

Report estimates economic impact of wine industry at \$3.35 billion

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That means jobs — good ones, with plenty of over-time work — for foreman Morales, his brother, his nephew and other relatives among AAA Metal’s 14 to 16 employees. The same Full Glass Research report lists the average annual wage in Oregon’s heavy-gauge steel manufacturing sector, which includes firms much larger than AAA Metal, as \$56,669.

Welding stainless steel takes skill, and the shiny tanks have to be finished to food-grade quality to prevent bacteria from growing inside. Surprisingly, none of the company’s welders has had special training; they all learned on the job.

“All of these guys started from the bottom,” Morales says. “Sweeping floors, cleaning up. They learned by being here.”

Continued expansion and investment by wineries, breweries and distillers has AAA Metal and its workers in a “really good position right now,” Morales says.

“We just keep going,” he says. “We just keep making tanks.”

\$3.35 billion impact

The recent Full Glass Research report estimates the economic impact of Oregon’s wine industry at \$3.35 billion, counting crop value and direct and indirect jobs, wages, sales and services. The report is the work of California market analyst Christian Miller, a self-described “data geek” who studies the industry.

The report details an industry that has come of age. Although tiny compared to California and smaller than neighboring Washington, Oregon’s vineyards and wineries have carved out a niche that is economically, aesthetically and socially successful.

In an interview after his “state of the industry” presentation at the recent Oregon Wine Symposium in Portland, Miller said the wine industry has a bigger ripple effect in the economy than other agricultural sectors. Wine-related tourism alone — all those cars streaming to tasting rooms off Highway 99W in Yamhill County — pumps \$207 million annually into the Oregon economy and employs 2,623 people, Miller said.

All told, Miller counts more than 17,000 wine-related jobs in Oregon and \$527 million in wages. Senior state economist Josh Lehner, in a February report, said the number of jobs in wineries, breweries, distilleries and their distributors and retail outlets increased 46 percent since the start of 2008.

By Miller’s estimate, the 2013 wine grape crop was worth \$128 million and became the most valuable of Oregon’s fruit and nut



Pierre Paradis, an Oregon State University student whose family owns a vineyard, is striking out on his own with a vine hedging, leaf removal and fruit hauling service.

crops, passing hazelnuts, blueberries, pears, cherries and other stalwarts. The National Agricultural Statistics Service had grapes in second that year with \$107 million value, behind hazelnuts, but the giant grape harvest of 2014 may have reconciled any differences.

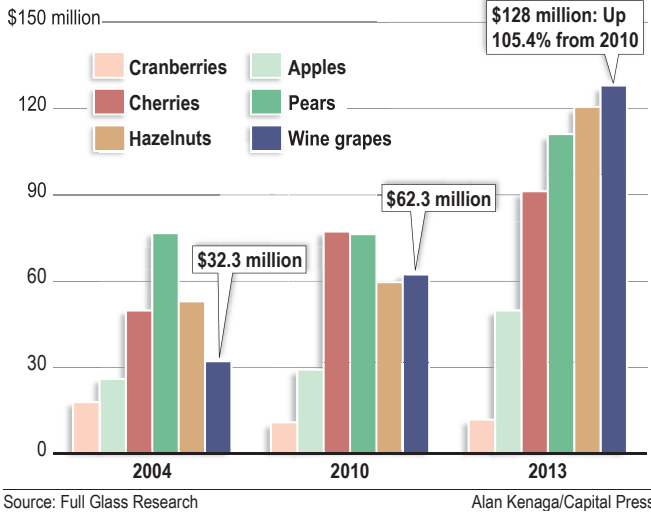
At any rate, the value of Oregon’s wine grape crop has quadrupled since 2004, Miller said. The average price per ton paid for Oregon grapes in 2013 was \$2,249, far more than the \$713 per ton average paid to California growers and \$1,110 paid to Washington growers. Only California’s Napa County had a higher price per ton, \$3,683. The discrepancy with California’s average price is due to the large volume of lower-quality grapes grown in the Central Valley, according to the report. Those grapes are used in “low-value uses” such as concentrate, according to the report.

