



Standards of Identity and the Use of Semi-generic Designations and Retsina on Certain European Wines Imported into the United States

27 CFR 4.21 Standards of Identity.

Wines using one of the 17 specified designations listed in Annex II of the Agreement Between the United States of America and the European Community on Trade in Wine, which originate in the applicable European Union member State and which comply with the European Union standard for such wines, will meet the United States standard of identity or the trade understanding for such wine.

TTB RUL. 2008-1

The Alcohol and Tobacco Tax and Trade Bureau has been asked if the adoption of the Agreement Between the United States of America and the European Community on Trade in Wine ("the Agreement") and the related statutory change regarding semi-generic designations and Retsina affect the standard of identity that applies to certain European wines when they are imported into the United States.

Background

On March 10, 2006, the United States and the European Community (EC) signed the Agreement in which the United States agreed to seek to change the legal status of 17 designations listed in Annex II of the Agreement in order to restrict their use solely to wine originating in the applicable European Union (EU)

member State, except as provided for under a “grandfather” provision. These 17 designations are: Burgundy, Claret, Chablis, Champagne, Chianti, Malaga, Marsala, Madeira, Moselle, Port, Retsina, Rhine Wine or Hock, Sauterne, Haut Sauterne, Sherry, and Tokay. The Agreement’s “grandfather” provision allows persons or their successors in interest to continue to label non-EU wines with one of the 17 listed designations if that term is used only on labels for wine bearing the brand name, or the brand name and the fanciful name, if any, for which the applicable Certificate of Label Approval (COLA) or Certificate of Exemption from Label Approval was issued by the Secretary of the Treasury before March 10, 2006.

Legislation changing the legal status of the 17 designations in the Agreement was enacted by Congress and signed by the President on December 20, 2006, as section 422 of the Tax Relief and Health Care Act of 2006 ("the Act"), Public Law 109–432, 120 Stat. 2922, 2972. As amended by the Act, section 5388(c) of the Internal Revenue Code of 1986 (26 U.S.C. 5388(c)) contains a provision regarding the use of the 17 designations listed in the Agreement. The provision states that, in the case of wine of the EC, the listed designations may be used only if the wine conforms to the standard of identity, if any, for such wine contained in the regulations issued under section 5388 (27 CFR 24.257 and, by reference, 27 CFR 4.21) or, if there is no such standard, to the trade understanding of such class and type. All other wines bearing the listed designations are subject to two additional requirements: (1) that the wine be marked with an appropriate appellation of origin disclosing the origin of the wine,

and (2) that the person, or the person's successor in interest, using a listed designation hold a COLA or Certificate of Exemption from Label Approval issued by the Secretary of the Treasury before March 10, 2006, for a wine label bearing that designation and that brand name or brand name and fanciful name.

Held, that an EU wine product that bears one of the 17 designations listed in section 5388(c)(3)(C)(i) of the Internal Revenue Code of 1986 and that conforms to the EU standard for such wine complies with the United States standard of identity or the trade understanding for such wine. The recent amendment to 26 U.S.C. 5388(c) concerning semi-generic designations does not require such EU wine products imported into the United States to meet a new standard of identity.

Date signed: January 24, 2008.

Signed by John Manfreda

John J. Manfreda
Administrator
Alcohol and Tobacco Tax and Trade Bureau