



COMMUNIQUE #3

Subject: Discussions between GGO and WCO to create a common vision and strategy for Ontario's wine and wine grape sector

Date: January 30, 2009

Background

Representatives from the Wine Council of Ontario and the Grape Growers of Ontario met for the third time on January 9th and for the fourth time on January 20 to continue the process to develop a common vision and strategy for growth and sustainability in the wine and wine grape sector.

This communiqué is the third in a series to keep our members informed of the progress we are making.

The process is broken down into a number of components that both organizations agree are essential to creating the common strategy. Specifically, those components are:

1. Identify all the structural issues from both perspectives that prevent the sector from growing;
2. Bring together key research that has been done by both organizations on the sector in recent years to inform the discussion;
3. Bring to the table proposed solutions to the structural problems, both long and short-term;
4. Take this common understanding of the views and needs of both organizations and our members to develop a common vision and strategy that is agreeable to both organizations to move the sector forward;
5. Develop an effective transition strategy that deals with the short-term issues to ensure the effective implementation of the long-term strategy and vision; and
6. Present the common strategy to the Province of Ontario for approval and implementation.

About the third and fourth meetings

The third and fourth meetings were aimed at identifying and discussing possible solutions to meet the needs identified in the second meeting. As a reminder, those needs are:

- the need to increase the consumer's access to Ontario wines through the LCBO
- the need to increase the sale of Ontario wines through the LCBO
- the need for broader access to Ontario wines through distribution channels other than the current LCBO models
- the need to create a competitive grape pricing model that enables more Ontario grapes in more Ontario wines and ensures profitability for growers and wineries
- the need to grow grapes that meet consumer demand and suit Ontario's climate
- the need to build sustainable relationships with our industry partners and organizations.
- the need to assess the effectiveness of the agreed upon common strategy to ensure it has the desired outcome i.e. profitability

Specific areas where detailed discussions have taken place include:

- Improved retail access and Ontario wine sales
- Changes to current retailing and inventory restrictions at the LCBO to further facilitate the growth of all Ontario wines
- The feasibility of increased wine content allocated by company or by bottle to increase the use of Ontario grapes
- Changes to the Sugar Grading Schedules that include a greater differentiation in prices between higher and lower quality grapes
- Growth in VQA
- Balancing supply and increasing demand for grapes
- A strategy for unsold grapes

Specific areas that have been raised but have not yet been discussed in detail include:

- Creation of a 100% Ontario Category
- Clarity on the label
- discussing different models for negotiating prices
- Developing a varietal plan for the industry which would inform a discussion on opportunities for growth
- Aligning government policy with industry growth
- Improving grape quality
- Increasing VQA standards

It is important to note that although more detailed discussions have taken place in some areas, no decisions will be made until all of the areas have been discussed. The final composition of the common strategy will ultimately come together as a package, with some elements dependent upon others.

Hearing from our members

In an effort to better inform both our organizations during this process we continue to ask our members to forward to us your views on both the structural problems facing the sector and proposed solutions you may have to them.

It is important to understand that your feedback will inform the discussions and will be essential to our success together.

It is also important to understand that a lot of give and take will be required for us to achieve that common strategy, so your ideas may not be fully represented or visible in the final outcome, but your input is absolutely essential.

Be assured, we are taking a very broad view of the sector and the solutions we will be bringing to the table. We understand that there are many issues that we can resolve through this process but we also understand that there are issues that will require the government to make changes to create that prosperous, sustainable future they have asked us to put together.

Please forward your comments and ideas to either of:

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Hillary Dawson, President
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Meetings are being scheduled for early February. We have been mandated by the Government of Ontario to bring forward our common strategy by the end of February.

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