

Cheval blanc and Yellowtail – how wine law dictates marketing in France and Australia

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Introduction

My enthusiasm for French wine dates back more than 40 years. In September 1974 I was about to commence further legal studies in England. I had spent some time in France earlier that summer before the term was due to commence improving my French at a summer school at the University of Tours. I then went south to Bordeaux and spent a fortnight picking grapes and working as a builder's labourer on a vineyard near St Emilion. I had learned something about Australian wines by then, in particular from my father, but knew little about French wines. I had, however, experienced the epiphany of my first taste of a Chateau d'Yquem in Canberra in 1973 and was very keen to learn more about Bordeaux in general. By the end of that fortnight I had developed a pretty accurate palate for recognising St Emilion, something I've kept on practising ever since! Happily, I still have much to learn!

The exact location of the first vines grown in Bordeaux is not known but there is a good argument that St Emilion was one of the early locations. The Roman poet, winemaker and consul, Ausonius, had a villa in the Gironde.

There are vestiges of a number of villas in the region. There is also the famous St Emilion vineyard named for him, Chateau Ausone. The creation and development of the port of Libourne in the 12th century during the English occupation of Bordeaux led to a thriving maritime trade that spread the reputation of St Emilion wines throughout Europe and subsequently, of course, to the world.

The historical role of the English in the marketing of French wine is well-known but, for the sake of the French here, I might add that it's information the French winemakers freely acknowledge.

Cheval Blanc

Let me say something about Château Cheval Blanc to help explain the title of my speech and illustrate my main theme for tonight, that the main focus of the marketing of French wine is on its terroir, while that of Australian wine is on grape type. Much of the difference is explicable by history and the law, forces inextricably linked in any country.

Château Cheval Blanc has an altogether unique terroir in Saint-Emilion. While most of the appellation's other famous estates have limestone soil dating from the Tertiary Period, Cheval Blanc's soil features alluvia from the Quaternary Period. Like most of the prestigious estates in Pomerol, Cheval Blanc's soil formation has a varied texture that does not include limestone. However, Cheval Blanc is also different – and unique – in that the proportion

of gravel and clay is just about equal. This gift of nature is essential in understanding the estate's history.

“Archives show that vines have been grown at Cheval Blanc at least as far back as the 15th century. ... Two winegrowers were living full-time at Cheval Blanc on the eve of the French Revolution. This was very unusual at the time, and reflects how highly the terroir was regarded.

...

The most prestigious part of Cheval Blanc's history can be said to date from 1832, when Jean-Jacques Ducasse, President of the Libourne Trade Tribunal, purchased the core of the present-day estate. Over the next twenty years, the purchase of plots belonging to Château Figeac led to the creation of the 39-hectare vineyard as we know it today. The configuration has remained practically unchanged. The marriage of Jean-Jacques' daughter, Henriette, with Jean Laussac-Fourcaud, a Libourne wine merchant, opened a new chapter in the history of Cheval Blanc ...

After Henriette inherited Cheval Blanc, her husband undertook a spectacular renovation. He was among the first people to understand the importance of water stress to produce the finest wines ...

Aware of Cheval Blanc's outstanding potential, and helped by an extraordinary intuition, [he] replanted part of the estate in the 1860s

with a totally atypical proportion of grape varieties: half Merlot (the king of the Right Bank) and half Cabernet Franc ...

Formerly known as vin de Figeac, the wine was first sold under the name Cheval Blanc in 1852. ... [The wine] obtained its first medal at the 1862 Universal Exhibition in London. ... [and a] gold medal at the 1878 Universal Exhibition in Paris.... [followed by] a second gold ... at the Universal Exhibition in Antwerp. Reflecting this series of successes and a wine well on the way to achieving international recognition, a château was built on the estate.

Cheval Blanc [realised] its greatest dream in the 1880s, when it began to be considered on a par with the first growths of the Médoc – and one of the most dependably fine wines in the world – by the wine trade and connoisseurs. Thus, in the latter half of the 19th century [in just a few decades], Cheval Blanc was in the same price bracket as Margaux, Latour, Lafite, and Haut-Brion in Paris and London auction houses."

It remains in that bracket as one of the Club of nine first growths of Bordeaux. It is also one of the four Premiers Grands Crus Classés (A) in the 2012 St Emilion classification, a classification that is kept up to date, unlike the more famous 1855 Médoc classification – barely changed since, except in 1973 to add

Chateau Mouton Rothschild as a fifth premier cru to the original four - Lafite, Latour, Margaux and Haut Brion.

