VQA: SELF-REGULATION AS IDENTITY CONSTRUCTION

IN THE

ONTARIO WINE INDUSTRY

By

ANNA E. JANZEN, B.A., M.A.

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AUTHOR: Anna E. Janzen, M.A. (McMaster University)

SUPERVISOR: Professor Vic Satzewich

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ABSTRACT

This thesis investigates the intersection of a local place with the forces of globalization which destabilized existing social, cultural and economic sources of meaning and identity. The research setting is the Ontario wine industry, which appeared to be on the verge of collapse in the 1980s because of changing consumer tastes, an adverse GATT trade ruling and the effects of the Canada-US Free Trade Agreement. The research draws on semi-structured interviews with wine industry participants who were instrumental in the construction of the new identity and on documentary research including corporate documents, public reports and media articles to trace the evolution of the VQA from a project identity to a legitimizing identity. The introduction of voluntary industry self-regulation through the Vintners Quality Alliance (VQA), an appellation of origin system, was a local response to the inclusion/exclusion logic inherent in globalization. A small sector of the industry mobilized to construct an alternative collective identity, not of resistance to global forces, but of accommodation to them. In a political expression of their collective interests, cottage wineries operating on the margins of the industry, took advantage of existing resources in the local and international domain to craft an identity for quality wines based on 100% local grapes. Institutionalizing the new identity meant negotiating ongoing relationships of power and influence to become a political actor with the authority to shape the content and meaning of a this identity. The process led to transformation of the industry and local place, and acquired legitimacy through provincial legislation that appointed the VQA as the Wine Authority. This conferred on Vintners Quality Alliance Ontario the powers of the state to enforce industry compliance with the standards which comprise the identity.

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Chapter 1 Introduction

1.1 Global/Local

Much has been written about globalization, its promise for greater social wellbeing on the one hand and potential for detriment on the other. Its production has been characterized as a complex "multicentric, multiscalar, multitemporal, multiform and multicausal process" (Jessop 2002), its diffusion aided by advances in information technologies that transform time and space (Castells 2000a). Distance loses its relevance when rapid air transportation brings the world within easy reach, bringing once exotic goods to neighbourhood stores and carrying travellers easily and quickly to remote regions of the globe. The internet transmits information from literally millions of sources and enables communication in real time with anyone similarly wired. But as globalization changes conceptions of space and time, it also changes the significance of local place and the relationship of the part to the whole. Life is still experienced in places, but increasingly what happens "on the ground" (Skogstad 2000) is shaped by "action at a distance" (Giddens 1990), actions originating at geographically distant points on the globe. What happens locally is linked to wider networks of power and influence, networks that may be remote in the sense that they are socially, culturally, economically or politically removed and unfamiliar. As globalization becomes the subtext of everyday life, its backstage elements circumscribe the range of options available for local action and constrain the opportunities for adaptive responses. At the same time, variations in natural resources, cultural assets and state policies affect the extent to which local places are capable of undertaking actions to assert themselves and remain relevant under these conditions. Ultimately, the effects of globalization are apparent not only in the economic realm, but also in ideological and normative shifts in state policies and alterations in domestic institutional structures and arrangements (Skogstad 2000).

Economic globalization is marked by increasing flows of trade, capital and labour and shifting national patterns of production and consumption. It is a highly asymmetric[1] process "linking up all that, according to dominant interests, has value anywhere in the planet, and discarding anything (people, firms, territories, resources) which has no value or becomes devalued, in a variable geometry of creative destruction and destructive creation of value" (Castells 2000b). The economic law of comparative advantage decrees that international trade will take place and be beneficial when there are international differences in the relative costs of production of a commodity. Countries that are able to produce a good at a lower cost will export that good to countries with higher production costs, thus allocating global resources more efficiently and re-aligning global production patterns (Kenen 2000). The pursuit of these strategies has often shifted industrial production to areas of the developing world with lower wages, fewer social support systems and negligible environmental regulations, creating unemployment, social dislocation and economic hardship in displaced industrial areas (Winson and Leach 2002).

As globalization contributes to the realignment of local social and economic activities it also destabilizes long-established sources of individual and collective meaning and identity. When the primary activities and patterns of life which create meaning and identity for individuals and the community are radically changed or eliminated, the result is a social, cultural and economic void and possible marginalization from economic and political influence. How do places, constituted by people, their activities and communities, act to create or regain relevance, even as the forces of globalization propel them in the opposite direction? Are there opportunities to redefine the identity of place and if so, how can this be done? What resources are required, how can they be mobilized, consolidated and utilized effectively to transform local place? What are the obstacles to the creation of a new collective identity?

In the past countries sought to restrict imports and protect their own production through mechanisms such as tariffs but the liberalization of trade and the ascendance of global trade organizations such as GATT and later the WTO put constraints on their use. Increasingly, non tariff barriers such as health considerations, production standards and labelling are the new protectionist instruments, in compliance with the demands of international trade laws. How is the economic viability of local production affected by such developments and how do communities deal with and adapt to circumstances over which they are relatively powerless? How does globalization change the meaning of local places for the people that live and work in them? Are there indeed opportunities for local development in the subtext of globalization?

The reach of international organizations such as the World Trade Organization (WTO) in trade rules and the increasing number of bilateral and multilateral trade agreements have created new forms of economic governance and changed the relationships between national, regional and international economies. Globalization is not an independent phenomenon, rather it is produced within national states as they implement policies and legal systems that finance, service and reproduce the global economy (Sassen 2000b). These globalizing transactions occur in places, local sites within national states which become important strategic locations furthering the processes of globalization (Sassen 2003). As states participate in globalizing processes they may change their policy orientations and restructure their institutions in conformity with terms set out by international trade laws, thereby retaining the right to participate in the global economy and creating a space for institutional arrangements operating in conjunction with the state (Sassen 2000b). In the shift from government to governance, private regulatory authorities may take on more importance in the implementation of technical rules and regulations in accordance with the demands of a globalized marketplace (Coleman and Porter 2000). Does the possibility of entering into such arrangements enable local actors and places to counteract or offset the negative effects of globalization when it threatens to undermine their economic base? How do local actors recognize their own interests and act collectively to create meaning when threatened by marginalization? What are the existing relationships of power and influence that must be negotiated? How they contribute to the process or constrain the final outcome?

1.2 Research Setting

Wine is an intriguing example of the forces of globalization in action, how they affect local places and how places respond to the opportunities and threats presented. Viticulture, the growing of grapes, is practiced throughout the world, but the art of producing the best wines has long been associated with Europe, especially France, Italy, Spain, Portugal and Germany. This began to change in the latter half of the twentieth century as countries like Australia, New Zealand, South Africa, Argentina, Chile and the United States increased their vine plantings and entered the wine market on a large scale. Wine has always been a lucrative commodity for trade (Unwin 1996) and the entry of "New World" producers into the flows of trade threatened the dominance of so-called "Old World" producers. The global volume of wine escalated even as freer trade initiatives offered the promise of new and expanding markets. However, global per capita consumption dropped rather than increasing sufficiently to absorb the higher volumes of wine available, leaving exporters to compete fiercely for available markets. Wine is an agricultural commodity for policy purposes; as measures protecting world agricultural trade were relaxed under the WTO, the trade in wine increased substantially. In addition to bottled wines, low-cost bulk wines moved around the world in container ships, to be bottled immediately or blended with local wines at their destination.

The wine industry offers a unique research setting to investigate the interface between global and local. The global expansion of wine production has been accompanied by an emphasis on quality, signified through appellation of origin systems. These systems are a form of geographical indication, signifying that a product originates in a specific place and has intrinsic value, special characteristics or a distinctive reputation that can be attributed to the geographical environment in which it was produced. Appellation systems set out the standards governing production of the good, the process of verification to ensure that the product meets those standards and the necessary labelling requirements. Geographical indications and appellation of origin systems have legal status and are protected through international treaties administered by the World Intellectual Property Organization (WIPO). In other words, global and local reproduce each other as a unique identity based on local place is constructed and protected through international agreements.

Canada does not have a significant presence in international wine markets as a producing country, although it is a major target as an importing nation. Its geography significantly limits the production of wine grapes to southern Ontario and small areas of British Columbia. Until recently, these areas were planted to *labrusca* grapes, a hardy species suitable for the climate, but producing an inferior wine by world standards based on *vinifera* grapes. For most of its history, the industry produced sweet, high alcohol wines, but changing consumer tastes in favour of imported European wines decreased sales of domestically produced wines. The signing of the Canada-U.S. Free Trade Agreement in 1989 posed a significant threat to the continued viability of a Canadian wine industry based on locally grown grapes. Already out of step with the market, the Canadian industry would now have to deal with freer flows of imported wine to domestic consumers. Still, in spite of predictions that the local wine industry in Canada faced annihilation as a result of the FTA, the industry managed to fight back, transform itself and remain viable. A major factor in the survival of the local industry was the adoption of an appellation of origin system, known as Vintners Quality Alliance or VQA, to indicate the use of 100% local grapes in the production of the wine. This signified a new identity for local wine, an identity aligned with the quality European wines preferred by consumers and a sharp departure from the industry's established reputation for 'plonk' wines.

VQA was introduced in Ontario in 1989 as a system of voluntary self-regulation for the production of quality Ontario wine. Although the system was later adopted in BC, Ontario retained control over the use of the trademark and the terms under which it licensed users of the trademark. A VQA seal affixed to a bottle of Ontario wine signified to consumers that the wine had been made from 100% local grapes, in accordance with standards approved by the VQA organization and certified through a testing process delivered through the LCBO. Voluntary self-regulation was introduced as a "project identity" (Castells 2004a), created to conform to an international model of appellation of origin systems denoting quality wine. VQA sought to redefine the position of Ontario wine, both in the domestic market and in export markets through a transformation of a sector of the local industry. From the outset, the intent was to have VQA standards enshrined in legislation, giving the effort legal status and an identity legitimized by the state. The process of attaining this legitimizing identity took ten years and involved numerous participants with an interest in the content of the identity. These individual interests were firmly embedded in local institutional and historical contexts and relationships of power and therefore were often contested, sometimes negotiated and occasionally discounted.

1.3 Research Questions

This work traces the process whereby VQA was installed as an alternative identity for a sector of Ontario wine. The adoption of voluntary self-regulation by a segment of the Ontario wine industry was the point at which the local wine industry engaged the forces of globalization. It was an encounter that, over time and with much effort, led to a new identity and the transformation of the industry. It had its origins in one individual's thwarted attempt to export wine to Europe, and could have died there had it not been for the signing of the Canada-US Free Trade Agreement and a decision by GATT that forced major changes to the protectionist policies of the LCBO. These blows came as consumers were increasingly buying imported European wines, another indication that globalization was having a real impact on the domestic wine industry. The adoption of winemaking standards and an appellation of origin system was a first step in aligning the Ontario wine industry with the parameters endorsed by major winemaking countries, thus creating credibility for the industry at home and internationally. Introduced as a project identity fashioned out of available cultural, political and symbolic resources, the identity could only be fully legitimized by the state through legislation and the implementation of mandated self-regulation. What was the process leading to a legitimate identity for the VQA? How did this process engage the relationships of power in the Ontario wine industry? The primary goal of this thesis is to investigate this process, identifying the major participants and exploring how their embeddedness in existing social, economic and political networks of interaction generated the personal and organizational dynamics which influenced the eventual institutionalization of the identity (Baum and Oliver 1992).

Self-regulation is presented as a process of identity formation, involving not only the VQA organization, but also the inter-organizational environment consisting of the other organizations and institutions with a vested interest the future of the identity. Organizational change is always contentious, requiring the negotiation of relationships of power both within the organization and with external organizations and institutions. Ongoing relationships always have a history, and previous patterns of interaction and communication are played out in the process of change, sometimes facilitating change, sometimes constraining it. The ultimate shape and meaning of the identity for all participants and for those who were excluded from it, was established as the VQA organization engaged with the other actors in its environment to gain support and legitimation. Who were the other participants in the VQA identity and how did they interact with the VQA? Why did they support the identity and how did this contribute to the development of self-regulation? What are the stages in the process of institutionalizing a project identity? This thesis will consider these questions, arguing that the evolution of a project identity into a legitimizing identity was dependent on the development of a collective community of participants which endorsed and championed the new identity, often in their own interests and for the furtherance of their own agendas. This was an identity crafted around issues of economic inequality and the survival of local place and the ultimate character and well-being of that place and its people.

The following table sets out some of the major benchmarks in the evolution of the VQA from its beginnings as a project identity to its attainment of a legitimizing identity through legislation that conferred mandated self-regulation on the VQA sector of Ontario wine.

Table 1.1 Chronology of Events in the Evolution of VQA

Year	Event
1973	Processing Licenses issued to Podamer and Inniskillin Grapes in surplus Diversion of surplus through state programs
1977	First Wine Content Act allowing blending
1978	Provincial Grape Conversion Assistance program
1982	Inniskillin "sells" wine to France
1987	GATT decision disallowing markup differentials for imported wines at LCBO
1988	Wine Content Act disallows use of *labruscas* in table wine MOU to formalize VQA as an organization Announcement of formation of VQA First vintage of VQA wines, 15 participating wineries Niagara Wine Route established by WCO
1989	FTA comes into effect Canada-Ontario Grape and Wine Adjustment Agreement to support industry conversion to hybrid/*vinifera* production First meeting of VQA Board of Directors, BC adopts VQA and is licensed to use VQA Trademark
1990	First VQA Rules and Regulations adopted

Year	Event
1991	Inniskillin's 1989 Icewine wins Citadelle's d'Or Grand Priz d'Honneur, at Vin Expo in Bourdeaux Andy Brandt appointed LCBO Chair and CEO and begins modernization of LCBO
1992	Cartier buys Inniskillin, becoming Cartier-Inniskillin
1993	Cartier-Inniskillin merges with T.G. Bright & Co. to form Vincor
1994	Mandated self-regulation explored
1995	Pennachetti replaces Ziraldo as Chair of VQA VQA Trademark officially registered with Canadian Intellectual Property Office, an agency of Industry Canada First request for mandated self-regulation denied
1996	Second VQA Rules and Regulations adopted CGSB approves national wine standard which ultimately failed because of lack of effective enforcement provisions Formation of CCOVI Sale of London Winery to Vincor leaves two large wineries controlling the bulk of wine production
1997	MCCR agrees to pursue VQA legislation VQA Trademark patented in Japan Magnotta begins legal challenge of VQA authority over Icewine
1998	"Icewine" certified as official mark of VQA Vintners Quality Alliance Canada formalized Introduction of Vintners Quality Alliance Act in the Ontario Legislature
1999	Royal assent for Vintners Quality Alliance Act
2000	VQA Ontario appointed as the Wine Authority and VQA Act comes into effect 47 wineries participating in VQA production

1.4 Contributions to Knowledge

The Canadian wine industry is a small player in the global scheme of things, unable to supply its own domestic market, let alone envision an extensive export market. Until quite recently, it has been largely ignored as a substantive area of research. However, the transformation of the industry in accordance with global quality standards has been accompanied by increased academic attention. Business and organizational researchers have outlined the problems of competing as a small player and potential solutions for overcoming these limitations (Madill, Riding, and George H. Haines 2003) and the role of wine clusters in fostering innovation and competitiveness (Mytelka and Farinelli 2000; Mytelka and Goertzen 2004; Hickton and Padmore 2004). Market analysts have explored wine tourism as an agricultural product delivering a unique experience (Carmichael 2005), the importance of image in wine tourism (Williams and Kelly 2001) and the intricacies of marketing specialty wines to specific tourist segments (Hashimoto and Telfer 1999). Research has been done on the relationship between income and preferences for premium wine with the aim of determining how wine pricing policies affect consumer purchasing patterns (Carew, Florkowski and He 2004) and the importance of VQA certification and willingness to pay more for appellation wines (Rabkin and Beatty 2007). And finally, a cultural perspective has been used to examine the role of artistic and commercial framings in wine marketing and legitimacy processes (Voronov and De Clercq n.d.) and the selective use of these different frames to advance winery interests in interactions with other actors in their environment (Voronov, De Clercq, and Hinings 2009).

This literature acknowledges the role of VQA in the transformation of the industry, but does not specifically explore how self-regulation created a collective agenda for the industry that counter-balanced and sublimated individual interests. Voluntary self-regulation was a response to the globalization, seeking to realign the industry with international standards and practices. This study problematizes the process leading to mandated self-regulation (Coleman 1989), showing how the relationships between the various participants to the identity were negotiated. Central to the approach taken are two questions: "How can local action be related to "action at a distance" and wider power networks?... How can change be studied in terms of social agency, institutional adjustment, and spatial networks without falling back on reductionist or functionalist accounts?" (Marsden et al. 1996). It recognizes that economic relations are embedded in ongoing social, political, and cultural practices produced and reproduced at multiple scales. These practices are situated in localities and undertaken by individual and collective social actors who, over time, through contestation and cooperation, create transformation. Identifying the people, organizations and institutions that participated in the development of the VQA and showing how they acted to defend and extend their interests, embodies agency and action (Larner and Le Heron 2002). VQA as an alternative identity for a sector of Ontario wine was constructed not through anonymous and amorphous processes, but in stages, by and through individual and collective actors, in the context of existing and historical relationships of power and authority.

This analysis integrates two theoretical streams. First, following Castells (2000a), the process of institutionalizing VQA is explored as a dialectical interplay between the space of flows produced through the patterns of interaction constituted by the dominant processes of economic, political and social life and the space of places, a meaningful space of local interaction and presence. Second, terroir in the language of wine denotes the unique environmental characteristics of place that give a wine its distinctiveness. The concept of political terroir, consisting of the major elements shaping the space of flows of wine (Moran 2006), is used to identify the major participants in the process and consider how they negotiated their interests in the process of creating VQA as a regulated self-regulated entity. Using terroir to operationalize the space of flows defines it as a socially constructed space and emphasizes its inherently power-filled nature.

This work also contributes to a better understanding of the organizational dynamics of self-regulation. Streeck and Schmitter (1985) identify a number of shortcomings in organizational theory which make it inadequate to use in an analysis of self-regulation. Organizational theories tend to be apolitical, avoiding the study of collective interests and how their form and substance are shaped by existing social conditions and interactions. They also tend to focus on formal organizations, institutions or public agencies with defined boundaries, clear decision-making structures and documented procedures, and have generally ignored interest associations. As a result, the role of self-regulated entities in the formation and implementation of public policy has been neglected. It is the state that gives regulated self-regulatory bodies their authority, allowing them to legally act to defend and extend their interests. However, the state is a missing element in organizational theories, therefore the extent to which the state shares its power as it supports and facilitates self-regulation is not given consideration. This thesis focuses on the political expression of collective interests and how the state delegated legal powers to these interests, allowing them to define and enforce standards for quality wine in Ontario and Canada.

1.5 Chapter Summaries

The following chapters explore the evolution of the VQA from its introduction as a voluntary appellation of origin system to its institutionalization as a mandated self-regulatory system, with legal status granted by the state. The next chapter outlines the theoretical framework guiding the analysis, beginning with Castells' interpretation of the new global capitalism as a network society, expressed through dialectically opposed spatial processes he refers to as the space of flows and the space of places. The economic and social disparities created by the forces of globalization give rise to movements seeking to construct primary identities, including some that give precedence to place and geography as a meaningful source of collective identity. Political terroir, a concept arising out of wine terminology, is introduced to operationalize the wine space of flows and examine the relationships between the participants in VQA as an alternative identity. Chapter 3 sets out the qualitative methodologies used in the research, including interviews and an analysis of corporate minutes. Corporate documents presented some interesting difficulties for data collection and interpretation and to overcome these constraints, a number of other sources of information were consulted.

Chapter 4 provides an overview of the globalization of wine and how industry self-regulation or appellation of origin systems became a necessary condition for participation in the global flows of wine. The next chapter outlines the shape of the Ontario wine industry in the period preceding the introduction of voluntary self-regulation, the problems created for the local wine industry by the globalization of wine and the potential of cottage winery production as an alternative to maintain a domestic wine industry. Chapter 6 examines the introduction of voluntary self-regulation as a new or project identity to signify quality in Ontario wine and chapter 7 investigates the legal terrain that had to be negotiated in the consolidation and expansion of the new identity. Chapter 8 evaluates the role of VQA in the transformation of Ontario wine, how it changed the local space of flows and why it was endorsed by important institutional participants, thus bringing legitimacy to the initiative. Chapter 9 sets out the process of implementing mandated self-regulation and how provincial legislation reconfigured the network of Ontario wine, thus conferring a legitimizing identity through state recognition. The final chapter reflects on how a legitimizing identity was an important component in the assertion of local place as a response to the economic challenges presented by the globalization of wine and suggests opportunities for future research.

Chapter 2 Theoretical Framework

2.1 Introduction

Research on the Ontario wine industry to date has focused on a number of issues, including the composition and growth of the industry and its contribution to the economic welfare of the wine-growing areas, but has never considered it as identity construction to preserve and maintain the viability of local place. In this chapter, I present a literature review of current research, noting that the implementation of VQA as an appellation of origin system is widely credited as a key factor in the transformation of the industry. However, little effort has been made to situate the local industry in the context of wider global forces, nor has the process whereby VQA came to represent the identity of the Ontario wine industry been explored. This chapter explores these issues, integrating Castells (2000a) concept of a network society and Moran's (2006) conceptualization of the dimensions of the wine industry as expressions of political terroir.

The theoretical framework used to examine the institutionalization of the VQA as an appellation of origin system is centred on Castells' (2000a) concept of a network society – an emerging social order arising out of the interaction of relations of production and consumption, the power dynamics encompassed by these relations and the social and cultural conditions present (Castells 2000b). It is a broader conceptualization than the network theories of Coleman (1988) and Lin (1999) which analyze networks as properties of individuals or organizations, contributing social and human capital to participants. Rather, the overall social structure is conceived as a network, shaped by flows or patterns of interaction between the various places which anchor the network. The process of institutionalizing the VQA was a local phenomenon, but it took place in the wider context of shifting patterns of trade and new trade regimes and agreements which shaped the structures of opportunity and action. The concept of a network as a social structure brings together the local and global factors affecting the process, making it an appropriate theoretical framework for this thesis.

The fundamental nature of society is transformed in the network society. Advances in communication and transportation technologies have diminished constraints on distance and time and challenged accepted sources of meaning and identity while creating new forms of inequity and inequality. As the global increasingly intrudes on and destabilizes the local, the construction of individual and collective identities tends to centre on primary identities such religion, ethnicity or nationality, dimensions of being and doing that transcend the convergence logic induced by globalization. Castells (2004a) distinguishes between legitimizing, resistance and project identities, each stemming from a different source and having different outcomes. In the Ontario wine industry, voluntary self-regulation was used as the basis of a project identity for quality local wine as wineries struggled to retain a foothold against imported wines in their own marketplace. By adopting a voluntary appellation of origin system for 100% Ontario wine, the quality wine sector aligned itself with international principles governing the global marketplace. In this instance, conformity to global expectations was accepted as a means to a local identity. However, the evolution of self-regulation and the process of implementing the VQA as an appellation of origin system was firmly embedded in the political terroir (Moran 2006) of past and present relationships of power and authority and the VQA evolved not in an uncontested space, but in the context of those relationships. Thus the final shape and meaning of mandated self-regulation as a legitimizing identity was negotiated by the participants in the identity as they sought to assert and further their interests.

2.2 Literature Review

The transformation of the Ontario wine industry and the role of the VQA in this process are the subjects of a growing body of research, primarily in the organizational, marketing and economic literature. In addition to published materials, a number of preliminary research papers have been circulated at conferences and seminars, indicating a growing interest in the field. The research addresses several broad themes, such as the structure of the winery sector, the demand for wine, the innovative nature of the transformation and its role in furthering the winery tourism sector. It points to the relational nature of transformation, involving participation from actors including grape growers, large and small wineries, the hospitality and tourism industry, wine writers and the state, each pursuing their own interests while promoting VQA production. However, the research is still in a preliminary phase, sketching out some of the important dimensions of transformation that need to be explored further.

VQA as an appellation and as an organization has been credited with being instrumental in shaping the definition of quality wine in Ontario. Although VQA is recognized implicitly as a necessary condition for the transformation that occurred, it has not been focus of any of the work done to date. The transformation of Ontario wine also had implications for local development in that the changing the identity led to a realignment of the activities of place, changing its economic base and thus its character. In privileging place as the source of a unique identity, the appellation created conditions that fostered the expansion of complementary activities such as winery tourism, thereby changing the economic profile of the wine regions. Nevertheless development was limited to those parts of the province with climatic conditions supporting VQA production, creating inequities as former growing areas were shut out from these development opportunities. How this was done, who was involved, what interests were negotiated and how the process of implementing voluntary self-regulation and later mandated self-regulation evolved, are areas of investigation that will help us better understand the nature of industry transformation and the role of self-regulation in enhancing and diversifying the economic profile of the wine regions.

2.2.1 Wine Sector Composition

Until the FTA and a GATT ruling forcing the LCBO to remove higher markups on imported wines, the industry operated in a relatively protected market. Focusing on business strategies in the years immediately following these environmental shocks, Harling (1994) concluded that the artificialities of the protective regulatory regime led to rigidities in the system that affected its ability to adapt to freer trade and that wineries adapted very differently to align themselves with the changed environment. The large wineries, accounting for 98% of the production, used low costs to achieve competitive advantage, while boutique wineries opted for niche production of specialty wines.
Strategies which met with success in a protected market were no longer appropriate given the more demanding conditions imposed by encroaching globalization and individual wineries fared differently based on their orientation to the market. Traditional wineries were hampered in their adaptation to a more open market because their strategies were out of step with the new regulatory regime while boutique wineries which had kept up with consumer tastes were poised to take advantage of the new realities.

As a result, the Ontario wine industry developed along two very different trajectories: a large sector committed to blending and a much smaller sector committed to 100% Ontario production. The introduction and institutionalization of Vintners Quality Alliance has been interpreted in the organizational literature as a battle between groups with contesting frames (Ierfino-Blachford 2007), one invoking innovation and quality, the other focused on mass production. Niche wineries framed the future viability and success of the industry in global terms, stressing the importance of producing world class wines to compete internationally. Creating an appellation of origin system and working collectively to promote it as the identity for quality Ontario wine was part of their effort to achieve this objective. On the other hand, mainstream wineries preferred hybridized adoption of the appellation system. They capitalized on existing LCBO policies and the provisions of the Wine Content Act to turn out quantities of blended wine, but produced VQA wine to compete in an emergent sector of the market once the benefits of doing so became apparent (Ierfino 2007).

Ontario wine has also been characterized as a cultural industry, enacting opposing artistic and economic logics as wineries position themselves in the market and in relation to each other based on these two contradictory identities (Voronov and De Clerq n.d.). An appellation system imparts cultural authenticity to 100% Ontario wine, creating hedonic value because of its symbolic association with high culture, status and lifestyle. But wineries are also commercial enterprises centred on profitability, a logic which would appear to be at odds with artistic values. In practice however, the artistic and commercial aspects of wine exist in dynamic tension since perceived authenticity and artistic merit are important factors generating commercial value. The two logics play off each other in that invoking one implicitly calls to mind the other and invites comparison with the other, much as identities are defined in relation to others. Different logics are deployed depending on what the target audience perceives to be important. For example, wineries may appeal to the romantic aspects of wine production and stress the superiority of their wines as evidenced by wins in international competition as part of their marketing strategies to consumers. On the other hand, a commercial logic is more evident in interactions with the LCBO where best-selling wines are shelved at eye level and with banks which assess credit worthiness. Since winery success is related to the marketing expertise of its management (Story, Haines, Madill and Riding 2007), the ability of managers to recognize and deploy these logics selectively will further that objective (Voronov, De Clercq and Hinings 2009).

2.2.2 Innovation

The adoption of an appellation of origin system was an innovation for the Canadian wine industry, clustered geographically in Ontario and B.C. One of the factors supporting the growth of the clusters was the degree of networking between industry participants in the cluster as well as the extent to which links were developed beyond the cluster (Hickton and Padmore 2004). The establishment of the small winery sector and its commitment to the production of European style wines based on 100% Ontario grapes was an interactive process involving horizontal linkages between wineries and vertical linkages with growers, organizational partners such as the VQA, LCBO, WCO and the OGGMB, training centres such as Niagara College and Brock University, tourism associations and financial service providers (Mytelka and Goertzen 2003). These interactions facilitated the exchange of knowledge and information, increasing the linkages between the various actors and creating a stimulus for the development of further innovations in viticultural, vinicultural, organizational and marketing practices. They also encouraged individual wineries to reconceptualize and differentiate their products and markets by focusing on higher quality and targeting specific market segments.

Another factor affecting the success of innovation in the clusters was the extent to which organizations and institutions in the environment were able or willing to adapt in concert with the transformation of the industry. This can be illustrated by comparing the responses of two central organizations, the OGGMB and the LCBO (Mytelka and Goertzen 2004). The adversarial relationship between wineries, represented by the WCO and growers, represented by the OGGMB, did not abate as the wine cluster evolved. Instead old patterns of tension and conflict were reproduced, leading to concerns that a failure to adapt organizational structures to the new realities hindered the development of the cluster into a dynamic innovation system. On the other hand, the LCBO underwent a significant transformation as the wine cluster matured, but in accordance with its own mandate of profitability rather than in concert with the expansion of 100% Ontario production. Since the LCBO is the monopoly retailer for wine in Ontario and requires wineries to meet volume quotas, small cottage wineries were limited in their ability to offset investments in innovation through this sales venue and are limited to sales through their on-site retail stores or forced to adopt alternative marketing strategies, such as directly to licensees or through the internet (Donald 2009).

2.2.3 Wine Demand Factors

Wineries in the innovation clusters face a fundamental dilemma – how do they increase their market presence when they are minor players globally and even domestically? Reflecting this, the LCBO, which likes to call itself the world's largest buyer of beverage alcohol, stocks the majority of its shelves with a range of very competitively priced imported wines while maintaining a relatively small section for domestic wines (Aspler 2007). In an effort to increase domestic acceptance, wineries have sought international recognition through strategic wins in international wine competitions and the development of a small export market, primarily for icewines (Madill, Riding, Haines 2003). But in Canada, unlike in countries such as France, wine is considered to be a luxury good, not a necessity (Selvanathan 2005) and increasing domestic purchases is a complex endeavour. Taxes are a major portion of the shelf price of beverage alcohol, making government taxation policies a major factor affecting consumption. Demand may be affected by income levels and unemployment rates (Cho, Permyakov, Ogwang 2007), prices of imported vs. domestic wine (Adrian and Ferguson 1987), prices of beer or spirits (Androkopoulos et al 1997; Carew, Florkowski and He 2004), but not necessarily by advertising (Lariviére, Larue and Chalfant 2000) or legal drinking age (Johnson et. al. 1992).

The globalization of wine was accompanied by increased plantings of premium wine grapes, decreasing markets for non-premium wines and a general raising of the bar for expectations of wine quality (Anderson 2004). World wine consumption shows a mixed trend, with demand growth in markets such as the United Kingdom and North America insufficient to offset the dramatic decreases in traditional wine-consuming European nations. However, this has been accompanied by greater interest in quality over quantity (Schamel and Anderson 2003) as the luxury wine market attracted more interest among connoisseurs, in the higher price segments of the market (Beverland 2004; Cholette, Castaldi and Frederick 2005). Consumers evaluate products based on the attributes ascribed to them and the market price of a good is seen to be the sum total of value of aggregated attributes, including legislated quality standards (Rosen 1974) such as an appellation of origin system for wine. Other quality attributes for wine include ratings by respected wine critics, vintage, taste profile and reputation of grape variety used, brand reputation of the winery and the prestige of the wine region (Schamel and Anderson 2003). The VQA label draws attention to the bundle of characteristics such as vintage date, grape variety, Designated Viticultural Area, and estate origin that signal premium quality and therefore a higher price valuation.

There is evidence that certification of origin has been a positive factor in increasing BC wine sales, although no similar studies have been done to date in Ontario. Comparing consumption of imported and domestic wines, Carew, Florkowski and He (2004) found that overall wine consumption in BC had increased since the 1990s, with white wine accounting for the majority of the wine consumed in the province. However, there was a shift away from non-VQA white wines and those from Europe and the US. When comparing wine origin, they found that BC red and white wines were seen as a complement to European wines, but as a substitute for wines from the rest of the world. However, consumers were more responsive to price reductions for white wines, especially those from the US and the rest of the world than for red wines of any origin. Using two years of retail sales data collected by the British Columbia Liquor Distribution Branch, Rabkin and Beatty (2007) found that consumers were willing to pay a premium for VQA certified red and white wines. For white wine, age of the wine had a small but statistically significant effect on price, as did alcohol content and time of year, with wine sold in the autumn months when grapes are harvested fetching the highest prices. Unlike the Carew, Florkowski and He (2004) study in which red wine sales tended to increase in the fall and winter months, this seasonality effect was not apparent for white wines although alcohol content and consumer age were positively related to sales. Certification for both red and white wines was more important in the lower price ranges however, suggesting that price may be an independent proxy for quality or that consumers who are willing to pay more have a broader knowledge of wine and thus use other criteria to evaluate quality. State policies aimed at redesigning the B.C. VQA program to stimulate sales would have to consider these asymmetries and assess how potential changes affect wineries choosing to produce in low-priced versus premium priced segments of the market, especially since some wineries are known to produce high quality wines made from 100% B.C. grapes, but have chosen not to participate in the VQA certification process.

2.2.4 Winery Tourism

Winery tourism is an important aspect of the transformation of Ontario wine, supporting and promoting VQA wines and contributing to local economic development. Agri-tourism has become an important diversification in farming areas globally, tapping into the local culture economy (Ray 1998) and introducing visitors to agricultural, historic and cultural identities as conveyed by local products and production systems. Indications of geographical source such as appellation systems identify the place where unique local originate, but they are also a form of intellectual property, depending on self-regulation to uphold their claims to distinctiveness (Moran 1993b). It is this distinctiveness that is marketed to winery visitors as part of an overall marketing strategy to increase consumer awareness, knowledge and consumption of Ontario wines.

A number of studies have investigated the characteristics of winery tourists in an effort to help wineries understand their markets and potentially target the tourist sectors that are most likely to take advantage of what the wine region and individual wineries have to offer. Understanding the profile of its visitors and what they expect of the experience can lead to the development of better marketing strategies to leverage maximum returns for scarce resources (Carmichael 2005). Using surveys of visitors to wineries in the Niagara Peninsula, Hashimoto and Telfer (2003) found that international tourists tended to gravitate to wineries in the eastern part of the Peninsula, while local visitors were more interested in a complete wine and food experience and tended to favour wineries at the western end. Looking more closely at niche markets, it was found that Japanese tour operators who scheduled coach trips to Niagara Falls were also interested in icewine, a fact not lost on Inniskillin (Hashimoto and Telfer 1999). Their marketing department set up a relationship with the Japan Travel Bureau to target this market and packaged their products to capitalize on Japanese customs of gifting and souvenir shopping. However, resident tourists preferred an opportunity to engage in a range of activities from winery tours to cultural and heritage events (Williams and Kelly 2001) suggesting that marketing an image of the wine region as a destination with specific climatic, environmental, physical and leisure attributes for a multi-dimensional experience (Williams 2001). Further, there is value to be gained from forming strategic alliances with other wineries, community and corporate partners in the hospitality industry and food service industries and grower and winery organizations (Telfer 2000, 2001). Winery tourism is interdependent with the agricultural base supporting it, even as it impacts the economic makeup of local communities and the institutional relationships and arrangements affecting agriculture and tourism (Hackett 1998).

Under these conditions, the state is presented with the challenge of developing appropriate policies to further winery tourism, while still maintaining the image of a rural working landscape by ensuring the continued success of agricultural lands and peoples (Martin and Williams 2003).

A review of the literature shows that the adoption of mandated self-regulation was a critical component in the transformation of the Ontario wine industry, generating social, economic and cultural benefits for the wine regions of the province. However, little effort has been made to situate this transformation against the background of global and local historical developments that altered the competitive landscape and precipitated the renaissance of the industry. In this paper I argue that the implementation of VQA as an appellation of origin system was part of an effort to re-create the identity of Ontario wine to conform to an image of quality wine as defined by a globalizing wine industry. It was however, a very local process, undertaken in the context of local conditions and relations of power which shaped the ultimate character and meaning of the identity.

2.3 Globalization: the Network Society

Castells (2004a) argues that an information technology revolution is changing the nature of society, transforming space and time even as its evolution is being shaped by the interests of a new capitalism. Industrial society has been superseded by an informational society in which knowledge and information generate further knowledge and the means to produce and communicate information in a constant iterative and reiterative process of innovation and the subsequent application of innovations. These advances have led to a new economy that is global in its reach, transforming the social organization of production and competition as the constraints of distance and time are overcome by technologies that make communication in real time across the globe a possibility. This capacity of the informational society to overcome the constraints of space and time connects the global to the local, making hierarchical or centre/periphery models of social structure inadequate constructs to investigate and analyze the complexities of present day economic, political and social life. Instead, societal processes are better conceptualized as occurring within and through multi-dimensional and multi-scalar networks of interdependent interaction connecting the local to the global and blurring the distinctions between them.

Political economy could have been used in this thesis as an alternative framework, investigating the various class interests represented in the industry and showing how they interacted and engaged in lobbying in the pursuit of those interests. There were significant power and resource differentials between cottage wineries producing 100% Ontario wine and large corporate wineries which manufactured wine by blending imported materials with minimum local content. This created an inherent conflict within the winery sector as the survival of cottage wineries was tied to the success of VQA, while the corporate wineries had more flexibility. There was also a conflictive relationship between the wineries as the buyers of grapes and the growers who produced the raw product. Their respective interests clashed during the annual price negotiations that determined what the wineries would have to pay for the crop. In addition, there were tensions between growers who because of geography were forced out of the industry and out of the circles of power they had been accustomed to. There were also substantial inequities in the positions of growers and labourers, many of them seasonal help brought in from the Caribbean to work in the vineyards. VQA as a project identity had meaning and significance for each of these social classes and class fractions, creating an incentive for collaboration toward a common goal. The success of VQA would create an economic benefit, contributing to the survival of cottage wineries, a better image for corporate wineries, profitability for growers who had made major investments in vineyard replantings and continued employment for labour. In spite of the conflictive and competitive aspects of the various class relations, there were also material motivations to cooperate in the construction of the project identity.

VQA as a legitimizing identity was the outcome of a lengthy regulatory process in which the organization was granted legal status as the provincial wine authority administering the legislation on behalf of the state. The province was the regulator of all aspects of alcohol production and distribution and the VQA movement represents a concerted action by a small class segment of the industry to secure the powers of the state to impose their interests. The process began before the organization was even formalised and involved lengthy negotiations between VQA representatives and the provincial Ministry of Consumer and Corporate Relations. A political economy framework could have investigated how the various classes of wineries interacted with the state to facilitate or hinder the evolution of 100% Ontario wine, how the conflict between the winery forms shaped state policy and why the VQA was ultimately successful in its efforts to implement mandated self-regulation.

As an analytic framework, the network concept offers a more holistic approach to the study of social phenomena by integrating structure and action and encompassing the institutions and social processes that shape and perpetuate all aspects of social life (Castells 2000b). The limitations of political economy, particularly in theorizing the broader social processes involved in the globalization and localization of agricultural production and consumption systems have prompted a call for new analytic tools to broaden our understandings of the these processes (Arce and Marsden 1993). Political economy has been useful in defining the general conditions under which globalization takes place, but it is less clear in describing the process whereby this occurs, in part because macro and micro analyses are not satisfactorily integrated (Busch and Juska 1997). The concept of a network (Simmel 1955; Erickson 1988; Burt 1993) encompasses macro, meso and micro levels of analysis, bringing local and global actors into the same framework and underlining how decisions and actions in distant locations have an impact on local events and opportunities, and vice versa. Actions and decisions are embodied in people, often as representatives of organizations and/or interests. Organizations can become actors, but they do so only through the people who constitute their membership. Global organizations such as the WTO make decisions regarding trade regulations, but these are negotiated by nations, represented by appointed negotiators. The concept of a network, and networks of networks, brings all of these actors and their interactions into the same framework, helping us to better understand the complexities of social life in an era of globalization.

Second, the concept of a network of interactions goes beyond interests in shaping transformation by including non-human elements which are implicated and involved in the workings of the network. This includes the role of ideas, such as economic and political theories, discourses around issues such as the environment, health and food safety, cultural values regarding matters of taste and collective belief systems, all of which affect state policies and set the parameters within which action can be undertaken (Campbell 1998). Ideas are embodied in mindsets which frame the definition of a problem, the range of appropriate solutions and desirable policy outcomes and are expressed legally in technical standards, regulations, legislation, treaties and trade agreements. Nature is another non-human dimension which is relevant to understanding and theorizing the transformation of an agriculturally-based industry (Goodman 2002). Production is place-centred but all places are not created equal, having different natural resources that affect what activities are viable. Nature is not passive or external to agricultural production (Busch and Juska 1997), but rather, producers have an active relationship with nature as their means of production; it can be molded, amended, produced (Smith 1984; Castree 2003), built, or modified through human intervention.

Lastly, a network approach takes into consideration relations of consumption, making consumers visible participants in the network (Goodman and DuPuis 2002) and bringing a cultural dimension to an exploration of the network society. Consumption is a function of the interaction between relations of production which determine economic means and culture, which imputes economic, social or symbolic value to a given commodity. As globalization fragments cultures while simultaneously encouraging their diffusion and (mis)appropriation, it leads to new patterns of consumption (Castells 2000b). Beyond economics, consumption practices have replaced productive capacities as a source of personal meaning and identity (Dixon 1999); consumption is seen as a signal of taste (Bourdieu 1984; Guthman 2002), lifestyle (Veblen 1899, 2001), cultural capital (Holt 1998) and ethical and moral sensibilities (Lockie 2002).

2.3.1 Network Architecture

Castells (2000a) formulation of a network society goes beyond the theorization of networks as sources of social capital (Granovetter 1973), James Coleman (1988) Erickson (1988), and Burt (1992), viewing them instead as an essential pattern of all life forms. The social structure of the network society consists of webs of patterned interactions (Simmel 1955) expressing the relations of production, consumption, reproduction and power that shape and are shaped by the interconnected nodes anchoring the network. Thus the network society transcends the technology that makes it possible, incorporating the diverse economic, political, cultural and social factors that shape it.

Networks form around common activities carried on by interconnected nodes, each of which participates in the network by contributing to its activities and processes through cooperative, collaborative or conflictive interaction. In other words, networks are constructed by their participants as they carry on activities with common purposes, objectives and goals, although these may be implicit in the interactions that constitute the network rather than explicitly stated. Networks are constantly being enacted as they reproduce the values, goals, and interests of their participants, the nodes formed at the points of interaction in the network, through interrelated and interdependent processes. Therefore they are fluid, flexible and open figurations, capable of expanding, contracting and reconfiguring themselves as circumstances, events and actions change the relative importance of various component nodes. Networks do not operate in isolation from each other, but are interconnected at the point where they share a common node. This interconnectedness creates networks of networks, links across scale and time that connect various spaces of engagement (Cox 1998), contribute to the diffusion of innovations, ideas and information, and foster internetwork alignment and coordination.

2.3.2 Power in the Network

However, the flexibility and openness of a network do not mean that it is an egalitarian structure. On the contrary, it is highly asymmetrical and selective, operating on the principle of inclusion/exclusion. Each node has power within the network relative to its contribution to the network. Nodes that lose their relevance fade out of the network and are excluded from participation, while nodes having something to contribute to the network may be added, thus facilitating network reconfiguration. Nodes bringing more resources to the network take precedence over those bringing fewer resources to the objectives and activities of the network, putting them in a position where they can solidify their control over the network to become dominant nodes. Nodes with the potential to challenge network stability may be sidelined or marginalized since a dominant node is not likely to cede power without trying to defend its position against potential interlopers. The dominant nodes in the global wine network consist of the major European producers, especially France, which has been instrumental in implementing and promoting appellation systems. In Canada, Ontario is the most important node because it produces 80% of the country's wine and has taken a leadership role in the development and implementation of wine standards.

Power in the network rests with social actors or nodes that can impose their interests and advance their agendas, in spite of actual or potential resistance. These actors are not necessarily individuals or even nodes in the network, but are conceptualized by Castells (2004a), borrowing from Latour (1993), as action-network actors or subjects constituted through mutual action and interaction. Thus the network may include not only people, but also places, organizations, technologies, regulations, standards and material objects, in short, any element which may be implicated in social action. The most powerful actors in the network are able to coordinate the activities of the network and influence the terms on which it operates, either as "programmers" or "switchers" (Castells 2004b). Actors such as the OIV and WIPO that program or reprogram the network have the capacity to shape its goals, generate support for their projects and impose their will on lesser nodes. A second and potentially more significant source of power rests with switchers (Castells 2004b), for example, the wine critics who span two or more strategic networks and operate on the frontiers of these networks (Burt 1992). As the common link, they are able to bridge the gap between networks, relaying information and controlling the flows between them. Their power rests in their capacity to broker, facilitate and mediate the relationships between the two networks. Alternatively, the switcher may exploit this position to act in such a way as to keep the networks apart, preventing them from uniting or collaborating if this could diminish the influence or authority of the switcher.

2.3.3 Space and Scale

Castells (2000a) defines space as "the material support of time-sharing practices", adding that this material support always carries a symbolic meaning. Space is dynamic, analytically separable from time, but also closely intertwined with time because it connects simultaneously occurring social practices. It is socially constructed (Lefebvre 1991), created by interactions and social practices at multiple scales, from the individual through the local and the global.

Therefore, space is not a static, closed system, devoid of the possibilities of purposeful political exploitation. On the contrary, because space and time are not mutually exclusive or opposed to each other, and because space is relational, with a social form that gives rise to social practice (Castells 2000a), it has a "power-geometry", expressing relationships of power and authority, of inequality and resistance that affect the nature of interaction and define the constraints and opportunities for the creation of social practices (Massey 1992). But if space is socially constructed, the social is spatially constructed and organized and it is in the negotiation and contestation of these relationships that social change is possible (Castells 2004a). Meaning and identity are forged in the context of histories and geographies of the past and transformation means challenging established institutions, processes and assumptions embedded in the network. If previously marginalized nodes assert themselves and gain power, they not only reprogram the network, they also change its architecture.

The network society connects diverse nodes as they interact and shape the content and processes of the network and in turn, are shaped by them. These networks of interaction enact globalization as they span geographic and political boundaries, linking local, regional and global scales and blurring the distinctions between them. Scale can be considered in terms of geography, with scales organized in a "nested hierarchy of bounded spaces of differing size" (Delaney and Leitner 1997), ranging from the local, through national, regional and global. In addition to a size dimension, the introduction of a political dimension to scale analysis implies that scales can be organized by levels of functional complexity (Mamadouh, Kramasch, and Velde 2004) or "jurisdictional spaces" (Cox 1998) of authority and control, with local being the lowest scale, followed by the successively higher levels of organization such as province and nation-state to the highest scale, that of international governance. However, scales do not exist in isolation, nor are they inherently absolute spaces (Smith 1984). Rather, in addition to the hierarchical aspects of scale size and level, scales are relational (Howitt 1998), constructed dialectically through political, economic and social practices and processes of contestation and cooperation. They are not in a state of stasis but are constantly being remade, reconfigured and transformed, focussing attention on the importance of understanding intra- and inter-scalar processes as mechanisms of social change (Swyngedouw 1997). The network society connects the local and the global as different networks of patterned interactions span various scales, blurring the micro-meso-macro distinctions between them.

The "space of flows" and the "space of places" are the two dialectically opposed spatial processes which, taken together, are the expression of the network society (Castells 2000a). This network society is characterized by flows between nodes that make up individual networks, each organized around different goals and objectives. Flows consisting of recurring patterns of communications, exchanges and interactions are the structurally dominant characteristics of the network giving it shape and substance. Although flows occur between geographic locations, they overcome the limitations of geography because of technological innovations that make proximity and time irrelevant. Flows enable a common script that unifies disparate nodes as they transcend boundaries to coalesce around a shared agenda. As a metaphor, they depict the economic, political, social and cultural influences shaping the network society, including the dominant processes that direct social and symbolic life and the processes of resistance that challenge the status quo. Therefore, the space of flows encompasses the processes controlling economic, political and social life and consists of the interior spaces of the network and the linkages between the nodes and hubs which program the network (Castells 2000a). As a concept, it emphasizes the extent to which social relationships in the network society are interconnected and interdependent and the importance of seeing how "personal troubles" and "public issues" (Mills 1955) interweave and are mutually constituted.

