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AMERICAN SPIRITS EXPORTS 2023

REPORT BY THE
DISTILLED SPIRITS COUNCIL



**DISTILLED SPIRITS COUNCIL
OF THE UNITED STATES**

SUMMARY

2023 was a banner year for American spirits exports. American Whiskeys, which accounted for 63% of all U.S. spirits exports, increased by 9% over 2022 to reach a record \$1.4 billion. Additionally, total U.S. spirits exports reached a record \$2.2 billion, up 8% compared to last year.

Over the past two decades, global U.S. spirits exports rose nearly 280% (from \$587 million to more than \$2.2 billion between 2003-2023). 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) -- exports rebounded following the removal or suspension of these tariffs.

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 or removed, presenting U.S. spirits producers with an opportunity to recapture lost market share in some of the U.S.' largest export markets. Over the span of two years, the export of U.S. whiskey to the EU surged by over 60%, climbing from \$439 million in 2021 to \$705 million in 2023.

In December 2023, the EU announced that it would continue the suspension of tariffs on American Whiskeys in the steel and aluminum dispute for 15-months, until March 31, 2025. If no agreement is reached, the EU will reimpose its tariff on American Whiskeys at 50%, up from the previously imposed 25%.

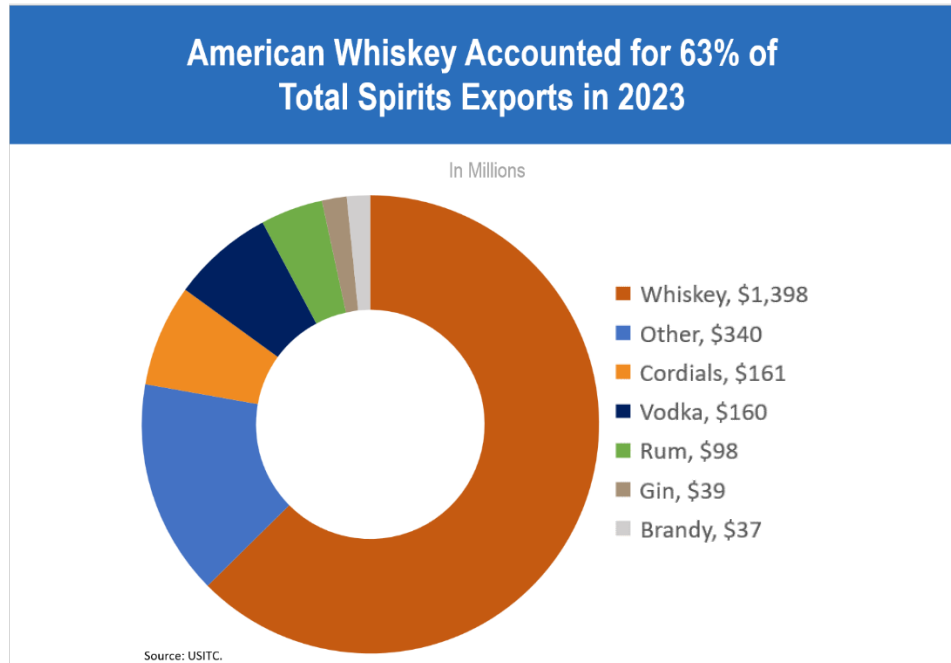
In addition to the recent lifting of tariffs, long-term growth for U.S. spirits exports is due, in part, to the range of trade agreements that eliminated import tariffs and opened many foreign markets for distilled spirits. Other factors that are driving growth in exports include the shift by consumers 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 which now export.



KEY INSIGHTS

American Whiskeys reached record levels and continued to drive overall U.S. spirits exports in 2023.

