

Making Your Own Wine as Early as this Season

Lift your glass...we can make it happen for you!



For those of you that do not want to wait the 3-4 years it takes to have your own vines grow to maturity in order to start making your own wine we have special program that will allow you to buy grapes every year (providing availability) of the same root stock that we will use to plant your vineyard. Most of the canes we use to plant we have access to purchasing grapes from their existing vineyards. Although the grapes will not come from your very own terroir they will be from the same plants.

If you decide to make wine in a particular year the decision to make premium wine (we highly recommend this route) would have to be made by no later than middle of January for the March/April harvest.

In order to prepare a vineyard for grapes to make premium wine, we recommend cutting the yields of each vineyard to half to give the full nutrients and power to the remaining bunches of grapes. This will intensify the flavors, a vital ingredient in premium wines.

Getting started with wine production requires an initial investment besides simply buying the grapes. The price for grapes will be determined by the market price of the respective year or is previously agreed upon with the grower. Please keep in mind that if you require cutting the yield down by 50% you will have to pay double the price for the grapes. So while the standard price for fine grapes may be 3Peso per Kilo cutting the yield to 50% will require you pay 6 Peso per Kilo. 50% of that will be required at the time of when the cutting takes place the other 50 at harvest time.

To make the wine you will need to help of an enologist (wine maker) and a bodega (winery), where to make the wine and the place that deals with all the official paperwork you will later need to export your wine.

Most of the bodegas in Argentina are not equipped to handle small batches of wine. Depending on the amount of Liters of wine you want to produce it may require that you go the extra step and purchase a fermenting tank of a small size to have your wine made. This is a one-time investment that may prove to be a wise investment since it will allow you later to use such a small tank to make an Ultra Premium wine next to your increased line of premium wines. Bodegas can handle 5000 Liter and up on private batches. Amounts below that you should figure to purchase your own fermenting tank. As a general rule of thumb one such tank will run you US\$5,000 for anything below 5000 Liters.

A bodega charges for the process of the wine making, using their facility and their license and of course their manpower a flat fee that is determined each year by the "INV" (Instituto Nacional de Vitivinicultura), the overseeing State agency for the wine industry. In general it is somewhere between 30-35% of the value of the grapes. Keep in mind here that this fee is based on the normal grapes not yield cut grapes. So if you are making 5,000 Kilos you would owe the bodega 1,750 Kilos of grapes @ AR\$3 (not at AR\$6 if you are buying yield-cut premium grapes).

Once your grapes are harvested, delivered to the bodega, have undergone fermentation and are ready to go into ...well, here you have two choices again. Premium wines would be going into oak barrels while normal wine will go into stainless steel tanks for the elaboration. Here again, stainless steel tanks will be something that if it is small quantities, are not available at most bodegas and may have to be purchased to own. Important here is that the quantity of wine made has to correspond to the quantity of liters the tank can hold. You cannot put 3000 Liters into a 5000L capacity stainless steel tank.

Oak barrels are usually used for premium wines. They add about US\$1 to the price of a bottle of wine. French Oak barrels new will cost Euro800 while American Oak barrels will cost US\$600 new. Although the price for an American Oak barrel is lower you can not simply take one over the other, because the taste is quite different and based on the type of grapes you are making into wine you will need one or the other or most likely a mix of them. Barrels last 3-4 uses and still give flavor. The first year is always the most intense in flavor and therefore most winemakers will prefer to have at least some new barrels to make great wine. On a normal batch you would have some new, some one-year use and some 2nd and 3rd year use barrels. When you get started you will have to buy your first batch of all kinds. Obviously prices vary depending on what year use you have. A one-year barrel will run you US\$350 in American oak and US\$450 in French oak while the same in 3rd-year use will cost US\$50 a barrel.

Keep in mind once you made the initial investment you basically supply yourself with first year use barrels yourself for the following year. So the lifespan of a new barrel is 3-4 uses. Each barrel holds 225 Liters of wine. Barrels make it much easier to vary quantities from year to year. You add or subtract barrels as your need changes.

