World wine market

Barriers to increasing trade

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foreword

The Australian wine industry has been one of the success stories of Australian agriculture over the past generation. This success has brought forth large increases in wine production in Australia that must largely be sold on export markets. The aim in this report is to chart the key barriers to international trade that face the Australian wine industry in expanding its export markets. An understanding of these trade issues will be important in developing Australia's negotiating stance in the new round of world trade negotiations that was launched in Doha in 2001 under the World Trade Organisation (WTO) arrangements.

The key message in the report is that while tariffs on imports and subsidies on domestic wine production around the world remain distorters of trade in wine, a range of trade regulations are also important. The major trade regulations relate to quarantine requirements; technical requirements such as product labeling; and protection of intellectual property rights. The usual justification for these regulations is that they are correcting for the failure of markets to deliver desirable outcomes. In at least some cases, however, there is an issue of whether the regulations are appropriate responses to market failure or they have simply been put in place to protect domestic industries from import competition.

This report is one of a series of reports that ABARE has either recently published or is preparing on the key issues associated with the new round of world trade negotiations. This case study of the world wine industry is particularly apt in the trade liberalisation debate because it illustrates many of the trade issues that will arise for a range of agricultural commodities under the WTO framework.

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Executive Director

September 2002

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contents

Appendixes

Boxes

Figures

Text tables

Appendix tables

glossary

Ad valorem tariff	A tax on importing a good or service into a country, which is collected as a percentage of the estimated market value of the imported good or service.
'Amber box' support	The total value of support to agriculture subject to agreed reductions. Amber box support for agriculture as a whole is measured by the Aggregate Measurement of Support and is equal to the sum of price support and any payments that are not exempted from cuts, less any levies.
Applied tariff rate	The actual tariff rate that is applied at a particular time.
Asymmetic information	Information on a transaction that is unequally shared between the two parties to the transaction. Most frequently, the seller has more information than the buyer.
'Blue box' support	Payments that are made in conjunction with production limiting arrangements and are exempt from reductions under the WTO Agreement on Agriculture. Blue box support includes payments that are based on fixed area and yields; or are provided on less than 85 per cent of base production; or are based on a fixed number of animals.
Bottled still wine	Wine of fresh grapes including fortified wine, in containers holding 2 litres or less.
Bound tariff rate	The maximum rate that a WTO member undertakes to apply. The bound rate provides a ceiling that applied tariff rates cannot exceed except by negotiation, with compensation to the affected trading partners.
Bulk still wine	Wine of fresh grapes including fortified wine, in containers holding more than 2 litres.
Fortified wine	Wine that has had grape spirit added, thereby adding alcoholic strength and precluding further fermentation.

Geographical indications	A name that identifies a good as originating in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographic origin.
'Green box' support	Forms of subsidies or expenditure that are exempted from reductions or limits because they are considered to be minimally market distorting. Decoupled payments, which are payments not related to current production, prices or inputs, are included in the 'green box'.
Must of grape	Crushed grapes or juice ready to be fermented, or in the process of fermenting. Also includes grape must where the fermentation process has been arrested by the addition of alcohol.
Potable	Fit to drink; suitable for drinking; drinkable.
Sparkling wine	Wine that has undergone a second fermentation process (and is thus carbonated).
Still wine	Wine of fresh grapes — including fortified wine — that is not sparkling. Still wine should not be confused with table wine, which excludes fortified wines, and means low quality wine in some countries.
Tariff escalation	Where the tariff increase between the unprocessed form and the processed form is greater than the increase in value added from processing. It is a means of protecting the processing sector of the domestic industry.
Tariffication	The process of converting all nontariff border measures to tariff equivalents.
Tariff (rate) quota	Application of a reduced tariff for a specified quantity of imported goods. Imports above this specified quantity face a higher tariff rate.
Traditional expression	A term used to designate wines (which might be a production or aging method, a color, type or quality) which has three key characteristics: a legislative, simple and precise definition; a traditional use; and a notoriety in the mind of the consumer resulting from that definition.

summary

Barriers to trade in world wine markets will continue to impede the Australian wine industry's efforts to find expanded markets for its burgeoning production.

The aim in this report is to document and analyse the key market access barriers — both tariff and nontariff — that are currently shaping the pattern of world trade in wine. Particular emphasis is given to identifying the barriers that are most important to the Australian wine industry.

To better understand the sorts of policy pressures at work in the world wine market, an understanding of the key supply and demand forces driving this market is required.

Key drivers in the world wine market

World wine consumption declined at a trend rate of 0.8 per cent over the decade to 2000. However, there was considerable regional variation:

- declining consumption in South America (3.1 per cent a year)
- static consumption in Europe
- growing consumption in north America (2.5 per cent) and Asia (11.2 per cent).

Befitting wine's perceived luxury good status, the general observation is that wine consumption per person increases as income increases.

The world wine export market is dominated by the European Union, with a market share (including intra-EU trade) of around 70 per cent by volume in 2000. But the so-called 'New World' producers — Argentina, Australia, Canada, Chile, New Zealand, South Africa, the United States and Uruguay — have increased their total share of the volume of world exports from 6 per cent in 1990 to over 20 per cent in 2000, largely at the expense of the traditional producers in Europe. At the same time, the trend has been for average export returns of ‘New World’ producers to improve relative to those of the traditional wine producers.

Australia’s niche in the world wine market

Australian wine production grew at an average annual rate of 8 per cent over the past decade. In 2001, Australia was the eighth largest wine producing country, accounting for 3.7 per cent of world wine production. Between 2000-01 and 2003-04, Australian wine production is projected to increase by a further 16 per cent.

Australia was ranked as the fourth largest wine exporter in 2001, with a market share of around 7 per cent in volume terms. Reflecting strongly growing wine production and a relatively small domestic market, Australian wine exports grew by an estimated 16 per cent over the decade to 2001. The composition, by value, of Australian wine exports in 2001 was 93 per cent still wine in bottles, 5 per cent bulk still wine and 2 per cent sparkling wine.

The Australian wine industry is highly dependent on export markets in the European Union (55 per cent of total Australian wine export value in 2001) and north America (34 per cent). The largest two country markets — the United Kingdom and the United States — accounted for 43 per cent and 28 per cent, respectively, of the total value of Australian wine exports. Australia’s dependence on its main market, the United Kingdom, is greater than that of other key wine exporting countries or country trading blocs.

World wine policy environment

Various agreements under World Trade Organisation arrangements seek to ensure that institutional arrangements put in place by member countries do not create unnecessary obstacles to world trade.

Tariffs

Tariffs on imported wine are low in western Europe and north America but are relatively high in Asia and south America. And there are tariff quotas for wine imports in Switzerland, the European Union, eastern Europe and some Asian countries.

A large part of world trade in wine takes place under various forms of preferential arrangements. Examples are customs unions and free trade areas, such as the European Union, the North American Free Trade Agreement (NAFTA) and Mercosur (a free trade agreement among some south American countries). Another example is the US African Growth and Opportunity Act that allows low tariffs on US imports of South African wine.

Around 5 per cent of Australia's bottled wine exports face no tariffs, mainly exports to New Zealand under the Australia – New Zealand Closer Economic Relations Trade Agreement. This compares unfavorably with the European Union, in which 63 per cent of bottled wine trade faces no tariffs (mostly intra-EU trade).

Average *ad valorem* equivalent tariffs faced by the main wine exporters are shown in table 1. Australian exports face a lower average tariff than Chile or the United States but higher than the European Union and South Africa.

There are a number of tariff related issues that have implications for the Australian wine industry including:

- high tariff levels in potential export markets, particularly in south America and Asia;
- expansion of customs unions and free trade areas — for example, enlargement of the European Union or agreement on an Free Trade Area of the Americas — could result in a substantial lowering in tariffs on wine trade among the member countries of these organisations, with significant implications for Australian wine exports;

1 Average *ad valorem* equivalent tariffs faced by the main wine exporting countries

Main exporter	Sparkling wine	Bottled still wine	Bulk still wine	All wine
	%	%	%	%
Australia	12.2	6.2	10.9	6.6
Chile	20.3	7.0	9.1	7.4
European Union	3.8	3.3	7.0	3.7
South Africa	6.3	4.6	16.6	6.0
United States	42.5	10.3	11.4	11.4

- tariff quotas in current and potential markets — for example, Switzerland has a quota that uses high above-quota tariffs to limit wine imports to the quota level;
- tariff escalation in current markets — for example, Japan has a lower import tariff on bulk wine than on bottled wine, to advantage its domestic wine bottling industry; and
- instances where domestic taxes are higher for wine than for other alcoholic beverages, creating 'unfair' impediments to market access for wine.

Domestic support and export subsidies

The most important domestic support measures are those used by the European Union under the Common Market Organisation (CMO) for wine. The CMO was reformed in May 1999, with the stated aim of rebalancing supply and demand and reorienting the wine sector toward domestic and export market demands.

The main elements of the CMO for wine are:

- regulation of supply by limiting planting rights and granting premiums for grubbing vines;
- withdrawal at guaranteed minimum prices of still wine surpluses to be distilled into potable (drinkable) alcohol or fuel;
- payments for storage of wine and distilled products at guaranteed levels; and
- payments to support the upgrading of vineyards to more marketable wine grape varieties.

Budgeted expenditures for domestic support for the EU wine industry are to increase from an average of around 700 million euros in the three years to 2000, to 1154 million euros in 2001 and 1276 million euros in 2002.

A feature of the new CMO is large expenditures for the first time on the restructuring and conversion of vineyards to produce more marketable varieties of grapes. The European Union is claiming these payments are in the 'blue box' category. These payments are directly aimed at improving the competitiveness of EU wine producers and regaining some of the market share relinquished to 'New World' producers over the past few years.

Enlargement of the European Union is likely to mean that EU domestic support arrangements are extended to eastern European wine producing industries over a phase-in period.

The European Union is also the only significant subsidiser of wine exports. The effect of export subsidies is to lower world wine prices through the diversion of wine from the domestic to the export market. This has the potential to severely disadvantage the Australian wine industry as exports currently account for over half of its total wine sales (domestic and export).

Trade regulation

Measures allegedly implemented by WTO member countries to ensure the efficient operation of markets have implications for market access for world wine exports. These measures are broadly categorised as trade regulations and include intellectual property protection, sanitary and phytosanitary regulations, technical regulations and state trading enterprises. There are complex issues about whether some of these regulations in some countries are appropriate responses to various forms of market failure or have been put in place simply to protect domestic industries from import competition.

Intellectual property protection

The WTO arrangements include an Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) that is aimed at protecting intellectual property rights. If intellectual property rights are not protected, the innovation process, transfer of new technologies and, hence, productive investment may be inhibited.

Two forms of intellectual property protection that are most relevant to the wine industry are geographical indications and protection of plant variety rights and plant innovations.

Geographical indications identify goods as coming from a certain geographical location where some particular characteristics of the good, such as its quality or reputation, are supposedly attributable to that location. Typical examples with wine are Champagne and Burgundy, which are both French wine producing regions. Most major wine producing countries have some type of geographical indications system, with a distinction being made between those that are restrictive and highly administrative, as commonly used in Europe, and those that are of a more flexible and less administrative, as used in Australia and the United States.

The basic rule in the TRIPS agreement under the WTO arrangements is that member countries must provide protection against the use of geographical indications in a manner that could mislead the public or constitute an act of unfair competition.

The Uruguay Round in 1994 provided for further negotiations under the WTO arrangements to establish a multilateral system of notification and registration of geographical indications for wines. At the Fourth WTO Ministerial Conference held in Doha in November 2001, ministers agreed to complete the negotiations for a multilateral register for wine over the next two years (and to include geographical indications for spirits in the register). There is concern from some countries including Australia that such a register should not lead to new administrative burdens or legal obligations.

A further concern associated with intellectual property rights is the protection of traditional expressions that is being used by the European Union to prohibit wine imports. The EU is reserving these expressions for domestic wines with a geographical indication but they are not recognised under the TRIPS agreement and are increasingly being incorporated into a growing number of EU wine agreements.

Sanitary and phytosanitary regulations

The WTO Agreement on Sanitary and Phytosanitary Measures — usually referred to as the SPS agreement — establishes the circumstances under which a country may refuse access to its domestic market on the grounds of risks to the natural environment and to human and animal health.

Most important to wine trade are the EU regulations requiring that imported wines not produced with wine making practices authorised for the production of EU wine be labeled as such. That is, the process by which wine is produced can be a barrier to market access even though there may be no scientific evidence to suggest that these processes are any less safe than traditional processes. This can be an important barrier to 'New World' producers of wine who may be using wine making practices that are innovative and not proven to be unsafe but are not yet recognised by the European Union.

In an attempt to reduce these types of trade barriers arising from differences in wine making practices, a World Wine Trade Group (formally known as New World Wine Producers Forum) Mutual Acceptance Agreement on Oenological (wine making) Practices was recently signed by the governments of Australia, Chile, Canada, New Zealand and the United States.

A further SPS issue relating to wine is if genetically modified (GM) vines are developed for commercial use. GM grains have had some market access difficulties, with all but a few GM grain varieties not being approved for import into the European Union.

Technical regulations

The Agreement on Technical Barriers to Trade — usually called the TBT agreement — covers issues such as packaging, marking and labeling requirements. It seeks to ensure that technical regulations like these do not create unnecessary obstacles to trade.

There is a range of country specific requirements for the packaging, marking and labeling of wine imports that could be impediments to market access. The main issue is that the European Union will restrict wine imports that do not meet its strict labeling rules. These rules can require 'New World' producers to label their wine in a way that raises doubts in consumers' minds about its quality. In order to overcome these types of market access impediments, the World Wine Trade Group is currently negotiating an agreement on standardising and reducing wine labeling requirements.

State trading enterprises

State trading enterprises with varying degrees of market power over the wine and liquor markets exist in many countries including Canada, Norway, Sweden, China and Turkey. Usually they have been established purportedly to curb alcohol abuse. The health and safety justification would appear to be permissible under the WTO rules on the grounds of public health considerations. From the WTO point of view, the main issue is whether these state trading enterprises operate in a way that discriminates against imports of alcoholic beverages and, hence, are trade distorting.

1

introduction

The aim in this report is to provide assistance to the Australian wine industry and its government representatives in negotiating market access under bilateral and multilateral (World Trade Organisation) arrangements. Documented in the report are the key trade barriers — both tariff and non-tariff — that are currently shaping the pattern of world trade in wine, with particular emphasis on the barriers that are most affecting the Australian wine industry.

As Australia's wine industry continues to expand, there is an increasing reliance on overseas markets for wine sales. The continuing growth in Australian wine production combined with relatively flat domestic demand will put additional pressure on the Australian wine industry to expand export markets or face rising stock levels and lower returns. Additionally, other major world wine producing nations are stepping up production and exports at a similar rate and providing increasing competition within Australia's traditional export markets. Consequently, maintaining access to all international markets is critical to maintaining the viability of the Australian wine industry.

A recent policy document of the Australian wine industry (AWBC and WFA 2000) highlights the large increases in Australian wine grape production and wine exports projected for the medium term and sets out a strategy for developing markets to take up these increases.

A key consideration for the Australian wine industry in developing a market strategy is that there is a range of barriers to trade in world markets that will continue to impede the industry's efforts to find expanded markets for its products. The most obvious barriers are various forms of import tariffs and preferential trade arrangements. Production and export subsidies for wine also exist, and crowd out exports from more efficient wine producing countries. Less obvious, but nonetheless important, are other barriers to trade such as sanitary and phytosanitary regulations; technical requirements for imported products, such as labeling and packaging specifications; and various regimes aimed at preventing unfair use of others' intellectual property. There are complex issues about whether these nontariff barriers are appropriate responses to failures of markets to lead to appropriate outcomes or have simply been put in place to protect domestic industries from import competition.

In order to understand the sorts of policy pressures at work in the world wine market, an outline of the key supply and demand forces driving this market is provided first.

2

nature of the world wine market

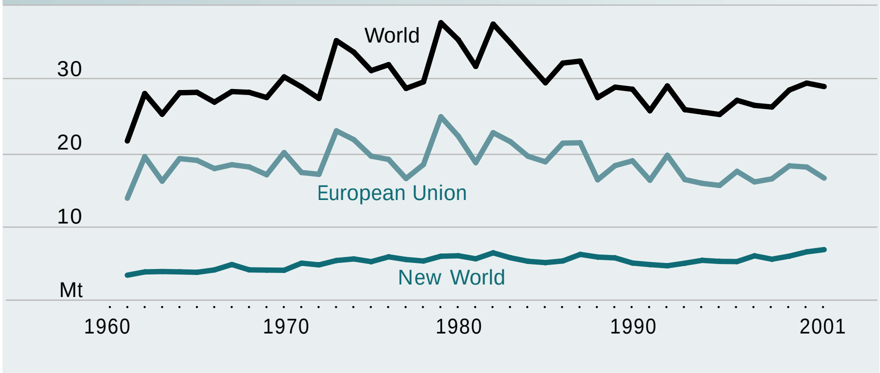
An overview of the nature of the world wine market is provided in this chapter. The aim is to identify the key countries and economic drivers of the world wine market that are shaping the world policy environment for wine.

World wine production

There has been a decline in world wine production since the peak in 1982 (figure A). This mainly reflects supply control measures implemented in the European Union. As well as cutting wine output, the measures have shifted production toward more salable varieties of wine grapes. The decline has been partly offset by increases in wine production by the so-called 'New World' countries — Argentina, Australia, Canada, Chile, New Zealand, South Africa, the United States and Uruguay.

Nevertheless, world wine production is dominated by the traditional producers of France, Italy and Spain — EU member countries — that together accounted for over half of global production in 2001 (figure B). EU countries in total accounted for around 60 per cent of world wine production in that year. As will be discussed later, wine producers in the European Union benefit considerably from subsidies.

A **Trends in world wine production**

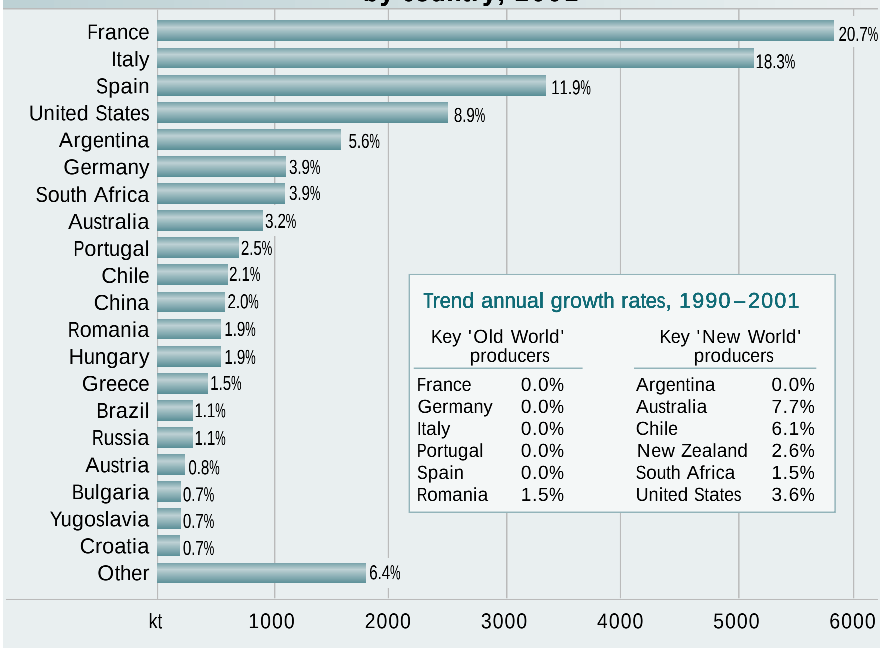


The wine production of the ‘Old World. countries has been largely static, while significant growth has occurred in Australia, Chile and the United States (figure B). A feature of this New World wine production has been consistent high quality at relatively low prices.

The ability to produce wine is not available to every country, as it requires a distinctive environment to successfully grow wine grapes (box 1). The so-called characteristics of a wine or its quality are heavily influenced by the conditions under which the grapes are grown. In fact, countries within the European Union place considerable restrictions on the classification of wine, including the climatic conditions and the natural environment that influence wine grape production.

Another important factor affecting wine production is the development and adoption of technological innovation in both grape growing and wine making. New World wine producers have enjoyed large increases in both the quantity and quality of wine produced due in part to the adoption of new and improved technologies. In Australia, for example, this technological adoption

B Wine production and shares of total production, by country, 2001



has allowed substantial gains in productivity. This has further increased the competitiveness of the Australian industry to produce good quality wine at competitive prices.

In contrast, countries within the European Union have become locked into specific production technologies through strict government regulation that has stifled any ability for productivity improvements and to some extent reduced their competitiveness in international markets.

World wine consumption

The pattern of world wine consumption is strongly influenced by cultural preferences, with European countries and south American countries that have strong ties to Europe accounting for nearly 80 per cent of all wine consumed in 1999 (table 2). However, growth in wine consumption in Europe as a whole has been flat over the past decade and is actually declining in the European Union and south America.

Box 1: The importance of climate for wine grape and wine production

Anderson, Norman and Witwer (2001) summarised the conditions under which wine grapes can be successfully grown as follows. Vines can only be grown successfully between 30 degrees and 50 degrees north and south of the equator, where their distinctive annual growth cycle can be accommodated. Vines can survive in winter through dormancy. However, the temperature must reach 10°C in spring before shoots grow, and 20°C in summer for flowering. Frost in spring is damaging to grape growing, as is rain in the autumn harvesting period. Vine growing is suited to regions with a winter rain climate, access to sunlight, with irrigation water for summer drought, and where protection from wind is provided. Soils should be gravely, well drained and not overly fertile.

A mixture of the natural environment and management practices contributes to the quality attributes of wine. The French concept of ‘terroir’ is typically used to describe the combination of natural environment features that contribute to the quality of wine. These natural features include the nature of the soils, climate (or microclimate), the slope of the ground and its orientation toward sunshine. Vine management procedures, the nature of the wine making process, and the skill of the wine maker also importantly influence wine quality attributes.

The diversity of terroir, adaptation of vine growing to different weather patterns, and differences in grape cultivation and wine making practices mean that there is a broad range of wine quality types produced throughout the world.

As wine is considered to be a luxury good, the general relationship is for wine consumption per person to increase as income increases (figure C). Consumption in Europe and south America is generally well above the average, while in Asia and the United States it is very much below the average. Australia has an average relationship between income and wine consumption.

Some countries, such as the United States and Japan, tend to be consumers of beer and other fermented grain beverages rather than of wine. However, tastes are changing in favor of wine in many countries, perhaps boosted by perceptions of its healthiness compared with other alcoholic beverages. Furthermore, wine consumption is being given impetus by the increase in the high and consistent quality but competitively priced wines that are emerging from the New World producers.

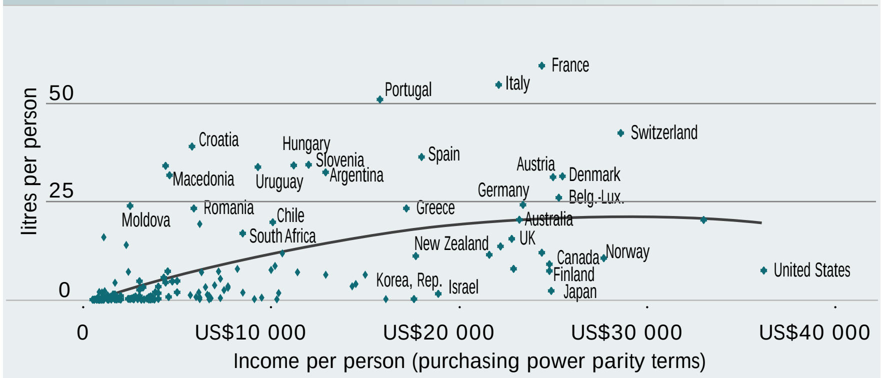
Many countries recognise the possible health and social implications of alcohol abuse and seek to curb alcohol consumption through heavy taxation and state monopolies that control the production, wholesaling and distribution of alcoholic beverages. High taxes on alcoholic beverages and state monopolies are a contributory factor to wine consumption being below world average in the Scandinavian countries, apart from Denmark (Alcohol Concern 2001) (figure C).

Taxes on wine would constitute an unfair trade barrier if they were

2 Shares and growth of wine consumption in key countries

	Share of world total, 1999	Trend growth rate 1990–99
	%	%
Africa	4.0	0.0
South Africa	3.4	0.0
Asia	7.0	11.8
China	3.9	12.0
Japan	1.0	11.5
Europe	68.2	0.0
European Union	57.6	–1.2
– France	17.6	0.0
– Germany	7.4	0.0
– Italy	14.8	–2.1
– Portugal	1.8	–1.4
– Spain	7.5	–3.6
– Sweden	0.4	1.3
– United Kingdom	3.3	3.2
Eastern Europe	9.6	0.0
– Bulgaria	0.6	0.0
– Hungary	1.2	1.3
– Romania	1.9	0.0
– Russian Federation	1.8	–5.2
North America		
Canada	1.0	3.3
United States	9.6	2.6
South America	7.3	–3.8
Argentina	4.4	–4.6
Brazil	1.2	–3.1
Chile	1.1	0.0
Oceania		
Australia	2.1	2.5
New Zealand	0.3	3.6
World	100	–1.0

C Relationship between wine consumption and income, 2000



higher for wine than for other alcoholic beverages, or if they were higher on imported products than on domestic ones. It is beyond the scope of this report to gather the detailed information on the range of alcoholic beverages that would be necessary to assess the importance of tax differentials as a trade barrier.

World wine trade

Trade reform

The Uruguay Round of multilateral trade negotiations that led to agreement in 1994 to numerical targets for cutting subsidies and protection has implications for the world wine market as wine is classified as an agricultural commodity. There were differing reduction schedules for developed and developing countries; least developed countries were not required to reduce tariffs or subsidies. The targets are summarised in table 3. The base level for tariff cuts was the bound rate before 1 January 1995; or, for unbound tariffs, the actual rate charged in September 1986 when the Uruguay Round began.

Exports

World exports of wine are dominated by the European Union (in particular, France), accounting for over 80 per cent of the total value in 2000 (including intra-EU trade) (figure D). Some EU exports of wine are subsidised through export refunds that differ according to product type and destination (see chapter 6 on export measures). Growth of total wine exports is strong

3 Numerical targets for cutting agricultural subsidies and protection under the Uruguay Round Agreement

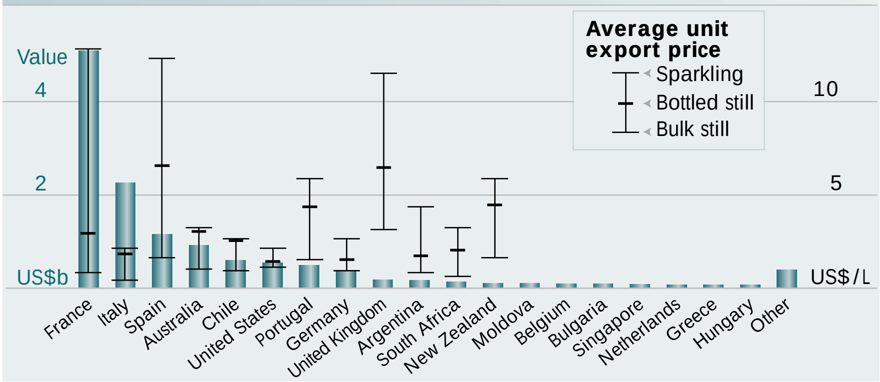
	Developed countries 6 years: 1995–2000	Developing countries 10 years: 1995–2004
	%	%
Tariffs		
Average cut for all agricultural products	36	24
Minimum cut per product	15	10
Domestic support		
Total AMS cuts for sector (base period: 1986–88)	20	13
Exports		
Value of subsidies	36	24
Subsidised quantities (base period: 1986–90)	21	14

Source: WTO (1995).

from the 'New World' countries, more modest from the European Union, and flat from south American countries (table 4).

Prices of wine exports differ substantially between countries and between wine types. For each of the major wine exporting countries, wine price spreads are indicated by vertical lines in figure D. Generally, sparkling wine export prices (indicated by the top of the line) are higher than those for bottled still wine (the dash on the line) and for bulk still wine (the lower end of the line). The highest priced sparkling wine exports originate from France and Spain. (UK wine exports are largely reexports.) Spain, Portugal and New

D Value and unit values of wine exports, by country, 2000



4 Shares and growth of world wine trade, selected countries and regions

	Export volume	
	Share of world total, 2000	Trend growth rate 1990–2000
	%	%
'Old World' producers		
European Union **a**	71.7	3.0
– France	24.6	3.5
– Germany	4.0	–2.2
– Italy	24.4	3.0
– Portugal	3.1	1.3
– Spain	12.9	4.4
Eastern Europe	5.6	0.0
– Bulgaria	0.6	–3.7
– Hungary	1.3	–0.9
– Moldova	1.6	0.0
– Romania	0.4	10.2
'New World' producers		
Argentina	1.5	13.2
Australia	5.6	18.2
Chile	6.7	23.4
New Zealand	0.6	17.4
South Africa	1.4	23.6
United States	4.6	11.6
World	100	4.5

	Import volume	
	Share of world total, 2000	Trend growth rate 1990–2000
	%	%
Africa	2.5	4.5
South Africa	0.0	–29.2
Asia	4.7	17.0
China	0.8	40.6
Japan	3.1	12.2
Europe	79.4	3.7
European Union **a**	62.8	3.0
– Belgium	4.7	na
– France	8.0	–0.6
– Germany	18.3	0.9
– Italy	1.0	–1.2
– Portugal	3.5	37.8
– Spain	0.9	24.9
– Sweden	2.2	1.3
– United Kingdom	16.4	4.0
Switzerland	3.3	0.5
Eastern Europe	5.6	11.6
– Bulgaria	0.0	–19.7
– Czech Republic	1.2	na
– Poland	1.1	4.4
– Russian Federation	3.0	–8.7
North America		
Canada	4.4	5.2
United States	8.3	7.6
South America	1.3	11.2
Argentina	0.1	20.2
Brazil	0.6	15.0
Chile	0.0	36.7
Oceania		
Australia	0.3	9.6
New Zealand	0.8	15.3
World	100	3.5

a Includes intra-EU trade. **na** Not available.

