

Dear Sirs

I have written a series of queries to minister and to the Greens Senator, Ms Rachel Siewert, and she suggested I contact this committee. I said that the closing date for submissions had passed, but she indicated I should contact you anyway. I have included 2 items I think are important for the wine industry.

I have attached a few details regarding my background. In brief, I have worked on numerous agricultural projects and have been an Analytical Manager. In that position, I faced numerous conflicting demands and never more so than at the AWRI.

There are several issues which need to be addressed

1. Matching of wine to regional cuisine

I worked at the AWRI as the Analytical Group /Commercial Manager and amongst the many jobs I manned a both at a Wine and Technical Conference in Melbourne. I was in a small group which was discussing wine sales and one of the AWRI directors walked into the group of largely international delegates and sarcastically dismissing a French delegates comment said "In Australia we concentrate on a bold fruit driven product". The delegate, who was a French wine merchant replied ever so calmly "Well, we are happy for you to produce fermented grape juice, but in France we make wine." The director just gave a "Hummph" and walked off. I can easily give you his name, but it's done.

This is pretty much typical of the approach I have encountered. There is no way the wine or grape industry can complain about "the tyranny of distance". We are adjacent to huge markets in the US and Asia. But Australian wines are losing out because winemakers have been lazy and not consumer focused. They don't have a "story to tell" when it comes to wine.

My daughter is doing a Sommelier course (while studying Law) and works at a high end Italian restaurant. She is going off to France during Semester holidays to France to learn about their wines. One place is Château d'Yquem to learn about their sauternes. A wine from this château gained a world record price for a vintage white at auction, and they typically cost \$1000+ per bottle.

The sommelier course material (one a major English publication) refers to Australian wines along with those from the new world wines as being "fruit bombs" without finesse. This is something that needs to change. I might say that if you ask the average winemaker or owner what their wine matches, they cannot tell you anything. This is even true at most cellar doors. If nothing else you would think the owners could train the staff about the attributes and the range of foods that work really well with their product. And if the winemaker has blended it surely he should know what the notes (flavours are better than anyone else!)

There are very few winemakers that have tried to value add. My daughter went as a Sommelier to Grosset wines where they paired wine to food. Grosset did a fine job! We need to have people like Grosset on the board as they are "walking the walk". At the restaurant my daughter works at, the sommeliers and chefs actually spend a lot of time tasting wines to buy in the wines that best suit their food. They don't buy cheap and they don't buy junk. More than that, they are looking for a

“synergistic effect”. They are not hoping to find a great wine to go with the great food. They want something that will really bring out the flavours that are in the food and make the whole dining experience memorable. The combination of food and wine should be more than a simple sum of the parts! They will tell you it should be an experience.

In Italy, France and Europe there is a tradition of selecting wines for food. But in emerging markets, such as China, India and indeed the rest of Asia, this doesn't exist. France and Italy are getting better margins for their wines as they are going to the extra step. As Australia is so close to these markets with significant Asian populations it has a lot of advantages for us. But, we do need to do market research to true typical Asian food and not Aussie fusion or Asian food adapted to Australian tastes. From my contact with Asians and Indians (as students mainly), it is clear many hate big bold reds like the shiraz and shiraz blends. Especially, those young wines which rip your tonsils out!

I know a large contingent of winemakers is soon heading to China, but the interaction is remote and difficult. Within TAFE's or technical universities there needs to be research using consumer panels. In particular the panels (not necessarily the researchers) need to be focused on Asian (*esp* Asian students, with input from them on authenticity of the food and details about the period of acclimation to Australian life. In the US, it was found that as Asian students stayed longer in the US, the taste preference changed toward US preferences. I am sure that many Asian students would be interested in being panel members if they were compensated. This would have the added benefit in that they would be taking home knowledge of Australian wines and new blends.

I lived in the US in Oregon for some time. At Oregon State University they regularly had panels tasting apples and beers for example. They exported to Asia and made use of Asian students to better understand the flavour preferences so they could sell more effectively for example to Korea. Americans have a preference for “floury and bland apples with no crunch”, but Koreans seem to prefer traditional Australian apple varieties.

We need to do this with wine and actually develop wine styles which complement their food. It is said that as vanilla is to westerners, so 2-acetylpyrrole is to Asians. [As far as I can tell 2-acetylpyrrole doesn't have a trivial name, like vanilla]. Thais use pandanus leaves and Basmati rice which have that flavour component. It's also found in white bread and can give a weak nutty flavour. Winemakers need to understand the differences in the cuisine and the Asian taste preferences if they are to be successful.

