

Wine industry hails pledge to tear down inter-provincial trade barriers

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Every month, Allan Schmidt receives at least 100 requests for Vineland Estates wines from customers living in provinces outside Ontario.

And every month, the winery president sends off dozens of form letters explaining it's illegal to ship alcohol across provincial borders to a customer's doorstep.

Schmidt is frustrated.

"Ironically, what can happen is if they have family or friends in the area they can come buy the wine for them and just put it in the mail and ship it," Schmidt said.

"It's really idiotic."

A promise to tear down trade barriers between provinces made by the federal Conservatives Tuesday during the throne speech has given Canadian wineries a flicker of hope.

Dan Paszkowski, president of the Canadian Vintners Association, said the pledge could open the door for Ottawa to review its archaic inter-provincial alcohol rules.

Since 1928, the Importation of Intoxicating Liquors Act has prevented the direct sale of liquor across provincial boundaries, he said.

"Basically, it gave the powers to the liquor boards to permit the sale of liquor," Paszkowski said.

In the U.S., the government there has already taken steps to allow the free flow of liquor. In 2005, the U.S. Supreme Court struck down any barriers to direct consumer wine sales.

In 2006-07, U.S. wineries reported a 31 per cent increase in direct sales to consumers, Paszkowski said.

Any changes in Canada would be a huge win for Ontario wineries, Schmidt said.

"Because liquor is so controlled by the government, this is one simple thing that if they allowed this to happen, they would allow an agricultural commodity in Niagara - in the greenbelt - to give us the entire country instead of just one province as our market," Schmidt said.

Henry of Pelham president Paul Speck said it's not a secret several Canadian wineries ship their wines across borders directly to customers.

"This would legitimize it," said Speck, whose winery distributes its products in every province but does not ship wines directly to customers across Canada.

Currently, Ontario wineries are able to apply to other provincial liquor boards, or to private Alberta stores, to have their products put on store shelves across the country.

The process can be lengthy and costly - beyond the reach for some small to mid-sized wineries.

Liquor boards also take a big chunk of the profits. In Ontario, 56 per cent of the sale of every bottle through the LCBO goes to provincial coffers. Many small wineries don't produce enough wine to get their bottles onto LCBO shelves.

Paszkowski said direct sales would give small to mid-sized producers another channel to sell their wines and more choice for Canadian wine drinkers.

St. Catharines Conservative MP Rick Dykstra called laws against direct wine sales a "great example" of the type of trade barriers the government is trying to eradicate.

"The opportunity to look at that and reassess that and make it easier for provinces to do business with each other is something that we think is good for strengthening the economic union within this country," Dykstra said.

"This could be potentially good for businesses in Niagara."

Paszkowski said he recognizes it might take a while to change trade rules, but he sees the throne speech as a first step.

"What we're pushing for now is to get the discussion going," Paszkowski said.

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