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FROM FARM TO GLASS: The Value of Beer in Canada

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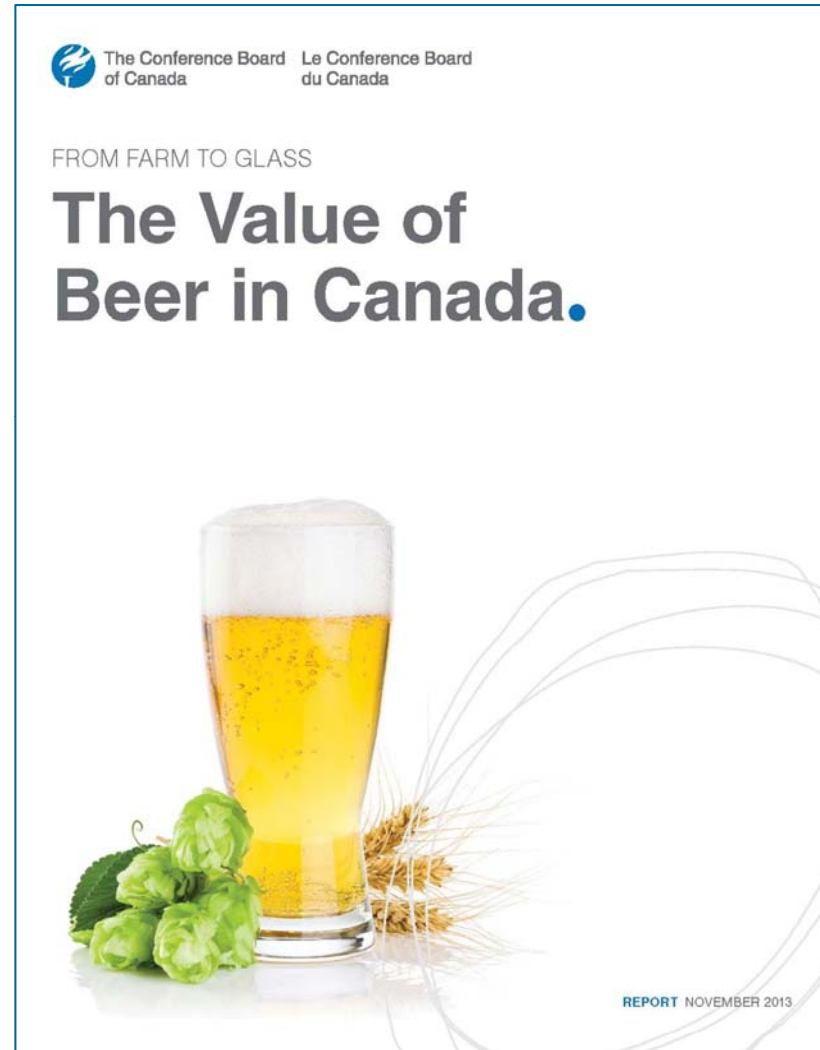
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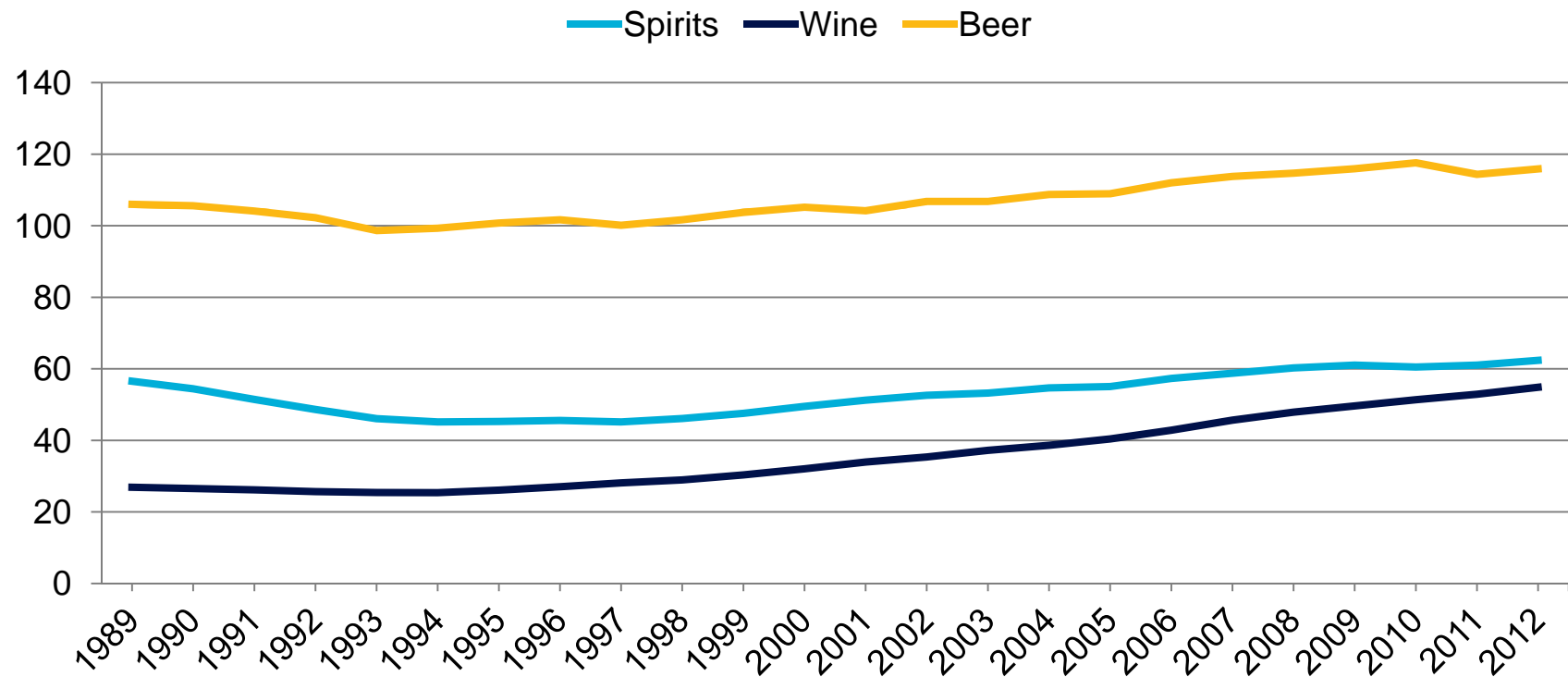
Economic Footprint of Beer.

