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Kentucky Bourbon Exports to Canada Fell 85% After Trade Dispute Escalated

Provincial control of liquor sales let Canadian authorities remove American bottles quickly, raising fears of higher prices and lasting market losses.

Wednesday, September 23, 2026



The trade dispute between the United States and Canada is hitting Kentucky bourbon sales in Canada and raising concerns about higher costs for consumers as tariffs and retaliatory measures spread through cross-border trade.

Kentucky officials say spirits exports to Canada have fallen by as much as 85%, a sharp drop that underscores how quickly political tension can disrupt one of the bourbon industry's key foreign markets. The decline was cited by Kentucky Gov. Andy Beshear in a September letter urging President Donald Trump to change his tariff policies.

The issue is not limited to distillers. Canadian economist Todd Hirsch said the dispute is also affecting consumers and businesses on both sides of the border, with the potential to push prices higher if the standoff continues. Speaking on WTMJ's "Point Taken," Hirsch said American alcohol sales in Canada have dropped sharply and linked part of that decline to the way liquor is sold there.

In Canada, provincial governments play a central role in liquor purchasing and distribution. That structure gives them broad power over what products are stocked and sold. Hirsch said that means provinces can pull American bottles from store shelves, a step that can quickly cut off access to U.S. brands for retailers and consumers.

That system helps explain why bourbon has become an early and visible casualty of the dispute. In many markets, trade pressure takes time to filter through wholesalers, distributors and store inventories. In Canada's liquor system, government action can produce a much faster impact, especially when a product category is heavily dependent on official purchasing channels.

For Kentucky, the fallout is significant. Bourbon is one of the state's best-known export products, and Canada has been an important destination. A loss of that scale can affect distillers directly through lower sales, but it can also reach suppliers, logistics companies and hospitality businesses that depend on stable trade flows.

The dispute also carries broader implications for the beverage business. Tariffs and restrictions between the two countries can alter shipment volumes, costs and product availability for spirits, and potentially for other imported drinks as well. Importers, bars,

restaurants and retailers may face tighter supply, higher wholesale prices or changes in brand selection if the trade fight continues or expands.

Canadian consumers are already seeing the effects through reduced access to some American products. If tariffs remain in place or new restrictions are added, the pressure could move further along the chain, from exporters and provincial buyers to store prices and restaurant drink lists. Hirsch said the dispute could eventually affect what consumers pay, pointing to the way trade barriers can feed into everyday costs.

The bourbon market has become a clear example of how trade policy can move beyond factories and industrial goods and reach consumer products quickly. Distilled spirits are especially exposed because they depend on cross-border shipping, regulated sales networks and brand loyalty built over time. A sudden interruption in any one of those areas can weaken demand and make it harder for suppliers to regain shelf space.

Beshear’s appeal to Trump adds to growing pressure from officials in states with export exposure to Canada. His letter pointed to the steep reduction in spirits shipments as evidence that current tariff policy is harming a major state industry. While the details of any policy change remain unclear, the letter shows that opposition is building not only from economists and businesses but also from state leaders concerned about jobs and lost revenue.

The dispute is also notable because of the close commercial relationship between the two countries. The United States and Canada share one of the world’s largest trading partnerships, and many sectors depend on predictable rules at the border. When those rules change, even products with strong demand can be caught in the middle.

For bourbon makers, the Canadian market matters not only because of current sales but because of long-term brand position. Once products are removed from shelves, competitors can gain space and consumers may shift to other options. Even if trade tensions ease later, companies may need time and added expense to rebuild distribution and recover market share.

The same risk applies more broadly across the beverage sector. If tariffs continue to shape buying decisions and stocking policies, businesses that import, distribute or serve spirits could be forced to adjust inventories, renegotiate supply arrangements or absorb higher costs. That could be especially important for operators that rely on U.S.-Canada trade for a steady flow of premium bottles and established labels.

For now, the bourbon figures cited by Kentucky officials offer one of the clearest measures of the dispute’s effect. An 85% drop in exports to Canada points to more than a temporary slowdown. It suggests that the trade conflict is already producing real commercial damage in a market that had been important to one of America’s signature spirits.