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US-China tariff truce reshapes global wine trade as American producers regain access to Chinese market

Temporary reduction in tariffs sparks competition among exporters and could alter market shares in key wine-producing countries

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The agreement announced on Monday, May 12, between the United States and China to partially suspend their reciprocal tariffs is expected to have direct effects on the wine industry in major producing and exporting countries. The decision, which temporarily reduces import taxes on goods traded between the two countries for 90 days, could lead to significant changes in global wine trade flows.

For the United States, the reduction of tariffs from 145% to 30% on Chinese goods may result in a greater presence of Chinese products in the American market. However, when it comes to wine, China is not yet a strong exporter to North America. As a result, the immediate impact on wine imports from China will likely be limited in volume.

The more significant development for the North American wine sector is China’s move to lower tariffs on U.S. products from 125% to 10%. This sharp reduction creates an immediate opportunity for Californian wines, which have seen sales plummet in China over recent years due to high tariffs. With this change, American wines can now compete more effectively with European and Australian wines in the Chinese market.

Over the past decade, China has become one of the world’s leading destinations for bottled wine imports. Producers from France, Spain, Italy, Chile, and Australia have all benefited from strong demand in China. The return of U.S. wines under more favorable conditions could disrupt this balance and force a redistribution of market share among these countries.

France and Australia have traditionally held a privileged position in China’s wine market. Chile has maintained stable exports thanks to a bilateral free trade agreement that gives its wines tariff advantages. Spain and Italy have focused on consolidating their presence by offering wines with good value for money. If U.S. wines regain ground with more competitive prices, European exporters may face pressure to adjust their margins or increase promotional efforts.

For Chile and Argentina, the situation is different. Chile’s free trade agreement with China has allowed it to keep its export levels steady even during periods of heightened trade tensions between Washington and Beijing. The new U.S.-China agreement does not change Chile’s current conditions but introduces a new large-scale competitor into the market. Argentina, which is also seeking growth in Asia, could find it harder to

establish itself if cheaper American wines flood the market.

Australia lost much of its export share in China after steep tariff hikes in previous years. While Australia is not directly affected by this new agreement, it could lose further ground in the mid-range wine segment if U.S. producers regain momentum there. South Africa faces a similar challenge; although it has a presence in China, its volumes are smaller. Its future performance will depend on its ability to offer distinctive products or secure specific deals with local distributors.

On the other side of the trade relationship, there is also potential for increased Chinese wine exports to the United States as tariffs drop. While wine is not currently one of China’s main exports to Western markets, Chinese wineries have been improving both quality and production capacity. This could lead to a gradual entry of Chinese wines into the U.S., especially in lower-priced segments or Asian restaurants that may prefer domestic labels.

This temporary tariff relief could shift the balance in several key markets, but its short duration—just 90 days—means that any structural impact will be limited unless extended or made permanent. If these measures become long-term policy, all players in the global wine industry will need to reassess their commercial and export strategies to adapt to a new competitive landscape. The coming months will be crucial for producers and exporters as they monitor developments and adjust their plans accordingly.