Kicking the Bottle Down the Road: Big Bourbon Breathes a Sigh of Relief

Dec 20, 2023

Categories:

Blogs
Publications
Tax Law Defined™ Blog

Authors:

Charles M. Johnson

As a major update to our recent article, trade representatives for the European Union (EU) announced that the 50% tariffs on American whiskey slated to take effect January 1, 2024 have been suspended by agreement until March 31, 2025.[1] Rather than face the increase on New Year's Day to 50% tariff on American whiskey (bourbon, rye, Tennessee and other whiskeys) exported to the EU and elimination of existing exemptions for steel and aluminum imported to the U.S. from EU countries,[2] a temporary deal has been brokered to extend the status quo for 15 months until after the presidential election in the U.S. and forestalling further economic turmoil caused by likely trade disruptions associated with such tariffs.[3] American whiskey manufacturers can now breathe a sigh of relief until a permanent solution can be achieved, which is currently complicated by broader trade issues.

The EU has taken the first step in publishing its agreement to extend on December 19, 2023, and the U.S. must follow through with procedures on its end to approve the deal, expected to be forthcoming prior to January 1, 2024. Vladis Dombrovskis, Commissioner for Trade for the EU, states that this agreement will give "our importers and exporters market stability and business confidence to trade smoothly."[4] Eric Gregory, President of the Kentucky Distillers Association, stated, "The retaliatory tariffs were set to double to 50% on January 1, 2024, which would have caused a devastating blow to our signature industry…As bourbon takes years to perfect, a permanent solution will bring certainty to our distillers as they look to continued growth and investments in international markets."[5] Chris Swonger, President and CEO of the Distilled Spirts Council of the United States stated, "We greatly appreciate the efforts of the Biden administration to secure an extended suspension of the retaliatory tariffs on American Whiskeys."[6]

The suspension of the EU retaliatory tariffs bodes well for the continued and unparalleled growth of the bourbon and distilled spirits industry in the U.S.

For more information, contact any attorney with Frost Brown Todd's Consumable Goods team.

---

[1] https://www.bbc.com/news/business-67758395
[2] When the Ball Drops on Bourbon: Distillers Face Looming Tariffs on U.S. Exports to EU – Frost Brown Todd | Full-Service Law Firm
[3] https://www.distilledspirits.org/news/discus-statement-on-the-u-s-and-eu-agreement-to-extend-the-suspension-of-eu-tariffs-on-american-whiskey-until-march-31-2025/
[4] EU prolongs tariff suspension for US products (europa.eu)
[5] https://kybourbon.com/industry-news/kda-statement-on-delay-of-bourbon-tariff-increase/
[6] https://www.thespiritsbusiness.com/2023/12/eu-extends-american-whiskey-tariff-suspension/