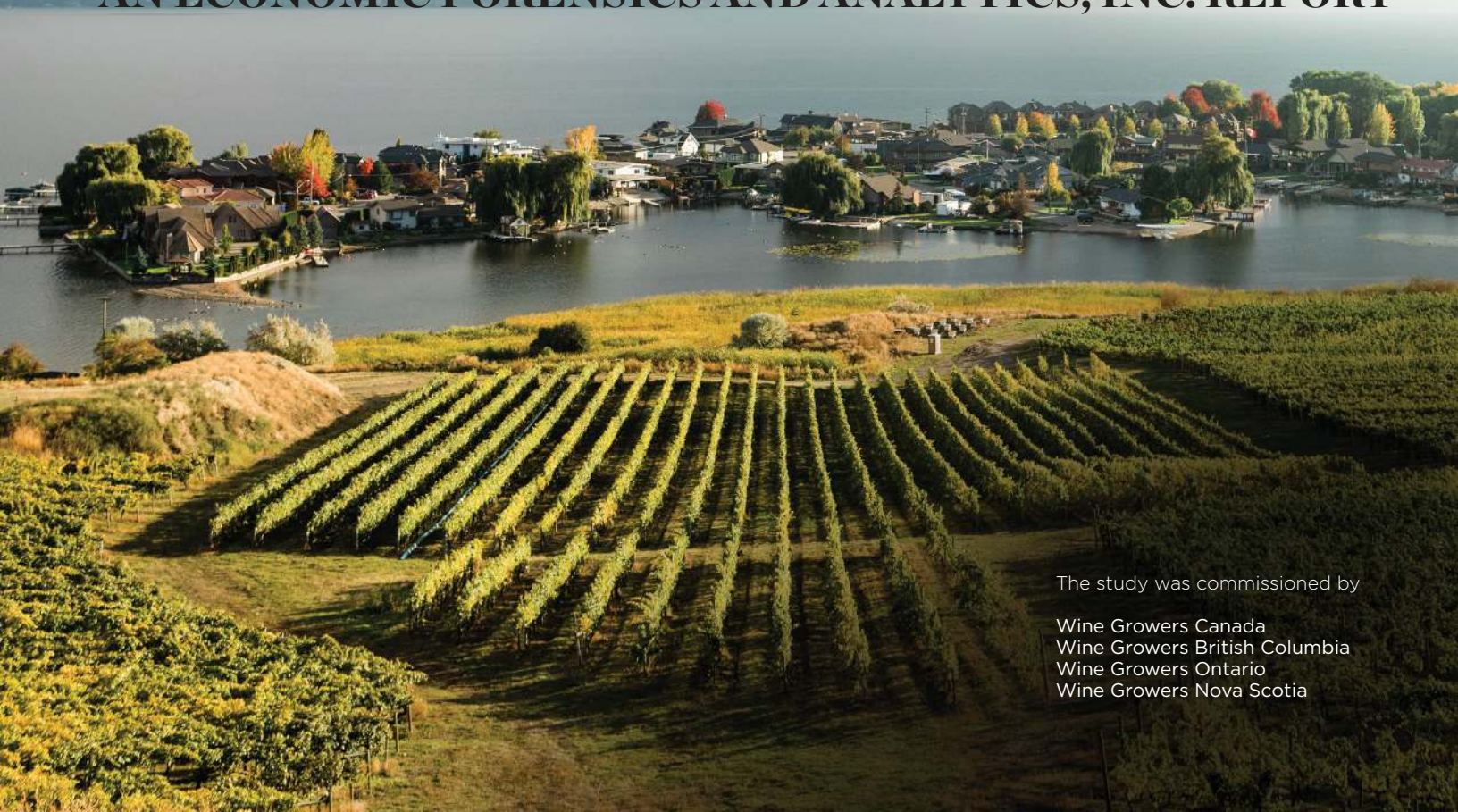




THE ECONOMIC IMPACT
OF THE WINE AND GRAPE INDUSTRY
IN CANADA 2019

Canada's Wine Economy - **GROWTH AND INNOVATION THROUGH GLOBAL CHALLENGES**

AN ECONOMIC FORENSICS AND ANALYTICS, INC. REPORT



The study was commissioned by

Wine Growers Canada
Wine Growers British Columbia
Wine Growers Ontario
Wine Growers Nova Scotia

