



October 27, 2025

The Honorable Jamieson Greer
The United States Trade Representative
Office of the United States Trade Representative
600 17th Street, NW
Washington, DC 20508

RE: USTR-2025-0016: Comments Regarding Significant Foreign Trade Barriers for the 2026 National Trade Estimate Report – Submission by the Distilled Spirits Council of the United States, Inc. (90 Fed. Reg. 44448 (September 15, 2025))

Dear Ambassador Greer:

On behalf of the Distilled Spirits Council of the United States (DISCUS), I am pleased to submit a compilation of the major trade barriers confronting the U.S. distilled spirits sector. DISCUS is the national trade association representing the leading producers, marketers, and exporters of distilled spirits in the U.S. We support the Trump administration's goals to revitalize U.S. manufacturing, create well-paying jobs, and expand exports. These are vital to the continued growth and competitiveness of the U.S. distilled spirits sector.

Our member companies export to more than 130 countries worldwide, with total U.S. spirits exports in 2024 reaching a record \$2.45 billion, up nearly 10% from 2023. The U.S. spirits sector has fair and reciprocal zero-for-zero Most Favored Nation tariffs (MFN) with 51 countries. In 2024, 86% of U.S. spirits exports went to countries that have fair and reciprocal zero-for-zero MFN tariffs and nearly 100% of U.S. spirits imports originated from these countries. However, through the first two quarters of 2025, total U.S. spirits exports have decreased by 9% compared to the first two quarters of 2024.

We appreciate the opportunity to provide these comments, and respectfully urge the administration to prioritize the removal of the tariff and non-tariff barriers in this report as it continues to negotiate reciprocal trade agreements and engage with our trading partners.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rob Maron".

Robert Maron
Senior Vice President, International Trade Policy
and Market Access

TABLE OF CONTENTS

I. U.S. SPIRITS EXPORTS: OVERVIEW AND POLICY PRIORITIES

II. U.S. SPIRITS EXPORT DATA AND RETALIATORY TARIFFS

III. PRIORITY MARKETS

Australia & New Zealand

Brazil

Canada

China

European Union

India

Indonesia

Korea

Malaysia

Mexico

South Africa

Thailand

United Kingdom

Vietnam

IV. OTHER MARKETS

Argentina

Costa Rica

Hong Kong

Japan

Kenya

Peru

Philippines

Taiwan

Türkiye



**DISTILLED SPIRITS COUNCIL
OF THE UNITED STATES**

I. U.S. SPIRITS EXPORTS: OVERVIEW AND POLICY PRIORITIES

Introduction

The U.S. distilled spirits sector is a vital contributor to the American economy, supported by decades of export growth driven by fair and reciprocal trade with key trading partners. That progress is now at risk. In the second quarter of 2025, U.S. spirits exports declined sharply amid escalating trade tensions, while domestic demand continues to stagnate and inventories reach record highs. Unlike commodities, spirits are deeply rooted in location, tradition, and craftsmanship, and cannot be produced outside their respective country.

We support the Trump Administration's efforts to strengthen U.S. manufacturing, increase exports, and create high-quality jobs. We commend recent progress, including India's reduction of its tariff on bottled Bourbon from 150% to 100%, and Türkiye's removal of retaliatory tariffs on American spirits.

For U.S. producers, increasing exports and opening new markets, not tariffs on imports, represent the most viable path to returning to growth and global competitiveness. Accordingly, we urge the Administration to secure a permanent return to zero-for-zero tariffs with our key trading partners and prioritize new market access opportunities in ongoing trade negotiations. It is through the return to zero-for-zero and the successful elimination of tariffs and non-tariff barriers both domestically and in our key export target markets, highlighted in this report, that the U.S. spirits industry can thrive.

I. The U.S. spirits sector is a vital contributor to the U.S. economy

The industry generates over \$200 billion in annual economic activity and supports approximately 1.7 million jobs across production, distribution, hospitality, and retail sectors. Our industry has a deep connection to agriculture, sourcing more than 2.73 billion pounds of grains from American farmers in 2024, up 134% over the last decade.

Since 2005, the industry has undergone a renaissance, with the number of distilleries growing from fewer than 100 to over 3,100. This expansion is fueled by international trade, which enables continued investment in U.S. distilleries, job creation, and support for both rural and urban communities. In 2024, 42 states exported U.S. spirits, with 36 states exporting American Whiskey.

II. Fair and reciprocal trade was crucial to the growth of the U.S. spirits sector

Since 2004, global U.S. spirits exports have increased nearly 250%, reaching a record \$2.4 billion in 2024. This growth is primarily attributed to fair and reciprocal trade with 51 global markets, including the EU, Mexico, UK, Australia, Japan, and Canada. Notably, 86% of U.S. spirits exports go to countries that have eliminated tariffs, and nearly 100% of U.S. spirits imports originate from countries with fair and reciprocal zero-for-zero MFN tariffs.

In 2024, U.S. spirits exports rose nearly 10% year-over-year to \$2.4 billion, with exports to the EU surging 39%, largely due to concerns over the potential reimposition of tariffs on American Whiskeys in 2025. However, exports to other global markets declined by 10%, reflecting broader softening in global demand.

The growth in exports has followed the growth in spirits sales in the U.S. over the past two decades. In 2024, spirits sales surpassed sales of beer and wine for the third consecutive year. Spirits market share totaled 42.2% of the total beverage alcohol market, with gains for more than two decades. The spirits sector has gained more than 13 points of market share over beer and wine since 2000. Each point represents \$880 million in supplier revenue.

III. U.S. spirits exports decline sharply in the second quarter of 2025 amid rising trade tensions

The U.S. distilled spirits sector is facing mounting global challenges that threaten its competitiveness and long-term growth. Through the second quarter of 2025, total U.S. spirits exports declined 9% compared to the second quarter of 2024. This downturn reflects the impact of retaliatory tariffs and other actions, rising trade tensions, and market access barriers in key markets. China continues to impose retaliatory tariffs on U.S. spirits, while the EU has suspended its tariffs on U.S. spirits until February 2026. In Canada, all but two provinces continue to block U.S. spirits from provincial-run retail outlets.

Key markets, including the EU, Canada, the UK, and Japan, experienced significant declines in the second quarter of 2025, with exports to Canada plummeting 85% to below \$10 million. Exports to the UK and Japan fell by over 23%, while EU shipments declined by 12%. In 2024, the EU, Canada, UK, and Japan accounted for 70% of U.S. spirits exports.

This downward trend poses a growing challenge for the U.S. spirits industry. International consumers appear to be shifting toward domestic or alternative imports, potentially in response to perceptions of unfair U.S. trade practices. In Canada, for example, April 2025 sales of U.S. spirits decreased by 68%, while sales of Canadian and other imported spirits rose by approximately 3.6%.

Tariffs on imported spirits would likely result in new retaliatory tariffs on U.S. spirits exports. History has shown the damaging impact of tariffs. Between 2018 and 2021, the EU imposed tariffs on American Whiskey in response to unrelated trade disputes, leading to a 20% drop in exports. Since their suspension in 2021, exports to the EU have rebounded by 60%, underscoring the importance of open markets. Tariffs not only erode access to key export

destinations but also stall investment, suppress job growth, and limit the industry's ability to expand globally.

IV. With domestic demand stagnating and inventories at record highs, increasing exports and opening new markets is the most effective path to restoring growth for U.S. spirits producers

Since 2012, American Whiskey inventories have tripled, reaching nearly 1.5 billion proof gallons in 2024. However, spirits sales in the U.S. are continuing to normalize following the robust sales spikes during the pandemic. Economic headwinds, including high prices and inflation, have created additional challenges for the industry.

In 2024, domestic sales of American Whiskey, which have declined in each of the past two years, totaled 58 million proof gallons, while exports accounted for 45 million proof gallons. This trend is mirrored across the broader distilled spirits sector. Since 2022, U.S. supplier sales have plateaued, with total sales declining from \$37.7 billion in 2023 to \$37.2 billion in 2024, a 1% drop in nominal terms and a 4% decline when adjusted for inflation.

We support the Trump Administration's commitment to open markets, reduce trade barriers, and increase U.S. exports. Exporting represents the most viable pathway to help return American spirits producers to growth. This is particularly important as U.S. spirits exports face a competitive disadvantage compared to other major spirits producers in key growth markets. For example, the UK and the EU continue to secure trade agreements with India, Vietnam, and MERCOSUR that eliminate tariffs on their spirits exports. This tariff disparity threatens to erode hard-won market share and undercuts the competitiveness of U.S. spirits abroad.

V. The spirits sector is deeply interconnected with U.S. spirits companies owning brands recognized as "distinctive products" that can only be produced in their designated countries

The spirits sector is deeply interconnected, and many U.S. spirits companies own brands of Tequila, Cognac, and Scotch Whisky, as well as others that are recognized as "distinctive products" by the U.S. They are not substitutable and can only be produced in their designated countries. In exchange, 45 countries recognize Bourbon and Tennessee Whiskey as distinctive products of the U.S. This recognition protects the integrity of these premium products, ensuring their quality and authenticity for consumers in the United States and worldwide. In 2024, Bourbon and Tennessee Whiskey accounted for 54% of total U.S. spirits exports, and 68% of U.S. spirits imports were categories recognized in the U.S. as distinctive products of their respective countries.



VI. Tariffs on imports will disproportionately impact jobs in the struggling hospitality sector as we head into the most important season for our industry

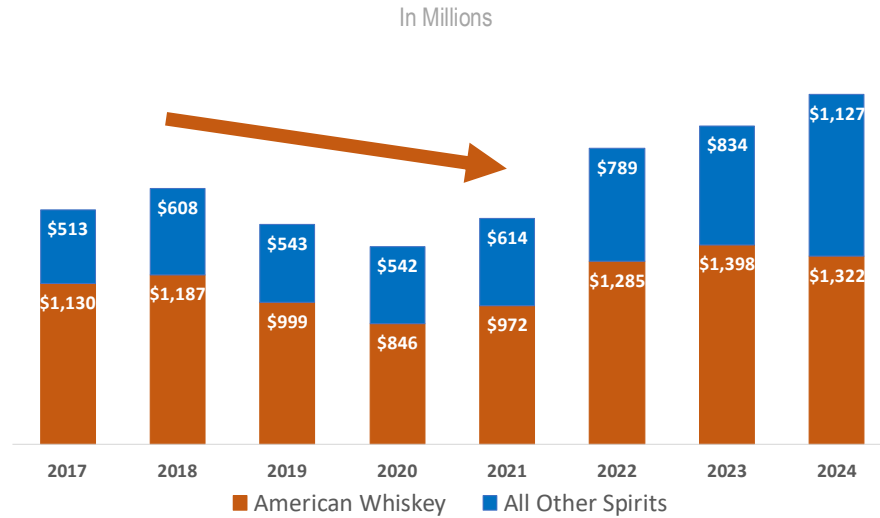
As we approach the critical holiday season, a peak period for the hospitality sector and retail sales, the imposition of tariffs on imported spirits, many of which cannot be produced domestically, would have a disproportionate and damaging impact on the hospitality sector. This includes restaurants, bars, taverns, nightclubs, and other venues that rely heavily on a diverse and globally sourced spirits portfolio to meet consumer demand. Restaurants alone employ 15.7 million people and generate \$1.5 trillion in annual sales, much of which is concentrated during the final quarter of the year.

This could have a significant and lasting negative impact on a sector still in a long, fragile recovery from the pandemic, threatening the livelihoods of tipped workers and small businesses across the country. We estimate that a 10% tariff on imported distilled spirits could result in over 28,000 American job losses across production, distribution, hospitality, and retail and nearly \$2.4 billion in lost sales. A 20% tariff could cost 54,000 U.S. jobs and nearly \$4.5 billion in lost sales.

Conclusion

The U.S. distilled spirits sector is facing mounting economic pressures, both domestically and globally, that threaten to reverse decades of growth, investment, and job creation. To ensure the continued growth of the U.S. spirits sector, we respectfully urge the Administration to exempt distilled spirits from any current or future tariffs, given the long history of fair and reciprocal trade with our major trading partners and the unique nature of the U.S. spirits industry. We also urge the Administration to secure the removal of tariff and non-tariff barriers identified in this report as part of ongoing reciprocal trade negotiations with key trading partners. Protecting, preserving, and securing fair and reciprocal access to global markets will enable U.S. spirits producers to continue driving manufacturing growth, increasing exports, and job creation across the supply chain, from farmers to the hospitality and retail sectors.

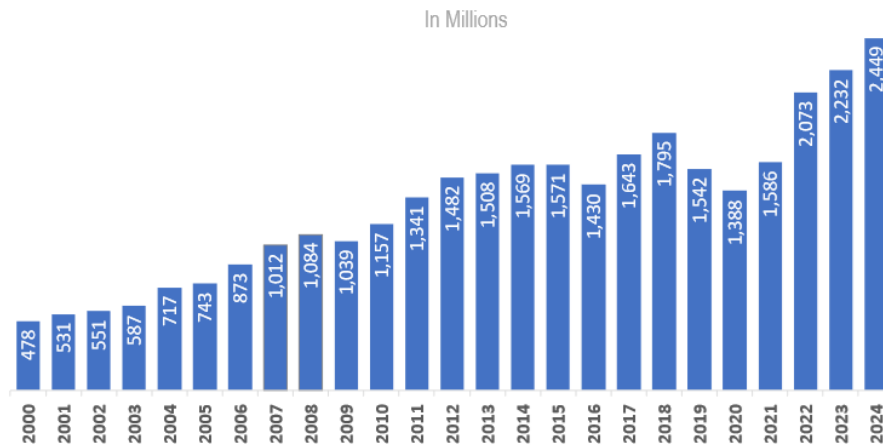
U.S. Spirits Exports Declined When Retaliatory Tariffs Were Imposed Between 2018 and 2021



Source: DISCUS, USITC.

U.S. Spirits Exports Have More Than Quintupled Since 2000

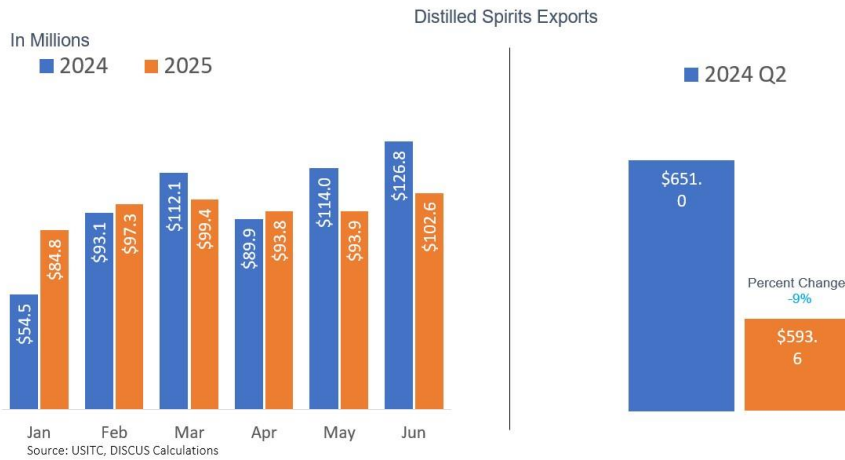
U.S. spirits exports increased from \$478 million in 2000 to more than \$2.4 billion in 2024.



