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MAYHEM IN THE MIDI – DELIVERED BY MICHEL LAROCHE

A LAND OF PLENTY

The 'Midi' is a land of plenty, however, it has had a colourful history over the last century... and its efforts to adapt to change are far from over ...

In terms of natural resources, the region has everything necessary to be one of the best wine producing regions in the world: an ideal climate, an infinite diversity of terroir that provide ideal conditions for grape varieties.

So, why is a region, blessed by the gods, in such chaos?

To understand, we need to go beyond the natural environment and look more deeply into the history of the Midi and its winemaking culture.

TRADITIONALLY THIS IS A REGION THAT WAS MORE PREOCCUPIED WITH MAINTAINING LOW PRICE RATHER THAN QUALITY.

As a child, a long, long time ago, I remember being taught at the village school – a couple of miles from Chablis – that in the 1950s, the average Frenchman consumed 135 litres of wine per year! Hardworking labourers could drink 10 litres of wine in their day!! So where did this wine come from? The Midi.

At the time, winemaking was considered as a simple form of agriculture, like sugar beet or wheat. Producers paid more attention to the alcohol content of the wine than the



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taste. Wines were priced according to their alcohol degree per hectolitre. A litre of 10° would sell for 1 franc, whereas a 12° wine could raise 20 centimes more per litre.

It is no surprise therefore, that huge Cooperatives flourished as a result of such mass production, filling immense concrete vats with wines registering between 9°-11° alcohol. Nobody talked about finesse, terroir or varietal – the essential factor was to keep production costs down.

Up until the 1950s, competition from other winemaking countries didn't exist. In France, we drank French wine – it was as simple as that and the main concern of French winemakers simply was to ensure that they produced enough to satisfy the internal market.

Without going into French history in detail, the real difficulties appeared towards the end of the 1950s and 60s when the first imports of Italian and Spanish wines started arriving in France and this signalled the slow, but inevitable decline of French wine consumption.

SINCE 1970, 100 000 HECTARES OF NEW VINES HAVE REPLACED THOSE UPROOTED.

The massive uprooting of the 1970s, supported by EEC financial aid, removed 200 000 hectares from the Languedoc landscape. Efforts were concentrated on uprooting the poor quality varietals such as Aramon to begin with, and mediocre varietals like Cinsault and Carignan were given a short respite from their inevitable destiny.

During the period 1970-2000, boosted by the new denomination « Vin de Pays d'Oc », a tremendous effort to turn around this wine-producing region followed. 100 000 hectares of new, good quality grape varieties such as Syrah, Merlot, Cabernet-Sauvignon, Grenache, Chardonnay and Sauvignon replaced the ripped out vines.

From 1985, my team and I also encouraged growers to replant and over-graft Chardonnay vines in the region for our "L" Chardonnay.

The Phylloxera that ravaged Californian vineyards gave the Midi a false sense of security in the 1990s by increasing the demand for our wines. However, since 1998,

that demand has started to dry up as the newly planted American vineyards have come back into production.

HOW HAVE WE, THE FRENCH, LET OURSELVES BE BEATEN?

The real problems have arisen over the past three years.

I don't know if today the Aussies are selling more wine in the UK than we do, but the recognition of our great winemaking power is crumbling and we are starting to lose dominance in key markets like the UK to the New World. Why?

And how have we, the French, winemaking world champions, let ourselves be beaten?

Like all of you, I know that there are several reasons for this, but I will try to list some of them:

The consumer is his own man! We can tell him until we're blue in the face, that our wines are the best because our fathers and grand fathers have always made wine in this way etc etc, but it really doesn't matter, he will make his own decision.

Today's consumer appears to have a soft spot for anything that comes from the New World because it's sexy and easy to understand (they speak the same language after all!). The New World producers care about their consumers, they pamper them, they ask their opinion in order to know what they want to drink and what price they are prepared to pay. Perhaps these consumers think that the garlic chewing French wine producers are just a little bit arrogant with their talk of science and complicated appellations.

