



**DISTILLED SPIRITS COUNCIL
OF THE UNITED STATES**

Ontario Supply Chain Report Navigating the Canadian Market for U.S. Distillers

2023



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ICONS



TIP
Recommendation
or call out



IMPORTANT
Of great significance
or value



FLASH
Quick summary of
paragraph /or point

1

I. EXECUTIVE SUMMARY

The Guide is intended for U.S. producers/ manufacturers of distilled spirits with an interest in selling in the Ontario, Canada market. Ontario is a significant market north of the U.S. border and one of the largest purchasers of U.S. alcoholic beverages. Yet, there remains significant room for growth in the market, particularly for Bourbons, whiskeys and other distilled spirits.

The Guide is intended to demystify the process of selling spirits into the Ontario market. The Guide explains the importance of Ontario's provincially run agency, the Liquor Control Board of Ontario (LCBO) in the sales process. The LCBO is the only authorized entity that can import alcohol into Ontario.

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This Guide provides a summary of the requirements to import and sell alcohol into Ontario. More specifically, it provides a detailed breakdown of the LCBO's procurement process for new products for its retail stores, how the LCBO makes decisions to purchase, and details on what can be expected for purchase orders. In addition, the Guide provides an overview of recent changes to the Ontario alcohol landscape, including selling to bottle shops and directly to consumers through agents.

The Guide concludes with an FAQ section that addresses some common questions that importers have about importing into Ontario and selling to the LCBO.

The Guide was prepared by Dentons Canada LLP and commissioned by the Distilled Spirits Council of the United States, ¹ Liquor License and Control Act, 2019 S.O. 2019, c. 15, Sched. 22. with the support of the U.S. Department of Agriculture's Market Access Program.



For more information on importing alcohol into Canada or Ontario and the LCBO process, please feel free to contact an agent or Sean Stephenson, Counsel at Dentons Canada LLP at sean.stephenson@dentons.com.

For more information about the Distilled Spirits Council of the U.S., contact Robert Maron, Vice President of International Trade, Distilled Spirits Council of the U.S. at Robert.Maron@Distilledspirits.org.

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LCBO

2. WHAT IS THE LCBO AND WHY IS IT IMPORTANT?

A. What is the LCBO?

The LCBO is the provincial government agency that authorizes the importation of liquor and sale of liquor. It also controls the importation of liquor, meaning the only way to import liquor into Ontario is through the LCBO.

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In Ontario, Liquor means spirits, wine and beer or any combination of them and includes any alcohol in a form appropriate for human consumption as a beverage, alone or in combination with any other matter, including spirits-based RTDs and canned cocktails.¹ Other Canadian provinces have separate regulators that govern the import, distribution and sale of alcohol in other provinces. For example, in Québec the Société des alcools du Québec or “SAQ” serves a similar function. The LCBO is a significant purchaser of alcohol, and at one point was the world’s largest single purchaser of alcohol.



There are currently more than 675 LCBO stores across Ontario and 395 LCBO Convenience outlets.

B. Why is the LCBO Important?

The Liquor Control Board of Ontario Act, 2019² establishes that the Liquor Control Board of Ontario (LCBO) is the provincial government agency that authorizes the importation of liquor and sale of liquor. The LCBO may, by resolution of its board of directors, make rules respecting liquor brought into Ontario from outside of Canada that is to be consigned to the LCBO. It also controls the importation of liquor, meaning the only way to import liquor into Ontario is through the LCBO. You cannot sell directly into Ontario or import independently of the LCBO. There are some exceptions to this rule in the context, for example, of bulk imports (unpackaged liquor), but for finished products in bottles, importing must be done through the LCBO. You can also not possess liquor in Ontario unless it was imported in accordance with Ontario’s legislation and regulations.³

¹ Liquor License and Control Act, 2019 S.O. 2019, c. 15, Sched. 22.

² S.O. 2019, c. 15, Sched. 21.

³ Liquor License and Control Act, 2019 S.O. 2019, c.

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KEY TAKEWAYS

The LCBO is the only importer of alcohol in Ontario;

A purchase from the LCBO will be processed by the LCBO's appointed Canadian customs broker who will charge a brokerage fee and calculate the applicable taxes, duties, and levies;

To obtain duty free entry into Canada you need to review if your product meets the criteria of the U.S.-Mexico - Canada (USMCA) trade agreement. You must submit a declaration of origin to the LCBO.

The LCBO has specific times in the year when they update their internal records in relation to origin declarations required for duty-free entry under trade agreements;

Shipping is generally dealt with by the LCBO when it makes a purchase order;

In making a submission to the LCBO and when importing into Canada your product must comply with relevant Canadian law, including labelling regulations, among others.

3. THE IMPORTATION OF LIQUOR IN CANADA AND ONTARIO

A. LCBO as the Sole Importer of Alcohol for Ontario

In Canada the importation of goods is controlled at the federal level. The legislation that governs the importation of distilled products (including whiskey) is the Federal Importation of Intoxicating Liquors Act⁴ (FIILA). Under the FIILA liquor can only be imported into a province in Canada if it has been purchased by or on behalf of the provincial (sub-national) government agency that is authorized to sell alcohol in that province.⁵

As noted above, pursuant to the Liquor Control Board of Ontario Act, 2019, for Ontario, the LCBO is the entity that imports the alcohol.



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⁴ R.S.C., 1985, c. I-3.
⁵ Ibid at s. 3.

B. Customs, Trade Agreements, & Import Duties

i. Customs

Under Canadian customs law all goods that enter Canada must be accounted and are subject to taxes and duties. As the LCBO is the only permitted importer for Ontario the LCBO generally takes care of orders, including customs procedures, shipping, and related insurance. However, should an occasion arise where you are shipping to the LCBO for customs purposes the shipment must:

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- Be consigned to the LCBO c/o yourself on the shipment manifest or bill of lading;
- Be clearly marked as beverage alcohol on all transport and customs documentation;
- Not include any non-alcohol item just beverage alcohol; and
- Be accompanied by a completed Canada Customs Invoice indicating the brand name, vintage if applicable, alcohol by volume, format, quantity and accurate valuation.

We underline that shipments of liquor to the LCBO must only contain liquor. Otherwise, they may be rejected by the LCBO when clearing customs. To the extent you would like to ship other goods or materials you should coordinate with your Canadian agent and have those goods sent to them.

ii. Tariffs & Free Trade Agreements

Canada has signed a number of free trade agreements with other countries. The relevant agreement for American distillers wanting to sell their products to the LCBO, is the Canadian-United States-Mexico Agreement (USMCA). Under the USMCA, many imports of liquor can enter into Canada duty free.

Under the USMCA, and its predecessor the North American Free Trade Agreement (NAFTA), Canada recognizes Bourbon and Tennessee Whiskey as distinctive products of the U.S. Such recognition ensures that products sold in Canada as Bourbon and Tennessee Whiskey are produced in the U.S. in accordance with U.S. laws and regulations.

We note that to benefit from the duty free entry into Canada you submit to the LCBO your certificate of origin, which confirms U.S. origin of the product. The LCBO requires suppliers to use their own Certification Origin Forms. These must be submitted on an annual basis to the LCBO. The LCBO has a guide on its procedures relating to origin certification which can be accessed [*here*](#).

iii. Other Charges (Freight, insurance)

As noted, as purchases are required to flow through the LCBO generally the LCBO arranges shipping, and related insurance. Shipping costs can vary by region, and shipping small quantities may result in the application of the LCBO's minimum shipping fee being imposed on a shipment. For freight rates, please see: [*LCBO Traffic | Doing Business with LCBO*](#)



For more information on the LCBO and trade Please see [*Free Trade Agreements \(FTA\) Program Guide & General Information*](#) and [*FTA Template Forms Library*](#) for more information on how to take advantage of the agreement and to potentially lower tariffs owed at the border upon importation into Canada.

