# Tequila industry braces for potential US tariffs as uncertainty looms



As the brewing storm of US tariffs approaches Mexico, the country’s tequila industry is facing uncertainty that could significantly impact operations and sales. President Donald Trump’s fluctuating threats regarding tariffs have led to confusion among producers, particularly in the Jalisco region, where the majority of Mexico’s tequila is crafted.

Initially, many tequila manufacturers expedited orders and shipments to the United States after Trump delayed tariff implementation, aiming to bypass potential levies scheduled for March 4. However, as another deadline nears, business has slowed, and many producers are grappling with increased inventory levels, leading to disrupted cash flows. According to Luis Fernando Camarena, a seventh-generation tequila maker, “Clients don’t want to commit right now and sitting on inventory is expensive.” As sales stagnate and payments from distributors dwindle, producers eye a troublesome period ahead.

With more than 80% of Mexico’s tequila output destined for the US market, the sector stands to suffer significant losses if tariffs are enacted. Camarena Tequila has already projected a decline of 20% in sales in the first half of the year, exemplifying the landscape’s fragility. José Cuervo's parent company, Becle SAB, stated it could absorb an $80 million blow should the tariffs take effect, although preparations like stockpiling in advance may soften the impact.

The latest statements from Trump about the impending tariffs have only intensified anxiety. The tequila industry, having established a monopoly on tequila production thanks to its designation of origin status, now finds its viability hinging on political decisions in Washington. Monex analyst Roberto Solano noted that with over seven decades of fostering exports to the US, “policy decisions in Washington are a make it or break it issue for the industry.”

Market responses have included brands proactively creating inventories to offset potential tariff impacts. Vas Art, who oversees marketing at OhBev, highlighted a trend of producers “front-loading like crazy,” stockpiling tequila in the US and even relocating bottling operations to avoid disrupted supply chains. This trend reflects a broader industry adaptation to safeguard against uncertainties.

Despite the operational upheaval, some producers remain cautiously optimistic. Salvador Rosales of Tequila Cascahuin expressed hope for a resolution amid ongoing production, but voiced concerns over the challenges of planning marketing campaigns and expanding sales teams with such unpredictable conditions. He noted that US distributors are struggling with payment delays, exacerbating the financial stress on producers.

The uncertainty surrounding tariffs extends beyond tequila, threatening Mexico's broader alcohol industry, which recently experienced its highest levels of foreign investment. While the beer sector may withstand these pressures due to its established market position, spirits, including tequila and wine, appear more vulnerable to external shocks. Analysts are cautioning that the full ramifications of these tariffs could reverberate throughout the beverage industry.

As the anticipated tariff deadline approaches, tequila brands continue to navigate a precarious business landscape, where operational decisions are overshadowed by external political dynamics. The resilience strategies being employed may determine not only the future of individual brands but also the entire tequila industry's trajectory in a time of unprecedented uncertainty.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://reason.com/2025/01/28/trumps-tariffs-to-tank-tequila/> - This article supports the claim that President Donald Trump's tariffs on Mexican imports could significantly impact the tequila industry, affecting prices and availability in the US. It highlights the potential for increased costs and reduced sales due to tariffs.
* <https://www.thespiritsbusiness.com/2025/02/mexican-and-canadian-spirits-suffer-25-us-tariff/> - This article corroborates the imposition of a 25% tariff on Mexican and Canadian spirits by the US, which is described as harmful to the spirits industry. It also mentions the joint statement from trade bodies expressing concern over these tariffs.
* <https://economictimes.com/news/international/business/trumps-tariff-convulsions-are-wreaking-havoc-on-tequila-makers/articleshow/118657812.cms> - This article details how Trump's fluctuating tariff threats have disrupted Mexico's tequila industry, causing inventory surges and deferred payments. It quotes a seventh-generation tequila maker discussing the challenges faced by producers.
* <https://www.noahwire.com> - This source provides the original context for the article, detailing the impact of US tariffs on Mexico's tequila industry and the strategies producers are using to mitigate these effects.
* <https://www.wsj.com/articles/trump-threatens-tariffs-on-canada-mexico-11675074571> - This article would typically cover Trump's tariff threats on Canada and Mexico, which are relevant to the tequila industry's concerns about tariffs. However, without direct access, it's inferred that it discusses the broader trade implications.