The markets for Burgundy wines and their development:

A situation in balance that is driven by export

In an environment in which wine continues to be penalised by world-wide over-production in the last few years, Burgundy has experienced a second consecutive campaign of sales exceeding its annual production, with total sales 4% greater in volume during this campaign following an increase of more than 10 % in the previous year that was already remarkable. Stocks have thus recovered their normal level before the arrival of the 2007 vintage, estimated to be similar to 2006 in volume (following the severe sorting, in particular of red wines, carried out, the harvest may be lower than that forecast).

Key data for wine production in Burgundy (Sources: Douanes/ IRI/ BIVB/Draf)

Production

1.5 million hectolitres	dont :	**61%**	of white wine
		32%	of red (and rosé) wines
		7%	of Crémant de Bourgogne
	dont :	**1,5%**	of Grands Crus
		47,5%	of Villages appellations and
		51%	of Regional appellations

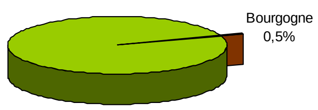
27 200 hectares under productionn (3% of the vinyards in France)

2 main varieties :

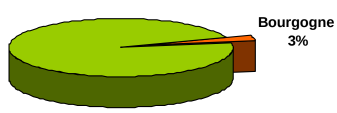
- Chardonnay (46% of vines planted) which produces almost all of the white wines
- Pinot Noir (36% of vines planted) which produces almost all of the red wines
- Other varieties: Aligoté (white, 6%), Gamay (red, for Burgundy Passe-tout-grain and Mâcon, 11%), Sauvignon and César (1%)

100 different Appellations including : **33 Grands Crus**
44 Village appellations and First Growths
23 Regional appellations

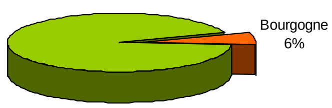
Proportion of Burgundy in the world production of wines



Proportion of Burgundy in the production of wine in France



Proportion of Burgundy in the production of AOC still wines in France



The Companies

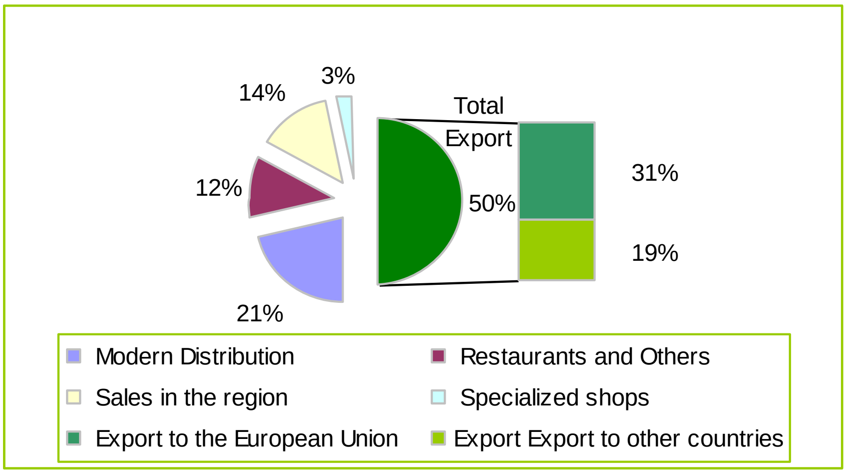
4,000 Vineyards (including **1,300** who bottle their wines)
250 Trading Houses
23 Cooperative Cellars

BOURGOGNES

The Market

200 million bottles sold
↳**50%** of the volumes exported

1.2 billion euros of estimated sales



Burgundy represents:

- **5 %** of world trade in value
- **20%** of the sales of still VQPRD French wines exported (5% of production)

Its importance in the region

2% of the agricultural land worked in Burgundy
3% of the GDP of Burgundy
20 000 direct jobs
100 000 indirect jobs: glass makers, coopers etc…

Warning, as a result of a variety of untoward events over which we have no control, we do not have access to all of our habitual sources:
- The wine stocks supplied by the Customs Service (following significant delays in record entries).
- Export statistics on volumes (following an internal reprocessing problem for simplified export declarations at the Customs). We estimate that there are 2 million bottles missing from the data covering the first 8 months of 2007, so this document will exceptionally concentrate on sales alone.
No delivery date has yet been announced for those documents.
We thank you for your understanding and will let you know as soon as we have the new figures..

Sales higher than production for the second consecutive year

The historic level of wine offered for sale by wine producers in Burgundy (208 million bottles sold, of which at least 103 million exported, to which must be added the volume disposed of but not sold - gifts, tastings, losses, etc. - the equivalent of 5.5 million bottles), exceeds the relatively low volume of the 2006 harvest by approximately 15 million bottles.

As a result, the stock of wine in Burgundy should have decreased by 8% in July 2007, following a 2% decrease for the previous campaign. Stocks may thus drop below the level of 1.4 million hectolitres (or less than one year's harvest in stock). Certain appellations are particularly concerned, such as Crémant de Bourgogne whose level is very low (scarcely more than half a year in stock) or the white Mâcon wines (scarcely two-thirds of a harvest in stock).

The 2005 vintage, an exceptional one, is a partial explanation of this enthusiasm, as are the efforts in favour of quality made by the operators in Burgundy, as shown by the 2007 harvest: indeed, this should be a wonderful surprise for quality in spite of the unfavourable weather this summer (*see the Press Release for 2007*).