- Report investigates size and scope of beer economy.
- Breweries are a large manufacturing industry, but there is more to the story.
- Beer has a long supply chain and is retailed in stores and consumed in bars, and restaurants.
- Therefore, beer's contribution to Canadian GDP is much larger than brewers themselves.



Beer is the preferred alcohol choice.

(volume of Canadian sales in absolute alcohol content; millions of litres)



Sources: Statistics Canada; The Conference Board of Canada.



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Putting the industry into perspective.

Canadian breweries industry:

- Smaller than forestry and logging
- About the same size as the postal service
- Larger than wineries and distilleries, soft drink manufacturing, and many others.

Putting the industry into perspective.

(2012 real GDP for selected Canadian industries; 2007 \$ millions)

Forestry and logging	3,729
Pharmaceutical and medicine manufacturing	3,451
Postal service	3,179
Breweries	3,166
Radio and television broadcasting	3,081
Dairy product manufacturing	2,866
Coal mining	1,666
Soft drink and ice manufacturing	1,168
Fishing, hunting, and trapping	1,127
Wineries and distilleries	889

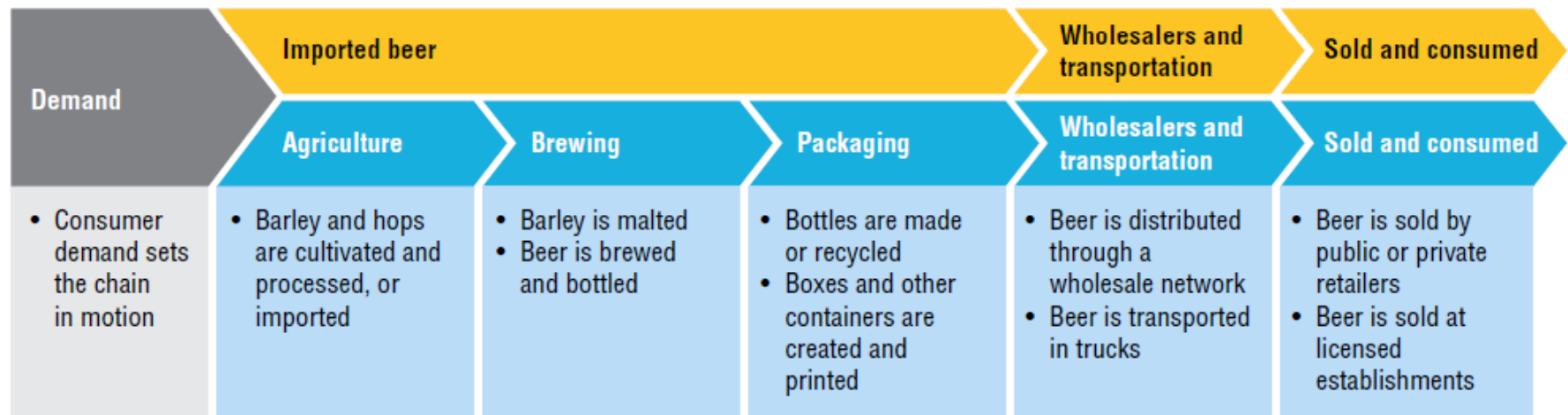
Sources: Statistics Canada; The Conference Board of Canada.

