

Facts About the Canadian Craft and Micro Distilling Industry

- Craft distilleries — also known as artisan distilleries, boutique distilleries, micro distilleries, and independent distilleries — produce small batches of spirits (liquor) as opposed to beer and wine. They use local ingredients to give their products a unique flavor.
- Canada's distilling industry began in Quebec City in 1769; by the 1840s, there were more than 200 small batch and large scale distilleries combined in Canada.¹ The Canadian distilling industry eventually suffered a blow with Prohibition, and it is still recovering. Restrictive laws made it difficult for anyone but mass produced, major brands to resurface after the repeal of Prohibition. In 2011, the Association of Canadian Distillers (now Spirits Canada) estimated that there were only 14 major distilleries in the country.²
- Between major and craft distilleries combined, the Canadian distilling industry currently generates nearly \$1 billion each year.³ Canadian whisky accounts for one quarter of Canada's spirits market.⁴
- It wasn't until 2006 that Canada had its first independent bottlers of whiskies – Barry Stein and Barry Bernstein of Still Waters Distillery in Ontario.
- The Canadian craft distilling industry has been taking root primarily in British Columbia.⁵
- Despite strict regulations and harsh taxes that make it difficult for craft distilleries to profit, Canada's craft spirits industry is growing. More than 25 craft distilleries have come on board in the past decade.⁶ There are now more than 30 craft distilleries across Canada; 34 of these are featured in David J. Reimer, Sr.'s, *Craft and Micro Distilleries in the U.S. and Canada: The Definitive Guide to Small Batch, Artisanal Spirits*.
- Owners of craft and micro distilleries are working hard to move the industry forward in Canada, despite the fact that continuing high taxes and strict regulations make it difficult for small distilleries to profit. For example:
 - Beer and wine are still taxed at lower rates than spirits, and spirits sales are also much more restricted than are beer and wine sales.⁷
 - Distilleries are prohibited from selling their items directly; all items must be purchased through provincial liquor stores.⁸

¹ Judith Lane. "A Spirited History Part 3: Distilling in Canada." *BC Liquor Stores* Spring 2011. Web. 29 April 2014.

² Lane.

³ Lane.

⁴ "The Canadian Distillery Industry." *Agriculture and Agri-Foods Canada*. Agriculture and Agri-Foods Canada, 29 March 2013. Web. 12 April 2014.

⁵ Vancouver Sun. "Distilling the essence of B.C. in spirits." *Canada.com*. Postmedia Network Inc., 24 May 2008. Web. 29 Apr. 2014.

⁶ Beppi Crosariol. "From PEI Gin to BC Vodka: Canada's Craft-Spirits Boomlet." *The Globe and Mail*. The Globe and Mail Inc., 17 Apr. 2012. Web. 29 Apr. 2014.

⁷ Darcy O'Neil. "Still Waters Distillery." *Art of Drink*. Darcy O'Neil, 2011 Mar. Web. 29 Apr. 2014.

⁸ "The Canadian Distilling Industry."

- Ontario has “some of the strictest distilling regulations in North America...To open a retail store, for instance, a distillery must have a 5,000-litre pot still, 10 times the size used by craft producers.”⁹
- British Columbia is beginning to relax some of its liquor laws to make it easier for craft distilleries, craft breweries, and winemakers to operate and profit. In 2013, the provincial government ended its “tied house” rule which prohibited craft distilleries, craft breweries, and wineries from selling products at their own off-site restaurants. The change in legislation also means that craft distilleries and craft breweries will now be allowed to build on-site tasting rooms and lounges.¹⁰
- Although Canadian craft distilleries can’t compete with large distilleries when it comes to price and quantity, they excel and, in a growing number of cases, outshine large scale competitors in terms of quality. For example:
 - Prince Edward Distillery’s gin “garnered 92 points (the same score as megabrand Bombay Sapphire) from Chicago’s Beverage Testing Institute.” The distillery’s vodka “took home gold at the 2009 San Francisco World Spirits Competition, ahead of Chopin, Skyy, and Stolichnaya Red, all silver medalists.”¹¹
 - British Columbia’s Okanagan Spirits was named “World Class Distillery” and also won “Distillery of the Year” and “Spirit of the Year” at the 2013 World Spirits Awards.
 - Skinny Pinot Noir of Maple Leaf Spirits Inc. in British Columbia won “Spirit of the Year” at Austria’s 2008 International Spirits and Liqueur Competition Destillata.

⁹ Eric Veillette. “A Nice Day for White Whisky.” *Canadian Business*. Rogers Media, 23 Sept. 2013. Web. 29 Apr. 2014.

¹⁰ “B.C. Liquor Laws Relax for Craft Brewers and Distillers, Winemakers.” *CBC News*. CBC, 8 Feb. 2013. Web. 29 Apr. 2014.

¹¹ Crosariol.