

Annual Economic Briefing

February 5, 2026



DISTILLED SPIRITS COUNCIL
OF THE UNITED STATES

Presenters



Chris Swonger
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*Chief, Policy, Strategy &
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Robert Cullins
**Disaronno International
USA LLC**
Chief Executive Officer



Hasan Bakir, Ph.D.
**Distilled Spirits Council
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*Economics & Strategic
Analysis*

2025 Economic Overview

- U.S. spirits sector maintained market share lead of total beverage alcohol market
- U.S. spirits supplier revenue declined -2.2%
- U.S. spirits volume grew 1.9%

Spirits Industry is Major Contributor to U.S. Economy



U.S. is second largest spirits market in the world



Generates \$250 billion in U.S. economic activity annually



Supports more than 1.7 million jobs through the production, distribution and sale of distilled spirits in the U.S.



2,300 distilleries across the U.S.



In 2024, used 2.7 billion pounds of grains in production of U.S. whiskey, brandy, rum, gin and vodka



Christine LoCascio

**Distilled Spirits Council
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*Chief, Policy, Strategy &
Membership*



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Marketplace Trends



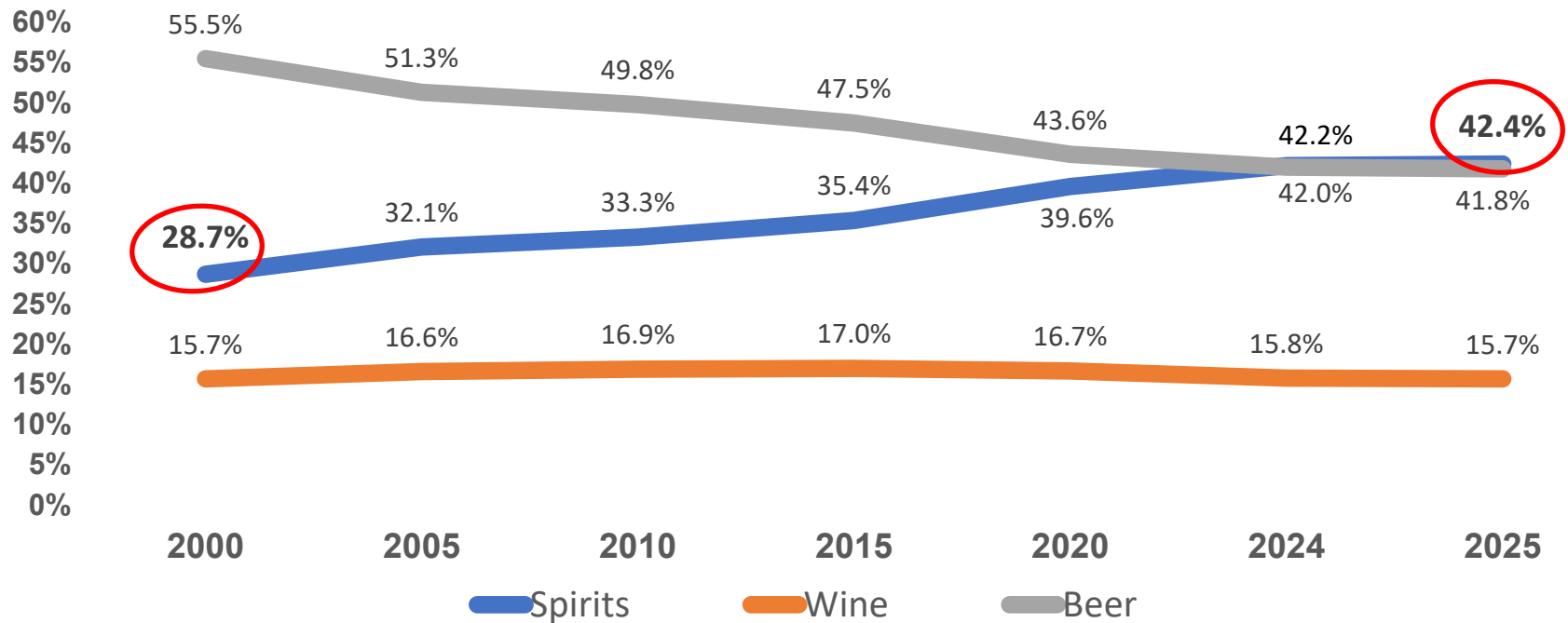
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Spirits Maintain U.S. Market Share Lead



13 Points of Market Share Since 2000. Each point worth \$860 million in supplier revenue.

U.S. Market Share by Supplier Revenue



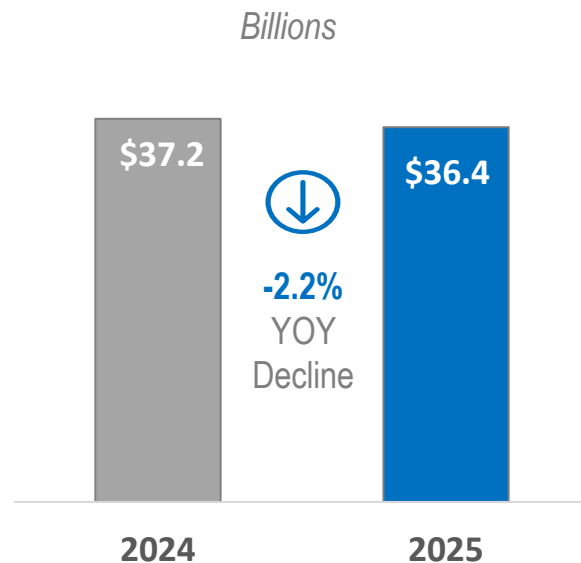
Sources: Derived from industry financial reports, Beverage Information Group Handbooks, NABCA FOB prices, DISCUS Brand Data and Council Estimates

