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Alaska Distributors Co.
Beverage Importers & Wholesalers

Western Washington Beverage
Spirits West

October 17, 2003

Alcohol & Tobacco Tax & Trade Bureau
Attn: Notice No 4
202-927-8525

Dear Chief:

As a beer wholesaler, I write in strong support of the 51/49 "majority" standard for flavored malt beverages (FMBs), which Notice No. 4 acknowledges would comply with federal law.

There is no need to take the drastic action of limiting flavors to 0.5% when this reasonable compromise would:

- Ensure the continued availability of today's most popular FMB products. FMBs like Smirnoff Ice and Mike's Hard Lemonade belong on retail shelves in the beer section. Establishing the dire 0.5% standard would force FMB brewers to make costly changes to their production process and raise prices.
- Allow brewers to continue to satisfy consumers. According to national reporting services, FMBs have achieved remarkable acceptance among consumers who want a bottled ready to drink, low-alcohol beverage but do not prefer the taste of conventional beers. These consumers deserve to have their choice of beverages. FMB grocery channel sales last summer comprised nearly 6% of the total beer category. The majority standard will allow brewers to continue to meet consumer demand for new flavors and taste profiles.
- Promote fairness. The federal government (with brewing industry concurrence) has for two decades allowed the use of flavors containing alcohol in beers and FMBs under 6% ABV without limitation. An entire category of malt beverages with varying taste and flavor types has been developed in reliance on that and should not be harmed now by new federal regulations. Again, the consumer will likely be harmed by reducing their choice of beverages with the flavors they have shown that they prefer.
- Establish a national standard that ensures the integrity of the product. The 51-49 standard is consistent with numerous other predominance and similar percentage approaches found in federal and state alcohol regulations and policies. This standard is the wise choice.

Thank you for your consideration

Stephen B. Loeb
President & CEO

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