MASTER THESIS

Italian Wine demand: analysis of export dynamics – The Case of the Tuscan and Super Tusan Wine Market.

Supervisor
Prof. Laura Onofri

Executed by Danara Narmaeva
Matricola number 2005859

Academic year 2020-21

Abstract

Foreign economic activity is an important component that forms the structure, dynamics, stability and trade relations of the national economy. The activities of enterprises in foreign trade operations and the establishment of international business relations are necessary for the profit and economic benefits for companies, as well as for increasing the export volume of the country and its regions.

The significant heterogeneity of the Italian regions, associated with the socio-economic and geographical development features, requires the need to evaluate the effects of economic dynamics on export growth at the regional level.

The thesis aims to study the features of the organization of export operations on the example of Italian wines and to provide recommendations to improve the export potential of Italian wines in modern conditions in the world.

Using a case study of one of the major Italian wine regions - Tuscany. Quantitative and qualitative (in graphs and tables) research, based on primary and secondary data, was applied, as a main approach to the analysis. The study introduces the familiarization and identification of the Tuscan and Super Tuscan wines on the internal and external market, including natural resources, capital, communication resources, politics, socio-economics, and technologies.

Acknowledgments

I would like to give my deepest thanks to my supervisor Laura Onofri, for her guidance throughout all the stages of this project. Furthermore, I would also like to thank Professor Matteo Marangon, Francesco Pagliacci and Carlo Nicoletto for the lectures that provided the essential base knowledge that was valuable to fulfill this project.

And finally, I am thanking the University of Padua for the great opportunity to be a part of this incredible community.

Table of Contents

List of Tables

Chapter 1. Introduction

Over the previous decade from 1957 to 2016, the evolution of the international wine industry, that has been imposed by a remarkable increase in wine export, is closely related to changes in internal and external economic indicators. Historically, since the European Economic Community[1] was found, around 67% of the world's wine is produced and 71% exported, by European countries. *("The European wine export cycle" Science Direct article 2019, page 92,93)*

Along with France and Spain, Italy is one of the dominant wine-producing and wine-exporting countries in the world, with 20 wine-growing regions. *(ISTAT[2] data Processing by the Statistics Office of Regione Veneto,"Statistiche", 2022)*

Purpose - The purpose of this thesis is to develop recommendations in order to improve Italian wine export efficiency. Analyzing the characteristic features and dynamics of Italian wine export and evaluating the impact of quantitative and qualitative changes in the economy on the export market, focusing on macroeconomic indicators and components.

Object - The object of the study is the export potential of Italian wines and the export activity of the Tuscan region.

The analyzed period was chosen the interval from 2013 to 2022, in order to analyze the pre-crisis, crisis and post-crisis time, associated with the Covid-19 pandemic, as well as the military operation in Ukraine and climate change in the given period.

Achieving the set goal requires solving the following tasks of the thesis research:

1) Explore the main problems of the economic crisis and its impact on the dynamics of Italian wine export;

2) Evaluate the factors of external and internal economic changes;

3) Analyze the features of the formation and development of the export potential of the territory;

4)identify its competitive opportunities and limitations in the world market and evaluate the results of export activities;

5) to demonstrate the dynamics of the export of Italian wines, including Tuscan ones, in tables and graphs;

---

[1] *The European Economic Community (abbr. EEC) is a regional integration association of twelve European states that have been founded by the Treaty of Rome in 1957. The purpose of the creation was European economic integration, including the creation of a common market.*

[2] *The Italian National Institute of Statistics*

6) identify the optimal directions for the development of the export activity of the district and give recommendations on stimulating and supporting Italian export;

7) propose specific practical actions and criteria for the effectiveness of the implementation of the proposed recommendations.

Methodology approach - The methodological and theoretical basis of the study was the Italian and foreign literature on the topic of the study, as well as the conclusions and recommendations provided based on scientific research by domestic and foreign economists in the field of foreign economic activity, regional economy and export performance.

The data was gathered from the official state statistics of Italy "Istat", Europe "Eurostat" (the statistical office of the European Union) and the European Commission, as well as the regional committees of statistics Regional Veneto and Tuscany. The information regarding Italian wine, including the history, description and data, as the base of the thesis, were collected from official websites, such as: "Consorzio per la Tutela dei Vini DOC Bolgheri", "eAmbrosia" and "ISMEA".

The research was also undertaken through a brief interview with the wine producer from the Friuli region, in order to get the review and to identify the pros and cons of the climate change impact on the quality and quantity of the harvest in 2022.

The paper as well as analyzes the export turnover dynamics of the destination countries and includes a comparative analysis of the export activities of France as the main competitor.

The thesis consists of 4 chapters, including an introduction and a conclusion, a table of contents, and a list of tables. The introduction substantiates the relevance of the topic of the thesis project and the purpose, forms the goals and objectives, and also presents the history and description of the product using the example of the super Tuscan wine “Bolgheri”.

The second chapter “Literature review” describes the export potential of Italian wines, as well as the results of the main factors influencing the export activity of Italy based on scientific research.

The third chapter is devoted to the consideration of the theoretical and methodological foundations of the functioning of the foreign economic activity of the Italy and Tuscany region. Development dynamics and the consequences of the impact of previously stated factors, that confirm the changes in the indicators of domestic and foreign sales of Italian wines.

The fourth chapter proposes recommendations and a concept for the development of wine export activities in Tuscany.

In conclusion, the results regarding the performed thesis study and goals are summarized.

1.2 The product

According to a single document (*eAmbrosia*[3]), it has been considered an example of the most demanded Super Tuscan wine, classic "Bolgheri Bianco".

"La denominazione di origine controllata «Bolgheri» è riservata ai vini bianco, Vermentino, Sauvignon, rosato, rosso, rosso superiore, che rispondono alle condizioni ed ai requisiti stabiliti dal presente disciplinare di produzione." (page 1.)

Colore: giallo paglierino.
Odore: fine, delicato.
Sapore: secco, armonico, sapido.
Titolo alcolometrico volumico totale minimo (% vol)11,00; Estratto non riduttore minimo (g/l)16,00.

(Source: Single document, eAmbrosia)

1.3 History

Bolgheri is a tiny village that has been in oblivion for many years and now has turned into an epicenter of winemaking and a place of first-class wines known as Super Tuscan.
Marchese Mario Incisa Della Rocchetta moved to Tuscany in 1930, that was inspired by French wines, dreamed to create Bordeaux-style wines in Italy, planted Cabernet Sauvignon grapes on stony soil instead of the traditional Tuscan Sangiovese.
After many years and persistent experiments in 1972 was released the first bottle of Sassicaia, and in 1978 Sassicaia emerged victorious over the other Cabernet in a blind tasting hosted by Decanter.

The "Consorzio per la Tutela dei vini DOC Bolgheri" was established in 1995. The production system has been rapidly evolved for over 10 years, by expanding the area of vineyards from 190 hectares to 1000 hectares.
The increase was due to the "trade-off" that faced farmers, being one of the main economic agents, who sacrificed the traditional cultivation of fruit and vegetables.
While entrepreneurs started actively investing in the Bolgheri area, comprehending the high prospect in this. Changes in consumer preferences over the past decade have also affected consumption and demand growth, as wine sector has become open to the public.

(JSTOR library, Journal Article "Tuscan Wine: Tradition and Innovation" published by: University of California Press, page 84, 2021)

[3] eAmbrosia - legal register of the names of agricultural products and foodstuffs, wine, and spirit drinks that are registered and protected across the EU.

Chapter 2. - Literature Review

Italy is the world leader in wine production, surpassing Spain and France; the first exporter in According to the Istat Statistics data, the world's wine production is historically exported by European countries, where Italy, France and Spain produce almost half of the total volume (52%). (*ISTAT data processing by the Statistics Office of Regione Veneto, "Statistiche", 2022)*

Volume		2020 (millions of hl)		% chg. 2020/19
1	Italy	20.8	52% of the total	-2.4
2	Spain	20.2		-5.9
3	France	13.6		-4.9
...	...	...		...
World total		105.8		-1.7

Table 1. Main exporters in 2020

Table 1. compares changes in wine production, in terms of volume in millions of hectoliters, between European export leaders and world total wine export, from 2019 and 2020. Overall, it is evident a widespread decline in wine sales in 2020.
However, in Italy was noted a smaller reduction of 2.4% less than in 2019, in comparison to Spain (5.9%) and France (4.9%). Despite the slight decrease in wine export volume, Italy maintains the leading position of 20.8 million hectoliters in 2020, with respect to France and Spain.

