



In the cool, dark caves of the Ksara winery, various vintages are left to age

Lebanon Aging potential

Wine industry waits for the right time to ripen

Amid a global recession and a decline in wine consumption worldwide, Lebanese are raising their glasses as the country's \$25 million wine sector continues to grow at a steady pace. But experts say that despite Lebanon's ideal climate for viticulture and a high level of expertise, the sector is still not living up to its potential.

World wine consumption dropped by 0.8 percent last year, according to the International Organization of Vine and Wine. But New World wine consumption has increased, and so has Lebanon's, rising by 1.5 percent during the same period.

"I think people are searching for a new taste. The wine consumer is always looking for a new product, and Lebanon is benefiting," says Lebanese restaurant consultant Nagi Morkos. "Worldwide, there is a trend toward ethnic wine and food."

With domestic consumption still relatively low, the country has relied on exports for most of its profits. Between 2002 and 2003, Lebanese wine exports doubled,

and today they continue to increase. According to figures from the Lebanese customs, official wine exports totaled \$13.1 million, up from \$9.8 million in 2006. The United Kingdom, the biggest importer, bought \$4.6 million worth of wine in 2008, compared with \$2.6 million in 2006.

Even with the ongoing global recession, some vineyards are opening up to new markets, compensating for a drop in sales to their established buyers.

"We can't say we're not affected by the crisis," says Emile Majdalani, marketing director at Kefraya, one of the country's top producers. "But our brand is well established and we're always working on long-term business plans. We've never opened so many markets as we have this year — a total of six new countries."

Kefraya is now exporting to Australia, Benin, Cyprus, Nigeria, Mexico, Poland and Togo.

"We felt the crisis in certain countries, mainly the United States, Russia and Western Europe," says Majdalani. "But our main markets are more or less compensated. We'll close the year with no decrease in exports."

As for wine sales in Lebanon, which has been relatively unscathed by the global financial crisis, he says business is booming, up 15 percent from last year.

From one resilient war-torn country to another

Last year saw a major increase in exports to Iraq, after five years of decline following the US-led invasion in 2003. In 2008, Iraq imported \$158,000 worth of Lebanese wine, up from \$88,000 in 2006.

"The Iraqi market fluctuates," says Ramzi Ghosn, winemaker and co-owner of Massaya winery in the

Bekaa Valley. "It could be an index of stability in Iraq, according to wine sales."

Like Kefraya, Massaya is always looking at new markets and trying not to rely too heavily on its established ones.

Lebanese wine is a \$25 million industry, large by Middle East standards but small compared with major wine-producing countries such as France, Italy and the US. Since 2005, the number of vineyards in Lebanon has doubled — from 15 to 30. Still, that's small compared to neighboring Cyprus, whose vineyards number 60, and which attracts an international crowd to its annual wine festival in August.

Observers have pointed to Lebanon's shift over the past several years from a whisky and arak society to a wine culture, and attribute this to the country's relative stability over the past couple of years. An example of this

"IF YOU ARE A WINE IMPORTER IN AMERICA OR THE U.K., IT'S YOUR RESPONSIBILITY TO HAVE LEBANESE WINE"

is the opening of the first commercial winery in South Lebanon in 2003.

At Karam Winery in Jezzine, founder Habib Karam is basking in the relatively newfound popularity of Lebanese wine.

"Today, if you are a wine importer in America or the UK, it's your responsibility to have Lebanese wine. Otherwise your list won't be complete," says Karam, who exports 50 percent of the 55,000 bottles he produces annually. "We are becoming like Chile and South Africa. Lebanese wines are in demand."

At Nabise, a boutique winery in Mount Lebanon near Aley, which opened in 1999, the husband and wife co-owners Nazih and Mai Metni proudly note that their

vineyard is in an area slowly recovering from sectarian conflict. Since they started a decade ago demand has steadily increased, although this year they admit they have been affected by the recession, as 70 percent of their exports go to the US. But Mai Metni is confident wine is a sustainable export, particularly as there has been a steady increase in foreign demand for their wine ever since they opened. "I'd like to see a hundred wineries open in Lebanon. We need exports for our economy to grow. What else are we going to export? Oil?"

