

Organic wine in Rueda, Spain (Rueda)

One contract about provision of organic grapes; the initiative is connected to specific labels, advertised to the domestic and export markets, to enhance the image of the company. The overall target is to expand organic wine production in an emblematic area that influences greatly the Spanish wine market.



Summary

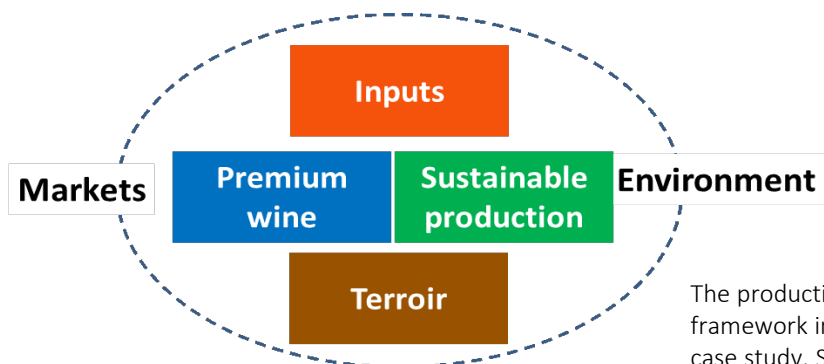
It is a value-chain related contract solution, where only grapes produced ecologically are bought by the winery Herederos del Marqués de Riscal, S.A (from now on, Riscal), to produce two selected varieties: MARQUÉS DE RISCAL ORGANIC and MARQUÉS DE RISCAL SAUVIGNON BLANC ORGANIC.

In the Rueda case study, grape producers are not associated, however, they are integrated into the value chain by complying to the winery standards and have periodic controls on quality and residues, and have a strict protocol of organic production of high standards.

Objectives

The contract between the grape producers and the winery (Riscal) leads to a higher provision of the following public goods:

- landscape and scenery (preservation of wineries)
- protection of endangered species of birds
- rural viability and vitality (secure economic viability of the grapevine producers in Rueda region through the sale of grapes with a higher price than the non organic producers).
- secure high production standards according to consumer preferences

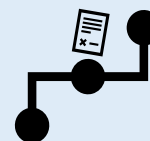


The production framework in the case study. Source: A. Iglesias, 2020

Problem description

The Rueda case study is located in the Duero River basin in northern-central part of Spain, where it occupies an area of 280,000 ha and currently grapevine is grown in almost 15,000 ha. Rueda belongs to the Mediterranean Continental pedoclimatic zone. The Rueda region is one of the wine regions in Spain that is more profitable, but at the same time needs a lot of man work, so organic production is a clear alternative. Wine production in the area in Rueda, is challenged by four main threats: water scarcity, decrease in financial support from the CAP, frost and future climate projections. The sustainability of wine production in the area is dependent on organic production that is becoming more attractive to consumers and with very high demand for export. The Rueda region offers a great possibility for organic production since the limited summer rainfall guarantees low incidence of diseases, especially mildew, therefore if the crop is adequately managed, does not require pesticides. Riscal is a leading company for innovation for organic production in technology and commercially. The producers also plant trees in the edges of the fields to comply with the greening measures of the CAP.

VALUE CHAIN



farmer – winery – distributor – store – consumer

The participation in the practice-based payment is conditioned by the organic production that is strictly controlled by the winery

PUBLIC GOODS



Landscape and scenery



(Farmland) biodiversity



Rural viability and vitality



Quality and security of products

Specific environmental benefits through maintenance of habitats for migratory birds, such as Avutardas, and includes an official special zone to protect birds (ZEPA de "La Nava-Rueda")

INDIRECT EFFECTS



Cultural heritage



Soil quality (and health)



Climate regulation – carbon storage/ greenhouse gas emission



Water quality

CONTRACT

It is a private – private contract.

