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California winemakers turn to Asia as exports collapse

China and other Asian markets offer one of the few remaining growth paths after tariffs and weaker demand battered sales

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California’s wine industry is under growing pressure from weaker global demand and the fallout from U.S. trade policy, but producers are looking to Asia, and especially China, as one of the few markets that could still offer meaningful room for growth.

A report cited by the Wine Institute said California wine exports fell 35% in 2025. The strain has also reached producers at home. Since March, four wineries have either closed or gone through major restructuring, according to The Drinks Business. E. & J. Gallo Winery, the world's largest family-owned winery by volume, has also carried out several rounds of facility closures and layoffs.

The downturn reflects a mix of forces. Wine consumption patterns have shifted in several markets, and a weak global economy has weighed on discretionary spending. California producers were then hit harder by the tariff disputes that followed President Donald Trump's 2025 trade measures, which triggered retaliatory duties in several countries.

Canada became one of the clearest examples of that damage. After the United States imposed an additional 25% tariff on imports from Canada, some Canadian liquor stores removed American bottles from their shelves. Canada, previously the largest buyer of U.S. wines, responded with tariffs on a range of American goods. According to the U.S. International Trade Commission, U.S. wine producers have lost an estimated $134 million in export value to Canada since March 2025. That setback has helped drive a 30% decline in total U.S. wine exports worldwide.

Although U.S. wines have found new sales channels in countries including Italy, the United Arab Emirates, Belgium, South Africa and Japan, those gains have not been enough to offset the losses tied to Canada and broader trade disruption.

That pressure matters beyond vineyard sales. For the beverage sector, tariffs can quickly reshape cash flow, inventory planning and export strategy, forcing wineries to rethink which markets they serve and what share of business each market should carry. If Canada remains constrained, a stronger push into Asia could become more important for balancing export volumes and preserving margins.

Christopher Beros, the California Wine Institute's director for Greater China and Southeast Asia, said Asia remains attractive because wine is still a developing category across much of the region. In comments reported by The Drinks Business, he said consumers in many Asian markets are still building familiarity with wine and remain interested in food, travel and lifestyle experiences that can support demand for

imported bottles.

Beros identified Greater China, Southeast Asia, South Korea and Japan as some of the most important long-term opportunities for California wineries. He argued that California wines can appeal both to newer drinkers and more experienced consumers, and that grapes such as Zinfandel pair well with a wide range of Asian cuisines.

He also pointed to California’s broader image as part of its appeal abroad. In his view, associations with innovation, sunshine, food, travel and culture help position California wine not only as a drink but as part of a wider hospitality and lifestyle offering. That message may carry particular weight in markets where wine buying is closely tied to dining, gifting and status.

China stands out even as recent trade data there has been weak. U.S. Census Bureau figures show California wine imports into China fell by $69 million between 2024 and 2025. Beros said slower orders and more cautious inventory decisions have reflected uncertainty around regulation and the economy, but he suggested clearer conditions could help stabilize demand.

He also said rising interest in higher-quality Chinese wines may ultimately support imported categories rather than displace them entirely. As consumers become more focused on origin, craftsmanship, quality and occasion, he argued, California producers may be able to tell a stronger story about terroir and winemaking identity.

The outlook remains uncertain, especially given geopolitical tensions and uneven consumer spending. But for California wineries facing shrinking exports, layoffs and lost shelf space in key markets, Asia is increasingly being treated not simply as a growth market but as a possible hedge against deeper losses elsewhere.