vinetur

French wine industry faces uncertainty over potential U.S. tariffs

Trade tensions disrupt exports as French wine sector lobbies to avoid economic fallout from proposed 200% tariff on European alcohol.

Tuesday, April 1, 2025



In France, the wine industry faces uncertainty as it awaits decisions from Washington and Brussels regarding potential U.S. tariffs. Mid-March, former President Donald Trump threatened 200% tariffs on European alcohol if the EU proceeded with plans to tax American bourbon. This was in retaliation for U.S. tariffs on steel and aluminum. The

announcement has already disrupted exports, with many shipments halted.

Gabriel Picard, president of the Federation of Wine and Spirits Exporters (FEVS), explained that the uncertainty caused American importers to stop shipments, even for containers ready to be loaded. This affects all regions, from small producers to large trading companies. The U.S. Wine Trade Alliance (USWTA) advised its members to halt imports of European wines, citing the high risk of taxation.

The European Commission postponed its countermeasures until mid-April, giving the French wine sector time to lobby in Paris and Brussels. Picard emphasized that the industry has long requested that bourbon, American spirits, and wines be excluded from the EU's retaliation list. He argued that targeting these products is politically ineffective and economically harmful. The EU stands to lose more, with annual wine and spirits exports to the U.S. valued at €8 billion, compared to €500 million for American alcohol sold in Europe.

The situation remains unclear, especially with the "America First" trade policy set to take effect on April 2. Picard described the current period as "an unpleasant moment of uncertainty." Rodolphe Lameyse, head of Vinexposium, noted that a 200% tariff would be akin to prohibition. He added that while nothing is finalized, there is hope for a resolution unrelated to wine.

Philippe Tapie, president of Bordeaux Négoce, urged calm, warning against accepting lower tariffs like 50% or 25%, which would still have significant consequences. He pointed out that even a 1% increase in tariffs leads to a 1% drop in trade. In 2019, a 25% tariff increase resulted in a 25% decline in sales, costing Bordeaux wines around $600 million. The first trade conflict with the U.S. cost the French wine sector €1 billion, with no compensation provided. Michel Chapoutier, head of a Rhône Valley wine house, criticized the European Commission for not keeping the wine industry out of the dispute. He expressed hope that the EU is now working to correct its mistakes.

The U.S. remains an irreplaceable market for French wine exports. In the Rhône Valley, the U.S. accounts for 10% to 20% of an exporter’s revenue and up to 50% of their profit margin. Chapoutier described the U.S. as a "market of excellence." While China briefly replaced the U.S. as a major market, its demand was less stable. Tapie highlighted the

maturity and knowledge of the American market, calling it essential for the industry.