

Generational shift stunts wine appetites, experts say

U.S. per-capita wine consumption expected to halt temporarily

By MATEUSZ PERKOWSKI
Capital Press

PORTLAND — Generational changes are expected to stymie per-capita U.S. consumption of wine in 2016, at least temporarily stunting the longtime upward trend, experts say.

The “baby boomer” generation, which consumes the most wine, is now preparing for retirement and feeling pressure to spend less and save more, said Mark Freund, managing director for Silicon Valley Bank, which tracks the wine industry.

Meanwhile, the “millennial” generation faces its own financial concerns — such as paying off student debt — and isn’t as dedicated to wine, he said Feb. 23 during the 2016 Oregon Wine Symposium in Portland, Ore.

Over the long term, though, there’s reason to believe that history will repeat itself and young people will come to prefer wine as they grow older, Freund said.

Other economic factors cut both ways.

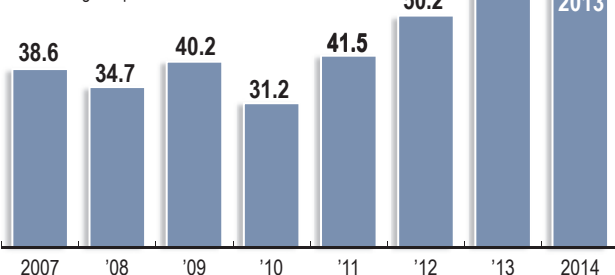
Fuel prices are lower, allowing consumers to spend more on wine, but the volatile stock market has raised concerns about recession and inflation-adjusted incomes remain flat, he said.

“It’s difficult for the middle class to get ahead when there hasn’t been real wage growth,” Freund said.

U.S. wineries can also expect to face more foreign competition. While the output of wine-producing countries such as France, Italy and Spain has trended upward, their domestic consumption is down, he said.

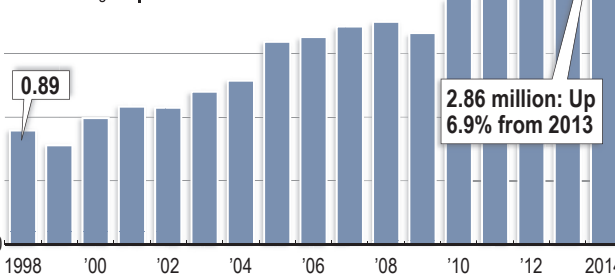
Oregon winegrape production (Thousands of tons)

Sources: USDA NASS; Southern Oregon University Research Center
Alan Kenaga/Capital Press



Oregon wine sales (Millions of cases)

Sources: USDA NASS; Southern Oregon University Research Center
Alan Kenaga/Capital Press



That means those countries will be eager to export to the U.S., which has emerged as the top wine consumer in the world, he said.

Young drinkers’ appetite for craft beer doesn’t necessarily have to come at the expense of the wine industry, said Christian Miller, proprietor of Full Glass Research, a market analysis firm.

The popularity of craft beer is associated with consumers seeking higher quality and more intense flavors, which is a “cultural trend” that may also help wine, he said.

“What they’re shedding is the Budweisers and Coors of the world,” Miller said.

The millennial generation represents about 30 percent of the “high frequency” class of U.S. wine drinkers, who buy roughly 80 percent of the wine in the U.S., he said.

Baby boomers comprise 38 percent of high frequency wine drinkers, while the older generation represents 13 percent and “Generation X” represents 19 percent.

Sparkling wines have experienced consistent growth since 2010, which may bring new consumers to the overall wine industry, Miller said.

Consumers associate Oregon wines with small producers, food friendliness and good value, though the region still isn’t as well-known as the Napa and Sonoma regions of California, he said.

The main reasons cited by high-frequency drinkers for not buying Oregon wine is that they prefer wine from other regions, that Oregon wines aren’t available where they shop and that Oregon doesn’t produce the varietals they commonly drink, Miller said.

USDA’s Foreign Ag Service chief answers questions on trade deal

Obama administration hoping to ratify Trans-Pacific Partnership

By MATEUSZ PERKOWSKI
Capital Press

PORTLAND — With the Obama administration in its final year in office, trade officials want to persuade Congress to ratify the Trans-Pacific Partnership, a wide-ranging and controversial trade deal that would likely face an uncertain future under a future administration.

Earlier this year, the 12 nations involved in the negotiations — U.S., Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam — agreed to the TPP and now must have their governments ratify it.

Philip Karsting, administrator of the USDA’s Foreign Agricultural Service, recently spoke with Capital Press about the deal’s importance to U.S. farmers during a stop in Portland, Ore. The following conversation has been edited for length and clarity.

Capital Press: What are some of the consequences for U.S. agriculture from the Trans-Pacific Partnership?

Phil Karsting: We think there is a lot of opportunity here. Altogether the countries that are part of the TPP conversation constitute 40 percent of global GDP (gross domestic product, a common measure of economic activity). There’s an increasing hunger for American agricultural products. One of the things the TPP does is in the beef sector. Japan already has an agreement with Australia, so their beef goes into Japan at a comparative advantage to U.S. beef. Once TPP is enforced, our folks will be able to compete on a level playing field.

