

WINE QUALITY IMPROVEMENT: A WIN – WIN STRATEGY TO INCREASE ARGENTINEAN EXPORTS

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Abstract

Argentina is an emerging wine exporter who together with Australia, New Zealand, Chile, United States of America, South Africa and Uruguay, conform the group of the New World Wine Producing Countries. The fact that the Argentine wines are not yet fully recognized by the average consumer in the global market as of world class quality is in itself the major barrier for the expansion of exports. Quality management is then a key factor for the future development of export markets and in dealing with it, the whole industry will be faced with some particular difficulties coming from asymmetry in the information on the part of consumers and the typical conflicts of interests between an individual winery and the whole industry while seeking the maximum net level of benefits for the country. These issues are associated with the appearance of externalities in the process of optimizing quality and the consequent market failure in its role of allocating resources. Those externalities call for market intervention, which does not necessarily mean an active presence of the Government as a market substitute. On the contrary, a new institutional arrangement is proposed as a complement to the market in which the importer plays a crucial importance not only as an essential commercial agent but as a higher instance in the decision making process, with the responsibility to arbitrate between the conflicting parties a direct action in the control of quality at the winery level.

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