Also a common practice in wine making these days is to blend tank wine (elaborated in stainless steel tanks) with barrel wine. So if in the first year you want to go 3,000 Liters and purchase your own 3,000L stainless steel tank but the next year you want to increase to 5,000 Liters you can add the 2000L in barrels and then mix the wine right before bottling. Your winemaker will give you a clearer picture.

Making premium wine will require keeping the wine in barrels for 8-18 months. Obviously if you chose 8-10 months you will be able to reuse the same barrels for the next harvest. If you want to create an ultra premium wine you should let the wine rest up to 18 months creating the need to invest into a second batch of barrels the following season and basically run two batches of barrels simultaneously.

Although all this sounds very complicated it actually is not. Once you made your choice of what type wine you want to make we will help you along the road to guide in the decisions to be made, to put you in touch with the suppliers and the bodegas and wine makers if you do not have your own.

Good quality wine begins in the vineyard. You can make decent wine even with mediocre grapes but you can only make great wine with great grapes. When everything comes together properly you get those extraordinary wines.

The Costs Involved with Winemaking

The following prices are based on prices paid in 2010. While these may have gone up over the past year, the exchange rate to the Argentine Peso (AR\$) has also gone better to all major currencies.

Fine grapes (Malbec, Merlot, Cabernet, Bonarda, Shiraz, etc.)	AR\$6.00 per Kilo
American oak barrels new (US\$500 at AR\$4.00)	AR\$2,000/each
French Oak barrels new (Euro 750 at AR\$5.50)	AR\$4,125/each
3 rd year used barrels	AR\$180/each
Wine maker and Winery costs	AR\$1.00/each Kilo
Filtering your wine	AR\$200/1000Liter
Wine bottles range from AR\$ 1.20 to AR\$ 3.00. The bottle used for premium wine is AR\$1.80	AR\$1.80/bottle
Corks (natural corks range from Euro 180 – Euro 300) The most common used in premium wine is Euro240 @ AR\$5.50 This cost is for the imprinted cork, one time setup fee not incl.	AR\$1,320/1000
Capsules over the cork (range from plastic to metal)	AR\$0.15/capsule
Labels are based on design, cut, paper used, Ink during printing process, possible foils and adhesive type Price shown for typical premium wine label self adhesive	AR\$0.85/label
Carton to ship 6 bottles, imprinted on 4 sides	AR\$1.80/box
Export tax paid to ARG government per 1000L exported	AR\$300/1000L



Shipping costs vary based on the Country you are shipping to. We recommend you contact a shipper in your Country. The same applies to import taxes and requirements. While it is fairly easy to ship to the USA, it is more complicated to ship to Europe or some South American Countries based on the local import requirements and taxes. In general you should not label your wine until you know where you are sending your wine. Each Country has their specific requirements as to what and how big notices and warnings have to be imprinted on your label. These need to be taken into account when designing your label as well as the requirements by INV, which has to approve each label design.

The design process may take several months. First you have to approve a design, then you should get the design approved by the Country to export to, then you should get the INV approval as a final step. INV may take up to 3 weeks to review your label for export.

We help our clients through professional designers to ease this process. Hiring a "facilitator" to guide you through the INV process is also a wise choice.

Some of the items above have minimum requirements, as is typical with printing. The lower the quantities the higher the price per unit may be. Prices shown here are mostly based on 5000 units.

Side Note:

Please keep in mind that most of the prices shown here are without IVA (sales tax). While grapes usually are sold with 10.5% sales tax, the other amounts are sold with 21% sales tax. Although you pay this sales tax in advance you will recuperate that at a later time when you sell products and collect IVA that you can then offset to the money spend in IVA. A proper sales tax strategy should be implemented for that.



If you should have any further questions or would like to arrange a phone meeting, please feel free to contact us at your earliest convenience:

GAVILAN VINEYARDS
Calle Valentin Bianchi #1700
San Rafael 5600, Mendoza
ARGENTINA

Tel ARG: +549 2627 399819
Tel USA: +1 305 867 7676

E-mail: info@gavilanvineyards.com
Web: www.GavilanVineyards.com