Following the Istat data for 2021, the overall amount of Italian, Spanish and French wine production tends to decline by 20% compared to 2020. The volume of production in 2020 was dramatically reduced due to a number of specific factors, that caused a slowdown in wine exports, such as:

2.2 Environmental conditions

Record temperatures and the number of extreme weather events such as drought, landslides, Mediterranean hurricanes and intense flooding, that are recorded this summer are the results of climate change. The Italian economy, lifestyle, cultural heritage, and agricultural products, including wines, will be negatively impacted by environmental factors.

(*Indicated by the European Climate Foundation (ECF) experts in the "Climate change impacting wine, olive production in drought-stricken Italy" article of the "Balkan green energy news" website. Author Igor Todorović, July 20, 2022.)*

“Italian producers are planting different grape varieties due to more intense summers and struggling a little bit to keep their product stable in quantity and quality.’ said Dr Anne-Françoise Adam-Blondon of the National Institute for Agricultural Research, France”

Environmental conditions and grape suitability to the climate are the main criteria in the winemaking process. Sunlight is one of the key elements of the photosynthesis[4] cycle, however, the excess sunlight increases the sugar content in grapes, followed by the growth of alcohol degree, that can rise up to 2% above the regular balanced 12% alcohol percentage.

The excess of sugar and alcohol content leads to an imbalance in the rest of the wine components that developed respectively slower, therefore, can dramatically change its final taste and the quality of wine, which can be the result of low export demand.
(“Climate change leaves its stain on European wine” article published by European Commission, 11 May 2016)

However, following the experience of one of the winery owners in a recent interview, that manages his family winery in the Friuli region, the excess of the sun led to a successful harvest in 2022.

"This year was one of the best harvests of the decade in terms of quality and quantity, at least for our winery. As it turned out that the abnormal heat had a positive effect on the quality of the wine since the sugar level in the grapes was high enough because usually, the grape does not obtain the required level of sugar. But this year it was perfect! The only problem was a shortage of water to irrigate the soil, as it was not rainy enough, therefore it was not easy to manage it on your own."

Daniele Revelant, Azienda agricola Micossi, October 2020.

2.3 The global crisis

Following the latest Istat data of 2021, the wine export slowdown in the previous year was affected by lockdowns and the health crisis due to the Covid-19 pandemic, which dramatically impacted the world market and economy.

The price growth of agricultural products, as a result of the world crisis, had maintained its value, however, complicated the trading process. *(Istat, “Trends in the Italian agricultural economy and legislation”year of 2021, Date of issue: 01 July 2022)*

The major economic impact of the pandemic was experienced by representatives of small and medium-sized businesses, many of them were shut down and even went bankrupt. Many small entrepreneurs cited the shortage of employment, the disruption of logistical links and the difficulties of rural tourism as serious problems during the pandemic.

[4] *“Process by which plants capture and then convert the energy of sunlight into chemical energy and store it in the form of sugar molecules. Source: “The grape ripening process” lecture by Prof. Matteo Marangon.*

The Italian economy was heavily affected by the Covid-19 crisis, as the Italian agri-food sector plays a crucial role with value-added GDP estimated at 4.1% *(ISMEA, 2019)* and 11% of all exports of Italian goods and services *(ISMEA, 2020).*

The agri-food sector includes 56,750 firms, 98% of which are micro and small businesses, where operates 1.4 million people.

The wine sector is the second largest sector of the Italian economy, with a production of 13 billion euros, including around 310,000 firms and 1.2 million people *(Coldiretti National Confederation, 2021)*, which produces 55 million hectoliters, that confirms Italy as the world's leading wine producer *(ISMEA, 2019).* Wine consumption has declined by 20% due to the pandemic crisis, while in the French market the reduction was by 35*% (Coldiretti National Confederation, 2021).*

The Italian agriculture newspaper *"Agricultura"* confirmed the decrease in wine exports in Toscana by 9% in 2020, that was 758 thousand hectoliters, due to the shutdown of the HoReCa[5], which has been directly affected by the pandemic. (*Il giornale dell'agricoltura Italiana - agricultura.it website "Il mercato interno ha salvato i vini toscani nell'anno del Covid" article based on ISMEA data,, publsihed 15 May, 2021)*

2.4 Geopolitical factors

"The war in Ukraine, which has been going on for over two months, has nullified all possible predictions: the tightening of the price increases of energy raw materials and the new supply difficulties of companies, in addition to the pre-existing supply bottlenecks, could have long-term consequences for Italian agriculture."

Source: Istat, "Trends in the Italian agricultural economy and legislation" - year 2021, 01 July 2022

The dynamics of the economy are closely related to political characteristics, which are distinguished by a number of factors that clearly emphasize this. The imposition of sanctions and restrictions by Western countries on Russia, after the military operations in Ukraine, had a significant impact on the rest of the world. The decline in export dynamics is especially noticeable in countries with strong economic ties and trade relations with Russia, such as Europe and post-Soviet countries *(Science Direct article:"Ukraine war-induced sanctions against Russia: Consequences on transition economics." Page 2, 2022)*

Where all these grave political and economical changes can lead to? Italian wines, and will Italy lose one of its major buyers?

Firstly, it affects the main indicators of the world economy and can lead to a decrease in GDP by around 2%, as well as global inflation, that accordingly, can lead to inequality and poverty all over the world. *(Page 4)*

---

[5] *Food service industry sector: hotel, restaurant, cafe*

The growth in the price of raw materials and agricultural products is also noticeable, since Russia and Ukraine are major suppliers of raw materials in the world and the largest exporters of wheat, corn, sunflower oil and other food products. (*Science Direct article: "Commodity price shocks related to the war in Ukraine and exchange rates of commodity exporters and importers" Page 9-10, 2022)*

The European dependence rate on crude oil, in 2020 for instance, accounted for Russia was around 29%, while natural gas was around 43%, respectively. *(Eurostat: Energy dependency rate)*

Since Europe extremely depends on Russian resources, therefore the high dynamics in resource demand and price will significantly affect the financial expenses of the population and its the final choice in favor of essential goods.

For example, in France, the demand for imported wine products with an increased cost price, due to the introduction of trade barriers and increased logistics taxes *(the Statistics Office of Regione Veneto),* is clearly higher with respect to the local traditional ones with a lower cost and no less high quality.

In addition to rising prices for resources and shortages in some industries, bans on flights from Russia to Europe are also becoming critical. Due to a reduction in tourist flow, the direct sales and consumption of wine products in Italy can drop. *(BBC News, February 2022)*

The massive displacement of the population from Ukraine *(7.1 million people, Source: the IOM[6] April 2022)* to European countries, also lead to a significantly unfavorable standard of living for refugees and financial limitations. This leads to significant economic spending of the European Union's common budget, for instance, the government of Poland, Moldova, Romania and Hungary began organizing refugee camps and providing them with first aid. *(IOM)*

Thus, crisis times especially clearly emphasize the connection between economics and politics. The international crisis, Covid-19 pandemic, climate change and wars have certainly driven markets, prices and global production unstable. European trade dependence also negatively affects budget revenues, thus, can negatively impact the Italian agricultural industry, including wine export and internal sales.

[6] *International Organization for Migration*

Chapter 3. Methodology.

Export plays a crucial role in international trade relations, hence, changes in the growth of dynamics, in the structure, in volumes of their supply and demand in every country have a strong impact on export, trade revenues and the nature of world trade. *(Matchplat market analysis: Italian wine exports)*

Accordingly, it is necessary to monitor and analyze the market and trends of other competitor countries of Italy. Following the WineNews data, it is quite complicated to predict the further dynamics and prospects for the development of Italian wines in constantly changing modern conditions today. However, it is possible to make conclusions on the basis of past events that show a relatively optimistic picture.