What is the “Beer Economy”?

It's more than just breweries...

When you drink a bottle of beer, you support:

- 1. Direct Impacts:** The brewing industry
- 2. Supply Chain Impacts:**



What is the “Beer Economy”?

It's more than just breweries...

3. Induced Impacts: Employees of breweries and the supply chain spend their earned income on goods and services.

4. Fiscal Impacts:

- Corporate taxes
- Income taxes of employees of breweries and supply chain industries
- Product taxes: includes GST, PST/HST, remittances from liquor authorities to provincial governments, fuel transport taxes, etc.



Beer's economic footprint.

(Annual average, 2009-2011)

Spending on beer (billions, real \$)	12.3
Real GDP (billions, real \$)	13.8
Economic multiplier	1.12
Jobs	163,200
Taxes (billions, nominal \$)	5.8

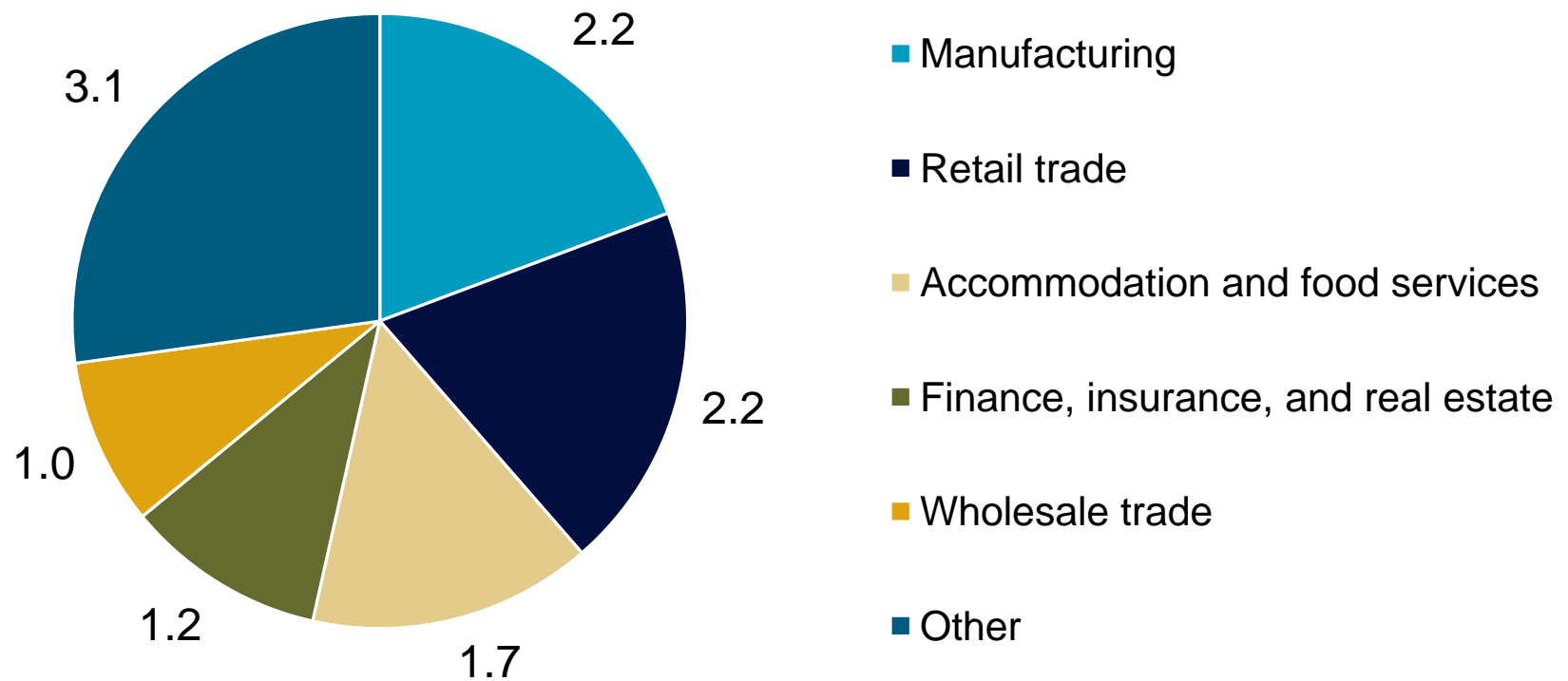
- Accounts for 0.9% of total GDP.
- Every \$1 spent on beer generates \$1.12 in real GDP.
- Beer economy supports 1 out of every 100 jobs in Canada.

