

**MARCH
2023**

AMERICAN SPIRITS EXPORTS 2022

REPORT BY THE
DISTILLED SPIRITS COUNCIL



DISTILLED SPIRITS COUNCIL
OF THE UNITED STATES

SUMMARY

Over the past two decades, global U.S. spirits exports nearly quadrupled (from \$551 million to \$2.1 billion between 2002-2022). Although U.S. spirits exports tumbled between 2018 and 2021 -- due largely to retaliatory tariffs on American spirits imposed by the European Union (EU) and United Kingdom (UK) - in 2022 exports rebounded following the removal or suspension of these tariffs.

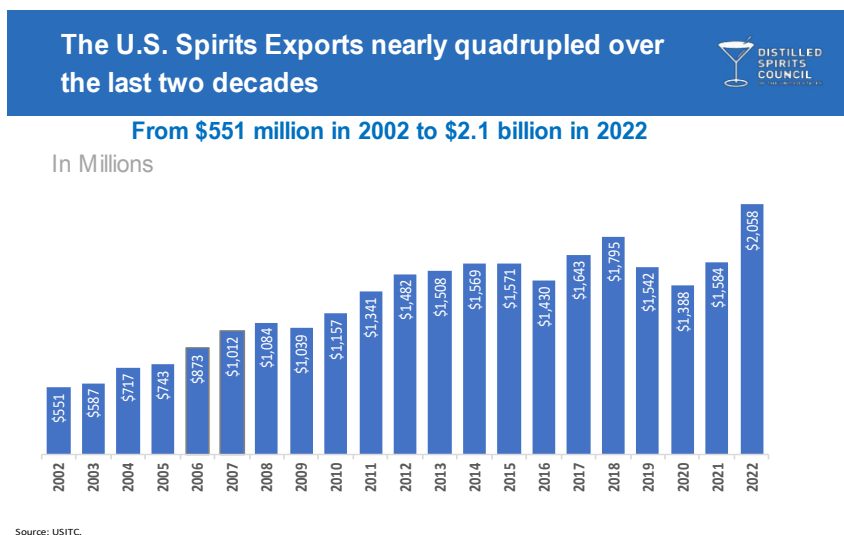
U.S. spirits exports surpassed \$2 billion for the first time in 2022. Total American spirits exports were up 30% and American Whiskey exports increased 32% compared to 2021. Notwithstanding this positive trend, U.S. spirits and American Whiskey exports to the EU and UK have underperformed relative to U.S. spirits exports to other countries since 2017.

Two trade disputes resulted in the imposition of retaliatory tariffs (*i.e.*, import taxes) on certain U.S. spirits products in key export markets, which curtailed overall U.S. spirits export growth between 2018 and 2021. The tariffs imposed as part of these disputes between the U.S., EU and UK have since been suspended, presenting U.S. spirits producers with an opportunity to recapture lost market share in some of the U.S.' largest export markets¹.

In addition to the recent 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 opened many foreign markets for distilled spirits. Other factors that are driving growth in exports include the shift by consumers in key markets towards premium American spirits, the continued reopening of the hospitality sector, and the rise in U.S. craft distillers, from less than 100 in 2005 to more than 2,600 today, many of whom are now exporting.

KEY INSIGHTS

The value of U.S. spirits exports increased 30% in 2022, topping \$2 billion for the first time.



¹ If an agreement on steel and aluminum is not reached with the EU before the end of 2023, the EU will reimpose a retaliatory tariff of 50% on all American Whiskeys.

Retaliatory tariffs had a significant negative impact on total U.S. spirits exports.

Tariffs were imposed on American Whiskeys by the EU and UK starting in July 2018, and began to be lifted in 2021.

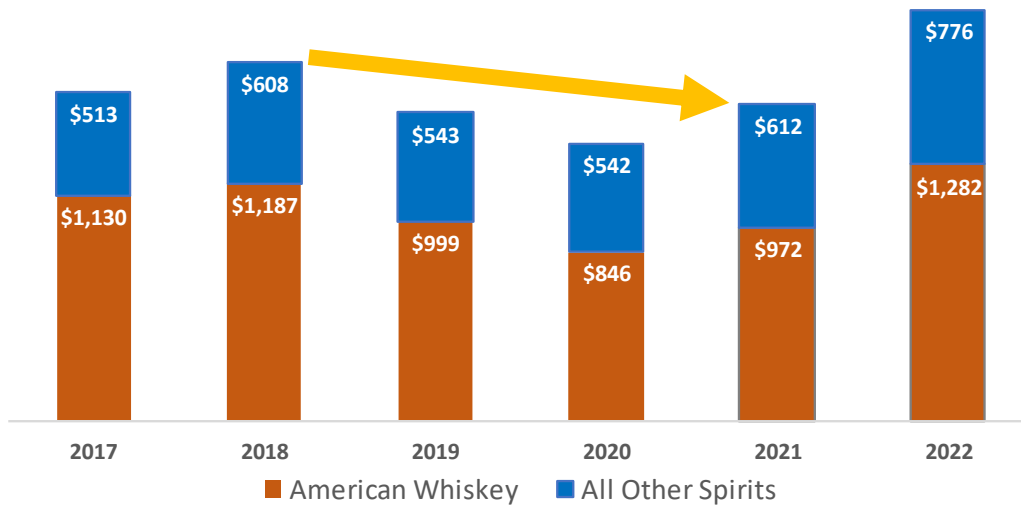


The EU and UK tariffs caused total U.S. spirits exports to drop significantly starting in 2019, and did not rebound until 2022.

