



American Spirits Exports Through July 2022

American Whiskeys are Rebounding after Lifting of Retaliatory Tariffs

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REPORT

Over the past two decades, global U.S. spirits exports, driven by American Whiskeys, have skyrocketed 220%, from \$493 million to \$1.6 billion (2001-2021). While U.S. spirits exports tumbled between 2018 and 2021, due largely to retaliatory tariffs on American spirits imposed by the EU and UK, the latest export data show that U.S. exports are rebounding following the removal or suspension of the tariffs.

During January-July 2022, total U.S. spirits exports, including American Whiskey increased by 21% and 22%, respectively, over the same period the previous year. While U.S. spirits exports have not yet returned to pre-tariff levels, this positive trend in 2022 signals that key export markets in the EU and UK are returning to purchasing American spirits.

In recent years, unrelated trade disputes resulted in the imposition of retaliatory tariffs (*i.e.*, import taxes) on certain U.S. spirits products in key export markets, which has curtailed overall U.S. spirits export growth. However, the tariffs imposed as part of these disputes have since been suspended or eliminated due to important agreements the U.S. reached with the EU and UK. The removal of these tariffs presents U.S. spirits producers with an opportunity to recapture lost market share in some of the U.S.' largest export markets, particularly the EU and UK.

In addition to the lifting of the tariffs, long term growth for U.S. spirits exports is due, in part, to the range of trade agreements that eliminated import tariffs and therefore created a level playing field in many markets for a host of American products, including distilled spirits. Other factors that are driving growth in American spirits exports include the shift by consumers in key exports markets towards premium and super premium American spirits and the continued reopening of the global hospitality sector. In addition, the increase in U.S. craft distillers, from fewer than 100 in 2005 to 2,300 today, has helped fuel some of this export growth. In fact, U.S. spirits were exported from 40 states from January – July 2022.

KEY INSIGHTS

The value of U.S. spirits exports increased through the first seven months of 2022, compared with the same period last year.

Total U.S. spirits exports through July 2022 saw an increase of 21% as compared to the same period in 2021, with exports totaling \$1 billion.

Approximately 32% of U.S. spirits were exported to the EU through July 2022 (totaling \$331.8 million), making it the U.S.'s largest export market. Total U.S. spirits exports to the EU saw an 18% increase compared to the same period in 2021.