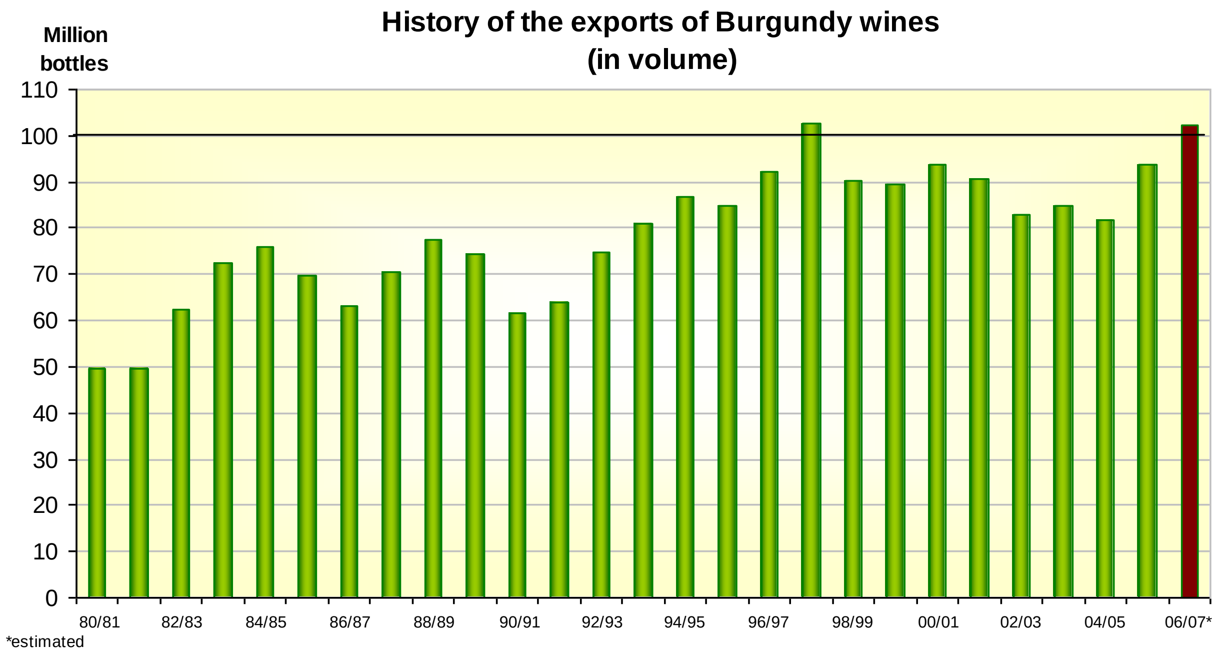
BOURGOGNES

For the record, Burgundy, which was short of wine at the end of the Nineties, increased its production just at the time when the world market was declining, with the result that the level of stocks in the region increased. Following a number of efforts to manage and promote their wines, the operators in Burgundy won new markets while strengthening their position in traditional ones. They now sell their entire production and have brought their levels of stock back to normal.

Export : the driving force of Burgundy

The upturn in exports observed since mid-2005 was confirmed by the last sales campaign (August 2006 - July 2007). This sector continues to stimulate the sales of Burgundy wine with the vineyard now exporting 50% of its production.

The volume sold out of France will probably represent close to 103 million bottles, or nearly 10 million bottles more than the previous campaign. This is a record level for Burgundy and one that approaches the exceptional campaign of 97/98, then linked to the "*French Paradox*"[1] effect.



This rebound appears all the more solid since it has been noted in all the principal markets abroad (*see the table below*), starting with the two leading customers for Burgundy, the United Kingdom and the United States. Indeed, on their own these two account for half the sales and half of the increase in value achieved for exports in the most recent campaign.

[1] *The concept of the French Paradox, according to which the consumption of red wine in reasonable amounts (one or two glasses a day) is said to prevent the development of cardio-vascular diseases and explain why victims of infarction in France are considerably fewer than in other countries, was noised in the media at the start of the Nineties, first of all in the USA and then in Japan. While this theory has been queried on occasion, it has nevertheless led to considerable sales of wine around the world, especially in Asia (essentially in Japan) where imports of red wine rocketed in 1998.*

BOURGOGNES

At the same time, neighbouring markets are also increasing clearly (except for Germany, which is stable). This is explained by the renewed confidence of the decision takers in these countries. These markets are purchasers once again and are contributing to the successful export of Burgundy wines.

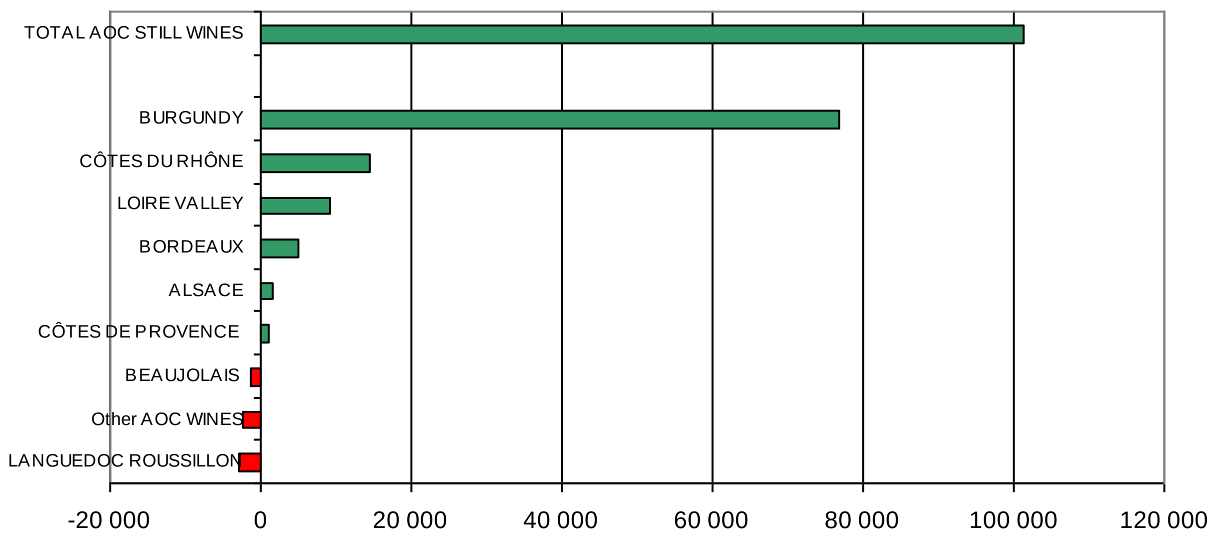
Lastly, the most recent markets, like the Scandinavian and Asian countries, continue to increase their orders.

