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US Spirits Sales Crash in Canada as Tariff Tensions Bite

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American liquor faces sharp decline amid trade dispute, dragging down the entire spirits market across the border.

Sales of American-made liquor in Canada have collapsed in recent months, the result of escalating trade tensions and retaliatory tariffs that have caused a ripple effect across the entire alcohol sector. According to Spirits Canada, the national industry association, U.S.

spirits sales plunged by 66% between early March and the end of April, coinciding with several Canadian provinces removing U.S. products from government-run liquor stores.

The dramatic decline didn't stop at American brands. Total spirits sales in Canada fell by nearly 13%, as many consumers chose to skip the liquor store altogether, signalling wider fallout for the industry. In Ontario, Canada's largest provincial market, sales of American spirits collapsed by 80% following the delisting, while the overall spirits category shrank by 3.3% year-on-year in April to CAD 405.5 million.

The decision to pull U.S. products came in direct response to a 25% tariff on certain Canadian imports imposed by the Trump administration earlier this year. Canada's countermeasures included banning American wines and spirits from its provincially controlled alcohol retail system, hitting whiskey, bourbon, and other U.S. exports particularly hard. In provinces like Ontario, where the government controls both distribution and retail, the impact has been swift and severe.

The move has led to a broader contraction in alcohol sales. Canadian-made spirits saw a 6.3% drop in sales since the delisting, while other non-American imports declined by 8.2%, suggesting that the political standoff is dampening consumer enthusiasm across the board. According to Cal Bricker, Chief Executive Officer of Spirits Canada, the situation is "deeply problematic for spirits producers on both sides of the border."

Bricker, along with the Distilled Spirits Council of the United States (DISCUS), is urging both governments to revisit the current trade arrangement. They argue that continued restrictions are not only damaging producers but also distorting consumer choice in a previously stable and mature market.

The scale of the downturn has caught many in the industry off guard. Kenneth Shea, senior analyst at Bloomberg Intelligence, noted that the magnitude of the impact is "larger than expected" and warned that a prolonged boycott could further hamper the growth of U.S. spirits abroad. He pointed out that the current climate, combined with economic caution and shifting consumer habits, could make recovery difficult.

Still, for large American distillers, the financial damage may be manageable. Bill Kirk, an analyst with Roth Capital Partners, noted that Canada makes up a relatively small portion of sales for major firms like Brown-Forman Corp., the maker of Jack Daniel's whiskey. He estimates that Canada accounts for around 1% of Brown-Forman's annual revenue. "Not ideal, and worse than the products simply carrying an additional tariff," Kirk said, "but something that can be navigated."

Adding to the strain, many Canadian consumers are independently boycotting American goods. A recent Bank of Canada survey found that more than 60% of Canadian households are intentionally spending less on U.S.-made products, not just liquor, as nationalist sentiment grows amid heightened trade tensions.

The longer the dispute drags on, the greater the risk to cross-border commerce. With alcohol sales historically tied to predictable consumer behavior, the current disruption presents a cautionary tale: when politics dictate retail policy, businesses on both sides of the aisle, whether American or Canadian, pay the price.