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# Regulations Amending the Food and Drug Regulations (Vodka): SOR/2019-217

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Registration

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FOOD AND DRUGS ACT

P.C. 2019-791 June 16, 2019

Her Excellency the Governor General in Council, on the recommendation of the Minister of Agriculture and Agri-Food, pursuant to subsection 30(1) <sup>a</sup> of the *Food and Drugs Act* <sup>b</sup>, makes the annexed *Regulations Amending the Food and Drug Regulations (Vodka)*.

## Regulations Amending the Food and Drug Regulations (Vodka)

### Amendment

**1** Section B.02.080 of the *Food and Drug Regulations* <sup>1</sup> is replaced by the following:

**B.02.080 [S]. (1) Vodka** shall be a potable alcoholic distillate obtained from potatoes, cereal grain or any other material of agricultural origin fermented by the action of yeast or a mixture of yeast and other micro-organisms.

**(2)** The distillate shall be treated with charcoal or other means so that the vodka is without distinctive character, aroma or taste.

**(3)** Vodka produced, in whole or in part, from material of agricultural origin other than potatoes or cereal grain, shall carry in close proximity to the common name, the statement “produced from” followed by the name of all material of agricultural origin used.

### Transitional Provision

**2** Despite these Regulations, vodka may, until December 13, 2022, be sold in accordance with the *Food and Drug Regulations*, as they read immediately before the day on which these Regulations come into force.

### Coming into Force

**3** These Regulations come into force on the day on which they are registered.

## REGULATORY IMPACT ANALYSIS STATEMENT

(This statement is not part of the Regulations.)

## Issues

Previously, in order for a spirit to be labelled as “Vodka,” the *Food and Drug Regulations* (FDR) required that it must be produced from grain spirit or potato spirit and be treated with charcoal to render the product without distinctive character, aroma or taste.

Alcoholic beverages derived from material of agricultural origin other than grain spirit or potato spirit, for example from fruits, dairy products or honey, do not meet the pre-existing federal vodka standard and therefore, cannot be labelled with the term “vodka” when trading inter-provincially. This limits the ability for vodka distillers that create innovative spirits with other ingredients or treat the spirit with means other than charcoal to label their products as vodka when trading across provincial boundaries.

Furthermore, the pre-existing Canadian vodka standard does not align with the standards for vodka of major trading partners. The United States (U.S.) and the European Union (EU) allow vodka to be produced from a wider range of raw material (e.g. apples, pears or honey).

## Background

### ***Food and Drug Regulations* and food compositional standards**

The *Food and Drugs Act* (FDA) and the FDR set out requirements regarding health and safety, composition, labelling, treatment, processing, sale and advertising that apply to food. This includes beverages with alcohol.

There are over 300 food compositional standards prescribed under the FDR. Food compositional standards are a set of established requirements, including technical specifications and other criteria (such as ingredients, strength, potency, purity and quality), that define a particular food, often with an associated common name (e.g. whisky, rum, vodka).

Food standards provide consumers with predictability of composition for specific foods. In addition, the standards are intended to protect consumers from products that are labelled falsely or are misleading and to help them make informed purchasing decisions.

The non-health and safety-related components of the food compositional standards (such as ingredient requirements) under the FDR apply to imported food products and food products traded inter-provincially.

### **Vodka compositional standard**

Division 2 of the FDR establishes compositional standards for alcoholic beverages, including vodka. When a food meets a prescribed compositional standard it must use the prescribed common name, when applicable.

While vodka traded inter-provincially (across provinces and territories) and imported vodka are subject to the compositional standard set out in Division 2 of the FDR, vodka traded intra-provincially (within the province) is not subject to the federal standard, unless such requirements are referenced by the provinces or territories in their legislation. As a result, for example, a distilled spirit produced in a province could be labelled as vodka for sale within the province, but not meet the federal standard precluding its sale inter-provincially.

Alcoholic beverages not meeting the vodka standard may meet other standards under Division 2 of the FDR or be considered as an unstandardized alcoholic beverage, and may be referred to as “alcoholic beverage,” “distilled spirit” or other such name.

