spiritsEUROPE Commitment
Labelling
Implementing the March 2018 Commitment and the MoU

spiritsEUROPE
29 November 2019
The March 2018 Commitment
Our commitment on 12 March 2018:

Nutrition information and ingredients listing will be made available to consumers for all EU spirits, either on or off-label.

spiritsEUROPE will support its members in their efforts to provide this information and will regularly assess, and report on, the use of both options over the next four years.
• In line with our commitment, we published a progress report in October 2019.

• We intend to publish a series of regular updates that will be provided until the end of the implementation period of the MoU (end 2022).

• The next progress report will be issued in January 2021.
Implementation report: Self-Regulatory Commitment of spiritsEUROPE on the Provision of Nutrition Information and Ingredients Listing

1. Development of the Memorandum of Understanding
2. Widening the signatory base of the MoU
3. A gradually growing number of SKUs with energy information on-pack is available on the market
4. Broader availability of digital information in line with the MoU’s provisions (www.responsibledrinking.eu)
5. Established cooperation between GS1 in Europe and spiritsEUROPE
6. Helpdesk & implementation support to the membership
   – Implementation Guideline to the MoU
   – Question & Answer document
   – Road-show across Europe
   – Practical advice on the MoU implementation
The Memorandum of Understanding (MoU)
We welcome very much this initiative and encourage as many companies of the spirits sector to take part in it. The efforts of the sector to provide consumers with the information they need are greatly appreciated and we are confident that they will provide a valuable basis for evaluating the impact of the proposed approach and building further developments in the future.
The objective is to ensure that the collective total EU market share (by volume) of products placed on the EU market providing energy information on-label and list of ingredients online will constitute at least:

- ✓ 25 % by 31 December 2020
- ✓ 50 % by 31 December 2021
- ✓ 66 % by 31 December 2022
Timeline for Monitoring & Reporting

- **June 2019:** Signature of MoU
- **December 2019:** Roll-out of Commitment regarding energy information on-label & ingredients information online begins
- **December 2020:** Completion of Phase I: 25% of products placed on EU market with energy on-label & ingredient listing online
- **December 2021:** Completion of Phase II: 50% of products placed on EU market with energy on-label & ingredient listing online
- **December 2022:** Completion of Phase III: 66% of products placed on EU market with energy on-label & ingredient listing online
Labelling Energy On-Pack

- The illustrations below are for indicative purposes only; in terms of display, colour, and shape the provision of the information may be adapted to the shape and colours of the bottle, labels and/or the brand image.

- The font must be easily legible
  - Minimum font size for lowercase written text is 1.2mm
  - Calories information per kcal can be emphasized
Technical Know-How:

• Define a **new standard** to exchange consumer information on-line
  – Ingredient list, raw materials, info on each spirits production process

• Develop an **e-label** that is easily accessible to consumer: anytime, anywhere, in all EU languages
RUM

Ingredient List:

- Rum
- Water
- Sugar (if used)
- Colour: plain caramel (if used)

RUM (37.5%)

Nutrition Information

62 Kcal / serve
30ml
257 KJ

207 Kcal / 100ml
857.394 KJ

<table>
<thead>
<tr>
<th></th>
<th>30ml Per serving size</th>
<th>100ml</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>62 Kcal / 257 KJ</td>
<td>207 Kcal / 857.394 KJ</td>
</tr>
<tr>
<td>Fat</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Saturates</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Carbohydrates</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Sugars</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Protein</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Salt</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Way forward:

• roll-out of dedicated online information platforms and solutions (to be made available in all EU languages)

• bespoke standardized solution that will be mass-scalable & ubiquitously available (via apps) currently under development in cooperation with GS1
One-stop-shop web-portal providing consumers with easy access to detailed information on all spirit drinks legally sold in the EU (www.responsibledrinking.eu)

Part of the sector’s:
- consistent push to boost the availability of nutrition and ingredient information
- commitment submitted to the European Commission last year

Based on members’ input/approval, for each category we provide:
- ingredients list
- full nutrition declaration
- production process
- What is (not) allowed

Website is available for members for translation into national languages!!
**Ingredient List:**

- Rum
- Water
- Sugar (if used)
- Colour: plain caramel (if used)

---

**Production Process**

Rum can be made in one of 2 ways:

- Fermentation and distillation of either (a) molasses or syrup produced in the manufacture of cane sugar, or (b) sugar-cane juice itself. It must be distilled at less than 96% vol. so that distillate has the organoleptic characteristics of rum.

OR

- Fermentation and distillation of sugar cane juice, where the spirit has a volatile substance content of 2.25g or more per litre of pure alcohol. The word ‘agricultural’ may supplement the name ‘rum’ along with any of the registered geographical indications from the French Overseas Departments or the Autonomous Region of Madeira.

The word ‘traditionnel’ can supplement any of the registered rum geographical indications when the spirit (a) has been produced only from raw materials originating in the place of production, (b) has been distilled at least 90% vol., (c) contains volatile substances of 2.25g or more per litre of pure alcohol, and (d) has not been sweetened.

---

**Strength**

Rum sold to consumers has a minimum alcoholic strength of 37.5% vol.

---

**Permitted**

The use of caramel to adapt the colour and (other than for ‘traditionnel’ rum) the addition of sugar to ‘round off’ the taste. (2 years after the new spirits regulation takes effect, i.e. around spring 2021, the addition of sugar will be limited to a maximum of 20g/litre of rum.)

---

**Not allowed**

The addition of any other alcohol and the use of flavourings.
Impact of the US import duties
During the Uruguay Round, the QUAD group (EU, US, Canada and Japan) agreed in the context of a so-called zero-for-zero agreement to phase out all import tariffs on beer and brown spirits.

