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Agronomy

Development of Winemaking Regional Clusters in Georgia

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Abstract. The topic is considered in the introduction to the competitiveness of the Georgian economy agrarian sector. It remains a key issue of development for the country of Georgia, since it provides positive dynamics for the development of strategic goals of significant sectors of the economy-agriculture. In recent 10 years, the competitiveness of agricultural sector is one of the main points of research and publications based on many theoretical and applied researches. During almost 30 years of economic reforms, national agrarian economic interests are higher than political interests. The Georgia-European Union Free Trade Agreement on the competitiveness of the national economy sectors followed a predictable crisis, especially in the fields of winegrape production and its processing to make wine, which may have additional economic effects of adopting this agreement and participating in national competitiveness through Z. Sister terms. This enabled the government of Georgia to change some of the national agricultural parameters, which reduced the competitiveness of the products produced by Georgian wine industry in the domestic market due to the ease of the barriers to the Georgian market. *© 2025 Bull. Natl. Acad. Sci. Georg.*

Keywords: Georgian wine industry, competitiveness of prossesors, European markets

Introduction

For the last 30-year period of economic reforms, since Georgia obtained state independence, national economic interests have been placed above political interests. The conclusion of the Free Trade Agreement between Georgia and the European Union was accompanied by a predictable crisis in the competitiveness of the national economy, especially in the agricultural processing industries, and it can be considered in terms of obtaining additional economic effects and increasing national competitiveness through participation in above-mentioned agreement with the EU (Roberto, 2012; Baratashvili, 2019).

All this allowed the Georgian government, as a result of great efforts, to change some parameters of the national agricultural economy, as a result of lowering barriers to the European market and simplifying entry into the Georgian market, could cause a decrease in the competitiveness of products produced by Georgian enterprises in the domestic market.

It should be noted that within 5, at most 10 years, the main sectors of Georgian production (for example, winemaking) should reach the current level of world competitiveness and establish their competitiveness in the domestic market. In addition, Georgia has all the data and should become the center of the regional winemaking cluster. This will allow the national agrarian economy to solve the profitability problems of enterprises, sectors, and newly created clusters and develop the social sphere (Okrotsvaridze, 2023).

Materials, Methods and Discussion

Prospects for the formation of an agricultural cluster is the first issue for real development of wine industry. For a complete analysis and assessment of the competitiveness of the wine industry, economic calculations need to be carried out in the following logical sequence:

- Assessment of the competitive products of the Georgian wine industry on the domestic consumer market;
- Assessment of the competitiveness of strategic groups of wine producers in the grape wine segment;
- Assessment of the competitiveness of strategic groups of wine producers in the sparkling and champagne wine segment.

The assessment of the competitiveness of Georgian wine products on the domestic market is presented in Table.

The national wine market volume in 2024 amounted to 116.403 million decaliters (which increased by 18.996 million decaliters compared to 2022), or 27,377.417 million GEL. In the domestic consumer market, national production controlled 43.39%, while imported products occupied 56.61%. During 2022-2024, there was a steady increase in the competitiveness of national wine production, which is reflected in the growth rate of the domestic market share of the sector's products. In 2005-2007, it was 10.53%.

In accordance with 2024 data, the indicator of foreign-made products was higher than the indicator of similar national products (106.47% versus 96.08%), that is a foreign manufacturer was on average 10% more efficient in producing its products on the Georgian market (Baratashvili, 2012).

Table. Indicators of competitiveness dynamics in the domestic market of Georgian wine products

Indicator	2022	2023	2024
1. Total wine production			
Million decaliters	45.8	62.4	70
Million GEL	7608.3	10780.6	13061.1
2. Average dollar exchange rate	2.398	2.397	2.4
3. Export of wine products			
Million decaliters	0.153	1.302	1.5
US dollars	1.4	15.5	18.3
4. Stocks of wine products			
Million decaliters	2.427	3.369	4.83
Million dollars	403.2	582.15	901.25
5. Consumed wine products			
Million decaliters	43.13	57.73	63.67
Million GEL	7179.68	9973.5	11879.99
6. Imports of wine products			
Million decaliters	56,98	55,89	55,45
Million GEL	16131.98	14785.89	13728.33
7. Stocks of imported products			
Million decaliters	2.79	3.13	2.72
Million GEL	755,68	1008.44	798.5
8. Consumption of imported products			
Million decaliters	54.19	52.76	52.73
Million GEL	21846.1	26972.88	27377.42
9. Market capacity			
Million decaliters	97.41	110.49	116.4
Million GEL	21846.11	26972.88	27377.42
10. Level of competitiveness of products			
Georgian wineries	32.86%	36.98%	43.39%
Foreign wineries	67.14%	63.02%	56.61%