## Industry

Canada’s distilling industry produces a variety of spirits (e.g. whisky, rum, vodka, gin, liqueurs, spirit

coolers, and basic ethyl alcohol). The distillery industry as defined by North American Industry Classification System is primarily engaged in distilling liquor (e.g. vodka), except brandy, blending liquor, or blending and mixing liquor and other ingredients. <sup>2</sup> According to Statistics Canada there are 112 distillery establishments in Canada producing various types of spirits. Based on the Treasury Board of Canada Secretariat definition of small business (i.e. fewer than 100 employees), approximately 92% of distilleries in Canada are considered small businesses. <sup>3</sup> Among these distilleries, it is difficult to determine the exact number of businesses that specifically manufacture vodka as this level of detail is not available from Statistics Canada.

Statistics Canada reported that liquor stores, agencies and other retail outlets sold \$5.3 billion worth of spirits in Canada during the year ending March 31, 2017, an increase of 3.2% from the previous year. <sup>4</sup> Vodka accounted for \$1.3 billion in sales (45.1 million litres in volume of sales, of which 61% represented domestically produced vodka). <sup>5</sup> At the national level, vodka was the second most popular spirit category representing approximately 25% of total spirit sales in Canada. The average annual growth rate of vodka sales from 2012 to 2017 was 0.7% for Canadian products and 1.6% for imported products. <sup>6</sup>

Canada was a net importer of vodka in 2017 as vodka imports totalled \$143.9 million while exports amounted to \$13.8 million. The imports originated primarily from the United States (24%), Sweden (24%) and France (23%). <sup>7</sup> The United States accounted for approximately 90% of Canadian exports.

On November 28, 2018, the Government of Canada announced, in a news release, the federal action to enhance economic competitiveness and improve trade between provinces and territories, as well as its intent to revise the Canadian vodka standard.

## Objective

The objective of the amendments to the FDR is to amend the compositional standard for vodka in order to facilitate inter-provincial trade, harmonize more closely with trading partners, enable product innovation and allow distilleries to be more competitive and grow. This is achieved by

- (1) Expanding the permitted material of agricultural origin from only potato and grain spirits to any such;
- (2) Allowing for the use of other treatments, besides charcoal, to render the product without distinctive character, aroma, or taste; and
- (3) Requiring additional labelling when sources other than potato or cereal grain are used.

## Description

### Vodka compositional standard

#### *Ingredients*

The previous standard required that vodka be obtained by the treatment of potato spirit or grain spirit.

This element is replaced by providing that vodka can be produced from potatoes, cereal grain or any other material of agricultural origin.

#### *Characteristics*

The previous standard was for vodka to be treated with charcoal so as to render the product without distinctive character, aroma or taste.

This requirement for vodka to be without distinctive character, aroma or taste is maintained in the Regulations. However this will be permitted to be achieved by using charcoal or any other means.

#### *Labelling*

Products meeting the vodka standard will continue to be required to be called vodka. In addition, a new labelling requirement is triggered when the material of agricultural origin used in the production of vodka is not exclusively from potato or cereal grain. In such case, the expression “Produced from” and the name of the material of agricultural origin used will be required to reflect the material(s) used. For example, in a case where vodka is produced entirely from apples, the expression “Produced from apples” will be required to be added in close proximity to the common name of vodka.

## Regulatory development

### Consultation

There was limited input from stakeholders regarding the vodka standard through the Canadian Food Inspection Agency (CFIA) food labelling modernization engagement, which took place between 2013 and 2017. Since then, there have been some requests submitted to CFIA from distillers who produce vodka from grapes, apples or dairy to revise the federal vodka standard.

From January to March 2019, CFIA conducted a consultation on changes to the vodka compositional standard. This consultation took place as a notice of intent posted on CFIA website for a public comment period of 60 days. The intent of the consultation was to obtain an understanding of stakeholders’ views on the proposed changes, and to identify potential issues with the proposal.

