

QUESTIONS AND ANSWERS

On the European Commission opening an examination procedure in the context of the withholding of export permits for Tequila destined for use in flavoured beer

1. Why is the Tequila Regulatory Council (CRT) taking these actions?

Simply, we believe the CRT wants European beer brewers to purchase more Tequila. CRT is seeking to apply Mexican rules extraterritorially to European beers. One such rule in Mexico would require that in any alcoholic 'mix' drink incorporating Tequila, at least 25% of the alcohol content is derived from Tequila.

2. Is The Brewers of Europe asking the Commission to take a position?

The Brewers of Europe wishes to ensure that the Mexican side observes certain ground rules, as prescribed by international law. If Mexico has any concerns about the protection of Tequila in the EU, the existing 1997 Agreement between the EU and Mexico stipulates that Mexico should first enter into consultations with the EU rather than imposing trade restrictions unilaterally.

3. Does The Brewers of Europe oppose the EU's conclusion of the new Comprehensive Free Trade Agreement with Mexico, in which the 1997 Agreement is to be incorporated?

No, provided these treaties are given a normal interpretation. However, The Brewers of Europe will oppose these treaties, if Mexican 'after-sale' rules must be given an extraterritorial application in the EU.

4. Is this matter only involving two private parties, CRT and the leading brand of Tequila-flavoured beer?

No. In denying export licenses CRT is exercising powers delegated by the Mexican Government. Thus, CRT is acting as a Mexican authority. The situation would also set a precedent for other beer companies producing Tequila-flavoured beer.

5. Is there only one company making such use of Tequila in beer in Europe/in the world?

No. An informal market survey shows more than 25 Tequila-flavoured beers being produced in the EU.

6. Can't companies simply produce Tequila-flavoured beer in other countries and then export to the EU?

No. The reasoning of CRT's denial signals that CRT will likely take action against any attempt to circumvent its decision (e.g., by supplying intermediaries in other countries). In other words, the basis for the CRT's decision rests upon the purchaser of the Tequila and its use outside Mexico. Both issues are unrelated to the compliance of the Tequila producer with the correspondent Mexican technical regulations on the production of Tequila.