Zealand have the highest prices for exports of both bottled and bulk still wine. Australian export returns for still wines, both bottled and bulk, are in the middle price ranges, slightly higher than those for France.

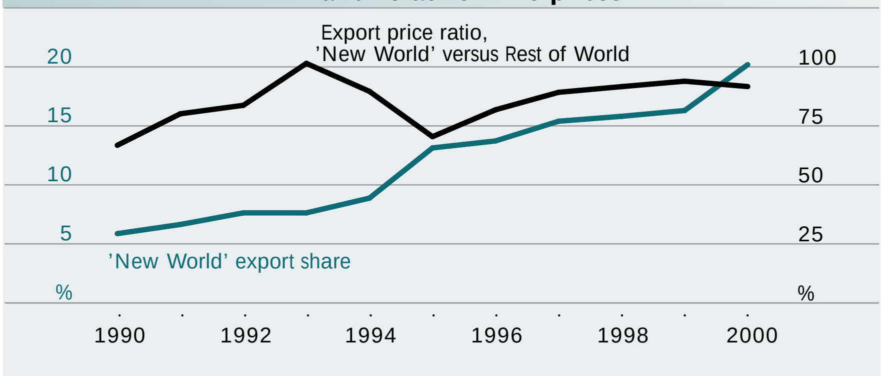
5 Composition of wine exports, by value, selected countries, 2000

	Sparkling wine	Still wine Bottled	Still wine Bulk
	%	%	%
Argentina	6.8	83.3	10.0
Australia	2.5	93.3	4.1
Chile	0.6	86.5	12.9
European Union	20.7	70.5	8.8
– France	30.1	63.8	6.0
– Italy	7.4	78.2	14.4
– Spain	18.6	65.2	16.2
– Portugal	0.4	95.1	4.5
New Zealand	7.1	92.2	0.6
South Africa	1.7	86.6	11.7
United States	3.2	89.6	7.3

Disaggregating world wine trade into the categories of ‘sparkling’, ‘still wine in bottles’ and ‘still wine in bulk’, it can be seen that the composition of wine exports, by value, differs between countries (table 5). Sparkling wines made up around 20 per cent of EU wine export value in 2000 and represent around 90 per cent of world trade in this category. The other wine producing countries are mainly exporters of still wines in bottles.

It can be seen from figure E that the New World producers — Argentina, Australia, Canada, Chile, New Zealand, South Africa, the United States and Uruguay — are increasing their share of the wine export trade at the expense of the traditional producers in Europe. At the same time, the trend has been for average export returns of New World producers to improve relative to those of the traditional wine producers.

E Trends in world export market shares and relative wine prices



A key characteristic of the international supply chain for wine is the increasing presence of large wine companies with a multinational focus. The largest of these wine companies in terms of wine sales in 2000 are shown in table 6. The growth in multinational wine companies has help to facilitate substantial growth in wine trade, particularly for New World producers, with seven of the top ten companies originating in Australia and the United States. As well as being international traders of wine, many of these companies also grow grapes and produce wine on an international scale (Rabobank International 1999).

6 Leading international wine companies

Company	Country	Annual wine sales, 2000
		US$m
LVMH	France	1 524
E and J Gallo	United States	1 428
Fosters Brewing Group/Beringer	Australia	1 217
Seagram	United States	800
Castel Freres	France	700
Constellation	United States	614
Diageo	United States	590
Southcorp	Australia	538
Henkell and Sonlein	Germany	528
Robert Mondavi Corporation	United States	506

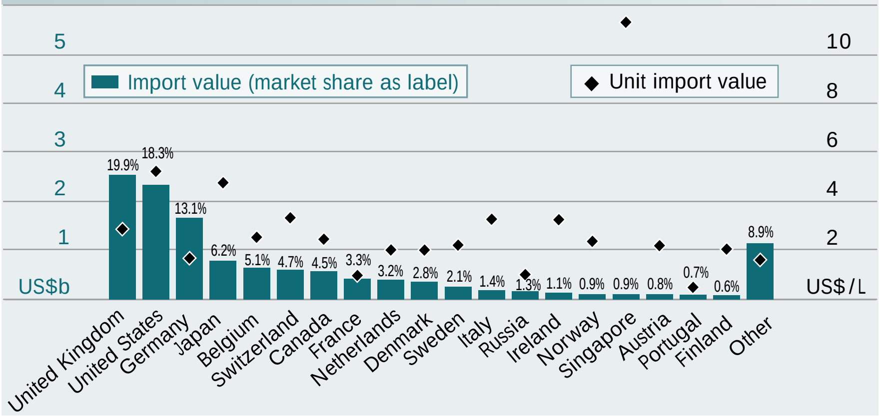
Source: Southcorp Limited (2001); ABARE

Imports

As well as dominating world exports, the European Union also dominates world imports, with around 55 per cent of the total value (figure F) and 63 per cent of the volume in 2000 (including intra-EU trade). The United States and Japan account for a further 25 per cent and are notable for purchases at the high end of the price scale. The most important growth markets for wine imports are in Asia and north America, although import growth is also occurring in the other continents (table 4). Although south American wine imports are growing at a rapid rate, they are doing so from a very low base.

As will be discussed in more detail in later chapters, various forms of trade barriers are influencing the pattern of world trade in wine. Regional preferential trade arrangements mean that the internal wine trade in Europe, north America and south America is subject to zero or very low tariffs. It is estimated that around two-thirds of world trade in wine (in volume terms) is traded at zero tariff rates.

F **Wine imports and import unit values, by country, 2000**

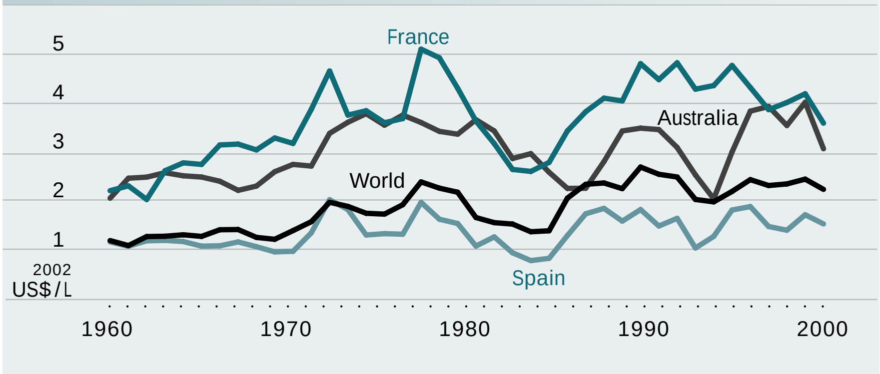


Price formation

At the aggregate level, world export prices for wine have been fairly flat in constant US dollar terms over the past decade (figure G). The higher average price for French wine exports reflects the greater proportion of sparkling wines in its total wine exports.

There are various market intervention measures for wine operated by the European Union that act to support wine prices through removing wine supplies from the market. These include arrangements for grubbing of vines, distillation of wine and wine into potable alcohol or fuel, and storage of wine. These measures are outlined in more detail later in this report.

G **Trends in wine export prices, selected countries**



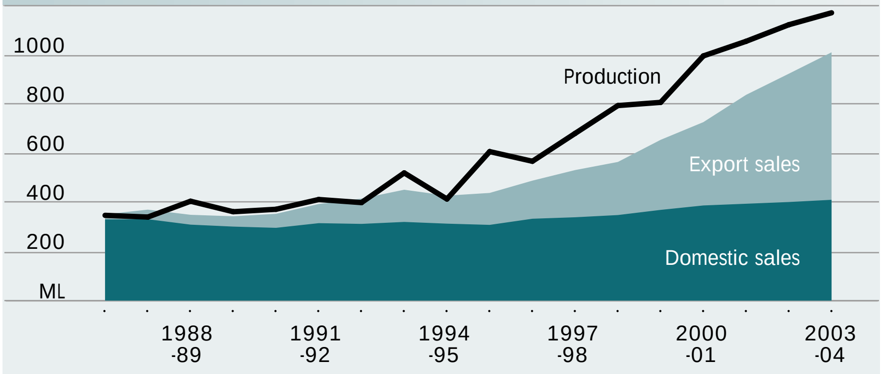
3

Australian wine industry

Production and export availability

The Australian wine industry is over 180 years old but has only grown strongly in the past fifteen years (figure H). The number of wine producers and the amount of wine produced has more than doubled from fifteen years earlier. Wine production was over 1 billion litres in 2000-01, a 28 per cent increase from the previous year (figure H). Further increases in Australian wine production are projected over the next few years (Spencer 2002).

H **Trends in production and disposal of Australian wine**

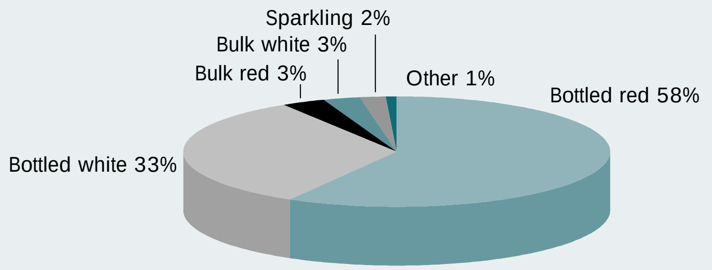


Most of this increased wine production will be exported. Australian wine exports are projected to be 82 per cent higher in 2003-04 than in 2000-01, while domestic sales are projected to be only 6 per cent higher. The gap between production and total sales (export and domestic) indicates that there has been a substantial buildup in wine stocks in recent years and that this is expected to continue over at least the short term.

Exports

Bottled still wine made up 91 per cent of the total value of Australia's wine exports in 2001, with a further 7 per cent being bulk still wine and 2 per cent

I Share of export volume, by container and wine type, 2001

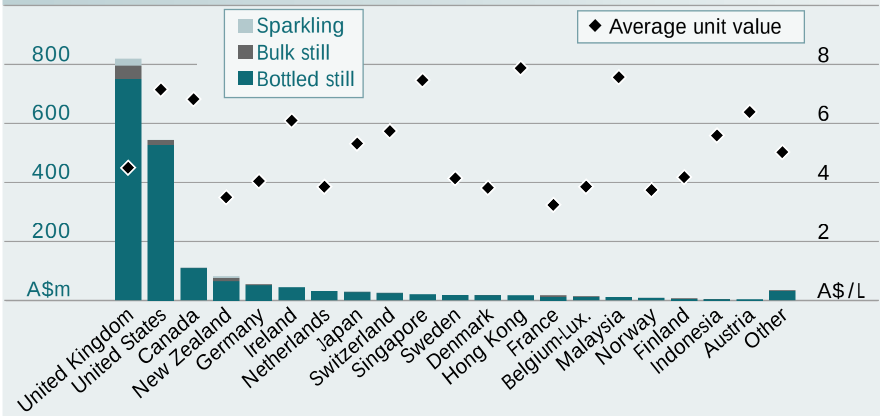


Source: Australian Wine and Brandy Corporation (2002).

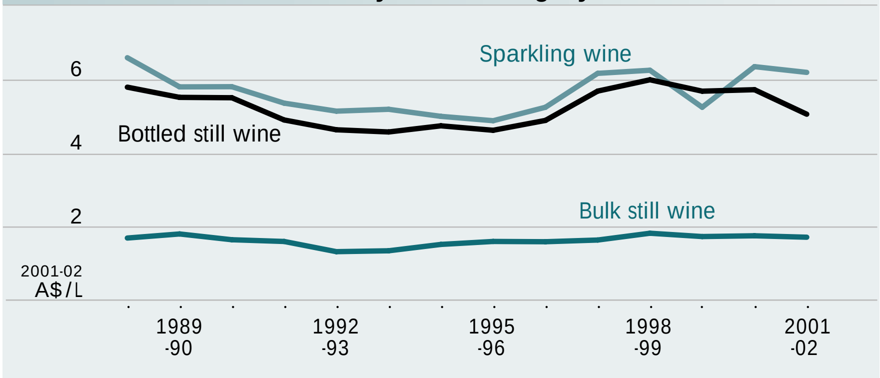
sparkling wine. In volume terms, red wine in various container types (mainly bottles) made up 54 per cent of exports (figure I).

Australia's wine exports go mainly to countries in the European Union and north America (figure J). The United Kingdom is Australia's largest export market, accounting for 42 per cent of bottled still wine, 46 per cent of bulk still wine, and 56 per cent of sparkling wine in 2000-01. EU countries, including the United Kingdom, are generally at the lower end of the scale of average unit value of Australian wine exports, while the United States, Canada, Singapore, Hong Kong and Malaysia are at the higher end (figure J). More details on Australian wine exports are provided in appendix B.

J Main export destinations for Australian wine, 2001



K Trends in Australia's wine export returns, by broad category



The average export return for Australian bottled still wine trended upwards in the second half of the 1990s in constant dollar terms as Australia's reputation for wine quality grew in international markets (figure K). However, these real returns have eased from the high reached in 1998-99 under the weight of Australia's rapidly increasing wine supplies. A leveling off in recent years of Australia's bulk wine export prices is also evident from this figure.

Imports

Australian wine imports were worth $80 million in 2000-01, down from the record $100 million in 1999-2000. Around half of these imports were sparkling wine, particularly from France and Italy (figure L). New Zealand was the main source of still wine imports. Australia imports little bulk wine.

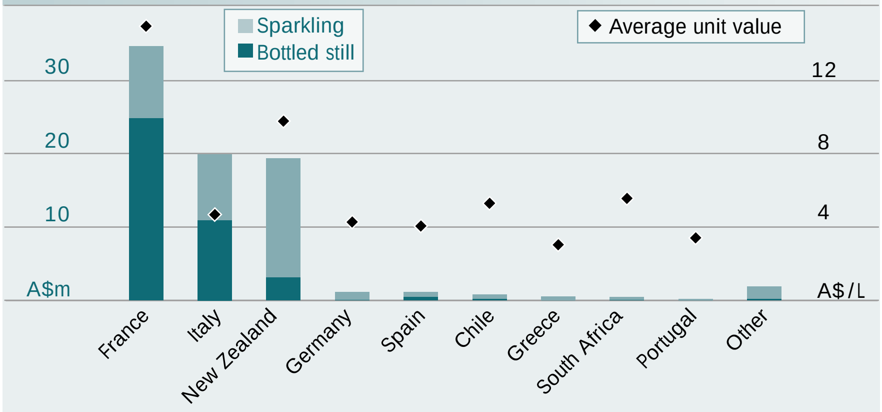
Australian wine policy environment

The Australian wine industry is highly competitive, with no government subsidies for production or exports and low protection from tariffs.

Institutional arrangements in Australia

The Australian Wine and Brandy Corporation (AWBC), a statutory authority, was formed in 1981 for the purpose of improving the quality of wine and brandy, and promoting the sale of wine and brandy in Australia and overseas. In 1992, the AWBC established the Australian Wine Export Council (AWEC), as a wine export promotional body.

L Sources of Australian wine imports, 2000-01



Compulsory levies are imposed under federal government legislation. A wine grapes levy is collected on behalf of the Australian Wine and Brandy Corporation and the Grape and Wine Research and Development Corporation (GWRDC). The levy is payable on the tonnage of grapes and/or tonnage equivalent of grape juice used at a winery in Australia in the manufacture of wine.

A grape research levy is collected on behalf of the GWRDC. This levy is payable on the tonnage of grapes delivered to a processing establishment, with the establishment responsible for levy collection and remittance. The federal government contributes to research and development funding on a dollar for dollar basis for eligible expenditure up to a maximum of 0.5 per cent of the gross value of production.

Tariffs and taxes in Australia

Australian tariffs on wine imports are 5 per cent by value for ‘most favored nations’. Tariffs are zero for New Zealand, Papua New Guinea, the Forum Islands and other developing countries.

New tax arrangements came into place for the Australian wine industry in July 2000. The previous 41 per cent wholesale sales tax was replaced by a 10 per cent goods and services tax (GST) and a 29 per cent wine equalisation tax applied to domestic sales at the wholesale level. As other indirect taxes on some inputs have been reduced, and no GST or wine equalisation tax is paid on exports, the competitiveness of Australian exports has been maintained.

Wine specific international agreements that involve Australia

A key strategy to maintaining Australia's access to some of its largest overseas markets is the participation in the World Wine Trade Group (formally known as New World Wine Producers Forum). This group includes the wine producing countries of Argentina, Australia, Canada, Chile, Mexico, New Zealand, South Africa, the United States and Uruguay and is a direct response to organisations such as the Office International of Vine and Wine (discussed below) that seek to perpetuate the enforcement of standards that favor European wine producing countries (AWBC and WFA 2001). The group consists of industry and government representatives from each country that meet twice a year with the objective of enhancing wine trade. In 2001, five of the countries signed the Mutual Acceptance Agreement on Oenological Practices that seeks to remove barriers to world wine trade that arise through wine making practices (see box 2).

Box 2: Mutual Acceptance Agreement on Oenological Practices

In April 2001, four countries — Australia, Canada, New Zealand and the United States — initialised a multilateral Mutual Acceptance Agreement on Oenological Practices (MAA). The four countries signed the agreement in December 2001, along with Chile. Argentina and South Africa were also involved in negotiating the agreement. It is expected that Argentina will sign the agreement once they have finalised their domestic procedures. South Africa is also considering signing.

Each of the five signatory countries will permit wine imports from other participating countries provided that wines are made in accordance with the producing country's domestic laws and technical wine making requirements and regulations. This agreement will prevent differences in wine making practices from being used to erect barriers to wine trade between participating countries and allow for the acceptance of any new domestically sanctioned oenological practice that has no perceived health or safety issues involved.

The next issue to be negotiated by the forum will be an agreement on wine labeling. The agreement on wine labeling will encompass the standardisation of mandatory labeling requirements between participating countries and where possible the mutual acceptance of other labeling practices. Wine producers have put forward a proposal that will enable them to change only one label for sales in any market.

In 1994, Australia and the European Commission entered into an agreement to regulate and promote the bilateral flow of trade in wine. The agreement sets out the accepted oenological practices and processes authorised by both parties, the reciprocal protection of wine names and related provisions on description and presentation of wines, and the protection of geographical indications and traditional expressions. However, negotiations on several issues relating to the phase-out dates for certain generic terms and the form of protection for 'traditional expressions' are continuing.

Australia is a member of the Office International of Vine and Wine (OIV). The OIV is an intergovernmental organisation of a scientific and technical nature working in the field of vine and vine based products. The OIV was established by agreement between founding members of France, Greece, Hungary, Italy, Luxembourg, Portugal, Spain and Tunisia in 1924. There are presently 46 member countries including most of the major wine producing nations of the world, with the notable exception of the United States.

The objectives of the OIV are:

- to inform its members about measures to ensure that the concerns of producers, consumers and other players in the vine and wine products sector may be taken into consideration;
- to assist other international organisations, both intergovernmental and nongovernmental, especially those that carry out standardisation activities; and
- to contribute to the international harmonisation of existing practices and standards — and, as necessary, to the preparation of new international standards — in order to improve the conditions for producing and marketing vine and wine products, and to help ensure that the interests of consumers are taken into account.

4

market access measures

WTO tariff arrangements

World agricultural trade is characterised by customs duties on imports. The most common forms are *ad valorem* tariffs, in which the duty payable is proportional to the value of the product, and specific tariffs, in which the duty payable is calculated at a currency amount per measure of volume, for example, US dollars a litre.

If the tariff rate is bound (fixed) under WTO arrangements, then the importing country may not charge a higher duty (in normal circumstances) without paying a penalty. Safeguard measures can be taken to protect domestic industries or an antidumping duty may be applied.

Tariff quotas are also a feature of the world agricultural trading environment. A tariff (rate) quota is where an 'in-quota' tariff rate is applied to an agreed volume of imports and any additional imports face a higher 'above-quota' tariff rate. That is, a tariff quota is an instrument to provide limited market access. One justification for the use of tariff quotas under WTO arrangements is that it avoids the very high tariff rates that could occur under tariffication (Gibson, Wainio, Whitly and Bohman 2001).

Preferential arrangements or trade preference agreements are allowable under the WTO arrangements. One form of preferential arrangements is where some industrialised countries permit imports of selected products from developing countries at lower import duty rates than imports from elsewhere. More details on this form of trade preferences are provided in Topp (2001).

The WTO trading system recognises the right of countries to form or enlarge customs unions and free trade areas, provided they are consistent with the provisions of Article XXIV of the General Agreement on Tariffs and Trade 1994. These formations or enlargements should to the greatest possible extent avoid creating adverse effects on the trade of other WTO member countries.

Antidumping duties may be imposed if export market prices are lower than the price of the same goods when sold in a normal commercial transaction on the exporter's domestic market.

Reductions in tariff levels have been an important aspect of world trade reform to date under the WTO framework. However, there is a range of important tariff issues relating to wine trade other than their actual level. These issues include tariff escalation, expansions of free trade areas, the existence and administration of tariff quotas and taxes.

Tariff rates

Tariff rates for wine are summarised in table 7. Rates for sparkling, bottled and bulk wine are expressed either as a percentage of the value of the imports — an *ad valorem* rate — or as currency per unit volume.

In the case of countries such as the European Union, Canada, Switzerland and Japan, the tariff rate for bulk wine is lower than for bottled wine (table 7). A case where tariffs on processed products are higher than tariffs on unprocessed products and where that tariff increase is greater than the increase in the value added by processing is commonly referred to as tariff escalation. The effect of tariff escalation is to protect value adding industries from processed imports.

For example, the Japanese tariff on bulk wine is ¥45 a litre compared with 15 per cent or ¥125 a litre (whichever is less) for bottled wine. In volume terms, bulk wine made up 18 per cent of total Japanese wine imports in 2000. In addition, foreign wine that has been bottled in Japan can be labeled as 'Produced in Japan'.

In 2001, Japan took less than 3 per cent by volume of Australia's bulk wine exports and only 1.4 per cent of Australia's bottled wine exports. Nevertheless, Japan is an important target growth market for Australian wine.

Tariff levels for key wine importing countries are compared in figure M, where all specific tariffs have been converted to *ad valorem* equivalents. (The countries are ranked according to the magnitude of bottled still wine tariffs in this diagram.) This shows that tariffs are low for the European Union, the United States and Canada but are relatively high in Switzerland, South America and Asian countries such as Japan and China. China's wine tariffs

7 Summary of most favored nation tariff measures for wine in key countries a

Country	Sparkling wines		Still wines			
			Bottled a		Bulk a	
(date for final implementation of bound rate)	Final bound rate	Applied rate, 2001	Final bound rate	Applied rate, 2001	Final bound rate	Applied rate, 2001
Africa						
Egypt b (2004)	3000%	3000%	3000%	1800%	3000%	1800%
South Africa	73–98%	25%	73%	25%	98%	25%
Asia						
China (2004)	14%	44.6%	14%	44.6%	20%	47%%
Chinese Taipei (2004)	20%	20%	10%	20%	10%	20%
India (2004)	150%	100%	150%	100%	150%	100%
Indonesia (2004)	150%	150%	70–150%	70–150%	70–150%	90–150%
Israel (2004)	148%	160% + NIS1.37/L	148%	78% + NIS1.58/L	148%	na
Japan	¥182/L	¥182/L	¥67–125/L	¥67–125/L	¥45–125/L	¥45–125/L
Korea, Rep. of (2004)	30%	15%	30%	15%	30%	15%
Malaysia (2004)	RM80/L	RM42.5/L	RM45/L	RM12/L	RM45/L	RM12/L
Philippines (2004)	50%	5%	45%	5%	45%	5%
Singapore (2004)	$13/L	$13/L	$9.50/L	$9.50/L	$9.50/L	$9.50/L
Thailand (2004)	54% +B18/L	55.8%	54–60% + B18–20/L	55.8%	54–60% + B18–20/L	55.8%
Europe						
Bulgaria	25%+ 15 euro/hL	12%+ 35 euro/hL	32%+e 72 euro/hL	12%+ 35 euro/hL	32%+ 40 euro/hL	12%+ 35 euro/hL
Czech Republic	30%	30%	30%	30%	75%	75%
European Union	32 euro/hL	32 euro/hL	13.1–32 euro/hL	13.1–32 euro/hL	9.9– 20.9 euro/hL	9.9– 20.9 euro/hL
Hungary	62.9%	62.9%	62.9–68%	68.3%	62.9–68%	68.3%
Norway	0%	0%	0%	0%	0%	0%
Poland	48%	30%	48%	30%	48%	30%
Romania (2004)	315%	144%	315%	144%	315%	144%
Slovak Republic	30%	na	30%	na	75%	na
Switzerland c	SF0.91/L	na	SF2.45–5.10/L	na	SF3.27–3.40/L	na
Turkey (2004)	102%	na	102%	70%	102%	70%

Continued ➪

7 Summary of most favored nation tariff measures for wine in key countries a *continued*

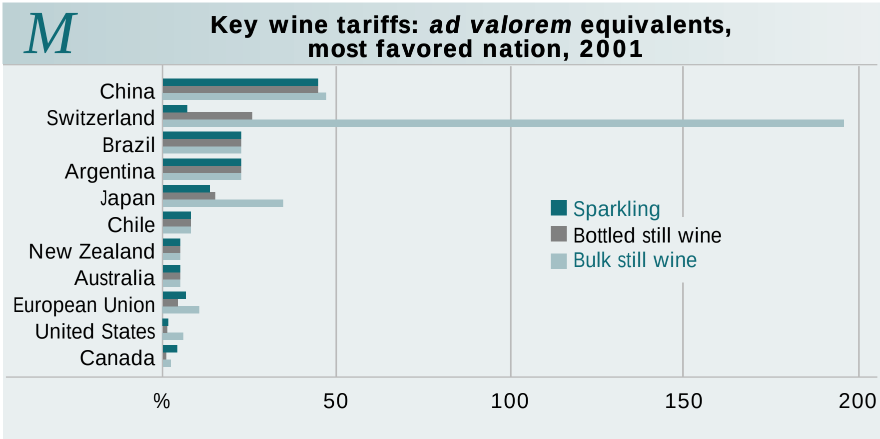
Country	Sparkling wines		Still wines			
			Bottled a		Bulk a	
(date for final implementation of bound rate)	Final bound rate	Applied rate, 2001	Final bound rate	Applied rate, 2001	Final bound rate	Applied rate, 2001
North America						
Canada	CA37.4c/L	CA37.4c/L	CA3.74–17.2c/L	CA3.74–17.2c/L	CA2.82–12.95c/L	CA2.82–12.95c/L
Mexico (2004)	45%	20%	36–45%	20%	45%	20%
United States	US$19.8c/L	US$19.8c/L	US$5.3–19.8c/L	US$5.3–19.8c/L	US$8.4–22.4c/L	US$8.4–22.4c/L
South America						
Argentina (2004)	35%	22.5%	35%	22.5%	35%	22.5%
Brazil (2004)	55%	22.5%	55%	22.5%	55%	22.5%
Chile (2004)	25%	8%	25%	8%	25%	8%
Colombia (2004)	70%	20%	70%	20%	70%	15–20%
Paraguay (2004)		10%		15%		20%
Uruguay (2004)	35%	22.5%	35%	22.5%	35%	22.5%
Venezuela (2004)	40%	20%	40%	20%	40%	15–20%
Oceania						
Australia	10%	5%	15%	5%	15%	5%
New Zealand	0–25%	5%	25%	5%	25%	5%

a Bottled is defined as 2 litres and under, bulk as over 2 litres. **b** Hotels and other tourist facilities may import wine at a 300% tariff. **c** Range includes both in-quota and above-quota tariffs.
Sources: APEC (2002); Inter-American Development Bank (2002); World Customs Organisation (2002).

are scheduled to decline to 14–20 per cent over the next two years under the terms of its accession to the World Trade Organisation (WTO 2001).

As discussed below, many of the main wine exporting countries benefit from free trade agreements and preferential arrangements.

To incorporate these agreements and arrangements, summary devices known as tariff profiles are constructed for each of the main wine exporting countries or country groupings. A tariff profile is the cumulative average tariff curve faced by the exporting country. They are constructed as the export value weighted average of each importing country's *ad valorem* equivalent



tariff rate. These profiles allow a comparison of the tariff levels faced by each wine exporting country.

Tariff profiles faced by selected wine exporting countries for bottled still wine are shown in figure N. For example, the tariff profile for Australia's bottled wine exports shows that 5 per cent of exports face no tariffs (intersection of line with horizontal axis), and the average *ad valorem* equivalent tariff faced over all countries is 6.25 per cent (end of line at 100 per cent value of exports). This compares with the tariff profile for the European Union that shows 63 per cent of its bottled wine exports face no tariffs (mostly intra-EU trade), and the average tariff rate paid is only 3.3 per cent in *ad valorem* equivalent terms. The profile for each country rises steeply at the

end, indicating that exporters all tend to face high tariffs in some of their less established markets.

