



July 26, 2020

Joseph L. Barloon
General Counsel
Office of the United States Trade Representative
600 17th Street, N.W.
Washington, DC 20508

Submitted electronically via <https://comments.ustr.gov/s/>

Re: Review of Action: Enforcement of U.S. WTO Rights in Large Civil Aircraft Dispute (USTR–2020–0023)

Dear Mr. Barloon:

On behalf of the Distilled Spirits Council of the United States, Kentucky Distillers' Association, Wine Institute, American Craft Spirits Association, WineAmerica, Wine & Spirits Wholesalers of America, National Retail Federation, the National Association of Beverage Importers, American Beverage Licensees, Wine and Spirits Shippers Association, U.S. Wine & Trade Alliance, National Restaurant Association, National Council of Chain Restaurants, National Association of Wine Retailers and the American Distilled Spirits Alliance, we welcome this opportunity (85 Fed. Reg. 38488 (June 26, 2020)) to expand upon our previous comments submitted on January 13, 2020, August 5, 2019, and May 28, 2019, in connection with this dispute.

Introduction

Since tariffs were imposed on certain EU-origin beverage alcohol products in October 2019, there is clear evidence that the U.S. beverage alcohol industry has been negatively impacted as a direct result of these tariffs, which is now being compounded by the impact of restrictions related to preventing the spread of COVID-19. Thus, we urgently reiterate our previous requests that the United States and the European Union (EU) negotiate a settlement to secure the removal of both the EU's 25 percent retaliatory tariff on American Whiskey and the U.S. tariffs on EU beverage alcohol products. Further, both parties should commit not to impose any additional tariffs on beverage alcohol in trade disputes not involving beverage alcohol.

Returning to zero tariffs on distilled spirits products at this time is critical to support the U.S. hospitality industry, which continues to face economic hardships due to the mandatory closings of restaurants, bars and distillery tasting rooms.

Our counterparts in the EU are equally resolute in our strong opposition to the application of any tariffs on U.S. beverage alcohol products. Many companies within the sector have become very interconnected, with companies owning both U.S. and EU spirits, wine and beer (including non-alcoholic) brands. As a result, tariffs imposed on EU beverage alcohol products harm U.S. and EU companies, and likewise, tariffs on U.S. beverage alcohol products hurt EU and U.S. companies.

As detailed below, continuing, increasing, or expanding tariffs on EU beverage alcohol products will only cause additional harm to an industry throughout the U.S. that is already suffering, resulting in additional lost U.S. jobs during these uncertain economic times.

I. U.S. Tariffs on EU Beverage Alcohol Products Negatively Impact U.S. Jobs

As noted in our previous submissions, the beverage alcohol sector supports millions of good-paying jobs in every state, from the production, import and wholesale tiers all the way through to the retail tier and hospitality sector. A tariff is a tax that often must be passed along to consumers in the form of higher retail prices. Alternatively, profitability is negatively impacted, resulting in a reduction in investment and loss of job creation. As prices rise, consumers typically purchase less or sometimes trade down to less expensive products. As overall sales levels decline, jobs across the entire three-tier chain (i.e., at the producer, importer, wholesaler, and retailer levels) are negatively impacted. Additionally, spirits and wine are sold into a worldwide marketplace and many spirits expression and wine vintages are in short supply. As the U.S. beverage alcohol market becomes less profitable, brands will be pulled from the U.S. and American consumers will no longer have access to certain preferred brands, many of which are recognized as distinctive products and cannot be manufactured in the U.S.

As we have highlighted in our previous submissions, an economic analysis by the Distilled Spirits Council shows that tariffs on EU wine, distilled spirits, and beer will lead to a loss in U.S. jobs. Below is an updated analysis taking into account the addition of gin, vodka, and certain beers from France, Germany, Spain and the United Kingdom. The analysis demonstrates that if tariffs are applied on all of the EU-origin beverage alcohol products included on the three lists, it could lead to a loss of approximately 13,700 to 95,900 U.S. jobs, an increase from 11,200 to 78,600 U.S. jobs as noted in our January 13, 2020 submission. Our analysis does not consider the devastating impact COVID-19 is already having on jobs in the U.S. beverage alcohol sector.

A. 10 percent Tariff Would Result in The Loss of Over 13,700 U.S. Jobs

The imposition of a 10 percent tariff on gin, vodka and beer from France, Germany, Spain and the United Kingdom would result in estimated lost jobs for over 2,500 U.S. workers (see Table 9). It would increase the retail price of vodka by nearly 7 percent and increase the price of gin by approximately 6 percent. Beer prices would go up by almost 6 percent. As consumers curb their buying in response to higher prices, total retail sales of the products are projected to fall by over \$230 million. **A 10 percent tariff on all EU beverage alcohol products included on the three lists will result in the loss of over 13,700 U.S. jobs** (see Annex).

