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Global Agricultural Information Network

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Overview of the Wine and Spirits Sector in Canada

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Approved By:

Robin Gray

Prepared By:

Brent Evans

Report Highlights:

In recent years, U.S. wine exports to Canada showed explosive growth. Growth is expected to continue; however, serious market impediments remain and are outlined in this report. Canada's wine sales are growing at a rate triple that of average global growth and Canada is expected to be the 5th fastest growing wine market worldwide. Beer is still the beverage of choice in Canada while spirits have also been putting in a strong showing.

All uses of the term “alcohol” in this report refer to alcohol for beverage use.

I. Wine Market Overview

A. Canadian Imports

In recent years, Canadian imports of wine from the United States have experienced explosive growth in terms of value, as the United States became Canada’s third largest supplier of wine. While the import market share in terms of volume from the United States increased only slightly over the last 5 years, the share in terms of value showed immense growth. On a value basis, from 2008 to 2012, the wine imports from the United States increased from \$219 million, a 14 percent share, to \$375 million, a 19 percent share, while the share from many other countries, such as France and Australia, fell significantly (see Table 1, below). This dramatic increase in export value can be attributed to the fact that import value per liter of wine from the United States increased drastically. Based on data from the Global Trade Atlas, the value per liter grew from 4.3 \$/L in 2008 to 6.7 \$/L in 2012 — a near 56 percent increase in 5 years (see Table 2, below).

In value terms, over the past few years, Canada has been the United States’ biggest market by far at 30 percent of exports. California remains the most popular American origin for Canadian imports of wine, accounting for over 95% of American exports to Canada in 2012. Washington, Oregon, and New York follow in second, third, and fourth respectively. With the exception of Oregon, each of these states showed significant growth in exports to Canada from 2011 to 2012, including a growth of 142 percent in New York exports.

	2008	2009	2010	2011	2012
Italy	17.2%	18.1%	18.3%	19.2%	19.1%
France	18.2%	17.4%	16.7%	16.6%	16.3%
United States	15.9%	13.6%	14.2%	14.8%	14.8%
In liters	50,739,625	44,393,346	49,828,185	53,340,439	56,079,214
Australia	14.1%	14.2%	15.7%	14.1%	13.1%
Spain	5.0%	5.7%	6.9%	10.6%	10.2%
Argentina	7.8%	9.1%	7.7%	6.7%	7.3%
Chile	10.0%	11.1%	9.0%	7.3%	6.4%
Total, in Liters	319,858,333	328,215,397	350,060,178	358,395,119	376,801,271

Canadian Import Market Share of Wine (Value Basis)					
	2008	2009	2010	2011	2012
France	26.0%	24.1%	22.0%	22.9%	22.2%
Italy	19.0%	19.6%	20.0%	20.0%	22.2%
United States	14.0%	14.0%	15.8%	17.2%	19.0%
In USD	218,731,253	206,567,489	269,047,506	328,569,611	374,920,824
Australia	17.2%	15.1%	14.7%	13.2%	12.0%
Argentina	3.7%	5.8%	5.9%	5.2%	5.4%
Spain	4.2%	4.5%	4.6%	5.2%	5.2%
Chile	5.3%	5.7%	5.7%	5.3%	5.0%
Total, in USD	1,561,859,941	1,476,088,393	1,701,036,498	1,910,922,741	1,975,700,062
Source: Global Trade Atlas, HS 2204					

Table 2					
Canadian Import Value/Liter from the United States (U.S. Dollar/Liter)					
	2008	2009	2010	2011	2012
Average Value	4.311	4.653	5.340	6.160	6.686
Source: Global Trade Atlas, HS 2204.					
Calculation - annual import values divided by annual import quantities (see Table 1, above)					

In Canada, the authority to import and distribute alcohol rests with the provincial governments. Four provinces — Quebec, Ontario, Alberta, and British Columbia — make up 94 percent of the wine market. Though its wine imports decreased from 2011 to 2012, Quebec remains the largest importer of wine, at approximately 37 percent of Canada’s overall wine imports. However, in terms of imports from the United States, Ontario is the largest market, at approximately 37 percent of Canadian wine imports from the United States. See Table 3, below, for more detailed information.

Table 3				
Canadian Imports of Wine — Provincial Breakdown				
<i>Value in U.S. Dollars</i>				
	2010	2011	2012	% Growth 2011/2012
Quebec	642,081,110	756,671,223	732,924,983	-3.1%
From U.S.	72,349,357	85,678,621	75,573,664	-11.8%
Ontario	549,538,436	591,835,463	631,512,054	6.7%
From U.S.	88,597,899	109,613,905	138,825,622	26.7%
Alberta	235,809,198	268,687,865	293,225,278	9.1%
From U.S.	54,651,167	73,497,259	91,611,236	24.7%
British Columbia	173,466,367	181,388,198	197,874,781	9.1%
From U.S.	35,885,920	38,417,752	43,199,834	12.5%
Nova Scotia	29,139,359	33,741,686	32,890,916	-2.5%
From U.S.	5,186,042	5,974,413	5,497,982	-8.0%
Manitoba	25,720,942	30,683,174	32,017,415	4.4%
From U.S.	3,992,537	5,478,50	7,587,144	38.5%
Newfoundland and Labrador	14,757,249	16,407,452	19,374,174	18.1%
From U.S.	2,233,857	2,883,072	3,417,239	18.5%
New Brunswick	15,188,417	14,378,348	17,221,507	19.8%
From U.S.	2,252,966	2,392,161	3,264,015	36.5%
Saskatchewan	12,461,565	13,489,590	15,283,707	13.3%
From U.S.	3,278,621	3,879,033	5,144,745	32.6%

Prince Edward Island	2,873,857	3,639,741	3,375,246	-7.3%
From U.S.	619,137	754,891	799,343	5.9%
Total	1,701,036,498	1,910,922,741	1,975,700,062	3.4%
From U.S.	269,047,506	328,569,611	374,920,824	14.1%
Source: Global Trade Atlas, HS 2204				

B. Canadian Exports

Limited production and high levels of Canadian demand suggest that Canada will not soon become a major wine exporter, as Canada exported a mere 45 million U.S. dollars and 27 million liters of wine, compared to its imports of nearly 2 billion dollars of wine, in 2012. However, the recent growth shows an increase in exports, with export quantities increasing by 51 percent from 2010 to 2011 and 17 percent from 2011 to 2012.