Wine news confirms as well a 2.8% drop in the export of Italian wines in 2020 due to Covid-19.

Comparing the losses in the level of Italian wine exports, after the difficulties of 2020 and the losses of the major competitive countries abroad, Italy experienced the least losses and demonstrated a better reaction in the so-called turbulent time.

Although many agri-food enterprises were shut down during the crisis, many of them demonstrated positive figures and even received various offers from foreign markets, which certainly have a positive effect on economic growth in the regions of Italy, especially in the south.

France, being a historically major competitor of Italy, experienced an export fall of 10.8%, which is about 80% more loss compared to Italy, according to Table 2 below.

The European wine demand, including Italian, was significantly reduced in the Chinese market, due to the heavy consequences of the pandemic crisis. However, in following the *ISMEA* data of the Tuscan and Italian PDO's performance in China has been a slight drop of (-0.3%) in volume from 10,348 thousand hectoliters to 10,322, while 10,434 thousands of euro in value in the following year represent an increase of 15,8%.

Furthermore, despite the duties that were imposed by the USA, which also affected Italian wines according to the Buywine analysis, the United States remains the first leading global destination country where Italian wines are exported to. The growth of more than 20% in both volume (261,378 hectoliters) and value (218,060 euro) has made it possible to abundantly recover all the losses in value in 2020, while volumes remain slightly below the levels of 2019.

Country	2020	2021	Var.%	2020	2021	Var%
Stati Uniti	217.760	261.378	20,0%	175.114	218.060	24,5%
Germania	129.318	133.722	3,4%	72.796	74.252	2,0%
Canada	63.549	65.436	3,0%	49.691	56.651	14,0%
Svizzera	34.642	39.235	13,3%	39.106	46.756	19,6%
Regno Unito	76.389	66.833	-12,5%	37.147	37.177	0,1%
Francia	18.992	21.289	12,1%	18.718	25.471	36,1%
Paesi Bassi	22.031	24.910	13,1%	12.814	14.070	9,8%
Giappone	27.257	23.221	-14,8%	14.930	13.791	-7,6%
Danimarca	12.596	12.335	-2,1%	13.435	13.177	-1,9%
Belgio	23.389	18.757	-19,8%	13.471	11.101	-17,6%
Cina	10.348	10.322	-0,3%	9.007	10.434	15,8%
Corea del Sud	3.421	9.972	191,5%	4.131	9.922	140,2%
Svezia	10.848	9.931	-8,5%	8.722	8.476	-2,8%
Russia	17.644	17.438	-1,2%	7.570	8.028	6,0%
Austria	9.667	9.396	-2,8%	7.602	7.608	0,1%
Norvegia	9.806	8.252	-15,9%	7.274	6.862	-5,7%
Australia	5.897	8.411	42,6%	3.726	5.812	56,0%
Polonia				13.522	17.822	31,8%
Hong Kong	1.752	2.305	31,6%	4.224	5.106	20,9%
Brasile	6.855	6.931	1,1%	3.820	4.604	20,5%
Ucraina	5.337	6.756	26,6%	2.711	3.256	20,1%
Singapore	1.562	1.754	12,3%	1.947	2.867	47,2%
Spagna	1.788	4.186	134,0%	2.154	2.750	27,7%
Irlanda	6.378	6.816	6,9%	2.367	2.579	8,9%
Repubblica ceca	5.732	3.858	-32,7%	3.175	2.153	-32,2%
Altri	34.431	36.582	6,2%	24.899	29.139	17,0%
Totale Dop Ferme toscane	**770.912**	**827.845**	**7,4%**	**545.241**	**625.488**	**14,7%**

Ismea su dati Istat

Table 2. Performance of Tuscan and Italian PDOs in the main countries: 2020 vs 2021

Likewise, sales of Italian wines, including Tuscan ones, have grown in Australia, where the value of our exports has doubled from 3,726 to 5,812 (56.0%). *(Buywine 2022)*

Probably the record number in the given period in terms of volume and value was demonstrated in the East country of South Korea, where the volume number exceeded 191,5%, while the distribution of Tuscan wines grew in value by 140,2%, respectively to the 2020 year. Singapore has also shown positive growth of 47,2% in terms of export value.

Interesting trends were also observed in the European countries, where the numbers are significantly reduced in both indicators, with a decrease in value of -32% in the Czech Republic, -18% on average and -5,7% in Belgium. *(Table 2)*

3.2 GDP and Inflation. Italy and France comparison

Year	2015	2016	2017	2018	2019	2020	2021
France	31 540	31 770	32 360	32 800	33 250	30 550	32 530
Italy	25 860	26 240	26 730	27 030	27 230	24 890	26 710

Table 3 Real GDP per capita indicated in euros (2015-2021 period)

The dynamics of Italy and France *(Table 3)*, as the main wine export competitor of Italy, tend to grow over the last 10 years, however, the rate of France is respectively higher with 32,530 euros per capita in 2021, compared to 26,710 in Italy. In both countries, there is a gap in 2020, due to the pandemic situation, where the drop was from 33,250 to 30,550 (FR) and 27,230 to 24,890 (IT). Although Italy recovered better than its neighboring country after the pandemic in 2021 with a rate of 26,710. *(Buywine 2022)*

Year	2015	2016	2017	2018	2019	2020	2021
France	30.6	30.2	30.9	31.7	31.6	27.5	29.4
Italy	29.7	29.3	30.7	31.4	31.6	29.4	32.7

Table 4. Exports of goods and services indicated in % of GDP (2015-2021 period)

Following the GDP of goods and services exports *(Table 4),* Italy accounted for 32,7% overpassing the rate of France (29,4%) in 2021, likewise in the previous year, the export percentage of Italy is slightly higher (29,4%) with respect to France (27,5%). However, in 2019 the percentage indicator in both countries remained identical which accounted for 31,6%.

	Total 2021/2022	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
GI Wines Categories	**6 235 092**	**500 699**	**575 166**	**625 080**	**520 814**	**416 837**	**396 820**	**449 284**	**554 728**	**560 004**	**568 405**	**536 881**
PDO Wines	**4 771 088**	391 755	447 449	493 661	394 555	316 607	300 034	339 679	425 539	422 869	426 370	405 518
PGI Wines	**1 464 004**	108 943	127 717	131 419	126 258	100 230	96 786	109 605	129 189	137 136	142 035	131 362

Table 5. Eurostat: monthly export wine trade of France, quantity indicated in hectoliters by total product PDO/PGI categories, 2021/2022

	Total 2021/2022	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
al Product Categories	**9 927 365**	**790 201**	**909 335**	**938 483**	**918 275**	**778 550**	**651 173**	**718 975**	**825 450**	**733 982**	**894 771**	**891 40**
PDO Wines	**7 160 071**	568 995	664 209	688 101	667 645	574 140	469 627	509 227	588 522	527 232	633 494	652 22
PGI Wines	**2 767 295**	221 206	245 126	250 382	250 630	204 411	181 546	209 747	236 928	206 750	261 277	239 17

Table 6. Eurostat: monthly export wine trade of Italy, quantity indicated in hectoliters by total product PDO/PGI categories, 2021/2022

Comparing Table 5 with Table 6 above, according to the latest data published by Eurostat, it is evident that in both countries total wine export of the PGI (or IGP in french) category is around 80-90% less than PDO (or AOP in french), respectively. While the Italian total export amount of both categories is 3 692 273 hectoliters higher in comparison to the French export number. However, the wine export-dynamic during the whole period given is almost identical. Both countries experienced export losses from November until February, where on one hand in Italy there is a slight decline from 938 483 to 918 275 hectoliters, while in France, on the other hand, the dynamic significantly declined, from 625 080 hectoliters to 520 814. February shows positive dynamics for 52 464 hectoliters more in France and an increase of 67 804 in Italy. In the following months until the beginning of summer 2022, the export numbers are fluctuating in both countries.