At the same time, an economic survey conducted by CFIA was also distributed to 125 industry stakeholders to assist in developing the cost-benefit analysis for the amendments to the vodka compositional standard.

A World Trade Organization (WTO) notification was also issued during the consultation to provide Canada’s international trading partners with an opportunity to provide comments on the proposed changes to the standard.

A total of 43 comments were received from a variety of stakeholders including businesses, industry associations, provincial liquor boards, international partners and consumers. After a review and analysis of all comments, the CFIA determined that there was sufficient support overall to proceed with changes to the vodka compositional standard as support for the proposal was above 70% of stakeholders. A summary of comments received is broken down by the elements of the proposal in the paragraphs below. The requirements presented reflect the feedback received from stakeholders.

The proposal to expand permitted material of agricultural origin from potato or grain spirits to any agricultural material was well supported. The main reasons voiced for this support were to better align with international trading partners, and encourage innovation and competitiveness. The CFIA determined that this part of the proposal could proceed without changes.

The least supported part of the proposal was on the end characteristics that should define vodka. The proposal was to require vodka made from potato or cereal grains to be neutral, while vodka made from other agricultural material may maintain some distinctive characteristics. An overwhelming 80% of respondents advocated for vodka, regardless of what it is made from, it remains a neutral alcoholic beverage without distinctive character, aroma or taste, regardless of what it is produced from as this is considered essential to the identity of vodka. Taking these comments into consideration, it was decided to maintain the pre-existing requirement from the FDR and require vodka to be neutral.

Only supportive comments were received on the allowance for treatment by any means including charcoal to render the product without distinctive character, aroma, or taste. This change will allow industry to be more flexible and adapt to more modern processing techniques.

Also, the majority of respondents supported an additional labelling requirement for Vodka not produced exclusively from potato or cereal grain. Stakeholders indicated that this would simplify marketing with trading partners (aligns with EU), increase consistency in advertising, and eliminate consumer confusion. Based on requests received by CFIA for a more detailed manner to convey this information to consumers, it was decided that the expression “Produced from” and the name of the material of agricultural origin used would be required to be added to the label in close proximity to the

common name vodka.

Additional comments were received from the United States and provincial liquor boards that were outside the scope of the proposal including

- The United States asked that consideration be given to add permitted levels of sugar and citric acid.
- The Distilled Spirits Council of the United States requested that a specific percentage of alcohol by volume be established, in addition to adding permitted levels of sugar and citric acid.
- The Canadian Association of Liquor Jurisdictions asked that consideration be made to include a reference to a minimum alcohol content of the base distillate, and addition of a definition of agricultural material.
- The Newfoundland and Labrador Liquor Corporation suggested that considerations be given to creating a new standard of identity for products made of material of agricultural origin other than potato or grain spirits.

Due to the fact that these comments were out of scope of the proposal, they were not addressed in the amendments to the vodka compositional standard.

## **Instrument choice**

### **1. Status quo**

These regulatory amendments were developed based on consultation that began with the identification of issues experienced with the status quo. Through this consultation, examples were provided of situations where the status quo had become ineffective, such as the compositional standard for vodka being too narrow to allow for the continued development of the growing distillery sector and inhibit the ease of inter-provincial trade. If the vodka compositional standard remained as is, it would continue to not reflect a number of trends including new vodka production methods and marketing techniques not covered under the pre-existing compositional standard. Requirements would have become increasingly outdated over time as these trends are expected to accelerate. For example, the inability to label alcoholic beverages for inter-provincial trade as “vodka,” when distilled using materials other than potatoes or cereal grain, may have affected industry’s ability to market their products where the federal compositional standard applies.

### **2. Regulatory option**

The regulatory option was chosen, as it is the most effective way to simultaneously keep pace with industry advances, improve trade and harmonize requirements to limit hindrances to industry. The regulatory amendments broaden the compositional standard to allow for innovation, facilitate trade and assist consumers to make informed purchasing decision with an additional labelling requirement.