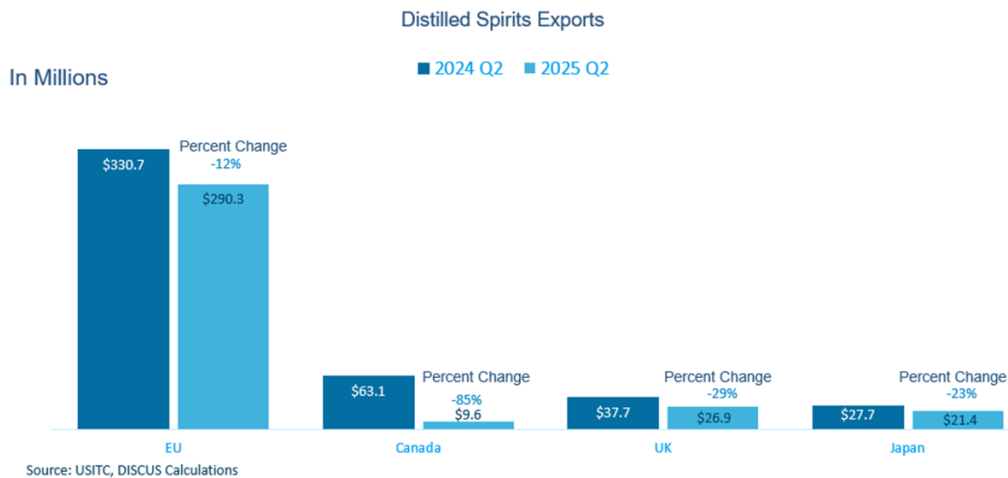
Source: DISCUS, USITC.



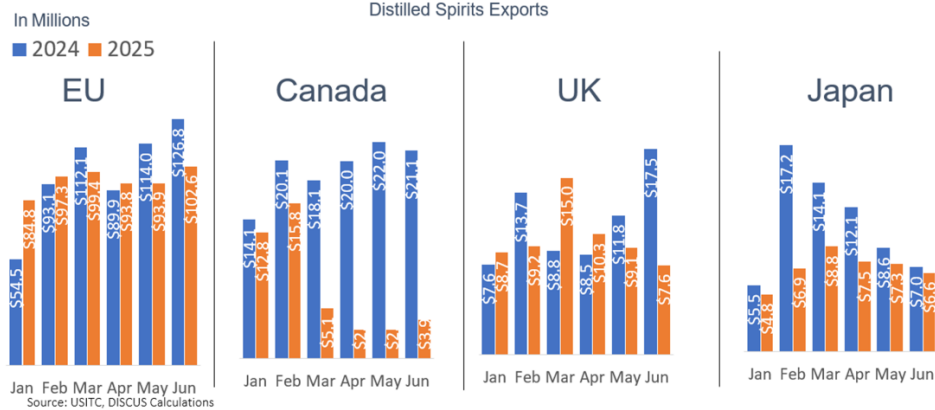
Spirits exports declined 9% Year-over-Year in the second quarter of 2025



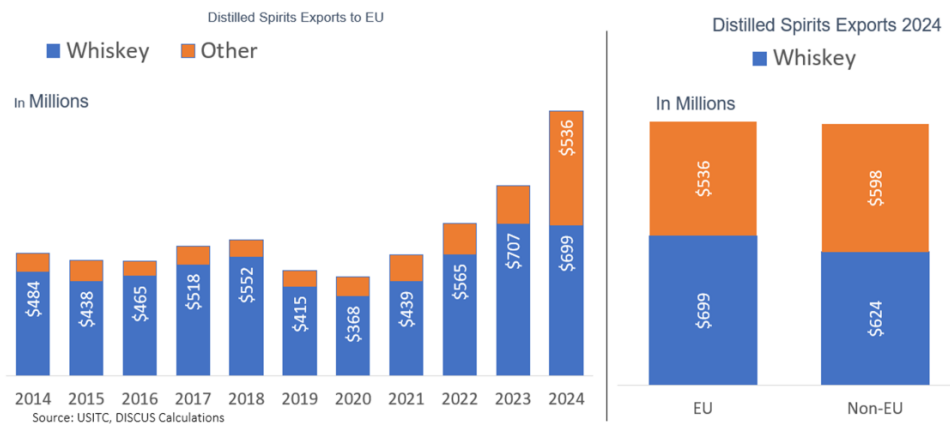
...with decreases reaching as high as 85% for Canada and 12% for the EU



Spirits exports to major trading partners declined significantly in the second quarter of 2025



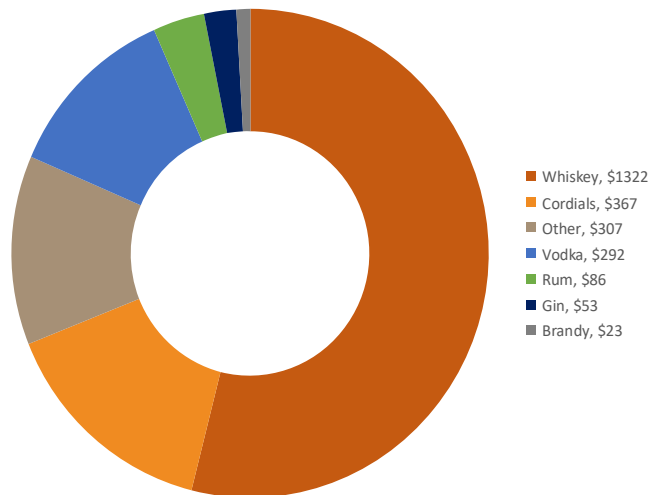
The EU has become a crucial market for American Spirits, accounting for 50% of total spirits exports in 2024





American Whiskey Accounted for 54% of Total Spirits Exports in 2024

In Millions



Source: DISCUS, USITC.

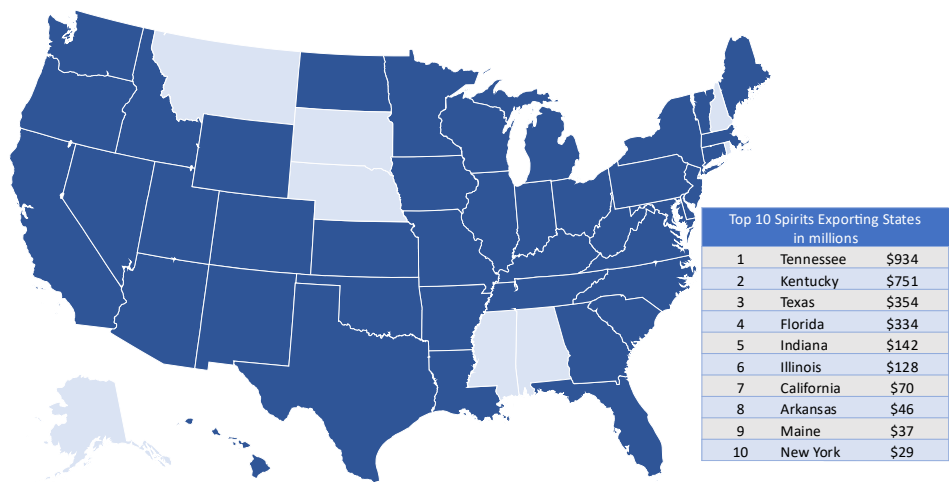
The top 5 Export Markets 2024 Are Countries That Have Zero Tariffs on Spirits

In Millions



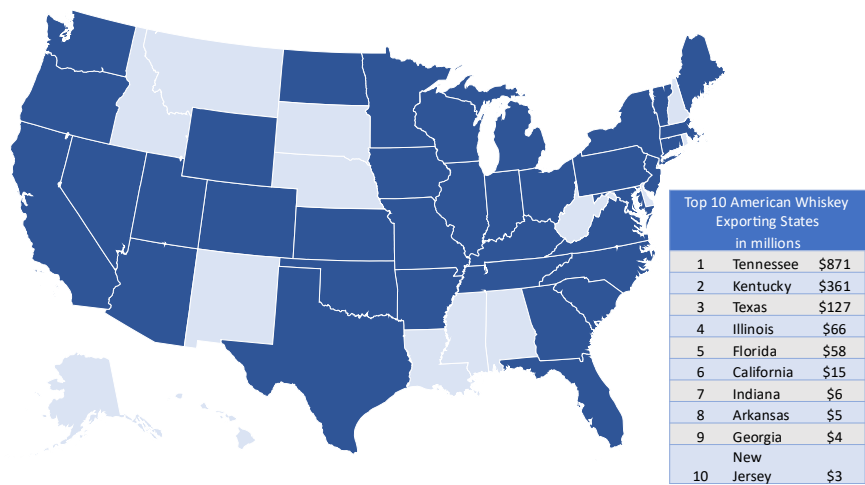
Source: DISCUS, USITC.

42 States plus the District of Columbia Exported Distilled Spirits In 2024



Source: DISCUS, U.S. Census Bureau.

36 States plus the District of Columbia Exported American Whiskeys In 2024

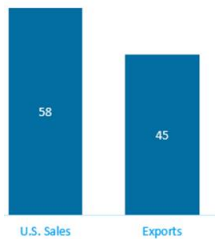


Source: DISCUS, U.S. Census Bureau.



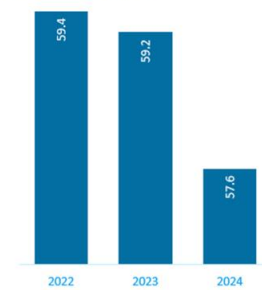
American Whiskey Inventory has tripled since 2012, amid declining domestic sales, and exports have become essential to reduce the inventory

American Whiskey
Sales and Exports 2024
Proof Gallons, In Millions



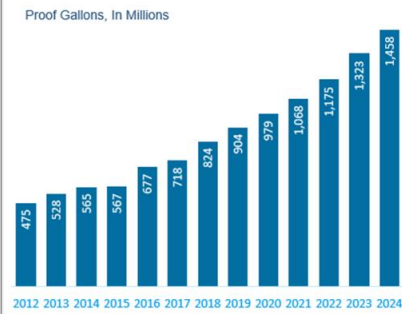
Source: DISCUS and USITC

American Whiskey Domestic Sales
Proof Gallons, In Millions



Source: DISCUS

American Whiskey, End-of-Period Inventory
Proof Gallons, In Millions



Source: Tax and Trade Bureau

II. PRIORITY MARKETS

AUSTRALIA & NEW ZEALAND

I. Technical Barriers

Labeling

In January 2023, Australia and New Zealand notified a proposal to the WTO to revise its food labeling standards to require energy information to be included on beverage alcohol labels (G/TBT/N/AUS/154 and G/TBT/N/NZL/118). DISCUS submitted a comprehensive comment raising concerns and questions about the proposal. On August 13, 2025, Food Standard Australia New Zealand (FSANZ) published the final version of the requirement. The final regulation provided a three-year transition period to comply with the new requirements and a stock exhaustion clause. We understand that FSANZ is preparing an implementation guidance document.

Providing flexibility to beverage alcohol producers to determine serving sizes and requiring standard drinks also to be included may seriously mislead consumers as the two may not be consistent. As such, it may frustrate the objective of providing consumers with meaningful information that will help them make informed food choices, including responsible alcohol consumption for consumers who choose to drink.

In addition, the requirement to provide energy information per 100 ml for all beverage alcohol categories is misleading. The beverage alcohol sector is substantially different from other food categories, which are required to include energy content information per serving and 100ml. Such a requirement does not provide consumers with basic information about the alcohol content in a serving of distilled spirit, wine, or beer in a manner to measure and moderate their drinking to help them make responsible consumption decisions.

Request: We seek the U.S. government's support in urging Australia and New Zealand to: 1) finalize its implementation guidance in a timely manner; 2) define a "serving size" as a "standard drink"; 3) only require energy information per standard drink; and 4) allow the energy information to be provided on the company website supported by an on-label QR code or website reference provided on the label instead of on the physical label.

II. Other Barriers

Taxation - Australia

Australia's tax rate on distilled spirits is significantly higher than its tax rate on wine, which is largely produced domestically. While spirits are taxed based on the alcohol content per liter and subjected to bi-annual indexation, meaning automatic increases in line with inflation every February and August, wine operates under a different tax regime. Between August 2025 and February 2026, the excise tax for brandy is AUD \$98.97 per liter of alcohol, while for all other spirits, it is AUD \$105.98. Meanwhile, wine is taxed at 29% of its wholesale value under the Wine Equalisation Tax (WET). The structure of Australia's excise tax on spirits has created severe distortions in the beverage alcohol market and is a barrier to U.S. spirits exports. The excessive tax rate on spirits, compared to wine, has led to significant price disparities between the categories.

Request: DISCUS seeks the U.S. government's support in urging Australia to, at a minimum, close the gap between its tax rate on distilled spirits and wine.

Discriminatory Taxation – Australia

Since 2021, Australia has provided domestic small distillers with a full remission of the excise tax they pay up to \$350,000 AUD. This will increase to \$400,000 AUD on July 1, 2026 per financial year. This sharply contrasts with the U.S. Craft Beverage Modernization Act (CBMA), which provides the same excise tax reduction for imported and domestically produced spirits. The U.S. approach under the CBMA ensures that foreign and domestic spirits producers benefit from the excise tax reduction, consistent with the U.S.'s international trade commitments.

Australia's excise tax remission for small local distillers violates GATT Article III, paragraph 2, as well as the national treatment provisions contained in Article 2.2 of the U.S.-Australia Free Trade Agreement, which mandates non-discriminatory treatment of imports with respect to internal taxes.

Request: DISCUS seeks the U.S. government's assistance in urging Australia to abide by its WTO and FTA commitments and eliminate its discriminatory excise tax remission.

III. Trade Statistics

In 2024, U.S. spirits exports to Australia reached \$130 million, down 6% from 2023. In 2024, Australia was the fourth-largest export market for total American spirits and the third-largest for American Whiskey. Through July 2025, U.S. spirits exports to Australia are up 13% as compared to the same period in 2024, totaling \$81million.



In 2024, U.S. spirits exports to New Zealand reached \$14 million, down 6% from 2023. Through July 2025, U.S. spirits exports to New Zealand are down 30% as compared to the same period in 2024, totaling nearly \$6.5 million.

BRAZIL

I. Import Barriers

Tariffs

Brazil applies a tariff of 10.8% *ad valorem* on whiskey bulk whiskey over 50% a.b.v and an 18% *ad valorem* tariff on all other spirits. Brazil is a member of the MERCOSUR trading bloc.

In December 2024, the EU and MERCOSUR (Argentina, Brazil, Paraguay, and Uruguay) reached a political agreement for a comprehensive free trade agreement, which would eliminate tariffs on EU spirits. As such, U.S. distilled spirits will soon be at a competitive disadvantage in the Brazilian market vis-à-vis EU-origin spirits, such as Irish Whiskey and Cognac.

In September 2025, the European Commission transmitted the agreement to the European Council for its consideration. The agreement needs to be ratified by individual EU member states and MERCOSUR before it comes into force.

Request: DISCUS seeks the U.S. government's support in securing Brazil's and the members of MERCOSUR's elimination of their tariff on American spirits, ensuring that U.S.-origin spirits are not at a competitive disadvantage vis-à-vis EU-origin spirits.

Electronic Certifications

Every shipment of U.S. spirits to Brazil must be accompanied by a Certificate of Analysis (COA) and Certificate of Origin (COO). Products that do not meet Brazil's standards of identity must also submit a certificate of typicity. U.S. distillers are required to issue the COA and submit a request via courier to secure a COO from TTB. TTB returns the COO via courier, and then distillers must scan and email the documents and customs brokers manually input them into MAPA's system. This requires significant manual labor and administrative time. Once submitted, documents enter a virtual queue, where limited staffing has consistently resulted in a minimum processing time of two months. New product entries face clearance delays of at least four months.

DISCUS greatly appreciates the U.S. government's engagement with MAPA to find a solution. An electronic certification system would enable MAPA to access COA and COO data directly from USDA systems, significantly reducing processing time. Industry sources suggest the new system could shorten the import process by 30 days. Argentina, Chile, and Bolivia have already implemented similar systems for their exports to Brazil.

Request: DISCUS urges the U.S. government to continue engaging with MAPA and implement an electronic certification system for U.S. spirits exports to Brazil.