The latest annual inflation data recorded by Eurostat on September 30, 2022, estimates 10.0% which grow from 9.1% in the previous month. The annual inflation rate in Italy has significantly increased from 2.9% to 9.5%, which is 70% higher than in the previous September 2021. While France shows more positive dynamics with growth from 2.7% to 6.2%, respectively. *(Buywine 2022)*

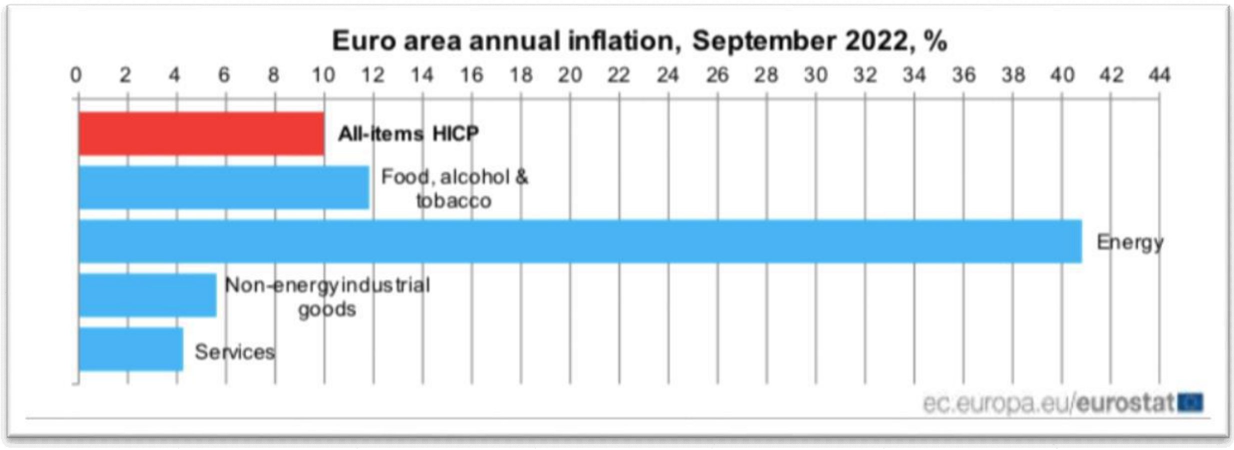


Table 7. Euro area annual inflation up to 10.0%, 107/2022 - 30 September 2022

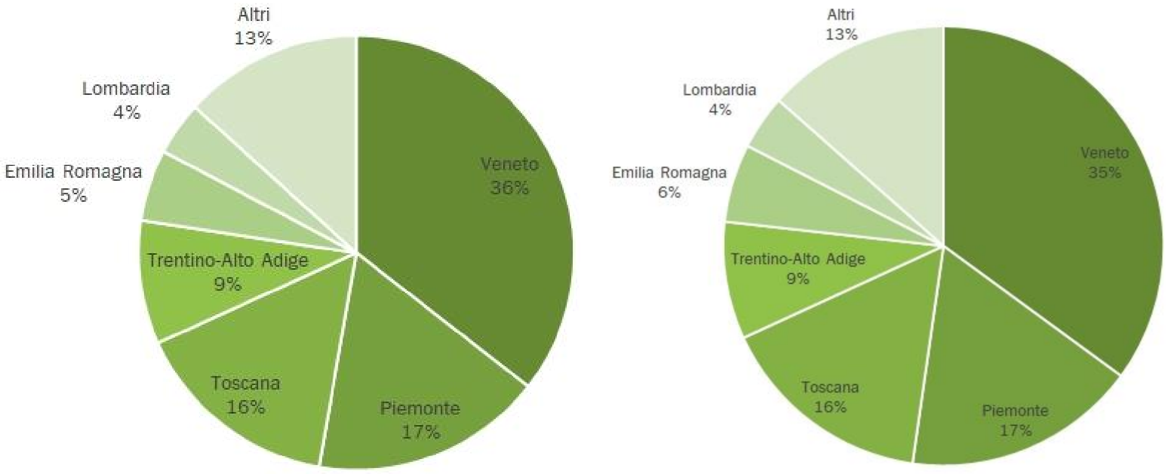
Table 7 shows the "food, alcohol & tobacco" sector as the second component with the highest annual inflation rate accounting for 11.8% (that increased from 10,6% in one month) after the "Energy" sector with a 40.8% rate, that was 38.6% in August. The "food, alcohol & tobacco" sector increased from 10,6% in one month while compared to September 2021 it dramatically increased from 2.0%, which accounted for 80%. *(Eurostat September, 2021)*

3.3 Overall Export

The detailed regional ISTAT data below confirms the decline in export prices of Tuscan wines, due to the economic crisis that had been imposed by Covid 19.

Looking from an overall perspective, the data given in Pie chart 1, defined 3 major wine export regions in Italy in 2020 and 2021 years: Veneto, Piedmont and Tuscany.
("I numeri del vino"statistics, based on ISTAT database, 2020/2021)

2020 2021



Pie Chart 1. Italian wine exports by region and type 2020/2021

Overall, in both years, all regions remain quite resistant during and after the pandemic crisis, and the percentage of wine export remains nearly stable. In 2021 Veneto region showed a very slight decrease of about 1%, while Emilia Romania showed a positive export demand at 1%.

However, considering more detailed data it is shown changes in numbers between the regions.

Esportazioni di vino totale - dati regionali (fonte: ISTAT)									
	2013	2014	2015	2016	2017	2018	2019	2020	Var %
Piemonte	969	985	965	924	988	1,016	1,055	1,083	3%
Veneto	1,588	1,670	1,834	2,001	2,143	2,242	2,312	2,236	-3%
Toscana	748	762	902	918	937	977	1,004	972	-3%

Table 8. Total wine export among Italian regions. ("I numeri del vino" statistics, based on ISTAT database, 2020)

Over the 8 years, from 2013 to 2020, it is evident from Table 8, that main export regions maintain the highest price dynamics.

In 2020, the Veneto region traditionally performed the largest export rate, at 2,236 (€) billion, which was 3% lower in comparison to the 2019 year (€2,312 billion).

Likewise, the activities of Tuscany were 3% lower compared to the previous year, which had the highest rate of €1,004 billion, during the given period.

Although the Piedmont region tends to maintain the second position among the wine export regions, the exports raised from €1,055 to €1,083 billion, with an opposite increase of 3%, despite the pandemic consequences. *("I numeri del vino"statistics, based on ISTAT database, 2020/2021)*

3.4 Tuscany

The wine sector represents one of the main economic components in Tuscany and remains one of the leading segments of the entire agri-food part, with around 60,000 hectares of vineyards. More than 96% of the area of regional vineyards is in the appellation of origin zones. *(Regione Toscana,2022)*

Tuscany is famous not only for its variety of wines but also for its excellent quality due to its rich natural environment and suitable climate. In 2020, according to the latest data available nationally, Tuscany, with 1.3 million hectoliters of PDO bottled wine, accounts for 8% of Italy's total production of 16.5 million hectoliters.

Tuscany has 58 recognized geographical indications on its territory out of 526 *(Italy Rapporto ISMEA – Qualivita 2021)* covering 96.4% of Tuscany's vineyard area, where 52 DOP, 11 DOCG, 41 DOC and 6 IGT.

Table 9 below confirms the leading position of Italian wines in terms of the DOP IGP TSG category. Followed by the main competitor France, the total amount of which 427 and 140 that produced by Spain. Where the Tuscany *(Table 10)* ranks the 2d place, as the Table shows, and lags behind the Piemonte region (59) only for 1 product in total, for 7 DOP products and surpasses in terms of IGP, as Piedmont does not produce wines of this category.