US and the EU signed an agreement by which each party agreed to recognise certain products as distinctive of the US and the EU.

During the 1996 WTO Ministerial in Singapore, the EU and the US agreed bilaterally to extend coverage to virtually all spirit
A Flourishing trade relationship across EU

<table>
<thead>
<tr>
<th>Country</th>
<th>Export to the US</th>
<th>Import From The US</th>
<th>MS Trade Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU 28</td>
<td>4,271,279,808</td>
<td>862,650,721</td>
<td>+3,408,629,087</td>
</tr>
<tr>
<td>Austria</td>
<td>5,617,983</td>
<td>5,368,116</td>
<td>+249,867</td>
</tr>
<tr>
<td>Belgium and Luxembourg</td>
<td>4,017,862</td>
<td>11,278,939</td>
<td>-7,261,077</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>405,828</td>
<td>6,107,673</td>
<td>-5,701,845</td>
</tr>
<tr>
<td>Croatia</td>
<td>628,346</td>
<td>4,662,134</td>
<td>-4,033,788</td>
</tr>
<tr>
<td>Cyprus</td>
<td>10,858</td>
<td>1,071,401</td>
<td>-1,060,543</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>1,442,609</td>
<td>5,669,926</td>
<td>-4,227,317</td>
</tr>
<tr>
<td>Denmark</td>
<td>563,049</td>
<td>2,412,751</td>
<td>-1,849,702</td>
</tr>
<tr>
<td>Estonia</td>
<td>85,212</td>
<td>1,015,770</td>
<td>-930,558</td>
</tr>
<tr>
<td>Finland</td>
<td>5,013,644</td>
<td>2,974,461</td>
<td>+2,039,183</td>
</tr>
<tr>
<td>France</td>
<td>1,585,536,680</td>
<td>91,519,800</td>
<td>+1,494,016,880</td>
</tr>
<tr>
<td>Germany</td>
<td>95,787,659</td>
<td>189,096,300</td>
<td>-93,308,641</td>
</tr>
<tr>
<td>Greece</td>
<td>1,890,428</td>
<td>4,899,766</td>
<td>-3,009,338</td>
</tr>
<tr>
<td>Hungary</td>
<td>224,792</td>
<td>4,840,908</td>
<td>-4,616,116</td>
</tr>
<tr>
<td>Ireland</td>
<td>534,779,073</td>
<td>7,660,952</td>
<td>+527,118,121</td>
</tr>
<tr>
<td>Italy</td>
<td>121,367,869</td>
<td>150,207,537</td>
<td>-28,839,668</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Export to the US</th>
<th>Import From The US</th>
<th>MS Trade Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latvia</td>
<td>17,478,743</td>
<td>3,299,394</td>
<td>+14,179,349</td>
</tr>
<tr>
<td>Lithuania</td>
<td>220,366</td>
<td>3,105,060</td>
<td>-2,884,694</td>
</tr>
<tr>
<td>Malta</td>
<td>11,127</td>
<td>698,180</td>
<td>-687,053</td>
</tr>
<tr>
<td>Netherlands</td>
<td>84,014,270</td>
<td>37,338,374</td>
<td>+46,675,896</td>
</tr>
<tr>
<td>Poland</td>
<td>18,813,538</td>
<td>27,895,454</td>
<td>-9,081,916</td>
</tr>
<tr>
<td>Portugal</td>
<td>1,466,735</td>
<td>3,766,569</td>
<td>-2,299,834</td>
</tr>
<tr>
<td>Romania</td>
<td>115,043</td>
<td>10,118,560</td>
<td>-10,003,517</td>
</tr>
<tr>
<td>Slovakia</td>
<td>668,752</td>
<td>2,268,930</td>
<td>-1,600,178</td>
</tr>
<tr>
<td>Slovenia</td>
<td>23,681</td>
<td>2,974,772</td>
<td>-2,951,091</td>
</tr>
<tr>
<td>Spain</td>
<td>16,075,105</td>
<td>105,098,120</td>
<td>-89,023,015</td>
</tr>
<tr>
<td>Sweden</td>
<td>190,437,841</td>
<td>2,611,584</td>
<td>+187,826,257</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1,584,908,303</td>
<td>174,689,290</td>
<td>+14,102,19,013</td>
</tr>
</tbody>
</table>

Source: Eurostat, Comext
European, Americans companies have heavily invested in various segments of the sector.

This cross investment has been a key driver for the sector’s competitiveness.

There are 8 European companies within top 15 largest US whisky operators in the EU
Spirit Drinks caught up in unrelated trade disputes

**JUNE 2018**

EU rebalancing measures in the context of the unilateral US action on 232 on steel / aluminum

+25%

US whiskey constitute **20% of the total value** of the EU list for potential counterbalancing measures of €2.8 billion euros

**OCTOBER 2019**

Since 18 October, US imposes an additional import duties on spirits originating from EU Member States

+25%

- Single-Malt Scotch Whisky and Irish Whiskey from the UK
- Liqueurs and Cordials imported from Germany, Ireland, Italy, Spain, and United Kingdom

EU spirits represents 12% of the total value of trade impacted (20% if aircraft are excluded)

More to come? On 17 April 2019, the EU issued preliminary list of certain U.S. products which it may apply additional duties in **Boeing case**: the proposed list includes several spirits (brandy, rum, vodka) approx. $50M
In the short term, risk on investment and job creation in the industry

In the longer term impact on productivity and growth.

In Europe, a number of companies’ have made significant investment in the last few years and there is a risk of scaling down

Impact on consumers on both sides

Impact on the value chain: the spirits sector supports directly and indirectly many jobs from importers, distributors, wholesalers, to the hospitality sector.