



2017

YEAR IN REVIEW

Issues & Trends

ABOUT WINE INSTITUTE

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BOARD & COMMITTEES

80-member board includes small, medium and large vintners from every region in California. No winery has more than two votes. All are invited to attend quarterly board meetings and join membership committees on Public Policy (includes Technical Advisory Committee), Communications and International Public Policy.

MEMBERS

960+ California winery and associate members represent 85% of U.S. wine production. 70% produce under 5,000 cases/year. Membership is open to all bonded California wineries.



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CALIFORNIA SUSTAINABLE WINEGROWING ALLIANCE
www.sustainablewinegrowing.org

MEMBERS ONLY WEBSITE
<http://members.wineinstitute.org>

INTERNATIONAL EXPORT PROGRAM
(log-in required)
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LIST OF MEMBERS ON WEBSITE
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HIGHLIGHTS OF 2017 & A LOOK AHEAD

In the final days of 2017, two and a half years of work by Wine Institute's Washington, D.C. office culminated in a holiday gift to all wineries: a significant reduction in federal excise taxes (FET) on wine, the first in 80 years. We are grateful that Senator Rob Portman made it a priority to get the Craft Beverage bill included in the tax bill that has become law. Beginning with their first filings in 2018, all wineries will see FET payments reduced — with medium and small wineries experiencing a savings of up to 86%. The total savings to the California wine industry from the Craft Beverage bill will be more than \$70 million annually for the current two year legislation. Engaging our members and working with other partners, we will use all of our resources to make the excise tax cuts permanent.

The FET reduction is just one tangible result of how the day-to-day work of Wine Institute benefits all California wineries — and oftentimes, wineries across the country and the world.

Another significant accomplishment, this one playing out over more than three decades, is Wine



The Administration selected California wine as the state's featured "Made in America" product at a White House event in July.

Institute's work in opening up states to direct-to-consumer shipping from wineries. Through the diligent work of our state relations team across the country, more than 94% of U.S. consumers in 44 states and the District of Columbia now have access to the California wines of their choice. Oklahoma joins the list in October 2018. Direct-to-consumer sales by wineries topped \$2.69 billion in 2017.

The 2017 Year in Review shares updates on many of the ways in which Wine Institute saves money, improves the business environment and creates opportunities for all California winery owners.

Thank you for being a member of Wine Institute. Please don't hesitate to call whenever we can be of help on any matter. We look forward to another great year in 2018!

ROBERT P. KOCH
President & CEO

» CALIFORNIA WINERY FET SAVINGS IN 2018

WINERY SIZE	ANNUAL SAVINGS*	
5,000 gallons (2,000 cases)	\$2,139	86%
20,000 gallons (8,400 cases)	\$8,440	86%
50,000 gallons (21,000 cases)	\$16,141	75%
100,000 gallons (42,000 cases)	\$23,250	62%
250,000 gallons (105,000 cases)	\$225,270	73%
500,000 gallons (210,000 cases)	\$387,541	64%
750,000 gallons (315,000 cases)	\$482,807	60%
2 million gallons (840,000 cases)	\$572,743	28%

Source: bw166 LLC

* Estimated annual savings from reduced FET tax rates and 14% -16% production based on BOE gallonage data for California wineries.

Individual winery savings will vary depending on current production between 14% and 16%



GOVERNMENT RELATIONS

CALIFORNIA

STOPPED LABOR COMMISSIONER EFFORT TO REVOKE ABC LICENSES: Wine Institute led the coalition effort that successfully stopped a budget proposal that would have given the labor commissioner authority to revoke an ABC license if the license holder had an unpaid wage claim.



» THE ISSUE

Wine Institute Defeats Attempts to Include Wine and Spirits in the California Bottle Bill Program

» THE NEWS

2017 saw several attempts to place wine and spirit bottles in the California Beverage Container Recycling Program, aka the Bottle Bill. The most egregious effort, SB 168, would have added wine and spirits bottles to the Bottle Bill and placed the burden of administering the program on beverage distributors. Wine Institute's Sacramento team worked diligently to defeat this and other efforts, which if passed, would have placed a 10-cent redemption value on each wine bottle sold in the state with additional fees and administrative burdens placed on wine producers.

» WHY IT MATTERS

The California Department of Resources Recycling and Recovery (CalRecycle) has been struggling to manage the Bottle Bill Program for years, running the program at a \$100 million annual deficit. Placing the burden of administering this program on private distributors and manufacturers, including wineries, breweries and distillers who self-distribute, would have had a chilling effect on the California beverage industry. Adding a 10-cent redemption value on each wine bottle sold in California would result in wine consumers paying an additional \$70 million to the state each year.

WAGE REPORTING AND POSTING BILL VETOED:

Wine Institute worked with a coalition of business groups to secure the veto of AB 1209. The bill would have required employers with 500 or more employees to submit employee pay data based on gender differentials to the secretary of state to post on a state-run website, exposing employers to significant litigation costs to defend meritless claims.

THWARTED EFFORT TO ALLOW CAL/OSHA TO FORGO MAJOR REGULATIONS ANALYSIS:

Wine Institute was pivotal in stopping SB 772, a bill that would have exempted Cal/OSHA from having to perform an economic analysis of their proposed regulations on indoor heat illness prevention.

Wine Institute's Sacramento team represented winery interests in a number of labor and environmental issues in the state capitol.