II. Technical Barriers

Standards

On April 14, 2022, Brazil notified an amended draft of its beverage alcohol technical regulation to the WTO (G/TBT/N/BRA/1145/Add.1). As with our previous submission (April 22, 2021, G/TBT/BRA/1145), DISCUS submitted a comment on July 13, 2022, raising concerns with Brazil's proposals on minimum and maximum alcohol levels, aging requirements for rum, and the definition of whiskey, among others. DISCUS understands that the proposal is still under review in Brazil's Civil House, and the use of analytical parameters will be addressed in a separate regulation.

The current MERCOSUR Technical Regulation includes analytical parameters, problematic maximum and minimum alcohol content levels, problematic vodka and rum definitions, and does not provide for flavored spirits. However, Brazil's Technical Regulation differs from the MERCOSUR Technical Regulation and only some members apply the MERCOSUR Technical Regulation. In addition, the MERCOSUR Technical Regulation does not include a whiskey standard of identity, and each MERCOSUR member state has its national standard of identity for whiskey. In fact, some of the national definitions of whiskey are inconsistent with each other, creating barriers to trade within the region.

Request: DISCUS seeks the U.S. government's support to get an update on the status of the proposal and in urging Brazil to: 1) eliminate the aging requirement in the definition for rum; 2) modify the definition of whiskey and eliminate the requirement that the distillate be made of "malted cereal"; 3) extend distinctive product recognition to "American Rye Whiskey"; 4) include a flavored spirits category consistent with the U.S. standards of identity; 5) exempt distilled spirits products from any date-mark requirement consistent with the Codex standards; 6) extend the current allergen labeling exemption for certain grain-based spirits such as whiskey to all spirits; 7) modify the minimum and maximum alcohol content requirements consistent with the U.S. standards of identity; 8) confirm that the current certifications for U.S. spirits will continue with no additional requirements; 9) provide an eighteen-month transition period and clarify that products already in the marketplace may continue to be sold until they are depleted; 10) notify the revised regulation to the WTO for stakeholder feedback; and 11) coordinate with other MERCOSUR members to establish a harmonized set of standards.

III. Trade Statistics

In 2024, U.S. spirits exports to Brazil increased by 29%, reaching \$62.3 million, making Brazil the twelfth-largest export market for American spirits. Brazil was the eighth-largest export market for American Whiskey in 2024, with exports totaling \$25.6 million, reflecting a nearly 32% increase from 2023. Through July 2025, U.S. spirits exports to Brazil are up 34% as compared to the same period in 2024, totaling \$50.6 million.

In 2024, Brazil ranked as the tenth-largest spirits market globally in terms of retail sales, with a market value of \$12.5 billion. The whiskey market in Brazil reached \$3.5 billion, with Scotch Whisky accounting for 84% of the market. American Whiskeys held a 10% share of Brazil's whiskey market, while Irish Whiskeys, which will soon gain a competitive advantage over American Whiskeys with the implementation of the EU-MERCOSUR agreement, accounted for 1% (Euromonitor).

CANADA

I. Provincial Sales Bans

The U.S. spirit sector benefited from fair and reciprocal zero-for-zero tariffs with Canada between 1990 and 2018, when Canada imposed a 10% retaliatory tariff on American Whiskeys, for a little over a year in response to U.S. tariffs on imported steel and aluminum. The U.S. spirits sector again enjoyed fair and reciprocal tariffs until Canada imposed a 25% tariff on all U.S. spirits, and all provinces banned U.S. spirits from their retail shelves in March 2025. In June 2025, Alberta and Saskatchewan reinstated U.S. spirits on retail shelves. From September 1, 2025, U.S. goods, including U.S. spirits, that meet the USMCA's rules of origin are exempt from Canada's retaliatory tariffs.

Exports to Canada plunged by 85%, dropping below \$10 million in the second quarter of 2025. Canadian consumers appear increasingly inclined to substitute U.S. spirits with domestic alternatives or imports from other countries. This shift may reflect a broader sentiment that U.S.-imposed tariffs are unfair, prompting consumers to support their domestic industries or seek non-U.S. products in response. In Canada, sales of U.S. spirits declined 68% in April 2025, whereas sales of Canadian and other imported spirits rose around 3.6% each.

Request: We seek the U.S. government's urgent support to secure the permanent return of U.S. spirits to the retail shelves of all Canadian Provinces.

II. Other Barriers

Discriminatory Taxation

In 2017, Canada's federal government introduced an increase in the federal excise tax on beverage alcohol and a yearly automatic increase tied to the Consumer Price Index (CPI). Recognizing the impact of higher inflation during 2022 and 2023, the Canadian Government chose to cap the April 1, 2023, excise increase at 2% rather than the CPI rate of 6.4%. On March 9, 2024, the federal government announced a two-year extension of the 2% cap on the annual alcohol excise duty inflation adjustment, effective until March 31, 2026.

In 2006, Canada exempted wines made from 100% Canadian-grown grapes or other fruits (including ciders made from Canadian apples) from the federal excise tax. On July 1, 2022, Canada eliminated the excise tax exemption for Canadian wine made from 100% Canadian fruit, consistent with the July 2020 partial resolution of a WTO dispute brought by Australia.

The Canadian government provided \$166 million in aid over two years to the Canadian wine industry to help with the transition to paying an excise tax. In March 2024, Canada extended the Wine Sector Support Program for three additional years with up to \$177 million in new funding.

Increasing beverage alcohol excise duties by 2% and by the CPI annually while continuing to maintain the exemption from the federal excise tax on ciders made from 100% Canadian-grown apples and/or honey exacerbates the uneven playing field that exists in the Canadian market for beverage alcohol products.

Request: DISCUS requests that the U.S. government ensure that Canada eliminates the discriminatory excise exemption for ciders produced from 100% Canadian apples and/or honey as soon as possible.

Discriminatory Mark-ups and Fees – Alberta, Nova Scotia, Saskatchewan, New Brunswick, Newfoundland and Labrador, and Prince Edward Island

The Nova Scotia Liquor Corporation (NSLC) applies preferential product mark-ups on certain local spirits. The current NSLC spirits product mark-ups are as follows:

Product description	% mark-up
Spirits distilled in Nova Scotia from Nova Scotia grown agriculture inputs	50%
Spirits distilled in Nova Scotia from agricultural product not grown in Nova Scotia	60%
Spirits distilled in Nova Scotia from Nova Scotia inputs and blended with non-originating distillate	70%
Spirits distilled outside of Nova Scotia but blended & bottled in Nova Scotia	80%
All imported and non-Nova Scotia Spirits	160%

In Alberta, small distillers continue to benefit from the reduced mark-up of \$2.46/litre compared to the standard \$13.76/litre. Additionally, these small distillers maintain the ability to sell directly to on-premise and off-premise licensees, avoiding fees associated with products sold through the Alberta Liquor, Gaming and Cannabis Commission (AGLC). Imported products are required to go through the AGLC as the sole distribution entity and route to market.

Saskatchewan (SLGA) remits to local small producers part of the production levy for all products sold in the province. These levies are lower than standard markups if the products were to be sold through SLGA or approved distributors. The levy rates increase incrementally based on production levels to accommodate producers of all sizes.

New Brunswick, Prince Edward Island, and Newfoundland and Labrador provide similar preferential mark-ups on certain local spirits.

These mark-ups are inconsistent with Canada's national treatment commitments under the WTO's General Agreement on Tariffs and Trade (GATT) and the U.S.-Mexico-Canada Agreement (USMCA), as it provides protection to local products and discriminates against imported spirits. They constitute a violation of the national treatment provisions of GATT Article III:4, which mandates that imported products receive treatment "no less favourable than that accorded to like products of national origin in respect of all laws, regulations and requirements affecting their sale, offering for sale, purchase, transportation, distribution or use." Under Article 10 of the Distilled Spirits, Wine, Beer and Other Alcohol Beverages Annex of the USMCA, if a provincial liquor control board charges a price mark-up, it must be consistent with the agreement's national treatment commitments and is required to accord treatment to imported distilled spirits "no less favorable than the treatment accorded to a like" domestic product.

Request: We respectfully seek the U.S. government's support in urging Canada and the Provinces of Alberta, Nova Scotia, New Brunswick, Prince Edward Island, Saskatchewan, and Newfoundland and Labrador to eliminate the NSLC's discriminatory distilled spirits mark-up as they phase out discriminatory wine mark-up policies in line with their international trade commitments under the WTO and USMCA.

Non-Transparent Mark-ups and Direct to Consumer Shipping – British Columbia

The liquor boards of British Columbia (LDB) and Saskatchewan (SLGA) maintain a split between wholesale and retail mark-ups. While wholesale mark-ups remain generally transparent and non-discriminatory, retail mark-ups are arbitrary and non-transparent, *i.e.*, they are not published and can vary by individual sku or product. This practice remains inconsistent with Article 8(d) of the Distilled Spirits, Wine, Beer and Other Alcohol Beverages Annex of the USMCA, which requires all measures related to listings to be transparent.

In addition, distillers licensed within these provinces may ship directly to private retailers and avoid any wholesale mark-up on their product. This is not available to U.S. distilled spirits producers, making it inconsistent with the national treatment provision in Article 10 of the Distilled Spirits, Wine, Beer and Other Alcohol Beverages Annex of the USMCA and GATT Article III:4.

Request: We respectfully seek the U.S. government’s support in urging Canada and the Provinces of British Columbia and Saskatchewan to eliminate their discriminatory practices, operate in a transparent manner, and ensure that any new mark-up or levy structures do not disadvantage imported products, consistent with their international commitments.

“Ship from Source” – Ontario

Ontario’s provincial Liquor Control Board (LCBO) requires producers “ship from source” (i.e. distillery) directly to the LCBO. It also prohibits picking up products if they are bottled elsewhere. As a result of the policy, companies may not utilize central distribution hubs in the U.S. or elsewhere to ship their brands to the LCBO. These costs, which are unique to Ontario, are not included in the LCBO's calculations when determining their 'lowest Free on Board (FOB) price' compared to other provinces. As the Importer of Record for Ontario, the LCBO remains the supplying source for all import products, and suppliers are unable to switch supplying sources.

Request: We respectfully seek the U.S. government’s support in urging Ontario to eliminate its requirement to “ship from source” and allow products to be sent from central distribution warehouses in the U.S. or elsewhere.

Chargeback & Price Reductions – Ontario

In November 2023, the LCBO requested that suppliers confirm their pricing to ensure it is not lower than that offered to other provincial government liquor boards. The LCBO is pursuing multimillion-dollar penalties on suppliers, both in the future and retroactively to April 1, 2023, that do not offer the LCBO the lowest price in Canada. If these multimillion-dollar fines are imposed, we are concerned that some American Spirits companies may be forced to withdraw from the market.

The LCBO has informed beverage alcohol suppliers of its intention to enforce a price warranty clause in its PO terms, comparing LCBO FOB purchase prices to those in Quebec (2024-2025). However, there are structural differences and other reasons for the differing FOBs between Ontario and Quebec. This approach fails to account for several critical factors, such as structural differences, hidden costs, minimum pricing policy, lack of consumer benefit, market disruption, and the potential for broader impact.

Request: We respectfully seek the U.S. government’s support to urge the LCBO to engage in negotiations with affected parties to reach a mutually beneficial settlement and reconsider its approach to price reductions and enforcing price warranty clauses compared to prices in Quebec.

Price Change Windows – Quebec

The Société des alcools du Québec (SAQ) has recently revised its price adjustment policy, offering suppliers increased flexibility. Previously limited to two annual price changes, the SAQ now permits suppliers to submit one upward price adjustment request in May, with the option to submit a second increase during one of three designated periods: August, November, or February of each fiscal year. Requests for price decreases may be submitted during June, September, or March. As the exclusive distributor for most alcoholic beverages in Quebec, excluding products such as light cider and beer bottled within the province, the SAQ remains the primary route to market. While this policy update represents a meaningful improvement over the previous system, it still contrasts with the more flexible pricing frameworks of other Canadian liquor boards, such as the LCBO, which allow more frequent adjustments.

Though improved, the SAQ's pricing policy may still not fully align with modern, dynamic retail environments. More frequent product price changes are common in many retail sectors. The current policy may still limit brand and category investments, which are crucial for retailers' and suppliers' long-term success.

Request: We respectfully seek the U.S. government's support in urging Quebec to liberalize its restrictive pricing policies further. While the recent changes are a step in the right direction, allowing monthly price adjustments or 13 changes per year (i.e., once per SAQ fiscal period) would better align with industry standards and potentially benefit both suppliers and consumers.

Packaging – Quebec

On June 26, 2022, the SAQ notified suppliers, without prior notice and the opportunity to provide input, that it would require them to change longstanding product branding to conform to restrictive new packaging rules effective to tenders made after January 1, 2023. The policy seeks to ban "overpackaging" and leaves companies with limited time to adapt their packaging. It is common industry practice for premium and super-premium spirits to be packed in secondary cartons/boxes/gift boxes.

The SAQ's definition of "overpackaging" is overly broad and is creating significant uncertainty for exporters. Because it is vague, it grants the SAQ discretionary power to request packaging modifications, potentially affecting the equity of globally recognized brands. It is also unclear whether the ban on "overpackaging" applies to local products that are sold outside of SAQ-owned retail outlets.

In late 2023, the SAQ issued an Information Bulletin that disclosed the penalties and new implementation timeline to December 31, 2024, with a phase-in period to March 31, 2025. On March 1, 2025, the SAQ clarified the definition of overpackaging to include bottle sleeves, detachable or not, recyclable or not; netting; cards with or without medals, ribbons, gift boxes; tissue or other types of paper

Request: DISCUS respectfully seeks the U.S. government's support in seeking flexibility from the SAQ concerning its definition of "overpackaging," taking into account brand equity and trademarks.

III. Trade Statistics

In 2024, Canada ranked as the second-largest export market for American spirits, and exports reached \$214 million, down by nearly 16% from 2023. Exports to Canada plunged by 85%, dropping below \$10 million in the second quarter of 2025. In Canada, sales of U.S. spirits declined 68% in April 2025, whereas sales of Canadian and other imported spirits rose around 3.6% each.

CHINA

I. Import Policies

Retaliatory Tariffs

Since July 2018, China has imposed a retaliatory tariff on American Whiskeys and a retaliatory tariff on rum, gin, vodka, liqueurs, brandy, and some "others" since September 2018, in response to the U.S. Section 301 actions. China is currently imposing a retaliatory tariff of 59% on American spirits, on top of a 10% MFN tariff. Thus, totaling an effective 69% tariff.

U.S. companies may apply for an annual exemption from these retaliatory tariffs. However, they face uncertainty regarding whether exemptions will be granted and whether existing exemptions will be maintained. Over the summer, the Ministry of Finance extended the planned suspension of the market-based Section 301 tariff exclusion process for certain U.S. products to October 30, 2025, with all approved exclusions remaining valid until December 13, 2025.

China's retaliatory tariffs on American spirits have stalled growth in U.S. exports to the world's largest distilled spirits market (Euromonitor). In the decade before the imposition of retaliatory tariffs, American spirits exports to China increased by nearly 137%.

Request: DISCUS urges the U.S. and China to resolve the outstanding trade concerns so that the retaliatory tariffs on U.S. spirits can be lifted without further delay.

II. Technical Barriers

Voluntary Whiskey Standard

The Standardization Administration of China (SAC) finalized its voluntary product standard for domestically produced whiskey. We understand that the standard should only apply to domestically produced whiskey. However, DISCUS understands that the proposal includes some potentially problematic provisions if the voluntary standard for domestically produced whiskey is applied to imported American Whiskey. For example, DISCUS is concerned about the introduction of analytical and grading parameters that are being proposed.

Request: DISCUS seeks the U.S. government's support to (1) ensure it is not applied to American Whiskey, and (2) secure confirmation that the analytical parameters and grading system do not apply to imported whiskeys.