Country	DOP	IGP	Total
1. Italy	408	118	526
2. France	361	76	437
3. Spain	98	42	140

Table 9. DOP IGP TSG Wines by EU country

Region	DOP	IGP	TOTAL
1. Piedmont	59	0	59
2. Tuscany	52	6	58
3. Veneto	43	10	53

Table 10. DOP IGP STG Wines by Italian region

Tuscany is best known for its red wines, while the white grape variety is presented in an extremely minimal volume. Among red wines more than half are represented by Sangiovese

(60%), followed by Merlot and Cabernet Sauvignon. The volume of deliveries of the red segment is 604 million euros out of 625 million of the total volume, which is almost 95%. The wines of Tuscany are also famous for their variety of blends, where not only the colors and sizes of grapes are mixed, but also another origin country. Over the past decade, there has been an increase as well as in organic wines in Tuscany, with a volume of more than 19,000 hectares, which is 17% of the total in the country. *(Buywine 2022)*

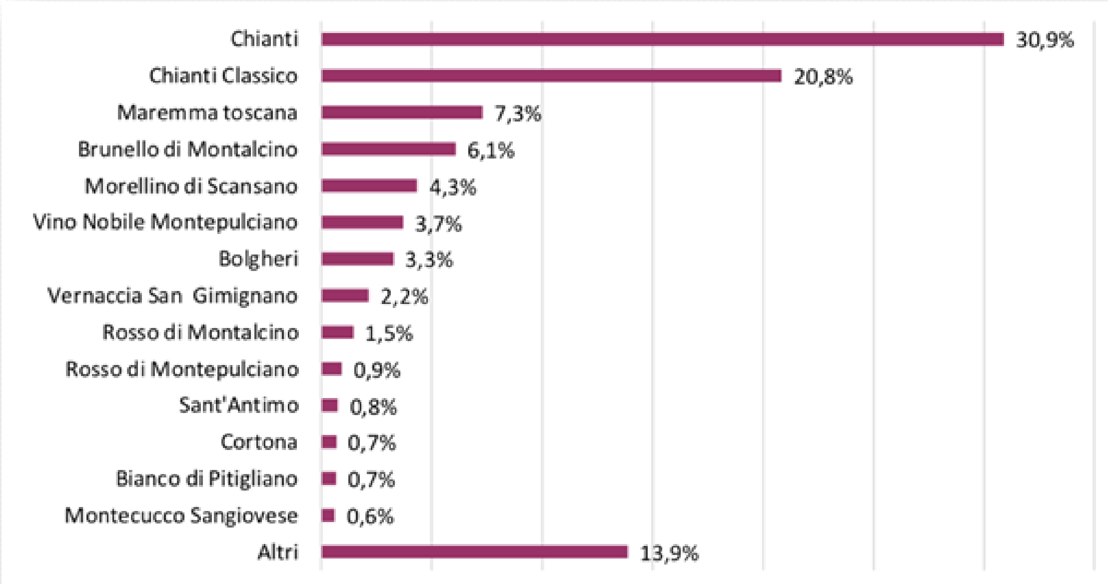


Table 11. The breakdown by denomination of the area claimed DOP in Tuscany (2021). Source: Article BUYWINE 2022 "i numeri del vino in Toscana" by Istituto di Servizi per il Mercato Agricolo Alimentare

Table 11 illustrates geographical indications of the GI area of Tuscany where almost 50% of the area is occupied by Chianti (31%) and Chianti Classico (20,8%). Both of these brands are highly recognizable in the internal and external markets.
However, on this front, other brands such as Brunello, Nobile di Montepulciano and Bolgheri which weigh much smaller percentage shares – respectively (6.1%, 3.7% and 3.3%) – are less recognizable. Although Bolgheri, as a Super Tuscan Wine, significantly lags behind the brand leaders, it still has more demand compared to Vernaccia di San Gimignano (2.2%), Rosso di Montalcino (1.5%)), etc.

3.5 Domestic demand

However, the domestic demand for Tuscan wines during the pandemic crisis increased by 11% and at the beginning of 2021, the sales in the internal market raised even by 19%. It is connected with purchases in the formats of large-scale distribution of Tuscan wines, as well as the online technologies development and applications, where consumers can use the home delivery service, evaluate reviews from other buyers, that can help choose a product and even try the virtual tasting service.

Therefore, the pandemic changed not only the sales and distribution channels but also created a new consumer audience. As following the *ISMEA* report, by 2020 the interest in buying wine has increased among people under the age of 35. (*Il giornale dell'agricoltura Italiana - agricultura.it website "Il mercato interno ha salvato i vini toscani nell'anno del Covid" article based on ISMEA data,, publsihed 15 May, 2021)*

The beginning of 2022 demonstrates the strong demand for GI wines, which helped to recover significant losses and costs for wine companies. However, BYWINE 2022 article also confirms the critical issues associated with the price growth of raw materials and rising inflation connected with the conflict in Ukraine, which may create a number of negative consequences for the Italian wine demand in the world. Primarily, in the directly affected areas in Russia and Ukraine, where Italy is the first wine supplier, although it accounts only for 3% of all Italian exports. Inflation, consequently, can affect domestic consumption demand, which can lead to a loss of reputation abroad, reduction in wine exports and distribution. The dramatic situation of the ongoing war is an unknown factor for the entire sector

3.6 Distribution channels:

The main economic agents in the Tuscany region are the largest owners of vineyards, for example, distribution franchises of Super Tuscan wines: the estate Antinori Guado al Tasso, Tenuta dell'Ornellaia, San Guido, Ca'Marcanda, Poggio Al Tesoro, Argentiera, Castello di Bolgheri и Donna Olimpia 1898, etc. *(Consorzio per la Tutela dei Vini DOC Bolgheri official website, Terroir, History)*

Bolgheri producers, among other winemaking zones in Tuscany, also utilize agritourism on their territory as a strategic marketing activity to transform the area into a tourist destination, in order to get more value from the economic activity that can create additional farm income. Thus, positively affect the domestic sales market and wine demand.
By connecting people with agricultural production, producers, operators, the environment, nature, territory and its history.
To attract the audience and future visitors, the company and tour operators promote their activities through strong marketing channels such as social media: Instagram, Facebook, WhatsApp, etc. *(Consorzio per la Tutela dei Vini DOC Bolgheri)*

Therefore, the marketing strategy of combining business with pleasure, and familiarization with the terroir of the product and its taste can enhance the reputation of Italian wine and make it more recognizable outside of Italy.

3.7 Price dynamics

year	export
2012	4,695
2013	5,041
2014	5,114
2015	5,392

2016	5,627
2017	6,005
2018	6,236
2019	6,432
2020	6,327
2021	7,113

Table 12. The Italian export trade balance of the last ten years indicated in thousands of euros

2021 is considered a year of great recovery for the export of Italian wine, as the data of all national observers have confirmed.

Table 12 above illustrates a clear and stable export growth since 2012, which confirms the positive dynamics in the wine trade over the years. But with periodic ups and downs that reflect interestingly similar dynamics in the past. According to *ISMEA* data in the early 2000s was a slight growth, before a strong recovery from the 2009 crisis, while table 12 indicates an identical change in export growth in 2021 after a dramatic decline in 2020, due to the consequences of the crisis. Following the changes in numbers given above, the significant growth indicated from 4,695 euros to 7.113 over the decade, which is around 51%. That proves not only a great recovery after the crisis but a successful improvement of the trade which is the highest indicator in the history of Italian wine export.

The 3% growth of wines at the top of the quality pyramid recorded by the ISMEA index, although not completely recovering the losses of the previous year, however a good indicator that emphasizes the reliability and sustainability of the sector. White wines surpassed reds by 1%, with the growth of whites by 3.5%. Although regarding Tuscany wines, the reds still maintain the lead position, especially indicating the price growth of Chianti and Chianti Classico. Where the price of Chianti has increased from 119,71 euros to 151,25 and Chianti Classico from 268,22 to 287,50, as the *ISMEA* data shows.
It is important to state that Chianti alone accounts for about half of all volume of bottles, followed by Chianti Classico with 20%.

Approximately 74% of Tuscan wines are exported to the European Union and about 20% of the domestic sales. Since 2016, there has been a noticeable increase in the cost per export bottle of red PDO wine, which has increased by 1 euro and by 2021 the cost was 7.6 euros per liter.

Chapter 4. The concept of the recommendations for the development of the Italian wine export activity.

Although the export level recordly increased after the crisis period, the future of the economy of the country remains unpredictable. In this regard, relevant recommendations are necessary in order to find the optimal direction for the development of the export activity of Italian wines, determined by the necessary regulations, laws and actions that contribute to the achievement of the goal.

