

News Release

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OTTAWA AND ONTARIO GOVERNMENTS REACH AGREEMENT

ON GRAPE AND WINE INDUSTRIES

The federal and Ontario governments have reached agreement on a broad assistance package for the province's grape and wine industries.

The program maintains the integrity of Ontario's 12-year competitiveness strategy, and will mean Canada's international trade obligations under the General Agreement on Tariffs and Trade (GATT) and the terms of the Free Trade Agreement (FTA) will be implemented in the wine area.

Last year, the federal and Ontario governments announced a grape and wine industry adjustment program, shared equally, that will provide assistance for removal of grape acreage, quality enhancement, and price support as well as wine market development. That will go forward as planned with a further \$5 million from the federal government for the marketing of Canadian wine.

The new assistance package provides for up to \$45 million in additional funding, cost-shared between the Ontario government and the industry, for a wine enhancement and image program.

Ontario's financial contribution will come from reductions of the markup differential applied to wines. Changes in markups will be announced shortly by the Liquor Control Board of Ontario.

International Trade Minister John Crosbie said the agreement "is consistent with Canada's obligations under the GATT as well as the Free Trade Agreement with the United States."

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Consumer and Commercial Relations Minister William Wrye said this new approach will result in "a winning situation for everyone concerned--from the grape growers who will have a continuing commitment for the purchase of at least 25,000 tons of their grapes, to the wine industry which will be better able to improve its products and productivity, to our trading partners who will be assured equitable access to our markets."

Administered by the Ontario Development Corporation, the wine enhancement and image program will enable increased investment in product promotion and market development, quality improvement, productivity enhancement, and environmental protection.

Assistance will be available for generic promotion activities, including advertising, consumer-oriented information programs, and taste testing.

Quality enhancement initiatives, such as lengthening the aging process and quality control, will be eligible for funding.

Productivity improvement measures may include capital investment in plants and equipment that will increase the efficiency of operations.

Skills development support will focus on new technologies and could involve off-site training and exchange arrangements.

Research and development aimed at improving product quality and price competitiveness will also be assisted. This could include joint winery-grower research into vineyard bio-technology and viticulture.

Environmental protection measures, such as effluent controls and waste management and certain aspects of vineyard water management, would also qualify.

Final implementation details will be determined in consultation with the Ontario grape and wine industries.

Approximately 800 grape growers have 24,000 acres in grape production in three main areas--Niagara, Essex, and Kent counties. Grape and wine sales are valued at \$126 million annually. There are 19 wineries in Ontario, and the industry provides some 22,400 full- and part-time jobs.

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