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## SITEVI 2013 MONTPELLIER

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Attending the SITEVI 2013 in Montpellier was a fantastic opportunity to learn and engage with the French and other European wine producers. My French linguistic skills are limited and rudimentary in the function of technical conversations and presentations. I'm very grateful for the kindness and patience of many people who made generous efforts to help me participate. I tried my best to capture as much information as I could to share in the following notes below. I apologize in advance for any misinformation that may have resulted from translation.

## **LANGUEDOC-ROUSSILLON**

Montpellier is located in the Languedoc-Roussillon region of southern France. The wines produced are "vin du pays" that are labelled "Vin de Pays d'Oc". The region spans the coast of the Mediterranean from Spain to the Provence region of France. The area under vine is approximately 282,800 ha making it the biggest wine region in the world. The wine industry is vital to the local economy.

The climate is warm and could produce much higher tonnages if irrigation was more comprehensively applied. Only a small percentage of vineyards are irrigated, despite the availability of water resource. This may have been a consequence of historical production regulations; however the lowest classifications have now had hectoliters/ha removed. This leaves real possibility for the Languedoc vineyards to increase volume production with limited capital spending.



## FRENCH WINE INDUSTRY

Industry performance data from Bloomberg (17th October 2013) specified that:

- The 2012 French vintage was the smallest in 40 years. This was mostly the result of poor weather and disease.
- While it seems too early to get an exact size of the 2013 vintage, indications are predicting similar volumes to 2012.
- The French agricultural department “France Agrimer” indicated that the 2012 vintage totaled 42 million hectoliters and they are forecasting that 2013 will be around 43.3 million hectoliters.
- French vintages have gone beyond 50 million, but on average are around 45 million hectoliters. In fruit tons produced this is around 4.3 million tons.
- French vineyards total around 0.729 million hectares in 2012, occupying 3% of the countries arable land.
- This results in 19% of the world’s production and provides over 0.25 million direct jobs in France.
- The wine industry is worth 15% of the country’s agricultural output.



## FRENCH WINE COMSUMPTION

- Since the 90’s wine consumption has dropped by 20%, creating significant challenges for the industry.
- The French still consume approximately 50 litres of wine per person annually, but have changed their purchasing habits from buying from negociants to buying predominately from supermarkets.
- French wine consumption is dissimilar to Australian and many other international wine markets in their strong preference for Rose wine styles as opposed to white wines.
- The French domestic market consumes 55% red wine, 28% Rose and 17% white wine.
- Despite the general drop in wine consumption, the domestic market for Rose grew 3.3% in volume and 5.9% in value last year, doubling over the last 20 years.

## FRENCH MARKET POSITION AND ADAPTATION



Many measures have been put in place to counteract wine oversupply in France. Some of these include supported vine pull schemes and strong national marketing.

- The export market has become vital to the sustainability of the industry.
- The equivalent of the Australian 'A' and 'B' of wine production have not felt the oversupply pressure as hard as their 'C' and 'D'.
- France has also battled the wine glut in the problematic low priced and bulk wine market.
- The vin de pays allocation was set up in 1979, which allowed the Languedoc -Roussillon region to market wines by variety.
- This labelling adaptation improved the region's ability to compete in the market on an even platform with the emerging new world producers.
- Currently the French industry exports 30% of production .
- The industry in 2012 was worth about €18 billion annually, of which approximately €7 billion is exported.
- The big markets were the United Kingdom which accounted for around €1.2 billion, the USA €0.86 billion and Germany €690 million.
- In 2012, the emerging market of China was valued at around €483 million and grew as much as 40%. Similarly, exports to Hong Kong grew at around 22% to a value of €417 million.
- The value of bulk wine was on average €3.89/L in 2012 an increase of 2.4% from 2011.
- In 2012 exports grew by 5% in volume and 9% in value compared to 2011.
- There was a positive feeling from the French winemakers that there are still plenty more gains to won on the global stage.
- A significant achievement by the French wine industry has been that despite the reduction in domestic consumption they have reduced the flow of imported wines into France by 13% over the last few years (wines that were mostly coming from Italy and Spain).

## FRENCH INDUSTRY GOVERNANCE

The French model of industry governance was multi layered and complicated to comprehend. Of the stakeholders I discussed governance with some did not feel that the national industry was always united. The L'Office National Interprofessionnel des Vins (ONIVINS) is the national body and is involved in the following functions:

- To govern production volumes
- Management of planting rights
- Industry regulation and promotion
- Monitor and influence the industries technical progression - funding of research
- Control and certification of vine propagation material, germplasm management and vine health
- Manages national and EU aid to the wine industry

**ONIVINS History** - The ONIVINS inception was to provide better direction and stability in the functions described above (it replaced FORMA). ONIVINS is not involved in governance of wine origin (spirits and ciders as well). This function is carried out by the National Institute of Appellations of origin wines and eaux-de-vie - INAO. The ONIVINS is a public institution and fits under the government departments of the Ministries of Agriculture (technical supervision) and Ministries of Finance (financial supervision). Since 2000, the Office is also responsible for all matters relating to wine alcohol in the context of national and community interventions. It is specifically responsible for guiding and regulating the vine and wine in accordance with European regulations.