Castells (2000a) suggests that the space of flows consists of at least three layers, the first of which is the infrastructure that supports the processes occurring in the network. In the informational society, these are the technological component which make communication possible, the media through which things flow, including the computer systems and the transportation networks which make it possible to overcome the constraints of distance and time. The second layer of the space of flows is made up of the nodes and hubs that anchor the network and give it shape and content. These are specific places, each with their own position and function in the network. Nodes are the link between the local and the global, that is, they are at the intersection of local forces and global influences. Hubs are the transfer points or administrative centres where important decisions governing the network are made and enacted. They coordinate and channel the strategic activities of the network in accordance with the dominant values and goals of the network. The third layer of the space of flows is the social layer, consisting of the smaller networks of social actors with the capacity to project their interests and agendas on the larger network. A network logic distinguishes the key processes of capitalist restructuring in the informational age, but these processes have their source in social actors who make and implement decisions. These social actors are the "elites" who understand the "cultural codes" (Castells 2000a) of the space of flows and are able to assert their domination in the network based on their position of privilege. This may be done through tightly knit interpersonal networks operating as "symbolically secluded communities" based on social and cultural capital (Throsby 1999). These networks include social, cultural, economic and political actors, each working within their own sphere of influence. Network elites may also adopt similar lifestyle markers and activities, creating an undifferentiated cultural space that transcends the boundaries of location and geography.

Castells (2000a) conceives of the "space of places" as rooted historically in the common experiences of its inhabitants, organized into a meaningful, interacting space as people interact with and relate to their daily environments. In the network society, the logic of this space of places is dialectically opposed to the logic of the space of flows. Flows overcome geography as they enable interactions between distant others, diminishing the historical rootedness of places, and bringing to them social influences that alter their nature and meaning (Giddens 1990). As a result, the character of place and the meaning of local are increasingly redefined by global flows that foster convergence.

Place, in simplest terms, is a geographic location with physical and material properties. Agnew (1987) argues that the concept of place can be seen as the interweaving of three distinct elements – locale, location and sense of place. Seen as a locale, it is the setting in which social relationships are conducted, either informally or within institutions. It is this definition that concerns Castells (2000a), who defines place on the basis of proximity as a "locale whose form, function, and meaning are self-contained within the boundaries of physical contiguity". But he goes on to say that places are spaces of interaction, made meaningful because of the physical, material and symbolic qualities that differentiate them from other places, thereby alluding to location and sense of place as important elements in the space of places.

As a location, place is a geographical area providing the backdrop for social relations that occur within larger social, economic and political processes of production and reproduction. The differential distribution of resources and the natural and constructed characteristics of a place create social and material inequality between places, leading to competition between them (Logan 1978). Thus, places can be thought of as social actors and ranked according to the advantages and disadvantages that shape their potential for action and their prospects for social and economic gain or loss. In discussing the competition of places, Logan (1978) outlines how the stratification of places is the result of political action as growth processes are constantly being affected by people and organizations to maintain or create inequalities among places for their own benefit. Inequality among place is both a result of differentiation and a cause of evolving patterns of differentiation. Place is defined not only by the geographic area it encompasses, but also by its position in a particular network of political institutions. Accordingly, the potential for development within a place is delimited not only by its inherent physical characteristics, but also by the actions of the people within it and its political organization.

At a more abstract level, the social and cultural characteristics of place that produce and reproduce distinctive identities and activities give rise to a sense of place (Agnew 1987). Places become invested with history, meaning, and felt values, expressed in local cultures and practices that reinforce and perpetuate less tangible aspects of place (Pred 1983). This space of places becomes a reference point for human experience, a source of collective identity based on shared histories, understandings and expectations. Place-making is an interactive process: identification with a specific place allows the subject to claim a unique identity, differentiated from other places and other identities, reinforcing an ongoing internal socio-spatial conception of relative place. The articulation and institutionalization of this sense of place is an important aspect of place promotion whereby a dominant perception of place is used to attract people, industry, or investment. In the network society, places are important not because of their geographic characteristics, but because of the contributions they bring to the network. The activities of the network define the characteristics of nodes that enable them to achieve dominance and become the programmers and switchers that have power in the network.

2.3.4 Identity in the Network Society

One of the effects of the network society has been uneven development and an increasing disparity that has the potential to marginalize some of the most disadvantaged peoples, places and territories to the point of irrelevance (Castells 2000a). In the turmoil and uncertainty produced by the social changes arising out of the network society, a primary, collective identity becomes an important source of meaning and organization, finding expression as religious fundamentalism, the reawakening of ethnic solidarities, increasing nationalism or social movements dedicated to environmentalism and issues of gender and sexuality that seek to transform societal values (Castells 2004a). Castells focuses on identity construction as a collective process, not an individual pursuit, defining it as "the process by which a social actor recognizes itself and constructs meaning primarily on the basis of a given cultural attribute or set of attributes to the exclusion of a broader reference to other social structures".

Collective identities craft new sources of meaning which become socially relevant and acquire significance as they are expressed through shared experience and formalized through social action. The construction of a collective identity always takes place in and through the negotiation of relationships of power. As such, the meaning and symbolic content of the identity are a product of its architects, subject to the purposes for which the identity was constructed. Castells (2004a) makes a distinction between resistance, project and legitimizing identities, each originating from a different source and generating different social outcomes. Only the last two forms of identity construction are relevant to the analysis presented here. The creation of a new identity that seeks to redefine relationships of power is an effort to transform the status quo, a process of identity building Castells (2004a) refers to as project identity. Undertaken over time, it involves a redefinition of the collective self in relation to an accepted historical identity through resistance and challenge.

A resistance identity (Castells 2004a) is spawned in the ranks of the dominated in direct opposition to the status quo. It is an identity created as a defensive manoeuvre, an effort by the excluded to build a valid alternative identity based on differences, leading to the formation of communities of the oppressed. In contrast, a project identity is constructed from within by collective social actors as they adopt an offensive strategy to redefine their position relative to the dominant order. Creating a project identity involves the construction of a collective identity based on a common attribute, but it goes beyond that. In seeking to become part of the dominant order, a project identity attempts to alter the network power-geometry (Massey 1993) in its favour, to move from exclusion to inclusion. Whereas a resistance identity is based on "the exclusion of the excluders by the excluded" (Castells 2004a), a project identity seeks integration with the dominant social order on its own terms by re-aligning societal values and changing its institutional underpinnings. Using existing political, economic, social and cultural structures and processes, it is an effort to transform society and create a node for itself in the network of interest. Its success is dependent on producing new meanings and common interests that act as catalysts to attract other actors, especially those who can impart legitimacy to the effort. Not only is the identity meaningful for its participants, it is recognized and supported by other nodes in the network. The process of asserting a project identity creates subjects as collective actors prevail against the social, economic and political forces they engage.

Castells' (2004a) third form of identity construction, a legitimizing identity, receives relatively little attention in his analysis. A legitimizing identity is sponsored by the dominant institutions of society, thus reproducing and reinforcing the status quo as it expands and rationalizes their authority and power. Constructing a legitimizing identity is a mutually constitutive process, an interaction in which the identity achieves legitimacy while affirming and validating the power and authority of dominant social institutions granting the legitimizing identity. In this way, a legitimizing identity reproduces the power relations of a society and gives rise to a civil society supported by the institutions, organizations and complementary social actors which produce and reproduce the identity.

Inclusion in the global space of flows of wine is dependent on the articulation of a legitimizing identity through national recognition of an appellation of origin system. However, before the state grants an organization powers to represent the interests of a given sector as a regulated self-regulatory entity it must show that its members accept and support the authority of the organization and that it has the capacity to enforce its authority over its membership (Ronit 2001). In seeking state recognition, these organizations are embedded in the broader institutional framework of the state and are accountable to it, thus operating "in the shadow of the state" (Ronit and Schneider1999) in return for gaining the desired legitimacy. The state is an "active agent" (Atkinson and Coleman 1992) conferring this legitimacy, preserves its own interests in governance and government.

2.4 Self-Regulation and the Construction of an Identity

The capacity of networks to span scales and the interweaving of local and global spaces have implications for the sovereignty of the state (Sassen 2000a). A global economy does not function in isolation from other social process, but is being continually produced and reproduced, supported, financed and regulated. These processes occur at various scales, but have their origin in specific geographic locations or territories, implicating states in the implementation of a global economic system as they enact the legal frameworks that support it. For example, the ascendance of the WTO in the administration and conduct of world trade has been marked by a shift away from tariffs as mechanisms to restrict trade. Increasingly, national regulatory regimes and domestic policies and practices stipulating the terms governing competition are challenged as barriers to trade (O'Brien and Williams 2004). Under these conditions, national policies and practices are formulated with attention to their implications not only for national sovereignty, but also for their congruence with global trade imperatives. Therefore, the state is an active participant in the processes that further or impede economic globalization as it implements policies and regulations that will pass international scrutiny and avoid censure through trade actions.

One of the components of the new geography of power accompanying economic globalization is the rise of new legal frameworks governing the patterns of trade across national boundaries (Sassen 2000b). These may be at the international scale, such as the Lisbon Agreement for the Protection of Appellations of Origin and Their International Registration enacted 1958 which binds signatory countries to recognize and protect within their boundaries the appellations of origin of other signatory nations as registered at the International Bureau of Intellectual Property of the World Intellectual Property Organization (WIPO). Bilateral trade agreements such as the Canada-United States Free Trade Agreement (FTA) reduced trade barriers for wine by challenging the provincial distribution systems which were perceived as protecting domestic producers. Both of these examples illustrate that under economic globalization, the autonomy and sovereignty of the national state is circumscribed by a legal framework enacted beyond its borders. At the same time, economic globalization is embedded in national processes as national states implement policies and legal frameworks, such as deregulating or privatizing industries, that support and extend globalization (Sassen 2000a). The weakening of the state's authority over its national territory by the processes of globalization calls attention to the importance of subnational processes, such as industry self-regulation, in which local actors exercise governance powers (Sassen 2004). mandated self-regulation may be implemented in cases where both the state and local actors have a high capacity for governance and it is therefore advantageous to institute a cooperative arrangement for industry governance (Knill 2002).

Streeck and Schmitter (1985) contend that in advanced capitalist societies the practice of "organizational concertation" has become an important mechanism whereby social actors with common collective interests join together to legitimate and defend those interests. Each of these actors are recognized as having individual agendas which they will seek to further, but it is their interdependence and their common purpose which unites them, fostering association cohesiveness and industry stability. The association thus represents diverse actors that recognize the range of interests represented in the collective and consider them in their decision-making. In this model, individual interests are negotiated and sublimated in the context of a larger and more comprehensive organization devoted to the promotion of the overall welfare. Therefore the association mediates at two levels: firstly between its own members and secondly with external parties such as the state, that have the capacity to restrict or advance the aspirations of the association.

In the public policy arena, states may find that the establishment of "private interest governments" allowing industries to regulate themselves (Streeck and Schmitter 1985) is an effective alternative to state regulation. That is, rather than directly regulating all aspects of an industry, the state may operate at arm's length through an agency that oversees the regulations under which an industry governs itself. Self-regulation is thus an alternative institutional arrangement that enables an industry to set its own standards, monitor compliance with those standards and apply sanctions as deemed appropriate (Gupta and Lad 1983). The effectiveness of self-regulation is premised on the assumption that an organization formed around the collective interests of participants will constrain the expression of narrow self-interest as group dynamics come into play. Individual goals and aspirations are still present, but muted by the necessity of working together to achieve a group objective, with benefits accruing to all participants. In addition, a public good component may be invoked: the regulations and standards adopted by the self-regulated entity are implemented to increase consistency, fairness, integrity and authenticity, generating consumer confidence in the product or service governed by self-regulation.

2.5 The Terroir of Transformation

Castells (2000a, 2004a) exploration of identity in the network society looks at some of the new social movements such as environmentalism and anti-globalization initiatives, to understand how they reshape social values and foster institutional change in the network society. However, he does not present a systematic framework to identify and explore the constituent elements of the space of flows of this network society. To operationalize the space of flows of local wine, following Moran (2006), I borrow a term from the vocabulary of wine, extending its meaning to represent some of the different facets of the industry. The concept of "terroir" is central to the construction of difference in the world of wine, a difference that promotes place as the source of local and regional identity and distinction. The richness of the concept has led to its application to other facets of viticulture and viniculture, a development sometimes condemned by those traditionalists who view terroir as strictly a geographic phenomena rather than a political project (Seguin 1986; Grogan 2001; Haynes 1999).

Moran (2006) acknowledges the importance of the ecological environment when he discusses terroir, but also calls attention to the extent to which vines and their immediate environment are managed and manipulated by agricultural practices which he argues are themselves social constructions. He goes beyond geographic determinism, arguing that the meaning of "terroir" is evolving, and that the term is itself a social construction, advanced by various academic disciplines in the kinds of explanations they propose. His typology is built around economic, social, political, and legal underpinnings, making it theoretically useful in the investigation of industry self-regulation. He argues that it is first and most importantly a political space, both in the sense of a territory under the control or jurisdiction of some power, or a territory that is exploited for some purpose and protected from competition from other territories which may attempt to contest that territory's dominance. He describes six overlapping approaches to the concept of terroir, only two of which deal with viticulture and viniculture. However, all of them acknowledge the human element as an essential component in the construction of terroir.

The various dimensions of terroir considered by Moran (2006) set out the major actors and networks of interactions implicated in the space of flows of wine and will be used to explore how the creation of an appellation system as a project identity took place within the existing networks of influence in Ontario wine and how this contributed to the shape and content of the identity. Expanding on this notion of terroir as a political space, attention will be drawn to existing organizational and institutional relationships and frameworks that provided a context for the negotiations leading to the project identity and its eventual institutionalization as a legitimizing identity. Who constructs a collective identity and for what purpose are important factors in establishing the content and meaning of the identity for those who are included and for those who are excluded from it (Castells 2004a). The making of a project identity for Ontario wine included a constellation of actors, individual and collective, public and private, who negotiated diverse relations of power and influence in the process of achieving mandated self-regulation.

Agri-terroir (Moran 2006) refers to the biophysical environment in which the vine is grown, including factors such as climate, geological formations, and soil characteristics that are held to be related to the ultimate characteristics of the finished wine. But it also includes the human component; the vine and its environment are subjected to the interventions of viticulturalists who apply an understanding of the current state of knowledge to the management of the vine and the vineyard. There is a complex interaction between soil types, moisture requirements which can be manipulated, affecting the quality of the grapes produced and consequently, the vintage (Seguin 1986). New technologies such as Global Information Systems (GIS) and Global Positioning Systems (GPS) are employed to test the relationship between vine growth, crop load and wine sensory attributes (Reynolds et al. 2007), complementing the practical experiences of viticulturalists in their own vineyards. Their interests were recognized and given a voice in the making of the project identity through through the participation of an appointee of the Ontario Grape Growers Marketing Board (OGGMB), on the Board of Directors of the VQA.

But agri-terroir is also part of the research agenda of those who seek to establish a scientific basis for agricultural products labelled based on their origin in a geographic place and desire to protect that distinction (Moran 2006). Investigations into the physical and scientific contributions to differences in agricultural products lay the groundwork for labelling of distinctive local foods based on their origin and the efforts that are undertaken to protect the unique identities of these places and their products. The scientific aspects of agri-terroir are directly linked to the agricultural policies of wine-producing countries and the ongoing discussions about the formalization of Geographic Indications at the World Trade Organisation. They are also part of the development agenda of rural areas (Pacciani et al. 2001) and countries seeking to find a place in global trade (Maskus 2003; Belletti et al. 2007).

Grapes become wine through the process of vinification, when natural and cultivated yeasts induce fermentation in the must derived from the grapes. Vini-terroir (Moran 2006) refers to the art and craft of viniculture and is the process through which the advantages of the natural environment are enhanced and the shortcomings are ameliorated. The connection between the agri-terroir and the final quality of a wine is mediated by the process of vinification, and the application of technologies of winemaking, making a direct link between the vineyard and the characteristics of the wine more problematic than implied by the use of terroir as a geographical construct (Moran 1993a). Vinicultural interests in the construction of a project identity were represented by the Wine Council of Ontario (WCO), the trade association representing wineries. However, because it represented all wineries, including the large corporate wineries whose major source of revenues was from blended wines, it brought conflicting agendas to the process.

Territorial terroir (Moran 2006) refers to the process of defining and delimiting a space of production for the purpose of gaining a higher economic rent than would otherwise be possible. The uniqueness of a territory is inherent in the product produced there, and it is often recognized and described by the inclusion of the place name associated with its origins. Appellation of origin systems are formulated and implemented to institutionalize and legitimate claims to territorial distinctiveness and reputation and to protect those claims from appropriation by competitors. They are a mechanism of inclusion/exclusion in that they define who is eligible for the benefits accruing to place and who is ineligible. Place becomes an economic asset to be protected through legislation, a source of monopoly rent that allows its owners to collect higher profits based on their control of some unique and inimitable product of place (Harvey 2002).

The social and cultural aspects of terroir are denoted by the term identity terroir (Moran 2006). A sense of place emerges as people produce and reproduce the social and cultural aspects of place, allowing the assertion of an identity differentiated from other places and identities. Identity terroir may be expressed through cultural, symbolic and material projections of place and sense of place. The expression of place and terroir in the taste of a wine establishes a symbolic association with the identity of place as part of the consumption experience. Food and drink are "intimate commodities" (Winson 1993), becoming part of the body and nourishing it in a manner that is different from external consumer goods such as cars or computers. Wine is an intoxicating drink and the experience of drinking wine is intoxicating in an aesthetic sense, since it involves pleasure in the distinguishing qualities of the wine (Scruton 2007). When wine is the expression of place, signified by an appellation system, the consumption of wine becomes an assimilation of place and the unique identity of place.

Promotional terroir refers to the exploitation of terroir in the marketing of the product, and may overlap with other dimensions of political terroir to some extent. Analogous to the concept of branding, it is the process through which the geographic origins of the product, its uniqueness and the ongoing specificity of its qualities are communicated to consumers. Appellation systems are adopted to promote the national and regional origins of wine, imparting the identity of place to the wine consumer and indicating the quality that can be expected from the wine, based on the reputation of the appellation. Promotional terroir creates place as a commodity, to be marketed to as a tourist destination (Kneafsey 2003) while increasing equity for the wines of place (Thode and Maskulka 1998). The commodification of place is part of a rural development model that makes agriculture a central component in the sustainability of a rural economy and culture (Marsden, Banks, and Bristow 2002). Globalization has brought new challenges to rural areas including changes in the relationships of production brought about by structural changes such as the increase in farm size, the growing importance of environmental considerations in agricultural sustainability, and the shifting terrain of state support in an era of global flows of trade (Marsden 1999). Increasingly, food producers are viewed by the state and society, not only as agriculturalists, but also as entrepreneurs in a global economy, diversifying into non-agricultural pursuits (Coleman, Grant, and Josling 2004). Agriculture is still a major activity in the countryside, but it is becoming more multifunctional, a source of non-market public goods such as green landscapes and rural cultural experiences that are not available in urban areas. The reinterpretation of rural space as an (agri)cultural system utilizes, enhances and projects a material and symbolic sense of place, fostering rural development and potentially contributing to local autonomy and the ongoing viability of place (Ray 1998).

Lastly, the notion of legal terroir (Moran, 2006) encompasses the array of legal frameworks governing vines, wine, appellations and trade that have been instituted at all scales. The international agreements on intellectual property rights and geographical indications have become increasingly significant with the expansion of international trade and the creation of organizations such as the WTO and WIPO. Legal terroir links local wine to the state as the agent conferring a legitimizing identity, in accordance with the parameters of the global flows of wine.

2.6 Conclusion

It is Castells' (2000a, 2004a) contention that the processes of economic and political globalization during the last half of the twentieth century have transformed the material foundations of society, changing the relationship between local and global. The network society challenges the meaning of the space of places, fostering social fragmentation as they become absorbed within the space of flows. This leads to questions about the meaning and content of local identity and how places can act to maintain their relevance in the global flows.

The globalization of wine during the latter half of the twentieth century created a crisis in Ontario wine production that forced a complete re-evaluation of the industry and its re-creation around a new identity based on a model of production subscribed to by the major wine producing countries of the world. Rather than proclaiming a resistance identity, a segment of the industry built on a craft model of production, structured around an appellation of origin system, in conformity with global flows. Voluntary self-regulation introduced VQA as a project identity, to be institutionalized as a legitimizing identity through provincial regulation. This process involved negotiating the various aspects of political terroir making up the Ontario wine industry, affecting the final shape and meaning of the identity for those included in it and for those who were marginalized or excluded from the identity.

Chapter 3 Methodology

3.1 Introduction

The purpose of this work is to trace the development of the Vintners Quality Alliance from its introduction in late 1988 as a voluntary, self-regulated organization through to its institutionalization as a mandated self-regulatory entity, operating with authorities granted by the government of Ontario in 2000. In order to assess the various stages in this process, the research began with a series of interviews. The information obtained through these interviews was general and lacked detail, but was a good introduction to some of the personalities, issues and interests which were brought to the process. The second phase consisted of documentary research, using corporate documents, public reports and media articles to trace the evolution of the VQA.

3.2 Interviews

The initial investigation involved recorded interviews with some of the major participants in the early years of the VQA. They were undertake to understand the role of the interviewee in the formation of the appellation system, their perspectives on the history of the organization and the factors they considered important in the formation and evolution of the VQA. Organizational decisions are always made by people, negotiating their individual and collective interests through discussion, contestation and cooperation, a dynamic that was apparent in the interviews. Interviewees fit into three categories, namely, founders of the movement, outside directors on the Board and wine writers. All interviews were at a time and place arranged for the convenience of interviewees, and conducted following the guidelines set out by the McMaster University Research Ethics Board. The interviews were semi-structured, with specific questions on the history of the Alliance, its role in the renaissance of the Ontario wine industry and its success in building the industry for the future (see appendix). Interviewees were helpful and forthcoming, offering to provide further assistance if I had further questions.

The first set of interviewees consisted of four of the cottage winery owners who had signed the initial agreement of goals and purposes and who participated in the decisionmaking of the VQA throughout the process of attaining mandated self-regulation. They were important as the leaders of the movement who had promoted a production model for the Ontario wine industry that was a radical departure from the status quo, insisting that Ontario could be a producer of quality wines made from *vinifera* grapes and dedicated themselves to that passion. The interviewees included Paul Bosc Sr. and Paul Bosc Jr. of Chateau des Charmes, Karl Kaiser of Inniskillin and Len Pennachetti of Cave Spring Cellars. The Boscs and Pennachetti were on the Board of Directors of the VQA throughout the process and Bosc Sr. served on the Technical Committee and was instrumental in the formulation of the standards. Pennachetti was the Chair of the Board throughout the process of attaining legislation and continued on the new VQA Ontario Board until 2009. He was able to offer a concise history of the organization from its beginnings to the present.

The second category of interviewees consisted of two outside directors of the VQA in its formative years. The first was Donna Lailey, an appointee of the OGGMB, representing the viticultural sector. As the supplier of grapes to the wineries, growers were heavily invested in the conversion of their vineyards from *labruscas* and the success of VQA was a critical component of their survival in the long term. The other was Dr. Helen Fisher, a research scientist who served as a member of the Technical Committee responsible for the development of standards. Their primary commitment was not to wine, but to their own communities of interest and this was the perspective they brought to the table. The third set of interviews was conducted with two wine critics, Tony Aspler and Chris Waters, who supported the transformation of Ontario wine and actively promoted VQA wines in their writings. All of the people in these two categories had access to different networks and thus served as intermediaries between them, conveying and interpreting information as they negotiated within and between the networks.

3.3 Documentary Data

To complement the interviews, documentary data were collected on the global and Ontario wine industry in the years preceding the introduction of VQA to understand the factors that precipitated voluntary self-regulation. This information was readily available and accessible in print articles, industry reports and submissions and through internet searches of organizational websites. The information on the formative years of the VQA came from several collections of minutes of the Alliance that I was generously given access to. Some of these were later donated to the Brock archives by the parties. Without these documents, it would have been impossible to reconstruct the process undertaken by the VQA toward voluntary self-regulation.

3.3.1 Background Information

Background information on the international and the Ontario wine industry was gathered from a number of sources. The Brock University archives have several collections on the history of grapes and wine in the province, including reports submitted to the provincial government by the Wine Council of Ontario and the Ontario Grape Growers Marketing Board in the years leading up to the formation of the VQA and during the transformation of the industry. The submissions relating to the transition issues faced by the industry with the advent of the FTA outlined the various perspectives and arguments circulating as the industry replaced *labrusca* plantings with hybrids and *vinifera*. At this time the cottage winery sector was very small and in its formative stages with no organization of its own, and therefore no distinct voice or representation. Therefore the materials that are available from this time period represent the opinions of growers and wineries, but no distinction is made between industrial and cottage wineries, or between growers and winery growers. Some of the reports take these complexities into consideration, others refer to them in passing, and some choose to ignore them. The OGGMB published comprehensive industry statistics on grape production, purchases by processors, imports of wine and blending materials and wine sales in Ontario in its annual reports. These were compiled from data provided by industry participants such as the Ministry of Agriculture and Food, the LCBO and the Association of Canadian Distillers. The VQA did not publish annual reports as a voluntary association, but was required to do so after it was granted legal status under the Ministry of Consumer and Corporate Relations.

The collection of data on the international wine industry certainly supported Castells' (2000a) contention that new information technologies are changing the way we live and work. The internet offered a wealth of information on the globalization of wine, including statistical data on plantings, production and trade. Websites maintained by the International Organisation of Vine and Wine (OIV) and the World Intellectual Property Organization (WIPO) were useful in understanding the requirements and diffusion of appellation systems and the role of global intellectual property laws. The volume of information that is available did create some concerns and should be therefore be interpreted with caution. For example, the statistical data on the international industry was drawn from a number of sources and compiled by various industry and public sector organizations and their use is not meant to reflect precisely the state of the industry or the sector at any given point in time. Rather, the statistics indicate broad trends in the industry. The different methodologies used in compiling and aggregating data preclude direct, fine-grained comparisons among the different sources. For example, grape vine acreages are based on 'reported' numbers, making it entirely plausible that some growers have chosen not to report their plantings. Secondly, vines do not bear in the first two or three years after planting. Some databases include non-bearing vines, while others omit them, or note the acreages of non-bearing vines. In addition some databases list all grape plantings, including those intended for fresh consumption and those that are used for the production of raisins. Where the latter is the case, every effort has been made to include only information that pertains to wine grapes. The data available on wine production and consumption is also subject to similar limitations. At times it was not clear whether only wine from grapes was being reported, or the classification of wines might be different, depending on the reporting country. For instance, dessert wines in a North American database may be listed as liqueur wines in the EU. Import and export data may include grape musts and fortified wines as wines from fresh grapes, or list each category separately.

3.3.2 VQA Documents

Meeting minutes of the VQA Board, the Technical Committee and VQA Canada were used to trace the process whereby VQA was enacted into legislation. These documents covered the period between January 1989 when the VQA was first formally constituted as an organization, and May 2000, when the Vintners Quality Alliance Ontario was designated as the Wine Authority. Board meetings were not necessarily held on a regular schedule, especially in the early years, although there appeared to be an effort to meet at least quarterly. However, the number of meetings increased after Pennachetti was elected Chair and as the complexity of self-regulation increased. In addition, the number of background documents such as correspondence, reports and presentations included with the agenda and minutes of meeting, increased. Permission to view and use these documents was given by Pennachetti, who later donated them to the Brock University archives, and by Fisher. As a mandated self-regulated organization, VQA Ontario is required to publish Annual Reports, which are readily available through the organization's website.

The minutes represent an official record of the meetings as summarized by the appointed secretary and accepted by a vote of the members. As such, they are a summary of the discussion that took place, and were not intended to be a complete documentation of all the discussion, but crafted to conform to members' expectations of what should be included and how that information should be presented. Minutes were produced by a staff member as part of their secretarial duties, resulting in a variety of formats and styles, some of them more comprehensive than others. Some scribes used a narrative form of minute keeping, recording details of who said what, while others captured only the essence of the discussion. This is particularly true of the reports made to the VQA about the process of legislating the VQA, which reported general progress, but provided no details of the discussions undertaken. Staff could not be expected to have an extensive knowledge of the wine industry or the issues under discussion and there is also the very real possibility that they were not fully aware of the organizational or personal dynamics between participants in the meetings. Thus the minutes are an interpretation of the discussion and once they were endorsed by the VQA Board, they became the official version of events. The minutes therefore represent action frozen in time, constructing the history of the organization.

In spite of these shortcomings, the minutes do capture general trends and themes when considered a whole. The meeting agendas set out the major issues to be dealt with and from this it is possible to ascertain regular points of discussion and to follow the progress of that discussion. Other issues which appear to be pertinent occasionally disappeared, indicating that they had been sidelined or resolved to some degree. Often the minutes record who moved a motion and who seconded it, indicating who the primary decisionmakers were. For example, the OGGMB had a representative at the meetings, but this person rarely appears in the minutes. On the other hand, the executive members regularly moved and seconded motions, showing that they were central to the organizational decisionmaking process.

The minutes are not neutral documents, but should be interpreted as an organizational discourse, texts with meanings and significance beyond the immediate chronology of events they contain. These meanings are negotiated in the production of the minutes and therefore reveal explicit or implicit presentations of the self, personal and collective agendas and political manoeuvrings (Lee 1999). It is therefore essential to consider the contexts within which they are produced (Chalaby 1996), including the interests brought to the discussion by the various Board members. The Board was made up of representatives from the winery and grape growing sectors, the scientific community, and the state, each of whom brought their own particular agendas and perspectives to the table. First, there were significant asymmetries of power among winery participants. In general, estate wineries were individually owned, with less financial and human resources. They concentrated on wine produced with local grapes and were limited in their distribution options because their volume of production in the early years was less than required for an LCBO listing.

On the other hand, large wineries such as Bright's (later Vincor) and Andrés had a national and/or international corporate presence, with access to a broader range of resources, both financial and material and had multiple distribution channels, including their own chain of stores. Diversification into the other alcohol related activities such the home brewing and winemaking markets and beer production gave these corporations a broader base in the marketplace, making them less dependent on wine to generate profits. Wineries established prior to 1993 had the option of importing concentrates and bulk wines for the purpose of blending with local products. Wineries that pursued this strategy decreased their costs of production and were less dependent on the vagaries of the Ontario crop. This affected their relations with growers who were concerned that blending would undermine the image of quality that VQA was trying to project.

Having undertaken the expense of converting their vineyards to hybrid and *vinifera* production, they supported VQA as the foundation of their continued viability and profitability and grudgingly accepted blending as a necessary short term contingency.

Outside directors on the Board represented the interests of their constituencies and in the process of supporting VQA production they were also attentive to its impact on their future. Scientists who relied on the state for funding had to have evidence that their work was relevant and provided benefits that warranting continued funding. The OGGMB representative was the voice of viticulturalists who supplied the wineries and collectively negotiated with them the minimum prices to be paid for their inputs, a process that was often been protracted and contentious. These grower-winery tensions were reflected in the weight given to grower interests in the process of pursing mandated self-regulation. State bureaucrats such as the LCBO personnel appointed to the Board were subject to the imperatives of their office, acting as gatekeepers and interpreters of regulations and legislation. In addition, they served as facilitators of the process of formulating VQA regulations in accordance with the legal requirements of the legislation that gave the Alliance its mandate and authority as a regulated self-regulatory entity. Given these multiple relations of production and the conflictual nature of these relationships, meetings of the Board became a forum to negotiate diverse viewpoints, make trade-offs and arrive at acceptable compromises.

Lee (1999) suggests that generic steps should be undertaken when corporate documents are analyzed. An intensive and extensive reading of the texts will identify the subjects, issues, personalities and interests represented and the themes and assumptions that prevail and develop a broader understanding of them. The data should then be ordered in some logical way to facilitate analysis and construct a preliminary interpretation. Other independent texts are used to corroborate, contradict or add further insight to the interpretation and modify where necessary. This procedure was followed, resulting in the development of a model that identifies the various stages in the process of creating a project identity and institutionalizing it as a legitimizing identity as 100% Ontario wine sought a place for itself in the global flows of wine.

3.4 Conclusion

Having outlined the theoretical framework and the methodological considerations underlying the research, the next six chapters outline the substantive findings of the research. The next chapter examines the globalization of wine and the conditions that prompted the adoption of self-regulation as a mechanism to establish the provenance of wine and signify its quality. This is followed by an exploration of the Ontario wine industry, including a review of global and local factors which prompted the implementation of voluntary self-regulation.

Chapter 4 The Globalization of Wine

4.1 Introduction

The symbolic and ritual importance of wine and its limited base of production have made it a valuable commodity for trade since early Greek and Roman times (Unwin 1996). World wine production has traditionally been centred in France, Italy, Germany, Spain and Portugal, often referred to as the Old World. It is only in the latter half of the twentieth century that European domination has been challenged by New World entrants to global wine such as Australia, the US, South Africa and Chile as they dramatically increased their production and entered into the export market. The global expansion of wine was accompanied by an increased emphasis on quality and the diffusion of self-regulated appellation of origin systems that verified quality and linked it to geographic location. What conditions account for the origin of self-regulation in wine in Europe and why did self-regulation become the hallmark of a legitimatizing identity for quality wine?

In this chapter, I argue that self-regulation was adopted as a means to structure the terms of competition in the wine market, creating a system of inclusion and exclusion to benefit prestigious wine regions. I show that it was implemented by wineries in established wine regions, acting in their economic interests and in collaboration with the state, to identify the provenance of wines at a time when their dominance in the market was threatened by disease problems. The objective was to counteract the opportunistic actions of growers seeking to exploit the situation by extending production beyond the traditional areas and of merchants bringing inferior wines to the market. Place was valorized as the source of a unique identity and place, place making and the construction of difference became central principles of appellation systems. In defining quality as the product of place, the geographic designation became a mechanism of exclusion, giving an advantage to those in the designated region at the expense of those located outside the region. The French Appellation d'Origine Contrôllée regulations formulated after 1905 privileged traditional areas of wine production, citing the geographic and geological characteristics of place as a rationale for asserting territorial control to circumscribe the extent of the industry and limit competition (Moran 1993).

4.2 Origins of Self-Regulation

The practice of branding goods with marks designating their place of origin began when European merchants recognized that local reputations for superior quality could be commodified and turned to commercial advantage. The result was the creation of local regimes of self-regulation whereby producers sought to protect the integrity of their goods while preventing fraudulent or inferior goods from reaching the market (Blakeney 2001). These local laws eventually became the basis for the system of geographical indications (GIs) giving international protection for products whose distinctiveness and quality stem from specific local factors such as climate, soil, or method of production. Geographical indications for wine specify only that the grapes from which a particular wine is made come from a delimited geographic area. Appellations of origin are a special kind of geographical indication that further specify restrictions on viticultural practices and winemaking techniques which must be followed for the wine to qualify for an appellation designation. Geographic indications and appellations of origin have legal status at multiple scales, and are thus invested with power in the network of global wine. Local and national legislation govern production within a country, bilateral agreements to respect each other's appellations may be entered into by two nations or by a nation and another legal entity such as the EU, multilateral regional agreements are applied to a bloc of countries such as the European Community, while international agreements are formulated under the auspices of the WTO (Moran 1993a).

4.2.1 Place and Quality

The earliest national classifications of wines and viticultural areas were an attempt to establish control over the increasingly lucrative markets of 18th century Europe when the demand for cheap wine in the growing urban areas led to the adulteration and falsification of wine by unscrupulous merchants. Drawing attention to the region of origin was an effort to counter this by establishing the provenance of the wine as an assurance of quality. In 1756 Portugal's Upper Douro region became the first geographically demarcated viticultural area when the Prime Minister of Portugal established a monopolistic company to support local viticulture, maintain the reputation of local wines, establish a stable price structure and conduct all the wine trade in that area (Unwin 1996).

In addition to geographic delimitation, the wine itself could be classified based on the reputation and tradition of quality associated with a specific winery or estate. Informal wine classifications emerged in Bourdeaux and Burgundy in the late 1700s based largely on the prices that the various wine estates were able to command for their products. The first official classification was developed for the wines of the Gironde region for the 1855 World Exposition in Paris. It was based on the prices returned to wine producers in the various chateaux, thus linking property and wine price, and ensuring that future prices for wine could be tied to the property from which it was produced. Despite ongoing debate, this classification remains relatively unaltered to this day, reflecting the continued economic and political power of the wine establishment of the region. Both variants operated as mechanisms of exclusion, ensuring returns for wine producers based on their position in the hierarchy of the classification and making the creation of new wine estates difficult (Unwin 1996). Thus appellations of origin systems had their beginnings in the efforts of French viticulturalists and wine merchants to formalize and institutionalize the association between quality and geographic location by specifying and regulating the dimensions of quality and associating them with a given locale. The most notable example of this is champagne, a sparkling wine that over time was invested with cultural capital and ultimately became a symbol of the nation of France (Guy 2003).

4.2.2 The Emergence of Self-Regulation in France

The present systems of appellations and geographic indication have their origin in France in the aftermath of two crises in European viticulture. In the 1840s powdery mildew was identified for the first time on French vines and North American vines which were resistant to powdery mildew were imported and cultivated. However, some of these vines were infested with phylloxera, a small aphid that attacked the roots and eventually killed the vine. The phylloxera aphid spread through France, then moved through the rest of Europe, devastating vineyards in Spain, Portugal, Germany, Switzerland and many of the wine growing countries of Eastern Europe and much of the rest of the world (de Blij 1983).

The spread of phylloxera radically altered the landscape for French viticulture and viniculture and ultimately laid the foundation for industry self-regulation in the 1900s (Unwin 1996). First, it created a high degree of instability as viticultural acreages and hence wine production decreased dramatically. The resulting economic hardships and the high cost of new viticultural practices to protect the vines made replanting financially prohibitive for many producers. French viticulturalists who remained in production were anxious to recover their losses and compensated for the decreased area under production by increasing their productivity per vine, resulting in higher yields, but a lower quality of wine. Second, the structure of wine production became more differentiated because the greater economic resources of the large chateaux enabled them to absorb the increased costs associated with replanting while the smaller peasant producers were often forced to abandon their holdings. Third, the crisis and subsequent emigration of peasants led to the expansion of wine production in areas less affected by phylloxera or areas that had no vines. The result was the diffusion of the knowledge of viticulture and viniculture to new areas and an opportunity for the industry to become established in previously marginalized areas of the globe. Thus the changing geography of production induced by the phylloxera crisis contributed to the early globalization of the wine industry long before Castells (2000a) exposition of a network society. Lastly, the reduction in wine supplies led to an increase in fraud and the adulteration of wine as unscrupulous vintners and merchants took advantage of the conditions. Common practices included the addition of sugar before fermentation (known as chaptalization after the French chemist who introduced the practice) to increase the alcohol content of the wine, the production of wine from raisins to which water had been added and the addition of dyes and flavourings. As well, wine was imported to blend with local wines to make them more palatable, then sold with falsified claims of origin (Bateman 1884).

The appellation laws that began to take shape in France after 1905 were a direct response by wineries, merchants, grape producers and the state to the conditions that prevailed after the phylloxera crisis. Shifting patterns of production led to tensions as areas that had traditionally dominated the wine market tried to protect their position against new areas of production which took advantage of the shortfall. Thus territoriality and the importance of place as a signal of quality became central principles of the appellation of origin systems implemented to bring order to an industry facing significant economic and political upheavals (Simpson 2004). An appellation designation was an assurance that a wine carrying that appellation was made in a locale under specified conditions as defined by law and could therefore be accepted as a guarantee of quality. "Appellation d'Origine Contrôllée" can be translated literally as "controlled place of origin", emphasizing both locale and regulation (de Blij 1983:106). One effect of demarcating wine regions and establishing a hierarchy of appellations was to control supply and hence price (Moran 1993a). De Blij (1983) relying on Marx[1] (1909 V III: 900) argues that each demarcated area becomes a monopoly in its own right, allowing owners to realize a profit that is greater than if the area were not delimited. Therefore the adoption of an appellation of origin system is an expression of political and economic influence and a source of continued power. The wine laws that were developed in France emerged as the basis of a legitimatizing identity in the era of globalization and conformity to a standardized system of internal regulation became a necessary condition for participation in the global flows of the trade in wine.

[1] It is necessary to distinguish, whether the rent flows from a monopoly price, because a monopoly price of the product or the soil exists independently of it, or whether the products are sold at a monopoly price, because a rent exists. When we speak of a monopoly price, we mean in a general way a price which is determined only by the eagerness of the purchasers to buy and by their solvency, independently of the price which is determined by the general price of production and by the value of the products. A vineyard producing wine of very extraordinary quality, a wine which can be produced only in a relatively small quantity, carries a monopoly price. The winegrower would realize a considerable surplus profit from this monopoly price, the excess of which over the value of the product would be wholly determined by the wealth and fine appetite of the rich wine drinkers. This surplus profit, which flows from a monopoly price, is converted into rent and in this form falls into the hands of the landlord, thanks to his title to this piece of the globe, which is endowed with peculiar properties. Here, then, the monopoly price creates the rent. Marx (1909 V III: 900)

Over time, the regulations became more prescriptive, defining in more detail additional dimensions of a legitimatizing identity for quality wine. A 1905 law made it an offence to falsely identify a commodity as the product of a specific locale to increase its value, thus making a connection between locale and quality and taking the first step in the emergence of the AOC system (de Blij 1983). In 1907 vintners were required to report their annual volume of production and stocks on hand and between 1908 and 1912 the geographic boundaries of a number of regions, including Bordeaux, Cognac and Armagnac were established, a development which eventually became the basis for the current appellation regions (Unwin 1996). In 1919, courts were given authority to hear disputes relating to the delimited areas and their judgments began to consider vine varieties as criteria to define the boundaries of wine districts. However, one of the problems with these judgments was that they privileged the geographic area of production, without giving due weight to the role of quality (Phillips 2000).

Subsequent laws were drawn up to re-establish this relationship within an appellation, and viticultural practices came under scrutiny. For example, viticulturalists were restricted in the grape varieties they could use and the vine pruning and training methods that were allowed and vinification methods were prescribed in accordance with traditional practices in the appellation. The quality of the grapes suitable for vinification and the alcohol content of the manufactured wine could also be specified under these regulations. Thus, quality was aligned with traditional practices as the leitmotif of the geographic appellation. The revision of 1935 was even more definitive, stipulating that wines could only qualify for AOC status if they were made from specified grapes from a delimited area and conformed to other requirements traditionally considered appropriate for that wine type, including maximum yields per hectare, the observance of prescribed viticultural and vinification techniques and the alcohol levels allowed in the finished wine. At the same time, the Institut National des Appellation d'Origine (INAO) was established to administer and enforce the AOC system. This revision effectively began the work of delineating the French vineyards, although by 1950 only 10% of France's total wine production was classified as AOC. It was not until the 1960s that the effort began in earnest (Unwin 1996) when the French wine industry began a concerted campaign to eliminate the hybrid vines that had been planted in response to the phylloxera crisis and focus on *vinifera* varieties that would produce the higher quality wines being endorsed by consumers (Crowley 1993). Currently France has over 470 registered AOCs (*Financial Times* 2007), and there is concern that the system may in fact operate as a constraint in a global marketplace because the regulations decrease France's flexibility to respond to changes in a highly competitive environment (Anderson 2004).

The phylloxera crisis was also a catalyst for the formation of an international organization devoted to issues relating to viticulture and viniculture. In 1874, representatives from France, Italy, Germany, Austria and Switzerland held meetings to discuss measures to combat the phylloxera aphid. The chaotic production and marketing of wines in the early part of the twentieth century prompted another series of meetings, which resulted in a agreement on a definition for wine and a confirmation of the governing principles of the 1891 Madrid Agreement for the Repression of False or Deceptive Indications of Source of Goods. In spite of lengthy and protracted negotiations on the advisability of setting up a permanent organization, it was not until 1924 that an Agreement was signed by France, Spain, Portugal, Italy, Greece, Hungary, Tunisia and Luxembourg establishing the L'Organisation Internationale de la Vigne et du Vin (International Organisation of Vine and Wine or OIV). It took another three years for the first five countries to register their ratification of the Agreement, at which time the organization was officially constituted (International Organisation of Vine and Wine n.d. *OIV - Background*). Although it was formed as an international organization, it has been referred to as "an extension of the French conception of viticulture and of wine" (Hannin, Codron, and Thoyer 2006). It is headquartered in Paris, the French took the leadership in formulating its objectives and its first president was influential in the debate around the creation of labels of origin in France in 1919.

The concerns of the French regarding wine fraud were shared by other wine producing countries, making collaboration and cooperation desirable and possible. The OIV's strict definition of wine, "the beverage that results directly from the complete or partial alcoholic fermentation of fresh pressed or unpressed grapes or grape must" (International Organisation of Vine and Wine 2009) excludes any product not made from fresh grapes, ensuring that place of origin of grapes and the location of winemaking were intrinsically linked. The OIV has become the gatekeeper of the global wine industry, recommending standards for grape production, winemaking practices, and labelling, promoting the extension of appellation systems and the harmonization of regulations governing them, and working with other international organizations on standardization initiatives (OIV n.d. *OIV - Missions*). In addressing the diverse natural and human components of viticulture and viniculture that give wines their distinctive character, the OIV accepted a cultural dimension for wine as it supported and sought protection for labels of origin (Hannin, Codron, and Thoyer 2006).

4.2.3 International Agreements

National and regional wine regulations have been furthered through supportive international agreements that bind signatories to recognize and protect designations of origin under intellectual property laws. The 1883 Paris

Convention for the Protection of Industrial Property (World Intellectual Property Organization 1883) was the first multilateral agreement to include protection for appellations of origin and has since undergone a number of revisions to increase its scope. It provides for seizure of goods if they are imported with a false indication of source and affords protection for indications of source which imply product quality. In addition, it is intended to prevent unfair competition by preventing the use false or misleading indications of source which had the potential of creating confusion for the public. The 1891 Madrid Agreement for the Repression of False or Deceptive Indications of Source of Goods (World Intellectual Property Organization 1891) was written to expand the protection for geographical indications through all commercial channels, including advertising. Article 4 specifies that regional geographical indications applied to wine cannot be treated as generic terms, a provision that resulted in an ongoing series of international legal challenges based on different interpretations of the treaty provisions.

The Lisbon Agreement for the Protection of Appellations of Origin and Their International Registration (World Intellectual Property Organization 1958), enacted in 1958, laid the groundwork for the establishment of an international system to register and protect appellations of origin. Under Article 1 of this agreement signatory countries agreed to recognize and protect within their boundaries the appellations of origin of other signatory nations and registered at the International Bureau of Intellectual Property of the World Intellectual Property Organization. Article 2 conforms to the French definition of appellation of origin as a designation for a product from a specified geographic location exhibiting the quality and characteristics imparted by the geographic environment, including the natural and human dimensions. A major area of contention in both the Madrid and the Lisbon agreements has been the status of geographical indications which have come to have generic meaning through common usage. Any product which is protected in its country of origin by an appellation cannot be deemed to be a generic product in another country. Thus "champagne" cannot be used as a generic designation but can refer only to the wine produced in a delimited area of France. Intellectual property rights have also been recognized by the United Nations, which in 1967 formed the World Intellectual Property Organization (WIPO) as a specialized agency to administer the agreements on geographical indications. It is headquartered in Geneva, Switzerland, and has a mandate to develop an international intellectual property system that is both fair to all participants and readily accessible. In addition to promoting the legal protection of intellectual property and fostering cooperation among signatories, it is involved in setting standards for the protection and enforcement of intellectual property rights and registering international marks.