Sources: Statistics Canada; The Conference Board of Canada.



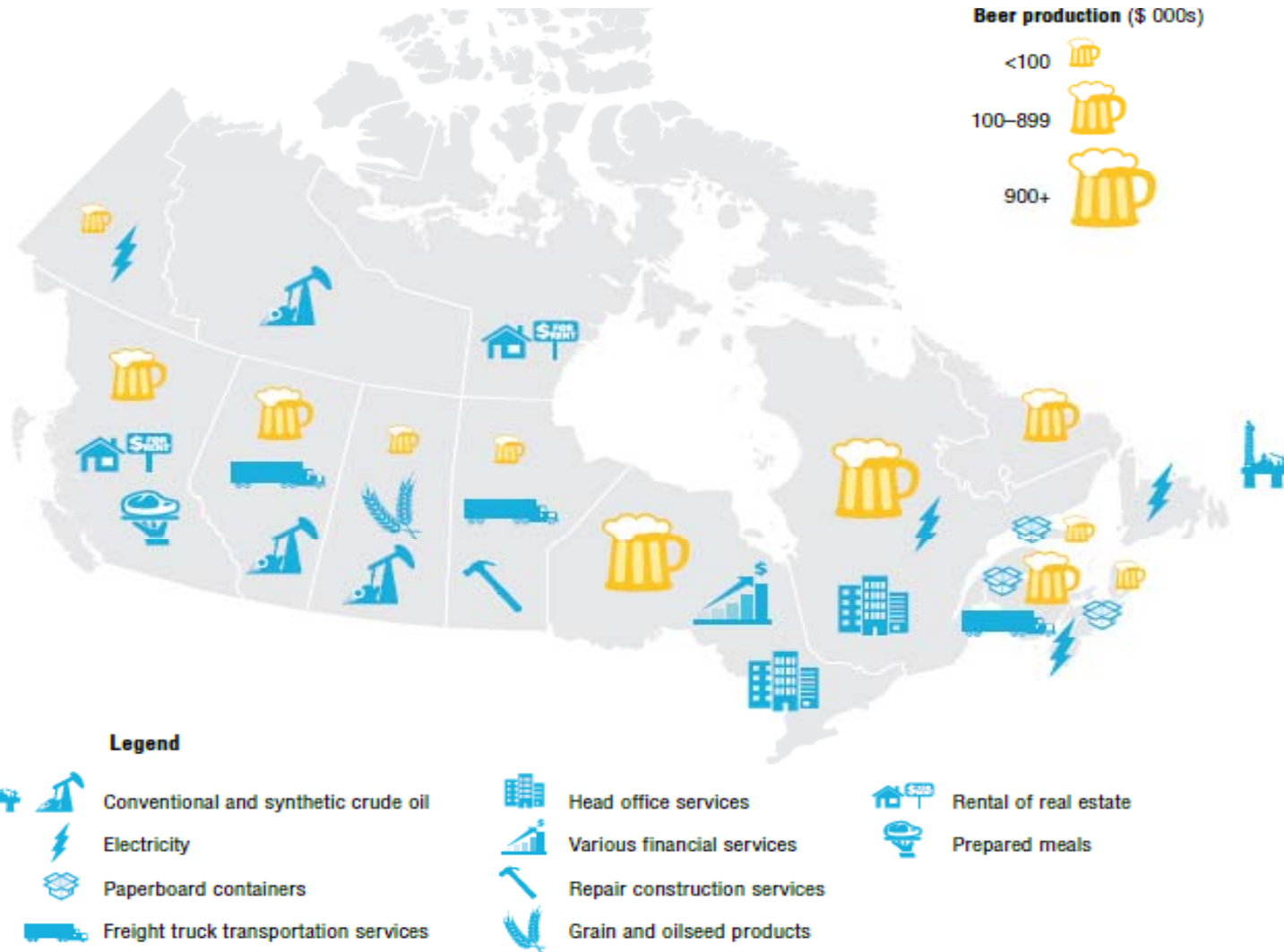
Economic footprint of beer, by industry.