The total figures for customers of Burgundy by colour

	Propor-tion in value	Total Burgundy wines			White Burgundy wines (+ Crémant)			Red Burgundy wines		
		Sales in €thousands	Diff. 05/06 camp.	Gain in 1 year in €thousands	Sales in €thousands	Diff. 05/06 camp.	Gain in 1 year in €thousands	Sales in €thousands	Diff. 05/06 camp.	Gain in 1 year in €thousands
World	**100%**	**667 682**	**+16%**	**92 549**	**405 188**	**+12%**	**44 143**	**262 494**	**+23%**	**48 406**
Europ. Union	**48,2%**	**321 815**	**+16%**	**44 393**	**233 037**	**+13%**	**26 573**	**88 778**	+25%	17 820
United-Kingdom	24,3%	161 952	+19%	26 129	121 666	+13%	13 670	40 286	+45%	12 459
Belgium	6,3%	42 289	+15%	5 399	30 137	+15%	3 881	12 152	+14%	1 518
Germany	4,4%	29 491	-0%	-69	21 348	+0%	54	8 143	-1%	-123
Netherlands	4,3%	28 512	+14%	3 407	19 714	+14%	2 408	8 798	+13%	999
Denmark	2,4%	16 225	+8%	1 173	8 986	+14%	1 102	7 239	+1%	71
Ireland	1,7%	11 576	+13%	1 358	9 625	+9%	804	1 951	+40%	554
Sweden	1,6%	10 753	+20%	1 775	8 550	+21%	1 483	2 203	+15%	292
Other countries	**51,8%**	**345 867**	**+16%**	**48 156**	**172 151**	**+11%**	**17 570**	**173 716**	**+21%**	**30 586**
USA	24,0%	160 465	+17%	23 534	82 368	+12%	8 698	78 097	+23%	14 836
Japan	11,9%	79 517	+6%	4 310	39 572	+5%	1 981	39 945	+6%	2 329
Canada	4,6%	30 481	+18%	4 714	15 147	+10%	1 379	15 334	+28%	3 335
Switzerland	3,4%	22 624	+24%	4 371	7 058	+32%	1 701	15 566	+21%	2 670
South Korea	0,6%	3 952	+97%	1 941	1 297	+52%	443	2 655	+129%	1 498
China	0,3%	1 739	+230%	1 212	676	+165%	421	1063	+291%	791

The export performance of Burgundy, however, remains an exception in France. Indeed, Burgundy is the only wine-producing region in France to experience an upturn of this significance in exports and, without the 77 million euros of profit for Burgundy, still AOC French wines would have progressed by 1% only instead of 6%.

Increase in export sales in the first 7 months of 2007 (in €thousands) (market in AOC still wines



Focus on… the United States, a landmark market for Burgundy

The consumption of wine in the United States continues to grow. It has achieved 3.1 billion bottles in 2006 (3rd place in the world market with 11% of the volume sold around the world) and the opportunities for growth are still important: only 17% of potential consumers are regular and account for 92% of total consumption. What is more, although it is a major producer, the USA allows a significant place to foreign wines (30%).

Burgundy has never done better in the last 20 years, with 160 million euros of sales (4th consecutive year of growth): the dynamic is constantly present for white wines, especially the Mâcon wines as well as for Chablis which is establishing itself gradually. But it is above all the red wines that benefit from the enthusiasm for Pinot Noir that developed at the very end of the Nineties: following growth in Regional appellations, the Village appellations of the Côte d'Or (+80% for the first 7 months) and the Grands Crus (which have more than doubled) have been caught up by this market. However, these wines have to use the description "Pinot Noir" differently: if, in order to give consumers a benchmark, it is in the interest of the Regional appellations to mention the grape variety on the front label, the appellations Villages, Premiers and Grands Crus make special use of the reference "Burgundy», which justifies a higher price.

Crémant de Bourgogne is also making strong progress in this market. Marcel Combes, the Manager of Louis Bouillot (Boisset), points out in this connection that "*knowledgeable American consumers allow themselves to be tempted by a smart purchase with a bottle of Crémant de Bourgogne at $ 14.99. Also, "wine by glass" acquaints them with Crémant rosé wines with flutes at a price that is both reasonable for consumers and stimulating for the margins of restaurateurs*."

"*In comparison, the English market is very sensitive to psychological pricing levels. It has a concentration and dynamism that require intensive sales efforts by operators. New distributors are interested in this appellation in the hope of finding a niche market that will soon be ready to open up*".