Rest assured, the French are starting to understand the situation. Opinions include those who go so far as to say that French wines are not good enough, that quality is too irregular and that they are overpriced. Their simple, common sense approach tells us that we should listen carefully to what the consumer really wants and start marketing our products!

Others argue that French producers have all the trump cards and that they are capable of reacting and providing satisfactory results for the market.

Either way, in my opinion, it is time to roll up our sleeves and get on with it... as we have our work cut out!

A CHANGE OF MENTALITY FOR THE COOPERATIVES

The Midi produces a surplus of lower end wines which no-one wants to buy! I predict that 100 000 hectares of poorer quality vineyards will disappear within the next ten years – but this won't be without blood and tears!

The co-operatives, which still represent 70% of the region's production, should seriously analyse their role for the future. They should be more strict with the quality of wines supplied and should pay their producers accordingly. Their old, egalitarian philosophies are unrealistic in the modern day market.

They should also stop their policy of emptying vats each year in order to make enough space for next year's harvest, as if they continue in this direction they will never be capable of paying their suppliers correctly. I realise that I am advocating nothing less than cultural revolution and that to recover a market's economy is easier said than done. However, if they want to avoid an inevitable, slow and painful demise, this is the only option.

Happily, a few of the better quality cooperatives have already started working in this way. We cross our fingers that the others will follow ... in due course.

FRANCE SHOULD BACK ITS' MORE SUCCESSFUL EXPORTERS - SUCH CHANGES ARE ONLY POSSIBLE WITH A DRAMATIC CHANGE IN MENTALITIES.

I believe, like Jacques Berthomeau, that in order to stop this decline, France must take stock and start encouraging its best, most successful exporters to create strong brands and to put in place real marketing policies with communication and promotional budgets.

However, for this to be possible, there needs to be a political desire to help the better performing companies. At present, almost all-financial aid is production based, which means that the majority is channelled to the co-operatives. (And there are obviously more voters among the cooperatives than amongst the nogociants!).

In my opinion, this dreadful situation is maintained, whether intentionally or not, by two groups. On the one hand, the political leaders of the region have a tendency to

distribute public funds without addressing the real problems, and on the other hand, by the '*chefs paysans*', well-known ardent defenders of the '*peuple*', who encourage commandos to go and empty vats of Italian and Spanish wine stored in the Midi.

The negociants, disenchanted with the situation, are unable to play their role correctly. The situation has been the same for decades. The generations change but the roles don't.

The time has come to call a spade a spade and face the real problems. Political money should be invested where it is most useful. The quality of the wines must improve across the board. The negociants need restructuring in order to storm the markets correctly and then we might end up selling wines that the consumer actually wants to drink.

TOO MANY COOKS SPOIL THE BROTH?

But we are on the right track. At the end of 2000, I participated (without being president of anything in the Midi, other than my own company) in a large gathering of '*Présidents*' – or chairmen – from the region ... and believe me, it is easy to lose count of the number of '*Présidents*' in the Midi! At least 50 were there, representing all the different sectors : vins de table, vin de pays de région, vin de pays de zone, vin de pays de département, vin de pays d'oc, appellations contrôlées... independent producers, cooperatives and negociants.

Well, these 50 or so chairmen and 20 specially selected professionals spent the day with Ernst & Young consultants, who had been sponsored by the Ministre de l'Agriculture to pilot the debates, trying to understand why things were going from bad to worse and to find self help solutions.

We all agreed that something needed to be done rapidly. However things become far more complicated when one has to address the questions: when and how!

One of the principal subjects of the meeting quickly became "how are we going to simplify our structures?" or "too many cooks spoil the broth" ... who around the table agrees to give up their role as chairman in order to have fewer 'talking heads'?