The price is another distinguishing feature of the Oregon wine industry, Miller said: It started by focusing on high-value, high-quality wine, particularly Pinot noir, and has stayed that way.

By all accounts, the industry’s founding fathers and mothers were and are quirky, driven people who collaborated in order to survive. The people who followed them include many who were accomplished in other fields, are highly educated and brought resources with them. Grape growing and wine making is a marriage of science and art, and its practitioners tend to be hard chargers.

It’s fair to say some of

Top fruit



Oregon’s traditional, conventional farmers believe the wine industry distances itself from them; vineyard producers are not particularly engaged in the Oregon Farm Bureau, for example.

Other farmers can’t help but notice the attention and money flowing to the wine industry, and frankly worry it will bend legislation its way as well. This past year, a couple vineyard operators loudly complained that spray drift from grass seed or Christmas tree operations was damaging grape vines. Traditional farmers resent the issue being taken public rather than worked out among farmers, as is usually done in Oregon.

Other indicators

The industry’s growing clout has a number of markers:

A law firm, Stoel Rives LLP, has a wine practice group spread among its dozen Western offices. The founding chair is Christopher Hermann, of the Portland office, who flat out says vineyards and wineries have

transformed rural communities and been a catalyst of economic development “up and down the Willamette Valley” and throughout the state. He also credits the industry with touching off Oregon’s local food movement, including fine restaurants and branching into craft beer breweries and spirits. “Wineries led the way,” he says.

Silicon Valley Bank has a 30-member “wine division” in its West Coast offices, works with about 350 vineyards and wineries and counts an estimated \$1 billion in committed loans to the industry, says Mark Freund, managing director of the bank’s Beaverton, Ore., office.

Oregon State University started its Wine Research Institute in 2009 at the industry’s behest — and with \$2 million in industry seed money.

Oregon now has accounting firms and real estate companies that specialize in vineyards and wineries. Other businesses that have sprung up in support of the industry range from custom crush or

Oregon’s wine industry growing

Revenue category	(Millions of dollars)		Percent change
	2010	2013	2010-2013
Winery sales	\$252.1	\$363.5	44.2%
Wine exported from state**	93.3	127.6	36.8
Wine sold direct-to-consumer**	115.1	196.9	71
Wine grape crop value	63.2	128	102.5
Wholesale**	363.5	433.9	19.4
Retail sales (on/off premise)**	716.3	816.7	14
Wine-related tourism	158.5	207.5	30.9
Direct tax revenues	34.1	37.8	10.9
Indirect/supplier revenues	283.5	449.6	58.6
Induced revenue impact	375.2	388.9	3.7

*Does not include direct-to-consumer sales shipped to consumers in other states.
**2010 numbers have been restated for either greater accuracy or to put them on the same methodology as 2013.

filtration companies to ones that use falcons to chase pest birds from vineyards.

There’s still room for startups. Pierre Paradis, an Oregon State University student whose family owns a vineyard in Silverton, started a custom hedging, leaf removal and fruit hauling business called Rainbow Valley Enterprises.

In 2013, according to Miller’s Full Glass Research, the industry spent \$21.9 million for bottles, \$11.5 million for corks, screwtops and other closures, \$5 million to \$7 million on oak barrels and bought 37 million labels worth an estimated \$10.4 million. Of the latter, 84 percent went to Oregon firms.

Carrie Higgins, who founded Crush Creative Packaging of Lake Oswego in 2005, has seen her labeling business grow with the industry. One of her early clients was A to Z Wineworks, which in its infancy wanted 5,000 labels for a modest Pinot noir offering. Now Higgins sells A to Z 4 million to 5 million labels a year, and the winery itself has grown to be one of

the state’s largest. In 2006, partnering with San Antonio Spurs Coach Greg Popovich, A to Z bought Rex Hill Vineyard and Winery in Newberg.

