Congress of the United States Washington, DC 20515

January 14, 2020

Robert E. Lighthizer United States Trade Representative 600 17th Street, NW Washington, DC 20508

Dear Ambassador Lighthizer:

As members of the Congressional Wine Caucus, we write to express our strong concern about U.S. retaliatory tariffs on European wine. These retaliatory tariffs cause economic harm to the thousands of U.S. wineries, exporters, importers, retailers, and restaurants who depend on a vibrant, healthy wine market for their livelihood. Any expansion of these tariffs would further exacerbate the harm already caused.

As you know, our local wine communities are a driving force in the national economy with a total economic impact of \$220 billion annually. The European Union (EU) and the U.S. are the largest wine producing regions in the world and they serve as each other's largest export markets. In fact, the combined wine trade between the U.S. and EU totaled \$4.7 billion in 2018.

The U.S. is already targeting certain EU wines with a 25% tariff and any expansion of these tariffs will most certainly lead to U.S. wine exports being targeted by the EU, which has already included U.S. wines on a proposed retaliation list in the World Trade Organization aerospace dispute. We understand that you must find appropriate means to address the WTO decision and France's digital services tax issue, but we ask that you consider the effects it could have on American businesses. Further escalation of these disputes will lead to even greater disruptions in the transatlantic wine trade and jeopardize thousands of small and medium sized businesses and the tens of thousands of U.S. jobs they support across the country.

Additionally, these new tariffs would come at a time when U.S. wineries are already facing significant retaliatory tariffs in China, one of the most important and fastest growing wine markets in the world. These tariffs are significantly harming U.S. exports to China and negotiations so far have not addressed China's retaliation, resulting in challenging conditions for the entire domestic market.

The U.S. wine community, from grape to glass, is an essential part of our economy and we urge you not to target wine in trade disputes which have nothing at all to do with wine. We hope you will exhaust all means possible to resolve these issues without resorting to retaliatory tariffs on wine. Thank you for your consideration.

Sincerely.

MIKE THOMPSON

Co-Chair

DAN NEWHOUSE

Co-Chair

DIANNE FEINSTEIN

U.S. Senate

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