Testimony of James Trezise
President, New York Wine & Grape Foundation
Before the
Committee on Agriculture, Nutrition, and Forestry
United States Senate
June 25, 2015

Mr. Chairman and Members of the Committee: Thank you for allowing me to provide testimony on behalf of the New York grape and wine industry about the potential impact of retaliatory tariffs on New York and other American wines exported to Canada.

My name is Jim Trezise, and I am President of the New York Wine & Grape Foundation, which represents the grape and wine industry statewide. New York is the third largest grape and wine producing state, with more than 37,000 acres of vineyards on over 1,600 family farms; over 400 wineries in 59 of New York's 62 counties—including Manhattan, Brooklyn and Queens; and annual economic benefits to New York State exceeding $4.8 billion—a value-added economic engine.

I also serve on the Board of Directors of WineAmerica, the national organization of American wineries which represents us so well in Washington in collaboration with our California colleagues from Wine Institute. There are now wineries in all 50 States, which means all 100 Senators represent wineries, and also makes wine truly an All-American farm product and art form.

Nationwide the wine industry is growing strongly, particularly in Michigan, Ohio, and Virginia, whose wineries face the same opportunities and challenges as we do in New York.

The Country of Origin Labeling issue has become important and urgent for us. The New York and American wine industry did not have a strong opinion about this until we were brought into the debate because of potential retaliatory tariffs on American wines, which would have a devastating effect.

The urgency is that unless this issue is resolved before the August recess, those tariffs could take effect in September. Subject to a total appeal which may take two years, American wine will be a victim paying a huge price.

Our New York industry has exploded during the past decade, and especially the past five years. In 2010, there were 296 wineries. Today there are 401—35% growth in just five years. The 105 new wineries also represent 26% of all wineries created in the past 175 years since our industry began. This is great news for New York's economy because it means more investment, jobs, manufacturing, tourism, and taxes.

That explosive growth also means we must expand our markets. Wine country tourism has grown, but not nearly by 35% in five years, which means fewer tourists per winery tasting room. The same is true of our markets in New York City and other urban areas of the State, and in surrounding states where some New York wines are sold. As a result, building export sales is particularly vital at this time, and Canada is a key market.

In 2014, the value of wine shipments to Canada originating in New York State was $5,514,809. This income is important now, but it will be increasingly so as our industry continues to grow and needs new markets for its products.

The market for all American wine in Canada has increased 78% since 2010, with wine exports totaling $487 million and translating into retail sales of $1 billion, representing a 16% market share.

For many years, we and our colleagues in California, Oregon and Washington have benefited from USDA's Market Access Program to build key export markets, with Canada right at the top. Our program includes many small wineries from throughout the state.

In addition, three large companies are major exporters—and vitally important to New York's 1,600 grape farming families, since among them they purchase over 90% of all New York-grown wine grapes from independent growers.

In other words, the impact is statewide, and extends from grape farms to wineries both small and large.

The wine industry worldwide is highly competitive, and extremely price sensitive. The potential tariff increase by the Canadian government would roughly double the price of American wines to Canadian consumers overnight, drying up our sales and opening the door to competing wine regions from throughout the world.

Even if the increased tariffs were later dropped, the shelf space and restaurant wine listings would be long gone, requiring years of effort and huge investment to regain them, if that is even possible. This would mean a huge surplus of American wine, which in turn would depress grape prices for farming families.

In closing, let me first say how grateful we have been to have MAP funding to help build export markets for New York wines and other American wines. I hope that investment will not be jeopardized by increased tariffs that would make our fine wines unaffordable.

We know there are many facets to this overall issue, and appreciate your weighing them carefully. We are here because we feel a need to protect our investments, businesses, employees, and especially our families.

On behalf of the New York grape and wine industry, and my colleagues in other states, I respectfully request that our industry's future in all 50 states be carefully considered as the process moves forward.

Again, thank you.