



From the President's Desk

Inside this issue:

- From the President's Desk, continued 2
- New WineAmerica Website to Launch Soon 2
- Direct Shipping News 3
- Regulatory News 3
- Please Vote on WineAmerica's By-Laws 4
- You're Invited! July 11th, 2008: ShipCompliant Users Conference 4

Farm Bill

Overriding the President's veto, Congress last month finally enacted a new Farm Bill which will be very positive for America's grape growers and wineries. The success was a result of a long, drawn out battle fought for more than three years by specialty crop trade associations such as WineAmerica, supported by state associations and individual members. WineAmerica members can be proud of the achievement. The challenge now will be to implement key provisions for which primary responsibility may move to state associations. Associations will need to work hard and creatively with both their Departments of Agriculture and the state research and extension community to take best advantage of the opportunities presented by the Farm Bill. Additionally, the funds promised as part of the bill will have to be protected throughout the annual appropriations process. For more details and information about Farm Bill opportunities please visit our website at <http://www.wineamerica.org/issues/federal.html>.

Clean Plant Network

One component of the Farm Bill, the National Clean Plant Network (NCPN), is already moving along quickly. The NCPN is designed to facilitate making disease free plant varie-

ties and clones available to producers. WineAmerica spearheaded the task of gaining funding through the Farm Bill for this network because it is so essential to improving grape quality and maintaining healthy vineyards. The USDA has enthusiastically embraced NCPN and even provided preliminary planning and operational funds. Because of the key position of the grape industry, including the National Grape and Wine Initiative (NGWI) in supporting NCPN, grapes will be the key industry in the inaugural activities which are likely to be initiated with a signing of an intra-agency memorandum of understanding between Animal and Plant Health Inspection Service (APHIS), Agricultural Research Service (ARS) and the Cooperative State Research, Education and Extension Service (CSREES) in early July.

Food Safety

As described in WineAmerica's May 2008 Newsletter, Congress is evaluating legislation to bolster Food and Drug Administration (FDA) efforts to insure safe food. In order to pay for those activities, a \$2,000 per processing plant annual fee has been proposed. Such a blanket high fee imposed on operations both large and small will have a devastating impact on America's wineries which are mostly very small family businesses. This is

especially egregious when one considers that wine is not a potential source of pathogens because its environment, high acidity and alcohol are fatal to such organisms. We will need to make the case with Congress that wineries should be exempted from the proposed fees because of the jurisdiction of the Alcohol and Tobacco Tax and Trade Bureau (TTB) and because there is no risk of pathogen contamination in wine. We will develop more detailed information about this issue as it matures. In the meantime, we encourage you to use any contacts you have with Federal elected representatives to indicate the inappropriate aspects of imposing food safety fees on wineries.

Allergens

The TTB has been engaged in multi-year rulemaking to address a Congressional requirement that all foods containing the eight most common food allergens must be labeled appropriately. Allergens such as eggs, wheat, fish and milk present in food products must be labeled. In mid May, a meeting of interested parties was held with TTB representatives to discuss the current status of the rulemaking. The report from the meeting indicated that the FDA,

(Continued next page)

From the President's Desk, continued

which has the authority to evaluate the human science on this issue, is taking a very tough stance against any labeling exemptions, requiring either a showing of no nitrogen to prove that an allergenic protein used in processing the product does not appear in the final product or extensive and expensive biological testing (double blind, placebo controlled) to demonstrate that the protein is not allergenic. These standards are incredibly difficult to meet as it is a common practice for wineries to use eggs, milk or fish products or by-products for fining wine, and wheat residue may be present from paste used to glue barrel heads. It seems exemptions from the proposed rule will not be easy to obtain.

The one positive development is that Europe granted an exemption for Issinglass protein after double blind, placebo controlled testing showed no allergenic reaction. That test will be submitted to TTB and may be approved.

It is particularly problematic that the statement "contains" may also be misleading as the fining and filtering process probably removes the allergen. A further wine complication is that producers often do not know which fining agents may be used in a particular batch until well after the labels have been printed.

Given that very daunting environment, the most likely solution, which wine trade associations will need to advocate for strongly, is a conditional statement like "may have been processed with or in contact with eggs, milk or wheat." The exact wording and how to present that concept will require some examination. In the next few months WineAmerica along with other organizations representing wine pro-

ducers will be engaging the TTB to seek a reasonable mechanism to comply with this law.