How the French apply their strict regulations to the plethora of plantings and build an understanding of their foundation assets is hard to grasp.

I also had the opportunity to meet and discuss industry associations and governance with representatives from Germany, South Africa and Greece.

**German Industry** - I met with Mr. Carlo FuchB, an executive of the German Wine Growers Association (GWGA).

- The association represents both the fruit and wine production and to a degree, marketing as well.
- The body is a private organisation that is funded by levies gained from the 39 organizations that facilitate regional revenue raised from running trade fairs.
- Mr. FuchB was positive about the health and profitability of the industry and despite challenges is optimistic about the future.
- Mr. FuchB felt the German Industry has worked hard to recoup their domestic market through innovation and are reaping some early rewards.
- The GWGA structure is made up of a president and seven board members who are elected in a representative mandate.
- Board members are not paid for their participation. The association has 8 fulltime staff members.

**South African Industry** - I also met with Mr. Anton Smuts from VinPro South Africa. We discussed the governance of the South African industry and how funding was sought for a commercial association like VinPro.

VinPro was established in 2003 to offer independent organisation consultation services in viticulture, oenology, soil science, agro-economy and general management. VinPro owes its origins to KWV's establishment in 1918 to represent the interests of the South African wine industry. After close to five years as a co-operative, VinPro converted to a company and VinPro Ltd (limited by guarantee) on 22 May 2008.

Vision and Mission: “VinPro is a service organisation with strategic positioning in the South African wine industry. The organisation is committed to the vision of a sustainable and participative wine producer community. VinPro places its vision foremost – its activities are aimed at an interactive, participative strategy in assisting its 4 000 producer-members to achieve sustainability in the broader wine community.”

Mr. Smuts informed me that large proportions of their funding is sourced from the government, however the industry faces many uncertainties.

VinPro's operational income also consists of:

- Consultation services to members and the industry
- Advertisement incomes in its publications
- Commercial management investments

Mr. Smuts outlined that the political structure and funding situation is difficult to ascertain for the future. Traditionally, South African viticulture has been very laborious and in comparison to Australia, far less mechanized. This is changing rapidly as trade unions create operating conditions that are difficult and unprofitable for many producers. South Africa's changing labour landscape may affect their ability to compete with other world producers. The current adoption of mechanization in South African is rapid and VinPro were very interested in the mechanical component of the exhibition.

**Greek Industry** - Another contact made was with Mr. Panagiotis Papagiannopoulos, a Greek oenologist who is also a board member of the winemaking association in Greece.

- The industry is governed by three bodies; independent grape growers, cooperatives and winemakers.
- The winemaking body sources funds from a levy imposed on wine production. This is 5c per hectoliter on low end wine production 10c per hectoliter on high end.
- Unfortunately they do not have supporting corporations such as the AGWA and rely on their own resources and limited assistance from relevant government departments.
- Mr. Papagiannopoulos was positive about their current export position, due to huge improvements in quality.
- The domestic market is difficult due to a depressed economy and a trend has occurred of consumers moving to cheaper wine than they traditionally consumed.



## **SITEVI - White Wine International Forum**

As part of SITEVI 2013, a forum was held discussing the global wine export market of fruity white wines. The session was based on wines made from “C” grade and lesser grade fruit. The session was chaired by David Cobbold (a prominent wine journalist).

**Pays d’oC** - Florence Barthes, the General Manager of Pays d’Oc Wines, opened the session with an insightful talk about their success in specializing in varietal wines targeting the lower end of the market. The Pays d’oC is a protected geographical indication known in France as an IGP. The Pays d’Oc is made up 1500 producers.

- Vineyards are planted at a density of 4000 vines/ha and the maximum cropping levels are around 12.5 tons/ha.
- The Pays d’oC produces 18% of French wine with approximately 550 million litres produced in 2009.
- There are 32 varieties and production consists of 59% reds, 21% Rose and 20% whites.
- Chardonnay still makes up 47% of white wine production, followed by sauvignon blanc at 31% and then a raft of minor white varieties lead by viognier.
- Despite the session focusing on white wine production, some red data was discussed. Merlot is still the most widely cultivated red variety followed by cabernet sauvignon, syrah and grenache.
- The Pays d’oC marketing model is presented in the following ranges;
  - **'Seduction'** range, simple easy-going wines that are not meant to be understood, just enjoyed.
  - The mid pyramid range **'Style'**, a range designed to attract a slightly more developed palate or bank balance.
  - The top of the range **'Select'** is not trying to compete with the more famous regions in France, but offers the best of the Pays d’Oc at a very competitive price point.
- Producers require stringent independent testing to be included in the Pays d’Oc, providing security to consumers of expected quality.
- The Pays d’oC is the largest white wine producer in France and the 4th by value. This is a position that they feel comfortable with and are not interested in chasing the high value market.

