



 #SpiritOfRecovery

TRADE REVIEW 2022

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# A SPIRIT OF RECOVERY





## KEYNOTE SPEECH

# Michael Scannell

European Commission  
Deputy Director General  
DG AGRI



# External Trade: An engine for recovery

Pauline Bastidon  
Trade & Economic Affairs Director  
8 September 2022

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## A SPIRIT OF RECOVERY



# EU SPIRITS IN 2021: ON THE PATH TOWARDS RECOVERY

 **€8.41 billion**

EVERY HOUR



**€1 MILLION  
ARE EXPORTED**

OVER LAST  
DECADE



**EXPORTS GREW  
BY 65%**

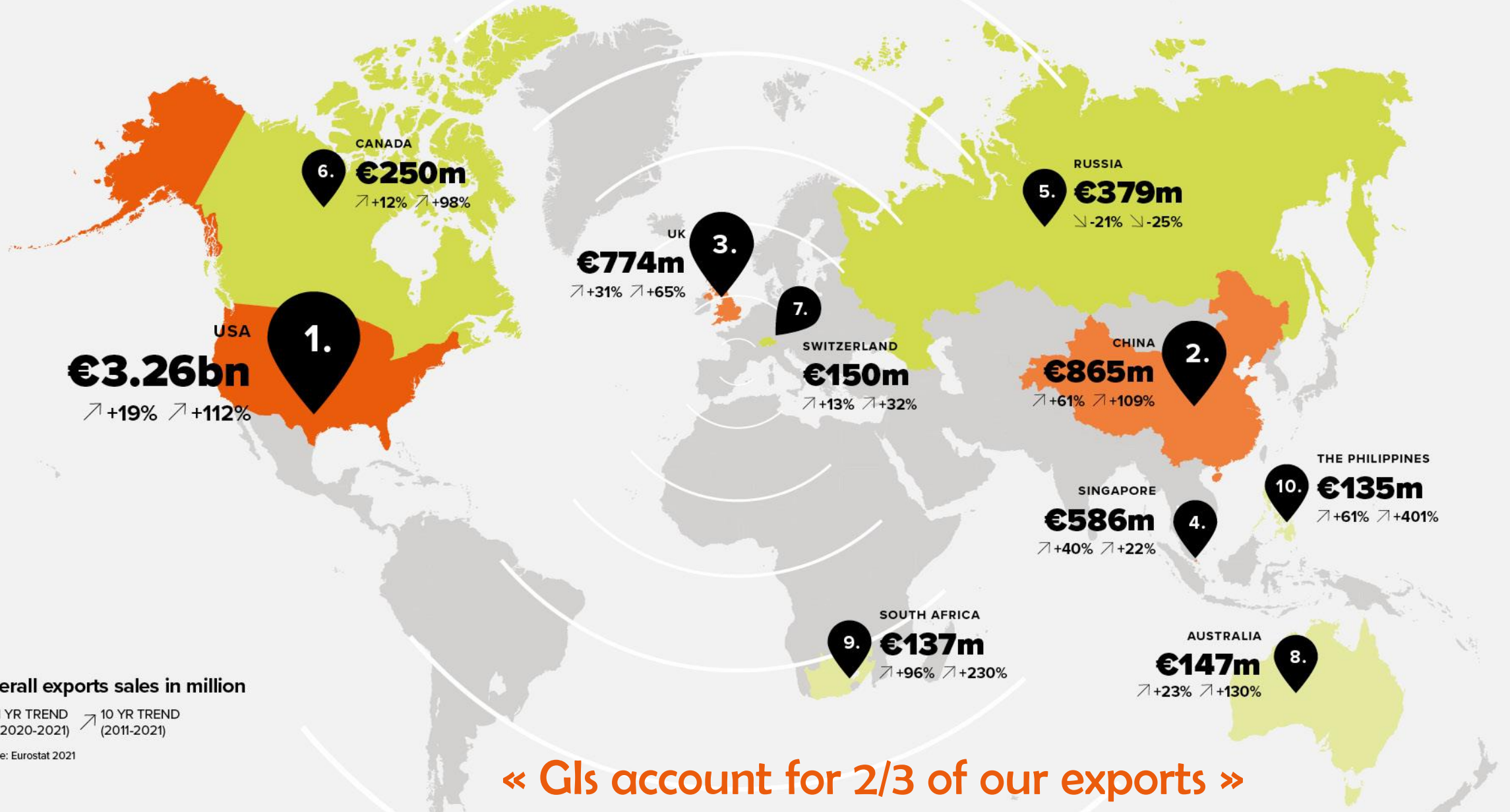
INCREASE

**+24%**

Between 2020  
and 2021



