

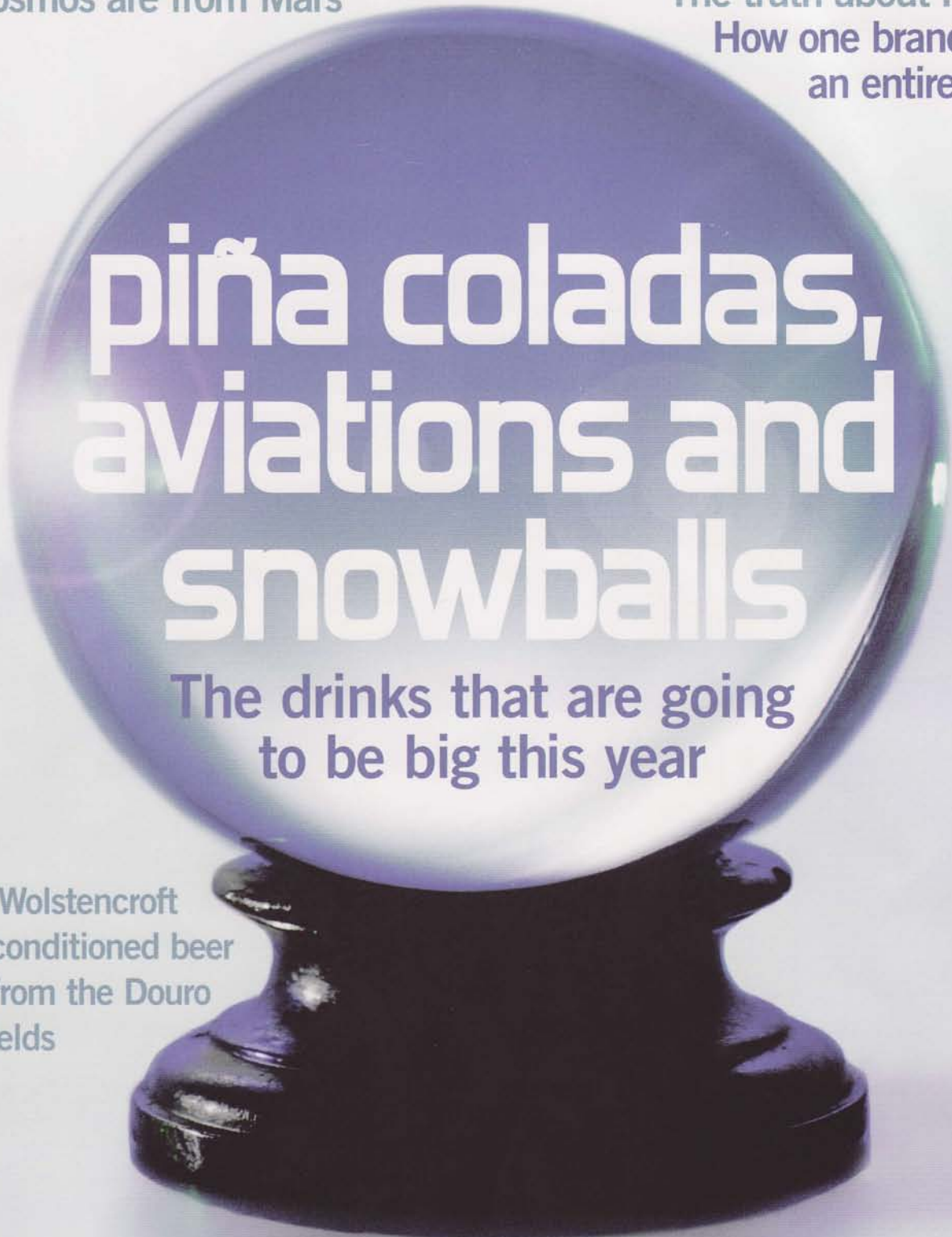
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How one brand upset
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mystery, mayhem and murder

