

# Drinks

## INTERNATIONAL

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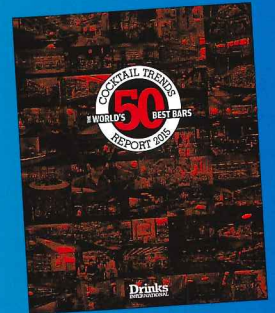
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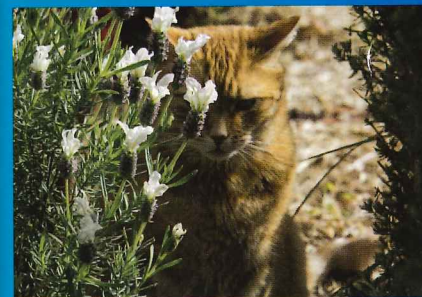
April 2015

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IT'S BOOM TIME BUT THAT MEANS SUPPLY ISSUES



**A**ustrian wine has come a long way since the diethylene glycol scandal back in 1985. Austrian wine producers, understandably, hate references to it. But Willi Klinger, managing director of the Austrian Wine Marketing Board, in announcing record export figures for 2014, referred to it at a press conference at the recent ProWein exhibition. It bears resurrecting if nothing else than to show just how far Austrian wine has come since then.

So what was the diethylene glycol wine scandal? Firstly, it is important to stress that no one died, no one was hurt – unlike similar adulterations involving the likes of olive oil.

Basically a number of Austrian wineries adulterated their wines using diethylene glycol, an ingredient in some brands of antifreeze, to make them sweeter and more full-bodied in the style of late harvest wines. Many of these wines were exported to Germany, some of them in bulk to be bottled at large-scale German bottling facilities.

At these facilities, some Austrian wines were illegally blended into German wines by the importers, resulting in diethylene glycol ending up in some bulk-bottled German wines as well.

The scandal made headlines around the world. The affected wines were withdrawn and a number of people involved were sentenced to prison or heavy fines in Austria and Germany.

The short-term effect of the scandal was a complete collapse of Austrian wine exports and a total loss of reputation of the Austrian wine industry.

It has taken the country a long time to recover but the long-term effect has been that the industry has focused on other wine types – primarily dry white wines instead of sweet wines – and increasingly targeted a higher market segment.

In announcing export sales of €146m for 2014 – the ninth consecutive increase – Klinger made a point of stressing that not only was there a 6% increase in quantity but also a 5% increase in value. The average price per litre has gone from €0.83 in 2003 to €2.93 last year. Thus, significantly, Austria continues to move away from cheap, jug (bulk) wine, particularly to its main export market, Germany.

Germany remains Austria's principal export market with a 55% value share (+5% volume and nearly +3% value).

Switzerland is second: volume +8% and a high price per litre of €6. The US saw volume up 18% and value up 15%. The board also reports export growth in the Netherlands, Belgium, Scandinavia, UK and China.

Klinger says: "In all these countries, we have made it through consistent efforts to build efficient distribution. These countries shall continue to grow, adding to the main export markets and will certainly play an increasingly important role in the future. This will bring us closer to our goal of an export value of more than €180m.

Austria has also seen growth in Italy, Slovakia, Poland, Croatia, Bulgaria, Romania and the Baltic countries, Canada, Australia and Japan.

"It is therefore vital in the current situation to finally harvest again an above average yield of at least 250m litres of wine," says Klinger.

That is the only downside, bugbear of an otherwise positive 2014 for Austrian wine. After a difficult summer and autumn, the 2014 vintage came up short at just under 2m hl (the average is around 2.3m hl).

### Onward and upward

Otherwise, it has been onward and upward for Austrian wine. Last June 24 was National Viticultural Day whereby the Austrian Winegrowers' Association in cooperation with some scientific institutions has started the certification of wineries with sustainable working practices.

Association president Johannes Schmuckenschlager, says: "Sustainability should not be just a catchword but must be defined, verified and guaranteed."