## **Changing Trends in the World Market for White Wine - An analysis of the Italian and New Zealand successes on the British market.** By Jean Philippe Perrouty of Wine Intelligence UK.

- The challenges of the decreasing UK market (-1 to -2% annually) were discussed, but shadowed against the opportunities that still exist in a market with 29 million wine consuming adults.
- The continuing trend in UK wine consumption is based on lighter, fruitier, fresh wines with reduced alcohol.
- The over £6 market is growing and the under £5 market is in contraction.
- This is an active advantage of New Zealand sauvignon blanc as it aims to be a higher priced offering and a challenge to the lower priced Australian whites.
- The trend of wine consumers being happier to pay more for off premise wine as a reward for staying home has continued in the tough economic times.
- Jean indicated that the UK white wine market was dominantly female and is seeking an emotional retreat when making a purchase.
- This target market is currently attached to the marketing campaign of New Zealand sauvignon blanc, with its inherent environmental purity. The Italians are also pitching to this segment for their pinot grigios, using their easy-going Mediterranean life styles.

- These wines are not meant to challenge, but just be enjoyed for fun. They can be relied upon for their consistency and meet the expectations of the consumer.
- The old French white wines are still purchased by a male audience and do not fit the mould of fresh, fruity... e.g. Bordeaux and Chablis.
- The most lucrative consumer of white wines is looking for those that are non-aggressive, low in alcohol and not complicated. This description fits the current pinot grigios produced by Italy and subsequently they are enjoying great success.
- New Zealand's sauvignon blanc has approached the UK white wine market very differently. The price point is much higher than pinot grigio and more in comparison to Burgundy whites. The product is strongly viewed as reliable and backed heavily by New Zealand's sustainable agricultural reputation.
- A comment from Chris Losh (wine journalist, Liquid Publications) suggested that while the New Zealand industry faces the same issues as the Australian wine industry, it unites better to chase common values and goals. They communicate a united message and are well received.

The assertions made by Jean and other key players in the room suggested that the challenge ahead for Australia is how to reinvent our low priced whites? The insights offered suggested targeting the female dominant market with an emotionally based escapism campaign. A holiday in a bottle.

There was a common feeling in the room that Australia is struggling to clearly communicate our product adaptations to the world. The opinion of the Europeans is that the Australian industry has the assets and production expertise, but seems to be lacking a fresh marketing perspective to steal back the UK white wine market.

Jean Philippe Perrouy demonstrated many statistical tables. Some points of interest were:

- Australian wine is still rated as highly as desirable buy.
- The threat continues that other countries are growing in preference and Australia is still in decline.
- The UK market consumption is made up of 44% red wine which is in decline, 39% white wine which is stable and 17% Rose, which is still in growth.

There appears to be a growing audience looking for fresh and low alcohol wines that are gravitating towards Rose. An opportunity may exist again for Australian warm/ hot climate viticulture to explore this market both domestically and overseas. The barrier will be to convince the Australian domestic market that not all Roses are sweet.

**In the Shadow of Chardonnay and Sauvignon, What Will the Grape Varieties of the Future Be?** By Laurent Audeguin - Head of R&D at the IVF.

Laurent discussed the different world wide producers and what white varieties are being established. There were not too many surprises; these are some points that I summarized:

- Australia's point of difference was seen to be the extensive use of semillon and chenin (similar to South Africa).
- Viognier was discussed and the success that some producers in the Pays d'oC are having making blends of chardonnay and viognier.
- Alternative uses of Chardonnay that are opening up markets for the variety E.g. wines made in a Muscat style.
- Varieties like albarino, savignin and arneis and blends of rousanne/ chardonnay were mentioned but the market space still seems to be small at the lower price points.
- Throughout the conference Prosecco was mentioned as a strong emerging export wine from Italy. The Italians made a point of the fact the domestic market for Prosecco is low.

- The successful style of Prosecco fits the ‘fruity, light, fresh with low alcohol’ message that is coming back from retailers in relation to low priced wines.

A snap shot of UK white consumption trends;

- Pinot grigio - still growing
- Sauvignon blanc - has stabilized
- Chardonnay – in decline, but some re-styled wines showing promise .

**Jackson Family Wines - The White Wine Strategy.** By John Cole, Production Manager, Jackson Family Wines.

Jackson Family Wines are a leading USA wine producer, who market 50 million bottles of wine annually under 20 brands.

