

Malbec Exports to U.S. Rise 61 percent in 2008

Gains registered across price points by large producers and small wineries

Ken Koppel

a r g e n t i n a

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LIKE THE ALTITUDES at which its vines are planted, sales of Argentine Malbec in the U.S. are sky-high.

In 2008, the F.O.B. value of Argentine Malbec exported to the U.S. increased 61 percent, according to data compiled from customs filings by Argentine research firm **Caucasia Wine Thinking**. Over the past two years, Malbec exports to the U.S. increased by an annual average of 54 percent, while the varietal's share of wine exports grew from 44 to 55 percent, and the average price per case increased almost 14 percent.

Echoing these findings, **The Nielsen Company** reports that dollar sales of Argentine Malbec in the U.S. were up 61.7 percent over the past 12 months (leading all others) and "absolutely on fire." Led by Malbec, imports from Argentina overall were up 39.5 percent year to year, in contrast to recent declines from France, Italy, Australia and most other exporters, according to Nielsen.

While starting from a small base, this extraordinary growth testifies to the market's growing realization of the varietal's price-value advantages across a range of price points, particularly in an economy that has many wine drinkers focused on costs.

The U.S. imported approximately 2.1 million 9-liter cases of Malbec in 2008, up from 1.3 million in 2007 and 900,000 in 2006. During the same period, the average F.O.B price per case, in U.S. dollars, rose from \$29 to \$33 per case.

Though increases occurred at multiple price points, the fastest growing segments by volume were clustered around \$10 and \$20 retail. Gains were also substantial in the super-premium categories where limited production, single vineyard and Malbec-dominated blends now compete successfully with the best U.S. and international vintages.

Adding to the buzz, *Wine Enthusiast Magazine* named Mendoza, Argentina "Wine Region of the Year" in its 2008 Wine Star Awards, calling the region

"on par with many of the best in the world." And *National Geographic Traveler's* November issue cited Mendoza's wineries and vineyards as the 10th best rated of 109 destinations worldwide and gave it the top rating in Latin America, bolstering the region's fast-growing wine tourism industry.

Not bad for a 20-year-old industry that, after more than 300 years making large quantities of low quality wine for a thirsty domestic market, retooled itself as a player in highly competitive international export markets.

The results are a product of several factors that have been years in the making: the realization of Malbec's ability to thrive in Mendoza's high-altitude vineyards, if grown for low yield and high quality; the favorable economics of Argentina's land and labor costs and exchange rate versus the U.S. dollar; and an influx of international winemaking talent and patient big-money investment.

Malbec Drives Growth of Argentine Exports to U.S.

Bottled Wine Exports to U.S.	2006	2007	2008
TOTAL CASES	2,586,767	3,261,679	4,392,476
TOTAL FOB VALUE (US\$)	75,702,961	101,856,387	146,038,977
AVG FOB PRICE (US\$/CASE)	29.27	31.23	33.25
MALBEC (CASES)	902,354	1,312,336	2,113,327
MALBEC (VALUE IN US\$)	33,150,448	49,680,101	80,019,170
SHARE MALBEC (CASES)	35%	40%	48%
SHARE MALBEC (VALUE)	44%	49%	55%

SOURCE: Causasia Wine Thinking (info@caucasias.com.ar). Based on data provided by DGA.



LONGHORNDAYE

These factors combined with the passion of a generation of Argentine wine-makers—all of whom engaged in a constant program of experimentation to determine the clones and microclimates that would produce the best wine.

Within the industry, impressive sales gains are being registered by both the largest winery groups and an under 10-year-old generation of boutique players. The larger producers, Catena and Trapiche, for example, compete across a variety of price points, including taking on the small volume, highly focused boutiques at the high end of the market.

While the focus is clearly on Malbec, which comprises approximately 55 percent of bottled wine exports to the U.S. and is somewhat proprietary to Argentina, many winemakers are producing multiple varietals, including Cabernet Sauvignon (which also benefits from the high altitude terroir), Chardonnay and Torrontés, the Argentine white varietal.

The main Malbec-producing area is clearly the province of Mendoza, which accounts for over 90 percent of the country's wine exports by value; but other high altitude regions both north and south along the country's Andean western border are also making quality wines.



BY PRICE SEGMENT

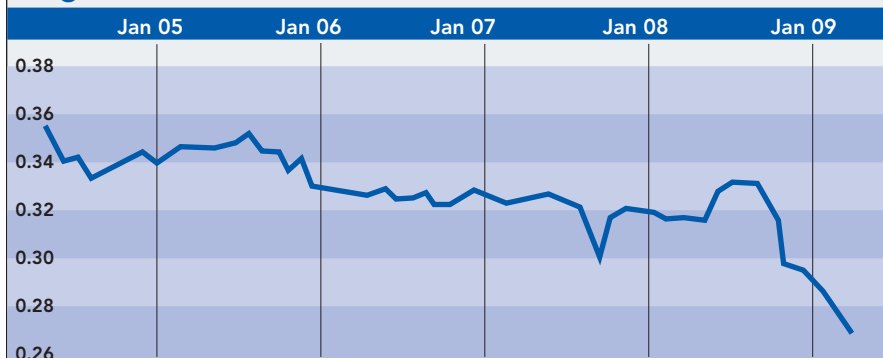
By far the fastest growing large Malbec segment has been in the \$28 to \$35 F.O.B. per case category, which is also the highest volume segment overall. Exports to the U.S. at this price point have doubled in each of the past two years. These include such brands (with spot-checked U.S. retail prices) as Don Miguel Gascón (\$10), Alamos (\$10), Pascual Toso (\$9), Terrazas Alto (\$9), Los Cardos (\$7) and Altos Las Hormigas (\$9). Ratings of recent vintages of these wines from *Wine Spectator* and *Wine Enthusiast* have typically ranged from the high 80s to several 90s, indicative of their price-value appeal.

