



Original Article: THE KRASNODAR REGION WINE CLUSTER

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In accordance with the Strategy of socio-economic development of the Southern Federal District of the Russian Federation until 2020, as well as the Strategy of socio-economic development of the Krasnodar region until 2020 the most important sectors of the Krasnodar region economy are the agro-industrial, transport, recreational and tourism sectors. The most important direction is the development of regional strategically significant clusters in order to improve the competitiveness of the priority sectors of the Krasnodar region economy. In the Krasnodar region there are several clusters at different stages of the development: agri-food cluster, wine cluster, fish-processing cluster, tourism cluster, industrial-port cluster (Table 1).

According to the Southern Federal District Strategy 2020 cluster policy is recognized as strategically important to ensure the long-term regional competitiveness. The inclusion of local clusters in the global value chain will raise the national technological level, improve the rate and quality of economic growth by improving the international competitiveness of enterprises in a cluster [2, 3].

According to the Russian Competitiveness Report 2012 Krasnodar region was on the fourth place in the competitiveness rating of Russian regions.

The Krasnodar region went after Novosibirsk region, Sverdlovsk region and Moscow. It explains that the Krasnodar region authorities have chosen the right strategy of development. They should incite cluster development through the integration of three main pillars, government, business and education [1].

The Krasnodar region is the largest producer of grapes and wine in the Russian Federation. It is explained by the unique soil and climatic characteristics of the area, perfectly suitable for growing grapes and for the wine production.

Now in Krasnodar region 42 companies are engaged in wine production in the region. The main grape production and processing are concentrated in the southeast part of the Krasnodar region, Anapa and Taman viticulture and wine-making areas (more than 80% of the total production of grapes and wine produced in the region).

The total area of vineyards in agricultural edge is 26.8 thousands of hectares, about 45% of all vineyards in Russia. The Russian wine economy clearly is dominated by the Krasnodar region wine industry. The share of Kuban wines in the Russian production in 2013 was about 44% (Picture 2).

Clusters are more than a number of firms bunched together in a location. A

pattern of relationships among firms is an essential characteristic of clusters. To be useful, the cluster approach requires that such relationships be identified and analyzed in studies of spatially concentrated economic activities.

An important type of relationship in the wine cluster is the contractual relationship between grape growers and wine makers. Most wine producers in Krasnodar region grow grapes, but there are large wineries that buy most of the grapes they use.

The market for grapes is unlike markets where anonymous buyers and sellers meet to conclude transactions on the spot. Rather, the typical situation is for a winery to establish a contract with growers each year with the understanding that, subject to some quality rules, the winery will accept all of the grapes produced on the designated vineyard and the grape grower will deliver all of grapes harvested to the winery.

Clearly, grape growers and wine makers have evolved a network of enduring relationships that helps them to reduce risks, enhance access to finance, and avoid some of the bargaining costs associated with selling grapes shortly before they are ready for harvest.

There is a significant increase in investment activity in the wine industry. Large investors invest in vineyards planting and re-equipment of production facilities in order to produce the elite wines. To improve the competitiveness of the regional wine cluster the experience of French, Australian and Italian wine-makers is actively involved.

Moreover the cooperation of wine and tourism clusters is generated. The Krasnodar region has a new type of tourism as wine tours to the wineries with the purpose of wine tasting and getting acquainted with the peculiarities of its production process. That is why the major regional wineries invest actively in infrastructure for tourists. The perspective of this collaboration is confirmed by the experience of wine clusters in Italy, France, Spain, Portugal, and the USA, where there

are a high concentration of wine culture monuments, wine museums, and advanced infrastructure.

Despite all advantages and perspectives there are problems that hamper the development of the wine cluster procurement of raw materials (grapes) produced in Krasnodar region. Own raw materials for winemaking in the region covers only about 40% of demand. Great territories of land are located in the Krasnodar region fund reallocation, and are owned by individuals and are not involved in the production of grapes. There are great risks because of low profitability, and in some cases negative profits. It happens because of the import of cheap raw materials and the high cost of growing domestic grapes. The Krasnodar region wine cluster has insufficient competitiveness level in comparison with foreign producers. There is strict regulation of the alcohol market from the government. Terms of winery licensing are so severe that small owners cannot overcome this barrier. System of grape and wine producers lending is not of high level. There are gaps in logistic and marketing activity in the region.

