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US Court Ruling Challenges Trump-Era Tariffs On Wine and Spirits

Legal uncertainty clouds future of transatlantic trade as industry groups push for diplomatic resolution and tariff exemptions

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A recent decision by the U.S. Court of Appeals has cast uncertainty over the future of tariffs imposed on European wines and spirits, a move that has significant implications for both American importers and European exporters. On August 29, the court ruled that tariffs enacted unilaterally by former President Donald Trump since April 2 were illegal under the International Emergency Economic Powers Act (IEEPA) of 1977. The court found that these tariffs, which include a 15% duty on European wines and spirits since August 1, exceeded the authority granted to the president by Congress.

The ruling, decided by a 7-4 majority, upheld an earlier decision from the U.S. Court of International Trade. The case was initiated by Victor Schwartz, a New York-based wine importer, and supported by the Liberty Justice Center. The court concluded that IEEPA does not give the president unlimited power to impose tariffs on any country at any time for any reason. The judgment stated that setting tariffs is a core responsibility of Congress and that IEEPA does not mention tariffs or provide procedural safeguards to limit presidential authority in this area.

Despite this legal setback, Donald Trump responded forcefully on his Truth Social account, insisting that all tariffs remain in effect and vowing to appeal the decision to the Supreme Court. He argued that removing these tariffs would harm the United States financially and weaken its position globally. The court's decision will not take effect until mid-October, giving the administration time to seek further review.

Ben Aneff, president of the U.S. Wine Trade Alliance, warned members that even if the Supreme Court ultimately strikes down tariffs imposed under IEEPA, other legal tools remain available to any president wishing to impose similar duties. These include Section 232 for national security concerns, Section 301 for unfair trade practices, and Section 122 of the Trade Act of 1974, which allows for temporary surcharges on imports.

Aneff emphasized the importance of demonstrating to policymakers in Washington how vital imported wine is to the American economy. He noted that imported wines support hundreds of thousands of jobs across all states and are crucial for small businesses. This message aligns with calls from European industry leaders for transatlantic agreements exempting wines and spirits from future tariff measures.

Luca Rigotti, chair of Copa-Cogeca's wine working group, said that a "zero-for-zero" agreement eliminating tariffs would be the simplest solution and is supported by producers and traders on both sides of the Atlantic. He warned that the current 15% tariff, combined with unfavorable exchange rates for European exporters, could have serious negative effects on both exporters and American consumers.

Ignacio Sanchez Recarte, secretary general of the European Committee of Wine Companies (CEEV), said it is difficult to quantify losses due to fluctuating tariff rates and exchange rates but confirmed that company revenues will decline as a result of higher prices and reduced profitability.

The legal battle over these tariffs began after Trump signed executive orders in April imposing a base 10% tariff on nearly all countries and reciprocal tariffs on dozens more. He justified these actions by declaring a national commercial emergency under IEEPA, arguing that trade imbalances threatened national security. However, the courts have now ruled that such actions exceed presidential authority without explicit congressional approval.

The case is expected to reach the Supreme Court later this year or early next year. If accepted for review, oral arguments could take place in early 2026 with a decision expected by summer. The outcome may set important precedents regarding presidential powers over trade policy.

Meanwhile, industry groups on both sides of the Atlantic are urging continued diplomatic dialogue in hopes of reaching an agreement before further economic damage occurs. They argue that open markets benefit both American businesses and European exporters and warn against escalating trade tensions at a time when global economic conditions remain uncertain.

The situation remains fluid as legal appeals continue and policymakers weigh their options. For now, European wine and spirits exporters face ongoing uncertainty about their access to the U.S. market while American importers await clarity on future costs and regulations.