(GDP annual average over 2009-2011; real \$ billions)



Source: The Conference Board of Canada.

Prominent Commodities in Beer Supply Chain.

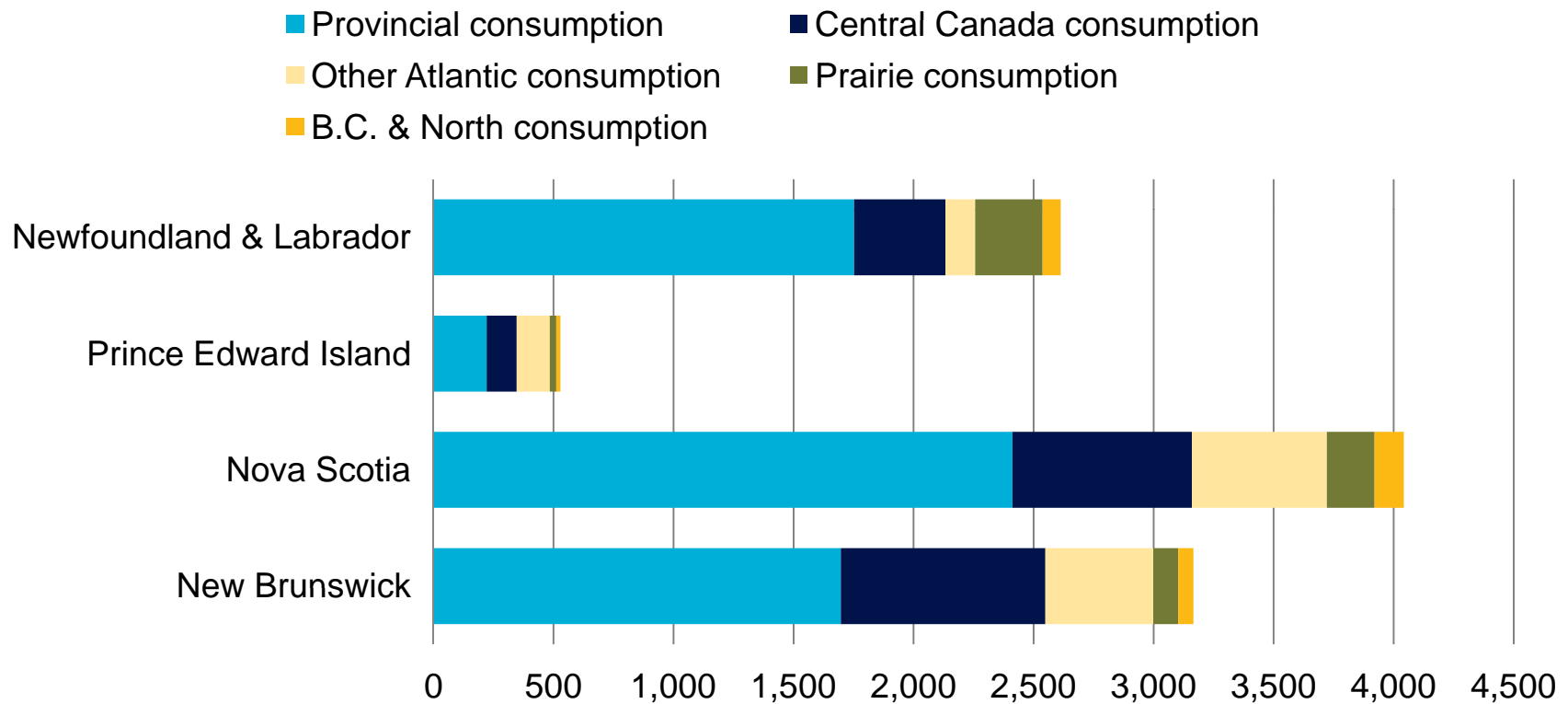


Regional Supply Chains: Atlantic Canada.

- Long brewing traditions: Moosehead, Oland Brewery, etc.
- There are 22 breweries in Atlantic provinces.
- The region supplies beer, electricity, paperboard containers and much more to the national beer economy.
- Beer consumption across Canada supports 10,349 jobs in the Atlantic provinces.

Beer Consumption Across Canada Supports Local Jobs.