Exports of Malbec in the \$35 to \$50 F.O.B. bracket were the second fastest growing high-volume category, increasing at a 66 percent clip and tied in second place for overall volume. Wines in this bracket include Trapiche Oak Cask, Terrazas Alto and Séptima, all retail priced approximately in the \$11 to \$13 range.

Wines in these two categories, where retail pricing variations often cause the borders to blur, topped a recent *Wall St. Journal* Malbec tasting feature story, which included Malbec entries costing up to twice the price.

Wines in the \$51 to \$85 F.O.B. per case category grew at a 32 percent rate in 2008. Brands in this category (and

Argentina Peso/U.S. Dollar



SOURCE: 2009 Yahoo! inc.

Argentine Malbec Exports to the U.S. by Price Category

PRICE CATEGORIES		US\$ FOB				FOB AVERAGE PRICE			9 LITER CASES			
Nº	Price per case (PX)	2006	2007	2008	CAGR	2006	2007	2008	2006	2007	2008	CAGR
1	PX < US\$ 28	7,629,169	7,316,137	10,211,363	15.7%	21.86	20.94	20.71	348,936	349,318	493,144	18.9%
2	US\$ 28 = PX < US\$ 35	5,579,676	11,728,536	22,852,963	102.4%	30.42	30.46	30.84	183,398	385,000	741,023	101.0%
3	US\$ 35 = PX < US\$ 50	7,184,219	12,025,846	19,961,860	66.7%	39.60	39.44	39.79	181,438	304,904	501,633	66.3%
4	US\$ 50 = PX < US\$ 85	10,335,657	15,573,206	20,552,363	41.0%	59.24	61.71	62.24	174,476	252,355	330,200	37.6%
5	PX = US\$ 85	2,421,727	3,036,376	6,440,622	63.1%	171.68	146.27	136.09	14,106	20,759	47,327	83.2%
TOTAL BOTTLED WINE		33,150,448	49,680,101	80,019,170	55.4%	36.74	37.86	37.86	902,354	1,312,336	2,113,327	53.0%

SOURCE: Causasia Wine Thinking (info@causasia.com.ar.) Based on data provided by DGA.

representative U.S. retail prices) include Catena (\$18), Doña Paula Estate (\$14), Terrazas Reserva (\$19), Trapiche Broquel (\$15) and Luigi Bosca DOC Reserve (\$19). These wines typically earned ratings of 89 to 91 in recent magazine tastings.

Several of the brands in this category had hyper growth in the U.S. market in 2008. The brand growth leader, Doña Paula Estate Malbec, second in volume to market-leading Catena Zapata, grew by 180 percent. The Luigi Bosca D.O.C. Reserve grew by 170 percent, according to industry sources.

The over \$85-per-case bracket, which covers a broad retail span from \$20 to well over \$100 per bottle, was actually the fastest growing, more than doubling in value in 2008. Of note: this was the only category where average F.O.B. per case pricing actually decreased, dropping from \$171 in 2006 to \$136 in 2008. This is caused by the growth of such brands as market leading Catena Alta (\$50), Achaval Ferrer (\$24) and Colomé Estate (\$26), a **Hess Collection** blend from Salta, where they are grown

Brand Leaders, Argentine Malbec Exports to the U.S.
(Categories by case price, FOB Winery)

N° PRICE CATEGORIES		RANK BY FOB VALUE - 2008			
		1°	2°	3°	4°
1	PX < US\$ 28	CONQUISTA	TRAPICHE	LA BOCA	CRIOS
2	US\$ 28 = PX < US\$ 35	DON MIGUEL GASCON	NORTON	PASCUAL TOSO	ALAMOS
3	US\$ 35 = PX < US\$ 50	ALAMOS	TRAPICHE ROBLE	TERRAZAS ALTO	SEPTIMA
4	US\$ 50 = PX < US\$ 85	CATENA	TERRAZAS RESERVA	NORTON RESERVE	DOÑA PAULA ESTATE
5	PX = US\$ 85	CATENA ALTA	COLOME ESTATE	ACHAVAL FERRER MENDOZA	TIKAL AMORIO
TOTAL BOTTLED WINE		ALAMOS	DON MIGUEL GASCON	CATENA	TERRAZAS RESERVA

SOURCE: Causasia Wine Thinking (info@causasia.com.ar) Based on data provided by DGA.

at a 5,500- to 8,500-foot altitude in what are believed to be the highest vineyards in the world.

THE MALBEC INDUSTRY

Malbec producers exporting to the U.S. market span a wide range—from large multi-winery conglomerates to boutique producers. In Mendoza alone there are almost 650 wineries. While the big wineries own vast estate vineyards, they are also supplied by a large number of independent growers. Argentine growers farm an estimated 355,831 acres (144,000 hectares), yielding an average of only 21.5 acres

(8.7 hectares) per vineyard, according to **Rabobank**. That compares to an average of 99.3 acres (40.2 hectares)

Argentine Malbec Under Cultivation

Year	Hectares
1999	10,534
2000	16,347
2001	17,306
2002	18,944
2003	20,252
2004	21,183
2005	22,462
2006	24,379
2007	25,930

per grower in the U.S. and is more akin to the European norm of small producers.

