Wine at the Epicentre of Trade Wars: Impact of Trump 2.0 Tariffs on the Wine Trade

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Presentation at EUAWE

Trieste/Koper

June 2026

How is Wine Trade Evolving Amid the New Trade Wars?

Motivation: Current trade tensions include tariffs on US imports of all major wine producers.

Project assesses how these policies affect trade both of imports and exports into the US and if any diversionary trends materialize.

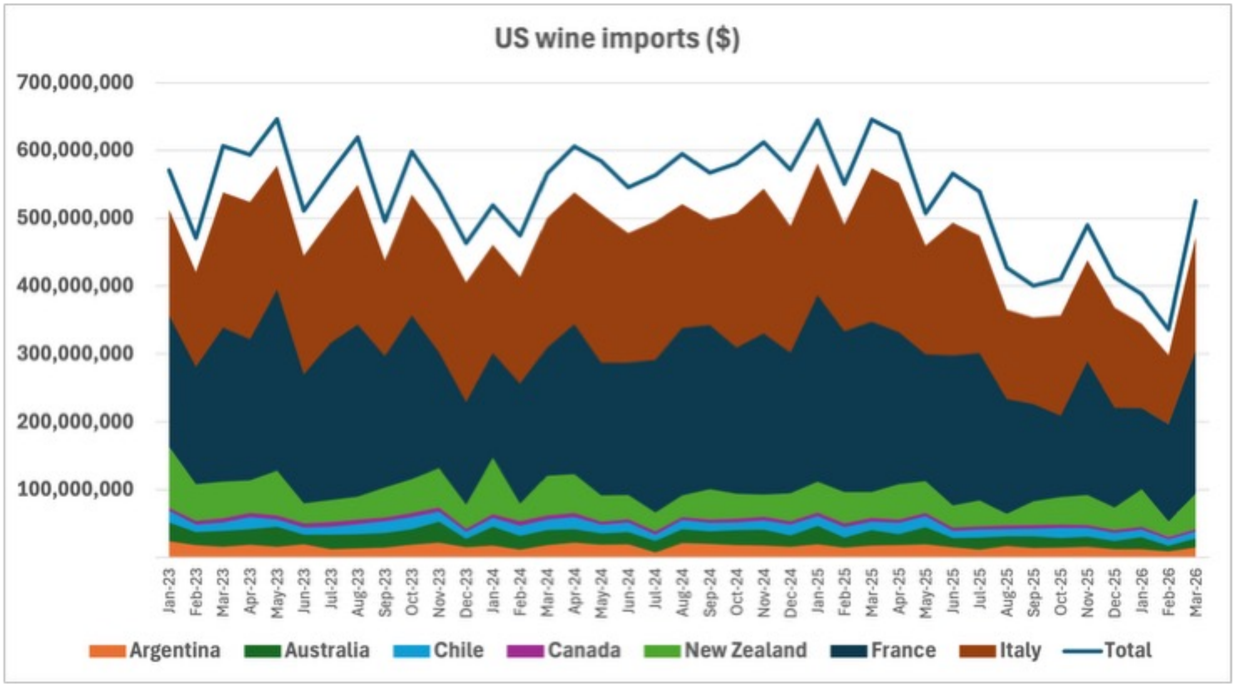
How do concurrent factors including shifts in demand impact trade measures?

How does wine trade compare to beer and spirits?

How does this trade pressure compare to past episodes?

Current Tariff and Non-Tariff Response Relevant to Wine

- Trump administration imposed significant tariffs on most trading partners, including all major wine producers beginning in March 2025.
- Level of tariffs varied from 10-30%. These were not wine or alcohol specific, but part of generalized tariffs.
- Political negotiations and legal challenge contributed to volatility.
- Only Canada and China took retaliatory action in tariff and non-tariff measures.



