

Greetings all:

This week is important. Phil Hogan is visiting Washington to speak specifically about the tariff related issues with US officials. Ursula von der Leyen will discuss the tariff issues with U.S. officials towards the end of the month.

We have a good start generating communications with U.S. officials from U.S. businesses, but now we need our colleagues in the EU to do the same.

Please reach out to your producers, brokers, and other relevant contacts. We also need EU individuals who can proactively spread this message and organize letter-writing campaigns.

WHAT WE KNOW:

1) Digital Services Taxes: The U.S. Trade Representative will certainly put tariffs on French products if France does not undo its unilateral Digital Services Tax (DST). USTR may later target other EU countries with unilateral DSTs.

The DST taxes full revenue rather than profit and was made retroactive, taxing time periods in the past. Both these aspects are against international tax norms. The U.S. is willing to have an international agreement through the OECD to allow taxes on the Digital Services Companies, but does not accept unilateral, retroactive, taxes on gross revenue. Additionally, French and EU politicians calling this tax GAFA - Google, Apple, Facebook, Amazon - further convinced U.S. officials that the tax was designed only to affect U.S. businesses, which is also not allowed.

2) WTO / Airbus Subsidies: The World Trade Organization (WTO) ruled on December 2nd that the EU was *continuing to illegally subsidize Airbus*. This means the WTO has given the right for the U.S. to receive \$7.5 Billion in tariffs on EU goods, until the illegal subsidies are halted. The WTO has ruled against most of the EU claims regarding U.S. subsidies to Boeing, so the penalties on this claim will not resolve the issue. To be clear, this is not a Trump issue, as this case is more than a decade old. Because the WTO has ruled on the matter, most U.S. Congress members believe nothing can happen on tariffs until the EU fully halts their illegal subsidies to Airbus.

At this point, we have been told the EU has to a degree walked away from the negotiating table.

In order to avoid tariffs, we need the entire EU wine trade to write the relevant EU officials on the matter.

WHAT THE LETTERS SHOULD SAY:

1. The letters must urge both French and EU officials to halt any unilateral Digital Services Taxes. Any business would feel a retroactive tax on revenue was unfair. And it is against internationally accepted norms for taxes. The EU must only work through the OECD to come up with an international agreement on Digital Services Taxes. Those taxes must not appear to only target U.S. Businesses.

2. The letters must demand that the EU immediately halt all illegal subsidies to Airbus. Effectively, at this point the EU is choosing Airbus over European Farmers. The letters must make clear this is unacceptable. The EU must halt Airbus subsidies as the WTO has demanded, which is the critical step to halting the tariffs on European products.

WHO TO WRITE:

Please write and call the following officials.

Phil Hogan - EU Commissioner on Trade

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