

United States Senate

WASHINGTON, DC 20510-3205

May 30, 2013

The Honorable Miriam Sapiro
Acting United States Trade Representative
600 17th Street, NW
Washington, D.C. 20508

Dear Representative Marantis,

I am writing today to again bring your attention to a critical economic issue facing wine and craft beverage producers in New York State (NYS). Current guidelines require individuals bringing any more than 1.5 liters of United States-purchased wine into the Province of Ontario, Canada, to pay a 39.6 percent provincial levy on top of the normal customs duty that they pay to the Canadian Federal Government; and Québec imposes taxes and fees of over 66.6 percent. As a result, New York State's farm regions producing wine, craft beers, ciders and distilled spirits suffer from the loss of business from thousands of potential Canadian visitors. Yet, tourists and visitors to Canadian wineries and breweries are allowed to bring back significant amounts of alcoholic beverages to the U.S.; for example wine faces only a 3 percent U.S. duty on amounts more than one liter.

This tax disparity hurts New York business, cross-border commerce and regional tourism by making it less attractive for Canadian citizens to enjoy wine and other craft beverages produced throughout New York's many farm regions. To address this inequality, I strongly urge you to request an exemption of the provincial levy for all wines, beers, ciders and distilled spirits that are 100 percent grown and produced in New York State, and to propose a substantial increase in their duty-free allowance to promote border market access for NYS producers. These changes would go a long way toward enhancing our regional economy, on both sides of the border.

According to a memorandum issued to your office by the New York State Department of Economic Development in August of 2012, New York's exports to Canada in the alcoholic beverages sector reached \$29.6 million in 2011, while Canada's exports to New York were more than double that level, amounting to \$60.4 million. Data for 2012 indicate that, despite significant market access barriers, New York's alcoholic beverage exports rose over 15 percent to \$36.8 million. Given that New York is the number three grape producing state in the United States, is a major producer of apples and other fruits supplying cideries and high quality grains supplying our dynamic micro-distilleries and breweries, it seems obvious that the market barriers that are currently in place are hindering New York's export potential.

I believe that during this challenging economic time, we must do all that we can to promote and facilitate greater cross-border trade with Canada that will benefit New York producers and retailers. Leveling the playing field in this manner will be mutually beneficial to both Canada and the United States by encouraging bi-national tourism and allowing Canadians to enjoy products that New York has to offer.

Thank you for your attention to this matter, and I look forward to your response. Should you require further information, do not hesitate to contact Jon Cardinal, of my staff, at 202-224-7074.

Sincerely,

Kirsten E. Gillibrand

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United States Senator