Comparing to Past Trade Wars

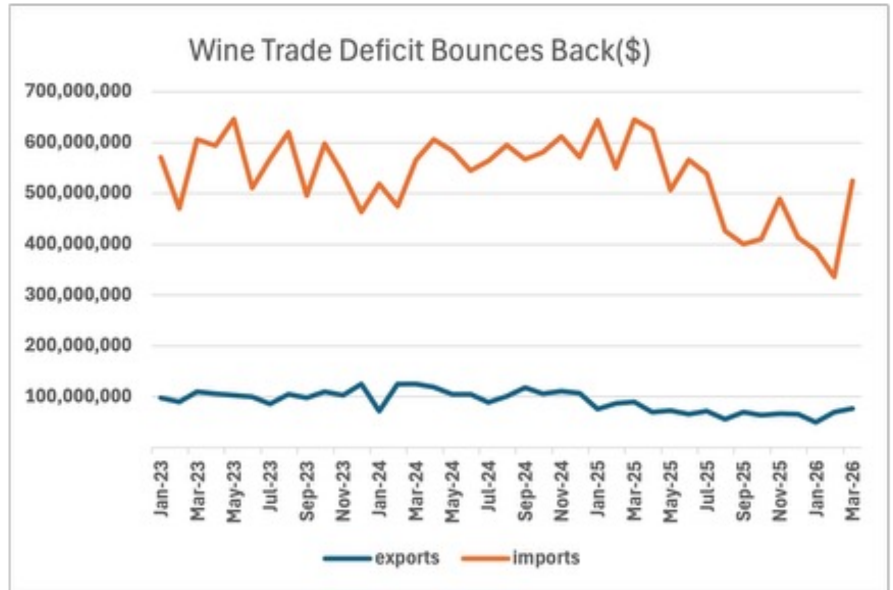
- Past Trade wars in Wine
  - have tended to target only a few countries allowing for redirection of trade (2018-20 US trade, China tariffs on Australia)
    - New world producers gained some market share vs EU, if modest.
    - There was some divergence due to loopholes.
  - May have been sector specific, either related
  - Occasionally came in times of more resilient demand.
  - Did not include retaliation.

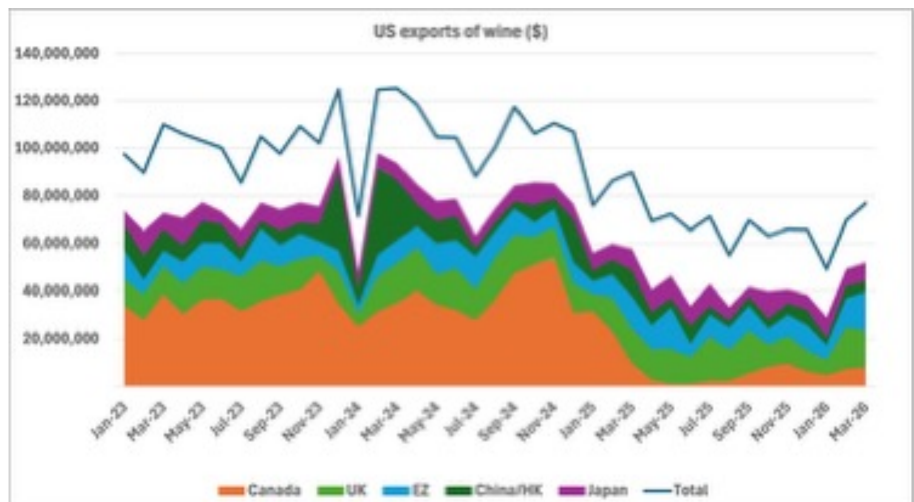
Data

- Data collected from US Census, Eurostat, StatCan, and other importing nations.
- Included values and volumes, data smoothed across quarters.
- Challenges with value data – currency volatility and concurrent shift to higher cost wines and lower-cost bulk wine (barbell trend)

2025-6 Tariffs and Wine Trade

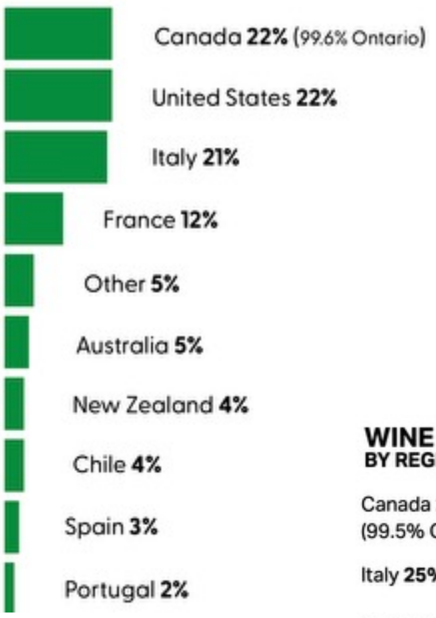
- US exports and imports of wine have fallen notably.
- Imports have faced more pressure –and volatility.
- Shifts in tariffs on wine and other products contributed to volatility of wine imports.
  - front-loading when tariffs threatened or in periods of reduction.
  - These trends exacerbated by seasonal trends and demand shifts.
- Evidence that higher cost wines are more resilient with mid and lower cost wine more vulnerable – harder to pass on higher costs. Nature of buyers
- Too soon to tell if there is tariff arbitrage based on levels.
- Canada accounts for major decline – sales ban from provincial monopolies. (tariff and non-tariff barriers).
- Other importers (China also experienced declines).
- US producers have struggled to find other markets.