Number of jobs supported as a result of beer consumption in various regions.



Sources: Statistics Canada, 2009 Interprovincial Input-Output Model; The Conference Board of Canada.

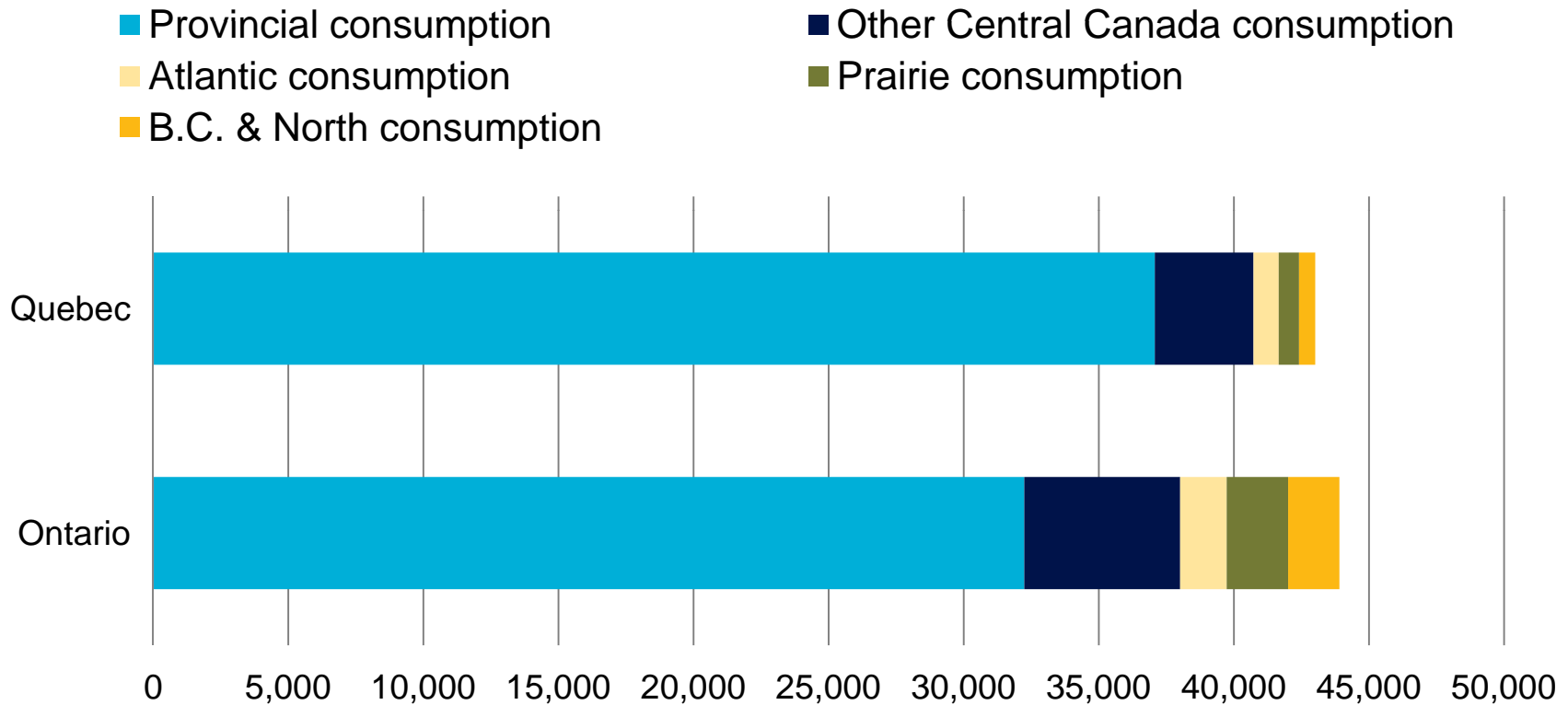
Regional Supply Chains: Central Canada.

- Brewing hub of Canada, home to the three largest breweries in the country.
- Quebec and Ontario account for 71% of brewing activity in Canada.
- Supplies beer, and head-office and financial services to the national beer economy, among other things.
- Beer consumption across Canada supports 86,913 jobs in Central Canada.



Beer Consumption Across Canada Supports Local Jobs.

