

A price worth paying?

9 Sep 2010 by Richard Hemming

Morrisons supermarket in the UK is this week selling **Crux Sauvignon Blanc 2009 Marlborough** at £3.99 (\$6.15, €4.85). This particular wine is a Morrison's exclusive, having until recently been exclusive to the now-defunct Wine Rack chain, and is made by Mike Just, lately of Lawson's Dry Hills. The agency, Wine Export Partners, sound pleased with how the wine is selling, saying that this current promotion is part of building a long-term relationship with Morrisons - although they added that it was an offer unlikely to be repeated with the smaller 2010 vintage.

Two bumper vintages in New Zealand, of 285,000 tonnes in both 2008 and 2009, have resulted in a glut of unsold wine. Looking closer at the figures, 161,000 tonnes of the 2009 crop was Sauvignon Blanc from Marlborough, compared with a harvest of 15,472 tonnes nine years earlier. Little wonder, perhaps, that while exports may have increased 20% by volume since 2008, value has increased by only 11%.

Similarly, Marlborough had 62 wineries and 4,516 ha (11,154 acres) of vines in 2000, compared with 130 wineries and 16,205 ha (40,026 acres) of vineyard last year. Financial growth, however, seems unable to keep pace with this rapid expansion. If the Sauvignon Blanc bubble isn't bursting, then it is at least deflating. Big players such as Awatere Vineyard Holdings have already fallen victim to the market: they went into administration this June with debts of NZ \$24 million. Similarly, a bottle of Sauvignon Blanc retailing at £3.99 can barely be profitable, if at all.

It is to be hoped that the balance is being redressed by a smaller harvest of 265,000 tonnes in 2010 with the same volume forecast for 2011. Whether a 7% decrease makes the difference remains to be seen - it is much easier to reduce prices than to increase them. Surely, few New Zealand producers will be cheered by this new low for their country's flagship variety, which reflects increasingly tough times for the wine industry.

In a case of going from the ridiculous to the ridiculous, headlines have been made this week at the other end of the scale, concerning the release of two super-premium New World wines. In South Africa, **Kanonkop Black Label Pinotage 2007 Simonsberg** is due for release on 22 Sep at R1000 (£90, \$139, €109). That is a comparative snip compared with **Torbreck The Laird 2005 Barossa**, which is now on sale at £399.95 per bottle (\$615, €485), making it Australia's most expensive red.

Or you could buy 100 bottles of Crux Sauvignon, but somehow neither scenario seems worth celebrating.