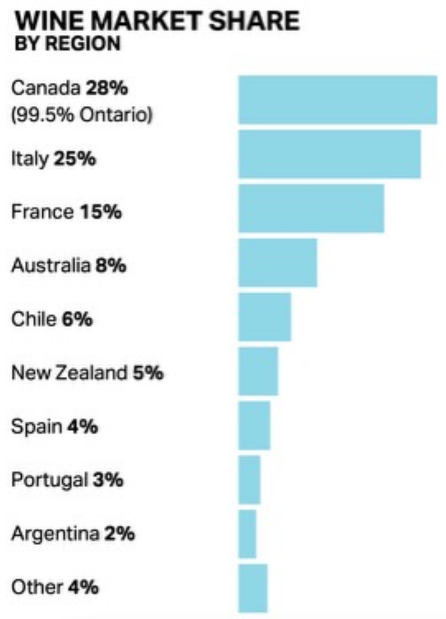


The Canada Factor

- US alcohol faced tariff and non-tariff barriers (import bans) in Canada.
- Most Canadian provinces imposed sales bans (import bans) on US-origin alcohol in March 2025, only a few have lifted.
- Canada dominated by provincial monopolies.
- Retaliatory federal tariffs have been lifted but sales bans remain on largest provinces.
- USMCA talks
- Demand shift to local production (includes foreign bulk wine bottled in Canada) with some market share increase from Europe (especially Italy the largest producer.
- Canada has growing home (provincial) bias.



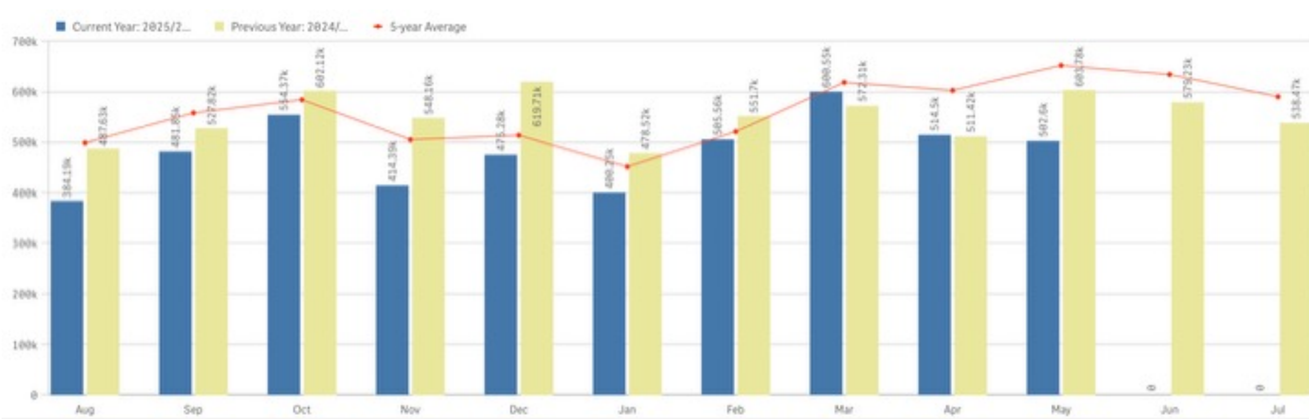
Ontario consumption in late 2024 and late 2025