U.S. Spirits Market Snapshot in 2025

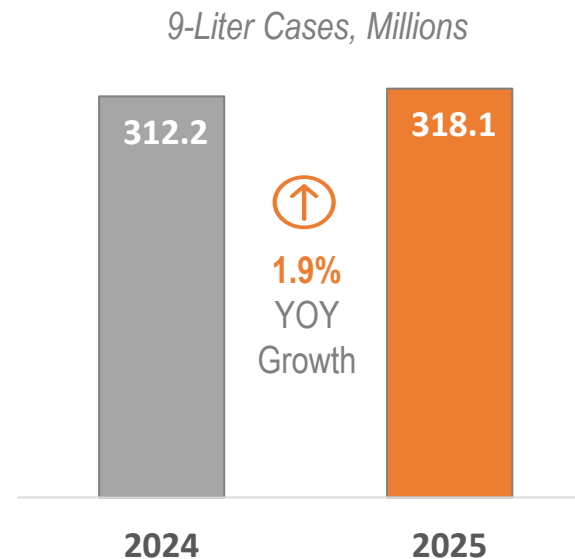


Revenues Total \$36.4 Billion; Volumes Total 318.1 9-Liter Cases

Revenue Decreased by \$814M



Volume Increased by 5.9M



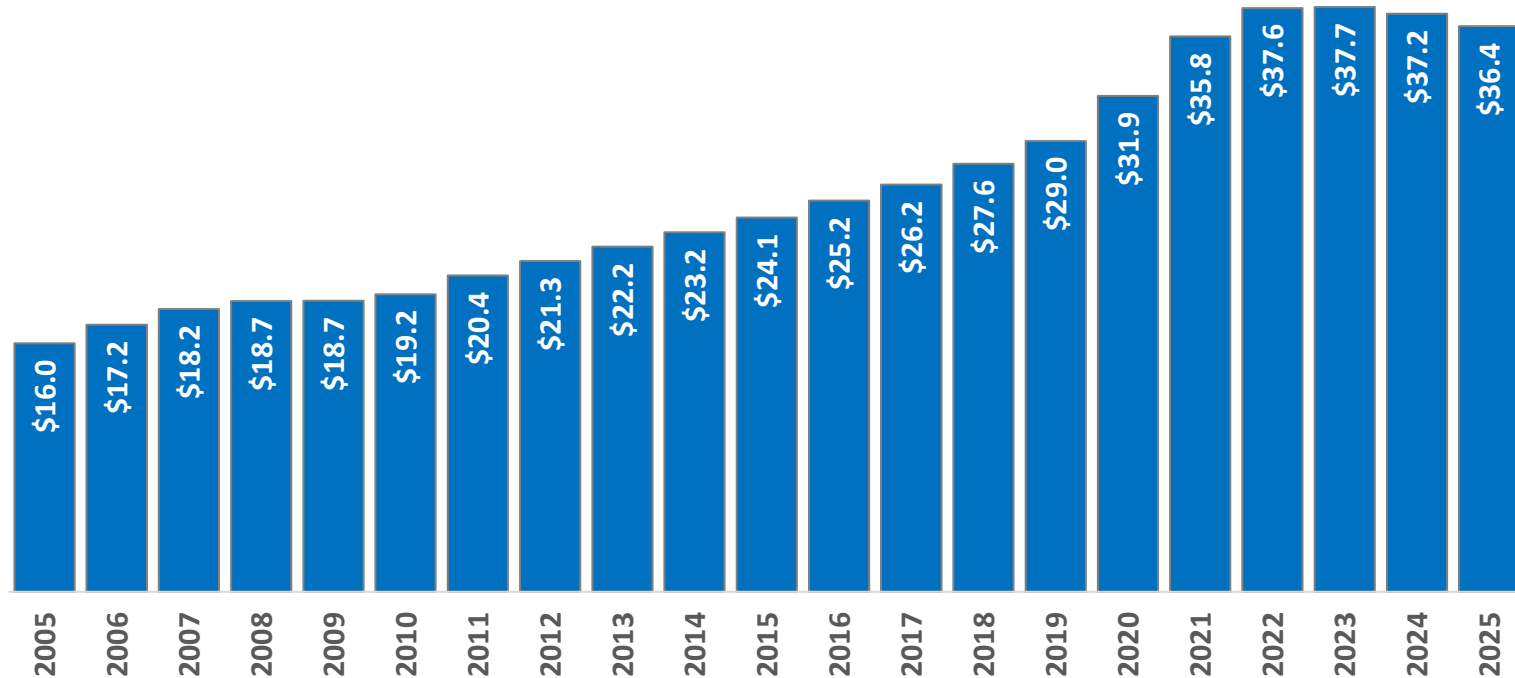
Source: DISCUS Market Segmentation Database, IWSR, and various industry publications.

Note: Excluding Cocktails/RTDs, the spirits industry revenue and volume declined by \$1.4 billion (4%) and 6.5 million 9-liter cases (2.7%), respectively.

Spirits Revenues Have More Than Doubled in the Last 20 Years



Spirits Revenue, Billions

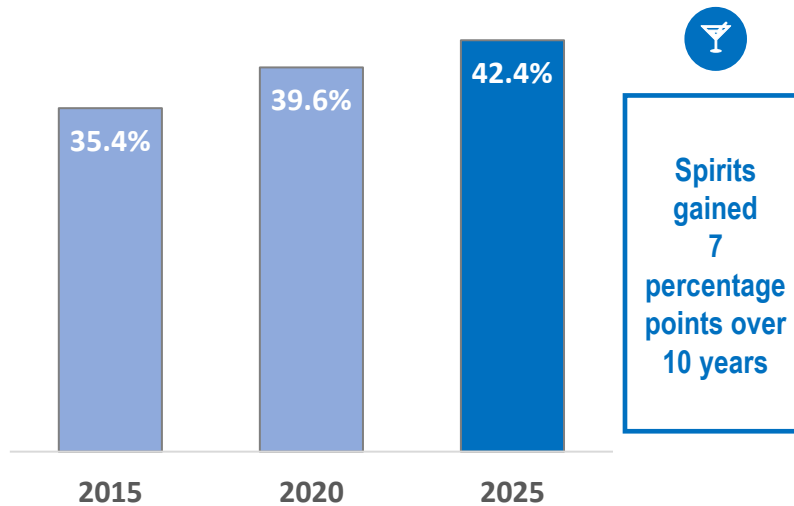


Source: DISCUS Market Segmentation Database, IWSR, and various industry publications.

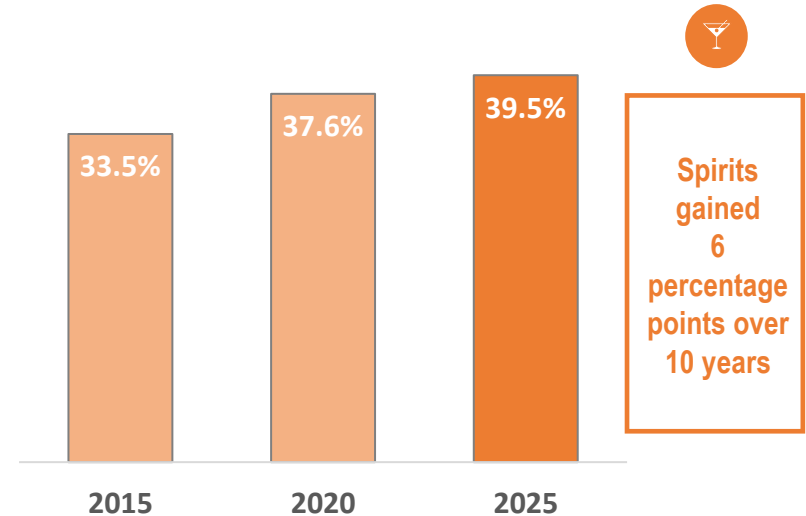
A Decade of Significant Market Share Gains



Spirits Account for more than 42% of U.S. Alcohol Industry Revenue in 2025



Spirits Account for more than 39% of U.S. Alcohol Industry Volume in 2025



Challenging Market Dynamics in 2025

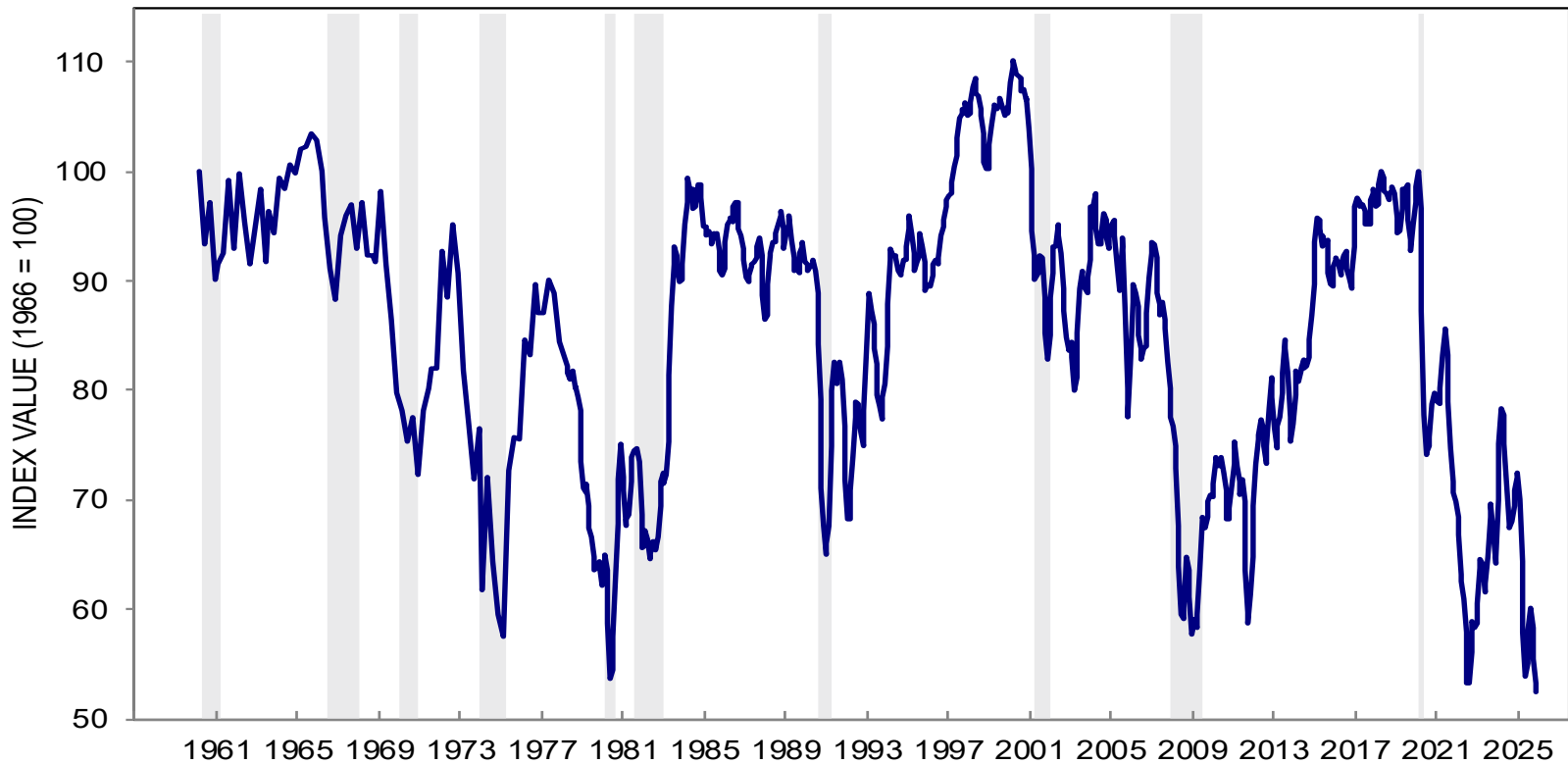


- Consumer sentiment has declined to historic lows
- Persistent inflation, especially in housing, healthcare and insurance, continues to erode discretionary income
- Younger adults relatively new to the workforce have lower purchasing power