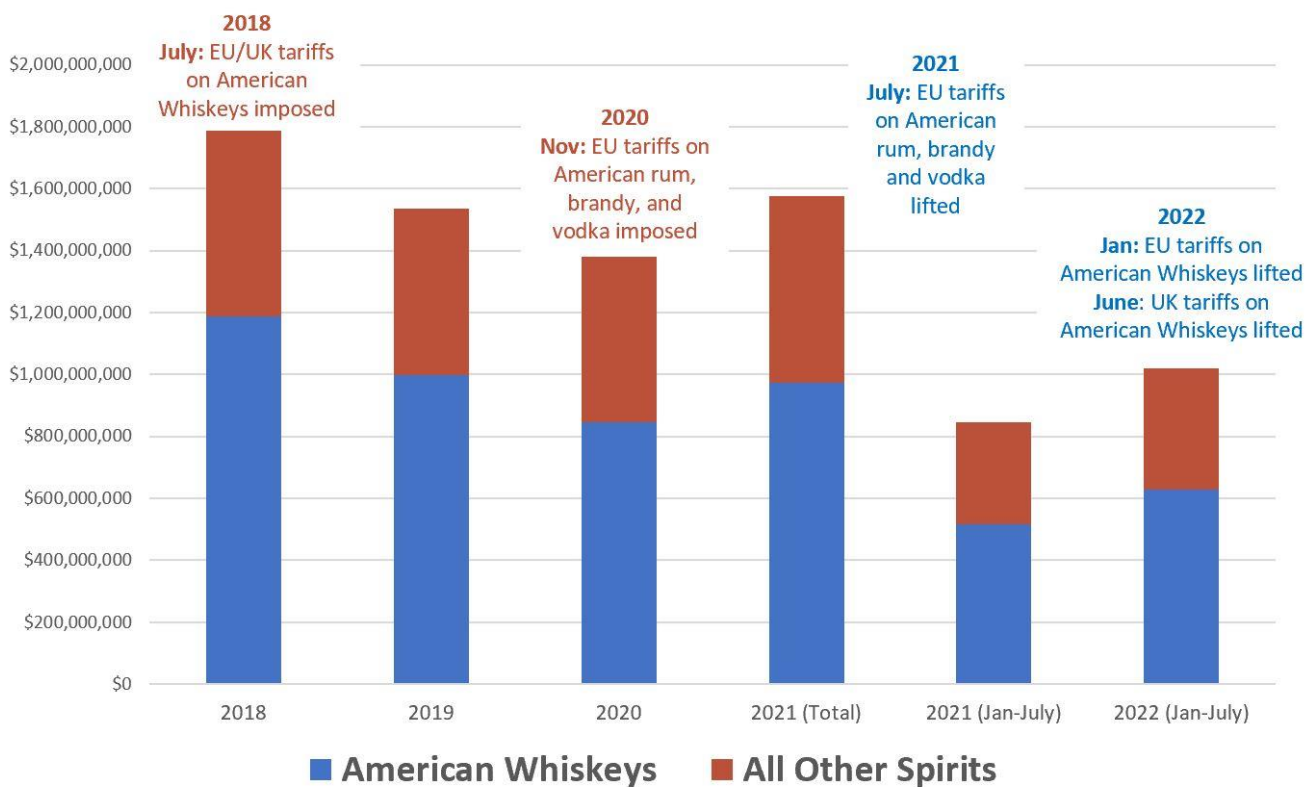
American Whiskey exports have begun to recover from retaliatory tariffs.

Since the EU suspended its 25% retaliatory tariff on American Whiskeys in January 2022, U.S. whiskey exports saw an increase of 20% (through July) when compared with the same period the year prior. Total American Whiskey exports to the EU currently stand at \$264.8 million.



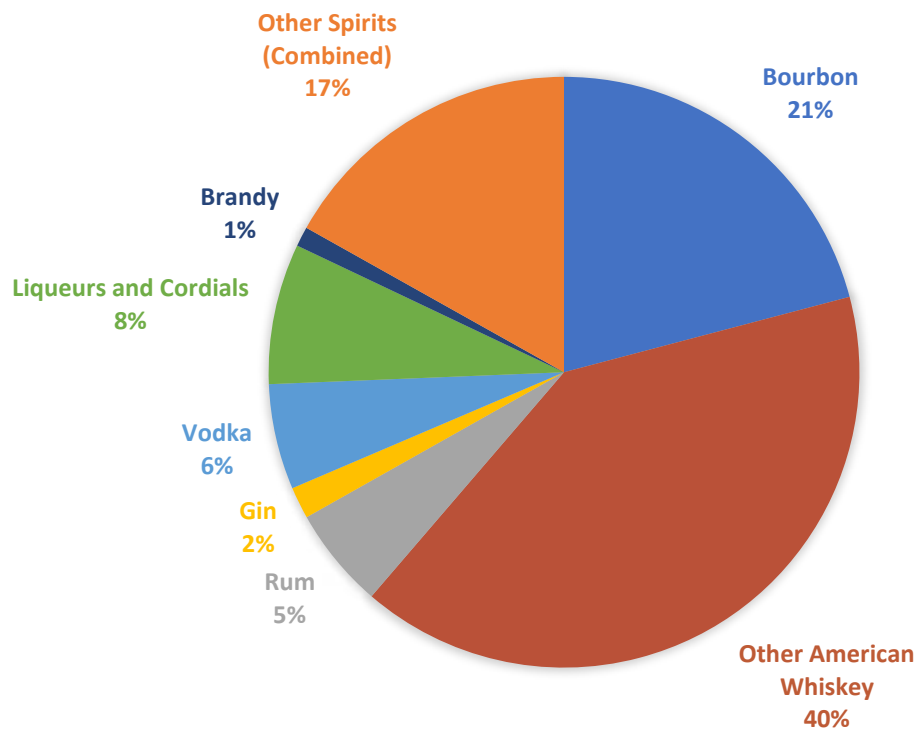
The UK's suspension of its 25% retaliatory tariff on American Whiskeys went into effect on June 1, 2022. Through July 2022, American Whiskey exports to the UK are up nearly 10% as compared to the same period in 2021, reaching \$51.7 million.