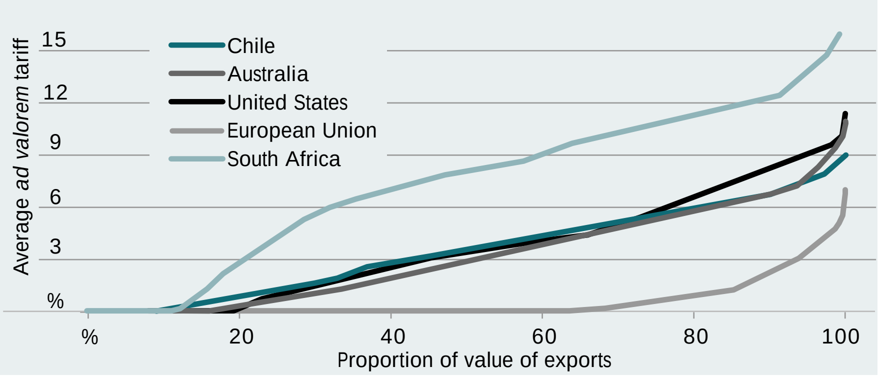
The tariff profile for South Africa reflects the tariff quota arrangements that apply from 2002 whereby around a third of South Africa's exports of bottled still wine to the European Union will be tariff free. The effect of this tariff quota is to lower the average tariff faced from 6.4 per cent to around 4.6 per cent in *ad valorem* equivalent terms.

Tariff profiles faced by selected wine exporting countries for bulk still wine are shown in figure O. The profiles are remarkably similar for Australia, Chile and the United States, with average tariff rates faced by these countries being around 10 per cent in ad valorem equivalent terms. The European Union faces an average tariff rate of only 6 per cent while that for South Africa is 16.6 per cent. Nearly three-quarters of South Africa's exports of bulk still wines go to the European Union. However, unlike South African bottled still wine exports to the European Union, there are no preferential arrangements for this wine.

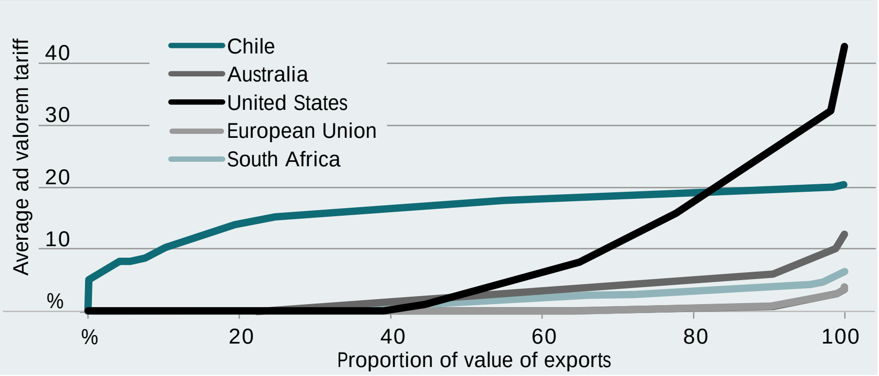
Tariff profiles faced by selected wine exporting countries for sparkling wine are shown in figure P. Average tariffs are much higher than for bulk and bottled still wine. Sparkling wine makes up 2 per cent of the total value of Australian wine exports but 21 per cent of European wine exports.

In summary, the tariff profiles clearly show the benefit that the EU wine industry receives compared with other major wine exporting countries in the

O Tariff profiles for key wine exporting countries: still wine in bulk



P **Tariff profiles for key wine exporting countries: sparkling wine**



level of tariffs they face. In comparison, the Australian wine industry is at a significant disadvantage in the average level of tariffs confronted by its exports.

Trade preference agreements

There are many trade preference agreements that affect world wine trade. The key regional agreements are summarised in table 8. A number of WTO countries offer developing countries trade preferences under what are called generalised schemes of preferences (GSP). Topp (2001) lists the major WTO countries that offer forms of GSP schemes. There are also a number of bilateral trade agreements that affect world wine trade; these will be discussed further in the next section.

Expansions of a number of free trade areas that involve major wine producing and consuming countries are planned or are in prospect. Enlargement of the European Union commencing in 2004 will encompass the new member states of Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey. Together these new member states accounted for around 3.2 per cent of the volume of both world wine imports and exports in 2000.

It is also possible that agreement will be reached on a Free Trade Area of the Americas as early as 2005. This agreement would include north and south America and the Caribbean countries. Such an agreement would encompass an estimated 8 per cent of world wine trade.

These enlargements of trading blocs could result in a substantial lowering in tariffs on wine trade between member countries, with obvious implications for the competitiveness of Australian wine exports. For example, the impending enlargement of the European Union removes tariffs on a market that accounted for 5.2 per cent of EU exports, by value, in 2000. The removal of tariffs would likely increase this trade between EU member countries.

8 Key trade preference agreements influencing world wine trade

	Tariff on wine	Estimated intragroup imports of wine as a proportion of world total, 2000
ACP–EC Cotonou Partnership Agreement An EU agreement signed in June 2000 with developing and least developed countries in Africa, the Caribbean and the Pacific.	nil	negligible
US African Growth and Opportunity Act (AGOA) Signed into US law in May 2000, the act offers incentives for African countries to continue their efforts to open their economies and build free markets. AGOA provides reforming African countries with the most liberal access to the US market available to any country or region where the United States does not have a free trade agreement. South African wines benefit from this arrangement.	nil	negligible
Caribbean Basin Initiative (CBI) A broad program, established under the *Caribbean Basin Economic Recovery Act of 1983* (amended in 1990) by the United States, to promote economic development through private sector initiatives in Central American and Caribbean countries. A major goal of the CBI is to expand foreign and domestic investment in nontraditional sectors, thereby diversifying CBI country economies and expanding their exports. The Initiative provides customs duty-free entry to the United States on a permanent basis for a broad range of products from CBI beneficiary countries.	nil	negligible
European Union 'Everything but Arms' initiative An initiative under which the European Union extends duty and quota free access to all products originating in least developed countries, except arms and ammunition. At this stage, this includes all agricultural products except bananas (to be fully liberalised 2002–06), rice (2006–09) and sugar (2006–09).	nil	negligible

Continued ➪

Australia, too, could benefit from bilateral trade agreements within the next few years, with agreements being mooted with the United States and Japan. These countries accounted for 28 per cent and 2 per cent, respectively, of the total value of Australian wine exports in 2001. In 2001, the US tariff averaged 1.6 per cent in *ad valorem* equivalent terms across all Australian wine imports, while Japan's tariffs averaged 21 per cent.

8 Key trade preference agreements influencing world wine trade *continued*

	Tariff on wine	Estimated intragroup imports of wine as a proportion of world total, 2000
Customs unions and free trade areas		
Central European Free Trade Agreement (CEFTA) An agreement signed in December 1992, forming a free trade area consisting of the Czech Republic, Bulgaria, Poland,Hungary, Romania, Slovakia and Slovenia. All the signatories had previously signed association agreements with the European Union; membership of CEFTA functions is seen as a preparation for full European Union membership.	mostly tariff free quotas	1.2%
Europe Agreement(s) Agreements that the European Union has with the ten countries of central and eastern Europe. The agreements constitute the basis for these countries' preparations for accession to the European Union. One aspect of the Agreements is establishment of free trade.	mostly tariff free quotas	5.4%
European Union A treaty based institutional framework covering economic and political cooperation among its European member countries. Membership is likely to increase from its current fifteen countries to 29 countries from 2004. Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Lithuania, Latvia, Malta, Poland, Romania, Slovakia and Slovenia and Turkey are seeking membership.	nil	58% (64% with enlargement)
North America Free Trade (NAFTA) A free trade agreement, signed in 1991, between Canada, Mexico and the United States.	0–2%	0.7%
Southern Common Market Agreement (Mercosur) Allows for free trade between Argentina, Brazil, Paraguay and Uruguay. A common external tariff is applied by these countries to imports from non-Mercosur countries.	nil	0.2%

Tariff rate quotas

A number of countries operate tariff rate quotas for wine, including Switzerland, the European Union and eastern and central European countries and some Asian countries (table 9). Tariff quotas have been employed for a range of commodities, including wine in eastern and central European countries, to ease the transition from centrally planned to market based economies and for transition within the European Union. However, these quotas are not always filled.

The economics of tariff quotas are outlined in box 3.

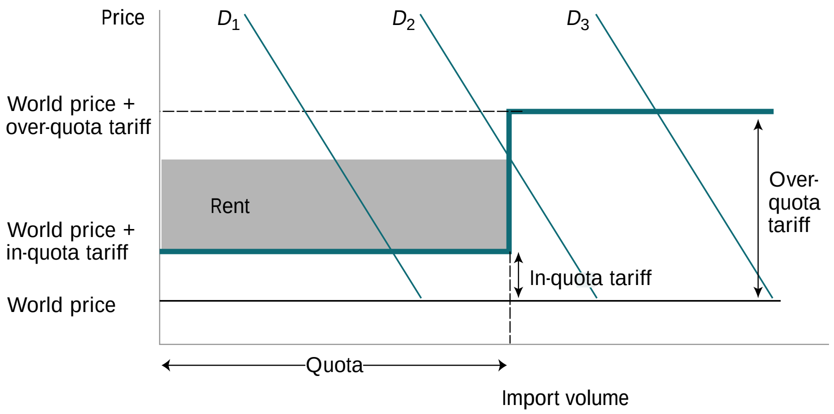
Where tariff quotas are filled, market access can obviously be enhanced by increasing the quota or by reducing the over-quota tariff rate. There is also the issue of how allocation of the quota is administered. Auctioning of the quota is considered the most efficient method of allocating the quota. Complicated administrative arrangements can increase transaction costs and, hence, act as a nontariff barrier to trade.

Abbott (2002) examined the operation of tariff rate quotas for a range of countries and commodities. He says that there have been problems with quota

Box 3: The impact of a tariff quota

The market impact of a tariff rate quota (TRQ) is illustrated in the diagram under three different levels of demand represented by lines D_1, D_2 and D_3.

Impacts of a tariff quota under three demand scenarios



Box 3: The impact of a tariff quota *continued*

With relatively weak import demand, D_1, the in-quota tariff will limit trade and the TRQ will operate as a pure tariff. The importing country's domestic price equals the world price plus the in-quota tariff. Import demand is insufficient to fill the quota.

With strong import demand, D_3, imports exceed the quota. In this case the domestic price is equal to the world price plus the over-quota tariff rate.

With intermediate demand, D_2, the domestic price is above the world price plus the in-quota tariff rate, but below world price plus the over-tariff rate. The actual price will be determined by the level of demand.

A relatively weak import demand (D_1) will result in a TRQ acting like a standard single tariff regime, while with a strong import demand (D_3), a TRQ will function as a typical two-tiered tariff regime. However, with an intermediate magnitude of import demand (D_2) or a very high over-quota tariff, a TRQ will act like a pure quota.

Any situation in which the demand to trade at the in-quota tariff rate is greater than the quota requires some method of allocating the quota. Under such conditions, whoever obtains rights to trade at the in-quota tariff can make a risk-free profit on each unit imported equal to the difference between the domestic price and the world price plus the in-quota tariff. In the case of intermediate demand, D_2, the area labeled 'rent' in the figure represents the value of these profitable opportunities.

The way in which allocation of the quota to importers is administered has important market access implications. Methods of administration of tariff quotas include:

- *auction*, where the right to import at the in-quota tariff is auctioned;
- *first come, first served*, where the imports to first clear customs are granted the in-quota tariff rate until the quota is filled;
- *proportional allocation*, where, if demand exceeds the quota, the quota is allocated proportionally to the import volume originally requested; and
- *historical allocation*, where the quota is allocated to firms on the basis of their trading volume in previous periods.

The tariff quota administration may involve combinations of these methods; sometimes the quotas are simply not enforced. There are cases where the right to import in-quota is granted wholly or partially to a state trading enterprise, or an organisation representing domestic producers of the controlled product (Scully 2001).

Scully (2001) says that the most efficient method of allocation is to auction quota rights though there are concerns that auctioning quota rights raises the effective in-quota tariff and that bidding can be manipulated. The fact that there are rents to be allocated can make administrative arrangements subject to political influence (Abbott 2002). Complicated and drawn out administration methods can add significantly to import transaction costs. Underfill of a quota can be attributable to administrative methods rather than relatively weak demand.

9 Selected tariff rate quotas for wine

	TRQ quantity (type)	Quota allocation system (administration)	Wine imports (2000)	Bound tariffs	
				In-quota	Above-quota
European Union	42.02 ML (bottled still wine only, finalised in January 2002)	South Africa exclusive. 80% allocated on the basis of historical market shares; remaining 20% allocated to 'new and small, medium and micro enterprises'	South Africa exports to EU were 88.7ML when a quota of 352 ML applied	0	32 euro/hL
Czech Republic	9.19 ML	Mostly to EU on first come, first served basis	53.4 ML	25%	30%
Hungary	38.35 ML (wine and champagne)		2.34 ML	40%	62.9%
Poland	20.3 ML	Czech Rep. 0.6 ML Bulgaria 8.5 ML Israel 2.0 ML Slovenia 1.7 ML Romania 6.0 ML Slovak Rep. 1.5. ML	59.0 ML	15% (minimum 2.5–21 ECU/hL)	30% (minimum 42 ECU/hL)
Poland	14.0 ML	Hungary		12–15% (minimum 2.5–21 ECU/hL)	30% (minimum 42 ECU/hL)
Slovak Republic	2.85 ML		100 ML	25%	30%
South Africa	9.572 ML (wine and spirits)	European Union	11.0 ML (wine only, 2000)	20%	25%
Switzerland	170 ML	30 600 litres to the European Union; rest on first come, first served basis	164.6 ML **a**	F34–50	F245–510

a 1999 import volume.
Source: WTO notifications; AMAD (2000).

fill (underfill) and limitations on imports as a result of administrative methods. Both theory and practice led him to recommend the eventual elimination of this instrument through lowering most favored nation tariffs.

In a number of cases, tariff quotas for wine are allocated to specific countries under bilateral trade agreements. One case in point is the European Union that has tariff quotas with many countries that export wine to member states. These agreements are increasingly being negotiated with New World wine producers and are conditional on acknowledging certain EU wine regulations such as the reciprocal protection of names. One such agreement is the South Africa – European Union Wines and Spirits Agreement that was finalised in February 2002. Under the agreement, South Africa will have a tariff-free quota of 42.02 million litres of bottled still wine for the period 2002–11. In return, South Africa has agreed to stop using certain European geographic origins and appellations for wines, such as champagne, and traditional expressions such as vintage, tawny and ruby, for similar locally produced products.

Alternatively, countries such as Switzerland use a tariff quota system to protect the country's domestic wine industry. The Swiss system is prohibitive, with the above-quota tariffs (that is, MFN rate) being 5–10 times higher (depending on wine category) than the in-quota tariffs. In recent years, the quota of 1.7 million litres has been filled but the very high above-quota tariffs mean that no over-quota imports have occurred. The TRQ regime is acting like a pure quota system with those holding import licences gaining significant quota rents. The slight underfill of the quota is probably the result of inefficiencies introduced by quota administration arrangements.

5

domestic support

Policies that support domestic prices or subsidise production encourage domestic overproduction. This squeezes out imports and may result in the use of export subsidies to dispose of the resulting surpluses.

Domestic support and the WTO

There is a range of domestic support measures available for countries to use under the WTO Agreement on Agriculture. 'Amber box' measures are domestic policies that have a direct impact on world trade were required to be reduced. Under the Uruguay Round, support of this kind was quantified as the total aggregate measurement of support for the agricultural sector per year in the base years 1986-88. Developed countries agreed to reduce these direct support measures by 20 per cent over the six years to 2001, while developing countries committed to 13 per cent reductions over the ten years to 2004 (table 3).

Domestic support measures that have minimal impact on trade are categorised as 'green box' policies. These include government services such as research, disease control, and infrastructure and food security. They may also include direct payments to growers that do not stimulate production, such as certain forms of direct income support, rural adjustment payments, and environmental and regional assistance. These payments are not subject to cuts or limitations.

Direct payments where farmers are required to limit production are called 'blue box' measures. They may also include support payments where they are on a small scale (5 per cent in developed countries and 10 per cent in developing countries) when compared with the total value of the product.

The most important domestic support measures for wine production are those operated by the European Union under the Common Market Organisation. There are only small and isolated cases of subsidies for wine in certain other countries. One is the EU enlargement candidate Slovenia that has indirect payments for grapes of 294 euro a hectare, introduced in 2000 apparently to make its policies consistent with those of the European Union (Noev and Swinnen 2001).

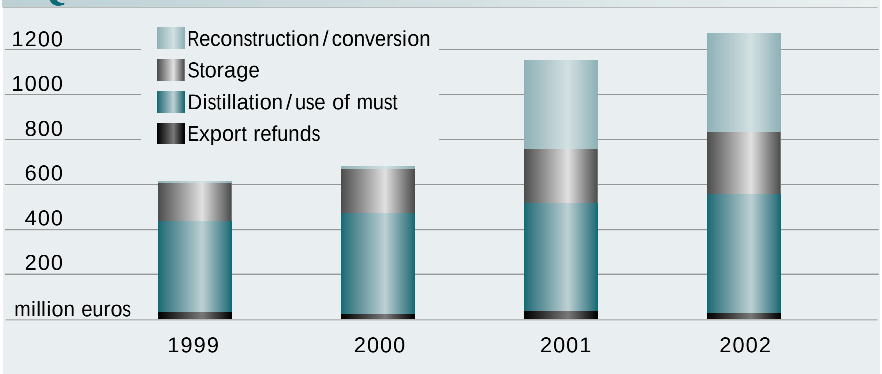
EU Common Market Organisation

The Common Market Organisation for wine was reformed in May 1999 with the stated goal of rebalancing supply and demand and reorienting production toward altered market demands. Wine production in the European Union is highly subsidised under the Common Market Organisation, with a budgetary appropriation in 2001 of 1154 million euros (table 10 and figure Q). About half of this expenditure is related to supply control measures to support prices, such as grubbing of vines, distillation of wine and intervention storage. The bulk of the remaining expenditure is for the restructuring and conversion of vineyards.

New plantings of vines are strictly prohibited in the EU member states until 2010, except under exceptional circumstances, for example, where market demand for a particular variety is in excess of existing supply. However, member states may also set limits for crop yields and make producers exceeding these limits ineligible for aid payments.

Producers that agree to permanently abandon vine growing can receive what is termed an 'abandonment premium'. The premium is set by member states, subject to certain limits. Member states may also grant national aid for vine grubbing.

Q **EU Common Market Organisation funding**



Considerable sums of money are allocated for restructuring the EU wine industry (table 10). Restructuring includes relocation of vineyards, improvements to management techniques and the conversion of vineyards to more marketable grape varieties. Producers would be expected to meet 50 per cent of the restructuring costs that are defined to include revenue lost during the conversion period.

A number of intervention measures are operated for still wines and grape must only when the market is in a situation of oversupply. First, there are subsidies for storing wine and wine products produced through distillation. Storage aid covers only technical storage costs and interest charges. The storage aid rates are shown in table 11.

When storage aid is not sufficient to correct the market imbalance, distillation measures are used. Wine producers are paid a set buying-in price by distillers and distillers receive a distillation aid and a storage aid. Distillation aid rates and buy-in prices are shown in table 11.

Voluntary distillation measures are operated each year until that year's budgetary limits are reached. Distillation is compulsory for some products such as grape marc or wine lees. Buying-in prices are set at a rate per percentage volume of alcohol to prevent deliberate overproduction of low quality wines.

10 EU budget appropriations to support the EU wine industry

	Expenditure			**Budget appropriations**	
	1998	**1999**	**2000**	**2001**	**2002**
	million euros			million euros	
Export refunds	41	27	22	35	25
Wine and must storage	55	41	50	52	52
Distillation of wine		187	239	267	317
Distillation of byproducts	66	61	66	67	67
Distilled alcohol storage aids		129	149	190	226
Aid for the use of must		160	144	149	149
Abandonment premiums	15	9	12	14	18
Restructuring and conversion				380	422
Total	700	615	766	1154	1 276

Source: US Department of Agriculture (2001d).

The European Commission sets the prices received for alcohol delivered to an intervention agency. Distillation products acquired by the intervention agencies are disposed of through public auction or tendering.

As well, quantities of dual classification grapes — those classified as both wine grapes and table grapes — in excess of the allowed amount for wine making must be distilled or sold as table grapes.

11 EU intervention rates for storage and distillation

Storage	euro/hL/ day	Distillation	euro/% volume alcohol/hL
Private		**Voluntary distillation**	
Grape must	0.01837	Raw alcohol, spirits	1.7510
Concentrated grape must	0.61520	Neutral alcohol	1.8840
Rectified conc. grape must	0.06152		
Still wine	0.01544	**Compulsory distillation**	
		Neutral alcohol flat rate	0.6279
Distillers	0.03360	Neutral alcohol from grape marc	
		Neutral alcohol from wine and wine lees	0.4106
		Spirits distilled from grape marc	0.3985
		Wine spirits	0.2777
		Raw alcohol from wine and wine lees	0.2777
		Dual classification grapes	
		– neutral alcohol	0.7728
		– wine spirits, raw alcohol, wine distillate	0.6401
		Buy-in prices	
		Voluntary	2.4880
		Compulsory	
		– byproducts	0.9950
		– dual classification grapes	1.3400
		Prices paid to distillers	
		Alcohol from byproducts	
		– standard price	1.6540
		– marc	1.8720
		– wine and lees	1.4370
		Alcohol from dual classification grapes	1.7990

Source: US Department of Agriculture (2001d).

As well as the Common Market Organisation arrangements, there is national government level of support for the wine industries in EU countries. Some of the more important of these support arrangements are reported in the country profiles in appendix A but it is beyond the scope of this analysis to provide a detailed treatment.

Impact of EU domestic support

The effect of the storage payments is to remove wine from the market, with the wine still being available for future consumption. That is, it affects the supply pattern over time and, hence, the pattern of prices over time.

The effect of the distillation measures is to remove wine permanently from the market, particularly low quality wine that is difficult to sell. It is converted into potable (drinkable) alcohol and alcohol for fuel and industrial purposes. The potable alcohol may be used to produce fortified wines. The distillation support prices are ensuring a higher level of wine production than would have occurred without the support.

Of particular interest are the large increases in arrangements for restructuring and converting vineyards to more marketable wine grape varieties. It seems that the European Union is claiming that these payments are in the 'blue box' category. That is, the payments are made in conjunction with production limiting arrangements and are therefore exempt from reductions under the WTO Agreement on Agriculture. The payments hold resources in the European wine industry that may otherwise move out of the industry.

The budget for grubbing vines (abandonment premiums) is only 18 million euros for 2002 out of a total Common Market Organisation budget of 1257 million euros.

In summary, the overall effect of the Common Market Organisation arrangements for wine is higher production of more marketable varieties of grapes, resulting from the replacement of less marketable varieties. Wine surpluses are disposed of through export subsidies and through providing incentives for distillation and storage. The overall package of support is ensuring higher wine production in the European Union and lower prices to foreign wine producers than would occur without the support.

The European Union seeks to justify its subsidies and protection for its agricultural sector using the concept of multifunctionality (Freeman and Roberts 1999). Multifunctionality is based on the idea that the function of agriculture is not just to produce food and fibres (European Commission 1999b). First, agriculture has an environmental function in that it contributes to maintaining the ecological values of landscapes and seminatural ecosystems. Second, agriculture has a socioeconomic function in that it contributes to the viability of regional communities. According to the European Commission, 'in order to be sure that the functions of agriculture other than the production of food and fibres will be undertaken, public intervention is necessary' (European Commission 1999b).

However, Freeman and Roberts (1999) point to a number of arguments against multifunctionality as a justification for agricultural subsidies and protection. First, there are more effective and less costly ways of achieving these aims than through broadly based protection of agriculture. Second, agricultural subsidies rather than conserving environmental values can contribute to their deterioration through increasing the intensity of agricultural input use.

Enlargement of the European Union commencing in 2004 is likely to mean that EU domestic support arrangements are extended to eastern European wine producing countries over a phase-in period. Together these new member states accounted for 5.5 per cent of world wine production in 2001.

At this stage, there is little specific information available on the wine aspects of this integration. For agriculture generally, the European Commission says it favors a gradual introduction of direct payments over a transition period of ten years, with payments in 2004 equivalent to 25 per cent of full EU entitlements; 2005, 30 per cent; 2006, 35 per cent; reaching 100 per cent by 2013 (European Commission 2002a). New member states would have full and immediate access to Common Agricultural Policy market intervention measures. Production quotas and other supply management measures will be applied.

Domestic support reform

Andrews, Nelson and Hagi (2002) list the following actions on domestic support as being essential for the current WTO agriculture negotiations to achieve fundamental reform in the world agricultural commodity markets:

- Domestic support commitments must be implemented on a product specific basis rather than for agriculture as a whole.
- If exemptions for 'green box' and 'blue box' arrangements are to continue, criteria for these arrangements must be strengthened.
- If any aspect of the support arrangements for a product is not minimally distorting then no support arrangements for that product should qualify for 'green box' decoupling exemptions.
- For 'blue box' arrangements, limits must be implemented on an individual producer basis. To be eligible for exemptions, payments must not be made on quantities or areas that are beyond the bound limits. If payments are made beyond these limits the payments as a whole must lose their exempt status.

6

export measures

Export measures include export subsidies, food aid and export credits. Under the WTO Agreement on Agriculture there are only explicit controls on export subsidies. Food aid is external assistance that is delivered as food, either as a grant or on concessional terms. Export credits are the granting to the importer of an extended term to pay for those goods and services. Food aid and export credits appear not to be significant issues with wine.

Export subsidies

The Agreement on Agriculture prohibits export subsidies on agricultural products unless the subsidies are specified in a member's list of commitments. Cuts to both subsidy levels and quantities are required, based on average subsidy levels for the period 1986-90. Requirements for developed and developing countries are shown in table 3.

The only significant subsidiser of wine exports is the European Union.

European Union export subsidies

A system of export refunds operates for wine, grape juice and grape must in the European Union. The budget appropriation for wine for this purpose in 2002 is 25 million euros (table 12). Export refunds are also provided for alcohol. In 1999-2000, the European Union paid refunds on 24 per cent of its total export volumes of wine and 58 per cent of its total export volumes of alcohol.

The refund rates differ according to the nature of the product and the destination. Rates are set periodically taking into account supply and demand factors in European Union and world markets for each product, and subject to restrictions imposed under WTO arrangements. The current refund rates are shown in European Commission regulation number 694/2002 (as amended by 755/2002). To qualify for refunds, wine must meet member state quality standards.

12 EU export subsidies for wine: outlays and WTO commitments

	Subsidised exports		Annual commitment levels	
	Outlays	Quantity	Outlays	Quantity
	million euros	'000 hL	million euros	'000 hL
Wine a				
1995-96	51.1	2 161.0	57.5	2 851.4
1996-97	59.6	3 034.9	53.9	2 742.1
1997-98	37.2	3 016.4	50.2	2 632.8
1998-99	29.3	2 471.2	46.5	2 523.4
1999-00	26.2	2 386.7	42.8	2 414.1
2000-01	23.7	2 278.9	39.2	2 304.7
Alcohol b				
1995-96	51.2	450.0	141.2	1 401.6
1996-97	118.5	1 070.4	132.2	1 350.7
1997-98	105.5	961.5	123.2	1 299.9
1998-99	121.2	1 101.4	114.2	1 249.1
1999-00	218.6	1 998.3	105.1	1 198.2
2000-01	95.6	891.0	96.1	1 147.4

a September–August marketing year for wine. **b** July–June marketing year for alcohol.
Source: WTO (2002 and previous issues).

Actual outlays and annual commitment levels under WTO arrangements are shown in table 12. It can be seen that the European Union has taken advantage of provisions that allow 'rollover' of commitments from one year to the next. For example, subsidised exports were less than the commitment level in 1995-96 but this shortfall was matched by higher than commitment levels of subsidised exports in the subsequent two years of the implementation period 1995–2000. Podbury et al. (2001) found that such provisions, while destabilising exports and exacerbating fluctuations in world prices, reduced the effectiveness of cuts to export subsidies within the implementation period.

Export subsidy reform

The effect of export subsidies is to lower world wine prices through the diversion of wine from the domestic to the export market. These trade distorting effects from export subsidies have the potential to severely disadvantage the Australian wine industry, with more than half of all wine sales being to export markets.

For the current WTO agriculture negotiations to achieve fundamental reform in world agricultural commodity markets, export subsidies must be greatly reduced or eliminated to remove the distortions to world trade and prices that they entail. The ‘rollover’ provisions, which allowed countries to provide export subsidies beyond their agreed annual limits during the Uruguay Round implementation period for reduction commitments, must be eliminated.

7

trade regulation

A range of trade regulations affect world trade. These are related to technical requirements for products and to the observance of intellectual property rights. The measures usually have legitimate goals in that they are aimed at assisting the market to operate efficiently.

