



CONFIDENTIAL AND PROPRIETARY INFORMATION



## How Do I Get My Wine? Private Vineyards Owners' Conference - 2013

# WHO's WHO

- PRODUCER: YOU
- EXPORTER: VINOTOURISM ARG. SRL (on your behalf)
- FREIGHT FORWARDER: CENTAURO
- IMPORTER: MHW, LTD
- DISTRIBUTOR: VARIES (in CA and NY, it is MHW)
- RETAILER: VARIES

# How Your Wine Gets to You



- The Vines loads your wine with other owners' wines into a container.
- A freight forwarder loads the container onto a boat to Oakland or New Jersey.
- In the US, the importer works with a customs broker to clear the wine and move it to its warehouse. From there, it can be distributed to the 50 states.
- The wine moves through the three tier system to a retailer in your area.
- You enjoy your wines and share it with friends and family.

# Before Shipping



Before the ship sails, **you** will:

- Finalize your labels
- Pay all export costs
- Finalize your distribution plan

Before the ship sails, **The Vines** will:

- Get approval from TTB and INV for labels
- Present samples to INV
- Get certifications and export documentation from INV
- Pack the containers in dry dock in Mendoza
- Clear customs in Mendoza
- Pay all export costs and taxes

# The Shipping Process



- Freight Forwarder sends container by truck from Mendoza to Chile and loads it onto a ship.
- Ship travels to either New Jersey or California.
- All wine is insured according to its declared value: \$4 (P) \$6 (PP) \$8 (SP) \$12 (BF).

# Import into the US



- Approx. 20 days after the boat leaves Chile, it arrives in the US.
- MHW, our importer, arranges for a custom's broker to clear the wine. If you have your own importer, you will need to make sure that they have made these arrangements.
- The wine spends approximately 5 days in US Customs.
- MHW moves the wine to its warehouse in either California or New Jersey.
- We then move the wine through the three tier system and deliver it to you.

# Three Tier System

**IMPORTER**

sells to

**DISTRIBUTOR**

sells to

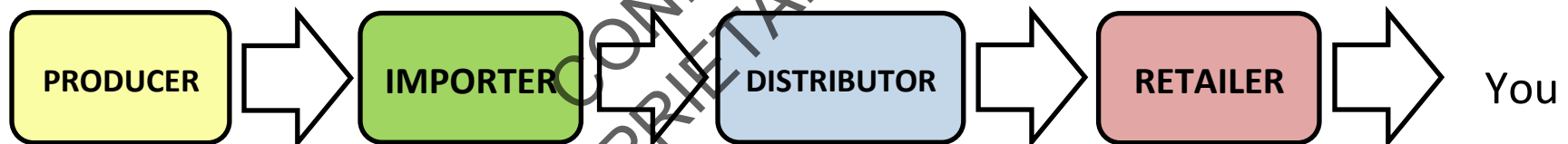
**RETAILER**

sells to

Consumers

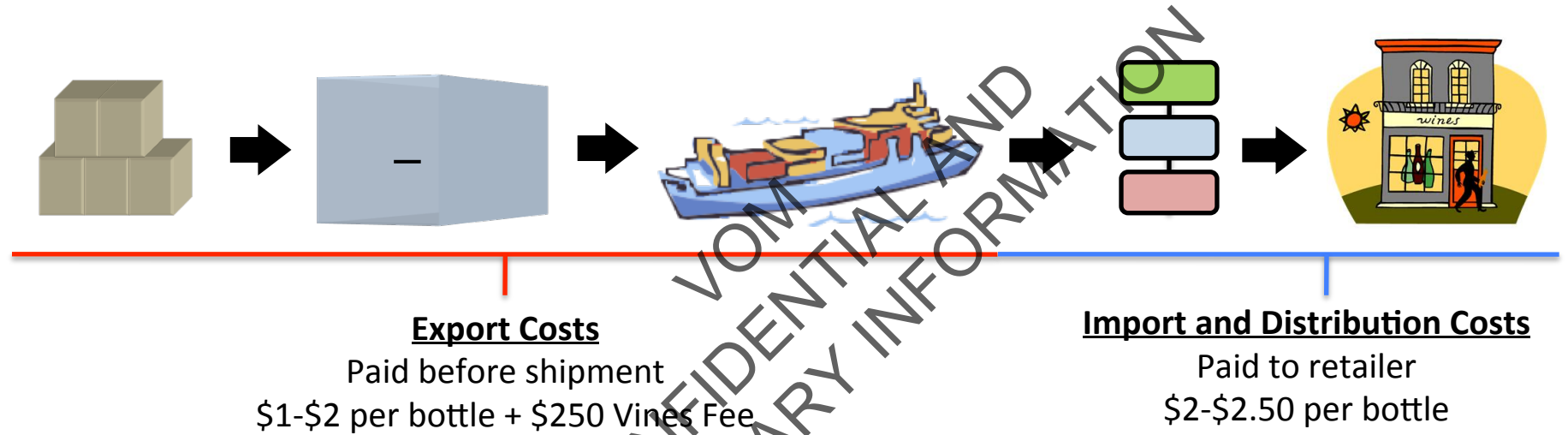
# Chain of Ownership

- You produce wine and we export it on your behalf.
- We transfer title to the wine from you to the importer.
- The importer sells your wine to a distributor in your state.
- The distributor sells your wine to a retailer in your area.
- You buy your wine back from the retailer for an amount equal to the costs of importation and distribution.





