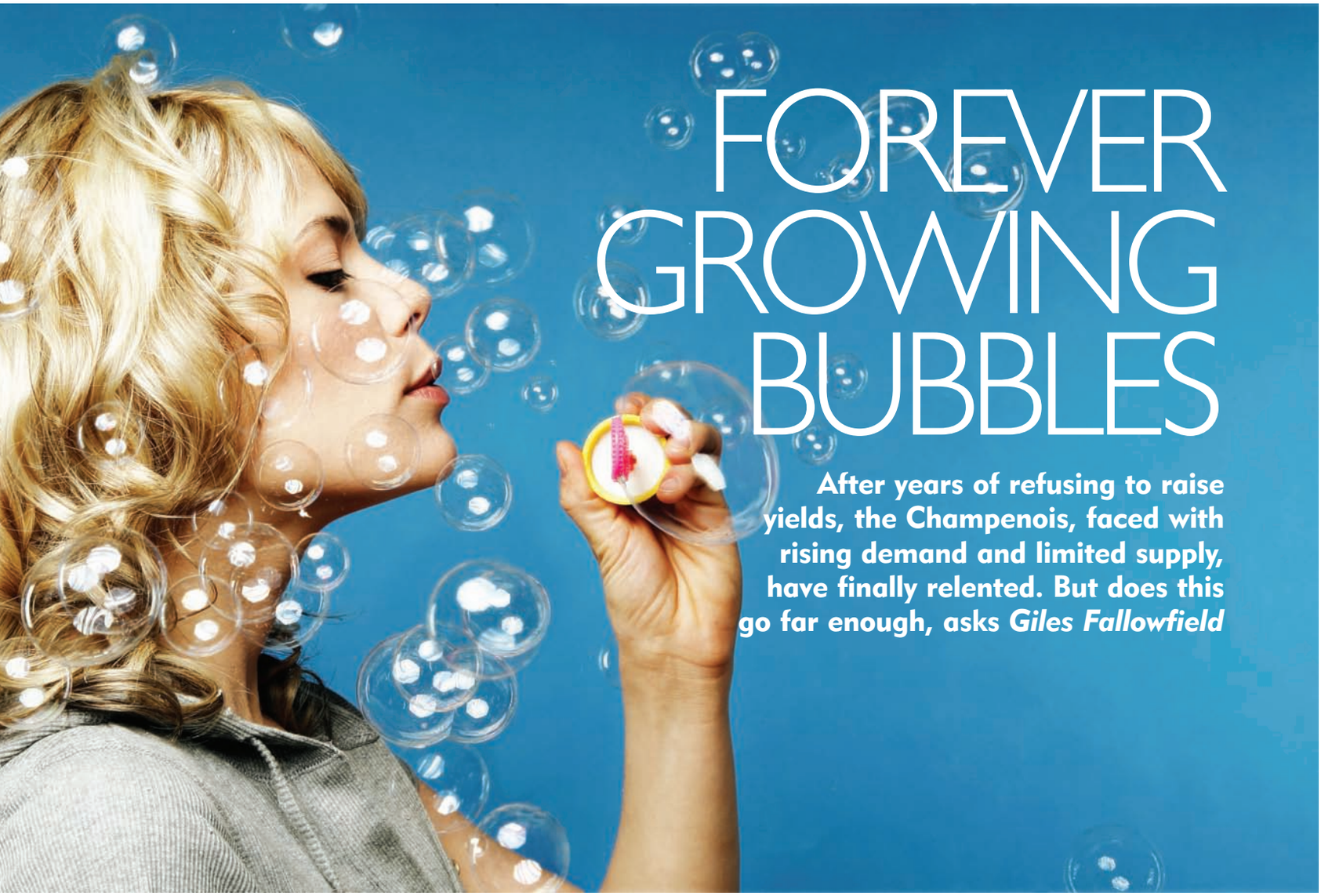

FOREVER GROWING BUBBLES

After years of refusing to raise yields, the Champenois, faced with rising demand and limited supply, have finally relented. But does this go far enough, asks *Giles Fallowfield*