Consumer Sentiment is at Historic Low



THE INDEX OF CONSUMER SENTIMENT



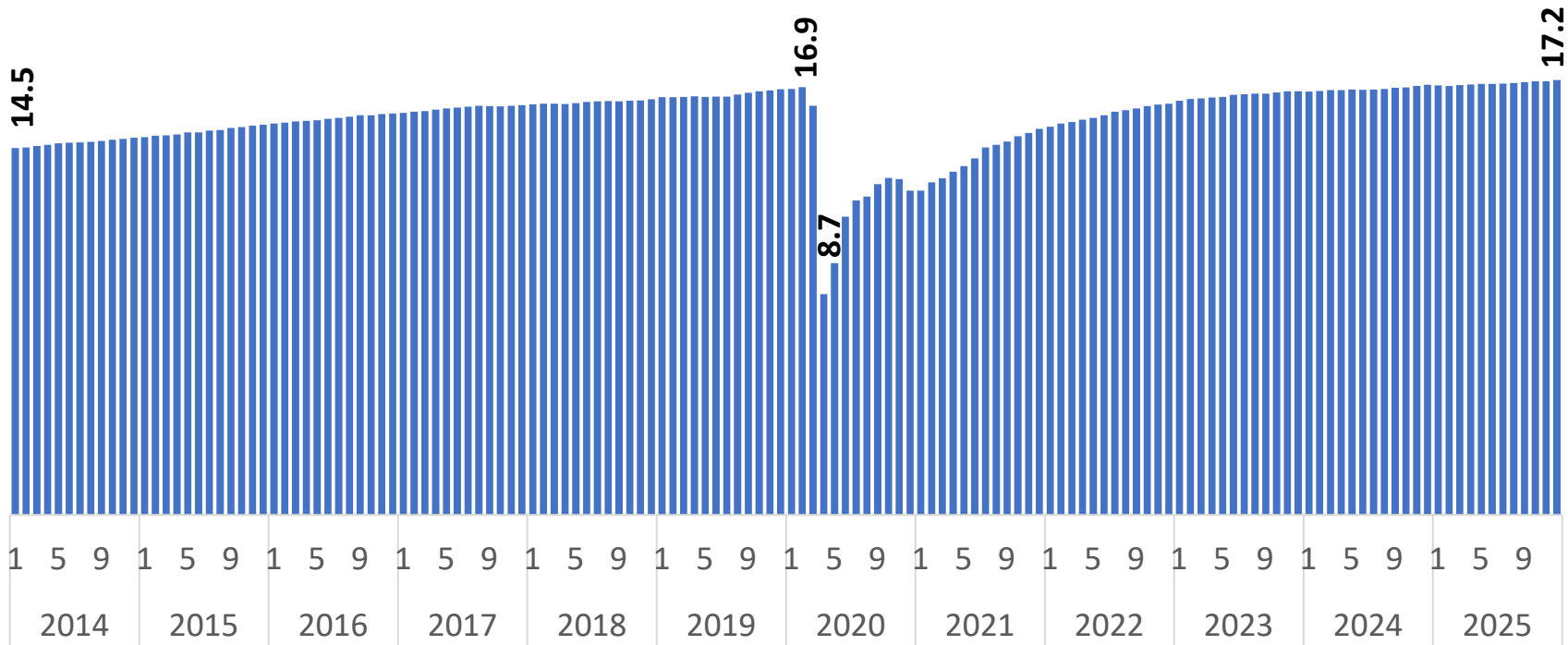
Source: University of Michigan, Survey of Consumers

Severe Lack of Job Growth in Hospitality Industry Following COVID



Hospitality industry employment is only up 278,000 compared to pre-pandemic levels. From Feb. 2014-Feb. 2020, the industry added 2.4 million jobs.

Millions





Consumer Trends

Consumers continue to choose spirits-based RTDs



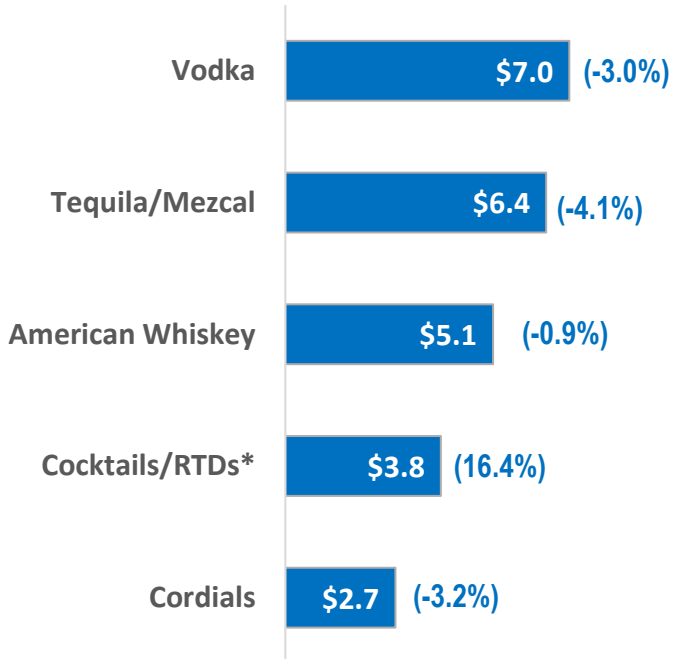
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Vodka Remains Top Spirits Category by Revenue; RTDs Show Impressive Overall Growth



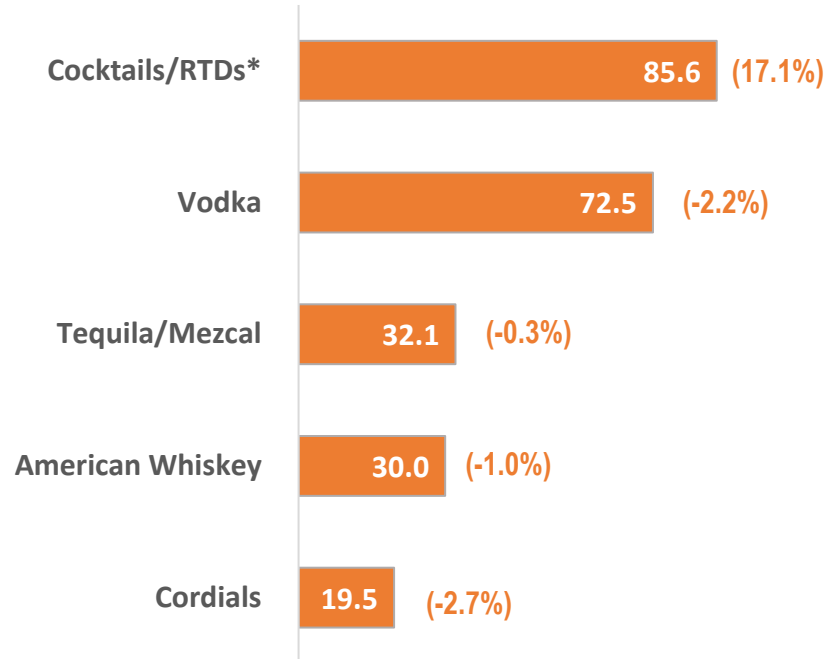
Top 5 Spirits by Revenue

Billions (2024-25 Growth)



Top 5 Spirits by Volume

9-Liter Cases, Millions (2024-25 Growth)



Source: DISCUS Market Segmentation Database, IWSR, and various industry publications.