AMERICAN SPIRITS EXPORTS: REBOUNDED FROM 4 YEARS OF RETALIATORY TARIFFS



American Whiskeys continued to drive overall U.S. spirits exports through July 2022.

American Whiskeys accounted for 61% of all spirits exports in value terms, and 43% in volume terms. American Whiskeys include Tennessee Whiskey, Bourbon, American Rye Whiskey, and American Single Malt.



The top five markets for American Whiskeys during this period are European Union (\$264.8 million), Japan (\$60.7million), Australia (\$58.1 million), United Kingdom (\$51.7 million) and Canada (\$45.1 million).

TOP 10 MARKETS FOR AMERICAN WHISKEY EXPORTS

In Millions of USD

		2021	2021 (Jan-July)	2022 (Jan-July)	Percent Change
1	Japan	\$95.6	\$58.5	\$60.7	3.9
2	Spain*	\$61.5	\$34.5	\$60.4	75
3	Australia	\$84.2	\$51.8	\$58.1	12.2
4	Germany*	\$81	\$49.1	\$54.9	11.8
5	United Kingdom	\$87.4	\$47.2	\$51.7	9.6
6	Canada	\$67.5	\$36	\$45.1	25.6
7	Netherlands*	\$77.3	\$30.7	\$41.7	35.9
8	France*	\$77.4	\$43.4	\$32.8	-24.5
9	Latvia*	\$49.3	\$19.7	\$16.8	-14.7
10	United Arab Emirates	\$16.2	\$6.5	\$15.6	141.6

*EU Member State

The U.S. continues to export a wide range of distilled spirits.

Some of the growth in American spirits exports can be attributed to the strong performance of the American brandy, vodka, and liqueur and cordials categories. Compared with the same period in 2021, through July 2022 U.S. exports of vodka increased by 40% to \$59.3 million, brandy increased by 31% to \$11.1 million, and liqueurs and cordials increased by 30% reaching \$79.1 million.

TOP 10 MARKETS FOR TOTAL AMERICAN SPIRITS EXPORTS

In Millions of USD

		2021	2021 (Jan July)	2022 (Jan-July)	Percent Change
1	Canada	\$242.1	\$138.5	\$149	7.6
2	Spain*	\$92.3	\$46.9	\$75.5	61
3	United Kingdom	\$106.1	\$57.7	\$74.6	29.3
4	Australia	\$101.5	\$63	\$66.4	5.4
5	Japan	\$118.4	\$72.3	\$66.2	-8.5
6	Germany*	\$82.9	\$50.6	\$56	10.6
7	Netherlands*	\$120.8	\$55	\$52.2	-5.1
8	Mexico	\$78.4	\$35.4	\$49.2	38.8
9	France*	\$85	\$46.9	\$47.9	2.1
10	Chile	\$37.9	\$21.7	\$32.9	52

*EU Member State

Distilled spirits were exported from 40 states through July 20.

CURRENT TOP TEN AMERICAN SPIRITS EXPORTING STATES THROUGH JULY 2022

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

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

U.S. spirits exports to free trade agreement countries and those with zero duties reached \$857.7 million through July 2022, accounting for 84% of total U.S. spirits exports.

In contrast, U.S. spirits exports to high tariff countries, such as India (150% tariff), Vietnam (45% tariff), and Brazil (20% tariff on all imported distilled spirits, except bulk whiskey, which is 12% tariff) reached \$31.5 million, accounting for only 3% of total U.S. spirits exports through July 2022.