NATIONAL ECONOMIC IMPACT OVERVIEW

CANADIAN WINE GRAPES AND
WINE 2019 NATIONAL FULL
ECONOMIC IMPACT:

\$11,577,387,300

Total Winery Revenue

\$1,483,536,300

9L Equivalent Case Sales*

21,043,600



Number of Wineries**

638

Number of Grape Growers

1,907

Grape-Bearing Acres

30,940

Full-time Equivalent Jobs

45,245

Wages Paid

\$2,419,084,800



Total Impact of Wine-Related Tourism***

\$1,959,256,400

Number of Wine-Related Tourists

4.16 million

Taxes Paid: Federal, Provincial and Local

\$1,554,069,000

Provincial Liquor Board Markup Revenue

\$704,311,500

* Wine sales include domestic sales and exports

** Source: StatCan

*** Represents total of direct, indirect and induced revenues and wages supported by winery visitors

EXECUTIVE SUMMARY

- The sum of all economic activity in Canada related directly or indirectly to wine is **\$11.57 billion**, an increase of **\$2.56 billion** over 2015 when the sum was **\$9.0 billion** (+28.6%), and an increase of **71.1%** from **\$6.8 billion** in 2011;
- In 2019, estimated jobs in Canada from all economic impacts created totaled **45,245** full-time equivalent workers; related wages were approximately **\$2.42 billion**.

