COMPETITIVENESS PROFILE

Name of Sector: WINERY SECTOR

1. Structure and Performance

Structure

- The Canadian winery sector (SIC 1141) produces a wide variety of red and white table and sparkling wines, and several new "wine cocktail" products. The wine industry is a vital customer for grape growers in Ontario and British Columbia, although approximately one half of the wine deemed to be domestically produced is made from grapes, juice or concentrate imported from the U.S., or is imported in bulk and merely bottled in Canada.

- There were 33 winery establishments in Canada in 1983, with operations concentrated in Ontario and British Columbia. The Canadian wine industry has five major firms, and a number of smaller producers. The two publicly-owned companies are Andres Wines Limited and T.G. Bright and Co. Limited. In addition, there are three other majors owned by companies involved in the food and beverage industry: namely Rideout Wines Limited (Chateau-Gai, Casabello) owned by John Labatt Limited; Jordan and Ste-Michelle Cellars Ltd., owned by Carling O'Keefe; and Calona Wines Ltd., owned by Nabisco Brands (Canada) Ltd. These five companies account for some 85% of wine produced in Canada, showing a high degree of sector concentration.

Performance:

- In 1983, the Canadian winery industry had total shipments of $230 million, of which exports were $1 million. Canada also imported $164 million worth of wine in 1983, primarily from the EEC (87%) and the United States (7%). In 1982, Canadian consumers purchased 1,050,174 hectolitres of domestically produced wine, and an additional 1,110,912 hectolitres of imported wines.

- Canadian wines are finding increasing acceptance in the domestic market following a major shift in emphasis from sweet, sparkling "party" wines to higher quality table wines based on European and Californian style grapes and methods.

EXEMPT 15(1)

- Profits in the wine industry are generally lower than the food and beverage industry average due to small scale and changing products and processes. Investment in the industry by parent corporations over the past several years had been strong until the recent upsurge in imports from EEC producer countries. Nonetheless, the industry may be able to capture some import substitution opportunities provided quality continues to improve.

2. Strengths and Weaknesses

a) Structural

- The Canadian wine industry is in a nascent stage of development

EXEMPT 15(1)

The industry is centered in Ontario and British Columbia, where grape producers are dependent upon the vintners for markets.

EXEMPT 20(1)(c)(d)