My paper explores how the French respond to changes in the wine market while at the same time, seeking to retain their competitive advantage. These two goals appear to be at odds— their comparative advantage is in terroir, traditional production methods, and the institutionalization of “best practice”; opposed to a “new world” consumer demand-driven model. My presentation will explore the evolution of French wine regulation from anti-fraud, to its unintended consequences of protecting traditional production and creating corporatist networks of cooperation, to the rise of new world production and the regulatory between the new world and the old world. I will address how French wine producers are attempting to respond to losses in market share in a manner that maintains the French tradition and best practice while giving producers the flexibility to compete with new world wines, with special attention to the Languedoc case. Some questions I will address include: What has been the impact of the AOC on New World wines and vice-versa? What are the benefits and consequences of recent developments in French regulatory strategy? Does their success in becoming more competitive in the middle/lower end market damage the idea luxury and tradition that has been developed with their higher wines?