



# Compliance and Labeling Topics Affecting Washington Wineries

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February 3, 2010

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# US Wine Export Market

- The US wine industry exported over \$1 billion in 2008 up 6 percent from the previous year.
- Wine exports have increased steadily during the past 15 years, increasing significantly from \$196 million in 1994.
- Nearly half of US wine exports are shipped to the European Union, accounting for \$486 million.
- Other leading markets include:
  - › Canada, \$260 million
  - › Japan, \$61 million
  - › Hong Kong, \$26 million
  - › Mexico, \$23 million

# Importance of Exporting

- Opportunities to reach consumers in new markets
- Increased opportunities in times of US market decline.
- Favorable exchange rates may make US wine more competitive in some markets.



# Overview of the Canadian Market

- US wine exports to Canada reached \$260 million in 2008.
- Each of Canada's provinces and territories has a liquor board or commission to oversee the distribution and sale of alcohol.
  - › Liquor Control Board of Ontario
  - › Société des alcools du Québec
- Alberta privatized liquor retailing in 1993.
- The Canadian Liquor Control Boards are some of the largest wine buyers in the world.
- Canada is a member of the World Wine Trade Group.



# Canada: Labeling Requirements

- Canada is a member of the World Wine Trade Group Labeling Agreement:
  - › Product description
  - › Country of Origin
  - › Alcohol Content
  - › Net contents
  - › All must appear in a single-field of vision
- Other required labeling elements include name of the producer along with the city and country.
- Provincial control boards describe labeling standards
  - › Quebec: Mandatory information in English and French on “front” label & other information anywhere else must appear in French.
- Wines are exempt from any nutrition labeling requirements including ingredient listing.

# Canada: Allergens Labeling

- Standardized alcoholic beverages listed in Division 2 of the Canadian *Food and Drugs Act & Regulations* currently do not require a list of ingredients on product labels (including wine).
- Some proactive beverage alcohol manufacturers have begun including consumer advisory statements on their standardized and non-standardized products, such as “contains (name of allergen)” or “may contain”. When the allergen is likely present, the label should state “Contains...” as opposed to “May contain...” (i.e. sulphites).
- LCBs advising suppliers to label if their product contains known allergens but this is not mandatory (yet).
- The Canadian Food and Drugs Act recognizes a number of known allergens:
  - › Peanuts; Tree nuts (almonds, Brazil nuts, cashews, hazelnuts {filberts}, macadamia nuts, pecans, pine nuts, pistachio nuts and walnuts); Sesame seeds; Milk and derivatives; Eggs; Fish, crustaceans (e.g., crab, crayfish, lobster, shrimp), and Shellfish (e.g., clams, mussels, oysters, scallops); Soy; Wheat; **Sulphites**

# Canada: Winemaking Requirements

- Canada is a member of the World Wine Trade Group Agreement on Enological Practices
- Members agree to accept wines made in accordance with the winemaking practices of the country of production.
- US wines can enter the Canadian market if they are made in accordance with US winemaking requirements but they are subject to testing and certification by the provincial liquor control boards.



# Canada: Testing and Certification

- Each Canadian Liquor Control Board will test each wine to ensure it meets certain specifications.
- Labs conduct chemical analysis to ensure wine does not exceed standards for:
  - › Agro-chemicals, arsenic, cadmium, cobalt, copper, diethylene glycol, ethyl alcohol, ethyl carbamate, sulphur dioxide, lead, potassium ferrocyanide, sodium, sorbic acid, etc.
- If a wine were to exceed any of the limits published by each provincial liquor control board that wine would not be offered for sale.

# Overview of the European Market

- The European Union (EU) is an economic and political union of 27 member states.
- The EU is the world's largest wine market and includes the largest wine producing countries (Italy, France, Spain) and largest wine consuming countries (France, Italy and Germany).
- US leading export markets include UK (US is now the second largest supplier behind Australia), Germany and The Netherlands.



# History of the US-EU Wine Trade

- In 1984 the US and EU signed first wine trade agreement. EU pledged to permanently recognize US winemaking practices not approved for use in the EU.
- EU did not permanently recognize winemaking practices and provided temporary recognition of US winemaking practices allowing trade to continue.
- In 1998 EU granted the US a 5 year recognition of the winemaking practices while both governments worked towards a new wine agreement.
- The new US-EU Wine Agreement was signed in March 2006.

# New US-EU Wine Agreement

- The new wine agreement covers a number of important areas:
  - › Defines wine as between 7-22% alcohol by volume
  - › Mutual recognition of current winemaking practices; mechanism for recognition of new winemaking practices.
  - › No new uses of semi-generic terms by US (“Champagne”)
  - › Protection of names of origin
  - › Modified (i.e. short) VI-1 Form (export document)
  - › Wine labeling protocol

# US-EU: Wine Labeling Protocol

- EU agreed to provide for a number of labeling elements for US wines sold in the EU including:
  - › Optional particulars (vintage year, varietal name(s), bottling location, reference to an award, medal or competition, name of the vineyard, method of production, traditional expressions)
- Varietal labeling: US producers can use:
  - › 1 varietal name as long as 75% of the wine is produced from the varietal indicated
  - › 2 or more varietal names if the varietals make up 100% of the final blend
- US wines can also carry the name of a state or county as long as 75% of the grapes were grown in the named state or county.
- Other mandatory elements of wine labels include:
  - › Product designation
  - › Country of origin (Wine of USA)
  - › Net contents
  - › Alcohol content
  - › Name & address of importer
  - › Lot number
  - › Allergens statement

# EU: Allergens Labeling

- On November 25, 2005, the indication of allergenic ingredients on food labels became mandatory throughout the EU.
- Alcoholic beverages containing sulphur dioxide and sulphites at concentrations of more than 10 mg/kg or 10 mg/liter must be labeled “contains sulphites” or “contains sulphur dioxide”. Replacing the word “sulphites” by “SO<sub>2</sub>” or “E220” is not allowed.
- EU Member states require that the allergen statements appear in their home country language.
- The EU is considering broadening allergen labeling requirements for wines to include all of the known allergens (eggs, milk, fish, etc.) but the European wine industry (including Comite Vins) is seeking a delay on any allergens labeling requirements beyond sulphites. We have been told the decision on requiring full allergens labeling has been put off for a year.
- Recently learned the EU is trying to coordinate the release of their new rules on allergen labeling for wine with TTB’s published rules.

# European Union: Protection of US Geographical Indications

- US and European Union (EU) have different mechanisms to protect geographical indications (GIs): US via Patent & Trademark Office; EU through Directorate of Agriculture.
- EU previously did not allow US producers to seek protection for their GIs. US/Australia challenged this law at the World Trade Organization and won.
- EU now allows those outside the EU to seek protection for GIs.
- In 2007, Napa Valley became the first wine-making region outside the EU to be recognized as a GI.



# International “Harmonized” Wine Label

- World Wine Trade Group Agreement on Harmonized Label (US, Canada, Australia, New Zealand, Argentina, Chile)
- Allows for placement of four items of mandatory information (country of origin, product name, net contents and alcohol content) anywhere on a wine bottle label provided they are presented in a single field of vision
- International Organization of Vine and Wine (OIV) also pursuing harmonized label.



# Thank you

- It has been a pleasure to address the Washington Association of Winegrape Growers Annual Meeting.
- Please contact me for further assistance
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