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Cognac sales fell by 90 million bottles after tariffs squeezed France’s producers

Orders from China and the United States have weakened in a sector that exports 98% of its production outside the European Union

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Cognac producers in southwestern France are facing a steep sales slump after two years of trade tensions with China and the United States, leaving one of France’s most export-dependent drinks industries squeezed by weaker demand and a smaller 2026 harvest.

According to figures cited by Euronews from industry officials, Cognac sales have fallen from about 230 million bottles in 2023 to 140 million bottles now, a drop of 90 million bottles, or 39.1%. The report did not specify the exact period covered by the 140 million-bottle figure, and it did not identify a primary statistical release for that comparison. Even so, the decline described by the industry points to a sharp contraction in a sector that sends almost all of its production abroad.

The Cognac industry says 98% of production is exported outside the European Union. China accounts for about 25% of exports and is the second-largest market after the United States, according to the industry's trade body. The U.S. market represents roughly half of exports, making the sector highly exposed to trade disputes on both sides.

That dependence has become a central problem for producers around the Charente River, the only region allowed to make Cognac under French appellation rules. Growers and trading houses say orders have been cut after importers and distributors in both China and the United States pulled back.

Euronews reported that the four biggest houses, Rémy Martin, Hennessy, Martell and Courvoisier, reduced their purchases from winegrowers after customers canceled contracts. The pressure has spread across the regional supply chain, affecting not only distillers and merchants but also barrel makers, transport companies, farm contractors and equipment suppliers. The industry supports about 70,000 direct and indirect jobs in France, according to figures cited in the report.

Industry officials say the first major hit came from China after the trade dispute over electric vehicles between Brussels and Beijing. France was among the strongest supporters of European action against Chinese electric vehicle imports. After the EU moved ahead with tariffs on Chinese EVs, Beijing responded by targeting European brandy.

China imposed provisional duties of up to 34.8% on European brandy in 2024, only days after the EU imposed tariffs of up to 35.3% on Chinese EVs. China later confirmed its measures but exempted major Cognac producers that agreed to sell above undisclosed minimum prices. By then, however, producers say the damage had already

been done in the market.

Raphaël Delpech, director of the National Interprofessional Cognac Bureau, or BNIC, told Euronews that Cognac had become “collateral damage” in a broader trade conflict. He said Chinese consumers and distributors moved away from the product after it was publicly linked to European trade action against China. In his account, the problem was not limited to tariffs alone. He said importers stopped ordering and retailers reduced shelf space for Cognac.

The industry was then hit again in the United States. During President Donald Trump’s first term, the U.S. had already imposed tariffs on French Cognac as part of the Boeing-Airbus dispute, before those duties were later suspended under President Joe Biden. A new round of U.S. tariffs came after Trump returned to office and announced broad measures on trading partners in April 2025.

In July, the EU and the United States reached an agreement in Turnberry, Scotland, that set a 15% tariff on most European exports to the U.S., including Cognac. European wine and spirits groups have since lobbied for exemptions, but Cognac remains covered. The industry says the uncertainty has added to weaker buying in the U.S., where inflation has already pushed up consumer prices.

Delpech told Euronews that the tariff environment created anxiety for American importers, who in many cases chose to shift to products seen as less risky. French officials and industry representatives have continued to press Brussels and Washington for relief, but there has been little sign of a breakthrough for Cognac.

The contrast with other spirits has added to the frustration in France. The United Kingdom secured the removal of U.S. tariffs on whisky in May, and Irish whiskey received similar treatment in mid-September. French Cognac, however, is still subject to the 15% tariff.

The trade pressure is arriving at the same time as a weaker 2026 harvest. In the Cognac area, some growers say drought reduced the economic value of this year’s crop. Matthieu Augier, a winegrower in Gondeville, told Euronews that he expects a 30% to 40% reduction in the economic return from his 2026 harvest compared with a

normal year. That estimate was given by one producer and described in economic terms, not as an official regional forecast of harvest volume.

Even so, the smaller harvest may limit short-term oversupply in a market where demand has dropped. Augier told Euronews that nature was, in effect, helping regulate surpluses after the market downturn. For growers, though, that is a poor form of relief. Lower output does not solve the loss of export markets, and it cuts income in an already difficult period.

To adjust to weaker demand, the sector has launched two vine-pull schemes with financial support. One is permanent and pays growers to remove vines for good. The other is temporary and prevents replanting for five years while allowing growers to keep their land in the system. Take-up on the permanent option has been limited so far. Euronews reported that applications covered only 560 hectares out of the 96,000 hectares in the Cognac appellation area.

That response suggests many growers remain reluctant to shrink vineyards that were planted as long-term investments. Vineyards in the region are often family assets held across generations, and cutting them back can mean reducing future production capacity in a business built over decades.

The dispute has also turned into a political issue in France and Brussels. Industry officials have argued that if the EU takes trade measures that trigger retaliation against unrelated sectors, the bloc should provide stronger support for the industries that bear the cost. French President Emmanuel Macron has visited the region several times and promised compensation to winegrowers, according to Euronews, but the report said that support has not yet arrived.

Eric Sargiacomo, a French member of the European Parliament and deputy chair of Parliament’s intergroup on wines and spirits, told Euronews that Cognac had become a test case for Europe. He said the crisis was raising broader doubts among agricultural sectors about whether the EU can protect them when they suffer from retaliation linked to free-trade agreements, anti-dumping measures or external tariffs.

For now, the sector’s outlook remains tied to foreign policy as much as to agriculture. Producers say any meaningful recovery is likely to depend first on the U.S. market, where they are still seeking relief from the 15% tariff, while a rebound in China may take longer because of the political damage left by the brandy dispute.