CP: What is the danger if the U.S. doesn’t ratify the agreement?

PK: The risk that we’re facing is that we’d lose access and other people are going to be able to capitalize on the access they create. There is this notion

in some circles that our choice as a nation is between the TPP and the status quo. That really isn’t the case. The question isn’t between TPP and the status quo, it’s between TPP — which we helped design the platform for trade — versus an evolution in trading relationships that we have no say about.

CP: What are the hurdles facing its ratification among the parties?

PK: Because this is a 12-party negotiated agreement, you can’t just pull one thing out and say we’re going to renegotiate X, Y and Z. It doesn’t work that way. If you pull one thing out, that means something else falls off in another part of the

agreement because it’s all woven together. The way it would enter into force is when 85 percent of the GDP of the countries involved agree to it. As a practical matter, that means we need the United States and Japan and then a few more. And if a country doesn’t agree to it, then they don’t get the benefits of it.

CP: Critics of the deal have complained about the enforceability of labor stan-

dards included in it, as well as a conflict resolution mechanism known as investor-state dispute settlement, in which a company can legally challenge the regulations of a TPP signatory outside that country’s court system. How do you respond to these concerns?

PK: On the labor standards, we have never had a multi-lateral trade agreement that has as enforceable labor standards as this one. It has disciplines (enforceable standards) on forced labor, child labor. Vietnam, for instance, is going to have to make some changes in how it does business to comply with the rules of TPP on minimum wage and those sorts of things. We’ve never had as many labor-friendly provisions baked into the substance of a trade agreement as we have on this one.

On the investor-state dispute settlement piece, the U.S. is party to a whole lot of investor state dispute settlement treaties, and we’ve never lost a case that’s been brought against us. It’s not a big threat to America’s legal system or to America’s way of life. The whole premise of ISDS is to create a framework where U.S. investors overseas can be assured they’ll receive fair treatment in a foreign country.



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Cool-weather grapes challenged by warming

By ERIC MORTENSON
Capital Press

PORTLAND — Average temperatures in various parts of the Pacific Northwest have risen 1.3 to 2.5 degrees since the mid-20th century, forcing changes in how vineyards and wineries operate, speakers at the annual Oregon Wine Symposium said.

Climate change has altered the timing of harvest, changed grape ripening profiles and forced growers and wine makers to account for fluctuating sugar and acid balances and to deal with new pests and diseases, said Greg Jones, a Southern Oregon University professor who specializes in wine climatology.

The past year was the warmest in recorded history globally, Jones said. The “heat content” of the world’s oceans has increased tremendously, he said, which likely will have dramatic impact on weather patterns. “This may be the real issue as we go forward,”



Jones

Jones said.

Jones and his counterpart from France’s famed Burgundy region, Benjamin Bois, headed a discussion that attracted an estimated 200 people. Mark Chien, coordinator of Oregon State University’s Wine Research Institute, moderated the discussion. Chien noted that Oregon’s niche success within the wine industry began with cool weather grapes, Pinot noir. A warming challenges the industry, he said. The wine symposium and accompanying trade show attract about 1,400 people annually to the Oregon Convention Center in Portland. The agenda each year includes detailed discussions of grape growing and wine making. Many of the sessions included Spanish interpretation, a nod to the workforce in most vineyards.

The trade show annually

features equipment dealers, label makers and suppliers of corks, barrels and tanks, among many others. Vendor booths ranged from one staffed by the Davis Wright Tremaine law firm, which has a wineries, breweries and distilleries practice group, to MaxYield Falconry, which uses falcons to chase pest birds from vineyards, orchards or berry fields.

The climate change presentation was among the better-attended sessions. Bois, a professor of viticulture and climatology at the University de Bourgogne in France, lent some perspective to the relative youth of the West Coast wine industry when he said 2003 was the earliest Burgundy harvest on record — which dates to the 14th century.

But he said the region’s Pinot noir wine from 2003 is in good shape, suggesting there is some “range and space” within a warming environment in which wine quality is not harmed.



Oregon Aglink Take a new look at an old friend.



Shelly Boshart Davis
Oregon Aglink Board Member

She is a third generation farmer who produces grass seed, hazelnuts, wheat and bale grass straw along with two of her siblings and her parents. They also have a trucking export business, providing transportation services to local farmers in Oregon.

Shelly is currently the president of the US Forage Export Council, and is also active with Oregon Women for Agriculture, Oregon Farm Bureau, National Hay Association, Oregon Export Straw Association, sits on the Ag Advisory Board of Santiam Christian Schools, while also being a member of the Albany Chamber of Commerce Government Affairs Committee.

Shelly and her family became members of Oregon Aglink because “Many kids don’t know where their food comes from, have never stepped on a farm, or have any idea why there are big tractors that drive slowly on the road. I feel responsible to take advantage of every situation to explain and/or show kids all aspects of our farm. Oregon Aglink and the Adopt a Farmer program is an incredible way to fill that need.”

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