## TOP TEN EXPORT MARKETS 2021



Overall exports sales in million

↗ 1 YR TREND (2020-2021) ↗ 10 YR TREND (2011-2021)

Source: Eurostat 2021

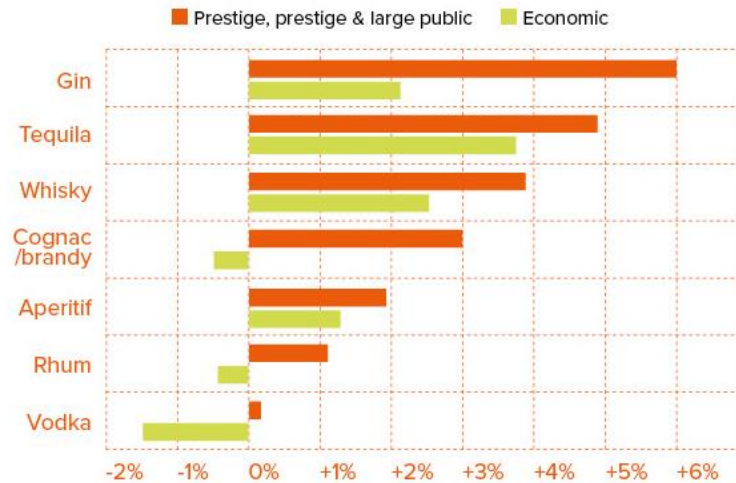
« GIs account for 2/3 of our exports »

# KEY TRENDS IN THE SPIRITS SECTOR



Spirit of Tradition

GROWTH OF SPIRITS CALLED "INTERNATIONAL" PER RANGE OF PRICE (2016-2021)



Source: Diageo

Premiumisation



E-Commerce

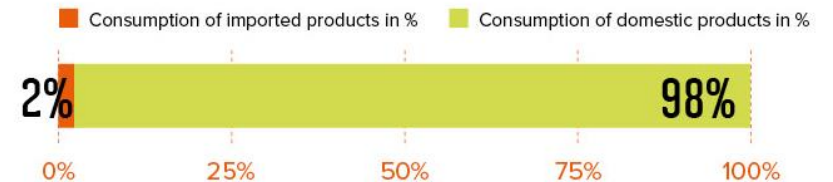
# UNTAPPED MARKETS WITH GREAT POTENTIAL

## Mercosur



## India

### CONSUMPTION OF IMPORTED VS DOMESTIC SPIRITS IN INDIA (IN VOLUME - 2021)



Sources: SWA & IWSR Drinks Market Analysis 2021

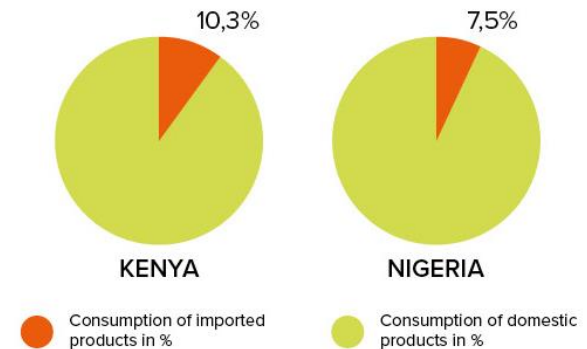
## ASEAN

High potential but...

