



Chief, Regulations and Procedures Division
Alcohol and Tobacco Tax and Trade Bureau
Attn: Notice No. 41, P.O.Box 14412
Washington, DC 20044-4412

Via fax to 202-927-8525 original to follow by USPS

Sir or Madam:

I believe that the proposal to modify the labeling requirements for alcoholic beverages, whether mandatory or voluntary is a solution in search of a problem. The most appropriate question in the Notice is number 6: *"Are consumers likely to derive benefits from more specific information on alcohol beverage labels, and, if so, are those benefits sufficient to warrant the economic costs associated with such revisions"?*

The consumer, for whom this is intended, would receive very little, if any benefit from the proposed additional information. This information may actually be detrimental to the consumer by detracting from important existing information such as the Government Warning, the sulfite statement and alcohol content. More information is not always better. If the information serves no definite purpose but is simply information for the sake of information it then becomes counterproductive for the consumer.

Nutritional Labeling

Wine does not contain fat or protein and its caloric content is normally attributable to the alcohol content. This content is currently part of the labeling requirement; therefore any additional nutritional labeling would be repetitious and unnecessary. In rare cases of wines with high residual sugar, such as desert wines, the requirement to recognize the caloric content on the label is not necessary since they are normally consumed in small quantities after a meal as part of a desert course that likely would contain many more calories than the wine itself.

Ingredient Labeling

The report language that accompanies the Food Allergen Labeling and Consumer Protection Act of 2004 directs TTB to apply allergen labeling to beverage alcohol products "as appropriate." In the case of wine, mandatory or voluntary labeling is not appropriate. I am not aware of a single case of an allergic reaction to any additive (except sulfur dioxide, the use of which is currently identified on the label) used in producing wine. The fining agents that are used in wine such as egg whites and isinglass are substantially altered during the production process. The tertiary



structure of the molecule is changed and precipitated out making it virtually impossible for an adverse reaction to occur.

Additionally, any potential limits should be based upon scientifically established thresholds. The lack of these thresholds and the absence of known adverse reactions make the establishment of ingredient labeling unnecessary.

Harmonization

Efforts to harmonize labeling requirements are important to the industry in general. Consistency in labeling is becoming more important to more wineries as the numbers of wineries operating in international commerce increase. Where appropriate, harmonization on the international level will make it easier for trade to grow. The reverse is also true. Parochial or frivolous requirements will have a chilling effect on fair trade internationally. Various international trade bodies are working on the harmonization process with input from the producers. This work is important and meaningful to the growth of the industry and needs to proceed without undue obstacles from individual governments that could be seen by others at the table as technical barriers to trade.

Cost

It is difficult to assign definitive cost to this proposal. We do know that the cost of producing labels will rise if this proposal is approved. For the labels themselves, costs will increase since the size of the label must expand to accommodate the greater volume of information, precipitating new dies to produce the larger label. In addition to modification of the production dies, the labels will have to be redesigned. This would mean hiring a graphic designer, an expensive process.

There will be analytical costs for each wine for each year. Wineries are not configured to perform nutritional and/or ingredient testing. Regardless of whether the analysis is done "in house" by the large wineries or by an outside lab for small wineries this will be very burdensome for everyone.

Finally, multiply these unknown costs by the number of labels that each winery currently produces and you begin to understand the magnitude of the problem. This is especially burdensome for smaller wineries. Potentially this could lead to a reduction in the number of wineries and therefore a narrowing of choice for the American consumer.

Standard Drink Definition and Icons

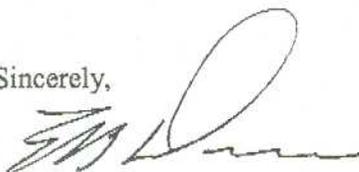
This is potentially the most misleading section of the Advanced Notice. The alcohol content of spirits can vary dramatically. Intuitively we know that the alcohol content of "151" rum is substantially different than an 80 proof spirits. To try to draw any equivalency between the two on a volumetric basis is not only inaccurate but misleading. The same case can be made for wine.

Five ounces of a 10% by volume wine is very different than five ounces of a table wine at 15% by volume. The situation of accuracy and further compounded when you try to equate a 10% wine to a spirit at 151 proof. Now the situation is even more complex. Graphics are meant to simplify a complex situation. In this case they exacerbate the issue of clarity.

Conclusion

The consumer is entitled to, and should receive, accurate and complete information that is not misleading. This proposal satisfies none of the above. The nutritional information is superfluous. The ingredient information is unnecessary. The graphic icons are inaccurate at best and misleading at worst. In addition the cost at the producer level will be onerous. I oppose this expensive proposal that would yield very few, if any, benefits for the consumer.

Sincerely,



E.B. "Pete" Downs
Kendall-Jackson Wine Estates