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California wine sales to Canada fell 77.7% in 2025

Provincial curbs on American alcohol erased $314 million in revenue, intensifying pressure on growers already facing a deep surplus.

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California wine producers lost $314 million in sales to Canada in 2025, a sharp drop that industry groups say has deepened the pressure on a market already struggling with weak demand, excess supply and falling prices.

Sales of California wine to Canada fell to $90 million in 2025 from $404 million in 2024, according to the California Farm Bureau, which said the figures came from federal trade data. That is a decline of 77.7% in one year.

The collapse followed moves by several Canadian provinces to pull American alcohol from store shelves or block its sale as trade tensions with the United States intensified. The dispute widened after President Donald Trump returned to office and imposed new tariffs on Canadian goods, setting off retaliatory action and renewed uncertainty around trade with one of California agriculture’s largest foreign markets.

For California’s wine business, the loss of Canada landed at a difficult moment. Wine consumption has been slowing in the United States and abroad for several years, leaving growers and wineries with more grapes and wine than they can sell. Industry estimates show that about 820,000 tons of winegrapes, roughly one-quarter of the California crop, went unharvested in 2025 because there was no buyer for them.

“That’s a really strong headwind on top of the other headwinds they’re already facing,” James Sayre, an international trade researcher and assistant professor of Cooperative Extension at the University of California, Davis, said in comments reported by California farm groups.

Canada has long been a key outlet for California farm goods and a major foreign market for the state’s wine. The sudden fall in wine sales there matters not only because of the lost revenue, but because it removes one of the few large export channels available to producers trying to clear inventories.

The California Farm Bureau said the wine figures reflect federal data for 2025 cross-border trade. But the underlying federal table was not linked publicly in the material circulated by the group, and it did not specify whether the dollar amounts were measured as customs value, free-on-board export value or another reported sales category. The Farm Bureau’s broader point, however, was clear: Canada’s market for California wine shrank dramatically in 2025.

That decline has become a central concern as U.S., Canadian and Mexican officials prepare for another round of discussions related to the United States-Mexico-Canada Agreement. The pact remains in force, but the review process has become more tense after the Trump administration declined to approve an automatic 16-year extension and moved into annual negotiations instead.

California agricultural organizations raised the issue in meetings with Canadian officials and state agriculture leaders in Sacramento last week. Matthew Viohl, director of federal policy advocacy at the California Farm Bureau, said trade with Canada remains essential to the state's farm economy and that producers want more stability.

"Trade is extremely important to California agriculture," Viohl said. "We want to be leaders on this, and we'll continue to take this conversation to D.C. and emphasize our goals."

Among the most urgent complaints from the wine industry are the provincial restrictions on American alcohol. In Canada, alcohol sales are often controlled by provincial authorities rather than the federal government, which has complicated efforts to resolve the dispute quickly through national trade talks.

Rana Sarkar, Canada's consul general, said Canadian federal officials could not directly speak for provincial alcohol decisions. "Decisions on the sale of alcoholic beverages in Canada are made at the provincial level," he said, while adding that Canada remains committed to restoring a more predictable trading relationship with the United States.

The wine industry's problem is not only lost shelf space in Canada. It is also timing. California growers have already been removing vineyards after several years of weak grape prices and lower winery demand. In parts of the Central Valley, vineyard removals have accelerated as farmers decide the economics no longer work.

When a large export market suddenly contracts, the pain moves through the supply chain. Wineries can delay purchases. Growers can be left without contracts. Grapes that cost a full season of water, labor and inputs may never be picked. Existing wine inventories can sit longer in tanks or barrels, tying up cash and warehouse space.

Sayre said the broader trade dispute has produced volatility that is especially damaging for sectors like wine, where buyers can shift more easily to bottles from other countries. If a Canadian retailer or consumer chooses not to buy California wine, there are other options from Canada itself or from Europe, South America and Australia.

“Wine doesn’t degrade if you ship it on a boat for a long time,” Sayre said. That makes substitution easier than it is for highly perishable California products such as berries or leafy greens.

The contrast matters for trade policy. California exporters of fresh produce have also reported boycotts and disrupted commercial relationships in Canada, but some of those products are harder for Canada to replace from distant suppliers because of transit time and shelf life. Wine does not have that protection.

The dispute has also exposed how vulnerable the California wine business has become after years of overproduction relative to demand. Even before the Canadian pullback, growers were facing a market in which some wineries were reducing grape purchases, renegotiating contracts or walking away from fruit entirely. The 820,000 tons of unpicked winegrapes cited by industry groups in 2025 did not come from the same trade dataset as the export figures; they were separate sector estimates meant to show the scale of the imbalance inside California.

That distinction matters because the figures measure different problems. The Canada data points to lost external demand. The unpicked-grape estimate points to an internal supply glut. Together they show why growers are under pressure from both sides at once.

For producers in Napa Valley, Sonoma County, the Central Coast and the San Joaquin Valley, Canada is not the only export market, but it has been one of the most established and dependable. Losing most of that business in a single year makes it harder for wineries to defend prices, move inventory and plan production for future vintages.

California farm groups are now pressing for trade negotiations that restore access and reduce the risk of further retaliation. Viohl said producers generally view North American trade agreements as beneficial, even when disputes arise over standards, enforcement and market access.

“What we really stress when it comes to trade is stability and fairness,” he said.

The next round of talks related to the USMCA is expected in September, and California farm organizations are watching closely for any sign that alcohol restrictions could ease before another harvest cycle adds to the state’s wine surplus.