NGWI

A very productive meeting of the NGWI was held at the end of April at ARS headquarters in Beltsville, Maryland. Many research program leaders from ARS, CSREES and other agencies of government attended and interacted with grape industry and academic personnel in an extremely productive manner. The program leaders gained additional appreciation of the research and extension needs of our industry and the industry representatives became familiar with the capabilities and mechanics of government sponsored research. A key element during the NGWI Board meeting was fund raising and the development of financial commitments which will allow the hiring of an NGWI President. That position has been advertised and it is expected that hiring will proceed this summer. The overall goal for NGWI is to move beyond its very important role in setting national research and extension priorities to undertake a more active role in funding and coordinating those activities. A professional chief executive is the key to attaining that goal.

International

Continuing negotiations between the U.S. Trade Representative (USTR) and the European Union are occurring to consider a phase II to the wine accords. Phase I temporarily settled the European objections to use of semi-generic terms with geographical significance (Chablis, Port, etc.) for labeling wines by allowing a grandfather provision. Those who had label approval to use such terms

before March 2006 are allowed under Phase I to continue to use the labels. The Europeans want to move to further restrict semi-generic labels but the U.S. argues that compensation should be required to take approved labels from wineries. In the ongoing talks the E.U. has also raised objections to the small producer tax credit and to the fact that importers are not currently allowed to directly ship wines to states which allow direct shipment. The U.S. is concerned about E.U. subsidies to grape growers and wineries, certain advertising and promotional campaigns which impugn U.S. wines, E.U. attempts to internationally define terms such as "tawny," "ruby," and "chateau" in ways which favor their internal practices, and inadequate enforcement of E.U. labeling laws such as those governing "Brunello." These negotiations will be continuing.

New WineAmerica Website to Launch Soon

With updated content and fresh, new and easy-to-use format, the new WineAmerica website will be up in running in just a few short weeks. A notice will go out to the membership when the new website is live. We encourage all members to familiarize themselves with the new website once it is available. We hope you will find it an effective tool for your business! As always, we welcome any questions, comments and suggestions about the website—or any of our programs and issues. Please direct questions about the website to Gaby Matthews at gmatthews@WineAmerica.org or 202.783.2756.

Direct Shipping News

Georgia Governor Signs Direct Shipping Law

On May 13, Georgia Governor Sunny Perdue signed House Bill 1061, simplifying wine shipment into Georgia. The new law states that any winery may be authorized to make direct shipment of wine to consumers in Georgia after obtaining a "special order" shipping license (\$50 per year) from the state. A special order shipping license will entitle wineries to ship wine directly to consumers. Wineries will be allowed to ship brands of wine for which they have submitted labels to the state. 12 standard cases may be shipped to an individual consumer by a winery over the course of a year. In addition, the holder of a special order shipping license

must require proper age verification for the consumer placing the order. Age may be verified by the physical examination of an approved government issued form of identification or by using an Internet-based age and identification service. Every shipment of wine must be clearly marked as alcohol and must have a signature from an adult who is at least 21 as a condition of delivery.

The shipping winery is responsible to pay applicable state and local sales tax on every shipment into the state. The new Georgia shipping law goes into effect July 1, 2008. WineAmerica will have more details about permit requirements as they are made available.

Regulatory News

Certification Requirements for Imported Wine

The TTB recently released updated guidelines for certification of imported wine. What follows is the text of their notice regarding certification.

What is certification?

Certification is a statement that the practices and procedures used to produce the imported wine constitute proper cellar treatment. The certification requirement emanates from Section 2002 of the Miscellaneous Trade and Technical Corrections Act of 2004, which amended section 5382 (a) of the Internal Revenue Code of 1986. Section 5382(a) sets forth standards regarding what constitutes proper cellar treatment of natural wine. The Act added new certification requirements regarding production practices and procedures for imported natural wine.

How does certification impact me?

If you import a natural wine produced after December 31, 2004, you must have the required certification for the wine.

Is there any imported natural wine not subject to certification?

Yes. Because of enological practices agreements with the U.S.—

—Grape wine containing 7 to 22 percent alcohol by volume from Argentina, Australia, Canada, Chile, and New Zealand; and

—Grape wine containing 0.5 to 22 percent alcohol by volume Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, The Netherlands, and the United Kingdom are not subject to certification.