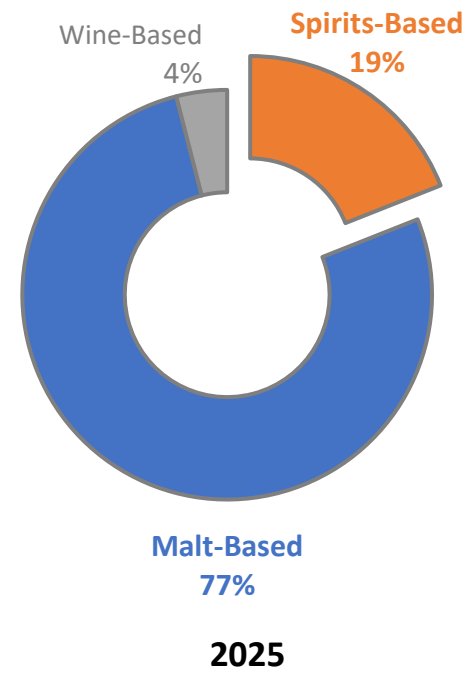
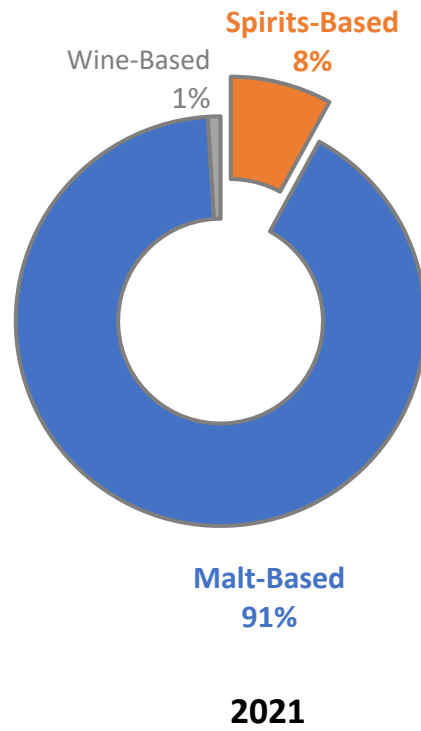
*Pre-mixed Cocktails, including spirits-based RTDs.

Consumers Increasingly Prefer Spirits-Based RTDs



Spirits Continue to Grow Share of the RTD Market

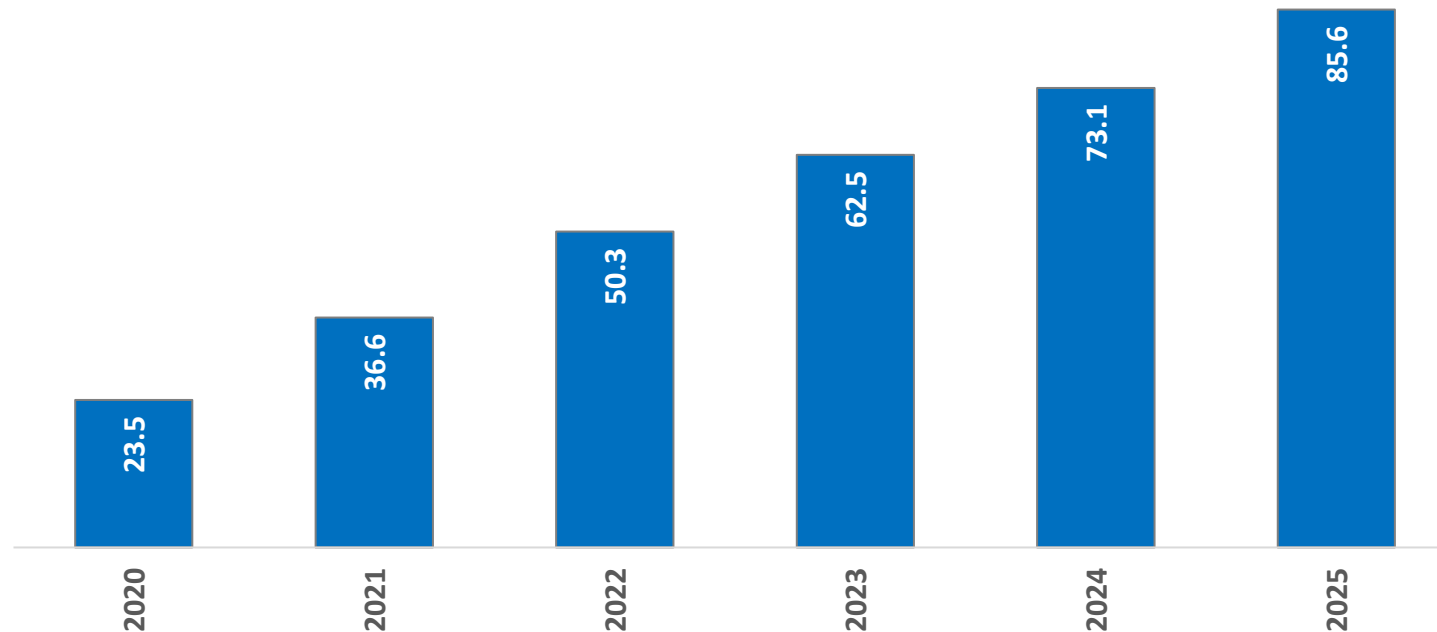
Share of Market Volume



Spirits-Based RTD Volume Sales Nearly Quadrupled Over the Past 5 Years



9-Liter Cases, Millions



Source: DISCUS Market Segmentation Database and IWSR

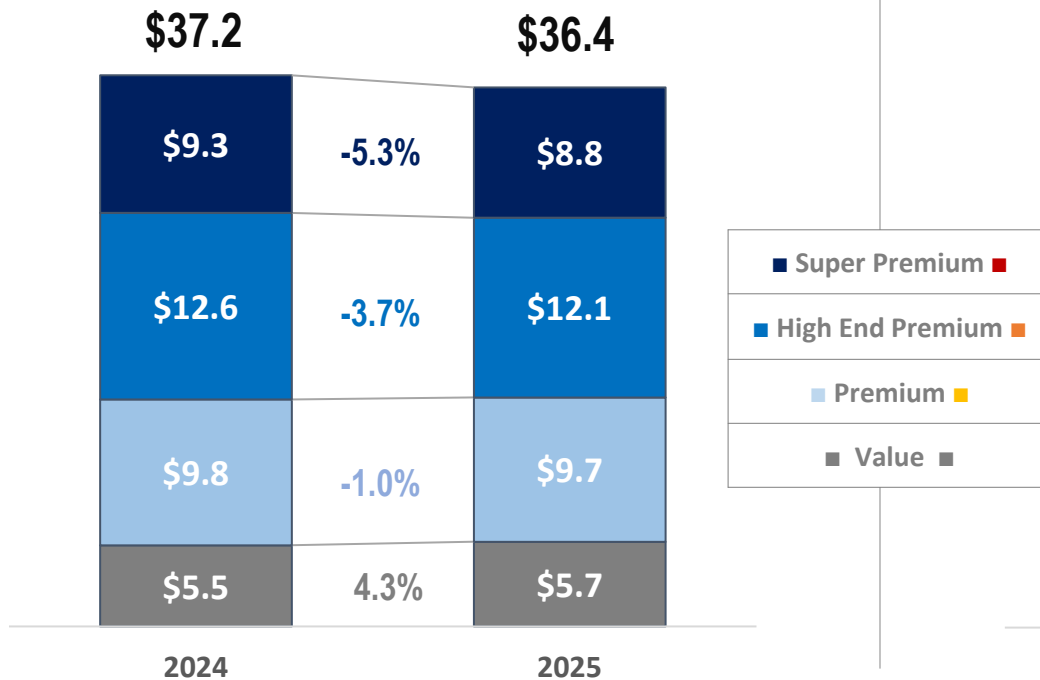
No Evidence of De-Premiumization

58% of total revenue is accounted for by high end & super premium



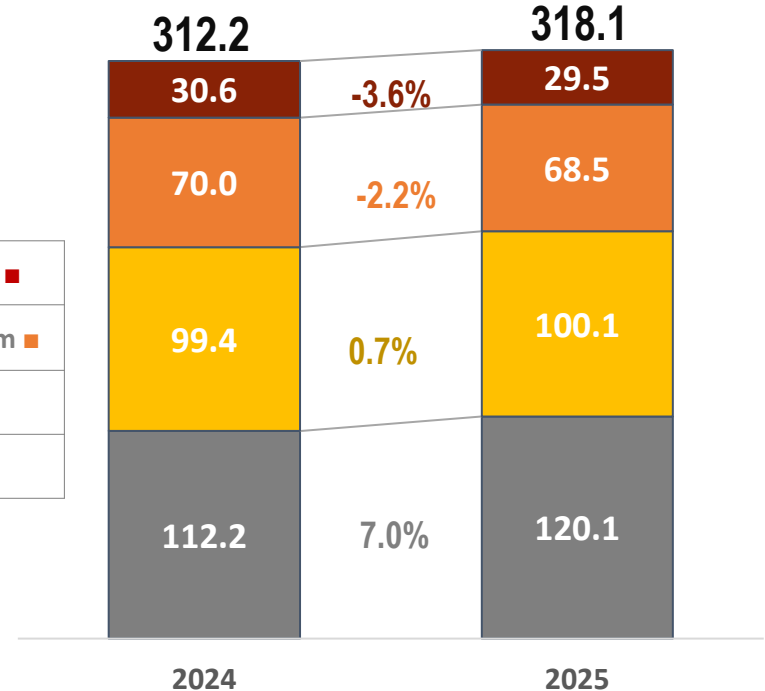
Total Spirit Revenue Declined -2.2%

Billions



Total Spirit Volume Rose 1.9%

9-Liter Cases, Millions



Source: DISCUS Market Segmentation Database, IWSR, and various industry publications.

