January 13, 2020

Joseph L. Barloon
General Counsel
Office of the United States Trade Representative
600 17th Street, N.W.
Washington, DC 20508

Submitted electronically via http://www.regulations.gov

Re: Review of Action: Enforcement of U.S. WTO Rights in Large Civil Aircraft Dispute (USTR–2019–0003)

Dear Mr. Barloon:

Wine Institute submits the following comments on behalf of the California wine industry urging the removal of all wine from the proposed list of products under consideration by the Office of the United States Trade Representative (USTR) for new or additional tariffs in connection with the World Trade Organization (WTO) dispute in *EC and Certain member States – Measures Affecting Trade in Large Civil Aircraft* (DS316). Further, we urge USTR to remove the current 25% tariff on table wine (HTS 2204.21.50) from France, Spain, Germany and the United Kingdom which has been in place since October 18, 2019. We are submitting these comments in addition to joint industry comments which specifically address the negative economic impact of the tariffs.

Wine Institute is the premier organization representing California wineries in the U.S. and around the world. With more than 1,000 winery and affiliated business members, we initiate and advocate public policy that enhances the ability to responsibly produce and export wine. California produces more than 80 percent of total U.S. wine production and 95 percent of U.S. wine exports. The California wine and winegrape sector and allied businesses deliver a total economic contribution of $114.1 billion annually to the U.S. economy and directly and indirectly create 786,000 jobs across the nation. In 2018, an estimated 1,000 U.S wineries from 36 states exported $1.46 billion of wine to more than 140 countries.

<u>"Wine for Wine" Principle</u>

The European Union (EU) is the largest export market for U.S. wine, totaling $469 million in 2018. Trade with the EU is challenging and restricted by several measures including the EU confiscation of common wine terms, regulation of important plant protection substance limits, and high taxes in key markets.

Despite these market access concerns, Wine Institute opposes the targeting of EU wines with tariffs in this dispute. For many years we, along with other wine industry organizations around the world, have been vocal proponents of the principle that wine should not be targeted for retaliation in trade disputes involving products other than wine. In 2001, Wine Institute joined all the members of the World Wine Trade Group Industry Section in a statement urging all governments to adhere to this principle.[1] This position has not changed, and Wine Institute believes it should apply to all markets.

<u>EU Will Retaliate Against US Wine</u>

Should the US move forward with additional tariffs on EU wines, it will only increase the already high likelihood that the EU will retaliate against US wine. In fact, last year the EU stated publicly that it intends to target U.S. wine in response to this dispute.[2] Any targeting of US wine with tariffs will have an immediate negative impact on US wine producers at a time when we are already facing significant tariffs in China, another key export market. Consequently, we believe that the targeting of EU wines with new tariffs will ultimately harm U.S. wine producers and have long-term negative consequences for future export opportunities in our largest export market.

Wine Institute urges USTR to focus its efforts on working with EU officials to reach a negotiated settlement to this dispute which removes the existing tariffs and avoids the implementation of any further tariffs. Thank you for your consideration of these comments.

Sincerely,

Robert P. "Bobby" Koch
President and CEO

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[1] World Wine Trade Group Industry Section. "Wine for Wine." https://tinyurl.com/y6k344bp 11 April 2001.

[2] European Commission. "WTO Boeing dispute: EU issues preliminary list of U.S. products considered for countermeasures." http://europa.eu/rapid/press-release_IP-19-2162_en.htm 17 April 2019.