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Distillery Age

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Global Beverage Alcohol Expected to Gain +3% Volume in 2021

by The IWSR Drinks Market Analysis, www.theiwsr.com

Resilience in Key Markets and Brand Owners' Swift Response to Changing Market Conditions Leads IWSR to Forecast Alcohol Consumption to Grow by +1.5% CAGR 2021-2025

According to comprehensive new forecasts from IWSR Drinks Market Analysis, global beverage alcohol is showing positive signs of recovery and is projected to grow in volume by +2.9% by the end of 2021.

By 2023, IWSR expects total beverage alcohol consumption to return to pre-Covid levels, with consumption steadily increasing through to 2025. Recovery will be boosted by the industry pivoting rapidly in key markets, the momentum of e-commerce and RTDs and increasing sophistication of the at-home occasion in many markets. Long-term volume recovery is forecasted at +1.5% compound annual growth rate 2021 to 2025. The two fastest-growing categories, according to IWSR forecasts, are no-alcohol spirits (projected at +30.6% CAGR 2021-2025), and RTDs (+10.2%).

"In many global markets, Covid-19 accelerated the impact and growth of key industry drivers, such as the development of ecommerce, premiumization, the rise of the 'home premise,' moderation and the need for convenience in product formats," said Mark Meek, CEO of IWSR Drinks Market Analysis. "These are the trends that will also underpin the industry's resilience as it pivots to meet consumers where they are in the years to come. Additionally, across many markets, some segments of the population now have significantly more disposable income than they did in 2019, some of which will be spent on beverage alcohol products."

Based on IWSR's examination of data from 160 countries, total beverage alcohol volume decreased by -6.2% globally in 2020, impacted by the near complete shutdown of bars and restaurants around the world. Though an unprecedented downturn, the -6.2% decline was less than previously forecast, as several factors ultimately helped the industry last year, such as acceleration of e-commerce (up +45% from 2019, to reach $29 billion in 2020), growth of RTDs, strong at-home consumption in key markets and resilience and growth in the U.S. and China.

Another pre-Covid trend that will continue to accelerate beverage alcohol recovery is product premiumization. Though the economic impact of Covid-19 has led to restricted spending for some, alcohol is an affordable luxury for those willing to spend. IWSR forecasts that premium-and-above spirits and wine will increase by +25.6% in total volume 2020-2025 (compared to +0.8% volume growth over the same period for brands in lower price tiers.)

Tequila Overtakes Rum to Become the Third-Largest Spirits Category in the U.S.

The global tequila category grew by +9.6% in 2020, driven especially by gains in the U.S. (the world's largest tequila market) where tequila is now the third-largest spirits category in the country (behind vodka and whisky). Also, thanks in large part to the success of tequila, consumer awareness and interest in mezcal has lifted that category to a projected +8.8% volume CAGR 2021-2025. Agave-based spirits overall are expected to grow +4.7% CAGR 2021-2025.

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113 U.S. & E.U. Organizations Urge E.U. & U.S. to Lift Retaliatory Tariffs on Products Unrelated to Transatlantic Trade Disputes

In advance of the upcoming E.U.-U.S. summit in Brussels, 113 organizations have reiterated a call for the permanent removal of tariffs on sectors unrelated to the ongoing transatlantic trade disputes.

"The transatlantic relationship is of enormous economic importance to our sectors, and we are eager to see it protected and nurtured," according to a statement. "We welcome the positive steps to de-escalate the disputes over the past few months and hope that both sides can build on this positive momentum to secure the permanent removal of retaliatory tariffs on our products.

"We are encouraged by the decision to temporarily suspend tariffs imposed in connection to the World Trade Organization Airbus-Boeing disputes and by the ongoing U.S. and E.U. efforts to settle the dispute before the suspension ends. Our strong desire is to see an agreement before July 11 to permanently remove these tariffs. However, predictability is essential for businesses on both sides of the Atlantic. Our sectors, therefore, request advance notice that the tariffs will not return, even if there is a need for additional time to negotiate, to account for shipping times between the E.U. and the U.S.

"We are also encouraged by the recent U.S.-E.U. joint statement on addressing global steel and aluminum excess capacity and commend the E.U.'s decision to postpone the second tranche of rebalancing tariffs until December 1. While this six-month respite provides reassurance to affected sectors, we call on both parties to secure an agreement before the December deadline to permanently remove existing tariffs and not to introduce new tariffs. Indeed, products across a range of sectors continue to face destructive tariffs that are harming competitiveness and negatively impacting manufacturers, producers, farmers and logistics providers and many others on both sides of the Atlantic.

"We are hopeful the recent positive momentum in both disputes will lead to the permanent removal of

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