- John illustrated the enviable fact that wine consumption is still growing in his domestic market and to this point export has not been an important part of the business model.
- The profit margins on export cannot match domestic margins and the strategy at this point is not to actively pursue until the margins improve.
- The USA population consumes 4 to 5 litres per person annually. The positive position of the US industry is that the domestic market is increasing by both volume and value.
- The Jackson strategy is very different in comparison to Gallo’s strategy. They are aiming to produce higher quality wines and are not chasing the market volumes of bulk wine production.
- John spoke about the business being family owned. So in comparison to the corporate wine companies, they are able to set goals and have the business fortitude to wait for maturation. This is a parallel that can be drawn to successful family owned Australian wine businesses.
- Chardonnay is Jackson Family Wines’ largest variety.
- Their flagship product is barrel fermented Chardonnay. This is made in what John describes as an artesian fashion, albeit in a very large scale.
- Their biggest product, the Vintage Reserve, retails for around US\$15 bottle.
- They own 5000ha of vineyards, 15 wineries and 25 Californian brands.
- They have even invested in a cooperage, in keeping with the family’s strategy to own the assets within their production.
- Jackson Family Wines consume 20,000 new barrels per vintage.

It was interesting that chardonnay still rules the US market and while John acknowledged sauvignon blanc, he pointed out that the variety mostly fits into the lower priced bracket in the US domestic market.

**Domaine Paul Mas (Arrogant Frog brand)** By Jean Claude Mas.

- Mr. Mas spoke with some candor about the realization phase that French producers undertook to improve the quality of lower priced wines. He felt that this adaptation was required in order to compete on the international market.
- Jean spoke fondly of the new French marketing models of pursuing white wine sales in the export market. He has been driven to export by the retraction of the French domestic market.
- He freely acknowledged that the French had historically taken a fairly arrogant stance to new world producers.
- He went on to admit that to counteract the threat that new world white wines were posing to the French: “that their business had to improve the quality of what they were offering to the market at lower price points, to remain be competitive at similar price points globally.”

**General Discussion:** Australia missed mention in most of the presentations and subsequent general discussion. When we were mentioned it was supposed that our industry's greatest weakness was that five producers own 80% of our production. It was said that despite Wine Australia's efforts to educate the global market of our unique terroir, our monolithic approach to wine production is still not seen to offer much identity or authenticity. Key players expressed that Australia's crusade to simplify wine was massively successful. However as already mentioned it is now believed that Australian wine is currently struggling to reinvent itself globally.

Incidentally the Italian and to a lesser extent the German wine industries were highly praised for the adaptability they have shown over recent times.

There were other vine-wine technical sessions held over the conference with content that was of interest. Unfortunately, they were conducted in French and no interpretation services were offered.

## **SITEVI EXHIBITION**

The exhibition of winemaking, viticultural and horticultural equipment, technologies and services was incredibly vast. SITEVI 2013 had an attendance of around 50,000 people and attracted a wide variety of exhibitions. My limited French made comprehensive communication difficult, but not impossible. I received a warm and friendly reception at the exhibition and ongoing assistance from the outstanding SITEVI International Affairs Staff. A lot of the brochures were in French, so in order to collect information I concentrated on gathering websites. French vineyards' close proximity to urban populations and their admirable environmental foot print concerns have driven some very exciting innovations.

Of particular viticultural interest were the following winners and special commendations of the event:

### **GOLD MEDAL WINNER**

**NEW HOLLAND AGRICULTURE** - Optimized sorting system for grape harvesting: "*Opti-Grape™ developed by New Holland Braud. This new system is both a genuine innovation and a technical feat, due to all the elements it contains and the quality of the harvest it delivers. Each part of the harvest is covered by a separate process and optimized. There are five sub-assemblies working in conjunction to ensure the harvest runs smoothly. The two best known are the pre-sorter and the separator. The pre-sorter uses rollers to separate the harvest gently into two batches: whole bunches, which go to the de-stemmer, and individual berries, which go straight to the separator. The entire harvest eventually passes through the separator (berries, berries from the de-stemmer, waste, leafstalks and pieces of leaves from the pre-sorting). The berries are separated from the waste by a forced-air cushion. Everything that is round (berries), rolls off the air cushion and falls into the trailer. Other waste (leafstalks, pieces of leaves, stems, withered or botrytized berries) are lifted on the air cushion and removed from the harvest. The Opti-Grape™ innovation delivers harvests of excellent quality (less than 0.1% of waste in the harvest), and even removes waste that would not be picked up in a manual sort (pieces of leaves measuring 1 cm<sup>2</sup>, withered berries). It has the advantage of being onboard the harvester and is therefore clearly more effective than sorting in the cellar, whilst still retaining the production output expected of a Braud machine.*"

For an interactive demonstration, go to [www.youtube.com/watch?v=mdj6pe7sydw](http://www.youtube.com/watch?v=mdj6pe7sydw)

