

# VINTELL

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## COUNTRY PROFILES USA NEW YORK STATE





*Country Profiles is an integral part of the South African wine industry's business intelligence. Based on this, SAWIS has decided to compile, in collaboration with WOSA, a number of country profiles to assist exporters. These profiles cover a wide range of topics, including background to marketing thoughts and topics for strategic, tactical and operational decisionmaking. The comprehensive profile is available on the SAWIS website.*

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## 1. INTRODUCTION

New York State is in the North-eastern and Mid-Atlantic regions of the United States (US). It is the 27th largest, the third-most populous, and the seventh-most densely populated of the 50 US States. The English took over of the area that had been called New Netherland in 1664, and renamed it New York to honour the Duke of York (city in England). New York is bordered by New Jersey and Pennsylvania to the south and by Connecticut, Massachusetts, and Vermont to the east. The state has a maritime border with Rhode Island east of Long Island, as well as an international border with the Canadian provinces of Quebec to the north and Ontario to the west and north. The state of New York is often referred to as New York State to distinguish it from New York City, its largest city.

New York City, with a Census-estimated population of over 8.4 million in 2013, is the most populous city in the US and the nucleus of the premier gateway for legal immigration to the US – the New York City Metropolitan Area, one of the most populous urban agglomerations in the world. New York City is also known for being the location of Ellis Island, the largest historical gateway for immi-

gration in the history of the US. New York City exerts a significant impact upon global commerce, finance, media, art, fashion, research, technology, education, and entertainment. The home of the UN Headquarters, New York City is an important centre for international diplomacy and has been described as the cultural and financial capital of the world. New York City alone makes up over 40% of the population of New York State, while two-thirds of the state's population resides within the New York City Metropolitan Area, and Long Island is home to nearly 40% of New York State's population.

## 2. DEMOGRAPHICS

### 2.1 Geography

**Area:** 141,300 km<sup>2</sup>

**Climate:** New York State is located between the Atlantic coast and the US border with Canada. Because of this zone's cool, frost-prone climate, most New York vineyards are located near the coast, next to rivers, or huddled around the state's various lakes. Because of their vast thermal mass, large bodies of water such as these reduce the severity of winter frosts – a service without



which vines would not be able to survive here. Weather in New York is heavily influenced by two continental air masses: a warm, humid one from the southwest and a cold, dry one from the northwest. The winters are long and cold in the Plateau Divisions of the state. In the majority of winter seasons, a temperature of  $-25^{\circ}\text{C}$  or lower can be expected in the northern highlands (Northern Plateau) and  $-15^{\circ}\text{C}$  or colder in the south-western and east-central highlands (Southern Plateau). The summer climate is cool in the Adirondacks, Catskills and higher elevations of the Southern Plateau. The New York City/Long Island area and lower portions of the Hudson Valley have rather warm summers by comparison, with some periods of high, uncomfortable humidity. The remainder of New York State enjoys pleasantly warm summers, marred by only occasional, brief intervals of sultry conditions. Summer daytime temperatures usually range from  $25^{\circ}\text{C}$  to  $30^{\circ}\text{C}$ , over much of the state.

Water is abundant in New York and has numerous small lakes and is crisscrossed by numerous rivers. In the context of quality wine, the most important water bodies here are the lakes which dominate the state's north-western region.

New York is a cool climate state in terms of grape growing, so the wine styles resemble those of northern Europe more than California. The ability to consistently grow premium wine grapes is due to major bodies of water: Lake Erie, the Finger Lakes, the Hudson River, and the Atlantic Ocean, Long Island Sound and Great Peconic Bay surrounding Long Island. These bodies of water, in different ways, all act as natural temperature control, creating microclimates that ensure consistent quality from year to year. New York's two largest and fastest growing wine regions, the Finger Lakes and Long Island, are as different as

Burgundy and Bordeaux. The spectacular Finger Lakes region, which physically resembles wine country along the Rhine, produces Riesling wines rivalling the world's best, as well as good sparkling wines and Cabernet Franc. The maritime climate of eastern Long Island provides ideal conditions for Merlot and other classic red varieties, as well as rich Chardonnays. The Lake Erie and Hudson River regions produce a wide range of wines from traditional European, French-American, and Native American grape varieties.

Like all farming operations, the business of grape-growing and wine-making can be severely affected by the weather. In March 2014, the US Department of Agriculture issued a federal disaster declaration for many upstate counties, making some wineries eligible to receive loans and other aid to cope with damage caused by the unusually frigid and prolonged winter.

**Terrain:** The Great Appalachian Valley dominates eastern New York and contains the Lake Champlain Valley as its northern half and the Hudson Valley as its southern half within the state. The rugged Adirondack Mountains, with vast tracts of wilderness, lie west of the Lake Champlain Valley. Most of the southern part of the state is on the Allegheny Plateau, which rises from the southeast to the Catskill Mountains. The western section of the state is drained by the Allegheny River and rivers of the Susquehanna and Delaware systems.

**Natural resources:** New York has more forest than it has had in the past 150 years. New York's forests serve as an important economic and recreational resource. Nearly 1.2 million hectares are classified as Forest Preserve.

New York State is richly endowed with fresh-water lakes, ponds and reservoirs, as well as portions of two of the five Great Lakes and



thousands of miles of rivers and streams. These inland water bodies serve as the drinking water supplies; provide flood control to protect life and property, and support recreation, tourism, agriculture, fishing, power generation, and manufacturing. These water bodies also provide habitat for aquatic plant and animal life.

New York's Marine District has several estuaries which are managed cooperatively by state, local, and federal government agencies, the scientific community, and direct input from private citizens.

