vinetur

Proposed Tariffs on Mexican Spirits Could Cost U.S. Billions, Threaten 14,000 Jobs

WSWA calls for careful consideration before enacting disruptive tariffs.

Wednesday, January 22, 2025

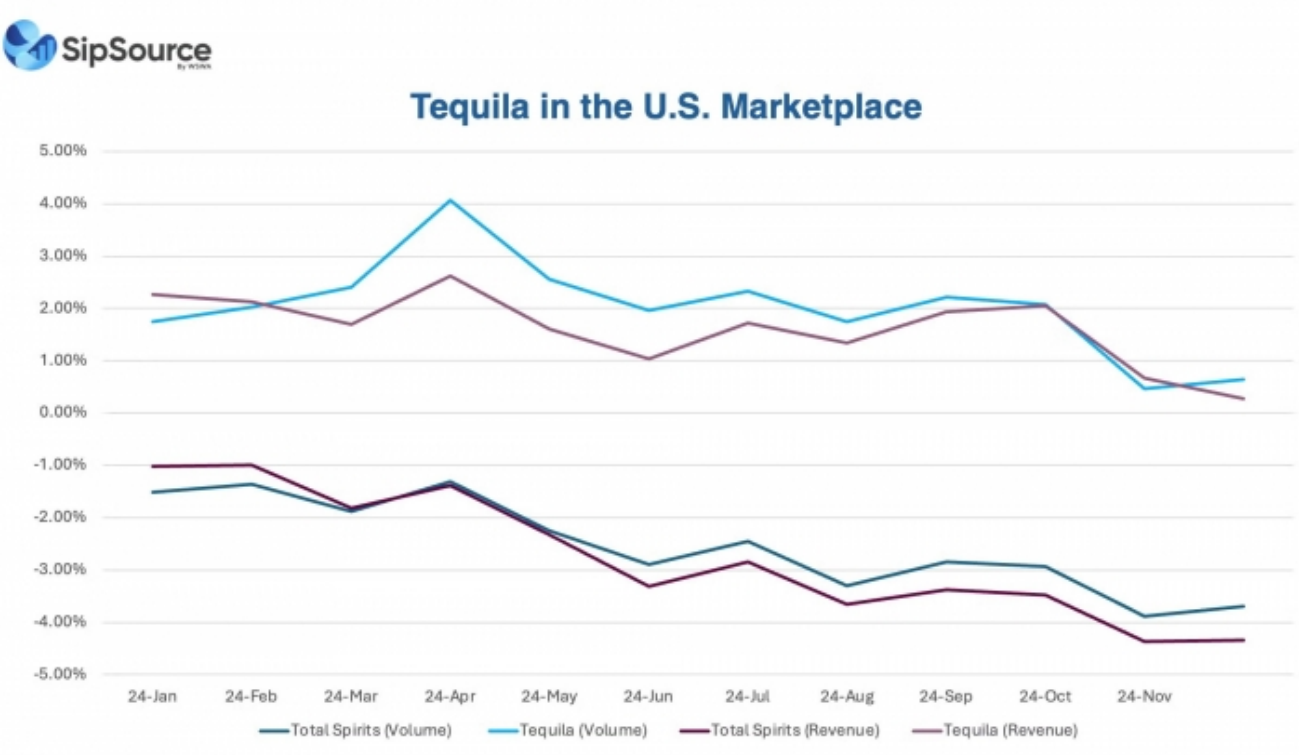


The wine and spirits industry in the United States could face significant economic challenges if a proposed 25% tariff on Mexican-origin products is implemented, according to a report by John Dunham and Associates, released by the Wine and Spirits

Wholesalers of America (WSWA). Estimates suggest this measure could jeopardize 14,000 jobs nationwide and result in an economic loss of up to $2.5 billion.

The report, based on data collected through December 2024, examines the potential consequences of tariffs proposed by the new administration. These tariffs would impact key products such as tequila and mezcal, which are not only culturally and gastronomically significant but have also been drivers of growth in a market that saw a 5.5% decline in volume over the past year.

Agave-based spirits account for 13% of the U.S. alcoholic beverage market by volume and 22% by revenue, according to WSWA data. In the on-premise sector—restaurants, bars, and entertainment venues—these products contribute 20% of the volume and 27% of the revenue. Additionally, the Margarita, a cocktail primarily made with tequila, remains the most popular drink in the nation's establishments, according to a recent Nielsen CGA report.



The tariff proposal has raised concerns among distributors and retailers. Dina Opici, president of Opici Family Distributing and a WSWA leader, emphasized that current inflationary pressures and financial constraints within the sector would make it difficult to absorb these additional costs. She noted that passing the costs on to consumers

would not only make products more expensive but further strain an already fragile market.

Francis Creighton, president of WSWA, pointed out that the tariffs would directly impact U.S. businesses, most of which are family-owned, due to the unique structure of the country's alcohol regulation and distribution system. This system, widely regarded as a global standard, ensures that any changes in import costs are felt directly by local businesses and consumers.

Projected figures indicate the tariffs could result in $774 million in lost wages and $1.3 billion in reduced tax revenues, alongside significant declines in consumption and overall economic activity. Industry analysts and representatives are urging the government to carefully consider these implications before enacting a decision that could profoundly disrupt the U.S. alcoholic beverage market.