DISTILLED SPIRITS COUNCIL BLASTS TEQUILA RULE REQUIRING MEXICAN-ONLY BOTTLING

Clear-Cut Violation of NAFTA, WTO Agreements

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WASHINGTON, D.C. – A proposed Mexican regulation banning bulk exports of Tequila and requiring all bottling to occur south of the border, is a violation of Mexico's treaty obligations under the North American Free Trade Agreement (NAFTA) and World Trade Organization (WTO), charged the Distilled Spirits Council of the United States. "This ill-conceived action is a violation of Mexico's NAFTA and WTO treaty obligations," said Peter Cressy, President of the Distilled Spirits Council.

"It will have a devastating effect on both U.S. and the Mexican spirits industries. It will damage existing brands, drive companies out of business and cost jobs on both sides of the border."

The Mexican Bureau of Standards (DGN) rule, scheduled to go into effect on January 1, 2004, would prohibit the sale of Tequila not bottled in one of the five Mexican states comprising the Tequila region. In 2002, 83 percent of the Tequila imported into the U.S. was shipped in bulk form and could no longer be sold under the ban. "This proposal could have a grave effect on consumers worldwide through higher prices, fewer choices and the significant potential for serious product shortages," Cressy stated.

More than 50 percent of Mexico's total Tequila production was exported to the U.S., including $214 million in bulk Tequila. "Under the present system, the popularity of Tequila has increased dramatically, with Tequila becoming America's fastest growing spirit product," he said. "This misguided proposal is a dangerous threat to Tequila's continued success."

The Council stated that the ban would violate several provisions of NAFTA and the General Agreement on Tariffs and Trade (GATT) on impermissible export restraints and product standards, in addition to the WTO Agreement on Technical Barriers to Trade. "DISCUS and its member companies share the Mexican government's desire to protect the integrity of Tequila," added Cressy. "We urge the Mexican government to reconsider its decision and to work with the industry to develop a sensible alternative to this plan." Cressy noted that the Council is working closely with the U.S. Government to overturn the regulation. The issue was raised Tuesday at a Senate Finance Committee hearing by Chairman Charles Grassley (R-IA) who questioned Ambassador Allen Johnson, Chief Agricultural Negotiator at the Office of the United States Trade Representative, about the Mexican action.

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Original Article can be found at:

http://www.discus.org/distilled-spirits-council-blasts-tequila-rule-requiring-mexican-only-bottling----clear-cut-violation/

The Distilled Spirits Council is the national trade association representing the leading producers and marketers of distilled spirits in the United States.

Since the repeal of Prohibition, DISCUS and its predecessor organizations have advocated on legislative, regulatory and public affairs issues that impact the industry, its consumers, and its business partners in the hospitality industry in Washington, D.C., state capitals and foreign countries worldwide.

The Council protects the industry from higher taxes and works diligently to reduce trade barriers across the globe, while supporting policies that increase adult market access for spirits products, provide greater convenience and choices for adult consumers, and encourage responsible and moderate consumption.

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- Agave Loco Brands
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