EU-US Trade

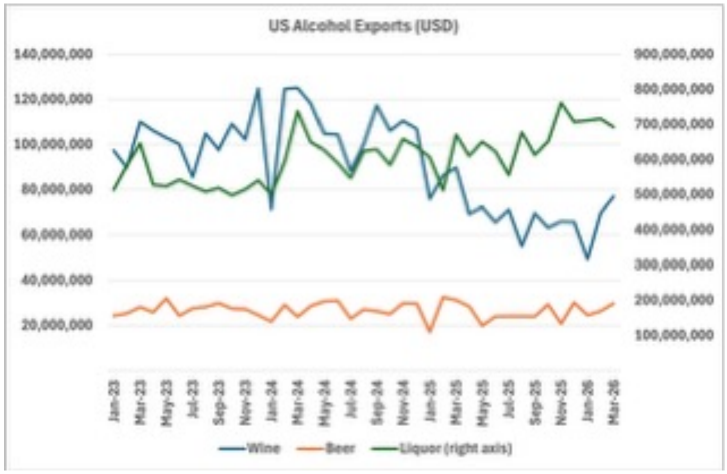
- EU remains the dominant supplier of wine to the US – with France and Italy the primary suppliers.
- More shifts in price category and shifts in time of trade than between producing nations.
- Will trade increase as tariffs fall?
- US exports to EU only modestly affected – little retaliation.

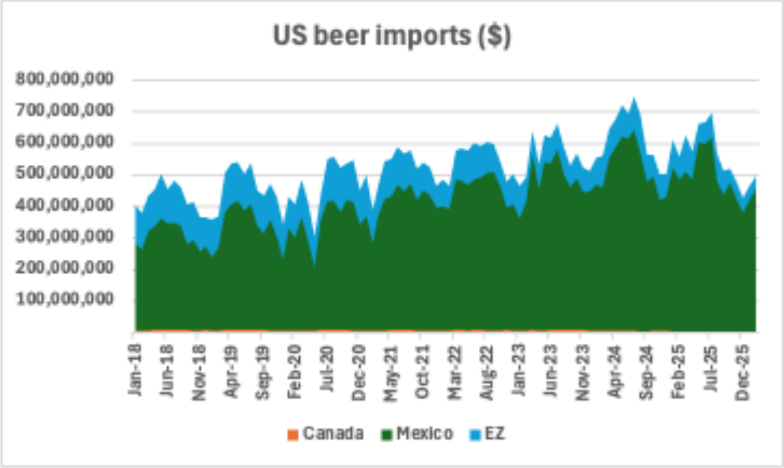
EU exports of wine to US fell in volume and euro terms for most of 2025/2026

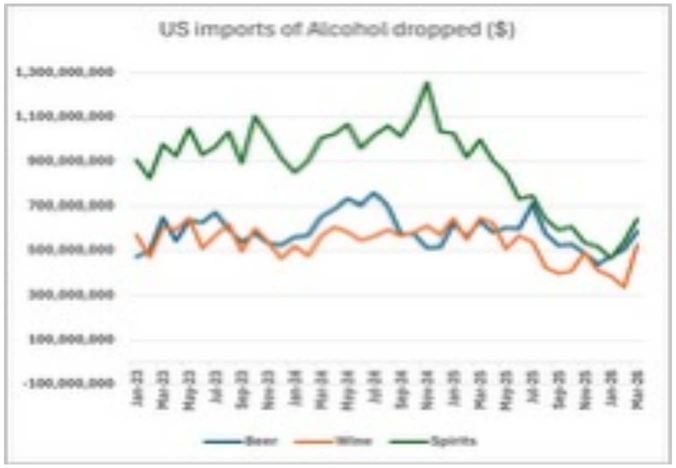


Context: Other Alcohol Trade

- US imports fell across all alcohol types after new tariffs imposed in 2025, but wine was most dramatic.
- Some signs of moderation and lower levels as tariffs charged moderated in early 2026. Is this about lower tariffs or need to refill.
- US Wine exports have been more affected than spirits or beer trade.
- Spirits exports from the US have actually increased even as stockpiles (Bourbon) are at their highs, reflecting shifts of global conglomerates.
- Beer trade is primarily with Mexico and thus subject to exemptions, meaning tariff impact is more indirect (packaging and other frictions).







Areas for Future Study

- Impact on different price segments of wine
- Broader demand impact and supply management including glut reduction.
- Domestic market share shifts relating to trade and non-trade measures
- Closer tracking of trade divergence between producers involving different tariff levels

Thank you

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