New grapes for an expanding palate

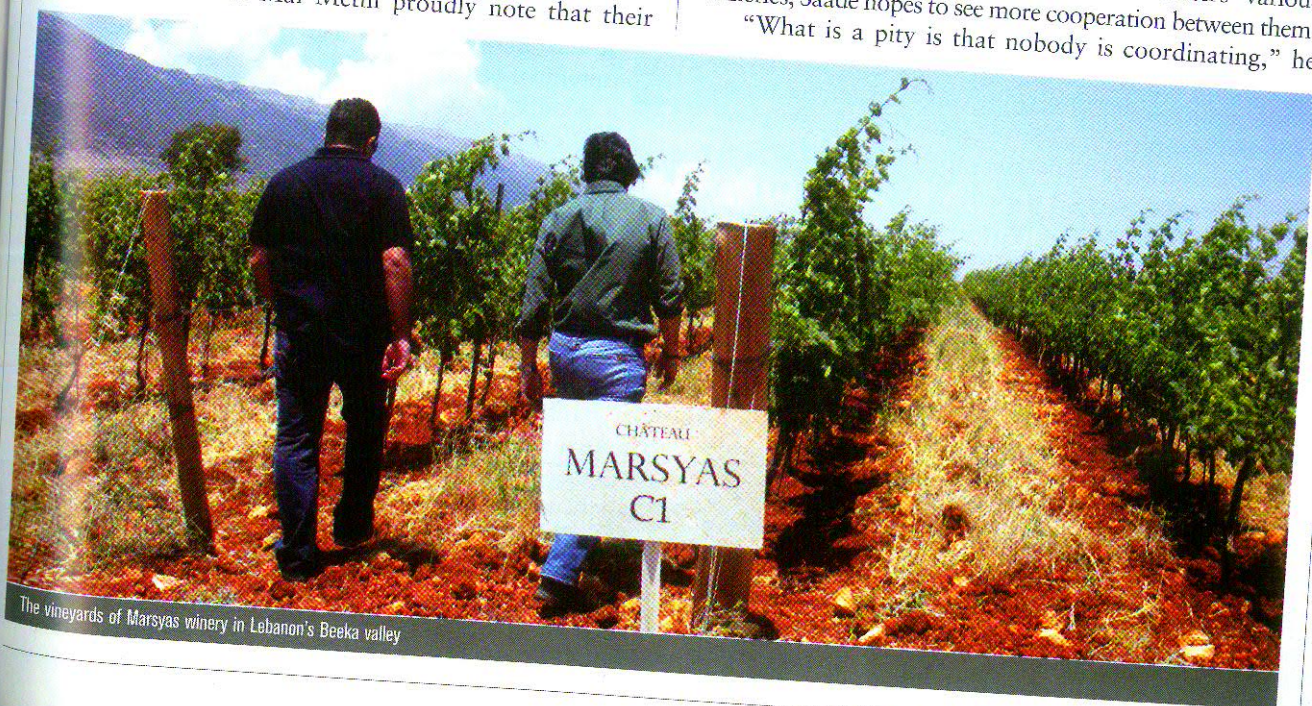
But as demand grows, vineyards continue to open. In April, the Saade Group, a Beirut-based family business that primarily works in real estate and tourism, unveiled their new wine, Marsyas. In November, they will introduce their new Syrian wine Bargylus in the coastal province of Latakia. Both wineries use their own grapes and are being bottled according to international standards. This is the first time that a company opens a winery in both Lebanon and Syria, another sign of Lebanon's increased stability.

"Wine is good for Lebanon's reputation," says Sandro Saade of Saade Group. "The downside is that there needs to be more regulations that ensure quality."

For now, most of Lebanon's commercial wineries buy the majority of their grapes from farmers instead of using those grown at their vineyards.

"Lebanon's wineries should start investing more in their own vineyards," says Saade. "All of the wineries have done a good job so far. But we can take the wine-making sector to the next level."

Despite the competition between Lebanon's various wineries, Saade hopes to see more cooperation between them. "What is a pity is that nobody is coordinating," he



The vineyards of Marsyas winery in Lebanon's Bekaa valley



Nazih Metni, owner of Nabise winery, displays grapes from his vineyard

says. "In Lebanon, we have everything on our side, and we're not exploiting it. We need a common vision for the country."

Unfortunately, right now, he says, "There's a lack of strategic thinking in Lebanon for everything, including wine. There's no Lebanese flag on Lebanese wine."

But this lack of national unity might not be entirely the fault of Lebanon's wineries.

In the summer of 2006, a National Institute of Wine was slated for opening but has been put on hold ever since the July 2006 war. The purpose of the institute, which would be a partnership between the ministry of agriculture and the private sector's Union Viticole du Liban (UVL) would be to study wine and enforce regulations to protect the quality of Lebanese wine.

But as the project continues to get delayed, so wanes the momentum to get it started.

The UVL, which is supposed to represent all of Lebanon's wine producers has only managed to attract 11 wineries, at least two of which have left the union over the past two years. They cite the group's lack of vision and unity.

Growing the fruits of success

However, despite the challenges facing Lebanon's wine industry the ministry of agriculture sees it as a success story. "The wine industry is better than others in Lebanon. There's competition," says Mariam Eid, head of the agro-industry department at the ministry of agriculture. "You can't compare it with olive oil, where they still use out-of-date technology. Wine has an important future in Lebanon. I hope the institute will open soon."