(2018 – 2021) U.S. Spirits Exports Declined Due to Retaliatory Tariffs



In Millions

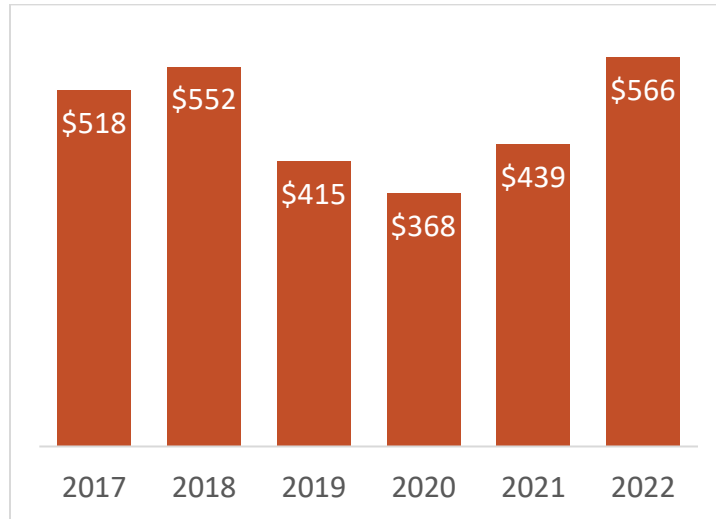


Source: USITC.

American Whiskey exports to EU and UK have begun to recover from retaliatory tariffs but have not yet regained the lost market share in the UK.

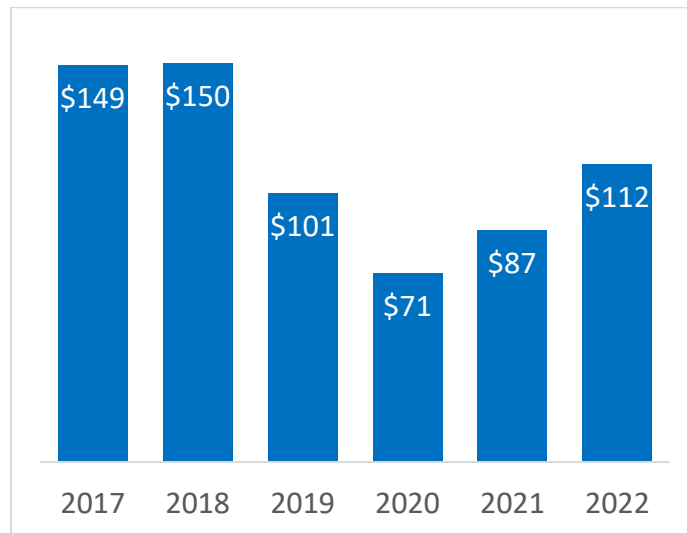
Since the EU suspended its 25% retaliatory tariff on American Whiskeys in January 2022, U.S. whiskey exports increased by 32% compared to 2021. Total American Whiskey exports to the EU reached \$566 million, accounting for 44% of total American Whiskey exports (\$1.3 billion).

American Whiskey Exports to the EU (in USD Millions)



As noted above, the UK's suspension of its retaliatory tariff on American Whiskeys went into effect on June 1, 2022. American Whiskey exports to the UK increased by nearly 28% as compared to 2021, reaching \$112 million. Since exports were duty-free for less than a year, American Whiskeys to the UK have not yet regained the market share prior to the imposition of tariffs (i.e., \$149 million).

American Whiskey Exports to the UK (in USD Millions)



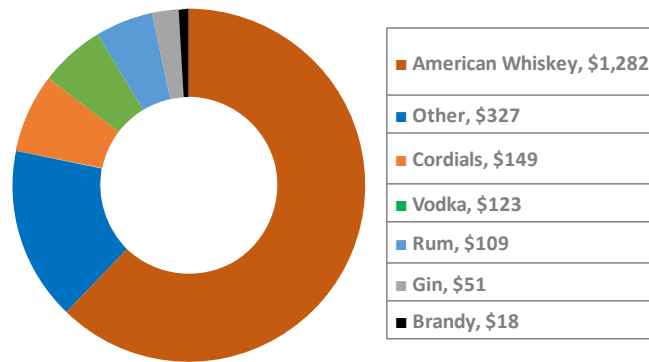
American Whiskeys continued to drive overall U.S. spirits exports in 2022.

