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‘Panic’ over 100 percent wine tariff threat in US

Job losses and higher prices for Champagne and other top European wines in the US would be inevitable under 100% import tariffs, US industry leaders have warned as the Trump administration deliberates on its next move.



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The US has not said whether extra tariffs will go ahead. Credit: Photo by Yoko Correia Nishimiya on Unsplash

US wine retailers, importers and distributors have rallied to the cause of protecting their sector from import tariffs of up to 100% on a range of European wines, from Champagne to the châteaux of Bordeaux and the vineyards of Piedmont.

'The proposed tariffs would be the greatest threat to the wine industry since **Prohibition** in 1919,' said Benjamin Aneff, managing partner of New York-based Tribeca Wine Merchants, at a government hearing in Washington DC last week.

That 7 January hearing was convened by the office of the US Trade Representative (USTR) around proposed retaliation for France's digital services tax, potentially involving **tariffs on French sparkling wines at 'up to 100%'**.

In a separate case, which sought public comments by 13 January, the USTR has also raised the prospect of **100% tariffs on most European Union wines** in an escalation of a long-running dispute with the EU over subsidies paid to Airbus.

While 100% tariffs would constitute a worst-case-scenario, US officials have not issued a decision and gave no official timeline for action.

However, after **25% tariffs were imposed on some European wines last October**, major players in the US have warned that tariffs disproportionately hurt American businesses and wine lovers.

'Imposing retaliatory tariffs will lead to reduced supply and, ultimately, result in both less consumer choice and higher prices,' said lawyer Richard Blau, representing the Sokolin fine wine merchant at last week's hearing.

Jeff Zacharia, who is president of Zachys but was speaking as director of the National Association of Wine Retailers, said extra tariffs would 'completely devastate' members and lead to job losses.

Small importers and distributors were most at-risk, Ben Aneff told **Decanter.com**. 'They're panicked and for good reason,' he said, adding that some could go out of business within three to six months of further tariffs coming in.

'There's simply not the cashflow to take that kind of earth-shattering shot to the gut, especially from their own government.'

Aneff said he believed last week's hearing went reasonably well. 'They did seem to take our issues seriously and they asked thoughtful questions.'

He said it was important to help trade officials understand the nature of the wine business, particularly in the US, where the three-tier distribution system and other surviving, post-Prohibition rules can make it hard for businesses to be flexible.

Pressure on both sides

Both the European Union and the USTR have said they want to negotiate a deal. However, the EU has also said it will retaliate against punitive US tariffs.

There have been reports that French and US officials may discuss France's digital services tax at the upcoming Davos Economic Forum.

Online wine auction platform iDealwine has written an open letter to French president Emmanuel Macron, calling on him to do everything possible to find a solution to both tariff issues.

The French firm has been re-evaluating US expansion plans in light of the 25% tariffs implemented on 18 October, after the US won a World Trade Organisation ruling.

'A 100% tax would bring these expansion projects to an abrupt and definitive end. We are certainly not alone in this situation,' iDealwine said.

This week, European wine trade body CEEV and the US Wine Institute said they had signed a pact calling for the elimination of tariffs on wine.

US floats prospect of 100% tariffs on all EU wines