Table 4			
Canadian Wine Exports (in U.S. dollars)			
	2010	2011	2012
Volume (Liters)	15,138,875	22,908,889	26,790,780
Value (U.S. Dollars)	28,320,736	44,346,506	44,965,197
Source: Global Trade Atlas, HS 2204			

C. Canadian Production

While no data is readily available regarding Canadian wine production, calculations were made based on other data from Statistics Canada. Post estimated that Canada produced \$2 billion worth of wine in 2012 up from \$1.7 billion in 2008. This indicates growth is occurring at a steady rate as annual production growth averaged 4.6 percent over the past 5 years (see Table 5, below). According to the Wine, Beer, and Spirits Practice at the Canadian [Department of Foreign Affairs and Trade Development \(DFATD\)](#), Canadian annual domestic production averages around 130 million liters, of which 30 million liters is 100 percent Canadian content. The largest areas of production are Ontario and British Columbia, with increasing production in Quebec and Nova Scotia, and Ontario exports the majority of wine at approximately 52 percent of Canadian exports in 2011.

Table 5
Domestic Wine Production (finished wine only)

	2008	2009	2010	2011	2012
Value (Canadian dollars)	1,666,313,776	1,800,040,845	1,846,545,143	1,917,236,334	1,995,066,292
Calculations were made based on data from Statistics Canada CANSIM Tables 183-0006 and 304-0014 . Based on discussion with the Bank of Montreal, annual production was calculated as winery inventory change plus sales.					

II. Alcohol Consumption

Beer and liquor stores and agencies sold \$20.9 billion worth of alcohol beverages during 2012, up 3 percent from 2011 and up 11 percent from 2008. Beer remained the alcohol drink of choice for Canadians, but preferences are steadily changing. While sales growth has existed in all three market segments, the growth of wine sales, in terms of value, has outpaced the growth in both beer and spirits. The annual value of wine sales has increased by 20 percent in the past 5 years, while beer and spirits sales only increased by 6 percent and 11 percent, respectively (see Table 6, below).

Although beer/liquor stores and agencies sold \$9.2 billion worth of beer in 2012, up 0.6 percent from 2011, the market share dominance of beer continued to decline as more consumers turned to wine. In 2012, the market share for beer was 44 percent by dollar value, while wine accounted for 31 percent. To illustrate a broader market trend, in 2008, the market shares for beer and wine were 46 percent and 29 percent, respectively, and in 2002, the market shares for beer and wine were 50 percent and 24 percent, respectively.

Please note that statistics on the sales of alcoholic beverages by volume should not be equated with data on consumption. Sales volumes include only sales by liquor authorities, their agents, wineries, breweries, and outlets that operate under license from liquor authorities. Consumption data would include all these sales, plus homemade wine and beer, wine and beer manufactured through brew-on-premises operations, sales in duty-free shops, and any unrecorded transactions. Likewise, statistics on dollar value sales should not be equated with consumer spending because the data refers to the revenues received by liquor authorities, wineries, and breweries. Thus, the increased prices charged by licensed establishments are not reflected.

Wine consumption per capita also rose in recent years. In 2002, Canada's wine consumption was estimated at 10 liters per capita, while current consumption is estimated at 15 liters per capita, according to a recent [article](#) which cites VinExpo Chairman Xavier de Eizaguirre. This equates to a 50 percent increase in per capita wine consumption in the last ten years. According to a [VinExpo market study](#), growth in wine sales is expected to continue through 2016, and is forecast to grow by 14.27 percent between 2012 and 2016. This is an average annual increase of 3 percent — triple that of average growth on a global scale. Between 2012 and 2016, Canada is expected to be the 5th fastest growing wine market worldwide behind China, the U.S., Russia, and Germany.

<p>Table 6</p> <p style="text-align: center;">Breakdown of Canadian Alcoholic Beverage Sales</p>
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	2008	2009	2010	2011	2012
Wine					
Volume, million liters	425	441	456	470	488
Value, million dollars	5,414	5,662	5,836	6,130	6,490
Beer					
Volume, million liters	2,293	2,319	2,351	2,287	2,318
Value, million dollars	8,635	8,838	9,160	9,099	9,151
Spirits					
Volume, million liters	211	210	209	210	217
Value, million dollars	4,748	4,884	4,915	5,055	5,253
Total Alcoholic Beverages					
Value, million dollars	18,797	19,384	19,911	20,284	20,893
Source: Statistics Canada					

III. Detailed Breakdown of Specific Alcoholic Products

A. Wine

The wine market is one that varies greatly across Canada’s provinces. For example, in Quebec, wine sales account for about 84 percent of all alcohol sales, while in Ontario, wine sales account for only about 36 percent of all alcohol sales. Canada’s wine market is one of the fastest growing wine markets globally, showing significant development in recent years and further development still to come. Specifically, there is a much larger demand for red wine than white wine in Canada. According to [Statistics Canada](#), in 2012, sales of red wine amounted to \$3.7 billion, while sales of white wine amounted to \$2.1 billion. The [Liquor Control Board of Ontario \(LCBO\)](#) indicated that blended red wines are currently dominant in the market, but there has been recent growth in consumption of aromatic white wines. There may still be room for continued growth as approximately 70 percent of wine in Canada is imported. Specifically, in value terms, 76 percent of red wine and 63 percent of white wine sales are imports. Vintage wines have also shown significant growth in recent years; in Ontario, there are market opportunities in the area of vintages, as annual sales growth was about 10 percent in 2011 and 3 percent in 2012, a slowing growth, but a growing market nonetheless.

Canada is one of the world’s largest producers of Icewine with annual production varying depending on weather conditions and grape harvests, according to the Wine, Beer, and Spirits Practice at the Canadian [Department of Foreign Affairs and Trade Development \(DFATD\)](#). In 2011, Icewine production was over 930,000 liters. While other countries such as Austria, Germany and the United States also produce genuine Icewine, Canada is able to produce it with greater consistency due to colder winter temperatures. The high price of icewine has consistently been an inhibitor for the market and has opened up opportunities for counterfeit icewine producers. With the intent to increase icewine sales, the LCBO recently placed more focus on smaller, cheaper icewine bottles in order to allow for consumer trial before purchase of a full size bottle which can cost upwards of \$65 to \$70. In recent years, there have been significant concerns regarding the authenticity of icewine, as counterfeit icewine comprises as

much as 50 percent of sales in some countries, according to the Canadian Vintners Association. To protect the industry, Canada has proposed a national standard for icewine that will require icewine to be made only from grapes naturally frozen on the vine. In addition to prevention of fraudulent icewine sales, the standard is expected to allow wine exporters to have greater market access and will harmonize Canada's definition of icewine with the World Wine Trade Group's Agreement of Requirements for Wine Labelling. The proposed [amendments](#) were published in the Canada Gazette, Part I on June 15, 2013.