# Costs



# Export Costs

Arg-USA Freight Costs	Cost of shipping from Mendoza to port in the US. It includes freight, thermal blanket, advance manifest security, bill of lading and insurance.
Export Costs	Other costs related to exporting. They include customs agent, customs fees, consolidation cost, truck delays.
Export Taxes	5% export tax, paid by exporter to AFIP (Argentine tax authority), paid on declared value of wines.
Variables	Type of wine (declared value), how much wine you are sending, number of cases in the container.

# The Vines Fee

This is the fee we charge for coordinating the logistics from Mendoza to your retailer. It includes: setting up an importer, distributor in your state, and retailer in your area; taking care of all compliance at the national and state level; coordinating orders, shipping, and delivery.

*Initial Set-Up Fee:* One Time Fee of \$750 (includes set-up of 1 distributor and retailer)

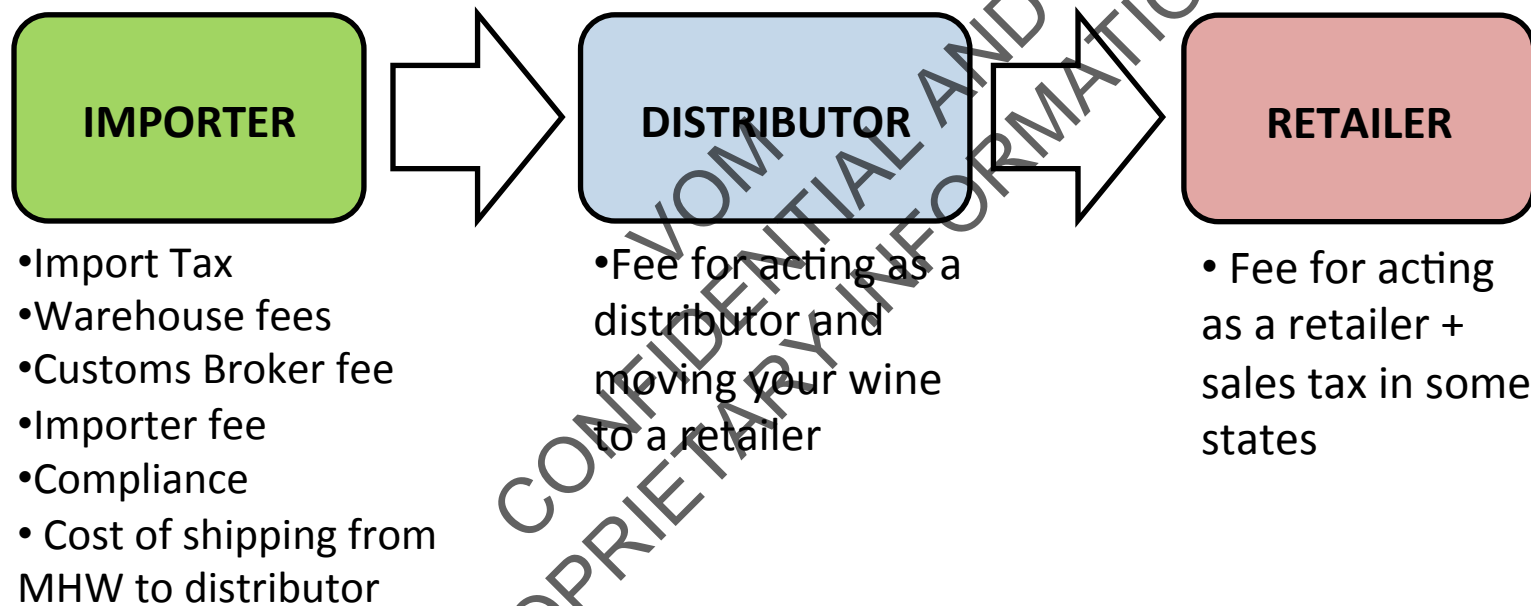
*Additional Distributor Set-Up Fee:* One Time Fee of \$250 per additional distributor (If you are distributing your wine in multiple states)

*Service Fee:* \$250 per shipment fee, to take effect your second shipment

# Import and Distribution Costs

Import Taxes	Federal tax plus state excise tax. Federal tax is \$0.44/bottle for wine above 14% and \$0.26/bottle for wine below 14%.
Other Import costs	Item set up, in/out storage fee, customs agent, pier drayage, state compliance.
Importer fees	Importer fee for importing the wine.
Distributor Fees	Fee for acting as a distributor and moving your wine to a retailer.
Retailer Fees	Fee for acting as a retailer and delivering your wine to you.
Local Shipping	Shipping from warehouse to final destination or from the distributor to the retailer.

# Import and Distribution Costs



# Sharing My Wines

This distribution system is designed to get your wine to your doorstep for your own personal consumption. Options for sharing:

- 1) Personal delivery. You can share your wines, without charging, with friends and family.
- 2) Online Stores. You can have your own customized store or put your wines in the collective store. This way friends and family can go online and order your wines and have them delivered.
- 3) Commercial Sales. There are a few options here that we will discuss in the next session.