



**THE ECONOMIC IMPACT OF AND THE
LEGAL ISSUES AFFECTING
*THE GI GRAPPA***

Brussels, 16 July 2014

GI GRAPPA

- The name 'Grappa' is exclusively reserved to the grape marc spirit or grape marc produced from raw material deriving from grapes **produced and vinified in Italy**, which are distilled and bottled (the latter starting from January the 1st 2015) by plants established within the geographical area.
- According to Art 15 of EU Reg.110/2008 a **Geographical Indication** is:
 - *an indication which identifies a spirit drink as originating in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristic of that spirit drink is essentially attributable to its geographical origin.*



PROTECTION IN EU MEMBER STATE OF ORIGIN

- December 7, 1951- Protection accorded in Italy by Law n. 1559/1951
- July 16, 1997 – Protection accorded in Italy by the Decree of the President of the Republic No. 297/1997
- May 29, 1989 – Protection accorded within the territory of the European Union by the Council Regulation (EEC) No. 1576/89
- January 15, 2008 – Protection in EU confirmed by the Council and Parliament Regulation (EC) No. 110/2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89



GI concerning GRAPPA

- Annex III of the EU REG n. 110/2008 contains the list of grappa's GIs:
 - *Grappa*
 - *Grappa di Barolo*
 - *Grappa piemontese/Grappa del Piemonte*
 - *Grappa lombarda/Grappa di Lombardia*
 - *Grappa trentina/Grappa del Trentino*
 - *Grappa friulana/Grappa del Friuli*
 - *Grappa veneta/Grappa del Veneto*
 - *Südtiroler Grappa/Grappa dell'Alto Adige*
 - *Grappa siciliana/Grappa di Sicilia*
 - *Grappa di Marsala*



Technical file

- Art. 20 of EU REG. n. 110/2008: *For each geographical indication registered in Annex III on 20 February 2008, Member States shall submit a technical file as provided for under Article 17(1) to the Commission not later than 20 February 2015. Where no technical file has been submitted to the Commission by 20 February 2015, the Commission shall remove the geographical indication from Annex III in accordance with the regulatory procedure with scrutiny referred to in Article 25*
- In Italy the Decree of the Ministry of Agriculture n. 5389 1st of August 2011 contains at Annex I the above mentioned technical file notified to EU Commission



The issue of bottling

- Grappa is an high quality distillate icon of spirits *made in Italy* .That's why it is one of the most counterfeiting products
- Grappa producers strongly request obligatory bottling in the area of production in order to guarantee the quality and the uniqueness of such a special product as already requested and obtained by other GIs (i.e. Rioja wines, Parmiggiano Reggiano, Greek feta)
- Discussion with EU Commission on the issue is still open since the Italian authorities strongly believe this to be an appropriate and welcome measure



The production process

- Grappa is produced from grape marc fermented and distilled either directly by water vapour or after water has been added
- The minimum alcoholic strength by volume shall be 37,5 %
- A quantity of lees may be added to the grape marc that does not exceed 25 kg of lees per 100 kg of grape marc used



The production process

- The terms 'vecchia' or 'invecchiata', on the one hand, and 'riserva' or 'stravecchia', on the other hand, may be used on the labelling only if the ageing process takes place in unvarnished or dipped wooden containers, under official controls in the related geographical area, respectively for, at least, 12 months and 18 months
- The controlling body is the Italian Customs Agency (Agenzia delle Dogane)



DATA OF GRAPPA'S EXPORT IN U.S.



Source: Istat

GRAPPA & TTIP: difficulties faced by exporters

Geographical indications protection

- U.S. Law does not protect Geographical Indications
- In U.S. some producers use the name «grappa» to indicate grape marc spirits
- For EU Law these are counterfeiting products



Empire Winery and Distillery, New Port Richey, Florida



Clear Creek Distillery, Oregon

GRAPPA & TTIP: difficulties faced by exporters

Rules in U.S.

- Spirit drinks may be imported only by U.S. importers provided by special licenses issued by TTB (*Alcohol and Tobacco Tax and Trade Bureau*). Besides federal taxes, imported products are also affected by internal taxes with differences in each State. Moreover, every State has its own rules and laws: 18 out of 50 States implement trade policies aimed at protecting internal producers and retailers.
- Labelling rules are very strict and provide for several requirements (i.e. specific wording dimension).
- Procedures for wooden packaging are very expensive
- According to the Bioterrorism Act, labels must be preventive authorized and then registered with detailed info.
- Besides the label approval the U.S. law also provides a “formula approval”. It takes 3-6 months

GRAPPA & TTIP: difficulties faced by exporters

Labelling

- U.S. customs' law establishes that the wording “diluted brandy” has to be inserted in the label of a spirit containing less than 40° of alcohol
 - This provision does not make any sense: all spirits are produced at about 86° and than diluted with water to fit for human consumption
 - Moreover the use of the word “brandy” everywhere, distort the concept of the international designation related to brandy
- In U.S. some particulars (like the name of product, alcoholic strength by volume, containers volume) have to be printed both on the front label and in the back one while in EU particulars have just to be printed in the same visual field
 - It means more costs for differentiating label production
- Labels authorization timing: 9-12 months



GRAPPA & TTIP: difficulties faced by exporters

Methyl alcohol in Grappa

- The maximum amount of methyl alcohol permitted by U.S. law is much lower than the limits imposed by Community law.
- Grappa's characteristics does not permit to respect U.S. limits



GRAPPA & TTIP: difficulties faced by exporters

Nominal Capacity of bottles

- American standards are different from the European ones
- In U.S. spirits' export is done with bottles of 0,750 Lt. and 0,375 Lt., while in Europe capacities allowed are 0,700 Lt., 0,500 Lt.-0,350 Lt. It means further packaging and timing costs for companies





THANK YOU FOR YOUR ATTENTION