B. Beer

Beer remains the alcohol beverage preference of Canadians for the time being, but this is subject to potential change in the future as the wine industry continues to grow. Contrary to the wine industry, there is a very large market for domestically produced beer within Canada. In 2012, sales of beer from liquor authorities, wineries, and breweries amounted to \$9.1 billion; 85 percent of which was domestically produced beer. The beer market in Canada continues to grow, but growth rates have been decreasing in recent years.

Despite the decreasing growth rates, craft beer sales have increased significantly in Ontario as Ontarians have begun to favor locally brewed craft beer. Specifically, craft beer has proven to be the fastest growing sector in 2012 with 33 percent growth from 2011. Cider consumption has also shown considerable growth in recent years as sales increased by an estimated 63.5 percent from 2011 to 2012, and sales are forecast to continue to grow strongly over the next several years.

C. Spirits

Sales of spirits accounted for about one quarter of overall alcoholic beverage sales in Canada in recent years. Whisky has proven to be the most popular spirit for consumption in Canada as \$1.4 billion of whisky was sold in 2012, 27.3 percent of the overall spirit market. Vodka is nearly as popular with \$1.3 billion of sales in 2012. With whisky and vodka collectively accounting for over half of Canada's spirit sales, the market for other spirits is small, but other spirits continue to compete in the market. Following whisky and vodka are, in order, rum, liqueurs, gin, and brandy. American and Irish whiskies, including bourbon, are a generational drink preference; according to the LCBO, they continue to appeal to the "next generation" of whisky consumers, and American whisky sales grew 10.3 percent in 2012. This trend is expected to continue in 2013.

D. Premixed Drinks

Premixed drinks are difficult to identify, and sales difficult to quantify, for a variety of reasons. Many malt beverages known as "alcopops," or coolers (excluding wine coolers), are actually legally classified as beer, despite the fact that their alcohol content may be much higher. Based on statistics from [Statistics Canada](#), wine cooler sales amounted to \$98 million in 2012, sales for a category classified as "coolers, spirits" amounted to \$375 million, and beer coolers sales are unable to be quantified as they are included

in the overall beer sales numbers. Opportunities may be found in the ready-to-drink (RTD) market, which has shown growth in recent years, including a growth of 3.6 percent in Ontario from 2010 to 2011. However, RTDs suffer a unique setback apart from other alcohol sectors, as the sector is dependent on the summer climate; trends show that the category experienced resurgence in 2010-2011 due to a warmer, drier summer, while the sector was less successful in more moderate conditions.

The concept of selling premixed, “ready-to-drink” alcoholic beverages in Canada is an ongoing issue, especially in the area of caffeinated alcohol. According to [Health Canada](#), the Food and Drug Regulations do not permit the addition of caffeine to any alcoholic beverage. However, some alcoholic beverages are allowed to have flavoring ingredients that naturally contain caffeine — for example, guarana and coffee. They are also allowed to have as ingredients cola or other soft drinks that are themselves permitted to contain caffeine as a food additive. On the other hand, the sale of energy drinks along with alcoholic beverages falls under provincial and territorial jurisdiction, which may lead to discrepancies between the provincial and federal stances on this topic.

E. Shelf Space Issues

Limited shelf space is an ongoing issue in provincial liquor stores. Provincially owned stores have consistently expanded to accommodate for necessary shelf space. For example, in 2012, the LCBO announced plans to add more shelf space, equivalent to 30-40 retail stores, over the two years following the announcement. Due to limited shelf space products have had to compete to secure availability in provincial stores, and due to market trends, some products are able to secure more shelf space than others.

IV. Exporting Beverage Alcohol into the Canadian Market

In Canada, the [Importation of Intoxicating Liquors Act](#) gives power of the sale and distribution of alcoholic products to the provincial liquor boards or commissions. Until recently, the Act restricted interprovincial movement of alcohol; in 2012, an [amendment](#) changed the restrictions to allow interprovincial transportation if permitted by the province. However, many provinces still have strict regulations regarding interprovincial transport of alcohol, meaning that companies wishing to sell their alcoholic beverages must deal with provinces directly. In addition, consumers may only transport quantities of alcohol across provincial borders as allowed provincial regulations. This affected the ability of wineries, brewers, and distillers to sell directly to the public. The liquor boards, except for Alberta and British Columbia which are at least partially privatized, in effect have provincial monopolies. Alberta is the only province to have fully privatized liquor stores, and British Columbia has both private and government-owned retail outlets.

Each provincial liquor control board has its own policies and regulations. It is recommended that a seller contact each board directly to confirm rules. For more information regarding provincial requirements, see the “Provincial Policy” section, below.

A. Definitions of Alcoholic Beverages

The Canadian Food Inspection Agency (CFIA) defines an alcoholic beverage as any beverage whose alcohol by volume content is greater than or equal to 1.1 percent. [Division 2](#) of Canada's Food and Drug Regulations contains more specific information on individual types of alcoholic beverages, such as whisky, rum, and vodka. The information includes definitions as well as acceptable compositions and origins for each product. The Food and Drug Regulations can be found on the Department of Justice website at <http://laws-lois.justice.gc.ca/en/F-27/C.R.C.-c.870>.

For products that do not exactly match any of these definitions, the CFIA has additional clarification decisions here: <http://www.inspection.gc.ca/english/fssa/labeti/decisions/alcoe.shtml>.

Certain names for alcoholic products are reserved for products originating from a specific region (i.e. Cognac or Bordeaux). A list of these names can be found on the Canadian Intellectual Property Office's website at <http://www.ic.gc.ca/cipo/listgiws.nsf/gimenu-eng?readForm>.

