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US Tariff Threats on European Alcohol Imports Cause Industry Anxiety

Potential 200% tariffs could disrupt the wine and spirits industry, affecting prices and distribution channels globally.

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As the possibility of steep US tariffs on European alcohol imports looms, a warehouse in Le Havre, France, holds over 1,000 cases of wine from various boutique wineries. Normally, Randall Bush, founder of Loci Wine in Chicago, would have arranged for these wines to be shipped to the US. However, due to the Trump administration's threat on March 13 to impose 200% tariffs on European alcoholic products, Bush and other US importers have paused shipments. The 1,100 cases of wine from family-owned producers in Bush's portfolio are paid for but remain at their domaines until at least April 2, when the administration is expected to announce a "reciprocal tariff number"

for global trading partners.

The uncertainty surrounding tariffs has left restaurant owners, beverage directors, liquor distributors, and wine importers anxious. A 200% tariff would be devastating for the global wine and spirits industry. Even modest tariffs could disrupt the food and beverage ecosystem, affecting distribution channels and increasing prices. Richard Hanauer, wine director and partner with Lettuce Entertain You, expressed concern about how tariffs could impact European-themed restaurants. These establishments might have to source wine and spirits from other regions due to potential price hikes.

Despite Trump's history of retracting tariff threats, the wine and spirits industry is taking this one seriously. Many American importers, including Bush, are following the US Wine Trade Alliance's (USWTA) advice to halt wine shipments from Europe. Without assurances of notice periods or exemptions for wines shipped before any tariff announcement, the organization had no choice but to recommend stopping shipments. Bush explained that once wine is shipped, importers are billed upon arrival, leaving them vulnerable to unexpected costs.

Tariffs are import taxes paid by importers as a percentage of the freight's value upon delivery. Shipments from Europe can take six to eight weeks to arrive, leaving firms like Loci uncertain about the costs they will face at US ports. Benjamin Aneff, president of the USWTA, noted that even a 50% unplanned tariff could bankrupt some businesses, many of which are small and family-owned.

European wineries also risk being caught in a trade war with the US. The US accounts for nearly 20% of the EU's total wine exports, valued at $14.1 billion in 2024. Many importers remember the $7.5 billion tariffs Trump imposed on EU exports during his first presidency, which included 25% duties on Scotch whiskey, Italian cheeses, and certain French wines. These measures stemmed from a trade dispute over airline subsidies. André Tamers, founder of De Maison Selections, recalled negotiating with suppliers to avoid significant price increases during the 2019 tariffs. However, the pandemic made it difficult to assess their impact. The Biden administration eventually lifted these tariffs in June 2021.

To prepare for potential tariffs, many restaurants and bars are increasing inventory purchases within their budgets. Grant Reynolds, co-founder of Parcelle, mentioned making large commitments for rosé season to better weather any tariff-related challenges. Cocktail-focused bars are also stocking up on spirits that could be affected, such as allocated scotches and rare cognacs. Deke Dunne, beverage director of Allegory in Washington DC, said they might spend up to $100,000 on inventory to save money over the next six months, depending on the tariff situation.

Some vendors are offering discounts to encourage stockpiling of European products. Fred Beebe, co-owner of Post Haste in Philadelphia, feels less concerned than others. His bar uses only US products from east of the Mississippi River, avoiding imported spirits. Beebe noted that relying on local products has proven advantageous amid tariff threats. He expressed sympathy for those running agave-based programs, who may face significant price increases.

The wine industry faces new challenges at an inopportune time. Wine consumption in the US has declined as younger consumers turn to cannabis, hard seltzers, and spirits like tequila, or embrace sobriety. Reynolds noted that wine consumption was already down before the tariff threat, and more tariffs could further shift consumer behavior away from wine.

Despite declining sales and tariff threats, niche importers like Tamers feel they must continue their operations. Without buying wine, they have nothing to sell, leaving them in a difficult position. Aneff hopes for sensible negotiations to separate alcohol tariffs from other trade disputes. He believes a sectoral agreement on wine and spirits could benefit small businesses on both sides of the Atlantic, ensuring free trade and bringing joy to consumers.