

September 26, 2005

William H. Foster, Chief
Regulations and Procedures Division
Alcohol and Tobacco Tax and Trade Bureau
PO Box 14412
Washington, DC 20044-4412

Dear Mr. Foster,

As the representative of over 1100 retail outlets of beer and wine products in Oregon, and participants in the Oregon Liquor Control Commission's pilot project that allows the sale of distilled spirits in grocery stores, we have carefully considered many of the arguments surrounding the TTB's ANPRM (Notice No. 41) addressing alcohol beverage labeling.

We believe there are compelling arguments on each side of the issue of standard serving vs. alcohol by volume (ABV) for consumer information labels. To that end, we respectfully submit our findings and opinions on the matter.

I. We find that the idea of alcohol content labeling only has value to the retail purchaser of the original container of alcohol. Second-hand purchases such as alcoholic drinks purchased from a bar, tavern, and other on-premise servers are not affected by the label on the bottle. The second-hand purchaser never sees the container, nor do they have control on the proportions or mixtures that the server may concoct. Therefore, regardless of the standard, a large part of the alcohol consuming public will not be affected by new consumer labels on alcoholic beverages.

II. We find that the proposal using a standard serving size to compare single serving containers to multiple serving containers is flawed. For example, the proposal suggests a graphic depiction comparing 1.5 oz of distilled spirits equaling, one glass of beer, and one glass of wine.

This method suggests two things. One, all beverages being depicted are exactly the same alcohol by volume, and two, the consumer will pre-measure each pour from the distilled spirits bottle at exactly the standard serving size and never free pour providing them a perfect comparison.

The reality is the difference between a 40 proof and 151 proof bottle of liquor is a 55.5% difference in ABV and will not accurately be depicted on a picture on the container. For example, a 1.5 oz serving of 151 proof alcohol contains 1.13 oz or 3.7 times the alcohol of a 40 proof serving. This is the difference between a beer containing 3.2% ABV or 12% ABV, a significant taste and product differentiation. This could cause the consumer to buy a 12% ABV beer as an alternative to a 40 proof (or less) distilled spirit thinking they are getting an equivalent or less amount of alcohol. The graph below illustrates just a few of thousands of possible comparisons:

DISTILLED SPIRITS 1.5 oz.	BEER 12 oz.	WINE 4 oz.	HIGHEST ALCOHOL per 1.5 oz serving
1.5 oz of 40% ABV = .6 oz of alcohol	12 oz. of 5% ABV = .6 oz of alcohol	4 oz of 15% ABV = .6 oz of Alcohol	EQUAL
KAHLUA (20% ABV)	Lite Beer (3.2% ABV)	ASTI (7.5% ABV)	BEER (+.08 oz per serving)
KAHLUA (20% ABV)	Lite Beer (3.2% ABV)	Dry Sherry (18% ABV)	WINE (+.34 oz. per serving)
KAHLUA (20% ABV)	Malt Liquor (9.0 ABV)	ASTI (7.5% ABV)	BEER (+.78 oz. per serving)
KAHLUA (20% ABV)	Malt Liquor (9.0 ABV)	Dry Sherry (18% ABV)	BEER (+.36 oz. per serving)
WILD TURKEY 101 (50.5% ABV)	Lite Beer (3.2% ABV)	ASTI (7.5% ABV)	DISTILLED (+.37oz.per serving)
WILD TURKEY 101 (50.5% ABV)	Lite Beer (3.2% ABV)	Dry Sherry (18% ABV)	DISTILLED (+.37oz.per serving)
WILD TURKEY 101 (50.5% ABV)	Malt Liquor (9.0 ABV)	ASTI (7.5% ABV)	BEER (+.33 oz. per serving)
WILD TURKEY 101 (50.5% ABV)	Malt Liquor (9.0 ABV)	Dry Sherry (18% ABV)	BEER (+.33 oz. Per serving)
BACARDI 151 (75.7 ABV)	Lite Beer (3.2% ABV)	ASTI (7.5% ABV)	DISTILLED (+.75 oz per serving)
BACARDI 151 (75.7 ABV)	Lite Beer (3.2% ABV)	Dry Sherry (18% ABV)	DISTILLED (+.41 oz. per serving)
BACARDI 151 (75.7 ABV)	Malt Liquor (9.0 ABV)	ASTI (7.5% ABV)	DISTILLED (+.05 oz per serving)
BACARDI 151 (75.7 ABV)	Malt Liquor (9.0 ABV)	Dry Sherry (18% ABV)	DISTILLED (+.05 oz per serving)

Secondly, and more importantly, if the consumer free pours all the information above is superfluous.

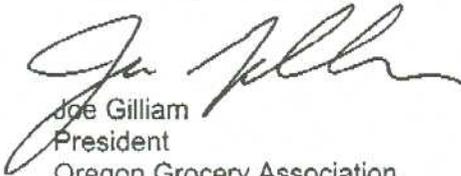
Sound confusing? It is. Because packaging, taste, shelf life and manufacturing methods for different types of alcohols cause the consumer to treat each type of alcohol differently. While the serving size idea works mathematically, it isn't practical in terms of how the product is used by the consumer. The standard serving size proposal is not comparing like products (i.e. soup to soup, or cookies to cookies). The proposal attempts to bridge three different products with a common ingredient, into a common scale of comparison.

Therefore, although not perfect, we find that a standard based on alcohol by volume is a better standard for informing the consumer. This method bridges the differences in the size of

container and packaging, and lets the consumer know the intensity of the alcohol (the common ingredient) they are choosing to consume. Total volume consumed will be determined by the consumer based on characteristics of the type of product purchased, personal preference, and personal attitudes towards alcohol consumption.

However, if the TTB finds that a standard serving size should be used, we request that it only be used to compare like products (e.g. 70 proof distilled vs. 90 proof distilled, lite beer vs. ale, wine vs. brandy, etc.).

Respectfully Yours,



Joe Gilliam
President
Oregon Grocery Association