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Lobby Center

The Lobby Center has been updated with information on the Farm Bill. As other federal issues progress, those will be posted in the Lobby Center as well.

Don't forget that the Lobby Center also contains updated state legislative information and guides to working with state legislatures.

From the President's Desk

We are now in the dog days of August. Washington is hot and humid and the Congress has at last, somewhat acrimoniously, taken off for summer recess. The last month has seen frenetic activity by Congress as it tried, and to some extent succeeded, in moving forward with policy issues. The House passed its version of the Farm Bill, both bodies made progress on Agriculture Appropriations, and the Senate decisively rejected comprehensive immigration reform. WineAmerica is guardedly optimistic that some of our key proposals will be enacted into law. Unfortunately, pessimism is probably the byword for the immigration issue.

After a year of doubt and confusion on their prospects, the Viticulture Consortium and other USDA special grants appear to be on the verge of being reinstated as both House and Senate versions of the Appropriations bills have included these key earmarks. That will be a welcomed development.

After much compromise, the House passed its version of the Farm Bill. It is always gratifying when a public policy issue you have worked on for several years gains traction and nears acceptance. This is especially the case when the issue gains public acceptance and begins to be considered the conventional wisdom. So it is with great appreciation that

the specialty crop coalition reports significant success in achieving, at least in the House of Representatives, many of the important goals of our industry in the upcoming Farm Bill, the country's reestablishment of farm policy undertaking done every five years.

The House correctly recognized the need for specialty crops to be considered differently than the rest of agriculture. Historically, most of federal agriculture law has been based on serving the needs of commodity crops – cotton, wheat, corn, rice and soybeans. Since the depression, farm bills were largely about providing subsidies for farmers growing those crops. Commodity crops rely on high levels of mechanization and produce relatively low value crops from huge acreage, using few workers. Specialty crops are much more intensive in their uses of land and labor, requiring higher skill levels and complex marketing to support highly differentiated sales. Yet the total value of specialty crops is approximately equal to that of commodity crops in the United States. It is time that the specific needs of specialty crops be prominently addressed in the Farm Bill and the House did just that. Key provisions of the House bill include:

- Specialty crop research funding grants - \$215 million over five years

- National Clean Plant Network - \$20 million over five years
 - Specialty crop competitiveness grants to the states - \$365 million over five years
 - Value added producer grants - \$30 million per year up from current \$20 million per year
 - Increase in maximum payment under the Tree Assistance Program to \$150,000
 - Additional funding for Market Access Program (for exports) - \$25 million per year above current \$300 million per year
 - Air quality improvement and performance incentives - \$10 million in FY08 increasing to \$55 million in FY2012
 - Improvements to Pest management especially threat identification and mitigation - \$10 million in FY2008 increasing to \$70 million in FY2012
 - Counting packing and handling as farm income for purposes of qualification for Conservation programs Including specialty crop waste and residue in definition of agricultural cellulosic biomass
- Lobbying now shifts to the Senate where we will have to work hard to retain and expand these provisions. The Senate is expected to develop its version of the farm bill in September.

Don't Forget to Register for the Fall Meeting in Monterey, CA



Registration is open for the 2007 Fall Board of Directors & Membership meeting. You can register online at <http://www.wineamerica.org/meetings/fall.htm>.

The meeting is November 7th-9th at the Portola Plaza Hotel in Monterey, CA.

There is a room block available at the Portola Plaza for the 7th, 8th, and 9th. Please be sure to book your

rooms by October 8th. You can book rooms by calling: 831-649-4511

This meeting is a great opportunity to get involved with WineAmerica in a casual setting. Along with Association business, there will be discussions on pressing state and federal issues (state legislation, farm bill, immigration reform) – this is your chance to provide input on the direction that the Association takes on these policy issues and on membership issues in general.

Attendees to the meeting will also hear from industry speakers and enjoy a chance to meet wineries from the Family Winemakers of California who will be holding several

joint sessions with WineAmerica.



We will continue to send out specific information as it becomes available. In the meantime, please contact Jenny Mattingley with any questions regarding the meeting – jmattingley@wineamerica.org.

