

### Subsection 5.—Bonded Warehousing and Storage of Wines

**Bonded Warehousing.**—The Excise Duty Branch of the Department of National Revenue considers any premises licensed under the Excise Act to be a warehouse, whether for storage of raw materials to produce finished tobacco or cigar products or for spirits or malt used for brewing. Practically the total production of spirits is placed in bonded warehouses while only a small part of the output of beer is retained in storage. Wine, unlike spirits and beer, is not secured under bond. All imports of alcoholic beverages must go through bonded warehouses before being released to Provincial Liquor Commissions or Boards, or other agencies authorized by the Commissions or Boards to take alcoholic beverages out of bond. Similarly, tobacco, cigars and cigarettes which are not stamped and duty paid, are secured in bond. In addition to these warehouses, there are those in which no manufacturing or production is carried on, but are used solely for the storage of goods upon which duty has not been paid. Goods are stored in these warehouses usually for the purpose of rapid distribution and for delivery as ships' stores. The conditions under which spirits, beer and tobacco are stored are described in the following paragraphs.

*Spirits.*—There are three types of storage in distilleries. The first consists of metal tanks in bonded warehouses of from 15,000 to 40,000 gal. capacity, which are used mainly for the storage of alcohol or other high-proof spirits. The second type are rack warehouses of solid brick or cement in which 8,000 to 60,000 bbl. are stored on racks in tiers of four to five barrels high. These barrels are mostly from 40 to 45 gal. capacity. The third type consists of bonded warehouse buildings in which casks and barrels of odd dimensions are stored on the floor and, to some extent, on skidways on top of the first row.

The tank warehouses are not generally heated. In most of the rack warehouses the heat is kept at a constant temperature and the humidity at a specific degree.

There are also other bonded warehouses for the storage of alcohol to be used, at a low rate of duty, in the production of pharmaceuticals, perfume, and vinegar.

*Beer.*—After beer is produced it is run to storage tanks some of which are of metal and glass-lined while others are of wood. No constant degree of heat or humidity is necessary in a brewery warehouse, except for the storage of lager beer when the temperature is kept below the freezing point. Malt, for use in the production of beer, is controlled under bond and is stored in bins of wood or cement; these are Crown locked.

*Tobacco.*—Raw-leaf tobacco when cured is, in the main, pressed in wooden hogsheads of 1,100 or 1,200 lb. weight. After shipment to the manufacturer it is stored in bond, since it becomes dutiable upon entrance to the manufacturer's premises and also after manufacture into cigars, cigarettes, smoking tobacco, etc. The field warehouses, where the tobacco is stored after curing, are not secured with Crown locks but shipment and sale are regulated by permit. Cigar leaf-tobacco is generally sold in cases so as not to injure the delicate leaf. The type used for fillers is packed in jute.

**SPIRITS, TOBACCO AND MALT IN BOND.**—Table 14 shows the quantities of distilled liquor, tobacco, cigars and cigarettes in bond in recent years. The yearly inventory of breweries shows an increase of total gallonage of beer in stock from 19,972,000 in 1947 to 22,137,000 in 1948.