Table1: New plantings within the current Champagne appellation, planned and completed (1999-2011)

1999-2000	305 hectares which came on stream in 2003
2000-2001	311 hectares which came on stream in 2004
2001-2002	363 hectares which came on stream in 2005
2002-2003	357 hectares which came on stream in 2006
2003-2004	359 hectares due to come on stream in 2007
2004-2005	351 hectares due to come on stream in 2008
Total over six years	**2,046 hectares**
Permission has been sought to plant a further:	
350 hectares in 2005-2006	only 310 authorised and due to come on stream in 2009
350 hectares in 2006-2007	only 280 authorised and due to come on stream in 2010
310 hectares in 2007-2008	only 280 authorised and due to come on stream in 2011

Source: CIVC

DEMAND FOR CHAMPAGNE shows no signs of slowing. It has grown consistently every year since 1994. Production is expanding too, but at a much slower rate and it can't go up for much longer. Year after year the Champenois say that growth in consumption must slow, but it hasn't. Last year it stood at 4.55% with exports growing faster at 8.77%. To date this year both are growing faster.

The current appellation area, which the Comité Interprofessionnel du Vin de Champagne (CIVC) puts at 35,208 hectares in a four-page document published in October (2007) about "reviewing the classified area" – of which more later and see boxed setting – is nearly all planted. Some of it can't be because it is under buildings or roads,

MADE IN THE UK

Frustrated at their inability to quickly expand operations in Champagne to meet climbing demand for quality sparkling wine, some of the major producers may look to invest in other suitable countries like the UK. Jean-Claude Rouzaud, president of the Roederer group, said earlier in the year: "The company might consider investment in southern England where the chalk soils are similar to those in Champagne. But we would need to be convinced that global warming and the pattern of climate change is permanent."

Louis Roederer has already been looking round vineyards in Kent and Sussex with a view to producing a quality English sparkler in the future. Frédéric Rouzaud, managing director of Roederer, who has already bought a top Bordeaux château, Pichon Lalande, since he took over running the company from his father Jean-Claude in January 2006, is looking to further expand the company's interests outside Champagne.

Rouzaud and his vineyard director Jean-Baptiste Lecaillon were taken on a tour of new vineyards in Kent and Sussex at the end of September, just prior to the English harvest, by vineyard consultant Stephen Skelton. "They looked at an unplanted site which is for sale, and three existing vineyards, two in Kent and one in West Sussex," says Skelton. "We discussed things like soils, yields, sugar levels and the different clones that are used here."

"We had fantastic visits with some dynamic new growers and very interesting discussions," says Lecaillon. "We will keep in touch and watch their development over the next two or so years. Maybe in three to five years this will go further in a joint venture or something," says Lecaillon.

One of the sites they visited is the Findon Park vineyard on the Wiston Estate in West Sussex, just to the north of Worthing. Here 6.5 hectares of vines were planted in 2006 on a site that's in a fold in the South Downs which Dermot Sugrue, formerly winemaker at Nyetimber, who is involved in the project and will make the wine there, describes as "the most exciting sparkling wine terroir I have come across in southern England and believe me I've done some searching".

The relatively low price of land in England is one obvious attraction. "Compared with prices in Champagne it's a gift," says Skelton, "and there are no planting restrictions in the UK. Prices depend on whether the land is bare or has buildings on it, and you get a better deal buying 2,000 rather than 10 acres, but Grade One agricultural land [arable land] costs around £4,000 per acre, although a suitable 50-acre block [for planting vines] might cost between £8,000-£10,000 per acre." An acre of vineyard in Champagne would cost around £300,000.

As well as recent expansions at Nyetimber, English sparkling wine producer Chapel Down, based at Tenterden in Kent, has bought a new 116-acre site on chalky soils on the North Downs near Aylesford, says managing director Frazer Thompson. "We plan to plant between 60 and 70 acres of this next April which will keep us on target for having 500 acres of production by 2011." This will move Chapel Down's sparkling wine output up to around 1m bottles.