Yellowtail

Let me contrast that story, focussing proudly on the terroir and history of that relatively small block of land in a precisely defined region, with the more recent success of Yellowtail as an Australian wine brand.

It is produced by the Casella family who had been making bulk wine in the Riverina since 1957. They were winemakers in Italy before then from the 1820s. They developed the Yellowtail brand in 2000 in conjunction with an American marketing company. Initially they hoped to sell 25,000 cases in their first year of exporting the wine to the United States, but amazingly they moved more than a million cases that year and within five years were exporting more than 7.5 million cases to the USA alone, the brand having become the Number One imported wine there by 2003. They sell numerous varietal wines marketed by grape type as well as some blended wines, producing about a third of their production from their own vineyards and the rest from other vineyards in south-eastern Australia.

Their aim was to produce a wine with a soft, well-rounded mouth feel appealing to young at heart, casual wine drinkers and potential new drinkers. The American wine market has exploded in recent years in any event but the Casellas attributed a lot of their success to the marketing and branding of the

wine. They opted for a unique and uniquely Australian design based on the yellow-footed rock wallaby, one of the most brightly coloured of all Australian mammals, readily identified by its colouring and patterning. The design was offset against a jet black bottle and the product was launched about the time of the Sydney Olympics when Australia was all over the world news. It has proved to be a marketing tour de force, no doubt highly profitable, producing wine of fair average quality but, needless to say, a long way from the stratospheric quality and price per bottle demanded by the likes of Chateau Cheval Blanc.

Terroir had nothing to do with their success, and marketing a lot! How does cépage – varietal or grape type - figure in the marketing? The theory is that younger and unsophisticated wine drinkers are less interested in the history or provenance of a wine and more aware of the flavours of wine produced by different grape varieties. Australia's focus on providing information on its wine labels to assist such consumers with an explanation of what they might like about the wine has helped to cement Australia's position as a leading wine exporter, especially within Asia and to a significant degree in America and Britain.

Our reputation among more sophisticated wine purchasers can be affected adversely, however, by this type of success. One perception is that we produce bulk, industrial wines with little regional variety or subtlety and which are often too strong in flavour and alcohol content - our reds in particular.

This is partly because our individual vineyard, sometimes more subtle, wines and producers do not figure largely in what we export.

How do history and the law combine to produce these contrasts between Australia and France?

I have already mentioned the history from Roman times of the production of wine in France. One side-effect is that, over the centuries, the monks, who were highly influential in the development of the differing wine regions in France, and other winemakers discovered which areas were best suited to which types of grapes. Sometimes, when producers wanted to change the grapes being grown, for short term profitability, the local nobility – in other words, the law - would prevent it. The example I am thinking of is when the first Duke of Burgundy in 1395 inveighed against the growing use of gamay in Burgundy instead of pinot noir, something reinforced by his grandson in the next century. Without their determined stance in favour of the temperamental but glorious pinot noir grape Burgundy might have been given over to what we now call Beaujolais.

The history in Australia, while significant is far briefer and it is safe to say that, in many parts of the country, we continue to experiment to see what grape types are best suited to which terroir.

You have a very useful handout prepared by my associate, Camille Boileau – half French and half Australian and enthusiastic to learn more about wine!

Let me focus on some of what she sets out there about the different legal regimes and how they affect wine production in each country.

Classification systems

One of the main features of the French system is its classification of wines of different regions into ranks of quality. Perhaps the most famous classification is that of the Médoc and Graves from 1855.

The recognition of the classification system in French law began from 1905 and is explained for you in more detail in the notes. One of the significant features for present purposes is the detail to which the regulation of wine-making descends - before a wine can use a protected appellation d'origine contrôlée or AOC name. This includes yield per hectare of grapes, grape varieties that can be used, manner in which the production area is approved and permitted pruning methods and vinification processes. AOC regulations are strict and detailed, contained in a cahier des charges. Wine growers must comply with these requirements and create wines with 100% grapes from the AOC region. In France 364 wines have AOC designation.

Let's look now at terroir, the concept that underpins the AOC system. Terroir is a land area possessing distinctive physical, topographical and climate characteristics that combine to create a unique wine that expresses those characteristics in its organoleptic features, those that appeal to the senses, and personality. Not all wines made in France are made to the AOC

standard or even to the Vin de Pays regulatory regime but almost all the famous wines are. Recent attempts to break away from the system include the “garagistes” movement where winemakers produce individual products outside the system, sometimes of great quality and at significant price levels, such as Le Pin from Pomerol, but they are the exception that proves the rule.

