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WineAmerica On the Road

WineAmerica will have a booth at Wineries Unlimited in Pennsylvania. If you're in town for the trade show, make sure to stop by and say hello!

From the President's Desk

Grape Statistics

2007 was the fourth year in a row that the grape crop was worth substantially more than \$3 billion. Nationally the crop was worth \$3.4 billion, just short of 2005's record of \$3.5 billion and a bit higher than last year. Normally the preliminary numbers, out in January, are increased as statistics are finalized in July.

The California crop, which accounts for more than 90% of total grape value in the U.S., grew about 3% in tonnage but minimally in value—less than ½ of one percent—driven by weakness in price (-2.5%) for varieties other than winegrapes. The large crop in Washington State grew substantially (22%) as did Oregon (14%) and New York (22%).

Prices for winegrapes increased in Oregon and Washington State but decreased slightly in Virginia and Texas. Michigan had a record value of around \$27 million for its grape crop. It is estimated that about \$20 million is from juice grapes and \$7 million from wine grapes. That would place Michigan in the top five for wine grape value, well ahead of North Carolina, Ohio, Georgia and Texas and close to Pennsylvania and Virginia.

California grape acreage appeared to be stable at just under 800,000. New York acreage grew by 3,000 acres, almost 10%, and Washington and Oregon each added about

3% of new winegrape acres.

Grapes remain a strong generator of sales across the country and should be able to maintain their place as sixth largest crop and the largest specialty crop. Prices respond to overall production level.

TTB Serving Facts Labeling

WineAmerica filed "serving facts" comments at the Tobacco and Tax Bureau (TTB) seeking to prevent wineries from having to add additional information to wine labels. In our view, requiring calories, carbohydrates, fat and protein disclosure on individual wine labels would be misleading and unnecessary. We believe that the key bit of information is nominal wine calories, and this figure is close to 120 calories per serving of wine under almost all circumstances. Therefore calorie information could be publicized by the TTB, avoiding the necessity of wine label cluttering, confusion and degradation. To read the WineAmerica comments go to <http://www.wineamerica.org/issues/regulatory.htm>.

Farm Bill

After a long and tortuous path, the 2007-2012 farm bill, passed in somewhat different forms by both houses of Congress, is now being readied for conference and presentation to the President. The House and the Senate are pretty close on most issues. How-

ever there is a significant problem trying to come up with something acceptable to the White House which has drawn a firm line in the sand against raising additional revenue to pay for expansions. Unfortunately, the specialty crop parts of the bill, calling for additional expenditures for specialty crop research grants to the states, the National Clean Plant Network and several additional areas including nutrition and export support are expansions of the scope of the previous farm bill and thus subject to possible rejection as Congress wrestles with either getting a bill the President can sign or enough votes to override a veto.

Both the House and Senate versions of the farm bill contain \$20 million for supporting the National Clean Plant Network. Serious discussions have begun with the USDA about the scope and aims of the soon-to-be-born network. The purpose, oversimplified, of the network is to provide growers with disease free, or as close to disease free, vines and other perennial plants. This involves examining and indexing imported materials, building disease free increase blocks, making sure nurseries keep the plants from being reinfected and ultimately building local state apparatus to certify the plants.

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President's Column—Continued from p.1

There are many challenges along the way. Talk is that the USDA will establish a governing body to oversee grants and that there will be local bodies to ensure industry involvement and multi-state regulation.

The Clean Plant Network is an important potential development as many vineyards, particularly those east of the Rockies, have had bad experiences planting diseased vines which die within the first few years. West coast vineyards are having trouble with leaf roll infected vines, and the

Clean Plant Network will provide some assistance in addressing that problem. WineAmerica was the prime moving force for getting the National Clean Plant Network into the farm bill and is now working to develop operational plans.

Up Next

WineAmerica is planning to comment on two TTB rulemaking notices regarding appellations. A Calistoga application which involves grandfathering rules for an existing winery and a rulemaking on nesting appellations:

smaller appellations contained within larger ones. The deadline for comments is March 20, 2008. We are interested in hearing from members about how to shape these comments. To examine the rulemaking notices, go to http://www.ttb.gov/wine/wine_rulemaking.shtml and click on Notices 77 & 78.

Label Processing: Tips & Tools

Occasionally the TTB requires that you include a little more than your labels attached to your 2 COLA forms for label approval. There are certain special cases that require one or two more pieces of information.

Labels Too Large to Fit in the Space Provided

If your labels are too large to fit in the space provided on the COLA form you should attach reduced copies to the front of the COLA form. Under item 19 on the form you should notate how much they have been reduced. Then either attach a full size copy to the back of the COLA form, or paper clipped to the form on a separate piece of paper.