By far, the largest exports of Malbec to the U.S. are the multiple offerings of Dr. **Nicolas Catena**, principally under the Alamos and Catena labels. In 2008 Catena shipped 230,000 9-liter cases valued at over \$10 million (F.O.B.). While sales of the higher priced segment leading Catena Zapata remained relatively flat, Alamos grew by almost 50 percent. Catena, an agricultural economist by training and well-versed in the California wine industry, is often described as the “**Robert Mondavi** of

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Argentina” for his efforts in bringing export standards and practices to the country.

Not content to be the volume Malbec exporter, Catena also competes aggressively at the top of the category. His portfolio of limited-production single

vineyard and Malbec blend wines has received scores from 95 to 98 in recent issues of the leading raters and retail in the neighborhood of \$100.

In second position for Malbec exports and growing fast is **Peñaflor**, a group holding of seven wineries, the

Who’s Who in Argentina
Top 50 Malbec Exports to the U.S.

Winery	FOB TOTAL US\$	Average Price/Case	Cases (9 liters)
BODEGAS ESMERALDA S.A.(Catena, Alamos)	\$10,275,998	\$45	230,829
PEÑAFLOR S.A.(Trapiche +)	\$5,611,571	\$34	164,904
ESCORIHUELA(DonMiguel Gascon)	\$4,447,292	\$29	152,840
BODEGAS CHANDON S.A.	\$4,181,182	\$49	85,364
BODEGA NORTON S.A.	\$3,807,768	\$40	94,480
VIÑA DOÑA PAULA S.A.	\$3,447,258	\$40	85,262
BODEGAS Y VIÑEDOS PASCUAL TOSO S.A.	\$2,903,462	\$39	73,937
BODEGAS LAVAQUE S.A.	\$1,885,833	\$20	92,781
LEONCIO ARIZU S.A.A.I.C. (Luigi Bosca)	\$1,878,722	\$53	35,345
ANCONA INVERSIONES S.A.	\$1,845,756	\$57	32,517
LA RURAL VIÑEDOS Y BODEGAS S.A.	\$1,582,001	\$30	52,606
DIAGEO ARGENTINA EXPORTS S.A.	\$1,548,232	\$49	31,388
CODORNIU ARGENTINA S.A.	\$1,544,008	\$46	33,396
DOMINIO DEL PLATA S.A.	\$1,541,753	\$31	49,079
KAIKEN S.A.	\$1,461,501	\$52	27,897
ALTOS LAS HORMIGAS S.A.V.I.Y.C.	\$1,389,453	\$34	41,469
RIO DULCE S.A.	\$1,298,973	\$29	44,464
VIÑA COBOS S.A.	\$1,226,472	\$109	11,204
FINCAS PATAGONICAS S.A.	\$1,147,231	\$35	32,533
BODEGAS SALENTIN S.A.	\$1,131,108	\$47	23,830
LA RIOJANA COOP. VITIVINI. DE LA RIOJA LTDA.	\$ 972,616	\$24	41,174
TRIVENTO BODEGAS Y VIÑEDOS S.A.	\$ 943,244	\$35	26,937
FILUS S.A.	\$ 909,342	\$17	52,424
BODEGA Y VIÑEDOS LA AGRICOLA S.A.	\$ 819,167	\$34	24,369
BODEGA Y VIÑEDOS RENACER S.A.	\$ 816,003	\$37	22,124
FINCA FLICHMAN S.A.	\$ 722,991	\$26	27,604
PROVIVA S.R.L.	\$ 718,531	\$33	21,717
FLORIDA DEL TUPUNGATO S.A.	\$ 699,047	\$134	5,231
S.A. NIETO CARBO Y A. SENETINER A.C.I.	\$ 679,994	\$34	19,940
BLENDS OF MENDOZA S.A.	\$ 634,362	\$32	20,076
BODEGAS Y VIÑEDOS VALLE ESCONDIDO S.A.	\$ 628,027	\$36	17,423
BODEGA COLOME S.A.	\$ 514,519	\$94	5,497
BODEGA FOSTER S.A.	\$ 502,959	\$55	9,118
BELASCO DE BAQUEDANO S.A.	\$ 479,452	\$42	11,543
VALENTIN BIANCHI S.A.C.I.F.	\$ 473,968	\$28	17,024
DOMAINE VISTALBA S.A.	\$ 455,553	\$38	12,051
BVA S.A.	\$ 445,877	\$38	11,674
BODEGA TAMARI S.A.	\$ 444,193	\$35	12,755
VIÑAS FAMILIA ARISTI S.A.	\$ 435,618	\$45	9,618
BODEGAS Y VIÑEDOS LA ESPERANZA S.A.	\$ 426,392	\$40	10,735
FINCA LA CELIA S.A.	\$ 378,951	\$19	20,481
CAP VISTALBA S.A.	\$ 371,885	\$31	12,179
DOMAINE JEAN BOUSQUET S.H.	\$ 366,533	\$44	8,344
ALTA VISTA S.A.	\$ 356,572	\$35	10,217
PERNOD RICARD ARGENTINA S.R.L.	\$ 332,960	\$25	13,166
BODEGA Y VIÑEDOS O. FOURNIER S.A.	\$ 324,297	\$58	5,554
BODEGA FURLOTTI S.A.	\$ 310,400	\$65	4,800
SUR BODEGAS Y VIÑEDOS S.A.	\$ 302,309	\$44	6,843
PACHA CO S.A.	\$ 293,092	\$61	4,824
MONTEVIEJO S.A.	\$ 288,739	\$64	4,492

SOURCE: Industry estimates compiled by Wine Business Monthly from Argentine customs filings.