B. 25 Percent Tariff on all Beverage Alcohol Products Would Result in the Loss of Nearly 32,100 U.S. Jobs

The imposition of a 25 percent tariff on gin, vodka and beer from France, Germany, Spain and the United Kingdom would result in estimated lost jobs for approximately 6,000 U.S. workers (see Table 10). It would increase the retail price of vodka by nearly 17 percent and increase the price of gin by approximately 16 percent. Beer prices would go up by almost 14 percent. As consumers curb their buying in response to higher prices, total retail sales of the products are projected to fall by over \$532 million. **A 25 percent tariff on all EU beverage alcohol products included on the three lists will result in the loss of over 32,100 U.S. jobs** (see Annex).

C. 50 Percent Tariff on all Beverage Alcohol Products Would Result in the Loss of Nearly 57,600 U.S. Jobs

The imposition of a 50 percent tariff on gin, vodka and beer from France, Germany, Spain and the United Kingdom would result in estimated lost jobs for over 10,500 U.S. workers (see Table 11). It would increase the retail price of vodka by nearly 33 percent and increase the price of gin by approximately 31 percent. Beer prices would go up by almost 29 percent. As consumers curb their buying in response to higher prices, total retail sales of the products are projected to fall by over \$946 million. **A 50 percent tariff on all EU beverage alcohol products included on the three lists will result in the loss of over 57,600 U.S. jobs** (see Annex).

D. 100 Percent Tariff on all Beverage Alcohol Products Would Result in the Loss of Nearly 95,900 U.S. Jobs

The imposition of a 100 percent tariff on gin, vodka and beer from France, Germany, Spain and the United Kingdom would result in estimated lost jobs for over 17,300 U.S. workers (see Table 12). It would increase the retail price of vodka by nearly 67 percent and increase the price of gin by approximately 63 percent. Beer prices would go up by almost 59 percent. As consumers curb their buying in response to higher prices, total retail sales of the products are projected to fall by over \$1.5 billion. **A 100 percent tariff on all EU beverage alcohol products included on the three lists will result in the loss of over 95,900 U.S. jobs** (see Annex).

II. Negative Impact of Tariffs Compounded By the Spread of COVID-19

Since our January 2020 submission, the U.S. and global economies have been struck hard due to the outbreak of COVID-19. Unemployment is skyrocketing and the U.S. economy is officially in a recession, and it is unclear how long it will last. In particular, on-premise establishments, which includes bars, restaurants and taverns have been hard hit due to mandatory closings to enforce social distancing. While there has been an increase in beverage alcohol sales in supermarkets, specialty wine and spirits stores, distillery/winery/brewery stores (off-premise establishments), it does not offset the impact of the near-total loss of sales to the hospitality sector. According to Nielsen estimates, on-premise retail sales account for approximately 45% of total beverage alcohol sales in value. If on-premise retail sales have fallen 90%, as Nielsen estimates, off-premise sales would need to grow by a consistent 73% to make up the difference. However, off-premise retail sales have only grown in the 25-30% range, well below what is necessary to offset the near loss of on-premise sales. In fact, some brands, are heavily skewed towards the on-premise channel and have seen their sales plummet. Thus, much of the industry is now experiencing severe economic distress.

III. Retaliatory Tariffs Hurt U.S. Exports and U.S. Jobs

Similarly, retaliatory tariffs on American beverage alcohol exports have resulted in lost U.S. jobs, contracts canceled, distribution negotiations postponed, and many U.S. distillers have put expansion, investment and hiring plans on hold indefinitely. The impact is felt across the U.S. throughout the entire supply chain, from farmers to suppliers. And, since the EU requires bottle sizes and labels not used in the U.S., American distillers find themselves with thousands of bottles and labels that are now of no use.

In 2019, there were over 2,000 distillers in the U.S.; American spirits were exported from 45 states and American Whiskeys exported from 39 states. These tariffs are making American Whiskeys less competitive and may result in international spirits consumers choosing other spirits categories that already provide stiff competition in some third markets. These markets may be lost as foreign adult consumers shift to distilled spirits produced domestically or by our global competitors. Ultimately, once a market is lost, it is very difficult and costly to regain. Below please find an overview of the impact of the retaliatory tariffs that are currently being applied to U.S. spirits exports.

