General Session: International Trade Overview and Forecast
International Trade: Opportunities, Challenges and Threats

DISCUS Annual Conference
Tuesday, February 18
Speakers

• **Rob Maron**: Vice President, International Trade at Distilled Spirits Council of the United States

• **Alfonso Mojica Navarro**: Director General at National Chamber of the Tequila Industry

• **CJ Helie**: Executive Vice President at Spirits Canada
U.S. Spirits Exports to Canada and Mexico

Top export market. Up 895% since 1996

Seventh largest export market. Up 356% since 1996
U.S. Imports of Spirits From Canada and Mexico

Third largest source of imports. Up 25% since 1996.

Fifth largest source of imports. Up 1,267% since 1996.
How DISCUS, Spirits Canada, and the Tequila Chamber Collaborate

• Support of the U.S.-Mexico-Canada Agreement
  – Joint proposed annex on labeling and certification
  – Opposition to retaliatory tariffs on American Whiskey
    • Canada, July 1, 2018-May 2019. 10% on all U.S. whiskey
    • Mexico, June 5, 2018-May 2019. 25% on U.S. whiskeys

• Colombia: Discriminatory Excise Tax Reform and Discriminatory Practices of the Departamentos

• Hong Kong: Excise Tax Reform

• China: Methanol
Distilled Spirits Council of the United States
Forging a Modern Distilled Spirits Marketplace
Louisville, KY, February 2020

Canada’s Spirits Market, What You Need to Know!
AGENDA

1. KEYS TO ACCESS THE CANADIAN SPIRITS MARKET
2. AUSTRALIA’S WTO CHALLENGE OF CERTAIN CANADIAN POLICIES
3. DISCUSSION AND Q’S & A’S
Four provinces make up the vast majority of the Spirits market (84% of total volume)

- **British Columbia**
  - Population: **13.8%**
  - % Spirits Volume: 16.2%

- **Alberta**
  - Population: **11.2%**
  - % Spirits Volume: 16.1%

- **Ontario**
  - Population: **38.9%**
  - % Spirits Volume: 36.6%

- **Quebec**
  - Population: **22.7%**
  - % Spirits Volume: 15.5%
Canada’s Spirits retail market is dominated by government monopolies...

- British Columbia: Mixed
- Alberta: Private Retail Market
- Saskatchewan: Mixed
- Manitoba: Mixed
- Ontario: Government Control Jurisdictions
- Québec: Mixed
- New Brunswick, Nova Scotia, PEI, Newfoundland: Government Control Jurisdictions
## SPIRITS RETAIL ACCESS

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ORIGIN-BASED MEASURES

- Federal Excise Duty Exemption for 100% Canadian Wines
- Lower Ontario wine tax on Ontario wines sold in private winery retail stores
- Preferential tax free access for Quebec “artisanal” wines in corner stores and grocery stores
NON - ORIGIN-BASED MEASURES

- Ontario grocery store access for small, medium sized “quality” wines
- Minimum shelf space allotment for qualifying small winery and quality assurance wines
- Nova Scotia lower mark-up for wines from "emerging wine region"
WTO Challenge Canadian Alcohol Policies

TIMING NEXT STEPS

- **FEBRUARY 10TH** ---- EXECUTIVE SUMMARY TO PARTIES
- **FEBRUARY 17TH** ---- ISSUANCE DESCRIPTIVE PART TO PARTIES
- **MARCH 2ND** ---- COMMENTS BY PARTIES
- **TBD** ---- PANEL INTERIM REPORT
- **TBD** ---- FINAL REPORT