



November 22, 2018

Re: CA Whiskies Surtax

Dear Members of the Trade,

Stacey Roth
Director, Spirits
Stacey.roth@lcbo.com
416 864-6347 tel

Canada has been subject to U.S. tariffs of 25% on steel and 10% on aluminum since June 1, 2018. In response, the Government of Canada began applying a retaliatory tariff (i.e., surtax) on a number of products originating from the U.S., including American whiskies, on July 1, 2018.

Kyle Baker
Manager, Pricing Administration
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The Canada Border Services Agency (CBSA) recently performed an audit and informed LCBO that Canadian-made whiskies exported in bulk to the U.S. for bottling and then re-imported into Canada did not meet the definition of minor processing outlined in the Determination of Country of Origin for the Purposes of Marking Goods (NAFTA Countries) Regulations. Therefore, the federal government has ruled those products have to be considered originating from the U.S. and are subject to the 10% surtax.

43 Freeland St.
Toronto, ON, M5E 1L7

To be clear, the LCBO intends to stand up for the Ontario spirits industry and is exploring all available options, including an appeal of the CBSA ruling.



To comply with this CBSA ruling in the interim, the federal surtax of 10% will be applied to these products starting **Tuesday, November 27th, 2018**.

More information is available by visiting the following link: <https://www.fin.gc.ca/activty/consult/cacsap-cmpcaa-eng.asp>. The surtax will be calculated on the quote value and added to the landed cost to establish the final retail price. An updated spirits pricing calculator is available [here](#).

Suppliers who wish to submit revised quotes may do so by **noon Monday, November 26th, 2018** via e-mail to pricing@lcbo.com. Suppliers who wish to maintain retail prices should indicate in the quote letter 'rebate existing inventory to maintain retail price'. The cost of reducing the value of inventory to maintain the retail price will be charged back to the supplier. Please indicate 'surtax' in the subject line of the e-mail.

Further communication to suppliers may be issued as appropriate. If you have any questions, please contact Kyle Baker at kyle.baker@lcbo.com.

Sincerely,

Kyle Baker
Manager, Pricing Administration

Stacey Roth
Director, Spirits