Labels Etched in the Bottle

If your "labels" are etched into your bottle you are still required to submit an actual size copy of the "labels" in the space provided on the COLA form. You also need to include a photograph of what the bottle is going to look like. It does not have to be actual size. This can either be attached to the back of the COLA form, or paper clipped to the form on a separate piece of paper. The TTB discourages industry member from submitting actual bottles.

Labels for Formula Wine

Formula wines require one extra step for COLA approval. If you submit a wine label for a formula wine, the TTB requires that you submit an approved

copy of the formula as well. Simply attach the formula with a paper clip to the COLA form.

Labels for Semi-Generic Names

For wines submitted using wines listed under the March 2006 US-EU wine agreement the TTB requires that you include a prior approval for all subsequent label approvals. So for any new Port, Claret, Chablis and Burgundy, etc. you might bottle; you need to attach a prior COLA approval to your submission. The brand names are required to match and the prior approval must be dated before March 2006.

Sign up for Tobacco and Tax Bureau (TTB) Updates!

Navigating our nation's wine regulations can be a confusing process. One way to make it easier is to sign up for email updates from the TTB. Have updates sent to your inbox daily or weekly, according to your preference. Don't be the last to know when alcohol regs change!

To sign up, go to www.TTB.gov and click on "email updates" next to the "News and Events" tab.

Regulatory News

TTB Announces the First Industry Wide Expo

The TTB announced at the end of January that they will be holding their first industry wide expo. The TTB Expo 2008 will target alcohol, tobacco, firearms and ammunition industry members as well as relevant trade associations, consultants and state government officials on June 17-18, 2008 at the Northern Kentucky Convention Center in Covington, Kentucky.

The Expo will not replace other TTB events, such as the wine seminars or the COLAs Online workshops, but instead is designed to target a broader customer base in other widespread areas.

The 2-day expo will include:

1. An opening session with TTB Administrator John Manfreda giving the keynote address.
2. Educational tracks offering various sessions on industry-specific topics; and
3. Exhibit booths on many TTB topics and opportunities for attendees to speak with government representatives, pick up printed materials, and network.

Online registration will be available for the TTB Expo 2008 will be available soon. WineAmerica will update our membership with information as soon as it is available.

Repeal of Special (Occupational) Tax on Alcohol Occupations

In late January the TTB issued a statement on the Special Occupational Tax.

On August 10, 2005, President Bush signed into law the "Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users," Public Law 109-59. Section 11125 of that act permanently repeals, effective July 1, 2008, the special (occupational) taxes on

- Producers and marketers of alcohol beverages
- Manufactures of non-beverage products
- Users of tax-free alcohol
- Users and dealers of specially denatured spirits

Although the tax has been repealed, recordkeeping and registration requirements remain. Further, any tax liabilities that were incurred for periods be-

fore the law's effective date remain and will be collected. (However, there is no liability for alcohol occupations, other than users of tax-free alcohol and users and dealers of specially denatured spirits, during the previously enacted 3-year tax suspension that runs from July 1, 2005 through June 20, 3008)

Section 11125 of Public Law 109-59 does not affect any tobacco occupations; therefore:

- Manufactures of tobacco products
- Manufactures of cigarette papers and tubes, and
- Tobacco export warehouse proprietors

must continue to register and pay the special (occupational) tax every year. The registration and tax for these tobacco occupations is due before beginning business, and on or before July 1 of every year after that.

TTB plans to issue regulations amendments to implement the repeal before its July 1, 2008 effective date. Corresponding changes will be made through the TTB website as appropriate.

WineAmerica Introduces Human Resources Program for Wineries

WineAmerica has partnered with Core People Resources to provide HR services to wineries. Some of this information is available if you search for it on your own, but the packages below put important documents and information all in one place. In each package are various ready to use forms and instructions (from hiring employees, to doing performance reviews, to filling out required federal forms) and regardless of the package you invest in, you will have the ability to call or email the HR help desk to speak directly to an HR professional to get answers to questions, help on best practices, and tips on using the information contained in the program. There are three different programs available to wineries. Each level provides more comprehensive documents and information. Whether you are just starting your winery or have been in the business for awhile, these packages have something for each level:

Small Package - \$299/year • Medium Package - \$499/year • Large Package - \$799/year

To view the contents of each package, take a demo of the program, and learn more, log in to the members only page and click on the Quicklinks for the HR Program -

<http://www.wineamerica.org/membersonly/members.cfm>

Guest Column: How to Maximize the Anti-Oxidant Potential of Your Wine

By FL Biagnostics, a WineAmerica Platinum Supplier member

How can I get the most health benefits from my wine?

What about the French Paradox which says: "how can the French eat such rich foods and have a proportionally lower incidence of heart disease?" One answer that has hit the media and has been researched is that red wine, widely consumed in France, has a significant anti-oxidant based health benefit and can prevent heart disease.