Australian wine making is not so constrained. Our more relaxed regulatory system gives winemakers more creative licence to experiment with new technologies, techniques or blends. This may make Australian wines more competitive.

Labelling

Labelling laws and practices in the two countries also contribute to the differences in marketing.

In France, under EU law, it is compulsory for wine labels to include:

- A statement of provenance (country of origin)
- Category of product, i.e. “wine”
- For wines with a Protected Designation of Origin (AOCs) or a Protected Geographic Indication (Vin de Pays): the protected name or a traditional expression.
- The bottler details
- Nominal volume
- Actual alcoholic strength

- Allergens statement, and
- A Lot number

For wines with a Protected Designation of Origin or Protected Geographical Indication (AOCs and Vin de Pays) it is optional to include a vine variety or vintage.

Vins de Pays – can be labelled as varietals. Where varietals are stated, the variety must comprise at least 85% of the wine. Where two varieties are referenced they must comprise 100% of the blend and must be shown in descending order. Winemakers have a discretion to use Vin de Pays designations on their wine.

Vin de France is more general than Vins de Pays; it may indicate grape variety and vintage on the label but may not be labelled by region or appellation, only as coming from France.

It is mandatory for an Australian wine label to include: designation/type of product, country of origin, volume statement, alcohol statement, standard drink statement, allergens statement, lot number, name and address and best before date. It is recommended to include a pregnancy warning.

You will notice that the list doesn't include vintage, variety or geographical indication - these are optional matters for winemakers, that are usually

observed. If one of these claims is made, however, then the blending regulations apply. You can see these and further details in the notes.

Australian wine labels typically in practice contain much more information than the minimum required, describing the grape types used, the methods of vinification, the likely period during which the wine should be drunk and much more. French labelling has been much sparer, rarely mentioning grape types and focussing more on the regional typicité of the wine.

French prevention of Australian misdescriptions of wine

I wonder whether our relative label loquacity may have some of its origins in the move by the French wine industry from the 1980s to use the law to prevent the use of French regional descriptions in labelling our wine. One of the best wines I've ever tasted was a 1965 Lindemans so-called Hunter River Burgundy, made wholly from shiraz – no pinot noir at all. It was silly to call it a burgundy but it was still a wonderful wine. I tasted it in about 1980 thanks to one of my brothers and still remember the experience vividly – as with my first taste of Chateau d'Yquem.

Camille's notes describe in more detail the steps that the French took to stop us from using these misdescriptions and how we have developed our own geographical indication system. I suspect that the French, in making us focus more on marketing particular varieties and blends, and, to some extent, our own different regions, may have done us a good turn in the long run by

helping the industry to appeal to a wider group of potential wine drinkers.

We have also concentrated more on what makes our wine a better product.

Conclusion

The different regulatory systems in France and Australia have affected the way that wines from these countries are marketed. In France, there is a focus on terroir, whereas in Australia and the rest of the New World, there is a focus on varietals.

Please see Camille's list of the relative advantages of both systems for a good summary.

As you will be aware, however, we have plenty of small vineyards that pride themselves on their devotion to their terroir. The industry body, Wine Australia, also says that the challenge for Australia is to extend our existing brands more into the super-premium, diverse and individualistic wines, landmark productions where the focus is on terroir and typicité. Nor are the French any slouches in marketing. Consider *Arrogant Frog* from Languedoc and their marketing slogan – “Old World Wines with New World Attitude”. They are the major exporter of French wine to Australia. *Chamarré* was not a success as Camille points out but the combination of terroir and varietal labelling seems to have been successful for the red wine from Cahors which now also labels itself as “Malbec”, a French varietal associated strongly with Argentinian wine.

Ironically, proposed amendments to our tax laws, limiting access to the wine equalisation tax or WET rebate to stop alleged “rorting” of the system, are now threatening some of those smaller growers most devoted to terroir and individual vineyards but who do not own the properties or plant where their wine is produced.

Basically, one of the Commonwealth government's proposals is to tighten the eligibility criteria for the WET rebate to wine producers who “own an interest in a winery”. This would cut out many of the small producers who start off by making their wine in somebody else’s winery or famous winemakers such as Wolf Blass who made his name by his skill in blending wine from grapes he bought in from other growers.

The industry has been lobbying furiously on this issue and I understand the government is considering changes to its proposals. This illustrates, however, how the law's interaction with the wine industry can be so significant. History and the law have combined overall to produce quite different approaches to wine-making and marketing in our two countries.

Vive la différence!