Attending the annual legislative reception in Sacramento were Vice President of California State Relations Tim Schmelzer and Assemblymember Blanca Rubio (D-Baldwin Park).

POSITIVE MOVEMENT ON PROP 65 REFORM: Wine Institute advocated in support of an effort to reform portions of the Safe Drinking Water and Toxic Enforcement Act of 1986, otherwise known as Proposition 65. The bill, AB 1583, will help promote fairness and transparency in lawsuits brought under the Act by giving the attorney general authority to issue a statement as to the merit of a claim.

WINERY FUNDED INSTANT REDEEMABLE COUPONS (IRCs): Wine institute sponsored AB 1722 to close a loophole that could have resulted in wine and beer producers being required to fund IRCs for non-alcohol beverages. This continues Wine Institute's efforts to ban winery-funded IRCs and create a level playing field in price negotiations with retailers. The bill also made clear that supplier-funded digital coupons are allowable.

IMPROVED SEDIMENT RULES AND PILOT STUDY:

Wine Institute led a large coalition of Napa and Sonoma partners to improve recently adopted sediment regulations from the San Francisco Bay Regional Water Quality Control Board. Now, Wine Institute is funding a pilot study that uses satellite analysis to better track erosion and, ultimately, offer regulatory relief to vineyards.

SALT AND NITRATE PLAN SUCCESSFULLY

SUBMITTED: After a decade-long process, Wine Institute and other stakeholders negotiated a Salt and Nitrate Management Plan and submitted it to the Central Valley Regional Water Quality Control Board. Once amended into the Basin Plan, it will provide the necessary regulatory flexibility to realistically address long-term groundwater issues.

Wine Institute stopped passage of the Bottle Bill, which would have placed a 10-cent redemption value on wine bottles and the burden of program administration on private distributors and producers.





GOVERNMENT RELATIONS

STATE RELATIONS

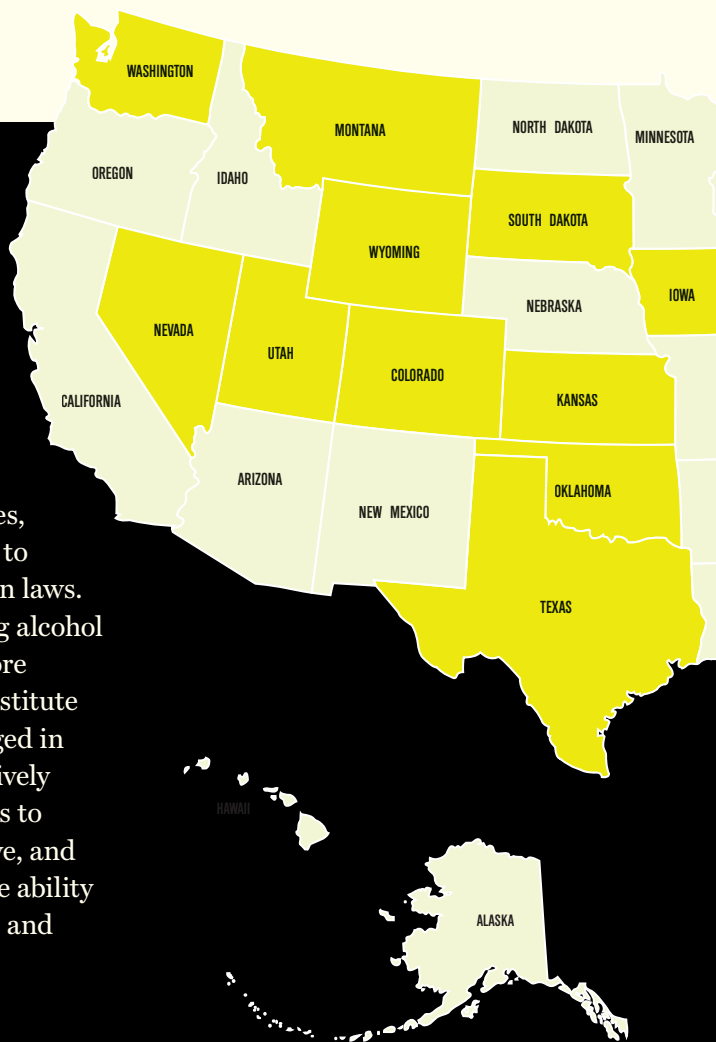
RULES REVIEW WORKING GROUP GUIDES STATE RELATIONS TEAM: Wine Institute depends on its State Relations team of six regional counsels/directors, who in turn supervise the work of contract lobbyists working in 47 states to track trade practice reviews, keep members informed about the process, and engage where appropriate to protect members' interests and effect needed change. Wine Institute also created the Rules Review Working Group, a small group of winery compliance and legal experts, to work with our staff to review proposals and provide guidance. Wine Institute's team has strong relationships with the state regulators in every state, and we have been able to positively impact the rules process.

» THE ISSUE

State Reviews of Alcohol Regulations Could Have a Big Impact on Wineries

» THE NEWS

Traditionally, issues impacting our members at the state level happened in state legislatures and this is still true for major policy matters such as the sale of wine in grocery stores, tax proposals and attempts to expand monopoly protection laws. But with 21 states reviewing alcohol regulations in 2017, and more expected to follow, Wine Institute state relations staff is engaged in tracking, reporting and actively participating in proceedings to ensure that changes improve, and do not negatively impact the ability of wineries to conduct sales and marketing activity.



