

Congress of the United States

September 8, 2020

The Honorable Sonny Perdue
Secretary of Agriculture
U.S. Department of Agriculture
1400 Independence Ave., SW
Washington, DC 20250

Dear Secretary Perdue,

We write to call to your attention the serious economic challenges confronting the many growers of wine grapes in our respective states. On behalf of those producers, we ask the United States Department of Agriculture (USDA) to recognize the widespread and substantial harm caused by the COVID-19 pandemic on market prices for our nation's wine grapes. As internal discussions continue at USDA on the next round of producer relief programs, we urge the inclusion of wine grapes on the list of specialty crops eligible for the Coronavirus Food Assistance Program (CFAP).

The unprecedented economic shutdown due to COVID-19 of key market channels, both domestic and international, has affected many agricultural commodities, including wine grapes. The cessation of wine sales in multiple market channels has disrupted supply chains and forced wine grape growers to swim against a tide of deteriorating prices.

Wine industry analyst Jon Moramarco, BW166, estimates the revenue losses for the nation's 10,000 wineries and 8,000 growers due to COVID-19, which could reach \$5.94 billion. Despite some media reports from the start of the pandemic of increased wine sales through certain retail channels – major supermarkets, wine and spirits shops, and outlets – Moramarco forecasts declines in sales through restaurants, hotels, stadiums, and direct from wineries to consumers will far exceed any gain in sales that may occur elsewhere.

The results for growers are devastating. Moramarco expects national wine grape revenue for 2020 to decline by 25 percent, resulting in a \$1.4 billion decline in the farmgate value of wine grapes. These projected losses are being felt by growers right now, as harvest is underway in many areas of the country.

Due to the unique character of the wine grape crop cycle and the processing, marketing, and sales of wine, wine grape growers and the organizations who represent them have struggled to quantify a price decline for wine grapes during a January to April timeframe, as dictated currently by CFAP requirements. We believe the Farm Service Agency's (FSA) narrow, retrospective timeframe unfairly denies support to a vitally important sector of the agricultural community, one that is responsible for an enormous amount of economic activity.

According to a 2017 economic impact analysis by WineAmerica, our nation’s wine industry generates nearly \$11 billion in state and federal taxes and supports 998,000 jobs. This contribution to our nation’s economic and fiscal health rests on the shoulders of the many people who grow and harvest wine grapes.

Finally, we wish to state our concern over the apparent disparate treatment of wine grapes as an eligible commodity under the current CFAP Direct Payment program. On August 14, the FSA announced in the *Federal Register* it was making eligible a long list of specialty crop commodities for which commenters had stated, “Certain commodities should be eligible even when no price decrease was identified because they were affected by market chain disruptions.” In response to comments of this nature, FSA stated, “USDA evaluated the data submitted by commenters and Market News data when available. As a result of that evaluation, we are adding...” such commodities as Aloe Leaves, Bananas, Maple Sap, and Pumpkins to the list of eligible specialty crop commodities under CFAP.

We note that many of the newly added commodities had far fewer comments and specific data than that offered by our nation’s wine grape growers and their representative organizations. We urge you and your staff to reconsider what is clear and obvious: the COVID-19 pandemic has produced tremendously adverse economic consequences for growers of wine grapes.

Thank you for considering our request.

Respectfully,

MIKE THOMPSON
Member of Congress

DAN NEWHOUSE
Member of Congress

BARBARA LEE
Member of Congress

JUAN VARGAS
Member of Congress

SALUD CARBAJAL
Member of Congress

TJ COX
Member of Congress

ANTHONY BRINDISI
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DOUG LAMALFA
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ERIC SWALWELL
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PETER DEFAZIO
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JIM COSTA
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