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Trump imposes a 50% tariff on Canadian goods over alcohol restrictions

The White House said the new duty will take effect Aug. 19 after Canada’s provinces curbed sales of American wine, beer and spirits.

Tuesday, July 21, 2026



The White House said Monday that the United States will impose an additional 50% ad valorem duty on certain Canadian products starting Aug. 19, escalating a trade fight tied to Canadian provincial restrictions on American alcoholic beverages.

In a presidential proclamation issued July 20, President Trump said the action is meant to offset what the administration called discriminatory treatment of U.S. commerce under Section 338 of the Tariff Act of 1930. The White House argued that Canada, through its provinces and territories, has unfairly targeted American wine, beer, spirits and other alcoholic drinks while continuing to allow imports from other countries.

The proclamation says that beginning in March 2025, all Canadian provinces and territories halted the purchase, distribution or retail sale of U.S. alcoholic beverages. It cited Ontario's Liquor Control Board, which stopped buying U.S. products, canceled existing orders where possible and removed those products from wholesale catalogs and retail channels on March 4, 2025. It also cited Quebec's government request that the Société des alcools du Québec remove American products from shelves and stop supplying them to grocery stores, liquor stores, bars and restaurants. According to the White House, only Alberta and Saskatchewan later lifted their bans, in June 2025.

The administration said those measures caused a sharp drop in U.S. alcohol exports to Canada. Comparing March 2025 through February 2026 with the same period a year earlier, Canadian imports of U.S. alcoholic beverages fell about 81%, to roughly $137 million from about $718 million, according to the proclamation. The White House also said Canada did not impose similar restrictions on alcohol from other countries during that period and that shipments from Chile, Japan, Argentina, Ireland, New Zealand and Australia rose by about 13% to 26%. It added that imports from countries other than the United States increased by more than $170 million, including more than $100 million from the European Union, even as Canada's total alcohol imports declined by nearly 12%.

Mr. Trump said the new duties are in the public interest and are intended to counter what he described as an unreasonable and unequal burden on U.S. commerce. The proclamation says Canadian actions have hurt American producers by cutting off export opportunities and weakening production, investment and employment tied to the beverage industry in the United States.

The White House did not detail in the text of the proclamation all of the products covered, saying the affected goods are listed in Annex II. Trade publication The Drinks Business reported that the measure covers about $20 billion in Canadian goods. The new tariff will apply in addition to most existing duties, taxes and fees, although the proclamation says it will not apply to articles already subject to tariffs under Section 232 of the Trade Expansion Act of 1962 or to certain goods covered by the World Trade Organization Agreement on Trade in Civil Aircraft.

For wine, beer and spirits companies on both sides of the border, the move could reshape trade flows again just weeks before it takes effect. Canada has been a major export market for U.S. distilled spirits and an important destination for American wine and beer. A new U.S. tariff on Canadian goods linked directly to the alcohol dispute may add pressure across supply chains, margins and pricing decisions at a time when producers and importers are already dealing with disrupted access to provincial liquor systems in Canada.

The legal basis for the action is unusual in modern trade disputes. Section 338 allows a president to impose duties of as much as 50% on imports from a country found to be discriminating against U.S. commerce. In the proclamation, Mr. Trump said Canada’s treatment of American alcoholic beverages met that standard because provincial authorities banned or restricted U.S. products while not applying similar measures to like goods from other countries.

The order gives Customs and Border Protection authority, in consultation with Treasury, Commerce and the Office of the United States Trade Representative, to issue rules and guidance needed to carry out the measure. It also says goods subject to the new duties that enter U.S. foreign trade zones after the effective date must be admitted as privileged foreign status.

The tariff escalation comes as lawmakers have also begun pressing for a more formal trade response focused on alcohol. The Drinks Business reported that legislation introduced in Congress by Representative Claudia Tenney, a New York Republican, would require the U.S. Trade Representative to open a Section 301 investigation into Canadian provincial restrictions on American alcoholic beverages. According to that

report, industry groups including Wine Institute, WineAmerica and the American Craft Spirits Association support that bill.

Canada’s provincial restrictions were introduced during a broader trade conflict after U.S. tariffs imposed last year prompted retaliation north of the border. Since then, most provinces have kept American alcoholic beverages out of government-controlled retail outlets and distribution networks, creating space for domestic Canadian producers and exporters from Europe, Oceania, Latin America and Asia.

Whether the new U.S. duties lead Canada to change course remains unclear. The proclamation says one purpose of the tariffs is to encourage Canada to remove what Washington calls discriminatory restrictions on American alcohol sales. For now, importers, distributors and beverage producers face another deadline in a dispute that has moved beyond store shelves and into a wider tariff confrontation between two closely linked markets.