AGREEMENT

In the form of a Memorandum of Understanding between the European Community and the United States of America on spirituous beverages

MEMORANDUM OF UNDERSTANDING

ex 2208 Spirits, liqueurs and other spirituous beverages

As agreed in Singapore we have engaged in detailed negotiations regarding the elimination of duties on certain spirituous beverages.

Subject to the completion of our respective internal procedures, and with the exception of rum (2208 40) for which the special provisions set out in the Annex apply, the EC and US will eliminate their duties scheduled to be in force on 1 July 1997 for the HS 96 headings listed below in four equal stages commencing 1 July 1997, followed by further reductions on 1 January 1998, 1 January 1999 and 1 January 2000:

HS 96

2208 20	spirits obtained by distilling grape wine or grape marc (grape brandy)
2208 30	whiskies
2208 50	gin and geneva
2208 60	vodka
2208 70	liqueurs and cordials
ex 2208 90	other than un-denatured ethyl alcohol of an alcoholic strength by volume of less than 80 % volume (covered by 2208 90 91 and 2208 90 99 by the EC and within 2208 90 80 by the US).

ANNEX

Subject: 2208 40 — Rum and Taffia

A. *EC duties*

1. The reductions in duties on rum with a content of volatile substances other than ethyl and methyl alcohol equal to or exceeding 225 grams per hectolitre of pure alcohol with a 10 % tolerance shall be as set out below:

	In containers holding 2 litres or less	In containers holding more than 2 litres
Base rate	0,8 Ecu/% vol/hl + 4,1 Ecu/hl	0,8 Ecu/% vol/hl
1 July 1997	0,8 Ecu/% vol/hl + 4,1 Ecu/hl	0,8 Ecu/% vol/hl
1 July 1998	0,7 Ecu/% vol/hl + 3,8 Ecu/hl	0,7 Ecu/% vol/hl
1 July 1999	0,65 Ecu/% vol/hl + 3,5 Ecu/hl	0,65 Ecu/% vol/hl
1 July 2000	0,6 Ecu/% vol/hl + 3,2 Ecu/hl	0,6 Ecu/% vol/hl

2. The EC duty on rum and taffia, other than that specified in paragraph 1 above, of a value specified in the following table shall be subject to the reduced duty rates below within the tariff quota amounts indicated until duty-free treatment is reached on 1 January 2003. The tariff quota amounts cover rum in whatever size of container.

	Duty rate		Tariff quota amount
	In containers holding 2 litres or less valued over Ecu 7,9 per litre of 100 % alcohol	In containers holding more than 2 litres valued over Ecu 2,0 per litre of 100 % alcohol	Litre of 100 % alcohol
1 July 1997	0,7 Ecu/% vol/hl + 3,5 Ecu/hl	0,7 Ecu/% vol/hl	890 000
1 January 1998	0,6 Ecu/% vol/hl + 2,9 Ecu/hl	0,6 Ecu/% vol/hl	1 950 000
1 January 1999	0,5 Ecu/% vol/hl + 2,3 Ecu/hl	0,5 Ecu/% vol/hl	2 145 000
1 January 2000	0,4 Ecu/% vol/hl + 1,8 Ecu/hl	0,4 Ecu/% vol/hl	2 359 500
1 January 2001	0,3 Ecu/% vol/hl + 1,2 Ecu/hl	0,3 Ecu/% vol/hl	2 595 450
1 January 2002	0,2 Ecu/% vol/hl + 0,6 Ecu/hl	0,2 Ecu/% vol/hl	2 854 995
From 1 January 2003	free	free	unlimited

3. Rum and taffia below the price breaks indicated above as well as rum and taffia not covered by tariff quota amounts shall be subject to the same duty rates as shown in paragraph 1 above.

4. The European Community shall promptly notify the United States of any changes between 1 January 2000 and 1 January 2003 in the preferential treatment accorded to its imports of rum. The European Community shall, upon request, promptly enter into consultations with the United States with respect to any matter concerning US exports of rum, under paragraph 2 above, to the Community, with a view to reaching a mutually agreed solution on any matter raised in the consultations.

