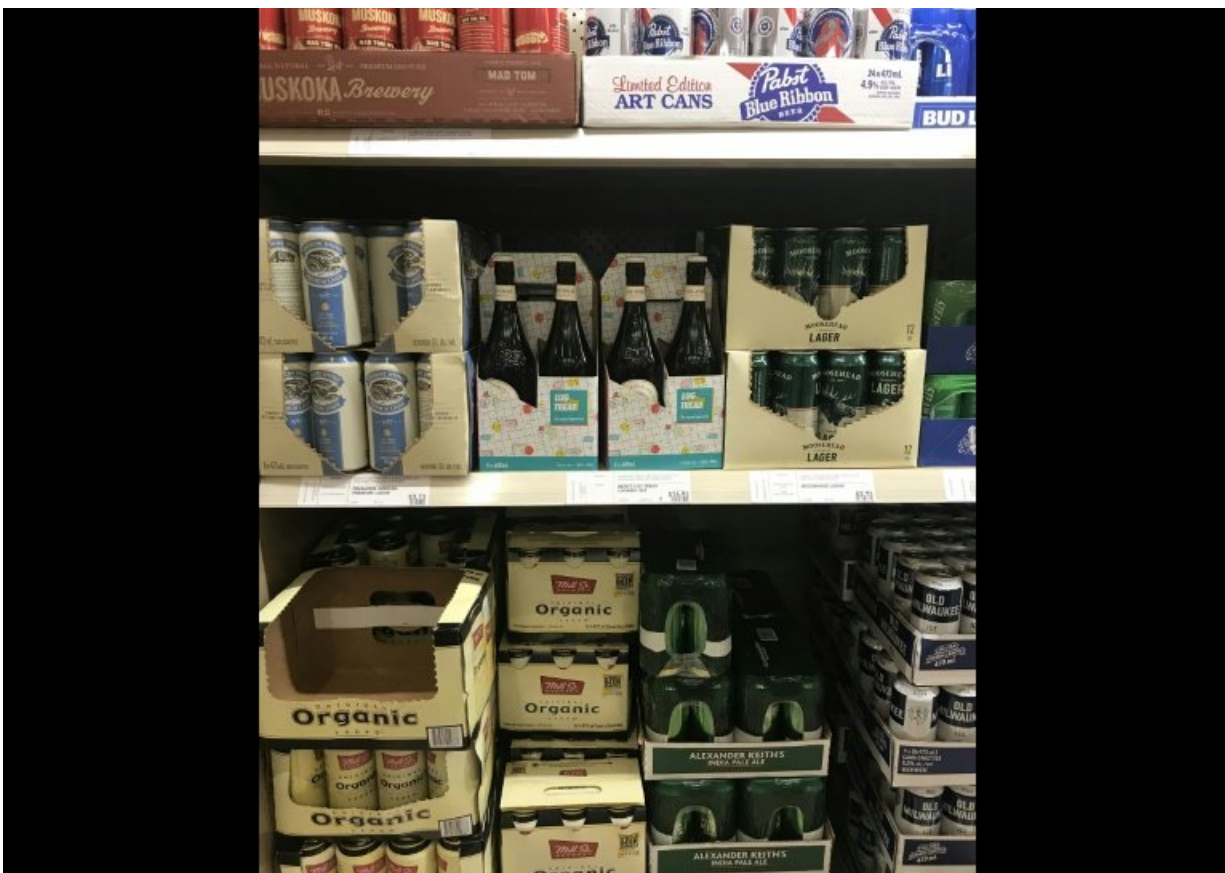


Aluminum tariffs tap out Canada craft brewers

August 5 2018, by Michel Comte



Canadian craft brewers, whose wares are seen at a liquor store on August 2, 2018 in Ottawa, are facing a shortage of cans linked to the recent imposition of tariffs on aluminum by Canada and the United States

Canadian craft brewers are facing a sudden aluminum can shortage and

are blaming the supply disruptions on aluminum tariffs, making these small businesses among the first casualties of the Canada-US trade spat.

"It's a terrible time for brewers," Luke Harford, president of industry association Beer Canada, told AFP, noting that Canadian tax hikes on beer and new competition from the soon-to-be-legal recreational-use cannabis in October will compound brewers' tariff woes.

Canada is the world's third largest aluminum producer, but still imports more than 2 billion cans annually, mostly from the United States, according to the government statistical agency.

When Canada imposed retaliatory tariffs on US aluminum imports on July 1, brewers say they began receiving notices of price hikes and warnings of supply disruptions.

This comes as demand for [beer cans](#) is rising in North America to meet changing consumer tastes. In Canada, beer can sales rose 4.3 percent while bottle sales fell 10.7 percent in 2017, according to official data.

Harford explained that when Canada announced a month in advance that it would impose the tariffs, soda pop companies that use significantly more cans than beer makers began stocking up, leading to the current supply shortage.

The closure in January of a Massachusetts plant owned by Crown Holdings, a major can supplier to microbrewers, had also tightened supplies prior to the tariffs war.

Can manufacturers are now racing to boost production but many craft brewers "working hand to mouth will suffer in the interim," Harford said.

Running out of cans

Paul Meek, owner of Kichesippi Beer Company in Ottawa said it has only enough cans to last until the end of the month, after his American supplier advised it would not be able to deliver its August shipment of 160,000 cans.

"We were told the shipment wouldn't arrive and they don't know when we'll get it," he said.

"If we run out of cans, which are now more than 50 percent of our sales, it's going to be a bad, bad year."

Alberta province's GP Brewing Company suspended production for two weeks in July citing a shortage of cans.

Canada's largest organic beer producer, Beau's Brewery in Vankleek Hill, Ontario, is also struggling to get can orders in on time, its chief financial officer Tania Beimers said.

The company added cans to its offerings of bottled beers and kegs last year, and they now account for 30 percent of its sales.

"The shortage and delivery delays have created a lot of extra work for us to ensure that we have the supply of cans needed to keep producing," Beimers said.

There are 817 brewing facilities in Canada. Per capita beer consumption was 75.5 litres last year.

Several companies contacted by AFP said they were grudgingly looking at other suppliers but Beimers said "there aren't a ton of suppliers for printed cans so the options are limited."

Brewers facing a can crunch have been urged to simply switch to bottles, "but it's not that easy," Meek said, explaining that most small brewers have either a canning or a bottling line. Setting up a new line costs upwards of Can\$300,000 and can't be set up overnight.

Harford predicts the 10 percent tariff imposed by both Canada and the United States on aluminum will cost the domestic brewing industry an additional Can\$10.5 million this year.

He said the sector has lobbied Ottawa to exempt beer [cans](#) from its tariffs but has failed to convince policymakers.

What's more, he said, Canada has increased taxes on [beer](#) twice in the past year (for a total of Can\$25 million) and is planning another Can\$30 million hike in April 2019.

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