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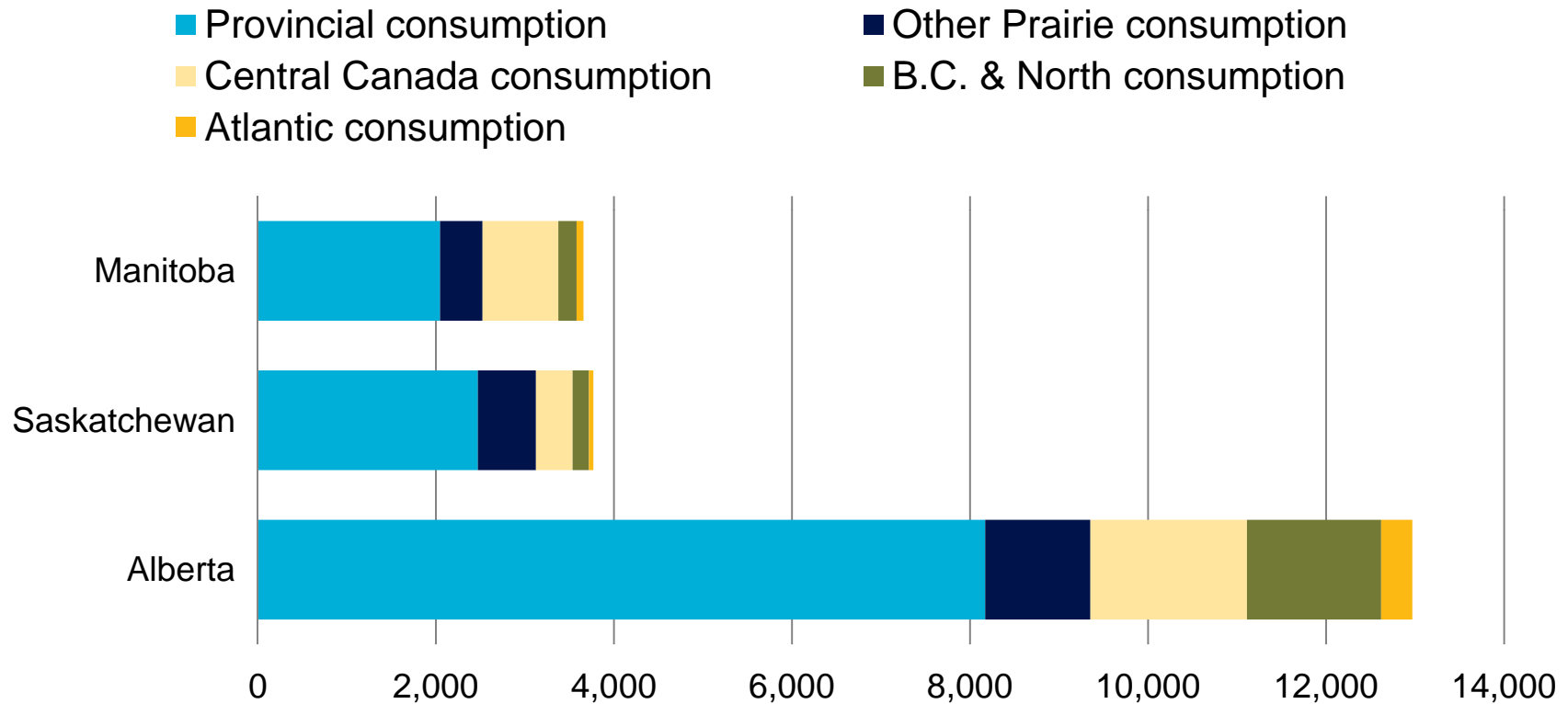
Regional Supply Chains: Prairie Provinces.

- Not large brewers relative to other regions.
- Very important region for the supply chain of beer.
- Supplies many inputs into production: malting barley, energy, water, etc.
- Large transportation and warehousing activity.
- Beer consumption across Canada supports 20,394 jobs in the Prairies.



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Number of jobs supported as a result of beer consumption in various regions.



