



**DISTILLED SPIRITS COUNCIL
OF THE UNITED STATES**

American Spirits Exports in 2021

Report by the

Distilled Spirits Council
of the United States

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Overview

U.S. spirits are highly sought-after products around the globe. Between 2001 and 2021 global U.S. spirits exports, driven in large part by American Whiskeys, have expanded 220 percent, from \$493 million to \$1.6 billion.

However, in recent years, unrelated trade disputes have resulted in the imposition of retaliatory tariffs (*i.e.*, import taxes) on certain U.S. spirits products in key export markets, which has inhibited overall U.S. spirits export growth.

In 2021, U.S. spirits exports rebounded over 2020 levels due to a variety of factors, including the reopening of the hospitality sector, consumers choosing to premium and super premium American spirits, and a lifting of retaliatory tariffs on certain products.

Nonetheless, retaliatory tariffs imposed by the UK and EU on American Whiskeys continued to stunt overall American spirits export growth. In fact, the value of 2021 exports remains well below pre-tariff levels achieved in 2018, which is the first year that retaliatory tariffs were imposed on American Whiskeys.

The growth in U.S. spirits exports over the past two decades is due, in part, to the range of trade agreements which eliminated import tariffs, helping to create a level playing field in many markets for a host of American products, including American spirits.

The increase in U.S. craft distillers, from fewer than 100 in 2005 to 2,300 today, is also fueling some of this export growth; in 2021, U.S. spirits were exported from almost every state in the union. Overseas spirits consumers increasingly appreciate the range of U.S. spirits products.

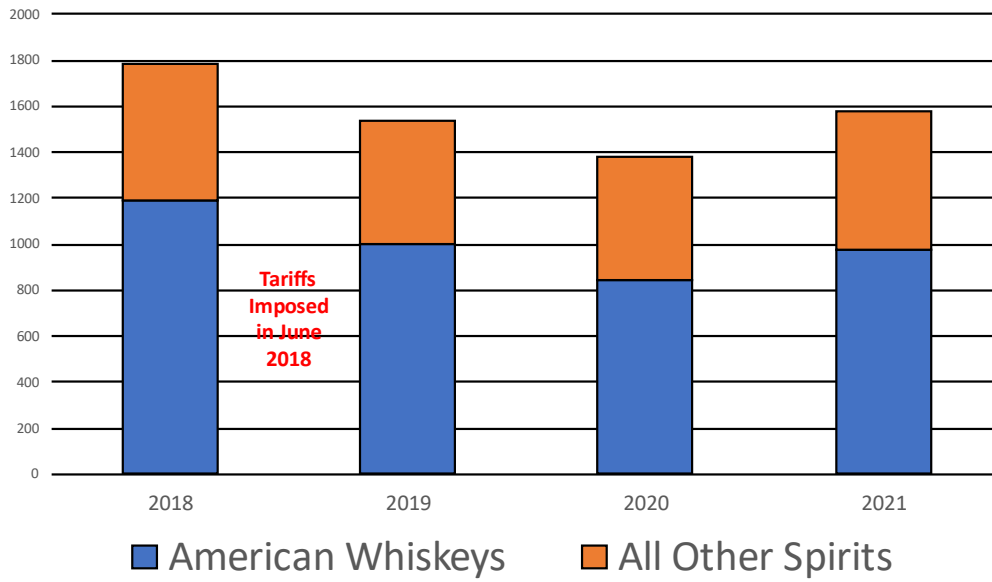
Key Insights

The value of U.S. spirits exports increased in 2021 but has not returned to pre-tariff levels.

- Total U.S. spirits exports in 2021 increased 14 percent as compared to 2020, reaching \$1.6 billion.
- However, 2021 exports are still below the 2018 pre tariff levels of approximately \$1.8 billion.
- Approximately 37 percent of total U.S. spirits are exported to the EU. The EU's imposition of tariffs on American Whiskeys in June 2018 has had a major impact on total U.S. exports.

