

United States and European Community Reach Agreement on Trade in Wine

03/10/2006

LONDON – U.S. Trade Representative Rob Portman and EU Commissioner for Agriculture and Rural Development Mariann Fischer Boel today signed a bilateral agreement on wine-making practices and labeling of wine that will facilitate bilateral trade in wine valued at \$2.8 billion annually.

"Like a good wine, this agreement took time. But by helping to establish predictable conditions for bilateral wine trade it is clearly a win-win situation for U.S. and EU winemakers," said Ambassador Portman. "Wine makers on both sides of the Atlantic have the right to be proud of how tradition, climate and expertise combine to create unique tasting experiences. This agreement honors these differences."

"I want to thank the Federal agencies that worked so diligently to conclude this agreement, including the Alcohol and Tobacco Tax and Trade Bureau at the Treasury Department and our USTR team who brought this difficult negotiation to a successful conclusion. I would also like to thank the U.S. wine industry for their support of these negotiations," Portman added.

The Agreement, which is effective immediately, provides for mutual acceptance of existing wine-making practices and addresses a number of labeling issues, helping to create marketing certainty for U.S. and EU wine exporters.

The agreement provides for: 1) mutual recognition of existing current wine-making practices; 2) a consultative process for accepting new wine-making practices; 3) the United States limiting the use of certain "semi-generic" terms in the U.S. market; 4) the EU allowing under specified conditions for the use of certain regulated terms on U.S. wine exported to the EU; 5) recognizing certain names of origin in each other's market; 6) simplifying certification requirements; and 7) defining parameters for optional labeling elements of U.S. wines sold in the EU market.

BACKGROUND

Since 1983, the EU has been renewing short-term derogations from their regulations for U.S. wine made using practices not recognized by the EU. The temporary nature of these derogations created continuous uncertainty for U.S. wine exporters. This wine agreement is intended to replace these derogations and provide stable market conditions for the wine sector.

In 2005, global U.S. wine exports exceeded \$606 million, with exports to the European Community over \$323 million. Total U.S. imports of wine from other countries in 2005 were nearly \$3.7 billion, and U.S. imports from the European Community exceeded \$2.5 billion.

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