

GEOGRAPHICAL INDICATIONS IN A BUSINESS STRATEGY

Tequila experience



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Geneva, Switzerland
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What is Tequila?

- Tequila is a regional alcoholic beverage obtained by distillation and rectification of musts directly prepared from grist of ripe agave heads which were previously hydrolysed or cooked and subjected to alcoholic fermentation with cultured or non-cultured yeast, susceptible of being enriched with other sugars up to a ratio not larger than 49%.
- The ONLY kind of agave used in the production of Tequila is the Agave tequilana weber, blue variety grown and harvested within the limits of the region of the appellation of origin Tequila.



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What is an appellation of origin?

Name of a geographical region that serves to DESIGNATE A PRODUCT that originates from that area. The QUALITY and CHARACTERISTICS of the product are exclusively due to the particular geographical area, including the NATURAL and HUMAN factors.

OBJECTIVES:

- Designate the product.
- Identify its geographical origin.
- Create a tie between the quality and characteristic of the product and the place.
- Links the geographical environment and human factors.
- Prevents the appellation from becoming a generic name.



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The Appellation of Origin TEQUILA

- Established by means of a Declaration for the Protection of the Appellation of Origin (1974).
- The Mexican State is the owner and holder of every right concerning the appellation of origin.
- The Mexican Institute of Industrial Property (IMPI) authorizes and administers the use of the name Tequila.
- The illegal use of an appellation of origin will be sanctioned by IMPI and they will prohibit its use whenever the name is used in connection with words such as: genre, type, kind, imitation or any other that causes confusion to the consumer and constitutes an act of unfair competition.



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The Appellation of Origin TEQUILA

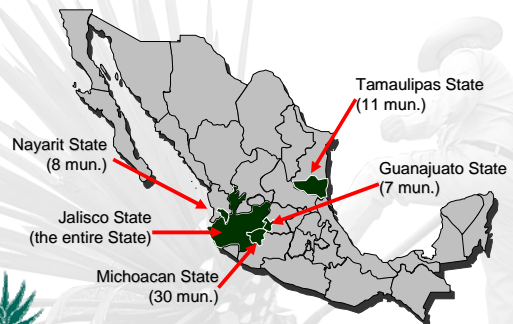
Implications:

- Only a specific region, "the region for the appellation of origin Tequila", can engage in the production of the spirit.
- Selected municipalities within ONLY five Mexican States can grow the agave and produce Tequila.
- Each one of the municipalities was selected attending to:
 - Geographical factors: climate, altitude, parallel and soil characteristics.
 - Human factors: the use of traditional techniques of production that have been passed on from generation to generation.

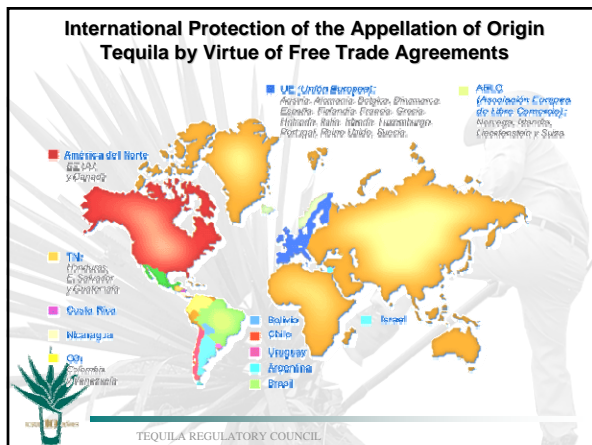
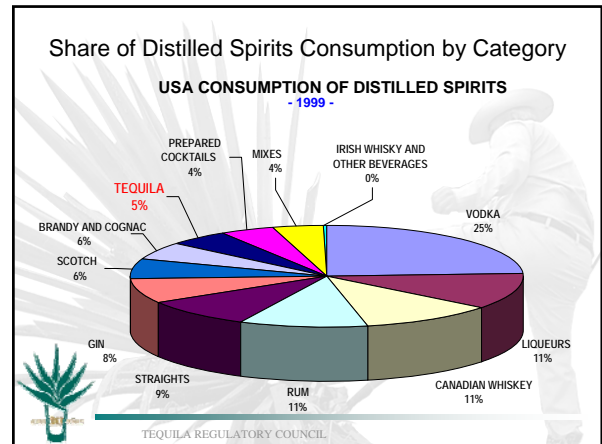
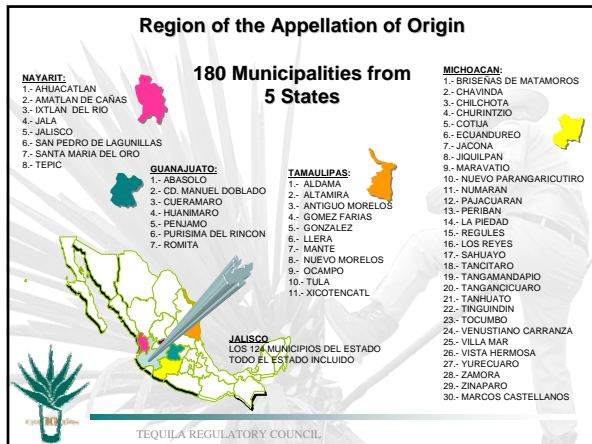