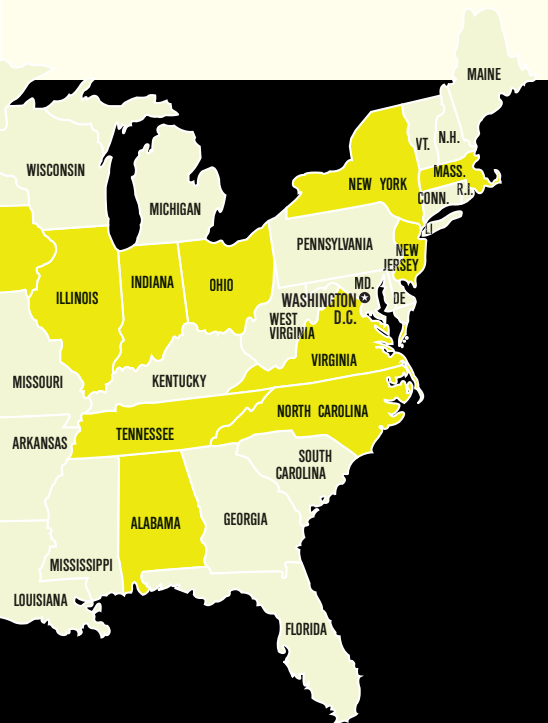


State Relations staff participate in legislative, regulatory and other forums.

WORK ON PENNSYLVANIA'S ACT 39 CONTINUES:

Wine Institute is working to secure broader access to wine, an allowance for sales of quantities larger than six bottles for Wine Expanded Permit (WEP) licensees (typically food stores with deli areas) and to counter problems related to the state's flexible pricing. Staff are also tracking implementation of the new DTC shipping law and its impact on the Pennsylvania Liquor Control Board (PLCB).

PARTICIPATION IN STATE AND REGULATORY FORUMS: Key to success at the state level are the relationships that Wine Institute has cultivated with state legislators and regulators over the years. This work is done in part through participation in conferences and meetings, where State Relations staff regularly serve on panels, task forces and in other forums. In 2017, the State Relations team presented at both National Conference of State Liquor Administrators (NCSLA) and National Alcohol Beverage Control Association (NABCA) events and co-hosted with Wine & Spirits Wholesalers of America (WSWA) a wine tasting event for the Conference of Western Attorneys General in San Francisco. Leadership from NABCA addressed the Wine Institute Board in December and met with key members in our offices last March. Staff work closely with many other industry trade associations throughout the year.



The twenty-one states highlighted in yellow on the map conducted trade practice reviews in 2017.

practices. Regulators seek to update rules to accommodate current and emerging industry practices; they are examining tied-house restrictions (providing “things of value” to retail licensees), tastings at on- and off-premise establishments, social media advertising, home delivery apps and the role of delivery companies. In Tennessee, the 2017 rollout of wine sales in grocery stores was hampered by restrictions on the ability of wholesalers to perform many of the traditional merchandising functions they do in package stores. Wine Institute staff helped rectify this. In Colorado, staff secured the right for food stores to offer tastings as package stores do.

» **WHY IT MATTERS**

State ABC official use trade practice reviews to consider a host of issues affecting winery marketing

WINE INSTITUTE STATE RELATIONS FIELD TEAM

Wine Institute members may call on our State Relations team for assistance on ABC and other issues.

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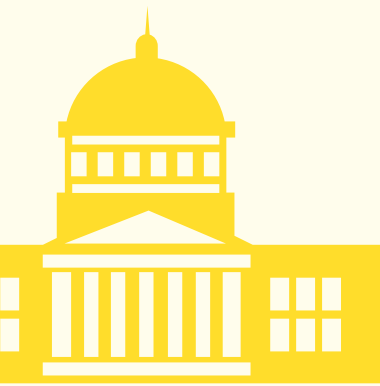


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GOVERNMENT RELATIONS

FEDERAL RELATIONS



SECURED TTB FUNDING

INCREASE: For the second year in a row, Wine Institute successfully secured an additional 5% increase in budgetary funding for the Alcohol and Tobacco Tax and Trade Bureau (TTB) in fiscal year 2017. The new funds allow TTB to hire more staff to help reduce approval time for permit applications and amendments.

WORKING TO INCREASE FARM BILL FUNDING FOR EXPORTS:

An increase in funding for the Market Access Program (MAP) will help level the playing field for U.S. wine exporters whose foreign competitors receive vast subsidies from their governments. The 2018 Farm Bill is now being drafted and Wine Institute is advocating to increase funding for export marketing

» **THE ISSUE**

The U.S. House and Senate Both Worked on Comprehensive Tax Legislation and Wine Institute Advocated to Ensure That a Cut in Federal Alcohol Excise Taxes Was Included

» **THE NEWS**

A two-year version of the Craft Beverage Modernization and Tax Reform Act (S. 236/ H.R. 747) which includes significant excise tax cuts for all wineries was passed by the House and Senate and signed by the president. Wine Institute has worked since 2015 to pass the bill.

