

Why Regulatory Councils emerged in Mexico

In Mexico, the Regulatory Councils for tequila, mezcal, bacanora and raicilla were created as entities in responsible for certifying and supervising compliance with the regulations that require these products to comply with certain quality standards and requirements. Their creation responds to the need to protect these agave distillates under the Denomination of Origin, with the objective of guaranteeing that what is marketed is really the product indicated on the label.

These entities were established after the World Intellectual Property Organization (WIPO) granted the protection of the Denomination of Origin to these distilled agave beverages. Their creation responds to the objective of guaranteeing that the products marketed comply with the established standards and requirements, through supervision and certification processes.

Organization (WIPO) under the numbers: 669, on April 13, 1978, for tequila; 731, on March 9, 1995, for mezcal; 841, on November 6, 2000, for bacanora; and 1026, on June 28, 2019, for raicilla. This protection recognizes the special value or particular merit of the products by connecting them with their natural environment (soil, geography, topography, climate, genetic richness) and with the historical and cultural relationship that defines their unique characteristics.

In order to regulate product quality, it was first necessary to establish a standard that would define the criteria for certifying that products comply with the required quality standards. To achieve this, the Mexican government organized working groups with the main actors in the production chain to reach a consensus on the processes, materials and components that products must comply with in order to obtain certification. This process guarantees that a product can be called, for example, Tequila.

An important aspect to highlight is that, although there are laws and procedures to certify the originality of these products, the registration and certification of agave production and distilled beverages is optional. The disadvantage of not registering the plantations and the origin of production is that the beverages will not be able to bear the name of the Denomination of Origin, although they can still be marketed as distilled agave beverages. Consequently, farmers, distillers and bottlers in Mexico have the option of certifying and registering agave production.

Cultural erosion and Denomination of Origin

Cultural erosion is a phenomenon that occurs when a community's ancestral traditions and practices are displaced or distorted by external influences, especially

in contexts of globalization and commercialization. In the case of products with Designation of Origin (DO), such as tequila or mezcal, this phenomenon can occur when production traditions and local knowledge are threatened by standardization or industrialization that seeks to satisfy the demands of the world market.

Although DO is a legal mechanism to protect these products and their traditional production methods, it has also generated conflicts, since in some cases its application has led to the exclusion of small producers or to the alteration of original practices in favor of more commercial criteria that are less focused on cultural preservation. Thus, DO can be used both as a tool to protect the cultural identity of products and as a factor that, if not properly managed, could contribute to their erosion.

Mezcal Regulatory Council (CRM)

In 2018, Mezcal Real Minero decided to stop certifying its product under the Consejo Regulador del Mezcal (CRM), a move motivated not only by the intention to maintain its traditional practices, but also by dissatisfaction with irregularities within CRM. The Ángeles family had certified their mezcal since 2004, but over time they observed that the CRM's policies did not align with their principles of artisanal production and respect for the agave's biodiversity. This was compounded by accusations of nepotism within the CRM, where some brands received preferential certification, while other producers were excluded from the process without clear justification.

The situation was aggravated by allegations of corruption in the administration of the CRM, headed by Hipócrates Nolasco Cancino. During his administration, the organization was accused of manipulating the register of associates and of stealing resources, including a millionaire fraud, and installing delegates without legal representation. These irregular practices seriously affected the transparency of the certification process and damaged trust in the institution.

The Council was also sanctioned by the Federal Economic Competition Commission (COFECE), which imposed a fine of 4 million pesos for anti-competitive practices and for not complying with the regulations that guarantee free competition within the mezcal sector. This context of corruption and nepotism was crucial for brands such as Real Minero to decide to abandon certification under the CRM, opting to label their products as “agave distillates” in order to preserve the authenticity of their production in the face of the system's problems.

In response to the controversies surrounding the management of the Consejo Regulador del Mezcal (CRM) and the difficulties in guaranteeing transparency in

the certification process, the Mexican government decided to diversify the entities in charge of certifying mezcal. To this aim, five other entities were given the responsibility of certifying mezcal, with the intention of expanding competition and ensuring a fairer and more transparent certification system: Asociación de Maguey y Mezcal Artesanal A.C. (AMMA), Centro de Innovación y Desarrollo Agroalimentario de Michoacán A.C. (CIDAM), Certificación Mexicana S.C., Consejo Mexicano Regulador de la Calidad del Mezcal A.C. (COMERCAM), Verificación y Certificación PAMFA.

By opening the market to a greater number of certifying entities, a greater democratization of the certification process has been achieved. This openness has allowed more growers, such as Mezcal Real Minero, to have access to official certification, which contributes to greater transparency and competitiveness in the industry. For this reason, Mezcal Real Minero re-certified its product in 2023.

This panorama reveals the contradiction between the certification's objective of guaranteeing the quality and authenticity of mezcal, and the problems of corruption and nepotism that have tarnished the process, leading some growers to search for alternatives that are more in line with their principles of sustainable and artisanal production.

Consejo Regulador del Tequila

The Tequila Regulatory Council (CRT) has been involved in controversies over several internal problems including allegations of corruption and extortion practices. It has been alleged that the CRT has been involved in the sale of agave guides, essential to certify the origin of tequila's raw material. These guides, which are required to transport agave within the appellation of origin zone, have been sold illegally, which has generated a parallel market of “coyotes” who take advantage of the lack of regulation to benefit some producers to the detriment of others.

In addition, there are accusations of nepotism within the CRT, although the Council has been responsible for giving worldwide recognition to tequila, it has given rise to a closed organization in which only certain members have access to the benefits and certifications necessary to market tequila as an official product (mainly transnational companies). Smaller growers are excluded from this circle, and when they try to defend their rights, they face legal and administrative obstacles that hinder their efforts.

In the same way, the CRT has been accused of allowing irregular practices that compromise the quality of tequila as well as public health, because some products do not comply with the established standards. This situation has given rise to complaints before various authorities, including COFECE, about monopolistic practices and tax evasion. However, to present date, these complaints have had no concrete effects, which has generated frustration among growers and consumers who expect stricter and more transparent regulations.

In conclusion, it is crucial that the entities that regulate a supply chain are developed in an inclusive and transparent way, with the objective of preventing small growers from being left at a disadvantage. It must be ensured that the mechanisms do not favor only the industry's major players. It is essential to have systems of representation that ensure the participation of all producers, allowing even the smallest to have access to the same opportunities without being excluded. To achieve this, the organizations must apply clear practices of transparency, fairness and equity in their decisions.

Dra. Yessica Viridiana Fernández Galicia

Research Collaborator - Agave Production in California
University of California, Davis - Water Management Lab