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Saskatchewan Imposes 50% Tax on U.S. Alcohol Sold Through Provincial Ordering System

The levy raises costs for retailers but leaves American wine, beer and spirits on store shelves.

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Saskatchewan began applying a 50% retaliatory tax on American alcohol on Tuesday, moving ahead with a measure tied to the broader trade dispute between Canada and the United States.

The new charge applies to any U.S.-produced alcohol bought through the Saskatchewan Liquor and Gaming Authority’s online ordering system, which is used by retailers across the province. The move means stores that continue to stock American wine, beer, and spirits through that system will face higher costs at the point of purchase.

Premier Scott Moe announced the plan last month and said it would take effect on the same day Canada’s reciprocal tariffs were set to begin. The province acted after trade talks between Ottawa and Washington broke down.

The dispute escalated after U.S. President Donald Trump imposed a 50% tariff on Canadian liquor along with a range of other goods. Prime Minister Mark Carney responded by promising dollar-for-dollar retaliation from Canada.

Saskatchewan’s approach differs from that of many other provinces because it does not remove American alcohol from sale. Moe has said U.S. liquor will remain on store shelves because his government does not want to limit consumer choice.

“That is a very important core value for this government,” Moe said in late August.

The policy puts Saskatchewan in a distinct position in Western Canada. Like Saskatchewan, Alberta has not banned American alcohol products. But Alberta Premier Danielle Smith has not yet introduced a matching tax. After Moe announced Saskatchewan’s plan, Smith said her cabinet would consider a reciprocal measure.

By keeping U.S. products available while raising their cost through the provincial wholesale system, Saskatchewan is trying to answer U.S. tariffs without closing off the market entirely. For the beverage industry, that creates a more targeted effect than a full ban. Retailers that carry American products may face pressure on margins or may need to pass higher costs on to customers, while importers and sellers could also adjust their product mix if demand shifts further toward domestic alternatives.

Moe has argued that consumers are already sending a message through their buying habits. He said sales of American alcohol in Saskatchewan are down about 40%, while sales of Saskatchewan-made products have increased over the same period.

“I think that actually sends a much stronger message than any government-ordered ban,” Moe said. “The sale of Saskatchewan-made products has increased at the very same time.”

That trend could matter across the provincial drinks market. A sustained drop in U.S. alcohol sales could open more shelf space and purchasing attention for Canadian-made products, including local beer, wine, and spirits. At the same time, retailers that rely on established American brands may have to weigh whether to absorb the new 50% charge, increase prices, or reduce their orders.

The government has framed the measure as a direct response to Washington’s tariffs, not as a change in broader retail policy. The tax applies through the Saskatchewan Liquor and Gaming Authority’s ordering system rather than through an outright prohibition, which allows consumers to continue finding American products in stores even as the province raises the cost of bringing them in.

The move immediately drew criticism from the provincial Opposition. NDP Leader Carla Beck called the Saskatchewan Party government’s response “weak and gutless,” arguing it does not go far enough in answering what she described as Trump’s attack on Canada’s sovereignty and economy.

The debate reflects a wider split in Canada over how aggressively provinces should respond to the U.S. measures. Some jurisdictions have taken harder lines against American alcohol, while Saskatchewan has chosen to keep products on shelves and use a financial penalty instead.

That decision leaves the province trying to balance two goals at once: showing support for Canada’s trade response while maintaining access to U.S. alcohol for consumers and stores. The practical effect for the market is likely to be felt most clearly by retailers using the provincial system to buy American products, especially in categories such as wine, beer, and spirits where brand loyalty can be strong but price changes can quickly influence purchasing decisions.