

VINTAGE AND MARKET REPORT

THE 1989 VINTAGE

MARCH 1990

The Quantity

In the good old days when the crop was totted up with a pencil on a piece of paper results were available by the end of December. Now that it is all done by computer we are told that finalised figures will not be available until towards the end of March. So the following can only be the latest estimate:

Appellation Controlee Red	4.9 Million hectos
Vin de Table Red	0.3 Million hectos
Vin de Table White	0.3 Million hectos
Appellation Contolee White	1 Million hectos

This total of some 6.5 million hectos would make it somewhat below that of 1986 (6.75 million) but about 30% higher than 1987 or 1988. As far as appellation controlee wines are concerned it would be the largest crop ever,. If the production of white A.O.C. is now running well below the 1.7 million hectos that was the average in the 1960s the increase in A.O.C. red has more than made up for it. It has multiplied by four times over the average of the 1960s, and is nearly 10% above the record breaking 1986 crop.

The Weather

Nobody who braved Vinexpo in June will easily forget that the summer started hot. In fact the exceptional heat started well before that. The average temperature for May was an astonishing 19.2° Celsius, which is 4° above normal. That set the tone, as it also set the vegetative cycle a good three weeks ahead of an average year, allowing the flowering to be in full swing before the end of May and to take place under excellent conditions, guaranteeing a good-sized crop. And so it went on. Both July and August were hot too, so that the average summer (June to September) temperature (20.9) ended up the same as that of 1947 and over the last 50 years second only to 1949 (21.3).

If statistics are more accurate than impressions, the summer, though dry, was some distance from breaking records for low rainfall. Much of the rain that fell was in the form of local storms resulting in appreciable variation even from one commune to the next, but there can be very few spots that failed to receive 100 millimeters over July and August, which is, for example, 50% more than the amount that fell in the same period in 1988.

By the end of August the grapes had attained a degree of ripeness that is not usually achieved until the end of September. Some, including Haut Brion, started to pick their white grapes in the last days of August, and by the 10th of September even the red harvest was in full swing. this made it the earliest vintage since 1893. September was not exceptional but it was warm, with occasional local showers. By the time the harvest is usually beginning it was, except for Sauternes, already completed.

Looking for similar conditions in previous vintages, 1949 and 1947 seem to be the closest. In the last decade 1982 was the nearest, but August 1982 was a full 2° cooler. In the previous decade 1970 was not dissimilar, though July and August were less hot that year too. There was nothing in either the 1960s or the 1950s that compares. 1961 and 1945 were both drier, cooler - and of course the yields were much lower.

Climatologists who have made a particular study of weather conditions in various parts of the world in relation to grape varieties and the type of wines that are produced there, attach great importance to the last month of ripening. Certainly when relating conditions to vintage characteristics in Bordeaux it is the last month of ripening and the weather during the harvest that seem to be the most significant elements. 1989 was exceptional not only because of the generally high summer temperatures, but also because, as a result of the high temperature in May giving such an advance to the vegetation, the final month of ripening was primarily August instead of being September. With an average temperature of 21.8°C, in August and 256 hours of sunshine, a final month was provided that transported the vintage beyond the boundaries of Bordeaux's normal parameters. Altogether an exceptional year.

The Wines

Exceptional conditions create exceptional problems. In Bordeaux's marginal climate the fundamental problem is usually for the Cabernet Sauvignon to achieve full ripeness. This is why the Merlot is so useful, providing the roundness and fruit that is lacking Cabernet Sauvignon when it is short of ripening calories, and why the earlier ripening Cabernet Franc provides such a valuable alternative to the cooler soils of the right bank. On the other hand Cabernet Sauvignon ripened gently in temperate September retains an elegance that sets Bordeaux apart. What happens to Merlot when it is subjected to temperatures that would normally be considered too high for that variety? To what extent can the elegance of Cabernet Sauvignon be retained when it is produced in a warmer climate? These are questions that producers in the New World have been asking themselves for some years, but this year they have become relevant in Bordeaux too. If the Greenhouse Effect is going to become a reality the year provided a preview of where we are heading!

