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Australian winemakers capture Canadian shelf space after U.S. wine exports plunge 78%

Hill-Smith says Canada could overtake the United States within six months as provincial boards keep many American labels out

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Australian wine producers are gaining ground in Canada as the trade dispute between Canada and the United States cuts deeply into sales of American wine, creating new openings on store shelves for rival exporters.

Hill-Smith Family Estates, one of Australia’s oldest wine groups, said Canada has become one of its fastest-growing export markets and could soon surpass the United States as the company’s third-largest market. Jack Glover, the company’s executive director of marketing and sales, told The Drinks Business on Wednesday, November 11, that Canadian consumers are increasingly shifting toward Australian wine as many U.S. labels disappear from retail outlets.

Glover said the change has been especially visible in premium Chardonnay and Cabernet Sauvignon, where Australian producers can compete with Californian wines that had previously held strong positions in Canadian provincial liquor board listings. He said much of the opportunity is in bottles priced above CAD$15.

The shift follows action by Canadian provincial liquor boards in response to U.S. trade measures. Those restrictions have removed many American wines from shelves, weakening the position of U.S. producers in what had been one of their most important export markets. According to figures published by Wine Institute, U.S. wine exports to Canada fell by 78% between 2024 and 2025, reducing export revenue by more than US$357 million.

That drop has opened space for other suppliers, not only from Australia but also from South America, according to Glover. He said consumer sentiment in Canada has also played a role, suggesting the change is not only a supply issue but also a response by buyers and drinkers to the broader trade conflict.

For Australian producers, the development offers a rare export tailwind at a time when the global wine industry is dealing with weaker consumption in several markets and persistent concerns about oversupply. The change in Canada also matters beyond one country or one producer. It shows how a trade dispute can quickly shift market share in a major importing country and may force wineries, importers and distributors to rethink export priorities, inventory decisions and long-term market strategy.

Hill-Smith’s comments point to a possible reordering of its own overseas business. Glover said Canada could overtake the United States within six months to become the group’s third-biggest market. Hill-Smith Family Estates, founded in 1849, owns brands including Yalumba, Jansz, Pewsey Vale, Oxford Landing and Nautilus, and is now run

with involvement from the sixth generation of the founding family.

Even as Canada improves, the company is taking a more cautious view of another market that many Australian winemakers once hoped would absorb excess production: China. Glover said the removal of Chinese tariffs on Australian wine has not restored the market conditions that existed before the restrictions were imposed. In his view, Chinese demand is weaker than it was in the late 2010s, and consumer preferences have shifted enough that a rapid return to earlier volumes is unlikely.

That means renewed access to China may not be enough to solve the structural pressures facing Australian wine, including surplus supply. Instead of chasing quick volume recovery there, Hill-Smith is focusing its China strategy on Yalumba and on premium positioning, rather than trying to rebuild sales through lower-priced volume.

The contrast between Canada and China highlights the uneven shape of the global wine market. In Canada, political friction between two trading partners has created a clear commercial opening for competitors. In China, the formal removal of trade barriers has not automatically restored demand. Together, those two developments suggest that access to a market is only one part of the equation. Consumer mood, shelf space, category trends and price positioning can matter just as much.

Glover also said he sees growing interest in white wine and believes premium Australian producers still have room to grow if they are willing to invest for the long term. He said Hill-Smith’s family ownership gives it more patience than businesses working under shorter investment cycles, allowing the company to make decisions with a longer horizon on consumer behavior and sustainability.

His comments come as wine producers in several countries try to adjust to slower global consumption and changing drinking habits, particularly among younger consumers. Glover said he does not see those changes simply as a threat, but as a shift in how consumers enter the category and what they expect from it. He argued that quality and occasion are becoming more important than volume.

For now, Canada appears to be one of the clearest beneficiaries for Australian exporters. With American wine sales sharply reduced and provincial retail systems still reshaped by the trade dispute, Australian producers are finding room to expand in a

market that may become more important to their export mix than many had expected only a year ago.