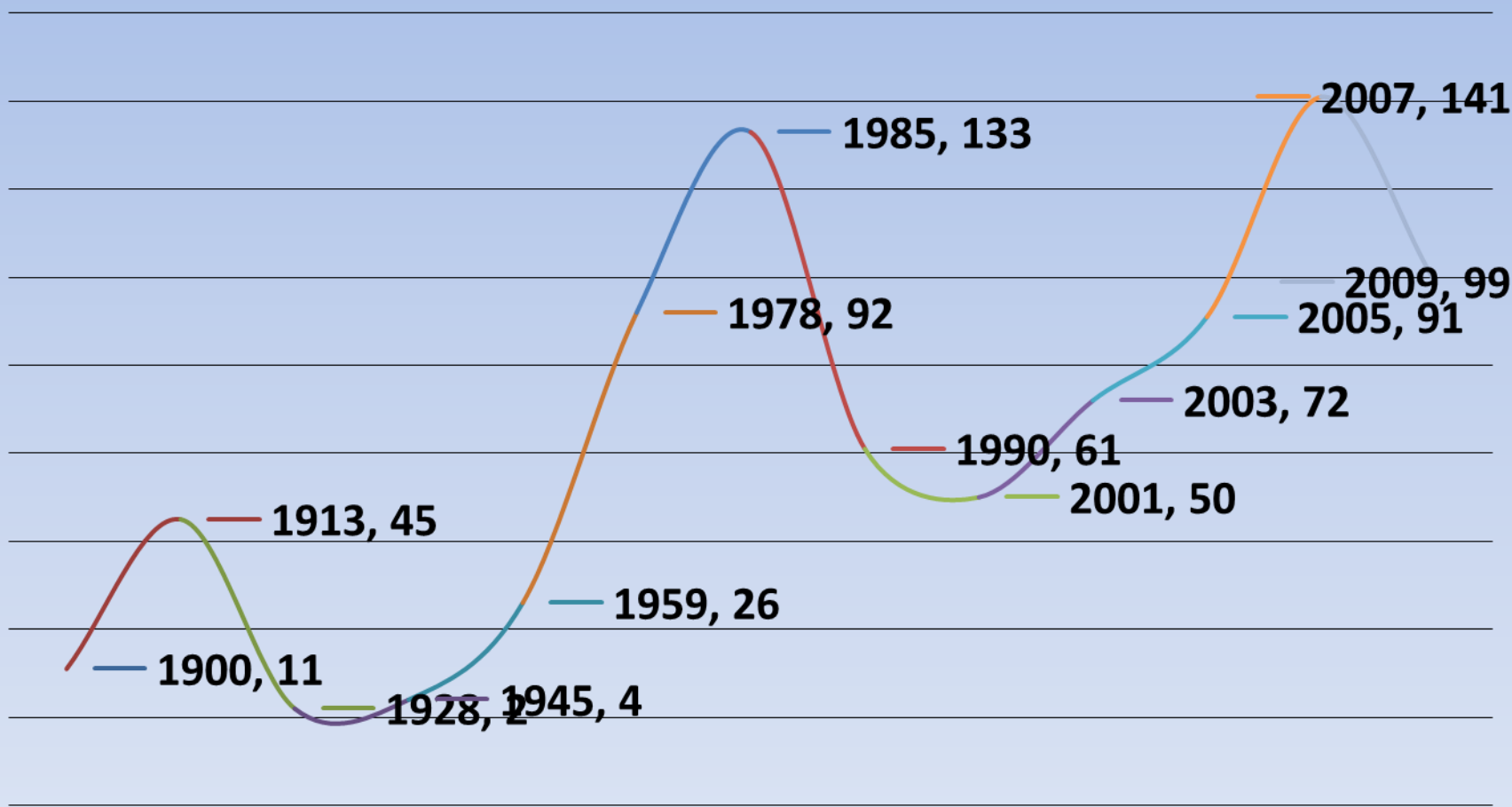
Division of vineyard's gross production according to wine production regions (thousand tons)