WINERY SIZE	ANNUAL SAVINGS*	
5,000 gallons (2,000 cases)	\$2,139	86%
20,000 gallons (8,400 cases)	\$8,440	86%
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100,000 gallons (42,000 cases)	\$23,250	62%

Source: bw166 LLC
 * Estimated annual savings from reduced FET tax rates and 14% -16% production based on BOE gallonage data for California wineries.

funding from the current \$200 million per year to \$400 million per year for five years. MAP funding continues to be reduced by budget sequestration and Wine Institute's MAP allocations have declined for the past four years despite the California Wine Export Program exceeding MAP goals and winery contributions exceeding matching funds. To help

make the case, Wine Institute worked with Informa Economics on a study confirming that foreign competitors far outspend the U.S.

ADDRESSING IMMIGRATION LEGISLATION: Farms and vineyards have been experiencing labor shortages and Wine Institute is seeking to simplify and streamline the visa process to help

bring in outside workers. The current Administration has taken action that makes visas difficult to renew or obtain. Wine Institute advocates for legislation that will provide a reliable and steady workforce for member farms and vineyards, and has established an Immigration Working Group to provide member feedback on legislative proposals.



(L-r) Chris & Maché Indelicato/Delicato, Margie Healy/Korbel, Rep. Mike Thompson (D-CA), Cindy & Kevin DeVries/Fetzer, Bobby Koch



(Left) Senator Roy Blunt (R-MO) with Steve Lohr & Faranak Shahroozi

» WHY IT MATTERS

The Craft Beverage bill benefits all wineries by reducing the burden of excise taxes and making funds available to invest in business growth. Excise tax payments have been lowered by simplifying and expanding the structure of the small producer tax credit so that it benefits all wineries regardless of size. The bill also allows for the innovation of new products that help expand industry growth by offering wines that appeal to new consumers and new markets.

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ENVIRONMENTAL

ENVIRONMENTAL AFFAIRS

» THE ISSUE

Communicating
California's
Sustainable
Winegrowing
Commitment to
Trade & Consumers

» THE NEWS

In 2017, CSWA updated Certified California Sustainable Winegrowing (CERTIFIED SUSTAINABLE) to allow a logo on wine labels for the first time.

The CERTIFIED SUSTAINABLE logo indicates that wine is made in a certified winery, with 85% or more grapes from certified vineyards and 100% of grapes from California.



CSWA's online tools help winegrowers measure and conserve water and other natural resources.

NEW ECONOMIC TOOLS DEMONSTRATE BUSINESS BENEFITS: Used by vintners and growers to track specific winemaking and winegrape growing practices, the online economic tools demonstrate the business case for adopting sustainable practices. Agricultural economists

from Cal Poly, UC Davis, Fresno State and Sacramento State, regional associations and other experts were part of the tool development process which was funded by a CDFA Specialty Crop Block Grant.

GREEN MEDAL AWARDS ENTER FOURTH YEAR:

CSWA and a coalition of sustainable organizations continue to highlight sustainable winegrowing with the California Green Medal: Sustainable Winegrowing Leadership Awards. The 2017 award winners were honored at an April award ceremony, featured in a press release and on the Green Medal website and came together in December for a panel discussion at the Commonwealth Club.



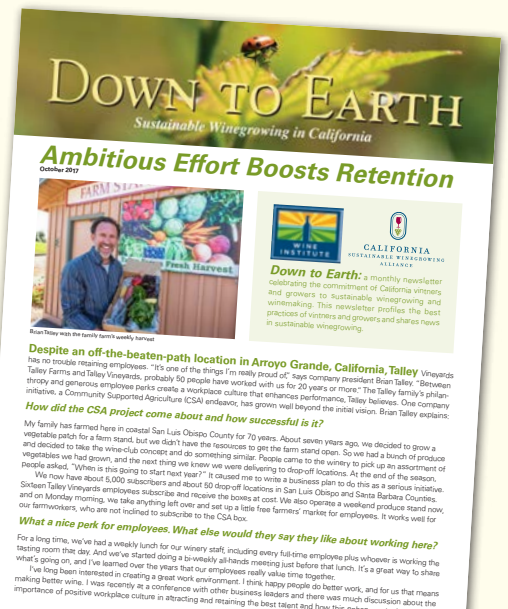
Winners of the 2017 California Green Medal Awards: (L-R) Steve McIntyre of Monterey Pacific, Inc.; Aron Weinkauff of Spottswode Estate Vineyard & Winery; Rhonda Hood of Francis Ford Coppola Winery; and Robert Aldridge of St. Francis Winery & Vineyard.

» WHY IT MATTERS

Trade research, commissioned by the California Sustainable Winegrowing Alliance (CSWA) and conducted by Wine Opinions in 2016, shows that a majority of the U.S. wine trade considers sustainability when making purchasing decisions. Demand for sustainably produced wine has increased in the past 5-10 years and is likely to continue to grow over the next decade. The on-product logo will increase the visibility of sustainable California wine. As of July 2017, wineries that produce 78% of California wine (210 million cases) and 930 vineyards that farm 130,000 acres (about 21% of statewide acreage) are CERTIFIED SUSTAINABLE

DOWN TO EARTH MONTH AND NEWSLETTER:

Wine Institute's annual celebration of sustainable winegrowing in April has generated 38 million+ consumer impressions. The monthly Down to Earth newsletter celebrates sustainability year-round with profiles of vintners and growers implementing sustainable practices. Subscribe at www.sustainablewinegrowing.org.