EU: Since June 22, 2018, the EU has imposed a retaliatory tariff of 25% on all American Whiskey imports in response to U.S. actions on steel and aluminum. The EU's retaliatory tariff on American Whiskey will increase to 50% in June 2021 if the disputes are not resolved. From January 1997 through June 2018, American Whiskey exports to the EU grew five-fold from \$143 million to over \$750 million. The EU's 25% retaliatory tariff on American Whiskey caused exports to the EU to tumble 33%¹. The retaliatory tariffs have upended decades of growth for

¹ June 2018 was the date that the tariffs went into effect. April 2020 is the last month for which data is available. Reflects the value of exports for the 12 month rolling periods July 2017-June 2018 (\$757M) and May 2019 – April 2020 (\$504M)

the U.S. spirits sector in the EU market, which accounted for nearly 52% of total American Whiskey exports in 2019. According to an analysis by DISCUS, had the tariffs not been implemented, American Whiskey exports today would be an estimated \$300 million higher.

China: Since July 6, 2018, China has imposed a retaliatory tariff on American Whiskey and has imposed a retaliatory tariff on rum, gin, vodka, liqueurs, brandy and some "others" since September 24, 2018, in response to the U.S. Section 301 actions. In 2019, U.S. spirits exports to China reached \$17.8 million, down one percent from 2018. However, this follows years of steady growth. Over the past five years (2014-2019), American spirits exports to China increased by nearly 25% and approximately 127% over the past decade. American spirits exports to China between Jan.-May 2020 (latest data available) are down 49% as compared to the same period in 2019.

U.S. wine exports have also been harmed by retaliatory tariffs placed by China due to Section 232 and 301 actions. The tariff jumped from 14% to the current 54%. The retaliation benefits our competitors in one of the world's largest wine markets. European wine producers pay a 14% tariff and wines from Chile, Australia, and New Zealand enter in tariff-free. Between 2018 and 2019, U.S. wine exports to mainland China fell by \$20 million to \$39 million and exports continue to decrease in the first months of 2020.

Turkey: Since June 2018, Turkey has imposed retaliatory tariffs on all U.S. distilled spirits in response to the steel and aluminum tariffs. Originally, Turkey applied a 70% tariff, but increased it to 140% on August 15, 2018. In May 2019, Turkey reduced its tariff to 70%. In 2019, U.S. spirits exports to Turkey reached \$10.4 million, down 40% as compared to 2018.

IV. Examples of the Harmful Impact of Tariffs and COVID-19 on the U.S. Beverage Alcohol Sector

In our January 13, 2020 submission, we provided an illustrative, non-exhaustive overview of the harmful impact the 25 percent tariff imposed on certain EU beverage alcohol products are having on U.S. businesses. However, as noted above, the U.S. and global economies are in a very different place than they were in January 2020. Below are more recent stories highlighting the negative impact tariffs and COVID-19 are having on U.S. jobs in the beverage alcohol sector.

According to a recent survey of U.S. beverage alcohol wholesalers, there is a broad consensus that the U.S. tariffs on EU beverage alcohol products are harming their businesses, negatively impacting their ability to obtain certain products, and making some products too expensive to carry. In fact, approximately half of the respondents have had to cut or halt hiring new staff due to tariffs. Below are some specific examples from U.S. beverage alcohol wholesalers:

- One company reported it had been forced to decrease their margins and to lay off parts of their sales team. Since its growth strategy negatively impacted, its ideal plan to ramp up and resume more normal business post-COVID is impossible to enact.
- Another company reported that it was planning to hire three new employees this year as it continues to grow. That was off the table because of the tariffs, and then COVID-19 completely put to an end any thoughts of hiring new employees.
- On wholesaler reported that these tariffs have negatively affected its margins and sales because of tariff price increases. Since 3/15/2020 (and still today) they are not selling to 40-45% of our customers (on-premise establishments) due to COVID-19, so the combination of tariffs and COVID-19 is very difficult.
- Another wholesaler reported that when tariffs were implemented in October 2019, they had four containers already on the water and were hit with approximately \$50,000 in tariffs that hadn't been planned on. Since tariffs are basically due on arrival, this created a very negative effect on its cash flow. They had to immediately raise prices on those products without any notification to its customers or consumers. With the additional 100% tariff looming at the time, they are holding off on ordering many products for fear that they would have 100% tariffs imposed on them. This caused a large reduction in SKU's that they represent, many out of stock situations and a loss of sales. When the pandemic hit and restaurants, hotels, ski areas and assorted on-premises businesses were ordered closed, they not only lost sales to those accounts due to closures, but the additional effect is that many of those accounts lost their ability to pay their bills, so our accounts receivables and cash flow have been negatively impacted.

The tariffs are having a similar negative impact on beverage alcohol importers. According to a recent survey of beverage alcohol importers, many have reported laying off or furloughing employees. Below are stories from importers negatively harmed by tariffs and COVID-19.