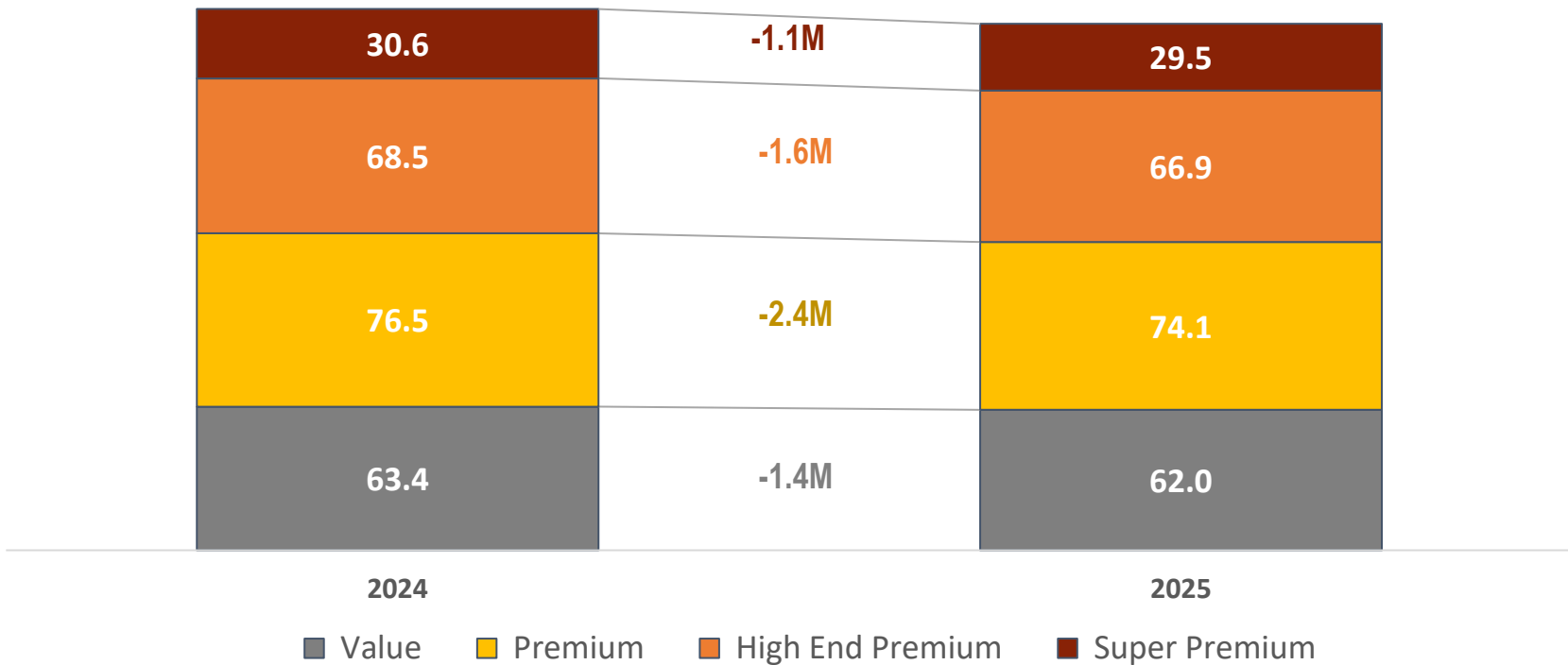
No Evidence of Market Share Loss to Value and Premium for Spirits Excluding Cocktails/RTDs*



High end & super premium accounted for 41.4% of volume in 2025 versus 41.5% in 2024

Spirits excluding Cocktails/RTDs*

9-Liter Cases, Millions



Source: DISCUS Market Segmentation Database, IWSR, and various industry publications.

*Pre-mixed Cocktails, including spirits-based RTDs.

Spirits Exports, Imports & the Impact of Tariffs



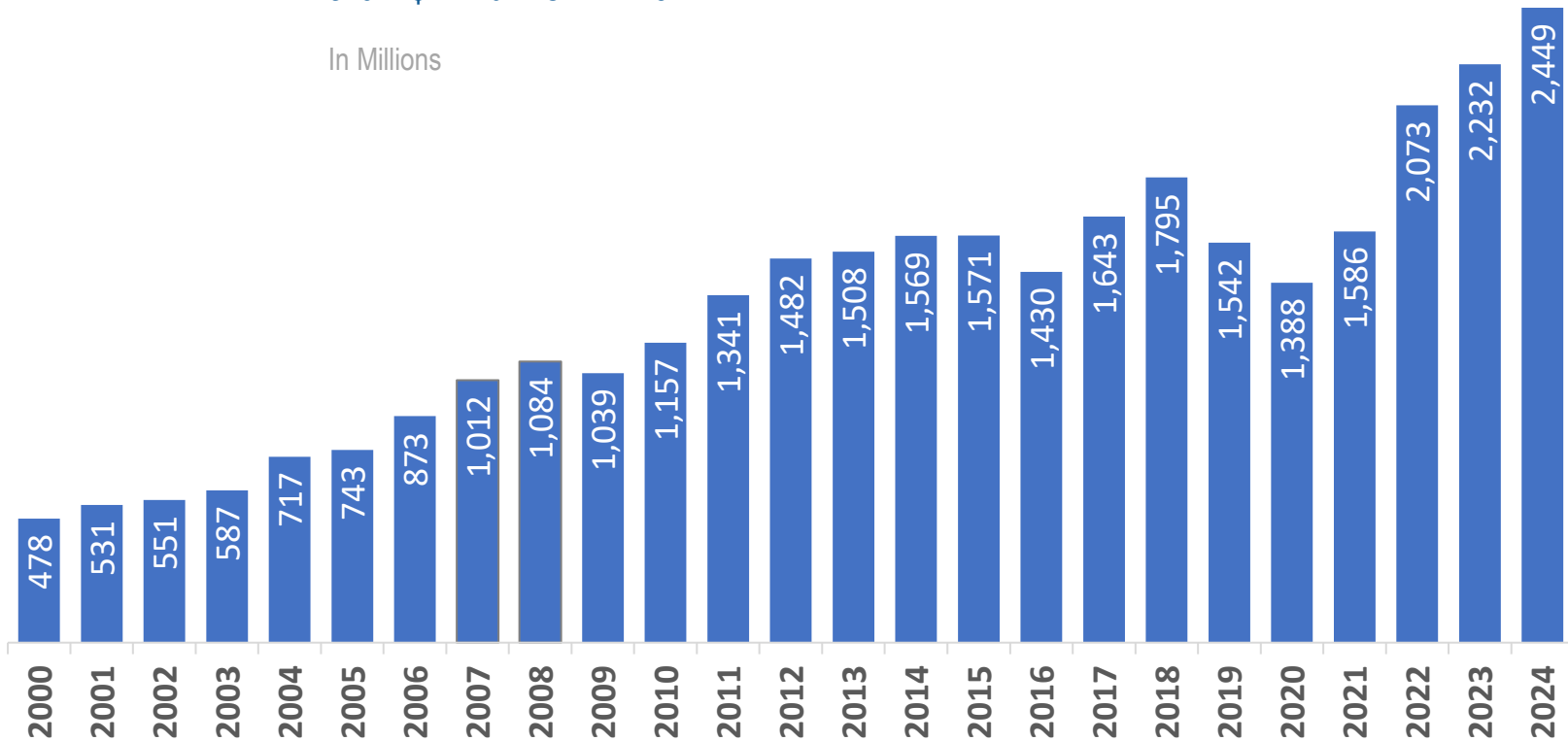
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U.S. Spirits Exports Have More Than Quintupled Since 2000



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

In Millions



Tariff Turbulence Disrupts the Industry's Longstanding Zero-for-Zero Access with Key Markets



European Union

- U.S. tariff: 15%
- EU tariff: 0%, 30% retaliatory tariff suspended
- Trade negotiations ongoing



United Kingdom

- U.S. tariff: 10%
- UK tariff: 0%
- Trade negotiations ongoing



Canada

- U.S. tariff: 0% for goods under the USMCA
- Canadian tariff: 0%
- All but two Provinces continue to ban the sale of U.S. spirits
- USMCA under review



Mexico

- U.S. tariff: 0% for goods under the USMCA
- Mexican tariff: 0%
- USMCA under review