C. Taxation for Imports of Alcohol

For imported alcoholic goods into Canada, an excise tax is levied.⁶ We note that excise duties are amended annually. Currently, the excise tax for spirits containing more than 7% absolute ethyl alcohol by volume are CA\$13.042 for every Liter of Absolute Alcohol.⁷

In addition to excise tax, upon import payment of the Harmonized Sales Tax (HST) will be required. In Ontario, the HST is 13%. Additionally, a bottle levy for containers over 100ml and environmental charges for non-refillable products are applicable.

You will need to factor these taxes into your pricing model.

D. Regulatory Issues

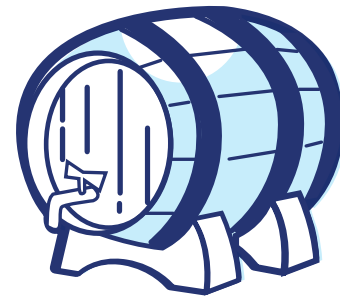
There are a number of regulatory issues that must be considered when importing into Canada. This includes compliance with Canada's Food and Drugs Act and Regulations, and compliance with labelling and packaging legislation.

i. Food and Drugs Act

Your product must meet the regulatory standards set out in the Food and Drugs Act and its regulations. For example, in regards to product labels, claiming a product is a whiskey is limited to whiskey that has been aged for at least three years in small wood. However, the minimum aging requirement for whiskey does not apply to Tennessee Whisky and Bourbon that are produced in compliance with applicable U.S. laws and regulation as a result of the distinctive product recognition provided for in the USMCA.



The province of Québec has additional requirements for alcoholic beverage labeling, namely that of requiring information on the label to be in French or in both French and English.



⁶ Customs Tariff, SC 1997, c.36 section 21.1, 21.2, 21.3. See also: <https://www.cbsa-asfc.gc.ca/publications/dm-md/d3/d3-1-3-eng.html>

⁷ Government of Canada, Excise Duty Rates, available at: <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/edrates/excise-duty-rates.html>



"Imported for" or
"Imported by" followed
by Canadian dealer's
name and address

ii. Labelling and Packaging

In addition to the general packaging and labeling requirements for most foods, the regulations for alcoholic beverages cover common names and standardized container rules. The province of Québec has additional requirements for alcoholic beverage labeling, namely that of requiring information on the label to be in French or in both French and English.

Labels must display, in English and French, the following information:

Ingredients

this is required only for "unstandardized" alcoholic beverages, i.e. those beverages for which there is no standard in *Division 2* of the Canadian Food and Drugs Regulations. There are standards for spirits categories such as whiskey, gin, brandy, rum. For 'unstandardized' spirits, the ingredients must appear in descending order of and proportion or as a percentage, both based on the weight of the ingredients prior these being combined to make the product. Examples of "unstandardized" alcoholic to beverages include products such as flavored spirits, spirits-based RTDs, sake, canned cocktails (Manhattans, martinis), etc.



Common Name

of product (i.e. light ale, liqueur, etc.; must be shown in type of at least 1.6 mm in height)

Net Quantity

in metric units of volume (millilitres, litres), must be shown on the main label, clearly and prominently displayed, easily legible and in distinct contrast to any other information on the label

Alcohol by Volume Declaration

Beverages containing 1.1% or more alcohol must declare the amount of alcohol by volume, shown as "X % alcohol by volume" "X % alc./vol."

Country of Origin

(e.g. Product of U.S.A.)

Durable Life Date

(if shelf life is 90 days or less)⁸

iii. Storage/ Warehousing of Alcohol in Ontario

In addition to being the importer and seller of alcohol in Canada the LCBO also provides warehouse storage for alcohol. The LCBO also offers space for orders placed on consignment as well. We discuss this further below.

⁸ For an overview of this requirements produced by the US Alcohol and Tobacco Tax and Trade Bureau see: <https://www.ttlb.gov/itd/international-affairs-resources-for-canada>

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KEY TAKEAWAYS

Your agent is your best resource for selling to Ontario. Agents are exclusive, meaning your product will only be represented by one agent in Ontario. Agents have experience with the LCBO process, LCBO retail stores as well as selling outside of the LCBO retail stores.

Some agents require terms that can last for a year or more given the commitment they must make towards selling a product and making it a success. You should be sure to speak with several agents to ensure you have the best fit for this partnership.

4. SELLING THROUGH THE LCBO

Alcohol is imported and sold under the authority of the LCBO through one of two channels. The first is resale through the LCBO's retail store system, which means selling your product to the LCBO, that will then in turn sell it in its retail stores. The second is through LCBO, however, in effect such sales are made through agent websites, restaurants or bottle shops.

A. Working with an Agent (A Licensed Manufacturer's Representative)

In order to import and sell your products to the LCBO for resale in one of its Retail Stores, you need to work with an Agent, called a Licensed Manufacturer's Representative (LMR or Agent).⁹

Agents receive their license through the Alcohol and Gaming Commission of Ontario (AGCO)¹⁰. This is because the AGCO is responsible for administering the Liquor License and Control Act, 2019 (LLCA), and under the LLCA it is responsible for licensing representatives of Ontario liquor manufacturers as well as representatives of foreign liquor manufacturers.

Agents licensed by the AGCO may only canvass for, receive, take or solicit an order for the sale of liquor on behalf of a manufacturer. They cannot sell liquor.

In other words, the LCBO works with the Agent. However, the LCBO is the importer and seller of the alcohol in the retail market. An Agent will work with you as a foreign supplier. Therefore, you need to meet the definition of a supplier.

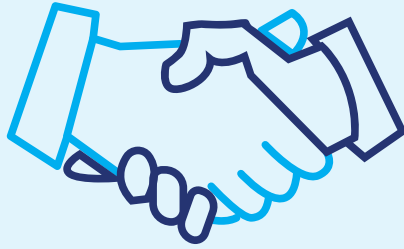
The term, "Supplier" refers to the manufacturer or producer of a product.¹¹ Generally, the LCBO will not recognize someone as a Supplier of product unless they carry out a substantial part of the manufacturing process. In all cases, a Supplier must have full legal rights to sell the product that it proposes to sell to the LCBO.¹²

⁹ Licensing Regulation (Regulation 746/21) of the LLCA

¹⁰ See Section 11 of the LLCA

¹¹ This definition is further detailed in the Liquor License Act, R.S.O. 1990, c.L. 19

¹² Suppliers must comply with applicable liquor laws, regulations, and the terms and conditions of the LCBO Purchase Order. Suppliers must also comply with the advertising guidelines of the Alcohol and Gaming Commission of Ontario (AGCO). A copy of their guidelines is available from their website: www.ago.com.ca. Supplier's responsibilities include but are not limited to the following: Adhering to the Purchase Order terms and conditions; Adhering to compositional packaging and labeling requirements and standards; Filling orders accurately and on time; and Ensuring consistent product quality



A list of Agents in Ontario licensed to represent a manufacturer can be obtained by contacting the AGCO. Their website is www.agco.on.ca.

As a foreign supplier, you have two options: you can work with an existing Agent to represent your interests before the LCBO, or become one yourself. We explore both options below.

i. Choosing an Agent/Licensed Manufacturer Representative

If you wish to work with an existing Agent, it is important to note that the LCBO will not recognize an Agent's authority to represent a Supplier unless the Supplier provides written confirmation on the Supplier's own stationary (letterhead). It is recommended that the Supplier use the "Appointment of Exclusive Agent" template available in the "Forms" section of the *LCBO Trade website*.

