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Reminder:

With the growth of wine sales over the internet and abroad, email scammers are attempting to take advantage of wineries.

If you get an email request for wine that looks suspicious, be careful before taking the order. Many of the email scams appear to be people asking for orders to be shipped overseas and want you to send them your information first. Take a few moments to double check that the order is legitimate. If it seems to good to be true, it probably is!

From the President's Desk

It has been a tough month for specialty crop agriculture in Washington. Immigration reform failed in the Senate and the House is steadily shrinking its already small commitment to specialty crops.

Immigration Reform

The Immigration Reform bill, on which we had so much hope for resolving worker availability issues, was defeated in a spectacular implosion. Shutting off debate did not achieve even a majority of votes (it needed 60) in spite of the best efforts of a bipartisan group including President Bush, key Republican Senators and most Democratic Senators.

Until the eve of the vote, we thought the immigration bill had a fighting chance of passage. Gradually, its pulse weakened as bickering over modifications and a vast talk radio campaign to demonize the bill's provisions frightened off many Senators. It appears that it failed as a result of an orchestrated campaign of hysteria. This occurred after much compromise to find common ground and clear signals from Senators in both parties and the Administration that the country should move forward and address the problems of illegal workers responsible for so much critical work in the country. Compromise

had the potential to move the country in a forward leaning direction addressing a huge economic and social issue. But, as is typical in hotly contested issues in America, disproportionate power rests with the highly emotionally charged minority. Defeating imperfect legislation is much easier than addressing critical needs of the country.

It is not clear where we go from here. While the majority of the country appears to be supportive of the effort to address comprehensive immigration reform, the opponents have prevailed. The ultimate vote was 53 nays and only 46 yeas—60 were required to break a filibuster. But a number of those no votes were ready to vote in favor if it appeared that 60 votes were within reach. Thus not all of those voting no appear on the disappointing list. A full roll call list on this critical vote will be posted on the WineAmerica website shortly.

Here is a roster of Senators who were especially helpful and those who were great disappointments: Leadership and courage standouts include: Senators Bennett (UT), Boxer (CA), Casey (PA), Craig (ID), Feinstein (CA), Graham (SC), Gregg (NH), Hagel (NE), Kennedy (MA), Kyl (AZ), Lott (MS), Lugar (IN), Martinez (FL),

McCain (AZ), Mikulski (MD), Murray (WA), Salazar (CO), Snowe (ME), (Specter (PA).

Those who were disappointing, critically abandoning the tough vote, or worked to defeat the legislation include: Senators Alexander (TN), Allard (CO), Brown (OH), Burr (NC), Chambliss (GA), Coburn (OK), Cochran (MS), Corker (TN), Cornyn (TX), DeMint (SC), Dole (NC), Hatch (UT), Hutchinson (TX), Inhofe (OK), Isakson (GA), McConnell (KY), Roberts (KS), Sessions (AL), Smith (OR), Stabenow (MI), and Vitter (LA).

The President and his cabinet are to be commended for working very hard to achieve passage. A weakened president clearly did not have much clout with his own party because only 12 out of 50 Republican Senators voted in favor.

Now we are in an environment where it is unclear whether the status quo can be satisfactory or whether the system will break down all together. It is virtually certain that some states and local jurisdictions will be taking actions which will drive off the workforce. The Governor of Arizona just signed a punitive bill which will provide very tough sanctions against employers who knowingly hire illegal immigrants.

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WineAmerica members should be alert to the possibility of state and

local actions to disrupt their workforce and direct some lobbying attention to preserving worker availability in their localities. It is very unclear what the response of the Federal government will be to the impasse. It may be that enforcement will be stepped up or possibly reduced. It will be a little hard to determine just what to expect for a couple of weeks at a minimum.

Much of specialty crop agriculture is very labor intensive and dependent primarily on foreign workers. It is unclear how businesses will be able to maintain in such a murky legal environment. A possibility is passing stand alone legislation on AgJobs. Superficially this seems like an attractive proposal and there has been some discussion of moving in that direction. Frankly, however, I think AgJobs is unlikely to pass in the bitterness of the defeat of comprehensive legislation. We shall see.