“It’s very circular growth, is what I would call it,” Higgins says. “I never thought I’d grow up and sell wine labels. It’s a very niche market.”

At least two Oregon companies, Signature Bottlers and Casteel Custom Bottlers, provide mobile bottling services, going from winery to winery.

Miller says the industry has room to grow. Oregon produces no glass or corks, he says, ticking off some of the opportunities, and there’s only one oak barrel manufacturer in the Pacific Northwest.

Varietal expansion is likely as well, Miller says. While Oregon is best known for Pinot noir wine produced in the Willamette Valley, and Pinot noir grapes make up 67 percent of the total wine grape crop value, the Pinot gris wine coming out of Southern Oregon is under-appreciated, Miller says.

“I don’t see it bumping into a ceiling any time soon,” he says.

Extra frost protection is an added expense to growers

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“It makes for an extra month of frost protection, which is an added expense to growers,” he said.

Apricots are reportedly blooming in a few early areas of the state on March 3, said Tim Smith, WSU tree fruit specialist in Wenatchee.

With 60s forecast for the weekend, buds may wake up in the next couple weeks in Wenatchee and Red Delicious full bloom could be early, he said.

Warm weather allowed crews to plant 60 acres of apple trees Feb. 26-28, about a week ahead of schedule, at Zirkle Fruit Co.’s CRO Orchard at Rock Island, said Mike Meadows, orchard manager. Buds are swelling, he said, and with a low of 24 degrees the morning of March 3, he was close to using frost protection.

“I’ll start watering tomorrow, which is two to three weeks earlier than normal,” said Keith Middleton, an asparagus and hay

grower in Pasco.

He harrowed hay fields and transplanted asparagus nursery stock earlier than ever and said asparagus harvest may start early. Normally, it starts April 1. Once it was March 26.

Alfalfa and timothy are growing and could be earlier or heavier on first cutting, he said, adding he was watching a person wake boarding on the Columbia River near Blue Bridge in Pasco as he spoke. The air temperature was 50 degrees, he said.



Jose Gracia, left, and Luis Chavez ignite a bonfire March 4 to protect cherry buds at Rancho El Rosario west of Prosser, Wash. Gracia, the orchard manager, started his work about 8:30 p.m. the night before. In all, he used 63 bonfires, 280 diesel furnaces and eight wind machines to raise the temperature in the orchard.

Yakima Herald-Republic
Associated Press

State delisting would eliminate endangered species status for wolves

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years. Oregon counted six breeding pairs in 2012 and four in 2013.

State delisting would eliminate endangered species status for wolves in the eastern third of the state and give cattle ranchers more leeway

to protect livestock. The U.S. Fish and Wildlife Service has already delisted wolves in Northeast Oregon, but they remain under state ESA protection. Wolves in the rest of Oregon — such as well-traveled OR-7 and his mate and pups in the Southwest Oregon Cascades — remain covered

under the federal ESA.

Delisting would be a lengthy public process that would include time for comment, according to ODFW. The commission isn’t expected to take any action toward that on Friday, but may direct staff at its April meeting to begin the process.

Conservation groups have warned against delisting Oregon wolves too soon. Oregon Wild, a key player in formulating the wolf plan, said the wolf count represents “great progress” but does not represent biological recovery. Conservation director Doug Heiken has said the state needs

to see better geographical distribution of wolves as well. He said that will happen over time if wolves are not prematurely delisted and “persecuted.”

The Oregon Cattlemen’s Association holds the opposite view. Spokeswoman Kayli Hanley said Oregon has allowed the wolf population

to grow unchecked. Ranchers expect more attacks on livestock this year if wolves continue to remain on the endangered species list, she said in an email.

The meeting is at 8 a.m. Friday in ODFW’s commission room, 4034 Fairview Industrial Drive S.E., Salem.