

It's Saturday night at Isadora, a restaurant with a pedigreed clientele in Mexico City's tony Polanco district. In the ground-floor cigar parlor, every banker and entrepreneur seems to be holding a Partagas or Montecristo in one hand, and a snifter of what looks like Cognac in the other. "That's Tequila—Reserva de la Familia," the maître d', Rigoberto Buenrostro, says. "The José Cuervo people insist that we serve it in Cognac glasses." At 80 pesos (\$10) a shot, he adds, which is steep for Mexico.

Don Rigoberto notices my eyebrows lifting. "Amazing, huh?" he says. "I also used to think Tequila was for construction laborers." Then, three or four years ago, Isadora's affluent clients began ordering top-of-the-line Cuervo, Sauza and Herradura. Now, Tequila outsells Scotch here and at many other upscale restaurants in the Mexican capital. "See those drinks," says Don Rigoberto, pointing to a row of six thin elongated crystal shot glasses lined up at the bar ready to be taken to a dining table upstairs. "Tequila—all of them."

When I was growing up in Mexico during the 1950s, the preferred drink of sophisticated society was the highball, a tall glass of whiskey with soda of some sort. There were exceptions, like the Guadalajara crowd, who had the temerity to dress up as *charros*—landified Mexican cowboys with broad-brimmed sombreros, dark bolero jackets and tight trousers spangled with silver buttons—and drink Tequila.

On trips to Guadalajara with my father, an American ex-pat businessman based in Mexico City, we would occasionally dine with these would-be *charros* at homes and restaurants, where they would prep themselves for a meal with a few Tequilas, expertly licking grains of salt off their fists, tossing back a shot of the fiery alcohol, sucking on a lime and finishing the ritual with a gulp of spicy tomato juice called *sangrita*. But Guadalajara society notwithstanding, Tequila back then was low-class quaff. Cheap and powerfully inebriating, it was the drink of the poor—or of the politicians and mariachi balladeers who considered them their constituency.

Only one other alcohol was lower on the social ladder—mescal. It was distilled from different species of agave plants (*maguey*) than Tequila, and was usually sold with a drowned agave worm (actually, a caterpillar) at the bottom of the bottle. But nowadays, even mescal—minus the caterpillar—is being marketed in Mexico, the United States and elsewhere as a pricey digestif. (See sidebar on page 285.)

Perhaps the biggest surprise of all is to encounter the man generally credited with persuading imbibers to shell out \$40, \$80, \$100, even several hundred dollars for a single bottle of Tequila. His name is Martin Grassl, a tall, mop-haired, baby-faced 30-year-old Austrian, who seems more likely to be carded in a bar than credited with giving new direction to a national drink.

Grassl arrived in Mexico in 1990 with a new MBA and a mandate from his employer, an Austrian trading company, to find a Tequila classy enough to sell in Japan. After thorough research, Grassl decided none existed. Instead, he proposed to develop a new brand—"a kind of Tequila *cau-de-vie*," he called it—for his



TEQUILA'S POPULARITY HAS SOARED IN ITS NATIVE MEXICO. PHOTO BY JACK PICONE/GAMMA LIAISON

employers. When they showed no interest, he resigned and embarked on that quixotic quest on his own.

His father, a dentist back in Austria, who was disappointed his son hadn't become a doctor or lawyer, didn't see much merit in Grassl's business plan. Fortunately, his aunt, who owns a small *cau-de-vie* distillery, decided to back him with a \$100,000 loan. "That money saved me," says Grassl.

With the loan, he rented a small Tequila distillery near Guadalajara for a few weeks, and contracted local artisans to fashion a sleek bottle that he had designed with a glass cactus stuck inside on its bottom. In 1991, he produced his first batch of Tequila and called it *Porfidio*. The name seems a misspelling of "Porfirio," as in Porfirio Díaz, the dictator who presided over turn-of-the-century high society and was overthrown at the beginning of the Mexican Revolution. Entrenched Tequila producers snickered that it was impossible to take seriously a foreigner who couldn't even get his brand name right and didn't realize that agave wasn't a cactus.

