

# Integrating the production, distribution and consumption of cannabis in the Canadian national economic accounts, 2018

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On April 13, 2017, the Government of Canada tabled legislation in the House of Commons to legalize, regulate and restrict access to cannabis for non-medical purposes. Bill C-45 was approved by Parliament and given royal assent on June 1, 2018. The drug's new status came into effect on October 17, 2018.

Statistics Canada is responsible for compiling and disseminating Canada's key macroeconomic indicators such as gross domestic product, household spending, investment, exports, imports, government revenue and expenditure, and industrial output.

When compiling these indicators, Statistics Canada follows the recommendations for macroeconomic accounting laid out in the international manual System of National Accounts 2008 (2008 SNA). This ensures that Canada's statistics on economic activity are consistent and comparable with estimates produced in other countries such as the United States, whose measure of gross domestic product is calculated by the Bureau of Economic Analysis. This work is analogous to a business accountant following the International Financial Reporting Standard when producing financial statements for a business.

The 2008 SNA recommends countries include both legal and illegal activities when measuring gross domestic product. Over the last 60 years, Statistics Canada has not implemented this recommendation for several reasons. First, given the difficulty in measuring illegal activity it was judged that credible measures could not be developed and therefore, adding illegal activity might have derogated from, instead of enhancing the measure of gross domestic product. Second, illegal economic activities were presumed to be small and to have little impact on the business cycle so excluding them would not greatly affect the understanding of economic trends. Third, the United States does not include illegal activities in its estimate of gross domestic product and, therefore, by excluding them from the Canadian measure, the latter is more comparable to the former.

With the approval of Bill C-45, a significant portion of cannabis production and consumption is moving from the illegal to the legal market. This now-legal activity is "in scope" for inclusion in Canada's estimates of gross domestic product just like other legal economic activities. This shift of non-medical cannabis from illegal to legal status has the potential to introduce a time series break in Canada's estimates of gross domestic product. To avoid this break, Statistics Canada will integrate both the legal and illegal production of cannabis into its official estimates of gross domestic product. Moreover, the agency will revise historical estimates of gross domestic product to include estimates of the production and consumption of illegal cannabis. These updates, for both the current and previous periods, will be released with the fourth quarter 2018 estimates of gross domestic product.

This paper "[Integrating the production, distribution and consumption of cannabis in the Canadian national economic accounts](#)" outlines how the Canadian national economic accounts will be adjusted to incorporate both the illegal and the now-legal production and consumption of non-medical cannabis from 1961 onwards.

## **StatsCannabis**

Canadians can help produce data on cannabis by visiting—today and over the course of the next year—the agency's crowdsourcing platform, [StatsCannabis](#), and providing information on how much they pay for their cannabis, where they purchase it and for what reason. Users can visit the site and share their information with confidence; participation is voluntary and anonymous.



**Definitions, data sources and methods: survey number 1901.**

The document, "[Integrating the production, distribution and consumption of cannabis in the Canadian national economic accounts](#)," which is part of *Latest Developments in the Canadian Economic Accounts (13-605-X)*, is now available.

For more details on cannabis, consult the *Cannabis Stats Hub (13-610-X)*.

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.

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](mailto:STATCAN.infostats-infostats.STATCAN@canada.ca)) or Media Relations (613-951-4636; [STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca](mailto:STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca)).