Similar reservations exist for names of some country-of-origin requirements. The names of some spirits are protected by the Agriculture and Agri-Food Canada's [Spirit Drinks Trade Act](#). For example, the name "tequila" may only be used if the product's country-of-origin is Mexico.

B. Labelling

In Canada, the labelling of alcoholic beverages is subject to both the [Consumer Packaging and Labelling Act](#) and the [Food and Drug Regulations](#). All labels must be in both English and French.

Information required to be shown on the label includes:

i. Common Name (ex. Rum, Whisky, Rye Whisky, Geneva Gin, etc.)

In Canada's Food and Drug Regulations, common names for alcoholic beverages are those names that are found in bold in Division 2. Common names must be shown on the principal display panel of the container in both English and French using a font that is no less than 1.6 mm in height based on the lowercase "o."

ii. Net Quantity

According to Canadian regulations, the quantity of all liquids must be declared in units of volume. Milliliters are shown as mL, ml, or mℓ while liters can be shown as L, l, or ℓ. No punctuation follows these symbols. All of these symbols are considered bilingual. Net quantity is to be shown on the principal display panel of the container in both English and French using a font that is no less than 1.6 mm in height based on the lowercase "m" in "milliliters."

iii. Alcohol by Volume

The percentage of alcohol by volume must be included in labelling of all products with an alcohol content of over 1.1 percent alcohol by volume. The alcohol percentage by volume must be shown followed by the words "alcohol by volume" or "alc./vol." Examples are "5% alcohol by volume" in English or "5% d'alcool par volume" in French. The phrase "X% al./vol." is bilingual. The percentage

belongs on the principal display panel of the container in both French and English using a font that is no less than 1.6 mm in height based on the lowercase “o.”

iv. Name and Address of Dealer

This includes the registered name and principal place of business for the company that is selling the beverage or for whom the beverage is being sold. This information should include city/town and state or country. For products from the United States, naming the state is sufficient and the country name does not need to be listed. This information can be shown on any label, except on the bottom of the container, in French or English using a font that is no less than 1.6 mm in height based on the lowercase “o.”

When the label shows the name and address of the product’s Canadian dealer, details must be preceded by either “imported by/importé pour” plus the geographic origin. This information must be at least as large as the dealer’s name and address.

v. Origin Claims

Common names under Division 2 of the Food and Drug Regulations may contain additional requirements for country-of-origin labelling. Please consult the description for your product. Wine must have a declaration of origin on the main display label. It can be written as either “Product of the United States” or “American Wine” provided that at least 75 percent of the juice used was grown in the United States and the wine is fermented, processed, blended, and finished there. In the case of blended wines, 75 percent of the finished wines used should have been grown, fermented, and processed in the United States.

vi. List of Ingredients

Any product without compositional standards listed in Division 2 of the Food and Drug Regulations is considered an unstandardized alcoholic beverage and must show a full list of ingredients and components. Standardized beverages, including vodka and wine do not have to provide a list of ingredients.

Beverages above 0.5 percent alcohol by volume are exempt from having to display a Nutrition Facts table, unless sucralose, aspartame, or acesulfame-potassium is used or a nutritional claim is made about the product. This information is to be shown on any label, except on the bottom of the container, in English and French using a font that is not less than 1.6 mm in height based on the lowercase “o.”

vii. Allergen Labelling

In February of 2011, Health Canada published [amendments](#) to the Food Allergen Labelling Regulations in the *Canada Gazette*, Part II. The new regulations came into force August 4, 2012, though manufacturers were encouraged to declare allergens sooner if possible. According to Health Canada, the following allergens must be listed on a label if they are an ingredient, a component of an ingredient, or have come into contact with the product: almonds, Brazil nuts, cashews, hazelnuts, macadamia nuts,

pecans, pine nuts, pistachios, or walnuts; peanuts; sesame seeds; wheat and triticale; eggs; milk; soybeans; crustaceans (common name of the specific crustacean); shellfish (common name of the specific shellfish); fish (common name of the specific fish); mustard seeds; or gluten sources including gluten protein, modified gluten protein, or gluten protein fractions from barley, oats, rye, triticale, or wheat (or a hybridized strain of any of these cereals).

Any amount of sulphites must be declared if they are added directly to the final product or are a component of an ingredient that must list its components. If an ingredient is exempt from listing its components, but the level of sulphites in the final product is 10 parts per million or higher, sulphites must still be listed on the label.

Allergens must be listed in clear and consistent language, either in the ingredient list or in a separate statement that begins with “Contains.” The labelling must not be on the bottom of the package. Currently, beer that meets the compositional regulation in the Food and Drug Regulations and is considered “standardized” is exempt from the new allergen regulations. However, Health Canada is still examining the situation, and this could change. Standardized wine and spirits do not have to list ingredient, but will have to list allergens.

viii. Durable Life Date

The “Durable Life Date” or “Best Before Date” must be shown if a product is only good for 90 days or less.

ix. Images

Images used on the label of any alcoholic beverage must not be misleading. For example, the CFIA says that if an image is used to depict the flavor of the product (ex. Grape) but artificial flavoring is used instead of natural flavoring, this must be noted on the label somewhere.

x. Standard Container Size

According to the Consumer Packaging and Labelling Regulations, wine may only be sold in the following container sizes:

- 50, 100, 200, 250, 375, 500, or 750 mL
- 1, 1.5, 2, 3, or 4 L

The CFIA has an excellent page summarizing all labelling requirements at:

http://www.inspection.gc.ca/english/fssa/labeti/guide/ch10e.shtml#a10_1.

In addition, they provide a label review service. More information on that program can be found at:

<http://www.inspection.gc.ca/english/fssa/labeti/guide/ch1e.shtml#offbur>.

C. Duties and Taxes

i. Import Duties

Due to NAFTA and other agreements between Canada and the United States, many alcoholic beverages are exempt from import duties. There are some exceptions however, including cider and wine with

specific percentages of alcohol. The Canadian Border Services Agency (CBSA) is responsible for duties and tariffs in Canada. Customs tariff information can be found at: <http://www.cbsa.gc.ca/trade-commerce/tariff-tarif/menu-eng.html>.