Various agreements under WTO arrangements are aimed at ensuring that these measures are not in excess of the requirements for the efficient operation of the market. The WTO arrangements provide a dispute settlement mechanism. Member countries of the WTO are encouraged to use existing international standards, guidelines and recommendations; usually the WTO does not develop these standards. (The nature of key international standards setting organisations is described at appropriate points in the discussion below.)

There are complex issues about whether some forms of government regulations affecting international trade in wine are appropriate responses to markets failures and lead to appropriate outcomes, or are simply to protect domestic industries from import competition.

Sanitary and phytosanitary barriers

WTO Agreement on Sanitary and Phytosanitary Measures

The Agreement on Sanitary and Phytosanitary Measures — usually referred to as the SPS agreement — establishes the circumstances under which a country may refuse access to its domestic market on the grounds of risks to the natural environment and to human and animal health.

The agreement allows countries to set their own standards but these must be based on scientific assessment procedures. They should be applied only to the extent necessary to protect human, animal or plant life or health, and they should not arbitrarily or unjustifiably discriminate between countries where identical or similar conditions prevail.

For plant health, the standards are based on the Food and Agriculture Organisation's International Plant Protection Convention; for animal health, the standards are based on the Office International des Epizooties.

However, members may use measures that result in higher standards if there is scientific justification. They can also set higher standards based on appropriate assessment of risks provided that the approach is consistent, not arbitrary.

The argument for government regulation of food safety is that market forces may not lead to acceptable safety standards and that consumers lack information about food safety.

There are a number of regulations under sanitary and phytosanitary requirements that relate to allowable levels of chemical residues, toxins and taints in wine that are implemented on health and safety grounds. For example, as with most agricultural products, a variety of chemicals are sprayed on vines to protect against disease and pests. For instance, chlormequat, chlorothalon, dicofol and endosulfan are allowable on certain fruit, vegetables, tree nuts, pulses, oilseeds, potatoes, tea, and hops. However, imports of wine products can be restricted where the residues of these chemicals exceed specified maximum residue levels. Another example is the Republic of Korea which has restricted imports of French wine in the past because French wine makers have used powdered beef blood for purifying wine.

However, there are some regulations where the health and safety justification is more dubious. Most importantly, EU regulations require that imported wines be produced with only those wine making processes that are authorised for the production of EU wine and that unauthorised processes may be harmful to human consumption. (A list of authorised oenological practices and processes is provided in European Commission regulation no. 1493/1999.) This can be an important barrier to 'New World' producers of wine who may be using wine making processes that are innovative and not proven to be unsafe on scientific grounds but are not yet recognised by the European Union.

For example, because US wine makers employ unauthorised wine making methods, US wines have not met EU import requirements. US wines are only allowed into European Union markets through a series of annual extensions to temporary exemptions ('derogations') from European wine making regulations (Office of the US Trade Representative 2001). In 1999, agreement was reached between the European Union and the United States to extend these derogations until 2004. The United States and the European Union are in the process of negotiating a bilateral agreement on wine making practices.

The Mutual Acceptance Agreement on Oenological Practices is an agreement among the 'New World' producers that attempts to remove the barriers to world trade posed by wine making practices.

Sanitary and phytosanitary concerns relating to wine could escalate as a nontariff barrier issue if genetically modified (GM) vines are developed. For example, GM grains have experienced some market access difficulties, with all but a few GM grain varieties not being approved for import into the European Union.

The position of the Australian wine industry on GM vines is that 'there will be no consideration of use of genetically modified organisms to produce Australian wines unless both consumers and the industry are satisfied they are safe, of sound quality and beneficial' (Cooperative Research Centre for Viticulture and Grape and Wine Research and Development Corporation 2002).

It is an important point that the existence of public health concerns does not necessarily justify excessive restrictions. For example, the Swedish ban on alcohol advertising for public health reasons was overturned in March 2001 by the European Court of Justice which suggested that public health goals could be achieved with less restrictive methods.

Intellectual property rights

WTO Agreement on Trade Related Aspects of Intellectual Property Rights

The WTO arrangements include an Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) that is aimed at protecting intellectual property rights. If intellectual property rights are not protected, the innovation process, transfer of new technologies and, hence, productive investment may be inhibited. Most obviously, producers will be less willing to export their products to countries where pirating of their technology can occur.

Areas of intellectual property rights covered by the agreement include: copyright and related rights; trademarks; patents, including the protection of new varieties of plants; geographical indications; and undisclosed information, including trade secrets and test data.

There are already accepted exceptions to the protection of intellectual property rights — for example, if a name is a trademark or has become a generic term. The TRIPS agreement attempts to establish grounds for negotiation on these issues.

The TRIPS agreement sets out the minimum standards of protection to be provided by each member country. The main elements to be defined are:

- the subject matter to be protected;
- the rights to be conferred and permissible exceptions to these rights; and
- the minimum duration of protection.

The agreement establishes certain principles for enforcing intellectual property rights, including mechanisms for dispute settlement.

The agreement requires member countries to make patents available for any inventions (whether products or processes) in all fields of technology without discrimination, subject to the normal tests of novelty, inventiveness and industrial applicability. It also requires that patents be available and patent rights enjoyable without discrimination as to the place of invention and whether products are imported or locally produced.

There are three possible exceptions to the basic rule of patentability:

1. Any invention that is contrary to public order or morality. This explicitly includes inventions dangerous to human, animal or plant life or health, or seriously prejudicial to the environment.
2. Diagnostic and surgical methods for the treatment of humans or animals.
3. Plants or animals (other than microorganisms) and essentially biological processes for the production of plants or animals (other than nonbiological and microbiological processes). However, any country excluding plant varieties from patent protection must provide an effective *sui generis* (of its own kind, peculiar, unique) system of protection. (This provision was

intended to be reviewed in 1999, four years after entry into force of the agreement but such a review has not yet occurred.)

Member countries may provide limited exception to the exclusive right conferred by a patent if such exceptions do not unreasonably conflict with normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner (accounting for the legitimate interests of third parties).

There is provision in the agreement for compulsory licensing and government use without the authorisation of the right holder, but these provisions are made subject to conditions aimed at protecting the justifiable interests of the right holder. There is a requirement to pay adequate remuneration, accounting for the economic value of the licence. The term of protection should be twenty years from the filing date.

There is a formal agreement on cooperation between the World Trade Organisation and the World Intellectual Property Organisation on matters of intellectual property rights. The latter, an agency of the United Nations, is responsible for promoting the protection of intellectual property throughout the world through cooperation among member states, and for administering various multilateral treaties on the legal and administrative aspects of intellectual property.

A system of intellectual property rights helps markets function in a socially desirable way. The power of exclusion with a property right — whereby no one may make, use or sell the invention without the property right holder's permission — enables the property owner to extract benefits. Without property rights, there would be reduced incentive to create new knowledge and society would be worse off.

It is recognised that there is a fundamental policy tension with property rights: they provide incentives to create worthwhile knowledge but, once created, they hinder its spread. In the case of patents, for example, setting the period over which the patent applies and the breadth of exclusion is an attempt to balance the conflicting effects of encouraging innovation and market power.

The intellectual property rights aspects of the WTO arrangements are important for the wine industry on two counts: geographical indications and protection of plant innovations.

Geographical indications

The TRIPS Agreement recognises the concept of 'geographical indications' (or appellations of origin) as part of the world's stock of intellectual property. Geographical indications are important for wine where place names are often used to identify a product. The use of a place name — a geographical indication — usually identifies both its geographical origin and its characteristics. Using a place name where the product was made elsewhere or where it does not have the usual characteristics can mislead consumers and lead to unfair competition. The TRIPS agreement deals with this issue, giving a high level of protection to wine and spirits.

Geographical indications for wine are very similar devices to brand names and trademarks. Protection for geographical indications creates the incentive for new region based wine types to be developed. It also facilitates efficient product labeling arrangements (discussed below).

Most major wine producing countries have some type of geographical indications system that is domestically administered. For example, the French have a wine certification process called 'Appellation d'Origine Côntrolée' (AOC). This certifies that the wine has been produced in a traditional (and regulated) manner in one of the famous French wine producing regions, for example, Burgundy, Champagne and Bordeaux. Other countries have certified schemes for geographical indications. For example, in Australia, it is 'Regional Geographical Indications' (RGI); Chile, 'Denomination of Origin' (DO); Italy, 'Denominazione di Origine Controllata' (DOC) and 'Denominazione di Origine Controllata e Garantita' (DOCG); South Africa, 'Wine of Origin'(WO); and the United States, 'American Viticultural Area' (AVA).

Stern and Leger (2000) make the distinction between the 'prescriptive' and 'permissive' systems of geographical indications for wines. The prescriptive form is most commonly used in Europe. This incorporates a tightly regimented series of laws or regulations that describe the steps that must be followed from the moment of planting through to the bottling, labeling and selling of the wines if one is to have the right to use the geographical indication. Stern and Leger say that countries using the prescriptive form of geographical indications include France, Switzerland, Italy, Portugal, Spain and Greece. For example, French AOC regulations have stricter guidelines that include vineyard location, variety, growing technique, crop yield, grape ripeness, alcohol content and wine making practices. Generally, the cost of maintaining the prescriptive type system is going to be far greater than the costs associated with the more flexible permissive form of system such as those used in the United States and Australia. In these cases, there are requirements that a certain percentage of grapes used emanate from the region in question and where restrictions on other factors that could affect quality are not part of geographical indications system.

The initial TRIPS agreement provides for further negotiations in the WTO to establish a multilateral system of notification and registration of geographical indications for wines. At the Fourth WTO Ministerial Conference held in Doha, Qatar in November 2001, the ministers agreed to complete the negotiations for a multilateral register for wine over the next two years (and to include a spirit geographical indications in the register). Under Article 23.4 of the TRIPS Agreement, the purpose of the register is to facilitate the protection that TRIPS provides to geographical indications for wines.

The European Union has proposed an international register with mandatory effect, so that notification of a geographical indication by one country creates a presumption that it must be protected elsewhere (DFAT 2002). That is, each country would be automatically required to grant exclusive rights to producers in the notifying country, unless it successfully prosecuted a dispute settlement process.

Other countries, including Australia, are concerned that the register should not lead to new administrative burdens or legal obligations, and see the register as serving more as a clearing house of information about the protection of specific indications in each country (DFAT 2002). A major issue with the imposition of the more regulated geographical indications system such as that experienced under the French Appellation of Origin is that this level of regulation has stifled the ability of wine producers to respond to changing market demands and hence compete in the international markets.

There are attempts by various countries to extend this TRIPS agreement protection for geographical indications to other commodities beyond wine and spirits. For example, India has proposed this form of protection for Basmati rice, Darjeeling tea, Iphonso mangoes and Kohlapuri slippers (DFAT 2002). The Czech Republic has called for its application to beers such as pilsner.

A key issue associated with intellectual property rights is that some countries are laying exclusive claim to expressions in relation to wine that have entered common use. The European Union will prohibit wine imports that use its prescribed set of ‘traditional expressions’ that it reserves for domestic wines with a geographical indication. According to the European Commission (2002), a traditional expression is a term used to designate wines (which might be a production or aging method, a color, type or quality) which has three key characteristics: (1) a legislative, simple and precise definition, (2) a traditional use (minimum ten years) on the EU market and (3) a notoriety in the mind of the consumer resulting from that definition.

The European Union has adopted new rules that distinguish between traditional expressions that fulfil a set of specifications and traditional expressions relating a wine to a certain geographical indication. The European Commission claims that examples of these traditional expressions are ‘cream’ from Spain ‘ruby’, ‘tawny’ and ‘vintage’ for ‘port’ from Portugal, and ‘amarone’ for ‘valpolicella’ or ‘gutturnio’ for ‘colli piacentini’ or ‘lacryma christi’ for ‘vesuvio’ from Italy. The European Commission claims that such protection is necessary to ensure that consumers are not deceived about the quality of wine and will promote the efficient operation of the market. Other countries are challenging this approach on the grounds that these generic terms do not imply any particular geographical indication or specific product (DFAT 2002).

Property rights for plants

As discussed earlier, plant innovations can be protected through plant patents and plant variety rights. A feature of the gene technology revolution is that genetic modifications can be protected through utility patents that have traditionally provided intellectual property rights protection to industrial innovations. Patents represent stronger property protection than the more traditional form of protection of plant variety rights.

No genetically modified grape vines have been approved for commercial release in any country in the world. Field trials have been conducted in a number of countries, principally the United States, but also Australia, France, Germany and Italy. The majority of field trials and experimentation have been aimed at modifying plants to be resistant to pests and plant diseases, particularly fungal diseases. These modified plants would allow reduced pesticide use. Genetically modified yeasts may also be an issue where they are employed in the fermentation process.

It is claimed that concerns about genetic modification have resulted in some consumer resistance to GM products in some countries. This has occurred despite these products having been assessed by responsible authorities to be safe for humans, the supply chain and the environment. Some consumers have expressed concerns about longer term food safety issuess and about the ethics of genetic modification, alleged environmental impacts and the control that a few companies might exert over the food chain through ownership of key enabling technologies (Foster 2001). In the case of grains, the response of some governments to the alleged consumer concerns has been to impose various forms of market access barriers to genetically modified grains. These barriers include labeling and tracability requirements that can add to grain delivery costs and stagmatise genetically modified products (Foster 2001). In the case of the European Union there are restrictions on imports of some — but not all — genetically modified grain and oilseed varieties. However, there are concerns that consumer disquiet over genetically modified products is being used by some governments to justify nontariff barriers that protect domestic industries.

The maze of patents that apply to genetic modification of plants can make it difficult to develop a new plant. This is illustrated by the case of 'golden rice' — a vitamin A enriched rice, the development of which involved the use of 70 patents from 32 companies and universities (Schiermeier 2001).

The patent system as applied to plant innovations has raised a number of concerns (Blakeney 1999; Foster 2001). First, some of the patents being granted are very broad. Second, unlike plant variety right arrangements, patents do not exempt breeders from breeding new varieties from protected ones. Further, they do not allow farmers the right to reproduce varieties for their own use. Third, licensing fees are very high in some cases and some holders of plant patents may be unwilling to grant licences to their technologies (Peacock 1998).

Technical barriers to trade

WTO Agreement on Technical Barriers to Trade

The Agreement on Technical Barriers to Trade — usually called the TBT agreement — covers issues such as packaging, marking and labeling requirements. It seeks to ensure that technical regulations like these do not create unnecessary obstacles to trade.

The agreement recognises countries' rights to adopt the standards that they consider appropriate — for example, standards for human, animal or plant life or health, for the protection of the environment or for meeting other consumer interests. Members are not prevented from taking measures necessary to ensure compliance with their standards.

To prevent too much diversity in standards, the agreement encourages countries to use international standards (where these are appropriate) but it does not require them to change their levels of protection as a result.

International food safety and labeling standards are based on those developed by the Codex Alimentarius Commission (a joint Food and Agriculture Organisation / World Health Organisation undertaking).

Many countries require registration of foreign bottlers of wines and beverages derived from wine, onsite inspection of wine and specific labeling requirements.

Each country has elaborate rules on the labeling of wine aimed at informing the consumer about the nature of the product. Wine can be labeled using a geographical indication only if it has met the requirements set down by the appropriate certifying body. In many cases, there are requirements that labels be in the language of the importing country.

In May 2002 the European Union adopted new rules for the labeling of wine. There is a range of mandatory requirements for information on the label, including alcoholic strength, lot number and name of the bottler. As well, the use of certain optional terms on the label — such as production methods, traditional expressions, names of the vineyard or the vintage year — are regulated. Certain bottle shapes are reserved for certain types of wines, such as the German 'Bocksbeutel' or the French 'Flute d'Alsace'.

Labeling and traceability requirements are likely to assume increasing importance in world markets for agricultural commodity markets in response to increasing consumer demand for food safety. This increasing demand is partly a response to the phenomenon that increasing incomes mean greater health consciousness on the part of consumers but is also due to recent food safety scares such as 'mad cow' disease.

Where market forces do not lead to sufficient information for consumers to make informed choices between wine types, this may justify government involvement in the form of regulation of labeling requirements for wine. In particular, this regulation addresses possible reluctance of manufacturers to include information on product labels that may be useful to consumers that could adversely affect demand for products, such as health warnings on cigarette packets. The economic issues relating to food labeling under uncertainty about quality or safety are outlined in more detail in box 4.

There are a number of concerns about mandatory wine labeling requirements. First, the labeling requirement can add to consumer costs through requiring product tracking throughout the production process. Second, they can stigmatise the product in the eyes of the consumer even though there is no scientific evidence that the product is any less safe than wine that does not require labeling. For example, it is likely that a label like 'Wine produced by non-traditional methods' would act as a significant deterrent to wine consumers.

It is a source of tension in world wine markets that some countries are seeking to have other countries' wine labeled according to the way it is produced. For example, the European Union is seeking to require that wine produced through nontraditional methods be labeled as such, even though there is no evidence of health and safety concerns with wines produced in this way. Under existing regulations, the European Union will also require labeling of wine produced from genetically modified grapes as 'containing genetically modified material'.

Box 4: Product labeling and uncertainty about quality or safety

Akerlof (1970) examined the market effect of uncertainty about quality or safety. He argued that a 'lemons' market may develop when sellers have better information about product quality than do buyers — that is, a market in which low quality goods drive out high quality goods. This difference in information between buyers and sellers is referred to as 'asymmetry of information'. The Akerlof analysis applies to the situation where consumers may perceive some wines as inferior to others in terms of quality or safety.

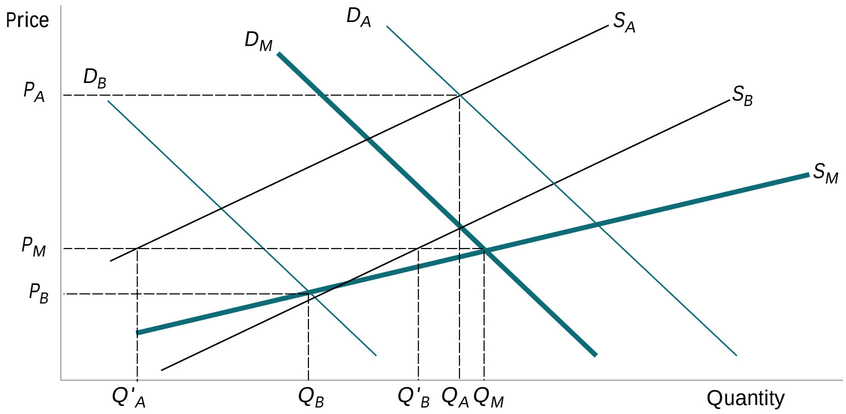
The diagram below illustrates the case of the market effects of a wine *B* that is viewed by consumers to be of lesser quality than wine *A*. Consumers are unable to distinguish between the quality of the two wine types on the basis of appearance. (For ease of presentation, the demand and supply schedules are drawn as parallel with the cost of producing wine *A* being higher than for wine *B*. These assumptions do not affect the general conclusions that are drawn.)

Continued ➪

Box 4: Product labeling and uncertainty about quality or safety

continued

Market effects of quality or safety uncertainty



The existence of the lower quality wine causes the demand schedule for wine *A* to shift down from D_A to D_M as buyers lower their expectations about the average quality (or safety) of wine on the market. The demand schedule D_M reflects that there is a probability *p* of buying a 'good' wine and a probability (1–*p*) of buying an 'inferior' one. Likewise the demand schedule for wine *B* shifts upward from D_B to D_M.

The market operates as if demand and supply is undifferentiated between the two wine types and arrives at market clearing price and quantity of P_M and Q_M, respectively

As a result of the uncertainty, the quantity of wine *A* falls from Q_A to Q'_A while the quantity of wine *B* increases from Q_B to Q'_B. That is, the asymmetry of information means that the lower quality product drives the higher quality product from the market.

However, Akerlof (1970) notes that the market gives rise to a number of 'institutions' that counteract the effects of quality uncertainty. These include guarantees, warranties, brand names and licensing arrangements, all of which provide consumers with some assurance of product quality. Guarantees and warranties mean that the seller bears the risk directly. Brand names and licensing are reputation attributes that sellers seek to maintain or enhance through ensuring a certain level and consistency of quality. All institutions are aimed at differentiating products in terms of quality in the eyes of the consumer.

The various geographical indications systems for wine, such as the French Appellation d'Origine Côntrolée, have been institutions that have arisen in response the problem of uncertainty about wine quality.

Another source of tension is the European Union laying claim to traditional expressions that make it difficult for foreign wine producers to describe their product in a way that consumers can understand and represents a very significant barrier to trade. For example, to describe 'vintage tawny port' using nontraditional expressions would leave consumers bemused. That is, efficient operation of the market would not be facilitated by exclusive rights to these traditional expressions.

In summary, it is difficult to reject the conclusion that at least some aspects of the European Union wine labeling regime have been implemented to protect domestic wine industries, rather than addressing legitimate failures of unfettered markets to arrive at efficient outcomes.

State trading enterprises

WTO and state trading

Article XVII of the GATT 1994 is the principal article dealing with state trading enterprises and their operations. It sets out that such enterprises — in their purchases or sales involving either imports or exports — are to act in accordance with the general principles of nondiscrimination, and that commercial considerations only are to guide their decisions on imports and exports. Member countries are required to submit annual notifications to the WTO for their state trading enterprises that meet the following definition (McCorriston and MacLaren 2002):

> 'Governmental and nongovernmental enterprises, including marketing boards, which have been granted exclusive or special rights or privileges, including statutory or constitutional powers, in the exercise of which they influence through their purchases or sales the level or direction of imports or exports.'

The WTO does not seek to prohibit or even discourage the establishment or maintenance of state trading enterprises, but rather to ensure that they are not operated in a manner that is inconsistent with WTO principles and rules.

State trading enterprises with varying degrees of control over wine and liquor markets exist in many countries, including Canada, China, Chinese Taipei, Norway, Sweden and Turkey.

The Nordic countries, with the exception of Denmark, have had state monopolies concerned with the handling and sales of alcoholic beverages — beer, wine and spirits — since the early twentieth century. They are a response to endemic alcohol abuse that was causing widespread health and social problems (Bentzen and Smith 2001). As well as controlling the production and wholesaling of alcoholic beverages through a licensing system administered by the state monopolies, all the Nordic countries (including Denmark) have heavy taxes on alcoholic beverages to curb consumption.

There are provincial or territorial liquor boards in Canada that are responsible for regulating and controlling traffic in intoxicating liquor for sale and consumption within their respective jurisdictions. They collect federal and provincial duties and taxes on alcohol products, and then add their own markup prior to sale of the product.

Under WTO rules, health and safety justifications for state trading enterprises are permissible. From the WTO point of view, the main issue is whether these state trading enterprises operate in a way that discriminates against imported alcoholic beverages and, hence, are trade distorting. There is also the issue of whether these state trading enterprises give unfair advantage to their export industries.

The operation of the Swedish state owned monopoly called Systembolaget was challenged in the European Court of Justice in 1997. It was judged not to be in contravention of EU rules because it was created in response to public health considerations and was not found to be discriminatory between foreign and Swedish products (Bentzen and Smith 2001).

On the liquor control boards in Canada, Agriculture and Agri-Food Canada, Food Bureau (2001) says that ‘while provinces have had to eliminate most preferences they traditionally gave to locally-produced wines over wines from other provinces or imports, in order to comply with trade agreements, they still have considerable regulatory influence’. In the past, provincial liquor board listings, distribution and pricing practices have been irritants for countries shipping to Canada.

Canada entered into a bilateral agreement with European Union after a formal complaint about the practices of the provincial liquor boards. A particular point of contention was the difference in price markups between Canadian and foreign wines that heavily favored Canadian wines.

8

conclusion

The world wine market of the past twenty years has been characterised by New World producers rapidly taking market share from EU producers. This achievement has resulted from the development of innovative grape and wine production techniques, resulting in consistent quality wine at competitive prices, combined with brand marketing and provision of consumer information. The ability of EU producers to ward off this heightened competition has been constrained by the various Uruguay Round agreements that seek to lower tariff and nontariff barriers to world trade as well as the strict industry regulations that prevent wine producers from mounting any significant challenge.

Tariffs have traditionally been the most important barriers to world wine trade. However, the outcome of the Uruguay Round has been for WTO member countries to reduce tariff rates on commodities including wine. This in turn has placed greater pressure on the major producing countries, particularly the European Union, to rely on various nontariff trade barriers in order to maintain a similar level of protection for their wine industry as that established before the Uruguay Round. It is these nontariff barriers that will increasingly become the focus of future WTO rounds for the Australian wine industry and government.

Overall, tariffs faced by Australian wine exports are not particularly high and lower in average terms than those faced by its main competitors in the world wine trade, with the exception of the European Union. This is a consequence of Australia's wine exports largely being confined to the European Union and north America where tariffs are relatively low. The European Union, on the other hand, benefits from a large amount of intra-EU wine trade and a plethora of wine specific agreements with countries that export to its member countries. However, tariffs for wine remain high in some potential growth markets for Australian wine, particularly in Asia and south America.

There is the potential for some European and American wine producing countries to benefit from expansions in free trade areas over the next decade that could further open wine trade and provide increasing competition for Australian exports into the European Union and north America.

As mentioned previously, the reduction in tariff protection will pressure countries to increasingly turn to nontariff barriers as ways of protecting their domestic industries. Of particular concern is the way the European Commission is imposing its ownership of various wine related terms, particularly generic wine terms, through various wine agreements. While the TRIPS agreement recognises the concept of geographical indications, the European Commission is attempting to extend this protection to what it terms traditional expressions.

However, there is a contradiction in the way that the European Commission is seeking protection of traditional expressions for labeling purposes. On the one hand, it is saying that consumers need information about where and how wine is produced so that they can make informed decisions. On the other hand, it is seeking to restrict the use of everyday terms — traditional expressions — that consumers can understand and, hence, are useful for making informed decisions.

A further concern to the Australian wine industry is the way in which some countries are seeking to discriminate against wine on the basis of the way it is produced. For example, moves by the European Union to require labeling of wine produced by what might be deemed non-European methods represents a barrier to trade for wine originating from the innovative New World producers. This form of regulation could stigmatise imported wine in the eyes of the uninformed consumer even though there is no evidence to suggest that it is any less safe to consume than wine produced through recognised European methods. The discrimination will make it difficult for innovation to flourish in the world wine market. It could also make it difficult to realise the benefits of gene technology that offers lower production costs, reduced pesticide use and increased grape quality.

Domestic support of agricultural industries remains an issue despite the significant reforms brought about under the Uruguay Round Agreement on Agriculture. In the case of wine, it is overwhelmingly the European Union that supports its domestic industry through export subsidies, market intervention and direct payments for converting vineyards to more marketable grape varieties. The more concerning elements of this support are those used to reorient production toward changing market demand such as payments for the conversion of vineyards. This support is blatantly aimed at regaining market share recently lost to New World wine producers, with payments to increase substantially over the next few years. The European Union claims that these increases are allowable under WTO arrangements because they are accompanied by production constraints.

There are a number of areas of research that were beyond the resources provided for this report to undertake but which would warrant further research. First, there is a need for quantitative assessment of the impact of trade barriers to complement this largely qualitative analysis. Second, more detailed analysis of domestic tax arrangements throughout the world for alcoholic beverages could be justified. Situations where taxes are higher on wine than other alcoholic beverages represent barriers to trade. Third, it may be useful to ascertain the extent to which there are also country-level support measures in the European Union in addition to the Common Market Organisation measures.

A appendix

country profiles

The aim in this appendix is to provide profiles of the key producing and consuming countries and trading blocs in the world wine market. The countries presented are:

- Traditional producers: Bulgaria, France, Germany, Hungary, Italy, Portugal, Romania and Spain;
- Emerging producers: Argentina, Australia, Chile, New Zealand, South Africa and the United States;
- Key consuming countries: As well as the traditional and emerging producers, include Canada, China, Japan, Norway, Sweden, Switzerland and the United Kingdom.

Tariffs reported are based on the Harmonised Commodity Description and Coding System. Broadly, codes starting with 2204.10 are sparkling wines, 2204.21 are still wines in bottles, 2204.29 are bulk still wines, and 2204.30 are grape must. The World Customs Organisation (2002) provides links to websites for many countries' customs organisations, most of which provide detailed tariff schedules.

The Australian Wine Export Council and the Australian Wine and Brandy Corporation maintain an Export Market Grid that provides a guide to the export regulations of more than thirty countries. The grid also contains information about statutory labeling requirements. However, this information source is available on application only to Australian wine exporters.

Much more statistical information on world production, consumption and trade is available in electronic form from Anderson and Norman (2001) and FAO (2002).

Note: In the country profiles that follow, **PPP** in the gross domestic product section stands for 'purchasing power parity', which means that the exchange rates between two countries should equal the ratio of the two countries' price levels of a given amount of goods and services.