Today there is no comprehensive approach to the problems and harmonious combination of alcohol market regulation with social objectives. Therefore specific measures are required to solve the problems of the cluster. Efficient solutions and steps, certain administrative actions and activities are needed, as well as initiatives of the business.

Today the margin stability in the wine cluster may be provided with the increase of innovation and investment activity, the use of science and technology, because cultivation of perennial crops has its own specifics. Considerable investments ensure high quality. Before the elaboration of a strategy for cluster development it is necessary to assess whether the industry shows high efficiency and influences the regional economy.

To evaluate whether the Krasnodar region wine cluster influences on the regional economy we apply such statistical technique as simple linear regression modeling with one dependent and one independent variables. For this purpose we use a software package STATISTICA designed for statistical analysis.

On the basis of financial data we:

construct a simple linear regression equation (find α and β);

check the quality of the constructed equation.

For dependent variable Y we take Gross Regional Product of Krasnodar region for the period from 2008 to 2013. For independent variable X we take the Krasnodar region wine cluster profit for the same period. Numbers are stated in thousands of rubles.

Then we implement the following algorithm of actions Statistics – Multiple Regression – Variables (dependent (Y); independent (X) – OK – Summary: Regression results. And we get the following equation (Formula 1):

$$(1) \quad Y = -1,04 + 1,38 * X,$$

- the graph (Picture 1):

- the indicator certifying the high quality of this simple linear model fit:

$$R^2 = 0,87, \quad F = 27,02.$$

This statistical analysis shows that the financial performance of the Krasnodar region wine cluster has the influence on the GRP and the region's economy. Therefore, it is one of the strategically significant clusters and it needs further strategic development.

Clusters are increasingly recognized as an important feature of modern economies. Empirical data that has become available in recent years has confirmed the strong link between clusters and regional economic performance.

Clusters can also improve the efficiency of government policy and educational tools and there are different ways to raise economic benefits from existing clusters. More complex is the question of how economies can develop new clusters; this is possible but serious mistakes are often made that have created the misguided impression that cluster development is close to traditional industrial policy.

A great number of regions have begun implementing cluster policy, the main idea of which is to switch to a new phase of the process to improve competitiveness and to create a strong microeconomic foundation of the national and global economies.

References:

1. 2012. Russian Competitiveness Report.
2. Strategy of socio-economic development of the Krasnodar region until 2020.
3. Strategy of socio-economic development of the Southern Federal District of the Russian Federation until 2020.

Table 1

The system of priorities of the Krasnodar region Strategy 2020.

1. Investments attracting in the development of priority sectors of the economy and regional clusters of Krasnodar region	
Priority sectors	Economic growth points
Agricultural sector	Agri-food cluster
	Wine cluster
	Fish-processing cluster
Recreational and tourism sector	Mountain resort "Lagonaki"
	Tourism and recreation cluster "Abrau Utrish"
	Tourist and entertainment center (gambling zone)
Sea transport sector	Industrial-port cluster in the Temryuk region
	Reconstruction of the Novorossiysk transport center
Manufacturing sector	Engineering, instrument and metal-working industries
	Construction material production
	Chemical industry
	Glass and wood industry
Information and communication technologies sector	Light industry
	Krasnodar technopark "IT park" generation and development
2. Regional infrastructure modernization in order to create favorable conditions for attracting foreign direct investments	
3. Development of forecasting, training and retraining of professional staff	
4. Small and medium-sized enterprises development and support	
5. Innovation and research development	
6. Regional Financial Center generation	

Fig. 1 – Regression line



Fig. 2 – Wine production in the Krasnodar region, 2004 – 2013, thousands of decalitres

