Wine Industry in Argentina

Unique Terroir + Tradition + Freedom to Innovate = Extraordinary wines to meet global market needs
Highlights

>> A GLOBAL OPPORTUNITY
The international wine market has continued to develop over the years. Consumers have become increasingly sophisticated and enthusiastic about new varieties and flavors. World consumption is expected to grow 6% over the period 2008-2012, driven by new consumers in high potential markets such as the United States, China, United Kingdom, Russia, Brazil and Japan. In world markets, the so-called New World producers are coming on strong with a growing share of global exports. In this context, Argentina has a unique opportunity being both part of the New World as a key wine exporter in the global market and of the Old World thanks to its long-term tradition in wine production. Argentina combines terroir, expertise and freedom to innovate and is rapidly unleashing all its potential to meet global market needs.

>> GROWTH POTENTIAL
The Argentine wine industry was transformed during the past decade. Growth and modernization positioned the country as a key global player. Today it is both one of the largest domestic markets and one of the main global exporters. But it is poised for more: wine exports grew 29.0% in 2008 alone. Dynamic players and innovation continue to improve the industry's prospects, yielding endless possibilities along the way. During the first four months of 2009 glass-bottled wine exports continued to increase and were up 8.7% in volume notwithstanding the global economic downturn.

>> MAGNIFICENT TERROIR
High quality soils irrigated by the clean, fresh melt-waters of the snow-capped mountains, bright sunny days and dry weather provide ideal agro-ecological conditions for wine production. Argentina's wine region extends over 2,400 km along the foothills of the Andes giving Argentine wines distinctive and diverse flavors. Ranging from award winning Malbecs to unique varieties such as Torrontés, Argentina produces a myriad of remarkable white, red and rosé wines.

>> TRADITION AND KNOWLEDGE
Producers, agronomists, oenologists and workers have accumulated a profound knowledge of the wine industry over nearly two centuries. During the last two decades, unprecedented levels of investment flows from domestic investors as well as major global producers from countries such as France, Italy and Spain, professionalized the industry creating a new breed of highly qualified agricultural engineers, sommeliers, oenologists and wine technicians. While a significant number of universities offer specialized world-class degrees, international and national wine experts and sommeliers have become integral and vital players in the ongoing development of this industry.

>> QUALITY-VALUE ADVANTAGE
Argentina offers outstanding natural and human resources in addition to relatively low production costs. This combination results in high quality wines at competitive prices, with quality-value ratios that rival European and even other New World wine production. This becomes increasingly relevant in the face of a complex global scenario, where consumers and investors refuse to give up quality but insist on more affordable prices. A well-integrated and developed value chain supports the competitiveness of the wine industry and its fast expansion.

>> ENDLESS OPPORTUNITIES
The industry's rapid growth and auspicious prospects have created a wide array of investment opportunities. Vineyards, wineries, wine-tourism and winery-themed real estate developments are expanding fast. The industry's high returns, competitive cost structure and promising sales projections continue to pique investors' interest with new players coming into the market every day. High export growth is also creating an expanding demand for key supplies, such as glass bottles, cardboard cases, labels and capsules, giving rise to attractive investment opportunities.

June 2009
I. Why Invest in the Wine Industry in Argentina?

ADVANTAGEOUS GLOBAL MARKET TRENDS

In with the New. Worldwide wine production reached 269.4 million hectoliters in 2008, a slight increase of one million hectoliters in comparison to 2007. As part of a longer-term trend, global production grew by 4.5% between 2002 and 2008 and is expected to expand by 3.8% between 2008 and 2012. The trend is explained by production growth in the New World countries (Argentina, Australia, Chile, New Zealand, South Africa and the U.S.), which has balanced out the decrease in Old World wine production. Nevertheless, traditional wine growing countries of Europe, such as Italy, France and Spain, still lead production and represent 46.4% of worldwide wine production. The U.S., Argentina and Australia concentrate another 17.1%. As a result, 63.5% of the world production of wine is dominated by top six producing countries.

Widening Consumption Frontiers. The global wine consumption was 242.9 hectoliters in 2008, similar to 2007 levels, despite the economic downturn affecting major consumer countries. World consumption has expanded 6.3% between 2002 and 2008. Demand is not only growing, but changing. The decrease in the consumption of wine due to the fall in the demand from European and other traditional consumer countries has been offset by increased demand from emerging consumers with high potential, in markets like the U.S. and China. The overall growth trend indicates that world wine consumption will increase by 6% over the five-year period to 2012. Indeed, taste profiles are also changing as consumers become more sophisticated and demand higher quality wines.

Globetrotters. Wine exports represented 37% of world consumption in 2008, compared to 18% in the early 1980s and slightly up from 35% in 2006, which means that more than one-third of world wines are consumed outside their countries of origin. World consumption of imported wines is expected to continue rising in the next five years, mainly fuelled by German, U.S. and United Kingdom imports. New World countries have taken advantage of the rising demand and have been expanding their worldwide market share against Old World exports. In 2008, the market share of Old World countries and New World countries was 60.6% and 29.7% respectively. In 1998, ten years earlier, Old World countries had 71.8% versus New World countries’ 14.1%.

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<td>U.S.</td>
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<td>Portugal</td>
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<td>Other</td>
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Source: International Organization of Vine and Wine (OIV).
ARGENTINA IN THE GLOBAL MARKET

Great Numbers. With 225,846 ha (558,077 acres) of production surface and 14.8 million hectoliters produced in 2008, Argentina is the world’s fifth largest wine-producing country, just below the U.S. and above Australia, China and Chile. The country is also a significant wine consumer—the seventh largest wine market in the world—and a rising exporter. Exports registered a compound annual growth rate of 30.1% in value in 2002-2008, positioning Argentina as the seventh largest exporter in the world. Exports continue to grow as consumers from all over the world discover the unique quality-value advantage of wines made in the country.

Wines with Reputation. Argentine wines have received the highest accolades from the wine industry. The International Wine Challenge, the world’s biggest wine competition, has awarded Argentine wines ten gold medals (Pascual Toso Malbec (2008), Waxed Bats Shiraz (2008) and Santa Julia Tempranillo (2008), among others), 50 silver medals and 70 bronze medals. Hundreds of Decanter World Wine Awards have been bestowed upon Argentine wines, including two gold medals: Finca Sophenia Synthesis The Blend (2006) and Pascual Toso Malbec Reserva, Las Barrancas Vineyard (2006). In the 2009 Concours Mondial de Bruxelles, six Argentine wines received the best possible rate of approval, including 25/5 (2006) from Bodega del Desierto, Alegoria Gran Reserva Cabernet Sauvignon (2006) from Bodega Navarro Correas and Catalpa Chardonnay (2007) from Bodega Atamisque.

