



OPENING STATEMENTS
2008 SWRA Wine Retailers Symposium
By Tom Wark, Executive Director
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Good morning. Welcome to the First Specialty Wine Retailer Symposium: Change and Opportunity.

My name is Tom Wark, I'm the executive director of Specialty Wine Retailers Association.

Let me say from the very beginning of this symposium: My hope is that each and every one of you here will be members of Specialty Wine Retailers Association by the time this day over.

Let me explain why this is my hope. Only by retailers working together can a real, open, fair market for wine be created. It's not going to happen on its own. It's not going to happen with just a few big members supporting the cause. It's not going to happen by when politicians all of a sudden have an epiphany that free trade in wine is good thing.

That free market in wine that will sustain hundreds of independent wine merchants is only going to emerge when a large, committed band of progressive wine merchants join together, fund the effort to bring about change and work together to make the case for fair and free trade in wine.

This is the effort that SWRA has been focused on since its founding in 2006. It's my hope that for those of you here today that are not members of SWRA that this will become your focus too.

So where are we in the United States with retailer-to-consumer wine sales and shipping?

There are only 14 states that explicitly allow retailer-to-consumers shipping. There are 36 states that allow it for wineries.

There is only one reason for this kind of pathetic disparity: retailers have not demanded that they be included in the national market for wine. Retailers have not made the legislative effort that puts their rights on the table in state capitals across the country. Retailers have not taken the fight to the courts the way wineries have.

All that changes with Specialty Wine Retailers Association.

In 2006 SWRA sued the state of CA after it prohibited out-of-state retailers from shipping into this state. We procured an agreement with the ABC and the Attorney General that CA would not enforce its ban on out of state retailers through 2008.

In 2006 SWRA sued the state of TX where in-state retailers were allowed to ship to Texans but out-of-state retailers were prohibited.

In January the judge came back with this decision that affirmed the Granholm Supreme Court decision DID in fact apply to retailers...making this the first major legal victory for retailers and consumers since Granholm.

The wholesalers have appealed the judge's decision arguing that the judge got the part about Granholm wrong, that this Supreme Court decision does not apply to retailers and further arguing that if the judge did get this correct then the proper response should have been to shut down all wine shipping in Texas.

SHUT DOWN ALL WINE SHIPPING

Remember that phrase and that intention. It is, in the end, the ultimate goal of those that oppose your efforts to legally serve your customers.

Since its founding SWRA has advocated for fair but regulated retailer-to-consumer shipping in Oregon, New Mexico, Washington State, Illinois, Maryland, Tennessee, Missouri, Maine, Florida, Indiana and California.

The forces arrayed against retailer to consumer sales are formidable. Whenever legislation arises in state legislatures that considers retailer-to-consumer shipping the odds are that it will not pass. Between 2000 and 2006, American alcohol wholesalers have contributed \$50 Million to state political campaigns. \$50 Million!

This buys a lot of access and a lot of deference to the wholesaler's cartel by politicians. There is no getting around that.

Nevertheless, there will no longer be any legislation debated in any state in this country where the rights and interests of wine consumers and wine retailers are not made clear. The existence of SWRA now guarantees that.

But it's not just wholesalers that are willing to work to put the kabash on consumer access to wine and legal retailer shipping. Just this year in Washington State the Washington Wine Institute, the major winery association in that state, made a point of killing a bill that would have allowed retailers to obtain a permit to ship to that state.

This leads to one conclusion: In all the work that retailers to do create a fair and level playing field for wine sales, it will be consumers who are retailers' greatest allies.

Wine lovers understand what's at stake. They understand the inherent unfairness of the current anti-shipping laws that you and they face.

They understand that the arguments against retailer-to-consumer wine shipping and sales are in place as a means of protecting a small group of powerful wholesalers.

If you ask them to help? If you ask consumers to speak out. If you explain what is at stake... consumers will work with you.

I urge you to make your customers aware of the situation you face in a number of states and to give them the tools to help. They will step up and they will help.

All these issues are on the table today and will be discussed by what I believe is a fantastic set speakers and panelists.