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largest of which is the venerable 120-year-old Trapiche, which is the country's largest exporter of all premium brands internationally. Peñaflor is controlled by the investment bank **Donaldson, Lufkin & Jenrette**, now a unit of Credit Suisse, which turned a minority position into a controlling interest in 2002 and has made heavy investments in growth. Peñaflor's U.S. Malbec exports grew almost 90 percent in 2008, fueled by skyrocketing sales of Trapiche Oak Cask (\$9), Trapiche (\$7) and Broquel (\$15) labels. It farms 2,400 acres (1,000 hectares) of vineyards, which supply about half of its fruit, the balance supplied by some 200 independent growers.

Trapiche also vies for top scores in the higher range of the category. For its line of Single Vineyard Malbecs, winemaker **Daniel Pi** and staff select the best barrels from 90 of their high-end independent growers to produce three single vineyard, limited production wines, which sell at around \$50. These wines have recently earned 92- to 94-point ratings.

Varietals Under Cultivation (in hectares, 1 hectare = 2.5 acres)

Varietal	1990*	2000**	2007***	Var. % 07/90	Var. % 07/00
Bonarda	12,186	14,989	18,611	52.72	24.16
Cabernet Sauvignon	2,347	12,199	17,918	663.34	46.88
Malbec	10,457	16,347	25,930	147.97	58.62
Merlot	1,160	5,513	7,296	529.04	32.35
Syrah	687	7,915	12,770	1,760.01	61.34
Tempranillo	5,659	4,335	6,491	14.69	49.72
Chardonnay	908	4,625	6,201	582.70	34.08
Chenin	4,031	3,591	2,935	-27.20	-18.29
Pedro Gimenez	20,647	15,101	13,907	-32.65	-7.91
Moscato de Alejandria	10,184	5,539	4,287	-57.90	-22.60
Torrontés Sanjuanino	4,914	3,166	2,622	-46.65	-17.18
Totals:	210,371	201,113	225,846	7.36	12.30

SOURCE: * V Censo Vitícola Nacional, ** Actualización Registro de viñedos Resol.C-27/00, ***Base congelada al cierre de la cosecha 2008 Fuente Instituto Nacional de Vitivinicultura

While 90 percent growth is impressive, it isn't enough to take the Malbec export crown among the high volume producers. Bodegas Escorihuela, producer of the category leading Don Miguel Gascón (\$11), grew U.S. Malbec exports by 226 percent, fueled by that brand's increase from 46,000 to 152,000 cases, according to WBM analysis.

Major increases in volume and share were also recorded by the wineries of

Pascual Toso, Terrazas Alto and Doña Paula.

Overall, the powerful export growth led by Malbec is shuffling rankings in the industry and causing formerly mid-sized players to enter the top tiers. An example is the 125-year-old **Bodega Luigi Bosca** winery, founded and still owned by the **Arizu** family, which reported a 72 percent increase in case volume and an 85 percent increase in

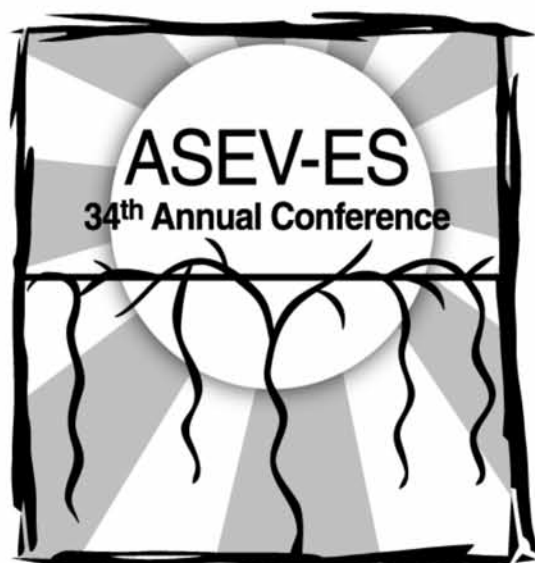
the value of their U.S. wine shipments (all varietals).

Like most of the large volume players, Luigi Bosca also has an entry at the top of the quality competition. Branded ICONO, it's 54 percent Malbec and 46 percent Cabernet Sauvignon. The grapes are hand-selected from vineyards averaging 90 years and given 18 months of aging in French oak barrels. It's priced at around

CONTINUED ON PAGE 62

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Finca Sopenia: The higher the better

While Mendoza, the source of nearly 90 percent of Argentina's export wines by value, is all high desert, its subregions are sufficiently varied to produce very different wines. In the Tupungato district of the Uco Valley, in the southern portion of the province, **Finca Sopenia** planted 321 acres (130 hectares) of vineyards at 4,000 feet in 1997. Sopenia was a pioneer at the time but the area today boasts some 24 wineries and numerous growers.

With its first vintage in 2002, bottled in 2004, the winery today produces about 80,000 cases of highly concentrated Malbec, Malbec blends and single vineyard varietals plus an "Altosur" line of young wines for the volume market. It is currently being expanded to increase production by about 20 percent. Virtually all production is exported.

In-house winemaker **Matías Michelini** describes the soils as ranging from light and sandy to heavy and rocky. At these heights and slopes frost is not a problem, despite the Andes high peaks looming nearby. But because of the threat from nematodes, the vines are planted on new world rootstocks. Michelini describes the benefits of altitude as being intense sunlight accompanied by very cool nights and slow ripening.