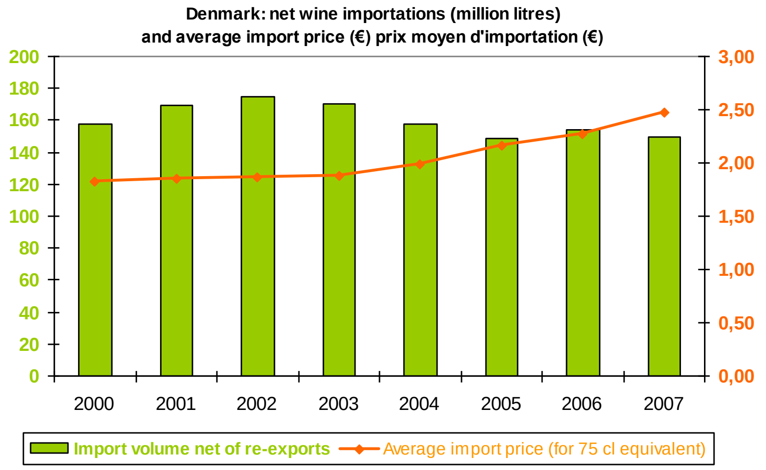
Burgundy in the USA: training courses and added value

For 3 years, Burgundy has embarked upon a training plan for American decision takers (wine shops and above all wholesalers) and journalists around the principal areas of wine consumption (the West Coast, the East Coast, Texas and Illinois). A number of journalists have also visited the vineyard to increase their knowledge and meet on the spot the men and women who contribute to the reputation and quality of Burgundy wines.

A campaign of information is currently being carried out in the autumn of 2007 in the American trade press. In particular, it emphasises the specific characteristics of the wines of Burgundy and their added value for both seller and consumer. It also offers simple suggestions for marrying dishes and wines in line with American habits.

Focus on… Denmark, progress upmarket in a traditional market

Denmark is one of the leading countries for wine consumption per inhabitant (38 litres per inhabitant over 18 per year). While the volume of consumption has stagnated in the last few years, it is now developing in terms of quality: Danish consumers are looking for more elegant, more complex wines as is shown by the increase in top of the range wines in retail stores (which represent more than ¾ of wine sales) and the upturn of average starting prices in the last three years.



Burgundy is thus directly concerned by this basic trend since its sales have grown by 8% in one year, essentially due to the white wines: we find here the appellations that perform well in the other Scandinavian markets, i.e. Chablis, the regional appellations and also the Crémant de Bourgogne.

Sweden and Denmark: a promotion that is maturing with the market

After having organised training seminars for the press and decision takers for several years, the Interprofession des Vins de Bourgogne (the Interprofessional Association for Burgundy Wines) will be launching a new event in the first six months of 2008 that will specifically target consumers. Indeed, this market is now sufficiently knowledgeable and familiar with Burgundy wines to allow for the message and above all the target to be enlarged.

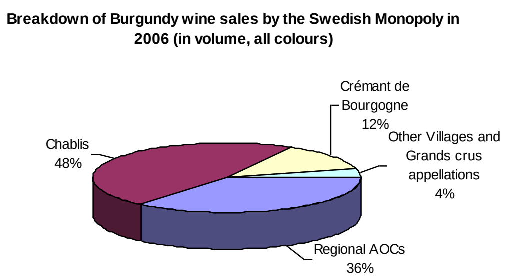
Centred on the marriage of dishes and Burgundy wines, this operation will take place in two stages:

- Emphasis placed on wines from the Monopoly and distinguished cellars during tastings by famous wine waiters and journalists from each of the two countries
- Suggestions for marrying dishes with typical wines around this selection and in line with local specialities

These proposals will be presented on the websites of the leading wine and gastronomy journals. Burgundy wines thus stress their modernity by insinuating themselves through the Web directly into the homes of "foodies" (young consumers with high purchasing power who like to entertain and cook at home).

Focus on… Sweden, a symbol of these growth markets

Sweden is a dynamic market for Burgundy and reflects the development of the Scandinavian markets. The regular and significant increase in sales (+20% in 2006-07) positions this country at the gates of the top 10 customers of the vineyard. The range is, however, essentially composed of Chablis (1 bottle of Burgundy in 2 sold by the Monopoly) and Regional appellations. The



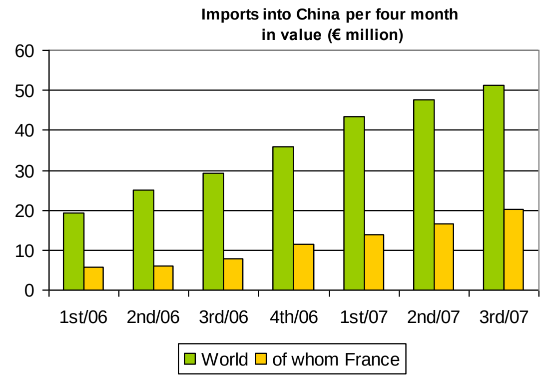
increase in sales is thus due to a few operators in Burgundy who have made successful efforts in this market, respecting its specific characteristics, such as the widespread use of Bag-In-Box©.

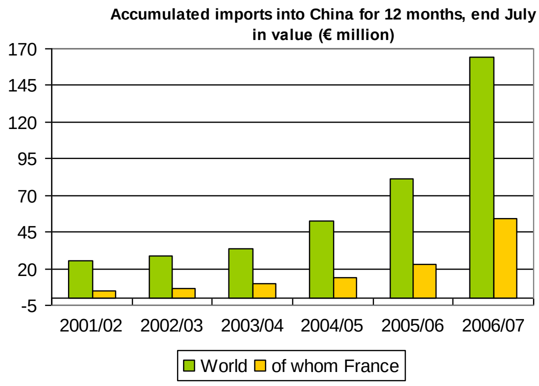
Olivier Martin, the CEO of Cottin Frères, recalls that "*the 10 leading importers in Sweden represent 60% of the volume sold. 85% of this is sold by the Systembolaget (the Monopoly) and 15% by 10,000 other sales outlets (CHR) followed by 5 wholesalers*." He also warns intending exporters: "*Be careful, 79 SEK (8.53 euros) is a significant threshold for consumers, bearing in mind that 58% of the volume sold by the monopoly is rung up at the checkout below 59 SEK (€ 6.37) and 83 % of this is Bag-In-Box©.*"

Focus on… China, a market with a close future

500 million middle class people, wine consumption of 1.5 litres per year per inhabitant in the 3 principal megalopolises that is increasing by 15% per year, a genuine market for top of the range wines (knowing how to taste and talk about wine is part of the culture of businessmen): this information is enough to understand the challenge of this market, knowing that the 2008 Olympic Games ought to be a great stimulus. However, it is essential to watch out for counterfeits, a significant scourge, and sales practices that need to be perfectly managed.