New York State is rich in minerals which are mined for industrial and construction uses. Sand and gravel mines are found throughout the state; about 90% of the state's 2,100 active mines extract sand and gravel. Metal ores and gem minerals, such as garnet, are mined chiefly in mountainous regions. Salt is extracted from rich deposits in Central New York. Mining is a US\$1.5 billion industry in New York State; New York is among the top

third in the nation in value of minerals produced. The Division of Mineral Resources carries out the important responsibilities of protecting the environment when minerals are extracted, and of seeing to it that the land is restored when mining is complete. Today, sites in New York State that were once mined are used as farms, wetlands, wildlife habitats, residential developments and public recreation areas. Mined land reclamation is an environmental success story in New York.

## 2.2 People and Society

**Population:** 19,651,127 (2013 estimate)

**Languages:** The most common American English accents spoken, besides General American English, are the New York City area dialect (including New York Latino English and North Jersey English,) Hudson Valley English (including the Western New England accent around Albany,) and Inland Northern American English from the Buffalo and upstate New York area.

### Ethnic groups:

By race	White	Black	AIAN*	Asian	NHPI*
2000 (total population)	75.62%	18.39%	0.95%	6.27%	0.17%
2000 (Hispanic only)	12.30%	2.65%	0.31%	0.14%	0.07%
2005 (total population)	74.98%	18.26%	0.99%	7.18%	0.19%
2005 (Hispanic only)	13.31%	2.66%	0.32%	0.15%	0.07%
Growth 2000–05 (total population)	0.62%	0.74%	5.06%	16.18%	15.92%
Growth 2000–05 (non-Hispanic only)	-1.17%	0.57%	5.47%	16.35%	16.88%
Growth 2000–05 (Hispanic only)	9.81%	1.72%	4.23%	8.64%	14.40%
* AIAN is American Indian or Alaskan Native					
* NHPI is Native Hawaiian or Pacific Islander					



## Top 10 Non-English Languages Spoken in New York:

Language	Percentage of population (as of 2010)
Spanish	14.44%
Chinese (including Cantonese and Mandarin)	2.61%
Russian	1.20%
Italian	1.18%
French Creole	0.79%
French	0.75%
Yiddish	0.67%
Korean	0.63%
Polish	0.53%
Bengali	0.43%

**Religions:** A 2007 survey found that the religious affiliations of the people of New York were as follows:

- Christian – 74%
  - Roman Catholic – 39%
  - Various Protestant denominations – 32%
  - Other Christian denominations – 3%
- Jewish – 6%
- Muslim/Islamic – 1%
- Buddhist – 1%
- Other Religions – 1%
- Non-Religious – 17%

**Population:** New York City, with a Census-estimated population of over 8.4 million in 2013, is the most populous city in the US and the nucleus of the premier gateway for legal immigration to the US.

### Literacy:

- 9% of adults have “below basic” literacy skills
- 2 million adults never completed high school (Census 2000)
- Over 2.7 million adults need basic literacy, math, and employment skills

**Urbanisation:** Two-thirds of New York State’s population resides within the New York City Metropolitan Area. More people live in New York City than in the next two most populous U.S. cities (Los Angeles and Chicago) combined, which, according to the US Census Bureau, is estimated to total 6,572,655. Long Island alone accounted for a Census-estimated 7,740,208 residents in 2013, representing 39.4% of New York State’s population. Additional major urban centers include Albany, Buffalo, Rochester and Syracuse. The state has 62 counties; the most populated one is Kings County (Brooklyn).



## Age structure:

### New York State Life Table by Gender – 2012: total population

Age 1	q 2	L 3	D 4	L 5	T 6	E 7
< 1	0.00498	100,000	498	99,651	8,110,511	81.1
1-4	0.00078	99,502	78	397,852	8,010,860	80.5
5-9	0.00047	99,424	46	497,005	7,613,008	76.6
10-14	0.00064	99,378	64	496,730	7,116,003	71.6
15-19	0.00158	99,314	157	496,178	6,619,273	66.6
20-24	0.00320	99,157	318	494,990	6,123,095	61.8
25-29	0.00339	98,839	335	493,358	5,628,105	56.9
30-34	0.00408	98,504	402	491,515	5,134,747	52.1
35-39	0.00529	98,102	519	489,213	4,643,232	47.3
40-44	0.00750	97,583	732	486,085	4,154,019	42.6
45-49	0.01284	96,851	1,243	481,148	3,667,934	37.9
50-54	0.01948	95,608	1,863	473,383	3,186,786	33.3
55-59	0.02966	93,745	2,780	461,775	2,713,403	28.9
60-64	0.04281	90,965	3,894	445,090	2,251,628	24.8
65-69	0.06201	87,071	5,400	421,855	1,806,538	20.7
70-74	0.09639	81,671	7,872	388,675	1,384,683	17.0
75-79	0.15071	73,799	11,122	341,190	996,008	13.5
80-84	0.23738	62,677	14,878	276,190	654,818	10.4
85+	1.00000	47,799	47,799	378,628	378,628	7.9

1 Age - Age interval of life stated in years

2 q - probability of dying during the stated years

3 l - number of survivors at the beginning of the age interval

4 d - number of persons dying during the age interval

5 L - person years lived during the age interval

6 T - person years beyond the exact age at the beginning of the age interval

7 E - expectation of life at the age at the beginning of the age interval



## Internet users:

### Degrees of Internet connectivity, by state, as measured by 2011 Current Population Survey data

State	No connection anywhere (%)	No home connection, but connect elsewhere (%)	Connect at home only (%)	Connect at home and elsewhere: 1 device (%)	Connect at home and elsewhere: multiple devices (%)
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**Ports and terminals:** The Port of New York and New Jersey is the port district of the New York-Newark metropolitan area, encompassing the region within approximately a 40 km radius of the Statue of Liberty National Monument. It includes the system of navigable waterways in the estuary along 1,050 km of shoreline in the vicinity of New York City and north-eastern New Jersey, as well as the region's airports and supporting rail and roadway distribution networks. Considered one of the largest natural harbours in the world, the port is by tonnage the third largest in the US and the busiest on the East Coast.