Because the LCBO will deal only with Agents directly appointed in writing by a Supplier, any Sub-Agents who are appointed by an Agent (i.e. who are not direct appointees of a Supplier) will not be recognized by the LCBO as Agents of the principal Supplier for the purpose of conducting business with the LCBO.

The LCBO permits a Supplier to appoint only one Agent to represent a specific product or product line. This appointed Agent is referred to as the "Agent of Record" and represents that product in all its package sizes, forms (e.g. bottles, cans, etc.) and the entire brand line for the product across all LCBO sales channels.

A Supplier may authorize an Agent to set price quotations or payment terms on its behalf. However, the LCBO will recognize the Agent's authority to act on this basis only upon receipt of an additional express written authorization from the Supplier on the Supplier's stationary. The LCBO will continue to deal with the Agent of Record exclusively on the basis authorized by the Supplier in writing until such time as the LCBO receives from the Supplier express written instructions to the contrary.

A list of Agents in Ontario licensed to represent a manufacturer can be obtained by contacting the AGCO. Their website is www.agco.on.ca. The LCBO does not recommend specific Agents. However, as part of your search for an Agent, you may wish to visit the website of Drinks Ontario, a large trade association made up of both large and small agencies. Their site, www.drinksontario.com, lists their members and the products they represent. Not all Licensed Agents in Ontario are members of Drinks Ontario as membership is voluntary. An Agent may work with a single Supplier or may represent several at the same time.

It is important to note that an Agent must fulfill certain requirements.

An Agent must:

- Have a licence to represent a manufacturer issued by the Alcohol and Gaming Commission of Ontario (AGCO), under the LLCA.
- Present their licence to represent a manufacturer to the LCBO, listing all of the manufacturers / Suppliers they represent, upon request
- Comply with all applicable laws and the terms and conditions of any permit, authorization or licence issued by the LCBO or the AGCO.
- Comply with the terms and conditions of all programs administered by the LCBO in which the *Agent* is involved.

If an *Agent* does not comply with these requirements the LCBO may, at its discretion, stop conducting business with the *Agent*, and may, in its discretion, notify the Suppliers it represents of the non-compliance by the *Agent*.

Further, Agents should be familiar with a copy of the LLCA and Regulations which govern the sale and service of liquor in Ontario. It is available online at www.e-laws.gov.on.ca.

Once appointed, the *Agent* will begin the process of submitting the Suppliers' product(s) for evaluation by the LCBO, which you will read about in the next section of this Guide.

ii. Becoming an Agent / Licensed Manufacturer Representative

It is important to note that before you commit to becoming an *Agent* you review not only the mandatory requirements of an *Agent* listed above, but also what an *Agent* is responsible for. Being a Supplier's *Agent* to the LCBO requires extensive resources.

Agents are responsible for marketing, promoting and the sales distribution of the products they represent.

Agents need to spend time and resources making sure customers choose their products.

Agent's responsibilities include but are not limited to the following:

- Making applications to sell product to the LCBO.
- Ensuring Supplier information is accurate and provided in a timely fashion.
- Receiving samples from Suppliers that will be forwarded to LCBO as part of the application process.

- Liaising with the Suppliers regarding packaging and pricing.
- Determining participation in LCBO Merchandising programs.
- Executing Supplier advertising, public relations and other promotional campaigns.
- Liaising with LCBO store managers regarding product knowledge and other promotional activities.

New provisions in the LLCA and regulations under the LLCA came into effect last year, which enabled the AGCO to modernize the way it regulates the sale, service and delivery of liquor. The new provisions allow *Agents* to solicit orders at physical locations or through a website (before all agents needed to have a physical premise). This is discussed further below.



The information on becoming an Agent is available on the AGCO's website at www.agco.on.ca.

There, you will also find useful FAQs and AGCO's application form and guide. Please see Appendix B of this Guide for more information on becoming a Licensed Manufacturing Representative.

B. Understanding the LCBO Retail Process and Requirement

“Put your best foot forward and help us see your vision when applying. Do you have influencers lined up to help promote? Is there an event upcoming that will elevate your product into the customer’s conversation? We want to know any information that will help your product stand out amongst our varied portfolio.” - LCBO



The LCBO purchases new products throughout the year using three different methods: requests for purchase through the needs-letter process (general list), purchases on an ad hoc basis, or purchases direct from suppliers. These purchases can be made through different sales streams which include the general portfolio, Vintages. In this Guide we focus on product submissions in response to LCBO product needs letters. However, we have summarized the three avenues below.

What is clear in responding to LCBO needs or any sale to the LCBO is that among the many requirements, you need a solid sales pitch. As one of the world’s largest importers of beverage alcohol the LCBO receives a lot of submissions and the competition for shelf space is strong.

i. General List

Most general-list purchases are made via needs letters. Suppliers send their product submissions electronically, including such information as supplier name, product name, product price, a one-page marketing plan, relevant product attributes, third-party accolades, and photos of the product and packaging. We describe this process further below.

ii. Ad hoc Purchases

On occasion the LCBO will make ad hoc purchases. The situations in which this may be necessary include shifts in consumer purchasing behaviour for products not currently available at the LCBO, needs-letter calls that were not timely enough to address a shift in consumer purchasing behaviour, or the identification of new or innovative products with favourable accolades. Ad hoc purchases may be initiated by LCBO staff, or suppliers may inform the LCBO about a specific product they feel the LCBO might want to purchase. We were informed that very few products are purchased directly from supplier-initiated offers and that generally it very difficult to be in touch with LCBO buyers.

iii. Direct Vintages Purchases

Only Vintages products can be procured by direct purchase (outside of the vintages product needs letter). Direct purchases are made either during the prequalification stage of the needs-letter purchasing process or from products submitted directly by the supplier with prior LCBO permission. Vintages is generally limited to wine.

i. Overview of LCBO General List Purchasing Process

The product submission process and assessment generally takes about three and half months in most instances. The visual below generally sets out the LCBO process for the general list purchasing followed by the general timelines for product submission review. The specifics of this process are reviewed in more detail on the following page.

Product Submission Process

Specific timeline may vary by submission.
Samples are not required until step 4.

All products being evaluated are subjected to a vigorous multi-stage evaluation process to ensure fair and equitable decisions are reached.

1



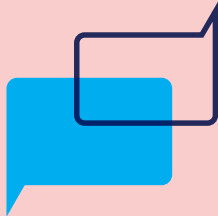
Review the Product Needs Letters. These are established by Category published online and also via the New Items Submission Systems (NISS)

2



Develop your pre-submission plan, including your marketing plan and a picture of the bottle/label.

3



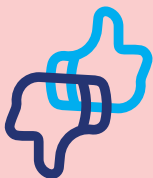
Category evaluates your pre-submission against the Product Needs criteria. A decision is made to proceed with further evaluation or to decline the submission.

4



Accepted Products will have an organoleptic assessment plus a sales and marketing plan review.

