

## SMALL PLACES CAN CHANGE THE WORLD

### “Wine, Tourism, Law and Climate Change: a view on the heart of the Balkans”

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Abstract:

*These four interestingly interconnected topics, currently popular in other geographical regions, for this historical but new country represent an expectative strategic alliance for achieving an economic awakening which would lead not only to improvement of the internal social and economic conditions, but also a prospective consequent positive impact in relation to quality, competitiveness and diversity on the international as well as EU market.*

*In the development of this topic, analysis will be done on the current situation in the wine and tourist industry in the Republic of Macedonia, the existent legislation which can be applied on it, as well as the benefits or obstacles it endures. Also concrete suggestions will be made on innovation and improvement of the exploitation in this sector in a middle-term time period, analyzing and taking into account the prospective future of industry in these sectors within the frames of the climatic changes topic.*

#### INTRODUCTION

For a common consumer drinking a glass of wine (with meals or a special occasion) may be a habit, but.. does he/she really think or reflect on the production chain that that bottle carries wrapped before it reaches his/her table?. For those like us, who in one way or another take part of that chain are pleased to let the public know a little of our everyday's life ... Today I would like to give you a general idea about Macedonian wines situation and the wonderful possibilities that this product has for the economic prosperity of the region ... "Small Places Can Change The World"

To locate you in the context of Macedonian winegrowing, undoubtedly we need to know its origin...To give you a general idea about this, I will only quote the major landmarks:

#### **Ancient Age**

- The Macedonian wine tradition began as early as at the time of Philip II and Aleksander Makedonski (Alexander the Great) of the Macedonian royal family and worshipped Djon (Dionysus), the god of wine, revelry and fertility.
- In the Roman Empire this tradition continued, and Macedonia - part of the Eastern Roman Empire until the seventh century - was one of the

most important regions for grape cultivation in the Empire. Bacchus the god of wine was celebrated twice a year with great bacchanalias.

- In those ancient times people held wine in special esteem as a drink for all classes, for the rich and for the poor. Wine was also used as a means of payment, and even taxes could be paid with wine.

#### **Middle Age:**

- After the arrival of the Slavs winemaking was freely developed until the fourteenth century.
- Ottoman Empire (1350-1918), winemaking was kept alive in Macedonia's abundant monasteries.

#### **19<sup>th</sup> Century:**

- The first winery was built in 1885 by Aleksandar Velkov of Kavadarci, and the first educated oenologist was Pane Velkov. The annual quantity of wine produced at that time was between 80 and 90 litres
- Phylloxera came relatively late to Macedonia, affecting the vineyards between 1890 and 1920. . As in other countries, many vineyards were grubbed up and remained permanently out of production.

#### **XX Century:**

- During the 1980s, Macedonia accounted for two-thirds of all wine production in the Socialist Federal Republic of Yugoslavia .
- It is a local custom to prune at least one vine on the feast of St. Trifun's Day. With a blessing for a fruitful year, the vine is watered with red wine and rakija (which is a kind of homemade brandy) , and to complete the ritual there is always a bunch of thyme and bread. The celebration then continues with songs and the drinking of wine and rakija.
- In 1991, the newly independent Republic of Macedonia faced the challenges of establishing itself in the world of politics, diplomacy and international trade. It also faced the challenge of establishing itself as a modern winemaking country with a long tradition.

Centrally located in South-Eastern Europe, the Republic of Macedonia is a warm mountainous country. The climate here is influenced by the

Mediterranean and local mountains to the North-West, a natural barrier diminishing the influence of the cold air from the north. Macedonia's geographical position, fertile soil and climatic conditions are extremely favorable for grape cultivation and the formation of intense flavors in the specific grape varieties.

Macedonia has 26,000 ha of vineyards that yield an annual average of 1 million hectoliters of wine.

4,000 small vine growers with an average holding of 2.3ha dominate the industry. They typically sell grapes to medium and small size wineries that produce and market wines.

Wine is Macedonia's second-most exported product (agro products), following tobacco.

Presently, 90% of its wine is sent abroad – 80% as bulk (a major chunk is for Germany) 10% as bottled. But the drive for quality has fuelled an increase in volume – between 2005 and 2007, exports of Macedonian bottled wine grew by 75%, from 5.4 million litres to 9.5 million litres.

Macedonia has some modern vineyards planted with many of the famous french vinifera varieties, as well as with indigenous ones such as Vranec, the less well-known red Kratosija (often blended with Vranec), and the white Zilavka and Smederevka.

Wineries process about 65% of the total wine grapes, while about 35% are processed directly by farmers for their own consumption of wine and grape brandy-rakija.

Planted in 21% of the country's vineyards, Vranec represents more than half of its red wine production. Although it thrives also in Montenegro, where it is spelled "Vranac", Macedonia coddles the variety as its own, showing it off in an array of expressions, from light to fullbodied as well as an important component in blends.

Vranec is grown in all three of Macedonia's regions: Povardarie (central); Pcinja-Osogovo (east) and Pelagonija- Polog (west). Most of Vranec is found in Povardarie, which is responsible for 85% of the country's total production.