Ten of our highest-ranking peers promised to go away and discuss matters seriously, amongst themselves. They either haven't had the time, or they've forgotten about me, either way, I haven't had any news in the past 14 months. These discussions are essential and without them, I doubt that we will ever simplify things ... but in my opinion, we could end up waiting a long time!

A little anecdote to amuse you – during this meeting, I dared to express the opinion that France would also, one day, start importing New World wines and that I imagined that this could represent anything up to 10% of our annual consumption in the next decade. Let me assure you that there are some subjects that one shouldn't tackle. The director of one of the major cooperatives stood up, red with anger, and shouted that I was completely wrong and that the French would never drink New World wines! ... Luckily, this kind of reaction is becoming more and more rare, BUT it does illustrate how much work is left to be done.

WE FRENCH JUST LOVE COMPLICATIONS!

One of the main problems that must be resolved is – in my opinion – France's archaic and incredibly complicated viticultural legal system.

For the average consumer, a glass of red wine is ... quite simply ... a glass of red wine! He will perhaps be brave enough to tell us that it is "pleasant, round bodied and supple" or "unpleasant, harsh and acidic". He will also be able to say how much he would be prepared to pay for that type of wine. Now, ask a Frenchman the same question and you will get a very different reply. He will explain that a wine from Puligny Montrachet is completely different than one from Meursault. He doesn't know exactly why, but the names are different, so the wines must be different.

We love to complicate things! I agree this is partly the result of history, but can we honestly say that the corporate protective system that we have developed is for defending legitimate interests? Or, on the contrary, has it not complicated things by allowing each village its own appellation ... and its Président of something?

Whatever, one thing is sure, the consumer does not understand French wine!

INHERITANCE LEADS YOU TO BELIEVE THAT YOU CAN NEVER GO WRONG!

Paradoxically, history is one of the weak points of French winemaking. Sure, it is a great honour to inherit a winemaking tradition and reputation, as long as one keeps one's eyes open! Nobody can afford to be ignorant of the world market, or of what the competition is doing, in order to keep ahead of the game and provide the consumer with what he wants. We must retain our curiosity at all costs and realise that inheritance does not give us immunity – we can still get it very, very wrong.

To stereotype, in almost all cases, the French vigneron has not chosen his destiny. He inherited the role, he doesn't travel and as a result, he has a fairly limited view of the world. Worst of all, he doesn't calculate in terms of return on investment. On the contrary, the winemaker from the New World has often realised a life dream, he is curious to learn and discover. He has invested heavily in his company and he therefore - and quite rightly so - expects to earn a legitimate return on it.

This, for me, is the fundamental, cultural difference between France (and old Europe in general) and the New World. Fortunately, things will change and over the past few years, we have seen a new generation of young French producers develop. They are curious and determined, quality oriented... our destiny lies in their hands.

Sadly, a common problem in the French wine industry is that négociants are unable to earn big enough margins allowing them to win back markets. The reasons are numerous: many are too small, they depend on family structures, they have high production costs and their product quality can be variable or not good enough, they have little or no promotional funds and they are constantly undercut by cheaper competitors etc etc. Everything is stacked against them in the battle with the New World where many producers are quoted on the stock exchange, and where their main "*raison d'être*" is to earn a return on investment. All the rest is simply well applied marketing – product, price and distribution.

IT'S IMPOSSIBLE TO WORK 35 HOURS, HAVE 5 WEEKS OF HOLIDAY AND STILL BE COST EFFECTIVE.

Above all, we have to admit that wine production in France is a very expensive business. Only the Swiss could rival us in terms of production costs.

How can one possibly work a 35-hour week, have 5 weeks holiday, benefit from one of the world's best health and educational systems and not incur huge financial costs?

The situation is worsened by a very restrictive European legal system: a Chardonnay vin de pays d'Oc must, by law, be 100% Chardonnay and not 85% as in New World countries, our yields are restricted per hectare and we have to use oak barrels instead of cheaper oak chips. As a result, production costs are twice those of the New World and it is no surprise that this is reflected in the bottle price. And this price supplement represents what the New World spends on the communication and promotion that keep them ahead of us.

