

## **Grapes: Who'da Think It?**

(Number 21 in a series of highly opinionated articles about grapes and wine in El Dorado County)

There's quite a difference between being wrong, and not being right, just yet!. The California Department of Food and Agriculture has published the prices for 1999 in its annual Grape Crush Report (and in June, its annual report of California Grape Acreage for 1999). Across the state, red wine grape prices were up by only six dollars per ton, while white grape prices were down by about three dollars. Sounds like kind of a ho-hum year, doesn't it? So, let's turn to the foothills, what they call District 10 (Nevada, Placer, El Dorado, Amador, Calaveras, Tuolumne and Mariposa Counties), and see how we did. **What???** Merlot went up \$210/ton (from \$1,203 to \$1,413; up 17.5%), while cabernet franc, zinfandel and syrah were each up almost the same amount (plus 18.9% on average), leaving only cabernet sauvignon relatively unchanged! How can this be? Didn't that guy who writes the highly opinionated articles predict a *decrease* about a year ago when the grape prices were published?

<u>District 10</u>	<u>1998</u>	<u>1999</u>	<u>Increase</u>
Merlot	1,203.54	1,413.53	17.45%
Cabernet Franc	986.35	1,209.91	22.67%
Cabernet Sauvignon	1,078.70	1,107.01	2.62%
Zinfandel	812.69	936.24	15.20%
Syrah	1,037.04	1,232.69	18.87%
Average	1,023.66	1,179.88	15.36%

### **The Big Picture**

District 10 did pretty well in 1999—we produced over 10,000 tons of wine grapes, compared to 8,900 in 1998 (but then 1998 was the *el niño* year, and don't get me started on that again!), and the district average price for all varieties increased from \$906 to \$1,011 per ton, up 11.6%. Sonoma County (District 3) didn't even do as well: their average went up only 8.6% (from \$1,733 to \$1,882 per ton). And Napa? Well, Napa started at \$1,872 last year and rose “only” 8.0% to \$2,124. Kinda makes your mouth water, doesn't it? Looking at these growing areas of premium wine grapes, in which we will generously include ourselves, life looks pretty good!

### **Look Away . . .**

These figures are not too surprising, since wine sales figures show that the demand for premium and 'superpremium' labels continues very strong. The other end of the market, though, is a different story. Sales of jug and (ugh!) box wines have sagged lately, and to tell the truth, they use a lot more of the state's wine grapes than the wines at the top end of the market. So much so that if you look at grape prices where most of those wines originate, you see something else indeed. San Joachin, Stanislaus, Merced, Fresno,

Madera and Tulare Counties account for almost two-thirds of the state's wine grapes. While tonnage in those areas was very similar over the two years, the prices were not. The weighted average of all those counties dropped 7.5% from \$420 per ton to \$398, and if you look at the premium varietals we compared for our area, it's even worse. The average for cabernet sauvignon, merlot, syrah and zinfandel (cabernet franc acreage is too small to be meaningful) fell by 13.3% from last year.

What's going to happen now? One way to guess the future is to look at the total number of tons crushed each year, compared with the total wine grape acreage. With the exception of the unusually large crop of 1997, the total tonnage across the state has ranged between 2,500,000 and 3,000,000 tons each year since 1989, while the acreage devoted to wine grapes increased steadily from 290,000 to 470,000 over the same period. Part of the explanation for the relatively small increase in tonnage may be a decrease in tons per acre as more growers strive for higher quality (and another part reflects the loss of thousands of acres in Napa and Sonoma to phylloxera and the replanting during this period), but much of it is due to the fact that, of those 470,000 acres in grapevines last year, over 20% (nearly 100,000 acres) were recently-planted *non-bearing* acres. We can expect at least 20% higher tonnage over the next couple of years, so all we have to do now is to persuade people to drink another 20% more premium wine over the next couple of years, and premium grape prices should stay comfortably high.

### A Slowdown in the Upturn

Reason does seem to be prevailing (no doubt due to the timely cautions issued in this column last year), and the number of new acres planted to most wine grapes has been reduced considerably over the last two years, as has the total number of new acres planted:

<u>New Acres Planted</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Chardonnay	11,780	6,845	2,946
Merlot	5,507	3,346	2,280
Cabernet Sauvignon	9,241	7,595	5,910
Zinfandel	3,803	1,562	447
Syrah	2,980	2,385	1,565
Total of <u>all</u> wine grapes	44,806	31,642	18,957

The runaway planting spree that peaked in 1997 seems to have settled down, and the increase in actual yield of grapes can be expected to moderate after about 2001.

As we've predicted before, as long as the economy stays strong and as long as wine continues to be regarded as a healthy beverage, we can expect a continued strong demand for grapes of almost any "premium" variety. If there's an economic "hiccup," look out for rapidly falling grape prices. If, on the other hand, the Glassy-winged Sharpshooter invades the Central Valley and other grape-growing areas, the producing acreage could plummet dramatically, and the areas that survive infestation (keep your fingers crossed

for the foothills) could see a phenomenal increase in prices. Anybody want to bet what will happen in 2001?