The protection of geographical indications was an important part of the negotations in the Uruguay Round of the GATT discussions, resulting in an Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) which all WTO members must adhere to. The Agreement integrates and builds on the substantive provisions of the Paris Agreement, providing for claims and sanctions which may be invoked through WTO dispute-resolution channels (Rovamo 2006). Section 3 of the Agreement addresses Geographical Indications in more detail. Under Article 22, geographical indications are defined as "... indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, whereas given quality, reputation or other characteristic of the good is essentially attributable to its geographic origin." Article 23 specifies additional protection for wines and spirits, disallowing the use of indications which sound the same and providing for negotiations to establish a system of notification and registration for geographical indications for protected wines. Members are bound to engage in negotiations to enhance the protection of geographical indications by Article 24. The creation of the WTO at the end of the Uruguay round of the GATT bound members to accept the provisions of the TRIPs Agreement, but also helped to open EU markets to third countries. More fundamentally, the WTO has focused on policy harmonization, internal institutional arrangements and practices, and domestic regulations that could be construed as detrimental to the competitive environment (O'Brien and Williams 2004). Under these conditions, geographical indications and appellations of origin and the protection afforded to them through international agreements become a critical factor in establishing and maintaining a national presence in the network of the global wine industry.

4.3 Wine in Surplus

Global wine production experienced dramatic growth after WW II as New World countries expanded their vineyards to enter the global network of wine. In the late 1940s world production was about 19,300 megalitres (ML[2]), but by the mid 1960s this had increased to almost 28,000 ML. Although Western Europe's production rose by 45% during this time period, New World production increased by 57% and Eastern Europe more than doubled its production (Phillips 2000). However, world consumption did not keep pace with this growth, increasing by only 10% between 1960 and 2000, from 24,616 ML to 24,344 ML. The wine share of alcohol consumption also decreased globally as consumers turned to beer and spirits, dropping from 43% to 17% in the same time period (Wittwer and Rothfield 2006). Consumers were drinking less wine, but they were more likely to be drinking premium wines over ordinary table wines. For example, in 1955-56 French consumption of domestic wines in the highest AOC quality category was only 7% of total consumption. By 1984-85, almost one-third of

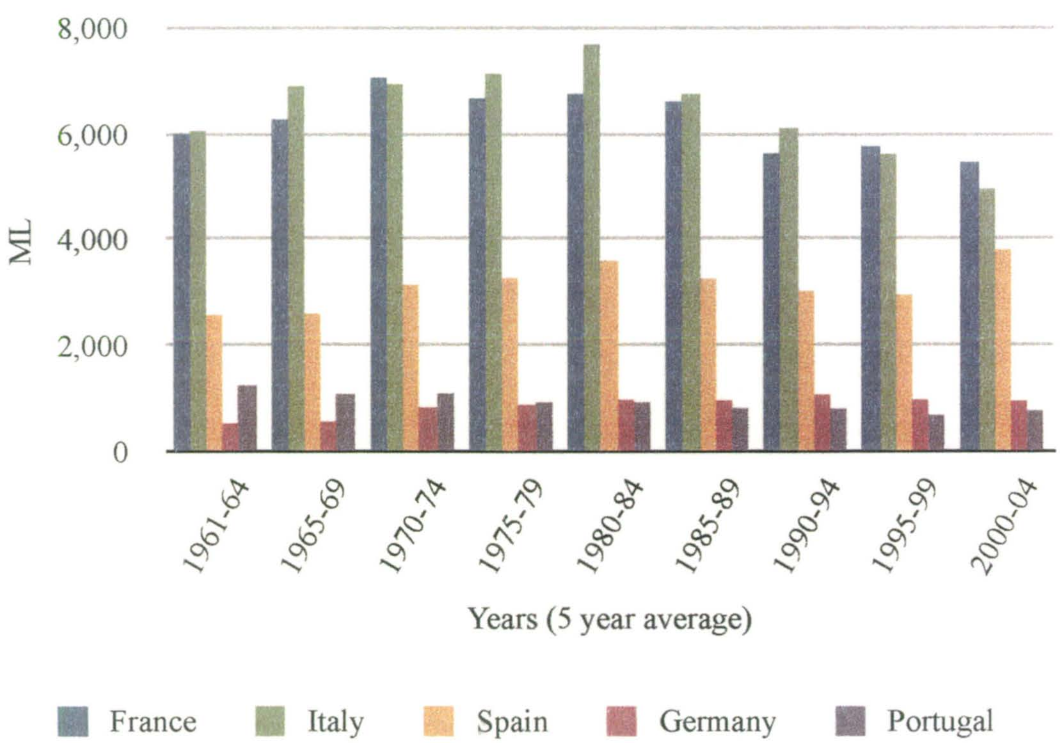
[2] 1 mega-litre = 1 million litres

French consumption consisted of this category, representing a 200% increase in volume (Crowley 1993). The expansion of the EU and the extension of the Common Agricultural Policy to all member nations contributed further to the factors increasing global wine stocks and put pressure on countries to rationalize production and develop export markets to deal with the chronic structural surplus (Hunter 1984).

4.3.1 Production

As the twentieth century drew to a close, the expansion of wine production in New World countries and the globalization of the wine trade began to challenge Old World dominance of the industry, as depicted in Charts 4.1 and 4.

Chart 4.1: Volume of Old World Wine Production, 1961-2004 (ML)

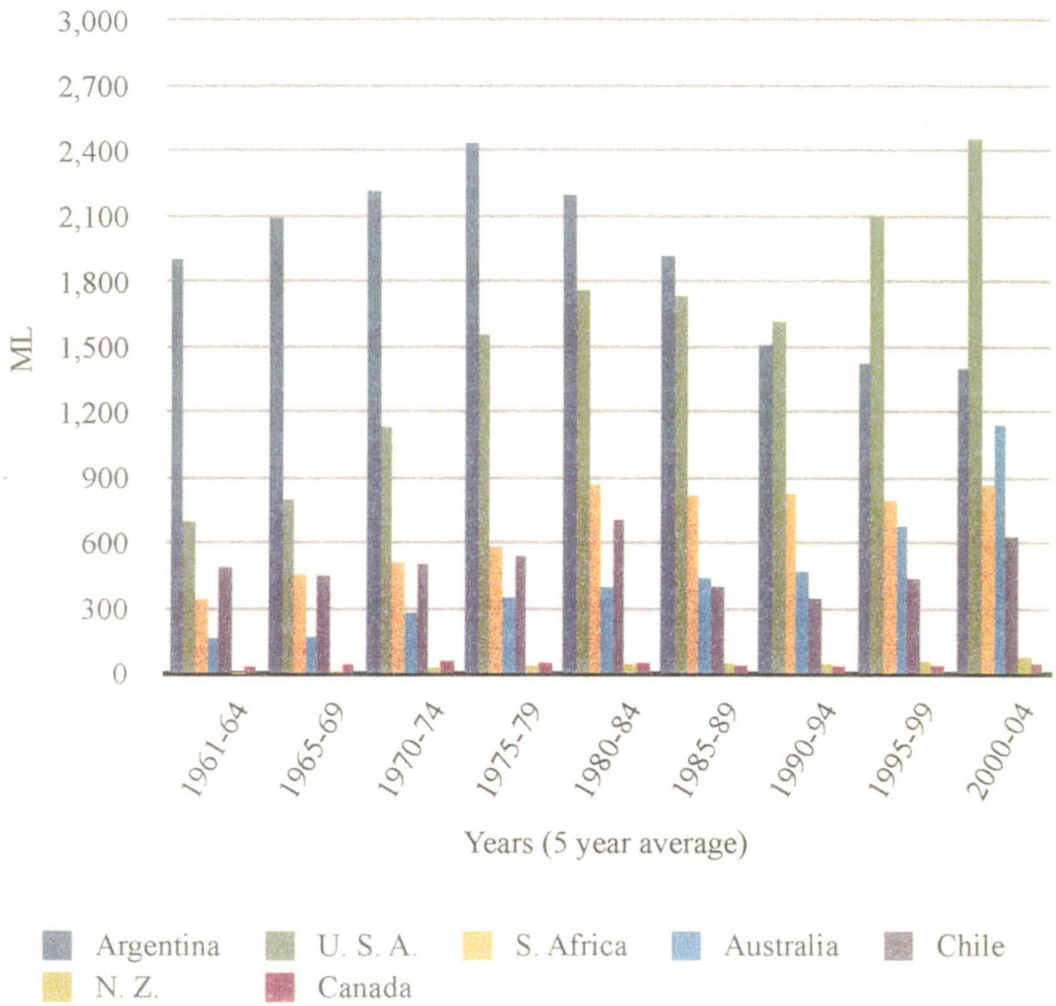


Source: Wittwer and Rothfield 2006

In the early 1960s, ten countries accounted for 81% of the world's production of wine. In Europe, France, Italy, Portugal, Spain and Germany together produced 66% and in the New World, Argentina, the US, Chile, South Africa and Australia had a further 15%. Forty years later, at the turn of the millennium, Europe had almost 60% of world production, but the New World had increased its share to

24%, primarily at the expense of Central and Eastern Europe. Calculated in volume, Old World production remained relatively stable at about 16,000 ML, but New World production increased dramatically from 3600 ML to almost 7000 ML.

Chart 4.2: Volume of New World Wine Production, 1961-2004 (ML)



Source: Wittwer and Rothfield 2006

The most dramatic increases occurred in Australia and the United States: the U.S. increased its production from 700 ML to 2,456 ML, (a 350% increase), while Australia moved from 164 ML to 1,143 ML (an increase of almost 700%). The highest levels of world production occurred in the 1980s, when some 34,375 ML of wine were vinted (Wittwer and Rothfield 2006: 88, 89).

4.3.2 Consumption

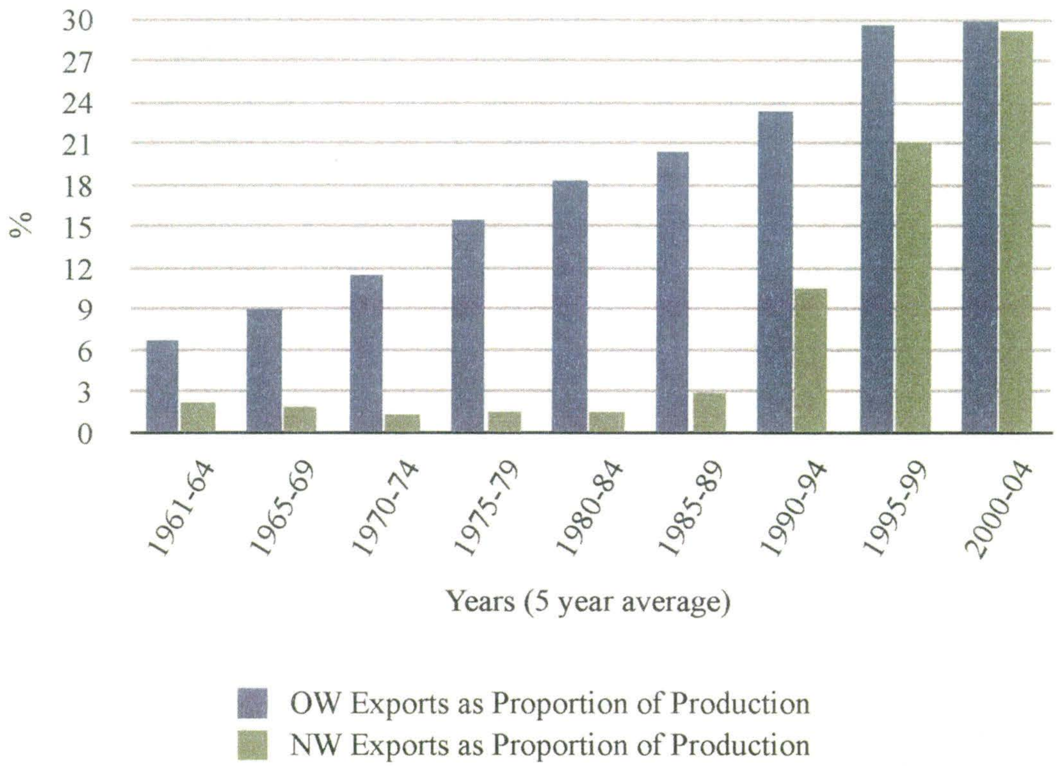
These changes in the geography of production were accompanied by dramatic changes in the geography of consumption. In 1960 the major Old World wine producing nations accounted for 68% of the total world share of consumption but by 2000 this had decreased to 42% (Wittwer and Rothfield 2006). The share of world wine consumption volumes for France and Italy fell to half of what it was in the 1960s, a trend attributed to concerns about the relationship between high alcohol consumption and health, a shift from regular to occasional drinking and a growing interest in higher quality wines (Spahni 2000). For the most part, New World consumption trends operated in reverse of those of Europe. Australia increased its volume of consumption from 57 ML to 401 ML, while New Zealand increased its volume of consumption from 6 ML to 67 ML. Australian per capita consumption increased from 5.3 litres to 20.5 litres, while New Zealand per capita consumption rose from 2.3 litres to 17.5 litres per capita (Wittwer and Rothfield 2006).

4.3.3 Trade

The expansion in the global industry in the last half of the twentieth century was accompanied by shifting patterns of trade and increased competition, as shown in Chart 4.3. The volume of wine exported almost tripled between 1960 and 2000 from 2617 ML, to 7267 ML. Old World exports increased more than five-fold from 920 ML to 4853 ML and New World exports increased even more, from 33ML to 1512 ML. While this is still substantially less than exports from major Old World nations, it is the rate of increase of export volumes that is noteworthy: the Old World increase is over 500%, but the New World increase is over 4500%.

Australia was the leading New World exporter, and the fourth largest exporter in the world, poised to challenge Old World producers in major export markets. A significant proportion of Old World trade was intra-EU, while New World countries concentrated on growing markets such as the U.K. and the Asia/ Pacific region (Wittwer and Rothfield 2006). If intra-EU trade is excluded from the data, Australia ranked as the second largest exporter in the world, making it a substantial player in the global wine industry, challenging European dominance (Anderson, Norman, and Wittwer 2003; Anderson 2004). Globally, the reliance on exports also increased: in 1960, they comprised 10% of world production, and by 2000 more than 25% of the world's wine production was traded. Old World countries depended on exports to market almost one third of their production, while major New World producers showed more variation. In 1960, Australia exported less than 5% of its production, but by 2000, more than 40% of its production was exported. Canada, a relatively small exporter, marketed only 6% of its volume outside its borders by 2000.

Chart 4.3: Exports as a Proportion of Wine Production Volume, 1961-2004 (%)



Source: Wittwer and Rothfield 2006

The two largest volume importers in the Old World were France and Germany, but their patterns of imports moved in different directions. Germany imported 452 ML in 1960, while France imported 1324 ML; forty years later, Germany was importing 1382 ML while French imports had dropped to 573 ML, evidence that it would not readily cede its dominant position in world wine. The UK increased its imports from 106 ML in 1960 to 1264 ML by 2000. In the New World, U.S., imports rose from 41 ML to 610 ML and Canadian imports increased from 12 ML to 254 ML during the same forty years. Most of this is in the form of bottled wine, but bulk imports are also included. In 2004, Canada imported 78 ML of bulk wine, while the United States, a much larger country, with a much larger wine industry imported less than half of that, 32 ML (Wittwer and Rothfield 2006). These bulk imports were used for blending with Canadian wines and labelled as "product of Canada" if they contained a minimum of 75% Canadian-grown grapes or "cellared in Canada" if they had a minimum of 30% Canadian grapes. Imports accounted for almost 70% of German wine consumption, the highest proportion in major Old World wine producing countries. Canada's reliance on imports more than tripled, from 27.5% of consumption in 1960, to 90.2% by 2000 (Wittwer and Rothfield 2006), a fact not lost on Canadian viticulturalists who decried the loss of domestic markets. The globalization of the trade in wine was been accompanied by changes in the quality of the wine being traded. If export prices are taken as an indication of quality (Spahni 2000), New World exporters raised the quality of their exports in the decade of the 1990s, while average export prices remained stable for France, Italy, Portugal and Spain (Anderson 2004).

4.3.4 EU Developments

The Treaty of Rome establishing the European Economic Community (EEC) came into force in 1958, creating a free trade zone for agricultural products among the six signatory nations and introducing the Common Agricultural Policy (CAP) providing financial and political support for agricultural production. This was followed in 1970 by a Common Market Organization (CMO) for wine to address the need for stability in the table and lower quality wine production sectors through measures such as import levies, regulation of plantings and disposal of surplus wine through distillation (Spahni 1988; Zobbe 2001). However, the combination of generous price supports to producers and market interventions on their behalf aggravated the problem of wine surpluses caused by production/consumption imbalances and increased the importance of export markets (Mendelson et al. 1989). These surpluses, sometimes characterized as a "lake of wine" (Hunter 1984), prompted the EU to undertake measures aimed at reducing production, including financial incentives for the permanent removal of less desirable varieties and the subsidized distillation of ordinary wines to produce industrial alcohol. Between 1980 and 1985 more than 2.5 billion litres per year were distilled in France and Italy, the major European producers (Spahni 1995). Recognizing the importance of trade in the global wine industry, the Uruguay Round of the GATT negotiations focused on the reduction of tariffs and export subsidies and the strengthening of protection for geographical indications for wines and spirits, an agenda driven by European wine-producing countries, led by France and Italy (International Food and Agricultural Trade Policy Council 2003). Thus appellations of origin became political constructions designed to establish and maintain dominance in the global wine industry.

4.4 Conclusion

This chapter has traced the origin of self-regulation as a system of inclusion/exclusion from economic benefit generated from the designation of

place as the source of an identity. Historically dominant areas of wine production in Europe were challenged
challenged with the global expansion of the wine network to New World countries such as Australia, New Zealand and the US. Internally, shifting patterns of production and consumption led to a surplus of wine and an increasing reliance on exports. Under trade liberalization, appellation of origin systems became the basis of a legitimizing identity for wine, a necessary condition for participation in the global flows of wine. The link between wine and place has been forged not only in the geographic specificity of viticulture, but also in the local, national and international legal frameworks that perpetuate a hierarchy of places and contribute to the furtherance of geographical indications as necessary conditions for participation in the global flows of wine.

Chapter 5 Ontario Wine

5.1 Introduction

Identities are embedded in past historical conditions and circumstances which shape their content and expression. An identity which mobilizes and attracts sufficient resources to establish its dominance can control the environment within which it operates, becoming a taken for granted part of the social fabric. The fault lines of an identity may not be become apparent until significant internal or external developments cannot be integrated within the framework of the identity and the limits of the dominant identity are tested. Uncertainty about its future viability opens a space for an alternative identity, operating on the margins of the social order, but which may have the capacity to meet the demands of the altered environment.

The transformation of the global wine industry occurred in conjunction with growing trade liberalization and a shift from tariffs as instruments of protection to the development of non-tariff barriers to trade and geographical indications became a focal point in trade conflicts as appellation systems were widely adopted as a legitimizing identity by major wine-producing countries (Josling 2006). Canada has always been a minor wine producer, known as an importer rather than an exporter and the constraints of geography limit its potential for growth. The Ontario industry developed in the shadow of Prohibition, under a legacy of protectionism for growers and wineries, offset by the opportunity for state revenue generation through the monopoly of provincial control of beverage alcohol through central agencies. The identity of Ontario wine was based on *labrusca* grapes which imparted a foxy taste to the wine, and wineries which preferred quantity production to quality. When the full impact of the globalization of wine was felt by the mid 1960s, there was consternation about the viability of the industry as it existed and predictions of its annihilation in the short term. What effects did the globalization of wine have on the Ontario wine industry? What political, economic, cultural and social resources were available for the creation of a new project identity?

In this chapter, I position Prohibition and the subsequent enactment of control measures to regulate the manufacture and distribution of wine as key factors in creating an unfavourable identity for Ontario wine. It was an identity that was not seriously questioned until the globalization of wine made significant inroads on the local market resulting in an erosion of domestic market share, grape surpluses and eventually, state intervention to prop up the industry. Established wineries responded to the crisis with minor adjustments in labelling and some changes in the grape varieties used to make the wine. A more radical approach was undertaken by cottage wineries on the margins of the industry.

They endorsed a comprehensive shift in the winemaking paradigm towards European production standards. However, an adverse decision in a GATT trade action and the signing of the Canada US Free Trade Agreement significantly altered conditions for the industry and it was forced into an extensive reevaluation and realignment.

5.2 Identity of Ontario Wine

The largest of Canada's wine regions is in Ontario, with about 14,000 acres planted to wine grapes in 2005 (Hope-Ross 2006). Most of these vineyards are in the northern portion of the Niagara Peninsula between Lake Ontario and the Niagara Escarpment, at about the same latitude as the vineyards of southern France. A second region is on the north shores of Lake Erie and on Pelee Island, an area known as the Sun Belt because it has the highest number of heat units in Canada. Geographically, it is as far south as northern California and the Tuscany region in Italy and more southerly than the Bordeaux and Burgundy regions of France. Most recently, Prince Edward County, on the north shores of Lake Ontario, has emerged as a third viticultural area, where grapes are grown on gravely limestone soils that are said to rival those of Burgundy's Cote d'Or. British Columbia is the other major province with a significant wine industry, with about 6,800 acres planted to vines in 2005. Most of the province's vineyards are found in the Okanagan Valley where the deep lakes of the valley keep winter temperatures moderate and the slopes capture summer heat. Areas of secondary importance are the Similkameen Valley and to a lesser extent Vancouver Island and the Fraser Valley.

5.2.1 Legacy of Prohibition

Early accounts of alcohol consumption in what is now Ontario indicate that it was a common form of recreation, indulged in liberally and often (Moodie 1871). Drinking was an assertion of class identity - beer for the working class and wine to satisfy more bourgeois tastes (Heron 2003), and a public drinking establishment was a place to learn and express working-class masculinity (Heron 2005). Alcohol consumption among Irish immigrants in the early 19th century became a pretext for ethnic distinctions between these newcomers and the more gentrified established immigrants, many of them United Empire Loyalists who had fled the American Revolution (Lockwood 1993). The temperance movement was an active part of Canadian political life, part of a broader reform movement that advocated for morality and order as the cornerstones of "a great democracy" (Spence 1919). Heron (2003) situates the temperance movement within a larger cultural critique of the appropriateness of certain leisure activities and preferred conceptions of gender. Prohibition was brought into force in Ontario in September of 1916 when temperance groups were able to attach patriotism to their moral arguments, arguing that a dry workforce would increase military and industrial efficiency and free up food resources, thereby increasing the supply of food at home and for shipment to the troops fighting in Europe (*Globe and Mail* 1915). The legislation sparked an outcry from grape growers who no longer had a market for their grapes and it was not long before the government acted to make wine the only legal beverage alcohol for sale in the province (Rowe 1970).

The Board of Liquor Commissioners issued 57 new winery licences between 1917 and 1927 in addition to the ten already in existence (Phillips 2000), and this legal production was augmented by an unknown number of unauthorized home wineries which quietly sold their production at the back door. There were varying competencies on the part of winemakers, no quality standards or controls, and no government oversight (Mahoney et.al. 1934). Under these circumstances volume of production took precedence over quality. Unscrupulous practice included over-squeezing grapes to obtain every drop of juice, adding water to stretch the volume of juice extracted, adding sugar to increase alcohol levels, and adjusting colour with the addition of vegetable or coal tar dyes, including formaldehyde (Rowe 1970). With the repeal of Prohibition and the establishment of a Liquor Control Board, a concerted effort was made to address some of the issues around wine quality by specifying the level of volatile acids that were allowed, limiting the amount of wine that could be produced from a ton of grapes to 250 gallons and establishing controls to increase winery cleanliness. The Provincial Department of Health offered a winemaking school and when the LCBO refused to list the products of marginal operations, their owners either attended the school or closed their operations (Aspler 1993). These measures were sufficient to force many of the marginal wineries out of production, with their licenses being purchased by more viable commercial operations looking for additional distribution outlets.

5.2.2 Control

Although it was initially promoted as a temporary wartime measure, Prohibition was not automatically rescinded with the end of the war. Enthusiasm for Prohibition waned however, as it became apparent that the high ideals the movement had attempted to achieve led not to moral reform but to new forms of lawlessness. This prompted a call for "wise and sane liquor regulation" (Boyce 1923) rather than total prohibition and, in keeping with the general mood of progress, moderation leagues formed to promote state regulation as an alternative to Prohibition. Embedded in the moderation movement was a revised vision for bourgeois culture with a corresponding redefinition of appropriate masculine and feminine identities and in some cases, a rethinking of class (Heron 2003). In 1927, Ontario was one of the last provinces to bring in legislation providing for control of the alcohol trade, collection of taxation revenues and protection of domestic production by a provincial Liquor Control Boards reporting to Cabinet (Moffit 1932). The Board exercised a state monopoly on all aspects of the alcohol industry, including the sale, possession, transport, and delivery of all alcohol in the province and the issuance of the necessary permits and licenses to accomplish this. Social restraint was the guiding principle underlying distribution and the Board acted in a paternalistic manner, carrying on the moral agenda of Prohibition days.

5.2.3 Revenue

The enactment of control measures throughout Canada substantially increased the revenues generated by the alcohol industry. The new liquor stores were opened in June of 1927 and within six months the government could boast revenues from these stores of $2 million, enough to generate the first budgetary surplus in living memory (Heron 2003). By 1929 revenues from all trade in alcohol amounted to just over 14% of the total revenue of both the provinces and the Dominion (Moffit 1932). With the country still bearing the burden of post-war financing, these increasing revenues were a welcome addition to the coffers of all levels of the state (Hose 1928). There was every incentive for the state to continue a system of control that returned a profit to public rather than to private interests and any attempts to make changes to this system would be problematic (Moffit 1932).

A report prepared by the Ontario Committee on Taxation in 1968 noted that provincial revenues from the sale of all alcoholic beverages were the fifth highest in the province, after personal and corporate income taxes, retail sales tax and the gasoline tax, amounting to $125 million per year, up dramatically from $25 million in 1946 (Smith 1968). By 1974 the LCBO showed a net profit of $281 million (Acheson 1977), primarily from the markup added to every bottle of wine sold, with differential rates applied for domestic and imported wine. This differential markup policy was controversial with consumers who objected to the higher cost of imported table wine (Parley 1978) and with importers who felt it eroded their opportunities for an expansion of their markets (Roseman 1979). But, as General George Kitching, the chief commissioner of the LCBO said, "We're really a revenue-producing agency" (Gerard 1971a), and revenue generation took on increased significance as the state dealt with a major recession, high inflation rates, high unemployment and increasing government deficits.

5.2.4 Protection

The principle of protection for the domestic industry was implicit in the actions of the LCBO, although Board officials went on record to "state emphatically that the listing policies of the board are in no way related to protection of Ontario grape producers and wineries" (Gerard 1971b). A precedent was set in 1926, when an inter-provincial conference on taxation argued that preference should be given to Canadian made wines and spirits to protect government sales, and duties should be reduced on wines and spirits bought legally to decrease their cost to the consumer (Hose 1928). The opportunity for the state to benefit financially from the wine industry gave it greater incentive to provide support through such favourable policy measures. In 1931 the LCBO banned the importation of grapes into Ontario and wineries were ordered to pay their growers a minimum price of $40/ton of grapes. Further, the fortified wines which became the staple of the industry were encouraged through measures allowing further distillation and the addition of pure grape spirits to increase the alcohol content of the domestic product so that it more closely approximated European port and sherry standards (Mahoney et.al. 1934; Aspler 1993). The practice of using a differential markup when pricing domestic and imported wines also protected local production by encouraging consumers to buy lower priced domestic wines over imports. In addition, wineries were allowed to operate their own stores, under the supervision of government authorities, and sold wine at a price set by the LCBO. Although this price reflected the markup, the winery stores were not required to submit the full revenues generated, but paid only a tax of 10.5%, which was reduced to zero in 1975. By foregoing some of potential revenue it could have collected from winery store sales and allowing wineries to utilize these revenues, the province effectively supported the domestic industry (Acheson 1977).

Measures such as these shaped the Ontario wine industry for the next forty years. Grape growers were protected from any influx of product from outside the province, and could maximize their returns by increasing their yields per acre. With an assured market at a known minimum price there was little incentive for them to consider any changes to their growing practices. The opportunity for distillation ensured that wineries could make use of any inferior wines that might result and fortified wines became a staple product on the shelves of the LCBO. With the industry effectively insulated against external factors it settled into a period of relative inertia and complacency.

5.2.5 250 Gallons/Ton

By the mid 1960s, the Ontario wine industry consisted of eight wineries, the result of amalgamations and acquisitions over time (Wine Council of Ontario 1976). The biggest was T. G. Bright of Niagara Falls, followed by Andrés in Winona, near Hamilton, Barnes in St. Catharines, Jordan in the village of Jordan in the heart of the Peninsula and Chateau-Gai in Niagara Falls. Smaller wineries included The Turner Wine Co. of Toronto and London Winery of London, both independents and Chateau Cartier in Toronto. Canadian Breweries Ltd. controlled Jordan as well as Villa Wines of New Westminster B.C. Growers Wine Co. of

Victoria, Chalet Wines of Calgary, Castle Wines (Saskatchewan) of Moose Jaw, Danforth Estates of Gimli, Manitoba, and a wine importing operation. John Labatt Ltd. controlled 60% of the shares of Chateau Cartier Wines, and had 96% of the shares of a holding company which controlled Chateau-Gai. Labatt's also owned Normandie, a subsidiary operation in Moncton, and Casabello Wines in Penticton B.C. A British company, Reckitt and Colman made a successful takeover bid for Barnes Wines in 1973 (Slover 1973). Andrés Wines, a company that started in B.C. owned Anjo Wines in Calgary and Abbey Wines in Truro (Schreiner 1984), then bought Beau Chatel in Winona from Imperial Tobacco in 1970 (*Globe and Mail* 1970) to gain a foothold in Ontario.

The wines produced consisted mainly of sweet, high alcohol ports and sherries made from *labrusca* grapes. The limitations of the grape were dealt with through amelioration, using practices such as "chaptalization" , the addition of sugar to offset high acids and increase the alcohol level of the wine and "stretch", the addition of water, arguably to dilute the overpowering characteristics of the *labrusca* grapes. Although it was generally accepted that a ton of grapes could produce 160 gallons of natural juice, these practices enabled the wineries to produce 250 gallons of wine per ton of grapes (Wine Council of Ontario 1976). In addition to citing quality issues as a rationale for these practices, the wineries argued that they were necessary to reduce the cost of inputs, because the prices they had to pay to growers for the grapes were uncompetitive by world standards. Given these practices it was hardly surprising that Hugh Johnson, the most influential British wine critic of the time excluded Canadian wine from his World Atlas of Wine, noting that Ontario wines were the worst he had ever tasted: "The foulness of taste is what I remember best. An artificially scented, soapy flavour. It's not in my Atlas." (Pennington 1976).

5.3 Origins of Transformation

The inertia apparent in the Ontario wine industry began to display serious fault lines as consumer tastes shifted away from high alcohol products and toward imported table wines. With demand for domestic wine dropping, wineries cut back on their use of Ontario grapes and unharvested surplus grapes were left to rot in the vineyards or purchased by the state. Some preliminary research had been done to move the industry away from *labrusca* production, but wineries were reluctant to undertake a complete transformation, preferring to experiment with 'pop' wines and imported concentrates to upgrade their quality. A massive industry conversion plan financially supported by the state began the process of transformation, but the signing of the Canada-US Free Trade Agreement and a GATT decision against the LCBO's differential markup policy led to questions about the future of domestic wine production. But innovation came from the margins when Podamer and Inniskillin were granted licences to produce wine in

1975, the first such licences issued since the repeal of Prohibition in 1929. This signalled the emergence of a cottage winery sector dedicated to an alternative identity for quality wine based on 100% Ontario grapes and movement toward international standards and expectations as potential sources of future industry viability.

5.3.1 Shifting Markets

Changes in the patterns of wine consumption in Ontario were an early indication that domestic production was losing favour with consumers. Although overall sales of wine increased, two related trends were evident. First, consumers were turning away from the higher alcohol, fortified dessert wines to lower alcohol table wines. In 1968 wine with 14% or less alcohol content by volume accounted for less than 38% of consumption, but by 1973 these table wines made up almost 83% of Ontario wine consumption (Wine Council of Ontario 1979) and by 1981 this figure had risen to almost 90% (Wine Council of Ontario 1981). A similar trend was occurring throughout Canada, although somewhat more slowly: in 1969 low alcohol wines accounted for 33% of consumption, but by 1973 this figure stood at 57% (Canadian Wine Institute, 1973).

This trend was accompanied by a greater preference for imported wines, since lower alcohol Ontario wines were not available. In 1969, sales of domestic wines in Ontario were at 4.2 million gallons and sales of imported or "foreign" wines as they were called at the time, were calculated at 1.5 million gallons. Four years later sales were 5.7 million gallons for domestic wines and 2.9 million gallons for foreign wines (Canadian Wine Institute 1973). Foreign wines had almost doubled their share of the market, while sales of domestic wines had not kept pace. With an eye to generating profits, liquor boards across the country began increasing their listings of imported wines. In 1970, 40% of its listings were Ontario wines and 60% were imported wines. A year later Ontario wines accounted for only 31% of the listings and imports held 69% of the listings, a ratio that held for the next several years (Wine Council of Ontario 1976). In Canada as a whole, sales of Canadian wines between 1961-62 and 1970-72 increased by 105%, while sales of imported wines increased by 155% (Simpson 1972). Although some of these imports came from the United States, Australia and South Africa, most of them originated in the major wine producing countries of Europe, namely France, Italy, Spain and Portugal. French imports to Canada increased from one million gallons in 1965-66 to 3.3 million by 1972-73. Spain and Portugal combined sent 1.4 million gallons in 1969-70, increasingly relatively slowly to 2.5 million gallons by 1972-73. Italy lagged somewhat, sending over a million gallons in 1969-70, but then only increasing this to 1.8 million by 1972-73 (Canadian Wine Institute 1973). In addition Communist bloc countries found it attractive to export their wines to Canada (Furness 1979), prompting accusations that these wines were being brought in at a price below the cost of production in the country of origin as a commodity exchange for Canadian dollars (Wine Council of Ontario 1976).

Several factors contributed to this shift away from Ontario wine. The experience of Canadians shipped overseas during World War II exposed them to a lifestyle that included wine as a natural and accepted part of the diet. Wine was more often seen as a food, to be consumed and enjoyed regularly with meals and they acquired a knowledge of the qualities and tastes of these lower alcohol table wines which stood in sharp contrast to the fortified dessert wines that were available domestically. General George Kitching, the commissioner of the LCBO between 1970 and 1976, had served in Europe and brought his appreciation for table wines with him when he came back to Canada. He had little patience with the product manufactured by Ontario wineries and made no effort to hide his personal contempt. During his tenure as commissioner of the LCBO, he oversaw the listing of an additional one thousand imported wines, a move that created fierce competition for the Ontario industry (Schreiner 1984) and contributed substantially to the profits of the LCBO.

The post-war period was also a time of immigration and resettlement of the war's displaced persons and refugees (Satzewich 1991), many of them from the traditional wine countries of the Old World. Although the British Isles remained the primary source of Canadian immigration, in the decade between 1951 and 1960, 16% of the immigrants came from Italy and a further 12% from Germany (Statistics Canada n.d.). They came with a European acceptance of table wine and a natural preference for wines from their native countries, creating a demand for imported wines. Immigration also contributed to a higher per capita consumption of wine, with evidence that changes in provincial per capita consumption rates were positively related to levels of immigration (Song 1969). Lastly, some of these new Canadians brought with them their technical knowledge of wine production, using *vinifera* grapes. This expertise was applied to the production of home made wines, often using imported grapes or concentrates rather than locally available *labrusca* grapes.

5.3.2 Grapes in Surplus

The 1966 Ontario tree fruit census indicated that the Niagara Peninsula was growing 8.1 million grape vines on some 23,000 acres and a further 34,525 vines were being grown in southwestern Ontario along the north shores of Lake Erie. While by far the largest majority of these were *labruscas*, some of the newer plantings were of French hybrids. The total acreage in grapes in Ontario had not shown much variation since 1951, but production increased from 43,354 tons in 1951 to 62,800 tons in 1965, indicating that yields per acre were increasing.

Mechanical harvesting of grapes was introduced in 1969, reducing the need for harvest labour, and two years later 25 machines were in use (Ontario Grape Growers' Marketing Board 1972). To fully leverage their investment, growers needed to harvest larger acreages, and custom harvesting, farm consolidations, and crop specialization became the norm.

The shift in consumer preference away from *labrusca* wines to European table wines caught the industry unprepared. Any changeover would take at least five years from the time of vine propagation to first harvest and would require coordination, planning, and substantial capital inputs on the part of all industry participants. Wineries were locked into an industrial production model based on high alcohol ports and sherries and were reluctant to invest in adaptations to accommodate the changing circumstances. In the absence of a commitment from wineries to accept newer varieties of grapes, growers were unwilling to incur the expense of changing over their vineyards and unless they were assured of sales, the nurseries that supplied vines would not propagate them. Surpluses of *labruscas* in the 1960s led some growers to convert at least a portion of their production to the new red hybrids in preparation for what the wineries said would be a be a growing market for red wines. However, winery forecasts of expected consumer demand for red wines never materialized and the red hybrids that were planted for this purpose quickly became surplus to winery needs, contributing to the problems they were meant to solve. By the mid 1970s grape surpluses were a regular occurrence and wineries, growers and the state fumbled in their efforts to dispose of the crop.

5.3.3 State Intervention

A state assistance model of agriculture, in which the state actively invested in the modernization of Canadian agriculture to enhance its efficiency and productivity, flourished after the Second World War (Skogstad 2008a, 2008b), creating an expectation of state intervention to mitigate problems in the market. The problems in the grape and wine industry resulted in persistent lobbying on the part of the growers and the wineries, resulting in various interventions by the state to assist the industry in the removal of surpluses and re-situate it more favourably in relation to the market. Although meant to support the industry, these efforts created another series of problems and ambiguities that impeded progress in the industry and kept it from making meaningful adjustments to take advantage of the emerging consumer preference for table wines. In 1978 then Premier Bill Davis announced a $9 million emergency rescue effort at an election fundraising event in the peninsula, but the program was described as hastily put together and poorly thought out (Yaffe 1978). It was intended to assist growers in the conversion of up to 3,000 acres to the red hybrid varieties recommended by wineries, but met with limited success: by the time it ran out less than 600 acres had been converted to hybrids and *viniferas* (Ontario Grape Growers' Marketing Board 1979). Although wineries approved the varieties to be planted in accordance with their projected future requirements, concern was expressed about the viability of these plantings, given their intended location and the expertise of growers in managing the demands of the new varieties (Ontario Grape Growers' Marketing Board 1977). A second component of the conversion plan provided for the diversion of the existing surplus through processing into juice or concentrate or distillation into brandy. A government guaranteed loan allowed the OGGMB to purchase the surplus from growers in 1975 and 1976 for the production of brandy. The product thus diverted in the first year of the plan was to be sold before the loan expired in 1979. The ownership of the remaining brandy was then transferred to the Ontario government and the OGGMB acted as the agent for the government in any further sales. In addition, the LCBO instructed its store managers to delist all foreign wines not meeting specified sales quotas and to re-arrange shelves to make room for Ontario wines. Managers, wine consultants and critics were also urged to mention Ontario wines to potential consumers (Aspler 1983). With the purchase of 11,520 tons of surplus grapes in 1975 (Wine Council of Ontario 1979), the Ontario government and the Ontario Grape Growers Marketing Board entered into the alcohol business. Of this amount, 6,000 tons was converted into juice, wine and concentrate and subsequently sold (Ontario Grape Growers' Marketing Board 1979). The remaining 5,520 tons were distilled into brandy for subsequent sale upon maturity in 1978 (*Globe and Mail* 1977).

Not to be outdone, the federal government also stepped in to offer assistance to the beleaguered industry under the auspices of the Agricultural Products Board, which had the authority to buy and sell agricultural commodities in response to adverse market conditions. In 1976 the Board announced that it would purchase and process up to 7,000 tons of surplus grapes, paying growers at the rate of $140/ton and picking up the costs of concentrating or processing the juice, estimated at between $30 and $32/ton (Ontario Grape Growers' Marketing Board 1977). A total of 11,486 tons were purchased through provincial and federal programs that year, but about 4,000 still remained unharvested. Increasingly the surpluses being purchased through state programs were the hybrids that had been heralded as the future Ontario wine industry. Given the mixed signals coming from the wineries, growers were reluctant to take full advantage of the 1975 Grape Conversion Assistance Plan or undertake the expenses necessary to convert their vineyards to *viniferas* when hybrids went into surplus in the 1980s. The interventions by the state also kept the industry from making substantive changes to adapt to the changing consumer demands for wine and the erosion of market share that domestic wines were experiencing. They sent a signal to the industry that the state was willing to underwrite the grape and wine sector in accordance with a dependent production paradigm predicated on the assumption that domestic agriculture was not competitive without state assistance and protection (Coleman, Grant, and Josling 2004).

5.4 Innovation

In spite of the chaos that existed in the Ontario wine industry by the 1980s, there were some hopeful indications that the industry, although battered, was not prepared to give up its fight for a domestic presence, and that some resources were available which could be utilized in the creation of a new identity for Ontario wine. There was recognition in some quarters that the curse of the *labrusca* flavour would have to be overcome if the industry was to produce world class wines and efforts were made to establish a research program to this end. Rather than endorsing full-scale transformation, industrial wineries preferred to adapt around the edges with some innovations in product lines, including the use of imported concentrates to blend up the quality of their wines. Going against the current, cottage wineries adopted a 100% Ontario philosophy, convinced that the future of the industry could be built domestically.

5.4.1 Research: The Science of Transformation

As early as 1913 the Horticultural Institute of Ontario (HRIO) began the task of trying to breed grape vines that would combine the best of Old World winemaking qualities with New World winter hardiness (Schreiner 1984). A turning point in the Ontario wine industry came in the early 1930s when the French winemaker at Bright's Winery, Viscomte Adhemar de Chaunac de Lanzac, began experimenting with some of the available *labrusca* grape varieties to produce drier table wines. By 1948 Bright's had planted some 40,000 hybrid vines, and in 1951 it boasted that a six acre planting of *viniferas* was "the first successful planting of commercial *vinifera* east of the Mississippi in North America" (Schreiner 1984). Four years later the winery released the first *vinifera* varietal wines marketed by a Canadian winery (Aspler 1983). However, progress was slow and by 1976 only three red-skinned hybrids, De Chaunac, Maréchal Foch and Chelois, and one *vinifera*, Chardonnay, had been planted in commercially significant quantities (Schreiner 1984).

The newer varieties needed more intensive management and vineyard production and physiology programs became an increasingly important part of the research efforts of the research station. Weather data had been collected by HRIO since 1916, and in 1974 the station released the Grape Climatic Zone map, providing a scientific basis for the differentiations that eventually led to the delineation of the various appellations. To legitimate the Ontario wine industry it was vital that it overcome its reputation for the plonk wines made from *labruscas*. The Horticultural Products Laboratory (HPL), opened in 1950, included a wine lab to taste test small lots of wine made from promising varieties. The results were tabulated and used to develop the Vineland Grape Flavour Index (VGFI) subsequently used to screen breeding stock and selections for *labrusca* flavour character. In a joint effort by the Wine Council of Ontario (WCO), the LCBO and HRIO/HPL, a wine standards program was initiated to subjectively test the sensory qualities of both imported and local table wines. Blind tastings were conducted biweekly at HPL by a random panel of six trained persons who scored wines based on colour, clarity, aroma, taste and overall appeal, and communicated the results to the LCBO and the WCO. This program was in place until the VQA initiative established its own standards for content and quality and some of its protocols were later incorporated into the tasting programs still pursued by the LCBO and VQA (Loughton, Chudyk and Warner 2006).

5.4.2 Product Innovation

In spite of attempts to address the issue of wine quality through research, Ontario wineries remained lukewarm to any substantive changes in their winemaking practices or processes. The winery approach to the shifting demand included some innovation in the product lines (*Globe and Mail* 1973b), most notably low alcohol sparkling wines, targeting young baby boomers as an emerging sector of the market. In 1969 Andrés launched Baby Duck, made by fermenting the red *labruscas* with a white grape, then adding sugar and carbonation. Within two years one out of every 24 bottles of wine sold in Canada bore this label (Aspler 1983) and by 1978 its success in Canada prompted the company to licence a British firm to produce it for distribution in that market (Clifford 1978). Baby Duck and similar pop wines had the effect of mopping up the surplus of *labruscas* temporarily, but they proved to be an anomaly that impeded the progress of replanting. Capitalizing on the preference for European wines, the wineries also began to use hybrid and some *vinifera* grapes to produce brands and labels that invoked images of German castles, French chateaux and the great wine regions of Europe. For example, Barnes produced a “Heritage Estates Canadian Burgundy”, made from De Chaunac and *vinifera* grapes and “Beauvoir”, a blend of De Chaunac and Petite Sirah from California (Aspler 1983).

A major change in wine production was undertaken when growers agreed to the importation of grape concentrates in 1972, a year when Ontario grapes were in short supply following a record surplus of 6,000 tons left in the vineyards the previous year. This was a controversial move supported reluctantly by growers, but lauded by wineries as crucial to their efforts to upgrade the quality of Ontario wines. The Act allowed wineries to import 80% of their declared shortage for that production year only, up to a maximum of 18,000 tons (Ontario Grape Growers' Marketing Board 1973). The imported concentrates could not be used to alter the character of Ontario wines, nor could any new blends be developed using the concentrates. In addition, wineries had to agree to purchase the total 1973 crop (*Globe and Mail* 1972). The practice of importing concentrates quickly became an integral part of the industry and Ontario became a significant export destination for countries anxious to sell their surplus production. In 1972 wineries imported 3.9 million pounds (1954 tons) of concentrate of which 1.3 million pounds (637 tons) came from the U.S. and a further million pounds (500 tons) came from Spain. The 1973 imports amounted to 11.2 million pounds, (5605 tons) 4.7 million (2361 t) from Spain, 2.4 million (1224 t) from France and 1.7 million (868 t) from the U.S. (Ontario Grape Growers' Marketing Board 1974). In 1975 and 1976 about three million pounds (1500 t) of concentrate were imported, most of it from the U.S. with lesser amounts from Spain, Brazil, Italy and France in that order. Italian concentrates were the lowest priced, while Brazil commanded the highest average price per pound of concentrate (Ontario Grape Growers' Marketing Board 1977). The pressure created by soaring EEC wine production was also apparent at the LCBO, which happily stocked up on bargain priced wines from France (Cotter 1975).

Further changes were made to the Wine Content Act in 1988, allowing wineries to increase the proportion of imported product in their blended wines from 30% to 70%. To protect growers, the Act stipulated that wineries were committed to purchase a minimum of 25,500 tonnes of Ontario grapes for each year the Act was in effect. The issue of quality was covered by two provisions, the first banning the use of *labruscas* in the manufacture of Ontario wines, the second decreasing the amount of wine that could be made from a tonne of grapes from 1,022 to 818 litres (Aspler 1993).

The 1990 Wine Content Act, retained the quota for grape purchases, but decreased the Ontario content requirement for blended wines to 25% and increased the allowable amount of wine from a tonne of grapes to 902 litres (Ontario Ministry of Agriculture and Food. 1990a). The original intent was for the 1990 Act to sunset in 2000, but new wine content regulations were put in place, and are still in effect today. Under the 2000 Act, minimum grape purchase requirements were lifted and blends had to contain not less than 30% Ontario product, to which no water could be added. However, the winery could add water to the balance of the product used in the blend, provided the 902 litre per tonne maximum yield was retained (Ontario. 2000a).

5.4.3 Cottage Wineries: 100% Ontario

The actions of the federal government in buying up the surpluses of grapes that became a normal feature in the 1960s discouraged attempts at innovation and decreased interest in the vine breeding work (Mytelka and Goertzen 2004). However, a few growers and winemakers, some of them with a background in

European viticulture and viniculture, recognized that the current model of production was not sustainable. They persisted and searched for hardy *vinifera* clones that could be used to make the finer table wines demanded by consumers. Although existing commercial wineries were preferred to base a quality identity on imported raw materials, the new cottage wineries promoted an alternative identity based on 100% Ontario grapes and modelled on a European production paradigm. Although they could not compete with the commercial wineries in volume, they were convinced that the Ontario industry could be built on hybrids and even *viniferas* and that the wines thus produced could be comparable to the good table wines imported from Europe. Their ideas ran counter to the conventional wisdom and it could be argued that this early phase in the transformation of the Ontario wine industry marked the rise of a resistance identity, built around an oppositional production paradigm.

