

NEW BROOM AT INAO

INTERVIEW WITH YVES BÉNARD

Although France has a long wine tradition, it has seldom before had to face the sheer number of problems that currently beset its industry.

Worse, many analysts believe that it has neither the institutions nor the political will necessary to solve them. For many, it thus came as a welcome relief that Yves Bénard from Moët & Chandon accepted the vacant position at the head of the Institut National des Appellations d'Origine Controlée (INAO). Robert Joseph and Joel B. Payne spoke to him about his new job and where France is heading.

-----**WBI:** A new reforming President, a new Prime Minister, a new Minister of Agriculture and a new head of the *Institut National des Appellations d'Origine Controlée* (INAO) with experience of the internationally branded Champagne market. Does this mean that we are finally going to see some dramatic changes in the structure of the French wine industry?

-----**Yves Bénard:** Time will tell. Let's be modest and realistic. I'll repeat what I said to my colleagues at the *Comité National Vins et Eaux de Vie de l'INAO* when I first arrived: "My ambition is to bring to the network my understanding of the markets where the products are consumed, and my knowledge of the way things are done in Champagne. I have great freedom of action, without a road map drawn up by the government, but I must bring about the reform which was voted on by parliament to transform the INAO into *l'Institut National de l'Origine et de la Qualité*".

-----**WBI:** Jean-Claude Rouzaud from Roederer provocatively said recently: "L'INAO, ça existe encore?". Does France even need the INAO?

-----**Yves Bénard:** The new INAO will have to make the appellations evolve into modern entities, correcting the practices that were fairly criticised such as the rubber stamping of appellation status by local producers and the running of the AOC by regional *syndicats*. The reform separates these responsibilities. I believe that France will need an effective INAO as part of the European wine industry.

-----**WBI:** What do you think are the most urgent problems that need to be addressed at the INAO?

-----**Yves Bénard:** The most urgent task is the putting this set of reforms into action. We have three very clear objectives.

- a) by the end of July 2007: recognition of the organisations that will in the future defend and manage the appellations in concert with all the appropriate industry members.
- b) by the end of December 2007: establishing appellation decrees that will in future be known as 'cahiers des charges' - sets of specifications - that I hope will permit a fresh look to be taken at the structure of the French wine offer.
- c) by July 2008: setting in motion a new system of *agrément* by bodies that are independent of the regional *syndicats*.

-----**WBI:** No one else wanted your job - and you didn't even apply for it yourself. Why did you take it? How long do you plan to remain at your post?

-----**Yves Bénard:** I accepted this position in order to give back to the wine world something of what it has given to me, and because the Minister of Agriculture gave me a free hand. The ministerial decree that confirmed my appointment is valid until August 2010.

-----**WBI:** The INAO is thought by outsiders to control all of French wine, but its jurisdiction does not cover non-AOC wine. Does it make sense today to divide the jurisdiction of the French wine industry between several bodies?

-----**Yves Bénard:** In France, the wine industry is managed today by two structures: Viniflor is responsible for Vins de Table and Vins de Pays and the INAO runs the the Appellations d'Origine Contrôlée (AOCs). Some form of evolution will be possible when the Common Agricultural Policy (CAP) has been reformed, with the probable disappearance of the VQPRD (Wines of Quality Produced in Determined Regions) and the adoption of a system for wine of AOCs and IGP (Protected Geographic Indications). We'll see that happening at the beginning of 2008. There is, however, already some coordination between the two bodies because I'm a member of the management committee of Viniflor. Its president is also a member of the National Committee of the INAO.

-----**WBI:** French growers have become dependent on European subsidies the rest of the community is no longer willing to pay. How can you help the French president address this?

-----**Yves Bénard:** I don't want to express my personal views on the reform of the CAP negotiations other than to say that reform is necessary. The community's funds need to be used



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more efficiently. For example, we should increase the budget to promote European wine in third countries rather than distributing subsidies that are supposed to eliminate overproduction. European financing of ‘green harvesting’, that is the removal of excess immature grapes during the growing process, also strikes me as an interesting idea.

-----**WBI:** Thierry Jacquillat, the former head of Pernod Ricard, said last year that the creation of a French Jacob’s Creek was not possible because of French attitudes. Does one of your tasks involve changing the philosophy of the French wine industry?

-----**Yves Bénard:** I share Jacquillat’s views, but the most important aim for me is to encourage the growth of global consumption. With new markets, dynamic producers and talented distributors much can be done, irrespective of whether they are European, American or Australian. Nonetheless, I recognise the fact that the French wine industry has lost market share and hope that the future segmentation of the offer, notably with the most dynamic regional appellations in concert with the Vins de Pays, will inspire French companies to rethink their strategies.

-----**WBI:** Is Champagne a model for other regions to follow?

-----**Yves Bénard:** Champagne can be an effective model, particularly in its ability to use contracts over several years to deal with peaks and troughs in supply and demand. While the grape growers deliver high quality raw material, the Champagne houses develop aggressive marketing strategies. Although there are strict rules covering the way the way the profits are divided between both groups, you still have to have a cake to divide in the first place!

-----**WBI:** It could be argued that the success of Champagne lies in the relative simplicity of the offer, with a single appellation and a brand. Are there lessons to be learned by appellations like Bordeaux?

-----**Yves Bénard:** Given the particular way in which it is produced, that’s where the Champagne model has its limits, but I hope to be able to create wider regional offers and more competitive means of production that will be of interest to large French and overseas industrial producers. The Vins de Pays have already taken a big step in this direction with Vignobles

de France, a new category that authorises the blending of regional Vins de Pays in order to produce large volumes of varietal wines with consistent quality.

