



LATIN AMERICA'S REGIONS: DOING BUSINESS IN MENDOZA

Winemaking made easy for Mendoza's DIY vintners

Carlos Kawal has a broad grin on his face as he poses for a photograph with his family in front of the small vineyard he has just acquired. The magnificent peaks of the Andes mountains rising steeply behind provide the perfect backdrop for the commemorative shot.

Then everybody sets about planting the first vines under the scorching midday sun of the Uco valley and, although the work is hardly strenuous, after little more than 10 minutes of toil, everyone decides it is time for lunch.

Fortunately, someone else will plant the rest of the vines. That is exactly why Mr Kawal, an economist and former treasury secretary of Brazil, has signed up to Vines of Mendoza, an innovative project through which enthusiasts can buy a few acres of land, plant the vines of their choice and make their own wine.

The hard work – the maintenance of the vineyard, the harvest, the fermentation process, bottling and labelling, and the tedious logistics of exporting the final product to a chosen location – will all be done by Vines of Mendoza staff.

The fun parts – choosing what kind of grape you want to grow, devising your own name and label for the wine, and of course drinking it – you can do yourself.

Mr Kawal, who spent most of the previous afternoon assiduously tasting various blends of wine, is one of more than 120 investors from countries that also include the US, Canada, Australia and the UK who have bought lots of between 3-10 acres at the 1,500-acre estate run by Vines of Mendoza.

After its first private vineyards were planted in 2007, the debut harvest came in 2010. Last year, no fewer than 230 wines using 18 varieties of grape were made.

"As far as I know, it's the first project of its kind in the world," says Michael Evans, a former internet entrepreneur who cofounded the project.

A US citizen, Mr Evans first came to Mendoza in 2004, fresh from working on John Kerry's presidential campaign. Glimpsing something of California's Napa Valley of the 1970s, Mr Evans devised the plan that allows winelovers to make their own wine without any of the hassles that managing a vineyard entails – not to mention the huge upfront costs of building a winery.

Indeed, there's an old joke in the wine business: "How do you make a small fortune from a vineyard? Start with a large fortune."

Mr Evans' idea has caught on. The nearby O. Fournier winery, which produces some of Argentina's most celebrated wines, embarked on a similar project last year, with more than a third of its 84 plots sold or reserved.

That is in spite of some more skittish investors being turned off by Argentina's notoriously unstable business climate. José Manuel Ortega, owner of O. Fournier, says two prospective buyers changed their minds after the expropriation of the stake in YPF, the Argentine oil and gas group, owned by Spain's Repsol. Another was discouraged by a negative experience with Aerolíneas Argentinas, the local airline.

At O. Fournier, those that take the plunge are charged about \$150,000 per hectare, the harvest from which can produce about 3,000 bottles of medium-quality wine a year – although the precise amount depends entirely on the quality of wine that each separate owner prefers.

Buyers include one of the richest families in Brazil, oil executives and wealthy bankers, including a number of senior executives at JPMorgan, the US bank.

"But no footballers or pop stars. We're not aiming for the Messis or Madonnas of this world. We don't want any paparazzi here," says Mr Ortega. "It's a place where people can recharge their batteries and have peace of mind. That's priceless for rich people."