

Grapes: The Envelope, Please

(Number 25 in a series of highly opinionated articles about grapes and wine in El Dorado County)

You know what an approaching storm is like—the sky overhead may be slightly cloudy or even bright blue, while on the horizon an ominous thunderhead can be growing to dangerous proportions. The grapegrowers of this area have enjoyed a relatively steady rise in prices over the period 1993-2000, with an average increase of 37.3% over the seven years. But, as we noted with alarm last year, you only have to look about fifty miles southeast to see the gathering clouds.

The Rich Get Richer . . .

In the current season of Grammys, Emmys and Oscars, let's see how we all did last year. The California Department of Food and Agriculture published its "Preliminary Grape Crush Report" a few weeks ago, and thanks to the magic of the internet you no longer need to have a winery or pay to see it. The entire report is on-line at <http://www.nass.usda.gov/ca/bul/crush/indexgcb.htm>, and in many different formats (Excel, PDF, Lotus (WK4), FoxPro dBase as well as HTML). It describes the tonnage harvested and prices paid for grapes throughout California by districts, and ours is District 10. The prices paid for red premium wine grapes (our primary crop) in district 10 rose by about 3.7% between 1999 and 2000, and even though it's nowhere near last year's 15% jump, Martha Stewart would still say, "That's a good thing." Details are in the table below:

<u>District 10</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>Increase</u>
Merlot	1,203.54	1,413.53	1,354.69	-4.2%
Cabernet Franc	986.35	1,209.91	1,321.38	9.2%
Cabernet Sauvignon	1,078.70	1,107.01	1,200.04	8.4%
Zinfandel	812.69	936.24	978.72	4.5%
<u>Syrah</u>	<u>1,037.04</u>	<u>1,232.69</u>	<u>1,237.55</u>	<u>0.4%</u>
Average	1,023.66	1,179.88	1,218.42	3.7%

As you might expect, it would have been a whole lot better if you were growing grapes in Napa County, because their prices jumped by almost 14 percent, including a 20 percent surge for cabernet sauvignon to over \$3,000 per ton!

And the Poor Get . . .

The statewide average price for wine grapes declined by 3 percent from last year, but as we noted, a substantial decline in prices starts with the area that produces over two-thirds of California's wine grape crop: San Joachin, 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>Increase</u>
11 (Lodi)	705.66	623.00	561.34	-14.0%
12 (Manteca)	560.94	480.00	382.07	-20.4%
13 (Fresno)	524.70	386.99	302.14	-21.9%
Average	597.10	506.66	415.18	-18.0%

As these grapes get cheaper (and remember, this is on top of a 13.3 percent decrease for those areas last year), all but the most disciplined wineries will be tempted to purchase those bargain grapes, bringing downward price pressure to all the grapes selling for premium prices.

How Many Grapes?

Last year's crush was the largest in history, up 24 percent from 1999 at just under four million tons, and 1.5% higher than the previous record of 1997. This means that all the tanks and barrels are full at the wineries, and since we're focusing on red varieties, most won't be emptied until those wines are bottled in 2002. In this kind of year-to-year assessment, though, a lot depends on the size of the next year's crop. 1997 had such huge production that *some* of us predicted it would seriously decrease the next year's prices. As it turned out, Mother Nature played her little el niño joke, and the 1998 crop was one of the smallest in recent memory. Go figure. Our own district's increase in 2000 was only about 9 percent (from 13,539 to 14,752 tons), and that may have helped to maintain our prices.

The big question, as always, is: will supply outstrip the demand for premium grapes, or will people keep right on buying those bottles of \$100 Napa cabernet? A large part of the answer will come from the report that the CDFA will issue in June, the "California Grape Acreage Report." It will also be available on-line at <http://www.nass.usda.gov/ca/bul/acreage/indexgab.htm>. If the increase in grape acreage continues to moderate, and the demand for premium wine stays strong, we can expect reasonably good times for grapegrowers. However, since there appears to be at least a short-term economic slowdown underway, we might need to be prepared for a decline in prices.

Will the new Fair Play appellation suddenly give our grape prices a tremendous boost? Will the glassy-winged sharpshooter invade major areas of grape production? Will the opinionated guy's prediction ever come true? Stay tuned for another year of cliff-hanging adventure and excitement in grape country!