B. *US duties*

5. The following reduction in duties shall apply to rum and taffia.

	rum and taffia (a) in containers each not holding over 4 litres valued over US $3,00 per proof litre; and (b) in containers each holding over 4 litres valued over 69 cents per proof litre	rum and taffia (a) in containers each not holding over 4 litres valued not over US $3,00 per proof litre; and (b) in containers each holding over 4 litres valued not over 69 cents per proof litre
July 1, 1997	26,1 cents/proof litre	30,4 cents/proof litre
January 1, 1998	21,7 cents/proof litre	28,1 cents/proof litre
January 1, 1999	17,4 cents/proof litre	25,9 cents/proof litre
January 1, 2000	13,0 cents/proof litre	23,7 cents/proof litre
January 1, 2001	8,7 cents/proof litre	23,7 cents/proof litre
January 1, 2002	4,3 cents/proof litre	23,7 cents/proof litre
January 1, 2003	0	23,7 cents/proof litre

EC-Spirits-Schedule CXL

CN 97	Label	Base rate	Final bound rate	Implementation			
				July 1997	January 1998	January 1999	January 2000
2208	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol; spirits, liqueurs and other spirituous beverages						
2208 20	– Spirits obtained by distilling grape wine or grape marc						
	– – In containers holding 2 litres or less						
2208 20 12	– – – Cognac	1,12 Ecu/% vol/hl + 7 Ecu/hl	free	0,84 Ecu/% vol/hl + 5,3 Ecu/hl	0,56 Ecu/% vol/hl + 3,5 Ecu/hl	0,28 Ecu/% vol/hl + 1,8 Ecu/hl	free
2208 20 14	– – – Armagnac	1,12 Ecu/% vol/hl + 7 Ecu/hl	free	0,84 Ecu/% vol/hl + 5,3 Ecu/hl	0,56 Ecu/% vol/hl + 3,5 Ecu/hl	0,28 Ecu/% vol/hl + 1,8 Ecu/hl	free
2208 20 26	– – – Grappa	1,12 Ecu/% vol/hl + 7 Ecu/hl	free	0,84 Ecu/% vol/hl + 5,3 Ecu/hl	0,56 Ecu/% vol/hl + 3,5 Ecu/hl	0,28 Ecu/% vol/hl + 1,8 Ecu/hl	free
2208 20 27	– – – Brandy de Jerez	1,12 Ecu/% vol/hl + 7 Ecu/hl	free	0,84 Ecu/% vol/hl + 5,3 Ecu/hl	0,56 Ecu/% vol/hl + 3,5 Ecu/hl	0,28 Ecu/% vol/hl + 1,8 Ecu/hl	free
2208 20 29	– – – Other	1,12 Ecu/% vol/hl + 7 Ecu/hl	free	0,84 Ecu/% vol/hl + 5,3 Ecu/hl	0,56 Ecu/% vol/hl + 3,5 Ecu/hl	0,28 Ecu/% vol/hl + 1,8 Ecu/hl	free
	– – In containers holding more than 2 litres						
2208 20 40	– – – Raw distillate	1,12 Ecu/% vol/hl	free	0,84 Ecu/% vol/hl	0,56 Ecu/% vol/hl	0,28 Ecu/% vol/hl	free
	– – – Other						
2208 20 62	– – – Cognac	1,12 Ecu/% vol/hl	free	0,84 Ecu/% vol/hl	0,56 Ecu/% vol/hl	0,28 Ecu/% vol/hl	free
2208 20 64	– – – Armagnac	1,12 Ecu/% vol/hl	free	0,84 Ecu/% vol/hl	0,56 Ecu/% vol/hl	0,28 Ecu/% vol/hl	free
2208 20 86	– – – Grappa	1,12 Ecu/% vol/hl	free	0,84 Ecu/% vol/hl	0,56 Ecu/% vol/hl	0,28 Ecu/% vol/hl	free
2208 20 87	– – – Brandy de Jerez	1,12 Ecu/% vol/hl	free	0,84 Ecu/% vol/hl	0,56 Ecu/% vol/hl	0,28 Ecu/% vol/hl	free
2208 20 89	– – – Other	1,12 Ecu/% vol/hl	free	0,84 Ecu/% vol/hl	0,56 Ecu/% vol/hl	0,28 Ecu/% vol/hl	free
2208 30	– Whiskies						
	– – Bourbon whiskey, in containers holding						
2208 30 11	– – – 2 litres or less	0,2 Ecu/% vol/hl + 1,5 Ecu/hl	free	0,15 Ecu/% vol/hl + 1,13 Ecu/hl	0,1 Ecu/% vol/hl + 0,8 Ecu/hl	0,05 Ecu/% vol/hl + 0,8 Ecu/hl	free
2208 30 19	– – – More than 2 litres	0,2 Ecu/% vol/hl	free	0,15 Ecu/% vol/hl	0,1 Ecu/% vol/hl	0,05 Ecu/% vol/hl	free
	– – Scotch whisky						
	– – – Malt whisky, in containers holding						