Is there a certification form?

There is no TTB certification form; however, the format for certification is available on the Wine pages of www.ttb.gov. Click on the "Certification of Imported Wines" link to find the Recommended Certification Format.

What do I do with the certifications(s)?

Certificates sent in after you've received label approval must be sent to:

Director, Knowledge Management Staff
Alcohol Tobacco Tax and Trade Bureau
1310 G Street, NW, Suite 200E
Attention: Wine Certification Docket
Washington, DC 20220

Or you may email the certificates to winecertification-docket@ttb.gov

Or fax the certification to: 202-435-7113

If you have any questions please contact Michael Kaiser, Manager of Regulatory Affairs at labels@wineamerica.org.

Don't Miss Out on FedEx Program Discounts

WineAmerica is always working to provide an excellent return on dues. As a member, you are eligible for a discount of up to 31% on shipments with FedEx. Signing up for the program is easy! Log in to the members' only page at wineamerica.org, under "click here for quicklinks" select "enroll in the FedEx program." Just fill out the required forms, include copies of your state and Federal permits, fax back to WineAmerica and start saving money on shipping! Please contact Gaby Matthews at gmatthews@wineamerica.org with any questions.

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Please Vote on the WineAmerica By-Laws

- Too few WineAmerica members voted on the proposed amendment to the organization's By-Laws, and as a quorum has not been reached, voting has been extended to June 30, 2008.
- One fifth of the voting power of WineAmerica's membership must vote to reach a quorum.
- Thank you to everyone who voted—if you have not, we would love to hear your input! **Voting ends June 30th, 2008**, so please vote as soon as you are able. *Voting is quick and easy: log in to the members only page at www.wineamerica.org and click on the 2008 By-Laws Amendment Vote link to vote electronically.* WineAmerica works for you, but we need you to take an active role in determining the activities of the Association.
- At the Board of Directors meeting on March 11, 2008, the Board agreed to recommend to the membership a By-Law change to provide more flexibility in accounting procedures, which will also mean a less expensive option for the association. If passed, the amended By-Laws will allow the Board to choose yearly between a financial review or a full audit. Please direct any questions about voting to Gaby Matthews at gmatthews@wineamerica.org or 202.783.2756.

You're Invited! July 11th, 2008:

ShipCompliant Users Conference & Compliance Seminar

ShipCompliant is holding its 3rd annual Users Conference & Compliance Seminar on July 11th at the Marriott in Napa, CA, and would love to have you attend. Go to <http://www.regonline.com/Checkin.asp?EventId=617628> to register.

Who is this event for?

Anyone who spends time keeping track of shipping rules, generating tax and shipping reports or worrying about non-compliant orders should attend this event!

Event Summary:

This event will be open to all wineries and broken into two parts. The morning will be a Direct Shipping Compliance Seminar open to all wineries and the afternoon will be a Users Conference followed by a Technology Partner Reception. This event will be open to all wineries and broken into two parts. The morning (9 am to 1 pm) will be a Direct Shipping Compliance Seminar open to all wineries and the afternoon (1 pm to 4 pm) will be a Users Conference followed by a Technology Partner Reception.

The Direct Shipping Panel includes:

- Keynote Address: Litigation Update featuring Tracy Genesen of Kirkland & Ellis LLP and Coalition for Free Trade
- Legislative Update featuring Steve Gross, Director of State Relations at the Wine Institute
- Direct Shipping Compliance Best Practices and Workflows featuring Jeff Carroll of ShipCompliant
- Question & Answer with the panelists

While current customers are participating in the Users Conference portion of the event, general attendees will have the opportunity to:

- See ShipCompliant in action in a live demonstration
 - Open Q & A with ShipCompliant product team member
 - View demonstrations of ShipCompliant technology partners' systems and integrations
- Meet partner companies who provide 3rd party shipping, compliance and marketing services to ShipCompliant customers

Cost:

\$50 per person. Includes breakfast and lunch.

Lodging: If you think you will be booking rooms at the Marriott, please email events@six88.com for lodging assistance.

For more information, please contact: Kim Moss, CA ph: 707-320-0053, CO ph: 303-996-2349

Email: kim@shipcompliant.com