

**Congress of the United States**  
**U.S. House of Representatives**  
**Committee on Small Business**  
2361 Rayburn House Office Building  
Washington, DC 20515-6515

January 17, 2020

The Honorable Robert Lighthizer  
United States Trade Representative  
Office of the United States Trade Representative  
600 17<sup>th</sup> Street NW  
Washington, DC 20508

Dear Ambassador Lighthizer:

As members of the House Small Business Committee, we write to express our strong concern about U.S. retaliatory tariffs on European wines and the negative impacts on American small businesses. A 100% tariff on European wines will cause a ripple effect across the entire beverage sector, from producers, to distributors, to retailers and the hospitality industry.

In the U.S. there are more than 6,500 wine importers and distributors, 47,000 wine retailers, and over 1 million restaurants, most of which are small businesses. Given the structure of the beverage industry, 85% of the sale of European wines in the U.S. goes to domestic businesses such as importers, wholesalers, distributors, and retailers.<sup>1</sup> These firms depend on a vibrant, healthy beverage market for their livelihood, and domestic producers depend on a strong network of distributors and retailers to get their product to market.

We understand the need for appropriate measures to address the recent WTO decision and France's digital services tax, but wine makes up less than 1% of U.S. imports from the European Union.<sup>2</sup> As a result, tariffs on wines will not have a significant impact on the European economy but will have dramatic effects on domestic firms. The current 25% tariff on certain European wines and spirits is projected to result in 12,000 American jobs lost. The proposed tariffs of 100% on all European wines could result in prices that are unworkable for domestic businesses, causing the loss of 78,000 jobs.<sup>3</sup>

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<sup>1</sup> Lettie Teague, *How Tariffs Could Devastate the Wine World*, THE WALL STREET JOURNAL, Jan. 8, 2020.

<sup>2</sup> Office of the United States Trade Representative, European Union, <https://ustr.gov/countries-regions/europe-middle-east/europe/european-union>

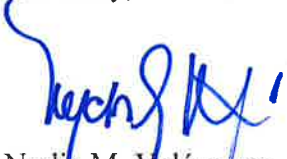
<sup>3</sup> National Association of Wine Retailers. NAWR's Official Statement Concerning U.S. Tariffs on European Union Wines. January 2020.

In addition to causing job losses to businesses across the country in the wholesale, distribution, retail, and hospitality industries, increased tariffs will also jeopardize U.S. beverage producers who rely on these industries to get their products to market. These firms are already hurting due to retaliatory tariffs by key trading partners. U.S. wine exports to China are down 57%, and whiskey exports to Europe have decreased by 29%. Additional tariffs and retaliation could cause further harm to businesses already struggling because of trade disputes that has nothing to do with their industry.

The U.S. beverage community, from farmers, to producers, distributors, and retailers are an essential part of our economy, generating over \$363 billion annually, and we urge you not to target these firms in trade disputes which has nothing at all to do their products. We hope you will exhaust all means possible to resolve these issues without resorting to retaliatory tariffs that have an outsized impact on American small businesses.


We appreciate your attention into this matter and look forward to working with you on trade policies that bolster American small businesses. If you have any questions regarding this request, please contact Michael Stein, Counsel for the House Small Business Committee Majority at (202) 225-4038.


Sincerely,


  
Nydia M. Velázquez  
Member of Congress

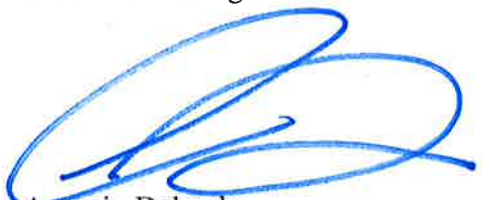
  
Dwight Evans  
Member of Congress


  
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