



## EU STAKEHOLDER CONSULTATION ON EU COUNTERMEASURES IN RESPONSE TO THE IMPOSITION OF NEW, UNJUSTIFIED US STEEL AND ALUMINIUM TARIFFS

### SCOPE OF RESPONSE

The Commission<sup>1</sup> is seeking information and views regarding the EU's economic interests in relation to the US tariff increase on imports of certain steel and aluminium product and derivatives, as well as in relation to possible EU commercial policy measures concerning specific products, in response.

Being the steel and aluminium dispute unrelated to the wine and spirits sector, our company is only concerned about the possible commercial policy measures concerning specific products in response.

### ABOUT THE WINE ORIGINS ALLIANCE

The Wine Origins Alliance (WOA) is a global coalition uniting 34 wine regions across 9 countries, including Asia, Europe, North America, and Oceania. Collectively, we represent nearly 100,000 wineries and grape growers, contributing to the creation of over one million jobs and generating more than €8 billion in global wine exports.

Our European members, representing 11 renowned wine regions across five EU member states, collectively exported nearly €2 billion worth of wine to the U.S. market in 2024. For EU wine exporters, the U.S. remains their most vital market. Any significant retaliatory measures from the U.S. against EU wine producers could place them in a highly precarious position.

### BILATERAL TRADE: STATE OF PLAY

Bilateral trade figures between the EU and the United States clearly demonstrate the trade surplus enjoyed by the EU. This also demonstrates that wines and spirits are not an effective lever for the European Union vis-à-vis the United States. On the contrary, targeting these products would open them up to US sanctions, with infinitely more powerful leverage.

Importations UE en provenance des USA (en €uros)			
	2022	2023	2024
<b>Total V&amp;Spi</b>	<b>1 351 124 600</b>	<b>1 329 570 411</b>	<b>1 502 636 473</b>
2204	375 819 646	294 432 170	286 889 530
2205	8 207 902	1 908 424	2 135 093
2208	967 097 053	1 033 229 816	1 213 611 850

<sup>1</sup> [https://policy.trade.ec.europa.eu/consultations/information-gathering-notice-under-regulation-eu-no-6542014-new-us-tariffs-steel-and-aluminium\\_en](https://policy.trade.ec.europa.eu/consultations/information-gathering-notice-under-regulation-eu-no-6542014-new-us-tariffs-steel-and-aluminium_en)

	Exportations UE en provenance des USA (en €uros)		
	2022	2023	2024
<b>Total V&amp;Spi</b>	<b>8 708 548 564</b>	<b>7 356 349 632</b>	<b>8 010 265 080</b>
2204	4 832 999 815	4 500 418 892	4 884 027 622
2205	74 860 459	71 142 284	89 460 341
2208	3 800 688 291	2 784 788 456	3 036 777 117

	Excédent commercial UE vis-à-vis des USA (en €)		
	2022	2023	2024
<b>Total V&amp;Spi</b>	<b>7 357 423 964</b>	<b>6 026 779 221</b>	<b>6 507 628 607</b>
2204	4 457 180 169	4 205 986 722	4 597 138 092
2205	66 652 557	69 233 860	87 325 248
2208	2 833 591 238	1 751 558 640	1 823 165 267

## OUR POSITION

**Wine Origins Alliance requests the European Union not to include wines (CN 2204), aromatized wine products (CN 2205 and 2206) and spirits [CN 2208] in lists of products which could be subject to possible commercial policy measures by the EU.**

The inclusion of US wines, aromatized wine products and spirits in lists of products for retaliation will not be efficient in reaching EU's general interest aimed with these commercial policy measures.

In parallel, their inclusion will expose EU wines, aromatized wine products and spirits to further US countermeasures.

**In addition, Wine Origins Alliance also requests the European Commission not to include Bourbon and American whiskies as part of 2018's and 2020's countermeasures' lists against the US.**

Following the announcement of President Trump, their inclusion would threaten a 200% tariff on EU spirits that would effectively shut down the US market for EU wines, aromatized wine products and spirits producers. Since the EU has a significant trade surplus in wines, aromatized wine products and spirits with the US, and considering the weight of the US market in EU wines, aromatized wine products and spirits exports (30% of the overall value of EU spirits exports), the impact of such a tariff would be devastating. We have already received multiple indications that importers have put on pause orders of EU wines, aromatized wine products and spirits considering the risk of a 200% tariff, as shared with the Commission.

Most importantly, given changing political circumstances and the imbalance in size in our industries, and based on experience with the steel & aluminum dispute under the Trump 1.0 administration, we are convinced that tariffs on US wines, aromatized wine products and spirits will prove completely ineffective in convincing the US administration to remove tariffs on EU steel & aluminum.

We also wish to stress that several categories included in the list are geographical indications from the EU (Champagne, Asti, EU PDO and PGI wines, Geneva, Ouzo, Calvados...) and other non-US origin, such as Mexico (eg, Tequila). These products (22041011; 22042111 to 22042191; 22042222 to 22042291; 22042922 to 22042991; 22085091; 22085099; 22089041; 22089045; 22089054; 22089075) are not US products and should also be removed from the list.

Finally, we urge the European Union not to include casks (CN 4416) in the list, as these products are vital to produce European spirits, not least EU whiskies.