Despite an off-the-beaten-path location in Arroyo Grande, California, Talley Vineyards has no trouble retaining employees. "It's one of the things I'm really proud of," says company president Brian Talley. "Seventeen Talley Farms and Talley Vineyards, probably 50 people have worked with us for 20 years or more." The Talley family's philanthropic and generous employees create a workplace culture that enhances performance, Talley believes. One company initiative, a Community Supported Agriculture (CSA) endeavor, has grown well beyond the initial vision. Brian Talley explains:

How did the CSA project come about and how successful is it?

My family has farmed here in coastal San Luis Obispo County for 70 years. About seven years ago, we decided to grow a vegetable patch for a farm stand, but we didn't have the resources to get the farm stand open. So we had a bunch of produce vegetables we had grown, and the next thing we knew we were delivering to drop-off locations. At the end of the season, people asked, "When is this going to start next year?" It clicked me to write a business plan to do this as a serious initiative, and on Monday morning, we take anything left over and set up a little free farmers' market for employees. It works well for our farmworkers, who are not reluctant to subscribe to the CSA box.

What a nice perk for employees. What else would they say they like about working here?

For a long time, we've had a weekly lunch for our Winery staff, including every full-time employee plus whoever is working the what's going on, and I've learned over the years that our employees really value time together.

I've long been interested in creating a great work environment. I think happy people do better work, and for us that means making better wine. I was recently at a conference with other business leaders and there was much discussion about the importance of positive workplace culture in attracting and retaining the best talent and how to create it.



INTERNATIONAL PROGRAMS

INTERNATIONAL TRADE POLICY

INTERNATIONAL FORUMS IMPROVE TESTING AND REGULATIONS: Led by the Technical Advisory Committee (TAC), Wine Institute helped organize the 2017 Asia-Pacific Economic Cooperation Wine Regulatory Forum and International Wine Technical Summit meetings in Vietnam and Washington state. Good regulatory practices, improving laboratory analysis, streamlining import-export requirements and reducing costs were on the agenda.

BREXIT PRESENTS OPPORTUNITIES, CHALLENGES FOR U.S. WINE EXPORTS: With the U.K. withdrawing from the EU as early as 2019, Wine Institute urges uninterrupted U.S.-U.K. wine trade. Recommendations include transferring U.S.-EU Wine Agreement provisions into a U.S.-U.K. agreement, creating a U.S.-U.K. wine trade relationship based on mutual recognition and inviting the U.K. to join the World Wine Trade Group.

» THE ISSUE

Wine Institute Works to End Canadian Grocery Store Restrictions

» THE NEWS

Wine Institute, jointly with the U.S. government, continues to lead international opposition to highly discriminatory regulations that ban and restrict imported wines from Canadian grocery stores and solely benefit wines from Canada. The official complaint by the U.S. to the World Trade Organization (WTO), joined by the EU, New Zealand, Argentina and Australia, charges that British Columbia discriminates against imports by allowing only provincial wine on grocery shelves. Quebec and Ontario also restrict imported wines. The U.S. is raising this, and other Canadian barriers, in the current NAFTA negotiations.

» WHY IT MATTERS

Canada is the No. 1 export country for U.S. wines, the majority from California, with sales of \$431 million in 2016, and the state's wines are the most popular imported table wines in the country. Grocery store restrictions shift the majority of market power to Canadian wines and violate Canada's international trade obligations.

Preferential treatment of British Columbia wines in grocery stores has shut out California wines in the province.



U.S. Wine World Rankings*

CATEGORY	WORLD RANKING	QUANTITY/ VALUE	% OF WORLD
Wine Production (Liters 000)	4	3,099,000	10.27
Population	3	324,304,407	4.37
Wine Consumption (Liters 000)	1	3,431,000	13.66
Per Capita Consumption (Liters)	64	10.67 liters	-
Wine Exports (Liters 000)	8	412,589	3.93
Wine Exports (Value USD 000)	6	\$1,619,514	-
Wine Imports (Liters 000)	3	1,210,548	10.44
Wine Imports (Value USD 000)	1	\$5,744,546	16.66

*Based on 2016 data, most recent available.

NEW TRADE BARRIERS REPORT RELEASED: Wine Institute’s 2017-2018 International Trade Barriers Report, available to members, analyzes U.S. wine export performance in foreign markets, tariff and non-tariff trade challenges threatening further growth and the work being done to remove barriers.

NEW STUDY FINDS COMPETITORS INCREASING AG SUBSIDIES: A Wine Institute-commissioned review of export promotion programs found that Australia, Chile, the EU and New Zealand have increased public funding of agricultural exports. Expenditures in 2016 totaled \$924

million, a 70 % increase since 2011. In contrast, USDA’s 2016 spending totaled \$239 million, a 12% decrease since 2011. To grow U.S. exports, Wine Institute is asking Congress to increase USDA Market Access Program agriculture support from \$200 to \$400 million annually.





INTERNATIONAL PROGRAMS

INTERNATIONAL MARKETING

California wine facts at-a-glance were developed for attendees of the International California Wines Summit.



» THE ISSUE

Growing California Wine Exports in the World Market

» THE NEWS

U.S. wine exports, 97% from California, were \$1.62 billion in 2016, a record dollar value and a 78% increase from 10 years ago and there is room to grow. California is the world's fourth largest wine producer and the seventh largest exporter with a 5% share of the world export market by value. Wine Institute's third International California Wines Summit in May 2017 presented a week of California wine tastings and experiences to 30 key wine media and trade attendees from 10 countries — Canada, the United Kingdom, Hong Kong, Japan, China, Sweden, Mexico, the Netherlands, Switzerland and Ireland — which account for 80% of the state's wine exports. The group tasted 500 California wines



Wine Institute's International California Wines Summit offered a week of winery visits and presentations that highlighted 500 wines from 50 AVAs in the state presented by 200 vintners.

from more than 50 AVAs presented by 200 vintners and left with a solid understanding of the quality and diversity of California wine today.

