

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Canada

**Post:** Ottawa

### **Canada Removes Federal Barriers to Domestic Alcohol Sales**

**Report Categories:**

Trade Policy Monitoring

Wine

Beverages

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**Report Highlights:**

2019 Canadian federal budget legislation would eliminate federal restrictions prohibiting individuals and businesses from purchasing alcohol in another province, however, provincial barriers remain.

Imported products would not benefit from the changes to federal legislation.

Keywords: Canada, CA19015, Alcohol, Distribution, Wine, Beer, Spirits

The federal government highlighted the elimination of the last federal restrictions to inter-provincial trade of alcoholic beverages in an April 9 [announcement](#). The proposed changes to Canada's [Importation of Intoxicating Liquors Act](#) (IILA) are part of [Bill C-97](#), the legislation to implement certain provisions included in the Federal Budget announced in March 2019.<sup>1</sup> While the changes to the IILA (please refer to the Appendix below) would end federal limitations on the purchase and movement of alcoholic beverages within Canada, the status of imported products would not change.

Even as Bill C-97 would lift federal restrictions on inter-provincial shipments of alcoholic beverages, province-level regulations restricting inter-provincial shipments remain in effect. In the absence of such provincial regulations, Bill C-97 would enable Canadian consumers and businesses to order alcohol directly from producers in Canada and to receive shipments at their residences or establishments. Whereas businesses (including restaurants, bars, and retailers) in all provinces are required to purchase alcohol for resale through provincial alcohol monopolies, a patchwork of provincial regulations currently restrict direct sales of alcoholic products to consumers across provincial borders.

Though Bill C-97 would remove federal limitations on inter-provincial distribution of alcoholic beverages, current federal restrictions on imported alcoholic beverages would remain in place. Without changes to provincial regulations, inter-provincial barriers will continue to restrict sales of wine, beer, and spirits to consumers across provincial and territorial borders.

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<sup>1</sup> The Government of Canada's fiscal year begins on April 1 and ends on March 31 of the following year. Though Parliament 'tables' budget legislation ahead of the fiscal year, the legislation to fund the government for the full fiscal year is typically signed into law well into the fiscal calendar. In 2018, [Bill C-74](#) received Royal Assent on June 21, 2018, after being tabled on February 27, 2018.

## Appendix

| <p style="text-align: center;"><b>Current Provisions</b><br/><b><u>Importation of Intoxicating Liquors Act</u></b></p>   | <p style="text-align: center;"><b>Proposed Change</b><br/><b><u>Bill C-97</u></b></p>  |
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| <p>Prohibitions</p> <p>3 (1) Notwithstanding any other Act or law, no person shall import, send, take or transport, or cause to be imported, sent, taken or transported, into any province from or out of any place within or outside Canada any intoxicating liquor, except such as has been purchased by or on behalf of, and that is consigned to Her Majesty or the executive government of, the province into which it is being imported, sent, taken or transported, or any board, commission, officer or other governmental agency that, by the law of the province, is vested with the right of selling intoxicating liquor.</p> | <p>3 (1) Despite any other Act or law, other than the Foreign Missions and International Organizations Act, a person is not permitted to import, or cause to be imported, into a province from a place outside Canada any intoxicating liquor unless the intoxicating liquor has been purchased by or on behalf of, and is consigned to, Her Majesty or the executive government of a province, or any board, commission, officer or other governmental agency of the province that, by the law of that province, is authorized to sell intoxicating liquor.</p> |
| <p>Exceptions</p> <p>3 (2) The provisions of subsection (1) do not apply to</p> <p>(a) the carriage or transportation of intoxicating liquor into and through a province by the producer of the liquor or by a common carrier, if, during the time that the intoxicating liquor is being so carried or transported, its container is not opened or broken or any of the liquor drunk or used;</p>  | <p>(2) Paragraph 3(2)(a) of the Act is replaced by the following:</p> <p>(a) the transportation of intoxicating liquor through a province to a territory or through Canada to a destination outside Canada, by the producer of the liquor or by a common carrier, if, during the time that the intoxicating liquor is being transported, its container is not opened or broken or any of the liquor is drunk or used;</p>  |
| <p>(h) the importation of wine, beer or spirits from a province by an individual, if the individual brings the wine, beer or spirits or causes them to be brought into another province, in quantities and as permitted by the laws of the other province, for his or her personal consumption, and not for resale or other commercial use.</p>  | <p>(3) Subsection 3(2) of the Act is amended by striking out “and” at the end of paragraph (g) and by repealing paragraph (h).</p>   |

| <p style="text-align: center;"><b>Current Provisions</b><br/><b><u>Importation of Intoxicating Liquors Act</u></b></p>   | <p style="text-align: center;"><b>Proposed Change</b><br/><b><u>Bill C-97</u></b></p>  |
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| <p>Burden of proof</p> <p>4 The burden of proving the right to import, send, take or transport, or to cause to be imported, sent, taken or transported, any intoxicating liquor into any province is on the person accused.</p>  | <p>Burden of proof</p> <p>4 The burden of proving the right to import, or to cause to be imported, any intoxicating liquor into a province is on the person accused.</p>   |
| <p>Prosecution in place where liquor imported</p> <p>6 A prosecution for any offence under this Act may be brought and carried on, and a conviction had, in the city, town or place to, from or into which any intoxicating liquor is unlawfully imported, sent, taken or transported or in the place where the accused resides, but no prosecution shall be brought in any province against a person not within or residing in that province without the written approval of the attorney general of that province.</p> | <p>Prosecution in place where liquor imported</p> <p>6 A prosecution for any offence under this Act may be brought and carried on, and a conviction had, in the city, town or place into which any intoxicating liquor is unlawfully imported or in the place where the accused resides, but no prosecution shall be brought in any province against a person not within or residing in that province without the written approval of the attorney general of that province.</p> |
| <p>Sacramental, medicinal and other purposes exempted</p> <p>8 Nothing in this Act shall be deemed to forbid the importing, sending, taking or transporting, or causing to be imported, sent, taken or transported, into any province from or out of any place within or outside Canada of intoxicating liquor for sacramental or medicinal purposes or for manufacturing or commercial purposes other than for the manufacture or use thereof as a beverage.</p>  | <p>Sacramental, medicinal and other purposes exempted</p> <p>8 Nothing in this Act prohibits the importing, or the causing to be imported, into a province from a place outside Canada of an intoxicating liquor for sacramental or medicinal purposes or for manufacturing or commercial purposes other than for the manufacture or use of an intoxicating liquor as a beverage.</p>  |