The strangest aspect of these conditions was the difficulty caused in knowing when the grapes were ripe. By the first days of September the Merlots were already often at 13°. The acidity too indicated that ripeness had been achieved. As one grower said "My oenological training tells me to pick, but my farming experience tells me to wait". Another, perplexed, complained that usually he knew when to pick by kicking his vines. If grapes fell off he knew it was time to start. "This year I don't understand. The sugar is high, the acidity is low but my toes are blue from kicking the vines and nothing happens!". These were both sophisticated growers. Many others basing themselves only on the grape analysis, which every other year has been a perfectly satisfactory reference, as it turned out, started to pick before the tannins were fully ripe. Though a common problem in the New World, nobody in Bordeaux seems ever before to have experienced this phenomena of grapes being fully ripe analytically, but not fully ripe physiologically. A useful reminder of just how unique the Bordeaux climate is. In the warmest soils it was not easy to harvest Merlots with tannins that were ripe, but with acidities that were not lower than ideal. Neither can many remember picking Cabernet Sauvignon that was so exuberantly ripe and perfectly balanced. For all these reasons it seems likely that 1989 will become recognised as a Cabernet year.

Another problem was the difficulty in getting some vats through the fermentation without leaving a few grams of residual sugar, that can so quickly turn to volatile acidity. This seems to have been less due to high fermentation temperatures than perhaps to the difficulty that the natural yeasts had in surviving such high alcohol content. It is also possible that some growers continued to spray their vines until mid August, as is usual, with the result that this year with the harvest so early and with little rain there were still products on the grapes when they were brought in that inhibited the fermentation. But neither of these explanations have fully satisfied oenologists who admit have faced problems they have never had before, and who have still not fully understood their cause.

To these exceptional problems must again be added that thorny one of yields. No other subject generates so much heat in Bordeaux. Productivity being the father of profitability it is perhaps not surprising that whenever the subject is raised hackles rise too. Certain proprietors of top Medoc growths claim that because their soils are recognised as being superior it follows that they are capable of providing a higher yield than those of a mere Bordeaux Rouge! One brave young grower dared in a meeting to suggest that yields may be getting too high. By the next morning neighbours had pruned some of his vines down to a single bud. It cannot of course be proved that at any particular level of yield there is a definable drop in quality, but neither can it be denied that at 90 hectos to the hectare the wine is less good than at 40, so presumably there is a level well below 90 where the concentration of character is already beginning to be reduced, even if this is not easy to detect on the palate when the wine is young. Nobody can claim that the average yield for the year of 59 hectolitres to the hectare is excessive, but if that was the average there must have been those who produced more. Many must have reached the maximum permitted of 65 hectos/ha for Bordeaux Rouge and the 55 to 60 for other red appellations. There were certainly plots too that yielded even more than 65 hectos per hectare and the fact that the grapes were not picked or were otherwise disposed of does not improve the concentration of those that were used.

These seem to be some of the reasons for the quality of the reds being irregular. Some were picked too soon, and if they came from plots that had too high a yield that has reduced their fruit and concentration even further. Others, particularly where Merlot dominates, have strong tannins that are not always fully ripe. But at the other end of the scale are those who did not pick too soon, who overcame the difficulties of fermentation, whose yields were not too high - or who have eliminated from their blend those vats that originated from the higher yielding plots. They have produced wines with a ripeness that is exceptional. The colour of these wines is deep, and when there is a high proportion of Merlot sometimes almost black. When they have sufficient acidity the colour has the vivacity that is so typically Bordelais, but when the acidity is on the low side the colour, though deep, tends to be a little flat. Those with a high percentage of Cabernet particularly have a nose of rich, ripe fruit. The palate too has a richness and density full of promise that sometimes is so full of dry extract that it is at present difficult to find definition of individual character or elegance. They are difficult wines to taste. They have more structure than the amiable, seductive 1982s but the Merlots particularly also have more tannin. They will certainly live longer, but now need time to show their full definition. Neither 1947 or 1949 provided wines whose first merit is elegance, but they both produced bottles of a richness, ripeness and concentration that made them both exceptional and memorable vintages. It seems certain that at its best 1989 has done the same - and if they develop in time in the same way as a half bottle of 1893 that we uncorked to find out what such an early vintage might produce, our great grand children will have a considerable treat in store for their children! It is only a pity that if they are living in the United States there will be a back label warning that great great-grandchild that if they are pregnant it could be dangerous to drink the contents!

If Bordeaux's marginal climate is normally on the cool side for red grapes it is on the warm side for dry white production, so for those producers the conditions of 1989 provided an even greater challenge. It was not easy to time the harvest so that the grapes had sufficient ripeness to provide grapey flavours and at the same time sufficient acidity to guarantee liveliness and freshness. The fact that so many have succeeded is a significant demonstration of the enormous progress that has been made in dry white wine-making. The pendulum that swung from the heavy wines of the '50s and '60s to the often green acidity of the '70s has swung back in the late '80s to a style that recognises that ripe healthy fruit is the first essential for quality wine. Not everybody succeeded, there is a tendency for acidities to be low, but there are also many who got it right and who have produced wines with fullness of flavour while retaining a crisp, clean finish.

