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# Cambodia Drops 35% Tariff on U.S. Spirits as Exports to Canada Plunge 85%

New trade deals in Southeast Asia aim to revive struggling American spirits industry amid sharp export declines and financial strain.

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Two major U.S. spirits trade associations have expressed strong support for new trade agreements that will reduce tariffs on American distilled spirits exported to Cambodia and Malaysia. The agreements, announced this week by U.S. Ambassador Jamieson Greer, are expected to boost the American spirits industry’s access to Southeast Asian markets.

Under the terms of the deal with Cambodia, the country will immediately eliminate its 35% tariff on U.S. distilled spirits. In Malaysia, tariffs on U.S. spirits will be phased out over nine years. Malaysia has also agreed to remove what it called a “discriminatory tariff” on distilled spirits and to conduct an independent review to finalize a definition for spirit-based ready-to-drink products by the end of 2028.

The Distilled Spirits Council of the United States (Discus) and the American Whiskey Association (AWA) both welcomed the news. They highlighted that these agreements are part of ongoing efforts to expand market access for American spirits in Southeast Asia. Negotiations are also underway with Thailand and Vietnam, according to both organizations.

Discus described the agreements as a positive step and called on the Trump administration to continue working toward zero tariffs on distilled spirits in all markets, especially with the European Union and the United Kingdom. The group emphasized that permanent tariff-free access is crucial for the continued growth of the U.S. spirits sector.

Michael Bilello, CEO of the American Whiskey Association, said the agreements represent significant progress for American whiskey producers and the broader U.S. spirits industry. He noted that reducing tariffs and expanding market access in Southeast Asia will allow American whiskey to reach millions of new consumers.

The news comes at a time when U.S. spirits exports have been under pressure. Earlier this month, Discus reported that exports for its members fell by 9% in value during the three months ending in June. Shipments to Canada dropped sharply by 85% to $9.6 million, while exports to the European Union declined by 12% to $290.3 million. Discus warned that this weakness in exports is putting U.S. distillers under increasing financial strain.

Industry leaders hope that the new agreements with Cambodia and Malaysia will help reverse these trends by opening up new opportunities for American spirits abroad. The trade associations continue to advocate for further reductions in tariffs and improved market access in other key regions.