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AGREEMENT
IN THE FORM OF AN EXCHANGE OF LETTERS
BETWEEN THE UNITED STATES OF AMERICA AND
THE EUROPEAN COMMUNITY
ON MATTERS RELATED TO TRADE IN WINE

EL/USA/CE/en 1

A. Letter from the Community

Brussels, 23 November 2005

Sir,

I have the honour to confirm the following understanding reached between the European Community (hereinafter the "Community") and the United States of America (hereinafter the "United States") in connection with the Agreement between the European Community and the United States of America on Trade in Wine (the "Wine Agreement") initialled on 14 September 2005.

1. Taking into account the need not to disrupt trade in wine between the Parties pending the entry into force of the Wine Agreement and in particular the date of application of its Articles 4 and 9 as provided for in its Article 17(2), the Community shall continue to apply:
 - (a) its authorisations regarding wine-making practices in effect as of the date of this letter for wines originating in the United States set forth in Council Regulation (EC) No 1037/2001, and prolonged by Council Regulation (EC) No 2324/2003; and
 - (b) the certification requirements in effect as of the date of this letter specified in Commission Regulation (EC) No 883/2001.

2. Provided that the conditions in paragraphs 1(a) and 1(b) are satisfied, the United States shall not restrict, on the basis of either wine-making practices or product specifications, the importation, marketing or sale of wine originating in the territory of the Community that is produced using wine-making practices and procedures that are authorised under laws, regulations and requirements of the Community as of the date of this letter, and the United States accepts those practices and procedures within the meaning of Section 2002(a)(1)(B) of US Public Law 108-429. This undertaking by the United States is with respect to wine that falls within the scope of the Wine Agreement and, in particular, Article 3 thereof. Measures taken by either Party for the protection of human health and safety are outside the scope of this undertaking. The agreement hereinafter described does not contain any requirement for a certification by the Community that the practices and procedures used to produce wine in the Community constitute proper cellar treatment within the meaning of Section 2002 of US Public Law 108-429.

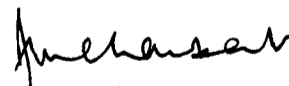
3. Recognising that the Wine Agreement does not apply to wines with an alcohol content of less than 7 percent (7%) by volume, but also recognising that such wine originating in the territory of the Community is produced using the wine-making practices and procedures that are authorised under laws, regulations and requirements of the Community listed in Annex I of the Wine Agreement, the United States accepts those practices and procedures with respect to such wine within the meaning of Section 2002(a)(1)(B) of US Public Law 108-429 for so long as either the conditions of paragraphs 1(a) and 1(b) above are satisfied or Articles 4 and 9 of the Wine Agreement are in force. Furthermore, the agreement hereinafter described does not contain any requirement for certification by the Community that the practices and procedures used to produce wine with an alcohol content of less than 7 percent (7%) by volume in the Community constitute proper cellar treatment within the meaning of section 2002(a)(1)(B) of US Public Law 108-429. Measures taken by either Party for the protection of human health and safety are outside the scope of this undertaking.

4. Paragraphs 1 and 2 shall apply until the date of application of Articles 4 and 9 of the Wine Agreement, as provided for in Article 17(2) thereof, but no longer than for a period of three years from the date of entry into force of this agreement hereinafter described. Notwithstanding the foregoing, if Articles 4 and 9 are not in application within this three-year period, the period shall be extended for an additional two years.
5. Should either Party notify the other of its intention not to sign the Wine Agreement, or should it withdraw from the Wine Agreement, the agreement hereinafter described shall terminate twelve months after the date of receipt of notification by a Party that the other Party does not intend to sign the Wine Agreement, or on the date that withdrawal from the Wine Agreement under Article 14 thereof is effective, as applicable.
6. Either Party may withdraw from the present agreement hereinafter described at any time by providing written notification to the other Party. Withdrawal shall take effect twelve months after the date of receipt of the notification by the other Party, unless the notification specifies a later date or the notification is rescinded prior to the specified date.

If the foregoing is acceptable to the United States, I have the honour to propose that this letter and your letter in reply confirming that you share this understanding shall constitute an agreement between the Community and the United States, which shall enter into force on the date of your letter in reply.

Please accept, Sir, the assurance of my highest consideration.

