

THE QUÉBEC
**ECONOMIC
PLAN**

March 2018

5.8 Supporting innovation in Québec's craft alcoholic beverage sector

Québec's craft alcoholic beverage sector is rapidly growing. In fact, Québec is seeing the emergence of a vibrant, sophisticated spirits industry that is generating spinoffs in many of its regions. In addition, the cider industry is continuing to grow through innovation.

To promote the development of Québec's distilling and cider industry, the March 2018 Québec Economic Plan provides for:

- enhancing support for Québec distillers;
- supporting the spirits bottling industry;
- undertaking a review of legislation with respect to the cider sector.

5.8.1 Enhancing support for Québec distillers

The March 2017 Québec Economic Plan expanded the Programme d'appui au positionnement des alcools québécois dans le réseau de la Société des alcools du Québec (PAPAQ) to include products made by holders of permits for the small-scale production of alcohol and spirits and by distiller's permit holders.

To support the marketing of new Québec spirits and promote distilling in Québec, the March 2018 Québec Economic Plan provides for the enhancement of the program with regard to spirits made from raw materials from Québec and distilled by the producer, beginning in 2018-2019.

The following changes will be made to the program:

- for spirits made using raw materials from Québec and distilled at least once by the producer, the maximum amount of assistance of \$30 000 per product category has been changed to \$50 000 per product;
- for spirits composed entirely of alcohol distilled by the producer and using raw materials exclusively from Québec, the maximum amount of assistance of \$30 000 per product category has been changed to \$75 000 per product.
 - For products that are aged for at least three years, assistance of \$2 per bottle will be added to the maximum assistance amount of \$75 000 per product.

The funds required for implementing this increase will be drawn from the program's available funds.

TABLE D.32

Changes to financial assistance for holders of permits for the small-scale production of alcohol and spirits and for distiller's permit holders

| Categories ⁽¹⁾ | Parameters of PAPAQ 2017-2018 | | Parameters of PAPAQ 2018-2019 | |
|--|-------------------------------|--|-------------------------------|---|
| | Assistance | Limit ⁽²⁾ | Assistance | Limit ⁽²⁾ |
| Spirits made using raw materials from Québec | 4% of sales | \$30 000 per product category ⁽³⁾ | 4% of sales | \$30 000 per product category ⁽³⁾ |
| Spirits made using raw materials from Québec and distilled at least once by the producer | 4% of sales | \$30 000 per product category ⁽³⁾ | 4% of sales | \$50 000 per product |
| Spirits entirely composed of alcohol distilled by the producer using raw materials exclusively from Québec | 14% of sales | \$30 000 per product category ⁽³⁾ | 14% of sales | \$75 000 per product |
| Spirits entirely composed of alcohol distilled by the producer using raw materials exclusively from Québec and aged for at least three years | 14% of sales + \$2 per bottle | \$30 000 per product category, ⁽³⁾ including the \$2 increase | 14% of sales + \$2 per bottle | \$75 000 per product, with the addition of the \$2 increase |

(1) The spirits must contain at least 23% alcohol by volume.

(2) The maximum amount of assistance per company is \$200 000 per year.

(3) The product categories are as follows: fruit eau-de-vie, gin, liqueur, rum, vodka, whisky and non-standardized beverages (not included in other categories).

5.8.2 Support for the spirits bottling industry

To enable Québec spirits bottling companies to be competitive on the international scene and to protect jobs in this sector in Québec, the March 2018 Québec Economic Plan provides for the authorization to bottle spirits imported on behalf of a third party.

Legislative amendments will clarify the roles and responsibilities of permit holders regarding this newly established right.

Bottling spirits on behalf of a third party is not currently authorized in Québec. Distiller's permit holders therefore must own the alcoholic beverages that they bottle. This obligation is a constraint that has hindered the development of the spirits bottling sector in Québec.

5.8.3 Reviewing legislation regarding the cider sector

Cider production is firmly established in Québec and the number of producers continues to climb. This sector stands out through its creativity and constant innovation.

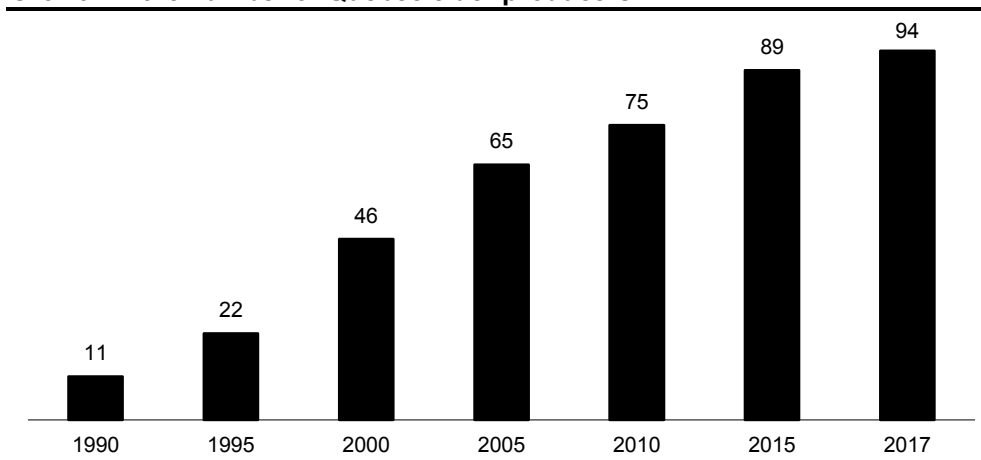
— Examples of this include the creation of fire cider and the implementation of the protected geographical indication “ice cider”, which have enabled Québec ciders to gain an international reputation.

As consumer demands and tastes continue to evolve, cider producers wish to remain at the forefront by creating new products while focusing on the authenticity of Québec products.

To support this innovation and growth in the Québec cider sector, amendments need to be made in order to modernize the *Regulation respecting cider and other apple-based alcoholic beverages*. These amendments will enable innovations in the production and naming of alcoholic beverages made by cider and apple-based beverage producers, such as the authorization to produce sparkling fire cider.

GRAPH D.3

Growth in the number of Québec cider producers



Note: The number of cider producers includes holders of permits for the small-scale production of cider and cider maker's permit holders. Producers with both permits were only counted once.

Sources: Régie des alcools, des courses et des jeux and Ministère des Finances du Québec.