Farm Bill

Push is coming to shove for the farm bill. A multi-year effort on the part of a large coalition of more than one hundred specialty crop organizations is now up against a House Agriculture Committee which seems determined to maintain the status quo and do as little as possible for farmers who have not been helped by the traditional farm subsidy process. The commodities which benefit from subsidies, primarily cotton, corn, wheat, soybeans and rice, are not willing to let go of even part of their subsidies in order to have a more balanced farm policy. This remains true even as most of these commodities are receiving record or near record prices.

Specialty crops are seeking money for research, promotional opportunities, nutrition and other policies but are being stymied by a tightfisted committee anxious to protect their traditional allies. The leadership of Congress has dictated the amount of money available to the committee and there is not enough to address specialty crop priorities without shifting money from commodities. Getting new money for research and the

other areas is taking a back seat to such expenditures as “direct payments” – payments to farmers who have previously grown commodity crops regardless of whether they are making money on their crops, whether they are in need of government money, whether the land is still in farming or even if it is now owned by non-farmers who have plopped down “McMansions” on the property. These farmers have learned “how to farm the government” and in the process know how to game the system and build a wall around their subsidies through rigorous political activities. The commodities have erected a very substantial line of defense protecting their interests and it will take a real battle, probably in the month of July, for specialty crops to rebalance the farm bill. Ultimately it may come down to a floor fight where urban, conservation, nutrition and specialty crop forces unite to make it impossible for a farm bill to pass without greater balance. It should be an interesting month.

The Senate is a little behind in the process but we also expect some committee action on their version of the farm bill in July.

Quick Tip:

The TTB recently began issuing a newsletter with tips and information for users of the TTB COLAs online system.



The newsletters can be found by going to the TTB's website or visiting the Label Approval Program page on the WineAmerica website:

www.wineamerica.org/labels/labelprogram.htm

Alcohol and Tobacco Export Documentation Procedures

Recently there have been some inquiries regarding whether or not a US Customs and Border Protection (CBP) official's signature is required to certify your winery's exports. In the past wineries were required to fill out TTB form 5100.11: Withdrawal of Spirits, Specialty Denatured Spirits, or Wines

Reminder: WineAmerica Trailblazers

Though small, the WA Trailblazers consumer program is still out there. Several new consumers have joined in the past few months, so don't be surprised if one shows up at your winery.

To refresh yourself and your tasting room staff on this program, visit the Members Only Page on the WineAmerica website and choose "Trailblazers" from the Quicklinks.

for Exportation. This form is misleading because the TTB no longer requires it to be submitted with a CBP signature. To certify your exports you may still file form 5100.11 and submit it without the CPB signature as long as proof of export, such as a bill of lading, is attached. There is also an alternative procedure, a description follows.

The alternative procedure requires that you:

- File an application with the TTB to use the alternative procedure. Each winery must submit a letterhead request to the TTB to receive approval in order to retain all export documents at your premises, rather than sending them to the TTB National Revenue Center in Cincinnati.
- Maintain all required documents (including form 5100.11) at your premises
- Submit a monthly report of goods exported by electronic spreadsheet in a format approved by the TTB
- Obtain proof of export. The TTB will no longer require a CBP signature.

The TTB still requires that you complete



all export forms required by the regulations. These documents must be organized and kept on the winery's premises. They need to be readily available for inspection by TTB officers during regular business hours.

The TTB also requires that each winery submit a monthly report showing all exports. These reports are required to be submitted electronically. The monthly report must be sent on or before the 15th of each month.

Each winery must obtain proof of exports. Proof of export may include your system of commercial records. This may include purchase orders, production schedules, inland bills of lading, ocean bills of lading, accounts receivable, letters of credit, proofs of payment or any other commercial records. The CBP authorization is no longer required.