There have also been recent amendments to the beer compositional standard of the FDR. In light of this, the transition period for the vodka compositional standard aligns with the transition period for the beer compositional standard. This transition period will limit impacts on industry and avoid any unnecessary costs. The phased-in approach of these changes will also help facilitate industry readiness for the coming into force of the regulatory amendments and reduce costs to implement the changes.

## **Regulatory analysis**

### **Costs and benefits**

The section assesses the incremental impacts (i.e. costs and benefits) of the modernization of the vodka compositional standard, resulting from the difference between the baseline and regulatory scenario. The baseline scenario describes the situation under the pre-existing federal regulatory framework. The regulatory scenario describes the future situation when the new Regulations come

into force.

The vodka compositional standard is applicable to inter-provincially traded and imported products. However, in cases where provincial liquor boards are using the FDR as guidelines or policy that must be met for the product to be sold in their province, Canadian manufacturers who do not trade any of their affected products inter-provincially will be required by the provincial liquor board to meet the vodka compositional standards as may be applicable. Since these provincial requirements are external to the amendments, the analysis excluded such impacts.

The regulatory amendment is expected to have a net benefit because the costs are not expected to be significant and will be offset by the benefits to industry and consumers as outlined in the sections below.

### **Affected stakeholders**

The following stakeholders will be impacted:

- vodka manufacturers and/or distilleries;
- distributors and/or retailers, including provincial liquor boards;
- vodka exporters and importers;
- government (CFIA); and
- consumers and general public.

An industry economic survey was conducted by CFIA to assess the impacts of the regulatory changes. The survey was distributed to 125 industry stakeholders (associations, manufacturers, importers and retailers/distributors) in January 2019. A total of 20 responses were received from distilleries, importers and retailers/distributors.

### **Qualitative benefits**

The following benefits of the regulatory proposal are based on CFIA subject matter input and the notice of intent posted on CFIA website. These benefits are consistent with the economic survey responses received by CFIA.

#### **(a) Promote innovation in the distillery sector**

Modernizing the vodka compositional standard will support product development as distilleries have the option to use other materials of agricultural origin and treatment methods other than charcoal to render their product without distinctive character, aroma or taste. These options will allow for vodka manufacturers to explore more cost-effective options to develop and market vodka.

Some of the survey respondents indicated that the amendments will promote innovation in the marketplace. Comments received suggested that businesses will be able to choose to use local ingredients to manufacture vodka to reduce costs or to promote a product that is authentic to a specific region. Other respondents indicated that there will be the potential for technological innovation in alternative filtration methods that are more effective in terms of quality and/or cost.

#### **(b) Improved alignment with international trading partners**

The modernized vodka compositional standard will better align with major trading partners such as the United States (U.S.) and the European Union (EU) relative to the baseline as both these countries allow for vodka to be produced from a range of agriculture materials (including potatoes or cereal grains). According to Statistics Canada's Canadian International Merchandise Trade Database for 2017, the U.S. accounted for approximately 90% of Canada's total vodka exports in terms of volume in litres of pure alcohol (LPA), representing \$10.1 million. The EU countries accounted for approximately 7% of Canada's total vodka exports in terms of LPA, representing \$2.9 million. In addition, the majority of imports for vodka come from EU countries (69% in terms of LPA representing \$102.1 million), followed by the U.S. (28% in terms of LPA representing \$33.8 million).<sup>8</sup> Thus, with

improved alignment, the Regulations will potentially improve trade with these countries.

Some of the survey respondents indicated that the amendments will have positive impacts on trade since increased alignment will result in cost savings because some Canadian distilleries will be able to use the same label for their product in Canada and the United States. For example, vodka made from apples with the label “Vodka produced from apples” will satisfy Canadian and U.S. labelling requirements. This will help increase the presence of Canadian vodka products in the international market.

There will also be a wider assortment of international products available to Canadians from foreign distilleries in the U.S. and/or EU as long as the products meet Canada’s standards and labelling requirements. For example, imported vodka from the EU produced from apples and labelled as “Vodka produced from apples” will be permitted to enter the Canadian market as long as the product has no distinctive taste, aroma or character from the apples. The regulatory amendments will address the concern of some foreign suppliers who are unwilling to create special labels on existing inventory to enter the Canadian market.