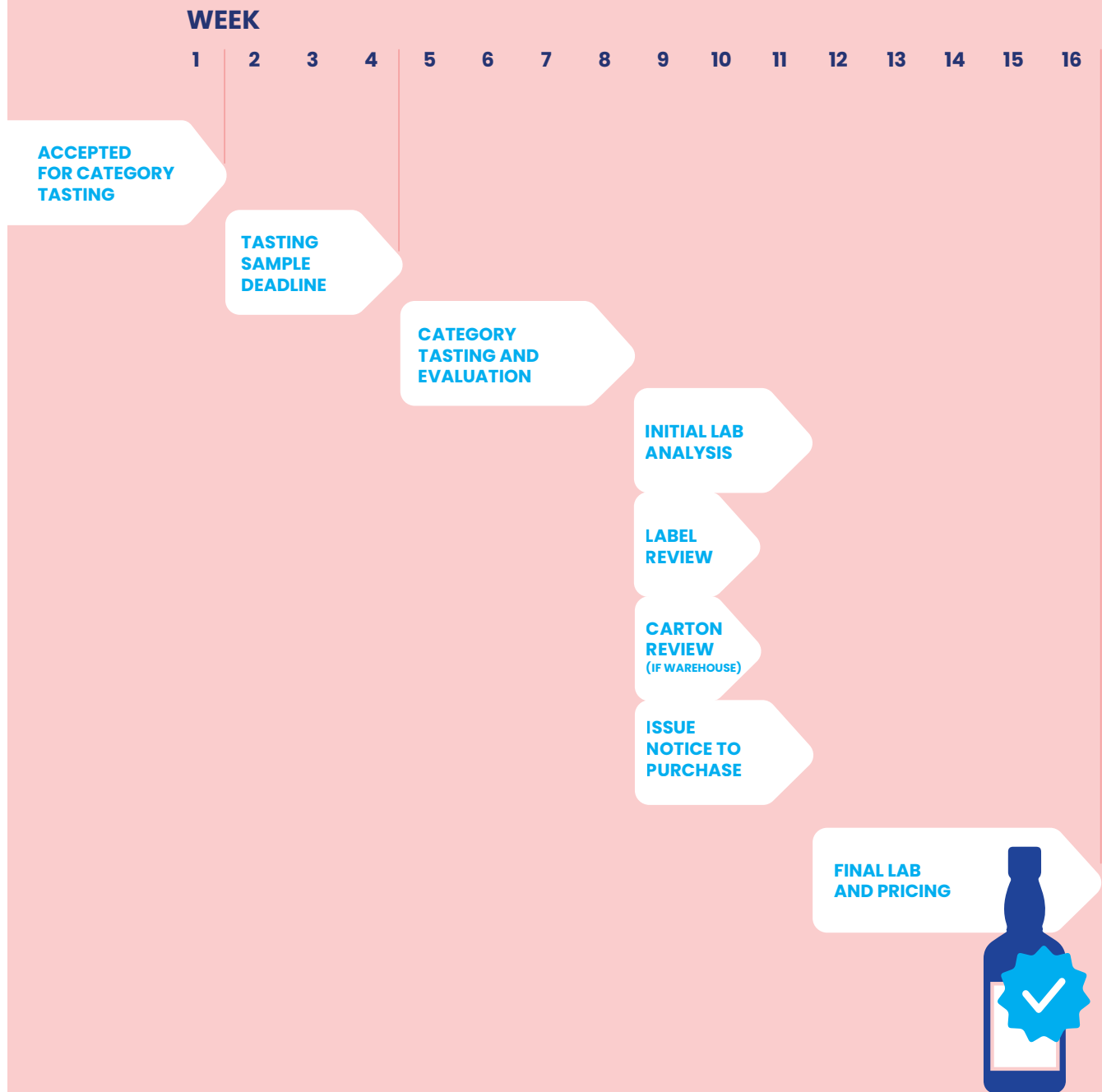
5



A decision to purchase is made based on the results of phase 4, product assessment pending initial chemical analysis and label and shipping carton reviews.

General Timelines for Submission Processing

NISS SUBMISSION DEADLINE



ii. The Open Call and Product Submission Process

The first step to submitting your product for consideration to the LCBO is to review the current *Product Needs Letter*, also known as “Open Calls.” In the relevant call document for spirits (Merchandising Product Needs), you will see calls for whiskey and other distilled liquor products.

LCBO product calls are posted annually or as required. These calls set out the type of products that the LCBO is particularly interested in purchasing in a given year. Product calls are based upon an assessment of opportunities determined by the buying areas, consumers, market and sales trend information from both LCBO and external sources, such as Canadian Association of Liquor Jurisdiction reports, global reports, and trade publications, amongst others.

The Open Call will stipulate the criteria of the submission including style of product and price point(s). The submission deadlines are specified and must be met in order for a product to be accepted for consideration for purchase.



When you have reviewed the product needs letter, you can submit your product for review via the [New Items Submission System \(NISS\)](#). If you don't have access to this system you may apply for access via the [Trade Access Request Program](#) linked [here](#). The administration of new products is managed by the buying category team.

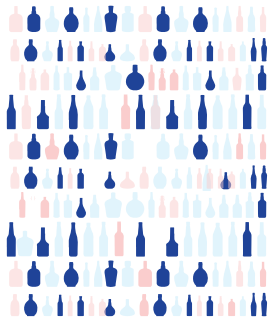
In submitting your product, you need to provide what is called a pre-submission plan, which includes your marketing plan and a picture of your label/bottle. The Buying Category Team will assess your label/bottle and marketing plan against the Product Needs criteria.

It is very important to have an excellent marketing plan, and you should work with your Agent to ensure you have one. At this point in the process, the Buying Category Team decides to continue with further evaluation of your product, or declines the submission.

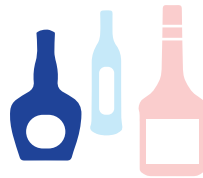
If the LCBO decides to continue with the evaluation, they will move on to a more comprehensive analysis of your product that includes a review of quality, packaging and labeling, value, marketing plans and price.

iii. The Evaluation Process

There are three key stages in the evaluation process.



Short List



Product Submission



Organoleptic / label and container / chemical assessment / marketing sales

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Because supplier responses to needs letters can be significant, the LCBO shortlists a more manageable number of qualified responses before proceeding to the next stage of organoleptic/label and container and chemical assessments. Considerations for a short-list include submitting a complete application. Additionally, a number of informal factors are considered when assessing submissions, including whether the product received a high score from a third-party reviewer, the types of awards it has won, whether it is a high-demand product with limited availability and the product's image and packaging. Generally, a significant number of products can be rejected before making it to the short-list. Agents have described the process as opaque

Once short-listed the next stage in the assessment includes an organoleptic (taste, sight, and smell) evaluation, and a label and container assessment. Suppliers send a sample of the product for organoleptic assessment by a panel of LCBO employees, including those who work in the category's purchasing unit and specially trained store employees. A chemical analysis is also performed on the product, generally in the LCBO's own laboratory, to ensure that it is safe to drink and contains its stated contents.

Notably, the cost of the product is not a factor in the selection process because the needs letter has already specified what the retail price (and hence what the cost to LCBO) will be.

Notably, a key consideration in the overall assessment will be a products sales/marketing plan. Other factors taken into consideration include third-party reviews, price/quality ratio and availability of inventory.

Submissions outside of the needs specified are generally rejected, but exceptions may be made at the discretion of the LCBO if the product is deemed to be outstanding and to meet the LCBO's financial and product-variety objectives.

We have set out further information below on some of they key aspects of this assessment process.



organoleptic is a taste, sight, and smell evaluation,



KEY TAKEAWAYS

The Quality Assurance department review for chemical analysis, sensory evaluation, labelling and packaging compliance



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a) Quality Assurance Program

Through its programs and services, LCBO's Quality Assurance department supports the organization's mission of ensuring Ontarians have access to safe, authentic, quality products, that are in compliance with all regulations.

With a focus on product quality and safety, the Quality Assurance department performs chemical analysis, sensory evaluation, labelling and packaging compliance reviews to ensure the products offered for sale by the LCBO are safe to consume, in compliance with federal and provincial regulations and meet the LCBO's requirements for composition, packaging and labelling.

For more information about the LCBO Quality Assurance programs, you can contact them at AskQA, or *Doing Business with LCBO - Quality Assurance Policies & Guidelines*. You can also call the Quality Assurance program at **416-864-6724**.

