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French Wine Tariffs Gain Credibility Under a Tested U.S. Trade Law

A possible 100% duty tied to France’s digital tax could raise costs for American importers, retailers and restaurants.

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A new threat of U.S. tariffs on French wine is drawing closer scrutiny from the wine trade because it rests on a legal path that has survived court challenges before: Section 301 of the Trade Act of 1974.

The dispute centers on France’s Digital Services Tax, a 3% levy on digital revenues from large companies with more than €750 million in global revenue. The tax also applies only above a domestic revenue threshold of €25 million in France. Critics in the United States argue that structure effectively targets major American technology groups, including Google, Amazon, Meta, Apple and Microsoft, while sparing smaller local rivals.

Under Section 301, the Office of the U.S. Trade Representative can investigate whether a foreign measure is discriminatory or unfair to U.S. commerce and, if it reaches that conclusion, impose retaliatory duties on imports from that country. Those tariffs do not have to fall on the sector at the center of the dispute. Wine could be targeted even though the conflict concerns digital taxation.

That possibility matters for importers, distributors, retailers and restaurants in the United States, which would likely absorb much of the immediate damage from a 100% tariff on French wine. French producers would also face disruption, especially in one of their most important export markets, but past tariff rounds have shown that U.S. buyers often bear a large share of the shock through higher costs, canceled orders and reduced selection.

France is not alone in using this kind of tax. Italy, Spain and Austria also have digital services taxes that have drawn criticism in Washington. Canada adopted a similar measure in 2020 and later moved to rescind it in January 2025 after objections from the Trump administration.

The legal significance of the French case lies in how the tax is designed. Opponents say a country may tax digital activity within its borders, and may exempt very small businesses operating locally, but tying liability to global revenue creates a system that captures large foreign companies while excluding domestic firms with similar sales inside France. That argument could strengthen a Section 301 case if the administration chooses to pursue one.

The wine industry has seen this mechanism before. A long-running U.S.-EU dispute over subsidies to Airbus began under President George W. Bush, continued through the Obama years and later led to tariffs on European goods during President Donald

Trump’s first term. Those duties remained in place because they were tied to an established trade dispute and were upheld as lawful under Section 301 authority. President Joe Biden later removed those tariffs, but only after negotiations eased tensions.

That history has made some traders more cautious about dismissing new tariff threats as political theater. Trump has often used tariff warnings as leverage without following through, but trade lawyers and market participants note that a dispute grounded in Section 301 gives the administration a clearer legal basis than many ad hoc tariff proposals.

Trump is in France for the G7 summit, where trade tensions are expected to be part of broader talks between Washington and European leaders. Any decision could still depend on diplomacy as much as legal process. But for wine businesses on both sides of the Atlantic, the concern is no longer only whether another threat will fade. It is whether this one has enough legal support to become real.