

ONWARDS AND UPWARDS



Brexit and political tussling over the UK's place in the world is taking place alongside the growing global conversation around quality UK wines and spirits. **Jo Gilbert** maps the points of where the two meet

There's no such thing as bad publicity", is a saying that's often dismissed as PR bunkum. But when it comes to Brexit and the unsolicited attention that it has thrown at British wines and spirits, it might well be true. You'll be hard pressed to find an English winemaker – or master distiller or brewer for that matter – who wants to talk about the “B” word at the moment; or who thinks it hasn't cast an unwanted cloud of uncertainty over an industry that is looking increasingly onwards.

William Chase, owner of Hereford's Chase Distillery, believes this uncertainty has made producers “reflect that little bit deeper on our overseas and export investment decisions. Overall British businesses are going to be that little bit more cautious”.

For better or worse, however, he says, “it has put the spotlight on us”, and it is within that spotlight that British producers are now making decisions to not only make great wines and spirits, but to bring those products to new audiences.

FEATURE
UK drinks



AT HOME

On the home front, Brexit has contributed to a dearth of agricultural labour in vineyards, with both Woodchurch Wines in Kent and Rathfinny in East Sussex noting the difficulty in sourcing visas for skilled workers to come to the UK.

But this hasn't hindered the sales performance of UK wine and spirits, which rose across all categories, with the exception of blended Scotch, in the year to July 2017 versus the year before (Nielsen – see box).

It's fair to say that all producers we spoke to would agree with Kit Ellen, sales and marketing manager at Exton Park, that there has been a “tangible surge” in demand for British products over the past few years, with consumer desire for traceability and provenance leading to increased UK listings.

This trend for locally sourced produce pre-dates the referendum vote. But the vote and its impact on the economy has undoubtedly given producers a boost, and fostered greater appreciation of British products in terms of both quality and price.

As Marika Praticò, analytics team leader at Nielsen, says: “The cost of importing here has significantly increased, so retailers have been forced to apply price rises to cope with this new environment, which makes the UK variety more competitive.”

The result is that what were perceived until only a couple of years ago as quite expensive products, are now not only more competitively priced but seen as much better value for the quality.

“Growth in both export and domestic markets has likely been fuelled by a weaker sterling and better understanding surrounding the quality of the wines coming from the UK,” Ellen confirms.

This growth in knowledge, awareness and appreciation of English and Welsh wines isn't specific

THE UK WINE INDUSTRY ACCORDING TO WINEGB

- 5.9 million bottles were produced in 2017
- Sales grew by 31% between 2015 and 2017
- Exports are forecast to hit £350 million by 2040
- The US is the primary export market for 2018/19

UK WINE FIGURES 2017 VS 2016

All Liquor (International & UK)

VALUE CHANGE:	3%
VOLUME CHANGE:	0.3%
PRICE PER LITRE CHANGE:	2.6%

British Wine

VALUE CHANGE:	12.2%
VOLUME CHANGE:	11.2%
PRICE PER LITRE CHANGE:	0.9%

English Still Wine

VALUE CHANGE:	15.7%
VOLUME CHANGE:	9.7%
PRICE PER LITRE CHANGE:	5.5%

Scottish Blended Scotch Whisky

VALUE CHANGE:	-2.5%
VOLUME CHANGE:	-1.9%
PRICE PER LITRE CHANGE:	-0.6%

Scottish Malt Whisky

VALUE CHANGE:	4.9%
VOLUME CHANGE:	5.3%
PRICE PER LITRE CHANGE:	-0.4%

UK Gin

VALUE CHANGE:	21.5%
VOLUME CHANGE:	16.4%
PRICE PER LITRE CHANGE:	4.4%

English Sparkling Wine

VALUE CHANGE:	47.5%
VOLUME CHANGE:	59%
PRICE PER LITRE CHANGE:	-7.2%

SOURCE: NIELSEN SCANTRACK, YEAR ENDING JULY 1, 2017 VS JULY 2, 2016





Above: Sarah and Mark Driver, founders of Rathfinny Wine Estate in East Sussex
Below left: Exton Vineyard Chalk pit

to the UK. It's the reason Exton Park in Hampshire has shifted its focus from 100% domestic sales in 2016 to – as of this month – exporting to six different countries.