### **SILVER MEDAL WINNERS**

**EVA-SprayViti** - "*IFV and IRSTE have developed an adjustable artificial vine called "EvaSprayViti" that enables spraying to be measured objectively and the performance of different crop spraying equipment to be tested. The aim is to assess the spraying of crops and product losses into the environment. This test bench artificially reproduces four rows of vines, each 10m long*"

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**T4E - Straddle Electric Tractor:** *“The T4E is a 110 bhp (80kw) Electric Straddle Tractor that offers the same functionality as a traditional straddle tractor, but with the added advantage of using an alternative to fossil fuel, which is beneficial not only from an environmental but also an economic and health point of view.”* Excerpt taken from <http://www.kremer-energie.fr>

**FORCE-A** - *“Offers a brand new automated service of pruning wood mapping that comprises: Pruning wood measurement straight to the plots by the PHYSIOCAP® sensor, during the winter rest. This sensor has been invented by the CIVC and mechanized by the company E.RE.C.A. The automatic processing of data acquired in intra and inter-plots maps (number of vine shoot, average wood diameter and wood biomass in grams per m<sup>2</sup>) by the FORCE-A web platform, the FA SERVER.”* Excerpt taken from <http://www.force-a.eu/an/psm.php>

## SPECIAL COMMENDATION WINNERS

**POLYJET-** from the Beaune-based company Bobard Jeune: *“Is innovative vineyard equipment for face-to-face localisation spraying combining three technologies: projected sprays, carried sprays and pneumatic diffusers. It is an optimised system by which wine-growers can adapt their spraying to the stage of the growing cycle. It minimises wastage during early treatment and keeps fuel costs down. The innovation is a response to new environmental issues and means growers can shift to integrated viticulture.”* Excerpt taken from <http://www.bobard.com>

**ERO GRAPELINER SF200:** *“When developing the self-propelled ERO Grapelinier SF200 grape harvester, besides the quality of the harvest and gentle treatment of your valuable vines, we concentrated especially on the driver’s comfort. The spacious, comfortable, optionally air-conditioned cabin provides you with optimum all-round vision and, through the glass floor, a first-class view of the row of vines. The ability to save harvesting routines for control of the harvesting head minimises unproductive time and helps achieve good and uniform harvest quality. The load-sensing hydraulic system, which enables operation at low engine speeds regardless of the selected harvesting parameters, saves fuel and reduces noise nuisance. The optional de-stemmer improves the quality of your red wines and saves an operation. You will enjoy being able to drive from one vineyard to another at a road speed of 40 km/h just as much as you will like being home earlier after a long day’s work.”* Excerpt taken from <http://www.ero-viti.com>

**FORCE-A** *“has developed an innovating system enabling to give access to the grape quality information, to all mechanical harvests realized through a 9000 series NEW HOLLAND BRAUD harvester. This system allows providing in real time the average anthocyanin content and a heterogeneity index of the grape from every trailers that are used to link the plots to the wine storehouse. Those measures are realized thanks to the MULTIPLEX® optical sensor developed by FORCE-A, and adapted to be embedded on machines. NEW HOLLAND BRAUD for its part has developed an INTELLIVIEW® III terminal page, enabling to manage the system from the cabin. Moreover, the results are instantaneously displayed on that page. It is therefore possible to print out the screen to provide the information in real time to the wine storehouse. Besides, added to the machine GPS it is possible to georeference the data acquired, in order to offer an additional mapping functionality of space variability of anthocyanins inside the harvested plots.”* Excerpt taken from <http://www.force-a.eu/an/harvester.php>

**ARSTEA**-An innovative 3 point linkage hitch designed to reduce the risk of occupational risks. “*Ensuring users of agricultural machinery remain safe while hitching and unhitching tools to a tractor is also a research challenge. 2 Irstea scientists have developed an innovative hitching system which is the subject of a patent application\* and is available for transfer.*” Excerpt taken from <http://www.irstea.fr/en/innovative-hitch-limit-occupational-risks-agricultural-workers>

**CleanPlant- PEPINIERES MERCIER FRERES**- New sanitary practice for rootlings and grafted vines. “*This is a grafted vine created through a unique patented process that uses different methods of disinfection during the production stages to clean and disinfect plants and protect them from fungi connected with vine diseases (ESCA/BDA). The process is based on the use of a neutral anolyte (a contact biocide that does not affect the environment, unlike the fungicides used nowadays) in various aqueous concentrations. Laboratory checks are carried out during the different production stages to monitor the health of the wood.* CleanPLANT is healthier than a "classic" plant as a result of these methods of disinfection being incorporated into the production process, from the harvesting of the basic material to the packaging of the plants.” Comments from SITEVI **Contact:** Stefan Raoult - stefan.raoult@mercier-groupe.com - Tel.: +33 (0)6 99 00 29 74

