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Sliding loonie a 'golden opportunity' for wine exporters

For some producers, though, the crunch comes when buying supplies abroad.

Painted Rock Estate Winery Photo

"The low dollar is really driving my energies," says John Skinner, owner of Painted Rock Estate Winery in Penticton, BC.

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When it comes to the sliding loonie, there are two sides of the coin (or maybe more) for Canadian agricultural producers.

For wineries with a hold on the export market, there is no better time to get product on the international stage. But for smaller wineries buying supplies in the United States or farther abroad, it could be a different story.

Canadian oil barrels may not be flowing overseas but when it comes to wine bottles, the foreign market is waiting with empty glasses.

John Skinner, owner of Painted Rock Estate Winery in Penticton, British Columbia, and an advocate of exposing Canadian wine abroad, said he's overloaded with export initiatives now.

"The low dollar is really driving my energies. I've spent a lot of time on the international stage. I realize that a lot of markets are very price-sensitive, but we're on sale right now," said Mr. Skinner in a phone interview.

"My wines are in Japan. We sell 40 per cent to China. I just sent wine to London [United Kingdom] on Monday, and I hope to have solid representation in the London market in short order," he added.

British Columbia's terroir is producing big red varietals such a Cabernet Sauvignon, Syrah and Merlot, varietals that may best be known to international palates as coming from places like California. So Mr. Skinner is focusing on getting his BC wines to any foreign market that is a big consumer of California wines.

"I'm headed to Germany in March. I'm headed to Hawaii. I'm making some good inroads with some distributors in the US. In my opinion, if you don't take this opportunity to get on the road, you're missing a golden opportunity," he said.

The low dollar is allowing Canadian wines to be competitive on world markets. "Our currency has dropped the [retail] price, so that allows me to take my $40 Canadian Merlot and sell it for $28 US in a market where there are similar $40 US Merlots," said Mr. Skinner.

"Because we're a new and young industry, there has to be something that encourages the end user to give it a try. If we go in and we're priced the same as something they know already, they are less likely to try it. If we're priced at a steal, I'm confident once they try it, they'll buy it."

Back in British Columbia, Mr. Skinner said he's not really feeling the pinch, even though his costs have gone up. "I haven't raised prices in seven years. My whole attitude is if I can improve efficiencies I can keep my wines priced as competitive as possible. I'm not planning on raising my prices," he said.

Skinner noted that with a 70-cent dollar, sales have gone up in his tasting room and wine shop to US residents.

"The tourism aspect is something that is absolutely key," he said.

For others, full effect unknown

Across the country in Ontario's Prince Edward County, Caroline Granger, owner and winemaker at Grange of Prince Edward Vineyards and Estate Winery, said it's premature to estimate the full effect of the low dollar.

"Like so many other things in Canada, what's happening is that limbo inventory was purchased by the middle person at a lower rate, so you're not in the full brunt of this low Canadian dollar yet, but I think it's coming," said Ms. Granger in a phone interview.

Her winery does not export its wines. It focuses on the local market by selling many wines to the LCBO, Ontario's government-controlled liquor store.

The low dollar is going to affect every winery differently, Ms. Granger said.

The crunch comes when buying supplies abroad, which could lead producers to increase their prices.

"Startups will have a harder time because they'll have to buy everything and it will be more expensive. But established wineries may choose to just make due for a while and perhaps not make those purchases," she said.

"I use my barrels indefinitely and it makes us almost bullet-proof for this kind of issue. Perhaps I could use a new tank, and perhaps I could have sourced it in the States, but I'm at the point where if I'm at a disadvantage to buy it currently, I could wait."

She points out that the low Canadian dollar may be a good thing for the local market and its consumers because the LCBO will have to start paying more for imported wines, which could make Ontario wines more attractive to consumers.

"It could force Canadians to buy Canadian wines. So in [that] market, we may start to be the good deal," she said.

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