MORE THAN 150 TRADE & MEDIA GUESTS HOSTED IN CALIFORNIA IN 2017: Wine Institute hosted 150+ leading trade and media guests visiting California wine country in 2017 from 20 countries: Canada, China, Japan, Hong Kong, Taiwan, Singapore, South Korea, the Philippines, Mexico, the U.K., Germany Netherlands, Belgium, Denmark, Sweden, Norway, Finland, Switzerland, Austria and Poland.

LED VINTNER TOURS TO 14 COUNTRIES: Wine Institute led vintner tours (with media & trade seminars/tastings and consumer events) in 14 key export markets in 2017: Canada, the U.K., Ireland, Germany, the Netherlands, Poland, Sweden, Mexico, China, Japan, Hong Kong, South Korea, Taiwan and, for the first time, Macau.

GLOBAL MASTER CLASSES: Wine Institute conducted California Wines Master Classes in nearly a dozen top export



The Toronto Wine Fair was one of 14 vintner tours throughout the world led by Wine Institute.

markets taught by leading wine influencers Karen MacNeil, Geoff Kruth, MS, and Kelli White. These educational programs help highlight the diversity and quality of California wines throughout the state.

DECANTER SHANGHAI FINE WINE ENCOUNTER: California was the featured wine region at the fourth Decanter

Shanghai Fine Wine Encounter Nov. 18. The sold-out event welcomed 1,000+ premium wine consumers. The “California Experience” room showcased 85 California wines.

LONDON & DUBLIN TASTING EVENTS: Wine Institute’s California Wine Export Program held successful grand tasting events in London and Dublin, presenting 1,000 wines from throughout the state. The College Garden at Westminster Abbey was the setting for the California Wine Fair London, attended by 800 buyers and media. In Dublin, 250 wine professionals were hosted for the largest California wine event ever held in Ireland.

MEXICO SOMMELIER GROUP: Wine Institute hosted 20 high-profile sommeliers from Mexico in California wine country to help expand their knowledge of California wines and promote sales in the growing Mexican market, the sixth largest wine market for U.S. wines.

» WHY IT MATTERS

Despite the growth, the significant trade deficit between U.S. wine exports and imports has resulted in the U.S. importing 3.5 times more than it exports. Because the U.S. is the world’s largest wine market, an increasing number of wine producing

countries are targeting U.S. consumers to increase their sales. California can expand its share of exports by deepening the knowledge of opinion leaders about California wines.



The 10 markets represented by the 30 Summit guests account for more than 80% of the value of California wine exports.



Buyers and media attend the California Wine Fair London at Westminster Abbey’s College Garden.



MEDIA

COMMUNICATIONS



A new wine tourism study surveyed 2,000 visitors to California wine country.

NEW WINE TOURISM STUDY OFFERS INSIGHTS FOR WINERIES AND REGIONS: Wine Institute released results of a new online survey of more than 2,000 adults who recently visited California wine country as a tool for wineries and regions. Conducted by Destination Analysts with support from a USDA grant, the comprehensive survey profiles the typical California wine country visitor statewide and by region and examines their awareness, interests and behaviors. The survey gathered responses from an equal number of visitors from out of state and within the state and reflects both high involvement and casual tourists.

YOU'RE INVITED TO NYC CALIFORNIA WINE SUSTAINABLE SUMMIT

Please join Wine Institute for The Sustainable Table Summit on Tuesday, September 12, 2017 at the Astor City Club in New York City. The event will include a full day of seminars, panels and tastings on California's grape growing and wine trends, sustainability and climate change. An exploration of the best practices in restaurant wine sales and service and a wine reception will follow. Wines from over 50 top California wineries will be poured including Chateau Montelena, Wines, Hanzell Vineyards, Heitz Winery, J. Lohr Vineyards & Wines, Merry Ed Wines, Schramsberg Vineyards, Talbot Vineyard, Turley Wine Cellars and more.