Financing party: Market sector-oriented

Contract conclusion: verbal agreement/ handshake

Payment mechanism: Product price



Start of the program: 2010

End: open end



Data and Facts - Contract

Participation:

- Number of farms that sell to Riscal: 100 farmers
- Area of implementation: 400 ha
- Other participants: retail stores

Involved parties: The contracting parties are on the one hand the participating individual grape producers. The producers deliver their grapes for wine to the Riscal winery. Riscal is a winery that produces, bottles, and sells wine. All this is done under two wine commercial labels. A part of the Riscal wine is also sold directly to private consumers online. Since 2014 the Rueda grapevine producers that sell to Riscal, are certified according to Organic criteria. The Riscal brand is an economic factor for the whole region. It also immensely influences the tourism sector, because Rueda wine is very important in the local tourism and gastronomy. In the end the Riscal wine reaches the consumer in form of high quality wine.

Advantages of participation:

- Grapevine producers – they produce grapes with organic certification and guarantee the selling each year to the Riscal winery. They receive a fixed price and their product is transformed into wine of two high value labels.
- Riscal – They receive a stable amount of organic grapes that transform, bottle and distribute to high end retailers, restaurants and exports.
- Retailers – they receive a stable production of high quality wine of two labels.
- Consumers – they receive high quality wine

Management requirements for farmers: Organic production.

Controls/monitoring: strict control by the certification authorities

Risk/uncertainties of participant: increase of mildew and climate change

Product requirements: Organic certification, grapevine quality for premium wines



Verdejo



Sauvignon blanc

Grapevine varieties grown.

Soure: V. Sotés, 2001

LOCATION

SPAIN



The Rueda case study is located in the Duero River basin in northern-central part of Spain

Context features

Landscape and climate: Rueda is a Spanish Denominación de Origen Protegida (DOP) for wines located in the Community of Castile and León. It comprises 72 municipalities, of which 53 are in the province of Valladolid, 17 are in the north of the province of Segovia, and 2 are in the north of the province of Ávila. It is one of Spain's leading wine regions, and is known primarily for its white wines based on the Verdejo grape. The climate is continental (long hot summers, cold winters) with a certain Atlantic maritime influences. Temperatures vary widely and can drop below zero in winter (-1 °C) and can reach 30 °C in summer, which is not as high as similar wine-producing regions in southern Central Spain. There is a risk of frost, freezing fog, high winds and hailstones in winter/spring. On the other hand, there is only a very small possibility of drought. Normally it rains in spring and autumn, with an average rainfall of 400 mm/year, while the vines receive 2,700 hours of sunlight per year.

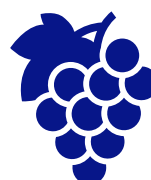
Farm structure: Grapevine is a monoculture since it is a permanent crop. Trees are planted along the edges to the fields to increase carbon sequestration



SUCCESS OR FAILURE?