Taking into account the importance of the bidirectional dependence on exports and economic growth, it is necessary to form methods of development of both factors and create a development program for the export activity of Italian wines, including the Tuscany district, which should be based on a clear strategy and specific tactics for its implementation.

The strategy itself should reflect the long-term and prospective policy of the legislative and executive authorities in the process of implementing the concept and be fairly static. Tactics in the process of developing a concept are specific practical actions and ways to implement strategic plans that determine their optimality in specific real conditions.

The goal of the concept is the creation of conditions to increase the export potential, increasing the competitiveness of the Tuscany region on a global scale and effectively expanding its integration into the world trade, as well as, on this basis, solving socio-economic problems and improving the living standards of the population.

Based on these factors, the main objectives of the export concept are:

- increase in exports, including outpacing growth in exports of products with a high share of value-added;

-expansion of the range of Tuscan wines and the number of exporting organizations, including an increase in the share of small and medium-sized enterprises in them;

- increase in production volumes, creation of additional jobs and assistance in improving the living standards of the population of the district;

- growth of positive foreign trade balance;

- increasing the competitiveness of the district's products in foreign markets;

- diversification of export deliveries and distribution;

- government financial export support;

- improvement of state regulation of foreign economic activity while reducing administrative barriers and costs of customs clearance and control;

- promoting the creation of an effective system of crediting and insurance of foreign economic activity, targeted and leasing institutions aimed at supporting exports;

- improvement of the information support system for foreign economic activity, increasing the competence of its management.

To better use the potential and increase the competitiveness of the economy of the Tuscany region, a set of measures should be implemented to improve export policy, develop marketing, financial and transport services, improve information services for foreign economic activity, etc.

4.2 Environmental sustainability

Tuscany, as a region with rich natural potential, requires support and maintaining a balance in the development of the tourism industry and the conservation of natural resources, the development of agriculture, the food industry, transport and construction.

The agriculture and environment are also bidirectionally dependent and have a significant impact on each other, where agriculture is one of the main factors with a negative impact on soil fertility in large areas. (*"Italian wine sustainability: new trends in consumer behaviors for the millennial generation"*, *2022)*

In the current decade, of all the environmental problems of agro-industrial production, the tasks of preserving and restoring the fertility of agricultural landscapes, eliminating the negative consequences of anthropogenic impact on agricultural land, and ensuring sustainable production of environmentally friendly products.

Accordingly, the problem of natural sustainability requires great attention and development.

Especially concerning the industry of wine, according to the lectures of Professor Matteo Marangon *(University of Padua)*, wine producers face a number of challenges, associated with pest diseases and external climate factors that affect the quality of the final wine, in order to maximize the biological health of the grapes and protect the natural habitat. Moreover, the article stated that the generation of people also has a different perception of the ecological environment, for instance, the new generation of millennials, compared with the elder people, is more aware and concerned about environmental, ethical and health issues. Especially after the Covid-19 pandemic, people are generally more focused on their health and eco products. As well as concerned about the problems associated with the sustainable development of the wine sector, due to the increased attention and interest in wine consumption by the younger generation. Moreover, the interest in the history and production of a consumed product is growing, young people strive not only to taste wine but also to interact with producers (terroir) and to be present at the place of production, where nature as a visual aspect positively affects the perception and "completing the picture".

Confirming this interest grow with the lectures by Professor Francesco Pagliacci *(University of Padua)*, where it is clear that the types of clients are changing over the years, for instance, previously there were more clients from the category "wine lover" and now there are more those ones as "wine expert" which means that people are more concerned about the background of the consumed product.

Therefore, manufacturers are interested not only in the quality of the product but also in the conservation of natural resources and landscapes in order to maintain tourist flow and the reputation of the product and its history.

According to a change in the awareness of people and their relationship with the ecological environment, the manufacturers are forced to change their strategic program and business model in favor of sustainable development, in order to adapt to the new generation.

However, the younger generation is not sufficiently aware of the sustainability issues of the wine industry and how to participate in this activity, in order to contribute to producers in satisfying consumer needs. In this regard, the interaction of marketing tools is required to attract the younger generation and identify consumer demands, through the conduction, analysis and comparison of local and international cross-cultural surveys.

To make the wine sector more adaptable to climate change and more sustainable, the *LIFE* program has been created for sustainability development in Europe, as the world's most important wine region. One of the *LIFE* projects is the EU Biodiversity Strategy for the period up to 2030, which aims to develop organic farming and landscape biodiversity in agricultural land, including vineyards.

In addition, as part of the EU's "From Farm to Table" strategy, the European Commission wants to make food systems like viticulture fair, healthy and environmentally friendly. In addition, a number of *LIFE* projects are helping European vine growers avoid environmental damage.

For the Tuscany region, the *"LIFE GREEN GRAPES"* program has been developed to control plant diseases as pathogens become resistant to commercial fungicides. The program provides natural plant protection through innovative and natural products, as well as agricultural practices and grapevine treatments. In order to improve crop quality and increase biodiversity, the program also prevents the need for chemical fertilizers and pesticides.

Thus, participation in the *LIFE* program provides an opportunity to contribute to the safe of wine production and natural sustainability, thus helping to meet customers' needs.

4.3 Export support

It is important to mention that during the crisis and the current unpredictable conditions, many entrepreneurs have less enthusiasm to actively participate in the world trade market, due to the huge risks associated with the poor internal and external economy. Thus, exporters continue to perform trade relations with permanent client countries, not risking to expand their sales geography. Many exporters have an insufficient level of professional training in many foreign markets, there is no initial information about the products of exporting enterprises, and much more. *(Small and Medium Enterprises and Global Risks"12 February 2020)*

Accordingly, in order to prevent or minimize commercial risks, entrepreneurs need government support and long-term political guarantees.

One of the solutions to this issue is to collaborate with a support program, for example, through the *SEI program - "Support for Italian Exports" Unioncamere.*
The program is aimed at the growth of exporting companies and the implementation of their initiatives in order to enter foreign markets and foreign exporters and increase export profits for both parties. The project includes training initiatives on business internationalization aimed at the entire system of Italian chambers of commerce, as well as personalized export promotion initiatives.

The program is aimed at expanding export companies and implementing their initiatives in the international arena in order to increase export profits for both parties, as well as to promote and strengthen Italian exports. The project includes business internationalization training initiatives targeting the entire Italian chambers of commerce system, as well as customized export promotion initiatives.

The SEI Program offers the "Export check-up" option to identify the needs and requirements of companies and "Export Plans" to define the strategy in the target market. As well as to identify the foreign market with the highest potential for the company's product.

Moreover, the program provides service support to maintain the international activities of the export companies in the Russian Federation territory, Ukraine and Belarus. Accordingly, the company provides up-to-date information on export activities, trade tariffs and restrictions, precautionary measures due to Covid-19 and other possible consequences of the crisis.

2) In order to provide financial assistance to the promotion of Tuscan and Super Tuscan wine products in a foreign market, it is necessary to finance scientific and technical developments to create new export products with high competitiveness in the international market.

As well as financing measures to create economic conditions for the sale on foreign markets of new competitive products, including insurance of operations, lending to exporting enterprises with the participation of their organizations abroad; refunding of costs when providing loans in order to support and stimulate exports.

The expansion of the export range and the development of new products is necessary since Tuscany is mainly known for its red wines, therefore it would be reasonable to develop, for instance, not only the red variety but also to increase the range of rosé and white wines.

3) Moreover, it is recommended more active participation of wine companies in the exhibition, fair and advertising activities abroad, including:

- monitoring of foreign fair events, and analysis of the participation of the competitors;

- expansion of wineries' participation in this activity;

- creation of active marketing activities to promote the product on the international and domestic markets;

- improving the efficiency of companies involved in the organization of fairs; providing their activities a systematic, targeted character;

Therefore, all these measures are necessary for the development of the export activity of the wineries in the Tuscan area.

