

Padua 2017 Abstract Submission

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Keywords

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Research Question

What is the impact of inflation on the different links of the wine chain in Argentina?

Cuál es el impacto de la inflación en la vitivinicultura argentina?

Methods

Exploratory, Descriptive, Explanatory and Correlational Investigation

Methodology of the Meso-economic analysis.

Results

This paper aims to provide information that facilitates the correct decision-making not only of producers and business chambers but also of the government through regulatory policies affecting the sector.

Abstract

The impact of inflation on the different links of the wine chain (Mendoza, Argentina).

Juan Pott (UNCuyo), Esther Sánchez (UNCuyo) and Susana Gordillo (UNCuyo)

Argentina has suffered in the past different inflationary and even hyperinflationary cycles that have had different effects on the production of goods and services, especially in the relative prices of the same. By changing the relative prices of goods some agents lose purchasing power while others gain. The anti-inflationary policies applied after the inflationary episodes have also been very numerous with the use of different foundations, instruments and results. Subsequent adjustment of prices also produce different effects on economic actors. On the other hand, the Argentine wine chain is very heterogeneous, it has numerous actors that participate from the production of grapes to the commercialization, going through the production of wines and by-products, the picking agents or

transfers, the warehouses "fraccionadoras" until the marketing agents. In addition, since winemaking in Argentina has its origins in the colonial period, due to the long time elapsed since then, the actors have developed habits and customs that are deeply rooted today. Simultaneously, a complex and profuse state regulation has been created and justified by dominant market players and also from the state itself in order to protect the weakest. Likewise, each one of the wine chain agents has developed different expectations regarding inflation, adjustments and the legislation putting in place initiatives and ways to protect their profitability, both in the inflation period and in the later adjustments. In the last inflationary period, which began in 2007, the effects were not distributed equally in all actors of the chain. In other words, companies face certain problems whose solution exceeds their own framework. In particular, those related to the conditions of the general context in which their activities are carried out and result in a more or less viable sustainability of the sector of the economy to which they belong. This is what happened in Argentina during the period 2007-15. The work we present seeks to analyze how the inflationary effect was distributed over each link in the chain in 2007-15 and to deepen the consequences of it. A methodology of meso-economic analysis elaborated in the Faculty of Economic Sciences of the National University of Cuyo will be used to analyze the cost structure of the wine chain. The meso-economic analysis studies the sets of individual actors that possess certain common characteristics. That is to say, the objects of analysis of the meso-economy are the average economic aggregates differing from the macroeconomics that studies the large economic aggregates and the microeconomy that focuses on the behavior of the individual economic actors (families and companies). The meso-economic analysis will make it possible to describe the impact of inflation and regulatory policies on the creation or destruction of value of the different links in the wine chain. The methodology of analysis consists in defining, firstly, the average economic aggregate and the criteria of belonging to it by the different economic actors. Secondly, there is a synthetic and analytical mapping of the activities of the different actors to visualize their interrelationships. Thirdly, we define the models that describe the operational and operating structures of the production processes and classify the factors consumed in variables, fixed operating and fixed structure according to the behavior of these factors to changes in the level of activity. It is important to emphasize that the set of defined models must be representative of the reality of the average economic aggregate under analysis. Fourthly, the monetary component will be incorporated into the model using prices arising from statistical series of reliable sources (official or private) or the opportunity cost of the factor when it is produced and consumed in the process under analysis having an alternative use outside the Average economic aggregate. Finally, the different scenarios through which the average economic aggregate went through during the inflation period 2007-15 will be analyzed and the creation or destruction of value of the wine chain will be calculated. The proposed analysis will provide approximate information on a set of actors and not precise information on a particular actor. However, this information will be very useful to know the strengths and weaknesses of the wine chain to seize the opportunities and face the threats of the environment. This analysis methodology will allow not only to make a diagnosis of the current situation but also to carry out simulations presenting different scenarios according to changes projected in several variables. This paper aims to provide information that facilitates the correct decision-making not only of producers and business chambers but also of the government through regulatory policies affecting the sector. Finally, the methodology of meso-economic analysis exposed will serve as a basis for future work on the wine sector or other sectors, both in Argentina and abroad.

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scenarios through which the average economic aggregate went through during the inflation period 2007-15 will be analyzed and the creation or destruction of value of the wine chain will be calculated. The proposed analysis will provide approximate information on a set of actors and not precise information on a particular actor. However, this information will be very useful to know the strengths and weaknesses of the wine chain to seize the opportunities and face the threats of the environment. This analysis methodology will allow not only to make a diagnosis of the current situation but also to carry out simulations presenting different scenarios according to changes projected in several variables. This paper aims to provide information that facilitates the correct decision-making not only of producers and business chambers but also of the government through regulatory policies affecting the sector. Finally, the methodology of meso-economic analysis exposed will serve as a basis for future work on the wine sector or other sectors, both in Argentina and abroad.