The story behind Porfidio is an extraordinary one. With rumours circulating about the brand's integrity, **Paul Wootton** talks to its creator Martin Grassl to discover just how he upset an entire nation

A death threat, an attempted kidnapping, a prison cell in Panama and the Russians – they might read like the ingredients of a first-rate Graham Greene novel but this story, according to its protagonist, is anything but a work of fiction. This is the real-life tale of Martin Grassl, creator of the brand Porfidio, and his part in what became a battle for control of the tequila industry. In Grassl's view, it was a battle that saw the Mexican government pursue a policy of 'economic terrorism' in an attempt to put him out of business. At its height in 2001,



Martin Grassl: branded a 'foreign exploiter' in Mexico

there were public burnings of Porfidio bottles, newspaper articles denouncing him as a 'foreign exploiter' and an immobilisation of Porfidio's products across Mexico – effectively a government ban on their sale.

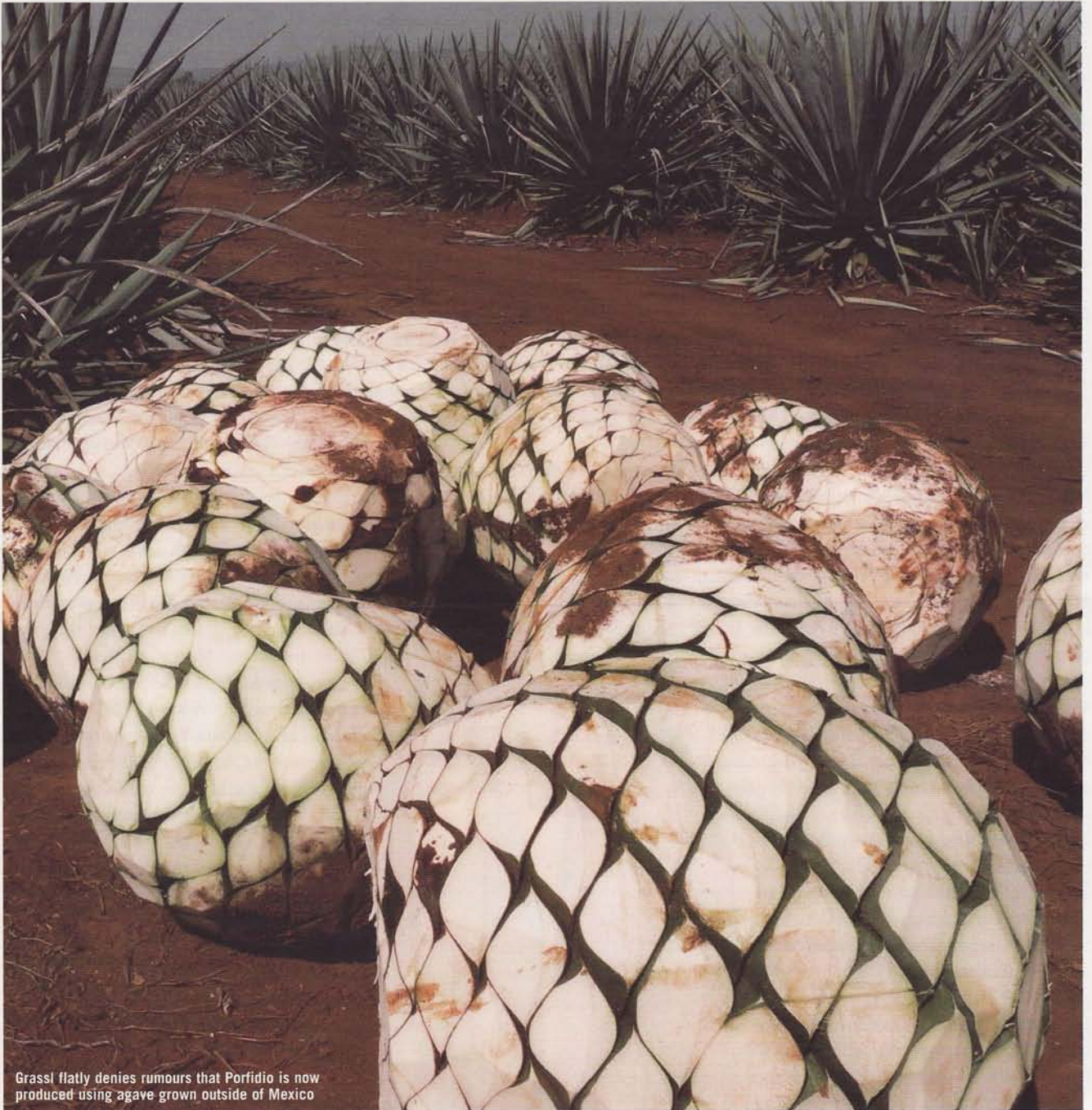
To an outsider, that one man and his brand could prompt such an extraordinary and disproportionate response seems like the stuff of make-believe, and you'd be forgiven for being sceptical about Grassl's claims. But even today, when you ask other tequila producers for their take on the Porfidio story, many of the responses are so vitriolic as to be unprintable. That Grassl made some significant enemies in Mexico is beyond doubt. Some of them were clearly so upset by him that they were determined to bring him to his knees.