Grassl, who displays a wry sense of humor, offers his own explanations for the apparent miscues that he says were calculated to draw attention and commentary. Higher-priced Tequilas carry a label with a brief personal historical note signed by the brand's owner. Grassl assumed the pompous pen name of "Ponciano Porfidio"—a dig at the pretentiousness of his competitors and himself.

As for the cactus in Porfidio's bottles, "Well, everybody knows the cactus is practically the national symbol of Mexico," says Grassl. "You just look at the bottle and you know where it comes from."

When it came to marketing Porfidio, he was all business. He carted samples—at \$150 a bottle—to liquor trade shows, first in Europe and Asia. Then he turned his sights on the United States, where he chose as his importer Todhunter Imports Ltd. in West Palm Beach, Florida. He left the Mexican market for last. "When I first came here, Mexicans looked down on Tequila so much that I don't remember it ever being served at weddings," says Grassl. "Now, it's everywhere."

What changed their minds? According to Grassl, the prestige that Porfidio and the other superpremium brands gained abroad convinced Mexicans that Tequila could be synonymous with sophistication. This, by the way, is not the sort of explanation that Mexicans are likely to embrace. "It's supposed to be good for your heart, and it's made in Mexico," says Felipe Ahumada, a Mexico City-based real estate developer, giving his own spin to the recent rise in popularity of Tequila in his social circle. "We have our national pride," adds his wife, Sheila.

Whatever the reasons, Mexicans account for 60 percent of Porfidio sales. According to Martin, politicians, business impresarios and drug barons seem to feel that there's no better way to demonstrate their appreciation of important colleagues than to send them whole cases of Porfidio Silver (\$25 per bottle), Porfidio Añejo Blue Agave (\$40), Porfidio Reposado (\$80) and, most popular of all, the Porfidio Single Barrel Añejo (\$80), nicknamed Cactus, for the cute glass sculpture on its bottom. Late last year, Grassl introduced in Mexico and Asia—and to a limited degree in the United States—the priciest Tequila in the world, Porfidio Barrique de Ponciano, at \$500 a bottle.

In the United States, superpremium Tequilas have become popular for many of the same reasons that cigars and small-batch Bourbons are experiencing a renaissance. "Consumers are dedicating

more time for themselves to indulge in life's finer things," says Ken Ruff, vice president of national accounts at JBB Worldwide, the U.S. distributor of two pricey, high-quality Tequilas, El Tesoro de Don Felipe and Chinaco.

To convince Americans that Tequila can be numbered among preferred spirits, superpremium distributors are trying to sweep aside its hairy-chested image. "We're talking after-dinner drinks here," says Harrison B. Jones Jr., senior brand manager for Sazerac Co., which distributes Herradura in the United States. "I don't think anybody is going to be gulping shots of these Tequilas while chowing down on burritos."

While Mexico takes the lion's share of Porfidio, the United States, with 30 percent of sales, is the largest export destination. Close to 10 percent is evenly split between Asia and Europe. South America accounts for less than 1 percent of sales.

Just a couple of years ago, Porfidio might have been dismissed as a "boutique" brand. But in 1996, Grassl sold 300,000 liters, and last year, sales exploded to an estimated 2.4 million liters—at an average retail price of about \$50 a bottle. "My biggest problem is how to handle a cash flow that's increasing 800 percent a year," says Grassl. One solution was to build a Tequila distillery of his own, something he finally did last year near Puerto Vallarta. Incredible as it seems, Grassl still rents five independent distilleries for several weeks to a few months a year to produce his Tequila. He doesn't even own his own bottling plant, although he does have state-of-the-art mobile equipment.