- One importer reported that they implemented a 15 percent across the board salary reduction for all retained employees and did not plan any salary increases, promotions, or bonuses.
- **Artisanal Imports (Austin, TX)**: President and CEO Bob Legget said “we are a 20-year-old company that is in the business of importing beer and other alcoholic and non-alcoholic beverages into the U.S. Primarily our business value is in sales marketing of these products, we use public warehouses on both coasts to store our products and sell primarily from there to about 120 Wholesale Distributors in every state in the Union. About 20 percent of what we sell is for U.S. domestic suppliers of these types of products. We employ about 25 people, but our products support the

livelihood of thousands of other American workers in warehouses, distributorships, retail locations and bars and restaurants.”

Any expansion of the items subject to retaliatory tariffs to include beer will decimate the import beer business. Many of the beer importers are solid middle-class family jobs that have already been decimated by the pandemic.

- **Continent Wines (Clarkston, MI)**: “I am a wine importer and half of my business was wiped out by the U.S tariffs on EU wines and the other half was wiped out by COVID-19. We are just now recovering from pandemic and are likely looking at another lock down this fall” said General Manager John Waddell.

Retaliation will further decimate the wine and spirits industry. This tariff is an onerous tax to Americans. Especially 2204.21.80 (over 14% wines). This will complete the destruction of businesses and thousands of jobs with them.

Below is an illustrative list of small and medium distilleries from across the U.S. describing how their companies have been negatively affected by the EU’s retaliatory tariff on American Whiskey:

- **Cedar Ridge Distillery (Swisher, IA)**: “We were off to a great start with some EU partners but since the implementation of these retaliatory tariffs from the EU, our European exports have been flat, at best,” said Jeff Quint, Founder/CEO. “At this point we are really only able to ‘tread water.’ We are trying hard to maintain our EU business, but can’t really grow it unless and until these tariffs go away.”
- **James E Pepper Distillery (Lexington, KY)**: Amir Peay, owner said “Before the EU tariffs on American Whiskey were imposed we had been growing our exports significantly and they accounted for 10 percent of our total business. We were planning on doubling our business in Europe and made significant effects to that end—and then we got hit with the trade war. Since then, we have lost 50 percent of our EU business and continue to face a very difficult and complex market to do business in.”
- **KOVAL Distillery (Chicago, IL)**: Sonat Birnecker Hart, president and owner stated, “Our international trade has been dramatically affected, not least because much of the European hospitality sector was closed for business for a number of months due to COVID-19. The tariffs have exacerbated this situation, as many distributors are trying to recoup losses by asking for lower prices. As a distillery that decided not to increase our prices abroad due to the tariffs, in hopes of remaining competitive, we are feeling the effects of them now, more than ever.”
- **Golden Moon Distillery (Golden, CO)**: “Our revenue in 2019 was off of forecast by 30% due to a downturn in export sales. We've gone down the road of working China twice in the last three years only to have companies back out at the last minute due to "trade

war" related issues. We went from \$100,000 per year or so in Italy to nothing in the last 18 months. We went from \$75,000 per year to nothing in the UK. We went from \$60,000 per year to nothing in Denmark. All say the same thing; they are scared to place orders and risk getting hit with unforeseen costs that will put them in a money-losing position." Stephen Gould, Proprietor/Distiller.

- **Catoctin Creek Distillery (Purcellville, VA):** "Catoctin Creek spent five years and over \$100,000 investing in the growth of our European market. In 2017, with 11% of our sales going to the EU, we were looking for sales to grow to 25% in 2018. After the EU imposed a 25% tariff on American whiskey, our sales that year plunged to only 1%. Since then, there has been little if any improvement. Despite ongoing outreach to UK importers with us offering to pay the tariffs ourselves, we have been unable to close any deals. The uncertainty in this space has made planning and deal-making impossible. Before this trade war started, American Rye was completely unique and highly sought after. The abandonment of free trade principles has given European and other world whiskey producers market share and mindshare in European markets." Rebecca Harris, President/Chief Distiller.
- **Santa Fe Spirits (Santa Fe, NM):** " We did look into exporting to the UK & EU a while ago, and the tariffs were a stumbling block. We were in discussions but they did stipulate that whatever price we agreed on, we had to keep regardless of what the tariffs were'. We currently ship into just Germany in a small way, and they have asked us to discount another 25% to make up the difference in import duties. Added to all the other headwinds makes a difference [to our bottom line]. If we cannot get a permanent FET reduction and modernization with regulations, then this [export] would have been a lifeline, which at the moment it isn't." Colin Keegan, Founder/Owner

Similarly, the COVID-19 pandemic is already having a significant impact on U.S. craft distillers. Over 40% of their sales come through tasting rooms, which are either closed or impacted by the consumer's reluctance to travel. An April 2020 survey by the Distilled Spirits Council of nearly 118 U.S. craft distilleries across 35 states and the District of Columbia found that COVID-19 is creating severe financial hardships for craft distillers. The survey's top finds include:

- Approximately 43% of distillery employees have been let go or furloughed since the start of the COVID-19 crisis. The average distillery respondent had almost 14 employees before the COVID-19 crisis and has let go nearly 6 employees.
- On average, distilleries reported a 64% sales decline.
- Two-thirds of respondents do not believe they will be able to sustain their businesses for more than 6 months.
- 63% of respondents reported canceling purchases of agricultural products or other inputs such as stills, bottles and barrels.

