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CHAMBRE DES COMMUNES  
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*Elizabeth May*

Member of Parliament / Député(e)  
Saanich — Gulf Islands

*Circonscription*

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The Honourable Chrystia Freeland  
Deputy Prime Minister and Minister of Finance  
Department of Finance Canada  
90 Elgin Street  
Ottawa, Ontario K1A 0G5

February 29, 2024

Dear Minister,

I am writing on behalf of many of my constituents who have expressed concerns and fears over the automatic 4.8% increase to the excise tax on alcoholic beverages planned for April 1, 2024. I request that you maintain and make permanent the 2% cap on automatic increases that was established in Budget 2023.

The government implemented this 'escalator tax', otherwise known as an excise duty, in the 2017 federal budget. The tax automatically increases every year by a rate calculated based on the Consumer Price Index. According to the budget, the rationale behind this move was to "achieve policy goals, such as improving public health."

As you know, I have opposed this tax since it was first introduced. This escalator tax on alcohol unfairly impacts small businesses such as restaurants and bars. It does not take into account changing economic conditions and unfairly impacts small producers.

I have worked closely with wine producers in my riding to challenge these increases. Our grape wine sector is a key pillar of an integrated value chain across more than half of the provinces from coast to coast. This sector is already facing challenges. Foreign wines constitute over 70% of domestic sales and recent trade agreements have granted 92% of wine imports tariff-free entry into Canada, further weakening Canadian producer's advantage.



For this sector, the current excise tax structure disproportionately impacts Canadian producers compared to our global counterparts. A Canadian winery producing 500,000 litres per annum faces a \$C 351,000 annual excise tax bill, whereas a similar-sized winery in the United States pays just \$C 27,5000. Italian and Spanish wineries face no excise tax.

The Standing Committee on Finance unanimously passed a motion “calling on the government to limit the April 1, 2024 increase of the excise tax on beer, wine and liquor to the Bank of Canada target inflation rate of 2%.” I strongly support this call to action.

Thank you for your time and consideration of this urgent matter. I look forward to your response.

Sincerely,

A handwritten signature in black ink, reading "Elizabeth May". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Elizabeth May, O.C.  
Member of Parliament  
Saanich-Gulf Islands  
Leader of the Green Party of Canada