Burgundy is still little known in China, although this country may become one of the top 10 customers in the region after 2010. The BIVB thus plans to develop training and information for this market. For the moment, the sales figure of 1.74 million euros, 20 times less than that for Canada, Germany or the Netherlands has to be kept in proportion. It should nevertheless be noted that the upturn achieved in the last campaign in terms of financial profits in absolute value (1.2 million euros of additional sales) corresponds to the increases in Denmark or Ireland and clearly compensates for the decrease of 69,000 euros in Germany. It is hard to believe that this impetus can be stopped, and at this rate China may become the second major pillar in Asia for Burgundy, after Japan.





During his visit in June 2007, Mr. Chueh Kuang Luen, the distributor for Shanghai and its region, pointed out that "*Burgundy has its place in China since the market is demanding products of better quality. Chinese consumers are bons vivants who appreciate gastronomy just as much as the French. What is more, they have become aware that wine is healthy and is an excellent companion to food* ". He added that "*Burgundy wines are undeniably perfect with Chinese cuisine as it is also based on the subtlety and harmony of flavours*." Lastly, the new rich represent a market on their own since Burgundy's image is flattering for the hosts of business meals.

Focus on… Korea, with the prospect of a free trade agreement between the European Union and Korea at the end of 2007

For several years now, Burgundy has been investing in promotion in this country. The latest results appear promising since sales achieved in Korea by the vineyard have doubled in a year, increasing from 2 to 4 million euros. This increase is principally due to the red wines, which represent 2/3 of sales in value, essentially for Villages and Grands Crus.

It is true that in this country, wine is consumed by people who are rather prosperous and "internationalised". The status image of wine is very pleasing: Koreans are prepared to spend time and money on increasing their knowledge and appreciation of wine. This is a likely explanation of the success of wine schools and especially the growth in numbers of clubs of amateurs (more than 500) as well as the constant opening of new wine bars.

Mr. KIM Hak-Kyun, the Chairman of HANDOCK WINE Co. LTD, was one of the initial distributors of Burgundy wines in Korea. Currently, his range of Burgundy wines is unequalled: more than 60 appellations from 50 Burgundian domains. He explains that: "*Burgundy wines have an exceptional image for quality and a position at the top of the range. In the last few years, Burgundy wines have become the favourites of leading Korean amateurs as their taste has evolved toward greater finesse and elegance.*" More recently the Japanese manga entitled '*The drops of God*' has led to a certain democratisation of the vineyard, making it more accessible to debutant consumers. Mr. KIM Hak-Kyun also considers that "*the combination of these 2 factors is the key to the current and future success of Burgundy wines in Korea*." He even forecasts "*a strong increase in the consumption of Burgundy wines in the next 2 or 3 years.*"

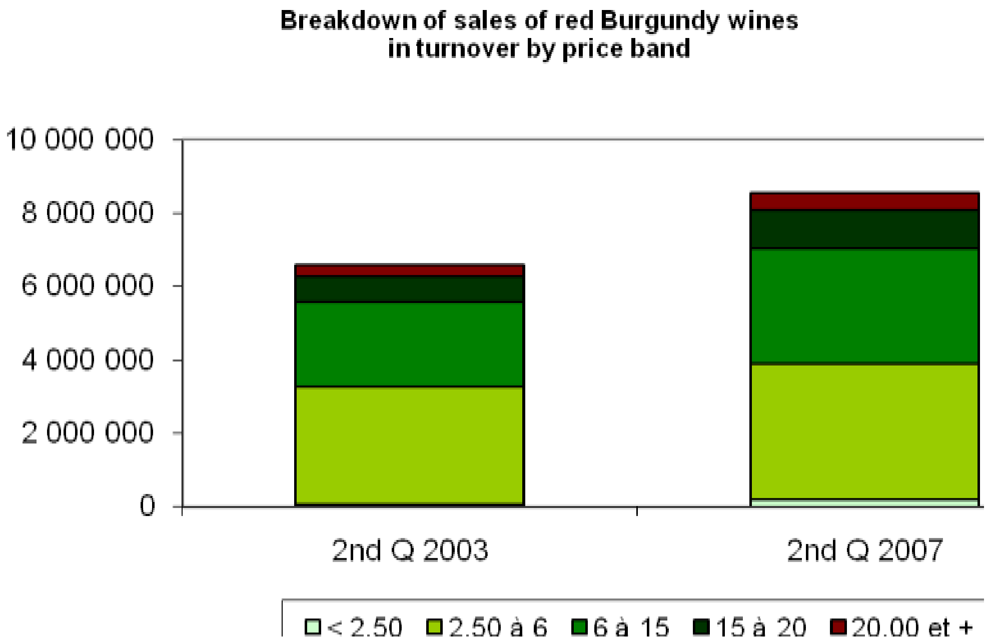
France : development of all the distribution networks

