

CHAMPAGNE

Champagne, the self-styled ambrosia of the affluent, is generally a reliable bell-weather of global economic self-confidence and the good news is that both production and shipments are back on the increase. The *Champenois* are extremely proficient at self-regulation, their generic legislative bodies adroit in the apparently difficult balancing act between the large *négociants*, who dominate the actual production and sales (80% or thereabouts) and the large number of growers who actually own the vines (18,000 growers owning 70% of the vineyards). The much publicised admission of 40 new villages, increasing production by up to 10%, was finalised before the magnitude of the current global recession became evident and yet its fruits, in bottled form that is to say, will not come on stream for another 9 years.

So, by keeping the area under vine carefully regulated (approximately 34,000 hectares now) and by manipulating annual production quotas, there is tight control over the supply/demand matrix. To give an idea, in 2008 the maximum production was 12,400 kilos per hectare, whereas in 2009 it was only 9,700 kl/ha and in 2010 back up to 10,500 kl/ha. Quite a difference, especially when one bears in mind that the actual quality and volume of the harvest itself both have to be factored in. In addition, the

Champenois need a degree of prescience, as the production quotas in a certain year are of course only of relevance when the wine has been matured and put on to the market. In other words, in any year, there has to be an estimate of demand 2 or 3 years down the line. It is all very well lowering production for the 2009 crop, but this may back-fire drastically when the fruits of 2009 come onto the market, in 2012 and 2103, at which time we could back in the boom times, with anxieties centring once more on insufficient demand. For the *Champenois* this is something of a virtuous cycle as it will have the effect of pushing prices up further. The growers are happy enough; €6 per kilo would be beyond the wildest dreams of virtually all other French *vignerons*. And the *négociants* are not dissatisfied, manipulating supply with an intricate web of discounting in the mass retail markets, known to the trade as *Les Grandes Surfaces*, when the need arises, and continuing to plough money into marketing and PR budgets which oil the wheels of luxury branding and keep the category out on its own, in terms of image.

But where does it all go and do we get a good deal?:

Shipments	
2007	338m
2008	322m
2009	290m
2010	321m

After France (190 million bottles) the next biggest markets are the UK (30 million), USA (12.6 million) and Germany (10.9 million). These percentages have remained roughly the same over the last decade, with the UK perhaps gaining a little ground over the US. The much publicised Chinese market has certainly grown exponentially but only from a very low starting point; they now account for about 1.5 million bottles, mostly supplied by the greater Moët Empire. This serves to underline the hegemony of the biggest producers with the LVMH behemoth controlling 20% of the entire market and the next three (Lanson, Vranken and Pernod Ricard) accounting for a further 20%. This puts perspective on the much reported-upon rise of Grower's Champagne. Although this phenomenon is certainly gaining ground in the independent retail sector; there is a noticeable gap opening up between the retailers to this extent. Other significant trends are the rise in interest in low sugar wines (zero or minimal dosage), the increase in market share of Rosé (now stabilised at 12-15%) and the continual rise in the popularity of the deluxe *cuvées*, often at the expense of the actual vintage wines, which tend to get squeezed in the middle. Both supply and demand of Dom Pérignon 2002, for example, have been outstandingly impressive.

Vintage Notes

The greatest recent vintage is **2002**, perceived as better than high acid **1996** and ultra-ripe **1995**; since then the **2004** was a large but harmonious crop, especially impressive for Chardonnay and both **2008** and **2009** look promising. **2010** was a washout in the manner of **2001** and the **2011** harvest was started on 22 August, inviting comparison with the atypical **2003**. All in all, it's business as usual in Champagne and the region effortlessly holds its head high, far higher than the nearest competition.