Figure 1. **Total Economic Impact of Canadian Wine, 2011 to 2019**

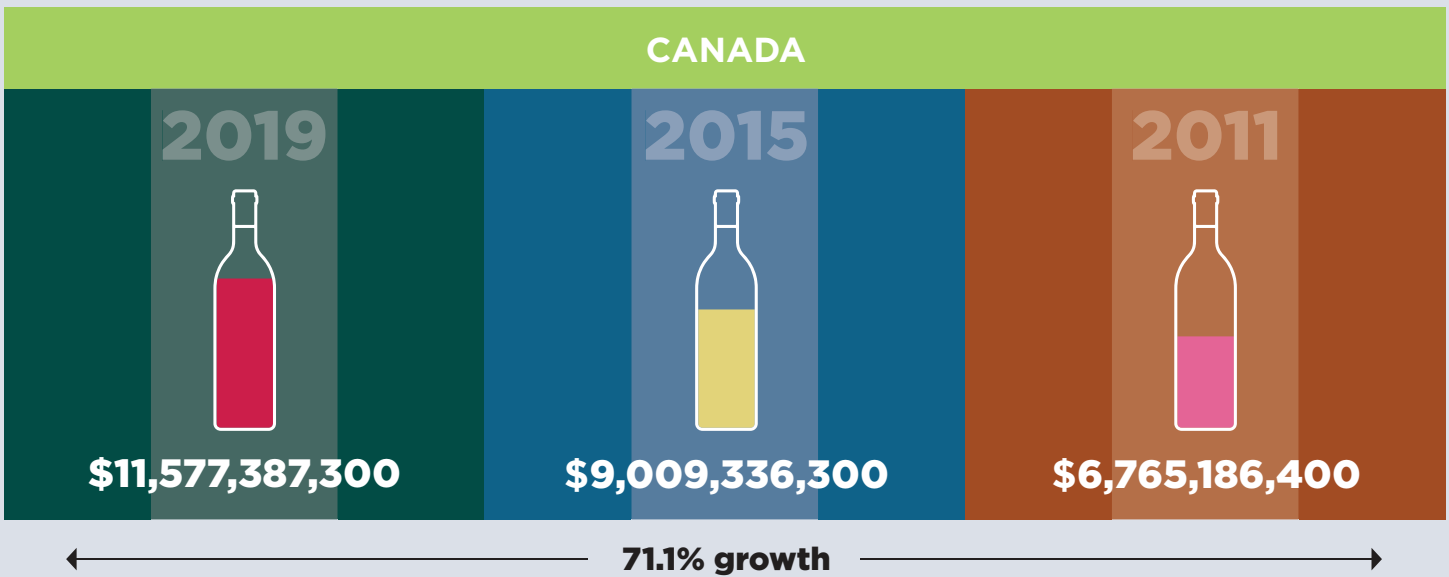
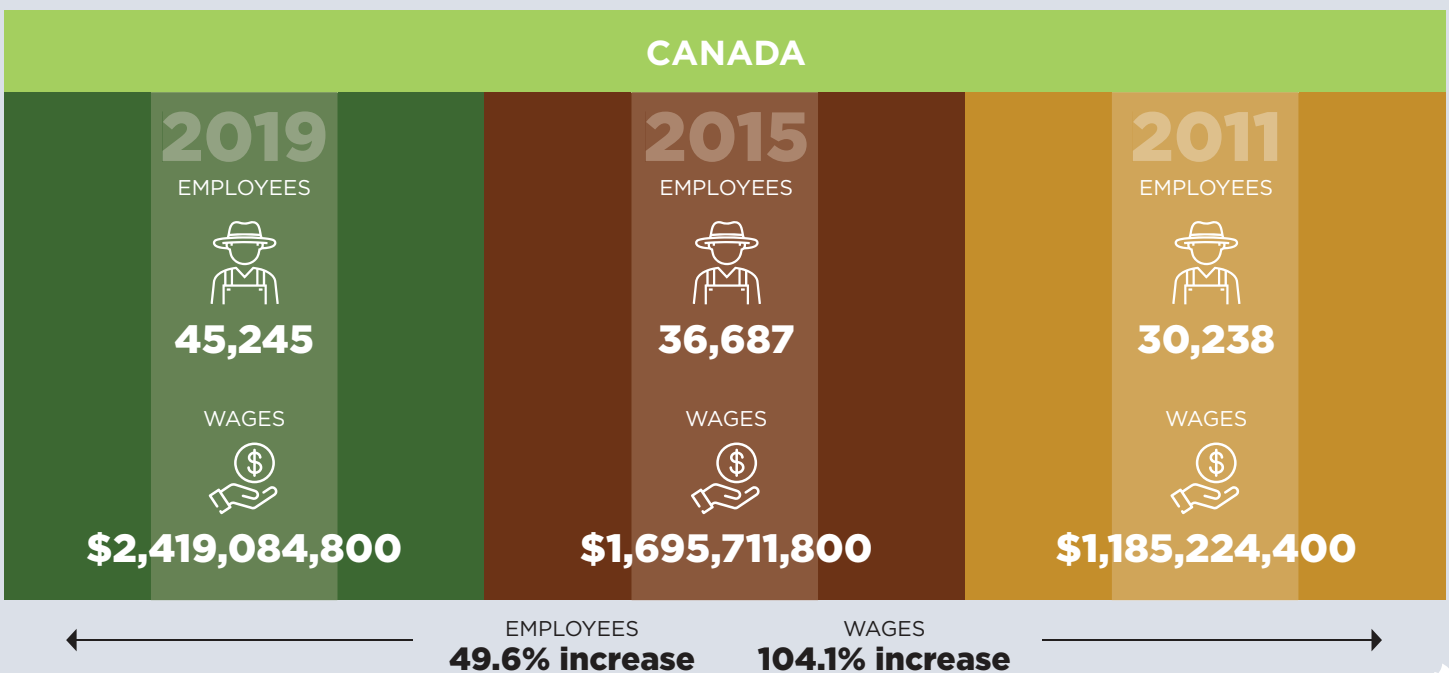