As impressive as Porfidio's sales figures are, they lag far behind market leader Cuervo's 50 million liters in 1996. But a more moderate-sized traditional producer like Herradura (5 million liters sold in 1996) has to be glancing over its shoulder. Grassl insists his growth hasn't hurt any fellow Tequila producers. The real losers, he asserts, are whiskeys of all varieties in Mexico. "In the U.S., I think we're taking market share from the single-malt whiskeys," he says.

Until recently, his expanding business kept Grassl on a 100-hour-a-week work schedule, which leads one to wonder how he found the



TEQUILA BEING DISTILLED IN COPPER STILL, LEFT, AND BOTTLED BY WORKERS AT THE HERRADURA TEQUILA FACTORY IN AMATITAN, JALISCO, MEXICO. PHOTOS BY PHILLIPPE DIEDERICH/CONTACT PRESS IMAGES

time to meet his Guadalajara-born wife, Cecilia. In a sense, the local bureaucracy played go-between. Despite Mexico's efforts over the last few years to cut red tape and encourage freer trade, many government officials at the local level continue to be notorious for passing new regulations that require exporters to devote countless hours negotiating for permits and dispensations. The lawyer Grassl used—and still uses—for these negotiations was the woman he eventually married. "I was spending more time with her than with anybody else in the business," he says. They now have a young son, and live a five-minute walk from his headquarters, a former two-story house in an upper middle-class Guadalajara neighborhood. It has an armored door, electronically operated and surveyed by closed-circuit television—a reminder that nowadays successful business people in Mexico must take kidnapping threats seriously.

It's a Monday morning and Grassl drives his huge Ford Lobo recreational vehicle to the town of Tequila, some 30 miles northwest of Guadalajara—the capital of the state of Jalisco—to inspect a distillery. On the way, he expounds on the liquor's history and production methods.

The rainy season has left the undulating terrain bright green and the blue agaves more intensely azure. By law, Tequila can be produced only from blue agaves; the plants, which look like inverted, spiny-armed octopuses, must come from a few government-specified districts—most of which are in Jalisco—and the fermented agave juice must be distilled twice and account for at least 51 percent of a Tequila bottle's content. The most upscale Tequilas are 100 percent blue agave distillates.

These regulations, known as the *Normas*, are cited as evidence that Tequila enjoys the same state-sponsored and time-honored cachet as Cognac and Champagne in France. But in fact, the *Normas* date back only to 1978. At the time, Margaritas, mixed mainly from cheap Tequila brands, were becoming one of the most popular drinks in the United States. The Mexican government wanted to ensure that this new source of export revenue wasn't threatened by adulterated or downright toxic Tequilas. So, in effect, the *Normas* were intended to make drinking Margaritas safe for American college kids and other young bar patrons. According to the regional chamber of commerce for the Tequila industry, Tequila was poured into an estimated 600 million Margaritas north of the border in 1996.

Nowadays, the publicity for superpremium Tequilas often suggests that they are rooted in an ancient, noble, even sacred past. It's true that before the Spanish Conquest, Tequila's predecessor, *pulque* (or *octli*, in the Aztec language), a fermented agave juice, was consumed during religious rituals by priests and aristocrats. But for the most part, the Aztec ruling class preferred to drink chocolate, sometimes as a fermented brew. The illustrated histories handed down from the Aztec era include many complaints about widespread consumption of *pulque* among commoners.

It was the Spaniards who introduced distillation into the New World, and turned agave juice into chest-thumping Tequila. According to Grassl, an inveterate collector of Tequila lore, the first mention of the distilled juice occurs in the 1600s. "Back then it was called *vino de mezcal*," says Martin, explaining that the distinction

between Tequila and mezcal is a recent one. As late as the 1800s, it was still known as *vino de mezcal* and peddled as a cure for all sorts of illnesses. "Even syphilis," says Grassl.

Arriving in the town of Tequila, population 20,000, we are greeted by an oversized statue of a *jimador*, or agave harvester. Standing astride Tequila casks, he is wielding the long-handled blade used to chop off the saw-toothed agave leaves and get at the pineapple-shaped core, or *piña*, which holds the juice.

