

American Appellations of Origin

In December, 2008 the California Association of Winegrape Growers, New York Wine Grape Growers Association, Oregon Winegrowers Association and Washington Association of Winegrape Growers filed a petition with TTB proposing - changes to require wine labeled with an American appellation of origin to be made entirely with American wine and for wines made from blends of American and foreign wine to be so labeled. The case was assigned to TTB staff for review in mid-February.

A team of WGA representatives will be meeting with TTB Administrator John Manfreda on Wednesday, March 25th at 10:00 at TTB headquarters, 1310 G Street, NW Suite 300 East. The purpose of the meeting is to impress upon TTB the importance of this issue to growers across the country who are committed to building a successful national winegrape and wine business and to urge TTB to move expeditiously to publish the petition for public comment.

Current Situation

TTB regulations now allow up to 25% of the wine labeled with the American appellation of origin or an American state or county appellation of origin to come from another country. The current version also allows up to 15% of the wine labeled with an American viticultural area or from overlapping viticultural areas to come from another country.

Inconsistently, the current version of *27 C.F.R. §4.25* requires wine labeled with multistate and multicounty appellations of origin to be made entirely with wine from the listed states or counties. Therefore, if these states or counties are in the United States, this wine will be entirely American wine. We believe the principle underlying this part of the regulation should be extended to all American appellations of origin. As a corollary, wines made from a blend of American and foreign wine should be labeled so that consumers know where the wines were produced.

Proposed Amendments

The revisions we propose to *27 C.F.R. §4.25* and *§4.32* would ensure that the wine labeled with American appellations of origin matches consumer expectations of purchasing a wine made from American sources. Wines made from blends of American and foreign wines would disclose the percentage of wine obtained from each source country.

This is the Right Time

The growth in the American wine business and globalization of the wine market makes this the right time to correct these inconsistencies. The interest of Americans in wine as a lifestyle beverage and as a business has grown far beyond the expectations of those who created the rules regulating the production, labeling and marketing of wine. When these regulations were adopted, the wine industry was young. Now a global trade in bulk wine has emerged which could not have been imagined when *Section 4.25* was originally adopted in 1978. Bulk wine is shipped in bladder containers across the oceans of the world from Europe, South America and Australia to be bottled in the United States

Consistent with Other Wine Producing Countries

All of the major wine producing countries of the world have regulations in place to protect geographic names used with wine. Most of the wine produced in the world is produced under regulations to require that 100% of the wine labeled with an appellation of origin must come from the country in which the appellation of origin is located.

Consumer Expectations/Other US Labeling Requirements

The consumer expectation that American wines are made from American sources has been confirmed by the history of the Federal Trade Commission's (FTC) enforcement policy with respect to the use of "*Made in USA*" and other U.S. origin claims in advertising and labeling. The FTC has historically held that a product must be wholly domestic or all or virtually all made in the United States to substantiate an unqualified "*Made in USA*" claim.

In 2002 and again in 2008, the U.S. Congress amended the Agricultural Marketing Act of 1946 to require retailers to notify their customers of the country of origin of covered commodities. For all perishable agricultural commodities, including grapes, to be labeled "*Product of USA*," "*Produce of the USA*," or "*Grown in the USA*," they must be produced entirely in the United States. This rule is consistent with the "all or virtually all" standard adopted by the FTC in connection with manufactured products. In connection with perishable agricultural commodities - peanuts; pecans; ginseng; and, macadamia nuts - in which products grown in the United States have been commingled with products grown in other countries, the declaration must indicate all of the countries of origin of all the products contained in the package.

We recommend that these principles be adopted by TTB in connection with wine labeled with an appellation of origin. If that appellation of origin is located within the United States of America, then the wines should be produced from grapes grown entirely in the United States of America. This principle is consistent with and reinforces consumer expectations that geographic place names mean what they say. Similarly, we suggest that when wines have been made with grapes grown in more than one country, the labels should show all of the sources of the product. This is consistent with Congressional intent in adopting the mandatory country of origin labeling requirement, and the public's interest in knowing the source of the products which they buy.

Conclusion

Wine labeled with an American appellation of origin should be made with American wine, just as products labeled "*Made in USA*" should be made in the United States. Wines made from blends of American and foreign wine should be so labeled. These simple common sense principles should be the rule for American wine, just as it is in the majority of wine producing countries.