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Canada renews C$177 million aid program for wineries

The three-year grants offer relief to producers hit by a U.S. import ban, higher taxes and flood damage

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Canada’s federal government has announced a nearly C$177 million renewal of its Wine Sector Support Program, giving a measure of relief to wineries in Niagara and other wine regions that have been squeezed by a U.S. import ban, the loss of a tax break and recent weather-related damage.

The funding, spread over three years, was announced on Nov. 13 at Jackson-Triggs Niagara Estate Winery in Niagara-on-the-Lake by Adam van Koeverden, the secretary of state for sport. The program provides non-repayable grants to wineries and was first introduced in 2022 after Ottawa removed an excise duty exemption for wine made entirely in Canada.

That exemption was repealed after a World Trade Organization ruling found it unfair to foreign competitors selling wine in Canada. Industry representatives say the change sharply raised costs for domestic producers at a time when they were already facing pressure from imported wine and weaker export access.

Del Rollo, chair of Wine Growers of Canada and vice-president of corporate affairs at Arterra Wines Canada, said the loss of the exemption added about C$60 million to C$70 million a year in new taxes for the industry. He also said Canadian wineries can no longer export to the United States because of President Donald Trump’s ban on U.S. imports of Canadian wine.

For producers in Niagara, the trade restrictions have come on top of other setbacks. Wine industry leaders have pointed to wildfires in British Columbia, another major wine-producing region, and major flooding during the summer in Niagara-on-the-Lake, Lincoln and St. Catharines as additional blows to production and business planning.

The support package matters beyond a single growing season. Wineries say it could help them keep making product, continue capital spending and protect jobs in a part of the beverage industry that has been hit by both trade conflict and a heavier tax burden. In a sector where vineyard work and winery investment are planned years ahead, producers say stability from government support can affect planting, equipment purchases and tourism-related spending.

Van Koeverden used the Niagara announcement to underline how small a share Canadian wine still holds in its own market. He told the gathering that he and his wife had gone to a local Italian restaurant the night before and found no Canadian wines on the menu.

Chris Bittle, the member of Parliament for St. Catharines, said Canadian wines account for only 30% of the wine consumed in the country. Wine Growers of Canada says imported wine represents 70% of total wine sales in Canada and that 92% of wine entering the country does so duty-free.

Industry officials argue that the imbalance is worsened by foreign government support for producers abroad. They say Canadian wineries are trying to compete against imported wine that often benefits from large subsidies in other countries while also dealing with domestic taxes and trade barriers.

Rollo said the renewed federal program gives wineries a more predictable base from which to manage those pressures. Bittle said the funding should help wineries make new capital improvements and plan investments with more confidence.

The Wine Sector Support Program has become a central tool for the industry since the 2022 tax change. Because the grants do not have to be repaid, wineries can use the money to cover part of the costs of maintaining operations and upgrading facilities without adding new debt. That is especially important for smaller producers, which often have less room to absorb sudden tax increases or export losses.

A Deloitte study released in May estimated that Canada’s wine industry contributes C$10.1 billion to the economy and supports 100,000 jobs. The study said the sector could add another C$3.6 billion if it increased its domestic market share to 51%.

That growth target remains far from current levels, but industry leaders say recent shifts in consumer attitudes may help. Rollo said tensions in the U.S.-Canada relationship have led more Canadians to look for locally made products, including wine, giving domestic producers a chance to win more shelf space and restaurant placements.

For Niagara wineries, that opportunity comes with clear limits. Even with stronger interest in Canadian-made products, producers are still trying to offset the effects of lost U.S. sales, higher excise costs and damage linked to extreme weather. The new federal funding does not remove those pressures, but it gives the sector new public support as wineries try to hold production and increase their share of Canada’s wine market.