The prosperity that recent sales of Tequila of all prices has brought the town is evident in the newly paved streets and freshly stuccoed façades of the two-story buildings along the main thoroughfares. Both Cuervo and Sauza have built Tequila museums, with displays of harvesting tools, production devices, and historical photos and posters. On the town's outskirts rise scores of Tequila distilleries cheek-by-jowl.

We drive through the massive portal of a fortress-like distillery that Grassl has used in the past and plans to rent in the coming months. The factory doesn't appear to have changed much since it was built in the 1880s. An enormous pile of agave *piñas*, each more than 100 pounds, lies on a sheltered outer terrace. Inside the distillery, more *piñas* have been quartered and crammed into ancient ovens, where they are steamed for 12 hours and then allowed to cool for half a day.

Their juice is filtered, and this *aguamiel*, or honey water, is allowed to ferment in metal vats. It is then heated in huge, century-old copper stills. The vapors are collected and condensed in copper coils. The process is repeated, producing a twice-distilled Tequila that is colorless and more than 70 percent alcohol. It is then usually diluted with water to 40 percent alcohol, or 80-proof Tequila.



AUSTRIAN MARTIN GRASSL, FOUNDER OF PORFIDIO TEQUILA, IS THOUGHT TO HAVE CREATED THE MARKET FOR HIGH-END TEQUILAS.



WORKERS HARVESTING PIÑAS, THE PINEAPPLE-SHAPED CORES OF THE AGAVE FROM WHICH TEQUILA IS DERIVED, IN JALISCO, MEXICO. PHOTO BY PHILIPPE DIEDERICH

After sitting for two to four weeks in large oak vats, this most common Tequila is ready for sale. If the Tequila is allowed to repose in smaller oak barrels from two to 12 months, it has the legal right to be sold as *reposado*. Tequila that is oak-aged for more than a year is called *añejo* (or *muy añejo*, if aged more than two years) and has an amber color.

"In this industry, there are no great secrets—just successful work formulas that might cost more or require more effort," says Grassl. "If you want the best Tequila, you buy piñas from riper agave plants—more than seven years old. You let the aguamiel ferment longer and at lower temperatures. You distill for two and a half hours, instead of just an hour, and you go through a triple distillation to remove the impurities that cause hangovers. For the *reposados* and *añejos*, you use only 100- to 200-liter barrels—instead of the 500-liter barrels—because the more exposure the Tequila has to the oak, the better it will be."

Grassl prefers to buy his agave piñas on the open market rather than commit himself to any particular growers. When he rents a distillery or bottling plant, he orders the staff out and replaces them with his own crews. At the bottling facility he has rented near the old distillery, seven young men and women dressed in shorts and T-shirts are corking and packing Porfidio bottles by hand. "I look for people with no previous job experience—to make sure they haven't

had time to learn bad work habits," says Martin. His entire labor force—in the distilleries, bottling plants, administration and sales—amounts to fewer than 60 people.

On the way back to Guadalajara, we stop at one of Grassl's favorite lunch places, a restaurant in an *ejido*, or communal farm, that harvests agave plants and processes its own Tequila. He orders a medley of spicy pork and beef dishes, along with guacamole and tortillas. "Sometimes their Tequila is pretty good," he says, bringing a shot glass of the liquid up to his nose for sniff. Apparently, not today, though. He asks for beer instead.

Back at his office in the late afternoon, Grassl recounts anecdotes about his native country—his adolescence on the ski slopes and his son's panicked reaction to snow when he made his first trip to Austria. Grassl says he would never consider moving back.

So what's left on his wish list, after having amassed a megafortune at a youthful age in the New World under the unlikeliest circumstances? "I'd like to meet Arnie Schwarzenegger," Grassl says about another Austrian who did pretty well on this side of the Atlantic. "We probably have a lot in common." ♦

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