

CANADA'S WINTER NECTAR

The Germans may have invented it, but it was the Canadians who turned Icewine into the world's most expensive dessert wine. Tony Aspler takes a look at how Canada built its reputation on this one wine – and how it plans to keep the counterfeiters at bay.

Not since New Zealand hijacked the Sauvignon Blanc grape has one country so successfully dominated the international market with a wine style. Eiswein (literally 'ice wine') is a German invention that dates back to the late eighteenth century, when a freak drop in temperature froze the late harvest grapes in Franconia before they could be picked. Today true vine-frozen Icewine is made in Germany, Austria, the Czech Republic, Hungary, Luxembourg, New Zealand, Romania, Slovenia and Switzerland, but it is Canada that has co-opted Icewine and made it its own.

The date when the wine world first became aware of the product was June 1991. The place: the wine fair Vinexpo in Bordeaux. Inniskillin's Vidal 1989 won the Prix d'Honneur in the *Challenge Internationale du Vin* competition. Since then, Icewines from Ontario and British Columbia have been winning gold medals in virtually every competition in which they are entered.

A difficult beginning

The kudos for having produced the first Icewine in Canada goes to the late Walter Hainle, a former textile salesman from Hamburg who migrated to British Columbia in 1970. In 1973 Hainle made about 40 litres of Icewine from frozen grapes he had purchased from a local grower in the Okanagan Valley, a tradition he continued until his death in 1995. It was not vinifera Riesling, but Okanagan Riesling, a grape of dubious origin that was widely planted in the 1960s and 1970s, which has virtually disappeared since the province's pull-out programme

of 1989. The very first attempts at producing Icewine on a commercial basis in Ontario were sabotaged by bird and man. In 1983 Inniskillin lost its entire crop to the birds the day before picking was scheduled.

1 Five facts about Icewine

1. **Canada is the world's largest producer of Ice Wine**
2. **Inniskillin Icewine is the top selling wine in Duty Free shops globally, ranked in 2007 by Best & Most**
3. **The world's most expensive wine is Ontario's Royal DeMaria Chardonnay Icewine 2000, a half bottle of which sold for \$CA30,000 in 2006**
4. **The first Icewine to be bottled under screwcap was Ontario's Flat Rock Cellars Vidal Icewine 2003**
5. **Canadian Icewine is the most counterfeited wine on the planet**



That same year winemaker Walter Strehn at Pelee Island Vineyards had taken the precaution of netting his vines to protect them from the feathered frenzy, because his vineyard was in the direct flight path of migrating birds from the Point Pelee sanctuary. Some persistent Blue Jays, however, managed to

break through his nets and were trapped in the mesh. A passing bird fancier reported Strehn to the Ministry of Natural Resources and officials descended on the vineyard and tore off the netting. Strehn not only lost \$25,000 worth of Riesling and Vidal grapes to the rapacious flock, but was charged with trapping birds out of season. Happily, the case was dropped and, with the grapes that were left, Strehn managed to make 50 cases of Vidal Icewine 1983, which he labelled, in the old German fashion, as Beere-nauselese Eiswein. He sold the wine to the Liquor Control Board of Ontario, which set a retail price of CA\$12.50 (\$12.70/€9.00) a half bottle.

The public was not familiar with this wine style and bought very little, so the LCBO returned the majority of bottles to the winery and demanded a refund. Pelee Island found a more willing market in the United States, where the product sold for \$100 (€71) a bottle.

Canadian success story

Given its price, Icewine is a highly lucrative product for Canadian wineries. Joseph DeMaria in Ontario and James Stewart in British Columbia share the distinction of being the world's only wine producers who specialise in Icewine. Stewart, who has made it from eight different varieties, sold his Paradise Ranch vineyard in Naramata, BC, to Mission Hill, but continues to make the product from bought-in grapes. DeMaria, a Toronto hairdresser by trade, owns Royal DeMaria in Vineland, Ontario, where he produces Icewine from 21 different grape varieties.

De Maria and Stewart are just two of some 100 wine producers across Canada, from Nova Scotia to British Columbia, who make Icewine. The sheer number of producers puts Canada at the top of the international Icewine league in terms of volume. If we can't do it in the frozen north, however, who can?

