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U.S. bars bottled Canadian whisky imports

The restriction took effect just after midnight on Sept. 29. Bulk shipments can still enter, shielding large brands more than craft distillers.

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The United States closed its market on Tuesday to bottled Canadian whisky and most other packaged Canadian spirits, a move that took effect just after midnight on September 29 and immediately tightened pressure on an industry that depends heavily on U.S. buyers.

The new restriction bars imports of Canadian distilled products when they arrive already packaged for retail sale. Bulk shipments that are not yet bottled are still allowed to enter, creating a major difference between large producers with flexible supply chains and smaller distilleries that bottle at home.

The measure follows the collapse of trade talks last month between President Donald Trump and Prime Minister Mark Carney. It is part of a broader trade fight that has already produced new tariffs and countermeasures on both sides of the border since early 2025. Along with Canadian alcohol, Washington also moved against some Canadian dairy products and motorcycles.

For Canadian spirits makers, the exposure to the U.S. market is deep. Spirits Canada, the national industry group, says about half of all spirits produced in Canada are exported and 93% of those exports go to the United States. Based on those rounded figures, roughly 46.5% of Canadian spirits production depends on the U.S. market.

That dependence now leaves many producers facing an abrupt loss of access to their largest foreign customer. The impact is expected to fall hardest on small and mid-sized distillers that package their products in Canada and do not have the scale or capital to move bottling operations across the border.

By contrast, large multinational owners of major Canadian whisky brands may be able to keep serving American customers by shipping spirit in bulk and bottling it in the United States. Analysts and distillers say that route could soften the blow for some of the biggest companies, even if it does not remove other possible tariff or customs costs.

The divide is already visible in Nova Scotia. Lauchie MacLean, owner of Glenora Distillery, said the United States normally accounts for about one third of his sales, with buyers in states including New York, California and Illinois. He had hoped to send a shipment of single-malt whisky before the new ban took effect, but the order stalled earlier because the buyer did not want to absorb a 50% U.S. tariff that had already been imposed on certain Canadian exports on August 22.

MacLean said the whisky remains in a tank on the dock instead of heading south. His case shows that some exporters were already losing business before the new packaging ban formally closed the market.

The U.S. action is also hitting Canadian producers at a time when many say it remains difficult to replace lost export sales at home. Distillers, brewers and winemakers have long argued that Canada’s own provincial rules make it hard to sell alcohol across the country. In many provinces, government-controlled systems dominate alcohol distribution and retail shelf space. Producers say outside brands often struggle to get listed, especially when they compete with local products.

John Cote, who runs Black Fox Farm and Distillery in Saskatchewan, had hoped to benefit from the wave of “buy Canadian” sentiment that followed the trade dispute with Washington. But he said getting bottled whisky and gin onto shelves in other provinces remains expensive and slow. He said he recently sold some whisky at an event in Ontario but lost money on every bottle after administrative costs and delays.

Those complaints point to a broader weakness in Canada’s domestic market as Ottawa tries to reduce the country’s reliance on the United States, its main trading partner. Carney pledged after taking office to remove internal trade barriers, but the alcohol sector remains one of the clearest examples of how difficult that effort has been.

In July, nine of Canada’s 10 provinces agreed to let alcohol producers sell directly to consumers across provincial borders. Industry groups welcomed the move, but they also said it did not solve the bigger commercial problem: access to store shelves. Direct shipping can help niche and online sales, but most producers still need placement in provincial retail systems to build meaningful volume.

Federal officials say more work is needed. A spokesperson for Dominic LeBlanc, the minister responsible for internal trade, said the federal government had removed its own barriers and was pressing provinces to do the same. The spokesperson described the July deal as progress but said Canada still has much more to do, especially as the United States changes its trade policy and imposes new tariffs on Canadian goods.

Provincial politics are complicating that push. In Ontario, the country’s largest province, government-run liquor stores this week displayed signs promoting local products under a “We’re All In on Ontario” campaign. The message marked a shift from earlier “Buy Canadian” promotion and underscored how support for domestic products often stops at provincial borders.

Industry representatives say that pattern hurts producers trying to build a national customer base. Wine Growers British Columbia and other groups have argued that it can be easier for Canadians to buy imported wine from Europe or Australia than to find wine made in another Canadian province. Spirits producers describe a similar problem, saying every province has its own listing rules, fees and warehousing requirements.

The new U.S. ban makes those domestic frictions more costly. Companies that lose access to American buyers now have stronger reason to look for sales inside Canada, but many say the country’s provincial patchwork blocks them from moving quickly.

The distinction between bottled and bulk exports is central to who can adapt. Large companies that own well-known brands such as Crown Royal, Canadian Club and J.P. Wiser’s may have the ability to send unbottled spirit south and package it in the United States. Smaller craft distillers usually do not. Most bottle in-house or use local facilities, leaving them effectively shut out of the American market under the new rule.

That puts independent producers in a difficult position. They face weaker export prospects, limited ability to reorganize production, and a home market where regulations remain fragmented. For some, the result is not only lost revenue but also a growing gap between public calls to support Canadian products and the actual structure of the market.

MacLean said that gap is now visible in real time at Glenora, where the unsent single-malt order remains on site after the buyer backed away under the earlier 50% tariff and before the new U.S. import ban on packaged Canadian spirits took effect.