SCHEDULE

- 9 - 9:30 a.m. REGISTRATION & BREAKFAST
- 9:30 - 10:30 a.m. SUSTAINABILITY - THE BIG PICTURE: CLIMATE CHANGE, CALIFORNIA AND SUSTAINABLE WINEGROWING
DANA NIGRO, *Wine Spectator*
MERRY EDWARDS, *Merry Edwards Winery*
JENNY LESTER MOFFITT, *California Department of Food & Agriculture*
KATHRYN WALT HALL, *HALL Wines*
- 10:30 - 11 a.m. SAUVIGNON BLANC TASTING BREAK
- 11 - 12 p.m. CALIFORNIA CHARDONNAY - A LOOK AT STYLE AND HISTORY THROUGH SIX WINES
ELAINE CHUKAN BROWN, *JancisRobinson.com*
- 11 - 12 p.m. ZINFANDEL - A CALIFORNIA CLASSIC
JEFF TAYLOR, *North End Grill*
ASHLEY SANTORO, *Standard Hotel*
- 12 - 12:45 p.m. LUNCH & GOLDEN STATE OF ROSE TASTING
VICTORIA JAMES, *Piopa*
- 12:45 - 1:45 p.m. RETAIL ME NOT - OFF-PREMISE WINE SALES IN THE DIGITAL AGE
DUSTIN WILSON, *Verve Wines*
LOGAN LEE, *Wine Awesomeness*
ANGELO MARTELLI, *Fairway Market*
LORENA ASCENCIOS, *Astor Wines & Spirits*
- 12:45 - 1:45 p.m. CELLARING CALIFORNIA - AN EXAMINATION ON AGEABILITY
DAVID GORDON, *Tribeca Grill*
- 1:45 - 2:45 p.m. WHAT GREAT WINE SERVICE LOOKS LIKE TODAY
An Interview with SABATO SAGARIA, *Union Square Hospitality Group*, by SARAH TRACEY, *Rouge Tomato*
- 2:45 - 3:45 p.m. PINOT NOIR FAREWELL TASTING BREAK

RSVP NOW AT SUSTAINABLETABLESUMMIT.EVENTBRITE.COM
For more information, please email sustainabletablesummit@colangelopr.com or call 646-561-2243.

» THE ISSUE

Reaching Top Media and Trade in the Highly Competitive New York City Market

The NYC California Wines Summit attracted 100+ top media and trade

ISSUES MANAGEMENT: Working with regional winery and grower associations, local tourism bureaus and winery members, Wine Institute provided accurate information on the October wildfires to local, national and international media, government agencies and offices. We worked with Visit California which allocated \$2 million in funding for the #CaliforniaWineCountryNow campaign to support local tourism recovery efforts. The communications team also prepared resources and response documents on issues including wine processing materials, glyphosate, cannabis legalization, BPA and nutrition information/menu labeling.

CALIFORNIA WINE MONTH 2017: The 13th annual California Wine Month (CWM) proclaimed by Governor Brown featured 63 consumer events



California Wine Month 2017 generated significant media coverage

around the state, engaged 30 national, regional and local restaurant, retailers and association partners and

generated coverage in online, print and broadcast media outlets reaching an audience of 30 million.

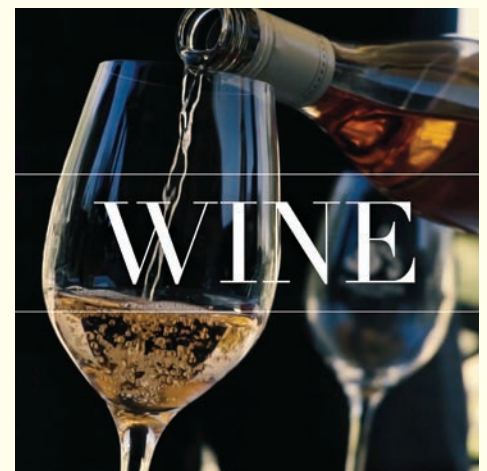
» THE NEWS

Wine Institute hosted the second biennial New York City California Wines Summit for trade and media this September at Astor Center. Modeled on the highly successful weeklong International California Wines Summit, the program was developed with a local content committee of market leaders and recognized experts from both coasts served as moderators, panelists and presenters. The event attracted more than 100 leading wine media, sommeliers and buyers and expanded their understanding of California wine.

» WHY IT MATTERS

New York (NY) metro is the largest wine market in the country, a media hub and a trendsetter for wine tastes across the nation. Providing NY trade and media with a full picture of the current state of California wines is essential yet perceptions of the state's wines are often out of date or incomplete. Presenting topics of interest to the NY wine community with recognized wine experts, Wine Institute was able to convey information about key trends and the depth and diversity of California's wine offering. The event was held in conjunction with California Wine Month in-store promotions at nine retail stores covering 49 outlets in the NY metro area.

NEW VIDEO SERIES: Wine Institute's new 23-part video series, "California Wines: Behind the Glass," conveys the appeal of the regions, climates, grapes and people of California wine. The videos debuted on Instagram before rolling out on Facebook, Twitter and YouTube and going live on www.DiscoverCaliforniaWines.com.



Wine Institute's 23-part video series debuted on Instagram in August.



REGULATORY/COMPLIANCE

LEGAL

Wine Institute worked with the FDA to reduce the burden of menu labeling compliance on wineries.



» THE ISSUE

Reducing the Burden of Menu Labeling Compliance for Wineries

» THE NEWS

Wine Institute and other major alcohol beverage associations filed a joint comment requesting that the Food and Drug Administration (FDA) authorize three nutrient calculation and database practices for alcoholic beverages that would significantly reduce the burden of reporting for producers. The FDA issued amended guidance on Nov. 7 which granted all key requests covering format, calculations and use of a nutritional database.

» WHY IT MATTERS

Wine Institute made strides in streamlining menu labeling requirements and now has FDA approval to develop a database of “typical values” that wineries can use to provide nutritional information to restaurants. The FDA also approved the request that the information on the database follow the “Simple Four Format,” reporting calories, sodium, total carbohydrates and sugars.

Wine Institute will offer a second series of FSMA workshops this spring.



FOOD SAFETY MODERNIZATION ACT (FSMA)

WORKSHOPS: In spring 2018, Wine Institute will conduct a second series of one-day practical, hands-on training to assist California wineries in meeting FSMA requirements. The sessions are focused on providing members with the most up-to-date tools and information for ensuring a smooth FDA inspection.