In September 1973 Podamer Champagne Company in Beamsville was granted the first licence to process wine since Prohibition. Karl Podamer grew up in the family champagne business in Hungary, emigrated to Canada as a refugee and dreamt of producing sparkling wines in the European style using local Chardonnay grapes. That same year Donald Ziraldo, a nurseryman of Italian origin, and Karl Kaiser, a winemaker who had emigrated from Austria, were making enquiries at the LCBO regarding the possibility of starting a new winery. General George Kitching, the Chief Commissioner of the LCBO, was intrigued with the plans to make European style wines and readily agreed to issue a production licence. His support also extended to personal assistance to the two fledgling wineries. He donated ten slightly damaged Portuguese wine barrels to Ziraldo to age his first batch of experimental wines (Aspler 1983) and had the LCBO accountants assist him in drawing up the necessary cash-flow projections required for the financing of the operation. In addition he personally wrote to LCBO store managers instructing them to ensure that the new wines from both wineries were displayed prominently and featured (Schreiner 1984).

By 1980 three more cottage wineries had been licenced, namely, Charal, in Southwestern Ontario in 1977, Chateau des Charmes in 1978 and Newark in 1979. Most of the founders were first or second generation European immigrants who took their inspiration from their Old World roots intermingling local and global elements, to transform the landscape in accordance with their own interpretation of place. Ziraldo named his winery Inniskillin, in recognition of the Irish Inniskilling Fusiliers who had served in the War of 1812-14. Paul Bosc, founder of Chateau des Charmes, was born in Algeria, studied oenology at the University of Dijon in Burgundy and emigrated from Algiers in the early 1960s to work for Chateau-Gai as a winemaker before starting his own winery in a small barn on his farm. Pelee Island winery in Kingsville circulated a brochure picturing three staff members dressed in traditional German costumes inviting visitors to experience European flavour while Len Pennachetti of Cave Spring Cellars recreated Canadiana when he renovated the old Jordan winery on the main street of the village of Jordan as the centrepiece of his operations.

5.5 Trade Issues

The globalization of wine had altered the conditions under which Ontario wine was produced, but until the late 1980s LCBO listing and markup policies had remained relatively intact, in spite of complaints from consumers who favoured imported wines and importers trying to market the European surplus. The markup was calculated as a fixed percentage of the base retail price of a bottle of wine and was paid by the consumer as part of the final purchase price. Ontario producers cited higher handling costs, protectionist measures and European subsidies as counter-arguments to support differential markups (*Globe and Mail* 1979). Declining profit margins and under-utilization of winery capacity prompted the Canadian Wine Institute to consider a dumping complaint against state-subsidized Hungarian wines, contending that the price at which they were being sold in Canada was artificial unless grape producers were not being paid for their grapes (Clifford 1976). At the same time French winemakers were aggressively promoting their wines to Canadian consumers (*Globe and Mail* 1975b) while also actively pursuing legal avenues to protect the use of the term "champagne" as a geographic indication, much to the consternation of Canadian wineries which used the term to market their own sparkling white wines (*Globe and Mail* 1975a; Keddy 1977).

The LCBO policy of differential markups for domestic and foreign wines underwent several adjustments in the wake of the Grape Conversion Assistance program. In 1974 domestic wine had mark ups of 60% and imports stood at 109% (*Globe and Mail* 1973a; Webster 1974), but in 1976 the markup for domestic wine was decreased to 46% for table wines and remained at 60% for fortified wines (*Globe and Mail* 1976). In contrast, the markup on imported wines increased to 117% of landed costs in 1977 (Lerman 1977), then to 123% by 1978 (*Globe and Mail* 1978b), twice the markup rate charged on domestic wines. By 1986, domestic wines were marked up only 1%, other Canadian wines were taxed at 48% and imported wines had settled down to a 66% markup (Heien and Sims 2000). Sales of Ontario wines relative to imported wines increased, reversing a trend in which the consumption of foreign wines had threatened to overtake the consumption of domestic wines. In 1976, almost 5.5 million gallons of imported wines were sold in comparison to 5.4 million gallons of Ontario wine. By 1980 almost 7.7 million gallons of Ontario wine were sold in the province, substantially more than the 7 million gallons of imported wine sold. At least one winery representative attributed his company's positive share earnings to the reduced markups on Ontario wines (*Globe and Mail* 1978a), prompting questions about the relationship between the wineries and the provincial government (Bain 1972; Winsor 1979).

A second area of contention involved the listing practices of the provincial liquor control boards. Each provincial board had the authority to list the wines that would be available for sale, effectively creating provincial monopolies on distribution. General listings were applied to wines kept on store shelves as long as they met specified sales quotas and special listings were given to wines on a one-time basis, including imports that would not be generally available. These restrictions had long been an irritant to the US wine industry which argued that it was difficult to establish brand recognition when there were no California listings at the LCBO in 1970 (Acheson 1977) and less than 3% of the listings in Canada in 1987 consisted of American wine (Heien and Sims 2000).

Both policies were contested in a hearing conducted by an international trade tribunal struck under the auspices of the GATT and in the talks leading up to the signing of the Canada-US Free Trade Agreement. The GATT decision in late 1987 went against Canada, giving the EEC better access to the Canadian market. Under Article 4, EEC were to be given national treatment in matters of listing, delisting and distribution. An exception was made for on site winery stores, which could limit sales to their own wines and Ontario private wine stores which could be required to sell only wines produced in Canadian wineries. Markup differentials were to be phased out with different schedules for Canadian wine, blended wine and 100% Canadian wine. Under the last category, the markup was to be reduced in 10% increments until 1998, giving 100% Ontario wines a grace period to adapt to the new distribution policies. Article 5 specified the principles governing listing or delisting of EEC wines such as non-discrimination, normal commercial considerations, transparency, the obligation not to create disguised barriers to trade, publication of listings or decisions to delist, written confirmation of reasons and an administrative appeal process for such decisions (Canada 1989a).

But it was the Canada-US Free Trade Agreement (Canada 1989b)that created the most consternation and generated the most industry reports as the pace of wine globalization increased. In spite of the broad implications of the GATT decision for the future of Canada's domestic wine industry, in memory and social history, it is the FTA that is credited as the key factor that drove the renaissance of the Ontario wine industry. It was widely agreed that free trade would mean significant changes to LCBO listing and distribution policies and rationalization of the industry at the grower and winery level, including acreage reductions and an increase in imported raw materials by any wineries that remained in production

(Menzie and Prentice 1987). This supports Castells (2000a, 2004a) argument that the extent and intensification of globalization in the current era challenges social structures, realigns the foundations of the economic order and reorganizes local and global flows. Chapter Eight of the Agreement set out the measures affecting trade in wine and distilled spirits designed to ensure that over time Canadian and US products would be accorded equal treatment in each other's markets. The provisions for listing and distributing wines matched the GATT decision, but the reduction in the markups was on an accelerated schedule, with 75% of the markup differential eliminated in the first year the agreement came into effect, giving the industry no time to adjust, especially since wineries would have to reduce crop purchases the season before the FTA took effect on January 1, 1989 (Ontario Ministry of Agriculture and Food 1988).

Sensitive to pressure from OGGMB and the WCO and negative press which cast the domestic wine industry as a casualty of the FTA, the Canada-Ontario Grape and Wine Industry Adjustment Agreement was introduced in 1989 (Grape and Wine Evaluation Committee 1994). It consisted of six programs designed to assist the industry as it adjusted to the new competitive environment created by the FTA. Half of the $100 million program was targeted to an Acreage Reduction Program whereby growers were paid an average of $8,000/acre to pull out grape varieties in surplus and either replant to more desirable varieties or other crops, or exit the industry. Some 8,200 acres were removed under the program, and at least another 1,000 acres were removed for which funding was not received. One-third of acreage removals under the Agreement were replanted to grapes, one third was replanted to other crops and about 15% of the growers chose not to continue in farming. A further $27 million went into a Price Support Program to offset the reduced incomes expected by growers as the wineries moved to grape prices indexed to California prices. The difference between the negotiated price and the 1987 base price was bridged by the support component paid on a sliding scale over 12 years. However, a gradual increase in the negotiated price and the decrease in the support payment effectively cancelled each other out, with the result that there was little or no decrease in the price paid to growers and they were therefore not subject to international pricing as anticipated in the Agreement.

A third program, funded only by the federal government, set aside $6.5 million to continue the purchase of surplus grapes, but increased winery purchases and the development of short term export markets for some surplus varieties left almost half of this sum for redistribution between the Price Support Program and a Market Development Program. The latter was put in place to overcome public bias in favour of imported wines over domestic wines through promotions informing consumers about the quality and varieties of Ontario wine. Specific initiatives funded included market research, VQA promotion, the establishment of a wine route to encourage wine tourism, training for LCBO staff to increase their knowledge and experience of local wines and a regular fall promotion of Ontario wines at the LCBO. The Grape Quality and Productivity Enhancement Program allocated $1.5 million for projects related to applied research, technology transfer, testing and data collection and analysis. Finally, a $10 million Wine Store Credit was actually a nominal addition to the Agreement since the Ontario government had already put in place measures to lower the retail sales taxes charged by private retail stores and allowed them to keep a percentage of the markup to increase their profitability. In addition to the six programs under the Agreement, the Ontario government implemented an Ontario Winery Assistance Program (OWAP), funded by almost $50 million to assist individual wineries in making improvements to their operations. The federal government also contributed $5 million over 12 years for market development projects with a national focus. With these measures in place, the state lent its support to the transformation of the Ontario wine industry as it attempted to repositioned itself in the global flows of wine.

5.6 Conclusion

This chapter has outlined the historical conditions and circumstances that shaped the identity of Ontario wine until the mid-1980s. The industry had been lulled into inertia by the dual system of revenue generation and protectionism practiced by the LCBO through its monopoly over the production and distribution of alcohol in the province.

As the FTA came into effect on January 1, 1989, the Ontario wine industry was in disarray, ill-prepared to deal with the pressures of a global wine market, freer trade regimes and changes to its domestic policies on alcohol distribution. The industry itself was divided, with the large wineries heralding free trade as an opportunity for profit generated by importing cheap wine, adding the minimum legislated domestic content, bottling it and selling it as Cellared in Canada. Nevertheless, an alternative identity was being pursued by a few small wineries which saw a future for 100% Ontario wine. Although they represented only a very limited production base and lacked the financial and political resources to become a significant portion of the Ontario industry, they promoted this model as the future identity which the industry could aspire to. The challenges to the dominant identity posed by the effects on the Ontario market of the globalization of wine created an opportunity for them to advance a new identity more closely aligned with the new trade environment.

A project identity is constructed by collective social actors to redefine their position in the dominant social order, using whatever social, political and cultural resources are available. In spite of the bleak prospects facing the industry, there were indications that some resources were present and could be utilized in the construction of a new identity for Ontario wine. The *labrusca* curse had been abolished in the Wine Content Act of 1988 which allowed only hybrids and *vinifera* to be used in the production of Ontario wine. The Canada-Ontario Grape and Wine Industry Adjustment Agreement and the complementary Winery Assistance and promotional programs signalled the support of the state for the adaptations necessary to put the industry on a competitive footing with the rest of the world. But it was the introduction of the Vintners Quality Alliance (VQA) as a system of voluntary industry self-regulation to set and safeguard quality standards for 100% Ontario wine which ultimately enabled the domestic industry to survive the challenges presented by the globalization of wine. What started as a project identity in 1988 grew and developed, becoming a fully legislated appellation of origin system in 2000. It was a lengthy process in which participants in the identity negotiated their individual interests as they sought to reshape the network of Ontario wine in conformity with the flows of the global wine network.

Chapter 6 Voluntary Self-Regulation as Project Identity

6.1 Introduction

Identity is a source of meaning, shaping individual and collective beliefs, values and practices (Castells 2000a) which in turn serve to perpetuate the identity. The transformation of collective identities involves a rejection of existing definitions characterizing them and an active process of challenging the structures of power that have created and reproduced them. The identity of the Ontario wine industry was associated with *labrusca* wines, an image that was incongruent with changing consumer tastes and preferences. But the small cottage winery sector proclaimed an alternative identity, one which sought to differentiate itself from the mainstream and position itself as comparable to imported wines. The construction of a new collective identity, typified by Castells (Castells 2004a) as a "project identity", is undertaken over time, as a process that moves through successive stages of developing a new identity, redefining social positions by resisting and actively challenging the social institutions perpetuating the original identity, and eventually transforming the larger social structure. In adopting voluntary self regulation, the Ontario wine industry was attempting to create a project identity for itself, modeled on well-known appellation systems in use by major wine-producing countries. What were the goals of voluntary self-regulation and how did these goals support a project identity? How was this project identity shaped by the political terroir of the Ontario wine industry?

In this chapter, I argue that VQA signified the introduction of a project identity in the Ontario wine industry. The voluntary self-regulation of quality standards was implemented to differentiate 100% Ontario wine and distance it from the negative reputation which had accrued to the wines then being manufactured from inferior grapes. The uncertainty and turmoil created by a GATT decision and the signing of the FTA was the catalyst prompting VQA producers identify their common interests and organize to pursue them collectively. The identity thus moved from one of resistance to the dominant paradigm to a project identity designed to maintain a domestic wine industry aligned with global standards and expectations of quality wine. Becoming a project identity involved building a cohesive organization around common goals and objectives, setting the boundaries of the identity through the implementation of standards, and identifying available social and cultural resources which could be deployed in the promotion of the identity. The evolution of VQA as a project identity was based on economic considerations, but it followed a process not unlike that of social movements advocating for social justice and human rights.

6.2 Project Identity: Genesis of the Vintners Quality Alliance

In 1982 Donald Ziraldo, one of the founders of Inniskillin Wines was applauded for his success in selling some 600 cases of his 1980 vintage of Marechal Foch wine (Ross 1982) to Steven Spurrier, an English wine writer and agent who had a wine store in France [3] (Pennachetti 2007). A persistent and aggressive promoter who was not shy about acknowledging that he had "always done what I needed to do to get what I want" (Hampson 2000), Ziraldo had already marketed his wines to some of the best restaurants in Ontario (Pratt 2004) and attracted the attention of national and international wine connoisseurs (Pennington 1976). The sale to France, the heart of the global wine industry would be a coup, an indication of acceptance for his wine by what was arguably the most discriminating market in the world (Phillips 2000). International recognition would also be a signal to sceptical Canadians that Ontario wines had arrived on the international stage and could compete with European wines. If his wine was recognized in France, Inniskillin, and by extension, the Ontario wine industry could lay a tentative claim to a node in the global wine network.

However, in order to negotiate a global environment, some knowledge of the rules of play is required. Neither Ziraldo nor Spurrier were aware that French trade laws prohibited the importation of wines without formal certification as to their origin through a legislated national appellation system. Because Canada did not have such a system, it was not legal to import the wine into France and therefore the wine could not be shipped. Ziraldo initially considered this a minor setback and promptly began "go the usual bureaucratic route" (Pennachetti 2007). In marketing himself as the spokesperson for Ontario wine he had cultivated an extensive network of political connections which he now tried to use to gain an exemption from international law. His efforts to circumvent international trade rules met with no success, leaving Ziraldo frustrated in his ambitions. Recognizing that an appellation of origin system was a necessary condition if he were to entertain any hope of exporting to the coveted French market, Ziraldo tried to interest owners of other cottage wineries in the development of such a system. Although there was agreement among the cottage wineries that such a system had merit, discussions were intermittent and unfruitful (Bosc Sr. 2007).

[3] On May 24, 1976 Spurrier conducted a blind taste test of California and French red and white wines at the Intercontinental Hotel in Paris with some of France's best known wine experts. At the time Spurrier was running a wine school in Paris and was therefore dependent on the goodwill of the French wine industry for his living. The event was organized to capitalize on the festivities around the U.S. Bicentennial, and Spurrier thought he had been successful in ensuring that the French wines would easily win the tasting. However, in what was to become known as the "Judgement of Paris", California white wines took three of the top four honours and a California red placed first in the tasting of reds, even though Spurrier took the liberty of tipping the judges off to the results of the first tasting. While the tasting gave California wines instant credibility, Spurrier was banned from France's elite wine-tasting tour for the next year for his role in damaging the prestigious image of French wines (Peterson 2001). For followup on the statistical validity of the scoring see Cicchetti 2004a, 2004b.

All of the wineries were in the early stages of their development, time and financial resources were scarce and with no apparent immediate and direct benefit to anyone other than possibly Ziraldo, there was little incentive to pursue a long and potentially costly process. Failing to interest other wineries in the establishment of an appellation system and still hoping to export his wine to France, Ziraldo set up a private numbered corporation to develop an appellation system on his own. His infatuation with the California wine industry[4] was apparent when the new corporation was given the name of "The Vintners Quality Alliance", a variation of "The Carneros Quality Alliance", the name used by a consortium of Napa Valley and Sonoma wineries (Kaiser 2006).

By the mid 1980s free trade talks between Canada and the United States and the GATT challenge to the LCBO markup policies were recognized as serious threats to the Ontario wine industry and interest in an appellation of origin system increased. As long as the potential benefits of an appellation system would accrue to only one winery, other wineries were not willing to commit resources to the effort. However, the FTA and the GATT challenge had the potential to jeopardize the viability of all cottage wineries and could lead to their demise just as they were starting to make inroads into the domestic market (Bosc Sr. 2007). Once the rationale for an appellation system was framed around broader industry interests (Benford and Snow 2000), other cottage wineries were willing to become part of the effort, and the initiative moved into a more active phase. By the end of 1987 six cottage wineries, Cave Spring Cellars, Chateau des Charmes, Inniskillin, Konzelmann, Stoney Ridge, and Willowbank had signed a statement of goals and purposes, marking the beginning of formal discussions (Vintners Quality Alliance 1989f). The signatories to the memorandum of understanding were all cottage winery owners, who had the most to lose under more open trading conditions. Their wines were receiving favourable mention from wine critics nationally and internationally and winning prizes in prestigious international competitions, and an appellation system had the potential to extend the gains they were beginning to realize.

Corporate wineries however, saw no need for an appellation system and expressed that sentiment to the signatories (Bosc Sr. 2007). Their approach to the impending trade decisions was summed up by Joe Peller, chair and president of Andrés Wines, who noted that the company had agreed to buy about one-third of its raw product needs in Ontario but for the balance they would "make wine from the grapes that we want to use and we will be buying the grapes from where we

[4] In 1988 Ziraldo purchased a vineyard in Napa Valley (Kohut 1988), leading to speculation that he might move his operations to California after the signing of the Free Trade Agreement. Instead, he brought California to Ontario as part of a diversification into wine importing (Lawrason 1990).

choose", buying as much as two-thirds of their raw grape inputs from places like Chile or California (Thompson 1989). In other words, they envisaged an Ontario wine industry consisting of industrial plants vinting and bottling foreign products as they did in those provinces which could not grow grapes, with concessions to include domestic content as mandated by the Ontario Wine Content Act of the day. They would pay lip service to a local grape industry as necessary, exploiting it as a means of importing inexpensive blending products to maximize their profits. In contrast to the cottage wineries which were attempting to create a unique place for Ontario wines in response to the influx of imported wines, the corporate wineries would use foreign product instead of stretch and chaptalization to attain their 250 gallons/ton output targets.

6.2.1 Voluntary Self-Regulation as Project Identity

Although a statement of goals and purposes was signed in 1987, the initiative remained informal over the next year as proposals for an organizational structure for the fledgling association were discussed and work was undertaken towards setting preliminary winemaking standards for the 1988 vintage that was to launch the effort publicly. It was also during this year that the initiative moved beyond the original signatory cottage wineries and expanded to include corporate wineries and institutional partners, widening the circle of players who would participate in the construction of the project identity. Most of the cottage wineries were members of the Wine Council of Ontario (WCO), the provincial trade association representing wineries and their interests to government, and it was agreed that the new organization would work under the umbrella of the WCO. This would give the fledgling VQA initiative immediate access to the experienced administrative support necessary to look after the day to day details of running an organization and allow the Alliance to utilize existing relationships between the WCO and state regulators and policy-makers. All WCO members, including corporate wineries, would remain informed about the progress of the initiative and could represent their interests as the Alliance discussed standards and protocols. It was agreed that the first Board of Directors would be nominated and elected by the WCO Board of Directors, cementing the connection between the two organizations, although VQA would operate as an independent body. The inclusion of the corporate wineries in the organizational evolution of the VQA internalized the tensions between the cottage and the industrial production paradigms, particularly in the discussions around a national wine standard, an important criterion that had to be met before Canada could be regarded as a legitimized wine-producing country in the global wine network.

A press release issued late in 1988, announced the formation of the VQA and set out the goals and objectives it would pursue in carving out the new project identity for Ontario wine (*The Grower* 1988). It outlined a vision and agenda for the Alliance, defined the institutional partners, and listed the preliminary requirements that would have to be met by wines to qualify for VQA designation. Ziraldo, as chair of the Alliance, is quoted as saying that together with the WCO, the Alliance had invested over five years in a study of French, German, Italian and American systems to arrive at the VQA system, invoking international precedent as a model for the project identity and giving credence to the Alliance's objectives. The new organization would be responsible for introducing and maintaining standards pertaining to wine and promoting recognition and interest in the three major wine regions of Ontario, namely the Niagara Peninsula, Lake Erie North Shore and Pelee Island, each of which would become a Designated Viticultural Area (DVAs). Responsibility for oversight of the agreed upon rules and guidelines rested with the Alliance, but the LCBO would coordinate the program and audit participating wineries to confirm compliance. A primary goal of the VQA would be to educate the public about the new standards, emphasizing their role in the enhancement of local wine production. It was noted that plans were underway to make this a national effort to eventually include the Okanagan Valley in B.C. and the Annapolis Valley in Nova Scotia. The Alliance would also be working with the Canadian Wine Institute and the federal government to request recognition of the named viticultural areas by the US and the EEC. A marketing program was planned for the release of the first vintage of VQA wines in the summer of 1989 to introduce them to the public and promote them to consumers.

The project identity outlined in the press release specified a hierarchy of designations, based on increasingly narrow geographic production criteria. At the broadest level, wines had to be made using only Ontario grapes to qualify for VQA status. A provincial designation (i.e. "Ontario") would be given to wines meeting the standards set out in the Rules and Regulations and made from approved hybrid or *vinifera* varieties. A distinction was made between the kinds of grapes used in the vinting process: only wines made from *vinifera* grapes would be allowed to use the geographical designation identifying the DVA from which they originated. Within the DVAs, wines produced from vineyards under the control of the winery could be further classified as estate bottled, and wines made from single vineyards would be identified as such on the label. The more closely a wine was associated with a specific location, the more its terroir could be quantified and related to quality, thereby creating greater economic returns.

The first years were spent refining the original statement of goals and purposes, developing more definitive standards to consolidate the project identity, and planning promotional activities to carry the VQA message to consumers. The process of constructing this project identity was undertaken by diverse participants in the industry, each bringing their own interests and agendas to the discussions. They would determine the shape of the emergent identity, who would be included in that identity and who would be excluded from it, at a time when external forces seriously threatened the continuance of a local wine industry. In other words, the existing network constituting the Ontario wine industry would be instrumental in determining the form and content of the project identity which would shape a new space of flows for the Ontario wine industry, giving some players access to that network and its economic benefits while marginalizing or barring others. The progress of voluntary self-regulation as a project identity was firmly embedded in the political terroir of past and present relationships of power and authority and the VQA would therefore evolve, not in an uncontested space, but in the context of those relationships.

6.2.2 Project Identity: Building an Organization

The press release was the first public proclamation of how the founders of the Vintners Quality Alliance intended to reconstruct the collective identity of the Ontario wine industry. The emergent content of this identity, both symbolic and material, and what it would mean to those who identified with it or those who were excluded from it, was negotiated formally by the first Board of Directors. It was codified into a set of voluntary Rules and Regulations first published in 1990, followed by a second iteration in 1996. There was broad consensus around the need for promotion and consumer education, but beyond that a number of crucial issues had to be settled. Although three DVAs had been named, they were loosely based on the geographic areas of the province planted to vineyards and little or no research supported the distinctiveness of the regions. The VQA was conceived as a national organization, but the details of what this involved were less clear and would have to be explored. Although the commitment was to make VQA wines from 100% Ontario hybrid and *vinifera* grapes, plantings of the desired varieties did not yet support substantial wine volumes, no comprehensive listing of allowed varieties of vines for VQA had been identified or verified against those used in other internationally accepted appellation systems, and no research been done to determine if they were suitable for local climatic conditions. The 1988 VQA wines were produced using minimum standards, but the criteria to assess quality had not been fully developed, nor was there agreement on the process of quality verification and labelling. The resolution of these issues by the new organization would define the content and meaning of VQA as a project identity, setting the stage for a legitimizing identity to be achieved through mandated self-regulation.

The members of the founding Board represented a cross section of the wine industry and its various institutional partners, ensuring the participation of the most crucial industry stakeholders. The cottage wine sector was represented by Paul Bosc Sr. of Chateau des Charmes Winery, Len Pennachetti from Cave Spring Cellars, Walter Schmoranz from Pelee Island Winery in southwestern

Ontario and Donald Ziraldo, from Inniskillin. Corporate wineries were represented by Jim Berry of T.G. Bright & Co. Ltd., one of the two large wineries and Jim Patience, the winemaker from London Winery, a mid-sized concern. They brought with them their individual agendas and motivations for pursuing an appellation system: corporate wineries were under financial pressures due to poor profit margins, mid-sized wineries were struggling to retain their share of the market in the face of increasing consolidation and cottage wineries needed to increase their sales if they were to remain viable. Bob Downey, the LCBO manager responsible for North American wines was the voice of the state distribution system, and his support for the effort would be critical. Jacques Marie, a chef and wine expert teaching at George Brown College, represented the hospitality sector, an important avenue for the promotion of Ontario wine. Roberto Michelutti, a research biologist with Agriculture Canada, was the link to the scientific community. Lastly, the Ontario Grape Growers Marketing Board (OGGMB), the connection to the grower sector was represented by Donna Lailey, a *vinifera* grower and OGGMB director.

All meetings of the Board were open and it was not unusual to have other industry participants in attendance. Although they did not have a vote, observers were free to express their opinions, contribute to the discussions, and could be enlisted to work on subcommittees that utilized their expertise. Ziraldo had been identified as the chair of VQA, but the officers of the Board were not officially elected until July of 1989. At that time Ziraldo was affirmed as the chair, Pennachetti became vice-chair and Berry was elected as secretary/treasurer. The operations of the Alliance would be financed through a levy of five cents for each VQA medallion affixed to a bottle of wine carrying the VQA designation, a practice that continues today. When a final budget was approved, it was agreed that that the VQA would assume 5% of the operating expenditures of the WCO in return for the office space and administrative support being provided by that organization, for a total of $14,500 for 1989 (Vintners Quality Alliance 1989f).

The first by-laws drafted by the VQA in 1992 illustrate the extent to which the organizational structures of the WCO and the VQA were enmeshed and the influence of the largest VQA wineries. They stipulated that the membership would consist of wineries participating in the VQA program, who were interested in advancing the goals of the Alliance and who were also members in good standing with the WCO. The by-laws also expanded the number of winery representatives from six to eight, allowing the two wineries with the largest financial contributions, Inniskillin and Hillebrand, each the right to appoint one of the eight winery representatives, giving them assured seats on the Board (Vintners Quality Alliance 1992e).

These changes were not welcome to certain members of the Board of Directors. Schmoranz from Pelee Island winery objected to membership in WCO as a prerequisite for VQA membership and to reserved seats on the Board of Directors for the largest VQA producers, but he received little public support (Vintners Quality Alliance 1993b). Not content to let the matter rest, Schmoranz pursued the issue further in a December letter to the Board in which he called for the separation of the VQA from the WCO to "create a more independent platform to deal with Ontario wine and Ontario grape growing issues. It may also create a forum to combine the grape growers and the VQA wineries under one umbrella for the future" (Schmoranz 1993), a reference to the institutional arrangements in place in the B.C. wine industry. However, the Board argued that the proposal would involve "a substantive change in direction from the creation, evolution and present strategy of the VQA (the WCO and VQA have been working on an *industry* strategy...)" (Ziraldo 1993, emphasis added), and after an "open discussion" the members of the Board agreed not to re-open the issue as it had "been discussed in the last year and rejected" (Vintners Quality Alliance 1993c).

The acknowledgement that the WCO and the VQA were working closely together was an indication that the shaping of the project identity had moved out of the hands of the cottage wineries and become an integral part of the larger Ontario wine industry. Corporate wineries appreciated the economic potential of an appellation system and endorsed voluntary self-regulation as a mechanism to improve their image among discriminating consumers in the domestic market. An appellation of origin system was one way to signify to consumers that corporate wineries were in step with the demand for quality wines, even though the mainstay of their production would remain wines made from blended domestic and imported inputs. This incomplete adoption of voluntary self-regulation by corporate wineries generated higher profits (Ierfino-Blachford 2007), but created ambiguity for the project identity among consumers unable to distinguish between 100% Ontario and blended wines.

The relationship between the VQA and the WCO became increasingly intertwined. In 1996 the two organizations submitted a joint application for funding through Grow Ontario, to undertake marketing projects over three years. The program was administered by the Ontario Ministry of Agriculture, Food and Rural Affairs which matched the dollars contributed by participating organizations (Vintners Quality Alliance 1996d). The VQA executive was empowered to negotiate with the WCO to ensure that a marketing programme proposal would serve the interests of VQA and would enable them to make the necessary budget allotments. Upon receipt of the funding, the promotional portion of the VQA budget was integrated with that of the WCO and $65,000 was transferred to the

WCO as the VQA contribution towards the Grow Ontario project (Vintners Quality Alliance 1997a).

In addition to sharing office space and secretarial support, the two organizations worked closely together at the executive and management levels, further blurring the boundaries between them and creating potential for conflicts of interest. In 1997 the Chair of the WCO, Bruce Walker, an executive with Vincor, was added as an ex-officio member of the VQA executive, putting him in the inner circle of the VQA throughout the process of implementing mandated self-regulation. A short time later Walker was in a difficult position when Vincor's use of the name "Okanagan Vineyards", for a wine made from 70% American content came under scrutiny as jeopardizing the VQA system and potentially misleading consumers. The concern was that the term could be construed as a geographical indication or a variation thereof, and was therefore inappropriate for a blended wine. The issue was settled when Vincor agreed to redesign the label to more clearly identify Okanagan Vineyards as a brand name (Vintners Quality Alliance 1998a). When VQA Canada was formed in 1998 to work towards the legislation of national wine quality regulations the executive director of VQA resigned his position to take up similar responsibilities with VQA Canada. As part of the restructuring, Linda Franklin, the executive director of WCO was appointed to the same role in the VQA in addition to her WCO duties (Vintners Quality Alliance 1998c), a position she held throughout the process of applying for regulatory status. This was done at a time when the VQA was working with the MCCR to achieve mandated self-regulation and even as the two organizations were discussing restructuring to separate regulatory and quasi-judicial functions from advocacy and marketing functions (Vintners Quality Alliance 1998a; Vintners Quality Alliance 1998b), a requirement under the proposed legislation.

6.3 Project Identity: Territorial Terroir

The principle underlying appellation systems is the creation of economic rent, that is, value over and above what could be extracted from the market under normal conditions. In delineating areas of wine production, history and geography are construed as the underlying factors in the production of this surplus value (Moran 2006). Geography contributes unique local growing conditions supporting the production of superior wines, while history contributes an experiential knowledge of viticulture and viniculture, and the development of a reputation for quality. The demarcation of Portugal's Upper Douro region in 1756 ensured that the area was protected from competition and imitation, thus increasing profits for Douro winemakers, but excluding adjoining areas from sharing in the surplus value created by the delineation. In the same way the creation of Ontario's DVA boundaries gave rise to areas of inclusion and exclusion in the project identity.

6.3.1 DVA Boundaries

At the first regular meeting of the Board in the corporate offices of T.G. Bright & Co. Ltd. in Niagara Falls, Michelutti presented and received approval for the Lake Erie North Shore DVA. A report submitted by Helen Fisher, the grape research scientist from the Vineland Horticultural Research Institute of Ontario (HRIO), proposed several options for delineating sub-appellations, based on climatological considerations, soil types, or existing political boundaries (Fisher 1989a). However, she was not convinced that the exercise had merit as

> "...our own winery people have acknowledged that they want the appellation districts primarily as a marketing tool, that the public <u>thinks</u> there really are differences from one side of the concession road to the other. But no one knows for sure and it is damn difficult to prove. The wineries don't have the tradition nor the public awareness of quality from that particular house on which to base the appellation. Rather they are turning to very fine local climatic and soil differences which, in my opinion, may not be real and may easily be superseded by the skill of the vineyard manager and/or the winemaker." (Fisher 1989b, emphasis in original)

Sub-appellations were a sensitive issue because of the implications they had for the project identity in Ontario and eventually in other provinces. Because of climatic variations in the peninsula, *vinifera* grapes could only be grown below the escarpment or on the bench, a sloped plateau just below the escarpment marking the shoreline of post-glacial Lake Iroquois. Hybrid grapes with a greater cold hardiness could be grown above the escarpment, extending the area of grape and wine production. Nationally, only Ontario, B.C. and a small area of Nova Scotia had the climatic conditions to support *vinifera* grapes, but if hybrids were included in an appellation system, the potential for grape growers and wineries to profit from VQA would be extended to a wider geographical area (Fisher 2007). This was unacceptable to the VQA Board, which soon expressed concern about the proliferation of applications for winery licences and at one point proposed a moratorium on the granting of new on-site winery retail store licenses outside recognized Ontario DVAs (Gamble 1993).

A shift in the geographies of production excluding the areas above the escarpment from participation in an appellation system would significantly alter the demographics of the grape growing sector of the industry. The Board of the OGGMB was elected based on numbers of growers in a specified zone and as a result, growers above the escarpment had traditionally been in the majority on the Board. The inclusion of hybrids in the VQA and a sub-appellation for the southern portions of the peninsula were vital if they were to retain their dominance in the industry and on the OGGMB. However, as growers above the escarpment were pushed out of *labrusca* grape production and denied access to the industry via hybrid grapes, their numbers on the Board decreased, and they found their influence dwindling. For these growers the project identity resulted in exclusion not only from the wine industry, but also from the circles of influence they were accustomed to as major players in a *labrusca*-based wine industry.

6.3.2 Scale

As articulated in the press release, the initial intention of the Alliance was to become a Canadian appellation and discussions on the issue had been initiated with Agriculture Canada through the Canadian Wine Institute, the national organization representing wine. A letter from the International Trade Policy Directorate, International Programs Branch of Agriculture Canada to the Canadian Wine Institute confirmed that the department would proceed with efforts to gain EC and US recognition of Canadian viticultural areas pending agreement from the Institute on the viticultural areas to be included and the varieties of grapes allowed (Koestler 1988). In addition, Donald Mazankowski, the federal minister of agriculture had been approached regarding the possibility of national coordination and harmonization of the various provincial standards as a prerequisite for a national system (Vintners Quality Alliance 1989e). Quebec and Nova Scotia expressed interest in appellations systems using the "VQA" name and these initiatives were encouraged by the Ontario Board, even though the geographies of production in those provinces severely limited the possibility that they would develop as significant wine regions. The British Columbia Grape and Wine Commission had been formed in 1990 "for the purpose of co-ordinating the maintenance, development and expansion of grape production and the regulation, production and marketing of wine and wine products" (British Columbia Grape and Wine Institute 1990) and was also working on provincial appellation standards.

Effectively, national coordination and harmonization involved only Ontario and B.C. as they were the two provinces whose geographies supported the cultivation of *vinifera* vines in sufficient quantity to sustain a small domestic wine industry. There was some communication between the two provinces on the advantages of harmonizing the Rules and Regulations governing an appellation system, with each province implementing standards to maintain their "respective distinctions" (Ziraldo 1990). Ontario had requested that B.C. consider the use of VQA on their labels as a step in the creation of a national VQA designation, a suggestion that met with some reservation[5], although a preliminary draft of the B.C. standards was shared with the Alliance early in 1990. Both provinces were represented on the National Standards Committee which was laying the groundwork for the development of a national standard, a prerequisite for EC and US recognition of a Canadian appellation system (Vintners Quality Alliance 1990b). However, there were communication gaps and it came as a surprise to the Alliance when B.C. announced that they were ready to make their standards public at the same time that Ontario was poised to do so (Pennachetti 2007). In October 1990 B.C. asked for permission to use the VQA trademark held by Ontario, and after some intense negotiations, the request was granted subsequent to assurances that B.C. would comply with the standards, audit and tasting panel procedures used by Ontario.

Thus the VQA trademark in B.C. was adopted under license from the Ontario VQA, which held the charter for the national body and the trademark and was therefore in control of the project identity. Concern was expressed that B.C. Rules and Regulations allowed a substantially higher yield of wine per tonne of grapes than Ontario. As one of the pillars of the VQA was a prohibition against the addition of water in the wine-making process, Ontario proposed that this issue could be used to open discussions on the inter-provincial harmonization of standards for a national system (Vintners Quality Alliance 1990f). Although there had been optimism early in the process that a national appellation system could be realized, it soon became apparent that this would be a lengthy and involved process and the decision was made that each province would move forward independently while still pursuing a national system (Pennachetti 2007). In spite of repeated assurances over the years that such a system is within reach, it is not a reality as of this writing.

6.4 Project Identity: Agri-Terroir

The concept of agri-terroir as a facet of the political terroir of wine emphasizes the vine and the complex relationships between geographic considerations and human intervention (Moran 2006). The expansion of VQA wine production was dependent on the support and cooperation of grape growers who would have to commit to *vinifera* production and adopt new viticultural practices. However, the research to validate such decisions had not been done in Ontario, a fact recognized in the goals and objectives of the VQA. Experimental plantings of *vinifera* vines dated to the 1940s, but it was not until the surpluses of the 1970s and 1980s that growers began to seriously consider moving away from *labruscas*, with some of the more innovative growers doing so prior to the Grape Acreage Reduction Program. Replanting vineyards meant substantial input costs,

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[5] One of these was the suggestion that "VQA" was inappropriate as "Q" could imply Quebec. (Vintners Quality Alliance 1990b)

a loss of income until the new vines came into production and a steep learning curve as growers adapted to more intensive viticultural practices necessary for the successful cultivation of *vinifera* vines (Fisher 2007). Although wineries contracted directly with growers for grapes, these relationships were mediated by the OGGMB which negotiated minimum prices for the grapes. Interactions between the OGGMB and the WCO as the organization representing wineries had a history of being adversarial (Mytelka and Goertzen 2004) and the pressures experienced by growers as the wine industry re-created itself further intensified the acrimony between them. While VQA was viewed by growers as a positive development and crucial to their continued survival, they did not see themselves as actively involved in the process of creating the project identity. Their primary interest was in the relations of production that determined their future profitability, not in the relations to the market which concerned the VQA.

6.4.1 Viticultural Research

Vinifera production was still an innovation and growers and wineries were only beginning to understand the intricacies of a new production paradigm (Lawrason 1988). Lacking the experience on which French and Italian appellation systems were based (Smart 2002), Ontario created its DVAs to correspond to those areas of the province that supported the cultivation of these varieties, with little understanding of the viticultural practices required to sustain such production and little regard for the scientific rationale to support the distinctiveness of a given DVA. In an attempt to remedy these deficiencies Helen Fisher, the grape scientist at HRIO, submitted a research proposal to the Board in February of 1989 to document the viticultural practices in use and relate them to the observed growth patterns of the vines. The work was intended to support the VQA objective of advancing an understanding of specific variations in soil and climate in the wine growing areas and the results would be used to make viticultural recommendations to growers. As a first step in identifying the distinctions that would be important in the delineation of potential sub-appellations, the proposal also supported the second objective of the VQA, "to coordinate and exchange research in areas of temperature, clonal selections, training methods, viticultural practices and wine varieties for the mutual benefit and development of Ontario's wine growing regions" (Vintners Quality Alliance 1990g). Although the proposal was "accepted for consideration by members of the Board and it was agreed that priority should be given to sourcing funds for the purpose" (Vintners Quality Alliance 1989b), the chair, a former classmate of Fisher's at the University of Guelph, tersely told her at the next meeting that "VQA did not have funds for research" (Vintners Quality Alliance 1989c).

There appeared to be little enthusiasm in the winery sector for research pertaining to the cultivation of grapes as the WCO also turned down the proposal

(Fisher 1989c) but Fisher felt strongly that it was vital to establish a baseline for future research and thus support the transformation of the industry already undertaken by growers. Accordingly she resubmitted the proposal to the Canada-Ontario Grape and Wine Adjustment Program in the context of identifying grape quality and production improvements to qualify for funding under that program. This was approved and the research was later described as "an example of a project which provided good value for money. It was relatively inexpensive, required little time to complete, and contributed a good piece of work which will be useful to the industry." (Grape and Wine Evaluation Committee 1994). Ironically, several years later, on the occasion of the opening of Brock University's Cool Climate Oenology and Viticulture Institute, Ziraldo enlightened a group of wine journalists that "the existence of Ontario's Grape Growers Marketing Board has so politicized relations between growers and wineries that it is difficult to collaborate on improving vineyard techniques that would encourage better wine" (Lawrason 1999).

6.4.2 Grower Relations

Having everything to gain, grape growers actively participated in the transformation of the industry, with some of the more progressive growers coming together as the *Vinifera* Growers' Association to exchange information pertaining to viticulture. Collectively grape growers supported the adoption of self-regulation through the OGGMB (Ontario Grape Growers' Marketing Board 1990), appointing a grower representative to the VQA Board. In an effort to solicit further input from the grape sector for VQA, Ziraldo, as chair of the VQA, attended a meeting of the OGGMB and suggested that a separate committee of the Marketing Board be formed to discuss the directions that growers thought the VQA should take and what standards should be adopted. He made "a very strong attempt to bring them 'on-side' and would continue to do so" (Vintners Quality Alliance 1989e), inviting them to attend VQA meetings. Having publicly criticized the OGGMB in the past for "subsidizing growers to grow old-fashioned grapes" (Walkom 1982), it came as no surprise that the invitation was ignored. The chair's cavalier attitude to the grower constituency surfaced again when he suggested to the VQA Board and presumably the grape grower representative, that the OGGMB investigate the possibility of distributing the newly adopted VQA Rules and Regulations to their growers (Vintners Quality Alliance 1990a). In the construction of the project identity, wineries would control the process and the growers who were dependent on them for a living were expected to take their direction from them.

6.5 Project Identity: Vini-Terroir

The process of vinification is not only about capitalizing on the effects of terroir on the vine, it is also, and perhaps more importantly, about knowing how to compensate for inevitable shortcomings, especially those of climate. The concept of vini-terroir acknowledges the role of human intervention in the process of winemaking. Although good wine may begin in the vineyard, it is the winemaker's art that gives full expression to the potential of the grape, enhancing the merits or overcoming the limitations of agri-terroir through the vinting process (Moran 2006).

> Anyone can make fine wine from fine grapes, but you can't make a silk purse of a sow's ear...The best wines are when the winemaker is merely a midwife, and just lets it happen and is there to care take if there should be a problem. It's the difficult vintage where the winemaker actually has to impose himself/herself on the grape...And there are certain grapes, you know, that need... I mean if you take Riesling and compare it to Chardonnay. Riesling, what you get in the vineyard is what you're going to get in the bottle, I mean, you don't muck around with Riesling. Whereas Chardonnay is a real hussy of a grape, you can smack her around, you can tart it up, and you know, it tastes good. With Riesling, you can't do that. So the winemaker, you know, it's very difficult to mess up a good grape, unless you don't know how to make good wine. But in order to improve a bad vintage, that's quite an art (Aspler 2006b).

Appellation systems are based on regulations that govern "quality from the vineyard to the glass" (Vintners Quality Alliance n.d.) by specifying the areas in which grapes are grown, accepted varieties of vines, standards applied to harvesting and the process of vinification, procedures for assessing, evaluating and verifying compliance with those standards, and the requisite labelling signalling to buyers that the wine meets all of the necessary criteria deemed to contribute to quality. That is, quality as project identity is deconstructed into measurable elements, belying the often mystical and romantic connotation ascribed to terroir. The symbolic and material contours of the project identity were shaped by those who controlled the process, the relationships between them and the interests and considerations they brought to bear.

6.5.1 Allowed Varieties

To the purist the only true wine is that produced from the fermentation of *vinifera* grapes, and appellation systems are based on a limited selection of *vinifera* varieties which have come to represent quality in wine. Of several thousand varieties and sub-species of *Vitis vinifera* (Wilson 1998), only about 150 are commercially cultivated and less than half are considered to be suitable for wines of appellation status (de Blij 1983). Of this number, only nine are considered to be the classic varieties for the production of quality wine. The four main red varietals are Cabernet Sauvingnon, Merlot, Pinot Noir and Syrah/Shiraz, and the five white varieties are Chardonnay, Chenin Blanc, Riesling, Sémillon and Sauvignon Blanc (Unwin 1996). In articulating a project identity, the VQA adopted the practice of using primarily accepted *vinifera* grapes, using the rationale that "noble wines do not happen by accident...only high quality grapes make great wine so Ontario's VQA regulations stipulate which varieties can be used for products that bear the Vintners Quality Alliance seal (Vintners Quality Alliance n.d.). It was a valiant proclamation that anticipated the future more than it described the present.

Although vineyards were being renovated with the encouragement and financial support of the state, *vinifera*s were still not widely planted, nor was a lot known about how they would grow and produce in Ontario. Of the 45 approved varieties of *viniferas* in the 1990 Rules and Regulations, only three (Riesling, Chardonnay and Gamay) were recorded as planted in Ontario. Further, of 39 allowed varieties of hybrids, only 5 (Chelois, De Chaunac, Marechal Foch, Seyval Blanc and Vidal) were actually in the ground (Ontario Grape Growers' Marketing Board 1990). The project identity being proposed was one of conformity to international expectations of quality, quite apart from local conditions and circumstances. It was not an indigenous identity, but rather an identity as imported as the blended wines it was attempting to displace. Local place was to be re-created in the image of the great wine regions of the world, not by copying labels and brands to mimic European wines, but by actually making Ontario wines in accordance with international standards for quality wine, then labelling them with the VQA logo.

6.5.2 Estate Bottled

The practice of classifying wines by the vineyard from which they originate exploits the notion of geographic terroir as an essential aspect of quality in wine. The provenance of single vineyard wines establishes that their quality characteristics can be more closely related to the soil and climatic characteristics of a specific place than wines made from multiple vineyards (Wilson 1998). Where that vineyard was under the control of the winery, an 'estate bottled' designation can be used to denote that the winery controls both viticultural and vinicultural practices. The meaning of 'estate bottled' received considerable attention in the drafting of the 1990 Rules and Regulations, and several definitions were proposed, including those used by the EC, the American Bureau of Alcohol, Tobacco and Firearms (BATF) and two versions submitted by cottage winery owners. At issue was how control of a vineyard was to be defined and how restrictive that definition should be.

The two winery positions were at opposite ends of the spectrum (Vintners Quality Alliance 1989a). The least strict interpretation of control proposed by a Hillebrand participant, argued that a winery would have to control at least 51% of a vineyard to obtain the 'estate grown and bottled' designation and further, have control of the supply of grapes from the designated vineyard through a contract. A more strict interpretation, put forward by Pennachetti of Cave Spring Cellars, called for winery ownership of the land and control of viticulture. This followed more closely the EC regulation which allowed an estate designation for wine produced exclusively from grapes grown in the winery's own vineyard, if the vineyard had been owned or rented for a minimum of four years and the winery could verify that it had control over all aspects of viticultural production. To qualify for estate bottled status, the wine had to meet the criteria for estate designation and all the vinting processes, from pressing to bottling, had to be done at the winery. The BATF regulation was a variation of the EC regulation, specifying winery control of the land for at least three years. All aspects of the vinting process had to be done at the winery and at no time could unfinished product leave the premises. The definition finally approved by a recorded vote accepted the stricter definition, calling for the bottling winery to have total control of the viticulture on land it owned or leased for a minimum of 10 years. The 'estate bottled' designation could only be applied in the fourth and subsequent years (Vintners Quality Alliance 1989b), acknowledging the time lag between the planting of a vine and full production.

