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FINANCING SMALL ENTERPRISE WINE PRODUCERS IN THE WORLD

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Abstract: Wine is a product obtained exclusively with full or partial alcoholic fermentation of fresh grapes, crushed or unpeeled or must. Wine is fermented fruit juice of several grapes of the genus *Vitis*, and the most common variety is *Vitis vinifera*, due to the best taste of most wines of this variety. Wine production is an art in some ways, at least in terms of quality wines, but today most of the wine in the world is produced with modern technology. The wines are usually produced by fermentation of the yeast *Sacchamycetes cerevisiae*, and sometimes by *S.bayanus* or *S.oviformis*. To prevent the appearance and growth of unwanted organisms, sulfur dioxide is added to the wine. Sulfur dioxide acts as a selective antiseptic and allows the smooth growth of added yeasts. Sulfur dioxide kills or inhibits the growth and activity of unwanted bacteria and yeasts, increases the extraction of dye and soluble substances from the shells and acts as an antioxidant. Wines usually differ in color (white, red or rose and red wine) - and the color determines the color of the grapes.

Keywords: wine, producer, financing, small and medium-size enterprises (SMEs).

TYPES OF WINE

Depending on the production process, the wine can be non-carbonated or sparkling (carbonated) which we usually call champagne. As more characteristic classifications of wine can be listed¹:

Table wine is a wine that originates exclusively from grape varieties classified as wine grapes, the actual strength of alcohol by volume should not be less than 9.0% by volume, the total strength of alcohol by volume should not exceed 15% by volume, has a total content of acidity, expressed as tartaric acid, not less than 3.5 grams per liter or 46.6 milliequivalents per liter.

¹ www.sei.gov.mk/.../1_2_8_Factsheet_wineries_160317_MK.doc

A regional wine is a table wine with a geographical indication, whose area of origin is a region, whose name is on the list of protected names for regional wines, is produced entirely from grape varieties recommended for that region, in accordance with Article 11 of this Law.

Quality wine is a wine with a geographical indication, whose area of origin is precisely marked within the vineyard or within a smaller geographical unit of the same, whose name is in the list of protected names for quality wines.

Top wine is a wine with a geographical indication recognizable by its specific characteristics and high quality, whose area of origin is precisely marked within one or several localities or smaller geographical units, whose name is in the list of protected names for top wines.

Sparkling wine is wine obtained by first or second alcoholic fermentation of products suitable for the production of table wine, grapes, must or wine, table wine, quality wine or premium wine from fresh grapes, when opening the container, emits carbon dioxide obtained exclusively with fermentation and has excess pressure due to dissolved carbon dioxide.

Sparkling wine is wine which - is obtained from table wine, when opening the vessel, emits carbon dioxide obtained in whole or in part by the addition of that gas and has excess pressure, due to dissolved carbon dioxide.

Semi-sparkling wine is a product obtained from table wine, quality wine or top wine or from products suitable for making table wine, quality wine or top wine, has excess pressure, due to endogenous carbon dioxide in solution.

Carbonated semi-sparkling wine is a product obtained from table wine, quality wine or top wine or from products suitable for making table, quality wine or top wine, has excess pressure.

White wine is good if it has a golden yellow color. According to the color, it can be concluded about the age of the bunches from which the wine is made; the greener the hue, the greener the color of the wine. According to the vine there are several species, among the popular are:

- **Chardonnay** - has a different style, floral aroma and taste:

- **Muscat** - gives dry or sweet wines, permanent or sparkling, with aromas of grapes, flowers and spices;

- **Pinot Blanc** - with almond or apple aroma;

- **Riesling** - aromatic and fresh wine with stronger mildness;

- **Sauvignon Blanc** - fresh, refreshing wine that goes very well with food;

Red wines have different shades, so the older vines give a shade of brown, and the younger ones a pink. The taste is not very changeable, with the possibility of bitterness or give a slightly sour effect. Bitterness comes from flobafen, which makes it desirable to consume wine. Famous types of red wine are:

- **Cabernet Sauvignon** - full, strong, deep wine with a taste of menthol, vanilla and wild berries;

- **Pinot Noir** - is a lighter shade, goes easily with dishes, and tastes like strawberry, raspberry, flower or vanilla;

- **Merlot** is a softer and milder wine, with aromas of wild berries, cherries, vanilla, black pepper or olives.

PRODUCTION OF BRANDY

Brandy is an alcoholic beverage produced by distillation of fermented fruit and is popular throughout the Balkans. Its alcohol content is usually 40%, but homemade brandy can be stronger (usually 50 to 60%). In Europe, farmers who want to produce brandy need to have a registered agricultural household, because only then can they give the brandy to large producers for further processing. They can sell it to the end user only if they have registered a catering facility or a shop for home products.