All of which might not concern us in the UK except that rumours have been circulating within the UK's bar industry for a while now, rumours concerning the provenance of Porfidio and the brand's ownership. Some bartenders, who have become aware of Grassl's reputation within Mexico, have concluded that there can be no smoke without fire and that Grassl must therefore be guilty of some heinous crime, even though the exact nature of that crime remains sketchy.

According to the Austrian Grassl, his only crime was to be an outsider, and a successful one at that. 'I was a complete newcomer to the tequila industry and the Mexicans thought I was an intruder,' he says. 'They didn't like me because I pointed out their shortcomings.'

tequila transformed

Grassl is an intelligent, confident, straight-talking man. But forthright opinions are not always endearing, and as feather rufflers go, Grassl was in the premier league. He arrived in Mexico in



Grassl flatly denies rumours that Porfidio is now produced using agave grown outside of Mexico

1991 at the age of just 24 and quickly concluded he could show the Mexicans a thing or three about making their national spirit. Rightly, he believed the industry was underdeveloped and that tequila itself generally had a negative image around the world. He wanted to transform that image and realise the potential of tequila as a high quality spirit, the equivalent of the best whisky or cognac. 'I wanted to introduce European quality standards into production,' he explains. 'Clean raw materials; a natural fermentation process without any accelerators; separating the heads and

tails; and using newer barrels for ageing. It was about understanding what spirits producers were doing in Europe and bringing it to Mexico.'

Pursuing this ambition, Grassl produced what he claims was the first premium tequila on the market. Some experts would take issue with that, citing boutique tequila Chinaco, which was launched in the early 80s, and Patron, launched at the end of that decade. But there's no doubt that Porfidio drove awareness of the concept of premium tequila to a new level. At \$100 a bottle, ►

Porfidio was extremely expensive, particularly compared to the majority of tequilas available at that time. But it took the US by storm.

Mexicans began to reappraise their spirit when they realised fashionable Americans were drinking it. Traditionally drunk by the poor in Mexico, tequila suddenly began being poured at society weddings. Porfidio produced barrique-aged tequilas that would sell for \$500 a bottle.