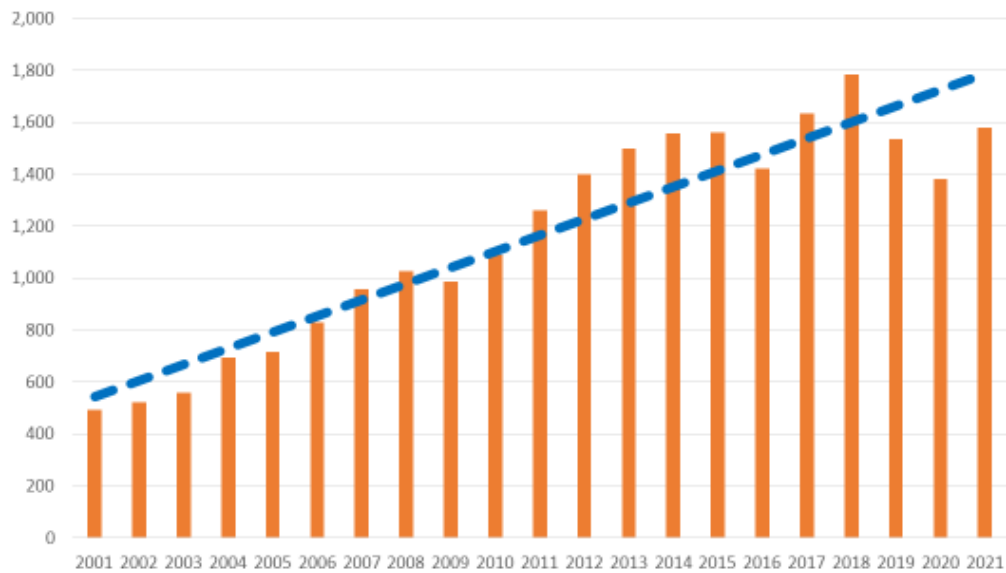
Total U.S. Spirits Exports Up in 2021, but Still Below Pre-Tariff Period

(in millions of USD)



Two Decades in Review: U.S. Spirits Exports Increased by 220 Percent

(in millions of USD)

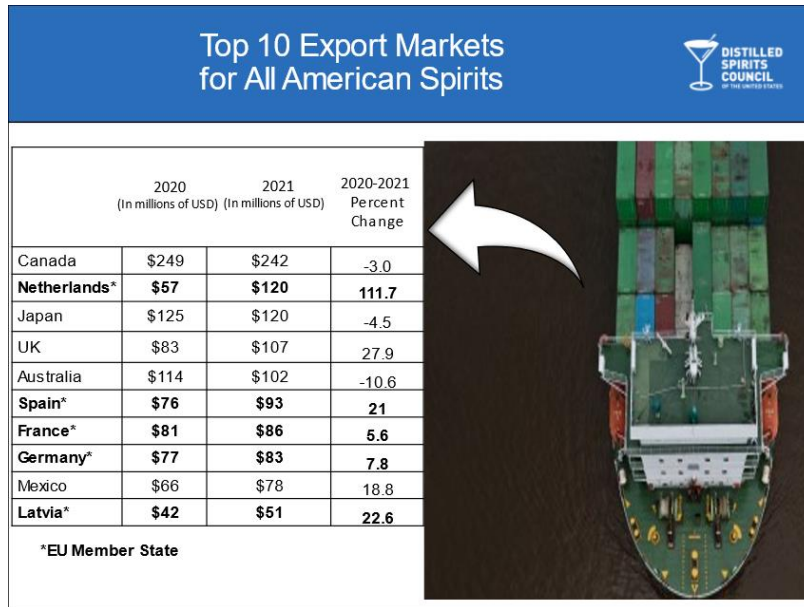


American Whiskeys continued to drive overall U.S. spirits exports in 2021.

- American Whiskeys accounted for 62 percent of all spirits exports in value terms, and 38 percent in volume terms. American Whiskeys include Tennessee Whiskey, Bourbon, American Rye Whiskey and American Single Malt.
- Over the past decade, American Whiskeys have accounted for, on average, 67 percent of total U.S. spirits exports.