The production of Kakheti Region formed the indicator of winemaking competitiveness at the national level, which is due to the concentration of the winemaking industry in the area. Kakheti and Kartli regions were distinguished by high competitiveness indicators in 2024. Relatively low indicators are found in Imereti, Racha, and Guria.

According to 2022-2024 data, the competitiveness indicator of foreign products decreased from 110.0% to 46.5% on average, while the competitiveness indicator of the domestic products increased from 86.03% to 96.08%. At the same time, the national producer still lags behind foreign competitors in terms of production volume, quality, speed, and efficiency of business processes. The dynamics of the competitiveness of national production give hope that Georgian products will reach the level of international competitiveness within the next 5 years.

It is worth noting that the Georgian wine market was actively developing quantitatively and qualitatively in 2022-2024. The competitiveness of Georgian production in the segments of grape wine, sparkling, and champagne wines is increasing, and individual enterprises compete on an equal footing with international companies. Some companies that lag behind the level of foreign production can and should develop in the coming years, resulting in the national market being controlled by national output and, in the future, also entering the world wine market (Agha, 2014).

The general conclusions made at the end of the work on this topic are as follows:

- Grape wine production in Georgian winemaking is experiencing intense growth. In 2005-2024, this growth in natural terms amounted to 3.36; in 2024, compared to 2023, it increased by 8.51%. In the same period, the production of champagne and sparkling wines increased by 95.12% and 3.89%, respectively, which indicates a strong growth of the conjuncture in the relevant field;
- The total volume of imports on the Georgian wine market in 2024 amounted to more than 55 million decaliters, or 539 million dollars (this amount represents a reserve for increasing the competitiveness of national products in the Georgian market). There was a positive trend for winemaking, which was expressed in a decrease in grape wine imports, by 1.529 million decaliters or 39 million dollars in 2024 compared to 2022;
- In 2007, 37.09% of the total grape wine production came from Kakheti Region, while approximately 70% of the vineyard area is concentrated in Kakheti. In 2005-2024, the number of wines produced in the Kakheti region increased in natural terms by 4.76 times, and champagne and sparkling wines – by 3.76 times. The existing raw material base allows foreign producers to practically exclude themselves from the national market, consolidating and increasing the export of high-quality Georgian products to other countries.

Results

Georgian winemaking is a sustainable and progressive industry. It has significant potential for competitiveness, primarily due to natural resources that allow the cultivation of high-quality raw materials. However, today, the use rate of land suitable for vineyard cultivation in Georgia is very low. The dynamics of the domestic wine market reflect the steady growth of nationally competitive companies. Joint ventures that introduce the world's best technologies and achievements in winemaking have good prospects. In addition, about 20% of the national market consists of foreign producers, which strengthens their competitiveness at the expense of strategic management of the competitiveness of companies, thereby introducing new quantitative and qualitative standards, speed, and efficiency of production business processes to the Georgian market (Armistead et al., 2023).

The raw material base of the sector is characterized by the following features: grape production remains a profitable sector, although profitability indicators are low. The dynamics of income are significantly affected by the price difference between agricultural and industrial products. Given the existing price disparity, renewing the fleet of cars and tractors is practically impossible (Goodluck, 2023). An analysis of the raw material base of wine production in Kakheti Region indicates a significant reserve for its intensification, in the event of appropriate state support and active foreign trade regulation.