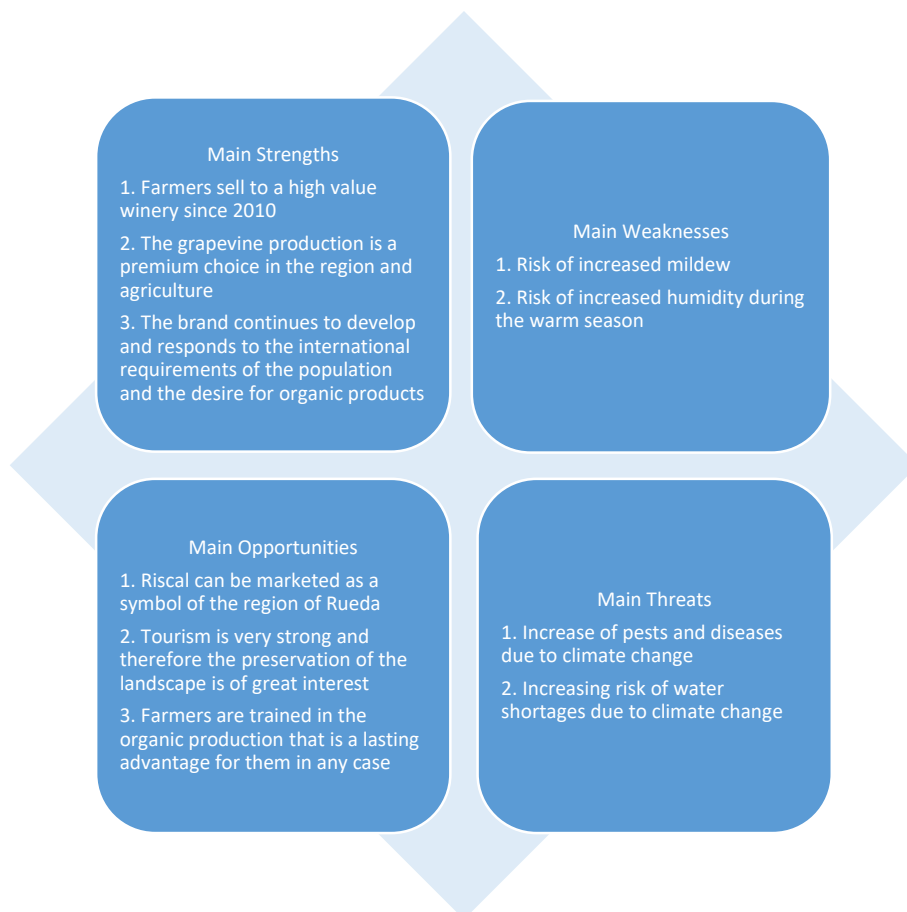
Very successful and expanding



Reasons for success:

- Preferred choice to national consumers and excellent choice for exports
- Knowledge transfer between organic producers

SWOT analysis



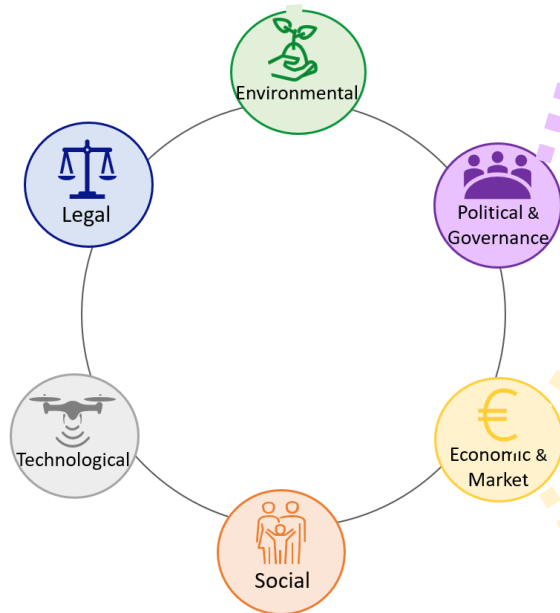
Main external factors influencing success



Political/governance, economic/market, social, technological, legal and environmental factors can all have a strong impact on the success of contract solutions. In this case study an in-depth analysis found that the following, selected factors were of specific importance.

In the system of organic wine production in Rueda, basically the natural site conditions offer the **best possibility for organic production**, since the limited summer rainfall guarantees low incidence of diseases (mildew), and therefore, if the crop is adequately managed, does not require pesticides.

The production of organic wine in Rueda builds on the **trend set by RDPs**, incentivising organic farming. Although the **particular trigger for success** are the marketing initiatives of the winery Riscal, without the RDP, organic farming would most probably not be implemented as widely.



The environmental option is just economically more feasible:

The Rueda region is one of the wine regions in Spain that is more profitable, but at the same time needs a lot of man work, so organic production is a clear alternative. The sales market provided by the winery Riscal is therefore a real opportunity for the producers to continue with the labour-intensive production of grapes under the premise of a guaranteed sale of organic products.

The Riscal brand is **an economic factor for the whole region**. It also immensely influences the tourism sector, since Rueda wine is very important in the local tourism and gastronomy.

Developments since 2020:

In the last two years, the contract for production of organic wine has expanded greatly due to the increasing demand and the clear understanding of producers and industry. Farmers not participating in the contract have a very positive view of the benefits (as shown in the figure on the left).

The view of farmers that currently do not participate in the contract