For the winery's top end "Synthesis" blend (Malbec, Cabernet Sauvignon and Merlot), the vineyard is farmed for four to five tons of fruit per hectare (1.7 to 2.1 per acre); their mid-range Finca Sophia Reserve is farmed to 6 to 7 tons per hectare; and their \$10 retail Altosur line is farmed to 9 to 10 tons per hectare. Estate fruit is used for all of its wines. **wbm**



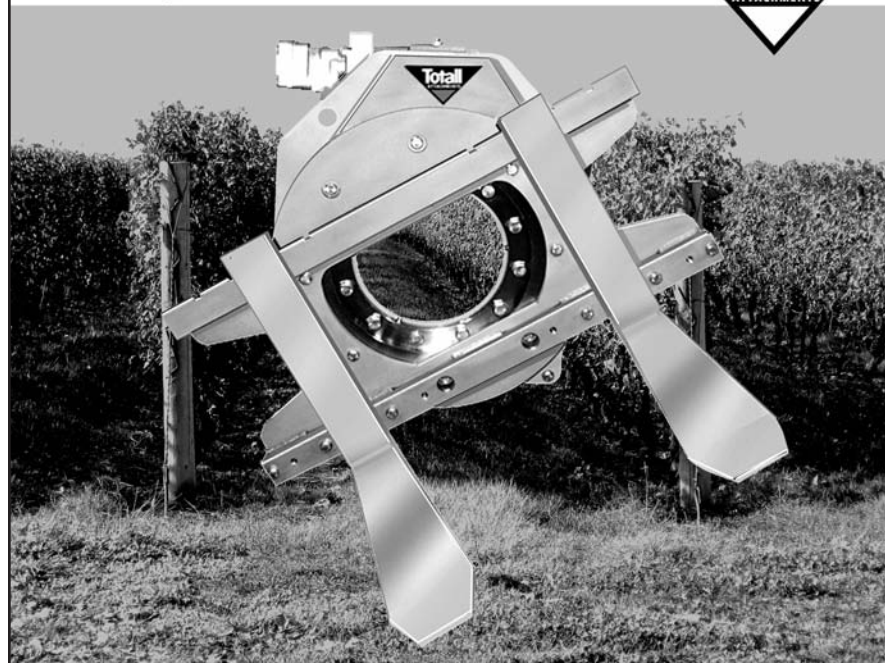
For Matias Michelini, in-house winemaker for Finca Sopenia, the race is on to complete a 20 percent expansion of his winery before fruit is in for the 2009 harvest.

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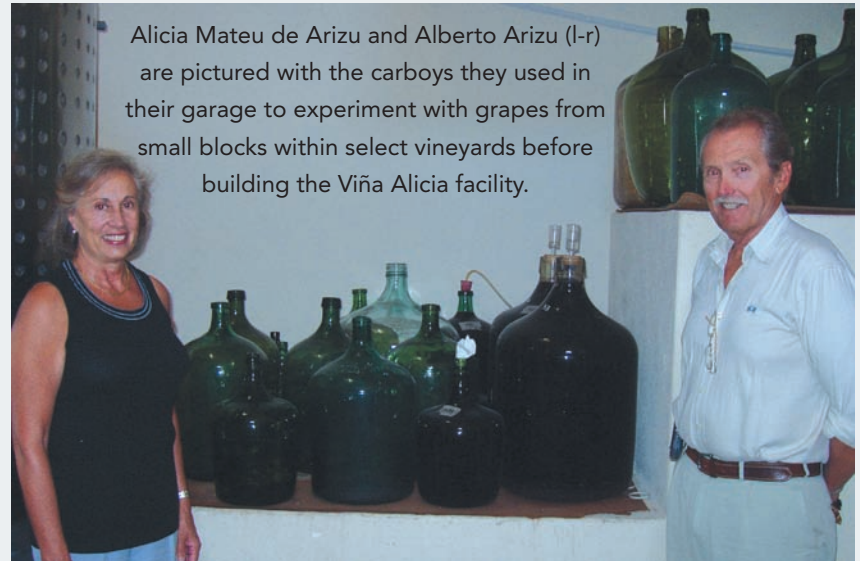
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profile

Viña Alicia – It started in the garage

Viña Alicia is owned by Alicia Mateu de Arizu and Rodrigo, one of her three sons. Alicia is the wife of prominent winemaker and agronomist, **Alberto Arizu**, whose family owns 105-year-old **Luigi Bosca**. The other two sons, **Gustavo** and **Alberto**, work with their father Alberto Arizu at the Arizu family's other, considerably larger winery, Luigi Bosca.



Alicia Mateu de Arizu and Alberto Arizu (l-r) are pictured with the carboys they used in their garage to experiment with grapes from small blocks within select vineyards before building the Viña Alicia facility.

Alberto Arizu directs winemaking at Luigi Bosca. About 25 years ago he and his wife began experimenting with what they call micro-vinification, making wines from not just single vineyards but selecting special blocks within vineyards to make very high quality, small production wines. These experiments grew into Viña Alicia, a winery focused on producing small amounts of extremely high quality wines from select vineyard blocks. Today it produces 1,700 cases with fruit from two family vineyards. One is a 30-acre vineyard of nearly 100-year-old Malbec vines, which includes a painstakingly grafted 2.4-acre block of what the Arizus call "Brote Negro" (black stem), which Arizu spent years to selectively clone.

CONTINUED FROM PAGE 60

\$150 and received a 95 rating from *Wine Enthusiast*.