-----**WBI:** Although Vignobles de France will allow the creation of more competitive higher-volume French wines, the new designation is still very cumbersome compared to the New World model. Why not introduce their kinds of freedom?

-----**Yves Bénard:** It’s a first step in the right direction, but the aim is to raise the bar for the Vin de Pays category rather than to pull it downwards. For this reason, brands that are to be launched under this category will have to conform to certain rules. That doesn’t seem to me to put a brake onto the process. Everyone involved in the French wine industry has both called for and accepted a policy of ‘wait and see’.

-----**WBI:** The French system allows producers in one region to restrict the activities of their counterparts in other parts of France. Is this kind of inter-regional interference sustainable in the 21st century?

-----**Yves Bénard:** The top French AOCs work well, with a legitimacy that has been derived from their regional traditions. Now is not the time to confuse matters by creating competition between regions. Having said that, we have to keep an open mind when it comes to new opportunities, especially if global temperatures continue to rise.

-----**WBI:** The AOC and VdP systems explicitly prevent producers from innovating with different grape varieties or winemaking styles. In Spain, these are covered by the “experimental” designation. In Italy, IGT rules have permitted the production of Chardonnay by Chianti estates. How can France compete with the freedom now enjoyed by its neighbours?

-----**Yves Bénard:** When it comes to introducing new grape varieties into AOC regions, I’d like future sets of rules to allow this to happen within a set of safeguards. Innovation should be a possibility and I really hope that the National Committee of the INAO will follow my lead on this.

-----**WBI:** One of the central planks of the AOC system is the legal restriction of yields per hectare. Given the fact that in Bordeaux, for example, planting density ranges from a legally sanctioned 2,000 vines per hectare - or in some cases as little as 1,500 - to 10,000, it is not logical to impose limits per

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hectare. Surely, the easy way to improve quality fairly would be to introduce limits per vine.

-----**Yves Bénard:** The AOC system aims to establish a minimum of 4,000 vines per hectare in order to achieve a predetermined yield. Some vineyards could have 3,300 vines provided that the leaf area is sufficient and the yield lower - but this is still being studied. As we move forward, no AOC vineyard should have less density than these kinds of levels.

-----**WBI:** France does not currently have a central research facility of the kind that’s helped the Australian and Californian industries. Surely this would be where the INAO could lead?

-----**Yves Bénard:** Research and development in France is handled nationally by l’Institut Technique de la Vigne alongside further research programmes by L’Institut National Régional de la Recherche Agronomique (INRA). The major regions such as Alsace, Burgundy, Bordeaux and Champagne also have their own research laboratories that work in synergy with each other. The INAO has no research centre, but it does have a Technical Commission which acts in partnership with l’Institut Technique de la Vigne.

-----**WBI:** The INAO was created in 1905 to deal with wine surpluses rather than quality. Since then, quality and style have become more of a focus, but these are necessarily subjective and rules vary from region to region. Bordeaux producers have been allowed to put their grape varieties on their labels and to use reverse osmosis equipment, albeit admittedly on an “experimental” basis. These liberties have been denied to producers in other areas. Is this sustainable?

-----**Yves Bénard:** One of the objectives of the INAO reform that is currently under way is to harmonise cultural practices between regions. There will have to be clarification over the authorisation or outlawing of some techniques. The examples you refer to are currently the subject of study and experiment, but decisions need to be taken on their acceptability quickly.

-----**WBI:** The INAO seems to have paid little interest historically to the requirements and benefits of consumers. In a market-driven age, isn’t this something that should change?

-----**Yves Bénard:** In the speech I made when taking my position, I announced that our choices of strategy would give priority to the question of quality, and the exploitation of the natural

value of our terroirs, but they’d also take on studies of various markets, that we’d be permanently listening to consumers.

-----**WBI:** Part of the role of the INAO is to create new appellations. If an appellation acts as a brand, surely France already has too many for the global market?

-----**Yves Bénard:** I also announced that too many appellations had been created and that we had distanced ourselves from the original aim of Senator Capus, the first President of the INAO, which was to create appellations that had already gained not only renown but also a presence in the market. More than 50% of France’s wine now has an AOC - and there are over 400 appellations! We urgently have to stop this spiral and reverse it by regrouping some appellations within the framework of a more straightforward offer. This, however, is easier said than done!

-----**WBI:** The recent Australian strategy document “Directions” refers to innovation and getting close to the consumer, neither of which activities has been associated with the INAO. Do you see any benefit in following the Australian model and perhaps even drawing up a national strategy?

-----**Yves Bénard:** Despite the current drought, Australia today is undergoing difficulties linked to structural overproduction. I first await the sorting out of the CAP and the future regrouping of the French wine offering under geographic indications within the category AOP - Appellations d’origine Protégée Européennes - and IGP. Then we’ll be able to see the appropriate model and the initiatives to take with regard to the markets

-----**WBI:** Over half of France’s wine is produced by cooperatives. In Languedoc Roussillon, the figure is 70%. A few of these are very dynamic, but these are the exceptions to the rule. How can the INAO change the cooperatives’ attitudes?

-----**Yves Bénard:** I am optimistic about a change in attitude that I see among the bosses of the cooperatives. They know that their future is now in their own hands and not in those of the state, but it is crucially important for future European agricultural policy to preserve the specific characteristics of the wine industry. Wine is neither sugar nor wheat. ■

This is an excerpt from a longer interview.
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