

UNDER PRESSURE

The Champagne market is booming, but the sales and quality of the world's greatest sparkling wine is under pressure on four different fronts, reports Tom Stevenson. How the Champenois react to these forces will determine their fate.

Despite steeply rising prices and a significant drop in US sales, shipments of Champagne increased for the eighth year running in 2007, to hit an all-time record of 338.7m bottles, even while the Champenois are busily developing China, Russia and India as the export superstars of tomorrow. So why are there so many glum faces in Champagne? Because four distinct fault lines have appeared beneath Champagne's deceptively sparkling sales performance: expansion, climate, AOP rules and cyclical sales.

Viticultural expansion

An expansion has been on the table for at least 30 years, but had not been entertained until now because there were still too many hectares waiting to be planted and, even if fully planted, sales were not threatening to exceed supply. The economic crises of mid-1980s or early-1990s would have made ideal moments to embark upon this project, since it could only have been seen as an academic exercise. Today, however, with Champagne's yield per hectare recently increased by almost 20% (from 13,000 to 15,500 kilos), sales at record levels, rapidly rising prices, demand outstripping supply, almost every spare hectare of AOC land exhausted, and no explanation of how it is possible to enlarge a supposedly strictly delimited region, is it any wonder that such an ill-timed expansion is viewed as simple greed? In June 2008, there was talk in Champagne, for the first time ever, that this expansion would not go ahead because some houses saw the declining US market as an indicator of a forthcoming global slump in sales. Not only would this be stupid

and merely confirm the greed motive, but it would be pointless because the expansion is such a lengthy process that no one knows what state the industry will be in when the process is finished. It has taken five years to propose the villages, any new vineyard areas will not be known until 2016 at the earliest, and even then the details will be subject to a public inquiry that could grind on and on. For Champagne's own good, the expansion must be dealt with now, even if the vineyards are not immediately planted upon completion.

However, the last mile of this process must be handled far more adroitly than the first. The attempt to milk an expanding market has highlighted a question that cannot be erased, so the only damage control the Champenois can mount is twofold: to explain the logic that permits an expansion of a strictly delimited region, and to demonstrate that the specific expansion sought will not dilute quality. Although the strictly delimited region today consists of 35,200 hectares spread over 319 villages, the Champagne appellation law of 1927 (which grew out of the delimitations of 1908 and 1919, and the lawsuit of 1911) allowed in excess of 46,000 hectares to be planted in 407 villages. In 1951, though, Champagne experienced a severe slump in the market, and requested a contraction in the delimited area which the INAO undertook, reducing the AOC to just 34,000 hectares in 302 villages (the figures have since crept up). Thus even the most ambitious estimates of the current expansion would not result in a larger delimited region than originally legislated - and the 1927 law did not include a number of highly rated villages that never applied

"The idea that vintage Champagne should be lowered to the EU minimum of 85% is a dangerous one. It would undermine the reputation of both vintage and NV Champagne."

Didier Mariotti,
Chef de caves,
Champagne G.H.
Mumm



because their mayors and landowners were not interested in the production of Champagne. So it is not so much an expansion outwards, as a consolidation inwards, with all the proposed new villages falling well within Champagne's historical boundaries. To be able to satisfy consumers that this expansion will not dilute quality requires every hectare of newly classified AOC land to be potentially superior to the average quality of Champagne's current vineyards, with complete transparency of the quality criteria involved and how those yardsticks have been applied.

Climate change

In the 1990s, the average growing season temperature in Champagne rose from the previous 40 year average of 14.3°C to a 10 year average of 15°C. This warmer weather has unsurprisingly resulted in lower acidity and higher pH levels. The instinctive reaction has been to lower dosage levels for the Brut category in general, and this has regenerated interest in the low-dosage and no-dosage categories, individual wines of which are often pitched at a premium price as special, deluxe or gastronomic cuvées. As a consequence, these expensive, sought-after cuvées are being cellared by consumers; however, to age gracefully, Champagne needs to have a certain minimum dosage, and