**VSE 430- PROVITIS** “*The machine for pulling vine shoots extracts shoots after the pruning of the vines in winter, an operation mostly carried out by hand until now.*

*It consists of a support frame bearing devices to feed shoots in, and transfer and extract. These devices are driven on vertical axes at a tangential speed proportional to the forward speed. A notched disc pushes the side of the shoots to feed them towards an extraction chain and rollers.*

*The pulling is therefore done laterally, as if by hand. Less effort is required for tying than would be the case if pulled upwards, which avoids all the drawbacks of existing machines:*

- 1. substantial tension of tying wires to prevent them being carried away by the machine;*
- 2. stakes for vines planted at a substantial depth to prevent them being pulled out.*

*A deflector at the exit forces the shoots towards the middle of the row for easier collection.”*

Excerpt taken from SITEVI. For demonstration [www.youtube.com/watch?v=Ycs18WYktnM](http://www.youtube.com/watch?v=Ycs18WYktnM)

I was fortunate spend time inspecting equipment the exhibitions with Mr. Rolf Hauser from Staatsweingut Weinsberg University. Mr. Hauser has a senior role in education and research. His 30 years' experience in farm machinery and engineering was invaluable to me in the exhibition area. Mr. Hauser introduced me to many key players from his large network and I was very privileged to have his assistance.

I hope to keep in contact with him in the future.

**Recycled Spraying:** Recycled fungicide and to lesser extent herbicide sprayers were commonplace. Below are two examples:

Koleos: Supplied by Dhugues: Contact [www.dhugues.com](http://www.dhugues.com) (ISO 9001/2000)



Bertoni Re-cycled Sprayers:  
Some models are already in Australia.

**Harvesters:** The machine harvester market was very well represented. A shift in focus was apparent from the dominant brands we see operating in Australia of Gregoire and Pellenc, to the SITEVI Innovation award winner and highly commended Braun and Ero makes.

The defining factors:

- The on board processing advancements are the catalysts for the shift in brand interest. Measures concerning the machine's abilities to remove the highest levels of MOG, whilst causing the least levels of maceration were pivotal.
- The different harvester's abilities of engine fans, de-stemmers and selective sorting tables to suit varieties and crop loads. The test in Australia will be whether the new technologies have the ability to handle bigger vines and loads.
- Pellenc and Gregoire models were thought to be behind in technology and more prone to excessive juicing and maceration. Both makes are working hard to bridge the gaps.

See further details on the New Holland Braun and the ERO in the award winners section above.  
Photos of models below:



There was a massive amount of highly engineered equipment that was very interesting, but from a practical point of view they will require huge ongoing maintenance.

Europe's heavy cultivation practices were well catered for with an endless supply of equipment.

See photo below for an example of over engineering:



## CHATEAU PUECH-HAUT

SITEVI hosted a visit to Chateau Puech-Haut, a winery with a 100ha vineyard, near the village of Saint-Drezery. This is a beautiful estate that produces some of the Coteaux du Languedoc's finest wines.

The vineyard has two major red varieties; grenache and syrah and a recently acquired old carignan planting. Also established are the three classic Rhone whites, viognier, rousanne and marsanne.

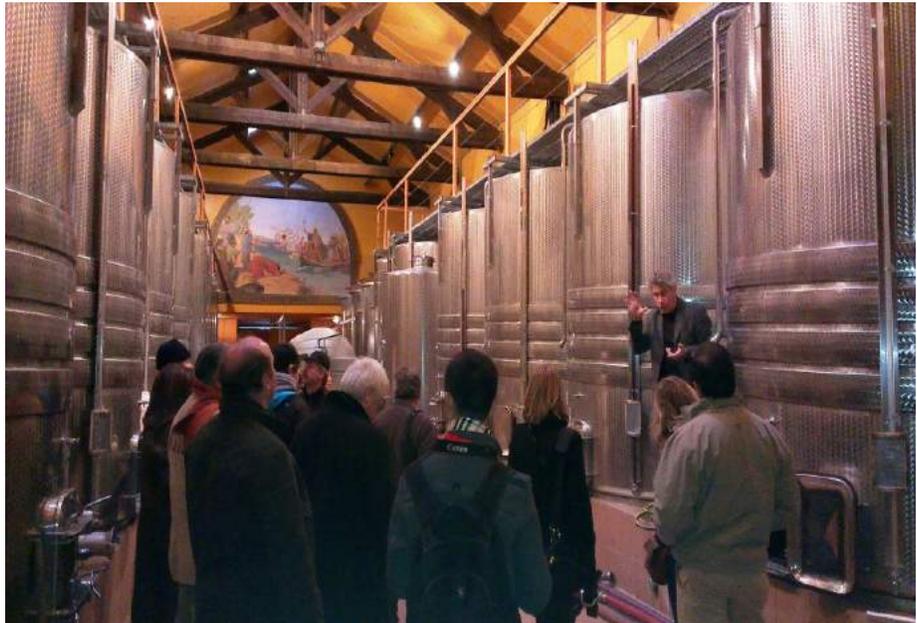
The modern winery was built in 1997 and is well laid out with vaulted barrel storage and temperature controlled stainless steel tanks.