The port is the nation's top gateway for international flights and its busiest centre for overall passenger and air freight flights. There are two foreign-trade zones (FTZ) within the port: FTZ 1, the first in the nation, established in 1937, on the New York side of the port; and FTZ 49, on the New Jersey side.

While most consumer goods are transported in containers, other commodities such as petroleum and scrap metal are handled at facilities for marine transfer operations, bulk cargo, and break bulk cargo throughout the port, many along its straits and canals. At some locations, water pollution has led to inclusion on the list of Superfund sites in the US.

The Port Inland Distribution Network involves new or expanded transportation systems for redistribution by barge and rail for the shipped goods and containers that are delivered at area ports in an effort to curtail the use of trucks and their burden on the environment, traffic, and highway systems.

## 3. ECONOMIC SITUATION

### Gross State Product (GSP)

The Gross Domestic Product (GDP) is the monetary measure of all final goods and services produced within a given country. Calculating the GDP is to sum a country's total expenditures, primarily through consumption, investment, government purchases, and net exports. Similarly, the Gross State Product (GSP) is the same equation within a given State. The GDP is simple to track, quantifiable, and easy to convey as a measure of economic activity, though the GSP is less concrete because the movement of goods, services, and workers across state lines are not perfectly tracked.

### Inflation rate (consumer prices)

- 1% (2013 est.)
- 1.5% (2012 est.)





## Real GDP 2010-2013

	Millions of chained (2009) US\$				Percent change				
	2010	2011	2012	2013	2010	2011	2012	2013	2013 Rank *
New York	1182857	1197378	1217512	1226619	2.7	1.2	1.7	0.7	46

**GSP – real growth rate:** Total real GSP grew by 1.7% in 2012. Economic growth in New York is projected to mirror national economic growth in 2013 i.e. 1.9%.

## 4. AGRICULTURE

### Land use

Agriculture is important to New York State. The value of agricultural production was over US\$5.70 billion in 2012. About 23% of the state's land area is used by the 36,000 farms to produce a diverse array of food products.

### New York's leading agricultural products

Products	2012 Value of Production (Million US\$)
Milk	2,560
Corn for Grain	688
Hay	386
Cattle and Calves	295
Apples	250
Floriculture	169
Cabbage	106
Sweet Corn (Fresh)	68
Potatoes	64
Tomatoes	47
Onions	46
Squash	41
Snap Beans(Fresh)	33



## The New York Wine Numbers

- #2 Grape Juice Producer in America
- #3 State: Total Grape Acreage
- Annual harvest =169,000 Tons of Grapes\*
  - 73% Grape Juice
  - 25% Wine
  - 2% Table Grapes
- \$50 Million Annual Harvest Value\*
- 1,438 Grape Growers
- 37,000 Acres of Vineyards
- 25 Table Grape marketers
- 5 Major Juice Producers
- 335 wineries with 321 established since 1976
- 180 Million Bottles\*
- #3 Wine Producer in America
- 5 Officially Recognized Grape Growing Regions\*
  - Lake Erie, Niagara Escarpment, Finger Lakes, Hudson River, Long Island
- 9 American Viticultural Areas\* (including North Fork of Long Island; The Hamptons, Long Island within the Long Island Region; Cayuga Lake and Seneca Lake within the Finger Lakes Region)
- 4.98 Million Tourist Visits\*
- \$3.76 Billion in Total Economic Impact for New York State

### 5. THE WINE INDUSTRY

New York's 2011 Vineyard Survey indicates the State's grape acreage decreased since 2006, according to King Whetstone, Director of USDA's National Agricultural Statistics Service, New York Field Office. The state acreage at the end of 2011 totalled 31.8 thousand acres, down 6% from the 2006 survey total of 33.7 thousand, and down 4% from 2001. In 2011, the Chautauqua-Erie region accounted for 18.7 thousand acres, 59% of the State's grape acreage compared to 60% in 2006. The Finger Lakes region accounted for 9.39 thousand acres, 30% of the total, compared to 27% in 2006. Acreage continued to increase in Schuyler County and Yates County, resulting in an increase in total acreage for the Finger

Lakes Region. The number of vineyards totalled 894 in 2011 compared to 1,005 in 2006, a decrease of 11%. Concord, the dominant variety grown in the State, totalled 18.9 thousand acres. Concord acreage accounted for 59% of the total acres compared to 60 % in 2006. Other varieties listed in order of total acreage are: Niagara, Catawba, White Riesling, Chardonnay and Merlot.

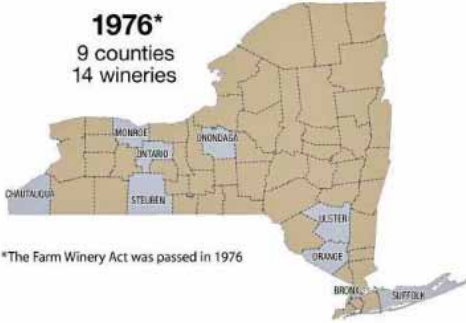
New York's contribution to world wine culture also extends into the halls of Cornell University in Ithaca. The university's Viticulture and Oenology department has carried out a great deal of viticultural work over the years, including the creation of Chardonnay, Traminette and Cayuga.



