

Transatlantic spat over wine names nears resolution

By Raphael Minder

The European Union and the US, the world's two biggest wine producers, have reached a preliminary agreement on the protection of wine names to end a 20-year dispute that has hampered the transatlantic drinks trade.

Rob Portman, the US trade representative, described the deal as "a win-win situation for US and EU winemakers".

Under the agreement, the US administration will seek to push through Congress a proposal to restrict the use of 17 names that the EU considers to belong exclusively to European wine-growing regions, such as Burgundy, Chablis, Port, Chianti, Champagne and Sherry. In return, the EU pledged to allow some imports of US wines that are grown using techniques that do not comply with European production rules.

The US imported last year about €2bn (\$2.4bn) of wine from the EU, accounting for about two-fifths of European wine exports. However, European wine producers have been steadily losing world market share to new world rivals.

Mariann Fischer Boel, the EU's agriculture commissioner, said: "This deal will remove legal uncertainty which has hung over this trade for several years and benefit producers on both sides of the Atlantic."

However, some European wine producers attacked the deal, especially because it will allow US companies to continue to use words such as Champagne as part of their trademarks. An official working for French and Italian wine producers, said his clients would lobby hard to convince EU governments to reject the deal. He said: "We feel this is the worst possible agreement on geographic indications and it sets a very bad precedent. It looks like the EU has made all the concessions."

Traders sounded a more positive note. Mark Pardoe, commercial director at Berry Bros & Rudd, one of the UK's leading independent wine merchants, predicted the deal would not boost significantly US wine exports because "the strength of the US wine business into the EU has not been focused around the kind of wines that will be allowed into the EU under this agreement".