



Trade Facts

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United States – European Community Agreement on Trade in Wine

The United States-European Community (EC) Agreement on Trade in Wine provides for mutual acceptance of wine-making practices and addresses a number of labeling issues, helping to create marketing certainty for U.S. and EC wine exporters. The agreement was initiated on September 14, 2005, in Washington, D.C. U.S. exports of wine to the European Community have been steadily increasing. In 2004, U.S. exports to the European Community were over \$487 million and U.S. imports of wine from the European Community exceeded \$2.3 billion.

The following summarizes key provisions of the agreement:

Acceptance of existing Wine Making Practices: A key element of the agreement benefiting U.S. wine makers provides that the EC will accept all existing U.S. wine-making practices and provides for a process for the EC to approve new U.S. wine-making practices. The United States will continue to accept EC wine-making practices.

Certification: Under the terms of the agreement, the EC will simplify their imported wine certification requirements for U.S. wine. Since the agreement provides for acceptance of existing wine-making practices, under the Miscellaneous Trade and Technical Corrections Act of 2004, upon signature of the agreement, EC grape wine will be exempt from new U.S. wine-making practice certification requirements for imported wine.

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Semi-Generic Names: The United States will agree to seek legislative changes to limit the use of 16 semi-generic names, as well as retsina used on wine labels. Current U.S. law allows these names to be used on non-European wine. The new rules would grandfather existing uses of these semi-generic names on non-European wine but prohibit new brands from using these names on non-EC wine. The names are: burgundy, chablis, champagne, chianti, claret, haut sauterne, hock, madeira, malaga, marsala, moselle, port, retsina, rhine, sauterne, sherry, and tokay.

Names of Origin: The United States and the European Community have agreed to recognize certain of each other's names of origin in specified ways. The agreement, however, does not address the use of geographical indications, a form of intellectual property. For EC wines sold in the U.S. market, the conditions are consistent with current U.S. regulations.

Labeling: The agreement addresses several additional labeling issues. For example, the Agreement provides a list of vine variety names that U.S. wine makers may use on wine exported to

the EC. The EC also will permit the use on U.S. wine labels of certain terms (chateau, classic, clos, cream, crusted/crusting, fine, late bottled vintage, noble, ruby, superior, sur lie, tawny, vintage, vintage character) under specified conditions in the EC market. The agreement allows U.S. wine sold in the EC market to name a single variety of grape or a name of origin on the label provided that 75 percent of the wine is derived from grapes of that variety or from the named place. The United States and the EC agree not to require labeling of wine-making processes, treatments, or techniques that do not relate to health and safety. The agreement also defines parameters for optional labeling elements of U.S. wines sold in the EC market.

Next Steps: Following initialing, legal editing and translation, the agreement is to be presented to the Council of Ministers of the European Union for approval. Once the Council approves the agreement, the United States and a representative of the European Community will sign the agreement. The agreement goes into force upon signature.