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BY E-MAIL

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International Trade Policy Division
Department of Finance
90 Elgin St. Ottawa, Ontario K1A 0G5
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Re: [Notice of intent to impose countermeasures action against the United States](#)

Canadian brewers urge the Government of Canada to exclude aluminum beer cans imported from the United States under tariff codes 7612.90.91 and 7612.90.99 from its proposed list of retaliatory measures. While we understand that the government is responding to a situation that is not of its own making, a counter tariff on beer cans would impact all of Canada's 1,100 breweries. In fact, due to the unavoidable and negative impact on the industry, the Government of Canada in October 2018 had provided targeted relief from Canada's countermeasures, with most beer cans imported from the U.S. no longer being subject to retaliatory tariffs. The unfortunate reality is that these retaliatory tariffs have no impact on US-based can manufacturers and only serve to hurt Canadian beverage producers because alternative sources are not available.

Most Canadian brewers rely on manufacturers on both sides of the border to source their supply of cans, and there are certain sizes, including the popular 473ml tall can, which can **only** be sourced from the U.S. Beer sales in the 473ml tall can have grown by 81% since 2014 and many of Canada's 1,100 breweries have made substantial investments to package large volumes of beer in this container size. The U.S. tariffs on Canadian aluminum on their own will increase the cost of beer cans, while Canada's retaliatory tariffs would compound an already difficult cost challenge. A 10% tariff on beer cans would take an estimated \$20 million in additional cash flow from brewers annually and raise the cost of beer for hard-working Canadians and businesses in the hospitality and tourism sectors still struggling to recover from COVID-19.

COVID-19 has had a profound impact on the Canadian beer market which has seen declining beer sales and rising production costs, and which has struggled with the temporary elimination and ongoing reduction of draught beer sales through restaurants, bars and taprooms as well as the cancellation of public events such as concerts, festivals and sports. Due to these market changes, Canadian brewers have had to shift a higher than anticipated share of their sales volumes into cans. As a result, the supply for aluminum cans in Canada is extremely tight, as has been widely reported in the media. A 10% tariff on

this package type adds to the already higher production costs brewers have had to take on in order to adjust how they package and sell beer.

In 2019, Canadian brewers purchased over 3 billion cans of beer of various sizes. Cans accounted for 65% of total beer sales in Canada, an increase of 15% from 2014. Table 1 shows the most popular can sizes and total individual sales in 2019:

Can Size	Total Individual Cans Sold
355ml	2.5 billion
473ml	590.2 million
500ml	191.3 million
>500ml	173.4 million
330ml	21.7 million

Over the past several years, beer's share of Canada's beverage alcohol market has declined while higher concentrated alcohol products, specifically wine and spirits has grown. Both wine and spirits are packaged almost exclusively in glass bottles and would therefore not be impacted by the proposed list of countermeasures being considered by the government. Canadian brewers would be placed at a competitive disadvantage to other Canadian beverage alcohol producers and to beer brewed outside of Canada which could continue to be imported as filled beer into Canada in aluminum cans tariff-free.

We recognize and support the need for the Canadian government to impose countermeasures in response to the U.S. aluminum tariffs. However, the government should seek out U.S. goods to subject to tariffs that Canadian businesses can find alternative non-U.S. based suppliers to source from. Currently, there are no suppliers outside the U.S. for our brewers to readily source aluminum cans from in the volumes required to sustain market demand, and the situation has been made even worse due to COVID-19 and the market changes it has brought about.

In closing, beer cans must be exempted from Canada's list of countermeasures to avoid further negative impacts on Canada's brewing industry and the many businesses in the hospitality, tourism and agriculture sectors that are closely connected to it. Choosing not to exclude beer cans will hurt brewers and further slow the economic recovery of struggling businesses that rely on the sale of beer.

We appreciate the opportunity to provide input into this process and are readily available to provide further information if needed.

Sincerely,



CC:

The Honourable Navdeep Bains, P.C., M.P. Minister of Innovation, Science and Industry

The Honourable Marie-Claude Bibeau, P.C., M.P. Minister of Agriculture and Agri-Food

The Honourable Chrystia Freeland, Deputy Prime Minister, Minister of Finance

The Honourable Mélanie Joly, Minister of Economic Development and Official Languages

The Honourable Dominic LeBlanc, Minister of Intergovernmental Affairs

The Honourable Mary Ng, Minister of Small Business, Export Promotion and International Trade

Jeremy Broadhurst, Chief of Staff, Deputy Prime Minister

Brian Clow, Issues Management, Parliamentary Affairs, & Canada-U.S. Relations, Prime Minister's Office

Ryan Dunn, Chief of Staff, Minister of Innovation, Science and Industry

Jason Easton, Chief of Staff, Minister of Small Business, Export Promotion and International Trade

Ian Foucher, Special Advisor, Minister of Finance

Christiane Fox, Deputy Minister, Intergovernmental Affairs

Peter Fragiskatos, MP, London Centre

Jérémy Gauthier, Director of Policy, Minister of Agriculture and Agri-Food

Michèle Govier, Senior Director, International Trade Policy Division, Finance Canada

Daniel Lauzon, Chief of Staff to the Minister of Economic Development and Official Languages

Tyler Meredith, Director of Policy, Minister of Finance

Alison Porter, Chief of Staff, Minister of Agriculture and Agri-Food

Paul Rochon, Deputy Minister, Finance