CN 97	Label	Base rate	Final bound rate	Implementation			
				July 1997	January 1998	January 1999	January 2000
2208 30 32	– – – 2 litres or less	0,28 Ecu/% vol/hl + 2,1 Ecu/hl	free	0,21 Ecu/% vol/hl + 1,6 Ecu/hl	0,14 Ecu/% vol/hl + 1,1 Ecu/hl	0,07 Ecu/% vol/hl + 0,5 Ecu/hl	free
2208 30 38	– – – More than 2 litres	0,28 Ecu/% vol/hl	free	0,21 Ecu/% vol/hl	0,14 Ecu/% vol/hl	0,07 Ecu/% vol/hl	free
	– – – Blended whisky, in containers holding						
2208 30 52	– – – 2 litres or less	0,28 Ecu/% vol/hl + 2,1 Ecu/hl	free	0,21 Ecu/% vol/hl + 1,6 Ecu/hl	0,14 Ecu/% vol/hl + 1,1 Ecu/hl	0,07 Ecu/% vol/hl + 0,5 Ecu/hl	free
2208 30 58	– – – More than 2 litres	0,28 Ecu/% vol/hl	free	0,21 Ecu/% vol/hl	0,14 Ecu/% vol/hl	0,07 Ecu/% vol/hl	free
	– – – Other, in containers holding						
2208 30 72	– – – 2 litres or less	0,28 Ecu/% vol/hl + 2,1 Ecu/hl	free	0,21 Ecu/% vol/hl + 1,6 Ecu/hl	0,14 Ecu/% vol/hl + 1,1 Ecu/hl	0,07 Ecu/% vol/hl + 0,5 Ecu/hl	free
2208 30 78	– – – More than 2 litres	0,28 Ecu/% vol/hl	free	0,21 Ecu/% vol/hl	0,14 Ecu/% vol/hl	0,07 Ecu/% vol/hl	free
	– – Other, in containers holding						
2208 30 82	– – – 2 litres or less	0,28 Ecu/% vol/hl + 2,1 Ecu/hl	free	0,21 Ecu/% vol/hl + 1,6 Ecu/hl	0,14 Ecu/% vol/hl + 1,1 Ecu/hl	0,07 Ecu/% vol/hl + 0,5 Ecu/hl	free
2208 30 88	– – – More than 2 litres	0,28 Ecu/% vol/hl	free	0,21 Ecu/% vol/hl	0,14 Ecu/% vol/hl	0,07 Ecu/% vol/hl	free
2208 40	– Rum and taffia:						
2208 40 10	– – In containers holding 2 litres or less						
	– – – Ex: Rum with a content of volatile substances other than ethyl and methyl alcohol equal to or exceeding 225 grams per hectolitre of pure alcohol with a 10 % tolerance.	0,8 Ecu/% vol/hl + 4,1 Ecu/hl	See Appendix A.				
	– – – Ex: Other	0,8 Ecu/% vol/hl + 4,1 Ecu/hl					
2208 40 90	– – In containers holding more than 2 litres						
	– – – Ex: Rum with a content of volatile substances other than ethyl and methyl alcohol equal to or exceeding 225 grams per hectolitre of pure alcohol with a 10 % tolerance.	0,8 Ecu/% vol/hl					
	– – – Ex: Other	0,8 Ecu/% vol/hl					

