

## Canadian ripples - the response

10 Jun 2010 by Jancis Robinson

**11 Jun** - See new addition at the bottom of this article.

My article [From bottom to top - Canada's wines](#) a week last Saturday engendered various contradictory responses.

First, at last, a response from the dominant wine company in Canada, Vincor, now a subsidiary of the American company Constellation and the company that most benefits from the inexpensive blended imports marketed in Canada as 'Cellared in Canada'. Here's a letter that the president Eric Morham sent to both me and the Financial Times in which my article was published.

**From Eric Morham, President, Vincor Canada** (as he wrote it, no attempt has been made to edit it):

We are pleased with the acknowledgement and spotlight that our fine Ontario Chardonnays are beginning to receive on the world stage... 'a vivid array of styles of Chardonnay, some of which can hold their own with the world's finest.'

At the same time, we are surprised and frustrated by the misinformation and lack of understanding being thrust upon the Canadian wine industry and our blended wine products - 'Cellared in Canada' wines. Your characterisation of these products as 'strange' and innuendo that they are being used to dupe Canadian consumers is unfair and completely false. These products are good quality wines that play a significant role in the development and sustainability of a growing wine industry. Here are the facts:

1. Blended wines allow Canadian wineries to compete in the Under \$10 category of wine, the fastest growing segment in the wine industry in North America. In Canada 80% of all domestic produced wines are blended wines, a significant market for our young, yet promising industry.
2. It is economically challenging for us to grow grapes at the price and quality needed to compete with the low priced imports that are flooding our wine market. In Ontario, grape prices are regulated with one high price per varietal. For example, with Chardonnay the price is \$1,400 a tonnes, regardless of the quality of the fruit. Blending Ontario wines with international wines is the only way we can compete on price with the low priced imports.
3. Your comment about minimum content moving from 30 to 25% is incorrect. Wine content actually moved up. From 30% to 40% by company, 25% in the bottle.
4. Blended wines use more than 50% of the grape crop in Ontario. Grape growers, bottling and packaging companies all rely on this volume to contribute to the sustainability of the industry. If we did not produce these blended wines - there would be no use for almost 30,000 tonnes of grapes, and half the crop would fall on the ground. Our VQA 100% wines in Ontario only account for 20,000 tonnes of grapes, a considerably small market.
5. The designation Cellared in Canada is federally regulated by the Canadian Standards Board. The words 'Cellared in Canada from Imported and Domestic Wines' is required to be on every product of that distinction. For 14 years we have been using this terminology with no confusion in the marketplace. . [ See [Cellared in Canada - consumer confusion](#) - JR]
6. Growing high quality grapes for red wine continues to be a challenge given our climate in Canada. Yields are low and only one in four harvests produces a robust, ripened red crop.

Finally, by leveraging the economies of scale awarded through the production of both Cellared in Canada wines and 100% Vintners Quality Alliance (VQA) wines we can invest in high quality initiatives to ensure our 100% Canadian products among the best in the world. An example is Vincor Canada's partnership with Le Clos Jordanne and one of the award winning Chardonnays you so rightly shone a light.

We want to build a sustainable wine industry that provides Canadian wine drinkers with a wide array of wines at every price point. We will continue to blend with imported wines to ensure our entire industry will thrive today and well into the future.

Interesting, a recent look at the shelves of the Ontario liquor stores shows L'Epayrie from Armand Roux and Partager

from Barton & Guestier both bear the marking product of European Union instead of Product of France. It is clear that even some of the old world wineries practice and realise the benefits of blending to support their industry.

*More curious is this 'open letter' to me, which was never actually sent to me. I had to rely on someone else passing on this impassioned text from Canadian wine writer Rick VanSickle, who writes in the national tabloid chain The Sun. This was apparently published on his own website [www.winesinniagara.com](http://www.winesinniagara.com). Again, it is published unedited.*

### **From Rick VanSickle of Wines in Niagara:**

A Dear Jancis Robinson letter

This is an open letter to Jancis Robinson, wine critic from London, who writes in the *Financial Times* today (Saturday, May 29) about the Cool Chardonnay event that took place in London a couple of weeks ago.

Dear Jancis,

Let me start by saying: Oh. My. God. The Canadian wine industry is not in turmoil, not by a long shot. It has never been stronger, has never made better wine and has never been more popular with the consumers of this country.

Canada, like just about every other wine country in the world, blends foreign grapes with domestic grapes to produce a product that sells like hotcakes in the cheap aisles of our liquor and wine stores. Here we call that Cellared in Canada.

Those wines are all under \$10 a bottle and made by the big wine companies in Canada - mainly Vincor (an American owned company) and Peller. They are made to compete with the cheap imports that flood into this country (and I presume yours, as well) from places like Chile, France, Argentina, Australia and on and on.

These companies are allowed to blend foreign juice with a percentage of Canadian juice and sell them as a Cellared in Canada product in the government-run liquor stores and their own retail outlets.

