

Cannabis Economic Account, 1961 to 2017

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In 2017, about 4.9 million Canadians aged 15 to 64 spent an estimated \$5.7 billion on cannabis for medical and non-medical purposes. This was equivalent to around \$1,200 per cannabis consumer.

The Cannabis Economic Accounts are a set of provisional estimates related to the production, consumption and distribution of cannabis in the Canadian economy. The data are deemed provisional and subject to potentially large revisions because they rely heavily on a number of assumptions, models and sparse data sources related to the production of the mostly illegal cannabis industry. Over the next few months, as the agency develops new data sources and improves its methods, these accounts will be updated to provide a more precise measure of the Canadian cannabis industry and market.

Majority of household spending on cannabis for non-medical purposes

The majority of the household spending on cannabis (over 90%) was for non-medical purposes. The purchase and consumption of cannabis for non-medical purposes is currently not legal in Canada.

By comparison, in 2016, household purchases of alcohol (beer, wine and other spirits) were \$22.3 billion, and household purchases of tobacco were \$16.0 billion.

Household spending on cannabis has been increasing since 1961 (the first year tracked in this study). From 1961 to 2017, spending on cannabis rose by an average of over 6% per year, while domestic production grew by an average of over 7%.

Most cannabis consumed in Canada is also produced in Canada. The consumption of domestically produced cannabis was \$5.4 billion in 2017. Canadians purchased \$0.3 billion of illegal cannabis from abroad in 2017 while illegal Canadian sales outside of Canada were estimated to be around \$1.2 billion.

In the 1960s, around 40% of cannabis consumed in Canada originated from outside the country. Purchases from abroad declined to 8% of total consumption by 2017. In contrast, sales of Canadian cannabis outside of Canada have increased from around 2% of total production in 1961 to 20% in 2017.

The share of purchases among individuals aged 45 to 64 increasing

The share of consumption among 45- to 64-year-olds (the oldest age group in the study) has been increasing in recent years. In 1975, they accounted for 4% of total household spending. By 2017, the percentage was 23%.

On average, from 1961 to 2017, 48% of cannabis purchases were made by individuals aged 18 to 24; 29% were made by people aged 25 to 44; 12% by people aged 15 to 17; and the remaining 10% by 45 to 64-year olds.

From 2000 to 2017, the average shares of purchases by these age groups were: 33% for individuals aged 18 to 24; 40% for people aged 25 to 44; 18% for those aged 15 to 17; and 9% for those aged 45 to 64.

Price of cannabis peaked in 1989 and has been trending downward since

In 1961, the average national price for a gram of cannabis was estimated to be around \$5. By 1989, it had risen to \$12. This 3.3% annual price increase was below the 5.7% rise in the annual Consumer Price Index (CPI) during the same period.

It is estimated that since 1990, the price of cannabis for non-medical purposes has been declining by an average of 1.7% per year and had dropped to around \$7.50 per gram in 2017. By contrast, the CPI increased by 1.9% per year. The falling price is likely due to an estimated increase in supply compared with cannabis demand.



Cannabis industry on par with the beer industry and larger than the tobacco industry

The size of the cannabis producing industry in Canada (on a value-added basis) was estimated at \$3.4 billion in 2014 and had fallen to \$3.0 billion in 2017, mainly due to declining prices. By comparison, the size of the tobacco industry in 2014 was \$1.0 billion and the size of the brewery industry was \$2.9 billion. A substantial amount of the tobacco and alcohol consumed in Canada is imported, which contributes to the smaller size of these industries compared with cannabis.

Majority of the production related to cannabis for non-medical purposes

The majority of the production of the cannabis industry is associated with the production of cannabis for non-medical purposes, which is currently illegal in Canada. The illegal production of cannabis for non-medical purposes was \$4.6 billion in 2017, compared with just under \$400 million for the production of cannabis for medical purposes.

Note to readers

The data presented here are based on several surveys and administrative data sources, which lack certain details and are infrequently collected. Statistics Canada has had to make assumptions about the frequency with which Canadians consume cannabis; the volume consumed per day; and the price paid to purchase cannabis. For example, Statistics Canada assumes that when someone reports consuming cannabis at least once a week, they actually consume cannabis 208 times per year, although this could range from 52 to 365 times.

Input costs of the greenhouse, nursery and floriculture production industry were adjusted to estimate unit production cost of cannabis, and margins from tobacco and alcohol products were adjusted to estimate margins of cannabis products, assuming a higher risk associated with cannabis production and sale. The estimates were refined based on the findings of various research papers.

Because the federal government is planning to legalize cannabis in the summer of 2018, Statistics Canada is releasing experimental historical data in advance.

Therefore, estimates provided in the article should be treated as preliminary and used with caution. Statistics Canada is compiling further information and examining additional studies to improve the data.

Available in CANSIM: table [388-0011](#).

Definitions, data sources and methods: survey numbers [1901](#) and [5263](#).

The product *Cannabis Stats Hub* ([13-610-X](#)) is now available.

The *Latest Developments in the Canadian Economic Accounts* ([13-605-X](#)) is also available.

The *User Guide: Canadian System of Macroeconomic Accounts* ([13-606-G](#)) is also available.

The *Methodological Guide: Canadian System of Macroeconomic Accounts* ([13-607-X](#)) is also available.

The *System of Macroeconomic Accounts* module is accessible and features an up-to-date portrait of national and provincial economies and their structure.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).