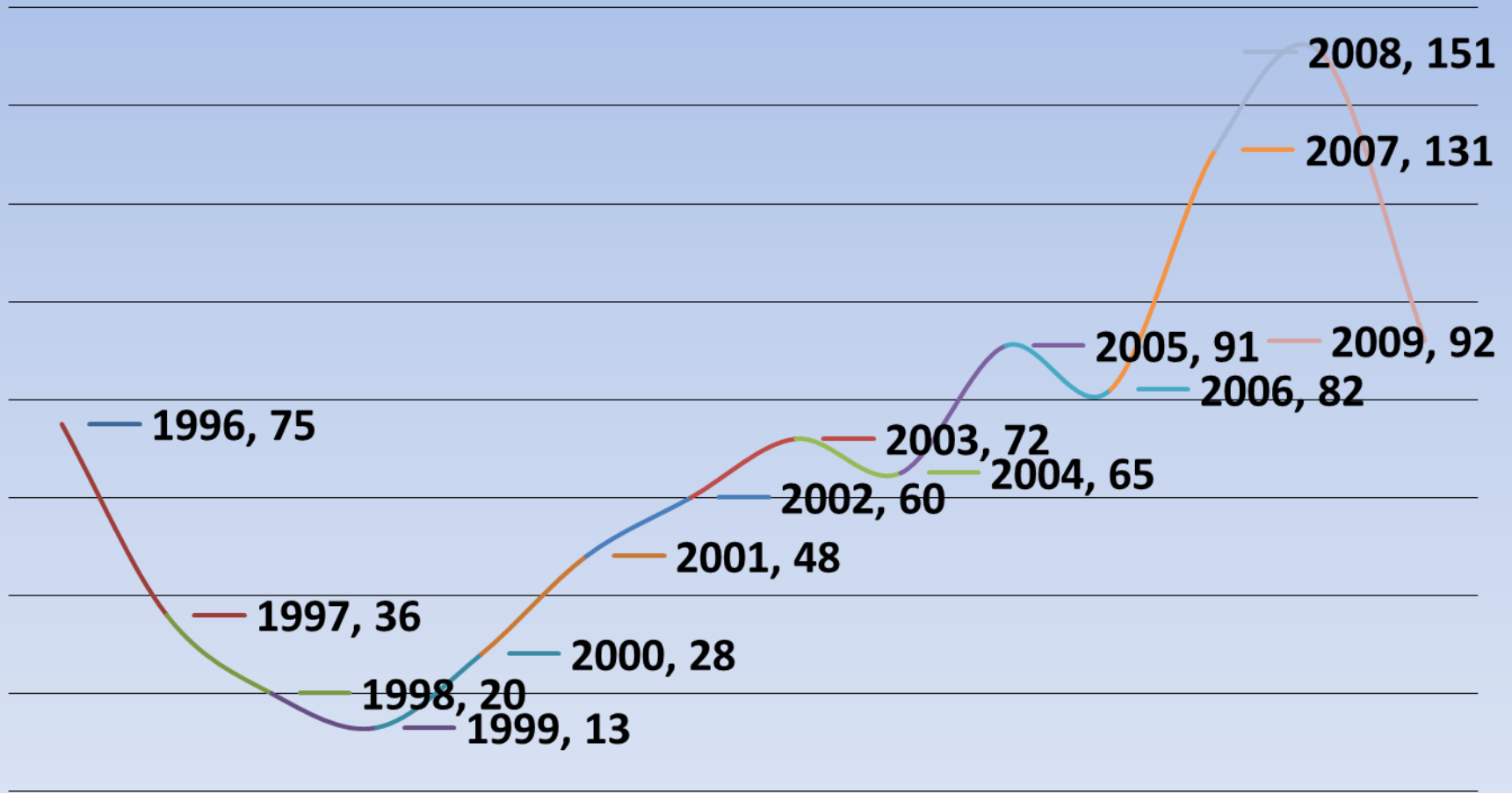
Wine Production in Armenia 1900-2009. (thousand hl)



Cognac Production in Armenia 1900-2009 (thousand hl)



Exports of Cognac from Armenia 1996-2009 (thousand hl)



Structure of the world wine market according to the price of consumed wine

- Wines priced between 1.5-4\$ – 75%
- Wines priced between 4-15\$ – 15%
- Wines priced 15\$ and above – 10%

Trends of the world wine market according to ideology of origin

- “Ancient world” wines
- “Exotic country” wines
- “New world” wines
- “Aboriginalism” ideology aspiring country
Wines

Wine and grape “Aboriginalism” ideology aspiring countries

- Armenia, Georgia, Azerbaijan
- Turkey, Israel, Lebanon, Syria
- Iraq, Iran
- Ukraine, Moldavia, Russia
- Romania, Bulgaria
- Greek, Macedonia, Croatia, Cyprus

Main barriers to exports of wine (internal factors)

- Low quality production
 1. Improper structure of raw material base
 2. Antagonism on the parts of the raw material base
 3. Absence of modern facilities and technologies
 4. Human factor - unprofessionalism

Main barriers to exports of wine (internal factors)

- Absence of government policy
 1. Winemaking promotional concept
 2. Image building of the Armenian wine
 3. Receiving certificate of origin, essence, lack of scaled approach
 4. Certificate of authenticity , essence, necessity of subjectivism

Main barriers to exports of wine (internal factors)

- Taxation failures
 1. Difficulties on return of VAT
 2. Difficulties regarding reimbursement of taxes
 3. Barriers to creation of group loads
 4. Grape spirit, amount and un-selectiveness of fees asked for cognac production licenses

Main barriers to exports of wine (internal factors)

- Taxation failures
 1. Taking away the statement function from the exporter
 2. Forbidding trade in costume storehouse
 3. Absence of special sample exports

Main barriers to exports of wine (external factors)

- Prohibition of alcohol exports through the Iranian territory
- Serious difficulties with exports through the Turkish territory
- Prohibition of alcohol transport through the Lars customs post, in case of Russia