As Canada is a net importer of vodka, the potential increase in the number of new vodka produced by Canadian distilleries will help capture some of the market share held by foreign suppliers as the regulatory changes will allow for Canadian distilleries to compete better with foreign suppliers.

### **(c) Facilitates inter-provincial trade**

The new vodka compositional standard will encourage and allow broader trade of vodka within Canada. Vodka manufactured from other agricultural material and sold only within the province, may be considered as vodka and sold nationally, as long as all other requirements are met.

Some of the survey respondents currently produce unstandardized alcoholic beverages (from ingredients other than potato or grain spirits) that will now meet the modernized vodka compositional standard. However, these businesses currently can only sell their product as vodka within the province of their operation if permitted by the province. Thus, these businesses will be able to gain access to a broader market and invest in innovative product development given the expanded market to support the investment.

### **(d) Encourage competition**

Products that meet the new vodka standard as a result of the regulatory change will gain access to wider domestic vodka markets. The increase in number and variety of products within the vodka category will promote competition and growth within the industry. Consumers will also benefit from having more products to choose from.

Some of the survey respondents indicated the regulatory amendments will increase the overall number of products offered in the vodka industry.

## **Qualitative costs**

### **(a) Labelling cost**

The amended Regulations will require that all vodka produced exclusively from materials of agriculture origin other than potatoes or grain spirits be labelled with the expression “produced from (naming material of agriculture origin)” in close proximity to the common name vodka. Relabelling costs may apply to businesses that are currently producing and/or selling inter-provincially unstandardized alcoholic beverages that will meet the modernized vodka compositional standard. Relabelling costs to these businesses will be associated with changing the name of unstandardized alcoholic beverages to Vodka along with the expression “produced from (naming the material of agricultural origin)”. In this scenario, impacted distilleries will incur the costs associated with the design of new labels and purchase of printing plates.

For these businesses, there is a transition period that will allow distillers to follow either the former FDR requirements or the new requirements until December 13, 2022, inclusively. Survey responses

showed that on average, businesses routinely change their labels every 2 years. It is also expected that businesses will take advantage of the transition period to exhaust their current stock of labels. Therefore, since the transition period will provide more than 3 years of transition, it is anticipated that any additional labelling costs will likely be absorbed as part of their routine business operations.

Following the implementation of the amendments to the Regulations, businesses producing and/or selling unstandardized alcoholic beverages or vodka (produced exclusively from materials of agriculture origin other than potato or grain spirits) only within the province of production will be able to sell their products inter-provincially as vodka as long as the products meet the modernized vodka compositional standard and labelling requirements. However, any costs associated with changes in the product, including relabelling, will not be attributed to the Regulations as the decision to expand sales to other provinces is considered a business decision (i.e. it is based on operational or marketing considerations; it is not required by the regulatory amendments).

#### **(b) Other potential costs/negative impacts (as raised by some survey respondents)**

- *Displacement of vodka (traditionally produced from potatoes or cereal grains) products as a result of an increase in competition/innovation*
  - New product offerings may potentially displace traditional vodka made from potato or grain spirits.
  - A potential increase in imports may negatively impact domestic vodka sales and bottling volume of some distilleries.
- *Consumer confusion*

Amendments to vodka standard may fundamentally change the product as it is understood. For instance, vodka is traditionally understood to be made from potatoes or cereal grains and new vodka offerings produced from other material of agriculture origin may lead to confusion for some consumers.

#### **Other impacts**

Agriculture and Agri-Food Canada conducted a study on consumer trends for alcohol <sup>9</sup> based on historical data from 2008–2012. The study concluded that new alcoholic beverages launched in the market have mirrored consumer trends demanding unique and specialty products with quality ingredients and processing methods, or interesting flavourings or flavour combination. Despite the increase in product offering, the per capita volume of sales of vodka has remained relatively unchanged from 1.4 litres in 2009 to 1.5 litres in 2016. <sup>10</sup> As such, the amendment should not have any impact on vodka consumption. Furthermore, the amendments will not have any impact on socio-economic variables (e.g. income, unemployment) that may change the demand for this type of alcoholic beverage.

