

Congress of the United States
House of Representatives
Washington, DC 20515

October 7, 2026

The Honorable Jamieson Greer
Ambassador
U.S. Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Ambassador Greer,

Thank you for your continued leadership on behalf of California during this period of significant trade challenges. I appreciate the difficult balance USTR must strike as the United States leverages tariffs to secure fair treatment for American producers. With that in mind, I write to raise an urgent concern regarding one of California's most iconic and economically vital sectors: the wine industry, and specifically the growers who are its foundation.

As the 2026 harvest draws to a close, wine growers and wineries across the North State are bracing for another season of uncertainty as domestic consumption continues to decline and trade negotiations remain ongoing. One issue of particular concern arises from the Alcohol and Tobacco Tax and Trade Bureau's (TTB) appellation rules, under which wine may bear a "United States" or "American" appellation when at least 75 percent of the wine is derived from U.S.-grown agricultural products and the wine is fully finished in the United States. This permits 25 percent of the wine to be derived from foreign-grown agricultural products without disclosure of that foreign origin on the label. Growers report this policy undermines the value of California-grown grapes, places downward pressure on prices and blurs the distinction between wine genuinely produced from American agricultural products and wine relying on foreign components. I respectfully request that USTR coordinate with the Department of the Treasury and TTB to examine this issue and its impact on domestic growers.

Growers have also raised concerns regarding the duty drawback treatment available for imported bulk wine. Under the current structure, federal excise taxes paid on imported wine may be refunded based on the export of substituted wine, including in circumstances in which the exported wine did not bear an equivalent federal excise-tax burden. This treatment may alter the economics of importing bulk wine relative to purchasing domestic bulk wine or California-grown grapes. Addressing this treatment could provide meaningful near-term relief for growers, and I urge USTR to support CBP in reviewing this issue and its effects on the domestic industry.

I would also like to highlight the impact of bulk products imported from Canada that do not meet the U.S. definition of wine but are nonetheless receive customs and tax treatment applicable to

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wine upon entry. Growers have expressed concern that this practice affects market conditions and contributes to import-side pressures at a time when domestic producers are already facing significant challenges. I respectfully request that USTR work with CBP and TTB to examine this issue and evaluate its implications for the U.S. wine and winegrape market.

Compounding these pressures is the decline in export opportunities for California-grown wine. Canada has historically been the largest market for U.S. wine, but since access has been severely reduced, California growers and wineries are increasingly dependent on new international markets to help stabilize demand. Industry leaders have identified countries such as India and Vietnam as promising high-growth markets, but the barrier to entry is still high due to ongoing tariff negotiations. I respectfully request that USTR prioritize opening these markets and restoring access to Canada to support the long-term competitiveness of California's wine sector.

To support California's growers and strengthen the long-term competitiveness of American wine, I respectfully request that USTR work with industry stakeholders to explore options for addressing these issues to help provide meaningful relief to growers who are essential to California's rural economy.

Thank you for your consideration, and I stand ready to assist in any way that may be helpful.

Sincerely,

A handwritten signature in blue ink, appearing to read "James Gallagher", with a stylized, cursive script.

James Gallagher
Member of Congress