- The top five markets for all American Spirits are:
 1. European Union (\$564 million)
 2. Canada (\$242 million)
 3. Japan (\$120 million)
 4. United Kingdom (\$107 million)
 5. Australia (\$102 million)

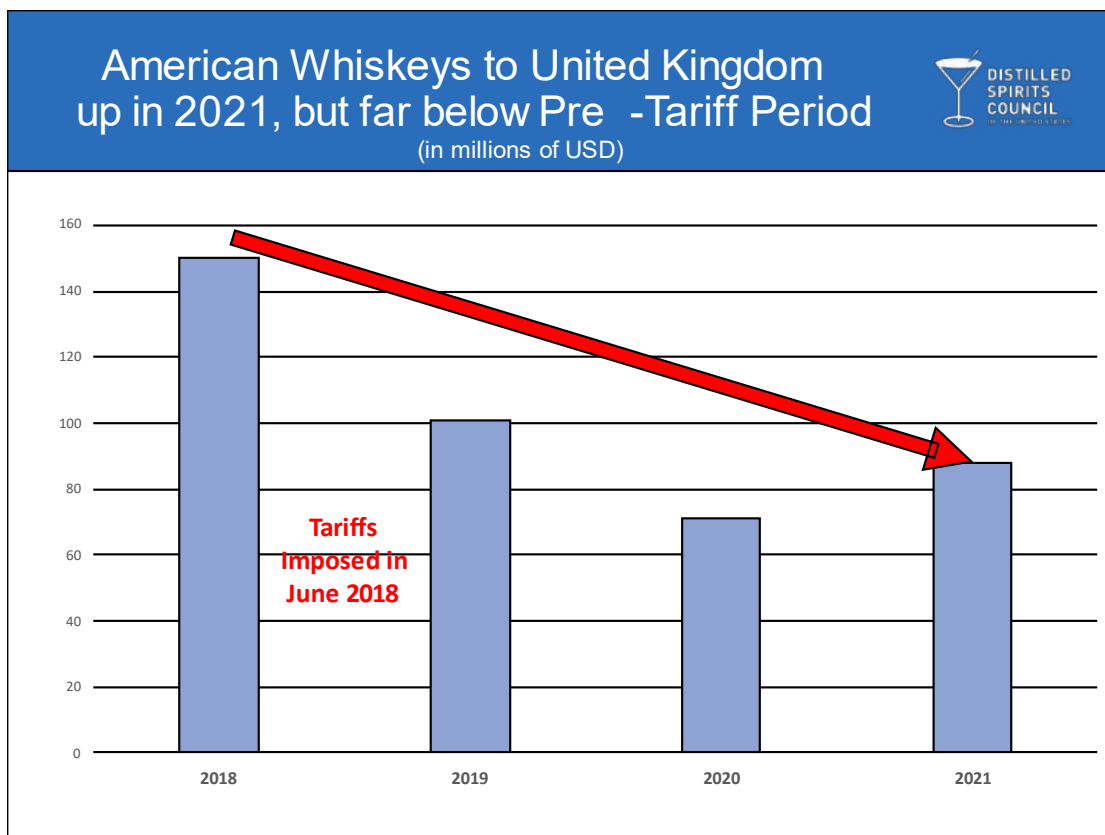


- The top five markets for American Whiskeys are:
 1. European Union (\$440 million)
 2. Japan (\$96 million)
 3. United Kingdom (\$88 million)
 4. Australia (\$85 million)
 5. Canada (\$68 million)



Retaliatory tariffs continue to negatively impact American Whiskey exports.

- The UK continues to apply a 25% retaliatory tariff on American Whiskeys, which resulted in a 42 percent decline in exports between 2018 and 2021.
- In 2021, total American Whiskey exports reached \$975 million; this represents a 15 percent rebounding from 2020 levels, but an 18 percent decline compared to 2018.
- In January 2022, the EU suspended its 25 percent retaliatory tariff on American Whiskeys for two-years, which had been in place since June 2018. Between 2018 and 2021, American Whiskey exports to the EU declined by 20 percent in value terms.



A wide range of spirits is exported from across the United States.