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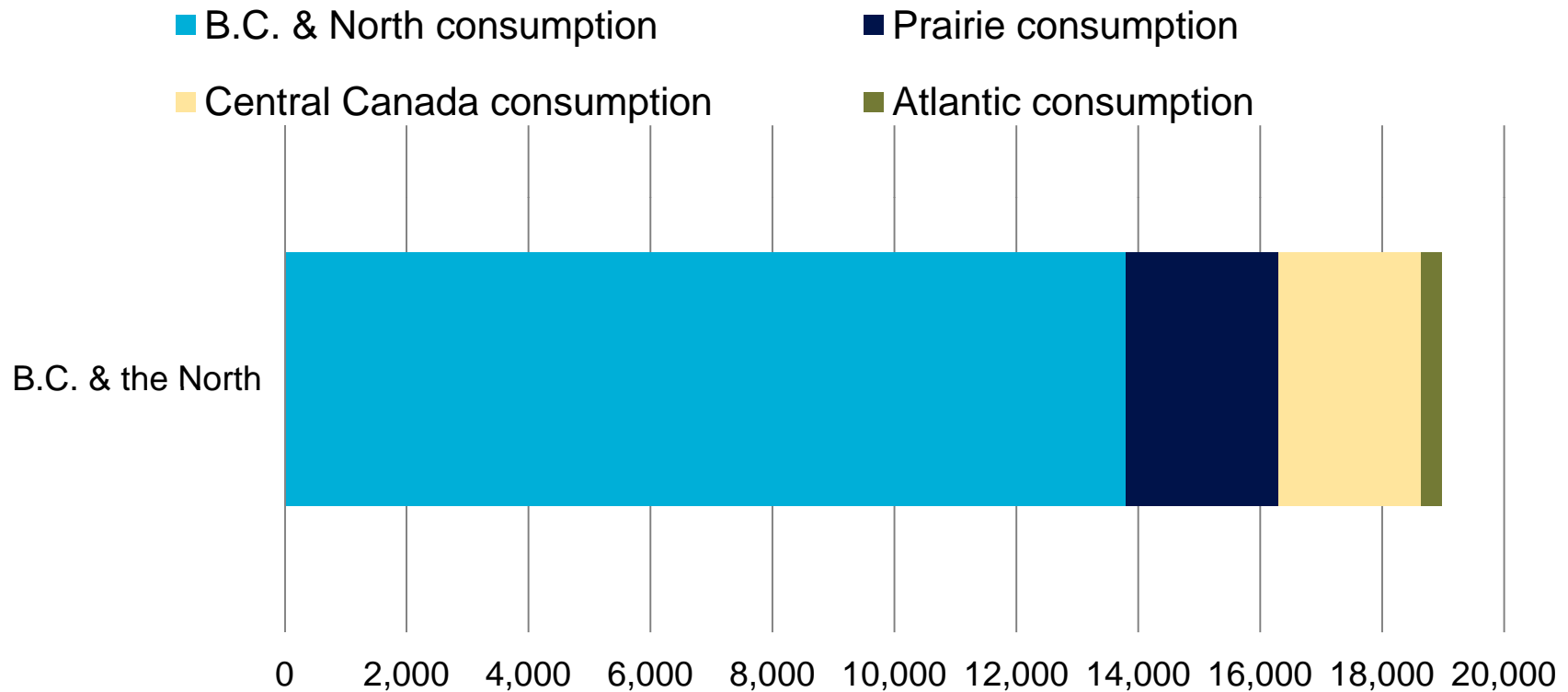
Regional Supply Chains: B.C. & the North.

- B.C. has an active brewing industry, with 72 large, medium, and small breweries.
- One brewery in Whitehorse: Yukon Brewing.
- Tourism boosts beer consumption, and supports a sizable accommodation and food services industry.
- Beer consumption across Canada supports 18,967 jobs in B.C. and the North.



Beer Consumption Across Canada Supports Local Jobs.

Number of jobs supported as a result of beer consumption in various regions.



Sources: Statistics Canada, 2009 Interprovincial Input-Output Model; The Conference Board of Canada.

Fiscal Impact of Beer Economy.

(\$ billions; annual average, 2009-2011)

Corporate profits before tax	4.3
Primary household income	7.2
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Personal income tax	1.0
Corporate income tax	1.0
Taxes on products	3.8
Total taxes	5.8

- Beer economy supports corporate profits and household income.
- These incomes help to generate sizeable contributions to federal, provincial, territorial, and municipal revenues.
- Every \$1 spent on beer generates \$0.44 in taxes (nominal).

Source: The Conference Board of Canada.



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Economic Contribution of Beer Exports.

- Growing global demand for beer from developing countries.
 - China is currently world's biggest beer market.
- Canada exports less than \$300 million of beer/year.
- Increasing Canadian beer exports by \$10 million would:
 - support 70 jobs (26 at breweries),
 - add \$10.54 million to domestic GDP, and
 - contribute \$327,000 to taxes on products.

Conclusion

Measuring the beer economy

- Beer is a large manufacturing industry, but much more.
- The beer industry has a long and integrated supply chain across Canada.
- It supporting nearly 1 per cent of Canada's GDP and 163,000 jobs.
- Growing global demand offers an even brighter future.



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