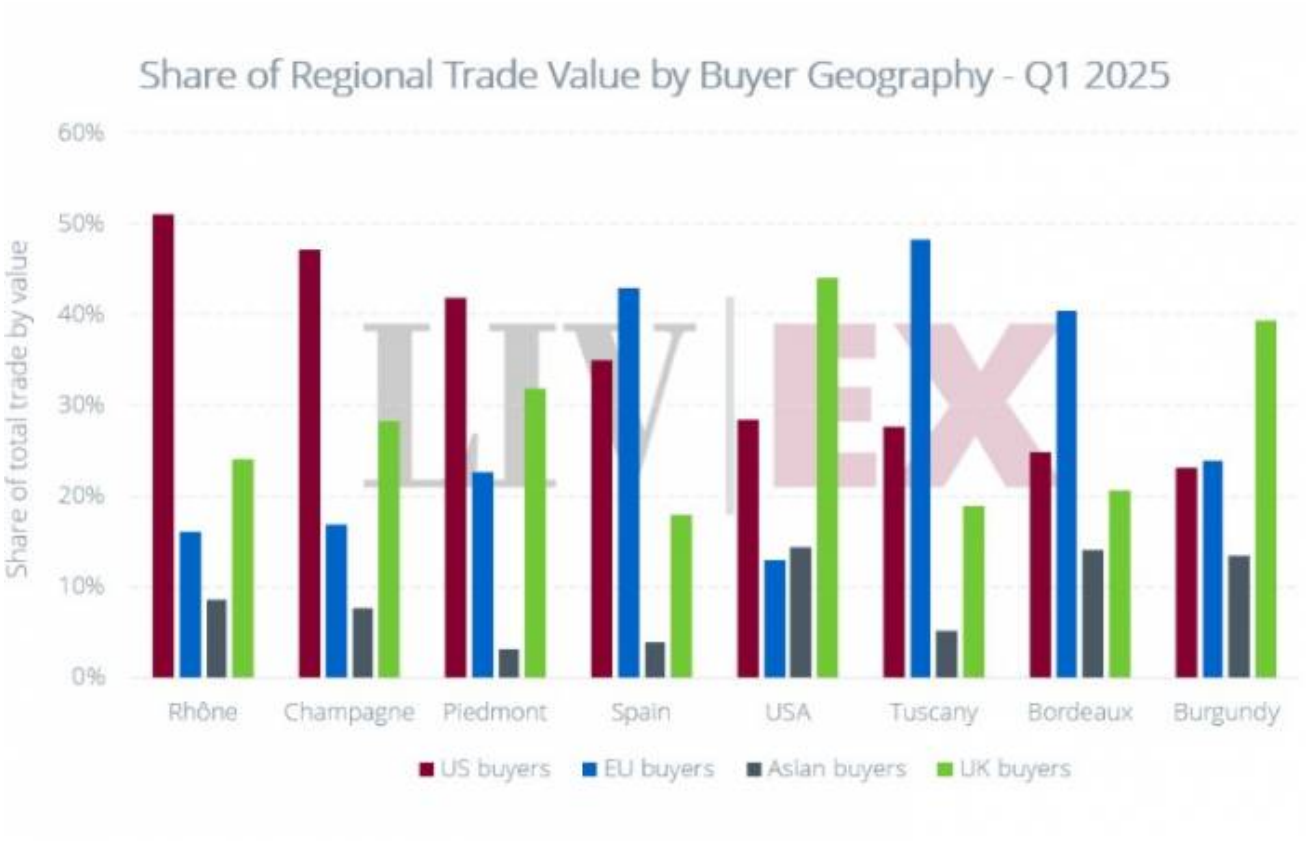
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Trump tariff threat triggers sharp decline in U.S. fine wine purchases and market confidence

European producers face uncertainty as American buyers retreat, disrupting trade volumes and pressuring global wine pricing

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In April 2024, the fine wine market experienced significant disruption following a political development in the United States. On March 13, former President Donald Trump publicly threatened to impose a 200% tariff on European wines, Champagne, and spirits. The announcement sent immediate shockwaves through the secondary

wine market, particularly affecting U.S. buyers who had become the largest purchasing group for the first time in history.

According to Liv-ex, the global marketplace for fine wine, U.S. buyers accounted for 35.5% of total purchase value in 2024. However, after Trump's tariff threat, their share dropped sharply to just 21.3% in March—a 35.5% decline in nominal terms. Overnight, U.S. bid exposure fell by 80%, with Bordeaux bids hit hardest, down over 90%. This sudden retreat from the market has raised concerns across the global wine trade.

Although Trump later softened his stance and reduced the proposed tariff to 10% for a temporary 90-day period starting April 9, uncertainty remains high. The volatility has led many U.S. buyers to pause activity while existing inventories are still available domestically. This has left European producers and merchants who rely on U.S. demand in a precarious position.

Regions that have historically benefited from strong U.S. interest—such as Champagne, Rhône, and Piedmont—are particularly vulnerable to this downturn. In 2024, U.S. buyers were responsible for nearly half (47.4%) of all Champagne purchases on Liv-ex. Their absence is expected to create a ripple effect across pricing and trade volumes.

The broader fine wine market also showed signs of strain in March. The Liv-ex Fine Wine 100 index fell by 0.7%, closing at 321 points. The more comprehensive Liv-ex Fine Wine 1000 index declined by 0.1%. Among regional indices, the Italy 100 was the only one to post gains, rising by 0.4%. The Bordeaux 500 dropped by 0.5%, with notable declines in vintages from La Mission Haut-Brion and Château Lafite Rothschild.

Despite falling prices, overall trade activity remained strong in Q1 2025 compared to the same period last year. March saw a notable increase in average transaction value—up 14.7% from February—driven largely by higher-value Burgundy trades. Burgundy's trade volume rose by over 24%, pushing its market share up to 25.1% from February's 19%.

Still, sentiment remains cautious. At the end of March, the bid-to-offer ratio for the Liv-ex Fine Wine 1000 stood at 0.43—the highest since January—but this was before the full impact of tariff threats took hold.

Liv-ex analysts suggest that the current situation may unfold in three phases: an initial drop in U.S. buying as existing stock is consumed; a potential fall in prices due to reduced demand; and eventually a return of U.S. buyers when inventories need replenishing.

Fine wine is not easily substituted or replaced, meaning that American collectors and merchants will likely return to European wines once domestic supplies dwindle. However, who absorbs the cost of tariffs remains an open question. With multiple layers in the distribution chain—from importers to retailers to consumers—the financial burden could be shared unevenly.

There may also be opportunities for some U.S.-based merchants to maintain margins despite tariffs if they can pass costs onto consumers or capitalize on price differences between markets. Historically, U.S. buyers have paid closer to Market Price than other regions, helping support global pricing levels.

Currency fluctuations add another layer of complexity. Since early April, the U.S. dollar has weakened against the euro—a trend that could further dampen American imports if it continues.

While some clarity emerged with the temporary reduction of tariffs on April 9, uncertainty still dominates market behavior. Until there is a more stable policy environment, many U.S. buyers are expected to remain cautious.

For now, European producers and exporters are watching closely as they navigate a market where their most important customer base has suddenly pulled back amid political risk and economic unpredictability.