- High tariffs
- Challenging regulatory & tax environment

## Sub-Saharan Africa

### CONSUMPTION OF IMPORTED VS DOMESTIC SPIRITS (2021)



Source: IWSR Drinks Market Analysis 2021

# ILLICIT ALCOHOL: A THREAT TO SUSTAINABLE DEVELOPMENT

# 26%

OF ALCOHOL CONSUMPTION IS ILLICIT

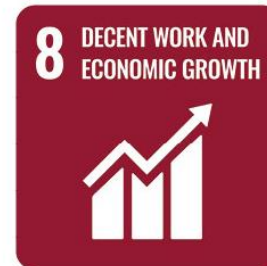
Source: Euromonitor

This figure is much higher in many markets.

# US \$8.9

BILLION OF FISCAL REVENUE  
IS LOST EVERY YEAR DUE  
TO ILLICIT ALCOHOL

Sources: Euromonitor – aggregate from different studies on illicit alcohol in different regions of the world; TRACIT & Ha Noi





# REMOVING BARRIERS TO BOOST TRADE: PROBLEMS & SOLUTIONS



Reinforcing the market access partnership



Increasing regulatory cooperation & trade diplomacy

# A SPIRIT OF SUSTAINABILITY

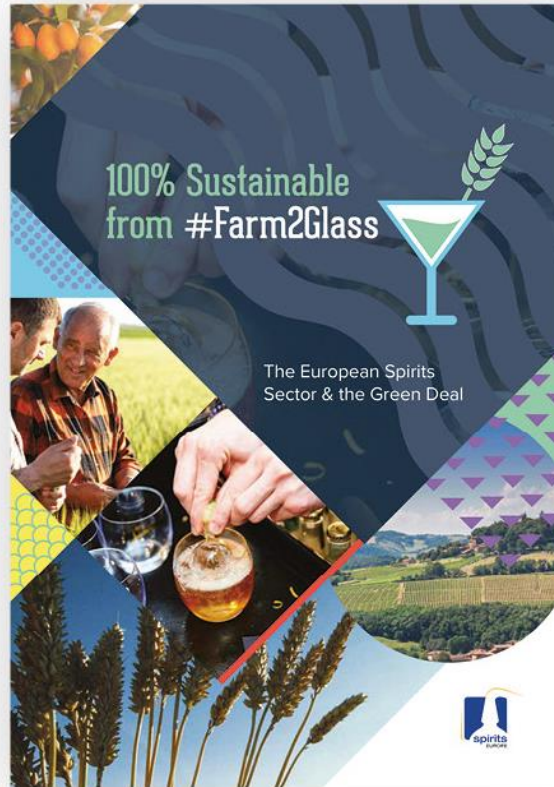
→ Working towards sustainably farmed raw materials



→ Reduction of overall water consumption & preservation programmes across Europe



→ Decrease overall energy consumption & switch to renewable energy sources



→ Actively support the decarbonisation of the transport sector



→ Over 90% of spirits are sold in glass bottles, a safe & sustainable choice



→ Casks sourced from responsibly-managed forests



→ Re-use by-products of distillation to feed animal farm



1 | Make the temporary removal of EU & US tariffs on spirits permanent & ensure that sectors in which the EU has a trade surplus are NOT brought into unrelated disputes

2 | Engage in regulatory cooperation on spirits standards with priority markets (not least China) and like-minded partners

## 10 RECOMMENDATIONS TO STRENGTHEN THE SUSTAINABLE GROWTH OF EU SPIRITS EXPORTS

3 | Ensure effective implementation of existing FTAs & commitments by 3<sup>rd</sup> countries

4 | Create a level-playing field between local & EU actors in 3<sup>rd</sup> countries, by addressing protectionist measures & discrimination

5 | Ratify concluded agreements without delay (e.g. EU-Mercosur FTA)



6 | Pursue ambitious trade negotiations with emerging high growth markets (India, ASEAN & high-growth markets in Africa)

7 | Strengthen the role & relevance of the WTO

8 | Prioritise multilateral solutions to common challenges over autonomous measures where possible & ensure WTO compliance of new policies

## 10 RECOMMENDATIONS TO STRENGTHEN THE SUSTAINABLE GROWTH OF EU SPIRITS EXPORTS

9 | Continue to promote and protect quality EU food & drink products and Geographical Indications (GIs) worldwide

10 | Tackle illicit trade and address common risk factors conducive to illicit trade



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# PANEL DISCUSSION



# COCKTAIL

# PARTY

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