Just over half of the grapes grown in Ontario go into those wines (which tells us that a lot of people like the wine and the price) and, we can assume, that keeps a lot of people employed in the grape and wine industry in Canada.

Wineries in Canada cannot compete in the under-\$10 wine category with our domestic grapes. Great strides have been made to make a decent drop of wine in the \$12-\$15 range but that's far too expensive for the larger community of wine drinkers who enjoy a glass of wine but have a limit of \$10 and don't care who made it or how it was blended.

So, instead of letting cheap foreign wines devour the marketplace here, some wine companies compete with those sales by combining ripe, juicy, and, most importantly, cheap juice from other countries with a percentage Ontario grapes. And why not? Our shelves are full of foreign wines blended with the juice from countries other than where the wine originates. It's like open season and if you arrive too late you're going to lose shelf space to a wine made in another country.

Thankfully, all those cheap blended wines have been moved away from the VQA aisle at the LCBO and they are clearly marked for what they are: A domestic-foreign blended wine. I think that most of us here are happy with that the change and can live with it. Our goal is not to put half the grape growers in this province out of work. You don't believe for one minute that after we kill the CIC industry in Canada that all of sudden we'll have fabulous under-\$10 VQA wines, do you?

That's not going to happen. We can't make good cheap red wine. We don't have the climate or the vineyards for that and likely never will.

A headline such as yours on the FT website - Canadian wine - from bottom to top - does not do justice to our industry here. You are talking about apples and oranges.

We have a quality VQA industry that has nothing to do with CIC. I don't see the same articles about France and the US and the blending they do as a preface into the next great Bordeaux or Napa Valley vintage.

You do our industry a disservice when you write a nice long article presumably about our wonderful chardonnays with a preface that dominates the piece about the evils of domestic wine blending and how our industry is in 'turmoil' because of CIC and the squabbling between the wine council, big wineries and grape growers. Come on, let's move on. We have.

Thank-you for enjoying our Chardonnays in London. We appreciate your thoughts on our cool-climate wines. It's important for us to show them off to such an influential critic and get your feedback.

For that, we are grateful.

*But it seems that such Ontario wine growers as have bothered to contact me have a different view.*

**From Richard Karlo of Karlo Estates Winery:**

Hi Jancis,

I just saw [this letter to you](#) online and thought that it needed responding to.

I certainly respect Rick's opinion but have to take exception to many of his comments.

I can't speak for the BC wine industry but the Ontario wine industry is certainly in turmoil. Record unsold grape crops, growers going bankrupt, a flood of bulk foreign wine flowing into Ontario, the departure of the blenders from the Wine Council of Ontario, the Cellared in Canada labelling controversy and changes in government regulations certainly qualifies as turmoil in my books. The government here is finally starting to take notice of the situation due to pressure being brought to bear from the media. This was originally ignited by hugely misleading labelling practices particularly on the Canadian Olympic wines. The coverage of wine writers, in particular yourself, was critical into pressuring government to finally take action.

The issue isn't so much that foreign wine is allowed to be sold through Canadian wineries but more the misleading way it is represented and labelled. If Vincor wants to sell Chilean Merlot at \$9.95 under its label that's fine. Label it as 'Vincor Chilean Merlot' and put it in the Chilean section of the LCBO [the provincial liquor retail monopoly stores - JR]. If the wine is good, I am sure people will buy it. Don't blend that wine with Canadian so that at the end of the day most people don't even know what Canadian wine tastes like. Based on many recent tastings and in particular the most recent 'Seriously Cool Chardonnay' tasting in London there are some very good Canadian wines. They deserve attention on their own and should not be blended into some mediocre international cocktail.

Rick's references to foreign juice being brought into Canada and blended with Canadian grapes would lead you to believe there is some winemaking going on here. Let's be clear, what is being brought in is bulk, low-cost finished wine. Not much 'Cellaring' takes place between the tanker truck and the bottling line.

And the VQA wines now being clearly separated from the Cellar in Canada wines at the LCBO? Really? Not last time I looked. There are still MANY stores that CIC and VQA sit side by side on the same shelf, continuing to confuse the consumer.

I have a photo taken only a week ago at an LCBO store showing a whole selection of VQA wines in the middle of the new 'International - Canadian Blends' section. It doesn't seem that these new supposed rules are really being taken too seriously yet.

You do NOT do our industry a disservice by continuing to mention the misleading Cellared in Canada practices. New labelling standards were due months ago and have yet to appear. Lots of lip service but as yet no visible improvements. Your continued attention to our plight is much appreciated by those of us who value authenticity and truth in labelling and believe that Canada can truly produce many great wines other than Icewine. You in fact do us a great service.

As the owner of a small new winery in beautiful Prince Edward County, Ontario I certainly commend your efforts and thank you for taking the time to bring attention to the situation here and help us evolve to our true potential as a wine producing region.