- Some of the growth in American spirits exports can be attributed to the strong performance of the American gin, vodka and liqueur and cordials categories. U.S. exports of gin increased by 59 percent reaching \$40.1 million, vodka increased by 10 percent to \$78.2 million, and liqueurs and cordials increased by 41 percent reaching \$103.8 million.

- Distilled spirits were exported from 45 states in 2021.



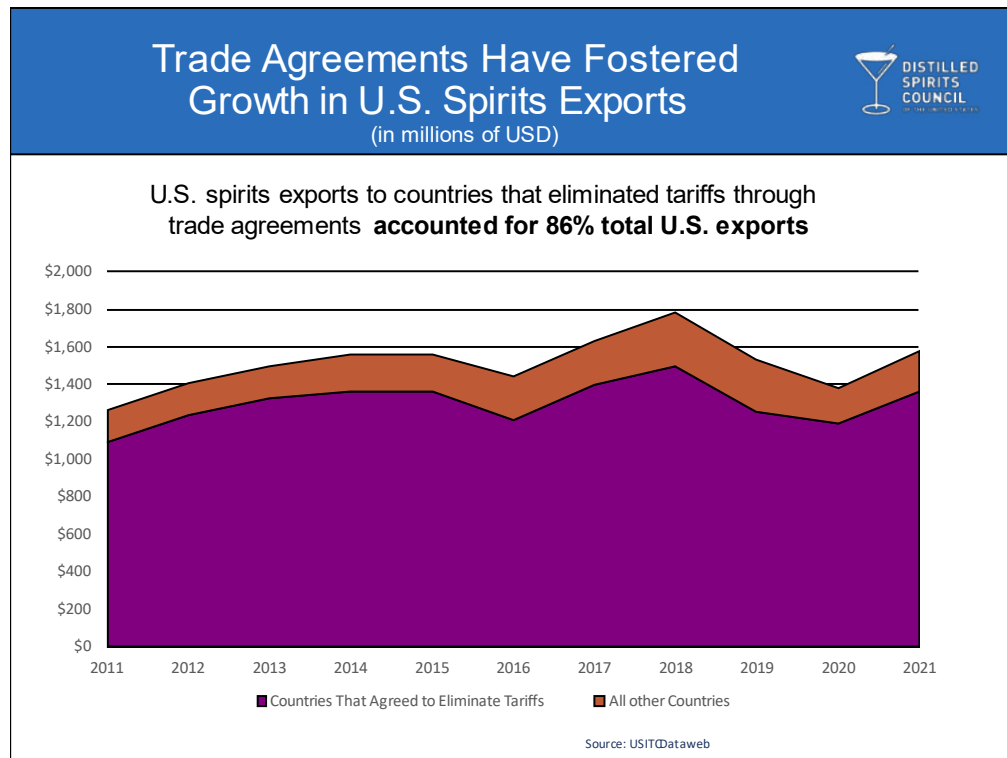
- The top ten American spirits exporting states are:

- | | |
|--------------|----------------|
| 1. Tennessee | 6. Illinois |
| 2. Kentucky | 7. New York |
| 3. Florida | 8. California |
| 4. Texas | 9. Arkansas |
| 5. Indiana | 10. New Jersey |



U.S. spirits exports to other duty-free markets far surpass those that maintain high tariffs.

- U.S. spirits to free trade agreement countries and those with zero duties reached \$1.36 billion, accounting for 86% percent of total U.S. spirits exports.
- Between 2011 and 2021, exports to free trade agreement countries have grown at a faster rate (52% increase) than total U.S. distilled spirits exports (25% increase).
- In contrast, U.S. spirits exports to high tariff countries, such as India (150% tariff), Vietnam (45% tariff), Brazil (20% tariff on all imported distilled spirits, except bulk whiskey, which is a 12% tariff) reached \$40 million, accounting for 3% of total U.S. spirits exports in 2021.



Data sources:

U.S. International Trade Commission DataWeb (<https://dataweb.usitc.gov/>)

U.S. Census Bureau USA Trade Online (<https://usatrade.census.gov>)