A communication between a research scientist and an acquaintance at the Bureau of Alcohol, Tobacco and Firearms in Washington sheds some light on why the discussion around this issue was contentious. It indicated that "they all talked about their various fears of cheats in front of everyone!!" (Fisher 1989b). As each further classification represented increasing quality and therefore greater economic value, and trust between VQA members was only tentative, there was apprehension that the terminology could be open to misinterpretation and misuse unless it was clearly articulated.

6.5.3 Verifying "Quality": The Tasting Panel

The first vintage of potential VQA wines was produced using only rudimentary standards, leaving the new Board of Directors to establish criteria on which qualification for VQA designation would be based and determine procedures to ascertain whether wines met those criteria. The LCBO was already using a panel of experts to screen all alcoholic beverages prior to listing them and it was agreed that this panel would work with a committee of the VQA to establish the taste criteria for VQA qualification and determine the process of verification. The tasting panel was composed of the Supervisor of Quality Control of the LCBO and six other permanent members, all of whom were wine consultants employed by the LCBO who had passed a written test and tasting conducted by the Supervisor. Tastings were conducted under strict conditions that included a ban on scent, perfume or makeup, any intervention that might influence or distract panel members, and most importantly, silence (Vintners Quality Alliance 1989g). Wines which passed the sensory evaluation had to be submitted for laboratory analysis, a standard procedure employed by the LCBO to "fingerprint" wines, and to ensure that *labrusca* grapes were not being used (Vintners Quality Alliance 1990g). Tasting results were then forwarded to the WCO, which notified wineries of their scores and provided reasons for any rejections. A summary of the results was also sent to the Alliance, with winery names omitted to ensure confidentiality, a goal that may not have been credible given the small number of wineries and the overlapping membership of VQA and WCO. The 1996 revision of the Rules and Regulations (Vintners Quality Alliance 1996g) addressed the triangulation between the tasting panel, the WCO and the VQA by providing for direct reporting of wine scores from the Supervisor of the LCBO's Quality Control Department to the VQA, which then communicated individual scores directly to the winery concerned.

The tasting protocol called for wines to be rated on a 20 point scale based on their appearance and colour (3 points), aroma and bouquet (6 points), total acidity (1 point), balance (2 points), body (1 point), flavour (3 points), finish (2 points) and general quality (2points), with a 13.5 averaged score considered a pass. A preliminary tasting of 22 wines in March resulted in only ten being scored at 13.5 or higher, leading to discussion about the possible implementation of an appeal process for wines that came close to the passing score (Vintners Quality Alliance 1989c) and a reconsideration of qualifying scores. The LCBO minimum requirement for listing any wine was a score of 10.5, but such wines could still have negative overtones and the score would "really denote no honour". The score considered adequate for commercial acceptability and new product listings was 13.0 (Vintners Quality Alliance 1990b), slightly below the minimum of 13.5 eventually adopted for VQA designation. Wines that did not meet the requirements would not be allowed to use the appellation of origin on the label, although technically they could still be identified as "estate bottled" since the VQA had no legal recourse to impose sanctions. The Board of Directors expressed the hope that wineries would conform to the spirit of the VQA and it was agreed that any infractions would be dealt with "if and when the Board is advised of a violation of the Rules and Regulations by the LCBO" (Vintners Quality Alliance 1990a).

In bringing the verification of quality under the aegis of the LCBO, the institutional guardian of liquor distribution in Ontario, the Alliance acceded to it the final authority to determine which wines met VQA standards, although following criteria developed jointly with the Alliance. However, measuring quality was a contentious issue, with substantial economic consequences for the wineries, and the members of the tasting panel expressed concern about the grading segment of the appellation of origin criteria, citing the difficulty of connecting quality assessment and appellation and complaining that it was unfair to put the onus on the LCBO to make the final determination. Tasters argued that they could identify flaws in the wine, assess whether the taste conformed to varietal characteristics and determine if it was generally well made, but had no way of determining whether the taste was "indigenous to the DVA" (Vintners Quality Alliance 1990b).

6.5.4 Labelling: the Construction of an Infraction

Since VQA status could not be granted until after approval by the tasting panel, it was agreed that appellation status would be indicated by a separate medallion and/or neck label to be affixed to the bottle after tasting and approval. Ignoring the agreement, Brights printed VQA on all their labels prior to the tasting and scoring of their wines. The result was confusion and the rekindling of previous disagreements on the scoring values used to denote quality. It was finally agreed that for the first vintage, wines scoring below 13 would be allowed to use the geographical indication, but would not receive VQA status; wines which scored a minimum of 13 would be able to print VQA on the label and wines scoring over 13.5 would receive an additional medallion denoting superior quality (Temkin 1989). It was an inauspicious beginning for the newly launched VQA initiative, indicative of the divisions that existed between corporate wineries prepared to exploit the marketing potential of an appellation system and cottage wineries intent on conveying the project identity to consumers.

Information contained on the label affixed to bottles of VQA wines represented the new project identity intended to revitalize the Ontario industry and transform it from plonk to quality. The VQA seal was presented to consumers as "a commitment to quality, a guarantee that the wine expresses the highest aspirations of the vintner's art" (Vintners Quality Alliance n.d.) and could only be applied to the bottle once it had been determined, through third party verification, that the wine in the bottle met the criteria established for designation as a superior wine eligible for appellation status. The 1996 revision of the Rules and Regulations added provisions to allow for a review of the packaging and labelling of VQA certified wines by the LCBO Supervisor of Quality Control in charge of the tasting panel. Wines submitted to the VQA tasting panel were to be accompanied by a copy of all labels, capsules or stickers proposed for use on the packages, with an indication of their placement on the bottle. Results of the packaging review would be forwarded to the VQA office, which then passed them on to the winery. However, the VQA assumed no responsibility for any further action as the affected winery had the sole responsibility of communicating with the LCBO Quality Control Department to resolve any discrepancies. The onus was on the winery to comply with the packaging and labelling requirements of the VQA Rules and Regulations, as well as the requirements of the federal Food and Drug Act and Regulations and the Consumer Packaging and Labelling Act and Regulations. No provisions were made for sanctions in the event of non-compliance, either in the VQA Rules and Regulations or through the LCBO Quality Control Department. The integrity of voluntary self-regulation as the project identity was dependent on winery adherence to labelling requirements. However, with no powers of enforcement, the VQA had no effective means of addressing the issue of non-compliance.

Under the Rules and Regulations adopted by the VQA, responsibility for ensuring that the wine in the bottle met the standards for VQA designation rested with the LCBO. It audited wineries to ensure that all required production standards were met, verified VQA quality through the tasting panel, and approved the labelling of the product. If there was a discrepancy between the label and what was later found to be in the bottle, the problem was termed a "labelling infraction", not non-compliance with those components of the process validated by the LCBO. This absolved the LCBO of any liability for defective wines and made wineries accountable for "mislabelled" wines. But as a voluntary self-regulated body, the VQA had no authority to compel compliance, nor could it impose sanctions if and when a winery was found to be in contravention of the labelling requirements. The only penalty specified in the by-laws for non-compliance was expulsion of the member winery (Vintners Quality Alliance 1992e), a drastic measure that was never successfully employed. Without legal authority, the VQA was reduced to the use of coercion and moral suasion, writing letters to offenders and asking them to remove incorrectly labelled bottles from the market.

6.6 Project Identity: Promotional Terroir

In adopting voluntary self-regulation as a project identity, the VQA was modelling itself on the major wine producing countries, and conforming to accepted international prescriptions of a quality wine industry. In doing so, they were espousing the culture of wine, its ideological significance (Unwin 1996) and the myths created around its consumption (Veblen 2001). Appellation systems exploit place as a geographic location, but equally importantly, place as a cultural experience which can be shared by consuming the products associated with that place. Promotional terroir explores the convergence of wine as a product rooted in a multi-dimensional place, the presentation and positioning of that product to potential consumers, and its delivery through available channels of distribution (Moran 2006). Marketing the project identity to a sceptical wine-consuming public was the focus of three of the five objectives of the Alliance, occupying much of its time and financial resources. In a listing of priorities for VQA activities, it was agreed that 78% of the executive director's time would be spent on marketing activities, including advancing ongoing LCBO initiatives, oversight of regular promotions and training sessions for LCBO staff, and national and international promotional activities. In contrast 20% of his time would be spent on the advancement of VQA as a legislated appellation system while strategic planning accounted for the remaining 2% (Vintners Quality Alliance 1996a).

6.6.1 LCBO

As the largest retailer for alcoholic beverages in the province, the LCBO was a critical partner in the eventual success of VQA. The relationship between the wineries and the LCBO was tenuous at the best of times, with wineries complaining of a lack of commitment and support from LCBO staff in promoting Ontario wine, while the LCBO decried the wine industry's lack of focus on quality, compounded by insufficient marketing. The charge was that Ontario wineries were turning out a flood of wine listings, with very little differentiation between them, then "throwing them up against the wall and hoping they will stick." (Liquor Control Board of Ontario 1989). As an agency of the government concerned with revenue generation, the LCBO was not prepared to set aside shelf space for Ontario wines unless they could meet sales targets sufficient to generate returns for the state. In return for supporting the VQA promotion and creating sales opportunities for Ontario wines, the LCBO expected wineries to take the lead in all activities relating to product information and food and wine educational programs. The proliferation of products and sizes of bottles had led to poor brand recognition and a lack of loyalty on the part of consumers, thus affecting sales. To address this problem, wineries were expected to improve their product labels and packaging and build a local identity for new products, but not at the expense of current brand leaders which generated consistent income for both the wineries and the LCBO (Liquor Control Board of Ontario 1989).

A Marketing Committee, consisting of Jim Berry of T. G. Bright & Co., Paul Bosc Jr. of Chateau des Charmes, and Jack Corbett, of Jordan and Ste. Michelle Cellars Limited, chair of the Canadian Wine Institute and an executive director of the WCO, was struck at the first meeting of the new Board to work with the Bob Downey of the LCBO on the details of VQA promotions through the LCBO. An LCBO promotion to coincide with the launch of the 1988 vintage was planned for Cross Roads, a new LCBO superstore, the specialty high end Vintages stores and all regular outlets, with merchandising assistance provided by the LCBO. Downey indicated that the LCBO was prepared to provide support such as displays, tastings, and staff wearing VQA buttons during the June 1989 VQA launch period, at a cost of some $75,000 (Vintners Quality Alliance 1989a). Due to a delay in approval for the funding, the promotion was not rolled out until September (Vintners Quality Alliance 1989b), and according to Downey, was moderately successful, based on actual sales results and feedback from participating store managers. However, lack of staff knowledge about VQA wines had hampered the promotion, a deficiency which would be addressed through better staff education with assistance from the VQA Board (Downey 1989). The cautious optimism expressed by Downey as the Category Manager, Wines of the Americas, was not shared by the Product Management Department of the LCBO. In an October report it projected a potential delisting of 150 SKUs or 22% of the 694 Ontario listings. About 25% of these were VQA products, most of them from small cottage wineries such as Reif, Colio, Montravin, Charal, Culotta and Vineland Estate (Liquor Control Board of Ontario 1989). Apparently the large corporate wineries which had an historical presence on LCBO shelves and were better known to consumers had an advantage in generating the volume of sales necessary to retain their listings.

Ongoing promotion of VQA wines through the LCBO continued to be a major thrust of the work of the Alliance for good reason. With an extensive network of almost 600 stores spread across the province, the LCBO was the gateway to the mass market and thus a key player in the success of a domestic wine industry. Wineries had to meet minimum sales volumes to retain their listing at the LCBO, but once this was established and maintained, they were guaranteed continuity of purchases from the agency and regular payments. In contrast, on-site winery retail stores allowed wineries to keep a larger portion of the bottle sales, but were dependent on consumer traffic to the cellar door. Cottage wineries were particularly handicapped by this as they generally only operated one outlet on their winery premises. In contrast, large corporate wineries had acquired multiple outlets as they bought out competitors in the post-Prohibition years. For the small cottage wineries at the forefront of VQA, access to the LCBO store shelves was a critical factor in securing their future viability.

The move to voluntary self-regulation of Ontario's wine industry coincided with a dramatic transformation of the LCBO under the leadership of Chair Andy Brandt. Brandt had run a successful business in Sarnia importing and exporting musical instruments, and served as the mayor for Sarnia between 1975 and 1980. Following this he was an MLA for some 10 years, during which time he held cabinet posts as Minister of Environment under Premier Bill Davis and Minister of Industry and Trade under Premier Frank Miller. He was chosen as the interim leader for the Progressive Conservative party in November, 1987, a position he held until Mike Harris became the full-time leader in May, 1990. Brandt left politics at that time and was subsequently appointed as LCBO Chair and CEO in 1991 by Premier Bob Rae, a post he held for 15 years. During his tenure at the LCBO, Brandt brought his business background into play, focusing on overcoming an organizational culture built around patronage job appointments and a control mentality of alcohol distribution. To improve customer service, Brandt introduced mandatory product education for employees, Sunday openings and a more accessible buying experience for consumers, allowing them to use credit and debit cards to pay for purchases, and increasing and improving the selection of products available. Revenues increased revenues: annual sales went from $1.8 billion in 1991 to $3.6 billion by the time he left 15 years later (Ontario Ministry of Public Infrastructure Renewal 2006).

In 1991 VQA wines went on permanent display in six prototype LCBO stores (Vintners Quality Alliance 1991b) and by the end of that year it was reported that VQA sales through the LCBO made up about 5% of Ontario wine sales by volume and 8.5% by dollar value (Vintners Quality Alliance 1992a). As production of VQA wines increased from 250,000 cases in 1992 to over 450,000 cases in 1994, special promotions such as that undertaken for the initial launch of VQA wines became regular events, funded jointly by the LCBO, the VQA and the WCO. Winter damage to vines decreased the 1993 vintage to 205,000 cases (Vintners Quality Alliance 1995c), resulting in some shortages, especially of the more popular brands and a loss of shelf space to competitors. With an increase in supply of some 125% for 1995/96 sales, the promotion that coincided with the release of the 1994 vintage was planned to recapture some of those losses. The Alliance was actively involved in planning the promotion, having input into product placement and presentation, signage and publicity. Funding for some of the permanent display fixtures was shared jointly with the LCBO, and the Alliance picked up the cost of point of purchase promotional materials, some of which were later distributed to winery retail stores for their use (Vintners Quality Alliance 1995d).

When the LCBO embarked on the modernization of 150 of their stores, the VQA and the WCO were approached to contribute half of the funding, approximately $480,000, for specialized VQA "gondolas" (Vintners Quality Alliance 1996d). An expenditure of $100,000 was approved to help outfit 34 stores, but concerns were expressed about the design of the new VQA sections and the LCBO representative was pointedly asked where the joint WCO/VQA contribution was being used. It was agreed that the funding would only be used for new roll-outs, with the LCBO fully covering the cost of previously planned roll-outs (Vintners Quality Alliance 1997a). Having contributed financially, the Wine Council submitted a report to the LCBO, outlining recommendations for the ongoing modernization of the stores and asking that the Wine Council and the VQA be consulted before changes were made (Vintners Quality Alliance 1997d). It was a reminder that the promotional terroir of the project identity included the negotiation of disparate organizational goals, priorities and interests, and involved cooperation and contestation as industry players jockeyed for control of the issues.

6.6.2 Wine Critics

Professional critics move beyond the substance, materiality and facts of their area of expertise, using them as a basis from which to operate in an interpretive and educational capacity to inform consumers of the worth of cultural icons (Stern 2002). Wine critics serve as important gatekeepers in the industry as trusted sources of presumably unbiased authority on wine quality and can therefore influence consumer choice[6]. Perhaps the best known Canadian wine writer and critic is Tony Aspler, a former wine columnist for the Toronto Star and the author of several books on Canadian wine, who describes himself as "more of an evangelist than a critic…sort of an advocate for the consumer in a sense, you know – I stand between the winery, the Liquor Board and the consumer" (Aspler 2006b). As a long-time observer and supporter of the domestic industry, he was solicited to write the script for the first promotional pamphlet to introduce VQA wine to the public. Aspler had an extensive knowledge of the history of the Canadian wine industry, was well acquainted with winery owners and the winemakers who crafted the wines, and had earned the respect of the industry as someone who preferred constructive criticism to abrasive critique. In his writings he had been forthright about making suggestions to the industry about how to improve the negative image of Ontario wine, recommending the elimination of *labruscas* from table wines, designated wine regions, a system for establishing quality ratings based on taste characteristics of the wine and the abolition of European sounding wine names and label designs (Aspler 1986). Aspler was ideally situated as a gatekeeper to the consuming public and his endorsement of VQA conferred needed legitimacy and gave significance to the Alliance.

6.7 Project Identity: Identity Terroir

Wine as a material symbol of society dates to early times when it was used in religious ceremonies and practices, signalling power and social status (Unwin 1996). As the post-war economic boom increased the buying power of the middle classes, high alcohol ports and sherries, and the "plonk" and "pop" wines associated with working class and youth cultures gave way to a preference for imported wines. Consumers were becoming increasingly knowledgeable about wines and the culture of wine, and associated European wines with romance and sophistication, while Ontario wines were thought to be "conservative, stodgy, sterile", lacking in the tradition and history of winemaking of Europe (Liquor

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[6] Robert Parker is an American wine critic whose positive reviews have been instrumental in creating instant success for his favourite wines. His preference for big, full-bodied, well oaked wines has led some winemakers to change their production methods to create wines that will score higher on his 100 point evaluation scales. Wine crafted to earn higher points are said to be "Parkerized".

Control Board of Ontario 1989). The adoption of an appellation system was an effort to dissociate the cottage winery sector of the Ontario industry from the past to cultivate a project identity that implied participation in the cultural richness of European traditions and heritage. In aligning itself with this image and adopting self-regulation, the Alliance was trading on the cultural capital (Bourdieu 1984) associated with European wines.

The public launch of the 1988 vintage of VQA wines was planned for centres of cultural expression reflecting the identity the Alliance wanted to project and would attract the discriminating audiences it wanted to target. Events were held in Toronto at the Art Gallery of Ontario on June 27, in Ottawa at the National Museum of Man on June 28 and in St. Catharines at Rodman Hall Arts Centre on June 29. The launches were funded through federal and provincial grants given to the WCO and featured a late afternoon gala reception with each participating winery presenting its VQA wines in a white tablecloth setting (Vintners Quality Alliance 1989a; Vintners Quality Alliance 1989c). Through the VQA designation, these wines were representing themselves as credible and comparable to the wines France, Italy and the US, countries that had implemented appellation of origin systems. The launches were also targeted at a group of people that was comfortable with high class culture and the role of wine and wine appreciation as symbols of status. Acceptance of VQA wines by this discriminating and influential audience would generate a positive image for Ontario wines, counteracting the common perception that they had "little status in a label-conscious society" (Liquor Control Board of Ontario1989). A Toronto wine writer, summing up the launch said that:

> All in all, the VQA and the DVA appellations system add up to a new, formalized legitimacy for Ontario wine, that fortunately has come just as the wines themselves are achieving legitimate quality (Lawrason 1989).

6.8 Conclusion

In adopting voluntary self-regulation, the VQA was asserting a project identity for Ontario wine, modelled on the success of known appellation systems in use by major wine-producing countries. A project identity avails itself of available social and cultural resources to construct a new identity to redefine its position in the social order (Castells 2004a). Although it was an alternative identity for the Ontario wine industry, VQA was an identity of conformity to the international wine industry, implemented to retain a domestic wine industry in the face of the globalization of wine. Organizing collectively, formulating common goals and objectives and gaining support for the nascent identity from key external players represented only the first stages in the construction of the new identity.

In order for the project identity to solidify its authority and establish its claim as a viable alternative identity for Ontario wine, it had to be institutionalized through legal means and attain the provincial, national and international recognition and acceptance necessary to move it towards a legitimizing identity. This phase of identity construction marked the maturing of the identity as it grew into the role it had claimed for itself in the transformation of Ontario wine.

Chapter 7 The Legal Terroir of Self-Regulation

7.1 Introduction

Voluntary self-regulation and the implementation of VQA as an appellation of origin system marked the first phase in the construction of a new collective identity for Ontario wine. Production volumes of VQA wines were insignificant in comparison to those of the corporate wineries, but they were getting favourable notice from major Canadian wine critics such as Tony Aspler in Ontario and John Schreiner in B. C. The perceived success of the original innovators encouraged others to follow their lead and the number of cottage wineries increased, slowly at first, but gradually gaining momentum. Corporate wineries, although originally dismissive, recognized the utility of the VQA model and secured a position in the sector through their purchases of Inniskillin and Hillebrand. However, self-regulation was still in its infancy and the VQA would have to establish its authority over its own membership and gain acceptance in the space of flows of global wine before it could claim to be a legitimizing identity for quality Ontario wine. Why was it important to legitimize the project identity and how was this done?

In this chapter, I contend that consolidating the project identity and gaining local and international recognition as the quality standard for 100% Ontario wine was dependent on several factors. First the VQA had to establish its authority over its own membership and ensure that the identity was consistently reproduced both in Ontario and in BC. In the former case this meant going through the court system to protect the trademark, while in the latter, Ontario established itself as the arbiter of the identity by retaining ownership and licencing rights for the trademark. Second, the Rules and Regulations governing VQA production had to be transformed, effectively rescaling the legal underpinnings of the industry in accordance with international principles underlying appellation of origin systems. This involved aligning them with the legal terroir of the space of flows of the wine industry and the laws governing geographical indications and intellectual property as set out by the World Intellectual Property Organization (WIPO). Third, the VQA trademark, the signifier of the new identity, had to be registered in Canada and in those countries that were seen as potential export markets. Although international recognition for the project identity was an objective from the outset, no one had a good grasp of the role of international agencies such as the OIV in this process, nor what steps had to be undertaken to achieve this. In other words, maturing into the new identity required gaining knowledge about the global flows of wine, its programmers and which nodes controlled access to the network.

7.2 Legal Terroir

The legal dimensions of terroir date back to 1756 when Portugal defined the Upper Douro region as a geographically distinct place of quality wine production in an effort to secure a monopoly for the area's wine trade. The phylloxera crisis in France that began in the 1860s resulted in shortages in the supply of wine, creating an incentive for unscrupulous merchants and traders to take advantage of the situation by selling inferior and adulterated wines. The ensuing disruption and economic turmoil prompted merchants, grape growers and the state to codify and regulate vinicultural and viticultural practices as a mechanism to restore stability to the industry and generate economic rent for participants. The resulting appellation laws and geographical indications continued to evolve through the twentieth century, privileging certain defined areas of production based on a classification of their wines according to interpretations of quality acknowledged and accepted by the international wine industry. Concurrently, the development of notions of intellectual property rights and the protection of indications of source, their formalization in international agreements, and the creation of institutions such as the OIV and the World Intellectual Property Organization (WIPO) ensured that geographical indications and appellation systems would become the foundation of the legal terroir of wine as production expanded to other parts of the globe and trade increased. The integration of French appellation laws into European statutes as the underpinnings of the EU's wine legislation and the adoption of similar systems by other major wine-producing countries ensured that participation in the global wine industry would be predicated on conformity to a legitimized identity based on such systems (Moran 1993a).

7.3 Legitimizing Identity

A legitimizing identity is characterized by organizations and institutions with the capacity to validate and reproduce the structural domination of the actors and institutions which initially introduced it and undertook actions to extend its reach and influence (Castells 2004a). Self-regulation as a project identity sought to assert the VQA model of wine production as the standard of quality for Ontario wine, but it was a fragile effort which faced multiple hurdles before it could proclaim itself as a legitimizing identity. As a first step, the Vintners Quality Alliance undertook to rescale 100% Ontario wine, institutionalizing it in accordance with the legal terroir of the space of flows of the global wine industry. In other words, the VQA accepted and indeed, supported, the hegemony of the global wine industry, where hegemony is defined as "the capacity for a model of social relationships to impose itself as the desired model on the rest of society and even on those societies that are not yet under its dominance" (Swyngedouw 1997). The benefits to be gained from a legitimizing identity were framed in terms that underscored the importance of market access at home and abroad for the continuation of an Ontario wine industry. The original impetus for the Vintners Quality Alliance was one man's ambition to export wine to France, an ambition that had been thwarted by international trade regulations. However, if an export market were developed for VQA wine, Ontario would gain international recognition as a wine-producing node, thus garnering a degree of credibility with domestic consumers and local acceptance.

7.3.1 The Role of Exports

In spite of the bravado about developing an export market, 95% of the wine produced in Ontario was sold in the province due to the restrictions posed by interprovincial trade barriers (Strauss 1991a). By world standards, Canada was still a small player as a wine producing country (Madill, Riding, and George H. Haines 2003), and aspirations of becoming a major exporter were secondary to developing the domestic market. A Grape and Wine Industry Committee made up of representatives of cottage and corporate wineries and the OGGMB submitted a report to the Honourable Marilyn Churley, Minister of Consumer and Corporate Relations in 1991, outlining the benefits that would be derived by the Ontario economy through a five year program to increase sales of Ontario wines from 38% to 50% of the market share sold through the LCBO. International recognition and the development of an export market were acknowledged as a means to generate interest in Canada for Canadian wines (Grape and Wine Industry Committee 1991).

Gary Koestler, the Senior Commodity Advisor for Horticulture at Agriculture Canada, reporting on the potential benefits of Canadian membership in the OIV, noted that the Canadian industry had been improving the quality of its wines through the introduction of wine quality standards in the form of the VQA and trying to gain international recognition for them as part of their effort to reach domestic consumers. But "*to be an effective marketing tool*, other countries must recognize these standards and permit the quality designations developed to be used on wine exported from Canada." Speaking to the benefits of OIV membership, he added that "membership in the OIV would assist the Canadian wine industry in *developing a reputation as a quality wine producing country* and assist in gaining access to foreign markets as well as *improving the image of Canadian wine in Canada*" (Koestler 1988, emphasis added). In a presentation to the BCWI Board of Directors in 1996, Gordon Macattee, the Director of the Food Industry Branch of the BC Ministry of Agriculture, Fisheries and Food argued that "our domestic market is the international market" and that an export program would hone the marketing skills of domestic producers, earn credibility for domestic wines at home, and contribute to long-term profitability (Macatee 1996).

When the Alliance entered wines from Ontario and BC in the Vin Expo competition in Bourdeaux in 1991, it was with the objective of letting the world wine industry know that Canada was laying claim to a node in the global wine industry, and also to notify Canadians of the same thing. After Inniskillin's 1989 Icewine garnered a Citadelle's d'Or Grand Priz d'Honneur, one of the world's most prestigious wine awards, journalists at home and abroad took notice (Lawrason 1991). Icewine became the flagship of the Ontario wine industry at home and abroad, and Ontario wines went on to become regular winners in international competitions (Lawrason 1993). Therefore a legitimizing identity was a critical element for export and the international recognition that would convince Ontario consumers of the merits of the VQA wines.

7.3.2 Importance of the Domestic Market

Contrary to predictions that the Ontario wine industry would be annihilated by the Canada-US Free Trade Agreement and the reduced markups on imported wine on the LCBO store shelves in the wake of the GATT decision, the Ontario grape and wine industry retained a tenuous hold on the market, while undergoing a process of creative destruction (Schumpeter 1975). The cottage winery sector expanded slowly at first as more vintners set up shop, seeing in the VQA movement an opportunity to exploit a niche for themselves. In 1993, twenty-three cottage wineries were listed in the province, along with five corporate wineries (Aspler 1993). Two years later there were 33 cottage wineries, one of them a fruit winery, and three corporate wineries (Aspler 1995) and it was apparent that the momentum for the growth of the industry lay with cottage wineries and their commitment to 100% Ontario production. However, as small enterprises, their production volumes were low, often limited to what could be vinted from their own grapes. The smallest wineries were limited to their on-site wine stores or the local hospitality sector for sales, lacking the volumes necessary to qualify for an LCBO listing. Pioneering cottage wineries such as Inniskillin, Cave Spring Cellars and Chateau des Charmes could trade on their growing reputations but newer entrants with fewer resources still had to prove themselves. For them, qualifying for VQA designation was a key element to the credibility they needed to attract consumers and remain viable.

In contrast, corporate wineries were in decline, undergoing consolidation and repositioning themselves as state protectionist measures came under closer scrutiny with the advent of the FTA and the GATT decision on LCBO practices. Declining profit margins ascribed to the FTA led T. G. Bright & Co., Canada's largest wine producer to close its Ste-Michelle winery in Surrey, BC in 1990 (Howlett 1990; Rojo 1990) and streamline its operations in Ontario, while still looking to divest itself of these holdings (Marina Strauss 1991b). Labatts had sold its wine interests, including the Wine Rack retail stores, to a group of senior managers led by Allan Jackson by 1990 (Strauss 1989), who changed the name to Cartier Wines and Beverages. In 1992 the company acquired Inniskillin, renaming itself Cartier-Inniskillin (Aspler 2006a), then merged with T. G. Bright & Co. a year later to form Vincor. The new company was privately held by its managers, an investment group and the Ontario Teachers Pension Plan Board (MacDonald 1995). The merger was hailed by company officials as having the potential to "help to forge an export powerhouse that will place the country squarely on the world wine map" with Brights having recently sold a million bottles of its wine to Britain. It was anticipated that Canada would export $10 million worth of wine to more than a dozen countries in 1993, having already made inroads into Japanese, British and US markets (Bertin 1993). Hillebrand, originally a small farm winery, had been acquired by Underberg Company of Germany in 1982, which made substantial investments in facilities and state-of-the-art winemaking equipment before selling it to Andrés Wines in 1994 (Mielzynski-Zychlinski 2001). With the sale of London Winery to Vincor in 1996 the Ontario industry was reduced to two large corporate wineries, Andrés and Vincor, and a host of cottage wineries of varying sizes.

7.4 The VQA Trademark

A trademark is a distinctive mark or symbol used to distinguish the goods or services of the registered owner from those of others. Under Canadian law, a trademark may be registered as a certification mark, indicating that a product bearing the mark has been produced in accordance with a defined standard as to the quality of the product, the conditions under which it was made, the category of manufacturers who produced the product and the area in which the product was produced (Canada 1985). The VQA seal was trademarked as a certification mark, indicating that any wine which bore the symbol met the appropriate standards of production. A patented trademark confers on its owner the exclusive right to its use and provides the protection of law in the event of infringement of the patent by unauthorized parties. Thus, a registered trademark has economic value, generating higher profits for authorized users of the trademark. The Vintners Quality Alliance described its trademark, the VQA seal, as "a commitment to quality, a guarantee that the wine expresses the highest aspirations of the vintner's art" (Vintners Quality Alliance n.d.). The right to use the trademark, earned by a wine through the VQA certification process, confirmed that the wine had been produced in accordance with the standards mandated by the Alliance, in accordance with the provisions of the Trade-marks Act.

The initial design for the VQA trademark was circular with a bunch of grapes superimposed on a maple leaf at the centre and the words "Vintners Quality Alliance" printed in the borders of the circle. The launch of VQA in June of 1989 featured a new mark, with gold lettering on a black background. It consisted of an octagon, with a small maple leaf at the top centre of the medallion crowning the words "Vintners Quality Alliance. The VQA acronym was prominent in the centre of the medallion, with a large bunch of grapes hanging from the tail of the Q completing the artwork. The Alliance submitted an application to Industry Canada to register the VQA logo as a certification mark in Canada in 1991, with ownership of the trademark to be held by the numbered company which had originally been incorporated by Ziraldo in 1987 as a trademark licensing company. The numbered company was transferred to the newly incorporated Vintners Quality Alliance, giving VQA the legal right to control the use of the trademark until a national VQA organization was in place to take over this responsibility.

As a specialty wine, icewine had the potential to generate higher profits than regular VQA wines and was therefore a protected term in the Rules and Regulations. However, this did not prevent misuse and fraudulent use of the term "icewine", notably in major Asian export markets, where it was popular. To further protect the term, Vintners Quality Alliance of Canada gave public notice that it was claiming "icewine" as an official mark under the Trade-marks Act in 1998. Official marks are a category of trademark, but with some important differences. They are a uniquely Canadian instrument, relatively simple to obtain upon proof that the mark has been adopted and used by the party applying for it. Whereas registration of a trademark requires an application and a search to determine whether the trademark meets the criteria for registration, an official mark can be granted upon the submission of a letter requesting publication of the adoption and use of the mark by the party making the request. The caveat is that the party must be a "public authority", that is, providing a public benefit and subject to a degree of control by the state. It is more easily defended than a trade-mark because the Act does not have provisions for revoking, cancelling or otherwise removing an official mark.

7.4.1 Trademark Ownership

The original formulation of VQA Rules and Regulations was intended to be the basis of a national standard, but it soon became apparent that variations in provincial institutional arrangements and differences in the geographic potential of developing a wine industry built on domestic grapes made a uniform national standard unlikely. However, it was agreed that harmonized standards could be a stepping stone to national standards and to this end Ontario and BC attempted to coordinate their efforts (Pennachetti 2007). The importance of using a common name and logo had been identified early in the process (Vintners Quality Alliance 1989e) and in the fall of 1990 the BC Wine Institute, requested permission to use what it referred to as the "VQA trademark" (Vintners Quality Alliance 1990f), even though the logo was not yet legally registered as a trademark. A review of the BC standards was undertaken at a special meeting of the directors of VQA and some modifications were recommended to bring the proposed BC standards in line with Ontario standards. The BCWI was granted a license to use the VQA trademark on wines that complied with the agreed on standards, audit and tasting panel procedures. With this approval the VQA logo was revised to add "Ontario" or "British Columbia" in the top bar of the logo to denote adherence to provincial standards (Vintners Quality Alliance 1990f), although the use of the maple leaf continued.

In spite of expressed intentions of eventually transferring ownership of the trademark to a national organization, the Ontario VQA Board made it clear that it would closely monitor BC Rules and Regulations to ensure they remained in line with those adopted by Ontario under the VQA trademark. When a national VQA liaison committee was formed in 1994 to begin the process of developing a standard that could eventually be submitted for international approval, BC was informed that the Ontario representatives would "be available not only to secure British Columbia's input into the further development of Ontario's VQA Rules and Regulations, but to provide reciprocal input into any British Columbia VQA Standards development, as you see fit. It is, of course, understood that all recommendations of the Technical Committees will be subject to approval by our respective Boards of Directors prior to finalization." (Gamble 1994). A commitment to reciprocity notwithstanding, Ontario still owned the trademark and had the right to license users, provided they met set standards. To secure the legitimacy of voluntary self-regulation as a project identity, the VQA was prepared to assert its authority over the use of the trademark by taking an active role in the evolution of the B.C. standards.

7.4.2 International Recognition and Registration

Registration of the VQA seal as a certification mark under the Trade-mark Act afforded legal protection for 100% Ontario wines within Canada, and gave the VQA the exclusive right to licence users of the mark, subject to compliance with the defined standards. However, in order for the mark to be protected in potential export markets it would have to be recognized and registered in those markets, an important consideration in the quest to transform the project identity into a legitimizing identity. Showcasing VQA wines in major competitions was one way to attract attention for Ontario wines, but exports were not as easily accomplished.

In spite of the success of VQA wines in major European competitions and numerous discussions over the years with various international regulators, exports to the EC were not forthcoming. The first attempt to gain EC recognition of Canadian viticultural areas and grape varieties was initiated by the Canadian Wine

Institute (CWI) in July 1988, working with Gary Koestler at the International Trade Policy Directorate, International Programs Branch of Agriculture Canada (Koestler 1988). In July 1988, the Canadian government through the ambassador to the EC submitted a list of Canadian viticultural areas and grape varieties grown in Canada for recognition by the EC to allow for the importation of Canadian wine into the community (Corbett 1990). In the summer of 1989, Ziraldo, representing the VQA, Corbett, chair of the Canadian Wine Institute, Rodgers, affiliated with Andrés Wines and participating on behalf of the BC wine sector, Koestler, of the Commodity Coordination Directorate, Policy Branch, Agriculture Canada and E. Hodgins of the International Programs Branch of Agriculture Canada attended the OIV meetings in Luxembourg to gain an understanding of the OIV and to assess the potential benefits of membership in this organization and met with EC representatives to discuss the application. At that time the matter of protection of EC appellations in Canada was raised as an issue to be resolved before the EC would consider recognition. Unless the Canadian wine industry agreed not to use terms such as "champagne" and "port" which had become accepted as generic, it would not be able to use the EU market to develop recognition of premium Canadian wines or to take advantage of niche markets that might exist for their wine, especially icewine (Koestler 1989).

The VQA Technical Committee charged with the responsibility of drafting provincial Rules and Regulations supported the inclusion of specialty and dessert wines in the standard, but only if "international intellectual properties are not trespassed (eg. the names "Port", "Sherry")" (Vintners Quality Alliance 1994b). In the Rules and Regulations approved in 1996, Article 8.6 dealt with "Foreign Geographical Indications": "A wine approved through a VQA certification process, that bears a VQA declaration as part of its package, shall be prohibited from using a "customary" (generic) wine name listed in section 11.18 (3) of the Trademarks Act." (Vintners Quality Alliance 1996e). Thus the VQA Rules and Regulations upheld the French claim to appellation contrôlée terminology in the hope of eventually breaking into that market, particularly with its premium icewine.

The formalization of the VQA as an incorporated, non-share capital, letter-patent company was completed by June of 1995 (Vintners Quality Alliance 1995c) and it was reported to the Board that patent applications had been made to register the trademark nationally as well as in the US, the UK and Japan, the major export markets for Ontario wine. Upon completion of national registration, expected within two months, BC would be formally licensed to continue to use the VQA designation and trademark. The patent had been "basically approved" in the US and it was anticipated that the UK process, which normally took 18 months, would proceed as planned once amendments to the standard had been brought into line with British legal requirements (Vintners Quality Alliance 1995a). Progress was being made in Japan, but it promised to be a tedious and expensive process (Vintners Quality Alliance 1995c). In spite of this optimism it took another year for the logo to be officially trademarked in Canada, at which time the US process was deemed to be "almost complete" and negotiations with Europe were in the "final stages". Although the projection was that the registration in Japan could take up to two more years to finalize (Vintners Quality Alliance 1996c), the trademark was patented there by the middle of 1997, while UK registration was still "in process" (Vintners Quality Alliance 1997c).

Under the terms of existing trade agreements, Canada was considered a small producer and allowed to import 1,000 hectolitres of wine into the EC without having to comply with the strict standards and rules applied to major wine producing countries. Beyond this limit, access to the coveted European market depended on gaining approval from France for the VQA as the regulatory authority for Canadian wine. However, France used the requests for recognition as a forum to push their claims for Canadian protection of their appellation contrôlée terminology. A series of meeting was held in Ontario at the request of the French Trade Commission in April of 1992 with the attendees representing some of the major nodes in the local and the international wine network. Participants from the local wine industry included Ziraldo as Chair of the VQA, Gamble, Executive Director of the VQA, and Corbett, the Executive Director of the WCO. The LCBO was represented by Andy Brandt, Chair and CEO and Rowland Dunning, Director of Corporate Policies, while Joyce Feinberg attended on behalf of the MCCR. The trade sector was represented by Maxime Jacob, Consul General of the French Trade Commission, Pascal Lecamp, the French Trade Commissioner in Toronto, Jean-Pierre Demumieux, the Chief of Economic Expansion in Canada attached to the French Embassy in Ottawa, and Bruno Chauvin, Agricultural Negotiator at the GATT Talks, also with the French Embassy (Vintners Quality Alliance 1992c).

The meeting led to agreement on two points. First, it was agreed that it would be an "appropriate time, to proceed with wine-related aspects of trade talks with France. It is acknowledged that the exclusion of several sub-generic names, including champagne, from immediate protection will not jeopardize continuation of talks towards recognition of Canadian wines for trade purposes." Second, VQA was endorsed as appearing "to be a sound, internationally acceptable framework for a standards system." It was suggested that to advance Canadian interests in trade discussions, VQA standards would have to be federally recognized and that technical harmonization with the EEC, with the input of the INAO, should commence immediately to accelerate matters. The director of INAO, Marie Helene Bienayme was directed to assist accordingly and the VQA

Rules and Regulations in use at the time were immediately forwarded to the INAO for detailed analysis and response (Vintners Quality Alliance 1992c). A letter eventually received from Bienayme clarified the division of responsibilities between the various organizations, noting that it was the OIV which dealt with the international aspects of the Rules and Regulations and the EEC would deal with imported wines (Vintners Quality Alliance 1993b). If the Canadian representatives at the meeting were unclear about the process of gaining international recognition, it appears that French officials were equally misinformed.

In 1995, Koestler attended a meeting of the OIV in Uruguay and reported that the OIV supported the implementation of appellation systems in major wine regions as a mechanism to meet consumer demands for higher quality wines. In addition, he stated that the OIV had been "a major influence in the development of international laws and principles related to the protection of geographical indications and appellations of origin, as reflected in the final text of the GATT agreement on 'Trade Related Aspects of Intellectual Property Rights' (TRIPS)." (Koestler 1996). Shortly thereafter, Peter Gamble and his B.C. counterpart, Christine Coletta, met with Robert Tinlot, the OIV Director General to review the process of developing Canadian National VQA standards and to request clarification on specific, accepted international regulations including labelling and packaging requirements, vintage dating, specialty wines and icewine (Vintners Quality Alliance 1995h). In 1997, Gamble and several other Canadian participants at Vinexpo were involved in a series of informal discussions with French wine industry figures and bureaucrats and reported to the VQA that a French agriculture ministry official stated that allowing Canada's export of VQA wines to France would be 'a logical first step' in opening the European market (Vintners Quality Alliance 1997c).

Voicing his scepticism, Paul Speck, one of the owners of Henry of Pelham Estate Winery, suggested that Gamble send a letter to France thanking them for the discussions and indicating that VQA wineries were looking forward to shipping wine in October. His scepticism was warranted as a certification program for exports of VQA wines to EU countries was not approved until 2001 (Vintners Quality Alliance Ontario 2001). Even with this certification, only a relatively small volume of wine was exported amid delays and uncertainties at European points of entry (Vintners Quality Alliance Ontario 2002b). Meanwhile negotiations between the Canadian government and the EU on a comprehensive wine and spirits agreement continued. The contentious issue remained protection for European geographical names such as "champagne" and "port" (Vintners Quality Alliance Ontario 2002a) which were still used by corporate wineries for some non-VQA wines. An agreement was finally signed in spring of 2004, with

Canada agreeing to progressively phase out its use of generic names for wines, thus allowing Europeans to apply for the protection of these names as geographical indications in Canada. The terms "Bordeaux", "Chianti", "Claret", "Madeira", "Malaga", "Marsala", "Medoc", "Médoc", "Mosel" and "Moselle" were removed as generic terms when the Agreement came into force and could no longer be used for Canadian wines. The names "Bourgogne", "Burgundy", "Rhin", "Rhine", "Sauterne" and "Sauternes" were to be deleted on December 31, 2008. The terms that had been the most contentious, namely "Chablis", "Champagne", "Port", "Porto" and "Sherry", would not be de-listed until December 31, 2013 (Industry Canada 2004), at which time they would become protected Geographical Indications.

7.4.3 Maintaining the Integrity of the Trademark

While VQA had the legal right to the VQA seal as a certification mark and the term "icewine" as an official mark, it needed to prove that it could defend that right, either by suasion or the force of law, to signal its authority over the mark. The principle of ownership had been granted in law but it needed to be tested in practice before the VQA could lay claim to a legitimizing identity. Creating and consolidating a new identity is a matter of resisting and challenging existing institutions and social arrangements (Castells 2004a), but it also involves appropriate defensive actions to establish itself as a valid identity, capable of supporting its claim to authority over a given membership. These challenges to authority can be external in origin, but at times they may come from members attempting to test the willingness of the organization to enforce its claims as the arbiter of the identity. To this end, the VQA had to defend the integrity of its trademarks and the standards they embodied within its own membership, using the legal system if necessary.

The Rules and Regulations published in 1990 and the expanded version of 1996 stipulated in detail the design of the stickers, labels and medallions that would be affixed to a bottle of wine which had been VQA certified. The rules governing the shape of the label, its colour, the size of the print to be used and the placement on the bottle were all specified in the regulations. In spite of this, there were complaints that some wineries, both in Ontario and BC had not been adhering to the published standards by shrinking the VQA logo and in some cases deleting parts of it, calling into question the integrity of the logo. Legal opinion expressed concerns as to what would constitute the integrity of the VQA logo for trademark defense in a potential lawsuit and questioned how much damage had already been done by those wineries that had modified the logo. BC was willing to consider variations on the original logo and had engaged a graphics design firm to produce alternatives that would "provide greater flexibility of usage in a broad range of packaging applications", a move that was supported by the Ontario VQA when it agreed to fund half of the cost of the project (Vintners Quality Alliance 1997d).

When the results were presented to the Ontario VQA they generated "significant discussion" (Vintners Quality Alliance 1997e) related to the potential implications of such a move and it was agreed that no decision would be made until the Board had done its due diligence by consulting with wineries, public relations firms, the LCBO and other stakeholders to assess the impact of any alterations to the logo. It was noted that "the VQA Mark is not a mere marketing tool, but rather a symbol of quality assurance, and that any changes should be assessed accordingly" (Vintners Quality Alliance 1997e). The hesitance expressed by Ontario prompted BC to move "the proposed VQA logo change on the 'back burner' for now – cost, and the rather negative reaction in Ontario, being the major reasons for the decision" (Vintners Quality Alliance 1998c). Despite this communication, a modified VQA logo design was used on a promotional brochure put out by the BCWI and on the organization's annual report, prompting a protest from Ontario that the unauthorized use of a redesigned logo put the VQA trademark in jeopardy and that "in the best interests of protecting the VQA trademark, further distribution of the brochure should be curtailed" (Pennachetti 1998a).

In a second defensive action, the VQA acted to protect the integrity of the standards underlying the appellation system and the principle of national harmonization on which a future VQA Canada organization could be built. In doing so, it used coercive suasion to bring recalcitrant members back into line with the stated objectives of the VQA to prevent dilution of the claim to quality inherent in VQA certified wines. In 1996, the work on a national standard as the basis for international recognition of a Canadian appellation system was completed and approved by Ontario and B.C. In spite of this, a small group of BC wineries was promoting the concept of a quality system to parallel the VQA, but without the tasting panel component, to develop a secondary regional wine designation similar to those of some European countries (Vintners Quality Alliance 1998a). This was interpreted as bringing "into question the very tenets upon which the VQA National Standard was developed" (Pennachetti 1998b). In a strongly worded letter to the BCWI, the chair of the Ontario VQA reminded the BCWI that Ontario still retained ownership of the VQA name and logo, and that it intended to retain that ownership until such time as it deemed that its integrity would not be compromised by any actions taken by other members:

> In view of the tremendous value of the VQA Trade-mark, and the importance that we place upon its absolute credibility, Ontario VQA directors and winery owners will be looking very closely at any

> decisions that might be taken at the British Columbia Wine Institute which may jeopardize the VQA's credibility or marketability, nationally or internally.
>
> *As the owners of the VQA Trademark, it is the fiduciary responsibility of the VQA Ontario Board of Directors to ensure that the VQA mark is in no way diminished* – not only for Ontario wineries that have built up their markets with the VQA mark front and centre, but for that large majority of British Columbia wineries that have been instrumental in the VQA's success...
>
> I must therefore at this time provide the strongest possible caution not to in any way tamper with the VQA National Standard that our Boards approved after nearly a decade of detailed technical discussions. The VQA Standard, *as it is written*, has been the single most important element in moving the Canadian wine industry to its present position of critical acclaim and commercial success.
>
> Accordingly, I must advise you that it is unlikely that the VQA Ontario Board would agree to transfer ownership of the VQA name to VQA Canada, as planned, until the British Columbia Wine Institute has confirmed a final position on issues relating to these standards. (Pennachetti 1998b, emphasis in the original)

The Rules and Regulations accepted in 1996 included a list of terms whose usage was prohibited for non-VQA products, but this was not backed by any trademark legislation. Subsequent to this, VQA had attempted to register "icewine" as a certification mark (Vintners Quality Alliance 1997c), but this was rejected by the Registrar because it was considered to be a purely descriptive term and as such, did not qualify for legal registration as a trademark. An option was to have the term recognized as an official mark by giving public notice to that effect, which the VQA elected to do. At the same time, application was made for the protection of a number of other terms including those applied to botrytized and late harvest wines. Notice was subsequently published by the Registrar in the Trade-marks Journal in May, 1998 that Vintners Quality Alliance of Canada, as the public authority, had adopted a number of terms including "icewine" as official marks for its wares and services. A press release was issued by the VQA in August, much to the consternation of Magnotta Winery[7], a major producer of icewine and a member of the VQA. In 1997 Magnotta had refused to sign the icewine contracts drafted by the VQA (Vintners Quality Alliance 1997e) because it would have to acknowledge that the "icewine" term was an official mark of the VQA of Canada, and that paying the levies on the VQA medallions would increase their cost of production, thereby negatively impacting a business model built on low costs to the consumer (Menzies 2001). Frustrated in their efforts to force compliance on Magnotta, the VQA held a hearing and expelled the winery from its membership in November. As a result, Magnotta was prohibited from using the VQA seal on its wine, an action described as "economically damaging" by the company's lawyer, who noted that the LCBO immediately cancelled an order for 2,000 cases of 1998 vintage icewines as it would not stock non-VQA-approved icewines. Magnotta obtained a restraining order overturning the expulsion (Menzies 2001).

