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U.S. import ban threatens a key market for Canadian wine on Sept. 29

A 45% rise in domestic sales offers only limited relief for wineries that depend on U.S. demand for icewine, which makes up 60% of exports.

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Canadian wineries are seeing stronger sales at home as consumers buy more domestic bottles, but the industry says that rebound is unlikely to fully offset the threat from new U.S. trade restrictions that could sharply disrupt exports by the end of the month.

Wine Growers Canada said domestic wine sales have risen 45% since tariffs took effect, a shift the industry group sees as evidence that shoppers will choose Canadian products when they are easy to find in stores. Dan Paszkowski, the group's president, said the recent gains show there is room for local producers to grow in their home market, where Canadian wineries still account for only about 30% of wine sales.

The improvement in domestic demand comes as producers face a more serious challenge in the United States, their key export market. Paszkowski said Ontario produces 90% of Canadian wine shipped south of the border. He described the 50% U.S. tariff on affected products as a major barrier to sales and said executive orders signed on Sept. 8 are set to block imports of Canadian alcoholic beverages starting Sept. 29.

If that timetable holds, the restrictions would put immediate pressure on Ontario wineries, while also affecting producers in British Columbia's Okanagan Valley and in eastern Quebec. The risk is especially high for icewine, which Wine Growers Canada said makes up 60% of Canadian wine exports to the United States.

That concentration leaves one of Canada's best-known wine categories exposed to higher prices and possible loss of shelf space. Paszkowski said a US$40 bottle of Canadian icewine would face a US$20 tariff before any importer, distributor, or retailer markups are added. That, he said, would push up the final retail price and make the product much harder to sell.

The planned U.S. restrictions could also affect a smaller but important sales channel tied to tourism. Paszkowski said that if imports are barred, American visitors to Canadian wine regions would no longer be able to take Canadian bottles home through normal commercial channels. That could weigh on wineries that rely on travel-related spending in places such as Ontario's wine country.

The industry group says the danger goes beyond a short-term drop in shipments. Paszkowski said even a temporary interruption in access to the U.S. market could take years to repair because wineries would have to rebuild relationships with importers, distributors, and retailers, while also restoring consumer awareness. For producers that have spent years developing brand recognition in the United States, losing that position even briefly could be costly.

Data from Ontario's main liquor retailer point in the same direction as the industry's domestic sales claims. The Liquor Control Board of Ontario said Ontario wine sales rose 44% between April 1, 2025 and June 2026. The LCBO also announced a broader "We're all in on Ontario" marketing campaign, which is intended to give more visibility to local products.

That stronger domestic demand may help some wineries redirect inventory that would otherwise have gone to export markets. Still, the local market does not fully replace the value of U.S. demand, especially for products such as icewine that are more export-oriented. Industry officials say the recent gains at home should be seen as a cushion, not a substitute for cross-border trade.

The dispute also matters beyond wineries alone because tariffs and a possible import ban could alter how alcoholic beverages move between Canada and the United States. In practical terms, any disruption in wine flows can force producers, importers, and retailers to adjust sourcing, shelf space, and distribution networks. The pressure is likely to be most visible in premium categories such as icewine, but the shift could also influence the broader beverage market if buyers replace Canadian wine with alternatives from other regions.

Wine Growers Canada is asking Ottawa for more support as the trade fight intensifies. The group wants an extension of the federal Wine Sector Support Program, which is scheduled to expire in 2027. It is also seeking changes to federal excise taxes, fewer barriers to trade between provinces, and more shelf space for Canadian wine in stores.

Those requests reflect a longer-running challenge in the Canadian market. Even with the recent sales increase, domestic producers still hold less than one-third of total wine sales in Canada. Industry leaders argue that the current trade pressure has made clear

how dependent many wineries remain on policy decisions outside their control and how much more room there is to expand at home.

For now, the sector is balancing two sharply different trends at once: stronger support from Canadian consumers and a growing risk that access to the U.S. market could narrow just as the fall selling season begins. With the Sept. 29 deadline approaching, wineries that depend on American buyers are preparing for the possibility that one of their most important export channels could become far more difficult to use almost overnight.