Several of the large, traditional wineries are anything but traditional in the attention they pay to top-tier brands, though their bread-and-butter is clearly in the \$10 to \$20 league. In part, this reflects thinking that the success of their volume offerings will be enhanced by the market's understanding of how good "brand Argentina Malbec" can be.

THE ECONOMICS

As much as the skills of its producers and the blessings of terroir contribute to Argentine Malbec, there's no denying the contribution of economics.

Raw vineyard quality land in Mendoza today costs from \$5,000 to \$15,000 an acre, a bargain by California standards but three or more times its cost as recently as seven years ago. Planting raw land costs from about \$3,500 to \$5,000 an acre or more,

depending on water requirements and whether netting is used to prevent against Mendoza's No. 1 threat, hail.

Water for irrigation has been plentiful, fed by canals and rivers from the nearby snowcapped Andes. But concerns over future water supplies amidst global warming and increased vineyard and residential development have led to allocations and restrictions. By law, water rights travel with the land and can't be sold separately.

The cost to farm a typical acre for a year is in the area of \$1,300 to \$2,500. Very little mechanization is used in the vineyard. Experienced vineyard management and labor are generally available with migrant crews employed at harvest.

The devaluation of the Argentine peso, which until 2001 was fixed to the U.S. dollar on a 1-1 basis and now is valued at about 0.28, has been critical to the country's export competitiveness. The decoupling in 2002 fueled an

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Arizu's fascination with Malbec's "plasticity," its ability to vary widely in different terroir, and his dedication to explore the range of possibilities is not usual among Mendoza's winemakers who believe they're still in the early stages of learning about their lead varietal.

But anyone who thinks Arizu is fixated on Malbec will be coaxed into trying his 100 percent Nebbiolo made from three different clones that have been chosen after lengthy monitoring and study of the ancient clones of the Nebbiolo variety existing in Mendoza. **wbm**



Though drip irrigation is widely used, flood irrigation (pictured at Viña Alicia) is common and praised by winegrowers for its ability to direct water precisely to where it is needed.

What goes into a \$20 (at retail) bottle?

Luigi Bosca Malbec DOC Reserve

VITICULTURE:

AGE OF VINES: 70 years (average)

ALTITUDE OF VINEYARD(S): 3,149 feet above sea level

DENSITY OF PLANTING: 2,250 vines per acre

YIELD PER ACRE: 3.2 tons per acre

IRRIGATION: (Flood or drip): Flood

FRUIT SOURCE: Single estate vineyard

VINICULTURE:

HOW HARVESTED: Hand-harvested

SPECIFICS OF SORTING, DESTEMMING, CRUSHING: Destemming and cluster selection

COLD SOAKING OR OTHER PRE-FERMENTATION PROCESSING: Cold soaking, 48 hours' skin contact

FERMENTATION: Fermentation in stainless steel vats with selected yeasts at a controlled temperature of 28°C (82.4°F)

SECONDARY FERMENTATION: Malolactic

AGING – Type and age of oak and time in barrels and bottles before release:

14 months in French oak and 1 year in bottle

FINING OR FILTERING: Light filtering **wbm**

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CONTINUED FROM PAGE 62

export boom in all sectors and is seen by producers and the government as critical to future export success.

On the negative side, purchases of French and American oak and equipment and supplies from largely European sources have become more expensive. Additionally, Argentina has traditionally battled inflation, and the inflation rate over the past several years

has been estimated at between 15 percent and 20 percent annually.

All factors considered, the economics have been sufficiently compelling to lure a cadre of international financial heavyweights to the party. In addition to DLJ (Credit Suisse) buying control of Trapiche and its Peñaflor Group, Bodegas Norton was purchased by Austrian entrepreneur **Gernot Langes-**

profile

Achaval Ferrer: Formula for a "96 Point" Wine

Winemakers **Robert Cipresso** and **Santiago Achaval** make 755 cases of top-rated Finca Altamira Achaval Ferrer Malbec. It's a *Wine Spectator* "Top 100 of 2008" selection rated at 96 points, retail priced at approximately \$110, with fruit from a single 10-acre vineyard situated 3,400 feet above sea level in the La Consulta area of the Uco Valley in southern Mendoza.

Achaval is a proponent of furrow irrigation, where rows are selectively flooded and controlled by a vineyard worker with a hoe, believing it provides more precision in directing water to just those vines that require it. He also has some of the earliest ripening vines in the region, which he credits in part to removing virtually any foliage between the grapes and the sun; he believes the danger of burning is mitigated by early and gradual exposure. He has also held off on provisioning his vineyards with netting to protect against hail until suppliers can offer transparent netting (versus the standard black) and with lattices that reject hail but allow air circulation. "Even 15 percent blockage is too much when sunlight is what we're all about," he said.

The ever-curious Achaval is now scouting for a location where he can grow Malbec on terroir that expresses the original geology of high-altitude locations that were not overlaid with alluvial soils carried down from the Andes.

The winery, founded in 1998 by a group of Italian and Argentine friends, produces three limited production, single vineyard Malbecs and a higher volume Mendoza Malbec priced around \$20.

Finca Altamira Winemaker Notes:

VINEYARD

1. Planted in 1925
2. Own-rooted
3. 2,700 plants per hectare (2.6 feet x 5.9 feet)
4. North-South row orientation
5. Post height: 5.6 feet. Four fixed wires.
6. Furrow irrigation from south to north. 1.5% slope.
7. Bilateral guyot pruning
8. Bud-break September 20
9. Shoot thinned to 1 shoot per 0.4 feet
10. Removal of first four lateral shoots if they grow (some years)
11. Removal of 100% leaves in the fruit zone on the morning side of the row as soon as we have fruit set
12. Deficit irrigation between fruit set and veraison
13. 100% veraison by January 31
14. Green harvest at 66% veraison. Goal: 1 bunch per fully developed shoot. No bunches on stunted shoots.