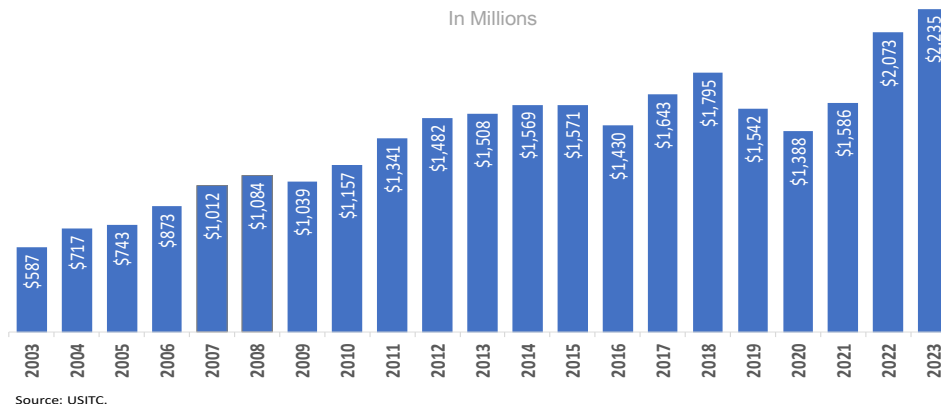
American Whiskeys accounted for 63% of all spirits exports in value terms at approximately \$1.4 billion, and 34% in volume terms. American Whiskeys include Tennessee Whiskey, Bourbon, American Rye Whiskey and American Single Malt. The “other” category ranks second, followed by Cordials/liqueurs, vodka, and rum. Compared to 2022, U.S. exports of vodka increased by 31% to \$160 million, cordials/liqueurs increased by 7% to \$161 million, and brandy more than doubled to \$37 million.



In 2023, the value of U.S. spirits exports topped \$2 billion for the second time.

U.S. Spirits Exports Have Nearly Quadrupled In Two Decades

U.S. spirits exports increased from \$587 million in 2003 to more than \$2.2 billion in 2023.



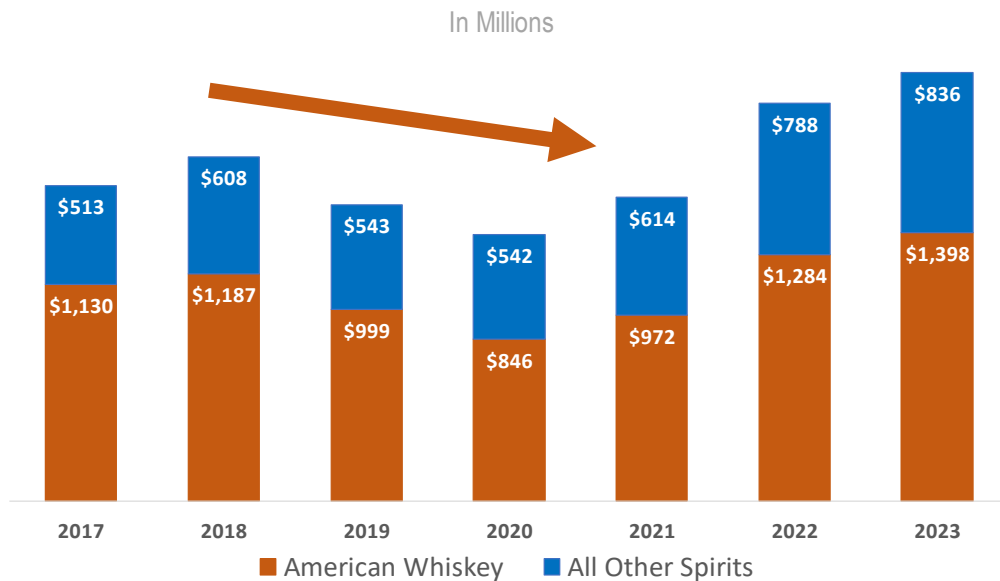
Retaliatory tariffs had a significant negative impact on total U.S. spirits exports.

Tariffs were imposed on American Whiskeys by the EU and UK starting in July 2018 and began to be lifted in 2021. The UK removed its retaliatory tariff on American Whiskeys in June 2022. The EU suspended its tariff on American Whiskeys for two years on January 1, 2022, and in December 2023 extended it for another 15 months to March 31, 2025.