Argentina

Location: 34 00 S, 64 00 W

SOCIOECONOMIC CHARACTERISTICS (*Source*: CIA 2001)

Population, 2001	37.4 million
■ 0 to14 years	26.5%
■ 15 to 64 years	63.0%
■ 65 years and over	10.4%
■ Annual growth rate, 2001	1.15%

Ethnic composition: white (mostly Spanish and Italian) 97%, mestizo, Amerindian, or other nonwhite groups 3%

Religion: nominally Roman Catholic 92% (less than 20% practising), Protestant 2%, Jewish 2%, Other 4%

Gross domestic product, 2000 (PPP)	US$476 billion
■ Per person, 2000	US$12 900
■ Contribution of agriculture	6%

WINE MARKET CHARACTERISTICS (*Sources*: FAO 2002; COMTRADE 2002)

Wine production	
■ Share of world total, 2000	3.7%
■ Growth rate, 1990–2000	–1.0%
Wine consumption	
■ Share of world total, 2000	4.4%
■ Growth rate, 1990–2000	–4.6%
Alcoholic beverage consumption per person, 1999	
■ Wine	38.0 litres
■ Beer and fermented beverages	29.0 litres
■ Spirits	2.0 litres
Wine exports	
■ Share of world total, by volume, 2000	1.5%
■ Growth rate, 1990 to 2000	13.3%

- Major destinations, by value, 2000: United States 22.7%, United Kingdom 19.0%, Paraguay 7.8%, Japan 6.4%, Brazil 5.0%, Canada 4.3%, Germany 4.0%, Netherlands 4.0%, Uruguay 3.9%, Denmark 3.7%, Switzerland 2.7%, Sweden 2.0%, Chile 1.8%, Ireland 1.8%, France 1.1%, Peru 1.1%, Belgium 1.1%, Finland 0.9%, Mexico 0.6%, Spain 0.5%.

Wine imports	
■ Share of world total, 2000	0.1%
■ Growth rate, 1990–2000	20.2%

- Major sources, by value, 2000: Chile 36.3%, France 26.7%, Spain 20.2%, Germany 5.2%, Italy 3.9%, United States 2.7%, Portugal 1.4%, United Kingdom 0.7%, Area Nes 0.7%, Israel 0.6%, Uruguay 0.5%, South Africa 0.2%, Greece 0.1%, Australia 0.1%.

A1 Key trade barriers and issues: Argentina

Tariffs
- Tariffs on wine are high by world standards.
- All tariff headings are bound at a uniform ad valorem rate of 35 per cent. The applied tariff on all categories of wine is 22.5 per cent.

Taxes
- A 0.5 per cent statistical tax applies on imports.

Preferential arrangements / wine agreements
- Argentina is a member of Mercosur, the common market formed by Argentina, Brazil, Paraguay and Uruguay, with Chile and Bolivia as associate members.
- In December 1995, Mercosur signed a trade agreement with the European Union with the aim of mutual and progressive liberalisation of trade including wine. Negotiations are continuing.

Domestic support
- None notified

Intellectual property protection
- Geographical indications arrangements include the Original Denomination, the Controlled Original Denomination and the Guaranteed Controlled Original Denomination (see Silverman et al. 2000).

Sanitary and phytosanitary
- None notified

Technical requirements
- Importers of wine must register with the National Institute of Vitiviniculture, which exercises control over the authenticity of wine and wine products and the enforcement of labeling regulations (see USDA 2001a).

State trading enterprises
- None notified

A2 Supply and utilisation of wine: Argentina

	Supply				Utilisation			
	Production	Imports	Exports	Total supply a	Food	Processing	Other uses b	Total per person
	kt	kt	kt	kt	kt	kt	kt	L
1990	1 404	0	52	1 782	1 771	0	10	54.5
1991	1 450	1	32	1 810	1 781	0	29	54.0
1992	1 435	3	43	1 705	1 678	0	27	50.2
1993	1 447	22	33	1 596	1 572	0	24	46.4
1994	1 817	28	33	1 472	1 441	0	31	42.0
1995	1 644	6	215	1 406	1 389	0	16	40.0
1996	1 268	5	126	1 353	1 337	0	15	38.0
1997	1 350	7	137	1 360	1 352	0	8	37.9
1998	1 267	13	120	1 276	1 269	0	7	35.1
1999	1 589	14	97	1 270	1 261	0	9	34.5
2000	1 254	7	93	1 219	1 202	0	17	32.5

a Takes account of stock changes. **b** Includes waste.
Source: FAO (2002).

Australia

Location: 27 00 S, 133 00 E

SOCIOECONOMIC CHARACTERISTICS (Source: CIA 2001)

Population, 2001	19.4 million
■ 0 to14 years	20.6%
■ 15 to 64 years	66.9%
■ 65 years and over	12.5%
■ Annual growth rate, 2001	0.99%

Ethnic composition: Caucasian 92%, Asian 7%, Aboriginal and other 1%

Religion: Anglican 26%, Roman Catholic 26%, other Christian 24%, non-Christian 11%

Gross domestic product, 2000 (PPP)	US$446 billion
■ Per person	US$23 200
■ Contribution of agriculture	3%

WINE MARKET CHARACTERISTICS (Sources: FAO 2002; COMTRADE 2002)

Wine production

■ Share of world total, 2000	2.9%
■ Growth rate, 1990–2000	7.7%

■ Varietal composition by plantings, 1999 white 44.7% (chardonnay 13.7%, sauvignon blanc 2.0%, other white 29.0%), red 55.3% (cabernet sauvignon 17.2%, shiraz 20.8%, merlot 5.2%, other red 12.1%)

Wine consumption

■ Share of world total, 2000	2.1%
■ Growth rate, 1990–2000	2.5%

Alcoholic beverage consumption per person, 1999

■ Wine	19.7 litres
■ Beer and fermented beverages	92.0 litres
■ Spirits	3.6 litres

Wine exports

■ Share of world total, by volume, 2000	5.6%
■ Growth rate, 1990–2000	18.2%

■ Major destinations, by value, 2000: United Kingdom 42.4%, United States 27.1%, Canada 5.7%, New Zealand 4.4%, Germany 3.5%, Ireland 2.4%, Japan 2.0%, Netherlands 1.8%, Switzerland 1.6%, Sweden 1.3%, Singapore 1.2%, Belgium 1.0%, Hong Kong (SARC) 0.9%, Denmark 0.7%, Norway 0.7%, Malaysia 0.6%, France 0.5%, Finland 0.2%, Indonesia 0.2%, Thailand 0.2%.

Wine imports

■ Share of world total, 2000	0.3%
■ Growth rate, 1990–2000	9.6%

■ Major sources, by value, 2000: France 44.1%, New Zealand 22.2%, Italy 21.1%, Spain 3.9%, Portugal 1.9%, Germany 1.8%, Chile 1.1%, United States 0.9%, Greece 0.9%, Israel 0.5%, South Africa 0.5%, United Kingdom 0.2%, Hungary 0.2%, Cyprus 0.1%, Romania 0.1%.

A3 Key trade barriers and issues: Australia

Tariffs

- Tariffs on wine are low by world standards (see figure M and table A4).

Taxes

- No taxes are applied on wine imports

Preferential arrangements / wine agreements

- Preferential arrangements exist with New Zealand, Papua New Guinea, the Forum Islands and developing countries.
- Australia participates in the World Wine Trade Group (formally known as New World Wine Producers Forum) and is a signatory to the Mutual Acceptance Agreement on Oenological Practices (see box 2).
- Australia–EU wine agreement (see chapter 3).

Domestic support

- None notified

Intellectual property protection

- Geographical indications arrangements include a Regional Geographical Indications system under which a geographical indication is a well defined Australian wine zone, region or subregion (see AWBC 2002a).

Sanitary and phytosanitary

- The Australian wine industry standards are covered under the Australia–New Zealand food standards code administered by the Australian New Zealand Food Authority (Battaglene 2001).

Technical requirements

- Australia has domestic labeling practices requiring the volume statement to be put on the front label of bottles.

State trading enterprises

- None notified

A4 Tariff schedule for wine: Australia a

HS code	Description	Bound rate	General applied rate	Preferential arrangements
2204.10 2204.10.2	***Sparkling wine:*** In which the natural effervescence is produced solely by secondary fermentation			
2204.10.21	Having an alcoholic strength by volume not exceeding 1.15%	10%	5%	4%: DCS
2204.10.22	Grape wine **b**	10%	5%	4%: DCS
2204.10.23	Other, having an alcoholic strength by volume exceeding 1.15% but not exceeding 10%	10%	5% + $32.22/L of alcohol	$32.22/L of alcohol: New Zealand, Papua New Guinea, Forum Islands and developing countries 4% + $32.22/L of alcohol: DCS
2204.10.29	Other	10%	5% + $54.56/L	$54.56/L of alcohol: New Zealand, Papua New Guinea, Forum Islands and developing countries 4% + $54.56/L of alcohol: DCS
2204.10.8	Other			
2204.10.81	Having an alcoholic strength by volume not exceeding 1.15%	15%	5%	
2204.10.82	Grape wine **b**	15%	5%	
2204.10.82	Other, having an alcoholic strength by volume not exceeding 1.15% but not exceeding 10%	15%	5% + $32.22/L of alcohol	$54.56/L of alcohol: New Zealand, Papua New Guinea, Forum Islands and developing countries

Continued ➪

A4 Tariff schedule for wine: Australia a *continued*

HS code	Description	Bound rate	General applied rate	Preferential arrangements
2204.10.89	Other	15%	5% + $54.56/L of alcohol	$54.56/L of alcohol: New Zealand, Papua New Guinea, Forum Islands and developing countries
2204.20	***Other wine***: grape must with fermentation prevented or arrested by the addition of alcohol			
2204.21	***In containers holding 2 litres or less***			
2204.21.10	Goods as follows: (a) Wine which, when kept at a temperature of 20°C in closed containers, has an excess pressure of not less than 140 kPa, (b) Wine, of an alcoholic strength by volume not exceeding 20%	15%	5%	
2204.21.20	Wine, NSA	15%	5%	
2204.21.90	Other		5% and $54.56/L of alcohol	$54.56/L of alcohol: New Zealand, Papua New Guinea, Forum Island countries and developing countries
2204.29	***Other***			
2204.29.10	Wine which, when kept at a temperature of 20° C in closed containers, has an excess pressure of not less than 140 kpa:			
2204.29.11	Of an alcoholic strength by volume exceeding 1.15%	15%	5%	
2204.29.19	Other	15%		

Continued ➪

A4 Tariff schedule for wine: Australia a *continued*

HS code	Description	Bound rate	General applied rate	Preferential arrangements
2204.29.20	Wine, NSA, of an alcoholic strength by volume exceeding 1.15% but not exceeding 10%	15%	5%	
2204.29.21	In containers holding less than 5 litres	15%		
2204.29.29	Other	15%		
2204.29.30	Wine of an alcoholic strength by volume not exceeding 1.15% but not exceeding 10%	6%	5% and $32.22/L of alcohol	$32.22/L of alcohol: New Zealand, Papua New Guinea, Forum Island countries and developing countries
2204.29.90	Other	15%	5% and $54.56/L of alcohol	
2204.30	***Other grape must***	15%		

a Unless otherwise indicated, tariffs for New Zealand, Papua New Guinea, Forum Island countries and developing countries are free. Other includes grape must and fortified wine. DCS denotes the rate for countries and places listed in Part 2 of Schedule 1 of the Act. DC denotes the rate for countries and places listed in Part 3 of Schedule 1 of the Act. **b** A beverage that has an alcoholic strength by volume exceeding 1.15%; and is the product of the complete or partial fermentation of fresh grapes or products derived solely from fresh grapes.
Source: APEC (2001); USDA (2001).

A5 Supply and utilisation of wine: Australia

	Supply				Utilisation			
	Production	Imports	Exports	Total supply a	Food	Processing	Other uses b	Total per person
	kt	kt	kt	kt	kt	kt	kt	L
1990	445	11	37	363	311	29	23	18.4
1991	394	9	54	380	306	54	20	17.9
1992	459	9	79	406	324	59	23	18.7
1993	462	8	103	390	320	47	23	18.2
1994	587	8	154	415	328	56	30	18.4
1995	503	14	114	398	328	44	26	18.1
1996	673	14	234	430	329	67	34	18.0
1997	617	21	271	430	348	50	32	18.8
1998	742	21	315	464	365	61	38	19.5
1999	851	22	411	475	374	57	44	19.7
2000	855	17	311	573	390	52	131	20.4

a Takes account of stock changes. **b** Includes waste.
Source: FAO (2002).

Bulgaria

Location: 47 00 S, 25 00 E

SOCIOECONOMIC CHARACTERISTICS (Source: CIA 2001)

Population, 2001	7.7 million
■ 0 to14 years	15.1%
■ 15 to 64 years	68.2%
■ 65 years and over	16.7%
■ Annual growth rate, 2001	–1.14%

Ethnic composition: Bulgarian 83%, Turk 8.5%, Roma 2.6%, Macedonian, Armenian, Tatar, Gagauz, Circassian, Others (1998)

Religion: Bulgarian Orthodox 83.5%, Muslim 13%, Roman Catholic 1.5%, Uniate Catholic 0.2%, Jewish 0.8%, Protestant, Gregorian-Armenian and Other 1% (1998)

Gross domestic product, 2000 (PPP)	US$48 billion
■ Per person	US$6200
■ Contribution of agriculture	15%

WINE MARKET CHARACTERISTICS (Sources: FAO 2002; COMTRADE 2002)

Wine production	
■ Share of world total, 2000	0.7%
■ Growth rate, 1990–2000	–1.3%
Wine consumption	
■ Share of world total, 2000	0.6%
■ Growth rate, 1990–2000	0.0%
Alcoholic beverage consumption per person, 1999	
■ Wine	5.7 litres
■ Beer and fermented beverages	49.5 litres
■ Spirits	9.3 litres
Wine exports	
■ Share of world total, by volume, 2000	0.6%
■ Growth rate, 1990–2000	–3.7%

■ Major destinations, by value, 2000: United Kingdom 23.0%, Germany 17.0%, Poland 13.1%, Latvia 6.8%, Sweden 4.8%, Japan 4.7%, Lithuania 3.9%, Netherlands 3.8%, Russian Federation 3.1%, Canada 3.0%, Estonia 2.4%, Denmark 1.5%, Finland 1.4%, United States of America 1.3%, France 1.3%, Czech Republic 1.2%, Ukraine 1.1%, Norway 1.0%, Belgium 0.9%, Belarus 0.9%.

Wine imports	
■ Share of world total, 2000	negligible
■ Growth rate, 1990–2000	–19.7%

■ Major sources, by value, 2000: Macedonia 63.7%, Ukraine 20.3%, Moldova, 5.4%, France 4.1%, Italy 4.0%.

A6 Key trade barriers and issues: Bulgaria

Tariffs
- Tariffs on wine are moderate by world standards (see table A7).
- Bulgaria has tariff quotas for wine that offer preferential rates on in-quota imports with the European Union, Hungary, Poland, Czech Republic, Slovakia, Turkey and Macedonia (see USDA 2001b).

Taxes
- No taxes are applied on wine imports

Preferential arrangements / wine agreements
- Bulgaria has concluded nine free trade agreements with 31 countries. These are the Association Agreement with the EU (fifteen member countries), the agreements with the CEFTA countries (six countries), with the EFTA countries (four countries), with Israel, Turkey, Croatia, Macedonia, Lithuania and Estonia. Free Trade Agreements are to be concluded with Latvia, Morocco and the Federal Republic of Serbia and Montenegro.

Domestic support
- The wine industry in Bulgaria has undergone liberalisation with the Bulgarian government providing no special preferences, regulation or subsidies that support the industry (see USDA 200b1). However, its wine industry does benefit from the European Union's Special Accession Program for Agriculture and Rural Development (see Bulgarian MAF 2001).

Intellectual property protection
- Bulgaria has an established geographical indications system (see USDA 2001b).

Sanitary and phytosanitary
- The Bulgarian Agency for Standardization and Metrology strictly enforces Bulgarian wine quality standards (see USDC 2002).

Technical requirements
- None notified

State trading enterprises
- None notified

A7 Tariff schedule: Bulgaria

HS Code	Description	Bound rate	General applied rate
2204.10	Sparkling wine	25% + 15 euro/hL	12% + 15 euro/hL
	Other wine; grape must in which fermentation was disrupted or stopped by the addition of alcohol		
2204.21	In containers less than 2 L	32% + 15 euro/hL	12% + 15 euro/hL
2204.29	Other	32% + 15 euro/hL	12% + 15 euro/hL
2204.30	Other grape must	40%	40%

Source: USDA (2001).

A8 Supply and utilisation of wine: Bulgaria

	Supply				Utilisation			
	Production	Imports	Exports	Total supply a	Food	Processing	Other uses b	Total per person
	kt	kt	kt	kt	kt	kt	kt	L
1990	248	6	128	127	120	7	0	13.7
1991	255	2	62	115	107	8	0	12.4
1992	221	9	87	128	108	20	0	12.5
1993	168	12	116	124	109	15	0	12.7
1994	189	16	134	105	86	18	0	10.2
1995	259	40	200	99	84	15	0	10.0
1996	237	23	183	97	86	11	0	10.4
1997	213	12	166	78	61	18	0	7.4
1998	196	23	156	62	45	18	0	5.5
1999	139	23	98	64	46	18	0	5.7
2000	210	0	38	172	153	19	0	19.3

a Takes account of stock changes. **b** Includes waste.
Source: FAO (2002).

Canada

Location: 60 00 N, 95 00 W

SOCIOECONOMIC CHARACTERISTICS (Source: CIA 2001)

Population, 2001	31.6 million
■ 0 to14 years	19.0%
■ 15 to 64 years	68.3%
■ 65 years and over	12.8%
■ Annual growth rate, 2001	0.99%

Ethnic composition: British Isles origin 28%, French origin 23%, other European 15%, Amerindian 2%, other, mostly Asian, African, Arab 6%, mixed background 26%

Religion: Roman Catholic 42%, Protestant 40%, Other 18%

Gross domestic product, 2000 (PPP)	US$775 billion
■ Per person	US$24 800
■ Contribution of agriculture	3%

WINE MARKET CHARACTERISTICS (Sources: FAO 2002; COMTRADE 2002)

Wine production	
■ Share of world total, 2000	0.2%
■ Growth rate, 1990–2000	4.2%
Wine consumption	
■ Share of world total, 2000	1.0%
■ Growth rate, 1990–2000	3.3%
Alcoholic beverage consumption per person, 1999	
■ Wine	9 litres
■ Beer and fermented beverages	90.4 litres
■ Spirits	1.8 litres
Wine exports	
■ Share of world total, by volume, 2000	0.0%
■ Growth rate, 1990–2000	13.9%

- Major destinations, by value, 2000: United States 48.6%, Chinese Taipei 23.3%, Japan 10.7%, France 2.1%, United Kingdom 2.0%, Italy 1.9%, Philippines 1.9%, China 1.8%, Hong Kong (SARC) 1.6%, Chile 1.1%, Malaysia 1.0%, Jamaica 0.6%, Iceland 0.4%, United Arab Emirates 0.4%, Austria 0.4%, Germany 0.4%, Switzerland 0.4%, Spain 0.3%, Singapore 0.3%, Romania 0.3%.

Wine imports	
■ Share of world total, 2000	4.4%
■ Growth rate, 1990–2000	5.2%

- Major sources, by value, 2000: France 34.4%, Italy 16.4%, United States of America 15.5%, Australia 9.9%, Chile 7.7%, Portugal 5.3%, Spain 3.3%, Germany 2.3%, South Africa 1.5%, Argentina 1.2%, New Zealand 0.6%, Bulgaria 0.4%, Greece 0.4%, Hungary 0.4%, Israel 0.1%, Romania 0.1%, Algeria 0.1%.

A9 Key trade barriers and issues: Canada

Tariffs
- Tariffs on wine are low by world standards (see figure M and table A10).
- Tariff escalation — bulk wine tariff is lower than bottled wine tariff.

Taxes
- US$0.3541/litre excise duty

Preferential arrangements / wine agreements
- Canada is a member of NAFTA and also allows tariff-free wine imports from Commonwealth Caribbean countries and Chile. Reduced tariffs apply to wine imports from Australia and New Zealand.
- Canada is negotiating a wine and spirits agreement with the European Union.
- Canada participates in the World Wine Trade Group (formally known as New World Wine Producers Forum) and is a signatory to the Mutual Acceptance Agreement on Oenological Practices (see box 2).

Domestic support
- None notified

Intellectual property protection
- The Canadian Vintners Quality Alliance operates as a geographical indications system by which consumers could identify high quality wines based on the origin of the grapes (see Agriculture and Agri-Food Canada, Food Bureau 2001).

Sanitary and phytosanitary
- The Canadian Food and Inspection Agency and the provincial liquor boards work together to ensure that alcoholic beverages, including wines, conform to Canadian standards before being approved for sale (see Agriculture and Agri-Food Canada, 2001).

Technical requirements
- Any wine imported in Canada must have a label that is compliant with both the Food and Drug Regulations and the Consumer Packaging and Labeling Regulations (see ATC 2002).

State trading enterprises
- All alcohol products imported into Canada must be brought in through a provincial or territorial liquor board that are responsible for regulating and controlling traffic in intoxicating liquor for sale and consumption within their respective jurisdictions.
- They also collect federal and provincial duties and taxes on alcohol products, and then add their own markup prior to sale of the product (see Agriculture and Agri-Food Canada, 2001).

A10 Tariff schedule for wine: Canada

HS code	Description	Bound rate	General applied rate	Preferential arrangements
2204.10	***Sparkling wine***	37.4 c/L	39.6 c/L	Free: Commonwealth Caribbean Countries, US, Mexico
2204.21	***Other wine***, in containers holding 2 litres or less			
2204.21.10	Alcoholic strength by volume not exceeding 13.7%	3.74 c/L	3.96 c/L	Free: Commonwealth Caribbean Countries, US, Mexico, Chile
2204.21.21	Alcoholic strength by volume not exceeding 14.9%	9.35 c/L	9.9 c/L	Free: Commonwealth Caribbean Countries, US, Mexico, Chile CA3.3 c/L: Australia, New Zealand
2204.21.22	Alcoholic strength by volume exceeding 4.9% but not exceeding 15.9%	10.33 c/L	10.93 c/L	Free: Commonwealth Caribbean Countries, US, Mexico, Chile CA3.18 c/L: Australia, New Zealand
2204.21.23	Alcoholic strength by volume exceeding 15.9% but not exceeding 16.9%	11.31 c/L	11.97 c/L	Free: Commonwealth Caribbean Countries, US, Mexico, Chile CA3.06 c/L: Australia, New Zealand

Continued ➪

A10 Tariff schedule for wine: Canada *continued*

HS code	Description	Bound rate	General applied rate	Preferential arrangements
2204.21.24	Alcoholic strength by volume exceeding 16.9% but not exceeding 17.9%	12.29 c/L	13.01 c/L	Free: Commonwealth Caribbean Countries, US, CA2.95 c/L: Australia, New Zealand
2204.21.25	Alcoholic strength by volume exceeding 17.9% but not exceeding 18.9.9%	13.28 c/L	14.06 c/L	Free: Commonwealth Caribbean Countries, US, Mexico, Chile CA2.84 c/L: Australia, New Zealand
2204.21.26	Alcoholic strength by volume exceeding 18.9% but not exceeding 19.9%	14.25 c/L	15.09 c/L	Free: Commonwealth Caribbean Countries, US, Mexico, Chile
2204.21.27	Alcoholic strength by volume exceeding 19.9% but not exceeding 20.9%	15.24 c/L	16.13 c/L	Free: Commonwealth Caribbean Countries, US, Mexico, Chile
2204.21.28	Alcoholic strength by volume exceeding 0.9% but not exceeding 21.9%	16.22 c/L	17.17 c/L	Free: Commonwealth Caribbean Countries, US, Mexico, Chile CA6.89 c/L: Australia, New Zealand
2204.21.29	Alcoholic strength by volume exceeding 21.9%	17.20 c/L	18.21 c/L	Free: Commonwealth Caribbean Countries, US, Mexico, Chile

Continued ➪

A10 Tariff schedule for wine: Canada *continued*

HS code	Description	Bound rate	General applied rate	Preferential arrangements
2204.21.30	Grape must with fermentation prevented or arrested by the addition of alcohol	$1.1/L + 15%		Free: Commonwealth Caribbean Countries, US, Mexico, Chile
2204.29	***Other wine***			
2204.29.10	Alcoholic strength by volume not exceeding 13.7%	2.82 c/L	3.34 c/L	Free: Commonwealth Caribbean Countries, US, Mexico
2204.29.21	Alcoholic strength by volume not exceeding 14.9%	7.04 c/L	8.36 c/L	Free: Commonwealth Caribbean Countries, US, Mexico, Chile CA1.76 c/L: Australia, New Zealand
2204.29.22	Alcoholic strength by volume exceeding 14.9% but not exceeding 15.9%	7.78 c/L	9.23 c/L	Free: Commonwealth Caribbean Countries, US, Mexico, Chile CA1.48 c/L: Australia, New Zealand
2204.29.23	Alcoholic strength by volume exceeding 15.9% but not exceeding 16.9%	8.52 c/L	10.11 c/L	Free: Commonwealth Caribbean Countries, US, Mexico, Chile CA1.2 c/L: Australia, New Zealand

Continued ➩

A10 Tariff schedule for wine: Canada *continued*

HS code	Description	Bound rate	General applied rate	Preferential arrangements
2204.29.24	Alcoholic strength by volume exceeding 16.9% but not exceeding 17.9%	9.52 c/L	10.98 c/L	Free: Commonwealth Caribbean Countries, US, Mexico, Chile CA0.92 c/L: Australia, New Zealand
2204.29.25	Alcoholic strength by volume exceeding 17.9% but not exceeding 18.9.9%	10.00 c/L	11.87 c/L	Free: Commonwealth Caribbean Countries, US, Mexico, Chile CA0.65 c/L: Australia, New \ Zealand
2204.29.26	Alcoholic strength by volume exceeding 18.9% but not exceeding 19.9%	10.73 c/L	12.74 c/L	Free: Commonwealth Caribbean Countries, US, Mexico, Chile
2204.29.27	Alcoholic strength by volume exceeding 19.9% but not exceeding 20.9%	11.48 c/L	13.63 c/L	Free: Commonwealth Caribbean Countries, US, Mexico, Chile
2204.29.28	Alcoholic strength by volume exceeding 0.9% but not exceeding 21.9%	12.21 c/L	14.50 c/L	Free: Commonwealth Caribbean Countries, US, Mexico, Chile CA4.22 c/L: Australia, New Zealand
2204.29.29	Alcoholic strength by volume exceeding 21.9%	12.95 c/L		Free: Commonwealth Caribbean Countries, US, Mexico, Chile

Continued ➩

A10 Tariff schedule for wine: Canada *continued*

HS code	Description	Bound rate	General applied rate	Preferential arrangements
2204.29.30	Grape must with fermentation prevented or arrested by the addition of alcohol	$1.41/L + 19.2%		Free: Commonwealth Caribbean Countries, US, Mexico, Chile
2204.30	***Other grape must***	$1.67/L + 22.5%	$2.20/L	Free: Commonwealth Caribbean Countries, US, Mexico, Chile

Source: APEC (2001); USDA (2001).

A11 Supply and utilisation of wine: Canada

	Supply				Utilisation			
	Production	Imports	Exports	Total supply a	Food	Processing	Other uses b	Total per person
	kt	kt	kt	kt	kt	kt	kt	L
1990	33	148	1	181	181	0	0	6.5
1991	38	145	1	182	182	0	0	6.5
1992	34	144	1	178	177	0	0	6.2
1993	25	158	1	183	182	0	0	6.3
1994	30	159	1	188	188	0	0	6.5
1995	35	151	1	185	185	0	0	6.3
1996	33	173	1	205	205	0	0	6.9
1997	34	182	3	214	214	0	0	7.1
1998	40	207	1	245	245	0	0	8.1
1999	51	223	1	273	273	0	0	9.0
2000	41	240	3	278	278	0	0	9.0

a Takes account of stock changes. **b** Includes waste.
Source: FAO (2002).

Chile

Location: 30 00 S, 71 00 W

SOCIOECONOMIC CHARACTERISTICS (Source: CIA 2001)

Population, 2001	15.3 million
■ 0 to14 years	27.3%
■ 15 to 64 years	65.4%
■ 65 years and over	7.4%
■ Annual growth rate, 2001	1.13%

Ethnic composition: white and white-Amerindian 95%, Amerindian 3%, other 2%

Religion: Roman Catholic 89%, Protestant 11%

Gross domestic product, 2000 (PPP)	US$153 billion
■ Per person	US$10 100
■ Contribution of agriculture	8%

WINE MARKET CHARACTERISTICS (Sources: FAO 2002; COMTRADE 2002)

Wine production

■ Share of world total, 2000	2.3%
■ Growth rate, 1990–2000	6.1%

- Varietal composition by plantings, 1999 (wine grape varieties only): white 29.5% (chardonnay 8.1%, sauvignon blanc 7.7%, other white 13.7%), red 70.5% (cabernet sauvignon 30.7%, merlot 12.0%, other red 27.8%)

Wine consumption

■ Share of world total, 2000	1.1%
■ Growth rate, 1990–2000	0%

Alcoholic beverage consumption per person, 1999

■ Wine	19.0 litres
■ Beer and fermented beverages	21.5 litres
■ Spirits	1.3 litres

Wine exports

■ Share of world total, by volume, 2000	6.7%
■ Growth rate, 1990–2000	23.9%

- Major destinations, by value, 2000: United States 21.4%, United Kingdom 19.0%, Canada 7.7%, Germany 5.5%, Japan 5.1%, Denmark 4.6%, Netherlands 3.4%, Sweden 3.2%, Ireland 3.0%, Brazil 2.5%, Mexico 2.4%, Norway 2.3%, France 2.0%, Switzerland 1.9%, Belgium 1.7%, Venezuela 1.7%, Finland 1.5%, Colombia 1.2%, Dominican Republic 1.0%, Argentina 0.9%.

