

## Scene Setter

### Public Relations Wine Tours of Vinoterra Winery and Tsinandali Old Cellar (Mildiani) Telavi District

**Date/Time:** Friday, February 29, 2008, from 9:00am to 5:30pm

**Location:** Tsinandali village and Kisis Khevi Village - Telavi district, Kakheti Region

<b>Participants:</b> John Tefft	US Ambassador
Eka Sharashidze	Minister of Economic Development
Jemal Inaishvili	The Deputy Chairmen of the Parliament of Georgia.
Robert Wilson	USAID Mission Director
Bakur Kvezereli	First Deputy Minister of Agriculture
Vato Lezhava	First Deputy Minister of Economic Development
Levan Bezhashvili	Governer of Kakheti Region
Vasil Managadze	Chairmen of Samtrest
TV and print media	

#### **Agenda:**

09:00	Depart from Tbilisi
11:00	Arrive in Tsinandali village, visit Mildiani Winery and attend bottling process
12:00	Wine tasting at Mildiani Winery and discussion of wine export opportunities in U.S.
13:30	Visit Vinoterra winery, presentation/tour of traditional Kvevri type wine making techniques and participate in traditional barbeque making
14:30	Wine tasting at Vinoterra Winery and discussion of wine export opportunities in U.S.
15:00	Depart from Telavi
17:30	Arrive in Tbilisi

**Purpose:** Observe wine production for export to the U.S. grocery store giant Whole Foods

#### **Background Information:**

The March 2006 Russian embargo eliminated a market in which 89% of Georgia's wine exports were sold. Georgian wine producers spent the rest of the year trying to convince Russian sanitary authorities to annul the embargo to no avail. Only in 2007 did producers begin to diversify their portfolios and seek to penetrate new export markets. Realizing the importance of Georgian wine exports to the Georgian economy, USAID took the initiative to support Georgian wineries to export to Europe and the United States.

In the spring of 2007, USAID's Business Climate Reform project identified and trained interested wineries in advanced marketing and branding techniques. USAID's AgVANTAGE project then organized several key events for these wineries in order to link them with U.S. and European buyers and distributors.

In July 2007, AgVANTAGE facilitated the participation of 21 Georgian agribusinesses, including the top 6 Georgian wine producers, to attend the Fancy Food Show in New York City, NY with co-financing from the Ministry of Agriculture and the companies themselves. This event gave Georgian agribusiness the most exposure they've ever had in the U.S. The New York Times featured an article related to Georgia's first participation in such an important exhibition, which aroused interest from foreign buyers to work with Georgian companies and since then negotiations have begun between Georgian agribusinesses and U.S. companies.

As a result of this event, in October of 2007 AgVANTAGE organized a tour to Georgia for a delegation of U.S. wine buyers, including Click Wholesale Distributing, Whole Foods Market and Exclusive Brand Imports, and the food and wine magazines Napa Valley Register, Saveur Magazine, and California Wine and Food. The goal was to promote Georgia as a quality wine-producing country and a tourism destination for wine connoisseurs. U.S. wine buyers visited several Georgian wineries, including Teliani Valley, Tsinandali Old Cellar (maker of Mildiani), Kindzmarauli, Marani, Vinoterra and Badagoni, and discussed U.S. business opportunities with the winery owners.

As a result of this trip contracts were signed between EBI and Vinoterra and Mildiani wineries and the first order of 10,500 bottles from both companies with the value of US\$48,000 will be bottled at the end of February and shipped to Seattle, WA. In 2008 both companies plan to ship 30,000 bottles of wine in total to the U.S. for a combined value of US\$130,000. It is envisioned that in subsequent years this volume will double as other buyers have already expressed interest. Currently, U.S. wine buyers are in negotiations with Badagoni and Kindzmarauli Marani wineries to import their wine.

The U.S. grocery store giant Whole Foods, the U.S. import company Exclusive Brand Imports (EBI, a medium-size import company of exclusive brands of wine and beer from EU and Latin America with offices in Seattle, Chicago and New York), and Click Distributor (which covers the Northwest) have agreed to market Georgian wines in Whole Foods Markets divisions through the U.S. Additionally, Whole Foods Northwest has agreed to launch a major promotion of Georgian wines in August of 2008, which will include wine tasting and presentations to increase awareness of Georgian wines among U.S customers.

AgVANTAGE is currently providing assistance to selected Georgian wineries to facilitate their participation in the International Wine, Spirits and Beer Event at the National Restaurant Association Show to be held in Chicago in May 2008, with co-financing from the Ministry of Agriculture and the companies.