Labeling

In February 2024, China notified proposed revisions to its General Standard for the Labelling of Prepackaged Foods (GB 7718-XXXX) to the WTO's SPS (G/SPS/N/CHN/1295) and TBT Committees (G/TBT/N/CHN/1827). In July 2024, China's National Health Commission (NHC) notified revisions to the draft National Food Safety Standard of General Principles for the Labeling of Prepackaged (GB 7718) Foods to WTO's SPS Committee (G/SPS/N/CHN/1295/Add.1) and the State Administration for Market Regulation (SAMR) notified draft Measures for Supervision and Management of Food Labels to the WTO's TBT Committee (G/TBT/N/CHN/1401/Add.2). Under this framework, GB 7718 establishes general labeling requirements, while SAMR's administrative measures provide detailed implementation guidance. DISCUS submitted comprehensive comments in August 2024.

On March 27, 2025, NHC and SAMR jointly issued Announcement No. 2 of 2025, formally introducing new national food safety standards, including GB 7718-2025. The revised standard will take effect following a two-year transition period, beginning March 16, 2027. NHC is reportedly preparing an implementation guidance document, though its release date remains uncertain. Separately, on March 26, 2025, SAMR published the final Administrative Measures for the Supervision of Food Labeling, which will also take effect on March 16, 2027. Unfortunately, neither final document incorporated changes responsive to DISCUS' concerns.

Requests:

GB 7718-2025: DISCUS seeks the U.S. government's support to urge China to: 1) exclude spirits from providing a list of ingredients/raw materials; 2) exempt spirits from date marking requirements; 3) provide flexibility concerning the use of lot codes; 4) allow labels to include images of the flavor; and 5) confirm that stickering is allowed.

Administrative Measure: DISCUS seeks the U.S. government's support to urge China to; 1) exempt distilled spirits products over 10% a.b.v. from the requirement to list the date of manufacture; 2) allow importers to utilize the batch code provided by the manufacturer if a batch code is required in lieu of the "date of manufacture"; and 3) prohibit the sale of distilled spirits products if the manufacturer's batch code is erased/tampered/altered.

III. Trade Statistics

In 2024, U.S. spirits exports to China reached \$22 million, reflecting an increase of approximately 6% from 2023. American Whiskeys accounted for 56% of total U.S. spirits



exports. Through July 2025, U.S. spirits exports to China were valued at \$9.7 million, a 26% decrease from the same period in 2024.

In 2024, China's spirits market achieved \$167 billion in sales, making it the largest spirits market globally. The market is predominantly dominated by domestically produced Baiju, which accounts for nearly 92% of the total value of spirits sales. China's whiskey market reached \$2.1 billion, representing approximately 1% of the total spirits market. Scotch Whisky accounted for 66% of total whiskey sales, followed by Japanese Whiskey at 23% and American Whiskey at 11% (Euromonitor)

EUROPEAN UNION

I. Import Policies

Retaliatory Tariffs

Since 1997, the U.S. and EU spirits industries have largely enjoyed duty-free access to each other's markets. This duty-free access was provided for under the "zero-for-zero" agreement negotiated in connection with the Uruguay Round by the U.S. and the EU (and subsequently several other countries) to eliminate tariffs on virtually all distilled spirits products on a most-favored-nation (MFN) basis.

Due to the elimination of tariffs, the EU is the largest export market for American spirits and American Whiskeys. In 2024, U.S. spirits exports to the EU reached \$1.2 billion, up by nearly 40% over 2023. The EU accounts for 51% of total U.S. spirits exports. American Whiskey exports to the EU reached \$699 million, accounting for 53% of total American Whiskey exports.

Between June 2018 and January 2022, the EU imposed a 25% retaliatory tariff on American Whiskeys in response to U.S. Section 232 tariffs on steel and aluminum. Due to the imposition of the retaliatory tariff, American Whiskey exports to the EU plunged 20%, from \$552 million to \$440 million (2018-2021).

Following an agreement in October 2022, the EU suspended its 25% tariff on American Whiskeys for two years beginning January 1, 2022. This led to a sharp rebound in exports, which surged over 60% from \$439 million in 2021 to \$699 million in 2024, exceeding pre-tariff levels. This accounted for 50% of all American Whiskey exports, surpassing the pre-tariff level of \$518 million in 2017. Separately, the EU imposed a 25% tariff on U.S. rum, brandy, and vodka between November 2020 and June 2021 as part of the WTO Boeing-Airbus dispute. These tariffs were suspended for five years in July 2021, which is set to expire in July 2026.

We are particularly concerned that the EU may reimpose retaliatory tariffs on all U.S. spirits in February 2026. On August 5, 2025, the EU published its legal instrument announcing a six-month suspension of retaliatory tariffs on U.S. imports, including distilled spirits and used barrels. Tariffs on spirits were scheduled to go into effect on September 7th, and tariffs on used wood barrels were scheduled to go into effect on August 7. The action was intended to support the implementation of the U.S.-EU trade agreement and to encourage continued progress in resolving outstanding trade issues. According to the implementing regulation, the EU will monitor developments and may take further action depending on progress in U.S.-EU trade discussions.

Request: We urge the administration to secure the permanent return to zero-for-zero tariffs on distilled spirits between the U.S. and EU.

II. Other Barriers

Discriminatory Taxation

The EU's excise tax rules and minimum rates for distilled spirits are set forth in two EU Directives: 2020/1151 and 92/84. EU legislation only sets harmonized *minimum rates*, meaning that EU Member States may apply excise tax rates that exceed these minimum rates. Under the Directives, some member states can provide preferential tax benefits to certain spirits producers under "derogations" from general excise tax rates. Such measures put U.S.-origin spirits at a considerable disadvantage in these markets while affording protection to certain domestically produced products in contravention of the EU's WTO national treatment obligations. EU Member States that provide preferential excise tax rates for certain domestically produced products include **Albania, Austria, Bulgaria, Croatia, Czechia, France, Greece, Portugal, Romania, Spain, and Slovakia.**

Request: As the four WTO dispute settlement proceedings (Japan, Korea, Chile, and the Philippines) have shown, all distilled spirits are, at a minimum, directly competitive and substitutable products and should be taxed similarly. DISCUS seeks the U.S. government's continued assistance in urging the EU to end its tolerance of discriminatory tax regimes and to abide by its WTO commitments to tax all distilled spirits similarly.

III. Technical Barriers

Ireland – Public Health (Alcohol) Bill

Ireland's Public Health (Alcohol) Act was enacted in October 2018, following a legislative process that began in 2015. The draft bill was first notified to the WTO in June 2016 (G/TBT/N/IRL/2) and later revised and submitted through the EU's TRIS system in January 2018.

In July 2022, Ireland notified its intent to implement alcohol labeling regulations under the Act via TRIS and FIC. The proposed regulation mandates labeling of calorie content, grams of alcohol per container, a pregnancy warning pictograph, and health warning statements. Ireland formally notified the draft regulation to the WTO in February 2023 (G/TBT/N/IRL/4), and DISCUS submitted comments reiterating previously raised concerns. The labeling regulation was finalized on May 22, 2023, with an effective date of May 22, 2026.

Currently, there is no EU-wide requirement for alcohol warning labels, and products over 1.2% a.b.v. are exempt from nutrition labeling. The EU's *Beating Cancer Plan*, published in

February 2021, included a public consultation in December 2021 on potential labeling requirements, but no formal proposal has been issued to date.

DISCUS is committed to combating the harmful use of alcohol in all forms and acknowledges that beverage alcohol products if abused and result in harm. We fully support the public health objective of combating all forms of harmful drinking and, for individuals of legal drinking age who choose to drink, encouraging moderate alcohol consumption.

In July 2025, Ireland announced a two-year delay in implementing its cancer warning labeling requirement. On September 19th, Ireland published the Statutory Instruments to suspend implementation of the cancer warning labeling requirement from May 22, 2026, until September 3, 2028.

Request: DISCUS respectfully requests the U.S. government's support to urge the EU to delay the adoption of Ireland's proposal further, as it continues its work at the EU level on warning labels.

Spain – Labeling

In June 2025, Spain notified the EU of a proposed regulation to require the inclusion of Braille, QR codes with tactile markers, and other universally accessible formats on labels. The proposal is subject to a standstill period under the EU Technical Regulations Information System (TRIS) procedure, which delays implementation until December 23, 2025. If the European Commission does not object by that date, Spain may proceed with enforcement.

We fully support empowering consumers, including those with disabilities, to make informed choices. However, this should be achieved through proportionate and technically feasible requirements. Imposing a requirement to include braille on spirits packaging, typically glass bottles, would entail a new process and significantly increase costs for U.S. spirits exporters. For example, in addition to the costs associated with special production runs, companies exporting products specifically labeled for Spain will necessarily be required to keep separate inventories.

The proposal would introduce a significant barrier to the free movement of goods through the EU internal market. Specifically, companies will be forced to re-label or repackage products destined for the Spanish market. Companies exporting to the EU, therefore, will have to make special production runs for products destined for Spain, thus inhibiting the free movement of goods within the EU's internal market. If separate runs are not possible, the Spanish label may have to be applied to products that will be marketed elsewhere in the EU. Such additional requirements would act as a barrier to trade, as well as a barrier for U.S. producers seeking to export to Ireland.

Request: We respectfully request the U.S. government's support to urge Spain not to adopt



the national requirement, as it would create a barrier to the internal EU market, and at a minimum, exclude distilled spirits from the scope of the decree.

IV. Trade Statistics

In 2024, the EU was the largest destination for U.S. spirits exports at \$1.23 billion, up by 39% over 2023, surpassing its 2017 pre-tariff level of \$603 million. The EU alone accounts for 50% of total U.S. spirits exports. American Whiskey exports to the EU reached \$699 million in 2024, accounting for 53% of total American Whiskey exports.

Due to the imposition of the tariff, American Whiskey exports to the EU plunged 20%, from \$552 million to \$440 million (2018-2021). Since the EU suspended its 25% retaliatory tariff on American Whiskeys in January 2022, U.S. whiskey exports increased by 59% compared to 2021.

American Whiskey exports through July 2025 plunged to \$262.3 million, down nearly 26% from the same period in 2024. Total American spirits through July 2025 reached \$642.5 million, down nearly 6% from the same period in 2024.

INDIA

I. Import Policies

Tariffs

We appreciate President Trump's leadership in securing the reduction of India's tariff on bottled Bourbon from 150% to 100%. This tariff reduction is a first step that will help open opportunities for our Bourbon producers to increase their exports to the world's largest whiskey market and bolster American manufacturing jobs. However, India's tariff on bulk Bourbon and all other American spirits remains at 150%, while the U.S. does not impose an MFN tariff on imported spirits, including Indian spirits.

Despite being the world's largest whiskey market by volume, American Whiskey exports to India were less than those exported to Singapore, New Zealand, and the United Arab Emirates. In 2024, American Whiskey exports to India totaled \$8.8 million, making it the 23rd largest American Whiskey market.

India secured a trade agreement with the UK and is engaged in negotiations with the EU, which are major spirits and whiskey exporters. Improving access for EU and UK origin spirits to India would place American Whiskeys at a competitive disadvantage vis-à-vis Scotch Whisky and Irish Whiskey.

Request: DISCUS respectfully requests the government's support to build on this positive momentum so all categories of U.S. distilled spirits exported to India may compete on a fair and reciprocal zero-for-zero tariff level and ensure American spirits are not at a competitive disadvantage vis-à-vis EU and UK distilled spirits as discussions on a bilateral trade agreement continue.

Customs Valuation

India's Special Valuation Branch (SVB) often takes several years to issue a final determination on the value of imported products. Moreover, there is no set timeline for investigations to conclude and they may be indefinite. This lengthy delay results in significant uncertainty, disrupts business planning and may result in companies facing significantly higher tariff liabilities than expected on a retrospective basis. This uncertainty is compounded by changes in the marketplace, such as exchange rates.

Request: DISCUS requests the government's assistance in securing a commitment from India to complete its customs valuation process in a fair, reasonable, and expeditious manner consistent with the aims of the WTO Valuation Agreement.

II. Technical Barriers

Labeling

Earlier this year, FSSAI considered amendments to the warning statement provision under Article 5.12 of the *Food Safety and Standards (Alcoholic Beverages) Regulations, 2018*. Under consideration were: 1) mandatory placement of health warnings on the front label; 2) inclusion of an additional warning: “Not to be consumed during pregnancy;” and 3) the warning text must occupy at least 50% of the front label’s surface area.

Currently, alcoholic beverage labels in India are mandated to include the following health warnings: 1) “Consumption of liquor is injurious to health;” and 2) “Don’t Drink and Drive.” These warnings are typically placed on the back label, alongside other product details such as place of manufacture and consumer contact information. Additionally, individual states require these warnings to be printed in regional languages.

DISCUS was recently advised by local industry partners that the Food Safety and Standards Authority of India (FSSAI) has indicated the proposal is currently on hold for internal review. In addition, FSSAI has committed to conducting stakeholder consultations should they decide to move forward at a later stage.

Request: DISCUS respectfully requests the U.S. government’s support in 1) monitoring developments and 2) urging India to notify any proposal to the WTO’s TBT Committee and to allow a minimum of 60 days for public comment.

Standards

India’s Food Safety Standards (Alcoholic Beverages) Regulations, which set down the mandatory beverage alcohol standards and labeling requirements, went into effect on July 1, 2021. It does not include protection for “Bourbon,” “Tennessee Whiskey,” and “American Rye Whiskey,” as distinctive products of the U.S., which ensures that such products sold in India are produced in the U.S. in accordance with U.S. laws and regulations.

In addition, the Alcoholic Beverages Regulation includes maximum limits on a range of naturally occurring constituents in distilled spirits, including “acetic acids” and “ethyl acetate”. These substances are not regulated in minimum or maximum levels in other large spirits-producing and consuming markets such as the U.S., Japan and the EU. The rationale for such limits is also unclear as the thresholds are not consistent across categories. For instance, it is noteworthy that for the same parameter (e.g. acetic acid) FSSAI have set

different permissible thresholds for blended whiskey (100g/100 lpa) vs malt whiskeys (150g/100 lpa) vs coconut fenny (a traditional spirit drink from south India) which has an acetic acid threshold of 200g/100 lpa. These arbitrary parameters under the guise of 'food safety' constitute a market barrier for U.S. products.

Moreover, the category definitions for brandy, gin, rum, vodka, and whiskey provide that the ethyl alcohol content may range from 36-50% a.b.v. The U.S. has established a minimum of 40% a.b.v. for all spirits (excluding flavored spirits, liqueurs, cordials, and specialties), with no upper limit. These arbitrary limits under the guise of 'food safety' constitute a market barrier for U.S. products, with barrel-proof spirits typically falling in the range of 52–66% a.b.v.

FSSAI officials regularly test samples of imported spirits to the analytical parameters in the standards in FSSAI-approved labs. The same batch is often tested in different labs, which may yield different results. This unreliable testing results in products being blocked from the market. India does not accept U.S. Certificates of Analysis (COA) from TTB-certified chemists and laboratories.

Request: DISCUS seeks the U.S. government's assistance in urging India to: 1) recognize "Bourbon," "Tennessee Whiskey," "American Rye Whiskey," and "American Single Malt Whiskey" as distinctive products of the U.S.; 2) eliminate the use of analytical parameters and maximum alcohol content levels; and 3) accept COAs from TTB-certified chemists and laboratories.

III. Other Barriers

Price Controls

In many Indian states, the price at which U.S. alcohol producers can sell their products, often to state-linked entities holding monopolies on these controlled goods, is determined by state excise authorities.

Additionally, many states require suppliers to offer their products at the lowest price available in neighboring states or nationwide. This disregards market dynamics and realities, creating a 'circular reference' that prevents manufacturers from raising prices, even when market conditions would allow it.

While several Indian States permit manufacturers to request price revisions, in practice, bureaucratic discretion often impedes approval. Authorities frequently cite concerns that any upward adjustment in the ex-distillery price (EDP) could lead to an increase in the maximum retail price (MRP). Thus, dampening consumer demand and reducing overall excise revenue collection.