CN 97	Label	Base rate	Final bound rate	Implementation			
				July 1997	January 1998	January 1999	January 2000
2208 50	– Gin and geneva:						
	– – Gin, in containers holding:						
2208 50 11	– – – 2 litres or less	0,8 Ecu/% vol/hl + 4,1 Ecu/hl	free	0,6 Ecu/% vol/hl + 3,1 Ecu/hl	0,4 Ecu/% vol/hl + 2,1 Ecu/hl	0,2 Ecu/% vol/hl + 1,0 Ecu/hl	free
2208 50 19	– – – More than 2 litres	0,8 Ecu/% vol/hl	free	0,6 Ecu/% vol/hl	0,4 Ecu/% vol/hl	0,2 Ecu/% vol/hl	free
	– – Geneva, in containers holding:						
2208 50 91	– – – 2 litres or less	1,3 Ecu/% vol/hl + 8,2 Ecu/hl	free	1,0 Ecu/% vol/hl + 6,2 Ecu/hl	0,7 Ecu/% vol/hl + 4,1 Ecu/hl	0,3 Ecu/% vol/hl + 2,1 Ecu/hl	free
2208 50 99	– – – More than 2 litres	1,3 Ecu/% vol/hl	free	1,0 Ecu/% vol/hl	0,7 Ecu/% vol/hl	0,3 Ecu/% vol/hl	free
2208 60	– Vodka						
	– – Of an alcoholic strength by volume of 45,4 % vol or less in containers holding:						
2208 60 11	– – – 2 litres or less	1,1 Ecu/% vol/hl + 4,1 Ecu/hl	free	0,8 Ecu/% vol/hl + 3,1 Ecu/hl	0,6 Ecu/% vol/hl + 2,1 Ecu/hl	0,3 Ecu/% vol/hl + 1,0 Ecu/hl	free
2208 60 19	– – – More than 2 litres	1,1 Ecu/% vol/hl	free	0,8 Ecu/% vol/hl	0,6 Ecu/% vol/hl	0,3 Ecu/% vol/hl	free
	– – Of an alcoholic strength by volume of more than 45,4 % vol in containers holding:						
2208 60 91	– – – 2 litres or less	1,3 Ecu/% vol/hl + 8,2 Ecu/hl	free	1,0 Ecu/% vol/hl + 6,2 Ecu/hl	0,7 Ecu/% vol/hl + 4,1 Ecu/hl	0,3 Ecu/% vol/hl + 2,1 Ecu/hl	free
2208 60 99	– – – More than 2 litres	1,3 Ecu/% vol/hl	free	1,0 Ecu/% vol/hl	0,7 Ecu/% vol/hl	0,3 Ecu/% vol/hl	free
2208 70	– Liqueurs and cordials in containers holding:						
2208 70 10	– – 2 litres or less	1,3 Ecu/% vol/hl + 8,2 Ecu/hl	free	1,0 Ecu/% vol/hl + 6,2 Ecu/hl	0,7 Ecu/% vol/hl + 4,1 Ecu/hl	0,3 Ecu/% vol/hl + 2,1 Ecu/hl	free
2208 70 90	– – More than 2 litres	1,3 Ecu/% vol/hl	free	1,0 Ecu/% vol/hl	0,7 Ecu/% vol/hl	0,3 Ecu/% vol/hl	free
2208 90	– Other						
	– – Arrack, in containers holding:						
2208 90 11	– – – 2 litres or less	0,8 Ecu/% vol/hl + 4,1 Ecu/hl	free	0,6 Ecu/% vol/hl + 3,1 Ecu/hl	0,4 Ecu/% vol/hl + 2,1 Ecu/hl	0,2 Ecu/% vol/hl + 1,0 Ecu/hl	free
2208 90 19	– – – More than 2 litres	0,8 Ecu/% vol/hl	free	0,6 Ecu/% vol/hl	0,4 Ecu/% vol/hl	0,2 Ecu/% vol/hl	free
	– – Plum, pear or cherry spirit (excluding liqueurs), in containers holding:						

