



# An Agreement to Support the U.S. Hospitality and Spirits Sectors

*A proposal supported by the American Craft Spirits Association, American Distilling Institute, Distilled Spirits Council of the United States, Independent Restaurant Coalition, National Association of Beverage Importers, Wines and Spirits Shippers Association, and the Wine and Spirits Wholesalers of America.*

**Overview:** The U.S. hospitality sector is currently navigating significant challenges, with restaurant closures and an unemployment rate of 7.9% as of February 2025—one of the highest among all industries. The restaurant business operates on thin margins, making every revenue stream crucial. The sale of alcohol plays a vital role. For full-service restaurants, alcohol sales account for approximately 21% of their total sales, and distilled spirits make up around 45- 50% of these sales.

The U.S. hospitality sector is an essential pillar of the U.S. economy, providing 15.7 million jobs across the country. It has directly benefited from zero tariffs on most distilled spirits between the EU and the U.S., which applied from 1997 through June 2018. This allowed restaurants, bars, and retail establishments to satisfy U.S. consumers evolving tastes for a wide variety of distinctive spirits, including Bourbon, Cognac, Tennessee Whiskey, Tequila, etc.

The U.S. spirits sector is the model for fair and reciprocal trade. Since tariffs were eliminated in 1997, the value of U.S. spirits exports to the EU increased by nearly 620%, from \$171 million to nearly \$1.2 billion in 2024. As a result, the EU is the largest export market for American spirits and American Whiskeys. In 2024, the EU accounted 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.

Unfortunately, retaliatory tariffs imposed by the EU on American Whiskeys between June 2018-January 2022 resulted in a 20% decrease in American Whiskey exports to the EU. Since the tariff was suspended, American Whiskey exports surged by over 60% to surpass pre-tariff levels. We are concerned that the EU may again impose tariffs on American Whiskeys and other U.S. spirits.

The U.S. spirits sector can play a crucial role in supporting the Trump administration’s goals for U.S. job growth and manufacturing, which strengthens the economic vitality of our great country.

**Proposal:** We request that the Trump administration secure an agreement with the EU that will return and provide a significant boost to the longstanding fair and reciprocal zero-for-zero tariffs trade in spirits and support the U.S. hospitality sector.

This agreement would:

1. Ensure tariffs would not be imposed on spirits traded between the U.S. and EU;
2. Secure regulatory best practices for the labeling and certification of spirits;
3. Establish recognition for additional U.S. “distinctive spirits” categories; and
4. Establish a working committee on trade in spirits.

U.S. spirits producers stand ready to provide any support and information required to secure this 21st-century agreement that would help increase U.S. spirits exports and support the U.S. hospitality sector. Further details on this U.S. industry proposal are provided below.

## **I. Secure Regulatory Best Practices of the Labeling and Certification of Spirits**

In the U.S.-Mexico-Canada Agreement (USMCA)<sup>1</sup>, EU-Mexico spirits agreement, and EU - MERCOSUR Trade Agreement, both the EU and U.S. included important new provisions detailing regulatory best practices for spirits (and wine) regarding labeling and certification. The commitments in the two agreements are broadly consistent with one another and widely supported by the industry.

A U.S.-EU agreement on regulatory best practices concerning labeling and certification will establish model 21st-century standards that third countries will look to as they negotiate new trade agreements and draft new regulations. Thus, securing these agreed-upon practices while exploring the potential of e-labeling, will strengthen the development of reasonable, science-based regulations for distilled spirits worldwide and advance mutual international trade priorities in third countries.

***Request:*** *We urge the U.S. and EU to agree on provisions detailing regulatory best practices for distilled spirits regarding labeling and certification, building upon the provisions included in the USMCA, the EU-Mexico spirits agreement and the agreement concluded between the EU & MERCOSUR, and which would consider the potential of e-labeling.*

## **II. Secure Distinctive Product Recognition for Additional Spirits**

In 1994, the U.S. and the EU signed the “Agreement in the Form of An Exchange of Letters Between the European Community and the United States of America on the Mutual Recognition of Certain Distilled Spirits/Spirit Drinks.”<sup>2</sup> Under the agreement, the EU agreed to recognize and protect “Bourbon,” “Bourbon Whiskey” and “Tennessee Whiskey” as distinctive products of the U.S. In return, the U.S. agreed to recognize and protect “Irish Whiskey,” “Cognac,” “Armagnac,” “Calvados,” and “Brandy de Jerez.”