But the brand wasn't only doing well commercially. The critics loved it too. In 1998, Porfidio won the *Wine Enthusiast* Spirits Award for Best Tequila, scoring 98/100. It was a terrific achievement but one that other producers found harder to swallow. 'Winning the award was an issue of concern to the tequila industry because it offended their sense of nationalism,' says Grassl. The resentment of other producers was perhaps understandable. But Grassl suggests it encouraged the authorities to act.

litigation, litigation, litigation

Porfidio had already encountered problems with the authorities two years before. Profeco, a sub-agency of Mexico's Ministry of Commerce, had accused Porfidio of offending the Mexican nation with its cactus-in-a-bottle packaging. In addition, Grassl was soon locking horns with the body that regulates the tequila industry, the Consejo Regulador del Tequila (CRT).

'In Mexico you're guilty until you are proved innocent,' says Grassl. 'By putting forward an accusation, the CRT is capable of paralysing companies. The accused will have to litigate in order to prove his innocence. The CRT always loses these cases but while it goes through, you can't export your products. Each case may take up to three years to come to court.' Which as a business is a long time to have your hands tied. Since Porfidio was launched, it has had to fight nearly 150 law suits.

Grassl, who doesn't mince his words, is highly critical of the CRT, which he accuses of acting 'like the Holy Inquisition'. He thinks it's wrong that a private institution funded by tequila producers should administer the public trademark of tequila, believing it gives larger, more established producers an unfair advantage over their rivals. 'Whoever pays the most money into the CRT has the de facto authority within the industry,' he claims. He adds: 'The CRT is a vehicle that was established with the objective of monopolising

the tequila industry and propping up the prices artificially.' Competition, says Grassl, has been stifled. 'The CRT controls the export rights to anything that bears the tequila trademark. So the CRT has the legal right to decide who exports and who doesn't.' He points out that if you wish to export tequila you are obliged to supply to the CRT copies of all export invoices – in other words, information about clients and prices that Grassl says should remain confidential.

This is the reason, according to Grassl, that Porfidio is no longer labelled 'tequila' – and not, as some rumours suggest, because production of the brand has been switched to South Africa or because its production methods no longer comply with the regulations. Indeed I've seen for myself Porfidio being made in Puerto Vallarta in Mexico. Grassl may well have distribution interests in South Africa but clearly that doesn't mean to say that Porfidio is produced there.

No, by categorising his brand as 'agave spirit' and not 'tequila', Grassl avoids playing ball with the CRT.

'I copied the Chianti/Antinori story. They excluded their premium wines from the Chianti trademark and created the Super-Tuscan category. Similarly, the Super-Jalisco category is emerging. I believe the consumer is smart enough to go for quality. Quality is more important than the name tequila.'

He agrees the picture is likely to become more complex as other countries enter the market with their own agave spirits. 'South Africa makes its own version of tequila. California produces agave spirit – and some of it's pretty good stuff. You will see Australian 'tequila' soon too I think.'

Will Grassl ever make agave spirit outside of Mexico? 'I will consider it, yes.'

the government acts

The problem, as he knows, is that consumers (and much of the industry) think of tequila as a liquor category rather than a trademark, which means operating outside of the trademark that much more difficult. If it isn't tequila, then what is it?

But operating within it is simply no longer an option, given the rift between Grassl and the CRT, and the Mexican government's involvement. Grassl believes it was the CRT's close links with the government in 2001 that led to the actions taken by Profeco. Profeco's task was to safeguard the interests of the consumer and, as such, it had the right to immobilise products it deemed dangerous to



The whole thing got to such absurd extremes that an Interpol warrant was issued for my arrest

the public's health. 'It could do this based on any suspicion or accusation and the producer then had to prove his innocence,' Grassl explains. 'Profeco went to about 600 stores around Mexico and immobilised our products. They sealed the products up and stores were not allowed to sell them. The reason they gave for this action? "We suspect that there is something wrong that may hurt the consumer." Profeco was a powerful instrument with which to eliminate any competitor. Where they sealed the bottles on the shop shelves, consumers began to think that Porfidio was indeed hazardous to your health.'