My partner Sherry Martin and myself started the Boycott Cellared in Canada Facebook group last year when we discovered that the Olympic wine was to be CIC. Several times we had people who joined that group sticking up for the blenders and disseminating misleading information. When we challenged those people and suggested some sort of a Constellation plant, they mysteriously vanished. Coincidence? I think not.

I am happy to have you publish my comments. It is a topic that I strongly believe in and have been fighting for a long time. It boggles my mind that the Vincors and Andres of the world think they can build the stature of Canadian wines with these

practices.

**From Valerie d'E Miller, Millers Landing, Ontario:**

Thank you for an excellent article on the Canadian wine scene. We have a small vineyard in Canada and have found the whole situation mighty frustrating. You covered it beautifully.

PS A perhaps unique problem in Prince Edward County is the raccoons. They love grapes and damage whole bunches by wrenching off their favourite grape. The answer is low electric fences six and nine inches high. While this was being installed we were told that they were repelled by the sound of human voices so we covered the field with portable radios. Activating them after dark, we found that so many of the local stations had music playing. The only guaranteed rabble rousing talk programmes were the US religious programmes. So you can imagine our satisfaction to be walking back home in the dark, hearing from all corners of the field voices telling us that 'Jesus saves - and if you have a problem, you can rely on Jesus!'

*And finally, an interesting view from the other major wine producing province, British Columbia in the far west of Canada on the website [www. WineLaw.ca](http://www.WineLaw.ca) which specialises in 'information on legal issues related to the wine industry in Canada'.*

**Mark Hicken of Vancouver wrote on 12 May:**

The 'cellared in Canada' issue is in the news again this week with a story in Business in Vancouver's current issue: [Gripes Growing Over BC Wine Grape Rules](#) (subscription required for online access). As readers will recall, 'cellared in Canada' (CIC) wines are blended wines made from primarily (or all) imported bulk juice that is then bottled in Canada. The issue that is now in the news is that CIC wines get preferential distribution treatment within BC over other imported wines. Specifically, CIC wines can be distributed through 'direct delivery' which means that the producer can ship them (along with 100% BC wines) directly to consumers and licensees without going through the BCLDB distribution system. All other import wines have to go through the BCLDB distribution system which creates numerous problems in terms of providing timely and efficient delivery to customers. The story quotes CIC producers as arguing that CIC wines provide economic benefits to Canada over other imported products. In addition, there is an argument that CIC wines are competing against other blended global products which by Canadian law are able to identify a country of origin (such as 'Product of France') so long as 75% of the wine comes from that country (in other words, up to 25% of the wine can be blended in from elsewhere).

In my view, while there are likely good arguments about the fairness of the distribution system, the sale of CIC wines should not be problematic if the wines are labelled correctly and in a manner which is not misleading to consumers. The recent signage changes at BCLDB stores are a step in the right direction on this issue. However, one issue that still lingers is the legality of the wording on the labels used on most CIC products. This issue was first raised by Arnold Schwisberg at the wine law conference held here in Vancouver this past November. Canadian federal labelling law requires that all wine sold in Canada must contain a declaration of the 'country of origin' on the label (see Food and Drug Act, Regulation B.02.108). The Canadian Food Inspection Agency has a guide to their enforcement of the labelling laws on their website. It acknowledges the blending issue and then explains that if a wine does not contain at least 75% content from a single country, so that it can claim that country as its 'country of origin', then it must be labelled as follows:

The labels of products which do not meet the conditions mentioned above must describe the various origins on the label. For example: 'Made in Canada from **(naming the country or countries)** grapes (or juices)' or 'Blended in Canada from **(naming the country or countries)** wines' [emphasis added]

It seems to me that there is still a problem with the labelling of many CIC wines because most, but not all of them, simply state 'Cellared in Canada from a blend of international and domestic wine'. This wording does not identify the countries of origin of the wine, as federal law requires. As a result, it is not possible for the consumer to tell where the wine is sourced from. In BC, this wording is particularly problematic because there is, in fact, no requirement that any domestic wine be included in the blend. I have discussed this issue with producers who have told me that CIC blends change quite frequently and, as a result, it would be difficult to continually change the labels to identify the various countries of origin. While that may be true from a practical business perspective, it is not a sufficient answer to the legal problem - the law currently requires the country of origin declaration. In my view, any labels that do not include it are likely in violation of federal labelling laws.

**11 Jun - addition by Mark Hicken:**

Thanks for your continued coverage of the 'Cellared in Canada' issue and for quoting me on federal labelling laws in your most recent article. Just FYI, I disagree with point 5 in Vincor's response which you also quoted. I have posted an explanation on my website, [www.winelaw.ca](http://www.winelaw.ca). I also forwarded Mr Morham's comments on point 5 to Arnold Schwisberg, another lawyer who actually sat on the Canadian Standards Board committee that reviewed the CIC wording. His response was 'THIS IS FALSE'. As you know, most smaller quality Canadian wineries are very upset about this issue.