Glass in Hand. Each grape variety has a unique expression in Argentina. The numerous combinations of soil, climate, altitude and topography provide excellent agro-ecological conditions for the elaboration of different types of grapes and wines. Those conditions allow Argentina to produce a myriad of red, white and rosé wines, such as Bonarda, Cabernet Franc, Cabernet Sauvignon, Malbec, Merlot, Tempranillo, Torrontés, Chardonnay, Pinot Noir, Petit Verdot, Syrah and Traminer.

Red Velvet. Malbec, the country’s flagship wine, has become Argentina’s premier red wine. The Malbec variety grows in an extensive area that spreads from Northern Argentina in the Cafayate area to Rio Negro in the South. Concentrated in the high-altitude region

INVESTOR’S PERSPECTIVE:
Michael Rolland (France)
Winemaker & International Consultant, Director of Clos de los 7

Investors are arriving to Argentina and that is a good thing for everyone. Argentina has everything. It’s a country both rich and large with lots of space and no overcrowding. There are great opportunities throughout the country. In every region diverse economic activities are under development, and wine is one of them.

Winemakers find great freedom working in Argentina. You can choose to grow Cabernet—it may or may not work—but no agency will tell you what you should or should not grow. You can choose to use 60% Malbec or 20%; there are no regulations that will tell you what to do, allowing winemakers to adjust to market needs much better than in other countries. This is one of the great benefits to producing wines in Argentina: unimaginable freedom.

However, there is more. Argentina has relatively low operating costs; a fantastic geography, including the Andes and an optimal climate. Other attributes include its amicable people, great food, including excellent meat; and its world renowned Tango music. Another key factor is its human resources. There are people with lots of experience and knowledge in the wine industry as well as a new generation of highly trained agronomists, winemakers and professionals from other related fields that are hard workers and eager to learn.

Industry opportunities, the local people, climate—even the food—are all factors drawing investors to the country but the public sector also knows that a safe financial environment is a top priority for investors. And Argentina is making great strides to ensure investors have what they need.
of Mendoza, Malbec has become known worldwide and has been awarded well-deserved medals in oenological contests. Malbec exports to the U.S. rose 61% in 2008, reflecting consumers’ changing choices. Also, Argentina grows a local variety called Torrontés, a natural hybrid between the Criolla and the Moscatel Alejandría grapes, a distinctive flavour close to Muscat and Gewuztraminer. Mainly produced in the Provinces of La Rioja and Salta, Torrontés has become the emblematic local white grape.

**Quality-Value Advantage.** Argentina offers excellent natural resources to grow high quality wines at attractive prices—given relatively low production costs—compared to the traditional markets like Italy, France and Spain. Land prices in wine producing areas go from 5% to 20% of the cost of land in Napa Valley or Bordeaux, and are lower than those of neighboring Chile. It is a competitive advantage that allows Argentina to satisfy global consumption needs in an international economy where wine drinkers are focusing on quality at attractive prices more than ever before.

**Grape Opportunities.** The industry’s rapid growth and auspicious prospects have created a wide array of profitable investment opportunities. Private vineyard estates, wineries, wine-tourism and wine production are expanding in a sustainable fashion as domestic and international investors continue to choose Argentina as an investment destination. This dynamism has also created investment opportunities for the inputs required for production and packaging. From bottles, cardboard cases, corks, metal capsules and labels to specialty machinery, aluminum tanks and chemical inputs, the expanding wine industry is demanding more quantity and diverse supplies to meet world demand.

**INVESTOR’S PERSPECTIVE:**

**Daniel Pi (Argentina)**

Winemaker, Trapiche Group

Argentina represents an excellent investment opportunity due to its unique style and personality that has captivated the world’s most delicate palates. Malbec is Argentina’s flagship export variety. Due to its intensity, its deep red color impresses everyone, while its taste reveals sweetness with subtle tannin elements that reminds the individual of red fruits such as plums or cherries, fascinating consumers worldwide. Malbec is the fastest growing wine variety in the U.S.. Argentina’s wineries have a unique genetic reservoir to produce Malbec that does not exist anywhere in the world since Argentina’s grapevines were brought by European immigrants during the 19th century before phylloxera decimated European wineries. The soil quality in the Andes surroundings, the desert climate and altitude offer a one-of-a-kind setting anywhere in the world. Untouched areas irrigated by pristine waters that come from isolated mountains and an industry 150 years old make Argentina a place where anything can be done.
II. Industry Competitive Analysis

**INDUSTRY STRUCTURE**

**WELL LABELED.** Diverse local wineries coexist with a growing number of international wineries and investors, representing 1,322 wineries throughout the country. Around 85% of these wineries are small and medium-sized, while the remaining 14% are considered medium-large or large. The majority of the firms are involved in production (43%) or in production and fractioning (45%); only 12% are devoted exclusively to fractioning. There are 366 wineries producing for the fine wines segment with 3,400 different labels, including a rising number of boutique wineries that craft distinctive wines with a signature expression of a grape or blend. Total wine production employs around 50,000 people, while an additional 82,000 employees work in the vineyards.

**EARTHY FRAGRANCE.** Production of wine in Argentina has grown at an annual compound rate of 2.3% between 2003 and 2008, rising to 14.8 million hectoliters in 2008. Wines represent 70% of overall wine industry production (wines, musts and grape juices) that totals 21.0 million hectoliters. Among wine production, the fine wine segment represents 43%.

**WINE REGIONS.** Seven provinces in three regions (North, Cuyo and Patagonia) produce diverse wine varieties in Argentina. The wine regions are located in the western part of the country, along the foothills of the Andes Mountains. The province of Mendoza is the country’s main industrial wine center, concentrating three-quarters of production, followed by San Juan (18.5%), La Rioja (3.9%), Salta (1.3%), Catamarca (0.5%), Neuquén (0.4%) and Rio Negro (0.2%).

**ANOTHER GLASS.** Argentina’s domestic market, with a total wine consumption of 10.8 million hectoliters, is the seventh largest in the world. The market size offers an important stimulus for production, particularly in the context of a global economic downturn. More than 72% of local wineries’ production is for the local market, where the annual per capita consumption exceeds 29 liters. Furthermore, the domestic market has become increasingly sophisticated over the last years. The consumption of fine wines in 1997 was 9.3 liters per capita, ten years later, the number grew to 12.5 liters, reflecting a growing demand for high quality wines compared to basic ones—the demand for which has fallen not only in Argentina but in other traditional markets as well.
**Exports Uncorked.** Argentine wine exports volumes increased at an annual compound rate of 22.3% between 2002 and 2008, positioning Argentina as the fastest growing export country, followed by South Africa, Spain, the U.S. and Chile. Argentine wine export growth has been driven not only by a strong increase in volume, but also by a significant increase in the unit value, leading to a 30.1% growth rate in value during the same period. In 2008, exports reached a record of 4.1 million hectoliters and US$622 million, up 15.1% in volume and 29.0% in value in relation to 2007, respectively. Total value of glass-bottled wines explains 80.4% of wine exports, reaching US$500 million in 2008, an annual increase of 26.6%. During the first four months of 2009, glass-bottled wine exports continued to increase and were up 8.7% in volume and 8.3% in value. Argentina is also the largest world exporter of musts: 2008 exports reached US$221 million. In total, Argentine viniculture exports raised to US$859 million in 2008, up 29.2% from 2007.