## New York wine industry

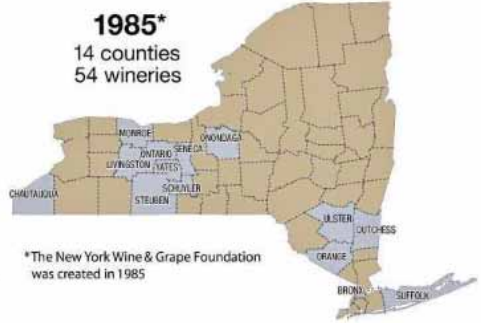
### Wineries by County

**1976\***  
9 counties  
14 wineries



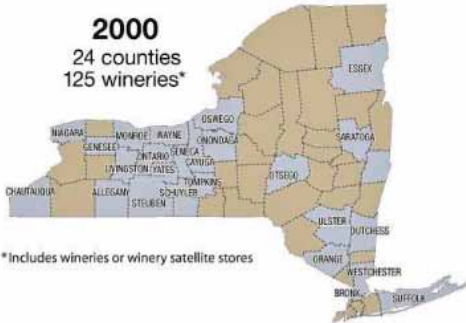
\*The Farm Winery Act was passed in 1976

**1985\***  
14 counties  
54 wineries



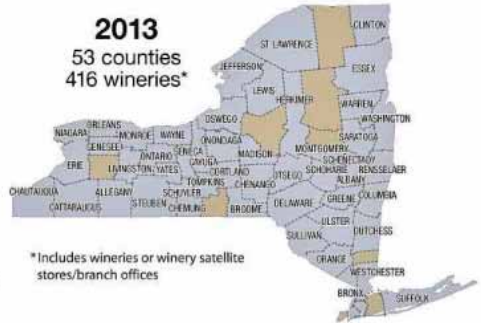
\*The New York Wine & Grape Foundation was created in 1985

**2000**  
24 counties  
125 wineries\*



\*Includes wineries or winery satellite stores

**2013**  
53 counties  
416 wineries\*



\*Includes wineries or winery satellite stores/branch offices



## 5.1 Areas under vines

**Table 15: New York Acreage and Rank by Cultivar in 2011 NASS Vineyard Survey**

Class	Variety	Rank (Acres)	Sum (Acres)
n	Concord	1	20217
n	Niagara	2	3468
n	Catawba	3	1271
v	Chardonnay	4	945
v	Merlot	5	891
v	White Riesling	6	680
h	Aurora	7	603
n	Elvira	8	586
v	Cabernet Franc	9	470
h	Seyval Blanc	10	367
h	Cayuga White	11	355
v	Pinot Noir	12	320
v	Cabernet Sauvignon	13	302
n	Delaware	14	251
h	Baco Noir	15	193
v	Gewurztraminer	16	134
h	Marechal Foch	17	126
h	Ventura	18	120
h	Vignoles	19	111
h	Vidal Blanc	20	97
v	Sauvignon Blanc	21	89
h	De Chaunac	22	77
n	Moores Diamond	23	69
h	Geneva Red	24	61
n	Fredonia	25	59
h	Corot Noir	26	57
h	Rougeon	27	57
v	Pinot Gris	28	51
n	Ives	29	50

Note: n= native; h=hybrid; v=vinifera

New York's wine quality has improved vastly in recent years due to two factors: collegial competitors and sound science. New York's winemakers cooperate to raise the quality of the product. The sound science comes from Cornell University, and specifically the Vinification and Brewing Laboratory in Geneva directed by Dr. Thomas Henick-Kling, a renowned enologist with experience in Germany, Australia, New Zealand, and Oregon.

## New York Winery Industry Growth Summary

- A 2008 government survey, similar to previous ones from 2004, 2000 and 1998, shows accelerating wine industry growth since creation of the New York Wine & Grape Foundation in 1985.
- In the years since 1975, the number of New York wineries has multiplied over 15-fold from 21 to 328 with 272 (84%) established since 1985 when the New York Wine & Grape Foundation was established.
- From 2001 to 2012, 210 new wineries opened – more than in the previous 170 years – and in just eight years from 2005-2012, the 167 new wineries exceeded the total from the 20 year period of 1980-1999, essentially quadrupling the growth rate.
- Wine production has increased by over 50% since 1985 to about 180,000,000 bottles annually.
- The number of tourist visits to wineries has multiplied 13-fold since 1985 from 384,000 to 4,986,000 in 2008, with a significant share from other states. Winery visits now exceed 5 million.
- Between 2000 and 2008, tourist visits increased by 85% and per person spending by 76%, for a total increase of 228% in the value of sales (and sales taxes for the state and local governments).
- In 2008 the sales tax collected on sales at wineries exceeded \$4.85 million for the State and \$3.63 million for localities, up 605% since 1995.
- The average winery invested \$500,000 between 2000 and 2003 (and \$400,000 during 2006-2008) in vineyards, wine production, tasting room, and other facilities, supporting many other economic sectors.

### 5.2 Production

Following the repeal of Prohibition, the federal government allowed each state to regulate the production and sale of alcohol in their own state. For the majority of states this led to the development of a three-tier distribution system between the producer, wholesaler and consumer. Like all farming operations, the business of grape-growing and wine-making can be severely affected by the weather. In March 2014, the US Department of Agriculture issued a federal disaster declaration for many Upstate counties, making some wineries eligible to receive loans and other aid to cope with damage caused by the unusually frigid and prolonged winter. On the other hand, the 2013

season was one of the best and most bountiful in recent memory for the Finger Lakes.

The total tonnage of wine produced is 150 000 (2011) is depicted in table 16.

#### Production of still wine in New York State in 2012

State	Production (L)	Production (%)
New York	98.420.706	3.5%

The range of wines made in New York includes Riesling, Seyval Blanc, Chardonnay, Pinot noir, sparkling wines, and Cabernet Sauvignon. The *Vitis vinifera* varieties account for less than 10% of the wine produced in New York. Important American hybrid grapes grown in New York

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include Catawba, Delaware, Niagara, Elvira, Ives and Isabella. French hybrid grapes grown in New York include Aurore, Baco noir, De Chaunac, Seyval Blanc, Cayuga, Vidal and Vignoles. Vignoles is particularly used in late harvest wines and ice wines. Of the *Vitis vinifera* varieties, Riesling is noted for the most consistent and best quality wines, while wine made from Chardonnay grown in the Finger Lakes AVA is noted to take on characteristics of leaner styled Burgundy white wine.