those consumers are in for a shock. Brut Nature and Extra Brut are fine for immediate consumption, but lack the longevity of Brut Champagnes. They evolve in a coarse, aldehydic manner as opposed to a Brut Champagne with at least six grams per litre of residual sugar, which develops smoothly and with more finesse. Some producers who believe in low or no dosage also believe in low or no sulphur after disgorgement, usually for the best of motives, but this exacerbates the oxidative ageing issue. If the trend for low- and no-dosage continues, the industry risks upsetting collectors, its most ardent devotees, and this will erode Champagne's reputation for exceptional longevity, which sets it apart from other sparkling

wines. Reducing the dosage is

not the only option: acidification (legal every year in Champagne) or a combination of tweaking both dosage and acidity levels are other short-term solutions, but if the average growing season temperature continues to rise, the only long-term remedy is a fundamental reassessment of clones and viticultural practices based on a warmer climate.

The move to AOP

In line with EU directives, part of the French government's five-year plan to modernise its wine industry, and help producers to be more competitive with the New World, involves the re-branding of its wine categories. Vins de Table will become Vignobles de France (currently an all-encompassing *Vin de*

Pays), while Vins de Pays will be classified as IGP (*Indication Géographique Protégée*, or Protected Geographical Region), and AOC will become AOP (*Appellation d'Origine Protégée*), with the emphasis moving from 'controlled' to 'protected', encouraging more flexibility. In theory, each appellation could be reset to the very basic limits imposed by EU legislation, but in practice they will retain their traditional values while dispensing with the most bureaucratic restrictions that achieve little more than to impede producers from competing with cheaper products from less controlled wine regions.

Formula for disaster?

However, some of the very biggest houses in Champagne want to take advantage of this opportunity to bring vintage Champagne in line with the 85% EU minimum, which would be a formula for disaster. A widely blended non-vintage is not the only legitimate style of Champagne, but it is the model that has carved out this industry's profitable global market. The Champenois invented wine marketing. They pioneered worldwide export drives in the early 19th century, when many of today's accepted classic French wines were unknown. And they have held on to those markets to this day. They achieved this on the back of their non-vintage style, spreading the story that only in Champagne's marginal northern climate could great sparkling wine be made and, because of that marginal climate, the harvests were irregular, requiring the Champenois to perfect the non-vintage style, to smooth the differences and blend a consistent style and quality. No other wine region has elevated the non-vintage category to such a high status, let alone embellished it with a story that is still swallowed two centuries later. This is why wine marketers the world over are so envious of Champagne, yet there are those who would not only throw away this advantage, but would also render vintage Champagne pointless in the process. It is because of Champagne's unique non-vintage reputation that the current regulations stipulate, unusually for

French AOCs, that a vintage must be 100% from the year indicated. Some purists would argue for 100% for all vintaged wines everywhere, but anything less in Champagne would result in a nonsense: vintage Champagnes containing less wine from a single year than non-vintage Champagnes!

Cyclical sales

Everyone knows that Champagne sales are historically cyclical, so it would not be going out on a limb to predict that the next plunge in the market will take place within a decade. Indeed, with 9/11, the second Gulf War, environmental worries, recession and soaring fuel prices, the question that perplexes all Champenois is: how has the current boom continued for so long? Perhaps this is why 'greed' is too harsh a word for an industry that has to balance the profits and losses of its boom-bust economy to ensure that there are sufficient funds to invest in the future. Looking back to the last slump in the early 1990s, 25 of the 43 largest producers reported a loss in 1993, and with borrowings exceeding their annual turnover for 11 of these firms, bankruptcy loomed. Ex-cellar prices did not return to their 1991 value until 1999, since when the industry not only had to recover from the slump, but also fund a massive investment program to provide bulk-storage for up to half an average crop as 'personal reserves' (to even out large and small harvests). If producers have not started asking themselves what they did during the last slump in sales that they could do better next time, they deserve to go bust. ■

1 The size of Champagne's vineyards

Year	Villages	Hectares
1928	407	46,000
1951	302	34,000
2008	319	35,200
2016	357 ¹⁾	45,200 ²⁾

¹⁾ As recommended by INAO, and currently going through a public tribunal, which may add or delete villages before signed into Law.

²⁾ The highest estimate so far (Pierre-Emmanuel Taittinger).