It is a fact that the Macedonian winemakers are concentrated in producing wines of quality, In 2004 Republic of Macedonia enacted a new Law on Wine to improve technological practices and decrease trade barriers, aiming to implement a gradual and timely approximation of EU legislation.

The establishment of the Vineyard Monitoring and Management System that began in 2004 will soon enable grape to bottle traceability of the winemaking process, and further complement the production of quality wine.

But the quality and positioning of the image of the Macedonian wines are not achieved only with a quality wine and a law that regulates the production of basic criteria and designation of origin ... the quality and success that may ultimately come to have Macedonian wines in the competitive worldwide concert is achieved through a sum of several elements or targets that have been delayed or simply do not exist or whose solution lies in achieving a simple premise:

**- Entrepreneurship, Creativity and Union! –**

Let me explain ...

Currently there are more or less 80 registered wineries in Macedonia, most of them with an annual capacity under 10 million liters, ergo they are small wineries.

Logically there are only a few wineries who can invest in international marketing campaigns through companies specialized in the subject, whose scope extends to several countries. Since the cost is high, we have the current reality: a number of wineries that individually invest in a home made marketing practically self taught (without specialists) and as a result they get low profile with low quality labels, a tarnished image of the company and zero positioning at the international level ... (without counting the dislikes because of delays, graphical errors and all that implies lack of professionalism in the area).

**Wine is ambassador of the country**

"It is a country branding through the wine". There is an aphorism that says: "If you want to know some people, then sit at their table and drink their wine"... The belief and promotion of this is THE KEY to the development

of the wine business cluster and the consequential improvement of the economic situation of the country.

### **We must project the brand name "Macedonia" in foreign markets...**

How? Developing an international marketing campaign, organizing international events within the country, training sommeliers, providing basic infrastructure to begin developing enotourism, becoming a Green Area: leader in organic and biodynamic production. For this, all links/actors in the production chain including state bodies (legislators, government, inspectors, the ministry of agriculture, customs offices, etc..) must be committed and *united* in this task of "attracting and fixing the eyes of the world" to this area, the Balkan's heart.

The Macedonian case is very similar to that of the Greek wines until the year 2007 when Andes wines began to work with them, having at first sight the following opinion: *"wines suffer from a market that does not respect laurels and white hair. The Greeks want to reinvent themselves, but without betraying the identity of their autochthonous strains". "We need a generic marketing campaign" or "We need greater commitment of state agencies" is heard to be said among the more than 400 Greek vintners. Despite the efforts of its producers, and the great momentum generated by the Olympic Games, their wines are somewhat behind in the marathon of markets, and reach the shelves with a strange labels and prices that have not yet benefited from economies of scale of large global brands. "*

In regard to this point I would like to cite the example of Andes Wines: strategic marketing communications company that has been operating since 2001 in Chile and since 2002 in Argentina, developing a business and communications platform in more than twelve countries and 6 languages through a personal chain of communication in the wine industry, tourism, business. It also includes wine growers, marketing managers, oenologists, wine merchants, importers, retailers, final consumers and national and international businessmen.

It is beyond doubt the fact that this company has been a fundamental mainstay in positioning and now renewing to reposition the Chilean and Argentinean wine brands.

Despite the small wineries across the Balkans cannot afford –individually– such extreme makeovers. The solution and my proposal to the Macedonian

situation is the unification of wineries for marketing purposes, so that together as a unit can afford this kind of specialized advertising whose benefits are indisputable, instead of being spent in vain and individually in craft marketing without positive results and thus in the end to reach a privilege place in the global environment as a producer of quality wines.

Speaking about brand positioning of wine I want to make a connection with another underdeveloped and poorly exploited item in Macedonia: **TOURISM...**

The same participants of this conference will witness that the tour traditionally goes directly from Skopje to Ohrid! ...

In the pictures I have included, -I apologize about being a little " self-referential " because I've included personal photos of wonderful Macedonian places I've found out by luck or by my extreme interest in the issue that led to go to places that even the citizens of Skopje or Negotino are unaware of or have never visited! - as **Kuklica near Kratovo**: the naturally formed stone sculptures with a romantic story: *"Long long ago..a young man falls in love secretly with 2 girls – one rich and the other poor. When the time came he chose to marry the wealthy one. The poor girl becoming aware of the deception and the choice of her beloved, suffered such fury and disgust that she went to the wedding and cursed the happy pair and all the guests transforming them into stones per saecula saeculorum!" ...*

Well, close to this site runs a small but very vivid river ... Now, could you believe that even though I was searching there are not any cabins, camping guest house or motels nearby?, or a kiosk of souvenirs: stone key chain simulating the place, postcards...there was NOTHING ! ... Not even an ice cream cart or a cart in the style of Nuts4Nuts!

With regard to the interesting presentations on entrepreneurship ... what idea does a place like this suggest?...