Testing Services



Quality Assurance testing is important as it will allow you to assess compliance of your product with Canadian regulatory requirements.

Quality Assurance at the LCBO provides laboratory and sensory testing services to external parties, such as manufacturers, suppliers and agents. Testing services available from the LCBO Quality Assurance Laboratory are widely used by wineries, brewers, distillers, regulatory agencies throughout Ontario and clients out of province.

The LCBO Quality Assurance Laboratory operates under a quality management system that is ISO 17025 accredited and ISO 9001 registered.¹³ This ensures that the analytical results produced by our state-of-the art laboratory are accurate, reliable and can be used internationally. The proprietary analyses are optimized for testing a large variety of beverage alcohol products.

The *Analytical Testing Services* provide testing services in the following areas relevant to whiskey: *Alcohol Content, Additives & Preservatives, Chemical Contaminants* and Other Chemical Analyses. You can also buy *Analytical Testing Packages*¹⁴ for your specific product.¹⁵

Please see *LCBO Product Packaging Standards and Guidelines for Chemical Analysis* for details on the legal thresholds for chemicals and dyes in spirits.

For information on LCBO Product Testing requirements or laboratory testing fees, please contact the LCBO's Quality Assurance Department at quality.assurance@lcbo.com or visit *Doing Business with LCBO*

Sensory Evaluation Services

The LCBO also offers sensory evaluation services to assist with product quality evaluations as well as sensory kits production for sensory panels training. The sensory evaluation services uses highly trained professional sensory panels, automated data collection capability for the following sensory evaluation methods:

1. Discriminative testing (e.g. Triangle test)
2. Descriptive testing (e.g. LCBO Sensory Evaluation Grading Method)
3. Accept/Reject Evaluation (LCBO Method)

Evaluations are performed on a wide range of beverage alcohol products and may be customized to meet individual client needs. Additional sensory evaluation methods may be considered, as applicable to the client needs. There are also kits available for purchase.

If you want to learn more about these services, please contact us at *AskQA* or Learn More about our *Sensory Evaluation Services*.

b) Packaging and Labeling Requirements

As a retailer and wholesaler of beverage alcohol in the Province of Ontario, the LCBO is responsible for ensuring that products purchased and offered for sale are in compliance not only with applicable federal and provincial compositional but labeling and packaging standards. Details on required packaging and labeling standards are found here: [*LCBO Product Packaging Standards and Guidelines for Chemical Analysis*](#).

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Label compliance reviews for products at the New Item Submission stage (NISS), are performed through the NISS system. Please use the Request for Label Examination form (LCBO 1642 Request for Label Examination form) and request an label review through your LCBO Category Administrator. Please note that the review by the LCBO of your label is an attempt to determine whether the label will comply with Canadian labeling requirements. However, it is not an independent legal review of the label. It is your responsibility to comply with Canadian labeling laws and it is advised that you get legal advice as to whether it does comply, independent of the LCBO review process. It is important that vendors or Agents inform the LCBO of any changes to existing product labels.

The *Labelling and Packaging Resources* page provides information and links to resources that can assist manufacturers in designing labels that meet Canadian legal and regulatory requirements.

For whiskey, please see this document for labeling requirements: *Simplified Labelling Guidelines* and Spirit for a whiskey specific description. Please note however, that the simplified infographics in the document are intended to help summarize key elements of labelling requirements for the main product categories offered by the LCBO. The requirements are comprised of Canadian Federal regulations, as well as the Canadian Food Inspection Agency (CFIA) policy, Province of Ontario regulations, Canadian Association of Liquor Jurisdictions (CALJ) standards and LCBO Product

Packaging Standards. The Guidelines have also been updated to align with CFIA's Food Modernization Initiative and the Safe Food for Canadians Act & Regulations.

The LCBO advises to exercise caution concerning any text included on your product labels that is not related to Canadian regulatory requirements. Many statements can be considered to be claims and could be subject to additional requirements not covered in the Guidelines. If a manufacturer chooses to include text on labels for marketing purposes, it should be familiar with CFIA guidelines concerning claims and advertising. Please also note that international labelling requirements can sometimes conflict with Canadian labeling requirements.

The LCBO states it will not take any responsibility for any problems / errors in label design resulting from a manufacturer's use of or reliance on the Guidelines.

In producing these simplified Guidelines, some requirements pertaining to the labeling of products may not have been included and some details may have been omitted. The LCBO states it will not take any responsibility for any problems / errors in label design resulting from a manufacturer's use of or reliance on the Guidelines.

The ***Summary of Regulatory Updates Specific to Beverage Alcohol document*** provides a synopsis of the new regulatory requirements impacting the labelling of beverage alcohol products in 2022. Within this document there is an overview of the regulatory changes, transition timing, frequently asked questions (FAQ) and a section that highlights additional web resources. There are two key regulations that agents, vendors and manufacturers should become familiar with that affect the whisky industry.

The first is that Health Canada published amendments to food labelling requirements to better inform consumers and evolve regulations to keep pace with innovation in the food industry. This is known as the Food Labelling Modernization Initiative (FLMI). Notable changes include the food labelling requirements for ingredient lists, nutrition facts tables, declaration of sugars and serving size. These will be found in the Summary document mentioned in the previous paragraph. For more information on labeling requirements, please see Appendix A of this Guide.

The second is the Safe Food for Canadians Regulations (SFCR), which set out traceability requirements for food products including beverage alcohol. This new regulation requires that all selling units must bear a lot code and products sold must have traceability records one step forward and one step backward in the supply chain. Further details can be found in ***SFCR- Traceability and Lot Code Requirements: Frequently Asked Questions***



it is each manufacturer's responsibility to be familiar and comply with all applicable Canadian laws pertaining to their products.



KEY TAKEAWAYS

As noted, pricing ranges for products are set out in the open call. Pricing outside of the ranges can be accepted. However, this is the exception and not the rule;

Price/quality is a general factor considered in the assessment of new products.

c) Pricing

The price of alcohol is the same across all retailers (grocery stores, the LCBO, LCBO Convenience Outlets, the Beer Store and manufacturers' stores).

When the final laboratory analysis is complete, the Category Administrator will request pricing for the product. Pricing Administration will *calculate* the retail price based on the landed cost, which includes the supplier quote, freight cost and any duty or excise. If the quote is in a foreign currency, the rate in effect when the purchase order arrived will be applied.

The Supplier quote for new products will have been entered into *MISS* by the Agent when the application was first completed. The final calculated retail price is provided back to the buying category team for review and approval.

If the pricing is approved, it will be implemented for the next day and the product can be sold. If the calculated price does not work out to the agreed-upon price, the Supplier may be asked to provide a revised lower quote to achieve the desired price.

See pricing FAQ page for more information:
Pricing | Doing Business with LCBO.



KEY TAKEAWAYS

Your marketing plan is generally a one page document and is given significant consideration in the product assessment;

Marketing plans can include sales from previous LCBO purchases, specific activities that will be undertaken in LCBO stores, marketing/ advertising done outside of the LCBO to ensure a product will sell / meet the sales performance targets;

Sales targets can be as high as 75% sell through after eight weeks in stores;

If a product is purchased by the LCBO and does not meet sales performance targets the product can be discontinued and discounted.

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d) Marketing Plan

Your marketing plan is generally a one page document. Suppliers will work with your Agent and others on a Marketing Plan for your product. There are numerous helpful resources on the LCBO site elaborating on programs and strategies it has to promote your products.

The Merchandising and Marketing hub (*Merchandising & Marketing | Doing Business with LCBO*) will provide you with information you will need to craft your own marketing plan. In it you will find LCBO brand guidelines, promotional calendars and an overview of its promotional programs, including details on new digital opportunities that deliver a truly integrated experience for our customers.