Simultaneously, some States periodically raise excise duties, label registration fees, and

other levies that directly inflate the MRP without enhancing manufacturer margins. For example, Uttar Pradesh occasionally allows price revisions, but only after prolonged administrative review processes. In contrast, Chandigarh has not approved any price increases in over five years. This creates a dual disadvantage for manufacturers operating in States that use a circular reference mode, where new price approvals are linked to the lowest EDP approved across India, effectively blocking upward price adjustments.

Such restrictive and opaque pricing frameworks distort the market, disincentivize investments, and undermine the commercial viability of imported and premium spirits. While Maharashtra formally allows manufacturers and suppliers to determine their manufacturing costs, the recent introduction of trade barriers through the MML policy has effectively forced IMFL players out of certain price segments to make way for MML products, further constraining market freedom. A more transparent, market-linked mechanism and ultimately a free pricing mechanism is essential to ensure equitable treatment and long-term sustainability across States.

Request: DISCUS respectfully requests the U.S. government's assistance in urging the Indian Government and State bodies to allow producers and suppliers to determine the prices of their brands freely, particularly premium and super premium distilled spirits that are above the price thresholds.

Maharashtra Made Liquor (MML) Scheme

In July 2025, the Government of Maharashtra published the *Maharashtra Made Liquor (MML)* policy, creating a new grain-based liquor category distinct from Indian Made Foreign Liquor (IMFL). While positioned as an initiative to promote local industry, the policy introduces several measures that amount to localization requirements and investment restrictions, which act as barriers to fair competition and trade. Currently, payments for June-August 2024 are pending.

Key restrictive provisions include:

- No foreign direct or indirect investment is permitted in MML manufacturing entities.
- Mandatory local ownership: At least 25% of the shareholding must be held by residents of Maharashtra, and the company's registered office must be located within the state.
- Production localization: MML products must be entirely manufactured within Maharashtra.
- Discriminatory Excise Tax: The State increased excise duties on the IMFL segment from 300% to 450% and subsequently introduced MML at a lower duty of 270%. T

These confer preferential treatment to Maharashtra-registered and locally owned producers, effectively shielding them from competition by national or foreign-owned spirits manufacturers. The MML framework, by prohibiting foreign direct and indirect investment, mandating local shareholding, and linking production eligibility to in-state facilities, constitutes a non-tariff barrier that distorts market access and undermines the principle of national treatment under India's WTO obligations.

Request: We respectfully request that the U.S. government raise these concerns with India to ensure that sub-national measures, such as the MML policy, do not create de facto barriers to trade and investment and are consistent with India's WTO commitments.

Outstanding Payment – Telangana

Since October 2023, the Telangana State Beverage Corporation (TSBCL), the alcohol monopoly in the Indian State of Telangana, has been withholding and delaying payments to spirits producers. Under the terms of payment with the TSBCL, payments are required to be made within 45 days. While some payments have been made, many U.S. distillers have still not been made whole with continued delays and the overall payment cycle has yet to stabilize. Payments for the June to August 2024 period are currently pending.

DISCUS member companies have reported that this has created a substantial financial strain, affecting cash flow and overall operations and creating significant market uncertainty.

Request: We respectfully request the U.S. government's support to urge the TSBCL to take immediate action to: 1) expedite all outstanding payments to U.S. producers without further delay; and 2) make all future payments within 45 days as agreed to in the original payment terms.

Label and New Product Registrations – Telangana, Haryana

Spirits producers face significant administrative burdens due to annual label renewal requirements in each Indian state. In addition to renewals, new products must be registered with state excise authorities before approval for sale, creating further complexity and delays. These contribute to increased costs and inefficiencies. These issues can be grouped under the following headings:

- Burdensome and excessive information requests: These requests often do not pertain to the actual label registration but to the product composition and pricing structure.
- Manual approval processes: The lack of digitization necessitates numerous interventions due to the absence of a digital single-window system.
- Lack of transparent and time-bound processes: This deficiency prevents U.S. businesses from having clarity and confidence in due process, prolonging administrative procedures for several months.

Consequently, the registration of some U.S. brands has been pending for over six months, as seen in the Haryana and Telangana markets. This delay has caused U.S. companies to miss out on sales, thereby impacting their operations and profitability.

Request: DISCUS respectfully requests the U.S. government's assistance to urge the Indian Government and State bodies to ensure a transparent, time-bound, and efficient label registration process for US product labels.

IV. Trade Statistics

U.S. spirits exports to India were valued at \$9.8 million in 2024, down 51% from 2023. American Whiskey accounts for 89% of total spirits exports. Despite being the largest whiskey market in the world by volume, American Whiskey exports to India totaled only \$8.8 million in 2024, placing it behind much smaller markets like Singapore, New Zealand, and the UAE. (USITC Dataweb). American Whiskey exports were valued at almost \$6 million, up 12% through July 2025 as compared to the same period in 2024 (January-July).

India is the world's largest whiskey market in terms of volume and the second-largest in terms of value. In 2024, India's spirits market was valued at \$37.4 billion; at \$24.3 billion, the whiskey category represents 65% of the total. The whiskey market is expected to increase by nearly 99% to reach \$48.4 billion in 2029. However, due to India's 100% *ad valorem* tariff on bottled Bourbon, 150% *ad valorem* tariff on other spirits, and other non-tariff market access barriers, total imports of bottled spirits represent only 1% of India's spirits market (Euromonitor International).

INDONESIA

I. Import Policies

Tariffs

In 2015, Indonesia changed its import tariff on distilled spirits to 150% *ad valorem*. Previously, Indonesia applied a specific tariff rate per liter.

Request: DISCUS respectfully requests the U.S. government's support to secure the reduction of Indonesia's tariff on American spirits as part of the ongoing reciprocal trade agreement negotiations.

Import Approval System

As of 2018, Indonesia no longer applies a quantitative limit on importing beverage alcohol products. In 2017, category C products (which includes all spirits) were not allocated any quotas, amounting to a temporary block on imports. Under the new system, importers must apply for tax stamps and an import permit based on their needs and the demonstrated ability to pay the necessary excise taxes and import duties. This requirement is overly burdensome because the tariff and excise taxes are so high. According to industry contacts, only 15 import licenses are issued and subject to a quota, which limits the import volumes and requires international companies to appoint local third-party importers. In addition, it is highly prone to delays.

Request: DISCUS seeks the U.S. government's assistance in raising these concerns with the Indonesian government.

II. Other Barriers

Discriminatory Taxation

Since at least 2006, Indonesia has imposed a discriminatory tax regime for products above 5% a.b.v., favoring domestically-produced spirits. On December 12, 2018, the Ministry of Finance (MOF) issued regulation No. 158/2018 to replace MOF regulation No. 207/2013. The regulation imposed a new excise tax on ethyl alcohol, beverages, and concentrates containing ethyl alcohol. The regulation went into effect on January 1, 2019. On December 18, 2023, the Ministry of Finance issued Regulation No. 160 of 2023, increasing the excise tax rate and maintaining the discriminatory treatment between domestic and imported products.



Current Excise Tax (Rp. Per liter)		
Alcohol Content	Local	Imported
Up to 5% a.b.v.	16,500	16,500
Between 5% and 20% a.b.v.	42,500	53,000
Greater than 20% a.b.v	101,000	152,000

This discriminatory taxation violates Indonesia's WTO obligations under Article III: 2 of GATT 1994. In four dispute settlement cases dealing with internal taxation of beverage alcohol (Japan, Korea, Chile, and the Philippines), the WTO has upheld the position that all products under the HTS 2208 sub-chapter, including rum, vodka, gin, whiskey, brandy, tequila, etc., are, at a minimum, directly competitive and substitutable products and should be taxed similarly, as required under Article III: 2 of GATT 1994.

Request: DISCUS seeks the U.S. government's assistance in urging Indonesia to remove the discriminatory aspects of its taxation regime for spirits as soon as possible.

Investment restriction

Indonesia's investment law is highly restrictive for international investors. In early 2021, Presidential Regulation No. 10/2021 briefly removed alcohol production from the Negative Investment List, signaling a potential opening for foreign investment. However, this was swiftly reversed through Presidential Regulation No. 49/2021, reinstating a ban on investment in alcohol manufacturing.

Currently, the production of alcoholic beverages is explicitly prohibited for both foreign and domestic investors. However, investment in wholesale and retail trade, including importation, distribution, and sub-distribution, is permitted but subject to stringent licensing and compliance requirements under various sectoral regulations.

Four years on, the production ban remains in force, despite President Prabowo's stated commitment to reducing regulatory barriers and attracting foreign investment.

Request: We respectfully request the U.S. government's support to secure clarification on whether any viable pathways remain for new entrants seeking to access the Indonesian market post-2021.

III. Trade Statistics

In 2024, there were no direct exports of U.S. spirits to Indonesia (USITC Dataweb). However, according to Euromonitor International, imported whiskeys and other categories are available in the Indonesian market. Through July 2025, U.S. spirits exports to Indonesia were valued at \$196,000, a 65% decrease from the same period in 2024.

In 2024, Indonesia's spirits market reached \$434.5million in retail sales, with total whiskey sales amounting to \$71.3 million. Scotch Whisky accounted for 88% of total whiskey sales, followed by American Whiskey at 10% (\$6.9 million) (Euromonitor International).

KOREA

I. Technical Barriers

Labeling

In June 2025, the Ministry of Health and Welfare (MoHW) and the Korea Health Promotion Institute (KHEPI) proposed replacing the three existing mandatory warning options with a set of seven new warning statement options. Currently, alcohol manufacturers and importers may choose one of three prescribed warning statements related to excessive drinking and display it on alcohol labels.

Request: DISCUS respectfully requests the U.S. government's support to urge Korea to: 1) notify this proposal to the WTO's TBT Committee; 2) focus on excessive drinking and harmful use of alcohol; 3) consider other measures, including industry-led efforts, to address alcohol-related harm; and 4) retain the current regulations on warning labels.

Nutrition Facts and Calories

Calorie labeling requirements for alcoholic beverages in South Korea are governed by the *Labeling Standards of Foods, Etc.*, most recently amended on July 24, 2024. Under current regulations, the display of calorie information for alcoholic beverages remains voluntary. Business operators may choose whether to include such information, except for certain categories like neutral spirits, which are exempt.

However, when calorie information is voluntarily provided, it must be calculated based on the product's net contents. This approach may be appropriate for single-serve products such as beer or ready-to-drink (RTD) beverages, but it does not reflect typical consumption patterns for wine and spirits. Consumers rarely consume an entire bottle of wine or spirits in one sitting, making per-container calorie labeling potentially misleading.

Moreover, mandating calorie disclosure per container conflicts with South Korea's national drinking guidelines, which emphasize moderation and responsible consumption. A rigid per-container labeling requirement could inadvertently misrepresent actual intake and undermine public health messaging.

Request: We respectfully seek the U.S. government's support in urging Korea to align the calorie labeling requirement with nutritional labeling rules that allow flexibility in presenting information per 100g/ml, per serving size, or per package, depending on the type of

alcoholic beverage. This approach ensures that consumers receive clear, relevant, and transparent information tailored to their actual consumption patterns.

RFID Tax Stamps

In 2010, Korea introduced a regulation that made it mandatory for bottles of whiskey to have a radio frequency identification (RFID). The implementation was gradual, starting from 2010 and fully enforced by 2013. In 2016, the scheme was extended to lower-alcohol whisky-based products.

We believe the regulation is “more trade-restrictive than necessary,” “creates an unnecessary obstacle to international trade” in breach of Article 2.2 of the WTO’s TBT Agreement. Furthermore, it discriminates against imported whiskeys vis-à-vis domestically produced spirits in Korea. Tax stamps are ineffective tools to combat the sale and consumption of illicit alcohol and their costs are disproportionate to any likely benefits.

Although the requirement also applies to domestically produced whiskeys, domestically produced soju (which accounts for 98% of all spirits sales by volume), as well as beer and wine, are not subject to the RFID requirement. Since all imported whiskeys account for less than 1% by volume of total spirits sales in Korea, the practical effect is to impose a more burdensome, and therefore a discriminatory requirement on American Whiskey exporters to Korea as compared to domestic soju producers.

We are also concerned that applying this requirement only to whiskey does not effectively address the legitimate public health objective of reducing the sale and consumption of illicit alcohol.

Request: DISCUS seeks the U.S. government's support in urging Korea to remove the discriminatory and inefficient RFID tax stamp requirement applicable only to whiskey products.

II. Other Barriers

Marketing Restrictions

DISCUS and its members fully support the public health objective of promoting moderate alcohol consumption among individuals of legal drinking age who choose to drink, while actively working to prevent underage and excessive drinking. We also recognize that some individuals of legal drinking age may choose not to consume alcohol, and we respect and support that decision. Our industry remains firmly committed to responsible advertising practices.

In February 2021, the Republic of Korea proposed partial amendments to the Enforcement Decree of the National Health Promotion Act, aimed at further restricting the marketing and

advertising of beverage alcohol. The proposed measures include a prohibition on event sponsorships beyond nominal support, an expansion of broadcast advertising restrictions to cover internet multimedia platforms, and a ban on all out-of-home advertising. The existing ban on television and radio advertising for beverage alcohol products with an alcohol content of 17% or higher remains unchanged.

These restrictions disproportionately affect imported distilled spirits, including Bourbon and Tennessee Whiskey, products recognized as distinctive to the U.S. under the Korea-U.S. Free Trade Agreement. These spirits are typically bottled at 40% abv or higher, rendering them ineligible for television and radio advertising. In contrast, domestically produced Soju, generally bottled below 17% abv, remains eligible for broadcast advertising, creating an uneven playing field for U.S. exporters.

Request: DISCUS seeks the U.S. government's support in urging that Korea: 1) treat all classes of beverage alcohol the same with regard to advertising regulations; 2) allow event sponsorship by drinks companies for events not involving minors; and 3) permit responsible advertising on internet multimedia channels.

Regulatory Best Practices

Korea's Ministry of Food and Drug Safety (MFDS) has entered into Memoranda of Understanding (MOU) with foreign regulatory authorities and international organizations. These MOUs tend to cover a range of areas of cooperation, including food and other product categories.

Request: DISCUS requests that the U.S. government work towards concluding an MOU with MFDS that covers food products. This would facilitate a range of discussions, including on food standards and labelling requirements, that are supportive of ensuring access to safe and high-quality food and beverage products while not restricting imports or international trade.

III. Trade Statistics

In 2024, Korea's imports of U.S. spirits were valued at \$31 million, representing a 36% decrease from 2023. American Whiskey exports in 2024 were down 25% to \$15 million, accounting for 48% of total spirits exports. Through July 2025, U.S. exports reached nearly \$20 million, representing a 5% increase compared to the same period in 2024 (January-July).

MALAYSIA

I. Import Barriers

Tariffs

Malaysia's fully phased-in bound tariffs on imported spirits are extremely high, ranging from 620 to 1,200 Malaysian Ringgits (RM) per decaliter of alcohol. Its applied tariffs on imported spirits also are exceptionally high.

Product	RM (current)
Brandy, Whiskey	58 per liter
Gin, Vodka, Rum	55 per liter
Liqueurs (not exceeding 57% a.b.v.)	93.5 per liter of pure alcohol
Other Liqueurs	64.5 per liter of pure alcohol
Samsu	26.5 per liter of pure alcohol
Arrack and Pineapple Spirit	20 per liter

U.S. distilled spirits will soon be at a competitive disadvantage in the Malaysian market vis-à-vis UK-origin spirits, such as Blended Scotch Whiskey. UK-origin spirits enter duty-free under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Request: DISCUS respectfully requests that the U.S. government secure Malaysia's commitment to eliminate its tariff on American spirits, ensuring that U.S.-origin spirits are not at a competitive disadvantage vis-à-vis EU and UK-origin spirits.