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FUTURE GROWTH TIED TO WATER SUPPLY

How sustainable is Malbec growth? The acreage planted to Malbec since 1999

has increased nearly 150 percent with some acreage just now bearing usable fruit. Although reliable statistics on additional land suitable for Malbec cultivation aren't available, it appears that considerably more could be brought into production in Mendoza and other regions.

Labor is clearly in ample supply. A limiting factor, however, is the amount

CONTINUED ON PAGE 67

15. Result of shoot thinning, deficit irrigation and green harvest: 1 ton per acre, sometimes less
16. Harvest by taste. Usual date March 12.
17. Normal numbers at harvest: 260 grams of sugar, 6.5 TA, 3.5 PH

WINERY

1. Manual harvest in 35-pound plastic cases
2. Morning harvest only
3. Truck freight to winery: two hours. First truck, normal; second, refrigerated.
4. Two stage selection. First on bunches for removal of MOG and any imperfect bunches. All selection processes done at top-tank height.
5. 100% destemming
6. Second stage sorting on berries for removal of jacks
7. Rollers adjusted for 75% or higher broken skins
8. No sulfite added at crush unless there's hail damage on berries
9. Sent to tanks by peristaltic pump and 4-inch hose
10. DAP added because assimilable nitrogen is normally 70 or lower in Mendoza
11. No yeast added
12. Expoxi-lined cubic concrete fermentation tanks
13. No cold soaks. Fermentation will normally start immediately and become active in 48 hours.
14. Fermentation temps up to 93 degrees Fahrenheit
15. Extremely active (up to 16 hours per day) aerated pumpovers
16. Pumpover regime starts at tank time + 24 hours and continues until dryness
17. Dellestage as needed (if fermentation slows down)
18. Inoculation as needed (if fermentation slows down)
19. Press at dryness + 24 to 48 hours (no extended macerations)
20. 48 to 72 hours for gross lees settling
21. Rack to barrels with fine lees
22. Malolactic in barrel – spontaneous (no inoculation)
23. No racking during barrel aging
24. From 12 to 15 months in 100% new French oak
25. Sulfites added in spring. Goal of 20 free SO₂.
26. Weekly topping of barrels
27. No fining
28. No filtering
29. When barrel aging is done, rack to tanks for fine lees settling previous to bottling (1 to 2 months)
30. Sulfite levels adjusted for bottling **wbm**



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profile

And now in its first release, "From Scratch," Finca Decera

Backed by Swiss cement billionaire **Thomas Schmidheiny**, whose family has made wine for generations, Finca Decera's 264 acres (110 hectares) were planted on desert scrub in 2000 in the Agrelo region of Mendoza. Decera translates as "from scratch," which accurately describes both the vineyard development and building of the design award-winning winery. The first vintage was produced in 2006.

Decera specializes in single vineyard wines, Malbec and blends, and grows Petit Verdot, Syrah, Cabernet Sauvignon and Tannat in the 3,500 foot high, 272 acre (110 hectare) Remolinos Vineyard, which was planted in 2000. The vineyard is named for remolinos, tiny whirlwinds that rise up and perform the useful function of gently cooling the grapes and mitigating any rain that might fall near harvest.

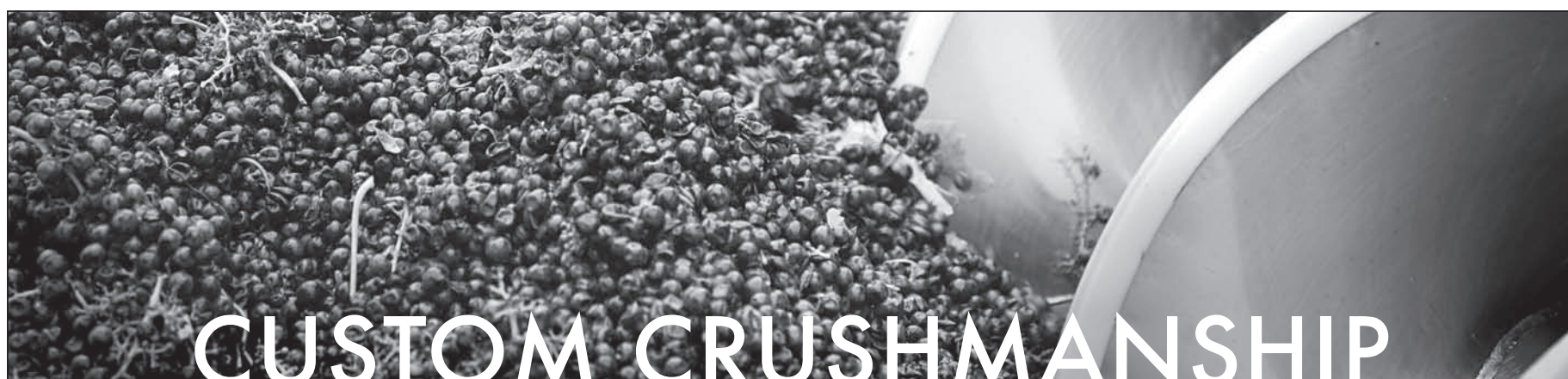
The estates follow an *a mano* (by hand) approach, which is both the name of its inaugural 2006 Malbec, Cabernet Sauvignon and Petit Verdot blend as well as the hands-on, high touch approach in the vineyard and winery.