Our host Alain took us for a tour of the wine making facility and an inspection of the vineyard (cut short by a minor snow storm).

The Chateau's production and market goals are very similar to an Australian small to medium sized family owned business. Their reputation is well renowned and if they were located in a more prestigious appellation, they would command much higher prices. Similar to many Australian wine regions, top producers in Languedoc punch well above their financial rewards, due to the lack of prestigious pedigree.

Some details of their production:

- The vineyard is planted on a 4000 vines/ha grid
- The AOC Languedoc-Roussillon limits the production of whites and Rose wines to roughly 7.8t/ha and red wines to about 7.1t/ha.
- Alain was apprehensive to discuss their cropping levels, but it was apparent from inspection that vine load would have been comparatively less than regional average.
- The soils were very rocky and the terroir felt more like Chateau Nuef du Pape in the southern Rhone than a typical Languedoc vineyard.
- Undulating terrain offers ideal sites for the production of a range of wine styles.
- Wines ranged in price from around €13 to €55.
- The wine styles were similar to the Rhone/ Provence; however the bigger reds were very comparable to South Australian styles. Quality was generally high.
- Alcohols were high and it did not seem that the philosophy of Chateau Puech-Haut would change to follow market trends.
- It was an insightful visit in relation to the production of 'A' and 'B' grade fruit in Languedoc.



## JEANJEAN VINEYARD

SITEVI hosted a visit to Jeanjean, a business founded by Maurice Jeanjean in the town of Saint-Felix-de-Lodez in 1970. Currently the five Jeanjean vineyards occupy 300ha in the heart of the Languedoc and express typical character for the region. The business is now part of the Advini Group, which produces a very large diversity of wines across the French and global landscape.

- The basis of the business' philosophy is innovation and this demonstrated by the use of unique packaging.
- The use of a soft-skinned 'wine pouch' to package wine rather than the traditional box and bag. Benefits include having a lower carbon footprint.
- Their vineyards have firm principles of sustainability.
- The facility we visited is a negociant that buys a large volume of bulk wine and packages it on site.
- The infrastructure was very industrial and the wines produced are subject to very tight financial margins.
- Jeanjean deal heavily with worldwide supermarket chains and operate under very tight quality assurance regimes.
- On average the packaging facility is audited every 3 weeks.
- The products Jeanjean produce range from €35 per bottle to plastic bottle packaged wine that would be some of the cheapest in the world (see picture above).
- They are very effective at marketing and product placement and are the front of the French answer to producing low priced new world wines.
- From what we saw Jeanjean produces clean, fresh wines that piggyback on the global market's good regard for French wine.



One wine of interest was the Picpoul de Pinet. Tesco has had great success with the product in the UK market. Once again a light, fresh low alcohol white.

Jeanjean is a well-positioned wine business to fight back French export dominance in the 'C', 'D' and 'F' fruit bracket.

Several New Zealand producers accompanied me on the Jeanjean visit, including Geoff Matthews; Operation Manager of the NZ - Wine, Lion. While we inspected the cask packaging facility he discussed Lion's movement into 1.5L casks of a New Zealand Sauvignon Blanc and Chardonnay. Lion plans not to heavily discount the per litre price, but rather experiment with market acceptance of alternative packaging.

## VINE MATERIAL & PROPAGATION

I visited the Institut Francais de la Vigne et du Vin (IVF) facility east of Montpellier, originally the Establishment Technique Amelioration Viticulture (ENTAV). I was very fortunate to be given a tour of the facility by Laurent Audeguin, the head of R&D at the Pole Materiel Vegetal at the IVF.

The IVF exists to provide the French wine industry with research into plant material, vine growing, vineyard management, winemaking and marketing. The centre is located on an 85ha at Domaine de l'Espiguette in the Languedoc-Roussillon region. The site was selected for its Mediterranean sands, which are free from any phylloxera and the nematode vectors of fanleaf viruses.

The IVF is a private body, which sources 45% of its funding from a levy collected by the Ministry of Agriculture. The Ministry of Agriculture receives tariffs from all rural commercial landholders and divides them amongst the different primary producing bodies. The wine industry receives roughly 15% and this is where the IVF's 45% funding is derived. The remaining 55% of the budget is raised through commercial activities that IVF undertakes for the wine and table grape industries e.g. activities like the selection of grape plant material. Together this equates to approximately €15 million annually.