Although Icewine accounts for only 6% of total Canadian wine production, it is the industry's most celebrated wine. "Icwiner is the ambassador of our industry," says Donald Triggs, former CEO of

Vincor International. "When we move into new markets we start selling Icewine first, then we feed our other products in on the back of Icewine's success."

Vincor itself produces and sells more Icewine than any other company in the world and controls approximately 40% of the Canadian Icewine market.

The Chinese threat

The success of Canadian Icewine in the Chinese market has created twin challenges for the industry: the first is the emergence of Icewine produced in China. In the fall of 2007, China's Tonghua Grape Wine Co. purchased a 75% stake for CA\$7.1m (\$7.2m/€5.1m) in an Ontario wine company specialising in Icewine production. And three Chinese companies have begun to make Icewine - Changyu Pioneer (one of the three largest wineries in China), Dragon Seal (one of the oldest wineries) and Xinjiang, located inland to the west, which has the potential for colder temperatures.

In December 2006, Changyu announced they had formed a partnership with Canadian producer Aolos to set up a 5,000 acre wine estate in Liaoning Province specifically for Icewine. RMB100 million (\$13.98m/€9.93m) will be invested in this project. "Global annual production [of Icewine] is only 1,000 tons, which is much lower than demand," says Zhou Hongjiang,

Changyu's manager. "It is this imbalance that attracts us to invest in this industry, which is entirely new to China. As a result, [our winery's] production can reach 1,000 tons when it comes on-stream."

Counterfeit Icewine

The second - and most immediate - threat to Canada's Icewine supremacy is the knock-off products that proliferate on wine shop shelves in China and Taiwan. Vincent Hanna, Vice President of Peter Igel Wines & Spirits, a Toronto-based company that deals in bulk wines, was in China on business in September 2007. He visited 14 stores in Shanghai and found fake Icewine in every one.

"I saw numerous stores springing up claiming to sell real Canadian Icewine with labels of wineries that do not exist, bottled in Chinese bottles," he says. "I tasted some of the wines and they were definitely not Icewine."

Hanna goes on to say that while fake wines are not sold in major chains like Carrefour, Auchan or Walmart, which have strict regulations about the origin of their wines, other chain liquor stores do carry fake Icewine. "There are some real wines, but they're asking astronomical prices for them," he says. "They'll price a fake Icewine at a cheaper price."

Not only are Canadian vintners losing revenue, but the quality of the knockoffs

is harming the international reputation of the wine. Ontario's Pillitteri Estates is one of the world's largest exporters of Icewine, with 90% of its production (38,000 x 4.5 litre cases) going to export markets, mainly in Asia. "Imitation is the highest form of flattery, but people are making Icewine in their garage and selling it in China," says its exasperated proprietor, Charlie Pillitteri.

The counterfeiters try to make the label and the package look like a Canadian VQA (Vintners Quality Alliance) product, but their sense of geography sometimes leaves much to be desired. Faux labels read 'Chilliwacko, Ontario,' instead of 'Chilliwack, British Columbia', or 'Elixir of the Gods, Torontow,' with a picture of Whistler, BC, in the background and maple leaves all over.

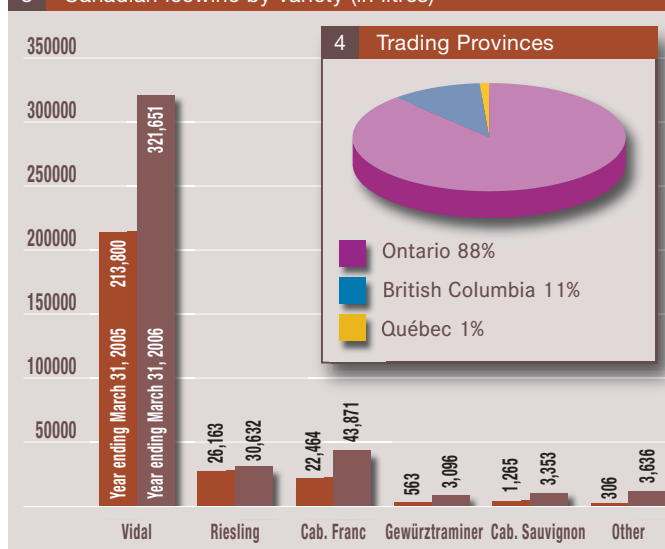
According to the Ontario Wine Council, sales of genuine Canadian Icewine have dropped 60% in the last five years as a result of these illegal wines. Brian Schmidt, the president of Vineland Estates winery in Ontario's Niagara Peninsula region, has spent \$600,000 (€432,000) in legal fees in the last four years trying to protect his brand of Icewine in the Chinese market. Although Schmidt has never sold a drop of Vineland Estate Icewine to the Chinese market, bottles with labels that look exactly like his own are turning up in department stores in mainland China.