**Export Growth by Price Segment (2002-2008)**

*Source: National Vitiviniculture Institute (INV).*

**Wine Exports:** Growth by Country (2002-2008)

*Source: International Organization of Vine and Wine (OIV).*

**Flavorful Growth.** Red wines represented 80% of exported glass-bottled wines in 2008, while white wines (18%) and rosé wines (2%) accounted for the remaining 20%. Malbec is the most representative variety of the Argentine exports of bottled wine—with a share of 38.3% in value—followed by Cabernet Sauvignon (13.0%) and Chardonnay (7.6%). It has shown an annual growth of 4.4% in exported quantities in the last six years.

**Premium Wines.** While basic glass-bottled wines exports—those of less than US$13 per box—have grown at a compound annual rate of 13% between 2002 and 2008, premium wines exports—those of more than US$13 per box—have grown at 33% per year. Among this group, super premium—between US$27 and US$40—and ultra premium exports—between US$40 and US$360—exhibit even higher rates, of 35% and 44% respectively. Exports of icon wines, defined as those that cost more than US$360 per box, celebrated a remarkable evolution: from a very low starting point of US$4,200 in 2002 they hit US$6 million in 2008.
**Export Markets.** Destinations for Argentine wine exports have been expanding steadily over the last six years. In 2008, Argentine wines were shipped to 120 countries, a significant rise from the 81 countries at the beginning of the exports boom in 2002. The U.S., Canada, U.K., Brazil and the Netherlands were the main markets in 2008, receiving 63% of exports.

*Circular chart: Glass-Bottled Wine Exports by Destination Country (2008)*

- Canada: 10.4%
- U.K.: 9.3%
- Brazil: 7.7%
- Netherlands: 7.0%
- Mexico: 5.2%
- Latin America: 5.2%
- Nordic countries: 3.7%
- Asiatic countries: 3.8%
- Other Europe: 4.6%
- Others: 15.4%


- U.S. 29.2%
- Canada 10.4%
- U.K. 9.3%
- Brazil 7.7%
- Netherlands 7.0%
- Mexico 5.2%
- Latin America 5.2%
- Nordic countries 3.7%
- Asiatic countries 3.8%
- Other Europe 4.6%
- Others 15.4%

**Wine Speak.** Unlike other New World countries that show a highly concentrated export sector, Argentina shows a relatively atomized pattern, with almost 400 wineries exporting some 2,000 labels in 2008. Top 40 wineries accounted for 82% of total bottled wine exports in 2008, with no single one of them representing more than 11%. Growth in the number of exporting wineries is also worth highlighting, since only ten wineries exported in 1990. In respect to labels, the market is more fragmented with the top 40 labels making up 42% of exports and none of them with a market share higher than 3%. The current market composition allows for further sustained growth and highlights the tremendous export potential of both large wineries and boutique ones.

- Malbec: 38.3%
- Sauvignon Blanc: 13%
- Red Wine Generic: 9.6%
- Cabernet Sauvignon: 2.1%
- Merlot: 3.3%
- Syrah: 3.5%
- Chardonnay: 7.6%
- Pinot Noir: 2.8%
- Syrah-Malbec: 2.1%
- Torrontés: 2.3%
- Others: 16.5%

Mendoza is the traditional producing and exporting area of Argentina, accounting for 87% of wine exports in 2008. San Juan is the second one in importance, with a participation of 6.2%. Other producing areas are quickly growing in importance: between 2006 and 2008 exports from La Rioja, Neuquén and Salta have grown at compound annual rates of 58.4%, 53.0% and 36.9%, respectively.
INVESTMENT PERFORMANCE

**The Big Leap.** The wine industry has undergone significant transformations over the past two decades. Local and foreign investments, mainly from Chile, France, Italy, the Netherlands, Spain, and the U.S. have driven a spectacular increase in production capacity and a massive sector restructuring. Indeed, Argentina is one of a few countries where investors from all producing countries have chosen to establish. The industry’s modernization included adding technology to the different processes as well as adopting new business models oriented towards process and product innovation. The result has been overwhelming. Wineries are very competitive and technologically innovative. They are diversifying wine production, adopting new grape varieties and performing varietal management for the local and export markets. They are also achieving higher levels of penetration of fine wines and table wines in the international market. And finally, niche markets that had not been exploited before are being developed.

**Fruits of Investments.** After the industry’s restructuring in the 1990s, investment flows continued into the present decade. Between 1999 and 2004, the sector received US$750 million in investments, primarily in greenfield projects (46%). The average investment in each greenfield project was US$8 million. Capital contributions weighed in heavily (37%), while takeovers, unlike in the 1990s, represented a minor part (17%). Investments were geared towards incorporating new technologies (grinders, pneumatic presses, cooling equipment, stainless steel tanks and oak barrels) to improve the quality of wines and expand wineries’ production capacity, mainly for exports. The industry received capital from both local and international investors: 38% of total investments in the period 1999-2004 were made by local companies and the other 62% came from overseas investors.

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**INVESTOR’S PERSPECTIVE:**

Alfred Bonnie (France)
Owner, Malartic-Lagraviere Group & Diamandes

I have Argentina deep in my heart. When Michael Rolland talked to me about Mendoza, without thinking it twice I traveled there. Once I saw the scenery, I quickly realized that this unique region could only produce exceptional wines. In one day I decided to build Diamandes winery. Now that the wines are bottled, we are extremely happy with the decision.
Sweet Opportunities. Industry dynamism has created profitable investment opportunities for suppliers of the wine industry. Supplies can be divided into product materials (bottles, labels, cardboard cases, capsules and corks, among others), production materials (yeasts, acids, stabilizers, nutrients and antiseptics, along with other products), and specialty machinery (such as pumps, control and monitoring IT systems, presses, cooling equipments, and aluminum tanks, to name a few). Two particular segments—glass bottles and cardboard cases—hold particular promise. As for bottles, there are two main production plants in Argentina (Cattorini with the largest share of the market and Saint-Gobain Rayen Cura, which is analyzing to expand operations with a significant capital investment). Wine producers have emphasized the growing need for larger production volumes of glass bottles and, in some cases, for more sophisticated bottle designs both to present differentiated wines and match new corks and caps. Annual demand is estimated at around 650 million bottles. A similar situation prevails in the production of cardboard cases, where three producers (Zucamor, Cartocor and Smurfit Kappa) are the major local market suppliers. Wine corks are mostly imported from Portugal and Spain.