Table 2: Actual and maximum yields

Year	Hectares in production	Maximum permitted yield	"Qualitative reserve" kilos/hectare put into reserve	Actual average yield kilos/hectare	Number of bottles actual average yield could produce***
1982	23,823	14,300	N/a	14,071	295,050,066
1983	23,588	15,200	N/a	15,006	298,924,530
1997	30,547	10,000	Nothing	9,402	244,114,050
1998	30,370	13,000	2,600	12,926	333,679,400
1999	30,255	13,000	1,000	12,989	334,049,092
2000	30,400	12,600	1,600	12,577	325,076,927
2001	30,504	11,000	Nothing	10,990	285,065,314
2002	30,892	12,000	600	11,967	314,357.861
2003	31,233	11,400	Nothing	8,256	219,118,063
2004	31,570	14,000	2,000	13,990	375,416,427
2005	31,924	13,000	1,500	12,992	352,537,967
2006	32,341	13,000	Nothing	12,997	357,279,545
2007	32,700****	15,500*	3,100*	14,000**	389,130,000

Source: CIVC

* according to the "reserve individuelle", limited at 8,000 kg/ha

** early estimate of actual yield from straw poll of producers

*** in certain years production may be boosted by taking wine out of the reserves to add to that year's harvest but these figures are based on the actual average yield without that extra volume

**** estimate based on new vineyard expected to come on stream in 2007 which was a further 359 hectares

even cemeteries. For the 2007 harvest, almost certainly the largest on record at around 390 million bottles, the productive vineyard is estimated to be 32,700 hectares. Between 2008 and 2011 a further 1,221ha should come on stream and that will add a further 12 to 15m bottles to production, bringing the total productive area to 33,921 hectares (see Table 1).

However, even if they start knocking down buildings and digging up roads that's less than 1,300ha left. They've run out of space for new vineyards, or at least they will have before we are even half way through the next decade. So what is going to happen? Will the Champenois manage to keep pace with expanding demand for long enough to get some new vineyard sites outside the current appellation agreed, planted and into production? Or will prices have risen so high by then that consumers have headed off to drink something else with bubbles in it?

The Champenois have come up with a potential short-term solution to the supply problem: raising yields. The trouble is this strategy has an inherent weakness; it isn't fully under their control, as they haven't yet devised a method of controlling the weather. It also represents a *volte face*, after years of telling journalists, and therefore effectively their ▸

end consumers, that they would do everything in their power to control yields in an appellation where, compared with other quality vineyards in the world, they are already extraordinarily high, with INAO approval they have just raised the maximum that's allowed significantly. The justification for this is that big yields and good quality go hand in hand in this appellation.

The years when high volume and good quality coincided used to be considered exceptional. Today it seems, in an Orwellian turnaround, such harvests represent the norm. It's true there have certainly been quite a number in the past three decades – 1982 and '83, '89 and '90, '95 and '96 and 2004 spring to mind. But years like 2003, (very small, overripe with low acidity), 2001 (smallish, under-ripe and poor), 1981 and 1985 (both small and very good) have been largely forgotten. The Champenois have also chosen to ignore the fact that in both 2007 and 2006, large harvests were only saved from the brink of disaster by a very late beneficial change in the weather just before picking started.

Yes, if you take the last four harvests in isolation, it appears that the simple act of raising the potential maximum yield to 15,500 kilos per hectare (approved for an experimental period from 2007-2011) and allowing producers to pick that much if they have the grapes in their vineyards, solves the problem of supply at a stroke.

Long-term view

But such a standpoint ignores the longer-term history of how yields naturally tend to fluctuate, often quite wildly, at this northerly extremity of the French vineyards.

It is true that between 2004 and 2006 the average yield across the appellation reached 13,278 kg/ha, which is equivalent to production of around 370m bottles. The estimated yield in 2007 of around 14,000kg/ha makes the four-year average even higher at 13,458.76kg/ha (equivalent to around 375m bottles). However, these were four exceptional years. It is more realistic to look at the 10-year average between 1997 and 2006, which is just 11,889 kg/ha. Worryingly, at this level of yield production is around 330m bottles and current consumption has passed that point (see Table 4, which looks at possible production and supply patterns to 2011).