Porfidio wasn't the only product targeted by Profeco but it was, claims Grassl, the only product to be burned publicly in orchestrated demonstrations. 'I was labelled a foreign exploiter. The newspapers were quite vicious,' he says.

Nevertheless, Porfidio litigated and in 2003 won in the Supreme Court. 'The Court considered all Profeco actions illegal and anti-constitutional. But the damage was done.'

And it didn't end there. The Profeco agency refused to recognise the court's verdict and the bottles stayed sealed. Grassl had to sue the government ministry for non-compliance. The government then sued the Supreme Court judges. Eventually the national director of Profeco resigned. 'That was a major victory,' says Grassl.

thrown into prison

If these weren't problems enough, the CRT had also levelled the serious accusation of document forgery at him. 'This resulted in a criminal procedure that would place you under precautionary arrest until your innocence was proved.'

Grassl didn't hang around to be arrested. He left Mexico while the accusation was investigated. 'My innocence was proven in 2005. If I had stayed I would have been in prison for four years.'

Most men would have given up by now and gone off to do something less taxing instead, like running the Home Office, but Grassl seems to relish his battles, even if they result in extreme personal inconvenience.

'It was a very exciting time,' he suggests. 'The whole thing got to such absurd extremes that an Interpol warrant was issued by the Mexican government for my arrest, on the basis of the document forgery. In 2003 I was arrested in Panama, thrown into prison for one week and then released. It took the Panama authorities one month to decide the arrest was unjustified.'

Nonetheless, despite his belief in his brand and his legal posi-

tion, Grassl has yet to return to Mexico. One reason may be that he fears for his personal safety and that of his family. He states that in 2001 an attempt was made to kidnap his daughter, and he also received an anonymous death threat. 'Mexico is a legally uncivilised country,' he says. 'It's the Wild West.' While such protestations can only inflame the already incendiary relationship between Grassl and the CRT, listening to Grassl's colourful account, it's hard not to understand his frustrations. And if you suggest that threats to his life or those of his family seem far-fetched, he reminds you that not long after he arrived in Mexico in the 90s, another tequila producer with strong views on the industry's future, Jesus Lopez Roman, owner of Tequila San Matias, was gunned down outside of his office.

porfidio and the uk

Grassl has made powerful enemies within Mexico. I can see how his forthright opinions can be interpreted as arrogance, and I can appreciate that the success of a foreigner might easily have upset some of the established industry players. I'm also aware that circumstances regarding his personal relationships won't have endeared him to certain factions within Mexico. But as for the rumours that the product might not be quite what we've been told it is, I can't find anyone with a shred of evidence to support such a claim.

There's one further matter, regarding ownership of the brand. It has been suggested that Grassl has since sold Porfidio to a company in Russia and I've been shown emails that seem to corroborate this. When I asked Grassl about it, he flatly denied the claim. If he had sold it, I don't see why he would still be quite so interested in fighting his corner. And Top Selection, Porfidio's UK distributor, still deals directly with Grassl.

Ultimately, perhaps none of this matters to us here in the UK. If Porfidio really were produced in South Africa, so what? If the brand was now owned by the Russians, why should we think any less of it?

What matters to us here is the product itself. And you can judge that for yourselves. For my part, I think it's rather good. The plata in particular compares favourably with some of the best tequilas around. Try drinking it frozen: creamy and thoroughly refreshing, it retains the vegetal character of the agave even when cold. Not that it's cheap of course. And price may be Porfidio's biggest obstacle to growth in our market.

Despite the space given to Mr Grassl's views above, I want to make it clear that the aim of this piece was not to champion Porfidio unreservedly. Rather, it was a response to some of the rumours circulating within our industry and an attempt to shed some light on a mysterious and somewhat murky state of affairs. I was rather hoping the CRT might have helped me in this aim but the CRT has been singularly unforthcoming when pressed on the subject of Porfidio. Should the CRT or any tequila producer take issue with the account of events set out above, I would be happy to publish their views. ■