CN 97	Label	Base rate	Final bound rate	Implementation			
				July 1997	January 1998	January 1999	January 2000
2208 90 33	– – – 2 litres or less	0,91 Ecu/% vol/hl + 3,5 Ecu/hl	free	0,68 Ecu/% vol/hl + 2,6 Ecu/hl	0,46 Ecu/% vol/hl + 1,8 Ecu/hl	0,22 Ecu/% vol/hl + 0,9 Ecu/hl	free
2208 90 38	– – – More than 2 litres	1,1 Ecu/% vol/hl	free	0,8 Ecu/% vol/hl	0,6 Ecu/% vol/hl	0,3 Ecu/% vol/hl	free
	– – Other spirits, and other spirituous beverages, in containers holding:						
	– – – 2 litres or less						
2208 90 41	– – – – Ouzo	1,3 Ecu/% vol/hl + 8,2 Ecu/hl	free	1,0 Ecu/% vol/hl + 6,2 Ecu/hl	0,7 Ecu/% vol/hl + 4,1 Ecu/hl	0,3 Ecu/% vol/hl + 2,1 Ecu/hl	free
	– – – – Other						
	– – – – – Spirits (excluding liqueurs)						
	– – – – – – Distilled from fruit						
2208 90 45	– – – – – – – Calvados	1,12 Ecu/% vol/hl + 7 Ecu/hl	free	0,84 Ecu/% vol/hl + 5,3 Ecu/hl	0,56 Ecu/% vol/hl + 3,5 Ecu/hl	0,28 Ecu/% vol/hl + 1,8 Ecu/hl	free
2208 90 48	– – – – – – – Other	1,12 Ecu/% vol/hl + 7 Ecu/hl	free	0,84 Ecu/% vol/hl + 5,3 Ecu/hl	0,56 Ecu/% vol/hl + 3,5 Ecu/hl	0,28 Ecu/% vol/hl + 1,8 Ecu/hl	free
	– – – – – – Other						
2208 90 52	– – – – – – – Korn	1,3 Ecu/% vol/hl + 8,2 Ecu/hl	free	1,0 Ecu/% vol/hl + 6,2 Ecu/hl	0,7 Ecu/% vol/hl + 4,1 Ecu/hl	0,3 Ecu/% vol/hl + 2,1 Ecu/hl	free
2208 90 57	– – – – – – – Other	1,3 Ecu/% vol/hl + 8,2 Ecu/hl	free	1,0 Ecu/% vol/hl + 6,2 Ecu/hl	0,7 Ecu/% vol/hl + 4,1 Ecu/hl	0,3 Ecu/% vol/hl + 2,1 Ecu/hl	free
2208 90 69	– – – – – Other spirituous beverages	1,3 Ecu/% vol/hl + 8,2 Ecu/hl	free	1,0 Ecu/% vol/hl + 6,2 Ecu/hl	0,7 Ecu/% vol/hl + 4,1 Ecu/hl	0,3 Ecu/% vol/hl + 2,1 Ecu/hl	free
	– – – More than 2 litres						
	– – – – Spirits (excluding liqueurs)						
2208 90 71	– – – – – Distilled from fruit	1,12 Ecu/% vol/hl	free	0,84 Ecu/% vol/hl	0,56 Ecu/% vol/hl	0,28 Ecu/% vol/hl	free
2208 90 74	– – – – – Other	1,3 Ecu/% vol/hl	free	1,0 Ecu/% vol/hl	0,7 Ecu/% vol/hl	0,3 Ecu/% vol/hl	free
2208 90 78	– – – – Other spirituous beverages	1,3 Ecu/% vol/hl	free	1,0 Ecu/% vol/hl	0,7 Ecu/% vol/hl	0,3 Ecu/% vol/hl	free