Such a lack of competitiveness on behalf of the French (and the same will apply to the Spanish and the Italians in the near future) means that production in the lower than premium category will decrease in the Old World and develop in the Southern Hemisphere instead. Hasn't Europe already seen this with the decline of their textile market that was rapidly taken over by Asian countries?

If we continue like this, wine production will suffer the same fate. The producers of vin ordinaire in the Midi will, unfortunately but inevitably, be condemned to ripping up more and more vines. Only wines with a distinctive quality have a real future.

IMAGE AND REPUTATION ARE FUNDAMENTAL.

It is also vital that the cooperatives and the negociants realise that they are both simply cogs in the wheel of production and not rivals. They have to learn to work together, in the same direction.

As I have previously mentioned, under the pretext of socialism, the State prefers to pour money into production and the cooperatives inevitably get the lion's share. As long as this public money is used to improve the quality, everyone wins. However, when this money is used to buy bottling lines and sell bottles at ridiculously cheap prices in order to empty the vats, nobody wins.

And this is where one of the worst faults of the viticulture system of the Midi lies. The region produces a surplus of mediocre wine, which sells for nothing. Such ridiculous price undercutting forces the negociants to sell without making a profit, which means

they can not afford to support brands with publicity, marketing, promotions ... wines with no image, only cheap prices ... the worst! What a shame! How sad that the Midi has not taken its chance at promoting their wines and creating an image.

The Languedoc needs to develop a strong image for itself and it is through quality producers, like La Grange des Pères or Gauby, that this will be achieved. I also sincerely hope that there will be outside investment from big names recognised for their quality wines, but we must support them. How utterly stupid to refuse a producer of Mondavi's stature? I hope that one day he might return, as great reputations are exclusively generated from the top . . . and never from the bottom. What would Bordeaux be without Pétrus?

SO HOW AND WHEN?

It is impossible to predict when exactly, but for me, there is no doubt that within the next 10 to 15 years, we will have uprooted around 100 000 hectares of mediocre vineyards. There is a wine surplus in the world and the bottom is falling out of the lower end of the market.

The future of high quality wines looks very promising, but the ordinary wines from the Midi just aren't competitive enough. We will see their market share diminish and I predict that vineyards in the valleys will be replaced by cereals.

The future for the Languedoc lies in terroir specific wines. Surfaces will definitely be smaller and certainly not as easily accessible; they will be chosen for their superior quality. Winemakers will pay greater attention to the quality of the soil, exposure of the hills, drainage ability, they will concentrate only on the noble varietals, such as Chardonnay, Merlot, Syrah, Grenache, Mourvèdre, Cabernet-Sauvignon ... and use the right varietals in the right locations, all, being the conditions to get the top fruit quality. Then, they will heavily invest in sophisticated wineries to make the best possible wine. . . and my dream will be to see only one name promoted by every one, with no crazy subtle distinction between different categories but only one region for great wines: "Languedoc".

In the meantime however, we need to address the matter at hand. The Government will have to support a vast campaign of uprooting with subsidies to reduce the

unbalanced market. At the same time, the better performing negociants should also start to receive "serious" public money allowing them to compete on the export markets and then to forge a tighter bond between production and negoce.

Sadly, such changes will inevitably be at the expense of the weaker, independent producers, cooperatives and negociants, as only the strongest will survive. The result will be a healthier, stronger industry that will guarantee high quality and therefore add greater value.

It is always sad to see businesses disappear, but I'm convinced that we mustn't try to turn back the economic clock ... this is the price to pay in order to for us to become proud of our region.

The climatic conditions of the Midi are excellent and our winemakers are very talented. We are ambitious and strong willed - we have all the ingredients to win. I predict that in a few years time, the best wines from this region will rank amongst the best in France. This is one of my personal challenges!

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