Brandy is often a home-made product. The masters are proud of the skill in creating this strong drink hosted at every home table, party, family event, wedding. Brandy is made from grapes, and around the world they use various agricultural products (plums, apricots, pears, cabbage, peaches, potatoes, rice). In industrial production it is usually the percentage of alcohol to be between 40-45 percent, but in domestic production this percentage sometimes ranges up to 60%.

The process of production of grape brandy is realized in the following order:

- Grape picking,
- Grinding of grapes,
- Alcoholic boiling of the commin,
- Distillation of boiled cumin,
- Toasting of grape brandy,
- Maturation, maturation and final production of brandy.

In order to obtain quality brandy, the comina and the liquid are not boiled together, but only the liquid from the fruit comina, ie the liquid, ie. the wine from the grape coma. It is poured from the bowl with a bowl of fruit or grapes as long as it is there and it fills the cauldrons with up to 90% of the volume of the cauldron, and the rest is filled with water. When boiling the brandy, it is obligatory to remove the first stream in the amount of 500-700 ml from each cauldron and the entire point which is placed in the next cauldron or collected for the last one.

For the production of quality brandy, a good device is needed - a pot for boiling brandy, which should be made of electrolytic copper (99.9%). The boiler has a body, lid, steam pipe and refrigerator - condenser. The thickness of the bottom of the cauldron should be 6-8 mm, and the side walls of the body, the dome and the pipe should be 1.0 - 3.0 mm. Volume from 100 - 400 l. Position of the steam pipe discreetly inclined towards the casing (0.3-1%) towards the refrigerator. The cooler should be 1: 4 in proportion to the size of the boiler.

CHARACTERISTICS OF WINE PRODUCTION AND SMALL AND MEDIUM-SIZED ENTERPRISES IN THE WINE SECTOR IN SOME COUNTRIES OF THE WORLD

World wine production, according to data The World Organization of Vine and Wine - International Organization of Wine and Wine (OIV), in 2018 reached a record level in 2018 reaching 293 million hectoliters, The largest wine producers in the world in 2018 are Italy, France, Spain and the USA².

Europe is still the continent with the largest wine production. The three largest wine producers in the world and in Europe are Italy, France and Spain, together accounting for 51% of world wine production.

The United States, Argentina, Chile, Australia and Germany account for 25% of world wine production. Italy retains the advantage over France, historically, as the largest wine-producing country. Italy has been a leader in wine production in recent years, perhaps thanks to the more dynamic growth of production from new plantations. The United States is still firmly in the fourth largest wine-producing country with 23.9 million hl.

Table 1. The largest wine producers in the world in 2018

		2018	2017	Avg 13-17	Change 17-18
1	Italy	54.8	42.5	48.3	28.9%
2	France	49.1	36.4	43.5	34.8%
3	Spain	44.4	32.5	38.9	36.7%

² Karlsson. P., (2019), World wine production reaches record level in 2018, <https://www.bkwine.com › features ›>

4	USA	23.9	23.3	23.2	2.3%
5	Argentina	14.5	11.8	13	22.8%
6	Chile	12.9	9.5	11	35.9%
7	Australia	12.9	13.7	12.6	-6.1%
8	Germany	9.8	7.5	8.6	30.7%
9	South Africa	9.5	10.8	11	-12.5%
10	China	9.3	11.6	13.1	-20.0%
11	Russia	6.5	6.3	5.4	3.0%
12	Portugal	6.1	6.7	6.4	-10.0%
13	Romania	5.1	4.3	4	17.9%
14	Hungary	3.6	3.2	2.8	14.6%
15	Brazil	3.1	3.6	2.6	-13.2%
16	New Zealand	3	2.9	2.8	5.8%
17	Austria	2.8	2.5	2.2	10.8%
18	Greece	2.2	2.6	2.7	-15.4%
19	Moldova	1.9	1.8	1.8	5.5%
20	Switzerland	1.1	0.8	0.9	40.4%
21	Bulgaria	1	1.1	1.3	-3.6%
Other countries		15	14.5	14.8	3.4%
World Total		292.3	249.8	270.9	17.0%

