



napa valley vintners

The Honorable Mary Ryan  
Administrator  
Alcohol and Tobacco Tax and Trade Bureau  
1310 G ST, NW, Box 12  
Washington, DC 20005

RE: Docket number TTB-2021-0007, Notice No. 204

Submitted electronically via Regulations.gov

On behalf of the Napa Valley Vintners, a non-profit trade association representing more than 550 wineries and 99% of the wine produced in the Napa Valley appellation, we write to provide comments in response to the Bureau's Federal Register Notice entitled "Promoting Competition in the Beer, Wine, and Spirits Markets." We thank you for soliciting feedback from NVV on the Request for Information and appreciate the opportunity to offer targeted remarks about issues the Administration should consider in promoting fair competition.

We request additional time to consider feedback and opportunity to engage in this area. The short window of opportunity for comment is insufficient to engage our required stakeholders in the robust dialogue this topic deserves. Consequently, we echo the calls from other organizations and ask that the Bureau extend its comment period until October 1, 2021. However, should the Department be unable or unwilling to grant this extension, we offer our initial response below.

The Bureau requested feedback on the impact of US policies on promoting competition and improving competitiveness of wine produced in the United States. Further, the Executive Order placed additional focus on the impact of these policies on small businesses and farmers. Nearly 80 percent of our members produce less than 10,000 cases of wine. Napa, essentially, is a valley of small, family-owned wineries.

On the domestic market, the Administration must take steps to preserve its robust system of American Viticultural Areas (AVAs). AVAs provide small and medium sized wineries with a significant marketing tool; consumers may not be familiar with a wine's brand but may still purchase a bottle if they know it is produced in a region that is known for making great wine. This collective branding is unique to our industry, as wine is a product that uniquely expresses the *terroir* in which it was produced.

Any false or misleading claim about wine origin on a label, in advertising or otherwise, cheats the consumer, tarnishes the reputation of the legitimate producers of wines of that origin, and

allows the offending business to gain an unfair competitive advantage in the marketplace. In order to promote free and fair competition in the wine industry, we specifically encourage the Department to close a loophole in its regulations that allows certain wines to be labeled with the name of an appellation of origin, including the name of an AVA, even though those wines do not meet the strict legal requirements for appellation labeling. The Department has initially proposed this reform as a part of TTB's Notice of Proposed Rulemaking No. 160, however the Department has yet to finalize this important regulatory fix. We respectfully request that you do so without delay.

Additionally, the Department must work to preserve the strong ties between where winegrapes are grown and where wine is made. Under current law, any wine using an AVA must be made from at least 85% grapes sourced from the region and the wine must be fully finished within the State or States in which the AVA is located. Over the decades, consumers have come to recognize this link, and the Department must take steps to prevent the erosion of this standard by companies-both foreign and domestic-that are looking to deceive consumers.

Specifically, we want to call your attention to Notice No. 147, Use of American Viticultural Area Names as Appellations of Origin on Wine Labels. In this notice, TTB proposes to allow the use of AVA names as appellations of origin on labels of wines that have been fully finished within a State adjacent to the State in which the AVA is located. In our comments, NVV acknowledges the unique situation of the producers in The Rocks District of the Milton-Freewater AVA, but firmly rejects the idea that this unique circumstance is adequate justification to upend the consumer's long-held understanding that wines labelled with AVAs provide information about both where grapes are sourced and where wine is made. Consequently, NVV urges you to withdraw this notice of proposed rulemaking from further consideration.

Along a similar vein, in Notice No. 176: Modernization of the Labeling and Advertising Regulations for Wine, Distilled Spirits, and Malt Beverages, TTB, among many other things, proposes a destabilizing change in the nature of AVAs from a designation of wine origin to a designation of grape origin. This change would upend decades of precedent, confuse consumers, create conflict with several State laws, and permit potentially deceptive or misleading labels that diminish the value of the work done within AVAs to promote consistent and excellent products. We urge you to remove these changes in any future labeling modernization proposals.

The Department can also protect small domestic wineries from unfair competition in the export market.

At the outset, it is worth noting that historically many U.S. wineries experienced higher returns on the international market. In large part, this was due to high demand for the quality wines being produced in the United States today. While the recent trade wars have prompted significant uncertainty in the export market, it remains a high priority for NVV members.

The United States can support small and medium sized wineries by providing the same level of protection for wine regions abroad that it does domestically. Under the current system, the United States plays no role in the effort to secure protection for AVA terms in foreign markets.

This leaves producers in an untenable situation: ship to a market where consumers have little guarantee that “Napa Valley” wine was actually produced in California, or spend a significant amount of money seeking intellectual property protection for a term only recognized by the United States Government.

The Napa Valley Vintners has made an effort to fill this void. We independently monitor commercially available wines in foreign markets and have found dozens of instances of the term “Napa” or “Napa Valley” being used improperly (for example Nava Valley in China, or The King’s Napa Valley in Nepal). Our association has expended significant amounts of resources to protect this term that is essentially “owned” by the United States. Other AVA groups may not have the resources to do so. It should be the U.S. that aggressively works to protect AVA terms in its bi- and multilateral trade agreements, and we encourage the Department to work with the U.S. Trade Representative and others to ensure that producers can realize the same benefits of the AVA internationally as they do within our borders. By doing so, the United States could help small brands still developing their own name recognition break into new markets based on the strength of its appellation.

Thank you for the opportunity to provide our initial comments on this important issue. We look forward to working with you and the Administration in supporting strong name protection for wines in the domestic and international markets.

Sincerely,

A handwritten signature in blue ink, appearing to read "Linda Reiff". The signature is fluid and cursive, with a long horizontal stroke at the end.

Linda Reiff  
President and CEO  
Napa Valley Vintners