

Grapes: Wrong, Again!

(Number 31 in a series of highly opinionated articles about grapes and wine in El Dorado County)

There is nothing like consistency, I always say. The results for grape prices of the 2001 harvest are in, and it's very gratifying to be consistent in my predictions about grape prices; that is, wrong for the third year in a row! Following last year's increase of 3.7%, prices for selected red grapes in our area were up by 5.5% in 2001, to a new all-time high.

Better Times. . .

You can see all the data on the website for California's agricultural statistics, <http://www.nass.usda.gov/ca/bul/crush/indexgcb.htm>, and the site includes historical data back through 1991. It describes the tonnage harvested and prices paid for grapes throughout California by districts, and ours is District 10 (we are combined with Nevada, Placer, Amador, Calaveras, Tuolumne and Mariposa Counties). And while the prices paid for red premium wine grapes rose, white wine grape prices declined statewide by about 3 percent. Here are the numbers:

| <u>District 10</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>Increase</u> |
|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Merlot | 1,203.54 | 1,413.53 | 1,354.69 | 1,385.86 | 2.6% |
| Cabernet Franc | 986.35 | 1,209.91 | 1,321.38 | 1,441.24 | 12.2% |
| Cabernet Sauvignon | 1,078.70 | 1,107.01 | 1,200.04 | 1,254.59 | 5.1% |
| Zinfandel | 812.69 | 936.24 | 978.72 | 1,043.56 | 8.0% |
| <u>Syrah</u> | <u>1,037.04</u> | <u>1,232.69</u> | <u>1,237.55</u> | <u>1,246.44</u> | <u>0.9%</u> |
| Average | 1,023.66 | 1,179.88 | 1,218.42 | 1,274.34 | 5.5% |

Had you had the foresight to grow your grapes in Napa County, you would have seen an almost unbelievable average jump of over 24 percent, including a 28 percent surge for cabernet sauvignon to \$3,780 per ton, and a 53% increase for zinfandel to over \$2000! The complete numbers and charts showing the price trends for all these grape varieties in the various districts (all the way back to 1991) can be found on a special web page, <http://www.oakstone-winery.com/prices.htm> (it may take a couple of minutes to load all the figures and graphs on our tired copper phone lines).

And Worse. . .

Once again, there was a substantial decline in prices where two-thirds of California's wine grape crop is grown: San Joaquin, Stanislaus, Merced, Fresno, Madera and Tulare Counties. To maintain a fair comparison, the figures below are for the same varieties as the District 10 table, excluding cabernet franc which is only grown in small amounts in the central valley:

| <u>District</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>Increase</u> |
|-----------------|-------------|-------------|-------------|-------------|-----------------|
| 11 (Lodi) | 705.66 | 623.00 | 561.34 | 555.47 | -1.1% |
| 12 (Manteca) | 560.94 | 480.00 | 382.07 | 351.77 | -8.0% |
| 13 (Fresno) | 524.70 | 386.99 | 302.14 | 298.84 | -1.1% |
| Average | 597.10 | 506.66 | 415.18 | 402.03 | -3.4% |

Size Matters!

Without a doubt, the saving grace for prices last year was the size of the crop. Compared to the 2000 record crush of nearly four million tons, last year's crush was down by 15 percent to 3.37 million tons (heavy spring frosts in many of the grape growing areas statewide contributed to the decline). Our area produced 15,938 tons, compared to 14,752 tons in 2000, for an increase of about 8 percent, and this was due largely to new vineyards coming into bearing. Since many more acres will be added to wine grape production this year, it will be very interesting to see if the trend continues. By the way, if you do the calculation, you'll see that the entire Sierra Foothills produce only about 0.47% of the state's wine grapes, and the estimate for El Dorado County is almost exactly 0.1%.

Mitigating Circumstances

The most surprising result is the phenomenal increase in prices in Napa County, which accompanied a decrease in production there from 136,000 tons to 126,000 tons. While we have always touted our area's diversity and abundance of microclimates, we have also noted the similarity between our weather and that in Napa's prime districts of Rutherford or Oakville. In fact, David Jones of Lava Cap Winery has for several years been presenting tabulations of heat summation numbers (degree-days calculated to determine exactly how hot or cold a growing area is) which argue strongly that grapes here should ripen just as well as those that sell for two or three times as much in Napa. It just may be that our neighbors to the west have finally started to listen, because in 2000, over 35 percent of our local El Dorado grape crop found its way down the hill to other Counties. And it's hard to blame them—if you can get equally good grapes at one-third the cost, it's almost an irresistible temptation!

So, once again this year we leave you with those now-famous questions: Will the huge increase in grape production outstrip demand and result in the lower prices that (some) people have repeatedly predicted? Will the rich and famous wineries of Napa continue to abscond with our bargain-priced grapes? Will the growth in local wineries use up the increase in grapes from our new vineyards? Will this guy *ever* get it right?