



December 8, 2023

The Hon. Chrystia Freeland, P.C., M.P.  
Office of the Deputy Prime Minister  
80 Wellington Street  
Ottawa, ON K1A 0A2

Email: [chrystia.freeland@fin.gc.ca](mailto:chrystia.freeland@fin.gc.ca)

**Re: Request to Reconsider Federal Beer, Wine, and Spirits Excise Tax Increase**

Dear Deputy Prime Minister Freeland:

On behalf of the Canadian Chamber of Commerce, I am writing to express our concern regarding the upcoming above-inflation 4.7% tax increase on beer, wine, and spirits the government has scheduled to take effect on April 1, 2024. We respectfully urge you to re-think this decision, considering the significant negative impact it would have on Canadian consumers and businesses throughout the beer, wine and spirits, value chain, including farmers, producers, retailers, and restaurateurs.

Many of our members operating in Canada's producer, restaurant and hospitality sectors have yet to witness a return to pre-pandemic sales levels. Simultaneously, they face soaring costs. For instance, according to Statistics Canada, prices for beer purchased at restaurants and bars rose by nearly 8% in October 2023 compared to just a year ago due in large part to higher input costs as well as rising rent and interest rates. Additionally, in the first ten months of 2023, draught beer sales remained 20% below the same period pre-pandemic in 2019.

When the escalator tax was first introduced, the Canadian Chamber of Commerce warned that a permanent automatic increase in duties every year was a mistake, given Canada's exceedingly high alcohol tax rates. What's more, the automatic escalator evades parliamentary and prevents the government from adjusting to economic circumstances like those we are experiencing right now.

As Canadians and businesses from coast-to-coast-to-coast struggle with the increase in the cost of living, now is not the time to increase alcohol taxes on ordinary Canadians or on our struggling restaurants, bars and domestic alcohol producers.

We respectfully request that you and your team carefully reconsider this decision, either by cancelling the tax increase altogether or, at the very least, by extending the 2% cap that was included in the 2023 Budget for another year. Such action would not only be welcomed by consumers but also by the thousands of Canadian jobs and businesses that rely on alcohol sales.

Thank you for your attention to this matter. We look forward to your response.

Sincerely,

Robin Guy  
Vice President and Deputy Leader, Government Relations