



**DISTILLED SPIRITS COUNCIL**  
OF THE UNITED STATES

**USTR-2026-0067 and USTR-2026-0068: Initiation of Section 301 Investigations:  
Acts, Policies and Practices of Certain Economies Relating to Structural Excess  
Capacity and Production in Manufacturing Sectors (91 Fed. Reg. 12886 (March  
17, 2026))**

**Wednesday, May 6, 2026**

**Testimony of Chris Swonger on behalf of the Distilled Spirits Council of the  
United States**



Chair and members of the Section 301 Committee. Thank you for the opportunity to testify today.

My name is Chris Swonger, President and CEO of the Distilled Spirits Council of the U.S. (DISCUS) -- the leading voice and advocate for the U.S. spirits industry.

DISCUS strongly supports the Administration's goals of increasing U.S. manufacturing and exports and creating good-paying American jobs. We are working to help the Administration meet those goals. We applaud the Administration's efforts to reduce tariffs on U.S. spirits in markets including India, Argentina, Cambodia, Ecuador, Indonesia, Malaysia, Turkey, Switzerland, and Taiwan. These tariff reductions directly benefit American distillers and farmers.

America's spirits industry is a powerful economic engine. It generates more than \$250 billion in economic activity, supporting approximately 1.7 million American jobs across production, distribution, hospitality, and retail. Spirits are high value-added agriculture products and sourced more than 2.7 billion pounds of grains from American farmers in 2024, up more than 130% over the past decade.

But the U.S. spirits and hospitality sectors are facing significant economic headwinds. In 2025, domestic spirits sales declined by 2.2%, the first decline in decades, and U.S. spirits exports fell nearly 4%. A slowdown in the spirits market, combined with ongoing trade frictions, has started to result in year-over-year job losses at U.S. distilleries. According to Bureau of Labor Statistics data, U.S. distilleries lost 3.5% of their workforce, nearly 1,000 jobs, from 26,810 in September 2024 to 25,872 in September 2025 (the latest available data).

Restaurants and bars, which are critical to local economies and employment, continue to face rising costs and closures. In this environment, tariffs on imported spirits place additional strain on the sector. Alcohol sales are particularly consequential for restaurant profitability, accounting for 21% of the total revenue for full-service restaurants. This underscores the outsized role these products play in sustaining the broader hospitality sector.

The marketplace for spirits is unique. The U.S. is the world's second-largest spirits market and runs a trade deficit with other major spirits-producing countries, such as the EU, the UK, Canada, and Mexico. These are driven by consumer choice--not by unfair trade barriers--and the fact that certain spirits simply cannot be produced anywhere.

Specifically, the U.S. recognizes Scotch Whisky, Cognac, Irish Whisky, Tequila, and others as distinctive products that cannot be produced in the U.S. In exchange, the U.S. has secured



recognition of Bourbon and Tennessee Whiskey as distinctive products in 45 countries. This recognition supports authenticity, quality, and consumer trust in these quintessentially American spirits.

Tariffs also increase the risk of retaliation. When the EU imposed tariffs on American Whiskeys between 2018 and 2021, exports dropped 20% and rebounded by 60% once the tariffs were suspended. More recently, retaliatory sales bans on U.S. spirits sales in most Canadian provinces led to a 63% drop in exports to Canada in 2025.

Even the threat of tariffs creates uncertainty, negatively impacting exports. The EU has repeatedly suspended planned retaliatory tariffs on U.S. spirits and has now extended that suspension until August 2026; that uncertainty alone contributed to a 3% decline in U.S. spirits exports to the EU.

The U.S. spirits sector experienced significant growth prior to the current economic headwinds and market changes. Exports increased fivefold between 2000 and 2024, and spirits sales surpassed those of beer and wine over the past four years. This growth helped drive a renaissance in U.S. distilling, with the number of U.S. distilleries increasing from fewer than 100 in 2005 to more than 2,300 in 2024. However, the sector has experienced a 25% decline in the number of U.S. craft distilleries between August 2024 and August 2025.

In closing, we believe that exempting distilled spirits, particularly from the UK, EU, and from any current or future tariffs; preserving the open markets essential to our sector, such as the EU and UK; swiftly implementing recently secured agreements; and pursuing additional agreements in priority export markets will support the Administration's goals of increasing U.S. exports and creating good-paying American jobs across the hospitality sector.

I would be pleased to answer any questions.