

Wine and Climate Change: Some Economic Aspects

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I will begin by employing a panel model to analyze the impact of warming on revenue, cost, subsidies, and profits of grape growers in all viticultural regions within the European Union. The model results suggest that the impact of global warming will be ambiguous. While grape growers in the south and east of Europe may lose from further warming, grape growers in the northwestern viticultural regions of Europe will benefit from climate change.

A similar model applied to Washington State suggests that grape growers are currently operating near their revenue maximum. Even moderate temperature increases may not be harmful to the State as a whole. However, certain regions and grape varietal may be adversely affected.

In the last part of the presentation, I will analyze retail margins for Bordeaux *Grands Crus* wines within the mandatory three-tier system of New York State. In particular, I will try to answer the question “are retail margins higher for wines from warmer (i.e., better) vintages?” I find that wholesalers overcharge for wines from top-vintages resulting in smaller retail margins. That is, while warmer Bordeaux weather conditions may benefit growers and wholesalers, retailer profits are negatively affected.