



Australian Government
Department of Agriculture,
Fisheries and Forestry

Australia - European Community Agreement on Trade in Wine

Signed 1 December 2008

Frequently asked questions



www.daff.gov.au/agriculture-food/hort-wine/wine-policy



Australia - European Community Agreement on Trade in Wine

What is it?

The *Australia – European Community Agreement on Trade in Wine* signed in Brussels on 1 December 2008 is a formal international agreement that regulates the trade in wine between Australia and the European Community.

The agreement guarantees and improves access for Australian wine producers to our largest wine export market – Europe.

Negotiations have been carried out in close consultation with the peak industry body representing the interests of Australia's winemakers – the Winemakers' Federation of Australia (WFA) – and the industry's statutory regulatory and marketing authority – the Australian Wine and Brandy Corporation (AWBC).

The new agreement replaces the *Australia - European Community Agreement on Trade in Wine* which came into force in 1994. The new agreement can be found at <http://www.daff.gov.au/agriculture-food/hort-wine/wine-policy>.

Why are we signing it?

We are signing the agreement to protect Australian winemakers' access to our largest export market, the European Community (EC). The EC accounted for just over half of all Australian wine exports in 2007-08. During that year, Australia exported 397 million litres of wine to the EC – worth \$1.3 billion while importing 18 million litres from Europe, valued at \$212 million.

There are significant advantages to Australian producers and exporters in this agreement because all Australian wine making techniques will now be accepted. There are much simpler requirements covering everything from labelling requirements and blending rules to alcohol levels and the display of Australian awards. In short, Australian wine producers will have to make fewer changes and concessions to sell their wine in the EC.

Why replace the 1994 agreement?

The 1994 agreement left a number of matters regarding the protection of geographical indications (GIs) and traditional expressions (TEs) unresolved. The new agreement finalises these matters and updates the previous agreement in a number of key areas.

The 1994 agreement started the process of phasing out Australian use of EC GIs. In 1994 Australia committed to protect a number of EC so-called TEs but the terms were not agreed. The new agreement lists the TEs and conditions surrounding their use.

When will the new treaty take effect?

The *Australia – European Community Agreement on Trade in Wine* will require legislative amendments to the *Australian Wine and Brandy Corporation Act 1980* and *Trade Marks Act 1995* so that Australia can meet its obligations. It is expected that the new agreement will take effect in mid-2009. At that time it will become a treaty.



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What are the benefits to Australian producers?

Australian winemakers will have better access to European markets through:

- European recognition of an additional 16 Australian winemaking techniques
- the introduction of simpler arrangements for the approval of winemaking techniques that may be developed in the future
- simplified labelling requirements for Australian wine sold in European markets
- protection within Europe for Australia's 112 registered GIs
- wholesalers will have five years to sell stock labelled with an EC GI and retailers will be able to sell all their stock
- define the use of a number of quality terms used in the presentation and description of wine.

What will the EC get in return?

Australia will:

- protect a range (more than 2 500) of registered European GIs; including from member states who have joined the European Community since 1994, when the agreement enters into force
- protect 12 sensitive European GIs that have previously been used to describe Australian wines one year after entry into force
- prevent Australian producers from using a range of European TEs in the language specified in the agreement (it does not extend to translations)
- phase out the use of the term "Tokay" to describe Australian fortified wines within 10 years.

How does the new agreement affect Australian winemaking practices?

Under the agreement, 16 additional winemaking practices including the use of oak chips, spinning cone technology and reverse osmosis, will be added to the 28 approved in the 1994 agreement. Any new winemaking practices will automatically receive provisional approval from the date of notification. Objections will be required within six months of notification. If objections are received the parties will consult before a binding arbitration mechanism can be invoked by either party. This considerably improves the current limited application process set out in the 1994 agreement which did not include a defined timeframe.

How does the new agreement affect wine labelling?

Labelling provisions will be simplified so Australian wine labels can include optional information such as the number of standard drinks. The EC has agreed that a wine originating in Australia may be described or presented in Europe with the number of standard drinks in the wine, provided that the information conforms to Australian rules.



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How does the new agreement affect alcohol descriptions?