2014 will also go down as a milestone for Austrian sekt, or sparkling wine. The Austrian Sekt Committee has established October 22 as Austrian Sekt Day and has come up with a three-tier quality pyramid, which it claims is on a par with the highest standards of Champagne or Franciacorta – and in certain aspects, surpasses them.

Level one guarantees "mainly Austrian grapes" for the base wine and nine months on the lees. Level two must be bottle fermented and the grapes and base wine must come from a generic wine-growing region (federal state) and the maturation on the lees must be at least 18 months.

At the highest level, the grapes may be picked only from a single wine

Last year was significant for the Austrian wine industry – roaring exports and some new, fresh, quality-oriented initiatives. Christian Davis reports

# Pursuit of Quality

**Clockwise from above:** A panoramic view from the Winzer Krems winery; Domäne Wachau Riesling; Ludwig Holzer; Roman Horvarth; Domäne wachau cellars

community, such as Poysdorf, Langenlois, Gols and Gamlitz, whereby vineyard designation is possible. After bottle fermentation, the sekt may be released at a minimum of three years following the harvest, including maturation on its lees for at least 30 months.

Sekt base wine makes up approximately 10% of domestic wine production.

*Drinks International* asked Klinger to put Austrian wine in context with the global wine market. He responds:

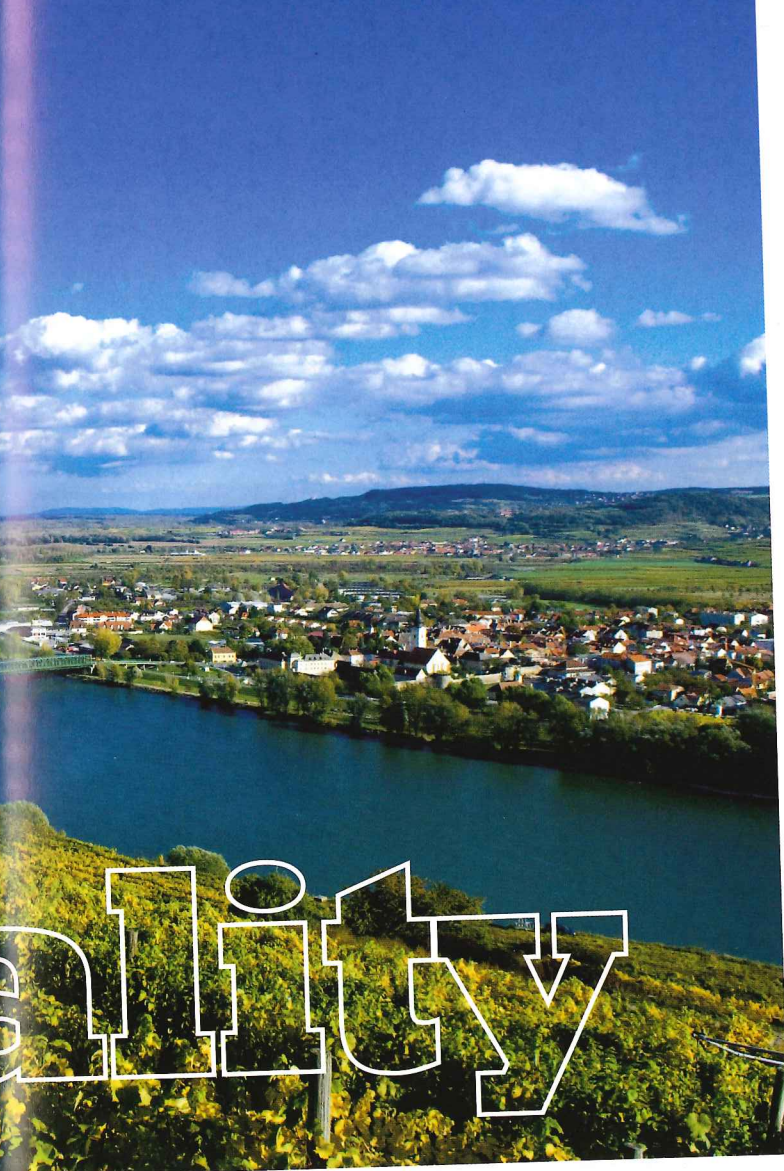
"Austria produces less than 1% of the total international wine production, but with its small-scale, family-owned, high quality oriented wine production represents an increasingly visible role within the fine wine niche.

