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For Immediate Release

**PRESS RELEASE**

**Ottawa sticks to annual beer tax hikes, disappoints beer drinkers**

**OTTAWA, ONTARIO – November 21, 2018** - The Government of Canada's Fall Economic Statement contains positive changes for the beer industry including a commitment to complete the modernization of the Beer Standard under Canada's Food and Drug Regulations. Yet it misses the opportunity to make life more affordable for Canada's middle class and fix a growing competitive disadvantage for domestic brewers.

The federal excise duty on beer will increase automatically on April 1, the third increase in 24 months, unless it is stopped in the pre-election Budget. Excise is a tax on production that is passed onto beer drinkers in the form of higher prices. Legislated annual tax hikes on beer were imposed by the Government in Budget 2017. By the end of 2019, the Government will have added \$80 million in additional excise costs to the sale of beer while also bumping up higher liquor board markups and HST costs. Next year, our federal excise duty rates on beer will be 80% higher than U.S. rates.

"47% of the price of a case of beer in Canada is already tax and the Government has legislated yearly tax hikes regardless of what is going on in the economy," said Beer Canada President Luke Harford. "We're asking the Trudeau government to please stop raising taxes on beer drinkers."

South of the border, the United States Government has given beer drinkers a break and American brewers a competitive edge. The U.S. Craft Beverage Modernization and Tax Reform Act rolled back federal excise duty rates on U.S. beer, wine and spirits. It was passed into law with the 2017 U.S. Tax Cuts and Jobs Act.

"Pausing the planned April 1 tax hike would have acknowledged the cost pressures on the middle class while keeping Canada's brewing industry competitive against the U.S." notes Harford.

Canada's beer economy has dropped from 163,200 Canadian jobs to 149,000 jobs. Half of those job losses have been in retail, wholesale and domestic manufacturing industries that provide inputs to brewers across the country. This threatens, \$13.6 billion in economic activity, 149,000 Canadian jobs, and \$5.3 billion in wages to Canadian workers.

**Quick Facts:**

- The U.S. Tax Cuts and Jobs Act cut federal excise duty on beer, wine and spirits giving middle class Americans a break and setting U.S. companies up to win.
- On April 1, 2019, the Government of Canada will automatically increase the federal excise duty on beer unless the escalator is repealed in Budget 2019.

- The Government of Canada is making beer more expensive and making it harder for Canadian companies to compete while the U.S. does the opposite.

#### **ABOUT BEER CANADA**

Beer Canada is the national trade association that advocates to ensure Canadian brewers are able to operate in a healthy regulatory environment and that beer remains a celebrated part of Canada's culture. As the national voice of beer, Beer Canada represents over 50 Canadian brewing companies that account for 90% of beer made in Canada.

#### **FOR MORE INFORMATION**

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