The lapse in time between the publication of the notice by the Canadian Intellectual Property Organization and the acknowledgement of this action through the VQA press release meant that the prescribed time allowed for filing an objection had passed. Accordingly, Magnotta went to the Federal Court with a motion for an extension in time within which to file an application for judicial review of the Registrar's decision, citing its interest in the case because of its position as the largest producer and seller of icewine. Magnotta's objection to VQA acquiring the rights to the mark was framed on its use by some wineries as a descriptive term. Further, Magnotta argued that the VQA was not a "public authority" but rather a private trade organization functioning as a cartel for the benefit of its members, most notably Andrés Wines and Vincor. To this end it was attempting to protect the term "icewine" as a ruse to assist Inniskillin Wines, a subsidiary of Vincor, so it could regain lost market share. The extension was granted, and the case proceeded to review (Federal Court of Canada 1998a). In rendering her decision, Madam Justice Reed reflected on the strained relationship between the VQA and Magnotta:

> It is clear that the applicants always had an intention to challenge the VQA's attempts to establish ICEWINE as its trade-mark, and they would equally have challenged the acceptance by the Registrar that it was a VQA official mark had they known of the VQA request...There was a certain amount of subterfuge involved in the VQA's application

[7] In 1993 Magnotta ran afoul of the VQA when it won a gold medal at Vinexpo for a blended wine that was submitted and accepted as a Canadian wine, but contained more imported grapes than Canadian. The VQA protested, and the general commissioner of the competition agreed to re-examine entry requirements for future competitions (Bristol 1993). Magnotta then brought a suit against the VQA and its directors over the issue. Magnotta also had a history of legal actions against the LCBO (Menzies 1999).

> for, and obtaining of the publication of adoption and use of ICEWINE as its official mark, without notice to Magnotta. Not every person, nor every counsel, continually checks the publications in the Trade-marks Journal, particularly if they have no reason to suspect that it might contain information relevant to them or their clients' situation, which if the VQA is not a public authority, Magnotta's counsel could not be expected to find. The cases state that notice in that journal is public notice to all the world, but surely there has to be some reasonable likelihood that the person to whom the notice is thereby given should expect to find information relevant to their situation in the journal before it can be relied upon as notice to them (Federal Court of Canada 1999).

Magnotta was not alone in its opposition to what it considered to be VQA's appropriation of some of the terminology relating to specialty wines (Menzies 2001) number of B.C. wineries including Kettle Valley Winery Ltd., Larch Hills Winery, Poplar Grove Winery, Nichol Vineyard, Bella Vista Vineyards and Scherzinger Vineyards also filed an appeal of the Registrar's decision in publishing the notice recognizing the specialty terms and the specific geographical indications such as Okanagan Valley and Niagara Peninsula. Another appeal came from the Institut National des Appellations D'Origine objecting to the protection of Botrytized and Late Harvest terminology (Federal Court of Canada 1999b). The argument in this case was that these terms were historically in the public domain and could be used on French wines shipped to Canada. Since the applications were deemed to be similar in nature, they were all heard together with the Magnotta case and the resulting decision was binding on all appellants.

The focus of the hearing held in January 2001 was on whether or not the VQA qualified as a public authority, based on the distribution of its profits, whether or not it had a duty to the public, and whether it was subject to a significant degree of control by the state. The test for determining "public authority" status was based on whether the entity in question had a duty to the public, Counsel for Magnotta arguing that the VQA did not serve the public interests but was rather an industry organization with a voluntary membership. As such its profits accrued to its members generally and a minority in particular, not the public to which it had no obligation (Federal Court of Canada 2001). In support of its public authority status, VQA submitted its incorporation papers by Letters Patent as a non-profit organization from the Minister of Industry, Science and Technology of Canada. The Alliance stated that any monies collected supported its objectives: the development of national wine standards through collaboration with the appropriate federal and provincial authorities, the creation of an image of quality wines for all Canadian wines certified as VQA, the coordination of research to support this effort, and the distribution of information to the general public regarding the unique aspects of Canadian winegrowing regions. It was argued that these objectives were "objects of a public nature... [with] activities done, not for profit of its members, but entirely for the benefit of Canada and Canadians in response to generally recognized national needs" (Federal Court of Canada 2001). On the issue of government control, the VQA position was that it was subject to regulatory authority based on its relationships with various ministries and state organizations, including the Ministry of Agriculture and Agri-Food Canada, the LCBO and the BCWI. Justice W. Andrew MacKay decided that on the evidence presented, the VQA did indeed qualify as a "public authority" and therefore the decision of the Registrar to publish the notice of adoption and use of "icewine" by VQA was reasonable and the application to set aside the Registrar's decision was dismissed (Federal Court of Canada 2001). Since this decision also applied to the appeals by the B.C. wineries and the Institut National des Appellations D'Origine, the VQA had successfully defended its official mark for icewine provincially, nationally, and internationally through a decision of the Federal Court of Canada.

7.5 Standards

Moving from a project identity to a legitimizing identity necessitated the adoption and implementation of a system of standards as the foundation of an appellation system. This required negotiating the demands of multiple scales. The standards approved in the 1996 Rules and Regulations (Vintners Quality Alliance 1996g) lists the publications and ministries applicable to the Ontario VQA rules and regulations: The National Standard for Wine 177.1-96 of the Canadian General Standards Board; the National Wine Standard version 1.1-96 of VQA Canada; the Food and Drugs Act and Regulations of Health Canada and Agriculture and Agri-Food Canada; the Consumer Packaging and Labelling Act and Regulations and the Trade-marks Act of Industry Canada; the Excise Tax Act of Revenue Canada; the Analysis Methods for Wine of the Association of Official Analytical Chemists and the Wine Content Act; the Liquor Licence Act and the Liquor Control Act of the Ontario Ministry of Consumer and Commercial Relations. Although the industry was still under voluntary self-regulation, it was subject to existing federal and provincial legislation setting the boundaries within which it could make its rules and regulations.

The legal terroir controlling membership in the global wine network is based on the hegemony of a system of geographical indications and appellations of origin protected as intellectual property under the category of industrial property. A necessary condition for the transformation of the project identity into a legitimizing identity was international recognition for VQA and the registration of its trademark as the certified symbol denoting wine made from local grapes.

The papers presented at the viticultural economy sessions of the OIV General Assembly attended by representatives of Agriculture Canada and the Canadian wine industry had stressed the value of geographical appellations and the importance of using and maintaining these appellations (Ziraldo 1989a). Overtures were made to the US and the EC as early as 1988 requesting recognition for Canadian viticultural areas and grape varieties used in the production of Canadian wine, but these had not progressed in the absence of a national standard and concrete evidence that Canada had "adequately dealt with the E.C. request for protection of E.C. appellations in Canada" (Ziraldo 1989b). Before Ontario could be recognized as a node in the global wine industry the Vintners Quality Alliance would have to satisfy the international wine community that it had in place a system of self-regulation that conformed to global models and that it was prepared to extend reciprocal protection for European appellations.

In setting the standards for the Ontario VQA, the Committee was also creating the framework that would determine the content of the national VQA rules and regulations. The rationale given to B.C. for the harmonization of provincial standards was to facilitate the development of a national VQA standard. The national standard was written as a minimum standard, with member provinces given the latitude to implement stricter standards if they so desired (Fisher 2007). This was in keeping with the vision of an eventual VQA Canada organization that would act as the parent body for the provincial VQA organizations. Concurrently a Committee on Wine under the Canadian General Standards Board was developing two national standards. The first defined recognized Canadian Viticultural Areas, imposed oenological practices on the production of wine and specified the appropriate technical and labelling requirements for such wine. The deliberations of this committee "attempted to harmonize, as far as possible, with internationally accepted concepts and oenological practices, while taking into account the necessities of the Canadian wine industry. It was also hoped that the establishment of a National Standard of Canada would assist some excellent premium Canadian wines to gain recognition abroad." (Canadian General Standards Board 1994) A complementary standard was developed to deal with wine products or wine beverages such as light wines or de-alcoholized wines produced in Canada. The CGSB standards had a broader scope than the VQA standards, covering the full range of winemaking activities in all provinces. Since it dealt with wine production in non-grape growing provinces it also set standards for blends and bottling of imported bulk wines.

7.5.1 Provincial VQA Standards

The Rules and Regulations published in 1990 were drafted in the context of a major restructuring of the Ontario wine industry necessitated by the encroaching globalization of the world's wine industry. This was evidenced by a consumer shift in wine preference away from the fortified wines that had been the mainstay of Ontario's wineries to European style wines and a decrease in state protectionism as a result of the FTA and the GATT decision on LCBO markups. In adopting standards for the production of 100% Ontario wine, the VQA compared itself to established appellation systems: "VQA is to Canada what AOC is to France, DOC is to Italy, QMP is to Germany and to the wine laws of the United States: quality control from the vineyard to the glass. Every wine-growing country has a body of regulations which sets standards for its finest products." (Vintners Quality Alliance n.d.). In so doing, it was forging a project identity based on the principles underlying the legal terroir of the global wine industry. The central principles of the VQA – wine production from 100% Ontario grapes meeting minimum Brix levels, the elimination of 'stretch' and strict limits on chaptalization, a detailed certification process and rules around the accepted use of the trademark – were enshrined in the rules and regulations, to be expanded and refined as the industry matured, gained experience and learned to negotiate the legal terroir of the global wine industry.

Initially the VQA Board attempted to set down the Rules and Regulations defining the standards governing VQA wine, but this soon proved to be unworkable due to varying levels of interest in dealing with the intricacies required to come up with a comprehensive document. Accordingly, a Technical Committee with expertise in viticulture and viniculture was formed in January 1990 to review the Rules and Regulations prior to their publication (Vintners Quality Alliance 1990h). The Committee, with Pennachetti as the chair, grew to include winery owners and winemakers Paul Bosc Sr. and Karl Kaiser, Leonard Franssen of the LCBO, Helen Fisher representing the academic sector, Donna Lailey of the OGGMB and Peter Gamble, the executive director of VQA. The makeup of the Committee tapped expertise in some of the important areas that the Rules and Regulations would deal with. The winemakers and winery owners were familiar with winemaking as a craft, but also as a business. In addition, they had the capabilities to read the rules and regulations of the major wine producing countries of France, Italy, and Germany in the original language and provide the translation and interpretation of those appellation laws. The LCBO was charged with the responsibility of certifying and auditing VQA production and Franssen was in a position to provide insight into the problems of implementation. Fisher provided advice on the science underlying the rules and was a persistent editor and critic. The Committee was loosely structured and operated with a high degree of informality. Attendance at the meetings was open to all VQA members, and they were free to provide input into the discussions and vote.

It was not until 1999 when the VQA was being legislated by the MCCR that a more formal structure was adopted, a step considered appropriate as the "integrity of the committee would much depend on the approved formal structure" (Vintners Quality Alliance 1999j). At that time a committee of eleven was put into place, with seven winery representatives, one VQA Board appointee, one MCCR/LCBO representative, one winegrower representative and one academic representative. Winery representatives were required to have a minimum of three years of technical experience in the wine industry, i.e. practicing vintners, and at least two years of experience in the Canadian VQA sector. Members were to be nominated and elected by the Technical Committee for three year terms, subject to approval by the VQA Board (Vintners Quality Alliance 1999j). Meetings remained open to vintners and viticulturalists from any VQA member wineries (Franklin 1999b). Recommendations and amendments to the Rules and Regulations were discussed and passed at the Committee level, then circulated to all VQA wineries for comment before being voted on by the VQA Board. With standards as the central component of a legitimating identity, it was important for all participating wineries to accept and adhere to the Rules and Regulations. A more formalized structure for the committee and provision for feedback from wineries created a mechanism of mutual accountability. Wineries were informed about proposed changes, could assess potential impacts on their businesses, and had a forum to present any reservations. The VQA had fulfilled its obligation of transparency and if no objections were received, could assume that wineries were in agreement and were prepared to comply with the changes.

One of the purposes of the VQA was to highlight the uniqueness of the wine regions of Ontario, defining the characteristics and qualities of the wines produced to create an image of quality that would overcome the negative connotations associated with the industrial production model of previous Ontario wines. The 100% Ontario model of wine espoused by VQA tied quality to production standards, set out the various categories of wine from table wines to icewine and outlined the standards governing each category, thereby quantifying the attributes differentiating VQA wines from non-VQA wines. Wines could be differentiated from the mainstream through their origin in a DVA, with terms such as vineyard designated, estate bottled and varietal wines denoting aspects of terroir deemed to be important criteria denoting higher quality. In addition the minimum Brix levels at harvest was specified for all grapes used in VQA wines. By using geography as the determinant of quality, the VQA was following the French model of appellations, but without the experience or science to validate claims of distinctiveness.

A second category of wines that could generate higher profits was the specialty wines. In this category, the climatic conditions of Ontario became the basis for the construction of quality. The cold autumn and winter conditions allowed growers to leave the grapes on the vine to freeze and thaw, reducing the water content of the grapes and thus increasing the sugar level (Brix) in the grapes. Categories of wine such as botrytized, late harvest, select late harvest, special select late harvest and icewine were identified as distinctive wines in the Rules and Regulations, meriting strict standards to preserve their uniqueness and thus protect the economic benefits that derived from them. In the case of the specialty wines, quality was tied to the maturity of the grapes and the conditions of harvest, similar to that prescribed by the German system of appellations.

Icewine was identified early as having the potential to gain recognition for the industry and be highly profitable. A discussion regarding the advisability of prohibiting the use of the name "icewine" or any translation thereof for non-VQA wines generated "considerable opposition", ostensibly because much of the production was pre-sold or distributed through winery boutiques where the wineries realized a higher profit than if sales went through the LCBO. In an effort to prevent the inclusion of icewine in the VQA standards, Jack Corbett, the representative from Jordan and Ste. Michelle Cellars Limited and chair of the Canadian Wine Institute, is recorded as suggesting that the issue might be better addressed at the National Standards Committee on Wine which was meeting to draft a national wine standard for approval by the CGSB (Vintners Quality Alliance 1992a).

In recognition of the potential of icewine as the flagship of the nascent Ontario industry, Andy Brandt, Chair and CEO of the LCBO, encouraged the VQA to adopt "appropriate standards to ensure that the ice wines produced in Ontario are of a high quality" (Brandt 1992a). He even went so far as to suggest that a program administered by the Ministry of Industry, Trade and Technology to promote companies managed in Ontario was a potential source of funding. Icewine would be a "strong contender" for inclusion, provided the industry could guarantee production of at least 15,000-20,000 cases for distribution through the LCBO system and export (Brandt 1992b). At the next meeting of the Alliance a motion was adopted to include the term "icewine" and any synonyms or translations, in the list of terms that were protected for exclusive use by the VQA, "in view of the importance of protecting the reputation of Ontario Icewine" (Vintners Quality Alliance 1992c).

In the early years of icewine production, wineries controlled the harvest and pressed the frozen grapes, but this was soon downloaded to growers, who then took on the expense and the risk of bringing in the crop, selling it as juice or must to the wineries. To ensure that harvest standards were maintained and the integrity of icewine production was not compromised, the VQA required that all icewine growers had to be registered with the VQA and through a Grape Growers Processing Licence issued by OMAFRA. All registered icewine processors were required to complete a detailed form in triplicate, which would "act as an affidavit" (Vintners Quality Alliance 1997g) to record the specifics of the harvest. These included the date and time of the harvest, the temperature, the acreage harvested and the tonnage yield, the pressing capacity of the grower-processor, the volume of juice delivered to the receiving winery, and the "officially approved brix level of each must" (Vintners Quality Alliance 1997g). The VQA had the authority to randomly audit the juice, must and wine to verify that quality standards were being upheld, and hired an inspector to monitor compliance with the standards in the harvesting and pressing of icewine grapes (Vintners Quality Alliance 1997e).

7.5.2 National Standards

The goal of national VQA standards for the purposes of developing an export market was central to the formation of the Alliance, but remained an elusive target. The response from the EC to early requests from the federal government for recognition of Canadian viticultural areas was that the EC would not approve recognition until such time as a national standard for appellation wines was in place (Vintners Quality Alliance 1990b). The principle of harmonization of Ontario and B.C. VQA standards was a stepping stone to the eventual adoption of a national VQA standard to meet EC criteria for export and the formation of VQA Canada as a subcommittee of the Canadian Wine Institute in 1995 was intended to further this process. A national VQA wine standard developed in tandem with the 1996 Ontario Rules and Regulations was approved by the Alliance (Vintners Quality Alliance 1996d), but met with reservations from B.C. (Vintners Quality Alliance 1996f). In addition, Quebec and Nova Scotia, although interested in joining the VQA, were concerned that they could not meet the minimum quality levels, including Brix requirements and chaptalization levels (Vintners Quality Alliance 1997b). Given the diverse geographies of production represented by the Canadian wine industry and the different capacities of the individual provinces to produce local wine, developing a national standard presented a formidable challenge.

The process of developing national standards was undertaken through the Canadian General Standards Board Committee on wine. The members of the committee represented the range of stakeholders in the Canadian wine industry, including wineries, grower representatives, provincial and federal ministries and the research community (Koestler 1996). The CGSB process distinguished between wine from Canadian designated viticultural areas and wine products/ beverages such as light or de-alcoholized wines. Cognizant of the importance of a national standard as a necessary condition for exports, the Committee made every effort to consider international practices, while recognizing the constraints inherent in the Canadian wine industry (Canadian General Standards Board 1994).

Successive drafts were circulated to all members of the Committee, who then voted to accept or reject the draft, giving comments on those sections they found problematic and offering suggestions on how the problem could be resolved to their satisfaction. It was a lengthy and often frustrating process as articulated by the secretary of the committee: "I'm going to get this standard out before I retire, or die in the attempt." (Dodd 1995). A national standard was accepted and approved by the Standards Council of Canada in May of 1996, but ultimately failed because it could not be effectively enforced (Canada 2004). A second attempt to reach consensus on a national standard began in 2002 in consultation with Agriculture and Agri-Food Canada. The objective was to use federal legislation to create a system similar to the VQA at the national level, with appropriate enforcement mechanisms (Vintners Quality Alliance Ontario 2002b). Two years later, it was reported that the discussions were being held up because some provinces wanted to include grapes with *Labrusca* parentage in the listing of accepted varieties for VQA production and B.C. expressed its concerns about supporting a standard that did not permit the use of appellation terms for non-VQA wines (Vintners Quality Alliance Ontario 2004b). Although discussions have been ongoing, a national standard has not yet been achieved.

7.6 Conclusion

By the late 1990s, the VQA had found its footing as an organization, and established its authority over its members and in the broader space of flows of the global wine industry. The minutes of early meetings depict an organization which was unfamiliar with the terroir in which it was operating. Collectively, there was agreement on the shape of the project identity, but a degree of uncertainty as to how it could be legitimized. Early efforts to gain international recognition show a lack of understanding of processes, the role of the different organizational players, and the importance of issues such as reciprocal protection of geographical indications and generic terminology. With a relatively stable Board membership and revenues to hire staff, the VQA became a more seasoned and mature organization, asserting itself when challenged provincially and nationally in the matter of its authority over the VQA trademark. Progress was made on registering the trademark in major export markets, although EC recognition remained elusive. However, the expansion of the VQA sector and the increasing number and complexity of Rules and Regulations governing the production and certification of VQA wines made enforcement under a voluntary system problematic. Mandated self-regulation had been discussed early in the history of the VQA, but set aside when there appeared to be little will on the part of the state to create the necessary mechanisms. As the organization matured and developed more comprehensive and complex rules and regulations, the notion of legislating the VQA as another step in the process of creating a legitimizing identity resurfaced.

Chapter 8 Transformation: VQA as Political Actor

8.1 Introduction

A project identity cannot claim to be a legitimizing identity unless it is able to transform the space of flows within which it exists. It must establish for itself the political, economic, social and cultural conditions and the institutional arrangements which will support and facilitate its authority over a given sphere of activity and enable it to reproduce itself. In the quality wine sector, a legitimizing identity is dependent on conformity to a globally shared expectation of what constitutes quality, how it is achieved and how it is signified. The VQA had asserted for itself the authority and the right to determine the definition of quality Ontario wine when it implemented voluntary self-regulation and protected its seal and standards through the courts. But in the space of flows of global wine, voluntary self-regulation was not sufficient to convey a fully legitimized identity. Before the VQA could assert a valid claim to a legitimizing identity it had to transform the Ontario wine industry. It had to gain support for VQA wine production, with appropriate vine plantings to sustain the identity, a sufficient number of wineries to affirm a local presence and an adequate volume of wine production to support a claim to dominance in the industry. It had to attain the critical mass to assert itself as a force to be taken seriously and justify the creation of an institutional framework to support its existence thereby transforming the political terroir of Ontario wine. What changes in the political terroir of Ontario wine substantiated a claim to a legitimizing identity for VQA? How were relationships between the various players in the industry renegotiated during the process and how did this affect who would have input into the legitimizing identity and who would not?

In this chapter I demonstrate how the VQA became a political actor in its own right, thereby redefining its place in the local flows of wine. It did this by attracting external participants to the identity, thus creating a community of supporters from beyond its own boundaries, and by inserting itself into the local institutional framework to reshape the local sense of place. Support for the identity came from growers who undertook the expense of converting their vineyards to *vinifera* production, some of them with assistance from the state-funded Grape and Wine Adjustment Program. The scientific basis of grape and wine production benefitted from the establishment of the Cool Climate Oenology and Viticulture Institute at Brock University. The heightened profile of VQA wines attracted new winery entrants and resulted in a growing winery tourism industry and vertical linkages with the local hospitality sector. The increase in the number of VQA wineries prompted changes to the VQA governance structures, some of which resulted in a blurring of the boundaries between the VQA and the WCO. The increasing complexity of the Rules and Regulations, the increasing number of wineries and VQA wines led to problems in monitoring and enforcing compliance and it became apparent that a voluntary self-regulated system was limited in its ability to ensure the integrity of 100% Ontario wine.

8.2 Exploring Mandated Regulation

The VQA Board was aware that international recognition depended on state recognition of its Rules and Regulations through legislation. The meeting with the French trade commission in 1992 had resulted in a statement that "in principle, the VQA appears to be a sound, internationally acceptable framework for a standards system" (Vintners Quality Alliance 1992c), but that it needed to be harmonized with EEC technical requirements and receive approval in Canada as a federally recognized standard. With this encouragement, the Alliance began to investigate the possibility of obtaining provincial legislation, given that a federal agreement was anticipated through the Canadian General Standards Board. Shortly thereafter the VQA Board issued instructions to its Executive Director, Peter Gamble, to proceed with the process of obtaining parallel provincial legislation by forwarding the VQA Rules and Regulations "to the province for recognition" (Vintners Quality Alliance 1992d). It was a very cursory instruction, with no indication that the request was to go to a specific ministry or person, suggesting that the Board's understanding of the regulatory process was limited and partial. Discussions commenced with the Ministry of Consumer and Commercial Relations to which the LCBO and the LLBO reported, and in mid-1994 a representative met with the VQA Board to explore feasible options for regulation.

8.2.1 The Context for Regulation

The presentation included an overview of national and international developments shaping the context for the regulation of wine and situating the VQA request within that context. First, provincial legislation would complement the voluntary national standard under consideration by the CGSB. The CGSB process, which included all Canadian wines, was progressing towards an initial ballot, pending confirmation of the definition for "cellared" wines. Once all parties had given final consent to the proposed CGSB standard, it would go to the CGSB Board for approval and then to the Standards Council of Canada for endorsement, becoming the voluntary national standard. Second, the Multinational Trade Negotiations (MTN) agreement on the Trade Related Aspects of International Property Rights (TRIPS) gave international protection for geographic indications for wines and spirits. Canada would meet its international obligations in this regard through an amendment to the federal Trade-Marks Act, while protecting Canadian GIs and classes of wine using appropriate sections of the Canadian Wine Standard. Thus the VQA would not be drawn directly into the issues around cellared wines or the ongoing litigation relating to the use of contested wine terminology such as “champagne”.

8.2.2 Reasons for Regulation

The rationale given for legislating the VQA Rules and Regulations was “to show that the provincial government officially recognizes the VQA as an appellation of origin system in statute, thereby helping to gain legitimacy for the VQA with foreign governments and organizations and improving the export potential of Ontario wine” (Vintners Quality Alliance 1994c). That is, the goals of legislation were framed in terms of the economic benefits to be realized through the expansion of an export market, particularly for the specialty classes of wine, with little consideration expressed for the development of the domestic market which was the primary outlet for most VQA wines. This fixation on an international market was in direct contrast to the stated objectives of voluntary self-regulation as outlined in the 1990 Rules and Regulations and circulated promotional materials that positioned the VQA seal as the signifier for quality to local consumers. A few wineries, most notably the large industrial ones, would benefit from exports, but the majority of VQA wine sales were still in the local marketplace accessible to all VQA wineries. This narrow focus also failed to articulate any possible benefits to the public interest, an essential component for mandated self-regulation (Streeck and Schmitter 1985).

8.2.3 Options for Regulation

Five options for provincial regulation were presented – the first specified new legislation, three involved amendments to existing legislation, and a final one consisted of a mix of the preceding (Vintners Quality Alliance 1994a). The first option would recognize in legislation the authority and integrity of the VQA and serve as a springboard for eventual international recognition. Under this scenario, there would be few changes in the relationship between the VQA and the rest of industry. The VQA Board would be given the authority to establish Rules and Regulations for VQA wine as it had been doing, with implementation and enforcement functions in the hands of the VQA or the LCBO. However, although this option offered a relatively straightforward solution, it would be a lengthy process, applicable only to VQA wines, with Cellared in Canada wines administered by another mechanism such as the Wine Content Act.

Amending any or all of the three Acts governing the production and distribution of wine in Ontario ensured a speedier process, but entailed potentially significant changes in the working relationship between the VQA and the LCBO. First, the Liquor Control Act could be amended to encompass standards for different classes of Ontario wine which meant that VQA standards could be included or continue under the jurisdiction of the Alliance. However, if VQA were included in an amended Liquor Control Act, the VQA trademark would become the property of the LCBO and the VQA Board would serve in an advisory capacity only. The drawback to this option was that it gave the LCBO limited powers to enforce compliance since under its terms of reference it had no power to levy fines and could only suspend or revoke winery retail store licences or terminate listings. Second, amending the Wine Content Act would give the LCBO the power to levy financial penalties, but again the LCBO would hold the trademark. This would be an interim measure only as the Wine Content Act would sunset in 1999 and new legislation would then be required. Third, if the LCBO Winery Retail Store Authorizations were altered to include provisions for classes of Ontario wine, the VQA could continue to operate as it had in the past and protection for VQA wines would be improved over that offered under the CGSB, but would be less than the existing VQA protections. This option had two weaknesses: it would be less credible for international recognition than mandated self-regulation and the mechanisms available to ensure compliance were limited to winery licence or listing suspensions or revocation.

A final option, which the VQA decided to pursue, consisted of an eclectic combination of new legislation and amendments to existing legislation. Standards for different classes of Ontario wine could be set relatively quickly, while giving time for the industry to gradually work out solutions to any problems that might arise before formal legislation was enacted (Vintners Quality Alliance 1994a). The Board notified the MCCR of its decision, stating that it would like to use the VQA Rules and Regulations in force, with periodic updates as the sector developed and new regulations were approved by the VQA Board. The issue of compliance was still problematic, as the only available mechanism for enforcement of the Rules and Regulations was through the LCBO threat of retail store licence revocations, and the MCCR was asked to investigate other alternatives (Ziraldo 1994). Consistent with its previous stated position, the VQA opposed the expansion of its Rules and Regulations to cover wine standards beyond those already in force. Having previously refused to define "wine" generally, the Board re-affirmed that definitions for "wine" or "Canadian wine" as used for cellared products made with imported materials, were properly within the jurisdiction of the Wine Content Act and the Canadian Wine Standards and therefore should not be included in any VQA legislation.

8.2.4 Rejection

A few months later the Board was informed that the NDP government at

> "Queen's Park has indicated that it is not willing to move ahead with VQA legislation, as such, in view of the government's desire not to regulate where not absolutely necessary, and it recommends that the

> industry, the LCBO, MCCR and perhaps others study the possibility of a Memorandum of Understanding instead." (Vintners Quality Alliance 1995a)

As a concession on the issue of enforcing compliance, the Winery Retail Store Authorizations were redrafted to allow the LCBO to withdraw retail store licences from wineries contravening VQA Rules and Regulations. It was only a partial solution, as it did not address the issue of non-VQA wine or further the provincial, national or international recognition which the VQA sought (Vintners Quality Alliance 1995g).

In the absence of provincial regulation, work continued on the finalization of the 1996 Rules and Regulations, VQA Canada Rules and Regulations and the CGSB process. Ziraldo stepped down at the June 1995 Annual General Meeting and was given the title of "Founding Chair" of the VQA at the suggestion of Andy Brandt, Chair of the LCBO. It was an honorary, non-voting, ex-officio position which recognized his contribution in founding the Vintners Quality Alliance (Vintners Quality Alliance 1995c). Voluntary self-regulation was a product of his dream and ambition of exporting Inniskillin wine to Europe, but he was unable to deliver on the goal of mandated self-regulation. Len Pennachetti of Cave Spring Cellars was elected as Chair and it was under his leadership that VQA eventually achieved regulation. If Ziraldo was the visionary, Pennachetti had the tenacity, perseverance and acumen to bring the process to fruition. The change of personnel brought a new set of leadership skills to the organization and was beneficial for the VQA as it moved into the next phase, growing into a legitimizing identity.

8.3 VQA: Transforming Political Terroir

Having failed to gain government support for regulation in 1994, the VQA concentrated its efforts on promotion and adapting organizationally to the expansion of the sector, while still maintaining contact with the MCCR to informally pursue mandated self-regulation. The process of transforming VQA from a project identity to a legitimizing identity depended on developing the critical mass to be perceived as a guiding force in the Ontario wine industry. VQA production had to be seen as a growing and influential paradigm, known and accepted by industry participants and the market. A summary of organizational priorities for 1996 and 1997 focuses on sector expansion, with marketing activities taking priority over the advancement of VQA as an appellation system. It was anticipated that the Executive Director would devote 22% of his time to the development of national standards, pursuing provincial legislation for VQA Rules and Regulations, implementing enforcement procedures and overseeing strategic planning and internal governance concerns. In contrast, 35% of his time would be given to working with the LCBO on marketing and promotion of VQA wines, a further 23% would be dedicated to international and extra-provincial marketing efforts and 20% would be used to network with wine writers, sommeliers and the media, and develop print and video publicity materials (Vintners Quality Alliance 1996a; 1996f). As the VQA sector expanded and established itself as an integral part of the landscape of Ontario wine, relationships between the various players in the industry were negotiated and renegotiated, thus altering the political terroir of the local network of wine. At stake was who would and who would not have input into the legitimizing identity, the content of that identity and its meaning in the space of flows of local and global wine.

8.3.1 Agri- and Vini-Terroir: Good Wine Begins in the Vineyard

The development of a quality wine sector in Ontario was a slow process, involving a transformation literally from the ground up. First, grape growers had to commit to changing their production from *labruscas* to the more desirable hybrids and *viniferas*, a course of action supported by financial contributions from the joint federal and provincial Grape and Wine Adjustment Program. Plantings of hybrids and *viniferas* increased substantially, but it took at least three years for vines to come into production. In 1977 the province produced only 180 tonnes of *vinifera* grapes, 13,800 tonnes of hybrids and 29,000 tonnes of *labruscas*. Ten years later as the concept of VQA was being discussed, hybrid production had increased to 15,900 tonnes, and 2,700 tonnes of *viniferas* were harvested. By 1997, growers interpreted the success of VQA as a signal that Ontario wineries were committed to the business of quality wine, and *vinifera* production had jumped to 11,000 tonnes with projections that it would increase to 20,000 tonnes by 2001. At the same time, 19,700 tonnes of hybrids were harvested, with the anticipation that this would climb to well over 30,000 tonnes by 2001 (Caldwell and Aston 2000). Ontario viticulturalists endorsed VQA as the future of Ontario wine and undertook the financial investments necessary to convert vineyards to the varieties of grapes demanded by wineries for the production of 100% Ontario wines.

Despite this demonstration of growers' commitment to VQA production, a consistent market presence proved to be problematic, jeopardizing VQA's claim to a legitimizing identity. Although there was growing optimism about *vinifera* survivability, the early months of 1993 provided a reality check when weather conditions led to bud damage and a sharply reduced crop. Temperatures in parts of the Peninsula dropped to -21 C in March and a drought through most of the summer decreased the wine grape crop to 60% of the previous year (Ontario Grape Growers' Marketing Board 1994). Production of VQA wines dropped, creating stock shortages at the LCBO (Vintners Quality Alliance 1995b), a situation that was aggravated by a healthy wine tourism sector with more winery visitors purchasing directly from the wineries, further decreasing the amount of VQA sold through the LCBO. More normal conditions the next year saw wine grape production rebound, leaving the VQA and the LCBO with the question of how to market a 125% increase in VQA supply after having to give up shelf space the previous year (Ziraldo 1995). It was a scenario that was to be repeated even as grape acreage increased, with variable reductions in crop yield, creating problems for wineries and jeopardizing the future success of VQA as the symbol of quality wine in Ontario.

The notion of terroir is based on a direct link between factors of geology and geography, the vine and the resulting wine. However, this ignores the role of human intervention in the process, and the practices that are adopted to modify aspects of the environment to improve on nature. Agri-terroir and vini-terroir call attention to the fact that vineyards and winemaking processes are managed to enhance, control and compensate for nature. The implementation of voluntary self-regulation governing standards of wine production emphasized wine production as an art and a craft, not an industrial process, lending greater importance to the skills of the winemaker. Whereas European appellation systems were based on history, experience and reputation, new wine regions invoked science to support claims to appellation status (Smart 2002), creating a place in the local wine network for research programs exploring the link between wine and elements of terroir.

The provincially funded Horticultural Research Station at Vineland founded in 1906 was the centre of much of this research, some of it in cooperation with wineries. It started vine trials in 1913, attempting to breed vines that combined the winter hardiness of native *labruscas* with the flavour characteristics of the more tender *viniferas*. Within ten years researchers had abandoned *labrusca* parentage, preferring to use genetic material from *viniferas*. By the late 1960s the varieties that were deemed to be suitable for further testing were described as being of "near *vinifera*" quality (Rannie 1978). The newer varieties however needed to be intensively managed to produce the quality of grapes demanded by the wineries as they made the transition to finer wines and vineyard production and plant physiology became in increasingly important part of the research at the station. In the early 1970s a multidisciplinary Grape Research Team was put in place and studies were done on the effects of vine spacing, trellising systems, pruning practices, crop thinning and mechanization on the quality of the crop.

The weather data that had been collected since 1916 was compiled and analyzed to produce a Grape Climatic Zone map, released in 1972, providing a scientific basis for the delineation of the various appellations some years later.

Work was also undertaken to map the various soil types and their composition to assist in planting decisions and soil management practices (Loughton, Chudyk and Warner 2006). The Horticultural Products Laboratory opened in 1950 included a winemaking facility which produced small lots of wine from new winemaking varieties for appraisal and taste testing. Researchers at the lab tabulated the results of these tastings, using them to develop the Vineland Grape Flavour Index to screen breeding stock and varietal selections showing promise for future large-scale plantings.

The transformation of the Ontario wine industry coincided with financial cutbacks to the Station's research program from successive provincial governments, putting severe constraints on the scope of the projects that could be undertaken going forward and eroding the role of Vineland. Increasingly, research was deemed to be the purview of the growing university system, creating an opportunity for Brock University to expand its presence. Its Industrial Research Program began to explore the possibility of developing a research facility dedicated to cool climate viticulture and viniculture and in 1996 the Cool Climate Oenology and Viticulture Institute (CCOVI) was launched with financial support from grape growers, wineries, and federal and provincial support. The OGGMB pledged $216,000 over five years, conditional on the university being able to attract funding from the National Science and Engineering Research Council (Ontario Grape Growers' Marketing Board 1997). The WCO contribution was $240,000 over five years (Vintners Quality Alliance 1996b), Inniskillin Wines added $24,000 and Ontario's Research and Development Challenge Fund and the Canadian Foundation for Innovation each added $1.545 million (Selby 1999). A research program was developed in cooperation with Vineland and CCOVI accepted its first students in the fall of 1998 (Vintners Quality Alliance 1998d), becoming the only institution in Canada to grant Honours B. Sc. Degrees in Oenology and Viticulture. The Institute is housed in Inniskillin Hall, opened in 1999 and includes specialized research labs for wine analysis and sensory evaluation of wine and a climate controlled wine cellar, a $250,000 addition sponsored by Canadian Pacific which includes a wine library stocked with prestigious local vintages (Selby 1999). The VQA Board lent moral support to the capital campaign that included disseminating information about CCOVI at VQA events and an offer from the LCBO representative to promote the Institute through its Vintages stores and agreeing to link LCBO and CCOVI websites (Vintners Quality Alliance 1998b).

The opening of CCOVI altered the way the research was distributed between the various players, with Vineland losing its pre-eminence while Brock made significant gains. Vineland retained its breeding program and continued work on vineyard management practices such as vine spacing, the effectiveness of various vine trellising systems and vine productivity. The Horticultural Products Lab was closed in 2003, but key researchers continued the flavour research under the auspices of CCOVI, quantifying the flavour characteristics of various wines and establishing their chemical composition as part of the construction of local terroir (Schlosser et al. 2005; Douglas, Cliff, and Reynolds 2001; Kontkanen et.al. 2005). CCOVI also took over the climatic research, investigating the locations supporting grape growing in eastern Canada (Shaw 1999), southwestern Ontario (Shaw 2001) and the Niagara Peninsula (Shaw 2002, 2005). The presence of the Institute on the Brock campus created an opportunity for collaborative research with other university departments on issues related to other aspects of wine and wine tourism (Telfer 2001), wine composition and flavour (Pickering and Demiglio 2008).

8.3.2 Territorial Terroir: Expansion

The transformation of the industry was equally apparent in the winery sector. Fifteen wineries participated in the initial 1988 VQA vintage, offering 102 different VQA wines (Vintners Quality Alliance 1990a). By 1995, 27 wineries were paying VQA bottle fees (Vintners Quality Alliance 1995a), although Andrés/ Hillebrand and Inniskillin were by far the largest producers (Vintners Quality Alliance 1995c). By the year 2000, when mandated self-regulation was enacted, about 40 wineries were in production in the Niagara Peninsula, a further six were established in the Pelee Island/Lake Erie North Shore Appellation and Prince Edward County on the north shore of Lake Ontario boasted its first winery. Thus the expansion of the winery sector was not only in numbers, but also in geographic location as the apparent success of VQA wines encouraged entrepreneurs to expand into more marginal production areas.

The new wineries represented a number of different organizational forms. Many of these were farm wineries utilizing grapes produced in their own vineyards, producing only 100% Ontario wines sold through their on-site retail outlets or perhaps to licensed restaurants. First movers such as Henry of Pelham and Chateau des Charmes expanded their vineyards to become medium sized producers with sufficient volumes to stock LCBO shelves. Andrés purchased Hillebrand, marketing it as its premium brand while still producing cellared wines under labels such as Hochtaler, Domaine D'Or and Schloss Laderheim. Inniskillin had been purchased by Cartier Wines in 1992 and the combined company merged with T.G. Brights a year later to form Vincor (Bertin 1993), but continued to promote itself as an independent winery. The apparent success of these Ontario wineries also attracted different players to the industry such as investors looking for new opportunities in the growing VQA sector (Hampson 1999). Most had little experience with either viticulture or viniculture, but were attracted by the cachet and status of winery ownership and had the financial resources to establish wineries like Strewn, Creekside, Thirty Bench and Malivoire.

The number of new entrants to the Ontario wine industry provoked concern among existing wineries anxious to preserve the winery retail store system for their own benefit. The VQA proposed a moratorium on the granting of on-site winery retail store licences unless the new winery was located in one of the DVAs recognized in the VQA rules and regulation and used only 100% Ontario grape content in its winemaking. The moratorium was endorsed by the WCO and a position paper was forwarded to the MCCR for their consideration (Vintners Quality Alliance 1993a). The proposal was accepted and the Liquor Licence Board of Ontario changed its licencing requirements so that wineries established after 1993 had to be located in a DVA on at least five acres of planted grapes. In addition, new wineries were prohibited from blending their own production with imported product, shutting them out of a lucrative sector of the market and limiting their growth potential. Pre-1994 wineries maintained their right to produce Cellared in Canada wines, giving them a competitive advantage over the newer 100% Ontario wineries. First movers, the entrepreneurs who develop a new market or sector, have advantages that do not necessarily accrue to later entrants. In this case first movers were able to set the terms under which future competitors could enter the local wine network, and the conditions under which they would have to compete (Porter 1980).

8.3.3 Promotional Terroir: VQA Sales

Territorial terroir is predicated on the generation of economic rent, or surplus profit (Moran 2006) through the creation of a hierarchy of quality based on an appellation system. In order to evolve into a legitimizing identity, the VQA had to establish a market presence and be accepted by consumers as the standard of quality Ontario wine. Although VQA began production with the 1988 vintage, gaining market share was a slow process and sales of all Ontario wines, including VQA and cellared wines, lagged behind sales of imports. Although Ontario had almost 50% of the market in the 1987-88 year, this dipped to a low of 42% by 1990-91, to recover slightly in the following year (Ontario Grape Growers' Marketing Board 1993). Notwithstanding representations to the provincial government to encourage policies that would help the industry achieve a 50% market share by 1996 (Grape and Wine Industry Committee, 1991), it remained static in the 42% range. In spite of this apparent ceiling, VQA sales slowly increased their share of Ontario wine sales.

VQA wines sales also showed steady growth, year over year, with an early setback stemming from the short crop of 1993. WCO reports indicate that annual sales of VQA wine surpassed the $10 million mark in the 1992, doubled the next year and doubled again to $40 million by 1996 (Vintners Quality Alliance 1997d). Two years later, as the VQA was in the process of working with the MCCR towards mandated self-regulation, sales of VQA wine stood at $71.5 million (Vysniauskas 1998). Sales through the LCBO went from 1.7 million units in the 1993-94 fiscal year to 2.3 million units in the comparable 1995 time period. The 1996-97 fiscal year resulted in sales of 3.1 million units or 258,498 cases through the LCBO, with a further 220,366 cases sold directly through winery retail stores, for a total sales figure through all distribution points of almost half a million cases or 5.7 million units (Vintners Quality Alliance 1997d). At the same time, VQA production accounted for a higher proportion of wine produced under Ontario labels, both in volume and in dollar value. VQA's percentage by volume of Ontario production increased from 10.3% in fiscal 1994-95 to 13.1% a year later (Vintners Quality Alliance 1997b), reaching 18% by 2000 when VQA achieved full status as a regulated self-regulatory institution (Ontario Grape Growers' Marketing Board 2003). Growth measured in dollar value was also apparent: in the 1994-95 fiscal year, VQA sales accounted for 21.3% of total wine sales in Ontario by dollar value, rising to 27.3% in the following year (Vintners Quality Alliance 1997b).

However, the main portion of the Ontario wine industry was still the blended products, distributed as "Cellared in Canada". Some of these Cellared in Canada wines were manufactured as varietals and sold under brand names such as Okanagan Vineyards to suggest a cottage winery origin (Vintners Quality Alliance 1998a) in an attempt to benefit from the halo effect of VQA. Another practice adopted by wineries involved labelling lower priced blended wines to take advantage of consumer recognition for their higher quality VQA wines. For example, Vincor marketed its Jackson-Triggs VQA wines with a black and gold label, then used a similar white label for its Cellared in Canada wines, creating potential for unwary buyers attracted by an award winning brand (Schreiner 2005).

Canada is a small producer of wine by international standards, ranking 38th in the world, ahead of Turkey and some of the smaller East European producers and far behind major producers such as France, Italy, U.S. or Australia (Cellarnotes.net. 2000). It is a net importer of wine and wine products, not an exporter, in spite of all of the efforts undertaken to expand the domestic market and foster international markets. Although Canada was an unlikely candidate to compete against European table wines, its climatic conditions did give it a competitive advantage with icewine, which became its signature product internationally.

Trade statistics for 1992 show that Canada as a whole had a negative balance of trade in wine of about $397 million on exports that amounted to 1.2% of its production: imports amounted to almost $400 million while exports were valued at $3.5 million. By 1996, the value of exports had increased to $5.8 million, but imports stood at almost $600 million, for a negative trade balance of $564 million, even though Canada was exporting almost 6% of its production. In 1999, when Canada exported 7.4% of its production, the negative balance of trade had increased to almost $857 million, with exports of $37 million and imports of almost $840 million (Agriculture and Agri-Food Canada 2009). However, the development of export markets continued to be a priority for the VQA, with the Executive Director expected to spend almost one quarter of his time on extra-provincial and international marketing initiatives (Vintners Quality Alliance 1996a; 1996f). An international presence as evidenced by exports and medals at key wine competitions was considered important to bolster brand recognition and domestic acceptance for individual wineries.

Much of the international promotion was done through the Wines of Canada committee of the Canadian Wine Institute (CWI), featuring wines submitted by VQA wineries. In 1993 this committee launched a wine export market strategy initiative with Agriculture and Agri-Food Canada funding contributions of almost $1.3 million over four years (Agriculture and Agri-Food Canada 1997). This was part of the federal Program for Export Market Development (PEMD) implemented to assist agriculture, forestry and fisheries to adapt to the more open trading conditions of the post-FTA environment (Vintners Quality Alliance 1995d). The strategy identified the U.K, the U.S., Korea, Taiwan and China, where the VQA was already attempting to patent its trademark, as key targets for exports. The Pacific Rim region was developing as a major growth area for imports and the Canadian share of that market was minimal (Agriculture and Agri-Food Canada 1996). The program was so successful that in its second year it reached the export goals set for year ten (Vintners Quality Alliance 1995d).

To ensure a unified voice on issues relating to exports, the National Export Committee was headed by the chair of CWI and included the Executive Directors and Chairs of the VQA and the BCWI Export Committee (Vintners Quality Alliance 7/20/1995d). The committee submitted a presentation to the federal Steering Committee for the Agri-Food Industries Market Strategies (AIMS) process for funding to advance the export agenda. Noting the success of Canadian wineries as quantified by the 330 medals won in important international competitions in 1995, including five grand gold and 51 gold medals, Ralph Goodale, the Minister of Agriculture informed the CWI that further funding would be forthcoming. The funds would come primarily from Agriculture and Agri-Food Canada budgets "at a time when overall resources are being significantly reduced" but were being advanced to indicate his "continued commitment to the expansion of Canadian agri-food trade for the long-term benefit of the Canadian economy" (Goodale 1996). The Wines of Canada export program was subsequently featured as the export success story of the year for the 1996 annual AIMS meeting which Gamble was invited to address, with all expenses paid for by the federal government (Vintners Quality Alliance 1996a). Although wine exports from Canada were unlikely to be a significant share of the market, they nevertheless had the monetary support of the state.

