

ABSTRACT

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The export of red wine from France, Italy and Spain - some empirical tests of causality.

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This paper deals with an empirical analysis of international trade data from EUROSTAT where the export of red wine from France, Italy and Spain - to Belgium, The Netherlands, Denmark, UK, USA and Japan - are investigated. Using monthly data from 1993:1 to 1998:12 the trade flows, measured in quantities of red wine, from France, Italy and Spain to the beforementioned non-wine producing countries (and the USA, a major wine producer) are compared - including a discussion of seasonal effects and trend/cycle-components. Also, the data are modelled in a VAR (vector autoregression) framework in order to perform further tests of causality among the trade flows. From obvious reasons red wines from the Southern European countries should be expected to be close substitutes - at least concerning the receiving countries - which is tested including price effects and political incidents as the French nuclear testings in 1995