II. Other Barriers

Discriminatory Taxation

Malaysia maintains a discriminatory excise tax regime for beverage alcohol products and assesses a lower tax rate on domestic spirits (samsu, arrack, and other local spirits, including what is defined as 'Compound Hard Liquor') than on imported products. For example, the excise tax on samsu (overwhelmingly produced locally) is 60.00RM per liter of pure alcohol. In contrast, the tax assessed on whiskey (the vast majority of which is imported) is 150.00RM per liter. The current rates for spirits are listed below:

Tariff Code	Description		New Excise Duty (effective 11//1/25)
22.08	<i>Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol; spirits, liqueurs, and other spirituous beverages.</i>		Rate (RM) per LPA
2208.20		- Spirits obtained by distilling grape wine or grape marc:	
	100	Brandy	165.00
	900	Other	165.00
2208.30	000	Whiskeys	165.00
2208.40	000	Rum and tafia	165.00
2208.50	000	Gin and Geneva	165.00
2208.60	000	Vodka	165.00
2208.70	100	Liqueurs and cordials (not exceeding 57%)	66.00
2208.90	300	Samsu (including medicated samsu)	66.00
2208.90	500	Arrack and pineapple spirits (not exceeding 40%)	66.00
2208.90	300	Bitters	66.00
2208.90	990	Compound Hard Liquor	66.00

In four dispute settlement cases dealing with internal taxation of beverage alcohol (Japan, Korea, Chile, and the Philippines), the WTO has upheld the position that all products under the HTS 2208 sub-chapter, including rum, vodka, gin, whisk(e)y, brandy, tequila, etc., are, at a minimum, directly competitive and substitutable products and, therefore, should be taxed similarly, as required by GATT Article III, paragraph 2.

Request: DISCUS urges the U.S. government to secure the elimination of the discriminatory aspects of Malaysia's excise tax regime.

Excessive Taxation

Malaysia currently imposes one of the highest combined tax burdens (tariff + excise tax) on spirits globally, with excise duties accounting for the largest share. Despite repeated industry warnings that further tax hikes could exacerbate illicit trade, the government has proposed a 10% increase in excise duties across all alcoholic beverage categories under Budget 2026. This measure is scheduled to take effect on November 1, 2025, and is earmarked for health-related purposes.

Requests: We respectfully request the support of the U.S. government in urging Malaysia: 1) to reconsider recent fiscal measures affecting the alcoholic beverage sector and ensure that the utilization of these revenues is publicly reported and evaluated for effectiveness, with industry participation in the review process; and 2) reconsider and remove the newly introduced 10% excise increase in the preparation of Budget 2027, taking into account the

industry's ongoing efforts to support enforcement and reduce illicit trade, efforts that can help recover lost revenues without further burdening legitimate operators.

III. Technical Barriers

Standards

In October 2022, Malaysia notified revisions to its beverage alcohol standards to the WTO (G/TBT/N/MYS/114). DISCUS submitted a comprehensive letter to the Malaysian Ministry of Health in October 2022 expressing concerns about spirits under 17% a.b.v. being blocked from the market. The letter urged Malaysia to amend its standards of identity to be consistent with the U.S. standards and provide distinctive product recognition for certain American Whiskeys.

In November 2022, DISCUS received a response from Malaysia. Malaysia stated that its minimum alcohol content requirement and the prohibition on the sale of spirits that do not comply with the standards are longstanding. This is problematic for spirits-based RTDs, as there is no standard for them, and they may not be imported. However, non-spirits based lower alcohol beverages are allowed in the market. Malaysia indicated it would not allow the importation of the blocked products, but they could be reexported instead. In December 2022, DISCUS responded with a letter that largely reiterated the requests made in the October 2022 letter.

In March 2024, DISCUS supported applications prepared by the World Spirits Alliance (WSA) requesting Malaysia establish a definition for spirits based RTDs and spirits based aperitifs. In response to a request from Malaysia, DISCUS, via the WSA, provided additional information concerning RTDs sold in the U.S. in June 2024.

On September 30, 2025, Malaysia published the final version of its standards of identity for distilled spirits, which goes into effect on April 1, 2026. Unfortunately, Malaysia did not take any of our comments into account. For example, Malaysia did not include a transition period or stock depletion clause and retained its problematic minimum alcohol content requirement and prohibition on the sale of spirits that do not comply with the standards. Malaysia's work to establish a standard for RTDs continues under a separate workstream.

Request: DISCUS respectfully requests the U.S. government's support in urging Malaysia to: 1) amend its standards to allow spirits bottled at less than 17% a.b.v.; 2) adopt a definition of spirits based RTDs and spirits based aperitifs consistent with the WSA proposal; 3) modify the definition of vodka; 4) add a definition of flavored spirits consistent with U.S. standards; 5) provide distinctive product recognition for "Bourbon," "Tennessee Whiskey," and "American Rye Whiskey"; 6) modify its definition of liqueurs to establish no minimum alcohol content requirement and 7) provide, at a minimum, an 18-month transition period and allow products already in the marketplace to continue to be sold until they are depleted.



DISTILLED SPIRITS COUNCIL
OF THE UNITED STATES

IV. Trade Statistics

In 2024, Malaysia's imports of U.S. spirits were valued at \$3.7 million, representing a 314% increase from 2023 and making it the 51st largest export market for American spirits. American Whiskeys accounted for 94% of total U.S. spirits exports, reaching \$3.4 million.

In 2024, retail sales of distilled spirits in Malaysia reached \$752 million. Malaysia's whiskey market reached \$243million, with Scotch Whisky accounting for 90% of the market. American Whiskeys accounted for 7% of Malaysia's whiskey market. (Euromonitor)

SOUTH AFRICA

I. Import Policies

Tariffs

South Africa's applied tariffs on imported spirits range from 1.54 Rand/liter for bottled spirits to 1.36 Rand/liter for spirits imported in bulk. Although its applied rates are relatively low on an ad valorem-equivalent basis (about 5%), its WTO-bound rates, which were fully phased-in as of January 1, 2000, are exorbitant. South Africa's bound tariff rate on imports of bottled grape brandy, whisky, rum, vodka, liqueurs, and gin is 67% ad valorem. Imports of these spirits in bulk containers are subject to a bound tariff rate of 121% ad valorem. South Africa's bound rate on imports of all other distilled spirits (under 2208.90.20 and 2208.90.90) is 597% ad valorem, whether in bottles or bulk containers.

U.S. distilled spirits face a competitive disadvantage in the South African market compared to EU- and UK-origin spirits, such as Scotch Whiskey and Cognac, due to the duty-free entry of these spirits under the EU-South Africa Free Trade Agreement and the UK-Southern Africa Customs Union and Mozambique (SACUM) Trade Agreement. South Africa represents a highly lucrative market for U.S. distilled spirits companies. However, this tariff differential limits the ability of U.S. spirits exporters to maintain and grow their market share.

Request: DISCUS urges the U.S. government to secure an immediate agreement from South Africa to apply to U.S. spirits products, at a minimum, the same tariff treatment that currently applies to EU- and UK-origin spirits.

II. Technical Barriers to Trade

Standards

In June 2024, South Africa published draft amendments to the standards of identity in the *Liquor Products Act* for a domestic consultation, which was not notified to the WTO. South Africa confirmed that it would notify the WTO of updated draft revisions following the conclusion of the domestic process. In June 2024, DISCUS submitted a preliminary comment through the domestic consultation, noting that it would supplement them later with additional information when the proposal is notified to the WTO.

On October 22, 2024, South Africa notified the WTO's TBT Committee (G/TBT/N/ZAF261) of its updated draft revised Liquor Products Act for the labeling, standards of identity, and import/export of alcoholic beverages, including distilled spirits. DISCUS submitted a comprehensive comment in December 2024, raising concerns that the proposal could result in arbitrary and unnecessary prohibitions on many internationally traded U.S. distilled spirit products being sold in the market.



Request: DISCUS seeks the U.S. governments support in urging South Africa to; 1) modify the definition of vodka to a) remove the requirement that vodka “not have any distinctive characteristic, aroma, taste, or color” and b) provide that it may contain sugar in an amount not to exceed two grams per liter and up to one gram per liter of citric acid; 2) expand the list of approved additives consistent with what is allowed under Codex Alimentarius for use in distilled spirits and the U.S. Food and Drug Administration lists of direct food substances and substances generally recognized as safe; 3) establish a single “Ready-to-Drink” category that does not distinguish between types of beverage alcohol; 4) recognize “Bourbon,” “Tennessee Whiskey,” and “American Rye Whiskey,” as distinctive products of the U.S.; 5) remove the discretion provided to government officials to provide certainty and ensure that manufacturers can use the lot code format consistent with their current business practices; and 6) provide, at a minimum, an 18-month transition period and allow products already in the marketplace to continue to be sold until they are depleted.

III. Trade Statistics

In 2024, spirits imports from the U.S. decreased 21% from the previous year and were valued at \$13.3 million, making it the 25th largest export market for American spirits. American Whiskey accounted for 90% of total spirits exports. (USITC dataweb). From January-July 2024, imports of U.S. distilled spirits totaled \$10.7 million, a 15% increase from the same period in 2024 (January-July).

In 2024, South Africa was the 18th largest spirits market in the world in terms of retail sales, reaching \$6.7 billion. South Africa’s whiskey market reached \$1.6 billion, with Scotch Whisky accounting for 67% of the market and Irish Whisky with 13% of the whiskey market. Both Scotch and Irish Whiskey enter the market duty-free. American Whiskeys accounted for just 4% of South Africa’s whiskey market. (Euromonitor)

THAILAND

I. Import Policies

Tariffs

Thailand's tariff rates on imported spirits are exceptionally high by international standards and serve as significant barriers to trade. The country's applied rate, which is the same as its WTO-bound rate, is 60% *ad valorem* for all spirits.

Request: DISCUS respectfully requests the U.S. government's support in securing Thailand's commitment to eliminate its tariffs on U.S. spirits imports immediately.

II. Technical Barriers to Trade

Labeling

In February 2024, Thailand issued a proposed regulation that reintroduced the concept of graphic health warning labels (GHWL), reintroduced a vague and confusing list of prohibited images and messages from being displayed on a label, and introduced a cancer warning statement. It was not notified to the WTO. Thailand originally proposed the GHWL concept for beverage alcohol in 2009 and issued proposals in 2010 and 2014. The proposal requires the nine GHWL and statements to be rotated at one-thousand bottle intervals, introduces pregnancy and drunk driving pictograms, and reintroduces a vague and confusing labeling proposal that was initially proposed in 2014. In March 2024, DISCUS was advised by local industry contacts and the U.S. government that Thailand withdrew the proposal and reported that it would notify a revised proposal to the WTO.

On July 24, 2024, Thailand notified a proposed warning label regulation to the WTO (G/TBT/N/THA/747), which restates what is currently required and will not require companies to make changes to their labels. DISCUS understands that this proposal is not the final draft and is a "placeholder" to provide additional time to work on the proposal while respecting domestic procedural and legislative requirements. As such, we understand Thailand will issue a revised proposal. However, the timeline is unclear.

In September 2024, DISCUS submitted a comment that acknowledged the status of the proposal and urged Thailand, as it continues to develop its revised warning statement regulation, to consider a warning statement that: 1) reflects the current state of scientific research; 2) provides accurate and proportionate wordings and images; 3) addresses health risks generally and the harmful consumption of alcohol; 4) does not include a warning statement rotation requirement; 5) takes into account differently sized bottles; 6) provides for the use of stickers; and 7) provides an 18-month transition period and a stock depletion clause.

Request: We respectfully seek the U.S. government’s support to ensure that Thailand notifies the proposed regulation to the WTO’s TBT Committee.

III. Other Barriers

Alcohol Beverage Control Act (No.2) B.E. 2568

On November 8, 2025, Thailand’s newly amended Alcohol Beverage Control Act (No. 2) B.E. 2568 will come into force. This legislation replaces the 2008 framework and introduces sweeping changes to the regulation of alcohol sales, marketing, and enforcement. While the stated aim is to modernize alcohol control in line with public health priorities, the new law significantly expands restrictions and introduces operational uncertainties that could adversely affect international producers. Key areas of concern for industry are around potentially stricter advertising rules and sales hours. A summary of the new law is below:

Previous Clauses	New Clauses (2025)	Notes
Advertising (Section 32/1): Near-total ad prohibition.	Section 32/1: Allows factual information and “creative social knowledge” under ministerial criteria.	Pivotal clause that will have a cascading impact on the rest of section 32 and the entire scope of “marketing liberalization” rests on these regulations
Digital/Social Media: Informal application of ad ban.	Section 32/2: Prohibits use of personal reputation for promotion; exceptions for academic comms.	Formalises influencer restrictions, which was not illegal before but indirectly through banning display of products and trademarks.
Surrogate Advertising: No explicit rules.	Section 32/3: Bans using alcohol branding for other products unless verified and not interpretable as alcohol ads.	Formalises surrogate advertising ban to be stricter.
Sales Hours (1972 Revolutionary Council Announcement No.253): Restricted hours (11am–2pm, 5pm–midnight).	1972 Revolutionary Announcement repealed but Prime Minister has reissued similar restrictions and enforced a new consumption ban applies during non-sales hours.	Maintains status quo but with the legal possibility of lifting 2-5pm ban and extending night time sale hours,

		which was not possible before; adds consumption ban with tourism implications.
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In addition, the new ABCA will impose non-criminal penalties for individuals found consuming in prohibited places or during prohibited hours, placing legal liability for the first time directly on consumers.

Request: DISCUS respectfully requests the U.S. government's support in urging the Thai authorities to 1) expedite the issuance of national guidelines to lift the current sales and consumption ban between 2-5pm and midnight-2am; 2) work with representatives from the tourism and alcohol beverage sectors to develop the national guidelines on selling hours that ensures continuity and benefit for all operators; 3) work with representatives from the alcohol beverage sector to develop implementing regulations on advertising that allow for the provision of factual information to consumers.

Prohibition of E-Commerce

Thailand has maintained a blanket prohibition on the sale of alcoholic beverages through electronic channels and online platforms since 2020. This restriction effectively eliminates a modern and regulated route to market for alcohol producers.

The ban disproportionately impacts premium and imported spirits brands, which previously relied on e-commerce to reach consumers beyond major urban centers and engage digitally native demographics. For U.S. distilled spirits producers, the inability to access regulated online sales channels significantly limits market entry and competitiveness against entrenched local brands.

Moreover, prohibiting legitimate e-commerce platforms risks driving consumer demand toward unregulated grey market channels, such as social media messaging apps and unauthorized web portals, where age verification and product safety controls are virtually nonexistent. In contrast, regulated online platforms are well-positioned to implement robust age verification mechanisms, often more effectively than physical retail outlets.

Request: DISCUS respectfully requests the U.S. government's support in urging the Thai authorities to lift the blanket ban on e-commerce and instead introduce a modern regulatory framework for the online sale of alcohol. Such a framework should include mandatory and robust age verification mechanisms at both the point of sale and the point of delivery, aligning with international best practices and allowing for legitimate commerce while protecting minors.

IV. Trade Statistics

In 2024, direct U.S. spirits exports to Thailand totaled \$3 million, a 28% decrease compared with 2023. American Whiskey exports accounted for 58% of total U.S. spirits exports. From January to July 2025, spirits exports from the U.S. reached \$1.6 million, a 9% decrease compared with the same period in 2024 (January-July).

In 2024, Thailand was the 20th largest spirits market in the world in terms of retail sales, reaching \$65 billion. Thailand's whiskey market reached \$546 million, with Scotch Whisky accounting for 94% of the market, and American Whiskeys accounting for just 5% of the whiskey market. (Euromonitor)

UNITED KINGDOM

I. Technical Barriers to Trade

Wales – Deposit Return Scheme

On September 17, 2025, the UK, on behalf of Wales, notified to the WTO's TBT Committee of the draft "Deposit Scheme for Drinks Containers (Wales) Regulations 2026" (TBT/G/TBT/N/GBR/106), which diverges from the UK-wide model by including glass containers and placing a strong emphasis on reuse over recycling.

