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Diageo Warns Trump Tariffs Could Threaten Thousands of US Jobs

Proposed tariffs on Canadian and Mexican imports may harm American economy and impact Diageo's operations and job support.

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Diageo, the leading global premium alcohol drinks company, has issued a warning to President Donald Trump regarding his proposed import tariffs. These tariffs, particularly targeting products from Canada and Mexico, could jeopardize thousands of American jobs. In a submission to the Office of the US Trade Representative, Alden Schacher, Diageo North America's vice president for Government Relations, emphasized that these tariffs, set to take effect on April 1, could harm the American economy. Schacher

highlighted the importance of free trade in maintaining US jobs. He noted that the ability of US-produced products, which use significant American inputs, to compete in export markets is crucial for Diageo. Additionally, supplying US consumers with iconic brands produced overseas is vital for supporting jobs in production, sales, and distribution, along with providing indirect economic benefits.

Diageo supports over 178,000 jobs in the US, with 11,500 being direct roles in production, sales, or distribution. The company operates 11 manufacturing sites in the US, which could be impacted by retaliatory measures from the EU, Canada, and Mexico. Diageo is also planning a $415 million plant in Alabama. The company spends nearly $650 million annually on sourcing materials in the US, including $100 million on white oak barrels, primarily exported to the UK for scotch whisky maturation. North America is Diageo's largest market, accounting for about 40% of its sales and generating $1.5 billion in alcohol excise duties for the federal government.

Schacher argued that protectionism is unnecessary as trade in spirits is largely reciprocal and balanced. Recently, Trump threatened a 200% tariff on EU drinks imports, following the EU's announcement of €26 billion in counter-tariffs after the US imposed a 25% penalty on steel and aluminum imports. Diageo suggested tightening "rules of origin" requirements instead of imposing tariffs. This would favor goods with ingredients substantially sourced from the US and its trade partners. Such a move could close a loophole allowing "foreign adversaries" to use strategic partners like Mexico and Canada to bypass tariffs.

Meanwhile, France's Prime Minister, Francois Bayrou, commented on the EU's planned reintroduction of penalty tariffs on American bourbon and whiskey. He described this as "probably mistaken," noting that Kentucky bourbon was included as if it posed a trade threat. Bayrou suggested that an outdated product list was used without proper verification.