The sweet whites are celebrating their return to favour with a series of exceptional vintages. After 1986 and 1988, 1989 has also provided conditions that were almost ideal. The heat of the summer concentrated the sugar and the morning mists of early September enabled botrytis to establish itself on grapes that were already rich, and also entirely healthy. Again it was a matter of infinite patience and of a fair dose of courage. With the low humidity the botrytis could only develop slowly, but there was always the risk that the rains would arrive and wash away the potential of making great wine. They have made wines that are even richer than 1988, with great botrytis character. Others picked too soon and others were unable to overcome the difficulties of successfully fermenting musts that were so exceptionally rich.

1988 VINTAGE

1988 is going to provide a fascinating contrast to 1989. Both are quality vintages but whereas 1989 was exceptionally hot 1988 was cooler but with even less rainfall. Yields were lower in 1988. In 1988 it was not always easy to get the Cabernet Sauvignon fully ripe but the Merlot and the Cabernet Franc were outstanding. 1989 provided perhaps ideal conditions for the Cabernet Sauvignon whereas some of the Merlot seems to have been picked before the tannins were fully ripe, in spite of the fact that the sugar content was exceptionally high and the acidity low. Logically it may well transpire that 1988 will turn out to be more generally successful where the Merlot predominates and 1989 in those areas that rely primarily on the Cabernet Sauvignon. On the other hand making the most of the considerable potential of both vintages depended as always on disciplined wine-making so there is no reason why wines of exciting quality should not have been made that will confound the logic.

As expected the tannins of 1988s have softened during their year in barrel and the best have gained greatly in elegance. They are increasingly reminiscent of 1966 and 1962, perhaps less rich in the Medoc than 1986, but on the right bank they are generally more concentrated than wines of that vintage.

The best of the sweet wines are living up to their great potential.

THE MARKET

The 5.25 million hectolitres of AOC wines that left growers cellars during the last campaign year showed an increase of 11% over the previous year, which was already a record. The average crop of the last ten years having been only 4.3 million and with no more than two crops of over 5 million it can easily be seen that Bordeaux sales have reached a level that fully stretch the new production capacity.

Over half of the total production comes into the categories of red Bordeaux and Bordeaux Cotes (Bourg, Blaye, Castillon etc). Demand in this category increased by 13% over the last year, and has increased by just under 50% over the last three years. Prices have been creeping up, steadily but reasonably, over the last 18 months. They are still below those of Cotes du Rhone and the fact that the price movement has not been brutal seems likely to ensure that there will be no fall in demand. In fact it will probably continue to increase. One smallish crop, similar to that of 1988 or 1987, would then be enough to put real pressure on supply, while a crop with similar yields as 1984 would cause a small panic. There certainly is no reason for prices to go anywhere but up.

There seems less justification for the prices of A.C. St Emilion and Medoc to have increased. Sales of the former are slightly up on the previous year, while those of Medoc are a little down. The stock of both appears ample and there is certainly no reason for prices to increase further.

The real excitement has been over that handicapped orphan Bordeaux Blanc, the price of which has increased by some 60% over the last twelve months. There seem to be two reasons for this. Gradually over the last decade, and particularly since the historic meeting in Dublin, the EEC has been putting its wine lake in order. France alone has reduced its total vineyard area by about 160,000 hectares or 15% and Italy and Spain are also reducing theirs. The lake is still there but the outflow is now greater than the inflow. Two years ago Europe distilled over 14% of its production whereas this year the proportion will be about 7% and in spite of this the stocks at the end of the campaign are expected to be about 20% lower than they were two years ago. This has coincided with two consecutive smallish crops of white wine, so all this has contributed to a relative shortage throughout Europe and a consequent leap in prices. So the prices of Bordeaux have been pushed up from below. More positively there are signs that the greatly improved quality is at last beginning to achieve some consumer recognition. Not long ago the price of Bordeaux Blanc was barely above that of Vin de Table so that it was hardly viable for growers to produce appellation wine. Now it is securing the premium the best wines certainly deserve, which in turn provides the finance to invest more to make it even better. Nobody could imagine even two years ago that the price of white Bordeaux would soon all but reach that of red Bordeaux. It is by no means certain that they will be able to maintain that position. Not because the best do not deserve it, but because the figures indicate that the shortage of white wine in Europe is less acute, than the market reaction would suggest, and that once everybody has rushed in to cover their needs the fever will drop, and possibly prices with it.