Investment Announcements. In the wine industry, 24 investment announcements have been registered by ProsperAr’s Investment Observatory since 2007, for an average amount of US$7.8 million each. The projects range from building new wineries and expanding and modernizing existing ones to developing supply-end businesses and planting vineyards. Three projects stand out. In 2008, the largest glass packaging manufacturer in the world announced its decision to install a production plant in Argentina to supply the local wine industry, with an US$85 million investment. Besides, one of the main wine exporter groups in the country announced a US$50 million investment plan to improve technology and increase the production capacities of its seven wineries in three provinces by 2012. Also, one of the southernmost wineries in the world has recently announced a four-year investment plan for US$50 million to increase the winery’s production and storage capacities, acquire a new bottling line, and develop its wine-tourism business.

Investor’s Perspective:
Paul Hobbs (U.S.)
Consultant & Investor

The decision to invest in Argentina was one of the most straight-forward I have ever had the privilege to make in the business world. Tremendous possibility and opportunity were in overflowing abundance. Like an untapped vein of liquid viticulture gold, there is an extraordinary proportion—potential unknown and unrealized even by the locals. It is a prospector’s dream come true.

Photo: García • Betancourt. Courtesy of Wines of Argentina
Wines of Argentina
Sophisticated. Sensual
### Mendoza

With more than 392,484 acres of vineyards, Mendoza is Argentina’s foremost wine-producing Province. In fact it is in this Province where more than 80% of all Argentine wine is manufactured. In Mendoza, today we find a quality-oriented industry under constant development and with a focus on the achievement of the best terroir-variety relationships possible.

Certainly, Mendoza features an enviable array of grape varieties, given the Province’s considerable altitude and range: from 1640 to 4921 ft above sea level.

Mendoza’s basic viticultural geography can be divided into three large clusters: one in the North, on the basin of the Mendoza and Tunuyan Rivers, one in the Center, and one in the South, washed by the Diamante and Atuel Rivers. By carefully studying the Province’s territory, however, one can discover a multiplicity of features distributed among a number of highly differentiated terroirs, each terroir having its own altitude and soil characteristics. These terroirs, coupled with Mendoza’s protracted, dry and mild-weathered fall season, enable wine producers and enologists to materialize the dream of producing wines of their own design - harvest decisions being made based on their desired degrees of grape maturity.

#### Main Varieties

- Malbec
- Bonarda
- Cabernet Sauvignon
- Syrah
- Tempranillo
- Merlot
- Pinot Noir
- Chardonnay
- Semillon
- Sauvignon Blanc
- Torrontés
- Viognier

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<td>Bonarda</td>
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#### San Juan

San Juan is the second largest wine-producing Province in Argentina, both in terms of vineyard-covered area and in total production volume. It features a number of producing valleys, including Tulum (the most important, on the banks of the San Juan River), Ullum-Zonda, Calingasta, Jáchal, Iglesia and Fértil.

Altitudes range from 1968 ft, in the lower districts of the Tulum Valley, to 3937 ft at El Pedernal Valley (a micro - area within Ullum-Zonda).

The varieties most commonly cultivated in this Province are Bonarda, Cabernet Sauvignon, Greco Nero (almost non-existent in the other regions) and Syrah who deserves a special mention, as in San Juan it reaches a varietal expression which is well-known all over the world.

#### Main Varieties

- Syrah
- Bonarda
- Cabernet Sauvignon
- Malbec
- Greco Nero
- Merlot
- Cabernet Franc
- Torrontés
- Moscatel de Alejandria
- Chardonnay
- Ugni Blanc
- Sauvignon Blanc
- Viognier

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#### La Rioja

Although there are some small scattered areas in this Province where wine is produced at a reasonable volume, the most renowned wines made in La Rioja originate in the Cafayate Valley region.

The valley sits between the Sierra de Velasco and Sierra Famatina mountain chains. As with the rest of the Argentine wine-producing regions, the weather in this area is dry (the annual median rain fallin the region is 185mm), relatively windy, and with the alluvial deposits oils commonly found in geologically ancient valleys. Altitudes are certainly considerable, ranging from 2624 to 4593 ft.

The technological developments achieved over the last five years, in particular the new drop watering systems that have facilitated the production of the region’s typical Torrontés; a white wine characterized by a uniquely voluptuous yet elegant bouquet. Furthermore, interesting improvements have been made with regard to the cultivation of Syrah, Malbec and Chardonnay varieties.

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#### Salta

Salta is the most northerly of Argentina’s wine producing areas and lays claim to the highest commercial altitudes vineyards in the world.

The Province’s production center sits in the area known as Valles Calchaquies (Calchaquí Valleys).

Although the plural designation used in this case is not correct (actually, it is only one valley), the area is comprised of a number of terroirs located at different altitudes ranging from 5577 ft in Cafayate, 6561 ft in Yacochuya and 9842 ft in Colomé.

Salta offers an interesting array of tastes and its fragrant Torrontés white wines, the most typical variety in the region, are widely regarded as the finest expression of this unique variety.

<table>
<thead>
<tr>
<th>Main Varieties</th>
<th>Cultivated</th>
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<tbody>
<tr>
<td>Cabernet Sauvignon</td>
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<tr>
<td>Malbec</td>
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<tr>
<td>Torrontés</td>
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<td>Merlot</td>
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<td>Bonarda</td>
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<td>Syrah</td>
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<td>Chardonnay</td>
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<td>Semillon</td>
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#### Rio Negro

The Rio Negro Valley is located 39° South, at 984 ft above sea-level. Together with the Province of Neuquén, Rio Negro boasts the southernmost vineyards in the world, with an average annual temperature in this region is 15°C.

The ecologic conditions in Rio Negro are ideal for the production of white varieties, including Traminer, Riesling, Sauvignon Blanc and Chardonnay.

But the region also features red varieties such as Merlot and Pinot Noir, where the latter finds its most thriving environment.

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<td>Chardonnay</td>
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#### Catamarca

Although the wine industry in this Province has traditionally been focused on the production of table wines, or so-called “regional wines” made from Cherrony Muscatel grapes, the transformation of the industry seems to have taken root, for good.

Today, the fledgling development of Syrah, Malbec and Cabernet Sauvignon wines (some ofwhich have been successfully launched to the market) give Catamarca a promising future.

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<td>Syrah</td>
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</table>

#### Nequén

The area known as San Patricio del Cachar, at 40° South latitude, is where most of Neuquén’s wineries are concentrated. Altitudes in this area vary from medium to low, and the soil conditions are typically excellent.

Strong winds pose a major challenge to vineyards in this area, the only 21st century wine region on the planet...

Moreover, with almost 3700 acre planted over the last six years, four state-of-the-art wineries in operation, and three additional ones in the pipeline for the near future, Neuquén has become the largest-growing viticultural center in the Argentine Republic.