#### **Small business lens**

The small business lens will apply because of the impacts of the regulatory amendments to small business. Using the Treasury Board of Canada Secretariat definition of small business (fewer than 100 employees) approximately 92% of distilleries in Canada are small businesses. The benefits and costs are described in qualitative terms because no data was provided by impacted survey respondents to quantify impacts. CFIA received survey responses from 15 small businesses which accounted for 75% of total responses.

Some small businesses currently produce unstandardized alcoholic beverages and sell within their province of manufacturing as products with the common name vodka and with the words “produced from (naming the material of agriculture origin)”. These products will now meet the new vodka compositional standard provided the other requirements of the standard are met (e.g. no distinctive aroma, taste or character). Businesses will benefit by having access to a larger market as they will be able to sell their products inter-provincially as vodka.

Small businesses that currently produce unstandardized alcoholic beverages that now meet the modernized standard and sold their product inter-provincially will incur costs to relabel their product in



order to reflect the use of the common name vodka and sell their product inter-provincially. These costs include the redesign of labels and purchase of new printing plates. In order to assist small businesses, a transition period is provided until December 13, 2022, inclusively, which will allow stakeholders to make adjustments to their labels and exhaust their current supply of labels before the new rules must be followed. Survey results showed that on average, small businesses routinely change their labels every 2 years. Therefore, since the transition period will provide more than 3 years of transition, it is anticipated that any additional labelling costs will likely be absorbed as part of their routine business operations and not considered as incremental costs.

In addition, small businesses with traditional vodka products may face tougher competition because of new domestic and foreign product offerings.

### **“One-for-One” Rule**

The “One-for-One” Rule does not apply because there is no incremental change in administrative burden on business.

## **Regulatory cooperation and alignment**

### **United States**

The pre-existing Canadian federal compositional standard for vodka did not align with the standard for vodka in the U.S. The U.S. allows distilled spirits, such as vodka, to be produced from “any material”. The changes made to the Canadian vodka standard will more closely align with the U.S. by allowing vodka to be produced from potato, cereal grain or any other material of agricultural origin” and maintaining an end product without distinctive character, aroma or taste.

### **International**

The EU allows vodka to be produced from a range of agricultural raw materials. In addition, vodka not produced exclusively from potatoes and/or cereals is required in the EU to bear the indication “produced from ...” supplemented by the name of the raw material(s) used. However, the EU allows characteristics in the end product to be selectively reduced. The changes to the Canadian vodka standard are similar in nature to the EU standard, while maintaining the end product to remain without distinctive character, aroma or taste.

### **Federal responsibilities**

Health Canada is responsible for establishing and the administration of standards relating to the safety and nutritional quality of food under the FDA and the FDR, which are enforced by the CFIA. The CFIA is responsible for the administration and enforcement of the non-health and safety food provisions such as those for vodka (e.g. food compositional standards) under the FDR.

### **Provinces and territories**

Under the *Importation of Intoxicating Liquors Act*, provinces and territories have responsibility over the importation of alcohol into their jurisdictions, including vodka. Given federal jurisdiction over the sale of imported foods, imported vodka for sale has to comply with the vodka standard in the FDR.

The vodka compositional standard does not apply to vodka traded intra-provincially, unless this is required by the province or the territory. The provinces and territories regulate vodka within their jurisdictions by their applicable laws and policies. The amendments to the vodka compositional standard will allow greater flexibility improve inter-provincial trade.

## **Strategic environmental assessment**

In accordance with the *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals*, a preliminary scan concluded that a strategic environmental assessment is not

required.