DISCUS is deeply invested in protecting the environment and natural resources. Sustainable environmental practices are critical to the continual production of the high-quality products that adult spirits consumers enjoy, and protecting the environment is a legitimate government objective. We support efforts to maximize resource utilization and eliminate waste at every step of the production process.

However, we are concerned that the proposal violates the UK's commitment under Article 2.2 of the WTO TBT Agreement and introduces a significant barrier to the free movement of goods through the UK. Under Article 2.2 of the TBT Agreement, technical regulations should not create an unnecessary obstacle to international trade and be more trade-restrictive than necessary to fulfill a legitimate objective, taking into account the risks non-fulfillment would create.

For example, U.S. distilled spirits exporters will be required to establish from scratch a sorting system in Wales for packaging to be returned to the manufacturer in the U.S. to be refilled for reuse. This requirement to transport empty packaging from the collection point in Wales to their manufacturing facilities in the U.S. would negate any environmental benefit from reusing the packaging. The vast majority of spirits drinks are packed in glass bottles, which are often designed for one specific brand and integral to it, and often IP protected.

In addition, compliance will be onerous on small and medium-sized distilled spirits producers exporting to Wales. Ultimately, they may choose not to export to the market, impacting the wide range of distilled spirits available to adult consumers in the Welsh market.

In addition to the environmental impact of shipping empty containers back to the U.S., companies exporting products to Wales will be required to set up special production runs, keep separate inventories, and set up separate shipments for products destined solely for Wales. This introduces a significant barrier to the free movement of goods through the UK.

It is unclear how a reuse scheme, which requires heavier and more durable bottles, can operate alongside recycling and light-weight packaging initiatives. The consultation supports



the use of standardized bottles, a concept that may be feasible for local products but presents substantial challenges for imported goods, especially spirits traditionally bottled in region-specific formats.

In addition, distilled spirits products have an indefinite shelf life. Depletion rates can range from 8-12 months for high-volume spirits and several years for very high-priced products. Therefore, some bottles may only become available for reuse after several years or not at all if it is retained as part of a collection.

Request: We respectfully request the U.S. government's support to urge Wales not to adopt the national requirement, as it would create a barrier to the UK market, and at a minimum examine other, less trade-restrictive alternatives to promote waste reduction.

II. Trade Statistics

In 2024, the UK ranked as the third-largest export market for American spirits, and exports reached \$137 million, up by nearly 9% from 2023. The UK was the third-largest market for American Whiskeys, and exports reached \$86 million in 2024, up 4% from 2023. Exports of American spirits to the UK fell 29% year-over-year to \$27 million in the second quarter of 2025.

VIETNAM

I. Import Policies

Tariffs

As part of its WTO accession commitments, Vietnam agreed to bind its tariffs on distilled spirits at 65% *ad valorem* as of the date of accession and to reduce its tariff to 45% *ad valorem* by 2013. Although the U.S. spirits industry was generally pleased with the overall terms of Vietnam's WTO accession package, its fully phased-in spirits tariffs are very high by international standards.

U.S. distilled spirits are at a competitive disadvantage in the Vietnamese market vis-à-vis EU- and UK-origin spirits, such as Blended Scotch Whiskey and Cognac. As a result, EU- and UK-origin spirits enter duty-free under the EU–Vietnam Free Trade Agreement and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Request: DISCUS respectfully requests that the U.S. government secure Vietnam's commitment to eliminate its tariff on American spirits and to apply, at a minimum, the same tariff treatment that applies to EU- and UK-origin spirits.

II. Other Barriers

Taxation

Vietnam currently applies a 65% *ad valorem* Special Consumption Tax (SCT) on distilled spirits. In February 2023, Vietnam's Ministry of Finance (MoF) proposed revising the SCT. In July 2023, Vietnam's Office of the Government (OOG) issued Directive 115, ordering the MoF to shift the SCT review to the normal legislative timetable and to consider a hybrid tax model. In January 2024, Vietnam's Deputy Prime Minister requested that the OOG circulate an updated report on the SCT and solicit input from other ministers on the implementation and specifics of a hybrid tax and the timeline for its approval.

On June 13, 2024, Vietnam's MoF published its draft amended SCT law for public consultation. Vietnam did not take into account the spirits sector's comments in support of a hybrid tax, and the revised proposal retains the *ad valorem* tax structure and proposes to increase the rates by 5% annually between 2026 and 2030.

The proposal included two options for the SCT. Under "Option 1", the SCT rate will reach 90% in 2030. Under "Option 2", the SCT rate will reach 100% by 2030. DISCUS submitted a comment in July 2024 urging Vietnam to delay implementation of the SCT until 2027, consult with stakeholders before considering any additional stakeholders, and adopt a roadmap to adopt a hybrid excise tax (*ad valorem* + specific).

On June 14, 2025, Vietnam’s National Assembly passed the amended SCT, introducing new SCT rates on alcoholic beverages. The legislation will take effect on January 1, 2026, with the first increase on January 1, 2027. Under the amended law, the current 65% ad valorem SCT rate will remain in place through the end of 2026 for wine and spirits with an alcohol content of 20% or higher, as well as for all beer products. Beginning in 2027, the rate will increase by 5% annually, reaching 90% by 2031. See below for details:

Product	Current SCT rate (%)	New SCT rate (%)
Wine & spirits 20% ABV or higher	65	From January 1, 2026: 65
Beer		From January 1, 2027: 70
		From January 1, 2028: 75
		From January 1, 2029: 80
		From January 1, 2030: 85
		From January 1, 2031: 90
Wine & spirits lower than 20% ABV	35	From January 1, 2026: 35
		From January 1, 2027: 40
		From January 1, 2028: 45
		From January 1, 2029: 50
		From January 1, 2030: 55
		From January 1, 2031: 60

DISCUS understands that the MoF proposed lowering the increased SCT rate from 100% to 90% and pushing the implementation date to 2027, rather than 2026, due to pressure from U.S. tariffs on imports from Vietnam and ongoing trade negotiations with the U.S.

The Ministry of Finance is expected to issue implementing decrees and circulars to guide the application of the amended law. These will address provisions related to tax implementation, exemptions, taxable pricing, refunds, deductions, and other relevant matters, and are anticipated to take effect concurrently with the new law on January 1, 2026.

As a reminder, Vietnam’s Ministry of Health has released a draft Law on Disease Prevention for public consultation, which proposes establishing a Disease Prevention Fund to finance public health initiatives not fully covered by the State budget. If adopted, the law will take effect on July 1, 2026. DISCUS submitted a letter in connection with the public consultation.

Request: DISCUS respectfully seeks the U.S. government's support to urge Vietnam to conduct a review before each annual 5% increase to ensure it is effective. These should evaluate the effects of previous increases, assess the broader economic and social context, and consider developments in illicit trade, in consultation with relevant industry stakeholders. Findings from these assessments should be publicly reported to promote transparency and policy predictability, supporting the government's broader fiscal and public health objectives. In addition, Vietnam should refrain from introducing any new or additional taxes that would further exacerbate the overall tax burden on the sector.

III. Trade Statistics

In 2024, direct spirits exports from the U.S. increased 22% to \$1.2 million. Through July 2025, U.S. spirits exports to Vietnam plummeted to \$169,000, an 85% decrease compared to the same period in 2024 (January-July). In 2024, retail sales of distilled spirits in Vietnam reached \$885 million. Vietnam's whiskey market reached \$248 million, with Scotch Whisky accounting for 90% of the market, followed by Japanese whiskey with 9% of the market, and American Whiskeys accounted for a little more than 1% of the whiskey market. (Euromonitor)



DISTILLED SPIRITS COUNCIL
OF THE UNITED STATES

III. OTHER MARKETS

ARGENTINA

I. Import Policies

Tariffs

Argentina is a member of the MERCOSUR trading bloc and its common external tariff for whiskey is 20% *ad valorem*. Argentina currently applies a tariff of up to 10.8% *ad valorem* on bulk whiskey and 20% *ad valorem* on all other imported distilled spirits.

In December 2024, the EU and four MERCOSUR countries (Argentina, Brazil, Paraguay, and Uruguay) reached a political agreement for a comprehensive free trade agreement. In September 2025, the European Commission transmitted the agreement to the European Council, an important step towards ratification. The agreement needs to be ratified by individual EU member states and MERCOSUR before it comes into force. The agreement will eliminate tariffs on EU spirits. As such, U.S. distilled spirits will soon be at a competitive disadvantage in the Brazilian market vis-à-vis EU-origin spirits, such as Irish Whiskey and Cognac.

Request: DISCUS seeks the U.S. government's support in securing Argentina's and the members of MERCOSUR's elimination of its tariff on American spirits, ensuring that U.S.-origin spirits are not at a competitive disadvantage vis-à-vis EU-origin spirits.

II. Trade Statistics

In 2024, Argentina was the 35th largest export market for American spirits, with exports reaching \$8 million, a 27% decrease from 2023. Argentina was the 50th largest export market for American Whiskey in 2024, reaching \$2 million, up nearly 400% from 2023. In the January-July 2025 period, U.S. exports were valued at \$6.2 million, representing a 51% increase from the same period in 2024.

COSTA RICA

I. Other Barriers

Discriminatory Taxation

In January 2004, Costa Rica introduced a new specific excise tax for spirits with different rates based on a.b.v. content (see Ley 7972). Costa Rica's Treasury Department adjusts the excise tax rate on a quarterly basis based on the consumer price index measured by the National Institute of Statistics and Census (INEC)

Costa Rican Specific Excise Tax Rates

Alcohol Strength	Tax Rate per mL pure alcohol (in colones (¢))
Less than or equal to 15% a.b.v.	3.7
Greater than 15% to 30% a.b.v.	4.43
Greater than 30% a.b.v.	5.17

The local spirit, *guaro*, (produced in the largest volume by the state-owned alcohol company) is bottled at 30% a.b.v. Most internationally-traded spirits are bottled at 40% a.b.v. and cannot qualify for the lower tax rate. Furthermore, local producers pay the specific tax and the “impuesto selectivo de consumo” within the first fifteen days of each month on sales made during the month prior, while importers must pay the tax as a prerequisite for releasing their product from Customs.

The Costa Rican tax system violates its WTO obligations in two respects. First, by applying a lower rate of tax to *guaro* (¢4.43 per mL of pure alcohol) – the primary product category that is produced locally, than to mostly imported product categories such as whiskey, vodka, etc., (¢5.17 per mL of pure alcohol), the tax system has the effect of applying a lower rate of tax on local products than on directly competitive and substitutable imported spirits in a manner that protects the domestic industry in contravention of GATT Art. III:2.

Second, in the administration of the tax, domestic producers pay the tax on a monthly basis, while importers must carry the financial burden of paying the tax before imports can be released from Customs. To the degree that the difference in administration places a greater burden on importers than on the domestic industry, DISCUS is concerned that there may be a potential GATT violation.

Request: DISCUS requests that the U.S. government urge Costa Rica to remove the discriminatory excise tax for spirits consistent with its international commitments.

II. Trade Statistics

In 2024, U.S. spirits exports to Costa Rica were valued at \$3.5 million, representing a 46% increase from 2023 export values. Between January and July 2025, U.S. spirits exports were valued at a little over \$2 Million, representing a 37% increase from the same period in 2024.

HONG KONG

I. Other Barriers

Taxation

In February 2008, Hong Kong eliminated its excise taxes on beverage alcohol products with an alcohol content of 30% a.b.v. or less. In effect, this action eliminated the excise taxes on beer and wine while the excise tax on most distilled spirits remains at 100% *ad valorem*. Since the excise tax on wine was eliminated, Hong Kong has witnessed a surge in imports of wine and has developed into the world's foremost wine auction center. The removal of duties on non-spirits-based alcohol drinks saw strong growth in the wine trade the following year, with imports jumping 80% to HK\$3.2 billion (\$411 million).

On October 16, 2024, Hong Kong Chief Executive John Lee announced that effective immediately, Hong Kong will reduce its excise tax on distilled spirits from 100% *ad valorem* to 10% *ad valorem* on spirits in containers under one liter and priced above HKD 200 (USD \$25).

The 100% *ad valorem* excise rate remains on the value of the spirit in a container under one liter and under the HKD 200 (USD \$25) threshold if the value exceeds the value threshold. This means that spirits in a container less than one liter and over the HKD 200 threshold would have two excise tax rates applied to it. For example, a distilled spirit in a container under one liter and valued at HKD 300 would pay an excise tax of 100% *ad valorem* on the first HKD 200, and over the threshold would pay an excise tax of 10% *ad valorem* on the remaining HKD 100. Spirits priced at or below HKD 200 (USD \$25) or in containers larger than one liter will remain subject to the existing 100% *ad valorem* rate.

Request: DISCUS seeks the U.S. government's support in urging Hong Kong, at a minimum, to eliminate the price threshold and reduce its excise tax on all distilled spirits to 10% *ad valorem*.

II. Trade Statistics

In 2024, direct U.S. spirits exports to Hong Kong were valued at \$4 million, a 4% increase from 2023. Through July 2025, total U.S. spirits exports to Hong Kong were valued at \$4.4 million, an increase of 89% from the prior year (January-July 2024).

JAPAN

I. Import Policies

Tariffs

In 1997, as part of its settlement agreement with the U.S., the European Commission and Canada in the resolution of the World Trade Organization dispute settlement case (Japan – Taxes on Alcoholic Beverages: WT/DS8, WT/DS10 and WT/DS11), Japan agreed to eliminate its tariffs on imports of brandy, Bourbon, rye and other whiskies, rum, gin, vodka and liqueurs. Specifically, as indicated in Annex to its “Mutually Acceptable Solution on Modalities for Implementation,” which was circulated to WTO members on January 12, 1998, Japan agreed to apply a tariff of zero on imports of these spirits categories from April 1, 2002, forward. Furthermore, Japan stated that it “will not raise tariffs rates above those specified in Annex ” and that it “will apply the rates listed in Annex in full recognition that Japan’s WTO bound rates are higher and intends to bind these tariff reductions in the WTO at the next possible opportunity to modify the Schedule of Japan following a multilateral, multi-sectoral negotiation.” Japan has bound the zero-duty rate on brandy and whiskeys at the WTO.

Request: We urge the U.S. government to secure Japan’s commitment in the reciprocal trade agreement negotiations to eliminate its tariffs on rum, gin, vodka and liqueurs in the WTO as soon as possible, consistent with the terms of the 1997 settlement as described above and a permanent return to zero-for-zero tariffs on spirits between Japan and the U.S.

II. Technical Barriers

Lot Codes

The use of lot codes on beverage alcohol containers is not required under Japan’s Food Sanitation Law. Yet, it is recommended by the Ministry of Health, Welfare and Labor under guidelines issued in 2003. In September 2014, the National Tax Agency (NTA) published a notice stating concerns about the distribution of beverage alcohol whose lot codes have been erased and indicating the important role such codes play in terms of consumer information and food safety. The notice is not binding and does not stop lot codes from being removed/defaced at the wholesale and retail levels. However, most imported spirits products voluntarily include producer lot codes on the bottles.

While lot codes are not required to be included on beverage alcohol containers in the United States, most producers do so voluntarily. Such codes are utilized for important legitimate business purposes, such as facilitating product recalls when necessary. U.S. regulations prohibit the alteration, removal and/or destruction of any mark, brand, or label



on beverage alcohol containers within the stream of commerce, regardless of whether that information is mandatory or voluntary. Furthermore, reselling a beverage alcohol container with the lot code removed could also constitute trademark infringement under U.S. trademark law. Thus, removing or altering of any lot code from beverage alcohol containers is prohibited under U.S. law and regulations. There is no similar provision in Japanese regulations.