Finding a complementary wine is not a trivial process. I would like to give an example from the fragrance industry to illustrate the point. I have used a liquid soap called “Japanese Spa” which has jasmine and tea notes. If I place a fragrance like Zegna Uomo Absolute (a jasmine based fragrance) on top of it it smells bland, but if I use a different liquid soap like Nivea Sensitive it comes alive and I can smell ALL the notes. If I use Bvlgari Pour Homme Soir (PHS) (which has a tea note) with Japanese Spa it is nauseating and horrible. However, I discovered when I wore the same Bvlgari PHS over Nivea Sport washed skin, I received many compliments on the wonderful smell! If I wear Valentino Uomo (a nightclub scent which has a sweet gourmand smell) on “Japanese Spa washed skin” it smells like sweet vomitus (really is gross) and yet on other “washed skin” it is very nice.

The take home story is that we need to not just use what we hope will match the wine, we have to actually see how the complex aroma (and other sensory attributes) works with the food for the consumers.

There needs to be some effort to produce wines which people will associate with an Australia wine so that people will begin to broaden their experience and enjoyment of our product. If this can be done THEN we will be able to command higher prices rather than supplying a commodity item. It all depends if you only want to produce the equivalent of a cheap Kia or want to be able to sell a small Peugeot!

I also blame places like the AWRI. The sensory team has had some good people. was there and now works at a major winery, I think as the R&D manager. At the AWRI, there was very harsh and totally unwarranted criticism of consumer wines such as within many members. , a WA gem was dismissed as a trivial wine and yet it rated as the best Australian Reisling by consumers from a AWRI consumer tasting survey run largely by ! She was a person who understood consumers and the attributes that aided sales! I do not think there is a need for permanent special panels. My experience in the US suggests this would not be useful.

2. Market Failure for Agrichemicals

There is also an emerging issue arising from market failure. Many years ago we had an excellent chemical industry producing agrichemicals in Australia. With the advent of the Button plan, [which basically allowed foreign companies in Asia to flout patents] all development of new agrichemicals in Australia ceased. In places like ICI (Melbourne), there was a new active ingredients discovery program. Guess what, if you actually develop something there are costs associated with it as well as the regulatory costs. Some researchers were offered positions in the UK (eg Jealotts Hill, now part of Syngenta) and Europe. The Button plan never produced a level playing field as even now Australian chemical companies have to pay massive tariffs to get goods into many, if not most Asian countries. I personally know one person who has complained about over 300% tariffs to the Australian government to NO effect.

The effect has been that even though the government has recognised that we have a problem with weeds, having set up a Weeds CRC, this has not lead to any new agrichemicals (active ingredients as opposed to new formulations).

Furthermore, there have been no biochemical tests (eg PCR) which can be used for screening for levels of herbicide resistance organisms, such as fungi. Just as a matter of interest, name one Australian company that is pursuing the production of new herbicides (ie with new or novel active ingredients) to protect the current Cavendish banana variety! I can tell you as a chemist and knowing people in the field, the answer is none because the government will them over, tell them how much they can charge and what is a "legitimate expense" even though they have zero knowledge of the industry. If I went to the Dept of Science, Innovation, etc and managed to get funding, they demand a 30% return on capital. Yet, another government agency will say the returns must be absorbed in their operating costs and don't see that as a legitimate cost in production! Not only that but Chinese companies are allowed to use solvents (like carbon tetrachloride) supposedly

banned around the world to make their agrichemicals. [One of the submissions to the APVMA I reviewed stated carbon tetrachloride was the solvent.]

We have **NO** new herbicides in the pipeline. Furthermore, chemicals used on wine can affect fermentation. As they are degraded by the yeast or malolactic bacteria, they can cause malodorous chemicals to form. Some (electron transport inhibitors as an example) can lead to stuck ferments as the key enzymatic process is blocked.

There is a desire to use genetically modified crops. While this may sound interesting and potentially may lead to acceptable tasting wine, we run into another problem. As the mechanism by which resistance is introduced may not be natural to that plant. Thus if a new pathogen becomes established, the mode of action of the active herbicides used will be designed to interfere with pathways which are not used by the new pathogen. Before any GMO plants or treatments for disease are introduced (people are already considering using “gene drive” tech to deliver their biotech solution to a population, legislative consideration needs to be given to the impacts. Furthermore, many genetically modified plants are now showing signs of succumbing to new pests and diseases either due to the new pests directly or due to spread of diseases that normally would not have spread to these plants.

How does the government propose to solve these problems? China certainly isn't going to start researching new herbicides for market. There has been no evidence of this taking place even though they have undercut foreign producers and made use of IP generated around the world.

Furthermore, as most chemicals are now produced overseas, the impact of currency fluctuations and manipulation is very direct. The cost of agrochemicals will rise as the dollar falls.

Yours Sincerely,

Peter Eichinger, Ph.D.