Mr. Robert Koch President and Chief Executive Officer Wine Institute 425 Market Street, Suite 1000 San Francisco, CA 94105

Dear Mr. Koch:

Recently, the Alcohol and Tobacco Tax and Trade Bureau (TTB) embarked on a program to develop scientific methods to authenticate the varietal designations of grapes used in the production of wine by testing samples from finished, bottled wine. It has come to our attention that there may be some misunderstanding, and perhaps even some apprehension, regarding the intent of this program on the part of the wine industry. TTB would like to take this opportunity to explain the program and its purpose in order to allay any industry concerns. We encourage you to share this letter with your industry members. TTB will also be publishing this letter on our website at www.ttb.gov so that it will be available to the public.

The methods that TTB has been developing authenticate varietal designations; for example whether a wine labeled as a chardonnay actually contains the legally required amount of wine from chardonnay grapes (i.e. 75%). In order to do this, we are developing a database of the results from testing 100% pure varietal wines. That is, wines made 100% from a particular grape. We are currently developing the database for American varietals, but we may expand this to foreign varietals depending on the success of the program. In the future, TTB also plans to expand the program to include geographical authentication of the stated appellation or viticultural area. TTB's varietal and geographical authentication programs were recently featured in the *Wine Spectator* article, "Our Tax Dollars at Work" (*Wine Spectator*, Vol. 29, No. 15, Dec. 31, 2004 – Jan. 15, 2005).

Initially, in July 2002, TTB collected 34 samples of 100% pure varietal wine (17 red and 17 white) to develop the testing methodology. TTB will be presenting the findings of this initial testing and explaining the methodology at the March 13, 2005 meeting of the American Chemical Society in San Diego, California. While personnel from TTB's Scientific Services Division will be there to explain the testing methodology, I will personally be on hand to discuss and answer any questions about how TTB envisions the program being put into use.

We believe that successful development of this program will be helpful to the wine industry by ensuring the integrity of particular varietal designations and thereby protecting their marketable value. Industry members and TTB could also use this method to assist American wine exporters whose wines are challenged by other countries as to their varietal designation. In addition, this

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program will assist TTB in its mission to protect the public from false or misleading label information. Truly, this is a win-win situation for both TTB and the wine industry.

Let me assure you that the purpose of this program is solely to develop scientific methods to authenticate varietal designations in finished wine. This will in no way affect the wine standards of identity or the varietal designations in our current regulations. We also do not foresee this program supplanting the current practice of wine makers maintaining an auditable document trail for the grapes used in their wines. On the contrary, we envision this program as a supplement to that practice providing even greater confidence in the varietal designations on wine labels.

TTB is now planning to expand the current database and refine the testing methodology by collecting and testing additional samples of 100% pure varietal wines. We are planning to collect two samples each of eight varietals. These will be collected from three wineries in each of seven different regions in the United States. This will result in a total of 336 new samples. This will provide for more accurate testing and compensate for variations that naturally occur in wine, even from the same varietal. We will not be collecting from the same wineries as in our initial sample in order to avoid duplication. The eight varietals that will make up our collections are: Merlot, Pinot Noir, Cabernet Sauvignon, Zinfandel, Chardonnay, Riesling, Pinot Gris, and Sauvignon Blanc. To further develop our methodology, we will also be collecting three samples of blended wines, (i.e. not 100% pure varietal wine), representing each of the varietals mentioned above, for a total of 24 samples, as well as samples of the wines blended with the 100% pure varietal wines to make the blended wines.

Since relatively few 100% varietal wines are sold on the market, TTB is aware that obtaining such samples may be challenging. Therefore, in addition to our own collection efforts, we are asking for assistance from the wine industry in finding and obtaining the necessary samples for testing. Industry members with wines that meet the criteria mentioned above that would like to assist TTB in the sample collection or that have general questions about the collection process should contact Leslie Neslon at 202-927-5834. Questions regarding technical aspects of the program, such as the actual testing procedures, should be directed to Md. Abdul Mabud at 240-264-1402.

If we work together, we believe we can develop a program that will be a boon to both the wine industry and to TTB.

Sincerely yours,

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Susan B. Stewart Assistant Administrator Headquarters Operations