

Weekend -- Travel

# Georgia's Wineries Struggle For A Grape of Their Own

By Andrea Chipman

Dow Jones Newswires

927 words

25 June 1999

[The Wall Street Journal Europe](#)

16

English

(Copyright (c) 1999, Dow Jones & Company, Inc.)

KHASHMI, Georgia -- Wine? Here?

Well, if a certain Temuri Matiashvili had his way, the maize fields surrounding this tiny Caucasus village would be covered with grape vines. Indeed, the country has an ancient history of wine-making, and while times are turbulent for wineries, Georgia has a wealth of new tastes for the more intrepid wine aficionados out there.

For the moment, continued restrictions on private ownership of farmland in Georgia make Mr. Matiashvili's dream impossible at the moment, and that's only one of the challenges facing the country's wine industry.

Mr. Matiashvili, the heavy-set, voluble general director of the two-hundred-year-old Khashmi winery about 30 kilometers from the Georgian capital of Tbilisi, is full of plans for producing high-quality red wines from the locally-grown Saperavi grape, which has been described as "plummy-flavored" with a "solid peppery intensity."

"The biggest issue for Georgian wine is quality," Mr. Matiashvili says.

Wine-making has been a Georgian tradition for centuries, and the country boasts more than 500 indigenous wine varieties.

Now, local entrepreneurs and their western partners are hoping to build a reputation for the country's wines beyond the borders of the former Soviet Union.

But first, Georgian winemakers have to reorient production away from the tart whites and treacly reds that have been traditional to the region and towards the mellower flavors preferred by western palates.

"The whites are quite tannic and austere, far away from the fresher, more perfumed style that finds favor in the West," says Stephen Brook, a London-based wine and travel writer. "I happen to quite like some of those white wines. I thought they had a lot of personality and they're pretty robust, but I'm in the minority."

White wine made from Georgia's Rkatsiteli grape resembles the pinot grigio grape found in many Italian wines, adds Eric Wente, chief executive of Wente Vineyards in Livermore Valley, California, and an investor in Georgian wine production.

Wine experts say Georgia's dry red wines have the greatest export potential. But most local producers have focused on the sweeter, heavier wines, such as Kindzmaruli, which are more popular in Russia, until recently the main destination for Georgian wine exports. Another sweet red, Khvanchkara, was the preferred tippie of Soviet dictator Josef Stalin, himself a Georgian.

Exporters also face the prospect of having to spend heavily to bring their equipment and plants up to western standards. This includes meeting European Union requirements for bottling operations and standardizing labels and bottles themselves.

Many of Georgia's vineyards rely on outdated Soviet-era equipment for pressing, separating, and fermenting the grapes in the early stages of wine production, meaning that wine quality is often uneven, Mr. Matiashvili says.

With its views of the snow-covered Caucasus foothills, the setting is picturesque, but Khashmi's infrastructure remains a distant cry from the tony wineries of California's Sonoma County or the chateaux of the Loire Valley.

Mr. Matiashvili is full of plans for his winery, which is 60% owned by the Georgian Orthodox Church and 40% by Georgian Wines & Spirits, a five-year-old joint venture 51%-owned by France's Pernod-Ricard SA. He has dreams of converting Khashmi's old stone main building-erected by a local prince at the beginning of the 19th century-into a hotel for wine tourists.

But for now, cash flow is barely a trickle, and the winery has chosen to invest its scarce capital in state-of-the-art German separation and fermentation machinery rather than replace the winery's leaking roof.

Only those with deep-pocketed investment partners have a chance of competing under current conditions, though unreliable production and export statistics make it hard for anybody to say what exactly those conditions are.

GW&S is the main market contender, with stakes in three other wineries to complement its Khashmi investment. GW&S sold 1.5 million liters of wine in 1998 for around \$3 million (2.9 million euros), and hopes to boost sales to 2.5 million liters this year.

The joint venture exported to 22 countries last year, says company president Levan Gachechiladze. More significantly, 60% of its exports went to hard-currency destinations outside the Commonwealth of Independent States, up from 30% in 1997.

"We're not feeling our competitors right now," Mr. Gachechiladze says. The company's tiny size in the international wine business means it can make a virtue for now of focusing on niche markets. Better promotion of Georgia and its exports would help the balance sheet, the executive says.

"It's getting people to say Rkatsiteli or Mukuzani, when you think of how long it took people to be familiar with saying cabernet," says Mr. Wente, the California vineyard owner. "There's a lead time and an educational period to make it happen."

GW&S is also looking to the Georgian government for help, in the form of greater oversight of the industry.

"The market is being spoiled by falsification," Mr. Gachechiladze says. "We're missing regulation of the industry." He says GW&S has been pressing the government to establish a National Institute of Grapes and Wines for the past year-and-a-half.

Regulation would weed out low-quality producers that threaten the marketing of Georgian brands abroad with their oversugared wines and poorly-designed labels, the Khashmi winery's Mr. Matiashvili agrees.