"Especially our signature grape, Grüner Veltliner, is getting more space in the on-trade distribution, because for innovative wine lists GV nowadays is a must.

"This is more the case also with specialised wine retail and upscale supermarkets. With the exception of







Riesling, which is a different animal and as its place already, other Austrian wine categories in most non-German-speaking markets are currently starting where GV took off 10-15 years ago.

"In the past 20 years, Austrian red grape plantings increased significantly and nowadays represent one third of total plantings. Most popular in these fields have been indigenous grapes such as Zweigelt, Blaufränkisch, St Laurent, but also – to a much lesser extent – international varieties such as Pinot or Cabernet.

"Domestic wine consumption has been quite stable in the past decade (around 29 litres per capita). More than 50% is consumed in the on-trade, where Austrian wine has a market share of more than 88%. After many years of increasing red wine consumption we now experience a shift to more white wine again."

Klinger adds: "There are significant red wine exports to our neighbouring countries Germany and Switzerland (40-50%). All other countries buy significantly more white wine from us."

Roman Horvath MW, winery director of Domäne Wachau, concurs. "Back in the 1990s and early 2000s Austria experienced a strong demand for red wine. High end, very expensive red Cuvées were 'trés chic'. Now Austria is facing a white wine boom while reds have not yet managed to achieve a similar success as the whites in export markets.

"Also in Austria consumption for red wine has dropped a bit. Therefore, what's planted is mostly Grüner Veltliner, some Riesling and a couple of other white varieties that have more importance in the domestic market than in exports. Plantings of reds have decreased dramatically in the last decade.

"Austrian wine drinkers are loyal, the domestic market is still strong but the small vintages in recent years have brought more non-Austrian wines to the market, especially in the entry-level segment of Austrian supermarkets. High-end wines consumed in Austria are still mainly Austrian.

"In our export markets Grüner Veltliner is still the most important grape

## Austrian Wine

variety by far. Austrian reds are starting to gain recognition but still at a very low level. The new, elegant red wine style that's being promoted, especially by young Austrian red wine producers, may increase the chances for Austrian red wines internationally," says Horvath.

Winzer Krems' export manager, Ludvig Holzer, tells *DI*: "Austrian wines stand for high quality, especially dry and fruity characters matching perfectly with diverse food.

"Keep the focus on the autochthon grape varieties. Especially the Grüner Veltliner and the Blauer Zweigelt with its smooth tannins and fruity flavour. They are still the favourites of Austrian consumers and becoming more and more popular in the world," says Holzer.

### Success story

Horvath says: "Austrian wine has been a success story despite unpronounceable grape names and origins and the assumption of many to be just another weird origin with an expiration date. Austrian white wine works internationally because it is easy to like at any level and for any palate. Grüner Veltliner shows a great diversity of styles.

"Nevertheless, from an international point of view, what has been discovered of Austria so far is only a small share of what Austrian wine really has to offer. We encourage decision makers, buyers and opinion leaders to believe in Austrian wine and dig deeper. There's still so much more to discover," says Horvath.

The last words rest with the AWMB's ebullient Klinger. "Austrian wine has many times been referred to as world-class wines for reasonable prices. If you look for hand-crafted, individual wines, showing origin, vintage character and history, Austria is your country. And, as we said, these wines just taste great. Once you get to know them, you can't live without them." **DI**

