

**Fifth Meeting of the Tequila Working Group
July 31, 2012**

Beltsville, Maryland

DRAFT MINUTES

I. Welcome and Adoption of the Agenda

The U.S. delegation welcomed the delegation from Mexico. The working group approved the draft agenda (Appendix 1).

II. Enforcement

A. Presentation by TTB on Pending Cases

The U.S. delegation noted that since the last meeting of the working group, Mexico had not submitted any cases through the mechanism established in the Tequila Agreement. The United States provided an update on the Rancho Escondido case that representatives of the Tequila Chamber had raised on the margins of the last meeting. TTB had reviewed the label and the formulation. The product was labeled as an agave liqueur, but the back label indicated that it also contained Tequila. TTB contacted the producer and asked it to confirm that the product did, in fact, contain Tequila. The Tequila Regulatory Council (CRT) noted that the company was not certified by the CRT as a tequila producer.

The CRT also provided the United States with two bottles of Tequila products bottled in the United States: American Pride and Bay Street. The labels on the samples provided by the CRT did not indicate a lot number, nor did they include the Mexican “NOM” symbol. The CRT noted that it had consulted with the bottler of American Pride, who indicated it did not differentiate between the Tequila it sourced from its different producers when bottling. The CRT also believed this was the case for Baystreet. TTB said that it would look into the products.

B. Other Alcohols Imported by the United States

Mexico reported that several U.S. companies were currently importing both straight Tequila and agave spirits. Mexico indicated that it had tested the products sold by one company, and did not detect any agave spirits in the products labeled as Tequila. Nevertheless, it wanted to point out the situation for the United States, so that TTB would be aware of it. Mexico plans to provide periodic lists to USTR of companies that export agave spirits from Mexico and also list exports of “tequila” products from the U.S. on their invoices.

III. Operation of the Tequila Bottlers Registry

DGN informed that no modifications, changes or new requirements have been implemented to the Tequila Bottlers Registry (TBR). However, beginning in the second quarter of 2011, DGN had undertaken a study of the registry and found that certificates issued to one company are sometimes used by another company. DGN has asked the tequila industry to set a timeframe to correct this practice of unofficial use. 18 extensions had been granted to companies in the process of correcting the issue.

IV. Operational Issues

A. Mexico's Request to Require the Certificate of Authenticity for Bulk Tequila by U.S. Customs and Border Protection

Regarding the Mexican request that the U.S. require a copy of the Mexican Certificate of Authenticity for bulk tequila at the point of importation into its territory, the U.S. shared information on how to submit a petition to TTB requesting a change to U.S. regulations.

Mexico will present the formal request, and the USTR will ensure that the petition is received by the appropriate U.S. Government officials.

B. HTSUS tariff numbers and U.S. Exports of Tequila

Regarding the Mexican request that the U.S. create new 10-digit statistical breakouts in order to track U.S. exports of tequila and tequila-containing products, the U.S. shared contact information for the "484(f) Committee," which reviews such requests.

C. Exchange of Statistics

The delegations exchanged statistics.

D. Industry Reports to the CRT

The United States reported that the U.S. industry is concerned that the draft NOM goes further than current reporting requirements. For example, Mexico wants to collect batch numbers from the U.S. industry but there is no such requirement in the U.S. so there are no standardized batch numbers. Mexico reported that they have not yet started to request batch numbers from industry members.

VI. Regulatory Update: Official Mexican Standard for Tequila

Mexico reported that the proposed changes to the Tequila NOM were published in the *Diario Oficial*. Mexico described its domestic procedures and timeframes for reviewing the proposed changes, and invited U.S. stakeholders to submit comments. It also explained the amendments it had made to the NOM, such as including a definition for an "approved bottler".

Mexico also provided a short overview of a separate draft NOM that it had issued, and which was intended to regulate alcohol products produced from agave.

Both sides also discussed the relationship between the Tequila Agreement and the NOM. Mexico indicated it would need to discuss this matter further with DGN and IMPI.

VII. Approval of Minutes

Representatives of both sides approved the minutes from the third and fourth meetings of the working group.

VIII. Briefing for Industry Representatives

Following the meeting, the Tequila Working Group met with representatives of the Tequila Industry National Chamber to brief them on the results of the meeting. The group also took a tour of TTB's laboratory facilities.

From Mexico

Juan Antonio Dorantes Sánchez

General Director of International Trade Rules
Undersecretariat for International Trade
Negotiations
Secretariat of Economy

From US

Kent Shigetomi

Director of Mexico and NAFTA Affairs
Office of the United States Trade Representative
(USTR)

Appendix 1:

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- I. Welcome and Adoption of the Agenda
- II. Enforcement
 - A. Presentation by TTB on Pending Cases
 - B. Other alcohols imported by the United States
- III. Operation of the Tequila Bottlers Registry
- IV. Operational Issues
 - A. Mexico's Request to Require the Certificate of Authenticity for Bulk Tequila by U.S. Customs and Border Protection
 - B. HTSUS tariff numbers and U.S. Exports of Tequila
 - C. Exchange of Statistics
- V. Industry Reports to the CRT
- VI. Regulatory Update: Official Mexican Standard for Tequila
- VII. Approval of Minutes from Previous Meetings
- VIII. Briefing for Industry Representatives

Delegation List

United States

Kent Shigetomi, Office of the U.S. Trade Representative
Theresa McCarthy, Headquarters Operations, Alcohol and Tobacco Tax and Trade Bureau
Gail Davis, International Trade Division, Alcohol and Tobacco Tax and Trade Bureau
Saul Cruz, International Trade Division, Alcohol and Tobacco Tax and Trade Bureau
Christina McMahon, Office of the Chief Counsel, Alcohol and Tobacco Tax and Trade Bureau
Colleen Fisher, U.S. Department of Commerce
Melissa San Miguel, U.S. Department of State
Jo Ellen Urban, U.S. Department of State
Michael Lewis, U.S. Patent and Trademark Office

Mexico

Juan Antonio Dorantes Sánchez, Director General for International Trade Analysis
Jose Luis Paz, Embassy of Mexico
Moises Zavaleta, Embassy of Mexico
Joanna Fiorelli, Embassy of Mexico

Tequila Regulatory Council

Ramón Gonzalez Figueroa, Director General
Angelica Valle Virgen, Head of the Laboratory of Tests
Daniela Solis Palomera, CRT Representative for the USA and Canada
Florina Martinez, Deputy CRT Representative for the USA and Canada