For more information on this alternative procedure, including how to register, please go to the following link: www.ttb.gov/industry_circulars/archives/2004/ic2004_03.html

From the COLA to the Shelf: Tips to Get Your Labels Approved and Out the Door

The WineAmerica label approval program remains busier than ever, with 1463 labels submitted since the beginning of the year. In order to better facilitate a timely approval of your labels we suggest that you leave plenty of time for the process.

Processing Time

Currently it takes about three to four weeks for COLA forms to be reviewed by the TTB. There are times when it may be quicker, but that is not standard. We recommend that you submit your COLA forms at least two months before bottling, which will allow time

for revisions and resubmittal, if needed.

Expedites

There is always the option for expediting review, but we discourage members from requesting this too often. All expedite requests should be submitted before the labels are submitted to the TTB.

Status Requests

The TTB will not allow status checks on labels until they have been in their system for 30 days. They are very strict about this. If your label has been in the TTB's system for 30 days we will initiate a status request.

Process After Approval

Once the labels are approved you will receive a faxed copy of your approvals, and the original copy will be put in the mail that same afternoon. If the label is rejected, we will fax you a copy of the rejection in order for you to see what revisions are needed.

Questions?

If you have any questions, please contact Michael Kaiser, Manager of Regulatory Affairs, at 202-783-2756, Ext. 129 or via email at labels@wineamerica.org.

TTB Clarifies Export Procedures to the European Community

On June 21, the TTB issued an industry circular regarding the use of the new simplified certification now available for wine exports to the EU. For more information on exporting to the European Community and other countries, visit www.ttb.gov and click on exports under the wine tab or visit the WineAmerica Export Assistance Center under the Quicklinks in the Members Only Page.

**Industry Circular
Number: 2007-2
June 21, 2007**

Certification and Analysis of United States Wine for Export to the European Community

To: Wine Exporters, Wine Industry Members and Others Concerned

What is the purpose of this circular?

This circular informs the United States exporters of wine to the European Community (EC) of the new simplified certification and analysis documentation that the EC requires to accompany each shipment of U.S. grape wine and sparkling grape wine. You may use the new certification and analysis document, instead of the VI-1 form, for wine exports to the EC after April 1, 2007.

This Industry Circular supersedes ATF Industry Circular 86-2.

On March 10, 2006, the United States and the EC signed the "Agreement between the United States and the European Community on Trade in Wine" ("the Agreement") in which the EC, in part, agreed to permit grape wine originating in the U.S. to be imported into, marketed, and sold in the EC if accompanied by a certification document that is attached to Annex III of the Agreement. This certification form is less complex than the previous certificates required by the EC.

As of the date of this circular, the EC member countries are: Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovakia/Slovak Republic, Slovenia, Spain, Sweden, The Netherlands, and the United Kingdom.

The Simplified EC Import Certificate Form

Since the EC import certification form is

not a TTB form, we recommend that you contact the European Commission ("the Commission") if you have any questions about the form. You can find the contact information for the Commission in the "Inquiries" section of this circular.

Please note: According to the Agreement, the information on the form, excluding the producer's signature, may be pre-printed. Additionally, the EC has agreed to permit the form to be submitted electronically to the competent authorities of its Member states provided they have enabled the necessary technology.

The following instructions are intended to assist U.S. exporters in completing the EC import certificate form:

1. **Exporter:** Enter your full name and address in the United States.
2. **Serial number:** List a serial number that identifies the consignment in your records (for example, the invoice number).
3. **Importer:** Enter the full name and address in the EC.
4. **Competent authority at place of dispatch:** Enter the name and address of the U.S. Alcohol and Tobacco Tax and Trade Bureau's local office that is responsible for verifying the information referred to in the certification document at the winery or place of production. A list of TTB field offices is attached to this circular as Exhibit #2. Please see the TTB Web site at http://www.ttb.gov/pdf/tid_map_addresses.pdf for any updates or changes in these locations.
5. **Custom stamp:** Leave this item blank; it is for EC use only.
6. **Date wine clears EC customs:** Leave this item blank; it is for EC use only.
7. **Means of transport and transport details:** Enter the details that specify the means of transport used for

delivery to the EC port of entry:

