

A value chain analysis of Port Wine production

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Port wine is one of the most emblematic Portuguese products. It is mainly destined to external markets, exports representing 82% of total sales. The specific production of Port wine must include grapes exclusively harvested in vineyards located in the interior North of Portugal â€“ a region that broadly corresponds to the NUTS III â€œDouroâ€•. In the 18th century, when its internationalization begun, a significant part of the productive process was allocated to near the Oporto city â€“ NUTS III â€œGreater Oportoâ€• â€“ where the wine was stored and aged in barrels located in cellars. Recent legislation, combined with the increasing incorporation of services inputs and modern technologies, has increased the complexity of this product value chain.

This work aims to detail the Port wine production value chain in the context of the Portuguese economy. A Multi Regional Input-Output model, considering three regions - Douro, Greater Oporto and the Rest of the Country - is used in the estimation process. Moreover, this model benefits from the independent disaggregation of six different wine products, as well as other relevant inputs used in the production of Port wine. The model also distinguishes the production technologies of â€œOrdinary and Sparkling Wineâ€• and â€œLiquor Wineâ€• industries. The derived framework is based on a â€˜rectangularâ€™TM Supply and Use table for 2010.

The preliminary results show that in spite of being mainly an exported product, Port wine also has a high incorporation of imported inputs (25.1% of the total national value; 9.7% are imports of the Port wine industry itself, including glass bottles, distilled alcoholic products, barrels and others). In regional terms, this work concludes by an important concentration of the value chain in the region where the product is stored, aged and then sold, though the contribution of the Rest of the Country region is also important.