The state has four major wine-growing regions, including Lake Erie AVA on the western end of the state, the Finger Lakes AVA in the west-central area, the Hudson River Region AVA in eastern New York, and the eastern end of the Long Island AVA. In 1976, when the Farm Winery Act was passed, the Finger Lakes and Long Island regions had 19 wineries. By 1985, there were 63 wineries, and now the regions hold approximately 212 wineries. The wine regions' soils originated from the last glacial advance which left gravel and shale type soils with heavy clay deposits in the Finger Lakes region and sandy soil in the Long Island region. The climate differs amongst the regions based on the Atlantic Gulf Stream and the numerous bodies of water and mountainous regions around the state. The annual precipitation ranges from 76

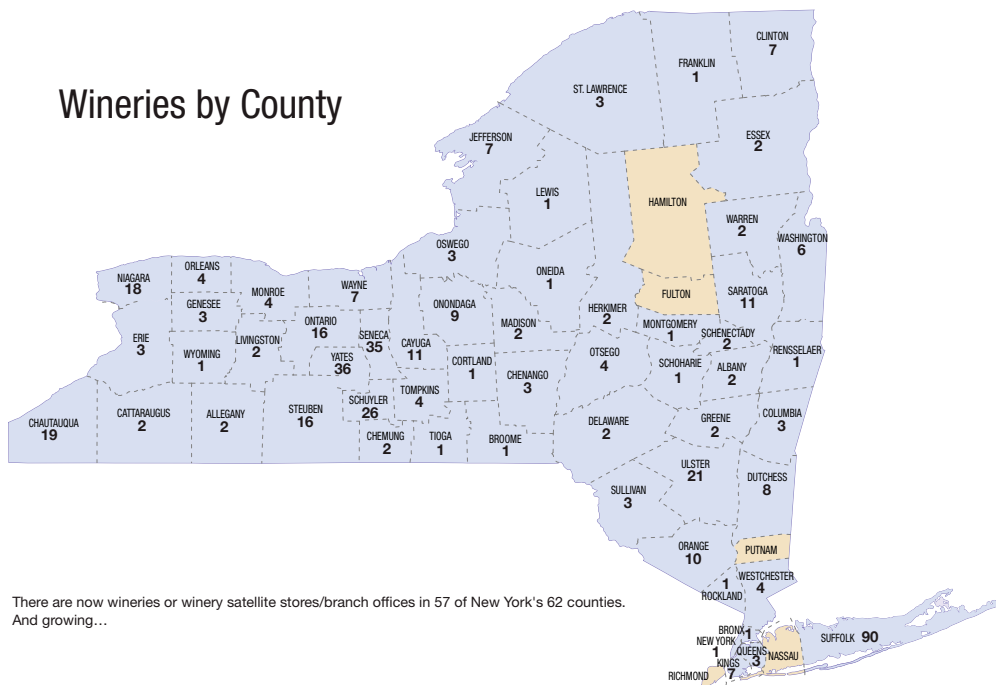
cm to 127 cm. The growing season in the Lake Erie and Finger Lakes regions ranges from 180 to 200 days per year. On Long Island, the season is extended to 220 days and the humidity is higher while the autumn precipitation is somewhat higher as well.

The Adirondack Coast Wine Trail is New York's newest wine region. Established in 2013 the region's wineries successfully argued the regions unique terroir, with unique glacial soils, the weather systems which flow off the Adirondack Mountain range and flow down over Lake Champlain, and the effect of one of the world's oldest reefs in the Lake itself, make this area deserving of its own designated wine trail. The region was consistently overlooked as a potential grape growing region until one of the budding wineries, Elf's Farm Winery & Cider Mill, came out of nowhere to win "Specialty Winery of the Year" at New York's largest wine competition. Receiving rave reviews even though no one in attendance was familiar with this region, the press in attendance gave this startup wine region the legitimacy it was seeking.

The major table grape variety is Concord, a blue-skinned grape with a unique aroma that is also used for most grape juice. Other Native American varieties marketed as table grapes



## Wineries by County



There are now wineries or winery satellite stores/branch offices in 57 of New York's 62 counties. And growing...

include Catawba, Delaware and Niagara. There are also several specialized table grape varieties such as Caco, Canadice, Fredonia, Glenora, Himrod, Marquis, Ontario, Rosabelle, VanBuren, Vanessa, and Einset.

### 5.3 Wine industry structure

#### 5.3.1 Wineries

There are 416 wineries in New York State. As of 2013, the state boasted wineries in 53 of its 62 counties (this number includes both traditional wineries and satellite stores or branch offices). In 2012 alone, New York State boasted that its wine industry had a state-wide economic impact of US\$4.8 billion. Its nearest East Coast competitor, the state of

Virginia, maintains that its wine industry had an economic impact of just under US\$750 million in 2010.

The New York Farm Winery Act offered incentives and reduced regulations to make it financially feasible for small boutique wineries to use New York grapes, produce wine and sell it in their own tasting rooms. Since then, many of these boutique farm wineries have grown quite large, and others have set up in perhaps unexpected places. A new study prepared for the wine and grape foundation estimates the annual economic impact of the state's wine industry to be US\$4.8 billion per year. That includes payroll, taxes, investment and tourism.

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### 5.3.2 Laws and regulations

Perhaps the most significant development in New York's legal landscape with respect to fostering the growth of the state's wine industry is the amendments to the farm winery license. The farm winery license, which allows a licensee to manufacture wine and sell their wine to wholesalers or retailers, has a significantly reduced annual license fee (US\$175 as opposed to US\$1,075) and requires a lower surety bond (US\$1,000 as opposed to US\$10,000) than that for a full New York State winery license. While farm winery licenses are limited to businesses that produce 150,000 finished litres of wine per year or less, the simplified requirements and costs of the farm winery license serves as a great initiator for smaller wineries in New York State.