V. Tariffs on EU Beverage Alcohol Products Will Further Reduce U.S. Wine and Spirits Exports and U.S. Jobs

Additional U.S. beverage alcohol products may face retaliatory tariffs from the EU in the second half of 2020 in connection with the WTO U.S.-EU civil aviation subsidy dispute. Later this summer, a WTO Arbitrator will announce a decision concerning the value of U.S. imports upon which the EU may impose tariffs in its case against the U.S. The EU previously indicated it would consider imposing retaliatory tariffs on several categories of U.S. beverage alcohol products, including certain wines, rum, vodka, brandy, and aperitifs. In 2019, the value of these exports to the EU was nearly \$440 million.

Additional tariffs on U.S. distilled spirits will negatively impact large, medium, and craft distillers alike at this critical economic time. For instance, the threat of additional tariffs is already having a chilling effect on vodka, brandy, and rum exports from U.S. craft distillers. In fact, many EU importers, given their experience with the EU's 25 percent retaliatory tariff on American Whiskey, do not want to enter long term agreements to import U.S. rum, vodka, brandy and wine in order to avoid any unforeseen bills. For many larger and internationally diverse companies, more tariffs will compound the negative impact of U.S. and EU tariffs and COVID-19 on U.S. jobs and investments.

Conclusion:

In summary, the U.S. beverage alcohol industry has benefited significantly from low tariff or duty-free access to key markets, particularly the EU. However, the imposition of retaliatory tariffs by the U.S. and key trading partners, coupled with the economic consequences related to the outbreak of COVID-19, are having a significant negative impact on the entire beverage alcohol sector (including on the producer, distributor, importer, exporter, and retail tiers). The escalation of tariffs on the beverage alcohol sector, by either the U.S. or EU, will only increase harm to an industry already suffering.

For these reasons, we urgently request the Administration to engage with its EU counterparts to negotiate a settlement to secure the simultaneous removal of tariffs on U.S. and EU beverage alcohol products immediately.

Our EU counterparts share our strong opposition to the application of any tariffs on beverage alcohol products. EU beverage alcohol associations continue to urge the Commission to remove the EU's retaliatory tariff on American Whiskey as soon as possible and not to include U.S. beverage alcohol products on its final list of products for tariffs in its parallel dispute at the WTO concerning civil aviation subsidies.

Thank you again for the opportunity to provide the U.S. beverage alcohol sector's views. Please do not hesitate to contact us if we can provide any additional information.

Sincerely,

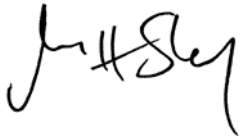
Chris R. Swonger
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Robert. P. "Bobby" Koch
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Matthew Shay
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National Retail Federation



John Bodnovich,
President & CEO
American Beverage Licensees



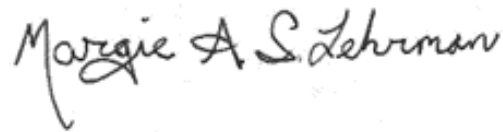
Michelle L. Korsmo
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Wine & Spirits Wholesalers of America



Jim Trezise
President
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Margie A.S. Lehrman
Chief Executive Officer
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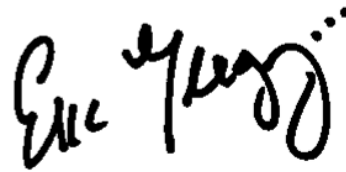
David French
Executive Director
National Council of Chain Restaurants



Matt Dogali
President & CEO
American Distilled Spirits Alliance

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Eric Gregory
President
Kentucky Distillers' Association

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Robert M. Tobiasen
President
National Association of Beverage Importers

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Alison Leavitt
Managing Director
Wine and Spirits Shippers Association

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Laura Abshire
Director, Food and Sustainability Policy
National Restaurant Association

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Benjamin Aneff
President
U.S. Wine Trade Alliance

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Tom Wark
Executive Director
National Association of Wine Retailers

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Annex: Economic Impact Analysis