The centre is well-appointed, but as Laurent observed, is getting old and funding is shrinking every year. Laurent further explained that there is a general contraction of agriculture in France and this echoes many of the challenges we are facing in Australia.

Vineyards around France are established with up to 95% of clones issued by the IVF selections; furthermore ENTAV (IVF) selections are renowned all around the world. The IVF's main objective is to 'improve the potential of vegetative vine material while maintaining the full characteristics and identity of each variety'. The IVF is an invaluable facility to the world wide industry, as a repository of vine heritage, plant health and diversity of clones and varieties. The mandate of the IVF is to:

- Manage the sanitary and genetic selection procedures for wine grapes, table grapes and rootstocks.
- To ensure the preservation of selected plant material and the conservation of genetic diversity.
- Produce and distribute vegetal material for the nursery sector.

The IVF also carries out:

- Diseases, molecular analysis such as polymerase chain reactions and analysis of plant structural qualities.
- Training, communication and services like laboratory analysis such as ELISA and PCR virus and phytoplasm detection.
- Variety identification is carried out by either ampelography or by molecular analysis.

We toured the facility and Laurent explained the process of how clonal selection takes place.

- Cuttings of vine material of interest are taken from vineyards older than 70 years and existing repository blocks across the country (160 in total).
- The material will undertake a 13-15 year process before distribution.
- Firstly adequate sanitation is required to ensure exclusion from leaf roll, fanleaf viruses and any phytoplasm.
- After sanitation the next step is to assess the new clone's performance in the vineyard (5 years of the monitoring term).
- The final phase is to measure the wine attributes of the new clone which can start in the 3 - 4 year vine performance period.
- After this is complete the clone can be put up for official certification, begin the process of mass replication and then finally distribution.

To better illustrate the extensive amount of work involved, just one repository in the Rhone Valley has 600 candidate clones of syrah. Many candidate clones pass the sanitary phase but fail in the performance phases of vineyard and wine performance. Some more hopeful clones are kept in foundation and may become viable in the future, depending on factors like climate change.

- The IVF have 342 certified varieties of wine grapes, table grapes and rootstocks.

- At this stage they have certified 1,800 different clones and have another 3,800 held in foundation.
- IVF supply material to their nursery and 14 other different sources for commercial propagation.

The final hot house we visited contained a genetic modification trial. The program is aiming at achieving hybrid vines that are resistant to powdery and downy mildew. The target market is for the bulk production of Languedoc-Roussillon wines and the production of cognac.

Laurent responded to the concerns of market conception of GM modified wine, by agreeing that GM's would not be well received in iconic wines, but he felt that the bottom end of the market was far less concerned. The vine material could be a close as three years away and Laurent felt it would be of importance to reducing vineyard inputs, impacting the two bottom lines of environmental and economic impacts.

It seems that if the French use GM to compete against new world competitors this is likely to pose another profitability challenge for Australia's lower priced wines.

## **FINAL OBSERVATIONS**

As opposed to the Australian industry there are lots of smaller vineyards of variable ages in France. This highlights that the Australian industry has a bulk of plantings aged between 10-20 years old. Over the last 8 years our greatest concerns have been in relation to our excess volume of production, it has not left much energy to strategize the management of our assets to sustain stabilized long term production.

Despite France's history of progression and correction cycles, the French producers I spoke with see their industry as generational and permanent. Anecdotally, it would not seem that French vineyard assets are in the predicament where a huge percentage of their plantings are of similar age. They are not at risk of a large scale phase of vineyard productivity decreasing and large capital inputs required in a short term. Over the next decade many Australia plantings will need the type of financial inputs that will be unsustainable to some producers. The financial gearing of such expenditure will be difficult to justify, considering the returns of the last decade. This situation further bolsters the urgency to establish foundation data so that producers can strategize their business' longer term position and formulate better plans.

Another anecdotal observation that I made while at SITEVI, was that the age demographic of French growers looked considerably more diverse than our industry. There were three generations of growers inspecting the exhibition and it was fantastic to see some younger enthusiasm and energy in the sector. A grower demographic survey was done some time ago in the Riverland and revealed the average age was around 55 years old (probably closer to 60 now).

There is no denying that we have trading challenges posed by our currency value and costs of production. We cannot wait for a correction in these conditions to see better times. The strongest message I received was that the Australian Industry needs to reinvent its wine offering. The monumental export success that we accomplished in the late eighties to the early noughties has run out of legs. The European wine industry does not doubt Australia's expertise, but is not feeling threatened by our current marketing programs and products.

It is critical that we can better understand our assets through reliable industry foundation data. For Australia to realise greater success in the quick consumption wine market, we need to use product creativity to capture the attention of both the world and our own domestic market.

In our current market position, would removing vineyards and wineries help our oversupply predicament or just give the 'in vogue' wine exporting countries a greater slice of the pie?