Further, in June 2011 the Fine Wine Bill was promulgated, which significantly reduced the regulatory requirements for the state's farm wineries. Since becoming law, the farm winery license now allows a licensed farm winery to open branches within the state without needing to apply for additional licenses (and such branches enjoy the same privileges, such as the ability to conduct tastings, as the licensed farm winery), among several other advantages and relaxed requirements. The aim of this new legislation was to foster and cultivate the growth of New York's industry, especially among smaller producers. Effectively, the revised farm winery law places tools in the hands of smaller, local wineries and gives them the power to grow, expand, and promote their wines throughout the state with reduced entrance hurdles. To another extent, there have been a number of legislative measures enacted in the last year or so that continue to encourage the growth and development of the state's wine industry. Of particular and relevant interest are the following:

1. The sale of wine at roadside stands (the roadside farm markets bill); and
2. The rebranding and designation of the state's wine trails.

The farm markets act authorizes a roadside stand to sell wine from up to two licensed farm, special, or micro wineries within a twenty-mile radius of the stand. This new measure increases the availability and awareness of locally-sourced wine, generates what the bill's authors anticipated would be increased revenue for both the stand owner and the wineries, as well as contributes to the excise tax collection on behalf of the state. The roadside farm market license is currently available from NYSLA and costs US\$100 per year as of 1 April 2014.

The rebranding and designation of New York State's wine trails is supported by four bills, now law. One of the new laws expands the Shawangunk East Wine trail. The other new laws include expansion and renaming of The Niagara Escarpment Wine (now to be called the Niagara Wine Trail Ridge), The Niagara Wine Trail (to be renamed Niagara Wine Trail Lake), and The Chautauqua Wine Trail (to be renamed Lake Erie Wine Country Trail) and establishes the Adirondack Coast Wine Trail. Further dedication to New York State wineries is also demonstrated through Taste NY, which is a program designed to promote awareness and availability of New York-made food and beverage products (including wines) among local residents and visitors to the state through retail venues and events.

From a more academic perspective, Cornell University has shown great initiative in the State with the introduction of its teaching winery on its Ithaca campus. While the teaching winery aims to instruct students of the university using small-scale winemaking equipment and wine-



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making processes typical of small lot sizes, the true gem of Cornell's commitment to the wine industry stems from its four-year viticulture-enology major that exposes students to both the theories and practices of grape growing and winemaking. Cornell's teaching winery facility remains the only university teaching winery in the Eastern US.

While the above highlights some of the major legislative measures taken to support New York's growing wine industry, the state is not without its faults (from a legislative perspective). For example, New York has a proposed "at-rest law" which would require alcohol beverages delivered to New York retailers to be "housed" or to "rest" at the premises or warehouse within the state, owned by a licensed New York State wholesaler, for at least twenty-four hours before delivery to a retail licensee. While the State cites concerns regarding authenticity or legality of products and proper payment of taxes as reasons why such an amendment should be enacted, there is much opposition both intra and interstate. This is a significant proposal to amend New York's legislation, one that (as many argue) has a serious potential to negatively impact many aspects of New York's alcohol beverage industry. Although this proposed law does not directly regulate the state's winegrowers, the inevitable flow of wine products through the three-tier distribution model will impact growers and producers to the extent that the types of wines offered at retail to consumers could be more limited should the bill become law.

While the state's wine industry is clearly booming from a growth perspective, many of its legislative initiatives must still be altered to recognize and respect that New York's wine industry is a major contributing factor to the state's economy. Further to the point, laws and regulations that foster the growth and

expansion of a New York wine industry will only assist state producers gain additional international recognition, as well as remain one of the top domestic producers of grape wine. It seems indisputable that Governor Cuomo's regime supports the advancement and prosperity of New York's wine industry – this is evident through recent bills passed into law under his governorship – however, the development of counterproductive laws and bills, such as the "at rest" law, could be a restraining factor in the state's successes.

In 2013, the American Wine Consumer Coalition graded states on the basis of how friendly each was to consumers with respect to wine accessibility. While California unsurprisingly received an A+, New York ranked num-



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ber 28 in friendliness and received a grade of a D+. The reasoning is New York's prohibition of grocery store wine sales and refusal to allow retailers to directly ship to consumers.

### 5.3.3 New York Wine Industry Association (NYWIA)

The New York Wine Industry Association (NYWIA) is a not-for-profit organisation formed in February 2009 by a group of passionate grape growers, winery owners and allied suppliers in New York State. It is the only association of New York State wine and grape professionals aimed at informing, promoting, representing and defending the diverse interests of New York's wine industry. NYWIA expresses the concerns of the industry with a unified and powerful voice.

NYWIA's mission is to "promote the stability and advancement of the wine industry in New York State through advocacy and public education." Across the state, 1,631 family vineyards and 320 wineries generate US\$800 million in local and state taxes, for a total economic impact of US\$4.8 billion each year. Therefore, the ability to thrive and grow not only impacts the industry directly, but also impacts hundreds of thousands of people and numerous small businesses. NYWIA also

works towards increasing public awareness about the industry. NYWIA is proud of our state's rich winemaking history, and intends to be a dedicated and fervent promoter of tomorrow's wine industry in the great State of New York.

### 5.3.4 New York Wine and Grape Foundation

The New York Wine & Grape Foundation has been designated as the Co-operator for the Market Access Program (MAP) or similar earlier programs since 1992. MAP is administered by the Foreign Agricultural Service of the US Department of Agriculture. The Program is funded, along with several other programs administered by USDA by the US Congress as part of the Farm Bill. Typically an invitation to participate is sent out annually to all New York wineries. Then periodically through the year as events are coming up, announcements may be sent out to wineries that signed up for a particular market or it may be sent out as a reminder to all wineries again.