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<th>Main Varieties</th>
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<td>Sauvignon Blanc</td>
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<td>Semillon</td>
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RELATED SECTORS

Scenic Wine Country. Wine production growth has also fueled the development of industries that complement and support the wine industry; wine tourism is one of them. Currently, 163 wineries make up Argentina’s Wine Roads, the wine touring circuit. In 2008, 1.2 million tourists visited these wineries in the Provinces of Mendoza, San Juan, La Rioja, Salta, Catamarca, Río Negro, Neuquén and Córdoba. The number of visitors grew 24.7% between 2004 and 2008. Attracted by the increasingly well-regarded wines, visitors also enjoy views of the snow-capped Andes, as well as a growing number of luxury hotels, boutique guesthouses and gourmet restaurants. Like most of the local wines, the sophisticated wine tasting tours are very affordable when compared with tours offered in France or Napa Valley.

Private Vineyard Estate. Ready-made vineyard projects are experiencing considerable development, especially in Mendoza. Investors buy a plot of land and pay a management group an annual fee to plant vines, manage the vineyard and harvest and sell the grapes. Several of the real estate developments have plans to include hotels and rental villas for travelers. Quality-of-life standards and accessible land prices make the real estate developments a good option for investors who dream of having their own wine from their own vineyard. In the last three years alone, ten projects have been developed in Mendoza and Salta, being a sector with high growth prospects in the mid-term.

INVESTOR’S PERSPECTIVE:
Mario Pardini (Italy)
Director, Ave Winery

Before I arrived to Argentina, I had no intention of investing in the wine industry. I went to Mendoza for vacation and once there I saw the potential. The key element to me was the real estate value. Also, we were thrilled to see so many investors from all over the world investing in Argentina’s wine industry convinced that the quality versus price equation in Argentine wines would make it a key player in the wine industry in the U.S.
III. Foundation for Success

NATURALLY TALENTED

**Unique Terroir.** High quality soils irrigated by the clean, fresh melt-waters of the snow-capped mountains, bright sunny days and dry weather provide a unique terroir for wine production along the country. Argentina’s wine region extends over 2,400 km along the foothills of the Andes, from the northern Salta province down to Río Negro in the south. The cultivated area is in constant expansion, widening into neighboring provinces such as Chubut, and offering investors ever larger opportunities. An array of climates and soils gives each region a unique set of characteristics. In general terms, the areas dedicated to vine cultivation are dry and arid with a low level of rain and humidity, determining factors for good grape health. Abundant sunny days and thermal amplitude allow a good maturity and concentration of aroma and color in the grain. Soils are deep, permeable and poor in organic matter, decisive qualities to make good wine.

**Wine Capital.** Since 2005, Mendoza belongs to the Great Wine Capitals, a network of eight major global cities which share a key economic and cultural asset: their internationally renowned wine regions. Other wine capitals are Bordeaux (France), San Francisco-Napa Valley (U.S.) and Florence (Italy). Indeed, Mendoza was nominated Wine Enthusiast Magazine’s Wine Region of the Year in 2008.

**Aged in Oak Barrels.** In Argentina, wine production and consumption dates back from more than 400 years ago, when the first specimens were brought to the country by the Spaniards. During the Nineteenth Century, the railway and the settling of European immigrants with vast experience in wine elaboration boosted the expansion of the national industry. Since then, producers and families of workers have accumulated and developed a profound knowledge of the industry. During the last two decades, unprecedented levels of investment flows further professionalized the industry creating a new breed of innovative entrepreneurs and highly qualified professionals: agricultural engineers, sommeliers, oenologists and wine technicians. Five public and private universities have technical diplomas, degree and postgraduate
careers related to oenology, with more than 800 students enrolled. At the same time, the Southern Hemisphere’s opposite season with other wine making countries allows wine professionals to migrate between wine regions in the Northern Hemisphere and Argentina as they are needed.

**FREEDOM TO PRODUCE & INNOVATE**

**Creative Palettes.** Unlike some European countries, where laws restrict the use of certain grape varieties, in Argentina, the planting, deployment and modification of vineyards, and the harvest and commercialization of grapes and wine is deregulated. Argentine winemakers can plant or produce the grape and wine variety of their choice, experiment with different grape blends, irrigate their vines and pick their own harvest date. The National Vitiviniculture Institute (INV) is empowered to control and effectively monitor the authenticity and quality of wine.

**Cutting-Edge Technology.** In past years Argentina has increased the planting of high quality grape varieties and wineries have developed cutting-edge technology for the production of high quality wines, similar to that used by other major wine-producing countries.

**R&D.** Some wineries have their own Research and Development departments in order to improve the quality of their wines. Researchers aim to exploit the potential of each variety both in the vineyard and the winery, through studying, for example, variety and clone adaptation to the different ecological regions, the influence of light intensity and temperature on aromatic profiles and polyphenolic partition, and the effects of harvest and maceration times. To develop R&D activities, wineries have signed agreements and formed alliances with public and private universities and academic institutions.

**INTEGRATED VALUE CHAIN**

**All you Need.** Unlike other countries where the wine production boom is more recent, Argentina has a well-integrated wine industry with 150 years of accumulated expertise and in which all main segments of the value chain are present. Argentina is also a leading and large grape producer, ranking eighth in global production of...
fresh grapes. Production is expected to reach 2.1 million tons in 2009. The Mendoza and San Juan provinces are the largest grape producers, concentrating over 95% of production. Wine production consumes 96% of the grapes harvested locally. There are also local manufacturers of agricultural and specialized machinery, bottles, labels, capsules, corks and barrels, as well as expert oenologists and world-renowned sommeliers to provide consulting services. In other words, wine producers can find in the local market what they need to succeed globally, notwithstanding investment opportunities and growing demands resulting from the sector’s rapid expansion.

INDUSTRY NETWORKING

**Strong Roots.** The private sector’s active involvement dates back to the early 1900s. Local wineries and grape producers, foreign investors and innovative entrepreneurs unite in several regional and industry associations and chambers. In this way, the private sector provides feedback and industry information and is consulted by provincial governments, technical public organisms, and the main regulating authority in the sector (INV). All of the players in Argentina’s dynamic wine industry come together through the Argentine Vitiviniculture Corporation (COVIAR), a public-private organization.

**National and International Influence.** Industry chambers represent the industry in a variety of forums at the national and international level, including international negotiations, such as those with MERCOSUR and the European Union. COVIAR, in association with the INV, is involved in the planning and design of the upcoming “Vitiviniculture Strategic Plan for MERCOSUR”. MERCOSUR members are currently negotiating the terms of structuring, financing and design of this plan.

**Wines of Argentina.** Oriented towards increasing international presence, Wines of Argentina (WofA) is an organization that groups more than 100 wineries, in every wine region of the country, that account for 95% of the total Argentine wine exports. WofA’s mission is to contribute to the wine industry’s success around the world, building the “Argentine Origin” label, and to consolidate Argentina as one of the main non-traditional wine exporting countries. WofA was created in response to the public-private commitment to promote the wine industry internationally, formalized by the “Agreement for the Promotion of Argentine Wine Abroad” signed in 1995 by the national and Mendoza governments, ExportAr and ProMendoza Foundations and all exporting wineries at that time. WofA’s work in opening new markets and increasing and diversifying exports is supported and complemented by the Ministry of Foreign Affairs, the Secretariat of Tourism, COVIAR, the Federal Investment Council (CFI) and ExportAr Foundation.
PUBLIC PRIVATE COOPERATION

STRATEGIC PLANNING FOR SUCCESS. Public-private cooperation is best reflected in the formulation of the “Strategic Plan: Vitiviniculture Argentina 2020”. Indeed, the strategic plan for the wine industry represents a successful instance in which all the players involved in the industry—the private sector, national and provincial governments and institutions, academic experts and political leaders—come together to design, lead and implement a shared strategic vision. COVIAR manages and coordinates the implementation of the plan.