## Gender-based analysis plus (GBA+)

The new vodka compositional standard will allow industry to take full advantage of innovation and market developments. As a result, the increase in product offering in the vodka category will provide consumers with a wider variety of products to choose from as vodka is the second most popular spirit drink purchased in Canada by consumers. Businesses that produce non-traditional vodka will have access to a wider and popular market, and will be able to label their product as vodka for consumers.

### a. Vodka sales in Canada, by province

Vodka sales in Canada are highest in Ontario (38%) followed by British Columbia (18%) and Alberta (16%). Combined, the three provinces account for 72% of total sales in Canada (refer to Table A).

**Table A: Distribution of vodka sales, by province, year 2016–2017**

Province/territory	Percent (%) of total vodka sales
Ontario	38%
British Columbia	18%
Alberta	16%
Quebec	11%
Manitoba	5%
Saskatchewan	5%
Nova Scotia	3%
Newfoundland and Labrador	2%
New Brunswick	1%
Northwest Territories	1%
Prince Edward Island	0.5%
Yukon	0.2%
Nunavut	0.1%
Canada	100%

Source: Statistics Canada. CANSIM 183-0024, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1010001101> (<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1010001101>).

### b. Number of distillery establishments in Canada by province

The majority of distilleries in Canada are located in British Columbia, Ontario and Quebec (refer to

Table B). These distilleries produce various spirits but it is unknown which specifically produce vodka. The impacts of the regulatory amendment will be specific to those distilleries producing vodka.

**Table B: Number of distillery establishments in Canada by province, 2016 NAICS**

Province/territory	Total	Percent (%) of total distilleries
British Columbia	29	26%
Ontario	27	24%
Quebec	24	21%
Nova Scotia	10	9%
Alberta	9	8%
Saskatchewan	5	4%
Manitoba	4	4%
New Brunswick	2	2%
Newfoundland and Labrador	1	1%
Yukon	1	1%
Canada	112	100%

Source: Statistics Canada. NAICS 31214, <https://www.ic.gc.ca/app/scr/app/cis/businesses-entreprises/31214> (<https://www.ic.gc.ca/app/scr/app/cis/businesses-entreprises/31214>).

### c. Alcohol consumption in Canada

In Canada, a greater percentage of men than women drink alcohol (refer to Table C). From 2013 to 2017, the percentage of people who drink alcohol increased for women and decreased slightly for men. By age category, the most notable increase was experienced by those aged 25 and older. As noted previously, although the amendments will strengthen innovation and allow for new product offerings, they are not expected to have any impact on the rate of alcohol or vodka consumption.

**Table C: Prevalence of alcohol use in Canada**

	2013	2017
Overall	75.9%	78.2%
Males	80.6%	79.5%
Females	71.2%	76.9%
15–19	60.3%	56.8%

20–24	83.2%	83.5%
25+	76.5%	79.4%

Source: Canadian Tobacco, Alcohol and Drugs Survey results for 2013 and 2017.

## Rationale

The amendments to the vodka compositional standard are expected to enhance economic competitiveness and improve interprovincial trade by reducing trade barriers through the expansion of the scope of the vodka standard. It is anticipated that broadening the vodka compositional standard will bring benefits to the vodka industry, impacted regulated parties, producers and consumers.

The amendments made to the vodka compositional standard will support industry innovation, and facilitate trade by

- Allowing for innovation and market developments;
- Reducing the regulatory burden placed on businesses;
- Harmonizing with trading partners;
- Allowing businesses to be more competitive and grow; and
- Increasing the diversity of offers to consumers.

## Implementation, compliance and enforcement, and service standards

These amendments will come into force once they are registered in the *Canada Gazette*, Part II. Regulated parties may follow either the former requirements or the new requirements during the transition period that is ending on December 13, 2022, inclusively. At the end of the transition period, on December 14, 2022, only the new requirements apply.

The transitional period provides sufficient time to make labelling and formulation changes, if necessary. On December 14, 2022, the new requirements apply.

For vodka that was made after the end of the transition period the provisions of the new standard apply. This transition period will align with the transition period for amendments made to the FDR for the beer compositional standard.