Other people see the future of Lebanon's wine indus-

try in "enotourism." Over the past year, Lebanon's producers have stepped up their efforts to attract tourists to their vineyards, although it appears to be without coordination. The Saade Group is planning a hotel and wine museum in the Bekaa Valley, both slated to open in 2011. Kefraya says it is also opening a wine museum, which it expects to open next year. Carlos Adem, owner and founder of Chateau Faqra, a boutique winery in Kfardebian, is building a small hotel near his vineyard, which he plans to open next year.

This appears to fit well with a recent initiative by the Ministry of Tourism to promote rural Lebanon.

"Wine tourism is a part of agro-tourism in Lebanon," says Nada Sardouk Ghandour, general director of the Ministry of Tourism. "When people see the wine label, they also see the name of the village."

The home front first, then the world

But with all of the recent international recognition of Lebanese wine, it's the Lebanese themselves who might be the ones preventing their local wines from receiving the domestic praise it deserves.

"In Lebanon there's a snobbish attitude that everything imported is better," says Ghosn of Massaya. "For them, it's not always about pleasure. It's about having French wine at the table so they can say, 'I drink French wine.'"

Carlos Khachan, a Lebanese wine expert who leads tours of Lebanon's vineyards with his group Club Grappe, agrees. He believes that if the Lebanese themselves have confidence in their own country's products, non-Lebanese will follow suit.

"[The late industry minister] Pierre Gemayal told people to buy national products. If you love your country, you should consume its products," Khachan says. "Why not apply that to wine?"

If Lebanon is to succeed in attracting more domestic consumption it will have to do so soon as tariffs on foreign wine have been decreasing, making the domestic market even more competitive. Several years ago, tax on foreign wine in Lebanon was 70 percent, but it is now only 40 percent.

"They keep on reducing taxation. In two years, there will be no duties [on foreign wine coming into Lebanon]," predicts Adem. "Lebanon will face more international competition. But this will make us produce more high-quality wine. With taxes getting lower on imported wine, we'll have no choice."

Still, to really get Lebanese wine on the map, it will take more than good quality, but also good name recognition. Michael Karam, author of the book "The Wines of Lebanon" agrees that "Lebanon will never make a genuine impact on the international wine market unless it embarks upon a proper generic campaign. By that I mean selling Lebanon — not Musar or Kefraya or Ksara or Massaya — as a wine producer."

If Lebanon does not address this soon, he believes

Lebanese wine chart

Top five Western countries for Lebanese wine imports (in revenues and liters)

	2006	2007	2008
United Kingdom	\$2,683,000 (298,000 liters)	\$4,620,000 (438,000 liters)	\$4,242,000 (388,054 liters)
France	\$2,393,000 (462,000 liters)	\$2,106,000 (451,000 liters)	\$2,079,000 (360,722 liters)
United States	\$1,226,000 (158,000 liters)	\$1,247,000 (192,000 liters)	\$766,000 (110,038 liters)
Switzerland	\$514,000 (51,000 liters)	\$342,000 (48,000 liters)	\$292,000 (37,208 liters)
Sweden	\$544,000 (115,000 liters)	\$561,000 (107,000 liters)	\$566,000 (93,639 liters)


Top five Arab countries for Lebanese wine imports (in revenues and liters)

	2006	2007	2008
United Arab Emirates	\$519,000 (73,000 liters)	\$581,000 (97,000 liters)	\$1,050,000 (117,795 liters)
Syria*	\$11,000 (6,000 liters)	\$24,000 (21,000 liters)	\$925,000 (196,897 liters)
Iraq	\$88,000 (17,000 liters)	\$124,000 (26,000 liters)	\$158,000 (24,448 liters)
Jordan	\$16,000 (7,000 liters)	\$28,000 (7,000 liters)	\$30,000 (8,226 liters)
Bahrain	\$26,000 (5,000 liters)	\$13,000 (3,000 liters)	\$17,000 (3,253 liters)

*Note: Figures for Syria might not accurately reflect the country's total wine imports, as much of the goods shipped overland are undeclared.
Sources: Lebanese customs

Lebanese wine “will remain nothing more than an ethnic curiosity, living on the reputation of Chateau Musar, which only appeals to a few devotees and does not represent the new generation of Lebanese wine. We are being left behind.”

He notes that even Brazil, which is not known as a wine-producing country, has a national wine campaign.

“We need to take on the world with our six million bottles, but if we don’t act soon we will have missed the boat,” says Karam. 



NANOTEK TASTE
PRECISION ENGINEERED

INVENTING
Taste
Temperature
Technology

تحذير صحي: التدخين سبب رئيسي لسرطان وأمراض الرئة وأمراض القلب والشرايين.
Health Warning: Smoking is the main cause for lung cancer, lung diseases and for heart and arteries diseases.