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San Luis Obispo County wineries struggle as tariffs drive up production costs and threaten exports

Local winemakers face higher prices for imported materials and shrinking access to key international markets amid ongoing trade disputes

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San Luis Obispo County wineries are facing new financial pressures as tariffs on imported goods drive up the cost of producing wine. The latest round of tariffs, enforced by the United States on August 1, includes a 15% rate on most European Union goods. This move is part of a broader set of trade policies that have increased costs for many American industries, but local winemakers say the impact on their businesses is immediate and severe.

Joel Peterson, executive director of the Paso Robles Wine Country Alliance, explained that while grapes are grown and processed in California, many essential materials come from abroad. Glass bottles often come from China or Mexico, corks from Portugal, barrels from France and Hungary, and labels are printed overseas. With tariffs now in place, the cost of these materials has risen sharply.

Kory Burke, owner and winemaker at Dresser Winery in Paso Robles, said his business is under threat. Dresser Winery produces about 2,500 cases of wine per year. Burke said he was alarmed when tariffs became a reality early in President Donald Trump’s

second term. Since then, he has seen production costs rise for nearly every imported component. After the European tariffs were announced, Burke’s cork supplier notified him that prices would increase by 15%. Dresser Winery would absorb most of that cost.

Some winemakers are considering switching to American-made products to avoid tariffs. However, options are limited and often more expensive. For example, American glass bottles are pricier and harder to source. American oak barrels impart different flavors to wine than French or Hungarian barrels, which could change the character of established wine brands. Burke said he is reluctant to make such changes without knowing how long the tariffs will last.

At Cass Winery in Paso Robles, owner Steve Cass said tariffs on glass alone will add about 50 cents to the cost of each bottle. While not devastating on its own, Cass said it adds to a series of challenges facing wineries this year. He emphasized the need to keep customers happy and closely monitor expenses.

Tariffs have also affected exports. After the U.S. imposed steep tariffs on Canadian and Chinese goods, those countries responded with their own trade barriers. Canada raised tariffs on U.S. wine and other alcoholic beverages starting September 1. Some Canadian provinces banned U.S.-made alcoholic products entirely, leading to boycotts among Canadian consumers.

Canada is California’s largest export market for wine, accounting for 35% of all U.S. wine exports according to the Wine Institute. Honore Comfort, vice president of international marketing at the Wine Institute, called the ban on U.S. wine in some Canadian provinces “the single biggest challenge” for California winemakers. Jason Haas, partner and general manager at Tablas Creek Vineyard in Paso Robles, said Canada represented about 1% of their total sales in 2024 before the ban led to a complete loss in that market.

Jean-Pierre Wolff of Wolff Vineyards in San Luis Obispo had planned to export bottles to three Canadian provinces this year but had to stop after tariff threats emerged in February. That lost transaction would have accounted for about 20% of his wholesale business for the year.

Some industry groups believe tariffs could help California grape growers by making imported bulk wine less attractive to large wineries that often buy cheaper grapes from abroad. Stuart Spencer of the Lodi Winegrape Commission argued that foreign subsidies and trade barriers distort the global market and hurt domestic growers. If bulk producers turn to local grapes instead of imports from Europe or South America due to higher prices caused by tariffs, California growers could benefit.

However, experts say it is unlikely that American consumers will switch from European wines to California wines simply because prices rise. Hamed Ghoddusi, associate professor of finance at Cal Poly, noted that wine drinkers tend to be loyal to specific styles and regions.

The National Association of Wine Retailers has urged the Trump administration to remove tariffs on wine imports, warning that higher prices will lead consumers to cut back on non-essential purchases like wine.

Many SLO County wineries are trying not to raise prices out of concern they will lose customers. Jason Haas at Tablas Creek said they have reduced tasting room hours and vineyard labor instead of increasing bottle prices. They have also delayed planting new grape blocks and postponed equipment purchases.

Wolff Vineyards has negotiated lower prices with suppliers and switched to U.S.-based vendors where possible. This year Wolff began buying glass bottles from a California company instead of importing them from China, Canada or Mexico.

Other wineries have found no choice but to raise prices. Burke at Dresser Winery said he must increase bottle prices by 10% to 15%, or about $4 per bottle, just to keep his small business afloat.

Winemakers across San Luis Obispo County say they feel caught in a political struggle beyond their control as they try to adapt to rapidly changing costs and uncertain trade policies. Many hope their customers will remain loyal as they navigate these challenges brought on by international trade disputes and new tariff regulations.