

# How California's appetite for Oregon's grapes fueled a wine war



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*'What happened in the 2019 legislative session was a total unraveling of the Oregon wine industry,' says Oregon vintner David Adelsheim.  
Photo: Amanda Lucier / Special to The Chronicle 2019*

Is Oregon wine being threatened ... by California?

That's what it looked like to vintner David Adelsheim when he visited a Whole Foods in Maine last summer. "I'm looking at their rather amazingly large Oregon wine section," says Adelsheim, the founder of Adelsheim Vineyards in Oregon's Willamette Valley and a pioneer in the state's winemaking community. "Then I looked at the back labels and realized about a third of the wines were bottled in California."

Most of us don't pay close attention to the fine print on a wine's back label. But the specifics of how a wine advertises its content and origin are more



*Winemaker Gina Hennen poses for a portrait at the Adelsheim winery in Newberg, Ore. Photo: Amanda Lucier / Special to The Chronicle 2019*

important than many drinkers realize — and in Oregon, the [debate over wine labeling](#) has erupted into a full-on industry battle over the last two years, which could have lasting implications for what ends up in our glasses.

What were those Oregon-grown, California-bottled wines Adelsheim was looking at in Whole Foods? The grapes had been grown in Oregon, and then a winery had brought either the freshly picked fruit or just-fermented wine down to California, where it bottled the wine under its own label. (A wine produced under these circumstances can identify "Oregon" on its front label, but cannot use an American Viticultural Area (AVA), like Willamette Valley.)

As the Whole Foods shelf suggested, this sort of practice has ballooned in recent years, reflecting Oregon wine's rising prestige: 24% of Oregon grapes were sold to out-of-state wineries in 2018, according to Tom Danowski, resident of the Oregon Wine Board.

California interest in Oregon wine might sound like a good thing, but Adelsheim sees it as a problem.

Oregon has the strictest wine labeling rules of any state, and once wine leaves the state's borders, Oregon can no longer enforce them. To Adelsheim, the fact that more wineries might be making Oregon wine without following those rules could endanger Oregon wine's global reputation — a reputation that he and his peers have spent the last five decades establishing.

"We've lost control of what Oregon wine is," he says.



*Adelsheim Vineyard winemaker Gina Hennen (left) and founder David Adelsheim taste wine at the winery in Newberg, Ore.*

*Photo: Amanda Lucier / Special to The Chronicle 2019*

This sentiment led Adelsheim and some of those peers — like Jim Bernau of Willamette Valley Vineyards and Ken Wright of Ken Wright Cellars — to push, over the last two years, for state legislation that would have made Oregon's wine-labeling laws even stricter. During the 2019 legislative session, their efforts mostly failed. And in the process, the campaign exposed some deep-seated divisions within the Oregon wine industry, which does not uniformly share Adelsheim's view that the proliferation of out-of-state Oregon bottlings is problematic.

In the midst of this conflict, what bubbled to the surface was a range of interconnected contentious issues for the Oregon wine industry: rifts between Willamette Valley and the state's other wine regions. Discomfort with corporate outsiders moving in. Disputes over wine style.

Could California wineries, in their attempt to capitalize on Oregon's high wine quality, end up diminishing it? At the core of the wine wars lay an urgent, unresolved question: Who should get to tell the story of Oregon?

Oregon, and Willamette Valley in particular, may be modern wine's most astonishing success story. Fifty years ago, the 150-mile-long valley just outside of Portland had no wine industry to speak of. Beginning in the late 1960s, a small group of dedicated vintners staked a claim in Willamette. Adelsheim, who purchased the land that would become his first vineyard in 1971, was among them, and describes a tight-knit community that was strongly aligned in its purpose. "Willamette Valley was founded by idealists whose motivating goal was to put Willamette Valley on the map as a region for fine wine," he says. "No one ever talked about making money."

These idealists managed to establish a reputation for consistently high-quality Pinot Noir and for a style more reminiscent of restrained, elegant Burgundy than of the blockbuster, fruity wines of the state to its south. "The style of wine we make is the result of 50 years of collaboration," Adelsheim says.

Essentially, Oregon skipped over the equivalent of California's jug-wine era. Today the average price of an Oregon wine is \$16.41, nearly double the \$7.62 price of the average domestic bottle, according to Nielsen data. Growing grapes here is an inherently costly proposition: Yields are lower than in other U.S. states, averaging under 3 tons per acre, according to the Oregon Wine Board, less than half the California average. That's due to its generally cool, wet weather and the fact that most grapes are grown on hillsides, which are harder and more costly to farm than valley floors.



*Adelsheim Vineyard rosés. Founder David Adelsheim was one of the pioneers of Pinot Noir in Oregon's Willamette Valley*

*Photo: Amanda Lucier / Special to The Chronicle 2019*

Since the wines are going to be pricey, “for Oregon to compete, it’s got to be on quality,” says Danowski. And compete they have. The state accounts for just 1.2% of wine produced in the U.S., but 6.6% of the direct-to-consumer sales segment. And while U.S. wine sales on the whole were flat or down in 2019, Oregon wine shipments to U.S. buyers rose by 13%. In other words, Oregon overperforms.