Retail distribution: ranges of wines that constantly increase in quality

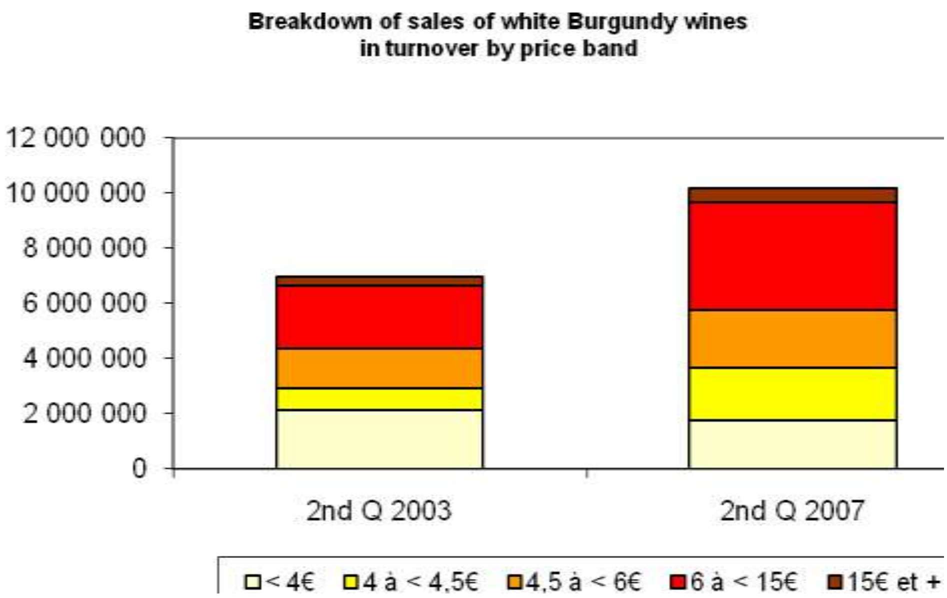
At the same time as export sales are increasing, the sales of Burgundy wines in retail stores (excluding hard discount and superettes), which make up the leading outlet in France, has remained stable for a year. A sure explanation for this is that the region has been less highlighted through promotions (24.4% of the volume sold compared with 26.7% the previous year) and that Chablis, habitually more highlighted than the average, is strongly in demand abroad (and consequently less on offer in this sector).

The good news therefore is based on the overall increase in value of Burgundy wines whose average price has increased by 2%. An analysis of the range (the number of wines referenced in the shop), especially during Wine Fairs, shows that retail stores are essential partners in reaching a customer base that is wide and demanding greater quality. This has a positive effect: an increase in the level of consumers.

So, when the sales of Burgundy red wines are broken down by price bands, the middle of the range (€ 6 to € 15 per 75 cl bottle) is the one that ensures the development of the vineyard (the 3 Côtes). This observation was carried out over a period during which there were no wine fairs (the second quarter of the year) so as to take account of the genuine dynamic of basic shelf sales.



The same result is noted for whites but on a lower price band (€ 4 to € 6 per bottle) thanks in particular to Mâcon Villages.



This demonstrates the pertinence of "Category management" procedures that are being gradually implemented by the BIVB in this sector. (*see below)*

Anne Maizière, the Manager of the "Domaines et Châteaux de Burgundy réunis" company, stresses the fact that "*quality, packaging and the quality/price ratio are instrumental in the choice of references made by the buyers in Retail Sales*". The final link and not the least important is "*exposure (the place allotted to the wines on the shelves) must guide the consumer's choice since he or she constantly needs benchmarks and advice*".

Burgundy wine producers are taking steps in conjunction with retail sales to meet these requirements better. In this connection, Burgundy is disseminating information on its entire range of appellations, in particular its Villages which are attracting increased customer interest (all the year round). The challenge is to recruit customers (each household buys on average fewer than 2 bottles a year from this sector); merchandising and communication are thus the challenges of tomorrow for Burgundy in Retail Sales.

Category Management :
Organising Burgundy shelves in retail stores to stimulate wine sales

The deployment phase has begun

The reorganisation of the Burgundy range in retail sales has just entered a new phase. The procedure is being set up in the most relevant hypermarkets and supermarkets for Burgundy wines in France. A considerable task which will be spread over several years.
Since the beginning of October, 5 stores have been re-established in Burgundy, or 42 m of shelves. A number of contacts have already been made to present the procedure and more than thirty shops have been visited. "*We prefer to establish a relationship of confidence with the sector heads in order to achieve their total commitment to the project*", explains Dominique Lambry, the Marketing Manager of the BIVB. "*They very soon see the beneficial effects on sales in their sector* (+15% of sales on average for the Burgundy sector and +3% over the entire wine sector according to tests in early 2007, editor's note) *and are more ready to adopt this new form of organisation."*

In a few months' time, a study carried out by IRI will quantify the results of the procedure. As a reminder, this operation consists in installing "shelf stops" that divide the Burgundy range into three levels in line with the opportunities for consumption: "Meals at home", "Meals with friends" and "Celebration meals". Two flags (for red and white wines) present at each end of the shelf a disc that gives information of marrying dishes and wines. This information meets consumers' needs and guides their purchases, if they wish.

Restaurants: the future of wine by the glass

The restaurant market is no longer a sector that offers significant growth prospects for wine. However, according to a survey carried out over the vineyard, this has to be compared by segment. Indeed, it appears that the development of the top of the range, (Grands Crus, Chablis or other Villages wines of high repute) remains positive, particularly in gastronomic restaurants. For Regional AOC wines, the situation appears to vary in line with the dynamism of the operators.

Sales of wine by the glass have genuine potential since only 20% of the establishments that have adopted this method of sale offer Burgundy wines; however the development of offers of dish + wine and the arrival of an interprofessional Bag-In-Box© is perfectly in line with this trend.