These programs are designed with valued trade partners in mind and provide flexible and relevant opportunities to promote the vast products the LCBO carries.

Programming includes instore and online merchandising opportunities, virtual events, and within FOOD & DRINK content-forward advertorials (the popular in-house magazine), integrated social and digital opportunities.

For more information on LCBO's own branding guidelines, please see *Brand Guidelines site*.

You can also market outside of the LCBO, consistent with Ontario's laws and regulations for marketing alcohol as further discussed below.

iv. The Purchasing Process



1

Contact store manager to discuss a new product.

2

Provide completed New Product Information Sheet for each product well before meeting.



3

At the meeting, be prepared to review the sheet and discuss the product's benefits to the store's selection.



4

Manager to decide whether or not to carry the new product based on factors such as how well it fits into the store's portfolio, performs in other local stores, and on-marketing plans.



5

The manager will give you a verbal or written decision within seven days.



a) Once a Purchase Order has been issued for your product

Once the LCBO has issued a purchase order for a product, the agent or supplier may start approaching store managers directly to encourage them to order the product. The typical process is as follows:

Here are some helpful tools to help plan a store visit once your product has been approved and a purchase order has been issued:

Store Visit Trade Playbook

Trade Playbook Fillable Sell Sheet

Trade Playbook Sell Sheet Sample

It is important to keep in mind that if your new product is purchased, it is important that agents stay on top of their product's performance. Since demand for shelf space is so high, products that are not selling to the published Annual Sales, Sell-through or negotiated Targets will be discontinued to make room for others. LCBO suggests working together to develop marketing programs that will draw consumer attention to new products and build lasting sales.

Once a product is purchased by the LCBO, the LCBO recognizes the Supplier of that product as the "Supplier of Record" for the product. The LCBO will not change the name of the Supplier of Record or remove the Supplier of Record without the written consent of the Supplier of Record, unless the LCBO stops purchasing the product for any reason.

When the LCBO approves a new Supplier of Record for a product that it has been purchasing, whether due to the sale or transfer of the previous Supplier's business or otherwise, the new Supplier of Record assumes responsibility for the payment to the LCBO of all amounts that are then due (or subsequently become due) to the LCBO for such product, (including, for example, those costs relating to defective or discontinued product), even though such costs may relate to the period of time when the product was shipped to the LCBO by the previous Supplier.



The LCBO uses *iSupplier* to offer its suppliers and agents access to information and answers to their questions, anytime of the day. All suppliers must apply for access to *iSupplier*, a self-service application that also allows you to view your payment information online 24-7.

See [Frequently Asked Questions](#) for further information about *iSupplier*

b) Accounts Payable

To ensure the Accounts Payable department processes payments in a timely and accurate manner, the LCBO has created a central information hub to house valuable information and online forms.

If you have questions, you can email accounts.payable@lcbo.com. Please ensure you include your vendor name, vendor #, purchase order #, invoice #, payment #, payment amount, payment date and all necessary information to allow us to assist you. Please allow 24 hours for a response.

For Vendor Profile Forms and Direction to Pay Agent *Forms*, see: *Forms*. For invoice legends, see: *Promotional Legend* and *Invoice Prefix Legend*.

c) Accounts Receivable

Accounts Receivable records credit sales and collects those items owed to the LCBO from various customers. To ensure the Accounts Receivable department receives payments in a timely and accurate manner, the LCBO is providing this section to continue to develop and improve collaborative relationships with our suppliers and agents. Our goal is to provide a central place to obtain valuable information and online forms.

Please email accounts.receivables@lcbo.com should you have any questions regarding your Accounts Receivable account. Please see the following links for further information on Forms necessary, payment terms and legends for invoices etc.:

Promotional Legend, Invoice Prefix Legend, Payment Terms, Forms, Who to Contact and Frequently Asked Questions. A list of contacts for invoice details is found here: *Who to Contact.*



Where a product is discontinued, either by the LCBO or voluntarily by the Supplier, the Supplier must rebate the LCBO 30% of the purchase price for all remaining warehouse and retail inventories of the product and then the LCBO will reduce the retail price accordingly on all future sales of the product.

d) Discontinuance of Purchase

The LCBO, in its discretion, may decide to discontinue buying (or delist) a product for failure to meet any terms or conditions set out in the Notice to Purchase Letter or Purchase Order, including:

- Failure to achieve the specified sales target set for the product;
- For inconsistent supply;
- If the Supplier's marketing commitments for a product are not met;
- If the Supplier demands an excessive price increase;
- If the Supplier does not sell the product to the LCBO at the Supplier's best price;
- If the Supplier fails to comply with applicable Liquor laws;
- If the Supplier fails to comply with the Advertising Guidelines of the AGCO;
- Failure to comply with the LCBO's Product Packaging/Labeling Standards and Guidelines for Chemical Analysis and CALJ Product Identification Standards; and
- Failure of the product, including its packaging, to comply with any applicable law of Canada or Ontario.

The Supplier may elect to re-purchase warehouse stock only and it will then be returned to the Supplier at the Supplier's expense. The Supplier may also elect to have warehouse stock that it decides to re-purchase shipped to another jurisdiction at the Supplier's expense.

e) Appeals

Decisions of the LCBO not to purchase a Product or to discontinue/delist a Product may be appealed within thirty (30) days of the date of LCBO letter containing the decision. A written letter of appeal should be addressed to The Appeals Committee, Attention: President & CEO, LCBO.

The letter must set out the extenuating circumstances on which the appeal is based. Please note that the change of an Agent will not be viewed as an extenuating circumstance. A written notice of the LCBO's decision regarding the appeal will be given setting out reasons for the decision reached. Only one appeal per product is permitted.

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KEY TAKEAWAYS

Consignment orders can be made by an agent through the LCBO;

Agent can generally order liquor that they want through the LCBO that can be sold;

All fees for storage, handling etc should be taken into account when creating pricing model

Restaurants/ bottle shops¹⁶ can now sell bottles to customers along with a good purchase;

Agents can set up websites that facilitate sales and deliveries online;

Marketing done outside of the LCBO must comply with the guidelines set out by the Alcohol and Gaming Commission of Ontario.;

Selling to Restaurants, Third Parties (Bottle Shops, and Agents)

The LCBO's Consignment Program provides their customers with convenient access to unique products which are generally not available through the LCBO retail network. Throughout Ontario there is an increasing presence of bottle shops (stores or restaurants that sell beer, wine, or spirits), alongside other food goods.

In general, the Consignment Program allows Agents to place orders with the LCBO for the products they represent on behalf of certain suppliers.

The LCBO then arranges shipping and warehousing of these products to a designated LCBO warehouse.

This program consists of two modules:

- (i) Regular Consignment (which includes Seasonal Consignment);

and

- (ii) High-Volume Consignment (HVC), accommodating Products with higher sales volumes relative to those in the Regular Consignment module.

The LCBO Specialty Services Department facilitates sales by eligible suppliers and their Ontario agents for LCBO customers under all modules of the Consignment Program. The participating agents are required to use the LCBO online Agent Portal to set up customers, submit new items for approval, place inbound and outbound

customer orders and print customer invoices. The Agents are also required to use the Agent Portal to track their business performance (sales), inventories, order status, and business reporting.

An Agent can only order or pick up products from the LCBO designated warehouse on behalf of a LCBO customer. Agents acting on behalf of an LCBO customer can:

- (i) Place an order for the customer;
- (ii) Pay for a customer's order; and
- (iii) Pick up the customer's order from the LCBO designated warehouse.