8.3.4 Identity Terroir: Projecting the Place of Ontario Wine

Before the project identity could be seen as a legitimizing identity, it had to have the means and mechanisms to be able to reproduce itself and to insinuate itself into the fabric of local economic, political, social and cultural life, becoming an integral part of the sense of place defining the local landscape. For Ontario wine, this meant moving from a collection of cottage wineries to become a wine cluster with the critical mass to generate innovation (Mytelka and Goertzen 2003), attract new services to supply the industry and forge links with related sectors in the value chain. Clusters are geographic agglomerations of related activities built around a central economic activity. They bring together upstream input suppliers and downstream distribution channels and forge vertical linkages with sectors supplying related skills, amenities and technologies (Porter 1998). Although the Ontario wine industry was embedded in the local political terroir, it had to embed itself as a vital facet of that terroir if it were to achieve a legitimizing identity. In other words, wine had to be the central economic activity, attracting related organizations and activities as the wine network expanded to include diverse nodes, each with its particular functional contribution to the network.

The wine producing regions of Ontario had to be transformed not only in appearance, but also in character. In this they were aided by the participation of key sectors that saw in the transformation of the wine industry an opportunity to create a niche to exploit. Just as the VQA did not move forward until it served broader collective interests than those of one individual's personal ambitions, so too the institutionalization of the VQA was based on the expansion of the local wine network to include related nodes which contributed essential services and recognized in the project identity can opportunity to advance their own interests. It was this alignment of interests that created the conditions supporting the transformation of Ontario wine into a legitimizing identity.

A project identity must be recognizable and visible beyond its own constituency if it is to become a legitimizing identity. A primary objective of the VQA was to educate the public and influential members of the larger wine network about the wine regions of the province. This could be done by reaching out to consumers through wine writers and LCBO promotions but the drawback was that these were indirect avenues that depended on less knowledgeable third parties to convey the message about the transformation of Ontario wine. A more effective way was to induce potential consumers to the winery through the expansion of the existing tourist and hospitality sector of the province. Wine tourism is an important promotional feature of the major wine producing areas of the world, bringing consumers to the cellar door and introducing them the range of activities associated with viticulture and viniculture. The visit gives tourists a multi-sensory experience of both wine and the winery as production and consumption intersect to shape the experience of the sense of place projected by the winery (Carmichael 2005). Wine tourism was thus an important element in communicating the transformation of the Ontario wine industry because as visitors interacted with the winery experience, they could relate to the project identity in a tangible way.

Capitalizing on an existing tourist industry, individual wineries had offered tours to interested visitors (Zyvatkauskas 1982; 1983) long before the VQA initiative was launched. They were seen as a good promotional tool, allowing tourists to experience a winery and its wines, and creating brand recognition by giving them a point of reference for future wine purchases (*Globe and Mail* 1990). In 1988, just as information about an appellation system was circulating in the press, the Niagara Wine Route was established by the WCO to direct tourists to all production wineries in the peninsula (Zyvatkauskas 1988). The initiative was later expanded to encompass wineries located in the other DVAs to become a provincial tourism experience. The development of an Ontario Wine Route was an important step in that it signaled wine tourism as a collective effort between participating wineries and the VQA saw the promotion of the Wine Route as one of its roles in furthering the transformation of the Ontario wine industry (Cappadocia 1993). This horizontal collaboration demonstrated that the project identity had moved beyond individual wineries to encompass the broader network of wineries in the province and drawing attention to the changing landscape as grapes and wine became a bigger part of the landscape.

Although these horizontal linkages were important in creating visibility for the VQA as it moved towards a legitimizing identity, it was the vertical linkages with related sectors that conveyed reputation and status (Benjamin and Podolny 1999) and embedded it in the local terroir. Food and wine are natural pairings and the transformative capacity of VQA was enhanced when it became an integral part of the local hospitality industry. As influential restaurateurs added VQA wines to their wine lists, they lent credibility to local wines and added value both in economic terms and in image capital. VQA wine became the impetus to encourage the development of a regional cuisine (Vintners Quality Alliance

1993a), spawning culinary innovation in local restaurants and raising the profile of the regional hospitality industry. Wineries also cultivated ties with local cultural venues, bringing visitors to the vineyard to experience Shakespeare or arranging tourist packages that offered lunch at a local winery and matinee tickets to the Shaw Festival in Niagara-on-the-Lake (Bagnell 1999). In 1998 Vines, a national consumer magazine dedicated to the de-mystification of all things related to wine, began publication. It was edited by Christopher Waters, an Ontario journalist and wine writer and featured influential Canadian and international columnists who wrote about developments in the local and international network of wine (Waters 2006), thus situating VQA in the space of flows of global wine.

Viticulture and viniculture have been characterized as "the most geographically expressive of agricultural industries" (de Blij 1983) not only because they are embedded in the natural geography of a locale, dependent on characteristics of climate, soil and water availability, but also because they create distinctive social, cultural, economic and political landscapes. From earliest times wine has played a symbolic role in social life as an important element in religious observances, and a signifier of status, wealth and power (Unwin 1996). When France asserted its dominance as a centre of quality wine production, its chateaus came to represent the visual and public embodiment of the lifestyle of wine, and the built environment acquired symbolic significance in its own right. With the transformation of the Ontario wine industry, architecture became a means to express the new found status of the newest and most innovative wineries and present their owners' conceptions of the place of Ontario wine. The wineries expressed a vision for 100% Ontario wine that was as individual as their owners as some of them capitalized on the features of existing structures to renew the local landscape. Others opted to build completely new facilities to create a symbolic imagery in accordance with their own interpretation of the place of VQA wines, contributing to what one critic termed the " 'disneyfication' of the built form, purely for the sake of tourism" (Laflamme 1999).

Pennachetti of Cave Spring Cellars, who had pursued medieval history as a graduate student at York University (Pennachetti 2007), re-invented the past when he chose to transform a tired locale in a picturesque setting. He bought up the main street of the village of Jordan and turned it into a tourist destination by converting the old Jordan Winery warehouse into an inn and adding a fine dining venue to complement his winery, appropriately housed in Jordan Winery facilities dating back to 1871 (Zyvatkauskas 1996). Bosc, once referred to as "The Baron Philippe Rothschild of Ontario" (Bagnell 1999) began operations in a serviceable cinder block building, but when he was compensated for allowing the Canada Pipeline to cut diagonally through all three of his vineyards, he built a grand Loire-inspired chateau on the bench of the Niagara Escarpment as a more fitting space for his production facilities. This tribute to his French ancestry and heritage was juxtapositioned with an equally magnificent Georgian style residence built directly across the road, with a brick barn for the horses to which he devoted his leisure time. The first Inniskillin wines were produced in Kaiser's garage and a shed on the nursery farm owned by the Ziraldo family but several years later they moved into a new winery built on the nearby Brae Burn farm. It was a low, white-plastered building set among the vineyards and reminiscent of the monastery wineries of the Napa Valley that had captured Ziraldo's imagination. Other wineries spoke to the origins of grape growers turned vintners, projecting a more grounded sense of place. Marynissen converted his hog barn into a winery and on-site retail store, the Specks moved their Henry of Pelham Wimery into a carriage house purported to have been built by an ancestor in 1842, and the Hernders restored a rustic 1867 Victorian barn and the covered bridge on the laneway leading up to it to make their statement. Consequently, the Wine Route that connected these divergent interpretations of Ontario wine gave visitors a sense of an emerging wine region showcasing individual and collective ambitions and status aspirations even as it commodified the countryside (Hopkins 1998).

8.4 Governance: Organizational Transformation

Working toward a legitimizing identity entails internal organizational adjustments and the realignment of external institutional arrangements as participants in the identity attempt to influence the balance of power. The first VQA Board of Directors had been elected through the WCO and the two organizations were constituted by the same membership and shared administrative staff and offices, creating significant overlap in their operations and the interests they represented. However, the mandate of the WCO was to promote all Ontario wines, while the VQA was committed to 100% Ontario wines, creating an essential functional tension between them even as they worked closely together. Internally the growth of the small winery sector and the increase in the number of VQA participants raised questions about the rules of membership, who would participate in the decision-making process to shape the legitimizing identity of the VQA, and on what terms they would participate. Membership in the VQA gave participating wineries voting privileges to elect the Board at the annual general meeting and an opportunity to showcase their wines in promotions undertaken and funded by the organization. Outside directors represented the key relationships supporting and furthering the industry and also had voting privileges on the Board. Using the argument that both of these groups had less of a vested interest in the range of activities and future direction of the VQA, a formal reassessment of the governance structure was undertaken to determine the role of small wineries and outside directors in the future of the VQA. Lastly, the issue of compliance took on greater urgency as the number of VQA wineries mushroomed and the Rules and Regulations became more complex and more comprehensive.

With no real effective mechanism of enforcement, it became increasingly difficult to impose discipline and the VQA could do little more than resort to moral suasion to encourage compliance, making the implementation of mandated self-regulation an attractive option.

8.4.1 Relationship to WCO

Although the VQA had its formal beginnings in the statement of goals and purposes signed by six cottage wineries, the first Board was nominated and elected from the membership of the WCO, the association of representing all wineries, giving the initiative broad industry representation. The two organizations represented essentially the same wineries, but had differing mandates: the VQA was formed to promote 100% Ontario wine, while the WCO included the promotion of cellared in Canada wines which used only 30% Ontario product with the balance coming from imports. The cellared wines yielded a higher return for wineries as their input costs were reduced because they paid less for the imported materials than for the local grapes, making them a lucrative proposition for those wineries that produced them. However, the argument from VQA supporters, particularly the OGGMB and its growers, was that cellared in Canada products actually undercut the VQA sector in that consumers did not readily distinguish between wines made from 100% Ontario and the cellared products. On the other hand, the cellared wines benefited from a halo effect when consumers failed to distinguish between VQA wines and the cellared products, buying by brand or location on the LCBO shelves.

The two organizations worked closely together on joint initiatives such as VQA promotional campaigns through the LCBO. This cooperation was facilitated by physical proximity as they operated out of the same office space and shared administrative staff. In 1991 the Board considered it advisable to put in place its own Executive Director and Peter Gamble, who had previously been contracted as the Promotions Co-ordinator (Vintners Quality Alliance 1991a), was hired to oversee operations and carry out extensive national and international promotional campaigns to showcase VQA wines. Having dedicated staff created a functional differentiation between the two organizations and helped to separate their agendas, although they still worked closely together. When Gamble took on a position with VQA Canada to further a national standard for quality wine, the vacancy was filled by hiring Linda Franklin, the Executive Director of the WCO since 1994, who continued as Executive Director of both organizations simultaneously, thus blurring the boundaries between the VQA and the WCO. On the one hand, when speaking for the WCO, Franklin had to support both VQA and blended wines, but when speaking for the VQA her focus had to be exclusively VQA wines, potentially creating a conflict of interest.

What Franklin brought to the position was a solid understanding of the regulatory environment based on her experiences as spokesperson and later Director of Communications for the College of Physicians and Surgeons of Ontario. With a B.A in English and History and an M.A. in Journalism from the University of Western Ontario she was well aware of the importance of the written and spoken word in constructing accounts to create meaning and structure understanding (Scott and Lyman 1968; Orbuch 1997). She was also well-connected to the Ontario Progressive Conservative Party which had come to power in 1995. In 2002 she took a leave of absence from the WCO to act as communication strategist in Ernie Eves' successful bid for leadership of the provincial party and was subsequently appointed by Eves to the Board of Directors of Ontario Place Corporation (Ontario 2003), a provincial tourism venue hosting cultural, recreational and leisure events and attractions with an Ontario theme. With these qualifications she was a logical choice to head the discussions with the MCCR regarding legislation, and became a powerful force in the process of achieving mandated self-regulation (Pennachetti 2007).

8.4.2 Associate Memberships

The increase in the number of VQA wineries and the growing role of the VQA in marketing led to a governance review to re-assess VQA membership criteria and limit voting to those members who were deemed to have the most at stake in the future of the Alliance. VQA membership was through the WCO, but small wineries were likely to find this membership financially onerous, as it entailed annual fees of $1,000 with additional levies for marketing and research programs. To alleviate this burden on the smaller wineries, it was agreed that they would have the option of associate membership in the VQA for which WCO membership would no longer be a requirement. Full members paid a levy of five cents for every bottle of VQA wine produced, payable upon sale of the wine, with the stipulation that the minimum amount payable had to be at least $1,000. On the other hand, associate members would make an advance payment of $1000 to the VQA as a prepaid credit on their bottle fees of 15 cents per bottle and once this was exhausted they would continue to pay the 15 cent per bottle levy on further sales. In return, they would still have the right to submit their wines for VQA certification and could use VQA promotional materials, attend Board meetings, enter wine competitions and participate in tastings conducted by major wine writers, although they would not be included on writers' wine tours. However, associate members did not have any voting privileges, were excluded from participation on all VQA committees and could not participate in VQA marketing initiatives, special events or tours or LCBO sales, nor would they be identified on maps or publications distributed by the VQA (Vintners Quality Alliance 1997f).

In other words, associate membership entitled them to VQA certification but beyond that their participation in the VQA was minimal and their exposure to the consuming public would have to come primarily through their own efforts. Wineries that had to make the trade-off between full participation in VQA and personal financial considerations got the least benefit out of the activities of the VQA, but at the same time they were the essence of the artisanal, craft production sector championed by VQA in their promotions to the general public. Arguably, these were the wineries with the most at stake in the future success of the VQA movement, but they were disenfranchised when they opted for associate membership status and precluded from participation in sponsored VQA activities. It was a case where the "pay to play" principle applied and full participation in the creation of the legitimizing identity was defined by winery size. The small operations with limited resources of time, people and money received unequal benefits from the activities of the VQA and did not have input into the future shape and content of the VQA. They were therefore the missing voices in the process of institutionalizing the project identity.

8.4.3 Non-Winery Directors

One third of the Board of twelve was composed of non-winery participants representing the LCBO, the hospitality and research sectors and the grape growers. As the VQA undertook more marketing initiatives, the decisions made at the Board level became increasingly oriented to financial matters. As a result, non-winery representatives were voting to allocate financial resources to the various promotional projects, without having an appreciable stake in the outcome. Two alternatives were considered as the Board debated how to offset the impact of non-winery directors in votes on financial items. First, all VQA wineries could be given a vote on such matters thereby diluting the influence of outside directors, or non-winery directors could be barred from voting entirely (Vintners Quality Alliance 1996e). Rather than giving voting privileges to the entire membership, it was decided that the VQA Board would consist of twelve winery representatives and the outside directors would be constituted as an Advisory Committee, attending and participating in the VQA Board meetings, but without a vote (Vintners Quality Alliance 1997c). It was a solution that met with approval from at least one non-winery participant who summed up the tensions she felt in her role on the Board:

> "I would echo the concerns of some of the wineries at not having a voting membership when so much is at stake in the future of the quality wine industry. I have been a little uncomfortable at times voting on questions that have serious financial consequences for the wineries when I do not have a vested interest in the outcome and

> would welcome being a part of an advisory committee as opposed to being a voting board member." (Fisher 1997)

The decision to disenfranchise outside directors underscores the extent to which self-regulated entities operate in their own interests. The outside directors represented key upstream and downstream stakeholders and institutional partners such as the grape growers, the hospitality industry and the LCBO. The assumption is that an Advisory Board gives advice – which can be accepted, disregarded, or rejected, even though that advice represents expert opinion from other nodes in the wider network. Although these directors still had a seat at the table and had input into all discussions, they were only there in an advisory capacity, not as full participants in the process of forging the legitimizing identity.

8.4.4 Compliance

Monitoring and ensuring compliance with the VQA standards became increasingly problematic with the expansion in the number of new wineries and the proliferation of VQA wines. Under the Rules and Regulations adopted by the VQA, responsibility for ensuring that the wine in the bottle met the standards for VQA designation rested with the LCBO, but there were few alternatives to enforce compliance. The amendment to the Winery Retail Store Authorizations allowed the LCBO to withdraw licences from non-compliant wineries, but this was an extreme measure which was more of a deterrent than a viable option. Under the bylaws of the VQA, the only penalty specified for non-compliance with any of the VQA Rules and Regulations was expulsion of the member winery (Vintners Quality Alliance 1992e), a solution which legal counsel cautioned against (Vintners Quality Alliance 1995b). In effect, the VQA had to rely on moral suasion and peer pressure to encourage compliance. These efforts ranged from urging all wineries to "circulate and re-read VQA rules" (Vintners Quality Alliance 1991b), writing letters to offenders, detailing their violations and directing them to "stop immediately" (Vintners Quality Alliance 1992c) and finally, printing and distributing duo-tang copies of the Rules and Regulations to "winemakers/labelling personnel, along with a letter from the VQA chairman advising that all existing labelling regulations are to be met immediately, particularly in view of the impending provincial legislation of VQA standards" (Vintners Quality Alliance 1993c).

The problem continued to escalate, until the Governance Committee was instructed to formulate a list of categories of labelling violations with appropriate penalties for each. The resulting proposal quantified offences as minor, intermediate and major, based on whether it was a first, second or third offence. The chair noted "while the VQA has been able to 'self-police' effectively to date, it must establish a formal penalty and enforcement mechanism to maintain its integrity in the future" and directed staff to prepare a policy paper listing options to resolve the issue (Vintners Quality Alliance 1997e). In addition, the Executive Director was to undertake a packaging review of 1995 and 1996 vintages to assess the prevalence of infractions and report these to the VQA (Vintners Quality Alliance 1997d). When this listing was completed, it was suggested that some items such as "minor mislocation of information" on the label were not true violations, but rather "concerns" to be discussed by the Board (Vintners Quality Alliance 1997e). After "significant discussion" in which several winery participants suggested that clarity of the rules was an issue and their labels could inadvertently be in contravention of the VQA Rules and Regulations, a VQA Standards Enforcement Committee was struck as the organization moved towards mandated self-regulation to rule on labelling issues (Vintners Quality Alliance 1998b). It was empowered to ensure that VQA Rules and Regulations were "strictly adhered to by all members and to adjudicate any rule violations" (Pennachetti 1998c).

The recommendation from this Committee was that once the VQA was a regulated entity under provincial legislation, only those issues with legal ramifications would be submitted to the as yet unidentified wine authority, all others would be adjudicated by the Standards Enforcement Committee and the VQA Board (Vintners Quality Alliance 1998c). Meanwhile the VQA conducted labelling seminars for winery personnel and wrote letters warning offenders they could be fined or have their product removed from store shelves (Vintners Quality Alliance 1998b). When the Committee directed its attention to icewine, the premiere product of the Ontario wine industry, penalties for non-compliance with the VQA Rules and Regulations were limited to disqualification of the wine as VQA or possible loss of certification as a VQA processor (Vintners Quality Alliance 1999f), a more drastic measure in that it effectively excommunicated a processor from the identity and disqualified them from accumulating the economic rent accruing to appellation status. The tensions around enforcing compliance underscored the problems of dealing effectively with such issues internally, in the absence of legislation to give legal force to punitive sanctions.

8.5 Conclusion

If the 1980s was the decade in which wine became less foreign (Lawrason 1989), the 1990s was a decade of transformation as Ontario wine became more local. *Vinifera* and hybrid vineyards replaced *labruscas* and quality replaced plonk as a descriptor for domestic wines. Ontario wines held their own, despite earlier predictions that the industry faced annihilation because of the globalization of wine (Cobb 1985). The expansion of VQA production encouraged the development of a wine cluster as other players entered the network, providing educational, research and tourist services. The horizontal and vertical linkages between the various nodes in the network of local wine embedded the VQA in local terroir, creating the political capital necessary to establish a claim to a legitimizing identity. Having transformed the landscape into a winescape, the VQA was ready to pursue mandated self-regulation.

Chapter 9 Mandated Regulation as Legitimizing Identity

9.1 Introduction

The predictions that the Ontario wine industry was doomed to extinction as a consequence of the threats posed by the globalization of wine proved to be premature. The transformation of the Ontario wine industry was an indication it could survive under conditions of in spite of the removal of protectionist measures (Acheson 1977). The signing of the Canada-US Free Trade Agreement and the elimination of preferential LCBO markups were an impetus for a wholesale conversion of the industry from *labrusca* to hybrid and *vinifera* varieties as the raw material for domestic wine production. By the mid-1990s the project identity was well established as evidenced by a growing presence in the marketplace, both at home and more tentatively, internationally. It was supported by several research and training facilities, and was rapidly becoming the basis for a thriving agri-tourism sector that included a wine route and related amenities. While the project identity was well on its way to becoming institutionalized, it was still voluntary, lacking the state recognition of its standards that would convey a fully articulated legitimizing identity.

The maturing of the industry was not without its problems and the issue of compliance became more urgent as the complexity of VQA standards increased. The original Rules and Regulation listed eight specialty wines, with a brief paragraph outlining standards for each and the 1996 revision of the Rules and Regulations added three more specialty wines. One of these, sparkling wine, the term adopted to signify wines made according to the champagne process, has eight subheadings prescribing different production methods, permissible additives and acceptable nomenclature for use on labels (Vintners Quality Alliance 1996g). The number of infractions, inadvertent or otherwise, increased in proportion to the number of rules but existing mechanisms to enforce compliance, such as winery licence revocations, were harsh and unworkable in practice. Under these circumstances, the VQA Board renewed its efforts to attain provincial legislation to achieve mandated self-regulation for the Ontario VQA sector. What was the process that led to mandated self-regulation? How did mandated self-regulation reconfigure the network of Ontario wine?

In this chapter, I demonstrate that mandated mandated self-regulation was a process controlled by the state, conferring on the VQA the powers and authorities needed for a legitimizing identity and aligning the VQA with the state. It was a process of joint affirmation in which the VQA confirmed the power of the state to acquire some of that power as the Wine Authority for the province. In devolving power to the VQA, the state reproduced itself as it asserted its authority over the shape and expression of the identity of the 100% Ontario and from the perspective of the VQA, it was an exercise in the symbolic management of accounts that supported organizational legitimacy (Elsbach 1994). The rationale presented to the state for legislation was framed in language that echoed the state agenda and identified how mandated self-regulation contributed to state goals, cititng the benefits of exports as contributors to the economic health and wellbeing of the province. This reference to accepted state goals implied an endorsement of the state and signalled a willingness on the part of the VQA to align itself with the interests of the state. The statement also emphasized the importance of legislated wine standards as a necessary condition for participation in the global flows of wine, thereby acknowledging the ascendancy of the global network of wine. In enacting mandated self-regulation, the VQA and the state were participating in the reproduction of globalization at local and provincial scales.

9.2 Legislating the VQA

Although the request for legislation had been turned down in 1995, it remained a secondary item on the VQA agenda, acquiring more urgency as the industry matured and the issue of regulatory enforcement and protecting the trademark in international markets became more critical to maintaining the integrity of the VQA. At the organizational level, a change of personnel brought new leadership skills and competences to the table. Pennachetti replaced Ziraldo as Board Chair, and when Linda Franklin was appointed as the Executive Director for the WCO in early 1994 she attended VQA Board meetings, bringing her experience with regulatory agencies to the table. She became a key figure in the extensive background negotiations with the MCCR that eventually led to mandated self-regulation, a process that gave the participants "an education in the school of government regulation" (Pennachetti 2007). In the early years of the VQA, references to the possibility of attaining regulation show an organization with little knowledge of state processes or the requirements to be met to attain legislation. By the time the VQA Act was enacted in 2000, the Board had learned to appreciate that legislation was a process directed by the MCCR to meet the criteria set by the state and that legislation had to be written to fit within the parameters and statutory requirements of the state legal system.

9.2.1 Approval

The NDP government which had turned down the possibility of provincial regulation was defeated by the Progressive Conservatives in the summer of 1995 and discussions soon resumed with the MCCR to gain support for VQA legislation. In August 1997, Franklin reported to the Board that MCCR had agreed to pursue legislation and it was expected that this could be completed by spring of the next year, in time for the 1998 vintage. Although MCCR was willing to sponsor regulation for the sector, it drew lines around its involvement, stating that it had no intention of enforcing compliance and would "not 'police' the industry" (Vintners Quality Alliance 1997d). With this approval in principle from the MCCR, discussions were expanded to include the LCBO as it would be a vital component of any future regulations due to its roles in the tasting panel and winery audits (Vintners Quality Alliance 1997e). In the spring of 1998 the two organizations met with the senior policy representatives of MCCR to propose the creation of a wine authority to fulfill the regulatory functions for the Ontario VQA wine sector. A preliminary proposal was submitted to MCCR staff for further discussion before it was granted ministerial approval. When it was sufficiently developed to ensure that it would be approved in the Legislature when introduced as a government bill, the initiative was put on the government house agenda for committee and Cabinet endorsement (Vintners Quality Alliance 1998b).

9.2.2 Making the Case for Regulation

The transformation of the VQA from a project identity to a legitimizing identity was dependent on the support of the key nodes in the network of Ontario wine, including the state and other sector participants. However, in garnering that support, the rationale for legislation was tailored to the audience in question and the dominant message was framed around the expected contribution and interests of the participant in the identity. The message relayed to the state on the need for legislation was based on economic considerations, representing mandated self-regulation as a fundamental component for access to prestigious export markets. In contrast the message presented to growers and wineries focused on the importance of legislated Rules and Regulations to maintain the internal integrity and reputation of quality wine, the underpinnings of an appellation system.

It was not until a year after the approval in principle for legislation, that MCCR asked the Alliance to support the request for regulation by formally documenting how provincial legislation would benefit the VQA sector. The communication sent to the MCCR focused on the economic benefits of legislation for Ontario wineries, emphasizing the need for a regulated appellation system to facilitate exports. The primary rationale for regulation was given as the limitations on access to the European market because of a "lack of government sanctioned, legislated wine rules", particularly for icewine and late harvest wines. It was acknowledged that this was not the only issue preventing exports, but legislation was posited as "the first step in addressing the enormous trade imbalance which exists between our countries in relation to wine" (Franklin 1998). In addition, the expansion of the VQA sector was creating pressures on maintaining the integrity of the VQA system abroad. The high value of icewine had spawned numerous imitations and fraudulent icewines were being marketed in major Asian markets, undercutting Ontario production and damaging the reputation that had been cultivated through voluntary self-regulation. The issue of winery compliance with VQA Rules and Regulations was presented as a secondary consideration, although it was acknowledged that some violations had been serious, but resolved by voluntary winery recalls. Concern was expressed that eventually a winery would refuse to comply with a VQA ruling and without legal recourse the Alliance would be powerless to enforce its Rules and Regulations. The result would be a loss of credibility, decreasing effectiveness and damage to the reputation for quality that had been cultivated since the inauguration of the VQA (Franklin 1998). Although the VQA promoted its seal as a guarantee of quality wine for the consumer, no mention is made of potential public benefits of a legislated appellation system for the domestic consumer.

In contrast, a presentation to the grower and winery participants in the identity presented the rationale for legislation somewhat differently. Emphasis was placed on the creation of VQA as an appellation of origin system with Rules and Regulations governing the production of quality wine and its importance as a signifier of these wines. Legislation was depicted as necessary to uphold the cultivated image of the highest quality Ontario wines because it would legally prevent the unauthorized use of VQA designations and protected terms by non-VQA wines made and sold in the province (Vintners Quality Alliance 1998f). The potential benefit of a legislated appellation of origin systems for the enhancement of export opportunities was added as a secondary consideration. This message reminded industry participants of the need for their cooperation on issues of compliance and reinforced the VQA's authority over the administration of its Rules and Regulations. As a regulated self-regulated entity, the VQA would gain the legal means to enforce its authority over the VQA production and be able to prevent the use of VQA protected terminology by non-VQA producers.

9.2.3 Legislative Progress

The projected timeline for achieving regulation by the spring of 1998 proved to be somewhat optimistic and it was not until April that the issue of regulation for VQA standards was put on the house agenda for discussion and Cabinet input before being brought to the Legislature (Vintners Quality Alliance 1998b). The objective at this stage was to ensure that the legislation was drafted to gain support from all members of the Legislature and avoid potential impediments to its passage. Late in the year the Director of Policy for MCCR and staff who had been working on the file met with the VQA Board to update them on the progress of legislation, informing them that Cabinet had given its approval to the legislation and it was anticipated that it would be submitted for first reading in the Legislature in the near future (Vintners Quality Alliance 1998e). Bill 85, the Act "to provide for the designation of a wine authority to establish an appellation of origin for Vintners Quality Alliance wine and to administer that system" was introduced to the House and given first reading on November 26, 1998. In his preamble, the Minister of Consumer and Commercial Relations listed the architects of the legitimizing identity, noting that the content of the Act had been a co-operative effort between the VQA's past and present chairs, the current chair of WCO, the chair of OGGMB and members of the wine caucus, representing the wine ridings of the province (Ontario 1998a).

Debate on the principles of Bill 85 took place at second reading, on December 17, 1998. The message regarding the importance of the legislation was framed in terms of the transformation of the Ontario wine industry as evidenced by the more than 50 producing wineries in the province, the growth of wine tourism and the economic importance of the VQA sector to the province. In the ten years since the implementation of voluntary self-regulation, VQA wine sales had increased by 40% each year to reach five million litres, with a value of $72 million, taking a 9% market share of all wine sold in Ontario. In spite of the success of VQA wines in international competitions, important European markets were unattainable without certification that the wines had been made in accordance with legislated standards under an appellation of origin system recognized by the state. Not only would the proposed legislation bring the industry into conformity with international trade rules, it would also advance Ontario's reputation for quality wine, improve the competitiveness of the industry, create jobs and support regional development. Discussion on the bill was an opportunity to laud the accomplishments of VQA, its contributions to the coffers of the provincial treasury and its role in the transformation of the industry from a time when "the choice in Ontario wines was between premium and unleaded" (Ontario 1998b).

The Bill duly passed second reading, but died on the order paper with the dissolution of the Legislature. It was reintroduced as Bill 8 on April 29, 1999 and given unanimous approval at third reading that same day (Ontario 1999b). Several days later when the Minister of Consumer and Commercial Relations was asked in the Legislature to comment on how the Act would help the wine industry, he happily attributed this quote to Pennachetti: "This government has done more for the wine industry in one day than any previous government during their entire term." (Ontario 1999c). The Act received Royal Assent on May 4, 1999, to come into force once the supporting regulations had been agreed to and written and the new wine authority had it structure and administration in place. On June 29, 2000 the Act was proclaimed into law by the Lieutenant Governor and VQA Ontario took over the administration of the VQA Act and the accompanying regulations for the 2000 vintage.

9.3 Vintners Quality Alliance Act and Regulations

The transformation of VQA as a project identity into a legitimizing identity conforming to the principles governing the global space of flows of wine was dependent on recognition and endorsement by the state. In the absence of national standards, an appellation system under provincial legislation was preferable to no legislation and would serve as an indication to domestic consumers and the export market that Ontario was serious in its pursuit of quality wine production (Pennachetti 2007). Legislation would provide for regulation of the product by giving legal force to standards used in the production of VQA wine. It would also regulate the procedures governing the operationalization of these standards by specifying the mechanisms and action employed to safeguard the integrity of the standards and the sanctions to be meted out for non-compliance (de Vroom 1985). But the role of the state went beyond delegating authorities to Vintners Quality Alliance Ontario and monitoring its activities as a regulatory entity. The state took an active part in delivering the legitimizing identity through the participation of the LCBO in the certification of VQA wines and the role of the AGCO in prosecuting non-compliance.

The Vintners Quality Alliance Act, 1999 (Ontario 1999a)is the enabling statute setting out the legal parameters under which the VQA as an appellation of origin system was to be established and maintained. Amendments to an Act require the approval of the Legislature, a lengthy and involved process which is only used if there are major deficiencies which cannot be resolved otherwise. No amendments have been made to the VQA Act since its proclamation. The Act is supported by three regulations: Regulation 406/00 (Ontario 2000b) detailing the rules for the use of terms, descriptions and designations for VQA wine, Regulation 405/00 (Ontario 2000c), setting out the information requirements for monitoring compliance and adjudicating hearings and Regulation 403/00 (Ontario 2000d), designating Vintners Quality Alliance Ontario as the Wine Authority. Regulations have been amended several times, reflecting the evolution of the sector as exemplified by the geographic expansion of viticulture and viniculture and the creation of new appellations and sub-appellations, technological innovation in winemaking practices and additions to authorized grape varieties for VQA production. In addition to, and separate from the legislation, the process to certify wines for VQA status was undertaken by the LCBO through a set of procedures agreed to by both parties. These can be modified internally and do not require approval from MCCR before coming into effect.

9.3.1 The Wine Authority

In preparation for the implementation of mandated self-regulation, the Vintners Quality Alliance Ontario, a not-for-profit provincial corporation was set up in late 1998 prior to the passage of the VQA Act. Upon the completion of an administrative agreement between the MCCR and the VQAO, this entity was designated as the wine authority by the Lieutenant Governor in Council to administer the legislation on behalf of the industry. The administrative agreement between the VQAO and the MCCR was the document specifying the responsibilities of the wine authority and defining its powers. Whereas under voluntary self-regulation the VQA had been accountable only to its members, under regulated self regulation the new wine authority was accountable to the MCCR as the state ministry sponsoring the legislation. The designation of the VQAO as the wine authority to administer the Act and accompanying regulations came into force on June 29, 2000, as set out in Regulation 403/00.

9.3.2 Powers of the Wine Authority

The Act laid out the broad powers conferred on the wine authority, allowing it to establish requirements and quality standards governing VQA wines, set and define the terms and designations to be used in labelling and specify the conditions governing their use. These rules were specified as regulations, subject to Ministerial approval. The wine authority was also given powers to make rules that were not deemed to be regulations, such as those governing the process of applying for VQA certification of wines and setting out the information required from wineries to verify compliance. These rules were internal to the wine authority and could be amended without obtaining Ministerial approval. To carry out its administrative responsibilities, the wine authority was empowered to set and collect fees, although the processes and criteria for doing so were subject to Ministerial approval. The wine authority was also empowered to enter into agreements with third parties for services related to the establishment and maintenance of the VQA as an appellation system. This included the members of the tasting panel to certify VQA wines, inspectors who were charged with ensuring compliance and the Board of the AGCO which was designated as the tribunal to hear cases related to infractions. Conviction for any contravention of the provisions of the Act was subject to a fine of up to $100,000.

9.3.3 Regulation 406/00: VQA Rules

Regulation 406/00 set out the Rules and Regulations which would govern VQA production under a legislated appellation system. The Technical Committee was charged with the responsibility of preparing a final draft of the standards for Board approval prior to submission to the MCCR for legal regulation (Vintners Quality Alliance 1998e). The regulation defined the boundaries of the three viticultural areas, the protected terms and designations and detailed labelling requirements covering viticultural and vinicultural restrictions, the information to be included on the label, and the conditions governing the use of each designation. Three appendices included a listing of authorized grape varieties for VQA production and VQA aromatic sparkling wine and the minimum Brix levels of grapes that must be attained at harvest for the various designations of the appellation system.

The addition of water to increase the yield in the vinting process was strictly prohibited unless necessary to prepare materials such as yeasts. Chaptalization, the addition of sugar to increase the alcohol content of wine, was allowed for wines identified by a viticultural area or a provincial indication, the lesser categories of the appellation, but only within strict limitations. Accepting international protocol wineries were prohibited from labelling wines "with any customary or generic wine names listed in subsection 11.18 (3) of the Trade-Marks Act (Canada) or with any other geographical indication or traditional expression to which it is not entitled in law." (Ontario 2000b, s. 6 (6)). Furthermore, it was the responsibility of the winery to determine "if it is violating any trade-mark, manufacturer' proprietary right or any other intellectual property right of any person" (Ontario 2000b, s. 6 (7)). Thus the VQAO and the state absolved itself of any questions or legal actions around the misuse of traditional geographic indications, such as champagne, that were still being contested through the courts.

9.3.4 Regulation 405/00: Verifying Compliance

The framework for ensuring compliance and the process for prosecuting non-compliance was set out in Regulation 405/00. It outlined a system of checks and balances on the collection and verification, through audit, of information to support the integrity of the VQA as an appellation system. The onus for compliance was placed on the individual winery which was required to keep detailed information pertaining to each step of the winemaking process beginning with the purchase of grapes, through crush and vinting, bottling and sale of the finished wine. The information pertaining to the raw grapes was derived from independent third parties, who submitted a copy of the official record to the winery. Thus the responsibility for establishing the origin, quantity and quality of the grapes intended for VQA wine production was external to the winery, lending credence to the process. Weigh slips were submitted by the OGGMB as the organization representing viticulture, and brix levels were measured by an agent of the VQAO, the entity charged with upholding the integrity of the system. The origin of grapes was confirmed with a legal description of the vineyard and individual tank records were maintained of wine volumes and grape varieties used in each. Other information requirements included the quantities of unfinished wine intended to carry the various designations of the appellation system such as vineyard, estate bottled, Ontario and/or viticultural area, and how they would be identified through the winemaking process. Inter-winery transfers of any materials intended for VQA wine production required verification by a letter from the VQAO signed by its auditor prior to the transfer, confirming the geographical indication. The quantity of wine bottled must be documented and all information on the sales of VQA wine reported to the VQAO.

Winery processing and sales records and inventory were subject to audit and reconciliation by the VQAO bi-annually to verify the integrity and completeness of the information collected by the winery. Any discrepancies was followed up and missing or incomplete information warranted further investigation, including a search of the winery premises and removal of product samples for testing if necessary. Where the audit determined that a wine did not meet the criteria specified in Regulation 406/00 for VQA certification and labelling or if it was found that it has been altered after certification, VQA approval could be suspended or revoked until such time as the infraction was rectified.

The second part of the regulation dealt with the prosecution of contraventions of the regulations if a winery did not take satisfactory actions to respond to a written compliance order. The VQA Act contained provisions for a tribunal hearing and establishes the maximum penalty that can be assessed upon conviction. Regulation 405/00 names the Board of the Alcohol and Gaming Commission as the tribunal charged with conducting such a hearing, making that arm of the state an active participant in the legitimizing identity. If a hearing was necessary, a panel of one or more members of the Board could be struck by the Chair of the Board to hear and assess the evidence, make a determination on the validity of the charges based on the evidence and give direction to the VQAO on appropriate actions to address non-compliance. The costs for the hearing were assessed against the winery unless the case against it was dismissed. The only appeal of the tribunal's decision was to the Divisional Court, and could be made only on a question of law, not on the case itself. The tribunal hearing was considered a quasi-judicial process under Ontario legal provisions, taking place outside the court system, but with the effect of law in all regards.

9.3.5 VQA Certification

Certification of wine for VQA designation remained with the LCBO, using the process that had been established under voluntary self-regulation. A winery member of VQAO applied to the organization for approval to use the terms, descriptors and designations proprietary to the appellation system and forwarded to the LCBO a copy of the application, three bottles of the wine under consideration and all relevant labelling materials intended for use on the bottles once approval was granted. The wine was tasted by an expert panel and if it met the criteria established in the regulations, it was approved and sent for laboratory analysis. At the lab it was tested to ensure it complied with the provisions of the federal Food and Drugs Act and met the guidelines set by the LCBO for chemical analysis. A packaging review was also conducted to ascertain whether all labels intended for use on the bottle to signify VQA quality conformed to the guidelines set out in Regulation 406/00 and the published VQA style guide which specified the size and placement of the seal and information regarding appellation terminology. The results of tasting, laboratory analysis and packaging review and applicable certificates were forwarded to the VQA for a final compliance review before it notified the winery of the outcome. It was the LCBO which certified VQA quality and thus participated in the delivery of the legitimizing identity, but it was the VQAO which transmitted the approval to the winery.

A wine which did not pass the certification process because of a correctable fault either in the wine or the labelling provisions could be re-submitted for a second, and if necessary, third re-tasting and re-testing. If approval was still withheld, the applicant had the option of requesting a review by an independent VQA tasting panel made up of experienced professionals from the winery sector, the LCBO, sommeliers and post secondary instructors in wine science or tasting. Provisions were made in the regulation for random audits after approval to verify that the wine sold was in compliance with Regulation 406/00.

9.4 Division of Labour and Organizational Re-Alignment

With the VQA anticipating legislation which would limit the scope and scale of its activities, the Board re-aligned its relationships with the WCO and VQA Canada, creating a division of labour and setting boundaries around organizational responsibilities. The two areas that were of concern to the MCCR were lobbying and to a lesser degree, marketing. As the wine authority, the new VQAO would be responsible solely for the administration of the legislation on behalf of the industry, but as a regulatory body, it could not engage in activities which had the potential to put it in a conflict of interest. Therefore, the wine authority would have to operate independently of the WCO, meaning that staff could not be shared and VQAO membership could no longer be tied to WCO participation. It would also have to distance itself from national VQA activities since they were extra-provincial and included a large export promotion component. The Act placed limitations on how money collected from fees could be used, stipulating that they "may… be used to carry out activities in accordance with its objects or any other purpose reasonably related to its objects" (Ontario1999a, c.3, s. 5 (5)). This was interpreted to mean that fees could only be spent on the regulatory functions of the wine authority and would not be available to fund promotional activities. Accordingly the VQA reconfigured its relationships with these WCO and VQA Canada to distance itself from any potential conflicts of interests and confine its activities to the business of establishing and maintaining VQA as an appellation of origin system.

9.4.1 VQA Canada

VQA Canada was formed as a subcommittee of the Canadian Wine Institute in 1995 to develop national VQA standards and engage in extra-provincial marketing activities for VQA wines (Vintners Quality Alliance 1995d). It began as an informal working group but was formalized a few years later as Vintners Quality Alliance Canada, with representation from Ontario and B.C. VQA Board members. The board of directors of VQA Canada was made up of six directors, three each from B.C. and Ontario, with administrative support coming from the executive director of the BCWI (Vintners Quality Alliance Canada 1998a). In addition to separating provincial and national agendas, it was anticipated that the new status of VQA Canada as an organization removed from the CWI would create better funding opportunities for its activities from the federal government (Vintners Quality Alliance Canada1998b). However, the "new" organization maintained close ties with the Ontario VQA as Peter Gamble, the executive director of the Ontario VQA left that position to become the executive director of this body (Vintners Quality Alliance 1998g). Due to concerns about director and officer liability issues, VQA Canada was subsequently made a subcommittee of the Ontario VQA until it could be legally incorporated (Vintners Quality Alliance 1999c).

The creation of a VQA Canada organization separated federal from provincial issues, creating discrete scales of activity and distinguishing between the scope of activities of national VQA and the CWI. VQA Canada was responsible for all regulatory issues related to a national VQA wine standard, while the CWI undertook national lobbying and promotion of all Canadian wines, including VQA and Cellared in Canada products. This would be separate from the provincial organizations, where the same division of labour was implemented between the VQA and the WCO. Thus similar functional distinctions were made between the regulatory and the lobby organizations at provincial and national scales.

9.4.2 WCO

In addition to setting wine standards, the VQA as a voluntary self-regulating body had engaged in lobbying on behalf of VQA issues and conducted extensive domestic marketing initiatives through the LCBO. Nationally, it had pursued the registration of the VQA seal as a protected trademark and "icewine" as an official mark and worked with the B.C. wine sector on the development of national standards. It had also engaged in international promotions through its involvement with the National Export Committee and facilitated the participation by member wineries in international competitions. In contrast to these far-ranging activities, the purpose of the new wine authority created by the VQA Act was limited to the establishment and maintenance of a provincial appellation of origin system for wine to enable consumers to identify the viticultural areas of grape production and the methods used in viniculture (Ontario 1999a, c. 3 s.1). This was interpreted to mean that the new wine authority would be precluded from lobbying governments on behalf of VQA production and would have to relinquish its active marketing role.

From its beginnings, the VQA had been closely linked to the WCO. The two organizations served an overlapping membership but full membership in the VQA was available only to wineries participating in the WCO. The first Board was elected through the WCO and the two organizations operated out of the same office, sharing administrative staff, with the WCO absorbing these common costs (Vintners Quality Alliance 1996c) and the appointment of Franklin as the Executive Director of both the VQA and WCO effectively melded the two organizations. As separate organizations, they were able to leverage their promotional dollars, submitting a joint application to obtain matching provincial funding for marketing projects (Vintners Quality Alliance 1996d). Upon receipt of the funding, the VQA transferred its promotional budget to the WCO and the WCO disbursed the monies (Vintners Quality Alliance 1997a). Under the VQA Act, the new wine authority was confined to activities in accordance with its regulatory mandate and functional and operational boundaries had to be drawn between the VQAO and the WCO. To accomplish this, the VQAO had to divest itself of the lobbying and promotional activities which had been central to the stated objectives of the Alliance at its inception.

The position of small wineries was central to the discussion around realignment options. The most straightforward solution would be to preserve VQA as the regulatory body, have WCO assume all lobbying and promotional activities with VQA representation at the committee level and transfer export matters to VQA Canada. This would create a clear division of labour between the two organizations, with little adjustment in current responsibilities or structures, but the VQA would lose a voice on issues that had been an important part of its development thus far. In addition, small wineries, especially those that were excluded from Cellared in Canada production, could claim that their interests would not be adequately represented by WCO whose bylaws included the option of voting based on literage, allowing the biggest producers to carry the agenda. The small winery voice could be retained if a VQA sub-committee oversaw WCO spending on lobbying and promotion or if another organization were formed to oversee marketing, lobbying and export issues for VQA wines, but this would lead to a proliferation of organizations in an industry with a limited number of participants and limited resources (Vintners Quality Alliance 1999d). The solution was to create a line item for education in the VQAO budget to replace the marketing budget, then transfer these funds to the WCO to carry out an "education program" under a mutually agreed upon contract. To address the issue of small winery representation at WCO on matters relating to VQAO concerns, WCO bylaws were amended to exclude literage voting on issues relating to the appellation system or lobbying on behalf of wineries producing VQA wines (Steinecke 1999).

9.5 VQAO Governance

The VQA Act was given Royal Assent on May 5 1999, but did not take effect until June 29 2000, when the VQAO was designated as the Ontario wine authority under Regulation 403/00. The intervening year marked the transition between voluntary and mandated self-regulation as an interim Board completed the organizational and administrative tasks necessary to implement the legislation. This included the drafting of a new set of by-laws to govern the VQAO, the recruitment and hiring of an Executive Director and preparations for the first annual general meeting of the VQAO and the election of first Board of the new organization. The interim Board consisted of eight winery members and a representative from each of the MCCR and the OGGMB (Vintners Quality Alliance 1999e). To facilitate the transition, a member of the LCBO's policy department was hired as an acting Executive Director for a few months (Vintners Quality Alliance 1999f), until the position was permanently filled early in 2000. The re-orientation of the VQAO as a regulatory entity with a mandate delegated by the state was evident as the new Executive Director of the VQAO worked out of the MCCR offices in Toronto until a permanent office could be located "within the fold of governmental offices" (Vintners Quality Alliance 2000a). The change in office location marked a symbolic break from the activities of the voluntary VQA and the WCO and signified the VQAO's new status as a regulatory body empowered by the MCCR.

A number of relationships were redefined as the Alliance moved from a voluntary to a regulated self-regulatory system to become Vintners Quality Alliance Ontario. The organization was now under the oversight of the MCCR which monitored and ultimately approved the final structure and operating parameters of the VQAO and intensive negotiations took place between the VQA and the MCCR in the early months of 1999 to draft the administrative agreement, the regulations supporting the VQA Act and VQAO bylaws. In addition, agreements were finalized with the LCBO and the AGCO outlining their respective roles in the monitoring and enforcement of compliance as set out in the regulations (Vintners Quality Alliance 1999h). Issues relating to governance included staffing, Board composition, financing and fees, membership criteria, liability insurance and conflict of interest guidelines (Vintners Quality Alliance 1999b).

The informal beginnings of the voluntary VQA were reflected in its early organizational structures and in the conduct of meetings. The business of the Alliance was conducted by an elected Board but member wineries participated in discussions and committees, hence were part of the construction of the project identity. Minutes of meetings were forwarded to all winery members and they were kept informed of Board meeting dates and agendas and the progress towards a legitimizing identity. Mandated self-regulation was sponsored by the MCCR and moved the VQAO into the sphere of the state and accountability beyond its membership, necessitating a shift in governance practices and procedures. Thus participation in the legitimizing identity and the form and manner of this participation was on the basis of terms established by the VQAO in consultation with MCCR staff.

9.5.1 Winery Representation

Equitable representation is an underlying principle of any entity claiming to represent a sector of production, but the criteria to establish this is a matter of debate. Under voluntary self-regulation, the two largest VQA producers were guaranteed seats on the Board on the premise that their volume of production gave them a greater interest in the future development of the sector. With the enactment of legislation, representation by volume continued, but with a slight variation. The transformation of the VQA sector, the increase in the number of small and medium sized wineries and the potential for winery growth and consolidation were factors taken into consideration in the drafting of the bylaws governing the composition of the Board.