The market for sweet Bordeaux remains intriguing. Globally demand seems hardly to have increased, but prices continue to rise without affecting sales. In France there has been a shift in demand that illustrates nicely the tendency towards drinking better. Sales of the less expensive appellations are down, whereas those of Sauternes are up. This pushes up the price of Sauternes, which, the growers hope, will now start pulling up the prices of the lesser appellations!

So throughout the wide range of Bordeaux's production it has been yet another thoroughly successful campaign. Never before has so much wine been sold, and this at prices that are viable in all categories.

LOOKING BACK . . .

At the end of a decade it is interesting to stand back from the annual campaign and see how markets have been developing over a longer period. The following shows the evolution over the last twenty years for red Bordeaux and over the last ten years for white Bordeaux. At the end of the 1960s so much white Bordeaux was being declassified to vin de table (particularly for making sparkling wine in Germany) that the figures are not significant. Quantities are in thousands of cases (bulk shipments have been converted to case equivalent).

	<u>RED BORDEAUX</u>			<u>WHITE</u>	
<u>Campaign Year</u>	1968/69	1978/79	1988/89	1978/79	1988/89
<u>Total Sales</u>	15,587	22,758	38,806 (1)	7,902	12,263 (1)
<u>of which</u>					
<u>France</u>	11,945	14,147	25,000 (1)	3,652	5,200 (1)
<u>Export</u>	3,642	8,611	13,806	4,250	7,063
<u>of which</u>					
<u>Benelux</u>	997	1,906	2,2973	460	512
<u>UK</u>	451	1,362	2,309	667	1,107
<u>W. Germany</u>	153	629	2,194	892	905
<u>Holland</u>	187	1,304	1,508	385	1,284

<u>Denmark</u>	107	441	1,206	146	285
<u>USA</u>	587	1,233	1,080	655	711
<u>Switzerland</u>	307	516	803	79	138
<u>Canada</u>	161	396	374	482	936
<u>Japan</u>	15	110	369	121	316
<u>Sweden</u>	240	231	191	104	384
<u>Norway</u>	84	67	94	57	44

- (1) The French civil service having been on strike figures relating to home market sales for 1988/89 were not recorded for part of the year. Those we have used are therefore a conservative estimate, based on the previous year's sales. This of course also effects the total sales figure.

A number of interesting tendencies emerge:

- The rapid growth of the home market during the last decade, particularly for red Bordeaux.
- The extraordinary growth to countries that are members of the EEC.
- The stagnation in the USA, and the relatively poor performance in proportion to the population.
- The difficulty Bordeaux has in performing well in countries where imports are controlled by government monopolies (Sweden, Norway and Canada).
- The relatively small base, but growing importance of Japan.

AND LOOKING FORWARD . . .

Of course the most immediate piece of excitement is the opening of the 1989 primeur campaign. Who will be first, when will it be and how high will they go . . . and what will be the response? There is no doubt that the exceptional conditions have already created considerable interest; and neither is there any doubt that at least the leading growths feel that there is justification for a price increase. The body of top growths tends to move rather like a snake - a nice, unaggressive, friendly snake, of course. The head moves forward, looks around, stops still and passes a message to the rear to move forward in turn. It then stops and digests before repeating the movement. The head of first growths moved forward in 1971, the body followed in 1972 by which time the head had received a blow on the nose so the whole beast recoiled, lay stunned in 1973 and was almost left for dead in 1974. In 1975 the head made a brave move forward and remained immobile for the next three years. During those years the body slithered cautiously towards the head, reducing the distance between the two. Fearful that it was in danger of losing its position of sovereignty the head darted forward again in 1978 but the body followed. Again it took three years to recover from the effort, during which nothing moved. Gently, in 1981 the snake came to life, coiling itself, ready to strike. In 1982 it struck. The head shot forward, as if to detach itself from its body. The body moved too but with much less velocity. In darting forward the head found itself in a garden of unimagined wealth. Again for three years it remained still, blinking, stunned by the glitter of its new paradise. While the head was still the body crept forward, again crowding up towards the head. Perhaps it was thanks to its position of predominance that the head realised that there was danger in 1984 so, too proud to retreat it remained still, whilst the body, blindly, continued to move forward. Furious the head jerked forward in 1985, but drew back the following year and, except for sensibly lying low in 1987 the whole snake has been still ever since. In fact the head has not really moved since 1982. That's a long time.