Industry Canada has information on the customs tariff and HS Codes at: <http://www.ic.gc.ca/eic/site/cid-dic.nsf/eng/00010.html>.

ii. Excise Duties

Excise duties will be charged under the Customs Tariff at the time of importation. Excise duties are also charged on alcoholic beverages produced in Canada, though there are exemptions for 100 percent Canadian wine. Canadian brewers receive reduced rates for their first 75,000 hectoliters of production. The rates of excise duties are as follows:

Table 7	
Excise Duties on Wines, Spirits, and Beer	
	Excise Duty
Wine (a)	
More than 7% alc./vol.	\$0.62 per liter
More than 1.2% but less than 7% alc./vol.	\$0.295 per liter
Not more than 1.2% alc./vol.	\$0.0205 per liter
Spirits (a)	
More than 7% alc./vol.	\$11.696 per liter of absolute ethyl alcohol
Not more than 7% alc./vol.	\$0.295 per liter of spirits
Special Duty (user with license from Minister of National Revenue)	\$0.12 per liter of absolute ethyl alcohol
Beer (amounts produced over 75,000 hectoliters) (b)	
More than 2.5% alc./vol.	\$31.22 per hectoliter
More than 1.2% but less than 2.5% alc./vol.	\$15.61 per hectoliter
Not more than 1.2% alc./vol.	\$2.591 per hectoliter
Sources:	
(a) Canada Revenue Agency	
(b) Canada Revenue Agency	

iii. Taxes

The Canadian Goods and Services Tax (GST) applies to most products being imported into Canada. The current rate of GST is 5 percent. In addition some provinces have their own sales tax and rates can vary from province to province. Where provinces have combined their Provincial Sales Tax (PST) and the GST, the tax is known as the Harmonized Sales Tax (HST). Rates of GST/HST can be found on the Canada Revenue Agency site at: <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/rts-eng.html>.

V. Provincial Policy

A. Alberta

Alberta became the first and only Canadian province to privatize retailing, warehousing, and distribution of liquor in 1993. The [Alberta Gaming and Liquor Commission](#) (AGLC) was created in 1996, combining responsibilities of the Alberta Liquor Control Board (ALCB), the Alberta Gaming Commission, Alberta Lotteries and Gaming, and the Gaming Control Branch. Wine and alcohol sales in Alberta are regulated by the AGLC. The AGLC establishes the rules and defines the range of public establishments in which liquor can be sold or consumed. It registers liquor suppliers, issues licenses, inspects operation, and authorizes warehousing and distribution of liquor with private operators.

According to the [AGLC](#), if crossing the border via personal motor vehicle, 45.45L of liquor per adult may be transported across the border. If arriving by plane in Alberta, 9.09L per adult may be imported. The Canada Border Services Agency will assess all liquor charges including customs duty, excise duty, Alberta provincial mark-up and GST. Expected duties are \$3.00 per 750ml bottle of wine and \$7.30 per 750ml bottle of spirits (exclusive of GST).

Warehouses receive liquor products directly from manufacturers or suppliers. When a warehouse receives a shipment, the suppliers set a price that reflects the cost of the product (including actual cost, cost of insurance, marketing/promotion cost, transportation cost, warehousing cost, and a profit margin). The AGLC calculates a wholesale price using the supplier's price plus federal customs and excise taxes and duties, a recycling fee, a container deposit and provincial mark-up. For mark-up rates of alcohol sold in Alberta, please visit http://www.aglc.ca/pdf/quickfacts/markup_rates_schedule.pdf.

Only liquor stores may sell alcoholic beverages in urban areas, but unlike other provinces, they are all privately owned and operated. Recently, the province has allowed supermarkets to open attached liquor stores, but with separate entrances. Urban gasoline (petrol) stations and convenience stores may also have attached liquor stores but with separate entrances and ownership. In areas without another liquor retailer within a 15 km radius, any licensed retailer may sell beer, wine, and liquor, including convenience stores, general stores, and gasoline (petrol) stations. The AGLC has retained its monopoly over the wholesaling of imported beer, wine and distilled spirits, although the distribution of these products is done by a private contractor.

Minimum drink prices

Spirits and liquors: \$2.75

Wine: \$0.35/oz.

Draught beer: \$.016/oz.

Beer, cider, or coolers in cans/bottles: \$2.75/12 oz. bottle or can

Table 8 Alberta Programs and Policy	
Name	Description
Alberta Liquor and Gaming Act	Establishes licensing requirements and rules regarding minors; establishes rules for liquor importation, sales, transportation, and consumption; establishes powers of the AGLC
Alberta Liquor and Gaming Regulation	Sets forth requirements for various classes of liquor licenses, liquor transportation, homemade wine and beer, and importation

B. British Columbia

The beverage alcohol industry in British Columbia (B.C.) is controlled by the [Liquor Distribution Branch \(LDB\)](#) and the [Liquor Control Licensing Branch \(LCLB\)](#).

The LDB is responsible for importation and distribution of liquor in B.C. and operates government liquor stores. It was given the sole right to purchase beverage alcohol for resale and reuse from both within B.C. and from outside the province, in accordance with the federal [Importation of Intoxicating Liquors Act](#).

The LCLB regulates:

- Liquor service in bars and restaurants
- Private liquor stores
- Liquor manufacturers and importers
- U-Brews (home brewed beers) and U-Vins (home vineyards) for personal liquor manufacturing
- Liquor service at catered and special occasion events

In British Columbia, alcoholic beverages may be sold only:

- in privately owned retail stores (stores can only be operated by primary liquor license holders, such as bars, pubs and hotels, but the stores can be located off site)
- in government-owned stores
- in rural government-appointed liquor agencies (which may be a gas station or convenience store).
- in privately owned [Vintners Quality Alliance \(VQA\)](#) wine stores

In 2012, B.C. announced that it planned to fully privatize liquor wholesale distribution by 2015, but in September of 2012, the initiative was cancelled due to negotiations with the [B.C. Government and Service Employees' Union \(BCGEU\)](#).

As of July 2010, the mark-up imposed on wine products by the B.C. government is 123 percent, and the mark-up on spirits is 170 percent. According to a [report](#) by WineLaw.ca, the mark-up, in addition to other fees (excise tax, sales tax, container recycling fee, etc.) on any given product means the B.C. price is approximately 180-240 percent of the world price.