Burgundy Bag-In-Box©: quality within everyone's reach:

Created in 2006 to give the smallest producers access to this new type of container, the Burgundy BIB© is achieving increasing success.
Since May 2007, it comes in 3 formats (3, 5 and 10 litres) in each of the three colours of Burgundy wine (white, red and rosé). An initial box maker has been with the project from the start and has already sold nearly 50,000 BIB©. A second has just produced 30,000 of them.

This success is explained by the aesthetic and technical quality of the product and also because it meets the needs of small bottlers. These effectively wish to enter the BIB© market but do not have the means to develop a specific quality product. With the Burgundy BIB©, they can start up at least cost while adding value to their product.

Sales in the region: wine tourism is becoming organised

A survey was carried out by Vinifhor and the BIVB in 2006 covering 250 domains. The nature of this sector is the sale to individuals without a middleman and each year covers about 14% of the sales of Burgundy wines.

Half of the exploitations concerned sell fewer than 10,000 bottles in the region each year. However, this sector is likely to grow. Half of those who replied said that they had seen their sales in this sector increase in the last five years (little decrease) and 2/3 wished to see them increase in the future. 83% have a tasting cellar but only 12% have an employee (full or part-time) to manage it, which explains why more than one third receive visitors only by appointment.

Gérard Maître, Chairman of the "Markets and development" commission of the BIVB and Chairman of the Cave de Buxy (71), indicates that *"direct sales is a promising avenue for Burgundy, confirmed by the sales achieved this summer.*"

"*At the centre of a region known for its many attractions (historical, cultural, gastronomic and tourist), reception and sales at the property are strongly expected, not only by visitors but also by local residents"* he adds before concluding: *"The signposting of the Burgundy vineyard, the wine route and the charter governing reception entitled "De Vignes en Caves" (from the vine to cellars), the many events centred on wine organised by the appellation syndicates and tastings and sales at the property are part of the need for a welcome, for authenticity and conviviality."*

BOURGOGNES

Wine tourism stimulates direct sales

For the last 3 years, the Interprofession des vins de Bourgogne (the Interprofessional Association for Burgundy wines) and all the regional institutional partners (the region and the department) have come together to encourage the development of this sector.
The BIVB has been organizing several seminars of information for wine-makers who wish to make the tourist aspect of their activity more professional.

The BIVB is also making several tools available to visitors to inform them about the Burgundy vineyard and the tasting cellars:

- **The bilingual map** (French and English) **of the Burgundy Wine Route** has just been republished in 170,000 copies for 2008. In particular, it presents the tourist routes and the main centres of interest in the region. A new addition is the Crémant Route in the Châtillonnais district (north of the Côte d'Or) which will be signposted during the winter 2007/2008. It highlights the traditional heritage (the houses and dry stone walls) of the 23 communes covered by the appellation.

  On the back of the card are listed the 309 cellars that are members of the "De Vignes en Caves" Charter. In the last two years, these have been regularly visited to enable them to improve their reception at the cellar.

- Similarly, the guide to wine events "**Burgundy wines Celebrate in 2008**" has just been published. It now lists close to 90 events from January to December and is an ideal companion for visitors who are lovers of Burgundy wines and local specialities.
- On the BIVB website, a **search engine entitled "Wine Tourism"** (trilingual French - English - German) enables a stay in Burgundy to be organised.

- Signposting in the vineyard has been totally redesigned since 2005 and the signposts will all be installed before January 2008.

Lastly, a seminar was organised in April 2007 with the participation of Emmanuelle Rouzet (*Consultant specialising in sales techniques)* who gave very sound advice on how to make sales in the region a commercial strategy in itself. Training courses are now being organised by the Groupement des Jeunes Professionnels de la Vigne (GJPV - the Grouping of Young Professional Wine Producers) to develop this avenue.

Wine shops and the Internet

These two outlets have still been little analysed. In order to circumscribe them better, Burgundy is investing in research. With regard to the Internet, in January 2008 the Interprofession expects the presentation of the very first study carried out on this sector.

For its part, the world of wine shops was the subject of an initial study carried out in 2005/06 by all of the interprofessional associations. In 2008 the BIVB will be the only one to take it further.

This initial approach established that 83% of the 5,300 wine shops in France have the Burgundy vineyard in their books with an average of 37 different wines. The core of this range costs between 9 and 35 euros per bottle.
Wine shops established in Burgundy represent 50% of the total sales of the vineyard in this sector, whereas these same wine shops achieve just 25% of their sales through Burgundy wines. There is therefore a significant margin for progress in the region and also in the rest of France, in view of the token market share of Burgundy wines in many regions in France. The Interprofession is convinced of the relevance of training wine shops and in the last two years has offered specific training courses in its Wine School.

A specialist in these two distribution networks confirms the healthy status of Burgundy wines and their potential for growth. Jean-Michel Deluc, Purchasing Manager for Chateauonline, a Website) and Repaire de Bacchus (a chain of wine shops), states that Burgundy is gaining an increasing space in their range. "*It represents 5% of our references and 7% of sales. We have a range that goes from generics to the best of the grands crus. We detect strong interest in our customers, far greater than that of the customary amateurs of this vineyard.*

On our Website www.chateauonline.com, more open to less well-known appellations, sales have increased both in France and in Europe."

According to him, the range in wine-shops is more classic and can be divided into three levels:

- Quality Burgundy wines at less than € 15. "*We organise a Burgundy trophy each year to select the best red Burgundy sold at less than € 12. This is a great success with more than 6,000 bottles sold by advertising to more than 500,000 e-mails in Europe*".
- The growths with a very good quality / price ratio at less than € 25. "*We call upon appellations that are less well known to the general public and to a few First Growths*".
- The classic growths with prices ranging from € 30 to € 350. "*We are aiming at major connoisseurs*".

