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U.S. Wine Industry Faces Uncertainty Amid Potential 200% Tariff on European Imports

Wine sellers and importers worry about reduced demand as Trump threatens tariffs in response to EU's planned whiskey tariff.

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The U.S. wine industry is facing uncertainty as President Donald Trump has threatened to impose a 200% tariff on European wines, Champagne, and spirits. This move is in response to the European Union's planned 50% tariff on American whiskey, set to take effect on April 1. Wine sellers and importers in the U.S. are concerned that such a high tariff would drastically reduce demand for European wines. Ronnie Sanders, CEO of Vine Street Imports in New Jersey, expressed doubt that consumers would be willing to

pay significantly higher prices for their favorite European wines.

Jeff Zacharia, president of Zachys, a fine wine retailer in New York, noted that 80% of his wine sales come from Europe. He emphasized that the U.S. wine industry relies heavily on European imports, and there isn't enough domestic wine to fill the gap. Zacharia has halted purchases of European wine until the situation becomes clearer, as the potential tariffs create uncertainty for businesses.

European wines and spirits accounted for 17% of the total alcohol consumed in the U.S. in 2023, according to IWSR, a global alcohol data provider. Italy and France are significant contributors to this figure. The U.S. imports more alcohol than it exports, with foreign-produced alcoholic beverages making up 14% of all U.S. agricultural imports in 2022.

Marten Lodewijks, president of IWSR U.S., mentioned that while a 200% tariff is not unprecedented, such high import duties are usually more targeted. He cited China's 2020 tariffs on Australian wine, which led to a 90% drop in exports. Although China lifted these tariffs last year, the Australian wine industry had already suffered significant losses.

Trump's threat of a 200% tariff has sparked reactions from Europe. Ettore Prandini, president of Italy's Coldiretti agriculture lobby, warned of a potential global trade war that would hurt U.S. consumers and farmers. Italian wine exports to the U.S. have grown significantly over the past two decades, reaching 1.9 billion euros last year. In France, the U.S. market for wines and spirits is valued at 4 billion euros annually. Gabriel Picard, head of the French Federation of Exporters of Wines and Spirits, described the potential tariffs as devastating for France's alcohol export industry.

Some European winemakers have already canceled planned shipments to the U.S., anticipating the tariffs. Jacques Barreau, co-founder of French transporter Grain de Sail, noted that exports have essentially come to a halt due to the uncertainty.

In the U.S., some wine stores are trying to capitalize on the situation. A wine bar in Washington announced a tariff sale, encouraging customers to buy their favorite wines before prices rise. However, there is skepticism about whether Trump will follow

through with the 200% tariff. Mark O’Callaghan, founder of Exit 9 Wine & Liquor Warehouse in New York, remarked on the rapidly changing situation.

Major U.S. alcohol distributors, such as Total Wine and Southern Glazer's Wine & Spirits, have not commented on the potential tariffs. The situation remains fluid, with businesses and consumers waiting to see how the trade tensions will unfold.