Wine in the blood?
Explaining french wine exports: gravity, preferences and genetics
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Standard determinants of trade hide frictions that seem more important than distance or border effects. These dark trade costs are very likely explained by culture and preference heterogeneity as shaped by history. We provide new evidence along these lines by estimating trade determinants for a good that is globally consumed and may effectively appeal to taste diversity: French wine.

This good is all the more interesting as the great diversity of French wine production, from low quality to fine wines, may help to test whether gravity-laws of trade apply uniformly or are altered for high-end products in this industry. For this investigation, we exploit a unique dataset on wine shipments in volume of almost 160 different types of French wines to the 27 main importing countries between 1998 and 2015.

We estimate a gravity model that incorporates standard determinants of exports (GDP, exchange rates, trade costs, multilateral resistance), expert-rated quality and top income share. In addition, we test the role of genetic distance as a measure of biological and cultural preference diversity. We first find that while standard determinants have the expected effect, genetic distance has a significant impact on trade, even after controlling for distance and microgeography. We also show that high-end wine products defy gravity. Expensive wines (using quantiles of unit values) are less affected by geographic distance than other wines – and not affected at all in the case of luxury wines from Champagne, Bordeaux and Bourgogne. However, even fine wines are subject to frictions pertaining to preference and cultural differences.

JEL Classifications: wine exports, cultural/genetic distance, geographical distance, gravity model, PPML