DISCUS understands that the NTA is discussing with local industry, including importers, to update its regulations to address these concerns. However, the status of the consultations is unclear.

Request: DISCUS seeks the U.S. government's support to ensure that: 1) Japan expressly prohibits the sale of distilled spirits products with erased/tampered/altered lot codes; and 2) Japanese regulators have the authority to assess appropriate penalties to deter future violations effectively.

III. Trade Statistics

In 2024, Japan ranked as the U.S. spirits sector's tenth-largest export market, with exports valued at \$101 million, down nearly 18% from 2023. Japan was the fourth-largest export market for American Whiskeys in 2024, with exports down 25% to \$79 million, accounting for 79% of total spirits exports. Through July 2025, American spirits exports to Japan are down nearly 39% to \$47 million compared to the same period in 2024 (January-July).

KENYA

I. Other Barriers

IP Registration

In July 2021, Kenya's Anti-Counterfeit Authority (ACA) issued a regulation to require brand owners to register their IP rights per brand with the ACA. However, locally manufactured goods are exempt from the registration requirement. If local manufacturers voluntarily register their IP, they are not charged a fee like foreign IP rights holders are. The requirement is based on the 2008 Anti-Counterfeit Act and applies to all sectors, not just distilled spirits.

In April 2022, the ACA issued a notification opening the registration process. It went into effect on May 1, 2023, but the mandatory recordation for foreign IP rights holders has not been enforced. Penalties include fines and potential imprisonment.

Request: DISCUS seeks the U.S. government's assistance in urging Kenya to: 1) further delay enforcement; and 2) ensure it's implemented in a manner consistent with its National Treatment commitments under the WTO agreements.

II. Trade Statistics

In 2024, direct U.S. spirits exports to Kenya reached \$1 million. Through July 2025, total direct U.S. spirits exports reached nearly \$139,000. While direct U.S. spirits exports to Kenya are minimal, Euromonitor International shows that imported whiskeys and other categories are available in the Kenyan market.

PERU

I. Other Barriers

Discriminatory Taxation

Peru has imposed a discriminatory excise tax (*Impuesto Selectivo al Consumo*, or ISC) since at least 2004 when it introduced a 20% *ad valorem* tax rate on most distilled spirits and a specific rate of 1.50 Peruvian Nuevo Sol (PEN) per liter for domestically-produced pisco. This discrimination was increased by an amendment in May 2013 that imposed a new excise tax structure requiring products other than pisco to face the higher of either a specific rate or *ad valorem* rate.

The current rates are indicated in the following table:

Product	Alcohol by Volume	Minimum Specific Rate	Ad Valorem Rate
Pisco	-	2.48 PEN/liter	(none)
Other beverage alcohol products	Over 20%	3.63 PEN/liter	40%

As noted above, the specific tax rate on pisco is much lower than the minimum rate of 3.63 PEN per liter for comparable spirits products (i.e., those containing over 20% alcohol by volume). This puts U.S. spirits at a considerable disadvantage compared to domestic pisco.

Peru's discriminatory taxation scheme is inconsistent with GATT Article III, paragraph 2, as well as the national treatment provisions contained in Article 2.2 of the U.S.-Peru Trade Promotion Agreement.

Request: DISCUS requests that the U.S. government engage with Peru to urge the elimination of its discriminatory practices as soon as possible.

II. Trade Statistics

In 2024, U.S. distilled spirits exports were valued at nearly \$2.4 million, representing an increase of 5% from 2023 levels. Through July 2025, U.S. exports reached \$1.65 million, reflecting a 16% increase relative to the same period in 2024 (January-July).

PHILIPPINES

I. Import Barriers

Tariffs

The Philippines' MFN tariff on distilled spirits ranges from 10% on vodka, brandy, and liqueurs and cordials to 15% on rum, whiskey, and other distilled spirits. Its WTO-bound tariff for distilled spirits is 45% ad valorem.

REQUEST: DISCUS urges the U.S. government to secure the elimination of the Philippines' tariff on U.S. spirits to help U.S. spirits exports grow their market share.

II. Technical Barriers

Pre-Border Technical Verification and Cross-Border Electronic Invoicing

In May 2024, the Philippines issued Administrative Order No. 23, establishing two new import control mechanisms: Pre-Border Technical Verification (PTV) and Cross-Border Electronic Invoicing (CEI). CEI is a centralized electronic invoicing system through which verified and registered foreign exporters must generate export invoices. These invoices will be used by the Philippine Bureau of Customs (BOC) for all import transactions. PTV involves mandatory pre-export inspections conducted by conformity assessment bodies accredited by the Philippines, targeting specified goods prior to shipment to the Philippines.

In January 2025, the Department of Finance released Joint Administrative Order No. 001-2025 (JAO 001-2025), which outlines the implementing rules and procedures for Administrative Order No. 23.

While the stated objective of these measures is to enhance regulatory oversight, the proposed system introduces significant non-tariff barriers. The involvement of third-party inspection entities at the pre-border stage adds complexity and uncertainty, as these entities may interpret and apply regulations inconsistently. This shift not only lengthens the importation process but also increases costs, thereby hindering rather than facilitating trade. Additionally, the penalties outlined in the proposal are disproportionate and risk creating undue burdens for compliant exporters. DISCUS understands that implementation of the policy has been temporarily suspended following feedback from stakeholders.

Request: DISCUS seeks the U.S. government's support in urging the Philippines to reconsider the implementation of the systems and, at a minimum, exempt low-risk goods—such as alcoholic beverages—that are already subject to rigorous inspection and certification requirements from the scope of PTV and CEI.

Certificate of Product Registration (CPR)

Distilled spirits, like other processed food products sold in the Philippines, must be registered with the Philippine Food and Drug Administration (FDA). The Philippine importer must submit a registration application for each product class and brand intended for importation and commercial distribution. Only products with a valid Certificate of Product Registration (CPR) issued by the FDA are eligible for customs clearance and retail sale.

The registration process requires submission of a comprehensive set of documents, many of which are difficult to obtain in a timely manner. The FDA recently introduced a new requirement for “packshots”—actual photographs of the product bottle (front and back)—for every size and variant of each product, even within the same brand. This requirement has significantly increased operational complexity, necessitating coordination across multiple teams in different countries, including manufacturing, logistics, marketing, sales, and data management. The process is both time-consuming and resource-intensive.

This requirement is unique to the Philippines. Other countries accept PDF versions of product labels (commonly referred to as label artworks), which are easier to produce, offer clearer and more consistent information, and are more practical for regulatory review.

Request: DISCUS respectfully requests the support of the U.S. Government in engaging with the Philippine Government to encourage alignment of its CPR requirements with international best practices and accept label artworks in lieu of “packshots” to streamline the registration process and reduce unnecessary trade friction.

III. Trade Statistics

In 2024, U.S. distilled spirits exports to the Philippines reached \$7.7 million, up nearly 1,010% over the past decade. American Whiskey exports increased nearly 1,200% in that time to reach \$5 million. In the Philippines’ whiskey market, American Whiskey currently ranks third by volume at 6.5%, behind Japanese whisky, which accounts for 64% of volume sales, followed by blended Scotch at 23.1%. In the January-July 2025 period, U.S. spirits exports were valued at \$5.4 million, representing a 5% increase from the same period in 2024 (January-July).

TAIWAN

I. Import Policies

Tariffs

Taiwan has agreed to largely eliminate tariffs for spirits imports from WTO members. However, WTO members are still subject to a 40% ad valorem tariff on certain spirits imports, including all non-standardized spirits. Non-standardized spirits are all spirits that do not fall within a defined category in Taiwan's standards, which includes flavored spirits, such as flavored whiskey and flavored rum.

Request: DISCUS urges the administration to secure the reduction of the 40% ad valorem tariff on non-standardized spirits.

II. Other Barriers

Discriminatory Taxation

As part of its WTO accession commitments, Taiwan agreed to harmonize the tax rate on all distilled spirits, including distilled rice wine (such as mijui or michiu), at NT\$185 per liter, ending years of blatantly discriminatory excise taxation that favored locally-produced distilled spirits. Although Taiwan argued at the time that distilled rice wine is generally used for cooking, it was confirmed that a significant amount of this product is consumed as a beverage, and therefore, should be taxed similarly to other distilled spirits products.

Because the imposition of the new tax significantly increased the price of distilled rice wine, the Taiwanese government introduced various proposals to modify the excise tax structure for spirits, including suggested modifications to the definition of "cooking alcoholic beverages" to make these products suitable as beverages. Since Taiwan joined the WTO in January 2002, the following changes were implemented: 1) a reduction of the tax on "cooking alcoholic beverages" from NT\$22 per liter to NT\$9 per liter in 2008; and 2) in 2009, a modification of the tax rate on distilled spirits, including distilled rice wine, are taxed at NTD \$2.5 per liter while liqueurs <20% abv are taxed at NTD \$7 per liter and those >20% abv are taxed NTD \$185 per liter, which resulted in a significant effective tax reduction for all spirits, except liqueurs.

In 2010, Taiwan's Legislative Yuan adopted a proposal to permit distilled rice wine to be subject to the tax rate applicable to "cooking alcoholic beverages" (i.e., NT\$9 per liter), effectively lowering the tax rate significantly on these products as compared to all other distilled spirits. However, "cooking alcoholic beverages" are in a completely different product category. Because of the minimum salt content requirement, they cannot be consumed as beverages, unlike distilled rice wine.



Request: DISCUS urges the U.S. government to oppose Taiwan's tax rate for distilled rice wine, which violates Taiwan's WTO accession commitments, and adopt a single tax rate on distilled spirits.

Lot Codes

Since January 2015, imported spirits have been required to include a lot-code on the product label in order to enhance traceability in the event of a product recall. However, Article 32 of Taiwan's Tobacco and Alcohol Administration Act does not specify that the batch number should be that of the *original manufacturer*. According to industry reports, importers and distributors in Taiwan are removing the original manufacturers' lot codes and applying their own 'batch codes'. We are concerned that this defeats the purpose of traceability and would make any product recall difficult.

While lot codes are not required to be included on beverage alcohol containers in the United States, most producers do so voluntarily. U.S. regulations prohibit the alteration, removal, and/or destruction of any mark, brand, or label on beverage alcohol containers within the stream of commerce, regardless of whether that information is mandatory or voluntary. Thus, the removal or alteration of any lot code from beverage alcohol containers is prohibited under U.S. law and regulations. There is no similar provision in Taiwan's regulations.

Request: DISCUS seeks the U.S. government's support in urging Taiwan to expressly prohibit the sale of distilled spirits products with erased/tampered/altered manufacturer lot codes. In addition, Taiwanese authorities should have the authority to conduct systematic inspections and assess appropriate penalties to serve as an effective deterrent to future violations.

Good Regulatory Practices

Taiwan's Tobacco and Alcohol Administration Act (TAAA) and related orders do not allow corrections to simple administrative errors or omissions on import declarations. In addition, local agencies do not have the discretion to consider all facts before imposing fines or revoking licenses under the TAAA. This results in companies running the risk of having their import licenses revoked as a result of simple administrative errors or omissions in their documentation.

Request: DISCUS seeks U.S. government support to use the reciprocal trade agreement negotiations to align the TAAA with international best practices.

III. Trade Statistics

U.S. spirits exports to Taiwan were valued at almost \$2 million in 2024, representing a 41% decrease from 2023. Through July 2025, American spirits exports to Taiwan totaled \$2.4 million, a 188% increase as compared to the same period in 2024 (January-July).

TÜRKIYE

I. Technical Barriers

Warning Statement

In June 2014, Türkiye introduced a new mandatory warning statement on all beverage alcohol products that states, “Alcohol is not your friend.” DISCUS remains concerned that this statement is unclear, does not reflect the current body of scientific evidence, and does not provide any useful information to consumers.

Request: DISCUS respectfully seeks the U.S. government’s continued support in raising concerns regarding the specific wording of the warning statement and urging that the statement be modified to reflect the body of scientific evidence with regard to alcohol consumption.

II. Other Barriers

Discriminatory Taxation

On December 24, 2024, Türkiye announced that it would increase its Special Consumption Tax (SCT) on imported distilled spirits by 12.5% and reintroduce its discriminatory tax regime as the increase excludes domestically produced raki. This unexpected increase occurred outside Türkiye’s regular biannual SCT increase to adjust for inflation in January and July. On January 3, 2025, Türkiye subsequently announced that as part of its regular biannual SCT tax increase, it would increase the SCT rate for all beverage alcohol products by 7.56%. The new rates went into effect on January 3, 2025. In July 2025, Türkiye increased the excise tax again. The current are below:

HS Code	Product Name	Minimum Fixed Tax Amount (TL)
22.08	Undenatured ethyl alcohol with an alcoholic strength of less than 80% by volume; spirits, liqueurs and other alcoholic beverages obtained by distillation [(2208.90.91; 2208.90.99) Except for undenatured ethyl alcohol with an alcoholic strength of less than 80% by volume, (except 2208.20; 2208.50; 2208.60; 2208.70 and 2208.90)]	1,777.80
2208.2	Alcoholic beverages obtained by distilling grape wine or grape marc	1,777.80

2208.5	Gin and Geneva	1,777.80
2208.6	Vodka (except 2208.60.91.00.00, 2208.60.99.00.00)	1,777.80
2208.60.91.00.00	Those in containers with a content not exceeding 2 liters (those with an alcohol level greater than 45.4% by volume)	1,777.80
2208.60.99.00.00	Those in containers exceeding 2 liters (those with an alcohol content greater than 45.4% by volume)	1,777.80
2208.7	Liqueurs	1,777.80
2208.9	Others (except 2208.90.48.00.11, 2208.90.71.00.11)	1,777.80
2208.90.48.00.11	Rakı (in containers with a content not exceeding 2 liters)	1,580.27
2208.90.71.00.11	Rakı (in containers with a content exceeding 2 liters)	1,580.27

For several years, Türkiye maintained a discriminatory SCT on imported distilled spirits (such as whiskey and rum) and a lower rate for domestically produced rakı. In April 2009, Türkiye revised the structure of its discriminatory tax by eliminating the ad valorem tax and lowering the minimum specific rates for all categories of spirits. In June 2009, the EU announced that Türkiye agreed to harmonize the tax rates for spirits by 2018. In May 2018, Türkiye announced that it harmonized its tax rates for all spirits.

Request: DISCUS urges the U.S. government to seek Türkiye’s commitment to apply a single, nondiscriminatory tax for all distilled spirits products consistent with GATT Art III para. 2.

Tax Stamps and Payment

In 2020, Türkiye’s Tobacco and Alcohol Market Regulatory Authority (TADB), a section under the Ministry of Agriculture, issued a circular requiring imported distilled spirits to pay their excise tax in advance to receive the necessary tax strip stamps, which are applied manually to the bottles. Under the circular, importers are required to predict sales three months out and pay the excise tax. Domestic producers are required to pay the excise tax within thirty days of the sale.

Accordingly, importers must carry the financial burden of paying the tax for nearly three months of sales before they receive the strip stamps. To the degree that the difference in administration places a greater burden on importers than on the domestic industry, DISCUS is concerned that there may be a potential GATT Art. III violation.

Request: DISCUS requests that the U.S. government urge Türkiye to remove the discriminatory aspect of its excise tax for spirits.

III. Trade Statistics

In 2024, U.S. spirits exports to Türkiye totaled nearly \$10.9 million, reflecting a 24% decrease from 2023. American Whiskey accounted for nearly 90% of total U.S. spirits



exports (USITC Dataweb). From January to July 2025, spirits exports from the U.S. reached \$9.4 million, a 65% increase compared with the same period in 2024 (January-July).

In 2024, Türkiye ranked as the 19th largest spirits market globally in terms of retail sales, with a market value of \$6.2 billion. Türkiye's whiskey market reached \$2.5 billion, with Scotch Whisky comprising 86% of the market and American Whiskeys accounting for 13% (Euromonitor).