Progress has been Achieved in Reducing Tariffs and Other Barriers to U.S. Spirits Exports



India

- Tariff on American Whiskey Reduced from 150 to 100%



Türkiye

- Eliminated 70% retaliatory tariff on American spirits



El Salvador*

- Committed to “modify the application of its domestic excise tax on distilled spirits so as not to discriminate against U.S. distilled spirits exports compared to any like, directly competitive, or substitutable products”



Malaysia*

- Tariffs will be eliminated over 9 years

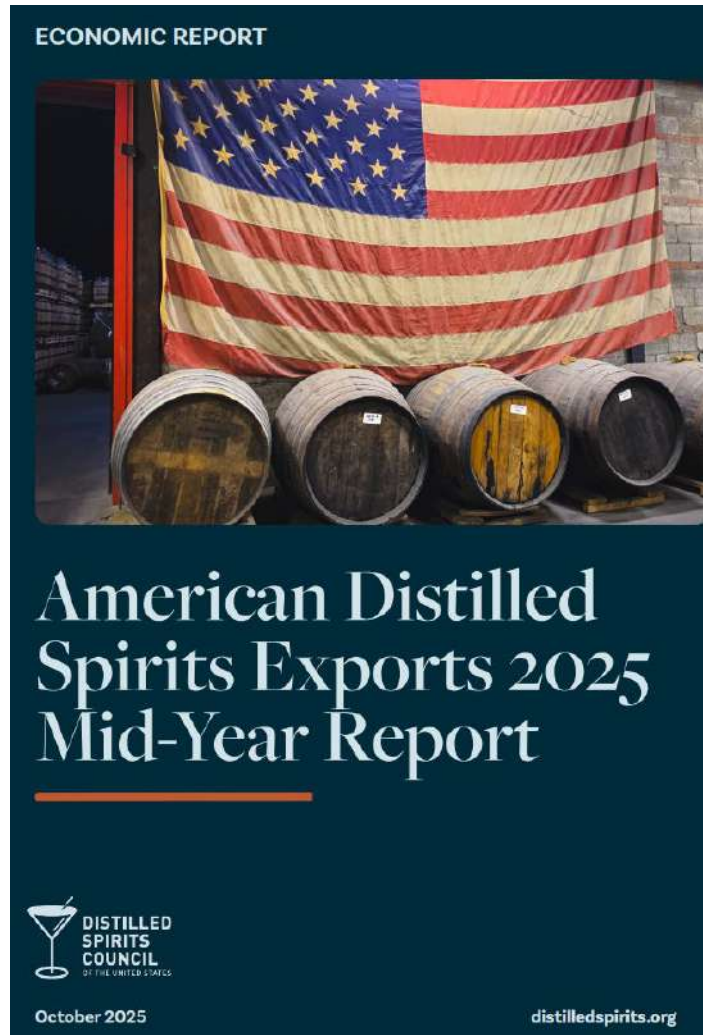


Cambodia*

- 35% tariffs on U.S. spirits will be eliminated immediately

*Not yet implemented.

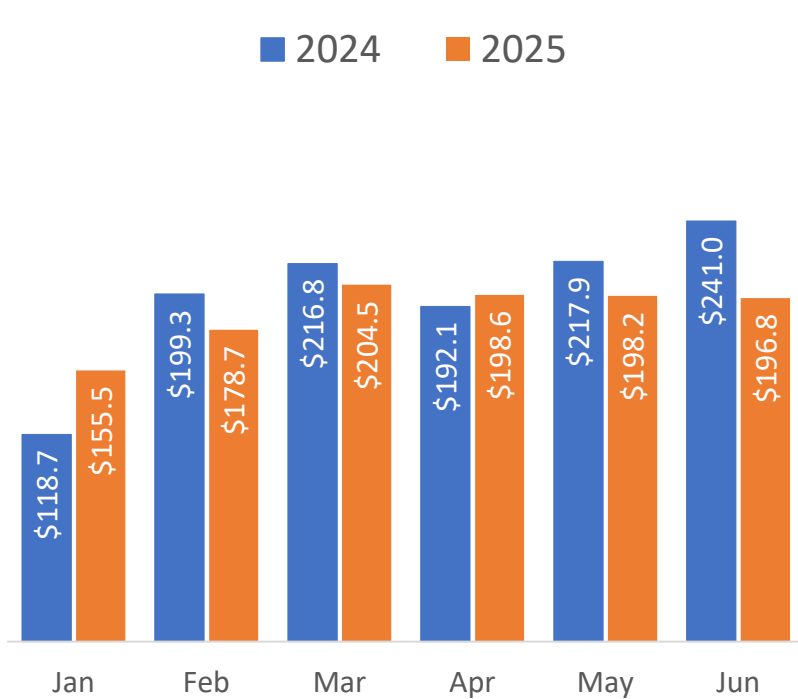
Mid-Year Export Report Showed Declines; Full 2025 Report will be Issued in March



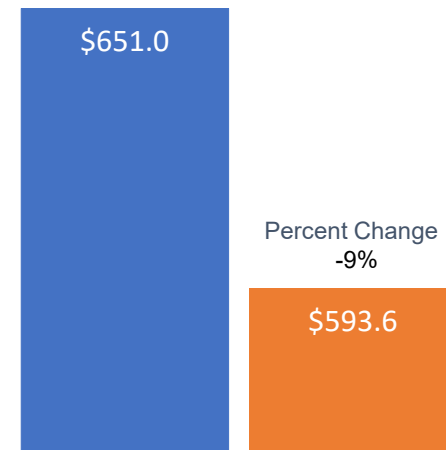
Spirits Exports Declined 9% Year-Over-Year Through the Second Quarter of 2025



Exports, Millions



2024 Q2

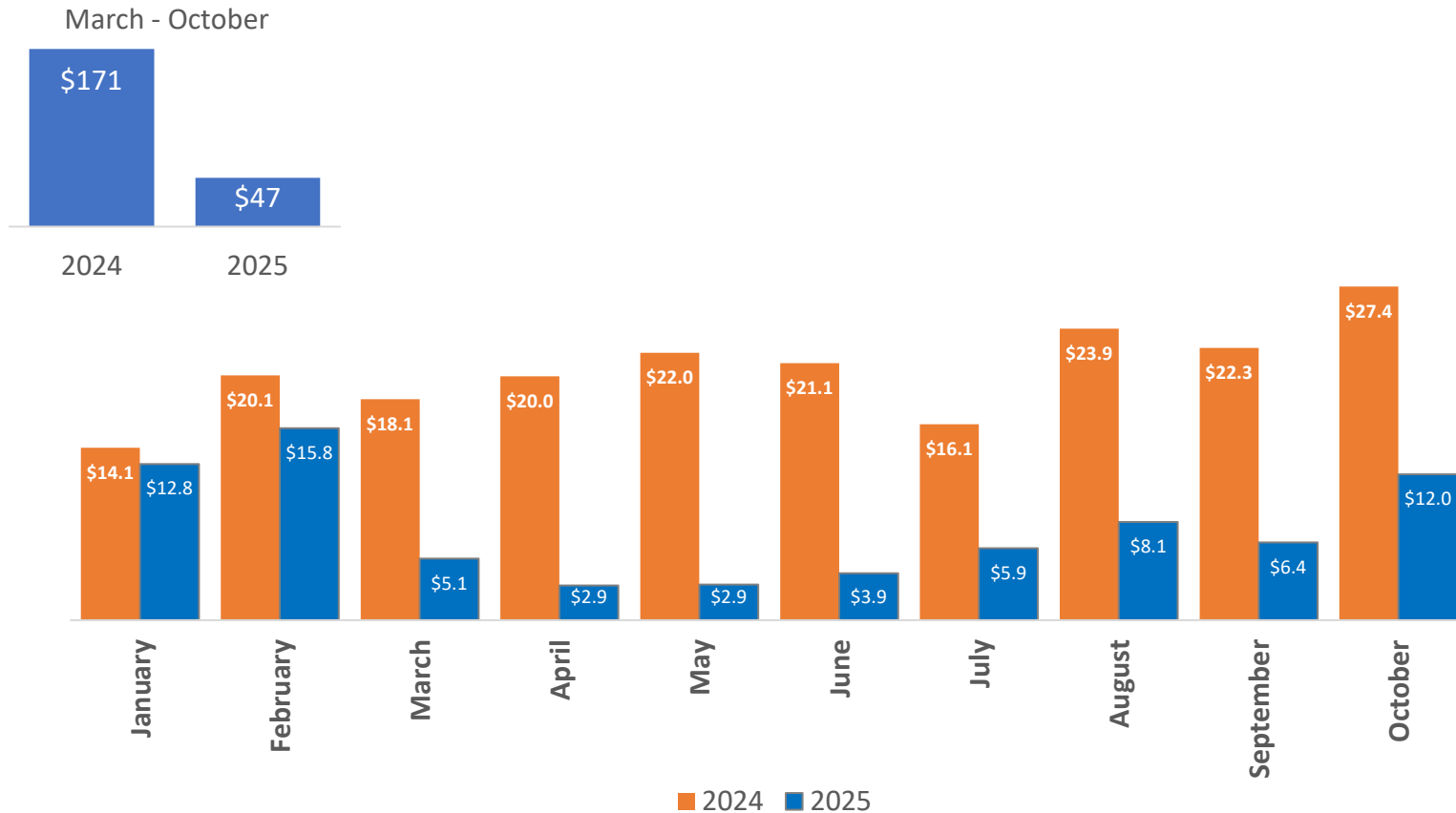


Source: USITC, DISCUS Calculations

Distilled Spirits Exports to Canada Dropped 73% Year-Over-Year Between March and October 2025