Table 1				
Impacted Spirits Imports from European Union				
Product	Value	Proof Liters	Est. 9_liter Cases	Est. Average Case Price
WHISKEY	\$1,849,385,895	98,859,161	13,730,439	\$134.69
2208.30.30	\$1,834,863,183	97,390,006	13,526,390	\$135.65
2208.30.60	\$14,522,712	1,469,155	204,049	\$71.17
BRANDY	\$1,379,560,185	49,624,849	6,892,340	\$200.16
2208.20.2000	\$481,276	32,821	4,558	\$105.58
2208.20.3000	\$609,921	217,264	30,176	\$20.21
2208.20.4000	\$1,371,710,333	47,734,702	6,629,820	\$206.90
2208.20.5000	\$1,036,501	737,716	102,461	\$10.12
2208.20.6000	\$5,722,154	902,346	125,326	\$45.66
CORDIALS	\$792,023,062	37,233,343	8,274,076	\$95.72
2208.70.0030	\$789,405,243	36,627,345	8,139,410	\$96.99
2208.70.0060	\$2,617,819	605,998	134,666	\$19.44
Note: In converting to cases, abv content is assumed to be 40% for whisky and brandy; and 25% for cordials				
Sources: Distilled Spirits Council Office of Economic and Strategic Analysis and U.S. International Trade Commission				

Table 2				
Impacted Wine Imports from European Union				
Product	Value	Proof Liters	Est. 9_liter Cases	Est. Average Case Price
WINE	\$4,678,969,428	619,546,054	68,838,450	\$67.97
2204.10.0030	\$286,053	228,503	25,389	\$11.27
2204.10.0065	\$14,502,412	1,405,131	156,126	\$92.89
2204.10.0075	\$1,244,720,514	129,732,904	14,414,767	\$86.35
2204.21.2000	\$2,231,603	660,805	73,423	\$30.39
2204.21.3000	\$510,695	21,853	2,428	\$210.33
2204.21.5005	\$361,833	547,137	60,793	\$5.95
2204.21.5015	\$327,300	402,692	44,744	\$7.32
2204.21.5025	\$72,450	94,266	10,474	\$6.92
2204.21.5028	\$207,806	25,833	2,870	\$72.40
2204.21.5035	\$12,799,530	2,127,122	236,347	\$54.16
2204.21.5040	\$1,497,591,026	190,099,106	21,122,123	\$70.90
2204.21.5050	\$11,066,401	2,352,665	261,407	\$42.33
2204.21.5055	\$1,148,152,025	193,944,506	21,549,390	\$53.28
2204.21.5060	\$339,146,328	52,044,667	5,782,741	\$58.65
2204.21.6000	\$4,457,339	1,097,587	121,954	\$36.55
2204.21.8030	\$9,034,420	1,242,270	138,030	\$65.45
2204.21.8060	\$344,715,331	23,096,370	2,566,263	\$134.33
2204.22.2005	\$68,594	80,078	8,898	\$7.71
2204.22.2015	\$79,866	94,148	10,461	\$7.63
2204.22.2025	\$80,901	90,901	10,100	\$8.01
2204.22.2030	\$10,330,525	3,612,594	401,399	\$25.74
2204.22.2045	\$2,877,915	1,152,516	128,057	\$22.47
2204.22.2060	\$2,059,874	569,464	63,274	\$32.55
2204.22.4000	\$1,375,506	279,483	31,054	\$44.29
2204.22.6000	\$4,209,655	993,717	110,413	\$38.13
2204.22.8000	\$567,289	8,482	942	\$601.93
2204.29.6100	\$25,754,995	12,868,414	1,429,824	\$18.01
2204.29.8100	\$1,289,932	609,536	67,726	\$19.05
2204.30.0000	\$91,310	63,304	7,034	\$12.98
Sources: Distilled Spirits Council Office of Economic and Strategic Analysis and				
U.S. International Trade Commission				

Table 3					
Impact of 10% tariff					
	Whiskey	Cognac	Cordials	Wine	Total
Old Average Price	\$32.87	\$41.95	\$23.04	\$12.45	
New Average Price	\$34.65	\$44.59	\$24.30	\$13.35	
Price change (\$)	\$1.78	\$2.64	\$1.26	\$0.90	
Price change (%)	5.42%	6.29%	5.49%	7.21%	
Volume change (gallons)	-1,332,291	-771,489	-812,605	-6,150,538	
9L Case Gain/(Loss)	-560,363	-324,489	-341,783	-2,586,925	
Volume change (%)	-4.08%	-4.71%	-4.13%	-3.76%	
Jobs Gained/(Lost)	-4,626	-1,779	-1,863	-2,986	-11,254
In Millions					
Off-premise Sales	-\$175	-\$129	-\$75	-\$316	-\$695
On-premise Sales	-\$245	-\$181	-\$105	-\$212	-\$744
Retail Sales	-\$420	-\$311	-\$180	-\$528	-\$1,439
Source: Distilled Spirits Council Office of Economic and Strategic Analysis					