For several years, the New York Wine & Grape Foundation has conducted a small export program with funding support from the US Department of Agriculture's Foreign Agricultural Service (FAS). Susan Spence co-

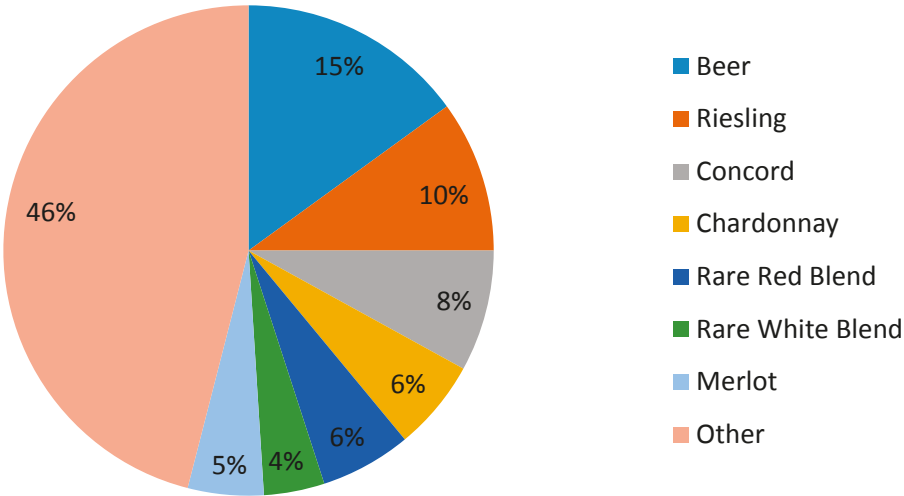


ordinates and executes the program (with help from other staff members and industry members), which includes both “generic” (New York) and “branded” (individual winery) components. In an “average” year, about 25 New York wineries from the different regions choose to participate in the program to one degree or another, although for the past couple of years product from 50+ wineries have been utilised at one time or another in the program. In the past the program focused primarily on Canada (especially the provinces of Quebec and Ontario) and the United Kingdom, but programs were carried out there was assistance with winery efforts in Belgium, France, Germany, Japan, Hong Kong, and Sweden. In 2014 it is focusing on these markets again, with the possibility of a shift in focus in Canada to western provinces and the addition of China.

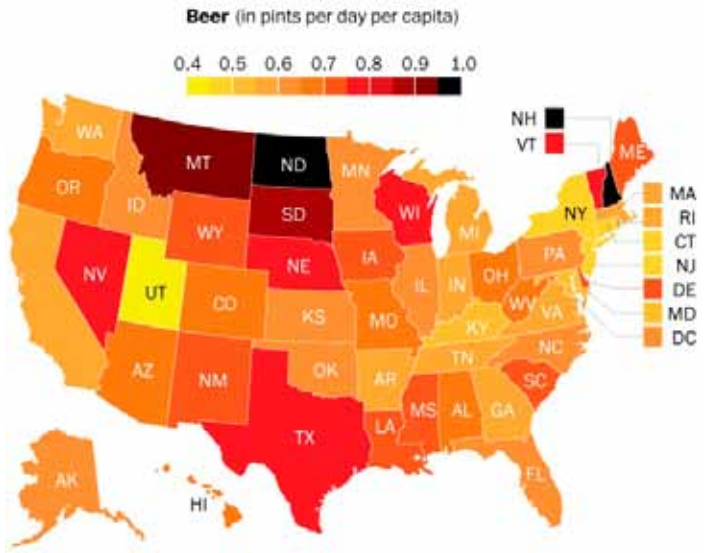
### 5.4 Markets

- **Belgium** – Three New York wineries have joined with a small family owned company in Luxembourg. They have made sales in Belgium and also shipped product and/or samples to the UK, Denmark and Finland. They may be willing to assist other small wineries with getting wines into Europe or at least consolidating shipments of product
- **Canada** – Generally considered a good “start=up” market for US producers due to commonality of language and proximity. Working with the provincial liquor control boards can have some challenges, but Alberta has privatized and there are independent shops in other western provinces which are looking for new products to intrigue their customers. A recent familiarization tour has some buyers considering a buy in of New York products in Alberta and

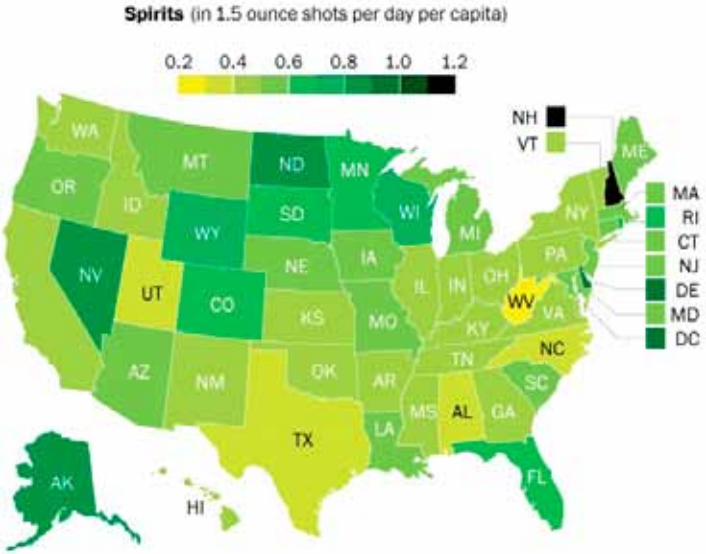
Consumption per category in New York State



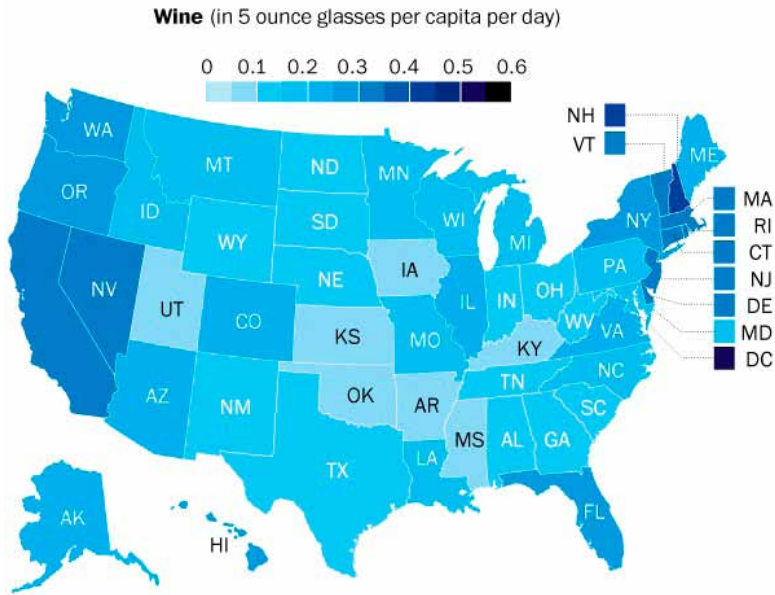
Alcohol consumption by type by state: Beer (in 0.5L per day per capita)



Alcohol consumption by type by state: spirits (in 1.5 shots per day per capita)



## Alcohol consumption by type by state: wine (in 150ml glasses per day per capita)



BC. Some New York wines are already available in Manitoba and Alberta.