Wine imports

■ Share of world total, 2000	negligible
■ Growth rate, 1990–2000	36.7%

- Major sources, by value, 2000: Argentina 79.2%, Spain 7.4%, France 7.3%, Area Nes 3.9%, United States of America 0.9%, Italy 0.3%.

A12 Key trade barriers and issues: Chile

Tariffs

- Tariffs on wine are low by world standards (see figure M and table A13). Argentina has bound all tariff headings at a uniform *ad valorem* rate of 25 per cent. The applied tariff on all categories of wine is 8 per cent.

Taxes

- No taxes are applied on wine imports

Preferential arrangements / wine agreements

- Chile has signed trade agreements with a number of countries, including Bolivia, Colombia, Ecuador, Venezuela, Mercosur members (Argentina, Brazil, Paraguay, Uruguay), and, most recently, Canada and the EU. These agreements typically offer preferential or duty-free Chilean wine.
- Chile participates in the World Wine Trade Group (formally known as New World Wine Producers Forum) and is a signatory to the Mutual Acceptance Agreement on Oenological Practices (see box 2).

Domestic support

- The Chilean government provides no funding support for wine production or wine exports (see USDA 2001c).

Intellectual property protection

- The Chilean government has implemented a geographical indication system known as the Denomination of Origin (DO). The DO is a set of laws that regulates the origin and variety of grape, the wines use, as well as restricting the varietal labeling that is used to develop a consistent system (see Silverman et al. 2000).

Sanitary and phytosanitary

- None notified

Technical requirements

- Labeling regulations are enforced for both domestic and imported wines and are WTO consistent.

State trading enterprises

- None notified

A13 Tariff schedule for wine: Chile

HS code	Description	Bound rate	Applied rate
2204.10	***Sparkling wine***	25%	8%
2204.21	***Other wine***, grape must in containers holding 2 litres or less	25%	8%
2204.21.10	Wines with denomination of origin	25%	8%
2204.21.90	Other wine	25%	8%
2204.29	***Other wine and other grape must***	25%	8%
2204.29.10	Grape must with fermentation prevented or arrested by the addition of alcohol	25%	8%
2204.29.90	Other grape must with fermentation prevented or arrested by the addition of alcohol	25%	8%
2204.30	***Other grape must***	25%	8%

Source: APEC (2001); USDA (2001).

A14 Supply and utilisation of wine: Chile

	Supply				Utilisation			
	Produc-tion	Imports	Exports	Total supply **a**	Food	Process-ing	Other uses **b**	Total per person
	kt	kt	kt	kt	kt	kt	kt	L
1990	398	0	43	369	369	0	0	28.2
1991	290	0	65	246	246	0	0	18.5
1992	317	0	74	237	237	0	0	17.5
1993	381	0	87	227	227	0	0	16.5
1994	360	0	119	252	252	0	0	18.0
1995	317	0	129	213	213	0	0	15.0
1996	382	1	203	229	229	0	0	15.9
1997	455	1	325	189	192	0	0	13.1
1998	547	2	359	262	271	0	0	18.3
1999	481	5	234	281	285	0	0	19.0
2000	667	2	406	296	300	0	0	19.7

a Takes account of stock changes. **b** Includes waste.
Source: FAO (2002).

China

Location: 35 00 N, 105 00 E

SOCIOECONOMIC CHARACTERISTICS (Source: CIA 2001)

Population, 2001	1273 million
■ 0 to14 years	25.0%
■ 15 to 64 years	67.9%
■ 65 years and over	7.1%
■ Annual growth rate, 2001	0.88%

Ethnic composition: Han Chinese 92%, Zhuang, Uygur, Hui, Yi, Tibetan, Miao, Manchu, Mongol, Buyi, Korean, and other nationalities 8%

Religion: Daoist (Taoist), Buddhist, Muslim 2–3%, Christian 1%

Gross domestic product (PPP)	US$4500 billion
■ Per person	US$3600
■ Contribution of agriculture	15%

WINE MARKET CHARACTERISTICS (Sources: FAO 2002; COMTRADE 2002)

Wine production	
■ Share of world total, 2000	3.6%
■ Growth rate, 1990–2000	14.5%

Wine consumption	
■ Share of world total, 2000	3.9%
■ Growth rate, 1990–2000	12.0%

Alcoholic beverage consumption per person, 1999	
■ Wine	0.5 litres
■ Beer and fermented beverages	18.8 litres
■ Spirits	8.2 litres

Wine exports

■ Share of world total, by volume, 2000	0.1%
■ Growth rate, 1990–2000	8.7%

- Major destinations, by value, 2000: Viet Nam 38.1%, Japan 14.9%, Netherlands 8.1%, France 6.4%, Spain 4.0%, Belgium 3.7%, Hong Kong (SARC) 3.7%, Germany 3.3%, Malaysia 2.8%, Switzerland 2.2%, Myanmar 1.6%, Indonesia 1.5%, United Kingdom 1.5%, Panama 1.2%, Singapore 1.1%, United States 1.0%, Kazakstan 0.7%, Thailand 0.6%, Lao People's Democratic Republic 0.5%, Macau 0.4%.

Wine imports

■ Share of world total, 2000	0.8%
■ Growth rate, 1990–2000	40.6%

- Major sources, by value, 2000: Spain 47.4%, France 17.2%, Italy 15.8%, Chile 7.1%, United States 6.8%, Australia 2.6%, Germany 1.0%, Argentina 0.7%, Canada 0.4%, Hungary 0.2%, South Africa 0.2%, United Kingdom 0.1%, Portugal 0.1%, Austria 0.1%, Cyprus 0.1%, New Zealand 0.1%, Bulgaria 0.0%.

A15 Key trade barriers and issues: China

Tariffs
- Under the terms of its accession to the World Trade Organisation in 2001, Chinese tariff rates on wine imports are scheduled to successively come down from 65 per cent to between 14 and 20 per cent by 2004 (see table A16).

Taxes
- No taxes are applied on wine imports

Preferential arrangements / wine agreements
- China has agreements with both the US and the EU on wine trade.

Domestic support
- None notified

Intellectual property protection
- None notified

Sanitary and phytosanitary
- None notified

Technical requirements
- The food labeling law in China follows closely the standards set by Codex Alimentarius. A range of information about the composition of the wine and its origins must be provided in Chinese (see USDA 2000).

State trading enterprises
- China's National Cereals, Oils and Foodstuffs Import and Export Corporation is the state monopoly wholesaler and distributor of alcoholic beverages (see Agriculture and Agri-Food Canada 2001).

A16 Tariff schedule for wine: China

HS code	Description	Initial bound rate	Final bound rate	Date for final bound rate
2204.10	Sparkling wine	44.6%	14%	2004
2204.21	Other wine, in containers holding 2 litres or less	44.6%	14%	2004
2204.29	Other wine	47%	20%	2004
2204.30	Other grape must	50%	30%	2004

Source: WTO (2001).

A17 Supply and utilisation of wine: China

	Supply				Utilisation			
	Production	Imports	Exports	Total supply a	Food	Processing	Other uses b	Total per person
	kt	kt	kt	kt	kt	kt	kt	L
1990	254	7	2	260	260	0	0	0.2
1991	300	7	2	306	305	0	0	0.3
1992	266	9	6	268	268	0	0	0.2
1993	277	8	7	278	278	0	0	0.2
1994	289	10	11	287	287	0	0	0.2
1995	300	11	4	307	307	0	0	0.3
1996	340	23	7	357	356	0	0	0.3
1997	420	97	28	489	489	0	1	0.4
1998	475	85	20	539	539	0	0	0.4
1999	520	64	8	576	576	0	0	0.5
2000	1050	52	6	1096	1096	0	0	0.9

a Takes account of stock changes. **b** Includes waste.
Source: FAO (2002).

European Union

Location:

SOCIOECONOMIC CHARACTERISTICS (Source: CIA 2001)	
Population, 2001	378.7 million
■ 0 to14 years	16.7%
■ 15 to 64 years	66.8%
■ 65 years and over	16.5%
■ Annual growth rate, 2001	0.24%
Ethnic composition: Not available	
Gross domestic product (PPP)	US$8479 billion
■ Per person	US$24 425
■ Contribution of agriculture	2.5%

WINE MARKET CHARACTERISTICS (Sources: FAO 2002; COMTRADE 2002)	
Wine production	
■ Share of world total, 2000	60.9%
■ Growth rate, 1990–2000	–0.2%
Wine consumption	
■ Share of world total, 2000	57.6%
■ Growth rate, 1990–2000	–1.2%
Alcoholic beverage consumption per person, 1999	
■ Wine	34.3 litres
■ Beer and fermented beverages	76.8 litres
■ Spirits	3.7 litres
Wine exports	
■ Share of world total, by volume, 2000	71.7%
■ Growth rate, 1990–2000	3.0%

■ Major destinations, by value, 2000: Germany 17.4%, United States 16.9%, United Kingdom 15.1%, Belgium 6.5%, Netherlands 5.7%, Japan 5.4%, Switzerland 5.3%, Canada 3.7%, France 3.5%, Denmark 3.0%, Sweden 2.0%, Italy 1.8%, Austria 1.0%, Spain 0.9%, Portugal 0.9%, Norway 0.8%, Ireland 0.8%, Singapore 0.7%, Brazil 0.7%, Luxembourg 0.7%.

Wine imports	
■ Share of world total, 2000	62.8%
■ Growth rate, 1990–2000	3.0%

■ Major sources, by value, 2000: France 36.5%, Italy 16.1%, Spain 10.9%, Australia 7.6%, Portugal 4.2%, United States.1%, Chile 4.0%, Germany 3.5%, South Africa 3.2%, United Kingdom 1.4%, Netherlands 1.1%, Argentina 1.0%, Belgium 0.8%, New Zealand 0.8%, Hungary 0.8%, Bulgaria 0.6%, Greece 0.5%, Denmark 0.4%, Austria 0.4%

A18 Key trade barriers and issues: European Union

Tariffs
- Tariffs on wine are generally low by world standards (see figure M and table A19).
- Tariff escalation — bulk wine tariff is lower than bottled wine tariff.
- An array of tariff quotas that offer preferential rates on in-quota imports, for example, South Africa and candidate countries for EU entry.

Taxes
- Taxes on wine imports vary by member country.

Preferential arrangements / wine agreements
- Wine trade between the twelve members of the European Union is tariff free.
- The EU has wine agreements with Australia, Chile and South Africa on the acceptance of EU standards.
- There are continued negotiations on an accord with the US that covers issues such as oenological practices, protection of geographical indications, and labeling requirements.

Domestic support
- At the EU level, Common Market Organisation that provides export subsidies, market intervention arrangements, and assistance for vineyard restructuring.
- At the member state levels, some additional subsidies

Intellectual property protection
- Differing geographical indications systems are applied in each of the member countries of the European Union. See individual country profiles.
- EU lays claim to use of traditional expressions relating to wine.

Sanitary and phytosanitary
- Imported wine must meet regulations on oenological practises and processes stipulated in EU Regulation 822/87.
- Moratorium since 1998 on new approvals of imports of genetically modified organisms.

Technical requirements
- The wine must comply with restrictive labeling rules in order to gain entry. The EU has adopted new rules for labeling wine. The rules lay down what information must be shown on labels from 1 January 2003. These rules include the use of optional terms such as production methods, traditional expressions, names of vineyard or vintage year and may not be WTO consistent (EC 2002b).
- Mandatory labeling of the use of genetically modified inputs.

State trading enterprises
- Monopolies controlling the imports and sales of alcoholic beverages in Finland, Norway and Sweden.

A19 Tariff schedule for wine: European Union a

HS code	Description	Bound rate	General applied rate
	Sparkling wine		
2204.10.49	Other wine; grape must with fermentation prevented or arrested by the addition of alcohol:	32.0 euro/hL	32.0 euro/hL
2204.21	***In containers holding 2 litres or less***		
2204.21.10	Wine other than that referred to in subheading 2204.10 in bottles with ‘mushroom’ stoppers held in lace by ties or fastenings; wine therwise put up with an excess pressure due to carbon dioxide n solution of not less than 1 bar but less than 3 bar, measured at a temperature of 20°C	32.0 euro/hL	32.0 euro/hL
	Other:		
2204.21.24	– of an actual alcoholic strength by volume not exceeding 13%	13.1 euro/hL	13.1 euro/hL
2204.21.34	– of an actual alcoholic strength by volume exceeding 13% but not exceeding 15%	15.4 euro/hL	15.4 euro/hL
	– of an actual alcoholic strength by volume exceeding 15% vol but not exceeding 18%		
2204.21.41	– port, madeira, sherry, tokay, (aszu and szamorodni) and setubal muscatel (2)	14.8 euro/hL	14.8 euro/hL
2204.21.49	– other – of an actual alcoholic strength by volume exceeding 18% vol but not exceeding 22%:	18.6 euro/hL	18.6 euro/hL
2204.21.51	– port, madeira, sherry, tokay (aszu and szamorodni) and setubal muscatel (2)	15.8 euro/hL	15.8 euro/hL
2204.21.59	– other	20.9 euro/hL	20.9 euro/hL
2204.21.90	– of an actual alcoholic strength by volume exceeding 22%	1.75 euro/ %vol/hL	1.75 euro/ %vol/hL

Continued ➪

A19 Tariff schedule for wine: European Union a

HS code	Description	Bound rate	General applied rate
2204.29	***Other***:		
2204.29.10	Wine other than that referred to in subheading 2204.10 in bottles with ‘mushroom’ stoppers held in place by ties or fastenings; wine otherwise put up with an excess pressure due to carbon dioxide in solution of not less than 1 bar but less than 3 bar, measured at a temperature of 20°C.	32.0 euro/hL	32.0 euro/hL
	Other:		
2204.29.24	– of an actual alcoholic strength by volume not exceeding 13%	9.9 euro/hL	9.9 euro/hL
2204.29.34	– of an actual alcoholic strength by volume exceeding 13% vol but not exceeding 15%	12.1 euro/hL	12.1 euro/hL
	– of an actual alcoholic strength by volume exceeding 15% vol but not exceeding 18%:		
2204.29.41	– port, madeira, sherry and setubal	12.1 euro/hL	12.1 euro/hL
2204.29.45	– tokay (aszu and szamorodni) (2)	13.1 euro/hL	13.1 euro/hL
2204.29.49	– other	15.4 euro/hL	15.4 euro/hL
	– of an actual alcoholic strength by volume exceeding 15% but not exceeding 18%:		
2204.29.51	– port, madeira, sherry and setubal muscatel(2)	13.1 euro/hL	12.1 euro/hL
2204.29.55	– tokay (aszu and szamorodni)(2)	14.2 euro/hL	13.1 euro/hL
2204.29.59	– other	20.9 euro/hL	15.4 euro/hL
2204.29.90	– of an actual alcoholic strength by volume exceeding 22%	1.75 euro/ %vol/hL	1.75 euro/ %vol/hL
2204.30	***Other grape must***		
2204.30.10	In fermentation or with fermentation arrested otherwise than by the addition of alcohol	32.0%	32.0%

Continued ➪

A19 Tariff schedule for wine: European Union a

HS code	Description	Bound rate	General applied rate
	Other:		
2204.30.91	Of a density of 1.33 g/ cm^3 or less at 20°C and of an actual alcoholic strength by volume not exceeding 1%		
	– concentrated	22.4% plus 131 euro/hL plus 206 euro/t	22.4% + 206 euro/t plus if import price is: < 192.6 euro/hL: 131 euro/hL ≥ 192.6 euro/hL: 16.8 euro/hL ≥ 196.8 euro/hL: 12.6 euro/hL ≥ 201.0 euro/hL: 8.4 euro/hL ≥ 205.2 euro/hL: 4.2 euro/hL ≥ 209.4 euro/hL: 0 euro/hL
	– other	22.4% plus 127 euro/hL plus 206 euro/t	22.4% plus 206 euro/t plus plus if import price is: < 39.1 euro/hL: 27 euro/hL ≥ 39.1 euro/hL: 3.4 euro/hL ≥ 40.0 euro/hL: 2.5 euro/hL ≥ 40.8 euro/hL: 1.7 euro/hL ≥ 41.7 euro/hL: 0.8 euro/hL ≥ 42.5 euro/hL: 0 euro/hL
2204.30.99	Other		
	– concentrated	40.0% plus 121 euro/hL plus 206 euro/t	40.0% plus 206 euro/t plus if import price is: < 195.4 euro/hL: 121 euro/hL ≥ 195.4 euro/hL: 17 euro/hL ≥ 199.7 euro/hL: 12.7 euro/hL ≥ 203.9 euro/hL: 8.5 euro/hL ≥ 208.2 euro/hL: 4.2 euro/hL ≥ 212.4 euro/hL: 0 euro/hL
	– other	40.0% plus 27 euro/hL plus 206 euro/t	40.0% plus 206 euro/t if import price is: < 39.1 euro/hL: 27 euro/hL ≥ 39.1 euro/hL: 3.4 euro/hL ≥ 40.0 euro/hL: 2.5 euro/hL ≥ 40.8 euro/hL: 1.7 euro/hL ≥ 41.7 euro/hL: 0.8 euro/hL ≥ 42.5 euro/hL: 0 euro/hL

a HS codes correspond to the bound rate settings; code numbers do not necessarily correspond for the applied rates because of subsequent revisions.
Source: European Commission (2001); USDA (2001).

A20 Supply and utilisation of wine: European Union

	Supply				Utilisation			
	Production	Imports	Exports	Total supply a	Food	Processing	Other uses b	Total per person
	kt	kt	kt	kt	kt	kt	kt	L
1990	18 842	3 061	3 616	18 052	13 579	4 125	203	51.5
1991	16 156	3 228	3 719	16 402	13 186	2 906	175	44.8
1992	19 546	3 248	3 774	18 038	13 010	4 683	185	49.0
1993	16 255	3 108	4 080	16 203	12 916	2 974	192	43.8
1994	15 735	3 632	4 377	15 061	12 875	1 868	227	40.6
1995	15 450	3 339	4 068	15 914	12 548	3 060	222	42.8
1996	17 369	3 424	4 090	15 899	12 634	2 970	190	42.6
1997	15 918	3 467	4 460	15 993	12 731	2 983	189	42.8
1998	16 347	3 909	5 002	15 218	12 717	2 229	189	40.6
1999	18 153	4 113	5 039	15 378	12 907	2 133	230	40.9
2000	17 948	3 649	4 504	16 014	12 887	2 802	222	42.5

a Takes account of stock changes. **b** Includes waste.
Source: FAO (2002).

France

Location: 46 00 N, 2 00 E

SOCIOECONOMIC CHARACTERISTICS (Source: CIA 2001)

Population, 2001	59.6 million
■ 0 to14 years	18.7%
■ 15 to 64 years	65.2%
■ 65 years and over	16.1%
■ Annual growth rate, 2001	0.37%

Ethnic composition: Celtic and Latin with Teutonic, Slavic, North African, Indochinese, Basque minorities

Religion: Roman Catholic 90%, Protestant 2%, Jewish 1%, Muslim (north African workers) 3%, Unaffiliated 4%

Gross domestic product, 2000 (PPP)	US$1448 billion
■ Per person	US$24 400
■ Contribution of agriculture	3.3%

WINE MARKET CHARACTERISTICS (Sources: FAO 2002; COMTRADE 2002)

Wine production	
■ Share of world total, 2000	20.3%
■ Growth rate, 1990–2000	0.6%
Wine consumption	
■ Share of world total, 2000	17.6%
■ Growth rate, 1990–2000	0%
Alcoholic beverage consumption per person, 1999	
■ Wine	59.8 litres
■ Beer and fermented beverages	42.9 litres
■ Spirits	2.4 litres
Wine exports	
■ Share of world total, by volume, 2000	24.6%
■ Growth rate, 1990–2000	3.5%

■ Major destinations, by value, 2000: United Kingdom 17.7%, United States 17.5%, Germany 13.1%, Belgium 10.5%, Japan 6.5%, Netherlands 6.3%, Switzerland 5.8%, Canada 3.9%, Denmark 3.1%, Italy 3.1%, Singapore 1.2%, Sweden 1.1%, Spain 0.8%, Ireland 0.8%, Hong Kong (SARC) 0.7%, Norway 0.6%, Austria 0.5%, Brazil 0.4%, Russian Federation 0.4%, Australia 0.4%.

Wine imports	
■ Share of world total, 2000	8.0%
■ Growth rate, 1990–2000	–0.6%

■ Major sources, by value, 2000: Italy 28.5%, Portugal 22.7%, Spain 13.3%, United Kingdom 8.0%, Free Zones 7.2%, Chile 3.0%, United States 2.7%, Australia 2.5%, Germany 2.0%, Morocco 1.5%, South Africa 1.3%, Belgium 1.3%, Netherlands 1.2%, Algeria 0.8%, Argentina 0.5%, Bulgaria 0.4%, Lebanon 0.4%, Turkey 0.4%, Greece 0.3%, New Zealand 0.3%.

A21 Key trade barriers and issues: France

Tariffs
- See profile for EU.

Taxes
- Excise duties of 3.40 euro per hectolitre for still wine imports and 8.40 euro per hectolitre for sparkling wine imports applied in 2002.

Preferential arrangements / wine agreements
- See profile for EU.

Domestic support
- EU's Common Market Organisation.
- The French Office of Wine and Vine is responsible for the administration of funding, including subsidies for the wine sector, which is provided by the French government and the European Commission. In 2000, French government subsidies amounted to US$78 million (see USDA 2001e).
- Export subsidies are granted to most non-AOC wines. In 2000, this accounted for 10 million litres of wine exports with payments amounting to just over US$1million.

Intellectual property protection
- French wines are entitled to the Appellation d'Origine Contrôlée (AOC; 'controlled name of origin'), which is based on a hierarchy of specific geographic areas known to produce the best wines. To receive any of these rigorous appellations, wines must be produced within specific areas and must meet standards of grape variety, alcoholic content, quantity of harvest, and techniques of vine growing and wine making (see USDA 2001e; Wine Horizon 2000).
- Also see EU profile.

Sanitary and phytosanitary
- See EU profile.

Technical requirements
- While different regions may have their own different classifications of wines, all wines produced in France are subjected to very strict labeling laws to protect consumers (see USDA 2001e; Wine Horizon 2000).
- The French Government has instituted regulations that limit alcohol advertising on radio, television, point of sale and event sponsorship (see USDA 2001e).

State trading enterprises
- None notified

A22 Supply and utilisation of wine: France

	Supply				Utilisation			
	Produc-tion	Imports	Exports	Total supply a	Food	Process-ing	Other uses b	Total per person
	kt	kt	kt	kt	kt	kt	kt	L
1990	6 552	459	1 245	5 421	3 801	1 447	173	67.0
1991	4 267	551	1 233	4 514	3 690	676	149	64.7
1992	6 493	598	1 160	5 690	3 736	1 761	193	65.2
1993	5 331	588	1 090	5 041	3 668	1 215	158	63.7
1994	5 464	697	1 133	5 015	3 617	1 248	151	62.5
1995	5 560	629	1 160	4 899	3 517	1 240	142	60.5
1996	6 004	529	1 309	4 869	3 511	1 200	158	60.1
1997	5 510	572	1 526	4 906	3 563	1 200	143	60.8
1998	5 427	570	1 667	4 860	3 514	1 200	146	59.7
1999	6 294	590	1 608	4 895	3 528	1 200	167	59.8
2000	5 974	459	1 503	4 881	3 532	1 200	148	59.6

a Takes account of stock changes. **b** Includes waste.
Source: FAO (2002).

Germany

Location: 51 00 N, 9 00 E

SOCIOECONOMIC CHARACTERISTICS (Source: CIA 2001)

Population, 2001	83 million
■ 0 to14 years	15.6%
■ 15 to 64 years	67.8%
■ 65 years and over	16.6%
■ Annual growth rate, 2001	0.27%

Ethnic composition: German 91.5%, Turkish 2.4%, other 6.1% (made up largely of Serbo-Croatian, Italian, Russian, Greek, Polish, Spanish)

Religion: Protestant 38%, Roman Catholic 34%, Muslim 2%, unaffiliated or other 26%

Gross domestic product, 2000 (PPP)	US$1936 billion
■ Per person	US$23 400
■ Contribution of agriculture	1.2%

WINE MARKET CHARACTERISTICS (Sources: FAO 2002; COMTRADE 2002)

Wine production	
■ Share of world total, 2000	3.4%
■ Growth rate, 1990–2000	–0.3%
Wine consumption	
■ Share of world total, 2000	4.0%
■ Growth rate, 1990–2000	0%
Alcoholic beverage consumption per person, 1999	
■ Wine	23.5 litres
■ Beer and fermented beverages	121.3 litres
■ Spirits	6.4 litres
Wine exports	
■ Share of world total, by volume, 2000	4.0%
■ Growth rate, 1990–2000	–2.2%

- Major destinations, by value, 2000: United Kingdom 28.8%, United States 10.8%, Japan 10.0%, Netherlands 9.6%, Sweden 5.0%, France 4.3%, Canada 3.3%, Belgium 3.3%, Austria 3.1%, Switzerland 2.5%, Denmark 2.0%, Norway 2.0%, Ship stores and bunkers 1.7%, Latvia 1.6%, Finland 1.5%, Poland 1.2%, Russian Federation 1.0%, Ireland 0.6%, Venezuela 0.6%, Mexico 0.6%.

Wine imports	
■ Share of world total, 2000	18.3%
■ Growth rate, 1990–2000	0.9%

- Major sources, by value, 2000: Italy 32.9%, France 32.6%, Spain 14.8%, United States 3.7%, Chile 2.6%, Australia 2.1%, South Africa 1.6%, Greece 1.6%, Hungary 1.4%, Austria 1.2%, Portugal 1.2%, former Yugoslav Rep. of Macedonia 1.1%, Bulgaria 0.8%, Argentina 0.5%, Romania 0.5%, Ukraine 0.4%, Croatia 0.2%, Tunisia 0.2%, Turkey 0.2%, New Zealand 0.1%.

A23 Key trade barriers and issues: Germany

Tariffs
- See profile for EU.

Taxes
- Excise duty of 136 euro per hectolitre for sparkling wine only in 2002.

Preferential arrangements / wine agreements
- See profile for EU.

Domestic support
- EU's Common Market Organisation.
- EU member state specific domestic support.

Intellectual property protection
- Wine is classified by quality and may receive the classification Qualitätswein bestimmter Anbaugebiete (QbA; 'quality wine from a designated region') if it is produced in a specific region and meets standards of taste and alcohol content. Wines of the highest category, Qualitätswein mit Prädikat (QmP; 'quality wine with special attributes'), must come from specific districts and be fermented from their natural sugar (see Wine Horizon 2000).
- Also see EU profile.

Sanitary and phytosanitary
- See EU profile.

Technical requirements
- See EU profile.

State trading enterprises
- None notified

A24 Supply and utilisation of wine: Germany

	Supply				Utilisation			
	Production	Imports	Exports	Total supply a	Food	Processing	Other uses b	Total per person
	kt	kt	kt	kt	kt	kt	kt	L
1990	951	1 059	284	2 146	2 123	24	0	26.7
1991	1 070	1 148	251	1 904	1 902	3	0	23.8
1992	1 348	1 077	301	1 945	1 936	9	0	24.1
1993	992	1 004	305	1 941	1 940	0	0	24.0
1994	1 041	1 121	335	1 881	1 880	1	0	23.1
1995	836	942	254	1 914	1 913	0	0	23.4
1996	864	1 123	263	1 946	1 946	0	0	23.8
1997	849	1 033	252	1 953	1 953	0	0	23.8
1998	1 083	1 207	237	1 909	1 902	7	0	23.2
1999	1 229	1 226	245	1 927	1 927	0	0	23.5
2000	1 008	1 031	254	2 063	1 983	80	0	24.2

a Takes account of stock changes. **b** Includes waste.
Source: FAO (2002).

Hungary

Location: 47 00 N, 20 00 E

SOCIOECONOMIC CHARACTERISTICS (Source: CIA 2001)

Population, 2001	10.1 million
■ 0 to14 years	16.6%
■ 15 to 64 years	68.7%
■ 65 years and over	14.7%
■ Annual growth rate, 2001	–0.32%

Ethnic composition: Hungarian 90%, Roma 4%, German 2%, Serb 2%, Slovak 1%, Romanian 1%

Religion: Roman Catholic 68%, Calvinist 20%, Lutheran 5%, atheist and other 7%

Gross domestic product (PPP)	US$114 billion
■ Per person	US$11 200
■ Contribution of agriculture	5%

WINE MARKET CHARACTERISTICS (Sources: FAO 2002; COMTRADE 2002)

Wine production	
■ Share of world total, 2000	1.5%
■ Growth rate, 1990–2000	–1.5%
Wine consumption	
■ Share of world total, 2000	1.3%
■ Growth rate, 1990–2000	0.0%
Alcoholic beverage consumption per person, 1999	
■ Wine	32.9 litres
■ Beer and fermented beverages	69.9 litres
■ Spirits	6.1 litres
Wine exports	
■ Share of world total, by volume, 2000	1.3%
■ Growth rate, 1990–2000	–0.9%

- Major destinations, by value, 2000: Germany 28.7%, United Kingdom 21.0%, Czech Republic 11.3%, Poland 7.7%, Sweden 4.0%, Canada 3.4%, Finland 2.8%, France 2.5%, Japan 2.3%, Slovakia 1.8%, Lithuania 1.8%, United States 1.5%, Russian Federation 1.4%, Netherlands 1.3%, Estonia 1.1%, Latvia 0.9%, Belarus 0.8%, Italy 0.8%, Austria 0.7%, Switzerland 0.6%.