The mistake is that people usually think that a businessman can only be that who has a wealthy amount to invest (no doubt it is the easiest way to build a company but certainly not the only way).

**chart:**

The areas with less catering capacity are specifically the major wine areas in Macedonia. In comparison: Ohrid has 72 accommodation Capacities

Skopje with 70 acc.capac.

	vkupno total	ugostitelski objekti, ducani catering trade establishment	objekti za smestuvawe accommodati on capacity		
	1 = 2+3	2	3	4	
<b>Vkupno</b>	<b>5 206</b>	<b>4 731</b>	<b>475</b>	<b>100.0</b>	<b>Total</b>
Vardarski region	341	320	21	6.5	Vardar Region
Isto~en region	391	362	29	7.5	East Region
Jugozapaden region	792	678	114	15.2	Southwest Region
Jugoisto~en region	534	461	73	10.3	Southeast Region
Pelagoniski region	609	515	94	11.7	Pelagonia Region
Polo{ki region	1 161	1 104	57	22.3	Polog Region
Severoisto~e n region	355	341	14	6.8	Northeast Region
Skopski region	1 023	950	73	19.7	Skopje Region

If you remember about Kuklica (stonedolls), it is located in the Municipality of Kratovo--- 1 accommodation capacity, catering trade establishments, total of 30 trade capacities.

Municipality of Negotino--- 2 accommodation capacities but only 1 of them is a 3 stars hotel. Kavadarci ----- 4 acc. capacities.

In parallel Colchagua Valley (one of the wine regions in Chile) has at least--  
--11 hoteles + 10 hostales + 18 wineries with hotels and vineyards including wineries like “Casa Lapostolle” that in addition to the guest house also offers 5 separate cottages with clever names like: Casita Cabernet Sauvignon, Casita Carmenere, Casita Petit Verdot and Merlot, and activities

such as visiting museums, hiking, horseback riding, countryside picnic, massage... etc

The impression what Macedonia gives in the area of tourism is that the country is waiting for the big investors such as the Portuguese Aquapura comes to build 5 stars hotels and then to transform Macedonia in a worldwide tourist destination ... That is a big mistake, every country and every citizen must devise ways to be self sufficient ... **Small places can change the World! Small investments but big ideas can change those Small places!** Again I am back to the same thing: **entrepreneurship, creativity and union!**

For example, Picacho Lodge is a rustic shelter located in a secluded and privileged area for the fly fishing in the Chilean Patagonia. Cristian Effa, its owner, a young lover of sport fishing, took the reins of this land that his family had in the south for family vacations and with a modest investment he turned it into a wonderful tourist place.

We must remember that there are several types of tourism and Macedonia becomes a destination more than attractive if we consider the cultural tourism, rural, ecotourism, adventure. The beach is not everything and not all tourists want or can afford luxury hotels.

If we also link wine and tourism, then the projections can be unbelievable because the spectrum of different segments of tourists would grow considerably. Currently, a scientific tourism associated with climate change is in boom and also the V.I.P. wine tourism increases in the U.S and Chile: “According to a research by the National Tourism Service of Chile, last year there were 240 thousand visits to vineyards, from which a high proportion were foreigners, either tourists, heads of state or renowned artists, who used planes either their own or hired .”

United States Lead Development of Air Tourism .-Kathleen Watson, Director of Marketing for Childress Vineyards, drew Andes Wines having two landing areas for helicopters in the hold, thus are the exception in that zone. *“The contribution of the vines to innovate and create new concepts as tourist runways or on trips vineyards for tourists looking for new adventures is essential in attracting new flows of visitors to rural areas where the vines grow”*, says Max Morales

I guess you are wondering.. why so many examples of Chile ... Here is my answer: being from that country, I discovered that Macedonia and Chile (despite the distances and other obvious differences such as language), have many things in common: the warmth of its people, the wine, copper, other minerals, agriculture...etc., and because of that I deeply believe that closer ties between Chile and Macedonia would be beneficial, specially at the wine area considering the climate change and the possibility of reaching a period in which the perpetuity of indigenous strains as Vranec, Kratosija, Zilavka, Smederevka are at risk of dying (as has been anticipated and presented at the world Congress Climate Change and Wine that took place last year in Spain: *in a long-term period, the strains of the Mediterranean will lose its quality and unique characteristics and the only place on the planet whose vineyards and terroir will have the chance to keep equilibrium will be Chile*, Dr. Richard Smart told “*Chile will be the Lucky country..Why so lucky? Very cool coastal currents to west, tall mountains to the east, more plantable lands to the south..can move east, west or south!*”) So, in that hypothesis in the future, agreements and cooperation at the State’s level could be signed with a purpose of protecting and perpetuating native strains.

I say at the State level because the State as well as legislation is undoubtedly a cornerstone in the success of the business development of a country, on the subject at issue: a law like the wine law from Spain that defines the wine as “*natural food*” and makes it be “*a complement of the Mediterranean diet*” are worthy copying.

In conclusion, wine producers must be United and Coordinated to build branding country and also, should add their voice to the political process.

Thank you

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