Breaking Down Canada's Wine Trade Barriers: A Crucial Step for Economic Resilience

Canada's economy faces mounting pressures from external trade uncertainties. The ongoing threat of U.S. tariffs highlights just how vulnerable our over-reliance on foreign markets—especially with the United States—has made us. In an increasingly unpredictable global trade environment, Canada needs to focus on reducing barriers within its own domestic market, starting with internal trade restrictions that stifle growth and innovation.

One of the clearest examples of this issue lies in the wine industry, Canada's highest value-added agricultural product. Despite its potential, Canada's wine market remains fragmented by provincial trade barriers, hindering the growth of wineries, limiting consumer access to a wider variety of local wines, and preventing Canada from fully realizing the economic benefits of a robust, thriving wine sector.

The provinces of Alberta and British Columbia took an important step forward in late 2024 by launching a Direct-to-Consumer (DTC) model for wine. This groundbreaking agreement allows BC wineries to legally sell and ship wine directly to consumers in Alberta. Based on reciprocity, this model also enables Alberta to do the same with BC consumers, setting a promising precedent for other provinces such as Ontario, Nova Scotia, and Quebec. This shift signals a potential change in how internal trade barriers can be dismantled to benefit both businesses and consumers.

However, why stop there? Canada's wine industry, with over 600 wineries and a broad variety of brands, has the capacity to become an even more powerful economic driver. Yet, it remains hampered by interprovincial trade regulations that limit access to wines from other provinces. Last week, we wrote to Canada's Premiers, calling on them to immediately tackle these archaic laws, so that their residents can enjoy world-class wines shipped directly to their homes from an out-of-province Canadian winery. Removing these barriers would open new revenue streams, create jobs, and foster innovation in wineries, logistics, and retail sectors. The potential is vast, and by expanding the DTC model across Canada, we could see a more competitive, open domestic market for wine—and beyond.

The argument for breaking down trade barriers is not confined to the wine industry. It's about strengthening the entire Canadian economy by fostering greater self-sufficiency. As Canada faces the challenges of a volatile global economy, expanding internal markets and removing trade restrictions will build a more resilient domestic economy—one less reliant on external markets and more capable of withstanding global disruptions. In fact, according to a study by the International Monetary Fund, removing internal trade barriers could increase Canada's GDP per capita by up to 4 percent, or about $2,900 per person (2023 dollars).

Canada has long been an advocate of free trade on the international stage. With agreements like CUSMA, CETA, and CPTPP, 92% of all imported wines enter Canada without tariffs. It is puzzling, then, that our own internal trade barriers persist, raising prices for consumers and reducing productivity across provinces. These barriers hold back innovation and prevent local businesses from accessing larger markets, making it harder for Canadian producers to compete globally.

Wine is the perfect industry to begin breaking down these barriers. By fostering a freer, more competitive domestic wine market, Canada cannot only strengthen the industry itself but also create a blueprint for removing internal trade restrictions across other sectors. Allowing Canadian wine producers to sell and ship directly across provinces would lead to increased tax revenues for provincial governments, greater consumer choice, and a more dynamic economy.

If there was ever a time for Canada to prioritize domestic growth, it is now. The Alberta-BC wine agreement is a promising first step, but other provinces—especially Ontario, Quebec, and Nova Scotia—must follow suit. Breaking down these internal trade barriers will make Canada's economy stronger, more resilient, and better positioned to thrive in a global market that is anything but certain.

It's time to unlock the potential of our own economy and enter the 21st century. Let wine be the catalyst for a more connected, self-sustaining, and prosperous Canada.

Dan Paszkowski
President and CEO, Wine Growers Canada

Wine Growers Canada
For more than 50 years, Wine Growers Canada (WGC) has acted as a unified voice representing the national and international interests of Canadian wineries from coast to coast. Our members consist of wineries of all sizes that are responsible for more than 90% of all wine produced in Canada. WGC members are engaged in the entire wine value chain, from grape growing, farm management & grape harvesting, to wine production, bottling, retail sales and tourism.