



FEDERAL & INTERNATIONAL PUBLIC POLICY

Charles Jefferson, Vice President, Federal & International Public Policy

*Wine Institute Board of Directors Meeting
86th Annual Meeting
June 9, 2020*

Federal Response to COVID-19



- Significant Policy Engagement from Congress and Administration:
 - 5 bills & \$3 trillion in stimulus; Additional bill likely before August recess
 - *Families First Coronavirus Response Act – Mandatory sick leave and expanded Family and Medical Leave*
 - *CARES Act – Paycheck Protection Program (PPP), Employee Retention Tax Credit, payroll tax deferral*

Paycheck Protection Program (PPP)



➤ New Emergency Loan Program

- Short-term emergency loans with loan forgiveness for wineries with less than 1000 employees
- Significant restrictions –
 - *75% of forgiven debt must cover payroll costs*
 - *8-week period limit for payroll coverage*
 - *Employees must be rehired by June 30*
- Approximately \$140 billion still available



U.S. Small Business
Administration

New and Improved PPP



- PPP Improvements signed into law last week:
 - Expense forgiveness period expanded from 8 weeks to 24 weeks
 - 75% payroll expense requirement dropped to 60%
 - Employee rehire deadline extended to December 31st
 - Allows PPP recipients to also defer payroll taxes
 - Longer loan repayment term – 5 years, not 2 years
- Changes may warrant a second look for some wineries

Summer Stimulus Package



- Congress working on next major Stimulus bill
 - Not likely to be completed until August recess
 - Likely to include new tax provisions and spending—
 - *Expanded Employee Retention Tax Credit?*
 - *Craft Beverage Permanence/FET provisions?*
 - *Hospitality stabilization fund?*
 - Craft Beverage Coalition working together to include key priorities

TTB FET Deferral



- TTB announced 90-day FET deferral through July 1
 - All wineries may defer FET payments without penalty or interest March 1- July 1
- Craft Beverage Coalition seeking deferral through 2020
 - Congressional Letter in support included 130 Reps; Senate letter coming soon
 - Can be done administratively without legislation

Craft Beverage Bill



- CBMTRA Remains Top Priority in Washington
- Overwhelming support continues –
 - 343 House co-sponsors
 - 74 Senate co-sponsors
- There will be other possible vehicles if summer stimulus bill doesn't happen –
 - September government funding bill; lame-duck legislation

US-UK Free Trade Negotiations



- Formal negotiations began in May; stated goal to complete by the end of year
- UK transition period ends Dec 31st, No longer trades under EU rules/tariffs
- Wine Institute Priorities:
 - Tariff elimination; elimination of non-tariff barriers e.g., certification requirements, pesticide MRLs, protection for geographical terms.

Retaliatory Tariffs on Wine



- China – Tariffs on US wine continue
 - Bad news: Little progress on a Phase 2 agreement
 - Good news: China has begun granting partial tariff exclusions to some wine importers
- EU – Airbus/Boeing WTO Case and Digital Services Tax
 - WTO decision in Boeing case this summer; EU retaliation against wine possible
 - US threatening more tariffs against EU and member states

First Ever Virtual IWTS



- 8th International Wine Technical Summit held virtually June 1-4th
- 10 hours of seminars covering unnecessary certification requirements, risk evaluations, and wine laboratory training
- 100 participants from 21 countries including **regulators** from key export markets including Brazil, Canada, China, Nigeria, Russia, Vietnam

