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American distillers remain cautious as Canada lifts tariffs on spirits

Provinces slow to restore U.S. products to liquor store shelves despite federal policy change, leaving trade uncertainty

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American distillers have responded with caution to Canada’s recent decision to lift tariffs on U.S. spirits, as the move has yet to fully restore access to provincial liquor store shelves across the country. On Friday, Canadian Prime Minister Mark Carney announced that tariffs on U.S. goods covered under the Canada-United States-Mexico Agreement (CUSMA) would be removed, effective Monday, September 1. The 25% tariff

on American-made spirits was first imposed in March as a countermeasure to U.S. levies on Canadian products.

The initial imposition of tariffs led several Canadian provinces to pull U.S. spirits from their government-run liquor stores. While Alberta and Saskatchewan resumed sales of American alcohol in June, other provinces, including Ontario, have not yet followed suit. This continued absence of U.S. spirits from store shelves has left American producers and trade groups wary about the practical impact of the tariff removal.

Chris Swonger, president and CEO of the Distilled Spirits Council of the United States (DISCUS), described Carney's announcement as "a very positive sign." However, he emphasized that the benefits will remain limited until all provinces allow American spirits back into their retail outlets. Swonger noted that the removal of U.S. products from Canadian shelves has not only hurt American distillers but also reduced revenue for provincial governments and created challenges for Canadian consumers and hospitality businesses.

Industry data underscores the impact of these restrictions. According to Spirits Canada, an industry association, sales of U.S. spirits in Canada dropped by more than 66% between March and the end of April after provinces began removing American products from stores. Overall spirits sales in Canada fell by 12% during the same period.

Cal Bricker, president and CEO of Spirits Canada, said that the North American spirits sector is highly interconnected and that ongoing restrictions on U.S. products are problematic for producers on both sides of the border.

The Liquor Control Board of Ontario (LCBO), which operates government-owned liquor stores in Ontario, has not yet indicated whether it will resume selling imported U.S. spirits following the federal government's decision to lift tariffs. The LCBO's response is seen as critical by both industry groups and consumers eager for a return to normal trade relations.

The situation remains fluid as stakeholders await further action from provincial authorities. For now, American distillers are watching closely to see if Canada's policy shift will translate into renewed access to one of their most important export markets.