Source: OIV Note de conjoncture mondiale 2018

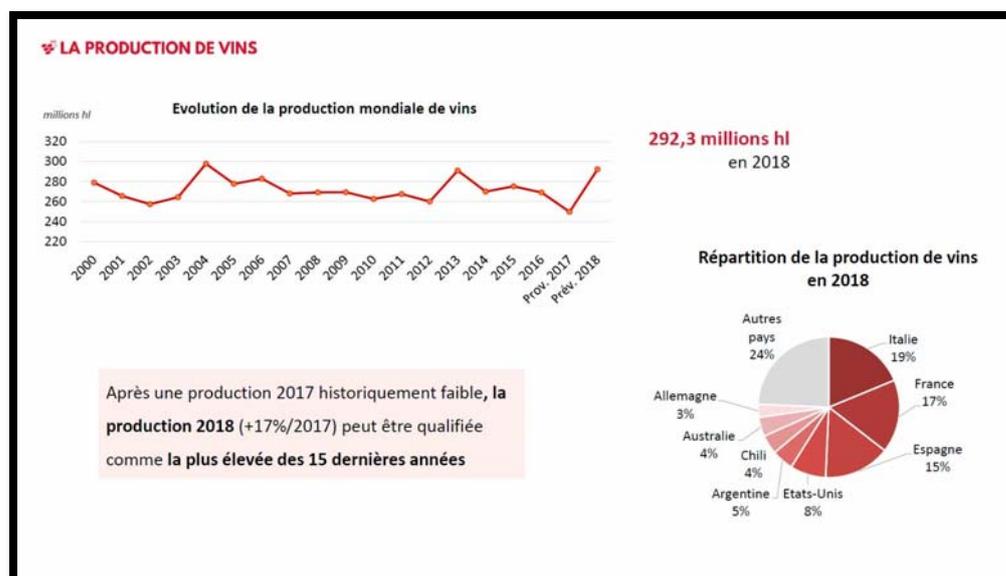


Chart 1. World wine production

Source: OIV Note de conjoncture mondiale 2018

Small and medium-sized wine producers in the world also play a very important role. For example³:

³ Bernardo. H., (2011), How many wineries are in each country worldwide? <https://www.quora.com/How-many-wineries...>

In Portugal, there are 58,000 wineries. Of this number of wineries, 100 wineries participate with 50% of the wine production in the country. The next 100 wineries account for 25%, ie the first 500 wineries produce 85% of the wine in Portugal Most wineries are micro-producers. According to these data, most wineries in Portugal are small, they are the most numerous, but account for only 15% of wine production in this country. There are 115,000 wine producers in France, of which 27,000 or 23.5% are "professional" and the others are personal wineries that produce wine for their own needs. There are 280,000 manufacturers in Spain, 60% of which are hobby or self-employed. Italy has about 1 million winemakers of which only 22% are winemakers for sale, the rest of the wineries produce their own wine. In Germany, out of 69,000 wineries, 28,000 or 40.6% are so-called "Professional" wineries, and the rest produce wine for their own needs. In Greece, out of 185,000 wineries, less than 20% are the so-called "Professional", and the rest produce for their own needs.

In the United States alone, out of 3,674 wineries, only 56 wineries can be considered "large" wineries with an annual production of more than 60 million bottles of wine, 223 wineries can be considered "medium" wineries with an annual production of 600 thousands to 60 million bottles of wine a year. This means that most wine production in California comes from small, very small and micro-wineries. In fact, the most popular size category is "very small", with 3,189 wineries.

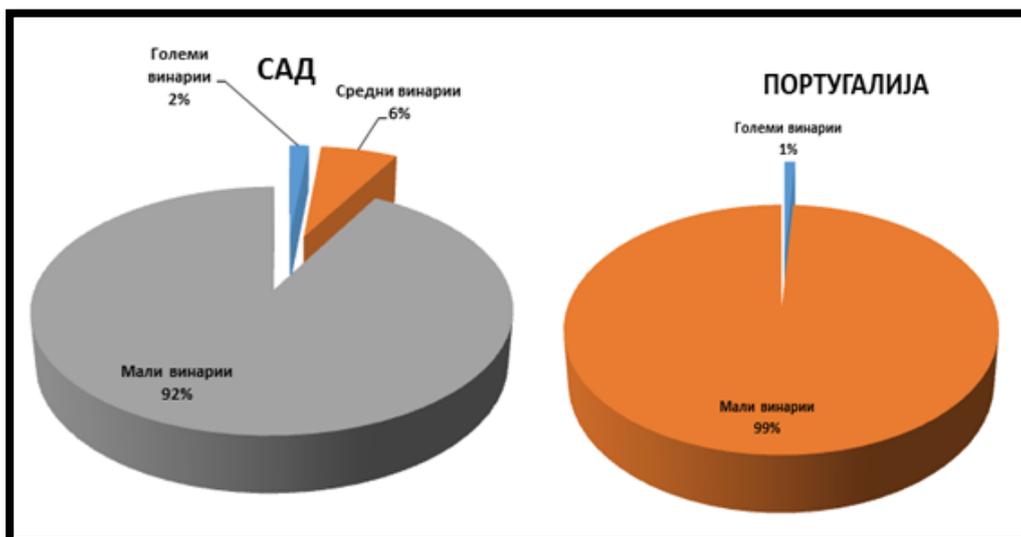


Chart 2. Participation of small enterprises in the total number of wineries in the USA and Portugal