Expanding the U.S.-EU exchange of letters to include other commercially significant distilled spirits products in the future was expressly contemplated in the agreement, which states:

“The USA and the EC agree to meet at a mutually convenient time in the future to discuss the possibilities of extending restrictive recognition to additional distilled spirits/spirits drinks products which either Party may propose for such consideration<sup>3</sup>.”

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<sup>1</sup> Annex 3-C. Distilled Spirits, Wine, Beer and Other Alcohol Beverages:  
[https://ustr.gov/sites/default/files/files/agreements/FTA/USMCA/Text/03\\_Agriculture.pdf](https://ustr.gov/sites/default/files/files/agreements/FTA/USMCA/Text/03_Agriculture.pdf)

<sup>2</sup> 1994 U.S. and EU exchange of letters: <https://www.ttb.gov/images/pdfs/us-ec-spiritsagreement.pdf>.

<sup>3</sup> See paragraph C in letter 1

**Request:** *We request that the U.S. and EU expand the list of spirits products covered by the 1994 U.S.-EU Agreement and recognize “American Rye Whiskey” and “American Single Malt Whiskey” as distinctive products of the U.S., subject to the category definition and labeling rules of the market in which they are sold.*<sup>4</sup>

### **III. Establish a Joint Working Committee on Trade in Spirits**

The U.S. and EU distilled spirits industries have a long history of working together in close coordination with our respective governments to support efforts to open overseas markets for our exports and address discriminatory tariff and non-tariff barriers to trade. This has included the close work of the U.S. and EU to tackle a wide range of the non-tariff barriers impacting spirits imports in third markets through the WTO’s Committees on Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary Measures (SPS) and the WTO Dispute Settlement Body<sup>5</sup>. Through the USMCA and EU agreements with Mexico and MERCOSUR, our governments have also worked to foster increased international cooperation in our industry by establishing committees to promote trade in beverage alcohol products.

**Request:** *We urge the U.S. and EU to establish a working committee on trade in spirits to address any bilateral issues that may arise, explore possible future regulatory coherence and work collectively to address common concerns in third markets. This Committee could provide a platform to engage with other spirits producing countries to promote global standards, access and to coordinate positions between the EU & the US in the frame of discussions & activities of international bodies that have an impact on spirits (such as the WTO or Codex Alimentarius).*

**Conclusion:** There is a tremendous opportunity at this time to secure a bilateral sectoral agreement on spirits that will return and safeguard zero-for-zero tariffs for spirits trade, benefiting the U.S. hospitality and spirits sectors. The spirits sector serves as a model for growth through fair and reciprocal trade, characterized by zero-for-zero tariffs. Such an agreement will support the administration’s goals of promoting U.S. exports and job growth.

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<sup>4</sup> EU: [Regulation \(EU\) 2019/787 of the European Parliament and of the Council of 17 April 2019 on the definition, description, presentation and labelling of spirit drinks, the use of the names of spirit drinks in the presentation and labelling of other foodstuffs, the protection of geographical indications for spirit drinks, the use of ethyl alcohol and distillates of agricultural origin in alcoholic beverages, and repealing Regulation \(EC\) No 110/2008](#); Regulation (EU) No 1169/2011 of the European Parliament and of the Council of 25 October 2011 on the provision of food information to consumers; U.S.: [27 CFR, Part 5 – Labeling and Advertising of Distilled Spirits](#)

<sup>5</sup> see Japan – Alcoholic Beverages (DS8, 10 and 11); Korea – Alcoholic Beverages (DS 75 and 84); Chile – Alcoholic Beverages (DS 87 and 110), and Philippines -- Taxes on Distilled Spirits (DS396 and DS403)