SHARED VISION. Vitiviniculture Argentina 2020 constitutes a groundbreaking initiative. With a long-term vision, the plan establishes a set of actions designed to achieve the positioning of the Argentine wine industry as one of the best in the world, by improving the sector’s competitiveness and creating value through the successful integration of players along the value chain.

WINE ROADS. The “National Plan to Consolidate Wine Tourism in Argentina” is yet another example of successful public-private cooperation. Led by the Secretariat of Tourism, and with the participation of Wineries of Argentina, CFI and provincial governments, the plan’s objective is to implement a strategy to promote wine tourism in Argentina and strengthen the wine industry as part of the regional identity of the seven participating provinces, ensuring efficient participation of all relevant players. The initiative, partly financed by the Inter-American Development Bank (IADB), has four stages: identification and mapping of the different routes; development of each of the routes, including the creation of a management model to assist and interact with tourists and other interested participants; development of quality standards for those establishments that wish to be incorporated into the route; and, finally, design of a marketing plan. The project is currently concluding the second stage.
Strategic Plan Vitiviniculture Argentina 2020

Vision:
To achieve by 2020, the sustainable positioning of the Argentine wine industry among the best of the world, consumer recognition and total sales of US$2 billion with a 10% share of worldwide exports.

Strategic goals:
1. To position the main Argentine wine varieties in markets throughout the Northern Hemisphere: the aim is to sustain and increase the market share of premium wines in developed countries.

2. To develop the Latin American market and boost Argentina’s domestic wine market.

3. To develop small grape producers, integrating them into the wine and grape juice concentrate business.
IV. Policy Initiatives

Boosting Investment. COVIAR and Argentina’s Investment Development Agency (ProsperAr) signed in 2009 an agreement to work jointly on two fronts. First, on the international positioning of the Argentine wine sector as an important global destination for investment. And, second, on the development of key investments along the value chain to further consolidate competitive and sustainable growth.

Technology Transfer. Several public sector institutions are joining efforts to further the industry’s development and realize its potential. The National Institute for Industrial Technology (INTI) and the National Institute for Agricultural Technology (INTA) are two of them. INTA has more than 50 years of expertise in fostering research and technological development in the agricultural field as well of transferring best practices and new technologies to producers across the country. Within the wine industry, for example, INTA has made available new grape varieties for production.

Enhancing Competitiveness. In 2009 the Argentine government, through the Ministry of Production, launched the “Program for Vitiviniculture Value Chain Assistance” which targets the improvement of the sector’s competitiveness, with special focus on small and medium grape producers. The program includes incentives for additional vertical and horizontal association and integration for the adoption of new technologies and training programs.

Promoting Innovation. Public support for research and innovation projects is a policy priority. The national government has several programs to promote and facilitate basic research and technological investment throughout the economy, and the food and beverage industry has been a key sector during the last decade. The Argentine Technology Fund (FONTAR), one of the main funds of the National Agency for Scientific and Technological Promotion (ANPCyT), supports projects targeted at improving the private sector’s productivity through technological innovation. Over the period of 2003-2008, 41 projects related to the wine industry received financing from FONTAR in the areas of biotechnology, organic processes, equipment for irrigation and technological modernization.
V. Main Challenges

Industry and government face key challenges to consolidate growth and competitiveness of the wine industry in Argentina. In many ways, these challenges present attractive investment opportunities.

- **Improve the Global Positioning of Argentine Wines:** Further strengthening of the “Argentina” brand in the wine industry is necessary, building on its unique image and identity.

- **Increase Argentina’s World Market Share:** The sector’s vast potential provides an opportunity to increase its penetration in global markets and achieve its projected 10% world market share by 2020 put forth in the strategic plan.

- **Anticipate World’s Consumption Trends:** Production should continue to respond quickly to global demand changes and market trends, creating new wines targeted at specific markets. Efforts must also be oriented toward capturing new and “aspiring” consumers, where demand is expected to grow the most.

- **Seize Investment Opportunities:** Argentina should continue to attract new investments along the value chain of the wine industry. From bottles and cardboard cases to capsules and labels, the expanding wine industry is demanding more and increasingly diverse and sophisticated supplies to meet global demand.

- **Consolidate the Internal Market:** Furthering coordinated actions is necessary to promote wine consumption and build increased demand sophistication in Argentina’s large domestic market.

- **Build on Public Private Synergies:** Continued public and private cooperation is key to facilitate access to financial resources and equity capital, essential for the long-term investments needed for sustainable development and sustained competitiveness.

**Our Challenges Are Your Investment Opportunities.**

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Cover photo: courtesy of Wines of Argentina.
Argentine Exporting Wineries (2008)

» Bodegas Esmeralda
» Peñaflor
» Trivento Bodegas y Viñedos
» Bodega y Viñedos La Agrícola
» Bodega Norton
» BVA
» Finca Flichman
» Bodegas Chandon
» La Riojana
» Leoncio Arizu
» Bodegas y Viñedos Pascual Toso
» Bodegas Salentein
» Pernod Ricard Argentina
» Viña Doña Paula
» Diageo Argentina Exports
» Fecovita
» La Rural Viñedos y Bodegas
» Nieto Carbó y A. Senetiner
» Bodegas Lavaque
» Bodegas Callia
» Establecimientos Vitivinícolas Escorihuela
» Valentín Bianchi
» Finca La Celia
» RPB
» Dominio del Plata
» Jacques Francois Lurton Argentina
» Kaiken
» Domaine Jean Bousquet S.H.
» Filus
» Clos de Los Siete
» Ancona Inversiones
» La Inversora
» Viñas Argentinas
» Codorniu Argentina

» Viña Cobos
» Finca Lunlunta
» Finca Patagónicas
» Altos Las Hormigas
» Províva
» Alta Vista
» Florida del Tupungato
» Finca Sophenia
» Domaine Vistalba
» Finca Eugenio Bustos
» Bodega y Viñedos O. Fournier
» Villa Atuel
» Lagarde
» Bodega Colomé
» Bodega y Viñedos Renacer
» Cheval Des Andes
» Bodegas Caro
» Bodega Tittarelli
» Bodegas Hugo y Eduardo Pulenta
» Latinfina
» Cap Vistalba
» María y Adelina
» Bodegas y Viñedos Valle Escondido
» Rio Dulce
» Bodegas y Viñedos La Esperanza
» Valle de La Puerta
» Bodegas Robino
» Mendoza Vineyards
» Bodega y Cavas de Weinert
» Bodega Tamarí
» Roca
» Bodega Foster
» Los Haroldos
» Bodega Benegas
» Establecimiento Humberto Canale