The Agent must issue invoices to LCBO customers for all products sold and the invoices must clearly display the following:

- (i) LCBO retail price per unit;
- (ii) LCBO item number; and
- (iii) LCBO product description.



Non-LCBO fees must not, in any way, be associated with the LCBO price of the product.

The invoice issued by the agent must state that the agent is not permitted to sell beverage alcohol but is arranging for the purchase from the LCBO on the customer's behalf.

The LCBO may request a sample of the agent's invoice for review and approval.



a) LCBO Fees and Related Charges

LCBO's fees related to storage, handling and removal of Products from the LCBO's designated warehouse are applicable for consignment orders

b) Minimum Order Quantities

Regular Consignment module: twenty (20) cases per product ordered. If the supplier quote is \geq CA\$20 per bottle then the minimum order quantity is one (1) case per product.

Agents can place orders for Products in the Regular Consignment module below the minimum order amount by placing the order under the Seasonal module of the Consignment Program. This requires orders of at least one case.

The LCBO conducts reviews of product performance and inventory thresholds on a semi-annual basis, at which time ten percent (10%) of an agent's total Regular Consignment threshold can be allocated to the Seasonal module to accommodate a request for a lower minimum order quantity.

Additionally, through the High-Volume consignment module agents can order products based on annual sales targets. Under this module the minimum order is one pallet. The maximum order is based on a specific equation. The minimum annual sales target of two hundred (200) cases per product.

c) Who Can Sell Liquor Outside of LCBO

Prior to COVID-19, a liquor sales licensee was unable to remove liquor from the premises to which the license applies, meaning that, for example, an individual could not take a bottle of wine outside of the restaurant from which it purchased it. On March 26, 2020, as a response to the lockdown measures related to COVID-19, the Ontario Government temporarily allowed liquor sales licensees (i.e., licensed bars and restaurants etc.) to sell beer, wine and spirits as part of a food order for takeout or delivery. These measures were supposed to end on December 31, 2020 but on December 9, 2020, the Alcohol and Gaming Commission of Ontario announced that O. Reg 719 would be amended to permanently allow for these measures to continue past December 31, 2020.

Under section 56.1, of the now permanent O. Reg 719 allows for liquor in a securely closed container to be removed by a patron from the premises to which the license applies if the license holder ensures that:

- (a) Food sold by the license holder at the licensed premises is purchased together with the liquor, and the food and liquor are removed from the premises together;
- (b) Before the liquor is provided to a patron apparently under the age of nineteen years for removal from the premises, an item of identification of the person referred to in subsection (2) is inspected; and
- (c) The patron to whom the liquor is provided is the same patron who purchased the liquor.

This section does not refer to the premise as needing to be a “restaurant,” which is defined in section 1 as “a premises or portion of a premises to which a liquor license applies that is primarily used for the sale and service of meals for consumption by patrons seated at tables.” It further does not place any requirements around what kind of food needs to be served at the establishment. Notably, this legislation does not include online sales.

d) Online Sales

Holders of a Manufacturer’s License (Agents) are able to sell online. However, all such websites make it clear that websites are simply used as a marketplace/ delivery service. Manufacturer Representative’s do not sell alcohol directly. They are act as intermediaries that process the sale of wine between the LCBO and a customer.

In practice, this means that Agents can have a website that advertises their products on their website. Sales are effectively made through an Agent’s website, however, the legal mechanics require that the sale is officially made between the customer and the LCBO. In this regard, most agent websites include disclaimers including “As a Manufacturer s Representative or agent, we do not "sell" alcohol. Rather, the LCBO regards you to be its customer. We are the intermediary which processes the sale of wine from the LCBO to you.”

e) Marketing Outside the LCBO

The Liquor Licence and Control Act, 2019 states no person shall advertise liquor except in accordance with the regulations and the standards and requirements established by the Registrar under that Act. Section 21 of the O. Reg. 745/21: GENERAL under that Act states:

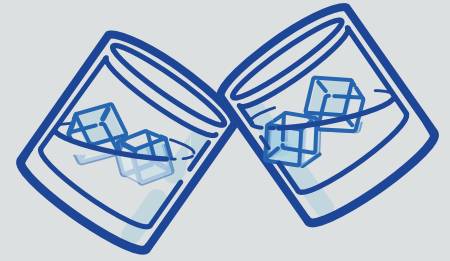
21. A person who is not a licensee or a permit holder may advertise liquor if the person complies with the standards and requirements respecting advertising established by the Registrar for licensees and permit holders under section 24 of The Act.

In practice, this means that all advertising must be in line with the Registrars guidelines. The Registrar's guidelines can be found here. While there are several nuances to these guidelines that must be considered the core guidelines to consider are the following:

- Advertising is consistent with the principle of depicting responsibility in use or service of liquor;
- Advertising that promotes a general brand or type of liquor and not the consumption of liquor in general;
- Advertising does not imply that consumption of liquor is required in obtaining or enhancing various listed acts;
- Advertising does not appeal, either directly or indirectly, to persons under the legal drinking age, or is not placed in media that are targeted specifically at people under that age;
- Advertising does not associate consumption of liquor with driving a motorized vehicle, or with any activity that requires care and skill or has elements of danger;
- Advertising does not depict motorized vehicles in motion in advertising showing; consumption of liquor, unless the motorized vehicle is a form of public transportation;
- Advertising does not suggest any illegal sale, illegal purchase, illegal gift, illegal handling or illegal consumption of liquor.

We underline that a detailed assessment against all of the guidelines is required for all marketing and advertising outside of the LCBO.

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VI. FAQs

1. Can we sell our products online?

Yes, and no. You cannot sell your products directly to customers online, as all alcohol must be imported through the LCBO, but the LCBO does now allow its customers to buy products on its online stores.

In 2016, LCBO launched its new e-commerce site which offers a diverse local and international initial assortment of more than 5,000 beverage alcohol products to consumers regardless of where they live in Ontario. The goal is to eventually offer up to 16,000 different products from around the world.

For the complete list of LCBO Online Order FAQs, click [here](#).

2. What is the Private Purchasing

LCBO's Specialty Services helps customers obtain products that are not sold through LCBO stores.

Customers can purchase nearly any product produced anywhere in the world, provided they supply the LCBO with appropriate supplier information and order by the case.

Generally, the minimum order requirement is one (1) case, with no mixed selections. Some Suppliers impose a larger minimum order requirement for export orders. A case usually consists of 12 bottles/-cans of the same product but can vary from one (1) to 24 bottles/cans.

To obtain a price quote for a particular product, a Customer must complete the LCBO's Contact Information and Order Forms, available through the LCBO web page link below.

The completed forms may be submitted through the *HelloLCBO Email Us*.

All orders placed through the Specialty Services department are subject to all LCBO rules and regulations which may be amended from time to time at the discretion of the LCBO.

The appropriate Supplier or Manufacturer's Representative will be contacted to determine the status of the product's availability and if available, what is the minimum order requirement and price. This process can take up to six weeks to complete. Generally, the minimum order requirement is one (1) case, with no mixed selections. Some Suppliers impose a larger minimum order requirement for export orders.

See here for more details: *Specialty Services Private Importation Process | Doing Business with LCBO and Private Ordering (doingbusinesswithlcbo.com)*

3. What are the aging requirements for whiskey?

The Food and Drug Regulations state: B.02.022 (1) Subject to subsection (2), no person shall label, package, sell or advertise any food as Bourbon Whisky, or in such a manner that it is likely to be mistaken for Bourbon whisky unless it is whisky manufactured in the United States as Bourbon whisky in accordance with the laws of the United States applicable in respect of Bourbon whisky for consumption in the United States.

(2) A person may modify Bourbon whisky that is imported for the purpose of bottling and sale in Canada as Bourbon whisky by the addition of distilled or otherwise purified water to adjust the Bourbon whisky to a required strength.