After being sorted twice on sorting tables (cluster selection and then berry), grapes are gravity-fed into small wide tanks. Maceration begins with a cold soak and continues for 30 to 35 days. After fermentation (which is done partially with indigenous yeasts) and through the barrel-aging process, all lots are kept separate until blending. The newly built winery has a separate, temperature-controlled room for malolactic fermentation, which takes place in barrel. Aging is in 100 percent French oak in a combination of **Sylvain, Saury, Taransaud, Demptos** and **Seguin-Moreau**.

The wines are blended by winemaker **Marcos Fernandez** with consultant winemaker **Paul Hobbs**, the well-known California winemaker first brought to Mendoza by **Nicolas Catena**. **wbm**



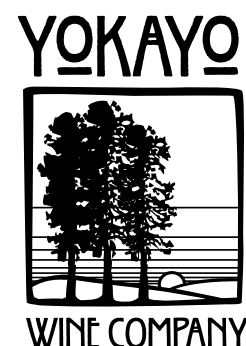
Winemaker Marcos Fernandez and vineyard manager Matias Cano inspect hail netting at Finca Decera. Hail storms down randomly from the nearby Andes and costs growers an estimated one crop in 10. It strikes so selectively that one bunch on one vine can be ruined while others are completely untouched.



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Trapiche Oak Cask Malbec 2006

VITICULTURE:

AGE OF VINES: More than 15 years

ALTITUDE OF VINEYARD(S): 750 – 1,100 meters

DENSITY OF PLANTING: 3,000 – 4,000 vines/ha

YIELD PER HECTARE: 10 tonnes/ha

IRRIGATION: (FLOOD OR DRIP): Both

ESTATE VINEYARD(S) OR PURCHASED FROM GROWERS: Both

ESTIMATED COST OF FARMING (LABOR AND MATERIALS) ONE HECTARE FOR ONE YEAR INCLUDING HARVESTING AT AVERAGE YIELD: U\$2,600 per hectare

VINICULTURE:

HOW HARVESTED: Manual harvesting.

SPECIFICS OF SORTING, DESTEMMING, CRUSHING: No crushing - see below

COLD SOAKING OR OTHER PRE-FERMENTATION PROCESSING: No

FERMENTATION: Type of tanks, length of fermentation: Cement vats – 7 days

SECONDARY FERMENTATION: FML with wild bacteria

AGING – Type and age of oak and time in barrels and bottles before release:

12 months in French and American barrels (50% of the wine)

FINING OR FILTERING: Filtering only in the bottle line

Hand harvesting, Bunch selection, Destemming, Berry selection, Fermentation and maceration for over 25 days, Pneumatic pressing, Natural malolactic fermentation, Aged for 12 months in French and American oak barrels, Blending, Filtering, Bottling

Broquel Malbec 2006

VITICULTURE:

AGE OF VINES: More than 25 years

ALTITUDE OF VINEYARD(S): Between 900 and 1,200 meters

DENSITY OF PLANTING: 2,000 – 2,500 vines/ha

YIELD PER HECTARE: 7 tonnes/ha.

IRRIGATION: (Flood or drip): Both

ESTATE VINEYARD(S) OR PURCHASED FROM GROWERS: Both

ESTIMATED COST OF FARMING (LABOR AND MATERIALS) ONE HECTARE FOR ONE YEAR INCLUDING HARVESTING AT AVERAGE YIELD: U\$2,600 per hectare

VINICULTURE:

HOW HARVESTED: Manual harvesting

SPECIFICS OF SORTING, DESTEMMING, CRUSHING: No crushing - see below

COLD SOAKING OR OTHER PRE-FERMENTATION PROCESSING: No

FERMENTATION: Type of tanks, length of fermentation: Cement vats - 7 days

SECONDARY FERMENTATION: FML with wild bacteria

AGING – Type and age of oak and time in barrels and bottles before release:

15 months in French and American new and second-use oak barrels

FINING OR FILTERING: Filtering only in the bottle line

Hand harvesting in 20 kg plastic cases, Bunch selection, Destemming, Berry selection, Fermentation and maceration in small concrete vats, during a minimum of 25 days at 23-25°C, Pneumatic pressing, Natural malolactic fermentation, Aged for 15 months in new French and American oak barrels, Filtering, Bottling **wbm**

CONTINUED FROM PAGE 65

of water coming from snowmelt and aquifers, a situation that is becoming more regulated than in the past. Land suitable for high quality Malbec in areas such as the Upper Lujan de Cuyo and Uco Valley is available but the last decade has seen some limitations placed on establishing new wells.

As Alex Bartholomaeus of Billington Imports commented, another major

variable is "foreign investors' willingness to continue to bankroll expansion."

Whose market share is the growth in Malbec sales coming from? **Jon Fredrickson of Gomborg, Fredrickson & Associates** says it's difficult to pin down. "Malbec is still a very small percentage of the market (under 1 percent according to Nielsen)... and is prob-

ably taking a little share from all over, especially easy-to-consume reds." Bartholomaeus echoes the difficulty of pinning down share losers but notes that Malbec has a flavor profile similar to Shiraz and Spanish Tempranillo.

Looking at Nielsen data suggests other imports may be competing against Argentina in the U.S. marketplace, with France, Italy and Australia

all showing significant declines. But at Malbec's two pricing sweet spots of around \$10 and just under \$20, most reds are at some risk.

Whoever is losing, it's clear that Mendoza's high-altitude desert is producing a true competitor for the dollar value and is likely to be sticking around for some time. **wbm**



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