- Specify mode of transport (ship, air, etc.);
 - State the name and address of the person responsible for transport (if different from exporter); and
 - State name of ship or number of flight, etc.
8. **Place of delivery:** If the goods are not to be delivered to the address given for the consignee (under Box 3-Importer), state the actual place of delivery in the EC.
 9. **Description of the product:** State the following:
 - Type of product (for example, "Imported wine");
 - Sale designation (for example, as appears on the label, such as the name of the producer and the viticultural area or the brand name; there may be other acceptable sales designation information.);
 - Name of the country of origin (for example, "USA");
 - Name of the geographical designation, provided the wine qualifies for such a designation (for example, name of American viticultural area, State, or county);
 - Actual alcohol strength by volume; and
 - Color of the product (use "red," "rosé," "pink," or "white" only).
 10. **Quantity:** State the type (bulk or bottle), volume, and quantity of the containers of the wine.
 11. **Certificates:** Provide your TTB winery permit number.

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Roundup: State Legislation

Here is the latest on state legislative activity in the last month:



Missouri – the legislature sent a bill to the governor that rescinds the reciprocal law and replaces it with a direct shipping permit. There is no fee for the permit, though out-of-state wineries must file annual reports and pay excise taxes. There is a 2 case per month limit on shipments to consumers.

Ohio - Due to a court ruling, Ohio has been an open state to direct to consumer shipments. After a year without a legislative solution, the legislature finally passed a law at the end of June that allows in and out-of-state wineries to obtain permits for direct shipping and self-distribution. Each permit is \$25 and wineries must produce less than 150,000 gallons annually.



Wineries must file sales reports and pay applicable taxes. Direct shippers may ship up to 24 cases per year to a household.



Oregon – the legislature adjourned at the end of June, but not before sending two bills to the governor dealing with direct shipping and self-distribution. HB 2677 creates a self-distribution permit that allows wineries to deliver wine personally or by common carrier. Wineries must file a surety bond, file reports, and pay taxes and retailers must have approval from the OLCC to receive wine sales.

HB 2171 repeals the state's reciprocal shipping law and creates a permit in its place. The permit is also available to retailers and to non-profit associations whose membership is comprised of wineries. There is a \$50 registration fee and minimum \$1000 bond requirement for out-of-state wineries. Permittees can ship up to 2

cases per month and must file reports and pay applicable taxes.

Wisconsin – wholesalers drafted language that was amended into Wisconsin's budget bill without any input from the wineries. The amendment would remove the ability of wineries to self-distribute and would also create direct shipping permit with overly burdensome fees and reporting requirements. The WI wineries are actively trying to revise the bill and the issue was summed up this week in two articles in Forbes: <http://www.forbes.com/feeds/ap/2007/06/29/ap3873312.html> and <http://www.forbes.com/feeds/ap/2007/07/02/ap3879016.html>



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European Community Export Procedures— *Continued from p.4*

12. Record of control for EC only. For use by competent authority: Leave this item blank; it is for EC use only.
13. Signatory's company, Federal permit number, and telephone number: State the name of the wine producer (person or company), Federal permit number, telephone number, and, where available, other contact details.
14. Name of signatory: Enter the name of the person who signs the certificate, that is, the

wine producer or other officer in the producing company who is authorized to sign the certificate.

15. Place and date: Enter the place and date the document is signed.

16. Signature: The person listed in box 14 should sign the form in ink.

Inquiries

Inquiries concerning this form or its paper or electronic filing should be addressed to the European Commission via e-mail at: AGRI-EC-US-WINETRADE@ec.europa.eu.

Should you encounter any difficulties, please contact the Director, International Trade Division, Suite 400W, Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street, NW, Washington, DC 20220. You may also contact the division by phone at 202-927-8110 or by e-mail at ITD@ttb.gov.

For more information please go to: http://www.ttb.gov/industry_circulars/archives/2007/2007_02.htm