

# COMMISSION OF THE EUROPEAN COMMUNITIES

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Recommendation for a

COUNCIL DECISION

authorising the Commission to enter into negotiations with a view to  
concluding an agreement between the European Economic Community and  
the United States of America on cooperation in the Wine Sector

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(presented by the Commission)

Explanatory memorandum

Since the early 1980's, consultations between the Commission and the United States of America government agency responsible for the control and enforcement of certain areas of Federal Legislation (Bureau of Alcohol, Tobacco and Firearms) have led to cooperation in the Wine sector. In 1983, the Community and the US participated in scientific meetings, and this ongoing cooperation helped expand the technical knowledge on oenological processes and encouraged the US to participate in the work of the International Office of Vine and Wine (OIV) in 1984. In September 1984, the BATF published revisions to its regulations deleting a large number of substances whose use had hitherto been permitted in the manufacture of wine and revised the nomenclature employed to make identification easier. In November 1983, the BATF began the legal process to ensure that geographic names referring to Community wine-growing areas were no longer used as generic names unless such use was traditional. This process continues. The Community, for its part, provided for specific derogations from regulations governing oenological processes for wines imported from the US. These temporary derogations are permitted until 26 July 1988.

In a letter of 13 February 1986 from the BATF to the Commission, the US requested that the temporary derogations provided for, be either granted permanently or extended for a five year period, from July 1988.

In light of the benefits that would ensue from further cooperation between the Community and the US in the wine sector, an agreement is proposed which would cover the following areas :

1. Oenological Processes

The revisions made in the regulations in the United States on the nomenclature of oenological processes mentioned above also witnessed the prohibition of a number of these processes and greater regulation and control in this field. There remain, however, a number of these processes which continue to be permitted within the United States but which are prohibited within the Community.

Following extensive discussions within the Council working group on Wine, the Commission recommends that extensions be made to the derogations requested by the US.

2. Import documentation

Community legislation demands that US wines imported into the Community are accompanied by documents certifying to the provisions of the country of origin and giving certain analytical information. Temporary provision has been made that producers approved by the US authorities establish these documents themselves. The US authorities have requested that this temporary provision be granted for a further period.

The Commission recommends that this extension be granted to the US.

## 5. Protection of geographic names used to designate wines-

The Community attaches great importance to the controlled and regulated use of geographic names to designate wines. The US has begun to take steps to define its wines through the use of geographic designation, nevertheless, certain wines, known in the US as "generics", continue to employ the terms brought over to the US when wine production was introduced by European settlers.

It is in the Community's interest to control and protect, where possible, its wines bearing a geographical ascription, not only within the Community, but also in third country markets. The US is the Community's largest export market and a significant producer and exporter itself. Control and protection of certain Community geographic ascriptions within the US would bring immediate economic benefits, by inter alia, educating the consumer so that he may discern more precisely between products, and would help the momentum for further protection of geographical designations in the years ahead.

The Commission considers that the negotiations should aim at specific commitments should be made by the US with regard to the control and protection of geographical names referring to Community wine-growing areas.

## 6. Harmonising rules on Wine Labelling

Cooperation between the US and the Community with a view to harmonising rules on wine labelling could facilitate trade between the Community and the US, assure that consumers receive objective, clear and comparable information about the wine they purchase, minimise or eliminate confusion among producers and distributors arising from divergent regulatory provisions and help reduce international marketing costs associated with preparing special labels and maintaining separate inventories for domestic and export markets.

## 7. Cooperation against Fraud

The Commission has submitted a proposal to the Council on rules on controls in the wine sector<sup>(1)</sup>. Following the establishment of such a structure, the Commission and BATF will enter into consultations with a view to further cooperation on the prevention of fraud in the wine sector.

For these reasons the Commission recommends that the Council adopt the Directive, the draft of which is attached hereto.

(1) OJ N° C 24, 29.1.88, p. 8

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authorising the Commission to enter into negotiations with a view to concluding an agreement between the European Economic Community and the United States of America on cooperation in the Wine Sector.

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Having regard to the recommendation of the Commission,

Whereas it is in the interest of the European Economic Community to promote trade in wine between the Community and the US, and to extend the protection of Community wines bearing a geographical ascription; whereas it is in the Community's interest to increase cooperation between the EC and the US on the repression of fraud.

HAS DECIDED AS FOLLOWS :

Sole Article

The Commission is hereby authorised to enter into negotiations with the United States of America with a view to concluding an Agreement on cooperation in the Wine sector. The Commission shall conduct the negotiations in consultation with the Special Committee provided for in Article 113 of the Treaty and in accordance with the directives contained in the Annex to this Decision.

Done at Brussels,

For the Council

The President

**Negotiating Directives**

The negotiations shall aim at achieving an agreement whereby :

1. The United States of America undertakes to control and protect certain geographic names referring to Community wine growing areas.
2. The European Economic Community undertakes to grant certain derogations, to wines originating in the US imported into the Community for direct human consumption, from the regulations stipulating the oenological processes and to extend the temporary provision governing the establishment of VI 1 forms for a further period.
3. The United States of America and the European Economic Community undertake to cooperate further on the harmonisation of rules on wine labelling and on cooperation against fraud in the wine sector.

FICHE D'IMPACT SUR LA COMPETITIVITE ET L'EMPLOI

I. Quelle est la justification principale de la mesure ?

To promote trade in wine between the Community and US value of EC exports to US in 1986 : 896 Mio ECU  
value of US exports to EC in 1986 : 7 Mio ECU

II. Caractéristiques des entreprises concernées

En particulier : Wine producers, cooperatives and traders.

- Y a-t-il un grand nombre de PME ? Yes. Industry mixed including small and large
- note-t-on des concentrations dans des régions
- éligibles aux aides régionales des E.M. ? wine produced in all Mediterranean countries
- éligibles au Feder ? + Luxemburg and Germany. Wine also traded from U.K.

III. Quelles sont les obligations imposées directement aux entreprises ?

No specific obligations. The main aim of the mandate is to grant derogations from wine production processes <sup>in the US</sup> in the Community and to protect the geographic names of Community produce in the US.

IV. Quelles sont les obligations susceptibles d'être imposées indirectement aux entreprises via les autorités locales ?

Not applicable

V. Y a-t-il des mesures spéciales pour les PME ?

- Lesquelles ?

The prospective harmonisation of rules on wine labelling between the Community and US will minimise or eliminate confusion among producers and distributors arising from differing regulatory provisions and help reduce costs associated with special labelling and separate inventories for domestic and export markets.

VI. Quel est l'effet prévisible ?

- sur la compétitivité des entreprises ? Overhead costs associated with separate inventories or excessive paperwork will be reduced. This will favour the smaller enterprises.
- sur l'emploi ? None

VII. Les partenaires sociaux ont-ils été consultés ?

- avis des partenaires sociaux

The current and prospective agreement with the US was addressed in the framework of the Advisory Committee for Wine which include official representatives of producers, cooperatives, traders and consumers. The primary concern is that maximum protection possible be granted to Community geographic ascriptions of wine in the US.