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[Trade Agreements](#) | [World Regions](#) | [Trade & Development](#) | [Trade Sectors](#) | [WTO](#) | [Who We Are](#)

[Home](#) / [Document Library](#) / [Press Releases](#) / 2005 / [September](#) / 09/15/2005 | [US and European](#)

[Community Reach Agreement on Trade in Wine](#)

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Search

[Document Library](#)

United States and European Community Reach Agreement on Trade in Wine

09/15/2005

WASHINGTON – U.S. Trade Representative Rob Portman announced today that the United States and the European Community reached agreement on wine-making practices and labeling of wine, aimed at facilitating bilateral trade in wine valued at \$2.8 billion annually.

"This agreement is a win-win situation for U.S. and EU winemakers, helping to establish predictable conditions for bilateral wine trade," said Ambassador Portman. "I want to thank Chief Agricultural Negotiator Allen Johnson and especially Jim Murphy, Assistant U.S. Trade Representative for Agricultural Affairs, who have brought this difficult negotiation to a successful conclusion. The culmination of this agreement reflects the extensive efforts by a number of Federal agencies in these negotiations and in particular the work done by the Alcohol and Tobacco Tax and Trade Bureau in the Treasury Department."

The Agreement, initialed today by Ambassador Johnson and the European Community's Director General of Agriculture and Rural Development José Manuel Silva Rodriguez, provides for 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.

In summary, the agreement provides for: 1) 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. The Agreement does not address the use of "geographical indications," a form of intellectual property. The Agreement also provides for a second phase of negotiations to address other outstanding U.S.-EU wine trade issues.

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. For further information, see the attached Fact Sheet.

U.S. exports of wine worldwide and to the European Community have been steadily increasing. In 2004, global U.S. wine exports exceeded \$736 million, with exports to the European Community over \$487 million. Total

2005 Press Releases

- [September 2005](#)
- [August 2005](#)
- [July 2005](#)
- [June 2005](#)
- [May 2005](#)
- [April 2005](#)
- [March 2005](#)
- [February 2005](#)
- [January 2005](#)
- [Press Room](#)

U.S. imports of wine from other countries in 2004 were nearly \$3.4 billion, and U.S. imports from the European Community exceeded \$2.3 billion.

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