



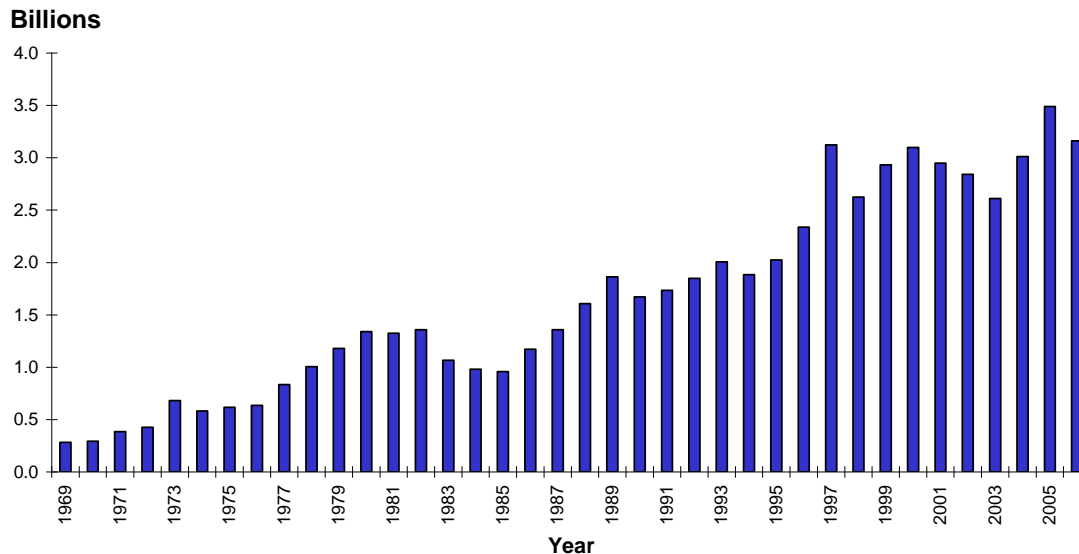
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GRAPE FACTS 2008

Grape growing contributes to the U.S. economy in diverse ways. It generates jobs, exports, tax revenues, tourism and, of course, outstanding wines, juices, raisins and table grapes. These products are healthy and nutritious. But grapes and grape products are subject to intense global competition that may seriously affect the ability of American grape growers and processors to successfully compete. The industry's future success will hinge on public and private policies that facilitate rather than impede responses to new competitive conditions.

Grapes are the highest value fruit crop in the nation and the sixth largest crop overall. Grapes account for about 30% of the value of all fruits grown in the United States. Grapes processed in agricultural areas for wine and juice now make up 67% of the entire national crop compared with about 30% in 1969. The federal government does not subsidize grape growing. Wineries are typically owned by grape growers and located on farms where grapes are grown. This processing adds tremendous farm-based value to the crop, varying from three to more than ten fold the value of the fruit. The national economic impact of the American grape crop and its products has been calculated at \$162 billion/year.

Grape Crop Value



The nation's top grape producing states are (in volume of production order): California, Washington, New York, and Pennsylvania. The order is somewhat different when one considers value of the grape crop, Oregon which can boast the highest per ton value of grapes, places third. California produces almost 90 percent of the volume. As vineyards continue to expand, so do the number of producing wineries. Today, there are almost 5,000 wineries in all fifty states. Wine production, which typically adds value of approximately \$2-\$4 for each \$1 of farm gate value, is closely integrated with grape growing operations. Wineries with tasting rooms contribute another \$4-\$10 per \$1 of farm gate value to the rural economy by selling their wine directly to consumers.

Wineries are almost always located in rural areas, near the source of the grapes. The combination of vineyards and wineries provides a stable, year-round, and flexible base of rural employment. Winery tourism is very popular and contributes significantly to the rural economy. The most recent statistics report 27 million annual visitors spending \$3 billion benefiting the many businesses that support them from hotels and restaurants to shops and travel organizations. In many cases state tourism departments feature their wineries as major tourist attractions.

The economic activity directly generated by the grape and wine industry in turn creates additional jobs, wages and economic activity as services are purchased and wages are spent. In aggregate, grapes and its products contribute about \$162 billion to the U.S. economy, along with 1.1 million jobs, which account for \$33 billion in wages and \$17 billion in state and local tax revenues.

Sustainable Practices

Wineries and grape growers have made a major commitment to implement sustainable practices, which are environmentally sound, economically viable and socially responsible. Formal programs are being implemented in New York (agriculture environmental management program), California's Central Coast Vineyard Team and Lodi-Woodbridge Winegrape Commission, Oregon LIVE (Low Input Viticulture and Enology), Washington State's VineWise program and Washington's Walla Walla Valley Wine Alliance.

In 2001, the Wine Institute and the California Association of Winegrape Growers introduced the California Code of Sustainable Winegrowing Practices, a voluntary self-assessment tool to document practices that are sensitive to the environment, responsive to the needs and interests of society-at-large, and are economically feasible to implement and maintain. More than 1,000 growers and winemakers participated in self-assessment workshops in the first full cycle of implementation and data collection. The *California Wine Community Sustainability Report* was published in 2004 and marks the first time an entire sector has measured the level of sustainable practices among its members and reported the results publicly. The full report and a 2006 progress report are available at www.sustainablewinegrowing.org.

The Global Picture

Foreign competition is formidable. The U.S. accounts for 9.9% of the world grape production (4th after Italy, France and Spain) accomplished on only 4.8% of the world's vineyard acreage. The U.S. represents about 8.4% of world wine production (4th after France, Italy, and Spain). The U.S. is the 3rd largest wine market by volume and the world's largest wine market at retail value but only 56th in per capita consumption.

Exports of American table grapes, grape juice products, raisins, and wine, amounting to \$1.58 billion in 2006, are the largest horticultural export from this country and have grown significantly in the last few years. Exports of American wine in 2006 at \$876 million place the U.S. as 6th worldwide. About a third of the raisin crop is exported.

Imports are a very real and growing threat. In 2006, imports of grapes and products from grapes amounted to over \$5.7 billion. These imports have grown by 76% in the five years leading up to 2006. Most of that growth has been in wine imports. In 2006, the total value of imported wines was \$4.1 billion. More than 30% of wine sold in the United States is imported.

WineAmerica is the national trade association of American wine producers with 800 wineries in 48 states. Questions should be directed to Bill Nelson President of WineAmerica, at (202) 783-2756 Extension 123.

Winegrape Growers of America is a federation of state winegrape grower organizations representing America's production of grapes for wine. For more information contact Fowler West at The Washington Group, (202) 789-2111.