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Trade Dispute Cuts U.S. Wine Exports to Canada by 78%

California producers say most American bottles remain off Canadian shelves, threatening a market they say cannot be replaced.

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California wine producers say the trade fight between the United States and Canada is still keeping many American bottles out of Canadian stores, cutting deeply into a market that had been the top foreign destination for U.S. wine.

Joan Kautz of Kautz Wine said the company would welcome a return to Canadian shelves, which were an important outlet for the roughly 150,000 cases the winery exports each year. But she said most American alcohol products, including wine, remain off shelves across Canada, except in Alberta and Saskatchewan, where U.S. wine has been allowed back. Even there, she said, the market is already crowded.

The restrictions come after a breakdown in trade relations between the two countries and a tariff dispute that has stretched on for about a year and a half. Before that, Canada was the largest importer of U.S. wine, according to California's agriculture department. For California producers, and especially those selling higher-priced bottles, the market has been difficult to replace.

"You can't replace Canada," Kautz said. She said wineries have spent decades building customer relationships there and that other export destinations do not offer the same scale or value.

According to the Wine Institute, U.S. wine exports to Canada fell 78%, from about $460 million in 2024 to $103 million in 2025. California accounts for more than 95% of U.S. wine exports, making the state especially exposed to the dispute.

The impact is significant for the beverage business more broadly because Canada has long been one of the largest and most reliable overseas markets for American wine. When products are kept out of stores, producers can lose distribution channels they built over many years, and companies may face added pressure on pricing, inventory, and margins as they redirect shipments or look for new buyers. The disruption is also affecting commercial strategy, with wineries reassessing where to invest in sales and how to balance export risk.

Kautz said her company has been exploring other markets, including parts of Africa and Eastern Europe. But she described Canada as a key destination that cannot be quickly replaced by newer export relationships.

There is little sign of an immediate improvement in the broader political climate. President Donald Trump recently described Canada as difficult to deal with and suggested the relationship remains strained. His comments came as the White House

highlighted other trade fallout, saying U.S. vehicle exports to Canada fell about 22% from April 2025 through March of this year compared with the same period a year earlier.

Economist Ina Simonovska of the University of California, Davis said the damage may not be limited to current sales losses. She said Canada appears to be doing what is natural for any country facing uncertainty in a major trade relationship: developing ties with other partners. That kind of “friend shoring,” she said, could make it harder for U.S. businesses to regain lost ground even if formal barriers ease.

That concern is shared in California’s wine regions. Stuart Spencer of the Lodi Wine Commission said that even if Canada fully reopens to California wine, wineries should not expect business to return to earlier levels right away. He said the dispute has hurt the image of U.S. products in the Canadian market and given competing wines more room to take shelf space.

He said replacing those products later will not be simple. Retailers and distributors usually do not change inventories overnight, and once buyers establish new supplier relationships, those arrangements can last well beyond the original dispute.

That raises a longer-term problem for producers that depend on export sales, especially midsize and premium wineries that invested for years in one market. If Canada continues shifting purchases toward other countries, the loss for California could extend beyond one or two weak sales years and reshape where wineries focus their international growth efforts.

Kautz said her company is trying to stay in close contact with Canadian partners while waiting for the situation to change. She said the winery is remaining consistent with those relationships rather than pulling back completely, in the hope that access improves and business can resume on firmer footing.

For now, California wine producers are dealing with a market that was once central to their export business but remains only partly open in two provinces, with most U.S. bottles still absent from Canadian shelves. Kautz said Canada will remain important to her company regardless of how long the dispute lasts, and that she hopes relations between the two countries improve enough to allow American wine back into regular

distribution.