Wine imports	
■ Share of world total, 2000	negligible
■ Growth rate, 1990–2000	–8.6%

- Major sources, by value, 2000: Italy 68.5%, Spain 11.4%, France 9.1%, Greece 3.3%, Portugal 1.5%, Croatia 0.8%, Israel 0.8%, Australia 0.7%, Germany 0.7%, Chile 0.7%.

A25 Key trade barriers and issues: Hungary

Tariffs
- Tariffs on wine are high by world standards (see table A26).
- Bulgaria has tariff quotas for wine that offer preferential rates on in-quota imports with the European Union, Hungary, Poland, Czech Republic, Slovakia, Turkey and Macedonia (see USDA 2001b).

Taxes
- There is a customs clearance fee of 1 per cent.

Preferential arrangements / wine agreements
- Hungary is a party to CEFTA, along with Poland, Czech Republic, Slovakia, Slovenia, Bulgaria and Romania.
- Hungary has concluded a number of preferential trade agreements, including a duty free quota into the EU and free trade agreements with Turkey and Israel and the European Free Trade Association countries (Switzerland, Liechtenstein, Iceland and Norway).

Domestic support
- None notified

Intellectual property protection
- Bulgaria has an established geographical indications system (see USDA 2001b).

Sanitary and phytosanitary
- None notified

Technical requirements
- Rules apply to labeling and marking of both domestic and imported products that are WTO consistent (see USDC 2002).

State trading enterprises
- None notified

A26 Tariff schedule for wine: Hungary

HS code	Description	Initial bound rate	Final bound rate	Date for final bound rate
2204.10	***Sparkling wine***	74%	62.9%	2000
2204.21	***Other wine***, in containers holding 2 litres or less			
2204.21.018	Wines of commercial quality	74%	62.9%	2000
2204.21.027	Wine and grape must fortified with alcohol	80%	68.0%	2000
2204.29	***Other***			
2204.29.012	Wines of commercial quality	74%	62.9%	2000
2204.29.021	Wine and grape must fortified with alcohol	80%	68.0%	2000
2204.30	***Other grape must***	74%	62.9%	2000

Source: USDA (2001).

A27 Supply and utilisation of wine: Hungary

	Supply				Utilisation			
	Production	Imports	Exports	Total supply a	Food	Processing	Other uses b	Total per person
	kt	kt	kt	kt	kt	kt	kt	L
1990	547	22	160	287	287	0	0	27.7
1991	461	8	78	299	299	0	0	29.0
1992	388	9	80	338	308	30	0	29.9
1993	364	10	112	324	324	0	0	31.5
1994	369	8	103	300	300	0	0	29.3
1995	329	3	128	273	273	0	0	26.7
1996	419	5	108	312	309	0	3	30.4
1997	447	4	102	327	325	0	2	32.1
1998	434	2	109	342	341	0	1	33.8
1999	334	2	89	331	330	0	1	32.9
2000	430	3	81	342	341	0	1	34.2

a Takes account of stock changes. **b** Includes waste.
Source: FAO (2002).

Italy

Location: 42 50 N, 12 50 E

SOCIOECONOMIC CHARACTERISTICS (Source: CIA 2001)

Population, 2001	57.7 million
■ 0 to14 years	14.2%
■ 15 to 64 years	67.5%
■ 65 years and over	18.4%
■ Annual growth rate, 2001	0.07%

Ethnic composition: Italian (includes small clusters of German, French, and Slovene Italians in the north and Albanian-Italians and Greek-Italians in the south)

Religion: predominantly Roman Catholic with mature Protestant and Jewish communities and a growing Muslim immigrant community

Gross domestic product (PPP)	US$1274 billion
■ Per person	US$22 100
■ Contribution of agriculture	2.5%

WINE MARKET CHARACTERISTICS (Sources: FAO 2002; COMTRADE 2002)

Wine production	
■ Share of world total, 2000	18.3%
■ Growth rate, 1990–2000	–1.1%
Wine consumption	
■ Share of world total, 2000	14.5%
■ Growth rate, 1990–2000	–2.1%
Alcoholic beverage consumption per person, 1999	
■ Wine	54.8 litres
■ Beer and fermented beverages	23.5 litres
■ Spirits	0.9 litres
Wine exports	
■ Share of world total, by volume, 2000	24.4%
■ Growth rate, 1990–2000	3.0%

- Major destinations, by value, 2000: Germany 30.4%, United States 22.6%, United Kingdom 9.0%, Switzerland 5.7%, France 5.6%, Canada 4.4%, Japan 4.2%, Austria 2.3%, Denmark 1.8%, Netherlands 1.8%, Belgium 1.8%, Sweden 1.6%, Spain 1.2%, Brazil 1.0%, Portugal 0.8%, Norway 0.6%, Australia 0.5%, Poland 0.4%, Finland 0.4%, Greece 0.4%.

Wine imports	
■ Share of world total, 2000	1.0%
■ Growth rate, 1990–2000	–1.2%

- Major sources, by value, 2000: France 83.3%, Portugal 4.9%, Spain 3.4%, Germany 1.4%, United Kingdom 1.1%, United States 0.9%, Chile 0.7%, Greece 0.7%, Switzerland 0.6%, South Africa 0.4%, Austria 0.4%, Tunisia 0.3%, Hungary 0.3%, Cyprus 0.2%, Croatia 0.2%, Australia 0.2%, Belgium 0.2%, Netherlands 0.1%, Argentina 0.1%, New Zealand 0.1%.

A28 Key trade barriers and issues: Italy

Tariffs
- See profile for EU.

Taxes
- No taxes are applied on wine imports.

Preferential arrangements / wine agreements
- See profile for EU.

Domestic support
- Total EU funding for vineyard conversion and reconstruction in 2001 was around US$100 million. Funding under the CAP for the distillation of wine is expected to have increased over the two years to 2001 as the volume of product has increased by 25 per cent to 5.5 million hectolitres (USDA 2001f).
- EU's Common Market Organisation.
- EU member state specific domestic support.

Intellectual property protection
- The two main organisations responsible for the control of the quality in Italian wine are the Denominazione di Origine Controllata and the Denominazione di Origine Controllata e Garantita.
- Also see EU profile.

Sanitary and phytosanitary
- See EU profile.

Technical requirements
- See EU profile.

State trading enterprises
- None notified

A29 Supply and utilisation of wine: Italy

	Supply				Utilisation			
	Production	Imports	Exports	Total supply a	Food	Processing	Other uses b	Total per person
	kt	kt	kt	kt	kt	kt	kt	L
1990	5 487	71	1 305	4 554	3 488	1 040	26	61.5
1991	5 979	76	1 287	4 154	3 527	592	35	62.1
1992	6 869	72	1 220	4 796	3 274	1 483	40	57.5
1993	6 267	44	1 356	4 505	3 299	1 170	35	57.8
1994	5 928	26	1 776	3 616	3 304	288	24	57.8
1995	5 620	18	1 691	4 218	3 299	894	24	57.6
1996	5 877	30	1 459	4 233	3 294	916	24	57.4
1997	5 056	65	1 361	4 337	3 226	1 091	20	56.2
1998	5 714	88	1 628	3 666	3 201	441	24	55.7
1999	5 807	47	1 939	3 302	3 150	129	23	54.8
2000	5 407	58	1 580	4 041	3 150	869	22	54.8

a Takes account of stock changes. **b** Includes waste.
Source: FAO (2002).

Japan

Location: 36 00 N, 138 00 E

SOCIOECONOMIC CHARACTERISTICS (Source: CIA 2001)

Population, 2001	126.8 million
■ 0 to14 years	14.6%
■ 15 to 64 years	67.8%
■ 65 years and over	17.5%
■ Annual growth rate, 2001	0.17%

Ethnic composition: Japanese 99%, Korean 1% (1999 estimate)

Religion: Observe both Shinto and Buddhist 84%, Other 16% (including Christian 0.7%)

Gross domestic product (PPP)	US$3150 billion
■ Per person	US$24 900
■ Contribution of agriculture	2%

WINE MARKET CHARACTERISTICS (Sources: FAO 2002; COMTRADE 2002)

Wine production	
■ Share of world total, 2000	0.4%
■ Growth rate, 1990–2000	9.8%
Wine consumption	
■ Share of world total, 2000	1.0%
■ Growth rate, 1990–2000	11.5%
Alcoholic beverage consumption per person, 1999	
■ Wine	2.6 litres
■ Beer and fermented beverages	54.3 litres
■ Spirits	7.7 litres
Wine exports	
■ Share of world total, by volume, 2000	negligible
■ Growth rate, 1990–2000	9.5%

■ Major destinations, by value, 2000: Chinese Taipei 56.9%, Chile 33.8%, United Kingdom 2.8%, Korea, Rep. 1.4%, Hong Kong (SARC) 1.4%, United States 0.9%, China 0.8%.

Wine imports	
■ Share of world total, 2000	3.1%
■ Growth rate, 1990–2000	12.2%

■ Major sources, by value, 2000: France 59.5%, Italy 12.3%, United States 8.0%, Germany 4.8%, Chile 3.9%, Spain 3.7%, Australia 2.5%, Argentina 1.0%, Bulgaria 0.9%, South Africa 0.8%, Portugal 0.6%, New Zealand 0.4%, Hungary 0.3%, former Yugoslav Rep. of Macedonia 0.3%, Romania 0.2%, Canada 0.2%, Brazil 0.1%, Greece 0.1%, Yugoslavia 0.1%, Austria 0.1%.

A30 Key trade barriers and issues: Japan

Tariffs
- Wine tariffs are high by world standards (see figure M and table A310).
- Tariff escalation — bulk wine tariff is lower than bottled wine tariff (see table A310).

Taxes
- No taxes are applied on wine imports

Preferential arrangements
- Japan has a free trade agreement with Singapore. There is the possibility of trade agreements for Japan with Australia and other ASEAN countries in the future.

Domestic support
- None notified

Intellectual property protection
- None notified

Sanitary and phytosanitary
- None notified

Technical requirements
- Strict labeling requirements, including Japanese language requirements and Packaging Recycling Laws were implemented in 2000 with importers likely to be responsible for covering recycling costs (see USDA 2001g).

State trading enterprises
- None notified

A31 Tariff schedule for wine: Japan

HS code	Description	Bound rate	General applied rate
2204.10	***Sparkling wine***	¥182/L	¥182/L
2204.21	***Other wine***, in containers holding 2 litres or less		
	Sherry, port and other fortified wines	¥112/L	¥112/L
	Other	15% or ¥125/L, whichever is the less, subject to a minimum customs duty of ¥67/L	15% or ¥125/L, whichever is the less, subject to a minimum customs duty of ¥67/L
2204.29	***Other*** In containers holding 150 litres	15% or ¥125/L, whichever is the less, subject to a minimum customs duty	15% or ¥125/L, whichever is the less, subject to a minimum customs duty
	Other	¥45/L	¥45/L
2204.30	***Other grape must*** Of an alcoholic strength by volume less than 1%: Containing added sugar: – containing not more than 10% by weight of sucrose, naturally and artificially contained	23.0%	23.0%
	– other	29.8% or ¥23/litres, whichever is greater	29.8% or ¥23/litres, whichever is greater
	– not more than 10% by weight of sucrose	19.1%	19.1%
	– other	25.5%	25.5%
	Other	¥45/L	¥45/L

Source: APEC (2001); USDA (2001).

A32 Supply and utilisation of wine: Japan

	Supply				Utilisation			
	Production	Imports	Exports	Total supply a	Food	Processing	Other uses b	Total per person
	kt	kt	kt	kt	kt	kt	kt	L
1990	58	88	0	146	146	0	0	1.2
1991	57	77	0	134	134	0	0	1.1
1992	50	70	0	120	120	0	0	1.0
1993	51	67	0	117	117	0	0	0.9
1994	52	92	0	144	144	0	0	1.2
1995	65	110	0	175	175	0	0	1.4
1996	68	110	0	177	177	0	0	1.4
1997	93	147	1	240	240	0	0	1.9
1998	158	325	0	482	482	0	0	3.8
1999	133	192	0	325	325	0	0	2.6
2000	115	169	1	284	284	0	0	2.2

a Takes account of stock changes. **b** Includes waste.
Source: FAO (2002).

New Zealand

Location: 41 00 S, 174 00 E

SOCIOECONOMIC CHARACTERISTICS (Source: CIA 2001)

Population, 2001	3.9 million
■ 0 to14 years	22.4%
■ 15 to 64 years	66.1%
■ 65 years and over	11.5%
■ Annual growth rate, 2001	1.14%

Ethnic composition: New Zealand European 75%, Maori 10%, other European 4%, Pacific Islander 4%, Asian and others 7%

Religion: Anglican 24%, Presbyterian 18%, Roman Catholic 15%, Methodist 5%, Baptist 2%, other Protestant 3%, unspecified or none 33% (1986)

Gross domestic product, 2000 (PPP)	US$67.6 billion
■ Per person	US$17 700
■ Contribution of agriculture	8%

WINE MARKET CHARACTERISTICS (Sources: FAO 2002; COMTRADE 2002)

Wine production	
■ Share of world total, 2000	0.2%
■ Growth rate, 1990–2000	3.1%

Wine consumption	
■ Share of world total, 2000	0.3%
■ Growth rate, 1990–2000	3.6%

Alcoholic beverage consumption per person, 1999	
■ Wine	10.3 litres
■ Beer and fermented beverages	86.4 litres
■ Spirits	3.2 litres

Wine exports

- Share of world total, by volume, 2000 — 0.6%
- Growth rate, 1990–2000 — 17.4%
- Major destinations, by value, 2000: United Kingdom 46.0%, United States 18.7%, Australia 16.0%, Canada 3.4%, Netherlands 3.2%, Japan 2.5%, Belgium 1.8%, Germany 1.5%, Denmark 1.4%, Ireland 1.1%, Sweden 0.7%, Singapore 0.6%, Hong Kong (SARC) 0.5%, Switzerland 0.4%, France 0.3%, Malaysia 0.2%, Cook Islands 0.2%, Korea, Rep. 0.2%, Brazil 0.1%, Fiji 0.1%.

Wine imports

- Share of world total, 2000 — 0.8%
- Growth rate, 1990–2000 — 15.3%
- Major sources, by value, 2000: Australia 68.7%, France 12.3%, Italy 5.0%, Chile 4.7%, Spain 2.2%, South Africa 2.1%, Argentina 1.7%, Portugal 1.4%, Germany 0.9%, Special categories 0.4%, United States 0.3%, United Kingdom 0.1%.

A33 Key trade barriers and issues: New Zealand

Tariffs
- Tariffs on wine are low by world standards (see figure M and table A34).

Taxes
- An excise duty rate of NZ$19.94 per litre of alcohol is applied to wine in 2002.

Preferential arrangements / wine agreements
- The Australia New Zealand Closer Economic Relations and Trade Agreement allow the duty free importation of Australian wine.
- No tariffs are applied to wine from the Pacific Islands and the least developed economies.
- Wine from lesser developed countries, such as Chile, pay marginally lower tariffs than the general rate.
- New Zealand participates in the World Wine Trade Group (formally known as New World Wine Producers Forum) and is a signatory to the Mutual Acceptance Agreement on Oenological Practices (see box 2).

Domestic support
- There have been no subsidies for the New Zealand wine industry since the Grape Extraction Scheme of the late 1980s.
- A new Act of Parliament is expected in 2002 that amalgamates and updates all the existing legislation (see Miki_ 2001).

Intellectual property protection
- The New Zealand *Geographical Indications Act 1994* establishes a system for registering and protecting geographical indications used in relation to the marketing of goods including wine (see Lawling Group Limited 2000).

Sanitary and phytosanitary
- Food standards code are administered by the Australian New Zealand Food Authority (ANZFA).

Technical requirements
- None notified

State trading enterprises
- None notified

A34 Tariff schedule for wine: New Zealand

HS code	Description	Bound rate	General applied rate	Preferential arrangements
2204.10	***Sparkling wine***			
2204.10.01	Champagne	0	NZ$1.86931	
2204.10.12	Other sparkling wine For further manufacture in a licensed manufacturing area	25%	5%	Free: Australia, least developed countries, Pacific Islands 4%: lesser developed countries
2204.21	**Other wine**, in containers holding 2 litres or less			
2204.21.02	For further manufacture in a licensed manufacturing area	25%	5%	Free: Australia, least developed countries Pacific Islands 4%: less developed countries
2204.21.12	Containing more than 14% alcohol by volume, fortified by the addition of spirits or any substance containing spirits	25%	5% + NZ$3.36492	NZ$3.36492: Australia, least developed countries, Pacific Islands 4% + NZ$3.36492: lesser developed countries
2204.21.18	Other	25%	5% + NZ$1.86931	NZ$1.8631: Australia, least developed countries, Pacific Islands 4% + NZ$1.8631: lesser developed countries
2204.29	***Other***			
2204.29.02	For further manufacturing in a licensed manufacturing area	25%	5%	Free: Australia, least developed countries, Pacific Islands 4%: lesser developed countries
2204.29.12	Containing more than 14% alcohol by volume, fortified by the addition of spirits or any substance containing spirits	25	5% + NZ$3.36492	NZ$3.36492: least developed countries, Pacific developed countries, Pacific Islands 4% +NZ$3.36492: lesser developed countries

Continued ➪

A34 Tariff schedule for wine: New Zealand *continued*

HS code	Description	Bound rate	General applied rate	Preferential arrangements
2204.29.18	Other	25	5% + NZ$1.86931	NZ$1.86931: Australia, least developed countries, Pacific Islands 4% + NZ$1.86931: lesser developed countries
2204.30	***Other grape must***	13	5%	Free: Australia, least developed countries, Pacific Islands 4%: lesser developed countries

Source: APEC (2001); USDA (2001).

A35 Supply and utilisation of wine: New Zealand

	Supply				Utilisation			
	Production	Imports	Exports	Total supply a	Food	Processing	Other uses b	Total per person
	kt	kt	kt	kt	kt	kt	kt	L
1990	54	8	4	50	39	11	0	11.7
1991	50	11	6	56	41	14	0	12.1
1992	42	9	7	53	44	9	0	12.8
1993	33	19	9	53	38	15	0	11.0
1994	41	33	8	46	29	17	0	8.1
1995	56	26	8	54	31	23	0	8.6
1996	57	21	11	58	36	22	0	9.8
1997	46	22	13	65	39	26	0	10.6
1998	61	28	16	73	38	35	0	10.3
1999	60	41	18	83	38	45	0	10.3
2000	60	41	38	73	42	31	0	11.1

a Takes account of stock changes. **b** Includes waste.
Source: FAO (2002).

Norway

Location: 62 00 N, 10 00 E

SOCIOECONOMIC CHARACTERISTICS (Source: CIA 2001)

Population, 2001	4.5 million
■ 0 to14 years	20.0%
■ 15 to 64 years	64.9%
■ 65 years and over	15.1%
■ Annual growth rate, 2001	0.49%

Ethnic composition: Norwegian (Nordic, Alpine, Baltic), Sami 20 000

Religion: Evangelical Lutheran 86% (State Church), other Protestant and Roman Catholic 3%, other 1%, none and unknown 10% (1997)

Gross domestic product, 2000 (PPP)	US$124 billion
■ Per person	US$27 700
■ Contribution of agriculture	2%

WINE MARKET CHARACTERISTICS (Sources: FAO 2002; COMTRADE 2002)

Wine production	
■ Share of world total, 2000	not calculated
■ Growth rate, 1990–2000	not calculated
Wine consumption	
■ Share of world total, 2000	0.2%
■ Growth rate, 1990–2000	5.8%
Alcoholic beverage consumption per person, 1999	
■ Wine	10.8 litres
■ Beer and fermented beverages	55.5 litres
■ Spirits	2.2 litres
Wine exports	
■ Share of world total, by volume, 2000	negligible
■ Growth rate, 1990–2000	8.8%

- Major destinations, by value, 2000: Sweden 58.1%, Denmark 23.8%, France 10.8%, United Kingdom 3.7%, Finland 1.0%, Italy 0.9%, Estonia 0.6%.

Wine imports	
■ Share of world total, 2000	0.9%
■ Growth rate, 1990–2000	6.6%

- Major sources, by value, 2000: France 28.8%, Spain 17.8%, Italy 14.0%, Chile 12.0%, Germany 6.5%, Australia 6.5%, Portugal 3.5%, United States 2.7%, South Africa 2.0%, Denmark 1.3%, United Kingdom 1.1%, Hungary 0.7%, Argentina 0.6%, Bulgaria 0.6%, Greece 0.3%, Uruguay 0.3%, Austria 0.2%, Netherlands 0.2%, Sweden 0.2%, Mauritius 0.1%.

A36 Key trade barriers and issues: Norway

Tariffs
- Norway has no tariffs on wine.

Taxes
- An excise duty of NOK3.47 per percentage of alcohol per litre is applied on wine imports.

Preferential arrangements / wine agreements
- Norway is a member of the European Free Trade Area (EFTA). Under an agreement between the EFTA and the European Community (EC), most goods including wine that enter Norway move duty free to other EFTA and EC nations.

Domestic support
- None notified

Intellectual property protection
- None notified

Sanitary and phytosanitary
- None notified

Technical requirements
- None notified

State trading enterprises
- The Norwegian state monopoly for the importation of wine and spirits has been deregulated. Anyone with an import license can import and distribute wine and spirits to hotels, restaurants, tax free and to Vinmonopolet (the Norwegian state monopoly of retail outlets, which were not deregulated). The retailing of spirits, wine and beer containing more than 4.75 per cent of alcohol by volume may only be carried on by A/S Vinmonopolet on the basis of a municipal licence (NDPAD 2002).

A37 Supply and utilisation of wine: Norway

	Supply				Utilisation			
	Production	Imports	Exports	Total supply a	Food	Processing	Other uses b	Total per person
	kt	kt	kt	kt	kt	kt	kt	L
1990	0	29	0	29	29	0	0	6.9
1991	0	30	0	30	30	0	0	6.9
1992	0	29	0	28	28	0	0	6.6
1993	0	29	0	28	28	0	0	6.6
1994	0	31	0	31	31	0	0	7.2
1995	0	34	0	34	34	0	0	7.7
1996	0	38	0	37	37	0	0	8.5
1997	0	43	0	43	43	0	0	9.7
1998	0	44	0	44	44	0	0	9.9
1999	0	49	1	48	48	0	0	10.8
2000	0	48	0	47	47	0	0	10.6

a Takes account of stock changes. **b** Includes waste.
Source: FAO (2002).

Portugal

Location: 39 30 N, 8 00 W

SOCIOECONOMIC CHARACTERISTICS (Source: CIA 2001)

Population, 2001	10.1 million
■ 0 to14 years	17.0%
■ 15 to 64 years	67.4%
■ 65 years and over	15.6%
■ Annual growth rate, 2001	0.18%

Ethnic composition: homogeneous Mediterranean stock; citizens of black African descent who immigrated to mainland during decolonisation number less than 100 000

Religion: Roman Catholic 94%, Protestant (1995)

Gross domestic product, 2000 (PPP)	US$159 billion
■ Per person	US$15 800
■ Contribution of agriculture	4%

WINE MARKET CHARACTERISTICS (Sources: FAO 2002; COMTRADE 2002)

Wine production

■ Share of world total, 2000	2.3%
■ Growth rate, 1990–2000	–4.4%

Wine consumption

■ Share of world total, 2000	1.8%
■ Growth rate, 1990–2000	–1.4%

Alcoholic beverage consumption per person, 1999

■ Wine	50.7 litres
■ Beer and fermented beverages	67.9 litres
■ Spirits	9.5 litres

Wine exports

■ Share of world total, by volume, 2000	3.1%
■ Growth rate, 1990–2000	1.3%

- Major destinations, by value, 2000: France 20.8%, United Kingdom 14.6%, Belgium 10.4%, Netherlands 9.6%, United States 8.8%, Canada 6.5%, Germany 5.2%, Spain 3.8%, Brazil 3.1%, Denmark 2.8%, Sweden 2.0%, Italy 2.0%, Switzerland 1.7%, Angola 1.6%, Norway 1.0%, Japan 0.8%, Mozambique 0.7%, Ireland 0.3%, Guinea-Bissau 0.3%, Macau 0.3%.

Wine imports

■ Share of world total, 2000	3.5%
■ Growth rate, 1990–2000	37.8%

- Major sources, by value, 2000: Spain 71.0%, Italy 16.6%, France 10.8%, Germany 0.6%, United Kingdom 0.3%, Austria 0.2%, Taiwan, Province of (China) 0.2%, Argentina 0.1%, Denmark 0.1%, Bulgaria 0.1%, Chile 0.1%.

A38 Key trade barriers and issues: Portugal

Tariffs
- See EU profile

Taxes
- No taxes are applied to wine imports.

Preferential arrangements / wine agreements
- See EU profile

Domestic support
- See EU profile

Intellectual property protection
- Portugal uses a geographical indications system that classifies its wines by quality and the stringency of regulations (see Wine Horizon 2000).
- See EU profile

Sanitary and phytosanitary
- See EU profile

Technical requirements
- See EU profile

State trading enterprises
- None notified

A39 Supply and utilisation of wine: Portugal

	Supply				Utilisation			
	Production	Imports	Exports	Total supply a	Food	Processing	Other uses b	Total per person
	kt	kt	kt	kt	kt	kt	kt	L
1990	1110	21	157	757	588	140	29	59.4
1991	983	3	167	817	564	236	18	57.0
1992	760	2	249	708	542	146	20	54.9
1993	470	22	215	657	578	66	13	58.4
1994	635	139	189	622	578	36	8	58.4
1995	706	82	156	614	574	31	9	57.9
1996	948	58	195	651	551	93	8	55.5
1997	591	52	245	594	532	54	8	53.5
1998	358	160	225	573	517	48	8	51.8
1999	760	227	191	562	507	50	5	50.7
2000	669	197	188	567	511	50	6	51.0

a Takes account of stock changes. **b** Includes waste.
Source: FAO (2021).

Romania

Location: 46 00 N, 25 00 E

SOCIOECONOMIC CHARACTERISTICS (Source: CIA 2001)

Population, 2001	22.4 million
■ 0 to14 years	18.0%
■ 15 to 64 years	68.5%
■ 65 years and over	13.5%
■ Annual growth rate, 2001	–0.2%

Ethnic composition: Romanian 89%, Hungarian 7%, Roma 2%, German 0.5%, Ukrainian 0.3%, Other 0.8% (1992)

Religion: Romanian Orthodox 70%, Roman Catholic 3%, Uniate Catholic 3%, Protestant 6%, Unaffiliated 18%

Gross domestic product, 2000 (PPP)	US$133 billion
■ Per person	US$5900
■ Contribution of agriculture	14%

WINE MARKET CHARACTERISTICS (Sources: FAO 2002; COMTRADE 2002)

Wine production

■ Share of world total, 2000	1.8%
■ Growth rate, 1990–2000	2.1%

Wine consumption

■ Share of world total, 2000	1.9%
■ Growth rate, 1990–2000	0.0%

Alcoholic beverage consumption per person, 1999

■ Wine	24.4 litres
■ Beer and fermented beverages	45.6 litres
■ Spirits	2.9 litres

Wine exports

■ Share of world total, by volume, 2000	0.4%
■ Growth rate, 1990–2000	10.2%

■ Major destinations, by value, 2000: Germany 44.7%, United Kingdom 16.4%, United States 5.0%, Russian Federation 4.7%, Denmark 3.3%, Japan 3.1%, Israel 3.1%, Sweden 2.7%, Canada 2.6%, Finland 2.4%, France 1.4%, Estonia 1.4%, Netherlands 1.4%, Poland 1.2%, Moldova 0.8%, Thailand 0.7%, Area Nes 0.7%, Belgium 0.6%, Latvia 0.6%, Ireland 0.6%.

Wine imports

■ Share of world total, 2000	negligible
■ Growth rate, 1990–2000	–29.2%

■ Major sources, by value, 2000: Germany 38.0%, Russian Federation 27.8%, Free Zones 14.5%, Moldova 7.7%, France 4.7%, Italy 3.2%, Denmark 1.2%.

A40 Key trade barriers and issues: Romania

Tariffs

- Tariff rates on wine are high by world standards.
- Romania will bind all tariff headings for wine at 315 per cent by 2004.
- The applied tariff on all categories of wine is 144 per cent.

Taxes

- An excise duty of 20 per cent is applied to wine imports.

Preferential arrangements / wine agreements

- Romania has concluded a preferential trade agreement with the European Union (Europe Agreement), and free trade agreements with the European Free Trade Area (EFTA) countries, as well as its Central European neighbors (CEFTA).

Domestic support

- Romanian wine industry was privatised in 1999.

Intellectual property protection

- None notified

Sanitary and phytosanitary

- None notified

Technical requirements

- Romania has sought to bring its standards in line with international and EU standards. Romanian standards of quality and safety are under the jurisdiction of the Romanian Standards Institute.

