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## News



### China wants to double up

Doubling all wine production by 2015, bringing it up to 22 million hectolitres (half of the Italian production): this is the objective of the Chinese wine industry's five-year plan, signed by the Chinese Ministries of Industry and Agriculture. Their road map for this growth hinges on six main points: planting and management of vineyards, searching for adequate production zones in north western China, classification and organization of said production zones, faster mergers and acquisitions among manufacturing firms, development of publicly listed companies and investments in research and development, to become a true New World of wine.



### Mafia in agriculture

The various mafias of Italy have a yearly agricultural turnover of over 50 billion Euros, with 3.5 million growers as their daily victims in the fields. The numbers come from the 4th "Criminality in agriculture" report from the Confederation of Italian Farmers, one of the country's biggest trade associations, the Humus Foundation and the National Council for Economy and Work. The various mafias are seemingly becoming part of an integrated crime system, as law enforcement agencies have tripled seizures in 2011 (13.687) over 2010; moreover, 2 billion Euros' worth of illegal and dangerous foodstuffs are imported into the country - which translates to a little less than 5% of the total output of the industry. A plague to be eradicated with concrete, fast measures.

## Report

### The latest about "on tap" wine

Exports of Italian wines have been slowing in the first three months of 2012, but only in volume, and because of "on tap" wines, according to data from economic agency ISMEA. Exports have gone down 8% in volume and up 7% in value, but bottled wines have grown only 3% in quantity and 6% in value. The drop in quantity concerns "on tap" wine, both because of the mean value per unit, which has gone up 37% over 2011, and because of foreign competition, with Spain becoming the leading country.



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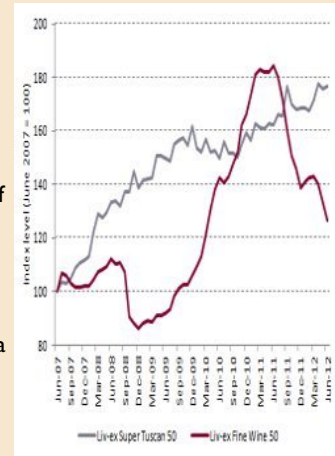
### Wine in Italy? "A family matter"

Wine in Italy is "a family matter". Not only because the first contact with Bacchus' nectar almost always starts at home, with the grown-ups being Virgil to the youngster Dante, but also because more than half (54%) of all Italian winemakers with a yearly turnover of more than 10 million Euros are "family businesses", while 42.5% are cooperatives (which, in turn, are made up of thousands of small estates - often family businesses themselves). A management formula that seems to be working quite well, since these businesses have seen their turnover grow 73% in the first decade of the century, mostly abroad. The figures come from a survey by the AUB Observatory (a joint venture by Aidaf, the National Association of Family Businesses, Unicredit Bank and Bocconi University), which sampled 174 businesses and was presented at Cantine Ferrari in Trento, a company that is surely a fine example of this kind of business: "a family business is particularly capable of remaining faithful to a certain business philosophy and can have long-term objectives that are important in the wine making sector", said Matteo Lunelli, President of Cantine Ferrari, "when a family can safeguard the culture of the values of the company and at the same time attract talent and foster the growth of a managerial culture, then it can become a competitive advantage and a critical success factor, since it unites tradition and innovation". But the instances where, like in the Lunelli family, the young were given the honour and the weight of the helm from the "old hands", are few: only one wine making firm out of 3, between 2000 and 2010, has seen its leadership change, with 75% of companies still having a single man at the head, and with 52% of them led by people aged 60 and older. Nonetheless, family wine making businesses, both because investments in such firms need a long time before generating returns and success and because wine is a product whose identity is strongly rooted in its territory, have almost all reached "adulthood", with 56% of them being over 25 years old, and 6% being over 50. Once again, then, the world of wine mirrors the country it lives in.

## Focus

### Supertuscans trump Bordeaux in the Liv-Ex

The "spread" of wines awards the cream of the crop of the Supertuscans, which as investment wines are performing better than Bordeaux's Premier Crus, profitability-wise. This is what the latest review of the Liv-Ex index, the famous and authoritative benchmark of the fine wines market, tells us today. The Liv-Ex Supertuscans 50 index, first introduced in the July 2012 market report (a telling sign of the importance of these wines among collectors), is made up of Masseto and Ornellaia by Tenuta dell'Ornellaia, Tenuta San Guido's Sassicaia and Tignanello and Solaia by Marchesi Antinori, with their 1999-2008 vintages, and it decidedly surpassed the Liv-Ex Fine Wine 50 (which measures the performances of Bordeaux's 5 Premier Crus - Lafite, Haut-Brion, Latour, Margaux and Mouton Rothschild), with a total return on investment of 76% over five years, compared with just a 26% ROI for the French wines. Ornellaia and Masseto, by Tenuta dell'Ornellaia, have decidedly spearheaded this "battle charge", with a rise in prices of 17% and 13%, respectively. A very flattering result for wines that many had proclaimed doomed as the years went by, and good news for all of Italian wine.



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## Wine & Food

### Global consumption going up: France, USA, Italy in the lead

Wine consumption might be going down in traditional producing countries, but it is going up globally, with 244 million hectolitres drunk in 2011 (3 more than 2010), according to data from the German network Wine-plus.eu. The top drinking country in 2011 was France, with 29.9 million hectolitres, followed by the U.S. (28.5) and Italy (23.1), with Germany hovering around 20 million. And foreign wines are more and more in vogue: global exports in 2000 amounted to 60 million hectolitres, but last year they reached 99 million - with Italy leading in quantity (24.2 million).

## For the record

### No compromises for quality in the EU

Quantities might be lowered, but where food and drink are concerned, European citizens will not give up on quality. Even in a very difficult economic situation, 96% of

all Eurozone citizens look for quality first and foremost, followed by price (91%) and then by the origin of the product (71%). An important trend for Italy.