» Andeluna Cellars
» Permasur
» Viñedos Pie de Palo
» Alcazar
» Bodega Chacra
» R.J. Viñedos
» Bodega Antigal
» Bodegas y Viñedos Huarpe
» Viñas Familia Aristí
» Familia Cassone
» Vinitera
» Alida
» Sur Bodegas y Viñedos
» Flechas de Los Andes
» Bodega Ruca Malen
» blends of Mendoza
» Belasco de Baquedano
» Patagonia Wines Foods
» Beau Lieu
» Monteviejo
» Finca La Amalia
» Dolium
» Viñedos de La Patagonia
» Cuvelier Los Andes
» Bodegas y Viñedos Mauricio Lorca
» Bodegas San Huberto
» Goyenechea y Cía.
» Cursor
» Putruele Hnos.
» Establecimientos Baudron
» Saint Germain
» Les Yeux
» Bodegas Noemia de Patagonia
» Mapema
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</tbody>
</table>
» Fincas de Agrelo
» Viñedos Los Maitenes
» Bagual
» Finca Agostino Hnos.
» Fincas Andinas
» Bodegas y Viñedos Maza Tonconogy
» Matilde
» Bodega Don Doménico
» Blamex
» Winet.Ar
» Fabril Alto Verde
» Suter
» Campo Negro
» Ricardo Jurado
» Manuel López
» Cave Extreme
» Bodegas Elvira Calle
» Marumatok
» Bodega Aconquija
» Cavas Rosell Boher
» Jaure Winery
» Invermen
» Viñas del Adagio
» Tanino Argentina
» Jorge Alberto Rubio
» Human Skill
» Pulmary
» Establecimiento Punta Azul
» Yuhan
» Romero Rodrigo Manuel
» Mark Walter Steele
» Haut Vol Argentina
» Viña de Los Andes - Andesgrapes
» Sergio Mamontoff
» Grupo Cóndor
» Vinorum
» Bodega Los Cerrillos
» Reyter
» Gypsies
» Viñas Don Martín
» Pedro Carricundo e Hijos
» Jean Rivier e Hijos
» Viñas de Uco
» Vinos de Los Andes
» Bodega La Azul
» Bodegas y Viñedos Nanni
» Giaquinta Hnos.
» Fincas del Rosario
» Cavas del Millan
» Project Altitude
» Argentine Wine Supply
» Enosur
» Bodegas y Viñedos Eduardo Licciardi
» Antonio González
» Finca Abril
» Edgardo Stallocca
» Bodega Andana
» Dos Árboles
» Olivier Ruhard
» La Comarca
» Altos de La Rinconada
» Coop. Vitivinífrutical General Alvear.
» Prospero Antonio Benedetti Bodega y Viñedos
» Ángel Antonio Mendoza
» Ojo de Vino
» Garbin
» Casa Vinícola Francesco Cioffi
» Alta Esperanza
» San Juan de Cuyo Bodegas y Viñedos
» Bodegas Sábato
» Kripton
» Granuva
» Grupo Vitinícola de Tupungato
» Mammana Sebastian
» Tierra del Ande
» Bodegas y Viñedos Antonio Nerviani
» Piamonte Mendoza
» Sáenz Briones y Cía.
» Montequioto
» Mevi
» Delia Ester Bonome
» Casa Vinícola Conalbi Grinberg
» Andres Pedro Antonietti
» Bodega Don Bosco
» Montlaiz
» Bodega Masiero
» Kyoshin Trading
» Hoz
» Viñas del Sol
» South Group
» Las Yeguas
» Arturo Bertona
» Francisco Labiano e Hijos
» Anphora
» Pietrelli Vinos
» Chavarria Vinos Argentina
» Lucila Isabel Bombal
» Destiladora Internacional
» Gran Sur
» Compañía de Viñedos Andinos
» Agroindustrias Carricondo
» Emprendimientos Argentinos
» Frutos de Fiambalá
» SMS
» Luis Víctor Chirino
» V.F. Viñedos
» Andalhue
» Viña Esencia
» Familia Cánepa Martín
» Tierras de Ponte
» Viñas de Luján
» Familia de Marchi
» Augusto Zingaretti e Hijos
» Meb Corporation Argentina
» Viña de Los Andes
» Bodegas y Viñedos Mastroeni
» Lebin
» Bodegas Augusto Pulenta
» Vinos Mendocinos
» Viña Santa María
» Viñedos Argentinos
» Bodegas y Viñedos
» Carmine Granata
» Vistandes
» La Banda
» José Joaquín Reginato y Cía.
» Emprendimientos del Nuevo Mundo
» Gargantas de Lata
» Tiempo Ganado
» Vansitan
» Corinto
» Frutal Genética
» Coop. Vitivinícola Agraria
» Primera Zona
» Millas Hnos.
» Prelatura de Cafayate
» Bodegas y Viñedos Haarth
» Polo Bodega y Viñedos
» Pedro y Jorge Cecchin
» Kosas y Kasas
» Bodega y Viñedos Agrestis
» Cepas de Lunlunta
» Bodegas Cuvillier
» Lariviere Miguel Mauricio Juan
» Finca La Promesa
» Alfredo y Roberto Ruggeri
» Interwine
» Cavas de Los Andes Vinos Finos
» Alberto Biondolillo
» Raíces de Agrelo
» Bournett
» Bodega San Juan de La Frontera
» Surcos del Valle
» Rama Caida
» Belén de Humanao
» Finca Intimayu
» Viña El Cerno
» Familia Nofal Alonso
» Bonis Parga - Franco Alcides
» Mendoza Heights
» Bodegas y Viñedos Horacio Nesman
» Andrej Razumovsky
» Bodegas y Viñedos Estepa
» Eduardo y María Albrecht
» Bodegas y Viñedos Gabrielli
» Rolh VM
» Fincas Caledonia
» Agrícola Alto Verde
» San Vicente
» Franquito
» Viñas de Alto Salvador
» Bodegas y Viñedos
» Cresta del Águila
» Bodega del Genio
» Viñas de Segisa
» José Luis Mounier
» Viña Ona
» Covisan
» Franalco
» La Esperanza de Los Andes
» Cristal Holding
» Domaines B.M. Argentine
» Testino
» Vinicola Casa Real de Los Andes
» Finca Adalgisa
» Carletto José M. y Otros
» Bodegas y Viñedos Filippo Figari
» Finca Don Carlos
» Bombal y Aldao
» DFM
» Fincas de La Juanita
» Wine Concept
» Mainqué
» María Lorine Bombal
» Finca 8
» Angielie
» Don Oreste
» Ovalles Muñoz