B. 02. 022.1 (1) Subject to subsection (2), no person shall label, package, sell or advertise any food as Tennessee Whisky, or in such a manner that it is likely to be mistaken for Tennessee whisky unless it is a straight Bourbon whisky produced in the State of Tennessee and manufactured in the United States as Tennessee whisky in accordance with the laws of the United States applicable in respect of Tennessee whisky for consumption in the United States.

(2) A person may modify Tennessee whisky that is imported for the purpose of bottling and sale in Canada as Tennessee whisky by the addition of distilled or otherwise purified water to adjust the Tennessee whisky to a required strength.

B. 02. 023 (1) Subject to sections B. 02. 022 and B. 02. 022.1, ***no person shall sell for consumption in Canada any whisky that has not been aged for a period of at least three years in small wood.***

(2) Nothing in subsection (1) applies in respect of flavouring contained in whisky, but no person shall sell for consumption in Canada whisky containing any flavouring, other than wine, that has not been aged for a period of at least two years in small wood.¹⁷

Claims for the age of whisky are restricted to the period during which the whisky was stored in small wood. Whisky other than Bourbon [B.02.022, FDR] and Tennessee [B.02.022.1, FDR] must be aged at least three years in small wood, except that any domestic or imported spirit added as flavouring need only be aged for two years [B.02.020(2), B.02.023, FDR]. To label a spirit as U.S. produced Bourbon Whiskey and Tennessee Whiskey such products must be made in accordance with applicable U.S. laws. To the extent that is the case, Bourbon and Tennessee Whiskeys are not subject to the three year aging period.

4. What are the carbonate level thresholds for whiskey?

Canada established the following ethyl carbamate guidelines: 30 µg/liter for table wines, 100 µg/liter for fortified wines, 150 µg/liter for distilled spirits, and 400 µg/liter for fruit spirits.¹⁸

5. Can I import through the mail?

Under most circumstances, only intoxicating liquors consigned to Provincial Liquor Control Boards or authorized agents, licensed distilleries and breweries can be sent through the mail stream.

6. Can I import myself and sell through my agent?

A manufacturer's representative's licence authorizes agents to canvass for, receive, or solicit orders for the sale of beverage alcohol products. The licence does not allow the agent or representative to sell beverage alcohol products directly to the public or to the LCBO, or to import them directly. Beverage alcohol products must be imported through the LCBO only.

Agents must work with LCBO's Private Ordering department to bring in the products they have solicited orders for.



7. What are common causes for not moving forward in LCBO process?

Why have products been declined?

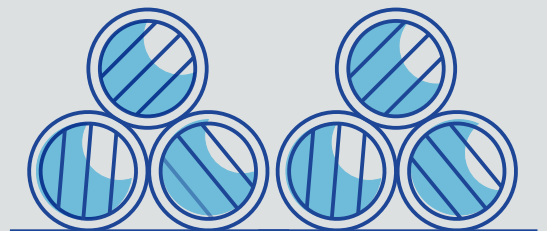
- Inadequate information
- Faulted samples
- Concerns about commercial viability
- Value offered
- Packaging appeal/marketing plan

8. What are some common concerns?

Recently, common concerns have included lab fees and warehousing fees. For example, for products where the annual quantity received exceeds 90L, lab testing fees will apply. At this time, the standard analysis cost per sample of wine and beer is CA\$250, and the cost per sample of spirit is CA\$225 (plus taxes where applicable). For products where the full testing fee is not applicable, a processing fee of CA\$50 (plus taxes) will apply. The cost of all lab processing fees will be charged back to the supplier of the product. You should be sure to speak with your agent to review those fees.

9. For shipments directly to the LCBO do I need to ship from source?

It is LCBO policy that shipments from producers are shipped from source. Agents are responsible for ensuring that this occurs. The consequence of not meeting this requirement can be that a product is not purchased, or that it is discontinued/delisted



Appendix A

CFIA Food labelling for industry

The CFIA Food Labelling for Industry tool is the food labelling reference for products sold in Canada. It provides clear guidance and a self-assessment tool to assist industry in complying with federal food labelling requirements. The Food Labelling for Industry webpage will provide you with information on all the requirements and permitted claims concerning the labelling for your product. Additional requirements specific to beverage alcohol can be found at the Alcohol -CFIA Food labelling for industry link in the heading of this section.

Alcohol – CFIA Food labelling for industry

This is a section within the CFIA Food labelling for industry tool, which contains additional requirements and exemptions specific to beverage alcohol, both with and without prescribed standards. Refer to the Industry Labelling Tool for core labelling and voluntary claims and statements requirements that apply to all prepackaged foods.

Food and Drug Regulations

Division 2: Alcoholic Beverages

The Canadian Food and Drug Regulations (FDR) set out compositional standards, labelling requirements, ingredients or food additives acceptable for use in food products in Canada. Division 2 of the FDR outlines the standard of identity of beverage alcohol products, the standard provided details around process, ingredients and aging requirements.

Food Labelling Modernization Initiative

The objective of the Food Labelling Modernization initiative is to develop a more modern food labelling system that responds to current and future challenges. This initiative introduced labelling updates found in the Food and Drug Regulations. This website will provide the latest information about this initiative, additional information and related links from CFIA/Health Canada.

CALJ Product Identification Standards for Use in the Distribution of Beverage Alcohol

The Canadian Association of Liquor Jurisdictions (CALJ) developed a harmonized industry standard for product identification used in the distribution of beverage alcohol. This document describes standards for the use of the GSI Global Trade Item Number (GTIN) bar codes in the distribution of beverage alcohol in Canada.

CALJ – Product Identification Standards for Use in the Distribution of Beverage Alcohol – November 2018 (EN)

Appendix B

Application Process to become a Licensed Manufacturer's Representative

If you can meet the above requirements and obligations, you can apply for a license to become a Licensed Manufacturer's Representative on the AGCO website. There are some basic information requirements as part of the application, as well as a fee (\$30 for two years, \$60 for four years). Licenses are non-transferable. You must also take a mandatory server training course as explained on the website:

Applying for a New Licence to Represent a Manufacturer | Alcohol and Gaming Commission of Ontario (agco.ca). If the applicant is a corporation, partnership or sole proprietorship, its business trade (operating) name must be registered with the Companies and Personal Property Security Branch. Also note that corporations must file updated information with respect to officers and directors of a corporation with the Companies and Personal Property Security Branch on a regular basis. For information and forms, please see the Ontario.ca, Central Forms Repository. Forms must be forwarded to Companies and Personal Property Security Branch for processing.

This report was created by Distilled Spirits of the United States ABOUT US

The Distilled Spirits Council of the United States (DISCUS) is the leading voice and advocate for distilled spirits in the United States: DISCUS' Cheers! Spirits from the U.S.A. campaign, supported by the U.S. Department of Agriculture's Market Access Program (MAP) & Agricultural Trade Promotion (ATP) program, aims to educate the hospitality industry, adult consumers, and media in key spirits export markets on the taste, heritage, and style of American distilled spirits. DISCUS' initiatives focus on the range of American spirits, but with a particular focus on the unique qualities of American Whiskeys, including Bourbon, Tennessee Whiskey, American Rye Whiskey, and American Single Malt Whiskey, which account for most U.S. spirits exports worldwide.

The U.S. distilled spirits industry is committed to social responsibility. For those adults who choose to drink, they should do so in moderation and responsibly at all times. For more information: www.drinkinmoderation.org. The Distilled Spirits Council of the United States, Inc., prohibits discrimination in its programs on the basis of race, religion, national origin, age, gender, disability, or other protected status.