How small is a winery? A small winery is something that is difficult to define just based on the size of the production. Small wineries or boutique wineries (sometimes referred to as “craft” or even “authentic”) are often associated with higher quality wines. It can be said with certainty that the professionals in the wine industry point out that any winery with a production size that does not exceed the production of 120,000 bottles of wine falls into the category of small winery⁴.

From the presented data it can be concluded that the number of large wineries in the largest wine producers in the world is very small, but they produce most of the wine, and small wineries are very numerous, but with a small share in total wine production.

⁴ What Does a Small Winery Consist of? How Small is a Small ...<https://troly.io> › what-does-a-small-winery-consist-of-how-small-is-a-small-p

Ordinary legislation has been established for wine production in the European Union. Wine legislation in the European Union is a regulation that forms part of the EU Common Agricultural Policy and regulates matters such as the maximum vineyard area that individual EU Member States are allowed to have, permitted wine cellars and classification principles, and wine labeling. Wine regulations exist to regulate total production in order to avoid overproduction of wine and to provide protection for protected traces of wine origin. In a sense, wine regulations seek to protect both the producer and the consumer. European Union regulation related to wine includes legislation on⁵:

- market intervention,
- rules regarding marketing and production,
- protected designations of origin and protected geographical origin.
- trade with third countries,
- competition rules.
- ✓ European Union regulation controls the regulation of wine control because: ги утврдува условите одредени земји-членки да водат регистар на лозја,
- ✓ provides for the classification of grape varieties and approvals for planting vineyards,
- ✓ „Describes the" wine production zone "and gives certain restrictions on wine production in those zones,
- ✓ specifies the mandatory labeling information,
- ✓ specifies the type of optional information that can be used,
- ✓ specifies the need for supporting documents,
- ✓ states the definitions for different categories of vine products,
- ✓ determines the mandatory requirements for labeling of sparkling wines, semi-sparkling wines and liqueur wines,
- ✓ Provides information on wine sector products and applicable customs codes (DN codes).

FINANCING OF WINE PRODUCERS IN RURAL AREAS

Global economic restructuring, agricultural adaptation, farm mergers, environmental pressures, and the development of new technologies have contributed to changes in rural economies throughout the developing world and the developed world. Local wine producers in rural areas communicate with local communities on ways to provide labor supply and a local market for their wine, also through sponsorship and wine tasting.

Sponsorships, donations, project promotion or civic partnerships and philanthropic partnerships are several ways for businesses to support communities. However, although in some cases communities reciprocate by supporting local businesses, such donations and sponsorships may be misunderstood by local communities as forms of charity and gift-giving.

However, many communities encourage development in their areas by providing infrastructure, grants and loans to attract business. This strategy can lead to a win-win situation for the parties involved. When businesses thrive, the quality of life in the community will be better, a higher quality of life in the community will result in more prosperous businesses. Commitment to community and providing support to the community can be considered strategies for business success. Collaborating with local communities can help businesses increase sales or even build employee morale. Вклучувањето на заедниците во туризмот може да го подобри туристичкото искуство; и внимателно развиениот туризам може да обезбеди економски, еколошки и културен бенефит за заедницата.

⁵ European Commission: Wine sector – Homepage, https://en.wikipedia.org/wiki/European_U

In rural areas, the combination of agricultural products and tourism has attracted the interest of regional bodies as a development strategy, illustrated by the emergence of agritourism. Stronger links between wine and tourism stakeholders are needed to improve rural development opportunities.

However, the successful connection of wine and tourism in rural areas is a challenge. For example, the growth of the local wine industry in some regions, including California's Napa Valley, has had a negative impact on the environment. Increased traffic, development and change in terms of location have occurred as a result of the increasing number of tourists. In other parts of the world, as is the case in some rural areas, rising rural property prices have challenged rural communities experiencing the rapid and successful development of their local wine industry.

CONCLUSION

Winemaking in many countries is playing an increasing role in the economy, in local businesses, which is why governments are paying more attention to the needs of growers. Various loans are offered that can be used to purchase new agricultural property, expand the operation of the vineyard and farm or just to cover the day-to-day operating costs.

Vineyards and wineries are particularly specialized, so obtaining a loan approval comes down to a number of factors, not just the location of the property. Banks are very special about the agricultural land they will accept as collateral.

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