In 2024, Georgian producers produced 70 million decaliters of sparkling and champagne wines, totaling 13061.09 million. GEL. At the same time, 55.45 million decaliters of wine were imported, the total of which amounted to 13728.33 million. GEL. Grape, sparkling, and champagne wine consumption in 2024 was 63.67 million. Decaliters (11879.99 million GEL), while imported production amounted to 52.733 million decaliters (15497.42 million GEL). The volume of the national wine market in 2024 amounted to 116,403 million decaliters (which increased by 18,996 million decaliters compared to 2022), or 27.377.417 GEL; During 2022-2024, there was a steady increase in the competitiveness of national wine products, which is reflected in the growth rate of the domestic market share of the sector's products. It amounted to 10.53% in the period 2022-2024.

According to 2024 data, the competitiveness rate of foreign-made products was higher than the similar rate of national products (106.47% vs. 96.08%), that is, foreign producers were on average 10% more efficient in producing their products on the Georgian market. At the same time, the winemaking competitiveness indicator at the national level was formed mainly by the production of Kakheti Region, which is due to the concentration of the winemaking industry in this region. At the same time, Georgian producers still lag behind foreign competitors in terms of production volume, quality, speed, and efficiency of business processes. Nevertheless, the dynamics of the competitiveness of national production give hope that within the next 5 years, Georgian production will reach the level of international competitiveness. Since 2022, in the sparkling wines and champagne segment, the Georgian market has begun to experience a decrease in the competitiveness of foreign-made products, which is reflected in a decline in production efficiency. The growth in the competitiveness of national products in 2022-2024 amounted to 4.66%, and the best Georgian companies have practically reached the international level. In this segment of the wine market in Georgia, in the near and medium term, the competitiveness of Georgian-made products is expected to increase, which is based on forecasts of an increase in the scale of production and consumption, the formation of competitive marketing and production competencies, and the efficiency of key business processes (Dillion et.al, 2003; Caiazza & Volpe, 2024; Fleet, 2003).

The Georgian wine market developed quantitatively and qualitatively in 2022-2024. The competitiveness of Georgian production in the segments of grape wine, sparkling, and champagne wines is increasing, and individual enterprises compete on an equal footing with international companies. Some companies lagging behind foreign production may need to develop in the coming years. As a result, the national market will be completely subordinated to the control of the national output, and in the future, it will also enter the world wine market (Lippert & Gaal, 2014; Migone & Howlett, 2014).

Formation of a competitive winemaking cluster goes through difficult conditions. In recent years, positive changes have occurred in the sector; a winemaking cluster is developing. Work is underway to restore the nursery sector. Elite seedlings are grown in Kakheti and Imereti Regions, where seedlings are planted on 10.71 hectares, pre-grafted seedlings on 1.89 hectares, and rootstock on 8.82 hectares. As a result, in 2-4 years, it will be possible to obtain our certified planting material, which will comply with European standards. Cloning and phytosanitary selections are underway to develop nursery activities to improve existing grape varieties (Baratashvili & Mamulashvili, 2022).

The Georgian wine cluster is at the initial stage of development. Many important factors for its advancement do not exist today, which slows down the pace of development of this large economic structure and reduces its competitive potential.

Implementing the above measures will allow us to increase the overall rate of grape production, increase the production of wine products by 15-20%, reduce the volume of counterfeit products on the market, and change the structure of alcoholic beverage consumption in favor of wine, which will increase the corporate and sectoral competitiveness of the Georgian winemaking cluster overall (Baratashvili, 2012).

Conclusion

Winemaking of Georgia is a strong and steadily progressing industry. It has significant potential for competitiveness, primarily due to the natural resources that allow for cultivating high-quality raw materials. The dynamics of the domestic wine market reflect the steady growth of nationally competitive companies. Joint companies that introduce the world's best technologies and achievements in winemaking have good prospects.The wine market in Georgia was actively developing quantitatively and qualitatively in 2022-2024. The competitiveness of Georgian production in the segments of grape wine, sparkling, and champagne wines was growing, and individual enterprises competed on an equal footing with international companies. Some lagging companies are possible and necessary to develop in the coming years, as a result of which Georgian producers will completely control the national market. Implementing the measures mentioned above will allow Georgia wine industry to increase the overall rate of grape production, increase the production of wine products by 15-20%, reduce the volume of counterfeit products on the market, and change the structure of alcoholic beverage consumption in favor of wine, which will increase the corporate and sectoral competitiveness of the Georgian winemaking cluster overall.