The CFIA's monitoring of compliance of the industry may include inspection and complaint follow-up of vodka in the marketplace. Operational procedures may be amended to include verification of the modernized compositional requirements.

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## Footnotes

- a S.C. 2016, c. 9, s. 8
- b R.S., c. F-27
- 1 C.R.C., c. 870
- 2 <https://www.ic.gc.ca/app/scr/app/cis/summary-sommaire/31214> (<https://www.ic.gc.ca/app/scr/app/cis/summary-sommaire/31214>)
- 3 <https://www.ic.gc.ca/app/scr/app/cis/businesses-entreprises/31214> (<https://www.ic.gc.ca/app/scr/app/cis/businesses-entreprises/31214>)
- 4 Ibid.
- 5 <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1010001101> (<https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1010001101>)
- 6 Ibid.
- 7 Statistics Canada ([https://www5.statcan.gc.ca/cimt-cicm/topNCountries-pays?lang=eng&getSectionId\(\)=0&dataTransformation=2&refYr=2017&refMonth=1&freq=12&countryId=0&getUsaState\(\)=0&provId=1&retrieve=Retrieve&country=null&tradeType=3&topNDefault=200&monthStr=null&chapterId=22&arrayId=0&sectionLabel=IV%20-%20Prepared%20foodstuffs;%20beverages;%20spirits%20and%20vinegar;%20t scaleValue=0&scaleQuantity=0&commodityId=220860](https://www5.statcan.gc.ca/cimt-cicm/topNCountries-pays?lang=eng&getSectionId()=0&dataTransformation=2&refYr=2017&refMonth=1&freq=12&countryId=0&getUsaState()=0&provId=1&retrieve=Retrieve&country=null&tradeType=3&topNDefault=200&monthStr=null&chapterId=22&arrayId=0&sectionLabel=IV%20-%20Prepared%20foodstuffs;%20beverages;%20spirits%20and%20vinegar;%20t scaleValue=0&scaleQuantity=0&commodityId=220860))
- 8 <https://www5.statcan.gc.ca/> (<https://www5.statcan.gc.ca/>)
- 9 Agriculture and Agri-Food Canada (2013). Consumer Trends: Wine, Beer and Spirits in Canada.
- 10 Calculation derived by CFIA Economic Affairs unit using data from CANSIM 183-0024 and CANSIM 051-0001 for population aged 15 years and older.

## Government of Canada activities and initiatives

### #YourBudget2018 – Advancement



([https://www.budget.gc.ca/2018/docs/themes/advancement-advancement-en.html?utm\\_source=CanCa&utm\\_medium=Activities\\_e&utm\\_content=Advancement&utm\\_campaign=CABdgt18](https://www.budget.gc.ca/2018/docs/themes/advancement-advancement-en.html?utm_source=CanCa&utm_medium=Activities_e&utm_content=Advancement&utm_campaign=CABdgt18))

Advancing our shared values

### #YourBudget2018 – Reconciliation



[https://www.budget.gc.ca/2018/docs/themes/reconciliation-reconciliation-en.html?utm\\_source=CanCa&utm\\_medium=%20Activities\\_e&utm\\_content=Reconciliation&utm\\_campaign=CAbdgt18](https://www.budget.gc.ca/2018/docs/themes/reconciliation-reconciliation-en.html?utm_source=CanCa&utm_medium=%20Activities_e&utm_content=Reconciliation&utm_campaign=CAbdgt18)

Advancing reconciliation with Indigenous Peoples

### **#YourBudget2018 – Progress**



[https://www.budget.gc.ca/2018/docs/themes/progress-progres-en.html?utm\\_source=CanCa&utm\\_medium=Activities\\_e&utm\\_content=Progress&utm\\_campaign=CAbdgt18](https://www.budget.gc.ca/2018/docs/themes/progress-progres-en.html?utm_source=CanCa&utm_medium=Activities_e&utm_content=Progress&utm_campaign=CAbdgt18)

Supporting Canada's researchers to build a more innovative economy