

Winemakers fear tariffs could crush industry

A shot toward European imports

By SIERRA DAWN McCLAIN
Capital Press

Most years, January is a month of glory for the wine industry — celebrating the harvest and holiday sales of the previous year and gearing up for the next season. But for U.S. winemakers, this January is a time of panic as the industry girds itself for the Trump administration's threat to impose 100% tariffs on European wine imports.

It may appear that a duty on European wines would sweep away competition for the domestic industry and lift U.S. producers' profits. But American wine producers say that, rather than helping them, an import tax could devastate their industry through damaging the overall wine-drinking culture and putting distributors out of business.

Although the U.S. Trade Representative has not issued a definite timeline yet, the tariffs could be imposed as early as February.

"It seems like almost everybody's worried about this," said Jason Haas, general manager of Tablas Creek Farm, a vineyard in Paso Robles, California.

According to the Wine and Spirits Wholesalers of America, a 100% tariff on French sparkling wines alone could dismantle an estimated 17,000 U.S. jobs.



Kiona Vineyards and Winery

Junior Flores handles wine at Kiona Vineyards and Winery in Washington state.

Direct importers would be hit hardest, but industry leaders from winegrowers' associations in Oregon, Washington state and California said an entire web of businesses and people connected to European wine would be impacted — including vineyards and wineries, distributors, restaurants and bars, retail shops, hospitality businesses, manufacturers, transportation workers and dock workers.

The tariffs are part of U.S. retaliation against the European Union in response to subsidies it gives to Airbus, a European aerospace company.

The Trump administration has also threatened to impose a separate 100% tariff

on Champagne and other products to punish France for imposing a tax on American technology companies.

"This is a no-win proposition," said Jana McKamey, executive director of the Oregon Winegrowers Association. "It creates chaos in the marketplace and reinforces hostile trading in the global ecosystem. Wine should not be used as a retaliatory pawn to unrelated industries."

Not the first

This isn't the first tariff to jolt the industry. According to McKamey, the U.S. wine industry faced tariffs with Canada in 2015 and has grappled with a fermenting tariff dispute with China since 2018.

In October, the Trump administration imposed a 25% tariff on many European wines. Most U.S. wine businesses cut margins and raised prices as little as possible. But at 100%, experts say, that's no longer sustainable.

The tariffs will hurt U.S. consumers, making popular wines unavailable and forcing consumers to search for alternatives, said Sara Higgins, spokeswoman for the Washington Winegrowers Association.

Good wine, Higgins explained, is a product of a place and culture and is not interchangeable.

"Terroir," a popular wine term, describes how a particular soil, climate, terrain and tradition affect flavor. If, for

example, Burgundy doubles in price, consumers will not be able to swap it for Oregon pinot noir and get the same experience. It is not the same wine.

But it's not just about personal taste — trade law literally dictates that certain wines may only come from the places after which they are named.

Higgins said if prices catapulted, consumers would be more likely to look for substitutes to wine itself.

"Wine doesn't have the universal appeal of beer, at least not in the U.S.," said JJ Williams, director of operations at Kiona Vineyard and Winery in Benton City, Washington. "If someone likes to drink a Red Mountain cabernet, it's not their starting point. A lot of people start out with high-end European offerings and go down the rabbit hole into domestic wines. When people drink less European wine, they also drink less domestic wine. And that hurts us."

California vineyard manager Haas shares this concern. "Looking at the bigger picture," he said, "I think this has the potential to have a major disruptive impact on the United States as a drinking culture."

The crack in the glass lies in U.S. wine law.

Three-tier system

After repealing Prohibition in 1933, the U.S. set up a three-tier system for alcohol distribution, requiring producers to sell products only to

distributors, which then sell to retailers. Although laws vary state to state, the three-tier system entrenches the need for producers to work with licensed distributors.

The trouble is that most distributors rely heavily on international imports, explained Haas, partly because of the popularity of European wines and partly because domestic producers can't meet the demand. If faced with a 100% tax on imports, many distributors would face enormous losses or close.

"If my distributor partners are struggling, then I'm going to struggle, too," said Washington vineyard director Williams. "If I'm working with a mom-and-pop distributor, but 40% of their viability is based on importing high-end wines, and all that disappears, there's no way that's good for me."

Wine industry leaders from Oregon, California and Washington state say they have reached out to lawmakers through phone calls, petitions, in-person visits and official docket comments.

Oregon Winegrowers Association's McKamey said she encourages those in the wine industry — along with anyone who enjoys a good glass of wine — to reach out to their congressional delegations.

"It takes a lot of time and effort to develop international relationships in the wine industry," said McKamey. "It can all disintegrate in days with these trade issues."

Astoria Armory OK'd for window repairs

By EDWARD STRATTON
The Astorian

The Astoria Historic Landmarks Commission again approved a window restoration at the Astoria Armory, which recently received an infusion of money as volunteers seek to fix the building up.

The Friends of the Astoria Armory, the nonprofit overseeing the community center, plans to replace the large arched windows atop the high lamella roof, along with numerous rusted first-floor windows.

A small army of volunteers with the Friends, whose only employee has been Robyn Koustik, the community director, has been slowly refurbishing the venue, which once hosted major bands and events with thousands of attendees.

They have developed a steady stream of events, such as semiweekly skate nights, amateur wrestling, birthday parties and other private rentals. The Armory also hosts a free Thanksgiving dinner and other community benefits.

Regional lender Craft3 recently provided the Friends a \$550,000 loan, \$338,000 of it to purchase the building and the rest for building improvements.

The Armory was approved for the improvements in 2016, when the loan from Craft3 was scheduled to go through. But the

Friends have encountered issues with asbestos, underground fuel tanks and lead abatement from a former military firing range in the basement. A storm in 2017 ripped off a portion of the building's roof and led to flooding indoors.

"We've had everything but locusts," joked Mike Davies, the nonprofit's president.

The priorities are replacing the building's rusting steel and rotting wood windows and improving bathrooms, he said. The Friends plan to use aluminum frames.

Along with the windows, the Friends hoped for approval to replace the front entrance to the building on Exchange Street with a glass and aluminum door. The group also wants to replace a second-story door, awning and staircase

on Duane Street.

But commissioners on Tuesday wanted more detail on the replacements besides the windows. They voted to continue the hearing on those changes, giving the Friends time to create more detailed plans.

Davies was OK with the continuance, since all the Friends can currently afford are the bathroom remodels and window replacements.

Paul Davis, a board member with the nonprofit, said the Armory isn't a sexy project like the Liberty Theatre, but is deserving of support as the group tries to save the building from water intrusion.

"We serve a large segment of the community with things that they are not getting in other places in our community," he said.

Commissioners want the Friends to search for his-

torical photos of the front entrance to replace it with similar materials. City Planner Barbara Fryer said she included the condition because the door might be the only source of ornamentation on the 1942 building.



Hailey Hoffman/The Astorian

The windows in the Astoria Armory are in need of restoration.

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