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How will US wine fare post-election?

Tariffs, Immigration, and Health Guidelines: Wine Industry's Election Concerns

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The U.S. wine industry faces uncertain prospects in the lead-up to the upcoming presidential elections. Regardless of who wins in November, the wine and spirits sector may encounter significant challenges due to the unpredictable policies that have characterized recent administrations. During Donald Trump's presidency, tariffs on European products, including wines from France, Spain, and Germany, as well as spirits

from the U.K., hit U.S. restaurants, bars, and retailers hard. Additionally, the trade war with China led to a doubling of tariffs on American wines exported to that market, impacting local wineries seeking to expand their global reach.

When Joe Biden took office, he moved to ease trade tensions with both Europe and China. However, during his administration, wine and spirits sales have seen a notable drop. Some analysts attribute part of this decline to the lack of a clear stance on the relationship between alcohol consumption and health. Critics argue that the Biden administration has allowed voices with prohibitive views on alcohol to influence public discussions, avoiding a balanced, science-based approach. This shift in tone could give Kamala Harris, the Democratic candidate for 2024, a slight advantage, as she has occasionally shown an appreciation for wine, hailing from California, one of the country's most important wine regions. Harris was even a member of the Rock Wall wine club in Alameda. Nevertheless, she has not formally addressed alcohol-related policies, indicating that neither she nor Trump has prioritized this issue on their campaign agendas.

The policies surrounding alcohol and wine in the U.S. are likely to be impacted on several fronts depending on the election outcome, particularly in terms of tariffs, immigration, and future dietary guidelines. Concerning tariffs, Trump recently declared that he is considering replacing the income tax with a tariff-based system, potentially reintroducing tariffs on European wines, as he did during his previous term. This has raised concerns among organizations like the U.S. Wine Trade Alliance (USWTA), which recently held a press conference to warn about the negative impact of such policies. According to USWTA President Ben Aneff, these tariffs not only affect foreign producers but also U.S. businesses that operate as distributors and retailers of imported wines.

Business owners such as Andrew Fortgang, a Portland restaurant proprietor, have noted that a significant portion of their revenue depends on beverage programs, and tariffs drive up prices on foreign wines, discouraging consumers. "If we put a French wine on the menu and have to raise its price, customers simply won't order it," Fortgang explained, stressing that this directly affects their profit margins as customers might opt for other drinks that bring in less revenue for the restaurant.

On immigration, a key issue for California's wine industry, Trump maintains a strict stance on immigration policies. California's vineyards rely heavily on Mexican labor, including both documented and undocumented workers, and though Trump leads the polls on this issue, agricultural producers are unlikely to support his proposals for mass deportations. A labor shortage could be devastating for California vineyards, which are already struggling with workforce scarcity.

Finally, the revision of U.S. dietary guidelines is another area where Biden's administration has faced criticism. These guidelines are reviewed every five years, and this time, the task has fallen to the Interagency Coordinating Committee for the Prevention of Underage Drinking, an organization that, according to several lawmakers, may not be suited to this responsibility. The committee includes a Canadian advisor known for restrictive alcohol policies, which were met with resistance in his own country. The review of these guidelines is expected to conclude in 2025, and Harris has not yet taken a position on this matter.

The U.S. wine industry is navigating a complex landscape. While the electorate is divided, there is a general sentiment among industry executives that Trump might be a favorable choice for reducing regulatory burdens on businesses. However, Harris's proposals on economic policies remain largely unknown, as her career has mainly focused on justice and law and order issues. With just days until the election, it remains uncertain how the economy and the wine and spirits sector might evolve under a new administration.

Political uncertainty has made consumers and businesses in the country cautious, and they await the election results with anticipation. What seems certain is that, regardless of the outcome, many Americans may need a good drink to face the times ahead.