It is also the reason, Adam Lechmere, general manager of the IWSC, believes, that the competition's organisers have seen 100% growth in English wine entries over the past four years.

Gin has grown along a steeper curve, with the number of entries jumping just shy of 200% from 2014 to 2017. Growth of other English spirits, ranging from whisky and vodka to brandy and vermouth also show that UK wines and spirits have fared better than other producer countries that have gone through political and economic turmoil in recent years.

For example, IWSC entries from Greece suffered a significant dip following the country's financial crisis back in 2011, whereas British products have managed to thrive – and largely avoid being tarred with the ugly side of the Brexit debate.

"People can be ashamed to be associated with the idea of 'Britishness'," says Lechmere. "But absolute kudos comes with the products we're making. Whether its a Japanese importer buying in Burberry or English wine, what they're selling to their customers is craftsmanship, ultra high quality and attention to detail – everything that English wine celebrates and promotes abroad."



ABROAD

At the time of writing, politicians are debating the future of Britain's place in the customs union. Their discussions highlight another aspect of the Brexit/UK production debate: that the beating heart of the gin revival, the UK's 315 distilleries (HMRC) – many of them small – could be the most vulnerable in the struggle to reduce barriers to trade.

"Tanqueray and Gordon's are the cornerstones, but the craft movement is what's generating the excitement and interest for export markets," says Mark Dawkins, co-founder of Langley's England, which makes Langley's Gin. "Engaging government is vital to ensure bureaucracy doesn't become a stumbling block."

By region, the EU is still by far the biggest destination for UK gin, with the European market seeing growth of 16% last year (HMRC). However, Europe poses less of a draw for fizz producers looking to export, which few are now not doing or at least considering.

As Italy, France and Spain already produce the vast majority of the world's sparkling wine, many UK producers are broadening their horizons, in particular with regard to the US, which is the "primary export market for 2018/19" according to newly released WineGB data.

Red Johnson, founder and chief executive of the British Bottling Company, goes further, saying the US is "the only real commercially successful [export] market. In others, it's difficult to sell enough wine to reinvest".

The newly released report from WineGB, which aims to measure the size and opportunity of the British wine industry, also says there is "clear evidence of interest by large non-UK drinks companies to invest in the UK industry", and this is unlikely to be affected by political manoeuvring.

Examples include major Champagne houses Taittinger in Kent and Pommery in Hampshire, whose arrival sets the tone for further expansion over the coming decade – as well as offering an encouraging nod from our neighbours in the EU.

Traditionally, the level of demand from overseas has been difficult to gauge, let alone put down on paper, although WineGB reckons the 31% growth of combined export and domestic sales between 2015 and 2017 will continue to grow, helping exports to reach £350 million by 2040.

For unwavering export enthusiasm, look no further than East Sussex estate Rathfinny, which has just released its hotly anticipated first sparklers, a Blanc de Blancs 2014 and a Rosé Brut 2015.

The estate is starting off with 11,000 bottles this year, growing to around 70,000 bottles in two years' time and with the possibility of hitting a million bottles by 2025 – with 50% of all production going abroad.

As the UK prepares for a future outside the EU, producers are naturally looking to identify new markets and ways of building on the stellar reputation of British wines and spirits worldwide.

However, some are less sold on the scope of the opportunity from abroad. Offering a note of caution for the future is Camel Valley owner Bob Lindo, who acknowledges the difficulty in creating margin in places like Japan and the US – where he exports – because of the number of people involved in the process.

He is also wary of what he calls "an obsession with wanting to grow the industry" and the effect on prices – which sounds oddly familiar in the wake of the Conviviality debacle.

Any growth should be organic, he says, and reflect the gradual quality evolution of English fizz, which has taken over 30 years to stand on the pedestal it now enjoys.

"It's taken us a long time to get to where we are today," he reminds us. "In the beginning, we had to build interest through blind tastings because with the label showing, you had no chance."

"We've never had a corporate style of business. What we've tried to do is make decent wine. That's what's put us on the map," he concludes.

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Bob Lindo,
Camel Valley