Table 4					
Impact of 25% tariff					
	Whiskey	Cognac	Cordials	Wine	Total
Old Average Price	\$32.87	\$41.95	\$23.04	\$12.45	
New Average Price	\$37.32	\$48.55	\$26.20	\$14.69	
Price change (\$)	\$4.45	\$6.60	\$3.16	\$2.24	
Price change (%)	13.54%	15.74%	13.71%	18.03%	
Volume change (gallons)	-3,115,956	-1,786,784	-1,899,038	-14,262,961	
9L Case Gain/(Loss)	-1,310,576	-751,524	-798,738	-5,999,021	
Volume change (%)	-9.55%	-10.90%	-9.65%	-8.71%	
Jobs Gained/(Lost)	-10,820	-4,120	-4,353	-6,925	-26,218
In Millions					
Off-premise Sales	-\$409	-\$300	-\$175	-\$732	-\$1,616
On-premise Sales	-\$574	-\$420	-\$245	-\$492	-\$1,731
Retail Sales	-\$983	-\$720	-\$420	-\$1,224	-\$3,347
Source: Distilled Spirits Council Office of Economic and Strategic Analysis					

Table 5					
Impact of 100% tariff					
	Whiskey	Cognac	Cordials	Wine	Total
Old Average Price	\$32.87	\$41.95	\$23.04	\$12.45	
New Average Price	\$50.67	\$68.36	\$35.68	\$21.43	
Price change (\$)	\$17.80	\$26.41	\$12.64	\$8.98	
Price change (%)	54.16%	62.94%	54.85%	72.13%	
Volume change (gallons)	-9,453,957	-5,244,329	-5,746,269	-42,259,412	
9L Case Gain/(Loss)	-3,976,347	-2,205,772	-2,416,889	-17,774,367	
Volume change (%)	-28.96%	-32.00%	-29.21%	-25.82%	
Jobs Gained/(Lost)	-32,828	-12,093	-13,171	-20,519	-78,611
In Millions					
Off-premise Sales	-\$1,242	-\$879	-\$529	-\$2,170	-\$4,820
On-premise Sales	-\$1,741	-\$1,232	-\$742	-\$1,458	-\$5,173
Retail Sales	-\$2,983	-\$2,112	-\$1,271	-\$3,627	-\$9,993
Source: Distilled Spirits Council Office of Economic and Strategic Analysis					

Table 6					
Wine Exports to European Union					
		Value	Liters	Est. 9_liter Cases	Est. Average Case Price
2204.10	SPARKLING WINE OF FRESH GRAPES	\$2,833,583	335,373	37,264	\$76.04
2204.21	WINE OF FRESH GRAPES, IN CONTAINERS HOLDING 2 LITERS OR LESS	\$239,262,947	30,903,321	3,433,702	\$69.68
2204.22	WINE OF FRESH GRAPES, IN CONTAINERS HOLDING OVER 2 LITERS BUT NO MORE THAN 10 LITERS	\$913,485	52,186	5,798	\$157.54
2204.29	WINE OF FRESH GRAPES, IN CONTAINERS HOLDING OVER 10 LITERS	\$202,960,190	165,014,988	18,334,999	\$11.07
Sources: Distilled Spirits Council Office of Economic and Strategic Analysis and U.S. International Trade Commission					

Table 7					
Spirits Exports to European Union					
		Value	Proof Liters	Est. 9_liter Cases	Est. Average Case Price
2207.10	ETHYL ALCOHOL, UNDENATURED FOR BEVERAGE PURPOSES	\$4,966,004	6,163,705	856,070	\$5.80
2208.20.	GRAPE BRANDY	\$4,976,913	689,195	95,722	\$51.99
2208.60	VODKA	\$32,830,485	8,946,018	1,242,503	\$26.42
2028.90	OTHER SPIRITS	\$8,125,004	899,775	124,969	\$65.02
Note: In converting to cases, abv content is assumed to be 40%.					
Sources: Distilled Spirits Council Office of Economic and Strategic Analysis and U.S. International Trade Commission					