Table 9	
Programs and Policy	
Name	Description
Liquor Control and Licensing Act	Allows the LCLB to grant licenses and permits; establishes rules regarding general liquor licenses as well as licenses for U-Brew and U-Vin establishments; establishes rules regarding liquor consumption in public; sets forth requirements regarding advertising of liquor; sets forth requirements regarding the manufacturing and exporting of wine
Liquor Control and Licensing Regulations	Regulates liquor licenses for traditional establishments, wineries, U-Brews, and U-Vins
Liquor Distribution Act	Gives the LDB the sole right to purchase liquor for resale and reuse in B.C.; establishes rules for inspections and audits; sets forth rules for the movement, storage, and importation of liquor
Liquor Possession Regulation	Sets forth rules regarding the possession of wine and liquor in B.C.

C. Manitoba

Regulation, distribution, and sales of alcohol in Manitoba are controlled by the [Manitoba Liquor Control Commission \(MLCC\)](#). It was announced on April 17, 2012 in the new budget that the MLCC and Manitoba Lotteries would be amalgamated into one entity, but until new legislation is passed, normal operation procedures will continue. The MLCC is charged with administration of [The Liquor Control Act](#), including general control, management, and supervision of all Manitoba liquor stores. The Act empowers the MLCC to buy, import, and sell liquor; control possession, sale, transportation, and delivery, and determine places in Manitoba where stores will be established.

In Manitoba, beer, wine, and liquor may only be sold by government-owned Liquor Marts, except for hotels, which are able to sell chilled domestic beer. Manitoba is currently the only province to allow unlimited quantities of alcohol to be brought into the province via personal carriage as well as courier delivery. Manitoba is also the only province to allow an unlimited quantity of alcohol to be imported from abroad, although fees do exist above the national duty-free limit.

In terms of mark-up rates, the MLCC implemented 62.2 cent increase on the mark-up rate of spirits, increasing it from approximately \$13.52 per liter to \$14.14 per liter. The mark-up rates for wine and beer are estimated at \$4.056 per liter and \$2.152 per liter, respectively.

Table 10	
Programs and Policy	
Name	Description
Liquor Control Act	Sets forth powers of the MLCC, including the power to buy, import, and sell liquor; control alcohol possession, sale, and transportation; issue licenses and permits; and regulate other aspects of alcohol within Manitoba
Manitoba Liquor and Lotteries Corporation Act	Will amalgamate the MLCC and Manitoba Lotteries Corporation into one entity, the Manitoba Liquor and Lotteries Corporation (MLLC); sets forth purposes and powers of the MLLC

D. New Brunswick

Importation, distribution, and retail activity for all beverage alcohol is controlled by the [New Brunswick Liquor Corporation or Alcool NB Liquor \(ANBL\)](#). Under ANBL rules, only government-owned ANBL stores or rural government-appointed liquor agencies may sell beer, wine, and liquor. However, breweries and cottage wineries may sell directly to the public if licensed to do so. New Brunswick prohibits people from bringing in more than one bottle of wine/liquor or 12 pints of beer from another province. There has been an ongoing issue of people leaving New Brunswick in search of cheap alcohol, and in 2012, ANBL introduced six discount brands of beer in an attempt to solve the issue. The provincial government is currently undergoing review of liquor rules, and Public Safety Minister Robert Trevors said in a statement that he wants to remove barriers for the industry. However, until review and potential amendments are completed, the current limitation stands. According to the [Canadian Customs Info Blog](#), 45 L of alcohol may be imported from abroad but are still subject to duties and taxes for quantities beyond the duty-free limit. As of July 2010, New Brunswick has mark-up rates of 137 percent for spirits, 70 percent for wine, and 82 percent for beer.

Table 11	
Programs and Policy	
Name	Description
New Brunswick Liquor Corporation Act	Establishes the ANBL; sets forth purposes, responsibilities, and powers of the ANBL
Liquor Control Act	Establishes regulations regarding sale and possession of liquor, permits, licenses, tax, and enforcement

E. Newfoundland and Labrador

The importation, sale, and distribution of beverage alcohol within Newfoundland and Labrador are managed by the [Newfoundland and Labrador Liquor Corporation \(NLC\)](#). NLC is the main retailer through its corporately owned retail outlets, branded “Liquor Store.” Convenience stores are permitted to sell domestic beer, but wine, liquor, and imported beer, is only permitted to be sold by government liquor stores and rural government-appointed liquor agencies. NLC allows a mere 1.14 L of wine to be transported across provincial borders into Newfoundland, and this 1.14 L must be for personal use and

carried on person. As of July 2010, Newfoundland and Labrador have mark-up rates of \$17.576 per liter of spirits, \$11.83 per liter of wine, and \$2.028 per liter of beer.

Table 12	
Programs and Policy	
Name	Description
Liquor Control Act	Assigns powers to the board of directors (established in the Liquor Corporation Act) to control possession, sale, and delivery of alcohol and appoint officials to issue and grant permits/licenses
Liquor Corporation Act	Gives the Lieutenant-Governor the ability to appoint a board of directors to exercise and discharge powers of the NLC
Liquor Licensing Regulations	Establishes and defines provincial liquor licensing requirements

F. Nova Scotia

Alcoholic beverages in Nova Scotia are controlled by the [Nova Scotia Liquor Corporation \(NSLC\)](#). Provincially, the NSLC is the sole distributor and runs all retail outlets selling alcohol except for four private wine shops and, in rural areas, 23 private “agency” liquor stores. As set forth in the [Liquor Control Act](#), the NSLC holds sole powers to buy, import, possess, and sell liquor; control possession, sale transportation, and delivery of liquor; determine municipalities in which liquor may be sold; and prescribe regulations for governing liquor, beer, and wine possession. Liquor licensing in Nova Scotia is controlled by the [Alcohol and Gaming Division](#) of Nova Scotia. The Division is responsible for enforcing licensing requirements set forth in the Liquor Control Act. As of July 2010, Nova Scotia has mark-up rates of \$5.07 per liter of spirits, \$3.38 per liter of wine, and \$0.338 per liter of beer.

Table 13	
Programs and Policy	
Name	Description
Liquor Control Act	Mandates roles and responsibilities of the NSLC
Nova Scotia Liquor Corporation Regulations	Sets forth alcohol regulations regarding advertisement, delivery, inspections, and permits

G. Ontario

The sale, service, and consumption of beverage alcohol in Ontario are regulated by the [Alcohol and Gaming Commission of Ontario \(AGCO\)](#). AGCO also administers the [Special Occasion Permit](#) program; licenses liquor manufacturers, distributors, and retail locations; and inspects according locations to ensure compliance with the [Liquor Licence Act](#) and regulations.