American Whiskeys accounted for 62% of all spirits exports in value terms at approximately \$1.3 billion, and 23% in volume terms. American Whiskeys include Tennessee Whiskey, Bourbon, American Rye Whiskey, and American Single Malt. The “other” category ranks second, followed by cordials/liqueurs, vodka, and rum. Compared to 2021, U.S. exports of rum increased by 16% to \$109 million, vodka increased by 57% to \$123 million, brandy increased by 22% to \$18 million, gin increased by 26% to \$51 million, and liqueurs and cordials increased by 44% reaching \$149 million in 2022.

American Whiskey accounted for 62% of total spirits exports in 2022



In Millions



Source: USITC.

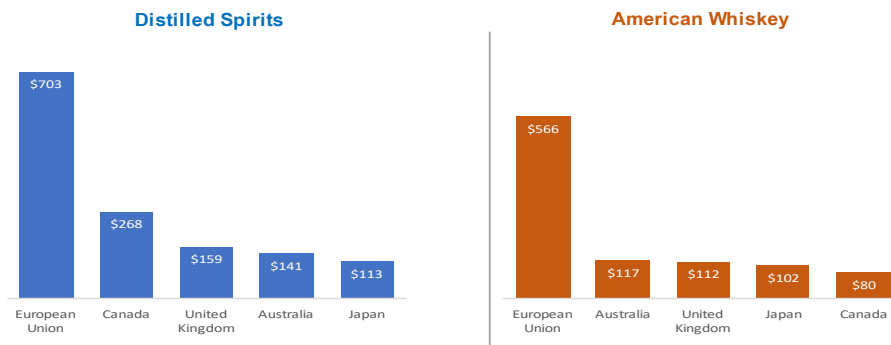
The EU and UK markets are in the top 5 export markets for U.S. spirits.

Approximately 34% of U.S. spirits were exported to the EU (totaling \$703 million), making it the U.S.’s largest export market. Total U.S. spirits exports to the EU grew by 25% compared to 2021. The top five markets for American Whiskeys in 2022 are European Union (\$566 million), Australia (\$117 million), United Kingdom (\$112 million), Japan (\$102 million) and Canada (\$80 million).

Top 5 Export Markets 2022



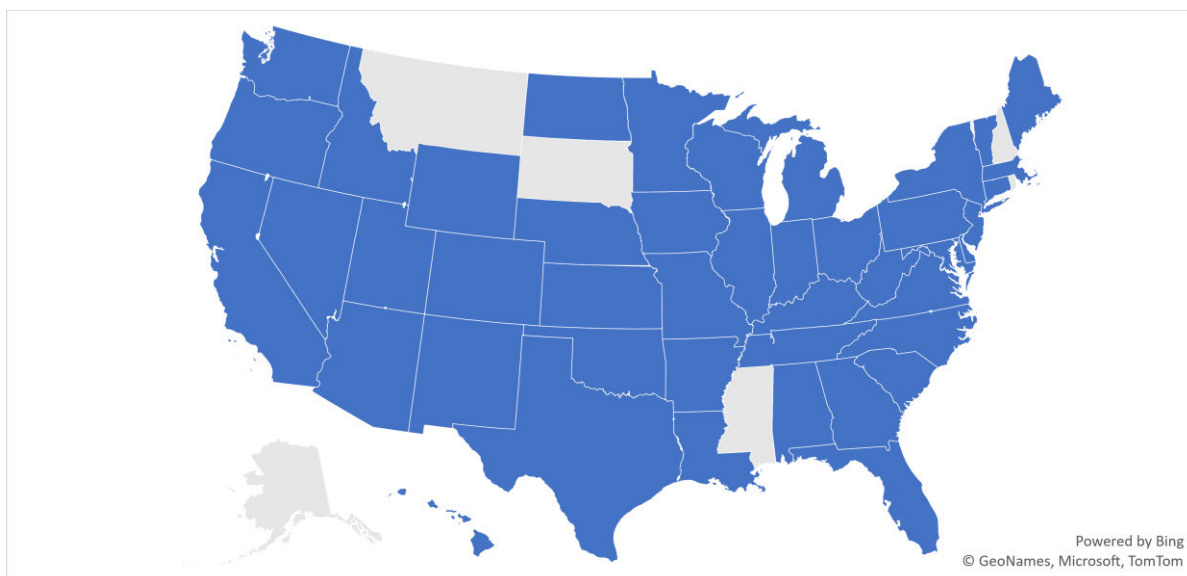
In Millions



Source: USITC.

U.S. distilled spirits were exported from distillers located over the United States.

Distilled spirits were exported from 44 states in 2022, with Tennessee ranking as the top exporting state.



Top 10 spirits exporting states:

1. Tennessee	\$818 million
2. Kentucky	\$507 million
3. Florida	\$345 million
4. Texas	\$249 million
5. Illinois	\$114 million
6. Indiana	\$89 million
7. Arkansas	\$67 million
8. New York	\$65 million
9. California	\$53 million
10. New Jersey	\$28 million

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 \$1.7 billion in 2022, accounting for 82% of total U.S. spirits exports.

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 12% tariff) reached \$67 million, accounting for only 3% of total U.S. spirits exports in 2022.

For more information and the full slide deck, see [Appendix](#).