To demonstrate how difficult the market could become if demand keeps rising we have estimated production from 2007 to 2011, taking into account the additional vineyard which is due to come on stream and taking three different levels of yield, the average over 10 years (1997-2006), the three-year average (2004-2006), and the new maximum permitted yield of 15,500kg/ha. We have also ▸

Table 3: Average yield achieved

Year	Yield (kilos per hectare)
1997	9,402
1998	12,926
1999	12,989
2000	12,576
2001	10,938
2002	11,972
2003	8,251
2004	13,958
2005	12,880
2006	12,997
2007	14,000*
10-year average 97-06	11,889 kg/ha
Three-year average 04-06	13,278 kg/ha

*estimated average yield in 2007

Source: CIVC

APPELLATION EXPANSION

Expansion of the Champagne appellation has at last taken a tangible step forward with the publication of a list of 40 new communes that could be added to the 319 villages currently in the AOC.

The Champenois officially asked l'Institut National de la Qualité et de l'Origine (INAO) for a "review" of the classification of the Champagne AOC and not, as the CIVC puts it, an "extension" of the AOC area, back in 2003, so things haven't exactly moved forward rapidly. However, 22 villages in the Marne Department, which has the largest concentration of vineyards currently, 15 in Champagne's most southerly Aube department, two in the Haute-Marne and one commune in the l'Aisne department, have now been put forward as having suitable typicity of terroir to grow grapes to make Champagne from.

As the CIVC points out the Champagne vineyard is old and historically was very large, stretching over 65,000 hectares back in 1865, although not all of this was used for producing sparkling wines. Phylloxera at the end of the 19th century and the first World War both resulted in a decline and there were only around 12,000 hectares left at the end of the war. Some farmers who had land planted with vines before chose not to be included in the newly defined geographical area in 1927, it wasn't because their terroir was inappropriate for growing grapes, other crops were deemed more profitable.

In its four-page statement the CIVC appears anxious to tell everyone that this review "could add or remove villages" from the current appellation, but the likelihood of the latter happening, even if consumption was actually in decline, is not high. Everyone seems to think that demand for Champagne will keep on growing and without extending the vineyard area it will soon be impossible to satisfy this demand. Having said that, it is true to say that the technical criteria applied will be more rigorous than when the present definition of the geographical area for vineyards (as opposed to wine production) was made law in July 1927.

The list of new villages has been drawn up by a panel of experts appointed by INAO who began a review of the Champagne classification at the request of the Syndicat Générale des Vignerons (SGV), the main growers' union in Champagne. The experts looked at all aspects of the local environment, including soil, subsoil, slopes and aspect before producing their report. "The object is clear, it is necessary to preserve the typicity of Champagne," says Patrick le Brun, president of the SGV.

The dossier was presented to the governing council of the SGV who passed it unanimously in late October and in early November it was sent to the national committee of INAO in Paris. If it is, as expected, approved at this stage by INAO, a public consultation will follow in early 2008.

The process of expanding the appellation still has some way to run and new vineyards aren't likely to be planted before 2017, if, as the CIVC says, the experience of such classifications in other regions is anything to go by.

Table 4: Estimated Champagne production and consumption (2007-2011)

Year	Estimated productive vineyard in hectares with new vines coming on stream	Potential production at 11,889 kg/ha (10 year average yield 1997-2006)	Potential production at 13,278 kg/ha (average yield 04-06)	Potential production at new maximum permitted yield of 15,500kg/ha	Estimated shipments (m bottles) assuming annual growth of 4%	Estimated shipments (m bottles) assuming a year-on-year growth of 7%
2007	32,700	333,454,730	369,062,000	430,822,490	334,532,760	344,182,740
2008	33,051	334,001,820	373,023,480	435,446,920	347,914,070	357,950,050
2009	33,361	337,134,570	376,522,240	439,531,160	362,870,630	372,268,050
2010	33,641	339,964,160	379,682,400	443,220,160	377,385,450	388,271,570
2011	33,921	342,793,730	382,842,560	446,909,160	392,480,860	403,802,430