In addition to the AGCO, Ontario alcohol sales are controlled by the [Liquor Control Board of Ontario \(LCBO\)](#). While the LCBO reports to the [Ontario Ministry of Finance](#), the LCBO is not a government agency itself, contrary to the AGCO. Although, alcohol regulatory responsibilities fall to the provincial government, the LCBO has a significant impact on regulatory decisions, especially regarding interprovincial transport, due to its large control of the Ontario alcohol industry.

[Brewers Retail Inc.](#) (operating as The Beer Store), originally owned by a co-operative of Ontario brewers but now owned by multinational brewers mostly based outside Canada, is the only privately owned entity that can sell beer. Only the LCBO may sell hard liquor or wine, though it also sells beer, particularly in small markets that Brewers Retail does not serve. There are also a limited number of privately owned specialty wine stores: Wine Rack, run by Constellation Brand's Vincor Canada and The Wine Shop (formerly Vineyards Estate Wines), run by Andres Wines. The province allows Ontario wineries to maintain a fixed number of off-site retail locations under a clause that was grandfathered into legislation when the Canada-US free-trade agreement came into effect in 1989, and further allowed by WTO regulations implemented in 1995. Ontario is the only province where a winery is able to form a partnership with a grocery store to operate such retail locations.

Due to the sheer size of the industry as well as the monopoly that the LCBO holds over the alcohol industry in Ontario, the LCBO has been able to record substantial profits in recent years. In 2012, the LCBO witnessed record sales, at \$4.9 billion, up 3.9 percent from 2011, delivering about \$1.711 billion to the government as dividends.

In June of 2011, the LCBO adopted a policy that clarified it is legal for individuals to bring up to 9 liters of wine, 3 liters of spirits, and 24.6 liters of beer into Ontario on their person from other Canadian provinces as long as it is for personal consumption. However, Ontario is yet to follow a few other provinces regarding out-of-province wine delivery. All wines delivered from outside Ontario must be through the [LCBO's private ordering program](#) and picked up at a local LCBO location; the program also allows for out-of-country imports, but due to exchange rates, LCBO mark-up rates, freight, taxes, and duty, final cost per bottle can be approximated at three to four times higher than the retail price in the country of origin. As of July 2010, Ontario has mark-up rates of 59.9 percent for spirits, 39.6 percent for wine, and \$0.676 per liter of beer. Additionally, alcoholic beverages purchased from licensed restaurants in Ontario are subject to a provincial tax rate of 13 percent, in addition to the federal GST.

Table 14	
Programs and Policy	
Name	Description
Alcohol and Gaming Regulation and Public Protection Act	Governs the sale of alcohol and gaming regulation in Ontario; responsible for the administration of the Liquor Licence Act, Wine Content and Labelling Act, and Liquor Control Act
Good Government Act, 2011	Transferred responsibilities regarding adjudication for liquor and gaming issues from the AGCO to the Licence Appeal Tribunal (LAT), effective July 1, 2011

Liquor Control Act	Introduced the LCBO to control “sale, transport and delivery of alcoholic beverages;” establishes additional responsibilities of the LCBO
Liquor Licence Act	Establishes alcohol licensing and possession requirements for businesses and individuals; helped to establish the LCBO in order to monitor/control provincial liquor sales; under provisions of the act, alcohol is sold by the LCBO but may also be sold by certified non-government entities
Wine Content and Labelling Act	Established minimum content and labeling standards for the manufacture of wine in Ontario

H. Prince Edward Island

The purchase, distribution, and sale of alcohol in Prince Edward Island (P.E.I.) are controlled by the [Prince Edward Island Liquor Control Commission \(PEILCC\)](#). Nineteen retail liquor stores are owned by the PEILCC as well as a warehouse and distribution center in Charlottetown. These stores are the only stores in P.E.I. allowed to sell beer, wine, and liquors.

The PEILCC is the sole importer of alcohol into P.E.I. For personal use, liquor may be imported from another province up to 3 liters of spirits, 9 liters of wine, or 24.6 liters of beer. From out of country, travelers may import up to 9.09 liters of alcohol above the duty-free limit. As of July 2010, P.E.I. has mark-up rates of \$5.07 per liter of spirits, \$3.38 per liter of wine, and \$0.338 per liter of beer.

Table 15	
Programs and Policy	
Name	Description
Liquor Control Act	Establishes powers of the PEILCC; describes rules regarding licenses and permits and the conveyance of liquor
Liquor Control General Regulations	Sets forth regulations regarding permits and licenses

I. Québec

The purchase, distribution, and sale of alcohol in Québec is controlled by the [Société des alcools du Québec \(SAQ\)](#). Only the SAQ may sell hard liquor. Wine (that is bottled in Québec or distributed through a Québec representative) and beer (that is brewed in Québec or imported beer that is distributed by a local brewer) can be purchased at dépanneurs (corner stores) and supermarkets. The SAQ states that a person may import from another country up to 9 liters of alcohol (on their person) above the duty-free limit. For amounts above 9 liters, up to 45 liters, beverages must be left at customs and may be picked up after contacting the SAQ’s [Customs and Excise Services](#) to pay customs duties, markup, and taxes. As of July 2010, mark-up rates are \$0.89 per liter of wine and spirits, except for brandy, which is 124 percent. The mark-up rate for beer is \$0.40 per liter. There are currently no regulations that allow for alcohol to be casually imported across provincial borders, but this may soon change due to industry and government review.

Due to the size of the SAQ and tight regulations, the SAQ has been able to record huge profits. Overall sales at SAQ stores in 2012 reached \$2.907 billion, up 4.1 percent from 2011.

The [Régie des alcools, des courses et des jeux \(RACJ\)](#) is the board established by the government of Québec to regulate the alcohol, lottery, publicity contests, gambling, racing, and combat sports industries. While the SAQ is responsible for sales and distribution of alcohol in Québec, the RACJ exercises more control on the regulatory aspects of alcohol in the province.