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Geographical Region of the Appellation of Origin



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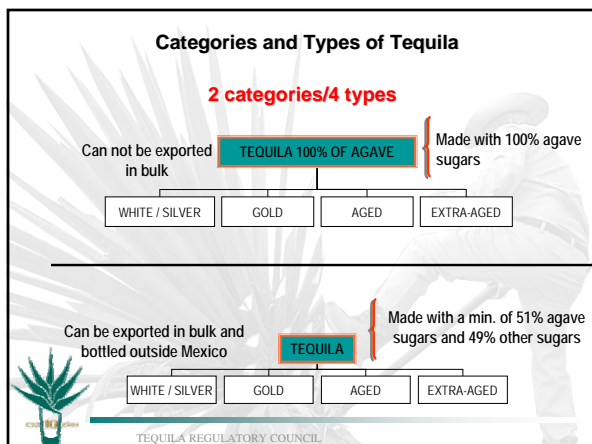
The Mexican Official Standard of Quality for Tequila (NOM 006-SCFI:1994)

To guarantee the protection of appellations of origin it is necessary to vintulate them to Mexican Official Standards (compulsory regulations).

The Mexican Official Standard for Tequila requires:

- A definition of terms related to the Standard;
- A classification of Tequila by categories and types;
- The product specifications;
- The sampling techniques and testing methods;
- The quality control methods;
- The guidelines for sale and marketing of Tequila;
- The guidelines for labeling information to ensure traceability of the product, and
- The requirement of industry and product certification.

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The Tequila Regulatory Council

El Consejo Regulador del Tequila (CRT)

- According to the provisions of the Mexican Federal Law of Metrology and Standardization as well as §10.1 of the Mexican Official Standard for Tequila, no producer or bottler shall engage in the production or sale of Tequila without a certificate issued by the accredited certification body.
- Since 1994, the CRT has been certifying the production of Tequila.
- The CRT's certification activities are intrinsically linked to the permanent inspection of the Tequila production process.
- Every Tequila distilling facility must obtain certification to start producing Tequila.

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The CRT's Roles and Objectives

Dual Roles:

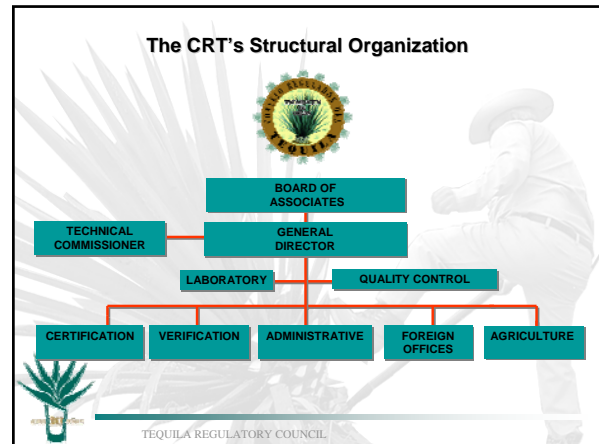
- To continually monitor and evaluate the producers, bottlers and marketers' compliance with the Standard through verification/ inspection procedures; and
- To issue certificates that demonstrate the authenticity of the product.

Objectives:

- To facilitate the enforcement of the Standard;
- To guarantee the purity and authenticity of Tequila to the consumer;
- To protect and preserve the appellation of origin "Tequila"; and
- To produce and provide accurate and timely information for its members as well as the industry and public in general.



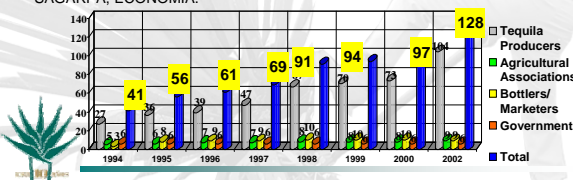
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The CRT's Board of Associates

BOARD MEMBERS SORTED BY GROUPS:

- SECTION "A": Tequila producers.
 - Micro producers.
 - Small producers.
 - Medium producers.
 - Large producers.
- SECTION "B": Agave producers. 9 Groups represented.
- SECTION "C": Bottlers, Marketers and the National Chamber of Commerce.
- SECTION "D": Mexican Government. IMPI, DGN, SEDER, SALUD, PROFECO, SAGARPA, ECONOMIA.