2 Canadian exports to top 10 countries

	Value in '000 CAD				Quantity in litres		
	2004	2005	2006	2007-Jul	2004	2005	2006
United States	1,040	4,681	5,009	928	22,252	84,221	85,283
South Korea	400	943	2,139	1,401	7,729	11,338	28,752
Japan	918	1,349	1,000	388	14,247	19,077	19,474
Singapore	1,128	897	884	490	16,973	14,544	15,443
Taiwan	1,671	705	849	335	32,639	9,353	14,366
Belgium	163	357	319	502	1,587	5,547	4,818
Hong Kong	346	757	315	300	6,412	9,995	6,853
Malaysia	175	78	218	112	2,159	1,133	2,867
Spain	29	0	116	0	239	0	1,926
China	343	268	446	444	9,164	4,440	13,536

SSOURCE: AGRICULTURE AND AGRI-FOOD, CANADA

3 Canadian icewine by variety (in litres)



SOURCES: VQA ONTARIO

Another disturbing factor for the Canadian producers is the imminent introduction of new regulations for Icewine devised by the Chinese government. "Today the Chinese are starting to devise their own government-implemented Icewine standards for wines made in China," says Pillitteri. "This concerns me because there's the global Icewine standard set by the OIV through Germany, Austria and Canada. If the Chinese don't use the same criteria then what's the point?"

Pillitteri worries that if the Chinese use their own criteria, it will diminish the overall quality of Icewine. "My greatest concern is that they're going to make Icewine at 32 Brix and -6 C or -5C."

On June 23, 2000, Canada, Germany and Austria signed an agreement governing the production of Icewine. The regulations stated that the grapes must be frozen on the vine with a minimum 34 Brix at harvest, to be picked and crushed at a minimum temperature of at -7C. In Canada the VQA standard is stricter: Brix must be at least 35 and harvest temperature a minimum of -8C.

In November 2002, the US followed suit, stipulating that Icewine must be made from grapes frozen on a vine. Wines made by transferring late-harvested grapes into commercial freezers (cryo-extraction, which is practiced in Sauternes) cannot be called Icewine. Witness Californian Bonny Doon's Vin de Glacière, which had to drop its original name of Vin de Glace, following Canadian objections.

But despite unscrupulous producers and the looming threat of Chinese production, Icewine is an economic boon to the Canadian wine industry. And if Joseph DeMaria of Royal DeMaria has his way the price of the product will continue to rise. DeMaria has 31 half bottles of his Chardonnay Icewine 2000 left. He has an interesting take on supply and demand. "As usual, when I create these series I increase the price point as the sales increase. Although the 2000 Chardonnay Icewine is at \$30,000 (€21,000) now, I can guarantee that by the last bottle, this Icewine will have a price tag of \$500,000 a bottle." ■

THE FLOWER OF BEAUJOLAIS

To many consumers, the name Beaujolais is synonymous with Georges Duboeuf, the man behind the Beaujolais Nouveau phenomenon. But both Beaujolais and Duboeuf have more to offer, such as Fleurie.

Duboeuf Fleurie

www.duboeuf.com

Prices in the four major markets

Market	Local price	in €	in US \$
France	€9.50	9.50	13.85
UK	£8.99	12.80	18.70
Switzerland	16CHF	9.75	14.00
Holland	€12.95	12.95	18.90

Production: 840,000 bottles*

Export: 480,000 bottles

Major Markets: France, England, Switzerland

Beaujolais occupies an area 30 miles long and eight miles wide in the southernmost part of Burgundy. It's a region with one of the highest density of vines in the world, at more than 4,000 vines per acre, most of which is Gamay. Until the 1960s, Beaujolais was mostly known as a producer of rough reds sold out of the barrel – and then came Georges Duboeuf, one of the first to bring finished wines in bottles to local restaurants. Later, while working for Alexis Lichine, he selected and bottled his own wines.