APPENDIX A

EC-Spirits-Schedule CXL

CN 97	Label	Base rate	Final bound rate	Implementation						
2208 40	– Rum and taffia									
2208 40 10	– – In containers holding 2 litres or less – – – Ex: Rum with a content of volatile substances other than ethyl and methyl alcohol equal to or exceeding 225 grams per hectolitre of pure alcohol with a 10 % tolerance	0,8 Ecu/ % vol/hl + 4,1 Ecu/hl	0,6 Ecu/ % vol/hl + 3,2 Ecu/hl	*July 1997* 0,8 Ecu/ % vol/hl + 4,1 Ecu/hl	*July 1998* 0,7 Ecu/ % vol/hl + 3,8 Ecu/hl	*July 1999* 0,65 Ecu/ % vol/hl + 3,5 Ecu/hl	*July 2000* 0,6 Ecu/ % vol/hl + 3,2 Ecu/hl			
	– – – Ex Other: – – – – Valued over Ecu 7,9 per litre of 100 % alcohol (*)	0,8 Ecu/ % vol/hl + 4,1 Ecu/hl	Free	*July 1997* 0,7 Ecu/ % vol/hl + 3,5 Ecu/hl (*)	*January 1998* 0,6 Ecu/ % vol/hl + 2,9 Ecu/hl (*)	*January 1999* 0,5 Ecu/ % vol/hl + 2,3 Ecu/hl (*)	*January 2000* 0,4 Ecu/ % vol/hl + 1,8 Ecu/hl (*)	*January 2001* 0,3 Ecu/ % vol/hl + 1,2 Ecu/hl (*)	*January 2002* 0,2 Ecu/ % vol/hl + 0,6 Ecu/hl (*)	*January 2003* Free
	– – – – Other:	0,8 Ecu/ % vol/hl + 4,1 Ecu/hl	0,6 Ecu/ % vol/hl + 3,2 Ecu/hl	*July 1997* 0,8 Ecu/ % vol/hl + 4,1 Ecu/hl	*July 1998* 0,7 Ecu/ % vol/hl + 3,8 Ecu/hl	*July 1999* 0,65 Ecu/ % vol/hl + 3,5 Ecu/hl	*July 2000* 0,6 Ecu/ % vol/hl + 3,2 Ecu/hl			
2208 40 90	– – In containers holding more than 2 litres – – – Ex: Rum with a content of volatile substances other than ethyl and methyl alcohol equal to or exceeding 225 grams per hectolitre of pure alcohol with a 10 % tolerance	0,8 Ecu/ % vol/hl	0,6 Ecu/ % vol/hl	*July 1997* 0,8 Ecu/ % vol/hl	*July 1998* 0,7 Ecu/ % vol/hl	*July 1999* 0,65 Ecu/ % vol/hl	*July 2000* 0,6 Ecu/ % vol/hl			

CN 97	Label	Base rate	Final bound rate	Implementation						
				July 1997	*January 1998*	*January 1999*	*January 2000*	*January 2001*	*January 2002*	*January 2003*
	– – – Ex Other: – – – – Valued over Ecu 2,0 per litre of 100 % alcohol (*)	0,8 Ecu/ % vol/hl	Free	0,7 Ecu/ % vol/hl (*)	0,6 Ecu/ % vol/hl (*)	0,5 Ecu/ % vol/hl (*)	0,4 Ecu/ % vol/hl (*)	0,3 Ecu/ % vol/hl (*)	0,2 Ecu/ % vol/hl (*)	Free
				July 1997	*July 1998*	*July 1999*	*July 2000*			
	– – – – Other	0,8 Ecu/ % vol/hl	0,6 Ecu/ % vol/hl	0,8 Ecu/ % vol/hl	0,7 Ecu/ % vol/hl	0,65 Ecu/ % vol/hl	0,6 Ecu/ % vol/hl			

(*) *Note:* In the period 1 July 1997 to 31 December 2002 these concessions shall be limited by the tariff quota amounts indicated below within which rum and taffia in whatever size of container can be imported at the duty rates indicated. From 1 January 2003 there will be no tariff quota limitation:

Tariff quota	Litres of 100 % alcohol
Period 1 July 1997—31 December 1997	890 000
1 January 1998—31 December 1998	1 950 000
1 January 1999—31 December 1999	2 145 000
1 January 2000—31 December 2000	2 359 500
1 January 2001—31 December 2001	2 595 450
1 January 2002—31 December 2002	2 854 995