More flexible blending rules and alcohol tolerances have been adopted. The agreement will increase the current alcohol limit of Australian wine from 15% to 20%, increase the tolerance between the label statement and the actual alcohol content from 0.5% to 0.8%, and allow the alcohol measurements to be expressed in tenths of a unit rather than whole or half units. Restrictions on alcohol levels and labelling requirements have been a major impediment to Australian wine producers' accessing EC markets.

Wines with a mineral content which reflects the naturally occurring levels found in Australian soils will be able to be sold in Europe.

What about European GIs?

A GI is a label or sign used on goods that have a specific geographical origin and possess qualities or a reputation that are due to that place of origin. Under the agreement the EC and Australia will prevent the use of the other's GIs to describe wine.

Australia will protect a range (more than 2 500) of registered European GIs; when the agreement enters into force. These include GIs from member states that have joined the EC since 1994. Eleven sensitive European GIs (Burgundy, Chablis, Champagne, Graves, Manzanilla, Marsala, Moselle, Port, Sauterne, Sherry, or White Burgundy) that have previously been used to describe Australian wines will be protected one year after entry into force of the agreement. Tokay producers will have 10 years from when the agreement enters into force before the GI is protected in Australia.

Wholesalers will have five years to sell stock labelled with an EC GI and retailers will be able to sell all their stock.

What about Australian GIs?

The EC will protect our 112 GIs.

What about TEs?

TEs are words or expressions used in the description and presentation of the wine to refer to the method of production, or to the quality, colour or type, of the wine.

The protection of European TEs is subject to a number of strict conditions. The protection is limited to the language specified in the agreement and does not extend to translations. The conditions include the use of any existing business names and trade marks containing such terms being grandfathered (exempt because they were established before the new agreement was written) from any protection. The conditions also include reference to third country use of TEs in the Australian market not being affected and the EC agreeing that the agreement does not create any intellectual property rights for TEs.

The phase out date for the use of EC traditional expressions will be 12 months from the date the agreement takes effect.



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What are quality wine terms?

Australia can continue to use a number of EC-claimed TEs, notably cream, ruby, tawny, and vintage that otherwise would not be able to be used on wines exported to Europe. The term 'vintage' is only restricted for use in describing fortified wines, not for non-fortified wines. In Australia these terms will be known as "quality wine terms" rather than traditional expressions.

The EC accepted this approach as long as definitions for each term could be agreed. Australia agreed to adopt different definitions for the domestic market and for the export market for the terms cream, ruby, tawny and vintage. Without this, Australian wines would not be able to use these terms to describe wine destined for export to the EC.

Once the agreement takes effect, the list of GIs, TEs and quality wine terms will be on the AWBC website in the Register of Protected Terms. Until that time, refer to <http://www.daff.gov.au/agriculture-food/hort-wine/wine-policy>.

How does the agreement affect Tokay producers?

Australia has agreed to protect the Hungarian GI Tokay but Australian producers will have a transition period of 10-years from the date the agreement comes into force. Until then the term can continue to be used in countries whose laws allow it.

What about other fortified wines, for example, Sherry and Port?

Australia's fortified wine producers are working to rebrand and relaunch Sherry and Port. This is in addition to the work being undertaken on Tokay. The industry's peak national body, the Winemakers' Federation of Australia (WFA), is charged with rebranding and the relaunch of Australian fortified wines. An industry steering committee has been established, with day-to-day project management and secretariat responsibilities allocated to the Muscat of Rutherglen group, the sole Australian industry group with a dedicated fortified wine focus. A grant of \$500 000 was allocated by the Australian Government for the project, which is supported by industry contributions and in-kind support.

Research will deliver:

- an understanding of the attributes of fortified wine consumption in Australia, especially Sherry and Tokay
- information to underpin the development of possible alternative names
- an understanding of market acceptability of the alternative names
- information to assist in formulating a national re-branding and launch strategy for fortified wines.



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More information

To keep up to date with the agreement and when the changes come into force go to:

Department of Agriculture, Fisheries and Forestry

www.daff.gov.au/agriculture-food/hort-wine/wine-policy

Australian Wine and Brandy Corporation

www.wineaustralia.com/australia

Winemakers' Federation of Australia

www.wfa.org.au