Figure 2. **Total Employment and Wages, Canadian Wine Industry, 2011-2019**



- Over **1,900** Canadian wine grape growers produced **118,295 tonnes** of grapes from **30,940** bearing acres whose total value in 2019 was **\$187.9 million**, an average of **\$1,589 per tonne**;
- In 2019, an average bottle of Canadian wine sold generated approximately **\$30.11** of business revenue, **\$6.15** of tax revenue and **\$9.58** of wages. For every **\$1.00** spent on Canadian wine in Canada, **\$3.20** in business revenue generated across the country;
- By comparison for every **\$1.00** spent on imported wine in Canada, **\$1.20** in economic impacts are generated across the country.

Figure 3. **Economic Impact Generated per Bottle of Wine Purchased in Canada - 2019**

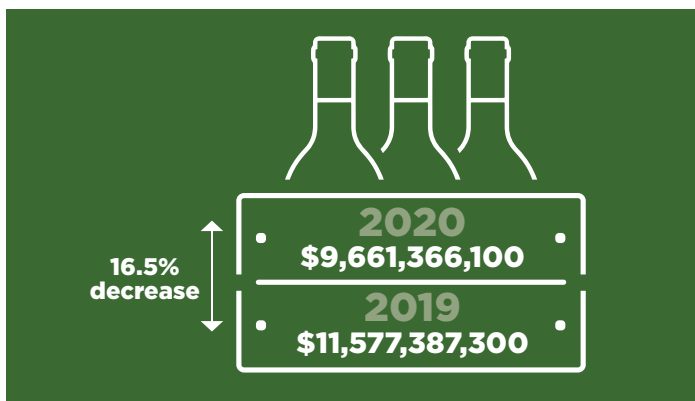


- **638** Canadian wineries or wine companies sold over **21 million**, nine-litre (9L) equivalent units of wine and had revenues of over **\$1.48 billion** in 2019;
- Between 2011 and 2019, the impacts of wine-related tourism increased by **60.8%**, contributing **\$1.96 billion** in revenues to the Canadian economy in 2019, supporting **10,683** jobs and over **\$500 million** in wages specific to wine-related travel in Canada;
 - Unlike other wine-producing regions in the United States and other countries, Canadian wineries have not been able to convert wine-tourism growth into direct-to-consumer (DTC) sales growth due to provincial laws prohibiting inter-provincial alcohol sales;
- Wine-related activity in 2019 contributed over **\$1.55 billion** in federal and provincial tax revenues.

Figure 4. **Wine Tourism Growth 2011-2019**

	2019	2015	2011	change%
TOURISM ECONOMIC IMPACT	1,959,256,200	1,553,975,000	1,218,138,000	60.8
NUMBER OF WINERY VISITORS	4,100,000	3,700,000	3,000,000	36.7

Figure 5. **Total Economic Impact, Canadian Wine Industry, 2019 and 2020**



The Early Stage Effects of COVID 19 on the Canadian Wine Industry

The effects of COVID-19 in 2020 reduced the industry’s economic impact on the Canadian economy by an estimated **-16.5%** from the 2019 estimates to **\$9.66 billion**. Beginning in March 2020, most Canadian jurisdictions enacted social-distancing protocols including border closures, travel and indoor-dining restrictions, closures of non-essential businesses, and public attendance bans at all major sporting and entertainment events. Such changes drastically reduced the economic impacts from the wine industry’s support of the Canadian economy.

Figure 6. **Employment and Wages, Economic Impacts of Canadian Wine Industry, 2019 and 2020**

This study estimates that wine-industry related jobs contracted by as much as **23.1%** in 2020 to **34,799** and wages to industry-related workers shrunk by **22.4%** to **\$1.87 billion**.