4.4 Wine reputation

"The wine economics literature indicates that what is on the label of the bottle often has an impact on price much larger than the impact of what is within the bottle"

(Oczkowski, Department of Economics, University of Southern Denmark, 2021)

Nowadays, the image of the territory, its reputation is playing an increasingly important role in developing export activities, which is connected with the growing importance of information to ensure its competitiveness. The reputation of the territory is a fundamental factor in the promotion of national and regional products as an essential competitive resource for building partnerships.

The conclusion of experts in the *"The cost of ignorance: reputational mark-up in the market for Tuscan red wines"* article, emphasizes the factors that impact the price-quality ratio of red wines, in the example of Tuscany wines, and how reputation can affect the final choice of the consumer. As a result, the customer is willing to spend more than 100% only for the brand, for example, "Brunello di Montalcino" although with poor or average quality, while he would spend approximately 19% less for the IGT denomination.

The consumer's preferences as being the main factor do not always correspond to the preferences and assessment of experts, due to the lack of knowledge or even disinformation of the customer about the product, as well as due to the comprehensive assortment on the wine market. For instance, about 2000 varieties of wines are produced only in the Tuscany region.

People statistically purchase the product, while choosing a wine, relying on more accessible information, such as price and reputation. Hence, the quality of the wine, as well as its sensory and organoleptic characteristics are not the main aspect of their choice, respectively. Moreover, most shoppers do not risk trying a new range of products, preferring a well-known or highly recommended wine. It is especially important to note that every person has different organoleptic perceptions, thus the same taste can be perceived by each in their own way.

This is due to an unequal number of taste buds that people have, for example, sommeliers have twice more receptors compared to an ordinary person and, accordingly, they are more sensitive and feel the taste of products more intensely. It also depends on the individual characteristics of a person, his ethnicity, culture and genetics. *(Professor Matteo Marangon)*

Accordingly, it becomes more challenging for experts to determine the price and quality of the wine for the market. Wine is also often subject to price discrimination, for instance, well-established denomination wine determines a good reputation and premium status, which accordingly leads to the markup, despite its average quality.

Therefore, identical quality wines but with different denominations will have remarkably different costs.

The price variation of Tuscan wines of the IGT category *(Indicazione Geografica Tipica*) is considered more objective, since the price is not sufficiently tied to the denomination, but requires additional links and information due to the extensive range of IGT wines on the market. Accordingly, the label information can impose a false perception on the customer and, accordingly, mislead the people and mismatch the internal and external characteristics of the wine.

In France, on the other hand, the classification system for the price and quality of wine is more severe and inflexible regarding organoleptic properties and the quality impact of wine on its price. The classification is especially extreme in Bordeaux, as well as in Burgundy, where the classification is reviewed annually and may even be removed. Accordingly, the reputation assessed by experts is more important than organoleptic characteristics in determining the price, which leads to the abuse of expert significance.

Compared to Italy, Tuscany has both a rigid and a liberal classification of wines, which is a correspondingly more flexible system. For example, "Vino Nobile di Montepulciano", in comparison to "Chianti Classico", has a more liberal approach for consumers and the brand defines quality specifically according to the manufacturer, rather than to the denomination. However, wines of both labels "Vino Nobile di Montepulciano" and "Chianti Classico" of average quality will be marked-up only because of their established reputation.

Despite the different types of classifications and evaluation characteristics, accordingly, the appellation remains a key indicator of quality for consumers and, thus consumers are willing to pay for the name, and therefore for the reputation. The second factor in choosing a product is a long search for the product, which also explains the rapid choice in favor of a well-established and familiar wine.

Thus, these factors emphasize the high cost of consumers' ignorance and it is recommended for the customer to consult a wine specialist before purchasing.

The media and communications are key tools in the process of forming a positive image of the brand. To maintain and promote the positive image of Tuscan wines in the development of export activities, it is required:

- Improvement and modernization in the official websites and social media of Tuscan wine wineries and distributors;

- Creation of an extensive catalog of Super Tuscan and Tuscan wines with brief and readable information about their difference and quality, with an educational purpose for the audience and making their choice less complicated;

- Set up targeted advertising and attract bloggers and influencers for advertising collaboration in order to promote Italian wines that are represented by the Tuscany region.

Hence, more extensive application of modern electronic means and information technologies is needed. As well as the acquisition of advanced technologies and modern equipment abroad that can ensure the energy-efficient production of environmentally friendly, competitive products.

Accordingly, the involvement of qualified specialists is necessary, which requires:

- The development of scientific and educational complexes with industries of high-performance information and communication technologies, media technologies, new economic and political science and other scientific research;

-Resolving the shortage of qualified employees in the field of economic and export activities by attracting foreign employees in order to access and spread new markets, as well as to promote Toscan wine to a foreign audience.

Source: "The cost of ignorance: reputational mark-up in the market for Tuscan red wines"

4.5 Transport and infrastructure

Since the development of foreign economic activity, in particular export, is complicated without the availability of highly qualified employees, it is necessary to develop a system of education, training and retraining of staff, as well as advanced training in the field of trade policy and international business.

It is also important to create the institutional infrastructure in Tuscany with the Italian wine program, including marketing, IT programs and practical study part with a further internship.

Although there are various wine courses in Tuscany, for instance, the *"Wine in Tuscany"* Study Abroad program, with a relatively increased price of nearly 4500 euros and a short duration of 4 weeks, it is recommended to create a complete bachelor's or master's degree program with the example of Master's degree program *"Italian Food and Wine"* in Padua. Accordingly, with a state scholarship provided, in order to attract local and foreign students in the wine world.

Confirming with the lectures of Professor Carlo Nicoletto *(University of Padua)* due to the lack of agronomists in Italy it is highly required the attraction of the younger generation to the agronomic environment for the development and promotion of Italian products, including wines.

To provide a workplace for graduates or professionals in wineries of Tuscany, innovative modernization and improvement of public transport infrastructure are required. In the Tuscany region, as well as in other Italian regions, the major part of the wineries are located in the countryside and the rural area, which is not accessible by public transport.

According to the "*Indeed*" working search website, most wine companies are searching for employees with a personal car or other means of transportation, which can be a major factor in turning down a job offer.

Therefore, it is an important condition to provide public transport or private bus that equipped by the company, for effective integration into the system of agronomic relations, and the successful development of export activities.

4.6 Geographic expansion

Following Table 2 illustrated previously, Italian wine export destination countries' dynamics fluctuated after the pandemic crisis. Thus, after the second wave of the world economic crisis associated with the conflict in Ukraine, the dynamics remain unpredictable.

Accordingly, in the current economic conditions, large losses in export supplies in many countries with unstable economies are expected. However, Table 2 also confirms the growth in other countries during post-crisis, which compensates for the income lickings and balances the market trade. Thus, it is necessary to expand the geography of exports, to develop new markets and improve mechanisms for accessing new markets, in order to avoid huge losses and remain on the safe side in a new crisis wave.
As well as it is necessary to develop a wineries cooperation with the rapidly growing economies of far abroad countries and maintain the partnership with the existing trading countries.

It is also essential to follow the latest trends to win the younger generation's loyalty, as well as to be involved in the political environment in order to be aware of the political and economical systems and indicators to ensure the company's safety in international trade relations.

Dubai, for example, the capital of the Arab Emirates with the world's fastest-growing economies and a fast-growing market *(Wikipedia),* imports approximately 20 million liters of wine annually, where 2,134 tons are from Italy. (*Wine Business 4 Giugno 2021)*

Despite the fact that 50% of the population of Dubai is Muslim, the sales and import of alcoholic beverages are possible and 80% of sales accounted for the HoReCa channel due to the extensive tourist flow.

However, sales duties on wine in Dubai are significantly high and indicated about 50% of the cost, which excludes the possibility of selling medium and low-quality wines, while increasing the value of prestigious wines, extra premium and reservas. In this case, it is reasonable to focus on export sales of Super Tuscan wines which are premium class categories such as: "Sassicaia DOC Tenuta San Guido", "Ornellaia", "Bolgheri Superiore DOC", "Saffredi", etc.

