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Abstract

Uncorked?: The Dynamic Interaction Between the Global Markets for Wine and Corks

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The wine and cork industries are both global in scope. Historically, corks were used to stopper ninety-five percent of wine bottles. Cork production is concentrated in Portugal and Spain. Cork comes from the bark of cork oaks and is harvested in nine-year cycles with individual trees being productive for between 100 and 150 years. Hence, the supply curve in the cork industry is highly inelastic. An increase in the demand for wine in North America and the antipodes as tastes changed to include wine in alcohol consumption led to an increase in the derived demand for corks – which was difficult to accommodate given inelastic supply. This led to a search for substitutes for corks and a change in the narrative to convince consumers that wine sealed with screw tops was not of low quality. Over time, this led to the gradual acceptance of screw tops (and other alternatives to corks) by wineries and consumers. The switch was most dramatic in Australia and New Zealand. The global share of corks declined dramatically. In reaction, the cork industry began to actively try and reverse the trend to screw tops. It invested in improving the quality of cork and in changing the narrative so that consumers would associate corks with being the sustainable source in wine stoppers. After forty years of disequilibrium, a new equilibrium may be being approached.

Keywords: corks, disequilibrium, narratives, screw caps, wine

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