

# Chinese company buys Ont. icewine maker as fakes flourish

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Published: Wednesday, August 29, 2007

Amid concerns that Canada's icewine industry is being watered down by Asian knockoffs, China's Tonghua Grape Wine Co. has announced its purchase of a 75% stake in St. Catharines, Ont.-based Vitibev Farms Ltd.

Vitibev, which produces dessert icewines under the King's Court Estate Winery label, was started in 1990 by Joseph Zimmermann, after he purchased an 11-acre farm below the Niagara Escarpment. The winery, which is one of the smallest producers of icewines in the province, cultivates 60 acres of grapes to produce a variety of icewines made from vital, riesling, gewurztraminer and cabernet franc. According to its Web site, Tonghua Grape Wine produces four types of wine it classifies as "icewine" and markets a "thirst-quenching wine drink" that is carbonated and bottled to look like pop.

It's unclear whether the Chinese company has purchased the majority stake in Vitibev Farms for 50-million yuan (\$7.1-million) so it can import icewine bottled in Canada or simply use its association with the winery to boost its credibility on the mainland.

Canadian icewine is the flagship wine brand in Canada and accounts for more than 50% of the value for all wine exports in the country.

"Icewine has become the Gucci of the wine world, and because it's a large dollar value - prices go as high as \$300 a bottle - it's treasured and rare," says Sherri Haigh, director of public relations for the Wine Council of Ontario.

But its popularity and status as a luxury brand have made it a target for counterfeiters, particularly in China, where it's known as "liquid gold."

Take Niagara winemaker Allan Schmidt. Two years ago, he discovered that a company in China was illegally selling a fake icewine using his label, Vineland Estates Winery.

Despite repeat legal efforts, Mr. Schmidt has given up trying to sue the Vineland imposters. "I don't think the Chinese government will shut them down," says Mr. Schmidt. "So they continue to make a product, but it's not authentic Canadian icewine," he says.

"The fake icewines have become a big challenge for us," says Dan Paszkowski, president of Canadian Vintners Association.

Between 2004-05, the volume of Canadian icewine sold to China dropped from 9,000 liters to 4,500, a factor attributed to the counterfeit market.

Although the volume of icewine sales to China increased 300% to reach 13,500 liters in 2006, the association is "also seeing a rise in false icewine products," according to Mr. Paszkowski.

So what is fake ice-wine exactly? "Unless they are naturally frozen on the vine it shouldn't be termed icewine," says Mr. Paszkowski. There are all kinds of fraudulent forms of icewine being sold in Asia. Sometimes, bulk wine from Canadian is laced with corn syrup and Chinese white wine to sweeten it and sold under the white wine label. In other cases, regular grapes are frozen post-harvest and made into beverages termed icewine. So far, none of the Chinese icewines tested by the Canadian Vintners Association exhibit the proper chemical profile or "signature" of a genuine icewine from Canada, according to Mr. Paszkowski.

To protect the icewine brand, the Canadian wine industry is aggressively trying to legislate the term. There is no legal definition in Canada, but in order to use the VQA (Vintners Quality Alliance Ontario) logo, Ontario icewines must be bottled in the province, pass a strict set of guidelines established by the alliance, and be tested for impurities by the LCBO. Like the term "champagne," which can only be used if the sparkling wine is produced in the champagne region of France, the Canadian industry is seeking an international standard for icewine production.

Already, the term icewine has been officially defined in Canada-EU Agreement on Wines and Spirits, and a trade agreement among New World wine producers has also recognized the term. China is not a signatory to any of these treaties.

That being said, it's unclear why a Chinese company would purchase a stake in a small Canadian winery. "If this [Chinese] winery wants to legitimize itself and sell authentic Canadian icewine [bottled here] then I applaud it," says Mr. Schmidt. "Where I [would] have a problem is if this Chinese company takes the bulk wine from King's Court and bottles it in the winery in China and claims it to be Canadian icewine," he says. The King's Court Estate Winery did not return calls from the Financial Post.

Mr. Paszkowski hopes Tonghua's purchase of King's Court is an attempt by the company to gain more experience in the production of icewine. But he's also quick to point out that "there's a lot more to producing icewine than just the wine-making practice itself." The seasonal temperatures have to be cold enough on a regular basis to produce a worldclass icewine, he says. And that's not all he says. "The "terroir" or soil properties and viticultural practices that have been developed in Canada are not easily exported," he says.