Table 16	
Programs and Policy	
Name	Description
Act respecting the Société des alcools du Québec	Governs the operations and management of the SAQ; establishes rules regarding licenses and permits
Act respecting liquor permits	Defines classes of permits and establishes rules respecting such permits
Act respecting offences relating to alcoholic beverages	Sets forth regulations regarding alcohol sale, possession, transportation, and advertisement

J. Saskatchewan

Distribution, control, and regulation of alcoholic beverages are controlled by the [Saskatchewan Liquor and Gaming Authority \(SLGA\)](#). It runs the government monopoly and liquor sales in the province and is the main distributor of and sole licensing agent for the sale of alcohol in Saskatchewan. The government decided in 2005 to authorize the SLGA to allow off-sale establishments in the provinces to sell hard liquor to consumers, in addition to cold beer and wine. The decision made Saskatchewan the third Canadian province, Alberta and British Columbia the first and second, to allow private business owners to sell all types of alcohol-containing beverages for off-premises consumption. The government decided, however, that the network of government-owned liquor stores would not be dismantled, as was done in Alberta. It also decided that, in order to limit the number of private outlets, it would not adopt the model used in British Columbia, where "stand-alone" privately owned retail outlets have opened. All Saskatchewan off-sale outlets are attached to a licensed "on-sale" establishment. The government also decided that the off-sale outlets would be required to purchase all of their spirits from the SLGA, at government store prices, the same prices as for any other consumer (in contrast to British Columbia, where the private stores receive a 13 percent discount). Finally, the government decided that the franchise-style territorial restrictions that limit the number of off-sale outlets in Saskatchewan's two largest cities (Saskatoon and Regina) would remain in place. The government elected in 2007 further rejected privatization of the SLGA. Currently, only hotels, government-owned stores, and rural private/government liquor stores (contractors) may sell beer, wine, and liquor. There is also a 10 percent liquor consumption tax, in addition to the federal GST. As of July 2010, the mark-up rates are \$13.8242 per liter of spirits, \$2.9068 per liter of wine, and \$1.352 per liter of beer.

The alcohol industry in Saskatchewan is primarily regulated by the [Alcohol and Gaming Regulation Act, 1997](#) and the [Alcohol Control Regulations, 2002](#). In November of 2012, the government announced 77 various changes to the liquor regulations regarding new business opportunities, increased business flexibility, reduction in regulatory requirements, simplified procedures.

For a list of these changes, please visit <http://www.gov.sk.ca/adx/asp/adxGetMedia.aspx?mediaId=382a8e3d-13d8-449a-965e-02c365e5bd63&PN=Shared>.

Table 17	
Programs and Policy	
Name	Description
Alcohol and Gaming Regulation Act, 1997	Describes and assigns powers to the SLGA; establishes regulations regarding liquor licenses and permits; sets forth rules regarding the general control of beverage alcohol
Alcohol Control Regulations, 2002	Establishes several classes of liquor permits and rules regarding such permits; sets forth rules regarding U-Brew and U-Vin operation permits

Appendix I

Wine Importation Allowances

Table 18			
Provincial Wine Importation Allowances for Personal Use			
Province	Interprovincial quantity allowed (on person)	Interprovincial quantity allowed (delivered)	Out-of-country import quantity allowed
Alberta	No limit	None	9.09 L (if by plane). 45.45L if by car
British Columbia	9 L	No limit	45.45 L
Manitoba	No limit	No limit	No limit
New Brunswick	1 bottle	None	45 L
Newfoundland	1.14 L	None	9.09 L
Nova Scotia	9 L	None	9.09 L
Ontario	9 L	None	45 L
Prince Edward Island	9 L	None	9.09 L

Québec	None (under review)	None	9 L
Saskatchewan	9 L	None	9.1 L
Territory	Interprovincial quantity allowed (on person)	Interprovincial quantity allowed (delivered)	Out-of-country import quantity allowed
Northwest Territories	1.5 Liters	None	None
Nunavut	1.14 Liters	None	None
Yukon	9 Liters	None	9.09 L

Appendix II Provincial Liquor Control Boards

Table 19	
Provincial Liquor Control Boards	
<p><u>Alberta Gaming and Liquor Commission</u> www.aglc.ca 50 Corriveau Ave. St. Albert, AB T8N 3T5 Tel.: 780-447-8600 Toll Free: 1-800-272-8876</p>	<p><u>B.C. Liquor Distribution Branch</u> www.bliquorstores.com 2625 Rupert Street Vancouver, BC V5M 3T5 Tel.: 604-252-3000</p>
<p><u>Manitoba Liquor Control Commission</u> www.liquormartsonline.com P.O. Box 1023 Winnipeg, MB R3C 2X1 Tel.: 204-284-2501</p>	<p><u>New Brunswick Liquor Corporation</u> www.anbl.com P.O. Box 20787 Fredericton, NB E3B 5B8 Tel.: 506-452-6826</p>

<p><u>Newfoundland Liquor Corporation</u> www.nliquor.com P.O. Box 8750, Station A 90 Kenmount Road St. John's, NL A1B 3V1 Tel.: 709-724-1100</p>	<p><u>N.W.T. Liquor Commission</u> www.fin.gov.nt.ca/liquor-fund/index.htm Suite 201 - 31 Capital Drive Hay River, NT X0E 1G2 Tel.: 867-874-8700</p>
<p><u>Nova Scotia Liquor Corporation</u> www.mynslc.com 93 Chain Lake Drive Bayers Lake, Business Park Halifax, NS B3S 1A3 Tel.: 1-800-567-5874</p>	<p><u>Liquor Control Board of Ontario</u> www.lcbo.com 55 Lakeshore Boulevard East Toronto, ON M5E 1A4 Tel.: 416-365-5900</p>
<p><u>P.E.I. Liquor Control Commission</u> www.peilcc.ca P.O. Box 967 Charlottetown, PE C1A 7M4 Tel.: 902-368-5720</p>	<p><u>Société des alcools du Québec</u> www.saq.com 905, avenue Delorimier Montréal, QC H2K 3V9 Tel.: 1-866-873-2020</p>
<p><u>Saskatchewan Liquor and Gaming Authority</u> www.slga.gov.sk.ca P.O. Box 5054 Regina, SK S4P 3M3 Tel.: 306-787-5563</p>	<p><u>Yukon Liquor Corporation Board</u> www.ylc.yk.ca 9031 Quartz Road Whitehorse, YT Y1A 4P9 Tel.: 867-667-5245</p>