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U.S. wine exports fell 10% through July, with Canada driving the decline.

Canadian provincial bans kept a crucial market largely shut even after the latest three months showed a slower decline.

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U.S. wine exports continued to fall through mid-2026, with Canada still acting as the main drag on sales abroad even after the steepest part of the decline began to ease, according to a new market update from Terrain that cited U.S. International Trade

Commission data.

In the six months ending in July 2026, U.S. wine exports were down 10% in value and 12% in volume from a year earlier, Terrain reported. Over the final three months of that period, the decline narrowed to 2% in value and 10% in volume, suggesting that the pace of contraction has slowed even as overseas demand remains weak.

The broader downturn has been severe. In the 12 months ending in January 2026, U.S. wine exports fell 37% in value and 22% in volume, a drop that amounted to about $460 million in lost revenue for U.S. producers, according to the U.S. International Trade Commission figures cited by Terrain.

The biggest factor was Canada, the largest foreign buyer of American wine before the current trade conflict. Terrain said exports to Canada dropped 84% in value and 75% in volume in the 12 months ending in January. The fall followed action by Canadian provinces in February 2025 to ban American alcohol in response to U.S. tariffs and repeated sovereignty threats.

China, which was the third-largest export market by value for U.S. wine in 2024, also recorded a sharp decline. Terrain said exports to China fell 73% in value and 58% in volume over the same 12-month period as that country also became a target of U.S. tariffs.

The report said there has been some stabilization in Canada this year, but from a very low base. In the six months ending in July, U.S. wine exports to Canada fell 1% in value and 14% in volume from the same period a year earlier. In the final three months of that stretch, shipments to Canada rose 377% in value and 36% in volume year over year.

Terrain cautioned that those gains need to be viewed against unusually weak 2025 comparisons. Even after the rebound, exports to Canada in the three months ending in July were still down 80% in value and 71% in volume compared with the same period in 2024.

Outside Canada and China, U.S. wine exports initially held up better during the first year of the trade war. Terrain said that, excluding those two countries, exports were down just 2% in both value and volume in the 12 months ending in January, helped in part by growth in Japan and South Korea, which had been the fourth- and fifth-largest foreign markets for American wine by value before the trade dispute intensified.

That support weakened in 2026. In the six months ending in July, U.S. wine exports to the rest of the world fell 11% in value and 12% in volume from a year earlier, according to Terrain. The report said the weaker performance likely reflects a mix of political backlash against the United States and economic pressure tied to energy supply disruptions associated with the ongoing conflict in Iran.

The near-term outlook remains weak, the report said, because there is still no sign that U.S.-imposed tariffs will end soon and trade tensions with Canada worsened again in September. The United States introduced new tariffs on a range of Canadian products effective September 29, 2026. Canada responded with new tariffs on various U.S. goods, although Terrain noted that wine was not included in those new Canadian measures.

Even so, the provincial restrictions that have shut many American alcohol products out of Canada are expected to remain in place. Terrain said full or partial bans on American alcohol continue in every Canadian province except Alberta and Saskatchewan, which lifted them in June 2025. Both provinces have indicated they do not plan to restore the bans, although Saskatchewan imposed a 50% tariff on U.S. wine effective September 8.

Terrain described Saskatchewan’s move as unlikely to have a large effect because the province accounts for only a small share of Canadian wine sales. The larger issue for U.S. producers is that most of the Canadian market remains heavily restricted, limiting access to a country that had long been a key destination for American wine.

Chris Bitter, the Terrain analyst who wrote the update, said the result is that wineries and grape growers should not expect exports to provide a meaningful sales boost soon. The report said a recovery is likely to depend on an easing of trade tensions, but that timing is impossible to predict.

For the beverage industry, the dispute matters beyond one export line on a balance sheet. Canada is one of North America’s most important alcohol markets, and the continuing restrictions on U.S. wine are limiting an important outlet for American producers while potentially creating more room for other foreign suppliers in Canadian stores and restaurants. That shift can affect pricing, shelf space and distribution decisions across wine and other alcohol categories.

The report also pointed to a broader demand problem. Even in markets not directly affected by alcohol bans, Terrain said inflation pressures are likely to persist and economic growth is expected to stay muted, reducing the chances of a strong rebound in global wine consumption in the near term.

That leaves U.S. wineries facing pressure on several fronts at once: a sharply reduced Canadian market, weaker sales in China, softer demand in other destinations and little visibility on when trade conditions might improve. Terrain said exports should recover at least part of the lost ground once tensions ease, but for now it expects overseas shipments to keep declining at a moderate pace.