For the European Community

A handwritten signature in cursive script, appearing to read 'A. Chassat', is written in black ink.

B. Letter from the United States

Brussels, 23 November 2005

Sir,

I have the honor to acknowledge receipt of your letter of this date which reads as follows:

"I have the honour to confirm the following understanding reached between the European Community (hereinafter the "Community") and the United States of America (hereinafter the "United States") in connection with the Agreement between the European Community and the United States of America on Trade in Wine (the "Wine Agreement") initialled on 14 September 2005.

1. Taking into account the need not to disrupt trade in wine between the Parties pending the entry into force of the Wine Agreement and in particular the date of application of its Articles 4 and 9 as provided for in its Article 17(2), the Community shall continue to apply:
 - (a) its authorisations regarding wine-making practices in effect as of the date of this letter for wines originating in the United States set forth in Council Regulation (EC) No 1037/2001, and prolonged by Council Regulation (EC) No 2324/2003; and
 - (b) the certification requirements in effect as of the date of this letter specified in Commission Regulation (EC) No 883/2001.

2. Provided that the conditions in paragraphs 1(a) and 1(b) are satisfied, the United States shall not restrict, on the basis of either wine-making practices or product specifications, the importation, marketing or sale of wine originating in the territory of the Community that is produced using wine-making practices and procedures that are authorised under laws, regulations and requirements of the Community as of the date of this letter, and the United States accepts those practices and procedures within the meaning of Section 2002(a)(1)(B) of US Public Law 108-429. This undertaking by the United States is with respect to wine that falls within the scope of the Wine Agreement and, in particular, Article 3 thereof. Measures taken by either Party for the protection of human health and safety are outside the scope of this undertaking. The agreement hereinafter described does not contain any requirement for a certification by the Community that the practices and procedures used to produce wine in the Community constitute proper cellar treatment within the meaning of Section 2002 of US Public Law 108-429.
3. Recognising that the Wine Agreement does not apply to wines with an alcohol content of less than 7 percent (7%) by volume, but also recognising that such wine originating in the territory of the Community is produced using the wine-making practices and procedures that are authorised under laws, regulations and requirements of the EC listed in Annex I of the Wine Agreement, the United States accepts those practices and procedures with respect to such wine within the meaning of Section 2002(a)(1)(B) of US Public Law 108-429 for so long as either the conditions of paragraphs 1(a) and 1(b) above are satisfied or Articles 4 and 9 of the Wine Agreement are in force. Furthermore, the agreement hereinafter described does not contain any requirement for certification by the Community that the practices and procedures used to produce wine with an alcohol content of less than 7 percent (7%) by volume in the Community constitute proper cellar treatment within the meaning of section 2002(a)(1)(B) of US Public Law 108-429. Measures taken by either Party for the protection of human health and safety are outside the scope of this undertaking.

4. Paragraphs 1 and 2 shall apply until the date of application of Articles 4 and 9 of the Wine Agreement, as provided for in Article 17(2) thereof, but no longer than for a period of three years from the date of entry into force of this agreement hereinafter described. Notwithstanding the foregoing, if Articles 4 and 9 are not in application within this three-year period, the period shall be extended for an additional two years.
5. Should either Party notify the other of its intention not to sign the Wine Agreement, or should it withdraw from the Wine Agreement, the agreement hereinafter described shall terminate twelve months after the date of receipt of notification by a Party that the other Party does not intend to sign the Wine Agreement, or on the date that withdrawal from the Wine Agreement under Article 14 thereof is effective, as applicable.
6. Either Party may withdraw from the present agreement hereinafter described at any time by providing written notification to the other Party. Withdrawal shall take effect twelve months after the date of receipt of the notification by the other Party, unless the notification specifies a later date or the notification is rescinded prior to the specified date.

If the foregoing is acceptable to the United States, I have the honour to propose that this letter and your letter in reply confirming that you share this understanding shall constitute an agreement between the Community and the United States, which shall enter into force on the date of your letter in reply."

I have the honor to confirm that the United States of America shares the understanding set forth in your letter and to confirm that your letter and this letter in reply shall constitute an agreement between the United States of America and the European Community, which shall enter into force on the date of this reply.

Please accept, Sir, the assurance of my highest consideration.

For the United States of America

