

E. & J. GALLO WINERY • *Modesto, California*



Laurence H. Martin
Vice President Governmental Affairs
and Associate General Counsel
August 19, 2005

COMMENT 49

Francis W. Foote
Chief, Regulations and Procedures Division
Alcohol and Tobacco Tax and Trade Bureau
Attn: Notice No. 49
P.O. Box 14412
Washington, DC 20044-4412

Re: TTB Notice 49, Proposed Changes to Vintage Date Requirements

Dear Mr. Foote:

E. & J. Gallo Winery strongly supports the proposed changes to vintage date requirements in Notice of Proposed Rulemaking No. 49.

US wineries currently face restrictions on blending vintage date labeled wines that are not encountered by overseas competitors. This creates an uneven playing field, in which wine producers have a greater ability to blend vintage dated wines to achieve consistency of flavor and mouth feel from year to year. This imbalance grants economic and technological advantages to our competitors both in US and overseas markets.

As the petitioner notes, it is hard to verify that wines imported into the USA comply with the current US regulatory requirements in this area, placing US wineries at a potential competitive disadvantage in our own market. In recent years there has been significant growth in volumes of wines imported into the USA from countries that operate an 85% rule for vintage date labeling in their home markets and it is possible that the different standards applied in these countries of origin are a contributory factor in this trend.

Furthermore, wines produced in the US for export and which meet the US vintage date labeling standards are at a disadvantage in overseas markets, where they must compete with wine from countries operating more flexible rules. Producing wines to the 85% standard in the USA strictly for export markets would entail the complexities and added costs of rigorous separation of production streams for domestic and export markets and additional coooperation which still represents a competitive disadvantage for US wines.

Thus in the current situation, consumers in the USA and in our export markets who value consistency of flavor and mouth feel from year to year in vintage-dated, mid-range wines, are more likely to be able to find it in products from overseas competitors than in those from the USA.

In an intensely competitive and increasingly international market, a level playing field both at home and overseas is essential to the well-being of the domestic industry. This is the objective of this proposal and the reason for our strong support.

Respectfully,

Laurence H. Martin