Table 5: Champagne production and shipments

Year	Actual production in bottles incl déblocage	Shipments (m of bottles)	Difference between production & shipments
1997	244,114,050	268,939,971	-24,825,921
1998	333,679,400	292,458,092	+41,221,908
1999	334,049,092	327,079,242	+6,969,850
2000	325,076,927	253,030,960	+72,045,967
2001	285,065,314	262,613,450	+22,451,864
2002	314,357,861	287,651,375	+26,706,486
2003	219,118,063	293,308,769	-74,190,706
2004	375,416,427	300,621,591	+74,794,836
2005	352,537,967	307,498,553	+45,039,414
2006	357,279,545	321,666,120	+35,613,425

Source: CIVC

THE 40 PROPOSED COMMUNES IN CHAMPAGNE:

In the Marne: Basilieux-lès-Fismes, Blacy, Boissy-le-Repos, Bouvancourt, Breuil-sur-Vesle, Bussy-le-Repos, Champfleury, Courlandon, Courcy, Courdemanges, Fismes, Huiron, La Ville-sous-Orbais, Le Thoult-Trosnay, Loivre, Montmirail, Mont-sur-Courville, Péas, Romain, Saint-Loup, Soulanges, Ventelay.
In Aisne: Marchais-en-Brie.
In the Aube: Arrelles, Balnot-là-Grange, Bosancourt, Bouilly, Etourvy, Fontvannes, Javernant, Laines-aux-Bois, Macey, Messon, Prugny, Saint-Germain-L'Epine, Souligny, Torvilliers, Villery.
In Haute-Marne: Champcourt and Harricourt.

estimated future consumption assuming growth rates of 4%, slightly below last year's, and 7%, the current level of increase.

As you can see from the figures in Table 4 (above), even with around 300ha of extra vineyard each year coming on stream, if we take the 10-year average yield of 11,889 kg/ha over the next five years, production can't even keep pace with demand if sales of Champagne continue to rise at a rate of 4%, a level of growth surpassed in 2006. If we raise the yield to the high three-year average of 13,278kg/ha, production will just keep ahead of demand until 2011 at a growth rate of 4%, but will fall behind a year earlier at 7% growth.

However, even the most optimistic forecaster in Champagne would concede that they are unlikely to consistently achieve an average yield of above 13,000kgs/ha over the next four harvests (they did manage it 2007), so they are to an extent relying on their ability to build up a surplus whenever possible to plug the gap when a harvest shortfall comes along as seems almost inevitable.

It is perhaps helpful here to look at the position over the 10 harvests 1997-2006, the latter being most recent for which we have full details (final figures for the 2007 harvest won't be available until the autumn of next year) and compare actual production with worldwide shipments over the past decade (see Table 5) to see how often surpluses have been created and how large they are. There are only two years where consumption was actually ahead of production in the decade from 1997 to 2006. Consumption was 25m bottles ahead of production in 1997 and in 2003 it was 74m bottles behind. The biggest surplus achieved in any one year came in 2004 (74.79m bottles), but this merely cancelled out the deficit from the previous harvest. The smallest surplus was just 6.97m bottles in 1999.

Debate and dissent

A surplus in eight out of 10 years doesn't sound too bad but the average annual surplus over that period is only 22,582,712 bottles and at present rates of growth, consumption went up by more than 14m in 2006 and looks set to increase by at least a similar amount in 2007, this is not viewed as high enough by the Champenois themselves. They like to put three bottles away in their cellars to mature for every additional bottle sale they make in any year.

Whichever way you look at it there are potential difficulties just around the corner if demand keeps rising as expected. The extent of these problems will be influenced by the achievable yields between 2008 and 2011 and will certainly be exacerbated by a shortfall in the harvest in any of the next four years, which, statistically, is likely to happen. This has, of course, polarised opinion in Champagne about extending the vineyard and increased the intensity of the debate on the subject (see box, p 14). And rather like the issue of raising yields, which used to draw many dissenters in Champagne, it is increasingly hard to find people who are opposed to expanding the current appellation. **db**