Year	Tequila Producers	Agricultural Associations	Bottlers/Marketers	Government	Total
1994	3	3	3	3	12
1995	4	4	4	4	16
1996	5	5	5	5	20
1997	6	6	6	6	24
1998	7	7	7	7	28
1999	8	8	8	8	32
2000	9	9	9	9	36
2001	10	10	10	10	40
2002	11	11	11	11	44




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The CRT AGRICULTURAL BRANCH

AGAVE INVENTORIES
Cutting edge technology based on the use of remote monitoring systems to obtain accurate geographical information.



Agave fields are located and registered using satellite photograph imaging.




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The CRT AGRICULTURAL BRANCH

The satellite technology allows the CRT to know exactly:


- How much agave?
- Where is it located?
- Who owns it?
- How old is it?
- What is the fito-sanitary condition?

Has it been promised for sale to a Tequila manufacturer?
(Vinculation agreement between the agave grower and Tequila manufacturer).




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The CRT Card CRTarjeta




The CRTarjeta works like a bank debit card where the "cardholders" are the agave land owners.
The card is debited or credited every time the land owner sells or plants/acquires new agave.



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The CRT VERIFICATION BRANCH

- The compliance with the product specifications set forth by the Standard has been able to be verified through the requirement of permanent on-site inspections.
- The inspector keeps the following records:
 - Field and location that the agave was harvested from;
 - Purchases and storage of agave and other raw materials;
 - 'Musts' formulation and their subsequent fermentation;
 - The distillation process;
 - The storage, ageing and bottling of Tequila;
 - The samples of the finished product, taken before and after bottling; and
 - GC test results to check compliance with Standard's specifications.
- **CRT KEEPS IN FILE:** *the unique profile of the product by company, brand and batch number.*



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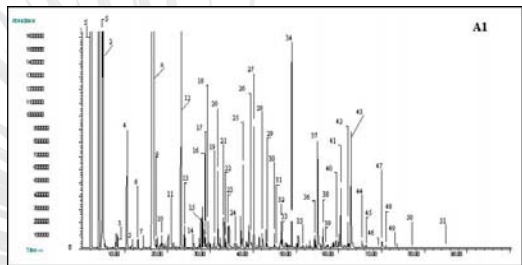
The CRT CERTIFICATION BRANCH

- Upon approval by the Verification Branch, the Certification Branch issues the following certificates:
 - Certificate of Compliance with the Standard;
 - Certificate of Compliance by Batch
 - Certificate for Domestic sales; and
 - Certificate for Export.





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Example of a Tequila 100% chromatographic "fingerprint"



A1

Complexity of the CGMS information obtained in one sample. In addition, this information must be related to the sensory profile of the sample evaluated by an analytical judge panel.



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The CRT's Export Certificate

Document issued by the CRT to the exporter with the purpose of providing evidence that the spirit contained in the bottles or tanks is authentic Tequila.

Export certificates are surrendered at Mexican Customs every time Tequila is exported from Mexico.




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CRT's Major Achievements in the protection of the Appellation of Origin Tequila

- Elimination of 86 fake brands of Tequila
- Promotion and surveillance of Bancomext at the international level
- Opening of representative offices in 3 different continents: ARANDAS AND TEQUILA, MEXICO, MADRID, SPAIN, WASHINGTON, D.C. and TOKIO, JAPAN.
- Creation of 2 tariff sections specific to import Tequila into the European Union.
- Requirement of the CRT certificate to import Tequila in the USA and the EU.
- Destruction of approximately 2.4 millions of liters of fake Tequila in 2 years.

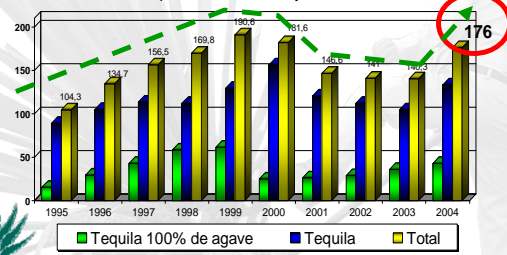


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January-December 1995 - 2004

Total Production: Tequila and Tequila 100%

Volumes expressed at 40% alc. by vol. Millions of liters



Year	Tequila 100% de agave (Millions of liters)	Tequila (Millions of liters)	Total (Millions of liters)
1995	104.3	104.3	104.3
1996	134.7	134.7	134.7
1997	156.5	156.5	156.5
1998	169.8	169.8	169.8
1999	180.0	180.0	180.0
2000	161.6	161.6	161.6
2001	148.8	148.8	148.8
2002	144.0	144.0	144.0
2003	144.0	144.0	144.0
2004	176.0	176.0	176.0



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