Spirits Exports, Millions

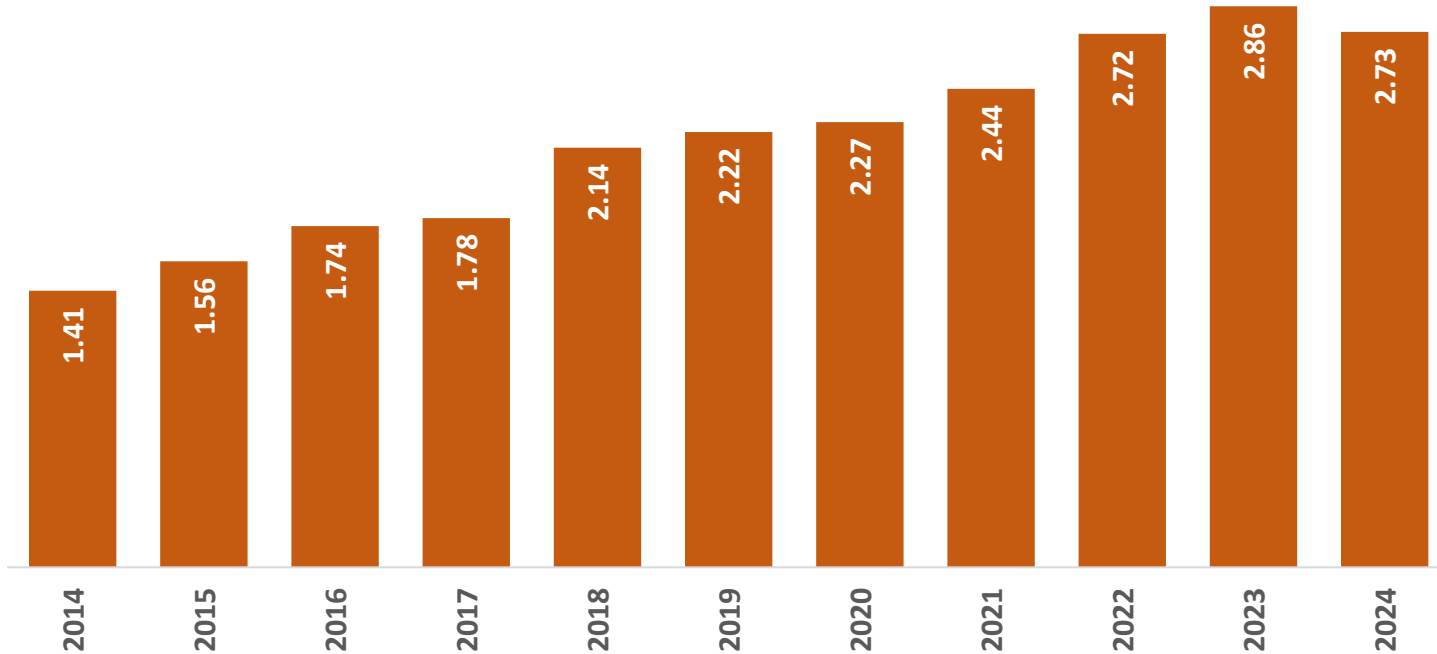


Grain Use in U.S. Spirits Production Up 93% Over Last Decade; Dipped 5% in 2024



From 1.41 billion pounds in 2014 to 2.73 billion pounds in 2024

Billions



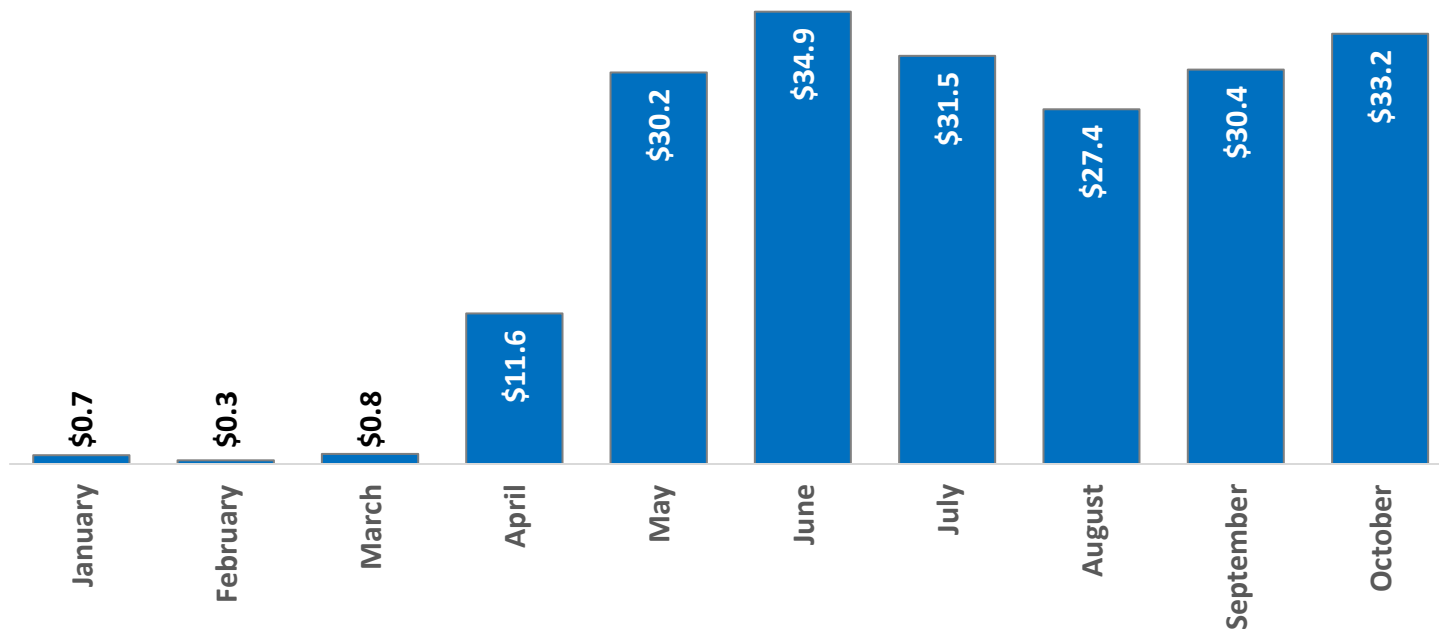
Note: Includes only estimated grain use in the production of Whiskey, Brandy, Rum, Gin and Vodka.

Source: TTB, U.S. Department of the Treasury.