Crémant de Bourgogne : an appellation full of effervescence

While the market for sparkling wine is developing strongly, demand for the appellation Crémant de Bourgogne is expanding rapidly: the search for sparkling wines with tiny bubbles at less than € 15 per bottle offers a promising avenue for these high quality wines. The sector offers an increasingly wide range, from white or rosé Crémant de Bourgogne, based on the principal Burgundy grape varieties (Chardonnay and Pinot Noir), to the prestigious vintages that rapidly reach € 10, € 15 or even € 30 per bottle in the shops.

The development of exports of Crémant de Bourgogne			
in thousands of €	**06/07 campaign**	**Changes in 1 year**	**Gain in 1 year**
World-wide	13 128	+10%	+1 223
United States	2 923	+23%	+554
Belgium	1 808	+1%	+14
Germany	1 596	-11%	-192
United Kingdom	1 445	+22%	+257
Denmark	1 362	+39%	+380
Japan	1 310	+16%	+181
Sweden	961	+101%	+482
Norway	362	+91%	+173
Netherlands	335	-65%	-628
Switzerland	249	+2%	+4
Canada	238	+23%	+44
Italy	193	+33%	+48
Luxembourg	59	-4%	-3
Russia	59	+474%	+48
South Africa	32	+0%	0
China	27	+758%	+23

In any case, this is certainly one of the reasons for the success of this appellation abroad. Exports of Crémant de Bourgogne are constantly increasing and are now at 3.5 million bottles and more than 13 million euros. For the first 7 months of 2007, incidentally, it has been the sparkling AOC in France (other than Champagne) whose sales have increased most.

Neighbouring markets in Europe are naturally the traditional customers for Burgundy. However we note significant progress in sales to three other groups of countries:

- The leading markets for Burgundy (The United States, the United Kingdom and Japan) of the order of 20% per year,
- The Scandinavian markets (sales doubled in Sweden and Norway and up by +40% in Denmark),
- And lately the markets of the future (Russia, China, etc.).

To take the example of Sweden, one of the references for Crémant de Bourgogne is now the second most sold reference for Burgundy by the Monopoly, with 12.5% of sales for the vineyard by it alone.

In France, the phenomenon is identical. Retail purchases (hypermarkets + supermarkets) increased again by 11% both for volume and in value and have now achieved 4.4 million bottles and 22.8 million euros. It is the appellation for sparkling wine (other than Champagne) that has increased the most, together with Crémant d'Alsace (whose production is twice as large) and above all it is the appellation with the best value (an average of € 5.20 per bottle).

The offer has followed this increase in demand: except for 14% of the supermarkets, all the shops in this sector offer Crémant de Burgundy, expanding the shelf and the number of references.

The requirement for quality in Crémant de Bourgogne

Since the origin of the appellation in 1975, the sector organised approval for a double check: the systematic tasting and analysis of all the batches of basic wine in order to obtain the authorisation to start vinification and of all the batches of bottles that were ready for sale. The reform of the "official approval" is not in itself a revolution for the Crémant de Bourgogne appellation. Similarly, both production conditions and the equipment authorised were detailed in the decree for the appellation of origin. As part of the reform for implementing control plans, the Union of Producers and Wine-makers of Crémant de Bourgogne wished to continue to be strict in checking that production conditions were being respected. Under the current system, approval for the pressing sites will be effective for each fermenting room intended for the production of the appellation Crémant de Bourgogne. The sector has preferred certification to the carrying out of internal controls in order to adhere to the philosophy of excellence in setting up external controls.

The 2006/2007 Campaign: at full throttle!

The 2006 harvest under the threshold of 1.5 million hectolitres

The 2006 harvest, lower than in previous years, was limited to 1.482 million hectolitres, a decrease of 2.2% following that of 3.5% already suffered the previous year.

This decrease affected both red wines (which dropped below 500,000 hl) and Crémant de Bourgogne (-7% each). On the other hand, the production of white wines was once again slightly more than 900,000 hl (+1%).

The graph opposite clearly shows the progress made by the Burgundy vineyard in favour of white wines.

Harvest in Burgundy

Sources : Douanes

According to the estimates of the Technical and Quality Centre of the BIVB, the 2007 harvest may be identical to that for 2006 (because of the sorting carried out during this harvest, this figure may yet be revised downward).

The negotiated purchases of Burgundy in the production stage has achieved new records

Sales of the 2006 vintage are well under way since half of the volume has already been sold during the 2006-2007campaign. More generally, the total volume of wine purchased by the trade during this campaign achieved a new record with 934,000 hl (+2% compared with the 2005/2006 campaign), or 124.5 million bottles.

These purchases represent the equivalent of 63% of the volume of a harvest like 2006, a level that was closer to 50% two years ago. This proves that sales activity has genuinely picked up in Burgundy.

Another element that indicates this impetus is that the increase in trade sales now concerns mainly the Grands Crus and the Villages appellations in the middle of the range (Chablis, villages from the Côte Chalonnaise or the Côte de Beaune such as Santenay, Ladoix, Maranges, etc.). This highly active market has led to a moderate increase in rates that is quite uniform, from 2 to 10%.

The stock available at the property at the end of July 2007 should once again decrease significantly to less than 1.4 million hectolitres (-8% compared with July 2006). Indeed, despatches from properties have been very high, far exceeding the volume of the 2006 harvest.

The economic situation of the vineyard is thus healthy and enables the future to be envisaged with great serenity.