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## FOR IMMEDIATE RELEASE

07/15/2020

### NEW WSWA STUDY SHOWS TARIFFS ON EU WINE & SPIRITS RISK 93,000 U.S. JOBS AND \$10.7 BILLION IN LOST STATE AND LOCAL TAX REVENUE

*WSWA COMMISSIONS NEW STUDY TO EXPLORE THE NEGATIVE FUTURE AND CURRENT IMPACT OF TARIFFS ON EU WINE AND SPIRITS*

**WASHINGTON, D.C., 07/15/2020** – The Wine & Spirits Wholesalers of America (WSWA) commissioned an [economic study](#) in February to assess the impact of the 25 percent ad valorem tariffs on various alcohol products imported from the European Union (EU) that went into effect on October 18, 2019. Today, WSWA released a [second study](#) expanding on the impact with new data available through April 2020.

“The findings of this study put a significant dollar amount to the economic damage and unintended consequences this unrelated trade dispute is having on America’s family-owned wine and spirits wholesalers and the hospitality industry at large,” said **WSWA President and CEO Michelle Korsmo**. “The compounding impact of these tariffs and COVID-19 shutdowns has resulted in job losses, hiring freezes and U.S. businesses forced to operate with additional uncertainties, resulting in the most unstable environment our industry has seen. WSWA strongly urges USTR to remove wine and spirits from its list of tariffed goods and allow the industry to return to the zero-for-zero trade relationship that Americans have enjoyed with our European counterparts for decades.”

Since the original study was developed, additional data based on cargo manifests from the U.S. Department of Commerce, Bureau of the Census has become available on actual imports of wine and spirits from the impacted countries. Examining import data from January 2018 through April 2020, it is possible to verify the model results from the first study and replace estimated figures with actual numbers.

Based on import data, the initial estimate of a reduction in 5.9 million gallons of wine imports was “exceedingly low” relative to the actual change in imports through April 2020, while estimated losses to spirits imports were “on target.” Based on these losses, and using the standard margins from the Bureau of Economic Analysis, **WSWA’s new analysis found that the duties placed on the current list of affected products will lead to an effective 46.0 percent increase in the price of distilled spirits and cordials and a 41.1 percent increase to the price of wine that could be passed on to the consumer.**

These price increases will undoubtedly result in lost jobs as wholesalers need fewer truck drivers, clerks, warehouse staff, sales teams and other industry workers. **JDA’s new analysis found that the U.S.**

**alcohol industry is poised to lose 92,570 jobs and nearly \$3.8 billion in wages, costing the U.S. economy \$11 billion in 2020.**

In total, WSWA's new analysis found that even though the U.S. federal government stands to receive about \$363.3 million in tariff revenue, **the U.S. federal government will lose a net of \$344.9 million once other taxes are taken into account and state and local governments will see their revenues drop by a stunning \$10.7 billion.**

The focus of both studies was the current list of EU wine and spirits impacted by the tariff, including certain whiskies from Ireland and the UK, cordials and wines from France, Germany, Ireland, Italy, Spain and the UK. The latest study does not take into account the [new proposal](#) for additional tariffs on EU spirits, liqueurs and cordials from all EU members not currently facing tariffs in retaliation of the ongoing World Trade Organization (WTO) Airbus/Boeing dispute nor the compounding impact of hospitality industry closures to the industry due to COVID-19. The study did, however, control for the potential effects of COVID-19 on import losses during the months of March and April 2020 and examine what effects an expansion of duties to Italian still wines may have.

Product	Wholesaler Jobs Lost	Industry-Wide Jobs Lost	Industry-Wide Wages Lost	Loss in U.S. Economic Activity
Wine	1,000	36,460	\$1,450 M	\$3,094.5 M
Italian Still Wine ( <i>proposed</i> )	500	18,610	\$753.1 M	\$2,135.4 M
Whiskey	1,350	41,880	\$1,723.1 M	\$6,027 M
Cordials	460	14,230	\$582.7 M	\$2,040.6 M
<b>Total</b>	<b>2,810</b>	<b>92,570</b>	<b>\$3,755.8 M</b>	<b>\$11,162.1 M</b>
<b>Total (including Italian still wines)</b>	<b>3,310</b>	<b>111,180</b>	<b>\$4508.9 M</b>	<b>\$13,297.5 M</b>

#### **About Wine & Spirits Wholesalers of America**

WSWA is the national trade association representing the distribution tier of the wine and spirits industry, dedicated to advancing the interests and independence of distributors and brokers of wine and spirits. Founded in 1943, WSWA has more than 380 member companies in 50 states and the District of Columbia, and its members distribute more than 80 percent of all wine and spirits sold at wholesale in the United States.

To learn more, please visit [www.wswa.org](http://www.wswa.org) or connect with us on [Facebook](#) or [Twitter](#).

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