

Food & Drink

Bubble to bust
in a year that
lacked bottle(s)

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Wine

For at least the first half of 2008, the **fine wine market** was buoyant. Since August, however, it has been affected by the general financial maelstrom, especially in the US but also in the UK. Many a banker or hedge fund manager has liquidated his fine wine investments, flooding the market with what tend to be 2000s, 2003s, and 2005 bordeaux first growths whose prices have been tumbling, but were surely unsustainable anyway. Some Bordeaux *negociants* are also thought to have put similar wines on the market in order to pay for their purchases of the unloved and generally unsold 2007s. Quite what sort of market there can possibly be for the wines produced in Bordeaux's extremely challenging 2008 harvest is difficult to imagine.

This was the year that fine wine producers in Europe, particularly in Bordeaux, seemed besotted with the potential of **Asia**. British and American sellers of fine wine flocked to set up shop in Hong Kong when wine duty there was abolished at the end of February in a determined official attempt to establish Hong Kong as the fine wine hub of Asia. And there were times when it seemed easier to find top Bordeaux proprietors in Shanghai than in the Médoc. A series of hopeful wine auctions in Hong Kong were preceded by entertaining of likely bidders on a sensational scale.

But that bubble too has burst, with Asia's new cohort of increasingly knowledgeable connoisseurs feeling the pinch. Purchases have plummeted and **auction prices** have softened – with the notable exception of the wines of Château Latour offered straight from François Pinault's first growth's own cellars, which broke all records when auctioned by Christie's at the end of November.

The same auctioneer's irreplaceable madeiras from the private Leacock cellar were also much sought after, as were rare champagnes from a top restaurant cellar auctioned by Sotheby's this month. Christie's global wine sales total is still

much higher than Sotheby's international total but the gap is narrowing, with Sotheby's total only slightly down thanks to impressive results in London. Meanwhile, the American auctioneer Acker Merrall & Condit continues to have access to an apparently inexhaustible supply of wine rarities.

Wine investment funds, notably those based in the UK and South Korea, removed some younger vintages from the fine wine market. Concerns about **provenance, authenticity and storage** make them wary of older vintages, particularly those predating 1982. Such concerns have seen the producers of most seriously valuable wines take various steps to make their packaging counterfeit-proof, and several operators are trying to benefit from instilling rigour and control into the all-important business of shipping fine wine, when a few degrees can make all the difference to the quality and therefore the value of the wine.

The race is on to benefit from the dramatic increase in wine storage capacity now needed in Hong Kong – and the owner of the leading UK wine storage facility Octavian, who complained on these pages not long ago about where he was going to find the space for all the 2005s expected there, may well be able to find a few empty bays in the Corsham cellars now that wine can be shipped to Hong Kong without attracting the previous punitive duties.

Well-heeled American collector William Koch continues to try to flush out the German Hardy Rodenstock who sold him what he believes are fake "Jefferson bottles". There is now a US-based site, www.wineauthentication.com, dedicated to sharing information about suspect wines. Laurent Ponsot too is pursuing a claim that Acker offered at auction in New York last spring vintages and formats supposedly from his family's Domaine Ponsot in Morey-St-Denis that were never made.

Meanwhile, at the other end of the price spectrum, **British supermarkets** were just

on the point of bringing prices up to more realistic levels – partly under cover of yet another increase in excise duty – while upgrading their ranges considerably. But they have done a rapid U-turn in the face of economic travails that have seen retail sales of wine in the UK fall (admittedly by a tiny proportion compared with the downturn in most other markets) for the first time in living memory.

Tesco, for example, has completely rewritten its terms of trading with its increasingly hard-pressed suppliers. Dan Jago, head of beers, wines and spirits at Britain's biggest supermarket group, describes 2008 as "a game of two halves".

"Less than a year ago," he says, "our Pinot Grigio customers were experimenting with Albariño, Gavi and Grüner Veltliner, trading Aussie Cabernet for Crozes-Hermitage, and our average bottle price had risen to well above £4. Since the downturn, more than 200,000 occasional wine user households have simply stopped buying wine. Customers are telling us that promotions are more relevant than ever." Tesco's most significant launch this year has arguably been a Spanish "value" red, white and rosé at £2.99 per cardboard litre.

Despite the UK government's best efforts at sobering up its citizens, wine, and especially **champagne**, is being used as a major weapon in the supermarkets' battle to retain market share. Meanwhile, total shipments from the Champagne region, particularly to its second-most important market, the US, continue to slump. Flashy wine has lost status in America – just as the country was set to become the world's biggest consumer of wine by volume.

The **chute of the pound** against the euro and dollar will be felt particularly keenly by the growing army of wine lovers in Britain, where it sometimes seems to me that virtually everyone I know is either doing or giving a wine course. Fine wine traders are benefiting though, and the quantity of UK-held bordeaux sold back to

where it comes from, already considerable, is expected to grow as the pound weakens.

At the production end of the distribution chain there is increasing soul-searching about **environmental concerns**. Natural corks have taken on new lustre in this light, and it does seem to me, in my experience, that the incidence of cork taint has declined slightly, while the number of malodorous, reduced wines under screwcaps has increased. Premature oxidation of whites, particularly white burgundy, seems to have replaced the TCA associated with tainted corks as the *maladie du jour* of the world's connoisseurs.

Meanwhile, an increasing proportion of everyday wine is being shipped to major markets such as the UK in bulk to help save the planet – and to shave pennies off transport costs. Bottlers will remember 2008 for its shortage of **bottles**, but at least the message that big, heavy bottles are anti-social rather than clever marketing seems to have reached most producers, and there has been real progress in designing strong, lightweight, sometimes recyclable alternatives, by no means all of them made of glass.

In the winery, there seems to be an increasingly sympathetic attitude to oak forests on the basis of sustainability, with a decline in the proportion of new **oak** used for ageing wine, a trend towards bigger barrel sizes, and even a perceptible switch to old-fashioned concrete vats from wood and, particularly, stainless steel.

In the vineyard, **horses** have been all the rage this year (leaving the soil less compacted and healthier than a tractor does), and it is a brave grower who claims to have no truck whatsoever with sustainability, organic or biodynamic viticultural methods. In the soil, there are therefore more microbes – and far more unusual so-called **heritage vine varieties**. We have definitively left the supremacy of Chardonnay and Cabernet behind.

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