TTB Regulatory News

TTB Suspends the Approval of Certain AVAs

In July, the Alcohol, Tobacco, Tax and Trade Bureau (TTB) suspended the approval of certain new American Viticultural Areas (AVAs) pending a review process. The current TTB rules allow for the creation of recognized growing areas throughout the country. These are based on climate, geology and other specific characteristics unique to each growing region. Currently the TTB is reviewing the process for the establishment of an AVA that either overlaps or is contained in an existing AVA. WineAmerica is monitoring this issue and will send updates as we get them.

TTB Proposes Serving Facts Be Included on Alcoholic Beverage Labels

On Tuesday, July 31, the TTB issued a notice of proposal to mandate that serving facts be included on all alcoholic beverage containers. The proposed rule also would require the

alcohol content be listed as percentage by volume on all containers. They have opened up a 3 month comment period to allow for the industry to weigh in on this proposed rule. WineAmerica will be reviewing the proposal and will be drafting comments. The following is the summary of the notice.

Summary: The Alcohol and Tobacco Tax and Trade Bureau (TTB) proposed to amend its regulations to require a statement of alcohol content, expressed as a percentage of alcohol by volume, on all alcohol beverage products. This statement may appear on any label affixed to the container. TTB also proposes to require a Serving Facts panel on alcohol beverage labels, which would include a statement of calories, carbohydrates, fat and protein. Industry members may also choose to disclose on the Serving Facts panel the number of U.S. fluid ounces of pure alcohol (ethyl alcohol) per serving as part of a statement that includes alcohol content expressed as a percentage of alcohol

by volume. The proposed regulations would also specify new reference serving sizes for wine, distilled spirits, and malt beverages based on the amount of beverage customarily consumed as a single serving. However, TTB is not defining a standard drink in this document. TTB proposes to make these new requirements mandatory three years after the date of publication of the final rule in the Federal Register. The agency proposes these amendments to ensure that alcohol beverage labels provide consumers with adequate information about the product.

Dates: Comments must be received on or before October 29, 2007.

For information on where to send comments and to read the full notice please go to this website:

<http://a257.g.akamaitech.net/7/257/2422/01jan20071800/edocket.access.gpo.gov/2007/pdf/E7-14774.pdf>

Heard it Through the Grapevine...

Direct Shipping Permit Issues

As you know, WineAmerica provides members with access to the WA Shipping Tool – a guide to the permit process in each state. While WineAmerica staff work with various groups to keep the laws and forms up to date, there are still some things that wineries experience that aren't posted on the site.

If you notice that a form is incorrect, or that you are being asked for information by a state that is not listed on the Shipping Tool, please let Jenny Mattingley know and she will update the tool or check into any discrepancies.

Wineries are on the front line of the permitting process and your assistance ensures that WineAmerica will be able to provide accurate information for all of its members. Thanks!

ShipCompliant State Shipping Calculator

With all the permit states out there, it's hard to know whether it's worth it to apply for permits or not. WineAmerica supplier member ShipCompliant has a free tool for wineries to use in just this instance. The State Shipping Calculator allows you to put in your average shipment and price and choose a state you'd like to ship into. Based on the permit fees and taxes for that state, the Calculator will then tell you how many shipments you'd need to make to breakeven. This is a great tool to use in planning your consumer shipping strategy.

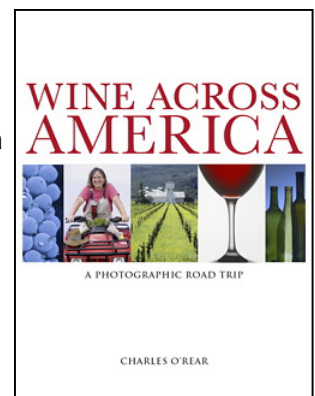
In order to use the Calculator and other free ShipCompliant tools, visit their website at: <http://www.shipcompliant.com/roi>

American Wine Industry in Print

Charles O'Rear, a noted American photographer, has spent many years photographing and documenting the wine industry. His latest photographs are set to debut in a book written by Daphne Larkin – *Wine Across America*. The book focuses on wine in all 50 states and contains photographs of winery architecture, wine labels, and maps of state wineries.

The book will be available in the fall. In the meantime, please visit the website for more information -

www.wineviews.com/america



WINEAMERICA MONTHLY NEWSLETTER -AUGUST 2007-

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