Source: Wines of Argentina
Argentina at a glance

Country profile

<table>
<thead>
<tr>
<th>Official name</th>
<th>República Argentina</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital city</td>
<td>Buenos Aires</td>
</tr>
<tr>
<td>Main cities</td>
<td>Córdoba, La Plata, Mar del Plata, Mendoza, Rosario</td>
</tr>
<tr>
<td>Surface area</td>
<td>2.7 million square kilometers</td>
</tr>
<tr>
<td>Population</td>
<td>40.6 million inhabitants</td>
</tr>
<tr>
<td>Population growth</td>
<td>1.0% per year</td>
</tr>
<tr>
<td>Adult literacy rate</td>
<td>98%</td>
</tr>
<tr>
<td>Life expectancy at birth</td>
<td>75 years</td>
</tr>
<tr>
<td>GDP per capita (PPP)</td>
<td>US$ 14,413</td>
</tr>
<tr>
<td>Currency</td>
<td>Argentine peso ($)</td>
</tr>
<tr>
<td>Form of government</td>
<td>Federal Presidential Republic</td>
</tr>
<tr>
<td>Political division</td>
<td>23 autonomous provinces and the Autonomous City of Buenos Aires</td>
</tr>
<tr>
<td>Time zone</td>
<td>GMT-03:00</td>
</tr>
<tr>
<td>Official language</td>
<td>Spanish</td>
</tr>
</tbody>
</table>

Main Economic Indicators

<table>
<thead>
<tr>
<th>GDP growth rate (annual %)</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (PPP) (millions of US$)</td>
<td>333,399</td>
<td>373,041</td>
<td>419,568</td>
<td>469,750</td>
<td>524,140</td>
<td>572,860</td>
</tr>
<tr>
<td>GDP (millions of US$)</td>
<td>128,078</td>
<td>152,158</td>
<td>181,967</td>
<td>212,868</td>
<td>260,682</td>
<td>328,502</td>
</tr>
<tr>
<td>Exports of goods and services (millions of US$)</td>
<td>18,827</td>
<td>27,930</td>
<td>34,939</td>
<td>41,120</td>
<td>53,353</td>
<td>67,492</td>
</tr>
<tr>
<td>Imports of goods and services (millions of US$)</td>
<td>34,439</td>
<td>39,864</td>
<td>47,024</td>
<td>54,547</td>
<td>66,088</td>
<td>82,608</td>
</tr>
<tr>
<td>Balance of trade of goods and services (millions of US$)</td>
<td>15,612</td>
<td>11,934</td>
<td>12,085</td>
<td>13,427</td>
<td>12,735</td>
<td>15,115</td>
</tr>
<tr>
<td>Trade surplus (% of GDP)</td>
<td>12.2%</td>
<td>7.8%</td>
<td>6.6%</td>
<td>6.3%</td>
<td>4.9%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Current account surplus (% of GDP)</td>
<td>6.4%</td>
<td>2.1%</td>
<td>2.9%</td>
<td>3.6%</td>
<td>2.7%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Primary fiscal surplus (% of GDP)</td>
<td>2.3%</td>
<td>3.9%</td>
<td>3.7%</td>
<td>3.5%</td>
<td>3.2%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Gross capital formation (% of GDP constant prices)</td>
<td>14.3%</td>
<td>17.7%</td>
<td>19.8%</td>
<td>21.6%</td>
<td>22.6%</td>
<td>23.0%</td>
</tr>
<tr>
<td>Gross national savings (% of GDP current prices)</td>
<td>19.6%</td>
<td>20.6%</td>
<td>23.7%</td>
<td>26.4%</td>
<td>26.6%</td>
<td>26.7%</td>
</tr>
<tr>
<td>Foreign direct investment (millions of US$)</td>
<td>1,652</td>
<td>4,125</td>
<td>5,265</td>
<td>5,537</td>
<td>6,473</td>
<td>7,979</td>
</tr>
<tr>
<td>Exchange rate ($/US$)</td>
<td>2.95</td>
<td>2.94</td>
<td>2.92</td>
<td>3.07</td>
<td>3.12</td>
<td>3.16</td>
</tr>
<tr>
<td>Foreign reserves (millions of US$)</td>
<td>14,119</td>
<td>19,646</td>
<td>28,077</td>
<td>32,037</td>
<td>46,176</td>
<td>46,386</td>
</tr>
<tr>
<td>Unemployment rate (% of EAP)</td>
<td>17.3%</td>
<td>13.6%</td>
<td>11.6%</td>
<td>10.2%</td>
<td>8.5%</td>
<td>7.9%</td>
</tr>
</tbody>
</table>

Source: ProsperAr based on data provided by the Argentine National Institute of Statistics and Census, the Central Bank’s Market Expectations Survey (REM), the International Monetary Fund and the United Nations Conference on Trade and Development (as of April 30, 2009).
ProsperAr is Argentina’s National Investment Development Agency

Our mission is to develop direct foreign and domestic investment to contribute to Argentina’s competitiveness and sustainable development.

ProsperAr’s four main objectives are:

**Provide services to investors**

PROSPERAr provides investors with personalized professional services throughout the investment process, from initial advisory services to investment facilitation and aftercare. The Agency’s team assesses on investment projects, responds to queries from investors and provides key business information. Leveraging the Agency’s cooperative relationships with different government bodies, ProsperAr’s integral services offer investors a unified one-stop support system.

**Attract and generate investment**

PROSPERAr works in the promotion, attraction and expansion of both domestic and foreign investment. We identify investment and innovation opportunities in high growth sectors, communicating them to national and overseas investors through international missions, conferences, meetings and publications. We work to build relationships that enable multinational companies to take advantage of local, regional and global opportunities. We also encourage domestic firms to expand and develop their businesses.

**Boost the Investment Environment**

PROSPERAr works to strengthen Argentina’s investment environment. We interact with local and multinational companies, as well as potential investors, identifying and removing possible obstacles to doing business in Argentina. Through active dialogue with the private sector, and in coordination with other government departments, we advocate for the formulation of policies and programs to optimize the investment and innovation environment.

**Promote the internationalization of local companies**

PROSPERAr promotes the growth and internationalization of Argentine firms. Fostering local vocation for innovation and entrepreneurship and promoting overall competitiveness are key aspects of the Agency’s strategy. Two programs “Entrepreneur Development” and “Pioneers” are in place to strengthen local companies’ critical capacities in different growth phases. ProsperAr also assists international companies to invest in and/or work with their local counterparts to form global joint ventures.

**ProsperAr is your strategic partner to invest and prosper in Argentina.**

What ProsperAr can do for you:

>> Provide timely and relevant information on business sectors and geographical locations in Argentina.
>> Help identify investment and innovation opportunities in strategic sectors.
>> Troubleshoot red tape and obstacles; facilitate the investment process and doing business in Argentina.
>> Assist in building partnerships between foreign investors and local companies. ProsperAr offers professional assistance for your business to find success in Argentina.
To learn more about how investing in the WINE INDUSTRY in Argentina can benefit you, please contact us:

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