This question has not been exhaustively researched or clearly documented, but there appears to be a correlation between red wine and lower risk of heart disease. As a winemaker you may want to have the best opportunity to achieve high essential anti-oxidant levels that have been implicated in the health benefits. Trans-Resveratrol is one of the important anti-oxidant components.

How do you actually start to make a wine containing high-antioxidants?

There are at least three winemaking stages that can and should be monitored to make a wine with high-antioxidant content.

1. The first of these is in the grapes. Both the grape skins and the juice contain anti-oxidants. In fact, it is here where the maximum key health imparting anti-oxidants can be found. If a grape starts with low trans-resveratrol level, the resultant wine will not have high trans-resveratrol content. However, a high grape starting anti-oxidant content is no guarantee that the final wine will have high antioxidant content, but it is important to know the level to control the ultimate outcome. The next two stages of wine-

making will determine that outcome.

2. The second stage is yeast fermentation. As the wine becomes dry and the sugar is reduced, the potential for contamination by ubiquitous yeast known as *Brettanomyces* ("Brett") can occur. Under many instances the wine contamination with "Brett" can add complex character to your wine. However, as the Brett grows and begins to utilize alternate sources of carbon to continue growing, it can begin to convert desirable anti-oxidants into non-desirable 'tainting' compounds that result in a medicinal or musky character. Using modern molecular biology techniques it is now possible to directly monitor the Brett and the carbon sources that it uses for growth. With proper Brett monitoring you will be able to maintain or increase the anti-oxidant status of your wine.

3. The third winemaking stage is the Malo-lacto fermentation stage. Not all wines require this secondary fermentation but as this fermentation step proceeds, the likelihood of wine contamination with an undesirable bacterium, such as *Lactobacillus*, increases. Like *Brettanomyces*, *Lactobacillus* organisms can use anti-oxidants as suitable carbon sources for their continued growth. Even though a wine may have high anti-oxidant content as it enters the ML fermentation stage, if the carbon consuming bacteria are not being monitored they may degrade the anti-oxidant health benefits.

To ensure that your wine has both a high potential for anti-oxidants, and maintains that high anti-oxidant con-

tent during the fermentation and aging process, be sure to monitor grapes coming into your winemaking process and monitor the carbon sources being utilized by the organisms present in your wine-making process.

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Guest Column provided by **FL Biagnostics**, a WineAmerica Platinum level member. FL Biagnostics: is a state-of-the-art wine testing facility utilizing analytical chemistry and molecular biology techniques to evaluate the underlying biochemical and biological characteristics in a winemaker's process. Contact them at 877-BIO-5-LAB (246-5522), or by email at info@flbiagnostics.com and let them work with you to achieve your vision for great wine.



Don't Forget to Register & Get Your Hotel Room for the 2008 Wine & Grape Policy Conference

When: March 9-12, 2008

Where: Grand Hyatt Hotel in Washington, DC

Register Online Today:

The annual meeting is open to all WineAmerica members and State Association Council members and we encourage you to join us in Washington, DC!

<http://www.wineamerica.org/meetings/spring.htm>

WINEAMERICA
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DRAFT MEETING AGENDA

Sunday, March 9

2:00-5:00 PM

Conference Registration

2:00-5:00 PM

Executive Committee Meeting

3:00-5:00 PM

WGA Meeting

5:00-7:00 PM

WA/WGA Informal Welcoming Reception

7:00-10:00 PM

No-Host Dinner

Monday, March 10

7:00-8:30 AM

Conference Registration

8:00-10:00 AM

**Joint WGA and WineAmerica Policy Session
Policy Issues & General Discussion**

8:20-11:45 AM

- Farm Bill
- Immigration/H2A Reform
- Appropriations 101
- TTB Update
- Conservation/Climate Issues
- Lobbying 101 & Visit Details

12:00-1:30 PM

Policymaker Luncheon – *Speaker TBA*

2:00-5:00 PM

USDA Breakout Sessions (At USDA)

- Welcome meeting with Chuck Connor, USDA Secretary
- Rural Development & Value-Added Grants
- Research Initiatives
- Conservation Innovation Grants and Grants from RMA

No-Host Dinner

7:00-9:00 PM

Policymaker Breakfast – Sen. Patty Murray (D-WA)

Tuesday, March 11

7:30-8:30 AM

Concurrent WGA and WineAmerica Board Sessions

8:30-11:00 AM

Action Items & General Discussion

9:45-11:00 AM

Hill Visits

11:30-5:00 PM

“Taste the Wines of America” Congressional Reception

6:00-8:00 PM

Wednesday, March 12

7:30 AM

Continental Breakfast

7:30-11:00 AM

State Associations Council & Delegates Meeting

11:30-5:00 PM

Hill Visits—Continued