Winery membership in the VQAO was a prerequisite to produce VQA certified wines, but no longer tied to WCO membership. Wineries were admitted as members upon submission of an application and remission of a fee of $1000, regardless of volume of production. They were then segmented by volume of production for the purpose of nominating and electing the Board. A winery was defined as a "large class winery" if it sold more than 750,000 litres of VQA wine annually, a "mid-sized VQA class winery" if it sold less than 750,000 but more than 100,000 litres annually and a "small VQA class winery" if it sold, or intended to sell 100,000 litres or less of VQA wine annually. Nine winery members were elected to the VQAO Board, three from each of the size classes. Each size category nominated directors from within its own ranks, but potential Board members could not nominate themselves, nor could they be nominated by someone from the winery member they intended to represent. In other words, nominations were from within each peer group and nominees had to exhibit support within the peer group. All winery members in good standing were entitled to cast a vote to elect Directors in all classes as the Board represented the interests of all VQA wineries, regardless of volume of production.

As under voluntary self-regulation, the principle of geographic representation was upheld in that at least one person of the elected nine was to represent the Niagara Peninsula winery and at least one person was to represent a southwestern winery. Limitations were put on the election of related winery representatives to curtail the influence of large wineries with multiple subsidiary production facilities. Only one representative could be elected to the Board if a winery member had more than a 25% equity share in another winery member, limiting the number of Board members that could be elected by related entities. For example, Vincor and Inniskillin were both winery members of the VQAO, but because they were under common ownership, only one representative was eligible for election to the Board.

In a major shift from previous practice, Board meetings were more tightly controlled and no longer open to all VQAO members. Attendance was by entitlement and limited to elected and ex-officio directors and auditors, although provisions were made for participation by invitation from the Chair or with the consent of the Board members. The development of the project identity was undertaken with broad participation from the VQA sector, but the business of the legitimizing identity would be transacted by sector representatives, under a governance structure endorsed and sanctioned by the state. As a regulated self-regulatory body, the VQAO had a dual accountability to the membership whose interests it represented, but also to the state from which its mandate devolved (Streeck and Schmitter 1985).

9.5.2 Outside Directors

Outside directors representing grape growers, the LCBO, the hospitality sector and the research institutions had participated as full members of the VQA Board, contributing their expertise, insight and vote in the development of the project identity. This practice was discontinued in 1997 when an Advisory Board was struck but the actual number of Advisory Board meetings was low and Advisory Board members were encouraged to participate in VQA Board meetings, although they no longer had a vote. Under VQAO, the number of outside directors was reduced to three, designating the most important nodes in the reproduction of the legitimizing identity. The first was an appointee of the Minister of MCCR, underscoring the accountability of the VQAO to the Ministry. The second was a member of the Board of the Ontario Restaurant, Hotel and Motel Association, the organization providing resources and services to the hospitality industry and the conduit to a major market for VQA wines. The third was a director of the OGGMB, and provided the downstream link to the viticultural suppliers of the industry (Vintners Quality Alliance Ontario 2000). The regulatory mandate of the VQAO and the elimination of an active marketing function made an LCBO liaison on the Board redundant, although it still delivered the tasting and testing component of VQA certification. With the implementation of legislation, the role of science in constructing an identity was less immediate and became one of upholding the legitimizing identity through research, education, and publication. Science was still consulted and in the absence of history and tradition, used to develop a rationale for aspects of the appellation system, for example in the creation of sub-appellations. But it was a secondary node in the network of Ontario wine, focusing on reproduction of the identity rather than production.

9.5.3 Financing

In early discussion at the VQA Board a major concern was financing the expanded activities of the VQAO, how the necessary funds could be raised and how this would affect the autonomy of the new wine authority. The budget of VQA was about $400,000 and this was expected to increase by another $200,000 with the implementation of mandated self-regulation, not including another $100,000 in costs incurred by the LCBO and the AGCO for their work on behalf of the VQAO which would be covered by the government (Vintners Quality Alliance 1999c). Raising the funds from its own membership through an increase in fees would keep control of the VQAO entirely in the hands of member wineries, but other alternatives were considered which could affect future participation in VQAO decisionmaking. Creating an associate member class for various input suppliers such as those providing glass, corks or labels would generate funds without the necessity of adding Board members in return. However, this option was discarded as it would not result in significant additional monies as the number of suppliers was low and an associate membership fee would have to be modest to generate interest. The more attractive option was to gain support from the OGGMB for a grower levy, but concern was expressed that it would be necessary to restructure the VQAO Board to include grower membership "probably, but not necessarily, beyond 1 seat" if they hoped to gain a significant financial contribution (Vintners Quality Alliance 1999b).

A letter requesting discussion of VQAO funding by the OGGMB was duly written (Franklin 1999a), noting the expected increase in staffing requirements and legal costs for compliance and suggesting that the OGGMB had a significant role in the new wine authority. It was anticipated that the new VQAO Board would again be open to outside Directors and "obviously, we would like to include a representative of the OGGMB". Further, the letter pointed out that the BCWI whose membership included growers and wineries, received funding from growers through a per tonne levy of $32.50 to finance the BCWI and the province's VQA system. Given this, the letter went on, "we believe it is also appropriate that the growers provide financial support to the new structure...and we would suggest that this levy should amount to $5.00 per tonne." (Franklin 1999a). The amount requested was later changed to $100,000 or $2.90 per tonne based on the previous year's production, an amount that equalled one-sixth of the anticipated budget of the VQAO (Vintners Quality Alliance 1999c).

Public relations and promotions were important activities for the OGGMB, amounting to almost $130,000 or 20.3% of its overall budget in 1998-99 (Ontario Grape Growers' Marketing Board 1999). The Board tracked wine sales, reporting them to growers annually, and was concerned about the lack of growth in Ontario wine sales in proportion to sales of imported wines (Ontario Grape Growers' Marketing Board 2000). Its response to the VQA request for financial support was positive and it committed to an initial payment of $50,000 towards the administration of VQAO for the first year of its operations. This was increased to $100,000 in 2001-02, then scaled back to $75,000 in the following year (Ontario Grape Growers' Marketing Board 2003). When the Minister of Agriculture announced a $10 million grant for VQA wine promotion in the fall of 2001, the OGGMB contributed a further $100,000 for generic VQA promotion, making the case that "it is only through growth in the 100% Ontario wine category that growers will have a secure future, realistic pricing structures and a market for their product" (Ontario Grape Growers' Marketing Board 2002).

Grower funding for the VQAO came in spite of the short crop of 2000 and some extraordinary expenses which had resulted in a $155,000 deficit for 2001-02 (Ontario Grape Growers' Marketing Board 2002). Relations between the OGGMB and the WCO were contentious at best and matters usually came to a head on the issue of grape pricing. Growers and wineries both argued that the pricing system in use did not serve their needs and had funded studies to assess viable alternatives, but these gathered dust as the two organizations continued their vitriolic denunciations. Price negotiations for 2000 and 2001 went to arbitration, at a cost to the OGGMB of $50,000 (Ontario Grape Growers' Marketing Board 2002). The budgetary shortfall left the Board with no option but to raise its licence fees on grapes delivered for processing from 2% to 2.4% of crop value (Ontario Grape Growers' Marketing Board 2003). In 2001 fees for all classes of grapes were raised by $1, hybrids were assessed an additional $6 per tonne and *viniferas* paid an additional $12 per tonne (Ontario Grape Growers' Marketing Board 2002). By the end of 2002, grape growers had funded the VQAO for a total of $225,000, but ongoing irritations in the relationship between the OGGMB and the WCO led to concerns that growers were not getting anticipated value for the dollars they were contributing. A questionnaire sent to growers after the 2001 crop year asking for their input on Board activities and the results prompted the Board to reduce spending on promotion and "invest more heavily in public relations and lobbying" (Ontario Grape Growers' Marketing Board 2003) and the OGGMB discontinued its financial participation in VQAO after the 2003 crop year. In spite of the withdrawal of this funding, the VQAO was able to raise the necessary operating revenues through bottle levies, membership fees and approval fees and still set aside $250,000 for "public education" in the 2004 budget (Vintners Quality Alliance Ontario 2004a).

9.5.4 Standards Development Committee

The Rules and Regulations of the VQA had undergone considerable revision as the sector matured and participants gained experience in the intricacies and technologies of viniculture. A Technical Committee consisting of several winemakers/winery owners and representatives of the LCBO, the OGGMB and the scientific community was responsible for researching, drafting and approving proposed VQA standards before they were submitted to the full Board for final approval. Under the new governance structure of the VQAO the Technical Committee was re-cast as the Standards Development Committee, consisting of a Board designated Chair and representation from each of the different classes of wineries. This was the minimum requirement as stipulated in the Bylaws, but in practice the committee was struck with at least 12 members, a majority of whom had to have at least three years of experience with VQA wine production. Three voting members came from each of the small, medium and large class wineries, and non-voting members were drawn from the LCBO, VQAO staff, CCOVI with other appointments possible if their expertise was required. The Standards Development Committee was restricted to consideration of technical issues in relation to winemaking, quality, standards and interpretation of the regulations, and had no jurisdiction over matters relating to enforcement, marketing or administration. Its recommendations were submitted to the full Board of the VQAO for discussion and feedback before being circulated to the membership for approval. Although the offices of the VQAO were located in the heart of Toronto, Committee meetings were usually held in the Niagara area to accommodate the geography of wine production and the concentration of Committee participants from that area (Vintners Quality Alliance Ontario 2010).

The implementation of mandated self-regulation created a second tier of consent in the amendment of VQA wine standards, and the injection of the state into the process. Regulation 406/00 was an MCCR regulation and any modifications required final approval by the Minister and subsequent public notification. If a request for an amendment to VQA standards is received by staff, it is forwarded to the Board, which assesses it and determines whether its adoption would further the mandate and objectives of the appellation system as specified in the Act. If the amendment meets with Board approval, it is forwarded to the Standards Development Committee for further discussion and input from nodes in the Ontario wine network such as the LCBO, GGO or WCO. This committee studies the proposal, discusses it and if it has merit, the Standards Development Committee recommends that it be brought back to the Board for approval. If the proposed amendment is approved, it is circulated to the membership for input, and then forwarded to the MCCR[8], specifying the rationale for the proposed change and detailing any objections received during the circulation period. At this stage, ministry staff review the proposal and draft the legal wording to be submitted to the Minister for final approval and publication by the VQAO in the *Ontario Gazette,* at which time the amendment takes effect (Vintners Quality Alliance 1999a).

9.6 Conclusion

The designation of the Vintners Quality Alliance Ontario on June 29, 2000, marked the end of one chapter in the history of the VQA and the beginning of another. What began as one individual's ambition to export Ontario wine to Europe became a collective force transforming the Ontario wine industry. The creation of the VQA as a voluntary self-regulated appellation system became a project identity for quality wine, supported through the participation of large and small wineries, grape growers and key stakeholders in the identity. The success of the VQA in defending its trademark nationally through legal means and the recognition of the trademark in major export markets gave the identity a degree of credibility and legitimacy. However, the VQA could not claim a fully articulated legitimizing identity until the appellation system was endorsed by the state through legislation. Although this was not the national appellation system that had been envisaged, it was nevertheless a significant accomplishment, a signal that Ontario VQA wine was laying claim a node in the global network of wine.

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[8]Ministries are prone to name changes, organizational reshuffling and adjustments in mandates. Records show that amendments made prior to 2005 were approved by the Ministry of Consumer and Commercial Relations (renamed the Ministry of Consumer and Business Services in 2001). Between 2005 and 2007, final approvals for amendments rested with the Ministry of Government Services, but in 2008 amendments were approved by the Minister of Small Business and Consumer Services.

Chapter 10 Discussion and Conclusions

10.1 Global/Local

Castells (2000a) argues that the nature of society is being transformed by a technological revolution, shaped by a new form of capitalism which is global in reach. As this new economy becomes more pervasive and intrusive, it increasingly fragments social life and creates new sources of ambiguity and inequality. Under these conditions, the search for identity, whether individual or collective becomes the primary source of meaning and experience (Castells 2004a). Although Castells focuses on social movements such as national and international political movements, the environmental struggle and feminism, his analytic framework is useful to examine how globalization impacts the economic foundations of local places. What happens at a distance shapes the character of the local and affects the structures of opportunity within them.

Globalization is not a new phenomenon, but the development of new technologies of communication and transportation has fostered a rapid expansion in trade and greater mobility for capital and labour. Agreements governing trade have shifted away from tariffs, the traditional instruments of protection for domestic production, to an emphasis on internal policies and practices that could constitute impediments to importation. For example, subsidies on domestic agricultural production are viewed as creating an unfair trade advantage that restrict imports, while food safety standards and the protection of geographical indications are more compliant with the parameters of the new trading environment. Not only has the economic base of local production shifted, but the terms under which competition can be carried out have also been materially altered. Castells (2000a) formulation of the network is a useful analytic tool to investigate how the global space of flows and the local space of places intersect, destabilizing existing sources of individual and collective identity and meaning.

10.2 Networks, the Space of Flows and the Space of Places

Castells (2000a) suggests that the space of flows is made up of at least three layers. The first consists of the technical infrastructure supporting network processes and in the informational society consist of the computer and transportation systems which overcome the constraints of time and distance. The infrastructure of global wine is comprised of the human and non-human elements that program the flows in the network, including the institutions, legal frameworks and practices which produce and reproduce the network. Among these are the international agreements on trade and the protection of intellectual property, such as the Paris Convention of 1883, the 1891 Madrid Agreement, the Lisbon Agreement of 1958, and the TRIPS Agreement, under which appellation of origin systems are recognized, registered and reciprocally protected by signatory nations.

They also include organizations such as the OIV, WIPO and the WTO which administer these agreements and seek to broaden their use in trade.

The second layer of the space of flows is geographical, made up of the nodes and hubs that shape the content of network and define its processes. Nodes are the places that participate in the activities of the network, shaping its objectives and goals in relations of cooperation, collaboration and contestation and controlling the parameters around which the global trade in wine is conducted. In global wine, these are the major action network actors of European wine production which define what quality means and how it is measured and signified through appellation of origin systems. However, not all major wine producing nations are signatories on intellectual property agreements, although they may have appellation of origin systems, allowing them to skirt the requirement for reciprocal protection that are at the heart of the agreements. Although they do not subscribe to all of the principles governing the network, they are still part of it, creating a dynamic tension that tests the flexibility of the network. The hub of the global wine network is in Europe, and in particular France, the architect of appellation of origin systems and a major exporter. Through the OIV, it exerts a hegemonic influence over the development of the global wine industry and the terms governing trade in wine. It has been able to impose appellation of origin systems as a necessary condition for participation in the flows of global wine. A second hub can be found in Geneva Switzerland, headquarters of WIPO, which administers the agreements on intellectual property. In Canada, the major nodes are the DVAs in Ontario and BC, each of them with their own local networks. However, Ontario is the hub, with power concentrated in the Niagara Peninsula, the site of most of the province's wine production and the place that exercised control over the construction of the project identity.

The third layer in the space of flows consists of a social layer of elite actors with the capacity to project their interests and agendas on the larger network. According to Castells (2000a), power in the network is exerted by programmers who set the goals for the network and define its activities and with switchers who connect diverse networks to align goals and share resources. Important programmers in the global wine industry include national representatives empowered to negotiate the terms of international agreements governing the trade in wine. In Ontario wine, the programmers were the key participants in the creation of the project identity. They include the winery owners, the LCBO as the arbiter of quality through its oversight of the tasting process, the representatives from the food and hospitality sector, the scientists who rationalized the identity and the grower representatives from the OGGMB. In the cultural sector, the esoteric knowledge of wine tasters and critics sets them apart as arbiters of quality, influencing consumer behaviour and purchasing

(Odorici and Corrado 2004). They became valuable switchers whose assessments and opinions mediated the relationship between the wine and the consumer, giving their reviews the status of actors apart from the people who created them. Their opinions influence producers and consumers alike, to the extent that they can actually have a significant influence on the marketplace. For example, an endorsement by renowned wine critic Robert Parker will increase the price and sales of a wine, encouraging other wineries to emulate these products in the hope that their products will receive high ratings as well. Wines made with the intent of earning commendation from Parker are often called "Parkerized" by those who charge that his influence is leading to a standardization of wine styles (Graeter 2002). John Schreiner of BC and Tony Aspler of Ontario were the most prominent Canadian wine critics, writing positive reviews and offering constructive criticisms.

Although Castells (2004 Informationalism) envisions the network as highly flexible and adaptable, constantly being programmed and reprogrammed by the social layer, it is not an egalitarian construct. On the contrary, it operates on the twin logics of exclusion and inclusion, accepting nodes that are relevant to the network and denying access to those that are immaterial to its activities. A networks reproduces itself through the patterns of communication and interaction that constitute its flows, so that it has a tendency to perpetuate the status quo rather than being readily reconfigured. Hubs which exercise control over the network will not easily cede power, but rather act as gatekeepers to consolidate and enforce that power over potential interlopers. However, nodes represent other networks of interaction, which may subscribe to the overall goals of the network, but also have their own interests and agendas to further. That is, there are multiple scales of participants in larger networks and their alignment with its goals is never congruent nor complete. How nodes participate in the network, for what purposes and the extent of their participation will affect how perfectly the network reproduces itself and what spaces are opened for change in the network. Therefore networks may exhibit flexibility, but in a limited way and network reconfiguration is more likely to occur in incremental stages rather than through a rapid rearrangement of network objectives. In wine, appellation systems are a necessary condition for participation in the network, but these systems are adopted somewhat differently in the world's winemaking countries, contributing heterogeneity to the content of the network and opening up possibilities for network reconfiguration.

10.3 Legitimizing Identity: Neglected Theory

Castells (2004a) makes only brief references to a legitimizing identity, noting that it is introduced by the dominant institutions of society to extend and rationalize their authority. Instead he focuses on social movements that construct resistance and project identities to fight oppression and/or push for inclusion in the larger society. In the network society social and cultural resistance movements emerge as defensive communities of the like-minded, reconstructing their identities outside the institutional framework constituting the status quo. On the other hand, project identities take the offensive, constructing new identities to redefine the collective's position in society and thereby attempting to foster a transformation of the larger social structures within which they are situated. A project identity creates subjects, transforming individuals into social actors challenging the dominant order. A legitimizing identity originates in the dominant institutions of society and is part of an exercise to expand the scope and reach of those institutions and assert their power and authority. Each identity is a progression towards greater participation in the dominant order and hence into the spheres of power. However, it is Castells' (2004a:70) contention that the rise of the network society has undermined the sovereignty of the nation-state, the main source of a legitimizing identity, and contributed to the breakdown of civil society, and therefore this form of identity construction is under threat.

The case of the Ontario wine industry, as presented here argues that a legitimizing identity is indeed still relevant, occurring in the context of a transformation in the economic character of place. Ontario wine changed dramatically between the 1970s and 2000 in part because the cottage wineries of the 1970s resisted the dominant production paradigm and implemented voluntary self-regulation as a project identity to actively challenge it. The project identity was one of resistance to the objectives of the local networks of wine, but it was in step with consumer trends of the day and developments in the global flows of wine. As the VQA sector grew and imposed itself on the local environment, it shifted the economic balance of place towards a greater involvement and dependence on wine and related activities such as tourism and research and development. VQA remains a small portion of local production, but in changing the identity of Ontario wine, it fostered a redefinition of place and gained the influence it needed to claim a legitimizing identity. This was possible because other projects, meeting the objectives of other networks, could be built around the new identity. As other networks invested themselves in the identity, it generated benefits to them, ensuring their continued participation in the identity. Therefore a project identity introduced by a minority can stimulate social and institutional transformation when it captures emergent trends and incorporates and enhances them through its activities. Self-regulation was an expression of civil society as individuals came together to collectively further shared goals, interests and meanings.

A second factor contributing to the successful evolution of the project identity into a legitimizing identity was the active involvement of the state in numerous nodes comprising the Ontario wine network. The state set the regulatory parameters of the industry, exerting monopoly control of all aspects of alcohol production and distribution through the LCBO and collected retail and excise taxes on all sales. A representative of the LCBO sat on the VQA Board, facilitating communications and directing marketing and promotion programs. Both the federal and provincial governments had underwritten the transformation of the industry through the Grape and Wine Adjustment Program, they were the primary source of research financing and the scientific community was represented on the Board and worked actively in the codification of the VQA standards. Agriculture Canada devoted personnel and resources to work on issues relating to trade policies, geographical indications and intellectual property rights and sponsored export initiatives through its embassies in targeted markets. Although the first request for regulation was turned down because the government of the day was reluctant to extend regulation unnecessarily, the state was already a major component of the industry. However, mandated self-regulation was enacted once the VQA sector demonstrated its capacity assert its objectives, thereby substantiating its claim to a legitimizing identity.

In spite of Castells' (2004a) neglect, the study of legitimizing identities is still important. Although the role of the nation-state has been affected by the rise of global governance organizations, it is still at the level of the nation-state that globalization is produced and reproduced through the legal frameworks that support and sustain it (Sassen 2000b). When the Canadian government signed the Canada-U.S. Free Trade Agreement and the LCBO changed its markup policies in compliance with the GATT ruling, the state enacted globalization. The effects were felt at the local level as the competitive environment and the institutional arrangements under which the wine industry operated were altered. The response was mixed, reflecting the shape of the Ontario industry and the divergent interpretations of participants of the opportunities and constraints inherent under the new regime. Blended wines still made up the majority of the production, but small cottage wineries championed 100% Ontario wines, and were eventually able to solicit the endorsement of the state for a legitimizing identity through mandated self-regulation. That is, the state still retains instruments and mechanisms to confer a legitimizing identity and does use them, although not necessarily at the national scale. The legal underpinnings of the VQA could only be enacted through provincial legislation, thus supporting Sassen's contention that sub-national processes and actors may acquire power as globalization challenges the authority of the national state (Sassen 2004).

10.4 Self-Regulation: Relations of Consumption

Commodity identities are constructed around consumption, a counterpart to production. Relationships of consumption include "the culturally meaningful, differential appropriation of the product" (Castells 2000b) based on relationships of production and the framing of product value to include a cultural dimension. Identity construction for commodities endeavours to differentiate products which are similar in many respects, based on some meaningful and quantifiable criteria such as price, quality, authenticity or consistency. The purpose of this is twofold: first to create an economic advantage over comparable commodities in the marketplace and second, to attract consumer attention and influence buying decisions. Appellation of origin systems privilege place as the source of differentiation, thereby generating economic rent to producers in designated areas. They are an outcome of relations of production and competition and systems of exclusion based on geographic criteria and intellectual property rights.

In addition, as the VQA stated explicitly in their promotional pamphlets, an appellation systems establishes a relationship between the consumer and the producer, described as a contract, implying legal and social dimensions. On the production side, the relationship is marked by a commitment to quality by the vintner, based on adherence to codified production practices, verified through the state, and signified by prescribed labelling requirements. Each gradation of quality - provincial, DVA, vineyard and estate designation - reduces the scale at which quality is constructed and measured, thereby creating successively higher value tiers within the appellation system. Appellation systems have meaning for consumers to the extent that they are knowledgeable about the various components of quality, have the cultural capital to distinguish and appreciate these characteristics, and are willing to pay accordingly.

The cultural dimension of relations of consumption explores the relationship between the consumer and the commodity. Patterns of consumption arise out of relationships of production, affecting socioeconomic position and the capacity of labour to participate in relations of consumption. Consumption is thus related to personal identity, signalling social class and lifestyle opportunities based on personal economic consideration. In this way, commodities such as beer become associated with working class cultures, while wine is connected with more sophisticated tastes and higher class cultures. This association is reinforced when the product is scarce or exceptional in some way. Unwin (1996) argues that in the past, geographical limitations on wine production, the unknowns of the fermentation process and the difficulties of transporting wine made it a very valuable commodity and contributed to its mystical and symbolic significance. The mysteries of the fermentation process were echoed in the ability of wine to alter the physical and mental states of those who drank it, characteristics which made it appropriate in religious rituals. This added an ideological dimension to wine and wine consumption, associating it with distinctive classes such as the priesthood, those set apart from the rest of society for some special purpose.

Although ordinary wine was widely consumed as a food, the consumption of quality wine and a knowledge of the finer points of wine appreciation became part of an identity associated with superior status and cultural tastes. When Ontario consumers turned away from high alcohol, sweet wines made from domestic *labruscas* to imported table wines made with *vinifera* grapes, they were embracing an identity that was more cosmopolitan than colonial. This in turn led to an identity crisis for Ontario wine, pushing the industry to reinvent itself to align more closely with consumer preferences. The adoption of self-regulation and adherence to a specified set of standards differentiated the project identity from the mass production paradigm and the negative reputation that had accrued to past Ontario wines as the industry tried to redefine its relationship with consumers.

Appellation systems have evolved into highly intricate systems of differentiation based on the primacy of place of origin, select varieties of grapes and comprehensive specifications for all aspects of production. The proliferation of appellations, each claiming unique attributes may appeal to a select group of wine aficionados but is beyond the comprehension of average consumers. Their participation in the identity is limited by a requirement for high consumer knowledge reducing the accessibility of the identity and limiting the effectiveness of appellation systems. In this situation, consumers may base their purchases on simpler criteria, such as varietal content, price or current taste trends. The globalization of wine has increased the competitiveness of the industry, prompting innovative marketing, including the adoption of brands and labels designed to appeal to specific market segments. The Australian Yellow Tail phenomenon was based on price and a catchy name, targeted to non-wine drinkers. It was a major seller in its price range at the LCBO, only to be replaced by Fuzion, an Argentinian red wine which became one of the top five brands sold in 2009 (Pachner 2010). Colio Estate Wines brought out a line of VQA wines under a "Girls Night Out" label, on the premise that there are gender differences in wine purchasing. These wines are a novelty, a countercultural rebuff to the arcane decorum of high culture represented by the rigid identities of appellation systems. To compete in the highly dynamic and rapidly developing competitive environment of the global flows of wine requires a degree of flexibility and resilience that is at odds with the restrictions imposed by the rigidity of regulated systems.

Appellation systems are constructed as systems of meaning for consumers, giving them information about factors, such as place of origin and production standards, which contribute to the quality of the wine and convey its identity. This meaning is based on relations of consumption and is framed in terms of benefits to the public. Consumer access to this meaning is affected by their understanding and appreciation of the information signified through appellation designation and purchase decisions are made on a wide range of factors, of which appellation status may not be the most important. There is a second tier of meaning in an appellation system and the identity it seeks to convey which has more immediate relevance for wineries. This meaning is based on relations of competition and seeks to set the terms under which competition takes place. Appellation systems establish a hierarchy of places, with some places more valued than others because of geographic factors, such as climate and soil which support viticulture. Terroir expresses the environmental determinism which is an integral component in the construction of difference in wine and is used to assert and rationalize the ranking of places in global wine (Moran 1993). International agreements and legislation establish the terms under which wine is traded globally and who is included or excluded from global flows. At the local level, detailed distinctions between and within wine regions are used to create more finely grained meanings as wineries attempt to differentiate themselves from their peers. Hence, designations such as sub-appellations, vineyard designation and estate bottled shrink the scale at which difference and meaning is constructed, and create gradations of value within an appellation.

10.5 Self-Regulation: The Terroir of Transformation

Although it was based on economic considerations, the evolution of VQA from a project identity to a legitimizing identity shares similarities with social movements such as those advocating for human rights or environmental concerns. At stake was the future of an industry which had been an important component of the local landscape and which was being marginalized by the forces of globalization. The process of asserting a new identity and eventually transforming the local environment sufficiently to warrant a claim to a legitimizing identity depended on identifying and securing resources to make this possible. In adopting an appellation of origin system, the industry embraced international intellectual property agreements as opportunity structures to retain relevance and claim inclusion in the flows of global wine. Adapting to the globalization of wine thus meant furthering the very processes of globalization that had threatened the demise of the industry, while exploiting those provisions which advanced local interests. If the globalization of wine threatened the continuation of the domestic wine industry as it had developed after Prohibition, it also defined the legal and regulatory instruments on which the renaissance of Ontario wine was undertaken.

The availability of internal resources was a critical component in the implementation of voluntary self-regulation and its eventual institutionalization through legislation. The participants in the process could claim expert knowledge within the various sectors they represented, using it create the organizational structures and procedures of the VQA. However, they lacked experience and competence in other areas that were important in constructing the identity and furthering acknowledgement and acceptance for it outside the industry. A primary goal contained in the earliest documents was that of gaining international recognition, but there is little evidence that any of the participants had a good understanding of how this could be done or what the requirements were. In other words, they lacked the internal knowledge resources necessary to realize this goal. It took time, a few false starts and a steep learning curve before the appellation was formalized in a shape that met international protocols. It was not a matter of forwarding a few documents to the state and gaining recognition, but rather a long and arduous process and a thorough education in the "government school of regulation" (Pennachetti 2007). This required a comprehensive understanding of political processes at multiple scales and the political capital to work within those processes.

In addition to negotiating relationships with the external environment, the participants in the identity had to take into account the terroir of the local network. Streeck and Schmitter (1985) argue that the strength of self-regulation stems from differences in the behaviour and motivations of individuals and social groups and the capacity of collective organizations to channel and overcome expressions of individual interests. As individuals work together towards collective goals, the assumption is that they will develop an expanded definition of interests that gives primacy to the wider context of the collective and act accordingly. However, although the VQA as an organization of peers fostered a wider transformation in Ontario wine, the process was not without its conflicts because organizational processes and practices are embodied in people who are socially embedded in existing relations of power. These embedded relationships generated the organizational dynamics in the flows of the local wine network and were manifest in the meaning of self-regulation for participants to the identity. New collective organizations do not start with a clean slate because the individuals who participate in them have past histories and patterns of action and interaction which are not readily overcome, although they may be muted by the dynamics of participation in a collective project. Winery owners collaborated in the boardroom because the economic rent accruing to appellation status was an incentive to work collectively, but they remained competitors in the marketplace. Self-regulation was a highly charged process and winery owners harboured latent suspicions about the trustworthiness of their colleagues, as the construction of compliance as an issue of labelling and the role of the state in the process of quality verification illustrate.

The LCBO, accountable to the Ministry of Corporate and Consumer Relations, acted as a disinterested third party in the verification and testing of wine to ensure that it met the quality parameters established as eligibility for VQA certification. This had two benefits. First, consumers were assured that quality was underwritten by the state, giving the designation added credence and legitimacy. Quality was ascertained under the auspices of the state, not on the basis of a winery claim. Second, determinations of quality were removed from peer relationships and their attendant power dynamics. A verification process undertaken by the state could be seen as impartial and not subject to charges of personal biases that might have been more likely if the tasting and testing had been conducted by a peer VQA panel. With the wine in the bottle certified by the LCBO, it was the labelling of that wine that was open to a charge of non-compliance. That is, it was the representation of the wine and how it was signified to consumers that were problematic, not the wine itself. Calling into question the integrity of the wine would have been tantamount to challenging the integrity of peers, not to mention the tasting and testing procedures of the LCBO.

Although the development of the VQA was a collective process, the human dimension and the role of various individuals in the process was an important consideration in creating the dynamics of the identity construction negotiations. Organizational processes are embodied in people who initiate and carry on the flows of communication and interaction which give the network its shape and content. These people represent organizations and organizational interests, but they also contribute their own skill sets, personalities, interests, connections and agendas. As self-regulation moved through the various stages, different attributes were helpful in moving the process forward. For example, in the initial stages, Ziraldo's social capital, promotional expertise and status as an innovator attracted public exposure and tentative acceptance for the fledgling organization. He was replaced as VQA Chair by Pennachetti, who had the perseverance and acumen to guide the VQA during the years of growth and institutional transformation that led to mandated self-regulation. From a technical perspective, the standards on which the appellation system was based were overseen by Paul Bosc, characterized by Pennachetti (2007) as "the conscience of the VQA", a winemaker familiar with the French appellation system, its interpretations and applications. The scientific and grape growing aspects of the standards, the details of allowed varieties and viticultural practices were left to the meticulous Fisher. Franklin had the political capital and her knowledge of governmental processes and political connections became an asset in the process of attaining regulated status. While VQA was the result of a collective effort, it was the contributions of individuals to the process that shaped the evolution of VQA from a voluntary to a regulated system.

10.6 Limitations of the Research

The research presented here investigates only the major areas of contention and is not an in-depth analysis of the various interests and issues that were part of the process of attaining mandated self-regulation. For example, the tensions between VQA and CIC models of production have been referred to, but not fully developed. To do so, would have necessitated inclusion of the negotiations around national standards, where much of the discussion regarding the appropriate labelling for blended wines took place. In changing the identity for Ontario wine, the benefits of the appellation system also accrued to blended products, blurring the boundaries between 100% Ontario wines and CIC wines.

It is an issue which is at the heart of the future of the Ontario wine industry since blended wines can easily be mistaken as local products by consumers who rely on brand names and product placement in the Ontario section of LCBO stores as an indication of local production. As such they may represent a greater threat to the identity of Ontario wine than imports from any major wine producing country. As a major issue affecting the integrity of the legitimizing identity, it merits a separate and more intensive examination than could have been undertaken in this study. Secondly, exports were often cited as a rationale for the introduction of an appellation of origin system and considerable effort was expended by the VQA to promote Ontario wines in Europe and Asia, often with the assistance of Canadian embassies in targeted countries. I have focused on how the forces of globalization created the conditions that prompted the introduction of a new identity for Ontario wine and how the industry engaged with the challenge at the local level. There was however, also a global component to the transformation of the Ontario wine industry, some of which is indicated here, but not fully explored.

The interviews undertaken with participants in the process of constructing the project identity were useful in identifying broad issues and areas of contention, but somewhat limited in detail. Some of this could be accounted for by the passage of time and a general tendency to selective memory. However, it is also a very small industry and it is unlikely that interviewees would have shared the more contentious aspects of the negotiations if they thought they might reflect negatively on any of their peers or were of a confidential nature. There is an accepted mythology associated with the creation of the VQA and interviewees were usually careful not to let their comments jeopardize that. Some participants in the VQA process declined to be interviewed, sometimes without explanation, sometimes citing their role in the process as negligible or unimportant. Although the corporate documents and other archival materials filled in some of these gaps and presented a more comprehensive summary of events and discussions, they are not a substitute for personal recollections of a process that involved the negotiation of conflicting interests in the creation of a new collective identity.

4. Conclusion

This work has explored self-regulation in the Ontario wine industry as the process of constructing a new identity when the future viability of a domestic industry based on local grapes was threatened by the forces of globalization. The resolution to the dilemma was not in resistance, but rather in resilience and accommodation, exploiting those provisions of international agreements which had the potential to foster local economic opportunities. The result was a transformation of the local flows of wine and a reorientation to the global scale, creating a local space and a legitimizing identity for quality wine. The economic potential of geographical indications and intellectual property agreements are attracting attention not only in developed countries, but also in developing nations seeking to establish themselves in the flows of trade. Understanding the process of self-regulation as identity formation draws attention to the difficulties of negotiating a new identity in the context of embedded social relationships. A new project identity is more easily forged when an established identity is challenged and its future viability is uncertain. This weakness opens a space for an alternative identity, operating on the margins, but exhibiting characteristics which make it a likely contender to replace the questioned identity. But in order for the project identity to evolve and mature into a legitimizing identity, it must negotiate its existence in the context of ongoing and embedded social relationships which may or may not be supportive. It must also assemble resources, including the social and organizational capital to generate influence and authority, and exert itself on its environment to become a political actor, attracting other participants to the identity and thus achieving transformation of the dominant order and validating a claim to a legitimating identity, endorsed by the state.

A number of areas of research could be pursued to further understand the potential of mandated self-regulation as a means of development. The success of the project identity and its eventual institutionalization as a legitimizing identity changed the perception of Ontario wine, bringing it into line with the quality standards used by the major wine-producing countries of the world. Over time, consumer acceptance of domestic wine increased and the industry was able to retain its share of the domestic market. However, although the amount and value of Ontario wine sold has increased, imported wine sales have also increased, and Ontario wine sales have remained at 42% of total sales, with VQA accounting for only 20% of those sales. The VQA identity has had a halo effect for Cellared in Canada wines, as consumers fail to make the distinction or are attracted by brand names that produce both cellared and VQA wines. While all countries practice blending especially in the lower quality ranges, Ontario does so disproportionately relative to the size of the industry. Does this hybrid adoption of VQA threaten or compromise the integrity of the legitimizing identity and local wine? Does CIC production inhibit the further development of the VQA sector or serve as a complementary model existing side by side with 100% Ontario production?

A second potential area of research is to investigate how differences in institutional structures and arrangements are a factor affecting local responses to global political and economic forces. B.C. wineries adopted the VQA concept from Ontario in 1990 in the interests of standards harmonization as a prelude to a national system. However, the province has distinctive institutional structures and arrangements and a different political climate from Ontario, creating different relationships between and among the various industry participants and the state. How have these variations affected the local terroir of wine in that province and the eventual adoption and acceptance of the system?

Lastly, there has been widespread adoption of appellation systems by all major wine producing countries, each laying claim to a unique identity. However, these systems do not follow a consistent template, but rather reflect local variations in geographic influences, historical practices and trade considerations. For example, the German system makes allowances for the ripeness of grapes and harvest dates, the American Viticultural Area system specifies only a minimum 85% content requirement from a geographical area for the use of the AVA designation on the label and the Australian Geographical Indications system does not restrict grape varieties or winemaking practices, allowing experimentation and innovation. In contrast, the original French Appellation d'Origine Contrôllée which serves as the model for many of these systems has become increasingly complex, with over 450 AOCs encompassing multiple tiers of quality and price points. There are concerns that this decreases the capacity of the French industry to respond in a fickle competitive environment fuelled by a constant search for new and trendy wines (Anderson 2004). The variations introduced by other systems change the shape and content of the global network of wine and challenge the domination of the French industry, subtly and incrementally altering the relationships of power in the global network of wine. In this way, action and processes occurring at the scale of local place contribute to global transformation over time.

Epilogue

Ten years have elapsed since the VQA Act and Regulations were enacted, granting the VQA mandated self-regulation and the legitimizing identity it had aspired to since its formal inception in 1989. As seen in the table below, it has been a period of growth for the sector as the number of wineries has steadily increased, leading to an increase in the number of approved VQA wines. Three quarters of the wineries are in the Niagara Peninsula DVA and Prince Edward County now has more wineries than the Lake Erie North Shore and Pelee Island DVAs combined, although they are very small and have very limited production.

Table E.1: VQAO Activities, 2002-2009

Fiscal Year ending Mar. 31	# of VQA Wineries	# of VQA Wines Approved	Export Certificates issued	Audits and Inspections Conducted	Compliance Orders Issued and Resolved
2002	56	751	104	201	4
2003	66	928	93	301	3
2004	71	1008	102	174	7
2005	78	843	102	267	3
2006	86	993	89	222	4
2007	94	879	115	248	4 (+ 2 convictions)
2008	102	1270	134	253	3 (+2 convictions)
2009	106	1363	120	333	1

Source: VQAO Annual Reports 2002-2009

The growing reputation of VQA wines has attracted celebrities such as Wayne Gretzky, Dan Ackroyd and Mike Weir who have set up "virtual wineries", contracting production out to established wineries, but marketing the wine under their own distinctive labels. The Niagara Peninsula was further divided into ten subappellations at the end of 2005 to call attention to the differences between various terroirs in the Peninsula. The VQA has exercised its powers of audit and enforcement of compliance and in a few cases, this has uncovered problems with only a few instances where legal action has been undertaken.

Although the volume of Ontario wine sales has increased steadily, as shown in Chart E.1, the success of the VQA as a legitimizing identity is tempered by the continuance of the 250/ton production model practiced by wineries focusing on blending. VQA is after all, a standard for quality, and premium quality carries a premium price tag. Cellared in Canada blends, labelled as "Ontario wine", are in the lower price ranges and attract a different segment of the market.

Chart E.1: Sales of Ontario Wine by Volume, 2001-2009 ('000 litres)

Source: OGGMB Annual Report 1994, 2002; GGO Annual Reports 2005, 2010

In spite of the fact that sales have climbed steadily, the VQA share of the market for Ontario wine hovers in the 8% range as shown in Chart E.2. Increasing consumer awareness of VQA is a continuing priority, and there is a regular expense of $250,000 in the budget for "public education". In spite of numerous reports and initiatives to boost sales of Ontario wine, they continue to hover around 40% of the market, a figure that has not changed since the pre-FTA times.

Chart E.2: Ontario Wine Share of Domestic Market as % of Market, 1990-2009

Source: OGGGMB Annual Reports 1995, 2000 2002; GGO Annual Reports 2005, 2010

A small export market has been developed, but this is primarily for icewine, and an economic downturn and the prevalence of counterfeit icewines pose challenges to the expansion of that market. Overall, the transformation of the Ontario wine industry has enabled it to survive and limited the erosion of its domestic market, even if this means doing so by incorporating imported components into the Cellared in Canada wines.

Two major events during this time period have implications for the future of VQA production. In 2006, Vincor, then the world's eighth largest producer and distributor of wine, was acquired by Constellation Brands, a multinational based in Canandaigua, New York (*Market News Publishing* 2006). With control of the company vested outside Canada, the globalization of wine took on a new meaning for the Canadian industry. The consensus among growers was that Constellation was more interested in the distribution of wines from its international holdings than the production of wine from local grapes. As grape plantings matured and production rose to 50,000+ tonnes, these fears were fuelled when wineries put downward pressure on price, grapes went unharvested and blended wines continued to proliferate on LCBO shelves and through the company's winery retail outlets. It was a situation reminiscent of the pre-FTA times when surpluses were a regular occurrence, but now the call from growers who have invested in the success of the VQA model is for increased 100% Ontario production and a decrease in reliance on imported blending materials.

The second factor was the enactment by the provincial government of Greenbelt legislation in 2005 (Ontario 2005). It was intended to protect 1.8 million acres extending around the Golden Horseshoe by prohibiting development, effectively freezing all agricultural lands. Growers were concerned that they had lost their already restricted development rights and were now tied to the land. When the last fruit canning plant in Canada closed in 2008 (Fraser and Downs 2008), growers lost their market for processing fruits and were forced to replant to other horticultural crops. In addition, the collapse of the manufacturing sector as the auto industry moved offshore created an economic wasteland in the province which prompted the state to implement a "Buy Local" plan. Included in this was a proposal released on October 13, 2009 to support the VQA sector which stated that "the success of Ontario's wine industry depends on VQA wines" (Ontario Ministry of Consumer Services 2009). It reinstated a VQA wine marketing program while increasing the levy on blended wines sold in wine retail stores to finance supports for the VQA sector and instituted a 40% minimum domestic content for CIC wines. The plan also called for the introduction of legislation to eliminate the domestic content requirement for blended wines by 2014 and a review of grape pricing and marketing practices.

Relations between VQA wineries and those that focussed on blended wines were already strained, but the October announcement rapidly brought matters to a head. By December 1st, Andrew Peller Ltd. (formerly Andrés Wines), Colio Estate Wines, Vincor Canada Ltd., Diamond Estates, Kittling Ridge and Magnotta had pulled out of the WCO, citing the tax increase on blended wines as a precipitating factor (Mittelstaedt 2010). The six wineries claimed to represent 70% to 80% of contracted grape purchases (Street 2009), and their refusal to accept the new conditions without a fight only increases the uncertainty in the industry as it moves into a new vintage year. The fractures in the winery sector that were papered over when the corporate wineries subscribed to the VQA model and participated in the construction of the project identity have become open fault lines. The legitimacy of the VQA identity is not in question, but it is not the dominant model, in spite of its role in the transformation of Ontario wine.

How should the success of VQA as a legitimizing identity be measured? If the continuation of a grape and wine industry based on local production is the criterion, VQA has been successful. Not only has vinifera production increased, but the number of new winery licences issued each year also continues to escalate. Being a winescape has become an integral part of the sense of place in the winegrowing areas of the province. The wine industry has been a key factor in the expansion of agri-tourism and a growing hospitality sector dedicated to the hedonistic pleasures of wine and cuisine. On the other hand, if success is measured as market share, the picture is less clear. VQA wines are holding their own, representing about 20% of all the wines made in Ontario, capturing an 8% share of the overall wine market in Ontario. This has become the ceiling, in spite of numerous promotional campaigns and initiatives seeking to "own" the domestic market. The industry still struggles with consumer awareness of the VQA identity and programs to increase this continue to be an important part of the mandate of the VQAO mandate. The increasing number of winery real estate listings have been accompanied by several winery consolidations, suggesting that industry rationalization is beginning to occur as the dreams of winery owners meet the realities of the marketplace. While mandated self-regulation was a necessary factor in attaining a legitimizing identity, there are indications that it is not a sufficient factor to predict the market success of the identity.

Appendices

Appendix 1 Abbreviations

AIMS	Agri-Food Industries Market Strategies
AOC	Appellation d'origine contrôlée
BATF	Bureau of Alcohol, Tobacco and Firearms
BCWI	British Columbia Wine Institute
CAP	Common Agricultural Policy
CCOVI	Cool Climate Oenology and Viticulture Institute
CIC	Cellared in Canada
CGSB	Canadian General Standards Board
CMO	Common Market Organisation
CWI	Canadian Wine Institute
DVA	Designated Viticultural Area
EC	European Community
EEC	European Economic Community
FTA	Canada-US Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GGO	Grape Growers of Ontario
GI	Geographical Indication
HPL	Horticultural Products Laboratory
HRIO	Horticulture Research Institute of Ontario
INAO	Institut National des Appellations d'Origine
IP	Intellectual Property
LCBO	Liquor Control Board of Ontario
LLBO	Liquor Licence Board of Ontario
MCCR	Ministry of Consumer and Commercial Relations
MTN	Multinational Trade Negotiations
OGGMB	Ontario Grape Growers' Marketing Board
OIV	Organisation Internationale de la Vingne et du Vin (International Organisation of Vine and Wine)
OWAP	Ontario Winery Assistance Program
PEMD	Program for Export Market Development
TRIPS	Trade Related
VGFI	Vineland Grape Flavour Index
VQA	Vintners Quality Alliance
VQAO	Vintners Quality Alliance Ontario
WCO	Wine Council of Ontario
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

Appendix 2 Guide for Open-ended Interviews

Questions:

1. What are the hat(s) you wear in the grape and wine industry?

2. Can you describe the grape and wine industry as you see it today? What are its successes, where is there room for improvement?

3. Thinking back to the early years of the grape and wine industry, what factors led to the development of the VQA initiative?

4. What are the benefits of an industry wide appellation of origin system?

5. What was your role in the development of this system? How did other people, groups contribute to the effort?

6. What opportunities and/or challenges are there in such a system?

7. Appellation of origin systems have been around for a while and more of them are being implemented in all areas of the world. Is VQA Ontario modeled on other similar programs? How is it the same, how is it different?

8. Ontario agriculture has a history of what is known as self-government. For example, individual marketing boards have been given regulatory authority to oversee their own commodity sectors. Did this make it easier to implement industry self-governance?

9. How did the initiative gain momentum? Who was involved? How were you able to get the support of other stakeholders in the industry?

10. What were the steps involved in gaining the regulatory authority to implement VQA? What were the major hurdles you had to overcome? How were you able to do this?

11. It strikes me that the implementation of VQA standards involves the participation and indeed cooperation of a number of different groups and players, ranging from growers, through wineries and government organizations. Who are the stakeholders in the industry and how has VQA Ontario been received by them?

12. How do other organizations (for example, industry participants such as GGO, WCO and government participants such as the LCBO) interact with VQA Ontario?

13. Can you outline some of the successes that are attributable to the implementation of VQA Ontario?

14. What are some of the ongoing issues?

15. What does the VQA program mean for the future of the industry?

16. What do you think the industry will look like in 15-20 years from now? What kinds of changes can be expected, given both global and local factors?

17. What would you like the industry to look like in 15-20 years? What will it take to achieve this vision?

18. In closing, is there anything you think I have missed that would be important to this study?

19. Are there other people I should talk to who can contribute information to the study? They may already be on my list, but it would be helpful if you could identify some of the people who have been important to the success of the wine industry generally, and the VQA initiative specifically.

20. Finally, do you have any questions you would like to ask me?

Thank you for your time.

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