

Congress of the United States

July 6, 2020

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

Dear Secretary Perdue,

We the undersigned want to bring to your attention the serious economic challenges confronting California's 5,900 California growers of wine grapes. The COVID-19 pandemic has broadly undermined market prices for California wine grapes and we believe the U.S. Department of Agriculture should include wine grapes on the list of specialty crops eligible for direct payments in the Coronavirus Food Assistance Program.

For 2018, the California Department of Agriculture reported all forms of grapes (wine, table and raisin) were the state's most valuable crop, with a total farmgate value of \$6.25 billion. Grapes destined for wine, worth approximately \$4 billion, contributed the single largest share of total farmgate value for grapes.

The shutdown of key market channels, both domestic and international, for wine sales, due to COVID-19, has resulted in an overall decline in retail sales to consumers, reduced volumes of wine shipped to market and lower prices for bulk wine in inventories. These factors mean increased inventories of finished wine in 2020 and wineries are offering growers fewer contracts for the purchase of grapes and at lower prices for the upcoming crop harvest.

An analysis by noted wine industry analyst Jon Moramarco of bw166 concludes that California's wine grape growers will feel the full economic impact of COVID-19 when harvest begins in late-July of this year. According to Moramarco, COVID-19 related shelter-in-place mandates and economic closures will mean \$437 million less revenue for California's wine grape growers for the 2020 crop.

Growers' losses are driven by a decline in California wine sales. In total, Moramarco expects retail sales of California wine for the 12-month period from March 2020 to February 2021 to decline by \$3.58 billion. The decline in sales volume is due primarily to COVID-19 related closures and restrictions for such venues as restaurants, bars, hotels, stadiums and winery tasting rooms. Consequently, COVID-19 related impacts on the marketplace will reduce the total value of grapes purchased and utilized by wineries in 2020 by \$437 million, resulting in a nearly 11% decline in the total value of grapes sold this year.

Even as the nation's economy reopens, key market channels for California wine will continue to be affected by public health restrictions that prohibit large gatherings and events, dictate physical distancing requirements in public settings or impose capacity constraints for certain types of premises where wine is sold.

California's wine grape vineyards are the foundational element of a very robust and substantial portion of the state's economic landscape. Grower's losses, driven by COVID-19, will have significant consequences for our state. Sonoma State University recently concluded a report that indicates the combined effect of growers' losses and reduced sales of California wine will result in a contraction of \$9.6 billion for California's economy, and a potential loss of 42,376 jobs and \$586 million in state and local taxes stemming from COVID-19 related losses to wineries and growers.

We urge the inclusion of wine grape growers in the direct payments Coronavirus Food Assistance Program and other programs of assistance intended to aid growers affected by the COVID-19 pandemic.

Sincerely,

MIKE THOMPSON
Member of Congress

DIANNE FEINSTEIN
U.S. Senate

KAMALA D. HARRIS
U.S. Senate

JULIA BROWNLEY
Member of Congress

JIMMY PANETTA
Member of Congress

JIM COSTA
Member of Congress

BARBARA LEE
Member of Congress

TJ COX
Member of Congress

AMI BERA
Member of Congress

SALUD CARBAJAL
Member of Congress

DOUG LAMALFA
Member of Congress

JOHN GARAMENDI
Member of Congress

JUAN VARGAS
Member of Congress

DORIS MATSUI
Member of Congress

ERIC SWALWELL
Member of Congress

JARED HUFFMAN
Member of Congress

ALAN LOWENTHAL
Member of Congress

GILBERT R. CISNEROS,
JR.
Member of Congress

JERRY MCNERNEY
Member of Congress

LUCILLE ROYBAL-
ALLARD
Member of Congress

ANNA G. ESHOO
Member of Congress

TONY CÁRDENAS
Member of Congress

JOSH HARDER
Member of Congress

PETE AGUILAR
Member of Congress

MARK DESAULNIER
Member of Congress

DEVIN NUNES
Member of Congress

HARLEY ROUDA
Member of Congress