But it was a small yellow flyer that made Duboeuf. It said 'Le Beaujolais Nouveau Est Arrive!', referring to the first wine of the harvest. Soon, Beaujolais Nouveau was a hot seller in major world capitals, with the American distributor Bill Deutsch whipping up a frenzy with stunts like using armoured cars for wine deliveries. Last year

alone, Duboeuf shipped 4m bottles of Nouveau around the world. Today, he controls around 10% of Beaujolais' total production, with \$100m in annual sales.

But Nouveau has come to dominate public perception of the region, at the expense of other, more complex wines, like those from Morgon, Chiroubles and Fleurie, examples of which can also be found in the Duboeuf range.

"Fleurie is the most expensive wine in Beaujolais at the moment," says Bernard Georges, Duboeuf's export director. "The quality is regular every year, the volume is not very big and the wines are good."

Georges admits that sales of Beaujolais are slipping in major markets like Japan. "It's not just us. All the distributors and French suppliers are seeing a decrease between 10% and 20%." He says it's partly because of big production increases in recent years and partly because of the strengthening euro, but also because too many small producers have tried to get into the organic wine market. "They didn't have the brand and so remained unsold. The wines are still on the shelves and now there is sediment."

But Fleurie sales are not affected, particularly not in the UK. "The wine is very good value for money," says Georges.

Meanwhile, the number of flowers on the label have been reduced to make it look more modern. "We still have both labels in case our customers want to have the other one," says Georges. "But they are very close together, like brother and sister."



*This figure includes all wines from Fleurie, including vintages, generic wines and Chateaux wines

CHILE'S GLOBAL FACE

The Santa Carolina winery may be more than 130 years old, but it presents the modern face of Chile to the world, through its good value wine brands. One of the best known is the Santa Carolina Cabernet Sauvignon.

Santa Carolina Cabernet Sauvignon			
www.santacarolina.cl			
Prices in the four major markets			
Market	Local price	in €	in US \$
Canada	\$11.50	8.20	11.99
Denmark	39DDK	5.25	7.60
Japan	1.000-1.200JPY	6.25-7.50	9.00-10.95
Brazil	R\$17.90	7.00	10.00
Production:	130.000 cases		
Export:	70%		
Major Markets:	Canada, Denmark, Japan, Brazil		

Chilean winery Santa Carolina was founded in 1875 by Don Luis Pereira, who hired French winemakers to help him establish the property. Naturally enough, they planted the grapes they knew, including Cabernet Sauvignon, Merlot, Sauvignon Blanc and Chardonnay, which have since become of major importance to the Chilean industry.

Chile has come a long way since then and having emerged from the shadow of Augusto Pinochet, has built a vibrant wine industry, which uses the most modern winemaking techniques to take advantage of the country's excellent soils and climate. Today, the flagship grape is Cabernet Sauvignon - though this will undoubtedly change as red grape Carménère grows in importance. Today, one of the most popular of Chile's branded offerings is the Santa Carolina Cabernet Sauvignon.

"The brand has experienced many changes over this long

period of time," says Cristobal Droppelmann, the international brand manager. "Modern techniques in wine-making and viticulture have been applied, even using satellite technology to highlight areas of different growth rate."

But there are many New World players who can say the same - so what makes Santa Carolina different? Part of the reason is their history. "Santa Carolina has been around for 132 years," Doppelmann points out. "We had the first Chilean wine to be awarded a gold medal outside Chile. We got a gold medal at the Universal Exhibition in Paris in 1889."

They also have experience that others lack, having exported for more than 40 years. "We are one of the top five players in Chile in terms of sales, cases and value," says Doppelmann, saying this gives them access to fruit from regions across the country. It also means they have the budgets to get out and sell at the big international wine fairs and to refresh the packaging regularly. Consumers in the UK have been buying the new label since October, while customers around the world will soon find their bottles come with screw-caps (though not in South America, as Doppelmann says consumers closer to home won't accept it).

As the drought worsens in Australia, putting pressure on value producers there, and as Chile's reputation rises, it looks like the only threat to the Cabernet Sauvignon is the growth of Carménère - which Santa Carolina will no doubt make their own and send out to the world.

