

BOURBON WHISKEY DISTINCTIVE PRODUCT OF THE UNITED STATES

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Mr. MORTON, from the Committee on Finance, submitted the following

REPORT

[To accompany S. Con. Res. 19]

The Committee on Finance, to whom was referred the resolution (S. Con. Res. 19) to designate "Bourbon whiskey" as a distinctive product of the United States, having considered the same, report favorably thereon with amendments, and recommend that the resolution as amended do pass.

PURPOSE

The purpose of Senate Concurrent Resolution 19 as amended by the Committee on Finance is to express the sense of Congress concerning the designation "Bourbon whiskey" as a distinctive product of the United States.

GENERAL STATEMENT

The resolution declares that Bourbon whiskey must be manufactured in accordance with the laws and regulations of the United States which prescribe a standard of identity for such whiskey, and that Bourbon whiskey is and has achieved recognition and acceptance throughout the world as a distinctive product of the United States. The resolution states the sense of Congress, therefore, that Bourbon whiskey be recognized as a distinctive product of the United States. At the request of the author of the resolution, the committee adopted amendments to provide that it is the sense of Congress also that no foreign whiskey imported into the United States may be labeled as Bourbon whiskey. Also it was necessary to adopt a perfecting amendment relating to the capitalization of the word "Bourbon."

It is well established that certain whiskeys and wines are distinctive products of their country of origin. In recognition of the fact that Bourbon is a distinctive American product, International Federation of Manufacturing Industries and Wholesale Trades in Wines, Spirits

and Liguers awarded the Bourbon Institute an "appellation of origin" for Bourbon which assures the Bourbon industry assistance in any international legal action to prevent other than a U.S. manufacturer from labeling or selling Bourbon whiskey.

It is not inappropriate to require an imported product to bear the country of origin as an integral part of the name, as proposed in Senate Concurrent Resolution 19. The United Kingdom accords recognition to "Scotch" whisky as being a distinctive product of Scotland and does not allow the importation of any other whisky labeled as "Scotch". The Governments of Canada and France afford similar recognition and protection to their respective products of "Canadian" whisky and "Cognac". Moreover, pursuant to the authority contained in the Federal Alcohol Administration Act of 1935 (49 Stat. 977), the Internal Revenue Service regulations (27 C.F.R., pt. 5) also prohibit the domestic manufacture and importation from other than the designated countries of alcoholic beverages labeled as "Scotch", "Canadian" whisky, or "Cognac", or any other words connoting, indicating or commonly associated with the place of origin of these products.

The Federal Alcohol Administration regulations state:

1. *Scotch* whisky is "a distinctive product of Scotland, manufactured in compliance with the laws of Great Britain regulating the manufacture of Scotch whisky for consumption in Great Britain * * *"

2. *Irish* whisky is "a distinctive product of Ireland, manufactured either in the Irish Free State or in Northern Ireland, in compliance with the laws regulating the manufacture of Irish whisky for home consumption * * *"

3. *Canadian* whisky is "a distinctive product of Canada, manufactured in Canada in compliance with the laws of Canada regulating the manufacture of whisky for consumption in Canada * * *"

4. *Cognac* or Cognac grape brandy is "grape brandy distilled in the Cognac region of France, which is entitled to be so designated by the laws and regulations of the French Government."

Inasmuch as the foregoing treatment is afforded to other whiskeys that are distinctive products of their countries and since Bourbon is recognized by the International Federation of Manufacturing Industries and Wholesale Trades in Wines, Spirits and Liguers as a distinctive product of the United States, the proposed amendment to prohibit the importation of any whiskey labeled as Bourbon is consonant with the recognition which should properly be accorded to Bourbon.

The International Federation of Manufacturing Industries and Wholesale Trades in Wines, Spirits and Liguers (*Federation Internationale des Industries et du Commerce en Gros des Vins, Spiritueux, Eauz-de-Vie et Liqueurs*) is a worldwide organization composed of 40 trade associations from 17 European member countries and the United States. Most member associations hold quasi-governmental, semiofficial status in their home countries.

The constitution of the International Federation provides that members will protect the products of other member countries *in accordance with the laws and regulations of the producing countries.*

This protection comes about after (1) the Federation grants an "appellation of origin" to a particular product, declaring that the

product is *distinctive* to its country and can only be produced in that country if it is to be recognized as genuine; (2) the specific country enacts a law, regulation, or resolution which also declares its home product to be *distinctive* and *genuine only* if produced domestically.

An "appellation of origin" was granted Bourbon as a distinctive product of the United States at the 10th session of the Executive Committee of the International Federation, November 23-24, 1960. However, the Federation cannot proceed to *enforce* this regulation in member countries unless the United States itself has a law or regulation as is embodied in Senate Concurrent Resolution 19.

The United Kingdom has such a law, declaring that Scotch whisky is a distinctive product of Scotland and can only be produced in Scotland.

Canada has such a law, declaring that Canadian whisky is a distinctive product of Canada and can only be produced in Canada.

Ireland has such a law, declaring that Irish whisky is a distinctive product of Ireland and can only be produced in Ireland.

The United States regulatory history covering protection of appellation of origin of distilled spirits products follows:

In 1941 a U.S. Treasury Department decision barred the marketing of a product labeled "California Cognac." Upon petition of the French Government, the Federal Alcohol Administration moved to prohibit the use of the name "Cognac" for any product other than that made in the French Cognac region. The Treasury Department ruled that the good will and commercial worth of the name "Cognac" derives entirely from the efforts of its French producers.

Basic regulatory law regarding the use of the name "Scotch" was established by an Internal Revenue Service ruling against an Illinois distiller. The IRS held that the Illinois producer could not label his product "Scotch," but only "Scotch type" whisky.

Then, in May 1961, the Alcohol and Tobacco Tax Division further extended U.S. protection of the "Scotch" name. The Division issued a final order barring even the use of "Scotch type" on any whiskey product not manufactured in Scotland. The ruling also prohibits use of the terms "Highland," "Highlands," or any other "words connoting, indicating, or commonly associated with Scotland * * *."

Similar protection is now provided against any use of the terms "Irish type" or "Canadian type" for those distinctive national products.

Senate Concurrent Resolution 19 is therefore based on providing our own native whiskey the same protection under our own laws that we now give foreign products.

As in the instance of Scotch, Irish, and Canadian whiskies, and Cognac brandy, the name "Bourbon" refers to the particular part of the world this distinctive distilled spirit first derived from—Bourbon County, Ky. The name is now universally accepted as meaning *American* whiskey.