	EMPLOYMENT 	WAGES 
2019	45,245	\$2,419,084,800
2020	34,799	\$1,878,351,000
	DOWN 23.1%	DOWN 22.4%

Figure 7. **Employment (Full-Time Equivalent Workers), 2019 and 2020, Canadian Wine Industry**










EMPLOYMENT	2019	2020	change%
 WINERIES	5,498	5,495	-0.1
 LIQUOR BOARDS	2,582	2,745	6.3
 RESTAURANTS AND RETAIL STORES	4,793	3,065	-36.1
 VINEYARD	3,896	3,514	-9.8
 TOURISM	8,178	3,565	-56.4
 WINERY SUPPLIERS	1,018	937	-8.0
 VINEYARD SUPPLIERS	57	61	7.0
 TRUCKING/WAREHOUSING	136	159	16.9
 RESEARCH/EDUCATION/CONSULTING	86	62	-27.9
Indirect (IMPLAN)	9,095	7,208	-20.7
Induced (IMPLAN)	9,906	7,988	-19.4
TOTAL EMPLOYMENT	45,245	34,799	-23.1

Figure 8. **Tourism Impacts, Canadian Wine Industry, 2019 and 2020**

TOURISM IMPACT CATEGORY	2019	2020	change%
TOURISTS	4,163,500	887,950	-78.7
EMPLOYMENT	10,683	5,041	-52.8
TOURISM REVENUE	\$1,458,766,000	\$594,133,400	-59.3
TOURISM WAGES	\$500,490,200	\$253,471,700	-49.4
IMPACT(\$)	\$1,959,256,200	\$847,605,100	-56.7



BACKGROUND



Wine is an agricultural product that moves to retail markets through manufacturing and distribution. Vineyard farmers growing specific varieties of grapes in ways that prepare these grapes to be used in wine versus some other use (known as “viticulture”). Once grapes are harvested, they are purchased as foundational inputs by wineries (manufacturing process) making bottled wine products. Incomes created by vineyards and wineries are reflected in workers’ wages, vineyard and winery revenues, taxes

paid to provincial and federal governments, and vendor spending by vineyards and wineries on an array of agricultural and production technologies and supplies. A multiplier effect is created by these cashflows moving from wineries to suppliers and service firms (what is later called “indirect” effects), as well as employee spending (what is later called “induced” effects), rippling out in combination to generate broad economic impacts throughout Canada’s economy.

The Canadian wine industry has a long history dating back to the nineteenth century. As of 2019, the province of Ontario has the largest production of wine grapes and wine products with a majority of vineyards located on the Niagara Peninsula, Prince Edward County and the Essex Pelee Island Coast. British Columbia is second largest with many wine regions including the Okanagan and Fraser Valleys. Nova Scotia and Québec are both much smaller, but have expanding wine regions in terms of jobs and incomes. This report focuses on the impacts of these four major provinces, but also estimates the economic impact of the overall Canadian wine industry. The number of vineyard businesses increased from 1,770 in 2015 to over 1,900 as of 2019.¹

Wine production remains a labour-intensive business. Visitors to wineries create more value for each province where wineries exist and also for many other industries tied to overnight stays near wineries. Tourism is also a labour-intensive industry, including employers such as restaurants and hotels. Connections from wineries and bottled goods to consumers includes additional “tiers” or industries that complete supply-chain links.

In Canada, there are both national and provincial regulatory standards for wine production. This report breaks out the estimated economic impacts into 100% Canadian and International Domestic Blends (“IDB”) wine components. The 100% Canadian component includes all VQA wines (VQA is an appellation of origin system in Canada similar to AOC in France and DOC in Italy); not all wines made from 100% Canadian agricultural product are classified as VQA wines. The IDB wines are those made with grapes from both Canada and other countries. This split exists because the economic impacts of IDB wines are shared with the countries where some or most of the grape juice originates as a cost of goods sold to Canadian wineries;

those costs are not retained in Canada as they are with 100% Canadian wines as additional economic impacts.

