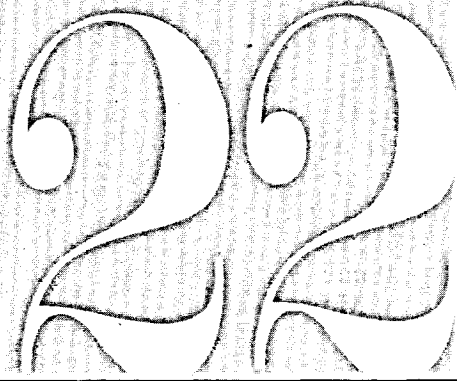


DISTILLING IN CANADA: a spirited industry



Distilled beverages are among the earliest "Made in Canada" products and today constitute one of the most important fully-manufactured products exported from our country.

Alcoholic beverages have been made and enjoyed by man since the dawn of recorded history. Canada's first known commercial distiller was a French Canadian who began making rum in Quebec City; the year was 1769.

From that small, one-man operation, the Canadian distilling industry has grown to include 31 licensed distilleries in eight provinces. Two of these Canadian companies rank among the largest distillers in the world, exporting their products to more than 100 countries.

The products of the Canadian distilling industry cover a wide range of distilled spirits including whisky, rum, gin, vodka, brandy, and liqueurs.

Canadian whisky (also referred to as rye whisky) is known and admired around the world for its distinctive character and light body.

The Canadian distilling industry directly employs some four thousand people. Many times this

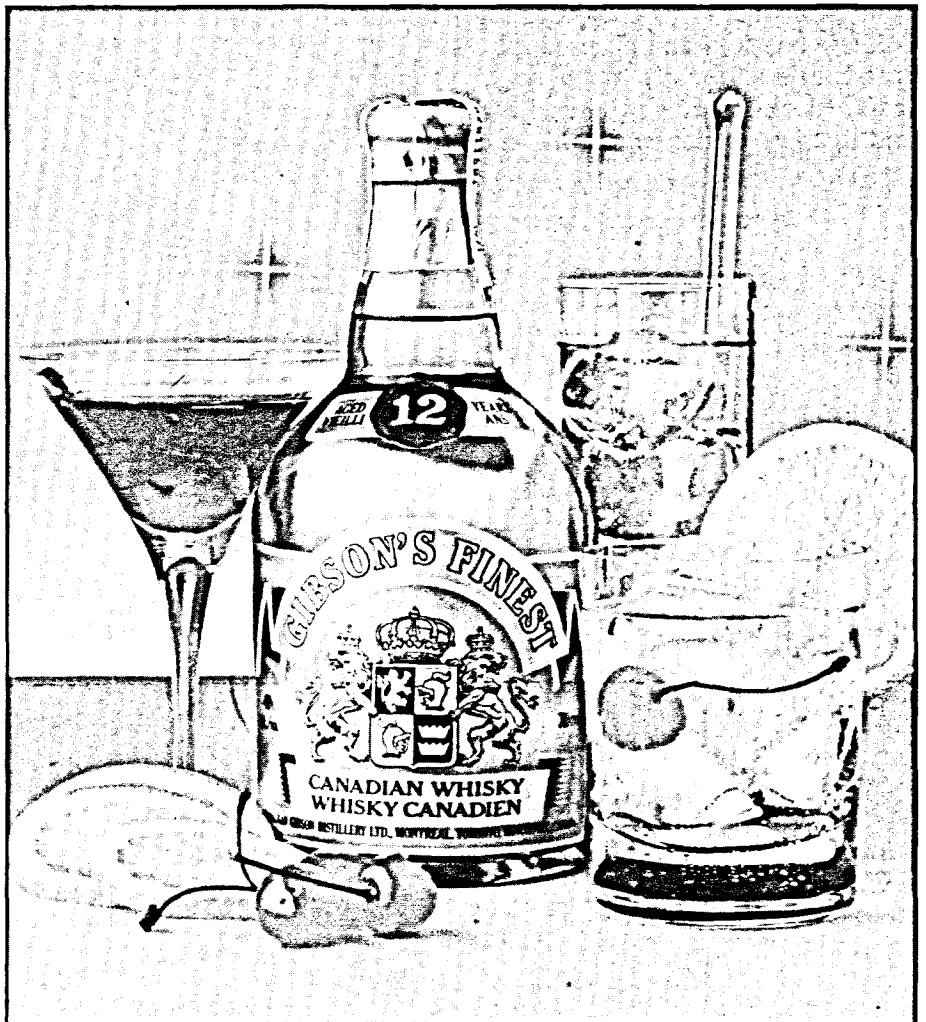
number of Canadians are indirectly dependent on the distilling companies for their livelihood, including employees of the provincial liquor

boards and commissions, employees of firms which manufacture and supply distillers with barrels, bottles, corks, labels, cases, and so on, and employees of transport companies which ship the industry's raw material and finished products.

Each year, the Canadian distilling industry purchases more than \$300 million worth of raw materials. It is also an important user of such services as electrical power and communications systems.

In addition, the Canadian distilling industry is one of the largest providers of government revenue. Federal excise duty from this source alone amounts to more than half a billion dollars per year.

In Canada, the sale of distilled spirits is controlled by the provincial and territorial governments. Each operates like a large corporation, buying and selling manufactured goods for a profit, setting



The distinctive character and light body of Canadian whisky have made it a worldwide favourite.