- **China** – Some small wineries have tried working in the Shanghai area and there is interest in this market's potential.
- **France** – They main reason France is included in the program is so to have influential media participate as judges in the New York Wine & Food Classic. A special event for leading media in Alsace is planned to show wines in conjunction with some of the best from this region. This would coincide with other events to ensure attendance by world leaders in wine media. ProWein is now supplanted Vin-Expo as the show for Europe.
- **Germany** – ProWein is the single most important wine show in Europe. More Scandinavian countries and other European countries are represented than in Germany's show.
- **Hong Kong** – “One country, two systems” is how the Chinese government explains the current situation there and consequently the US government has kept Hong Kong as a separate market from the rest of China. Compared to China, Hong Kong is willing to pay more for wine, is comfortable dealing with smaller production levels, and is more knowledgeable about wine in general. And Hong Kong has decided they want to be the Asian hub for wine so they dropped their tariffs to zero a few years ago. There is

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also very good support from the US Embassy in Hong Kong. With a much higher understanding of English in the trade, it is also easier to communicate and there are not as many changes required in labels.

- **Japan** – A few wineries have representation in Japan and there is support with special promotional pieces and a presence at a trade show in Tokyo.
- **Sweden** – A few New York wineries have representation in Sweden and there is a small program to assist. The monopoly system is not necessarily easy to work with, but there are some companies which can sell direct to on premise establishments.
- **United Kingdom** – Several wineries have representation in the UK and have wines in top on premise establishments and some wine stores as well. The UK is a great market for wine appreciates cool climate flavour profiles and has some awareness of New York as a wine producing region but would like to see more wines available in the market.

## 6 CONSUMERS

In terms of alcohol consumption, New York State consumes annually 80 litres per capita (see figures for detail on wine, beer and spirits consumption). New York State ranks third in grape production by volume after California and Washington. Eighty-three percent of New York's grape area is *Vitis labrusca* varieties (mostly Concord). The rest is split almost equally between *Vitis vinifera* and French hybrids.

Although much of New York wine is consumed locally, the state's inhabitants maintain

a keen interest in wines from elsewhere in the world. The shelves of the best New York wine stores are well stocked. There are roughly 726 New York Wine Retailers across 102 cities.

Many initiatives have been launched to improve consumerism in the state. One of the initiatives is the Taste NY marketing and branding program at state liquor stores to maximize exposure and sales. The program will include Taste NY signage to highlight New York wine and spirit brands on shelves and encourage store owners to build product displays highlighting the wide variety of New York brands.

The State has also set a goal to triple the number of restaurants participating in the Pride of NY Restaurant Pledge. Restaurants that have joined this program are working to increase their use of New York products by 10% or more, in order to support the sourcing, marketing, and education of New York State grown and made products. Taste NY has coordinated with the beverage industry to identify the events of greatest importance to the exposure and sales of their products. Taste NY ambassadors also be appointed to promote New York State products and events and the New York Racing Association's Saratoga Race Course will feature alcoholic beverages and foods produced in New York on specific days.

In 2013 a one stop shop was launched designed to provide New York's wine, beer, and spirits producers with a single point of government contact for assistance regarding regulations, licensing, state incentives, and any other questions or issues facing the industry. The one stop shop will now market available state financing options to the farm-based beverage industry. In addition, a new on-line marketplace will be launched to connect farmers to beverage producers, a new busi-

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ness mentor program for the craft beverage industry will be launched and state-operated webinars will be hosted on a variety of industry-related topics.

There are no dry counties in New York as they are not allowed to make that decision. However, individual cities and towns may. In the case of towns, the decision would also be binding on any villages within them, or the parts of villages within them. Cities and towns may become totally dry, forbidding any on- or off-premises alcohol sales, or partially dry by forbidding one or the other or applying those prohibitions only to beer or to wine and spirits.

Currently there are nine dry towns in the state, all in lightly populated rural areas upstate. Ten towns forbid on-premises consumption but allow off-premises; four allow both only at a hotel open year-round. Seventeen disallow only special on-premises consumption. The town of Spencer in Tioga County allows only off-premises and special on-premises consumption. Williamson, in Wayne County, bans on-premises sale of beer at race tracks, outdoor athletic fields and sports stadia where admission is charged. In all, there are 39 partially dry towns. The minimum drinking age is 21.

## 7. CONCLUSION

With the news that America beat out France as the world's largest wine market for the first time in 2013 it is certainly important to sit up and take note of this vast market. However it is a diverse market. The US comprises 50 states, each one unique in many aspects including alcohol consumption, GSP and legislation.

The New York State wine industry is a major engine of economic development, generating well over US\$4.8 billion in economic benefits to New York State annually. Wineries (that translate into new investment, new jobs, new tourism, and new taxes) have spread from the traditional regions to places never envisioned as wine regions. It is thus an evolving wine industry. The New York grape, grape juice and wine industry comprises 1,631 family vineyards, 416 wineries and 175,000,000 bottles of wine.

The state has four major wine-growing regions and new trails are added based on unique terroir characteristics.

This all makes New York State a notable, unique and lucrative wine market.

*Compiled, in collaboration with SAWIS, by  
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