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Italy

Agricultural Situation

Brunello di Montalcino Italian Wine Scandal

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Report Highlights: Producers of one of Italy's most prestigious wines, Brunello di Montalcino, are being investigated for not following the strict dictates of their consortium. If true, the producers in question have perpetrated a fraud upon their consumers, but there is no health risk associated with what is essentially false labeling of product. A quarter of Brunello wine production is exported annually to the United States.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Rome [IT1]
[IT]

Brunello di Montalcino, one of Italy's most famous wine designations is suffering a severe blow as a result of a regional prosecutor's probe into allegations that a number of the Tuscan consortium's leading producers may have blended varieties other than the Sangiovese grape into their wines. Such blending would be a violation of the strict DOCG regulations governing the production and labeling of Brunello di Montalcino.

Prosecutors in Siena recently ordered the seizure of some 600,000 bottles of the 2003 Brunello di Montalcino vintage amid suspicion that it was made with grape varieties other than the required Sangiovese grape. There is speculation that Merlot, Cabernet Sauvignon, and/or Petit Verdot were added to some Brunello wines, something forbidden by strict appellation regulations that require that Brunello be made from 100% Sangiovese grapes.

Italian prosecutors are investigating 13 wineries and have sequestered wine produced by 4 wineries - Castelgiocondo owned by Marchesi de' Frescobaldi, Pian delle Vigne owned by Antinori, Castello Banfi and Argiano. The sequestration order also involves all subsequent vintages still aging in barrel or in bottle in the cellars.

Last year, at the direction of Italy's Ministry of Agriculture, the provinces of Florence and Siena were charged with verifying the vineyard registries of their respective wine appellations. Surveyors discovered that many vineyards, including some in Montalcino, were listed under DOCG regulations as containing only Sangiovese vines but actually contained other varieties. Italian Ministry of Health authorities report that the "blended" wine does not pose any threat to human health, however, the scandal is sure to damage the reputation of one of Italy's most famous wines.

In 2003, Italy suffered from a prolonged draught. This reduced the quantity of grape must (including that of the Sangiovese vine). However the average quality of the vintage was good to excellent.

Brunello di Montalcino wine is produced on 2000 hectares of registered vineyards. There are only 200 bottlers, with a yearly production of 6.8 million bottles. Over 60% of the Brunello di Montalcino is exported, with a total net worth of more than €140 million. A quarter of Brunello di Montalcino's annual production is sold in the United States. Just in 2007, Italy exported to the United States more than 829 million Euros worth of wines.

FYI, the Consortium of Brunello released the following:

Montalcino, 26/3/2008

PRESS RELEASE

THE CONSORTIUM OF BRUNELLO CONTROLS ITS OWN PRODUCERS

Since 2004 the Consortium of Vino Brunello di Montalcino Wine has been mandated by the Ministry of Food, Agricultural and Forestry Policies, to control both vineyards and wines made with the Brunello di Montalcino denomination. As in the past, the Consortium of Brunello was the first to be invested with this role.

This task is carried out with a great sense of responsibility and meticulous care by the staff of the Consortium through inspections of the 2000 hectares of registered Brunello di

Montalcino vineyards. The controls concern both the vineyards and the wines that are in the process of being aged and bottled.

With regards to news reports that have appeared during these past few concerning alleged violations of the production rules of Brunello di Montalcino Wine, the safeguarding Consortium has put out the following declaration:

1. With regards to rumors according to which Montalcino producers used wines from the South of Italy for their 2003 Brunello: This is an extremely serious accusation which we find hard to believe and for which the Consortium has found absolutely no proof.
2. With regards to the purity of the Brunello vineyards, in 2007 the Consortium completed the inspection of over 1667 hectares of registered vineyards. During the course of these inspections (which began in 2004), a few cases of non-conforming vines were found on 17 hectares, equivalent to about 1% of the vineyards inspected. We can therefore affirm that up until 2007, more than 99% of the vineyards registered in the Brunello di Montalcino Roles were compliant with Consortium Regulations.

It is the declared intention of the Board of Administration of the Consortium of Brunello di Montalcino Wine, to carry out its' role as it has always done in the past in safeguarding the wines of the four denominations found in the Montalcino territory. The Consortium has always carried out this task using monitoring tools required by law as well as more rigorous tools prescribed by the Consortium's internal norms.

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