

What future for the Champagne industry?

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Despite the great evolutions that took place over the past twenty years, France remains in a leading position on the global wine market. French wines are indeed a reference in terms of quality and “terroir”, and wine-growing regions such as Bordeaux, Burgundy or Champagne have gained international fame. Whilst representing less than 4% of the French vineyards in surface, Champagne accounts for 37% of the French wine exports in value, which is more than a third of the turnover generated by the French wine industry around the world.

Several research studies in economics have proved that the success of Champagne is partly due to its institutional model, composed of a strong inter-professional body (the Champagne Committee, or CIVC) and the AOC system (appellation of origin), two independent institutions which work together very effectively. This model enabled the Champagne producers to adapt their offer to the evolutions of the international demand, both in quantity and in quality, and to keep a balance within the industry by sharing the added value between the grape growers and the wine merchants quite equitably. But this model of growth has come to an end today with the total appellation area planted. This very unique situation in the world wine industry led to the following paradox: during the years preceding the current economic crisis, Champagne sales grew faster than the production, which resulted in inflationist tensions inside the industry, tensions that were not favorable to the Champagne Houses, which are at the origin of the international fame and success of Champagne. As an answer to this situation, the CIVC obtained the rise of the authorized yields in 2007, along with the adaptation of the reserve system. But these measures only solve the problem temporarily, and the Champagne producers therefore imagined a great project to revise the appellation area, with effect by 2020.

In our paper, we will first analyze the tools enabling the CIVC to regulate the quantities produced through the AOC rules as well as the evolution of the production over the last few decades. We will show that their tendency to increase has now come to an end, which has led to the project of revising the appellation area. Then, we shall study this project, presenting the agenda and the practical terms of the extension. Finally, we will consider the possible scenarios and their consequences on the quantities available.