აგრონომია

მეღვინეობის რეგიონული კლასტერების განვითარება საქართველოში

ე. ბარათაშვილი

საქართველოს ტექნიკური უნივერსიტეტი, ბიზნეს-ტექნოლოგიების ფაკულტეტი, თბილისი, საქართველო

(წარმოდგენილია აკადემიის წევრის ა. კორახაშვილის მიერ)

საქართველოს ეკონომიკის სოფლის მეურნეობის სექტორის კონკურენტულობა ერთ-ერთ ცენტრალურ ადგილს იკავებს სამეცნიერო კვლევებში მისი განსაკუთრებული აქტუალობის გამო, ძირითადად, მეღვინეობის რეგიონული კლასტერების განვითარებაში. მევენახეობისა და, შესაბამისად, მეღვინეობის საწარმოების კონკურენტუნარიანობის ამაღლების უზრუნველყოფის ამოცანა სახელმწიფოს, დარგობრივი და კორპორაციული განვითარების გეგმებისა და პროგრამების ძირითადი მიზანი ხდება, რაც ჩვენ მიერ ჩატარებული კვლევების ძირითადი სამიზნეა. ნაშრომში განხილულია მევენახეობა-მეღვინეობაში ეკონომიკური რეფორმების 30-წლიანი პერიოდის მანძილზე ეროვნული ეკონომიკური ინტერესების პოლიტიკურ ინტერესებზე დაფუძნებული გათვლების შედეგები, საქართველოსა და ევროკავშირს შორის თავისუფალი ვაჭრობის შესახებ დადებული ხელშეკრულების გათვალისწინებით. ეროვნული ეკონომიკის კონკურენტუნარიანობის პროგნოზირებადი კრიზისის პრევენციის მიზნით, კვლევებში განსაკუთრებული ყურადღება გამახვილებულია გადამამუშავებელ დარგებში წარმოებული პროდუქციის მოწყვლადობაზე. განხილულია დამატებითი ეკონომიკური ეფექტის მიღწევის შესაძლებლობები ამ ხელშეკრულებაში მონაწილეობის მეშვეობით ეროვნული კონკურენტუნარიანობის ზრდის თვალსაზრისით, რაც საშუალებას მისცემს საქართველოს მეწარმეებს შეცვალონ ეროვნული ეკონომიკის ზემოაღნიშნული ზოგიერთი პარამეტრი, რომლებიც ევროპის ბაზართან ბარიერების დაწევისა და ქართულ ბაზარზე შემოსვლის გამარტივების შედეგად მიიღწევა. მეწარმეებს რეალურად შეუძლიათ შიდა ბაზარზე ქართული საწარმოების მიერ გამოშვებული პროდუქციის კონკურენტუნარიანობის შესუსტება, რასაც ეს კვლევებიც ნათელყოფს. მეცნიერულად დადასტურებულია, რომ ასეთ პირობებში, მაქსიმუმ 10 წლის განმავლობაში, საქართველოს აგრარული წარმოების ძირითადმა დარგებმა – მევენახეობამ და მეღვინეობამ უნდა მიაღწიოს მსოფლიო კონკურენტუნარიანობის არსებულ დონეს და დაიმკვიდროს საკუთარი ადგილი შიდა ბაზარზე. ფერმერებისა და ღვინის საწარმოებისათვის განზოგადებულია ყველა ციფრობრივი მონაცემი, რომლის საფუძველზე დადგენილია, რომ საქართველო ამ რეკომენდაციების გათვალისწინებით გახდება მეღვინეობის რეგიონული კლასტერის ცენტრი. ეს დაეხმარება საქართველოს სოფლის მეურნეობას, მის გადამამუშავებელ საწარმოებს, მეზობელი დარგებისა და ახლადშექმნილი კლასტერების მომგებიანობის ამოცანების გადაწყვეტაში და ქვეყნის სოციალური სფეროს განვითარებაში.

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