The way 1988s have increased in value would certainly suggest that the market could handle an increase of 15% to 20% for first growths. Below that ethereal level it is more difficult to generalise. It is true that the 1988 campaign has been the most successful since that of the 1985's. 1986's did not show any exciting movement until the end of 1988, or more often mid 1989, whereas 1988 first growths are already up 50% or more and some other top growths are already fetching (or perhaps 'asking' is more accurate) 25% to 30% above their opening prices. On the other hand there are also those that are available today at 10% or less above their opening level. It seems likely that the snake will stretch out again. For years first growths were anywhere from three to five times the price of other classed growths. Indeed in 1969 the multiple was eight. Recently the range has been more compressed, with the most sought-after seconds reaching more than half the prices of first growths and almost no classed growth that justifies its privileged status being much less than a third of the price of its illustrious leaders. Again it would seem sensible to judge the rate of increases that do occur not only in relation to the previous year's opening prices but more significantly in relation to the current prices of previous vintages of the same property. And, above all, in relation to quality. It is possible that some have produced exceptional wines. It is already clear that not everybody has done so. Those that have fully fulfilled the potential of a year of such unusual conditions will have produced bottles that will become historic, and they should have no difficulty in justifying whatever opening price they are likely to ask. Others may well turn out to be worth less, in terms of quality, than 1988s. Finally into the complex equation must be fed the fact that the rates of exchange for two important buyers - UK and USA - have deteriorated by about 10% since the 1988s were put on the market, and that interest rates in both countries are high. Those exchange rates are today at much the same level as when the 1986's were released - and that might be the reason why that was such a sluggish campaign. Anyway battle will soon begin - and it promises to be lots of fun!

But it is to be hoped too that there is life beyond the primeur campaign. There is no apparent reason why Bordeaux should not be able to look forward to another record-breaking campaign. The stocks are there, the quality is there, the markets are there and even if prices are up they are not unreasonable. The biggest immediate worry is that Bordeaux now needs a crop of well about 5.5 million hectolitres per year of AOC wine to keep up with demand. One spring frost or poor flowering would put a strain on supply that would send prices up too far for comfort. With daffodils in bloom and the Medoc beaches busy on the last weekend of February, who knows what the future holds in store?

Looking ahead to the new decade much will depend on "la Force des Choses". Will the world succumb to drugs so that all forms of alcohol will be looked upon as potential poison with "warning labels" on fine wines as in the United States already? And will such attitudes prevail that suggest that lemon bonbons should be offered in the Swedish monopoly shops to the young who voluntarily declare their age before buying a bottle, or will we be able to prove to the young that life is worth living? Will the State feel that it is a necessary part of its responsibilities increasingly to restrict and discourage the sale of wine or will the 21st century provide their own discipline and to make their own decisions? After 2,000 years of providing humanity with its most hygienic beverage will humanity decide that it has survived in spite of wine, or perhaps rediscover that it is just as effective an agent as chlorine for killing the bacteria in our water, as well as having a more agreeable taste?

Will Europe become a reality? Will the taxes on wine eventually be harmonised at a level that recognises that it is a natural and historic part of the European culture, to say nothing of the economy? In time will the USSR and Eastern Europe enjoy a similar prosperity to the West, becoming potential markets, as well as competitors? And with national boundaries losing their significance, with most countries becoming melting pots of people of different origins and with world travel exposing cultures to each other, what is the potential of such markets as Japan - and who knows, one day, China? But what of Kyowa Hakko Kogyo? Their new exciting brand, "Bio

Fusion 1-A", made with the help of genetically altered yeasts is reported to combine the best qualities of French and Australian wines. What hope is there for old cultures, based on local environment and "terroir," against such phenomenal technical ability?

CONCLUSION

When 1989 started, its greatest significance - at least for the French - was that it was the 200th anniversary of the French Revolution. By the end of the year events in Eastern Europe had provided a commemoration of the event that made the parades and fireworks look rather silly. Nature too chipped in by providing conditions that made it possible to produce bottles of Bordeaux that for decades to come should provide a means of celebrating a year that future generations will surely be taught as being one of the most important of the century.

With such huge and unpredictable events so freshly in mind, forecasting the future seems, even more futile than usual - even in our little world of wine. "La Force des Choses" will eventually provide the answers but, as it was put by Macaulay, "On what principle is it that, when we see nothing but improvement behind us, we are to expect nothing but deterioration before us?"

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