Wine distribution from producer to retailer and restaurants provides additional wages and employment through storage and trucking and delivery. Much of this activity happens directly or indirectly through liquor control boards or LCBs throughout Canada. Retail and restaurants complete the supply chain; there are tax revenues for provincial and federal governments each step along the way. LCBs remain a central part of the Canadian wine supply chain, not only selling and distributing a large amount of volume in Canadian wine, but also collecting taxes and generating “mark-up” (revenue beyond all expenses) paid to provincial governments. Those gains are reflected in the estimates throughout this study. A combination of winery visitors, technology expanding online shopping, and last-mile logistics where home and business deliveries have increased over time has led to more direct-to-consumer (DTC) sales. The COVID-19 pandemic accelerated these changes, though inter-provincial DTC sales in Canada remain illegal.

The estimated number of wineries in Canada grew from 604 in 2015 to 638 in 2019.² The Canadian wine industry includes two large companies, Arterra Wines and Andrew Peller, Ltd., with a large portfolio of brands produced and sold across all provinces. Revenue from these two companies comprises a significant portion of total winery revenue in this report. Winery revenue and employment in Canada has maintained steady growth in recent years as noted in this report’s data. Many wineries are “estate” wineries, where some or all of their grapes used as inputs are grown in vineyards owned by the winery. In the case of IDB wines, large international brands may also source grapes from outside Canada from vineyard owned in other countries.

¹The estimated number of vineyard businesses comes from a combination of the British Columbia Acreage and Crop Report 2019 and Government of Canada, Industry Sector Intelligence, 2021 (<https://www.canada.ca/en/services/business/research/industrysectorintelligence.html> for more).

²The estimated number of wineries comes from Statistics Canada and winery and viticulture organizations throughout Canada based on surveys. We assumed no net change in wineries for 2020.

In 2019, an average bottle of Canadian wine sold generated approximately **\$30.11** of business revenue, **\$6.15** of tax revenue and **\$9.58** of wages.



For every **\$1.00** spent on Canadian wine, **\$3.20** in business revenues were generated across the country.



In 2019, Canadians enjoyed over **1.25 billion** glasses, or **250.4 million** bottles, of Canadian wine sold in Canada. Of that amount, **393.1 million** glasses were **100%** Canadian wine and **859 million** glasses were IDB wines.



100% Canadian wines contributed to the Canadian economy business revenue of over **\$4.21 billion**, tax revenues of **\$600.5 million** and wages of **\$1.41 billion**, totaling **\$6.23 billion** of overall economic impact, an increase of nearly **\$1.7 billion** since 2015. IDB wines contributed to the Canadian economy business revenue of over **\$3.38 billion**, tax revenues of **\$953.5 million** and wages of **\$1.01 billion**, totaling approximately **\$5.34 billion** of overall economic impact, an increase of over **\$847 million** since 2015.

For other provinces in Canada not explicitly detailed here, additional wine-industry incomes and jobs were primarily from LCB markups, tax revenues and broader gains from indirect and induced spending. These estimates are in the national totals; in some cases, the provincial totals below do not add up to the national totals due to provincial gains beyond the main four.



ABOUT ECONOMIC FORENSICS AND ANALYTICS, INC. (EFA)

Economic Forensics and Analytics, Inc. (EFA) is an independent research and consulting firm located in Sonoma County, California. Since 2000, we've been dedicated to providing clients with customized economic analysis at reasonable costs when compared to our larger, local competitors. We keep overhead low and pass the savings onto you. We have a wide range of clientele in the private and public sectors throughout the state of California.

EFA provide clients with economic impact reports for economic development support. For government and businesses alike, EFA can also provide economic impact analysis using the latest data and a proven method of describing the effects of decisions. EFA's president, Robert Eyler, PhD, has a doctorate in economics from the University of California at Davis. See more at www.econforensics.com.

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