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Wine and beer at center of new US-China trade dispute

The alcohol trade is suffering collateral damage as geopolitical tensions rise between Washington and Beijing.

Friday, April 11, 2025



President Donald Trump has sharply increased tariffs on Chinese imports to 145%, citing what he described as China's continued disregard for global market norms. The announcement, made late last night via his Truth Social platform, marks a significant escalation in the ongoing trade tensions between the United States and China. The new tariff rate is effective immediately and replaces the 54% rate announced just one week ago.

Trump justified the move by accusing China of exploiting international trade systems and failing to show respect for fair market practices. "At some point, hopefully in the near future, China will realize that the days of ripping off the USA, and other countries, is no longer sustainable or acceptable," he wrote.

The steep increase is expected to severely impact Chinese beverage exports to the U.S., including baijiu, wine, and beer brands such as Tsingtao. Tsingtao Premium Lager, which has seen strong growth in the U.S. over the past two years according to its American importer Paulaner USA, may now face a sharp decline in sales due to the higher import costs.

In response to Trump's announcement, China's Foreign Ministry condemned the decision and said it would retaliate by raising tariffs on U.S. goods to 125%. The Ministry accused Washington of acting out of "selfish interests" and warned that such actions undermine global trade stability. "This undermines the rules-based trade system and destabilizes global economic order," a spokesperson said.

Trade between the two countries totaled $585 billion last year, making any disruption significant for both economies. The tit-for-tat tariff increases are likely to affect a wide range of industries beyond beverages, including electronics, machinery, and consumer goods.

While targeting China with harsher measures, Trump also announced a temporary easing of tariffs for other countries. For a 90-day period starting immediately, tariffs on imports from all nations except China will be reduced to 10%. This move partially reverses last week's decision that imposed higher rates on many U.S. trading partners.

The temporary reduction will have limited effect on countries like Australia, New Zealand, Singapore, and Argentina, which were already subject to 10% tariffs. However, it offers some relief to European Union nations that had been hit with 20% duties just days earlier.

Trump said more than 75 countries had reached out to negotiate after last week's tariff hike. He described their reactions as "a little bit yippy, a little bit afraid," but noted that their lack of retaliation played a role in his decision to offer a temporary pause.

Despite this gesture from Washington, the European Union moved forward with its own retaliatory measures. On April 9, 26 of the EU's 27 member states approved €22 billion worth of counter-tariffs on U.S. goods. These duties are set to take effect on April 15 and will target products such as tobacco, motorcycles, poultry, steel, and aluminum. Bourbon whiskey was notably excluded from the list.

In a statement following the vote, the European Commission criticized the U.S. tariffs as unjustified and harmful to both sides. It reiterated its commitment to finding a negotiated solution that benefits both parties.

The latest developments add further uncertainty for global businesses already navigating complex supply chains and shifting trade policies. With both Washington and Beijing digging in their heels and Brussels preparing its own response, companies across multiple sectors are bracing for continued volatility in international markets.