Moreover, tourist flow after the event that occurred on the 24th of February has significantly increased in Dubai. The border service of the *FSB*[7] of the Russian Federation recorded 466.4 thousand departures from Russia to the UAE in the first half of 2022, mostly in Dubai. Compared to the first half of 2021, the tourist flow to Dubai from the Russian Federation increased by 47%, and thus Russia overtook the United States, France and Germany in terms of the number of tourists in Dubai.

It is substantial to be aware not only of the last world's economical and political trends but also of the foreign export working system, in order to have better access to the international trade market.

Since the wine sales market in Italy is quite slow, as negotiations tend to take place in person, by phone and at trade fairs, it is necessary to use an online system for working with clients, distribution companies and other trade agents all over the world.
Considering the *"Bradman Group"* one of the distribution companies in one of the most dynamic cities of Dubai, the company's employees use the social network *"Linkedin[8]"* for searching for new buyers and suppliers, including Italian wine exporters.

90% of business transactions including the import of Italian wines such as Supertoscan "Bolgheri" and "Sassicaia", take place through the network Linkedin, which extremely simplifies and speeds up negotiations and business trade, thus, accelerating sales and revenue.

4.7 Foreign investment

To increase the economy's internationalization and export activities it is necessary to attract foreign investment and foreign employees to the wine industry, as a priority sector of the Italian economy, for the creation of new trade relations and opening of new markets.

It requires the development of investment and financial infrastructure, as well as the development of perspective offers for the formation of programs to attract foreign investment into the modernization of the economy, industry and the social sphere of the region, for stimulation and supporting the export activities of enterprises.

The creation, for instance, of the International Cooperation Relations Center, with the mission to provide measures and support to attract foreign direct investment for the export development of enterprises, primarily for small and medium-sized businesses; to assist in the research for business partners, as well as the creation of enterprises with foreign capital.

[7] *Federal Security Service*
[8] *LinkedIn is an American business and employment-oriented online service that operates via websites and mobile apps.*

Conclusion

Export activity as one of the major tools in increasing the efficiency of economic development, significantly contributes to the activation of the competitive advantages of the territory and its successful integration into the world economy. Under modern conditions, due to the global crisis and a number of restrictions and barriers that prevent the creation of effective regional integration trade relations, it is necessary to develop various strategies and effective programs. Primarily the integration strategy of the Tuscany district that based on wine export activities to improve the territorial production industry, development of the export base and maintain a positive image.

Accordingly, recommendations and programs for the development of the Tuscan wine export activities of the district were proposed:

1) Increasing the efficiency of the company's activities and maintaining a balance between the quality of wine and environmental sustainability through a "Life Free Grapes" program strategy to preserve the environment and natural resources in Tuscany;

2) Maintaining a positive image for the development of export activities and promotion of existing wine brands in the territory. It is advisable to engage in territory branding through the media and communications tools, improving and modernizing the websites of companies and distributors, improving information services, as well as collaborating with bloggers and influencers to attract the younger generation;

3) An important direction is the development of the export base and trade fair activities, as well as the provision of export support and government guarantees, in order to prevent or minimize commercial risks through the "SEI program - "Support for Italian Exports";

4) Expansion of the range and production volumes of Tuscan and Super Tuscan segment of Premium wines and introduction of new brands to the market;

5) Foreign economic activity, likewise any other professional activity, requires professional employees. Accordingly, it is necessary to develop the education system and create the required institutional and organizational environment for the training and retraining of workers, with the example of the Master's program "Italian Food and Wine". As well as the development of regional training programs to improve the skills of employees of enterprises in order to develop foreign trade activities;

6) In addition, it is necessary to carry out an innovative modernization of transport and infrastructure, which is an important condition for the successful development of the export activity of Tuscany;

7) Inflow activation of foreign investments and development of international cooperation with foreign partners through the creation of centers for International Cooperation Relations in Tuscany.

The concept of the recommendations given will enhance the efficiency of the wine export activity of the Tuscany area by creating conditions for the effective implementation of the export potential, will contribute to successful trade relations, increase the revenue side of the budget, and allow solving a number of socio-economic issues of the territory.

Therefore, the project goal to improve the export mechanism of the Tuscany area and Italy was achieved.

References

Azienda agricola Micossi, Survey with Daniele Revelant, October 2020.

Balkan green energy news “Climate change impacting wine, olive production in drought-stricken Italy” article of the, by Igor Todorović, July 20, 2022.

Consorzio per la Tutela dei Vini DOC Bolgheri official website: "The Consortium", "Terroir","Hostory".

Eurostat:
- “Energy dependency rate” 9 March 2022
- “Euro area annual inflation” 30 September 2022

eAmbrosia (Version 2.7.1.1 - 06/05/2022). Managed by the Directorate-General of Agriculture and Rural Development. “Bolgheri single document”

The European Climate Foundation (ECF), 2022

The European Commission, managed by the Directorate-General of Agriculture and Rural Development Context indicators (2014-19): “Climate change leaves its stain on European wine” article, 11 May 2016

Emerald Insight Library articles:

- “Exploring key factors sustaining micro and small food, wine and hospitality firms through the COVID-19 crisis”, British Food Journal, by Alessandro Bressan, Abel Duarte Alonso, Oanh Thi Kim Vu, Seamus O'Brien, 4 July 2022

- “The cost of ignorance: reputational mark-up in the market for Tuscan red wines”, Oczkowski, Department of Economics, University of Southern Denmark, 2021

- “Italian wine sustainability: new trends in consumer behaviors for the millennial generation”, British Food Journal, Patrizia Gazzola, Daniele Grechi, Enrica Pavione, Gloria Gilardoni, 1 November 2022

“The grape ripening process” lecture by Prof. Matteo Marangon, University of Padua, 2020

Istat Statistics database (The Italian National Institute of Statistics):

ISMEA (Istituto di Servizi per il Mercato Agricolo Alimentare):

- Agricultura.it website - Il giornale dell'agricoltura Italiana "Il mercato interno ha salvato i vini toscani nell’anno del Covid" article based on ISMEA data,, publsihed 15 May, 2021

- “I numeri del vino”statistics, based on ISTAT database, 2020/2021:
- Esportazioni italiane di vino per regione e tipologia, 2021
- Esportazioni italiane di vino per regione e tipologia, 2022

- Rapporto ISMEA – Qualivita 2021 article “Sulle produzini Agroalimentari e Vitivinicole Italiane DOP, IGP e STG”

- “Trends in the Italian agricultural economy and legislation” ,01 July 2022

(IOM) International Organization for Migration, survey: “7.1 million People Displaced by the War in Ukraine”05 April,2022

JSTOR library, Journal Articles:

-“Tuscan Wine: Tradition and Innovation” published by: University of California Press, page 84, 2021

- “A Study in Romantic Naturalism” Hoxie Neale Fairchild, The Noble Savage, New York: Columbia University Press, 1928

Matchplat market analysis platform: “Italian wine exports. Figures and trends”,10 March 2021

Regione Toscana:

- Article “BUYWINE 2022, i numeri del vino in Toscana" by Istituto di Servizi per il Mercato Agricolo Alimentare.

- " LIFE GREEN GRAPES" program one of the EU Biodiversity Strategy for the Tuscany region, “Viticoltura: cinque progetti del programma LIFE per la sostenibilità” article, 2021

Statistics Office of Regione Veneto, “Statisctiche” article, January 2022

SEI program - "Support for Italian Exports", Realizzato da Gandini&Rendina, Copyright 2022 Unioncamere P.I.

Science Direct Library articles:

- “The European wine export cycle”, by Leonida Correia, page 92,93, 2019

- “Commodity price shocks related to the war in Ukraine and exchange rates of commodity exporters and importers” by AminSokhanvar, Page 9-10, 16 September 2022

- “Ukraine war-induced sanctions against Russia: Consequences on transition economies”, by Gohar Samvel Sedrakyan, Page 2, 6 August 2022

Springer Link library, International Journal of Disaster Risk Science, article: “Small and Medium Enterprises and Global Risks”, by Ali Asgary, 12 February 2020

Wine Business export consultancy service, by Sandhills Italy Srl, article: “Vendere vino a Dubai conviene? Una guida completa di costi e ricavi”, 4 Giugno 2021