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

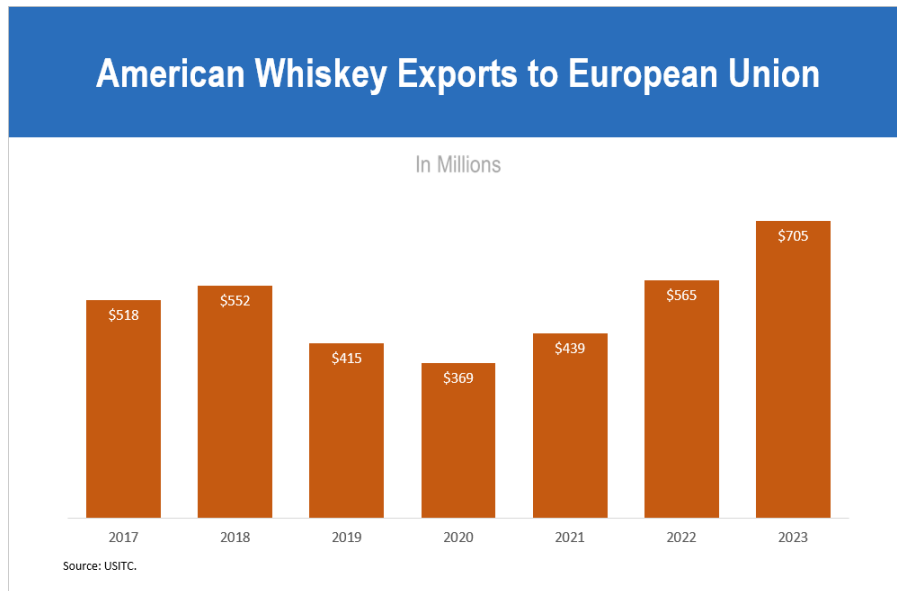
U.S. Spirits Exports Declined Due to Retaliatory Tariffs (2018 – 2021)



Source: USITC.

American Whiskey exports to the EU 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 increased by 61% compared to 2021. Total American Whiskey exports to the EU reached \$705 million, accounting for 50% of total American Whiskey exports (\$1.4 billion).



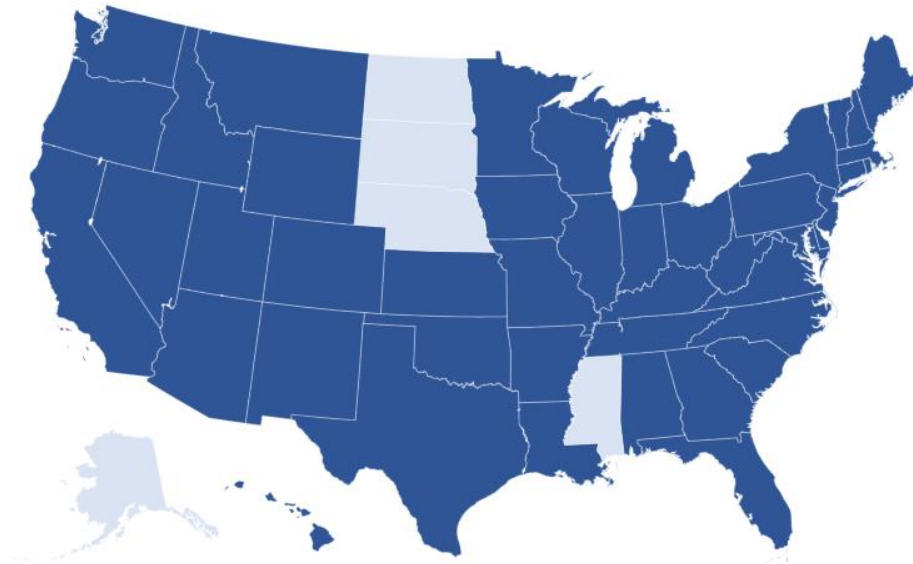
The EU and UK markets are in the top 5 export markets for U.S. spirits.

Approximately 40% of U.S. spirits were exported to the EU (totaling \$883 million), making it the largest export market. Total U.S. spirits exports to the EU grew by 24% compared to 2022. The top five markets for U.S. spirits in 2023 are European Union (\$883 million), Canada (\$262 million), Mexico (\$139 million), Australia (\$138 million) and United Kingdom (\$129 million).



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

Distilled spirits were exported from 45 states in 2023, with Tennessee ranking as the top exporting state.



| Top 10 spirits exporting States, in millions | | |
|--|------------|-------|
| 1 | Tennessee | \$983 |
| 2 | Kentucky | \$505 |
| 3 | Florida | \$338 |
| 4 | Texas | \$180 |
| 5 | Illinois | \$118 |
| 6 | Indiana | \$72 |
| 7 | California | \$65 |
| 8 | Arkansas | \$57 |
| 9 | New York | \$50 |
| 10 | Georgia | \$27 |

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 \$1.8 billion in 2023, accounting for 83% 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 \$69.2 million, accounting for only 3% of total U.S. spirits exports in 2022.