“WINEMAKING 101” VIDEO: Wine Institute produced a “Winemaking 101” video that focuses on the winemaking processes and highlights the controls the FDA looks for during a FSMA inspection. The video will be used by the FDA to train its inspectors, by Wine Institute to educate the international regulator community and will be made available to members. Wine Institute’s International Trade Policy team will also use the video to explain and depict wine safety to industry and regulatory counterparts around the world.

RETAILER EDUCATION: After noticing a recent surge in large chain retailers mandating that suppliers fund certain entities as a prerequisite for doing business, Wine Institute educated these retailers’ legal departments on state and federal tied-house laws. Wine Institute has successfully persuaded retail partners to cease requiring prohibited services including sales data formatting, category management services and requesting payment to advertise a product for an in-store sampling opportunity.



MEMBERSHIP

BENEFITS

FEDEX SHIPPING DISCOUNTS: Wine Institute members enjoy exclusive benefits and significant savings through the FedEx Advantage® shipping program and last year saved an average of more than \$11,500 each shipping with FedEx. Small and mid-sized wineries especially benefit from this program which offers rates normally provided to high-volume shippers.

LABEL APPROVAL SERVICE: Alcohol and Tobacco Tax and Trade Bureau of the U.S. Department of the Treasury

(TTB) wine label applications are meticulously reviewed in our Washington, D.C. office. Wine Institute also assists with requests for expedited approvals, formula approvals and trade name searches on the TTB's database and acts as an advocate for members with TTB, requesting second reviews of labels that meet industry standards and negotiating use-up approvals. Careful screening of members' wine labels has resulted in an approval rate of well over 90 percent.

ACCESS TO SPECIALIZED LEGAL RESOURCES:

Access to our experienced, full-time legal counsel is available to members. Publications and communications keep members updated on changes in local, state, federal and international laws affecting their businesses.

TAX RATE TOOL, STATE NET & FILE LIBRARY:

Enjoy exclusive access to our members-only website, which hosts useful resources including: Wine Institute's State Tax Rate Tool, powered by ShipCompliant, to look up the latest excise and sales tax rates for off-site and on-site direct-to-consumer wine sales for every jurisdiction in the U.S.; Wine Institute State Net, to keep track of legislation moving in all 50 states that may impact your business; and our File Library with important resources from our workshops, committees and more.

PROFILES & EVENTS ON OUR GLOBAL WEBSITE:

Wine Institute members may post events and a winery profile on our global consumer website, www.discovercaliforniawines.com, which reaches more than 150,000 consumers and trade in the U.S. and 10 countries through translated and localized websites.

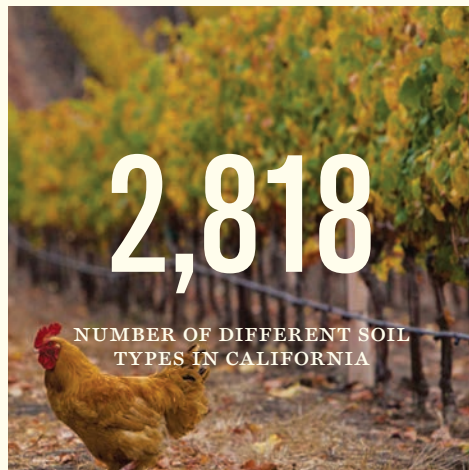
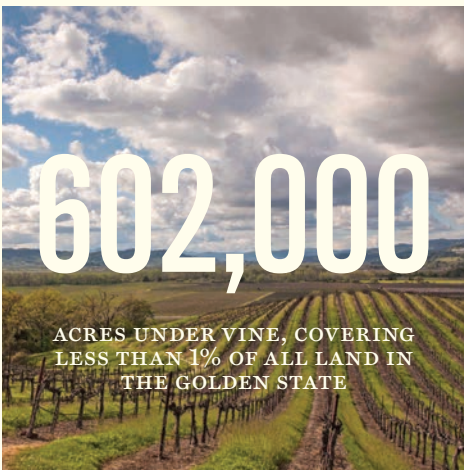
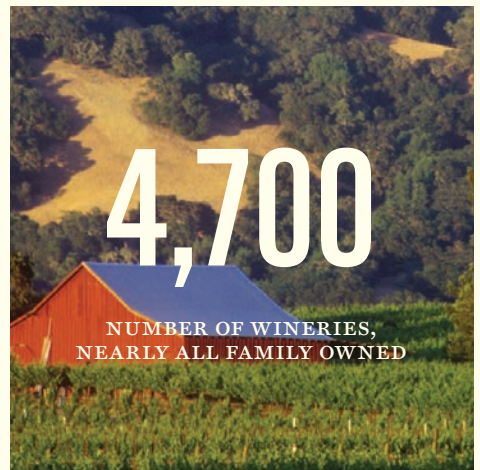
WEBINARS & WORKSHOPS: Wine Institute offers regular webinars and workshops on topics including compliance with new regulations, direct-to-consumer shipping, export marketing, wine communications and marketing and other topics of interest to members.

NEWS & INFORMATION: Members stay informed of major developments and events affecting the wine industry through our News Briefs, News Alerts and communications that provide background on complex issues.



Wine Institute offers members seminars and workshops throughout the year.

CALIFORNIA WINE BY THE NUMBERS



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