U.S. Spirits Importers Have Paid More Than \$200 Million in Tariffs in 2025 Through October



Spirits Import Duties, Millions



U.S. Coalition Unites Entire Beverage Alcohol Industry Against Spirits & Wine Tariffs



57 U.S. associations representing U.S. hospitality industry:

- Spirits and wine producers
- Restaurants
- Wholesalers
- Retailers
- Importers
- Logistics providers
- Craft distiller guilds

Two petitions secured more than 40,000 signatures opposing tariffs





Robert Cullins

Disaronno International USA LLC

Chief Executive Officer



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Disaronno is a Global Spirits Company with EU and U.S. Brands in its Portfolio



DISARONNO

- World's leading amaretto liqueur
- Produced in Saronno, Italy
- Celebrated its 500th Anniversary in 2025
- U.S. is the largest market
- U.S. consumers appreciate its rich heritage and mixability



SAGAMORE SPIRIT

- Waterfront distillery in Baltimore, MD
- Revived Maryland's historic rye whiskey tradition and a major purchaser of locally grown rye
- Exports have increased 15% over past 5 years/ Exporting to more than 20 countries
- Generates more than 75 jobs and economic activity across Baltimore
- A signature destination, boosting tourism, supporting restaurants, hotels and small businesses

Trade Tensions are Having Significant Impacts on our Business



- **Spirits sector is highly interconnected**
 - Many spirits companies, like ours, own brands on both sides of the Atlantic with additional substantial holdings in both China and India
- **Double blow, which is impacting our bottom line**
 - U.S. tariffs hitting our Disaronno brand in the American marketplace
 - Sagamore Spirits and other American spirits still off store shelves in most of Canada
 - Threat remains of EU reimposing retaliatory tariffs on American Whiskey
- **Ongoing uncertainty creates significant challenges**
 - Long-term planning and investment are being disrupted
- **A permanent return to tariff-free trade is essential**
 - Will protect jobs, investment and growth in the United States





Chris Swonger

**Distilled Spirits Council
of the United States &
Responsibility.org**

President & CEO



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Key Policy Victories & Legislative Priorities



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2025 Key Victories



- U.S. spirits exports remain tariff free
- RTD market access improvements in CT, IN, ME & VA; Expanded RTD sales to 400 private beer/wine licensees in Montgomery County, MD
- Defeated tax threats in 13 states
- 3rd party delivery secured in Arizona and Virginia
- Cocktails to-go permanency in Nevada and Vermont, bringing total to 32 states + D.C.
- Closed federal loophole that unintentionally legalized the sale of intoxicating hemp – unlike alcohol these products are neither taxed nor regulated by the federal government

2026 DISCUS Legislative Priorities



- Securing the permanent return to zero-for-zero tariffs on all distilled spirits
- Securing the return of U.S. distilled spirits products to all Canadian store shelves
- Defending distilled spirits sector from federal and state tax increases
- Ensuring intoxicating hemp products are recognized as THC products and are appropriately regulated and taxed at the federal and state level
- Securing fairer tax treatment & increased retail access for spirits ready-to-drink products in the states
- Expanding marketplace modernizations including spirits direct-to-consumer shipping

DISCUS
annual conference

LOUISVILLE
★ 2026 ★



March 3 - 5

Omni Louisville

A photograph of two women sitting on a couch, laughing and talking. The woman on the left is holding a drink. The background shows other people in a social setting. The entire image is overlaid with a blue tint.

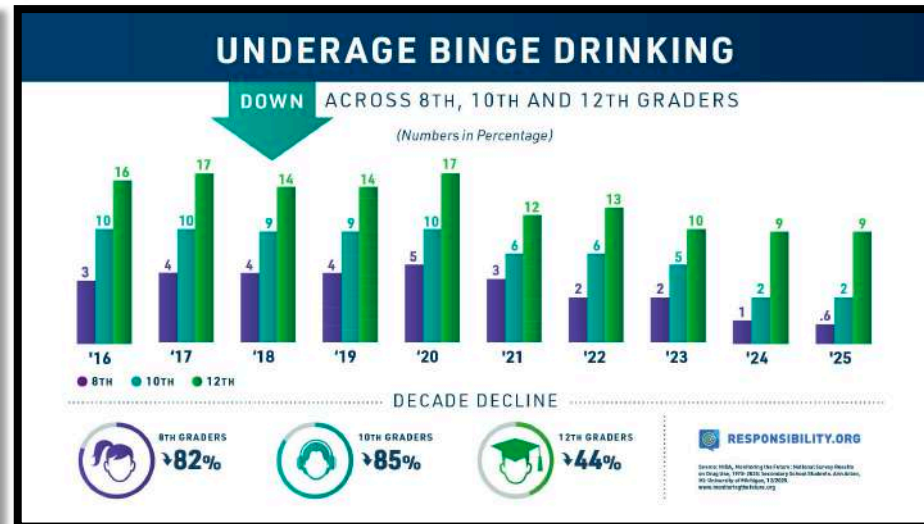
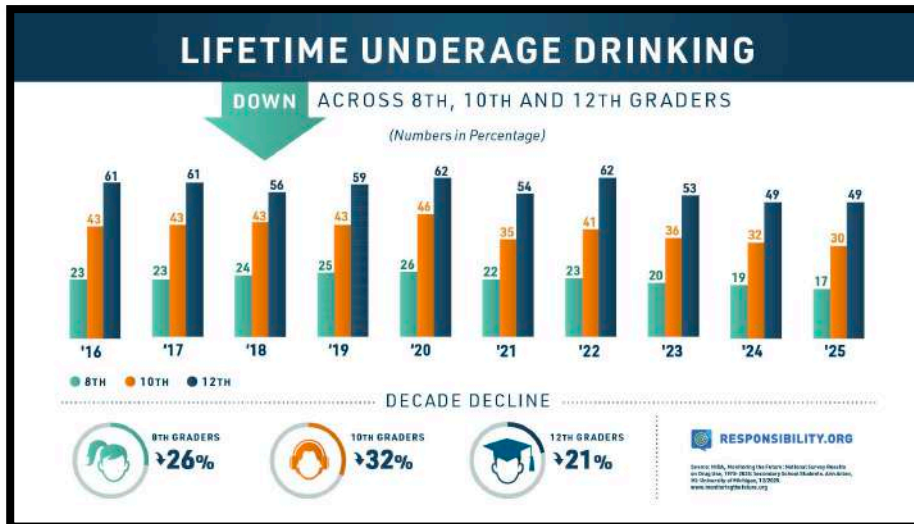
Responsibility.org



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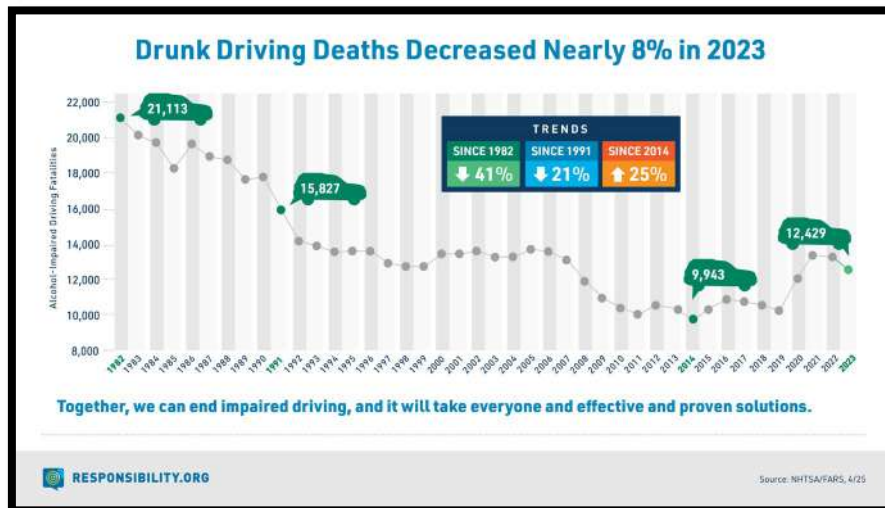
Spirits Industry Committed to Preventing Underage Drinking

- Most teens have never consumed alcohol.
- Decreases in the prevalence of alcohol consumption among America's youth continued long-term declines, reaching record low levels in 2025.
- Lifetime, past year, and past 30-day consumption declined among 8th, 10th and 12th grade students from 2024.
- A record high level of teens reporting lifetime and current abstinence, that is no use of alcohol, cannabis and nicotine (cigarettes and vaping) was noted in 2025.



Spirits Industry Committed to Eliminating Drunk & Impaired Driving

- Traffic fatalities and drunk driving fatalities decreased for the second consecutive year after a significant increase in 2020. Drunk driving fatalities decreased almost 8% in 2023, and have decreased 21% since 1991, and 41% since 1982.
- In 2023, alcohol-impaired driving fatalities accounted for 30% of total vehicle traffic fatalities. And 41% of driver fatalities in motor vehicle crashes involved a driver who tested positive for drugs and any alcohol.
- High-BAC impaired drivers continue to wreak havoc on our nation's roadways accounting for 2 out of 3 of drunk driving fatalities.
- Among persons under 21, drunk driving fatalities have decreased 54% since 1991, but increased almost 4% from 2022 to 2023.



Understand the Standard



- Responsibility.org's newest tool – digital pouring simulation.
- Designed to practice the perfect pour, a standard serving size.
- Knowing what's in your glass and how much alcohol you are consuming is key to making informed, responsible decisions.
- Understandthestandard.org

PAY ATTENTION TO PROOF!

When you see a value for proof listed, divide it in half to find the ABV.

The liquor that you are about to pour is a standard 80 proof (40% ABV). Some distilled spirits have higher or lower proofs. It's important to know this as a standard drink of a lower or higher proof distilled spirit is going to be more or less than 1.5 oz.



Responsibility.org Initiatives & Programs



Question & Answer



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