## **DETAILED ARGUMENTATION**

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Including US wines, aromatized wine products and spirits in the EU list of products which could be subject to possible commercial policy measures by the EU:

### **1. Effectiveness in inducing compliance of the US with international trade rules**

Several factors indicate that the proposed tariffs on US spirits will not be effective in encouraging the United States to drop their tariffs on EU steel & aluminum:

- The relatively small size of US wines, aromatized wine products and spirits exports to the EU and the fact that US wines, aromatized wine products and spirits are completely unrelated to the steel and aluminum sector means that US wines, aromatized wine products and spirits interests will not have any meaningful impact (if any) on the US administration decision to impose tariffs on EU steel & aluminum.
- wines, aromatized wine products and spirits are not part of the US administration's priority sectors – unlike steel & aluminum, which have been identified by the US administration as one of the 5 critical and strategic sectors they wish to protect. The large difference in the political weight and perceived importance of both sectors makes any influence of the proposed tariffs on the US tariff policy regarding steel & aluminum highly unlikely.
- Experience with the steel & aluminum tariffs from 2018 to 2021 showed that tariffs on US spirits were completely inefficient in terms of triggering a change in position from the Trump 1.0 administration.

Based on these factual elements, there is no indication that imposing tariffs on US wines, aromatized wine products and spirits will have any impact on the US decision to impose tariffs on EU steel & aluminum.

### **2. Potential to provide relief to economic operators within the EU, affected by US measures**

The steel and aluminium dispute is unrelated to the wines, aromatized wine products and spirits' sector. Thus, applying extraordinary duties on the US wine, aromatized wine products and spirits will not provide any relief to EU wines, aromatized wine products and spirits producers.

On the other hand, it deprives us of the support of American wine and spirits players, to exclude our products from the lists of American sanctions which are sure to arrive.

### **3. Availability of alternative sources of supply for the goods concerned**

US wines and spirits exported to the EU are mostly products with geographical indication. They are therefore, by definition, non-substitutable by suppliers from other countries. Napa or Oregon wines, Bourbon or Tennessee whiskey, cannot come from a country other than the USA.

We would like to highlight an additional risk should tariffs of 50% apply: as this would make these products largely unaffordable, there is a risk that smuggling and counterfeiting may increase, which would have disastrous consequences for tax revenues as well as public health, due to the dangerous nature of many counterfeit products.

## **RISK OF RETALIATION AND IMPACT EU WINES, AROMATIZED WINE PRODUCTS AND SPIRITS**

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The inclusion the US wine, aromatized wine products and spirits in the EU retaliation list will *de facto* expand the steel and aluminium dispute to the wine, aromatized wine products and spirits' sector. However, the EU wine, aromatized wine products and spirits sector is far more dependent on the US market than the US wine, aromatized wine products and spirits sector is on the EU market. As a result, if the dispute expands to the wine, aromatized wine products and spirits sector, the EU stands to lose

much more than the US.

The United States of America remains the largest export destination for EU wine, aromatized wine products and spirits, representing 30% of EU total exports in value. The US market is vital for the economic sustainability of the EU wine, aromatized wine products and spirits' sector.

Today and in the short and mid-term, EU wine, aromatized wine products and spirits have no alternative to the US market. The US is also the biggest wine, aromatized wine products and spirits' market in value and a very attractive market for most wine, aromatized wine products and spirits categories in the world – meaning that retaliation on EU products would place them at a significant disadvantage compared with their competitors from other third countries.

The inclusion of US wine, aromatized wine products and spirits in the EU countermeasures would trigger the inclusion of EU wine, aromatized wine products and spirits in future US retaliatory list. In a trade dispute where EU and US wine, aromatized wine products and spirits are implicated, EU companies and more particular EU SMEs will suffer the most.

More than 95% of EU wine, aromatized wine products and spirits companies are micro, small and medium size companies.

The overall effect will be catastrophic for the European Union, for two reasons:

- First, because some of the companies exporting these products to the EU are also subsidiaries of European companies. This is the case for spirits, but also for those wineries in California and Oregon, owned by European companies.
- Indirectly, because it is certain that the United States, which is due to publish the measures envisaged under the "reciprocal trade and tariff" policy in early April, will not fail to target European Union wines and spirits. For the EU, the trade surplus in 2024 reached €6.5 billion.

## CONCLUSION

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The overall effect could be disastrous because it is expected that the United States, which is due to publish the measures envisaged under the "reciprocal trade and tariff" policy in early April, will not fail to target European Union wines and spirits. For the EU, the trade surplus in 2024 reached €6.5 billion.

If such measures affecting American wines and spirits were taken, they would inevitably have repercussions for European wines and spirits, with terrible impacts:

- Wide losses in the wine and spirits' sector, with companies getting out of business, as well as their suppliers, including in the agricultural sector. A tremendous impact is to be expected on EU viticulture, with crisis distillation and grabbing-up programs possibly called to try to rebalance the market.
- A real deterioration in the EU trade balance.
- More lastingly, the de facto eradication of an entire segment of the wine and spirits industry in Europe.

This is why we respectfully ask to:

- Remove American spirits (Bourbon and American whiskeys) from the 2018 and 2020 lists.
- Remove all American wines, aromatized wine products and spirits from any list currently under preparation.
- Remove casks (CN 4416) from any lists currently under preparation.

Washington, March, the 25<sup>th</sup>, 2025