That overperformance has attracted lots of outside investment, including from some of the world’s highest-profile wine companies like Burgundy’s Domaine Drouhin and Maison Louis Jadot and California’s [Jackson Family Wines](#). Meanwhile, the industry expanded beyond Willamette. Southern Oregon, including the Rogue, Applegate and Umpqua valleys, now has more than 150 wineries, with a climate that rewards warmer-climate grape varieties like Syrah and Tempranillo.

But the rules of Oregon wine had been set by that small cadre of Willamette Valley pioneers, and as the industry grew, those rules started to feel outdated. In 1977, Adelsheim and his cohort had convinced the state to pass very strict labeling laws, under which a wine labeled “Willamette Valley” had to be 100% from the Willamette Valley, and a wine labeled “Pinot Noir” had to be at least 90% Pinot Noir. These were more stringent than the federal guidelines (85% place, 75% grape variety), which allow wineries a little bit of wiggle room for blending.

In 2007, in part to accommodate the growing exchange between Willamette Valley and southern Oregon, the state wine industry’s stakeholders agreed to relax those requirements to 95% and 90% respectively. Because southern Oregon grapes are significantly cheaper than Willamette’s, many Willamette wineries wanted to round out their wines with a little bit of Rogue or Umpqua fruit as a way of saving some money, as long as — crucially — they could still retain the right to label the wine as Willamette Valley Pinot Noir.

“We felt it was worth it to help southern Oregon,” says Adelsheim of the 2007 rollback. “In retrospect it was the dumbest thing we’ve ever done.”

A [2018 saga involving Joe Wagner](#), the owner of Napa’s [Copper Cane Wines & Provisions](#), brought Adelsheim’s anxieties to bear. Wagner released a Pinot Noir called the Willametter Journal. Because he bottled the wine in California, not Oregon, he had illegally used the name of an American Viticultural Area (AVA), [his critics alleged](#). (Wagner claims he did not violate the law, using the word “Willamette” on his label as a fanciful term, not a description of geographic origin. Nevertheless, the federal government ordered him to change seven of his wine labels.)

The Wagner debacle might have sounded like a lot of wonk to laypeople, but to vintners like Jim Bernau of Willamette Valley Vineyards, the problem was simple: Wagner was capitalizing on the cachet of Willamette Valley wine without following the Oregon rule book. “If you’re making Oregon wine in California, you’re not obligated to follow the Oregon law,” says Bernau. T

The dispute moved Bernau, Adelsheim and other Willamette Valley pioneers to campaign for new legislation — to reinstate stricter labeling laws, bringing the requirements for grape variety and AVA up to 100%. When two bills that would have required that were introduced during the state’s 2019 legislative session, that’s when tensions began to escalate into what Adelsheim describes as “a total unraveling of the Oregon wine industry.”



Joe Wagner looks over a vineyard in Santa Maria (Santa Barbara County) in 2016. In 2018, Wagner helped ignite a major controversy over Oregon wine labeling laws. Photo: Connor Radnovich / The Chronicle 2016



David Adelsheim sold his ownership in the winery he founded, Adelsheim Vineyard, to his longtime co-owners Jack and Lynn Loacker in 2017. Photo: Amanda Lucier / Special to The Chronicle 2019

To some, these bills seemed like a direct attack on southern Oregon by the Willamette Valley elite. They had the potential to cut off an important lifeline for southern Oregon farmers — those Willamette wineries that round out their pricey Pinots with cheaper fruit.

“It would be a game changer if I can’t sell Pinot Noir to a Willamette Valley winery that’s going to call the wine Willamette Valley,” says Elin Miller, owner of Umpqua Vineyards. “We need that flexibility.”

The sentiment coming from southern Oregon was that Willamette Valley producers thought their fruit wasn’t good enough, says Bernau.

“I just think the 100% purity law is something that nobody except for a really small band of consumers cares about,” says Sam Tannahill, owner of Rex Hill winery and A to Z Wineworks. “We just said — let’s stop, pull the legislation, find a compromise behind closed doors. Take a breather.”

And, a few months removed from the peak of the 2019 conflict, even Adelsheim concedes that unity should be the priority. He and his camp have agreed to hold off on pushing any wine legislation this year. He’s more optimistic now, he says, about finding a solution that appeases both Willamette and the south.

With all sides now sounding the same tune — unity! — the current moment seems to mark a detente. And as much as these wine wars exposed some of Oregon wine’s deepest tensions, they also marked a milestone in its maturation. Growing pains, yes — and irrefutable proof that Oregon wine is valuable enough to be worth fighting over.

Wine critic Esther Mobley joined The Chronicle in 2015 to cover California wine, beer and spirits. Previously she was an assistant editor at Wine Spectator magazine in New York, and has worked harvests at wineries in Napa Valley and Argentina. She studied English literature at Smith College.