Table 8

Impact of 50% tariff					
	Whiskey	Cognac	Cordials	Wine	Total
Old Average Price	\$32.87	\$41.95	\$23.04	\$12.45	
New Average Price	\$41.77	\$55.15	\$29.36	\$16.94	
Price change (\$)	\$8.90	\$13.20	\$6.32	\$4.49	
Price change (%)	27.08%	31.47%	27.43%	36.06%	
Volume change (gallons)	-5,630,538	-3,185,566	-3,427,851	-25,500,027	
9L Case Gain/(Loss)	-2,368,212	-1,339,854	-1,441,759	-10,725,347	
Volume change (%)	-17.25%	-19.44%	-17.43%	-15.58%	
Jobs Gained/(Lost)	-19,552	-7,345	-7,857	-12,381	-47,136
In Millions					
Off-premise Sales	(\$740)	(\$534)	(\$316)	(\$1,309)	(\$2,899)
On-premise Sales	(\$1,037)	(\$749)	(\$442)	(\$880)	(\$3,107)
Retail Sales	(\$1,777)	(\$1,283)	(\$758)	(\$2,189)	(\$6,006)
Source: Distilled Spirits Council Office of Economic and Strategic Analysis					

Table 9

Impact of 10% tariff				
	Vodka	Gin	Beer	Total
Old Average Price (750ml or 6-pack)	\$29.70	\$17.60	\$7.00	
New Average Price	\$31.68	\$18.70	\$7.41	
Price change (\$)	\$1.98	\$1.10	\$0.41	
Price change (%)	6.68%	6.26%	5.86%	
Volume change (gallons)	-462,225	-513,336	-541,776	
9L Case Gain/(Loss)	-194,412	-215,910	-227,872	
Volume change (%)	-4.98%	-4.68%	-2.25%	
Jobs Gained/(Lost)	-1,423	-978	-155	-2,557
In Millions				
Off-premise Sales	-\$55	-\$36	-\$5	-\$96
On-premise Sales	-\$78	-\$52	-\$4	-\$134
Retail Sales	-\$133	-\$88	-\$9	-\$230
Source: Distilled Spirits Council Office of Economic and Strategic Analysis				

Table 10				
Impact of 25% tariff				
	Vodka	Gin	Beer	Total
Old Average Price (750ml or 6-pack)	\$29.70	\$17.60	\$7.00	
New Average Price	\$34.66	\$20.35	\$8.03	
Price change (\$)	\$4.96	\$2.75	\$1.03	
Price change (%)	16.69%	15.65%	14.64%	
Volume change (gallons)	-1,066,055	-1,189,372	-1,280,219	
9L Case Gain/(Loss)	-448,384	-500,251	-538,462	
Volume change (%)	-11.48%	-10.85%	-5.32%	
Jobs Gained/(Lost)	-3,282	-2,267	-367	-5,917
In Millions				
Off-premise Sales	-\$126	-\$83	-\$12	-\$221
On-premise Sales	-\$181	-\$120	-\$10	-\$310
Retail Sales	-\$307	-\$203	-\$22	-\$532
Source: Distilled Spirits Council Office of Economic and Strategic Analysis				

Table 11				
Impact of 50% tariff				
	Vodka	Gin	Beer	Total
Old Average Price (750ml or 6-pack)	\$29.70	\$17.60	\$7.00	
New Average Price	\$39.62	\$23.11	\$9.05	
Price change (\$)	\$9.92	\$5.51	\$2.05	
Price change (%)	33.38%	31.29%	29.29%	
Volume change (gallons)	-1,889,908	-2,121,623	-2,349,904	
9L Case Gain/(Loss)	-794,898	-892,358	-988,373	
Volume change (%)	-20.35%	-19.35%	-9.76%	
Jobs Gained/(Lost)	-5,819	-4,044	-674	-10,537
In Millions				
Off-premise Sales	-\$223	-\$149	-\$23	-\$394
On-premise Sales	-\$320	-\$213	-\$18	-\$552
Retail Sales	-\$544	-\$362	-\$41	-\$946
Source: Distilled Spirits Council Office of Economic and Strategic Analysis				

Table 12				
Impact of 100% tariff				
	Vodka	Gin	Beer	Total
Old Average Price (750ml or 6-pack)	\$29.70	\$17.60	\$7.00	
New Average Price	\$49.53	\$28.61	\$11.10	
Price change (\$)	\$19.83	\$11.01	\$4.10	
Price change (%)	66.77%	62.58%	58.58%	
Volume change (gallons)	-3,086,290	-3,495,520	-4,053,044	
9L Case Gain/(Loss)	-1,298,098	-1,470,221	-1,704,716	
Volume change (%)	-33.24%	-31.88%	-16.84%	
Jobs Gained/(Lost)	-9,502	-6,663	-1,163	-17,328
In Millions				
Off-premise Sales	-\$365	-\$245	-\$39	-\$648
On-premise Sales	-\$523	-\$351	-\$31	-\$906
Retail Sales	-\$888	-\$596	-\$70	-\$1,554
Source: Distilled Spirits Council Office of Economic and Strategic Analysis				