State trading enterprises

- None notified

A41 Supply and utilisation of wine: Romania

	Supply				Utilisation			
	Production	Imports	Exports	Total supply a	Food	Processing	Other uses b	Total per person
	kt	kt	kt	kt	kt	kt	kt	L
1990	471	25	17	479	479	0	0	20.6
1991	501	22	17	506	506	0	0	21.8
1992	471	25	18	478	478	0	0	20.7
1993	584	33	22	595	595	0	0	25.9
1994	537	4	37	504	504	0	0	22.1
1995	672	15	32	655	655	0	0	28.9
1996	766	6	49	723	723	0	0	32.0
1997	669	1	81	589	589	0	0	26.1
1998	500	8	65	443	443	0	0	19.7
1999	650	8	29	549	549	0	0	24.4
2000	545	1	25	521	521	0	0	23.2

a Takes account of stock changes. **b** Includes waste.
Source: FAO (2002).

South Africa

Location: 29 00 S, 24 00 E

SOCIOECONOMIC CHARACTERISTICS (Source: CIA 2001)

Population, 2001	43.6 million
■ 0 to14 years	32.0%
■ 15 to 64 years	63.1%
■ 65 years and over	4.9%
■ Annual growth rate, 2001	0.26%

Ethnic composition: black 75.2%, white 13.6%, other 11.2%

Religion: Christian 68%, Muslim 2%, Hindu 2% (60% of Indians), Indigenous beliefs and Animist 28%

Gross domestic product, 2000 (PPP)	US$369 billion
■ Per person	US$8500
■ Contribution of agriculture	5%

WINE MARKET CHARACTERISTICS (Sources: FAO 2002; COMTRADE 2002)

Wine production

■ Share of world total, 2000	3.7%
■ Growth rate, 1990–2000	2.2%

- Varietal composition by plantings, 1999 (wine grape varieties only): white 73.9% (chardonnay 5.7%, chenin blanc 5.1%, other white 63.1%), red 26.1% (cabernet sauvignon 6.7%, pinotage 5.5%, merlot 4.6%, shiraz 3.3%, other red 6.0%)

Wine consumption

■ Share of world total, 2000	3.4%
■ Growth rate, 1990–2000	0%

Alcoholic beverage consumption per person, 1999

■ Wine	12.4 litres
■ Beer and fermented beverages	47.8 litres
■ Spirits	5.7 litres

Wine exports

■ Share of world total, by volume, 2000	2.8%
■ Growth rate, 1990–2000	23.6%

- Major destinations, by value, 2000: United Kingdom 38.5%, Netherlands 15.7%, Germany 8.8%, Belgium 4.8%, United States 4.0%, Sweden 3.9%, Denmark 3.7%, Canada 3.3%, Switzerland 2.2%, Ireland 2.2%, Japan 1.9%, France 1.8%, Finland 0.9%, Mauritius 0.7%, Zimbabwe 0.6%, Mozambique 0.6%, Norway 0.6%, Kenya 0.5%, New Zealand 0.3%, Austria 0.3%.

Wine imports

■ Share of world total, by volume, 2000	negligible
■ Growth rate, 1990–2000	–24.2%

- Major sources, by value, 2000: Spain 38.6%, France 32.8%, area nes 6.9%, Portugal 6.2%, Italy 5.4%, Argentina 5.3%, United Kingdom 1.5%, Israel 0.7%, Australia 0.6%, Germany 0.6%, United States 0.3%, New Zealand 0.3%, Greece 0.1%.

A42 Key trade barriers and issues: South Africa

Tariffs
- Tariff rates on wine are relatively high by world standards (see table A43). The South African Customs Union (SACU) consisting of Botswana, Lesotho, Namibia, South Africa, and Swaziland has a common external tariff.

Taxes
- Specific excise duties are levied on alcoholic beverages including wine.

Preferential arrangements / wine agreements
- Under the South Africa–European Union Wines and Spirits Agreement finalised in early 2002, South Africa will have a tariff-free quota into the European Union of 42.02 million litres for the years 2002 to 2011. In return, South Africa undertakes to stop using European geographical names of origin, such as champagne, for locally produced similar products (see USDA 2002b).
- Under the terms of the African Growth and Opportunity Act in the United States, South African products, including wine, have duty free access to the US wine market.
- New Zealand participates in the World Wine Trade Group (formally known as New World Wine Producers Forum) and is a signatory to the Mutual Acceptance Agreement on Oenological Practices (see box 2).

Domestic support
- None notified

Intellectual property protection
- The South African geographical indications system is termed ‘Wines of Origin’. The highest quality wines are identified as Wines of Origin, and that phrase appears on the label next to the recognised viticultural area. These wines must be made 100% from grapes grown in the identified appellation, 75% from the specified vintage (the remaining 25% must come from either the preceding or succeeding vintage), and must contain at least 75% of the varietal named on the label (85% for those wines exported to the European Union) (see WOSA 2002).

Sanitary and phytosanitary
- None notified

Technical requirements
- None notified

State trading enterprises
- The South African wine industry has moved toward a free market environment with the Cooperative Winegrowers Association of South Africa, which formerly had the statutory obligation to regulate the industry, being transformed into a public company that now functions as an umbrella organisation for its wine farmer members (see USDA 2001h).

A43 Tariff schedule: South Africa

HS code	Description	Bound rate	General applied rate
2204.10	***Sparkling wine***		
2204.10.00	In containers holding 2 litres or less	73%	25%
2204.10.00	In containers holding more than 2 litres Other wine; grape must with fermentation arrested or prevented through the addition of alcohol	98%	25%
2204.21.00	In containers holding 2 litres or less	73%	25%
2204.21.29	Other	98%	25%
2204.30	***Other grape must***	98%	25%

Source: APEC (2001); USDA (2001).

A44 Supply and utilisation of wine: South Africa

	Supply				Utilisation			
	Production	Imports	Exports	Total supply a	Food	Processing	Other uses b	Total per person
	kt	kt	kt	kt	kt	kt	kt	L
1990	771	1	15	757	368	389	0	10.1
1991	802	1	18	784	383	401	0	10.3
1992	770	1	28	743	403	340	0	10.7
1993	628	1	25	604	373	231	0	9.7
1994	720	1	53	668	372	296	0	9.5
1995	753	4	129	628	375	253	0	9.4
1996	845	17	120	742	476	266	0	11.7
1997	811	20	102	729	467	262	0	11.3
1998	770	12	108	674	451	224	0	10.7
1999	797	11	81	727	528	199	0	12.4
2000	1098	8	170	936	731	205	0	16.9

a Takes account of stock changes. **b** Includes waste.
Source: FAO (2002).

Spain

Location: 40 00 N, 4 00 W

SOCIOECONOMIC CHARACTERISTICS (Source: CIA 2001)

Population, 2001	40 million
■ 0 to14 years	14.6%
■ 15 to 64 years	68.2%
■ 65 years and over	17.2%
■ Annual growth rate, 2001	0.1%

Ethnic composition: Composite of Mediterranean and Nordic types

Religion: Roman Catholic 99%, Other 1%

Gross domestic product, 2000 (PPP)	US$721 billion
■ Per person	US$18 000
■ Contribution of agriculture	4%

WINE MARKET CHARACTERISTICS (Sources: FAO 2002; COMTRADE 2002)

Wine production	
■ Share of world total, 2000	14.2%
■ Growth rate, 1990–2000	0.8%

Wine consumption	
■ Share of world total, 2000	7.5%
■ Growth rate, 1990–2000	–3.6%

Alcoholic beverage consumption per person, 1999	
■ Wine	38.9 litres
■ Beer and fermented beverages	66.9 litres
■ Spirits	2.4 litres

Wine exports

■ Share of world total, by volume, 2000	12.8%
■ Growth rate, 1990–2000	4.4%

- Major destinations, by value, 2000: Germany 20.5%, United Kingdom 16.1%, United States 8.2%, Portugal 6.3%, Netherlands 6.1%, Denmark 5.7%, Switzerland 5.5%, Sweden 5.3%, France 4.7%, Japan 2.3%, Belgium 1.9%, Norway 1.7%, Canada 1.6%, Finland 1.5%, Mexico 1.2%, China 1.0%, Austria 0.8%, Ireland 0.7%, Andorra 0.6%, Italy 0.5%.

Wine imports

■ Share of world total, 2000	0.9%
■ Growth rate, 1990–2000	24.9%

- Major sources, by value, 2000: France 50.2%, Italy 27.5%, Portugal 14.0%, Germany 2.3%, Chile 1.5%, Argentina 1.1%, United States 0.8%, Denmark 0.4%, Netherlands 0.4%, Switzerland 0.3%, Hungary 0.3%, United Kingdom 0.2%, Mexico 0.2%, Japan 0.1%, Sweden 0.1%, South Africa 0.1%, Australia 0.1%, Uruguay 0.1%, Lebanon 0.1%, Poland 0.1%.

A45 Key trade barriers and issues: Spain

Tariffs
- See EU profile

Taxes
- No taxes are applied to wine imports.

Preferential arrangements / wine agreements
- See EU profile

Domestic support
- Total EU export subsidies for Spanish wine amounted to almost US$15 million in 2000 (see USDA 2001i).
- See EU profile

Intellectual property protection
- There are currently more than 50 different Appellation of Origins throughout Spain.
- See EU profile

Sanitary and phytosanitary
- See EU profile

Technical requirements
- See EU profile

State trading enterprises
- None notified

A46 Supply and utilisation of wine: Spain

	Supply				Utilisation			
	Production	Imports	Exports	Total supply a	Food	Processing	Other uses b	Total per person
	kt	kt	kt	kt	kt	kt	kt	L
1990	3 969	9	477	3 137	1 716	1 320	101	43.7
1991	3 139	10	665	3 037	1 684	1 262	92	42.7
1992	3 383	8	732	2 846	1 628	1 142	77	41.2
1993	2 651	14	1 014	2 082	1 597	393	92	40.3
1994	2 078	56	830	1 814	1 534	159	121	38.7
1995	2 104	242	666	2 273	1 446	712	115	36.4
1996	3 040	120	720	2 087	1 453	548	87	36.5
1997	3 322	16	912	2 066	1 461	513	92	36.7
1998	3 022	86	1 060	2 024	1 479	468	76	37.1
1999	3 330	116	878	2 334	1 550	659	125	38.9
2000	4 179	53	818	2 089	1 450	509	130	36.3

a Takes account of stock changes. **b** Includes waste.
Source: FAO (2002).

Sweden

Location: 62 00 N, 15 00 E

SOCIOECONOMIC CHARACTERISTICS (Source: CIA 2001)

Population, 2001	8.9 million
■ 0 to14 years	18.2%
■ 15 to 64 years	64.5%
■ 65 years and over	17.3%
■ Annual growth rate, 2001	0.02%

Ethnic composition: Indigenous population

Religion: Lutheran 87%, Roman Catholic, Orthodox, Baptist, Muslim, Jewish, Buddhist

Gross domestic product, 2000 (PPP)	US$197 billion
■ Per person	US$22 200
■ Contribution of agriculture	2.2%

WINE MARKET CHARACTERISTICS (Sources: FAO 2002; COMTRADE 2002)

Wine production	
■ Share of world total, 2000	not calculated
■ Growth rate, 1990–2000	not calculated

Wine consumption	
■ Share of world total, 2000	0.4%
■ Growth rate, 1990–2000	1.3%

Alcoholic beverage consumption per person, 1999	
■ Wine	13.9 litres
■ Beer and fermented beverages	57.1 litres
■ Spirits	3.7 litres

Wine exports

■ Share of world total, by volume, 2000	negligible
■ Growth rate, 1990–2000	39.4%

■ Major destinations, by value, 2000: United Kingdom 43.8%, Norway 29.6%, Estonia 12.7%, Denmark 6.0%, Finland 2.9%, France 1.4%, Iceland 0.6%, Hungary 0.5%, Switzerland 0.3%, Russian Federation 0.3%.

Wine imports

■ Share of world total, 2000	2.2%
■ Growth rate, 1990–2000	1.3%

■ Major sources, by value, 2000: Spain 20.3%, France 18.7%, Italy 17.1%, Germany 7.5%, Chile 7.5%, Australia 5.1%, United States 5.0%, South Africa 4.3%, Portugal 4.0%, Denmark 3.4%, Bulgaria 1.3%, Argentina 1.3%, Hungary 1.0%, Greece 0.8%, Norway 0.6%, United Kingdom 0.5%, New Zealand 0.5%, Romania 0.2%, Netherlands 0.2%, Austria 0.2%.

A47 Key trade barriers and issues: Sweden

Tariffs
- See EU profile

Taxes
- Excise tax of 226.85 euro is applied to wine imports in 2002.
- In June 2001, the European Commission formally asked Sweden to stop taxing wine, virtually all of which is imported, at a higher rate than beer, most of which is produced locally.

Preferential arrangements / wine agreements
- EU member state
- See EU profile

Domestic support
- See EU profile

Intellectual property protection
- See EU profile

Sanitary and phytosanitary
- See EU profile

Technical requirements
- A proposed ban on alcohol advertising in Sweden was overturned by European Court of Justice (in March 2001) and by the Swedish Court (in March 2002) (see USDA 2002c).

State trading enterprises
- The state trading enterprise is called Systembolaget and it has a monopoly on the retailing of wines and spirits. This is consistent with WTO arrangements as it was established to meet public health concerns over alcohol consumption (see Bentzen and Smith 2001).

A48 Supply and utilisation of wine: Sweden

	Supply				Utilisation			
	Production	Imports	Exports	Total supply a	Food	Processing	Other uses b	Total per person
	kt	kt	kt	kt	kt	kt	kt	L
1990	0	110	0	109	109	0	0	12.8
1991	0	104	0	104	104	0	0	12.0
1992	0	106	0	106	106	0	0	12.2
1993	0	105	0	105	105	0	0	12.0
1994	0	140	1	119	119	0	0	13.5
1995	0	89	0	109	109	0	0	12.4
1996	0	118	0	117	117	0	0	13.3
1997	0	109	1	108	108	0	0	12.2
1998	0	115	2	113	113	0	0	12.8
1999	0	124	1	123	123	0	0	13.9
2000	0	121	1	120	120	0	0	13.6

a Takes account of stock changes. **b** Includes waste.
Source: FAO (2002).

Switzerland

Location: 47 00 N, 8 00 E

SOCIOECONOMIC CHARACTERISTICS (Source: CIA 2001)

Population, 2001	7.3 million
■ 0 to14 years	17.0%
■ 15 to 64 years	67.7%
■ 65 years and over	15.3%
■ Annual growth rate, 2001	0.27%

Ethnic composition: German 65%, French 18%, Italian 10%, Romansch 1%, other 6%

Religion: Roman Catholic 46%, Protestant 40%, Other 5%, none 8.9% (1990)

Gross domestic product, 2000 (PPP)	US$207 billion
■ Per person	US$28 600
■ Contribution of agriculture	2.8%

WINE MARKET CHARACTERISTICS (Sources: FAO 2002; COMTRADE 2002)

Wine production

■ Share of world total, 2000	0.4%
■ Growth rate, 1990–2000	0.0%

Wine consumption

■ Share of world total, 2000	1.1%
■ Growth rate, 1990–2000	–0.8%

Alcoholic beverage consumption per person, 1999

■ Wine	42.2 litres
■ Beer and fermented beverages	56.3 litres
■ Spirits	1.9 litres

Wine exports

■ Share of world total, by volume, 2000	Negligible
■ Growth rate, 1990–2000	4.0%

- Major destinations, by value, 2000: United Kingdom 33.6%, Japan 19.8%, United States 11.3%, France 10.6%, Germany 8.6%, Singapore 2.9%, Belgium 2.7%, Italy 2.3%, Netherlands 1.3%, Macau 1.0%, Austria 0.9%, Hong Kong (SARC) 0.5%, Kazakstan 0.4%, Morocco 0.4%, Thailand 0.4%, Sweden 0.3%, Portugal 0.3%, Rep. of Korea 0.2%, Jordan 0.2%, Canada 0.2%.

Wine imports

■ Share of world total, 2000	3.3%
■ Growth rate, 1990–2000	0.5%

- Major sources, by value, 2000: France 47.4%, Italy 22.8%, Spain 10.8%, United States 6.7%, Australia 3.6%, Chile 1.9%, Germany 1.4%, South Africa 1.4%, Portugal 1.4%, Argentina 0.7%, Austria 0.4%, United Kingdom 0.4%, Belgium 0.2%, New Zealand 0.2%, Netherlands 0.1%, Greece 0.1%, Lebanon 0.1%, Hungary 0.1%, Mexico 0.1%, Algeria 0.1%.

A49 Key trade barriers and issues: Switzerland

Tariffs

- Wine imports into Switzerland are subject to a tariff quota system. White wine imports are subject to much lower quota levels and higher above-quota tariffs compared with red wine as domestic production is dominated by white wine varieties (see table 9). The quota volume for bulk and bottled white wine was equivalent to just 12 per cent of the quota volume for red bottled and bulk wine in 1999. Certain European Union member countries have preferential arrangements for the importation of bulk white wine into Switzerland.
- Tariff escalation — bulk wine tariffs is lower than bottled wine tariffs.

Taxes

- No taxes are applied to wine imports

Preferential arrangements / wine agreements

- None notified

Domestic support

- None notified

Intellectual property protection

- None notified.

Sanitary and phytosanitary

- None notified

Technical requirements

- None notified

State trading enterprises

- None notified

A50 Supply and utilisation of wine: Switzerland

	Supply				Utilisation			
	Production	Imports	Exports	Total supply a	Food	Processing	Other uses b	Total per person
	kt	kt	kt	kt	kt	kt	kt	L
1990	123	183	1	328	298	0	30	43.6
1991	125	180	1	312	306	0	6	44.3
1992	124	172	1	310	306	0	4	43.9
1993	116	176	1	307	306	0	2	43.5
1994	119	175	1	297	296	0	0	41.9
1995	118	188	1	293	281	0	12	39.4
1996	122	185	1	307	298	0	9	41.7
1997	104	186	2	301	300	0	1	41.8
1998	117	190	1	305	300	0	5	41.9
1999	131	379	3	507	303	0	205	42.2
2000	128	185	1	312	304	0	7	42.5

a Takes account of stock changes. **b** Includes waste.
Source: FAO (2002).

United Kingdom

Location: 54 00 N, 2 00 W

SOCIOECONOMIC CHARACTERISTICS (Source: CIA 2001)

Population, 2001	59.6 million
■ 0 to14 years	18.9%
■ 15 to 64 years	65.4%
■ 65 years and over	15.7%
■ Annual growth rate, 2001	0.23%

Ethnic composition: English 81%, Scottish 10%, Irish 2%, Welsh 2%, Ulster 2%, West Indian, Indian, Pakistani and other 3%

Religion: Anglican 45%, Roman Catholic 15%, Muslim 2%, Presbyterian 1%, Methodist 1%, Sikh 1%, Hindu 1%, Jewish 1%, none 33% (1991)

Gross domestic product, 2000 (PPP)	US$1360 billion
■ Per person	US$22 800
■ Contribution of agriculture	1.7%

WINE MARKET CHARACTERISTICS (Sources: FAO 2002; COMTRADE 2002)

Wine production	
■ Share of world total, 2000	negligible
■ Growth rate, 1990–2000	0.3%
Wine consumption	
■ Share of world total, 2000	3.3%
■ Growth rate, 1990–2000	3.2%
Alcoholic beverage consumption per person, 1999	
■ Wine	15.0 litres
■ Beer and fermented beverages	100.7 litres
■ Spirits	2.9 litres
Wine exports	
■ Share of world total, by volume, 2000	0.3%
■ Growth rate, 1990–2000	19.3%

- Major destinations, by value, 2000: United States 35.7%, France 15.0%, Japan 10.3%, Ireland 8.2%, Hong Kong (SARC) 4.0%, Singapore 2.9%, Netherlands 1.9%, Switzerland 1.9%, Germany 1.7%, Taiwan, Province of (China) 1.7%, Norway 1.5%, Denmark 1.2%, Sweden 1.1%, Belgium 0.9%, Barbados 0.7%, Iceland 0.7%, Finland 0.6%, Poland 0.6%, Macau 0.6%, Seychelles 0.5%.

Wine imports	
■ Share of world total, 2000	16.4%
■ Growth rate, 1990–2000	4.0%

- Major sources, by value, 2000: France 35.2%, Australia 16.8%, Italy 9.7%, Spain 7.6%, United States 6.7%, Germany 5.4%, Chile 5.0%, South Africa 4.4%, Portugal 2.7%, New Zealand 1.9%, Argentina 1.3%, Bulgaria 0.7%, Hungary 0.6%, Switzerland 0.5%, Netherlands 0.3%, Belgium 0.2%, Cyprus 0.2%, Romania 0.1%, Greece 0.1%, Lebanon 0.1%.

A51 Key trade barriers and issues: United Kingdom

Tariffs
- See EU profile

Taxes
- Excise taxes of 250.03 euro/hL for still wine imports and 375.21 euro/hL for sparkling wine imports were applied in 2002.

Preferential arrangements / wine agreements
- EU member state
- See EU profile

Domestic support
- See EU profile

Intellectual property protection
- See EU profile

Sanitary and phytosanitary
- See EU profile

Technical requirements
- See EU profile

State trading enterprises
- See EU profile

A52 Supply and utilisation of wine: United Kingdom

	Supply				Utilisation			
	Production	Imports	Exports	Total supply a	Food	Processing	Other uses b	Total per person
	kt	kt	kt	kt	kt	kt	kt	L
1990	48	687	21	716	713	1	2	14.3
1991	2	665	11	655	655	0	0	11.3
1992	2	680	9	674	674	0	0	11.6
1993	2	687	5	684	684	0	0	11.7
1994	2	777	6	773	773	0	0	13.2
1995	2	679	12	669	669	0	0	11.4
1996	1	740	31	711	711	0	0	12.0
1997	3	870	36	837	837	0	0	14.1
1998	3	888	32	859	859	0	0	14.5
1999	1	917	28	891	891	0	0	15.0
2000	1	904	21	923	923	0	0	15.5

a Takes account of stock changes. **b** Includes waste.
Source: FAO (2002).

United States

Location: 38 00 N, 97 00 W

SOCIOECONOMIC CHARACTERISTICS (Source: CIA 2001)

Population, 2001	278.1 million
■ 0 to14 years	21.1%
■ 15 to 64 years	66.3%
■ 65 years and over	12.6%
■ Annual growth rate, 2001	0.9%

Ethnic composition: white 83.5%, black 12.4%, Asian 3.3%, Amerindian 0.8% (1992)

Religion: Protestant 56%, Roman Catholic 28%, Jewish 2%, other 4%, none 10% (1989)

Gross domestic product, 2000 (PPP)	US$9963 billion
■ Per person	US$36 200
■ Contribution of agriculture	8%

WINE MARKET CHARACTERISTICS (Sources: FAO 2002; COMTRADE 2002)

Wine production

■ Share of world total, 2000	8.5%
■ Growth rate, 1990–2000	3.5%

■ Varietal composition by plantings, 1999: White 43.6% (chardonnay 21.8%, sauvignon blanc 2.9%, other white 18.9%), red 56.4% (cabernet sauvignon 13.3%, merlot 10.1%, other red 33.0%)

Wine consumption

■ Share of world total, 2000	9.6%
■ Growth rate, 1990–2000	2.6%

Alcoholic beverage consumption per person, 1999

■ Wine	7.5 litres
■ Beer and fermented beverages	89.8 litres
■ Spirits	4.5 litres

Wine exports

■ Share of world total, by volume, 2000	4.6%
■ Growth rate, 1990–2000	11.6%

■ Major destinations, by value, 2000: United Kingdom 27.2%, Canada 17.8%, Netherlands 14.7%, Japan 11.7%, Switzerland 4.5%, Germany 2.8%, Belgium 2.6%, Denmark 2.4%, Ireland 2.3%, Sweden 1.6%, France 1.2%, Chinese Taipei 1.2%, Hong Kong (SARC) 0.8%, Bahamas 0.7%, Singapore 0.6%, Korea, Rep. of 0.6%, Norway 0.5%, Mexico 0.5%, Finland 0.4%, Philippines 0.4%.

Wine imports

■ Share of world total, 2000	8.3%
■ Growth rate, 1990–2000	7.6%

■ Major sources, by value, 2000: France 41.9%, Italy 25.8%, Australia 12.6%, Chile 6.3%, Spain 4.7%, Portugal 2.2%, Germany 2.0%, Argentina 1.5%, New Zealand 0.8%, South Africa 0.5%, United Kingdom 0.3%, Greece 0.3%, Israel 0.1%, Canada 0.1%, Ireland 0.1%, Belgium 0.1%, Slovenia 0.1%, Austria 0.1%, Hungary 0.1%, Netherlands 0.1%.

A53 Key trade barriers and issues: United States

Tariffs
- Tariff rates for wine are low by world standards (see figure M and table A54)

Taxes
- Excise, sales and other taxes vary by state (see FTA 2002).

Preferential arrangements / wine agreements
- The United States is a member of NAFTA. The United States has a number of bilateral trade agreements affecting wine. Some of the countries include; Korea, Israel, Andean, Mexico, the European Union, Jordan, Chinese Taipei, and the Caribbean Basin.
- It is possible that agreement will be reached on a Free Trade Area of the Americas as early as 2005 (see USDA 2002a).
- The United States participates in the World Wine Trade Group (formally known as New World Wine Producers Forum) and is a signatory to the Mutual Acceptance Agreement on Oenological Practices (see box 2).

Domestic support
- The Market Access Program (MAP) provides matching funds for pre-approved generic promotion efforts for export of agricultural commodities. Wineries in California, the Pacific Northwest and New York have direct agreements with MAP for export promotion of their wine, amounting to around $4 million a year. The MAP procedures meet the ‘green box’ requirements of WTO and help to offset the imbalance of wineries in other wine producing countries that receive substantial export subsidies (see AVA 2001).
- Nearly $14 million has been earmarked to fight Pierce’s disease in the 2002 agriculture appropriations bill, on top of the $40 million already contributed by industry and state and federal governments. About $8.5 of the appropriation for Pierce’s disease is targeted at containing and controlling further spread of the disease. Another $5 million will go toward research (see Californian Wine Institute 2002).

Intellectual property protection
- The United States uses a similar system for defining the origin of its wines to that used by Australia. The regulations define an American Viticultural Area (AVA) as a ‘delimited grape growing area distinguishable by geographical features’. Labels, for instance, may identify a wine’s AVA when a minimum of 85% of the grapes used comes from within that specified AVA (see California Wine Institute).

Sanitary and phytosanitary
- None notified

Technical requirements
- The United States has both federal and state labeling and various other restrictive import regulations (see Californian Wine Institute and ATF 2002). The US also prevents the simultaneous use of multiple regions and demands the labelling of percentages for multiple variety blends.

State trading enterprises
- None notified

A54 Tariff schedule for wine: United States

HS code	Description	Bound rate	General applied rate	Preferential arrangements
2204.10.00	***Sparkling wine***	US19.8c/L	US23.5c/L	Free: developing, Canada, Caribbean Basin, Israel, Andean, Mexico
	Other wine; grape must with fermentation prevented or arrested by the addition of alcohol:			
2204.21	***In containers holding 2 litres or less***			
2204.21.20	Effervescent wine	US19.8c/L	US23.5c/L	Free: developing, Canada, Caribbean Basin, Israel, Andean, Mexico
	Other: – of an alcoholic strength by volume not over 14%:			
2204.21.30	– if entitled under regulations of the United States Internal Revenue Service to a type designation which includes the name designated on the approved label	US6.3c/L	US7.5c/L	Free: developing, Canada, Caribbean Basin, Israel, Andean US4.9c/L: Mexico
2204.21.50	– other	US6.3c/L	US7.5c/L	Free: developing, Canada, Caribbean Basin, Israel, Andean US4.9c/L: Mexico
	– of an alcoholic strength by volume over 14%			
2204.21.60	– if entitled under regulations of the US Internal Revenue Service to a type designation which includes the name designated on the approved label	US5.3c/L	US6.3c/L	Free: developing, Canada, Caribbean Basin, Israel, Andean, Mexico

Continued ➪

A54 Tariff schedule for wine: United States

HS code	Description	Bound rate	General applied rate	Preferential arrangements
2204.21.80	– other	US16.9c/L	US20.1c/L	Free: developing, Canada, Caribbean Basin, Israel, Andean, Mexico
2204.29	***Other*** In containers holding over 2 liters but not over 4 litres:			
2204.29.20	Of an alcoholic strength by volume not over 14%	US8.4c/L	US8.9c/L	Free: developing, Canada, Caribbean Basin, Israel, Andean US4.9c/L: Mexico
2204.29.40	Of an alcoholic strength by volume over 14%	US22.4c/L	US23.7c/L	Free: developing, Canada, Caribbean Basin, Israel, Andean US13.2c/L: Mexico
	In containers holding over 4 litres:			
2204.29.60	Of an alcoholic strength by volume not over 14%	US14c/L	US14.8c/L	Free: developing, Canada, Caribbean Basin, Israel, Andean US8.2c/L: Mexico
2204.29.80	Of an alcoholic strength by volume over 14%	US22.4c/L	US23.7c/L	Free: developing, Canada, Caribbean Basin, Israel, Andean US13.2c/L: Mexico
2204.30	***Other grape must***	US31.4c/L	US5.2c/L + US37.3c/ %vol./L	Free: developing, Canada, Caribbean, Basin, Israel, Andean, Mexico

Source: APEC (2001); USDA (2001).

A55 Supply and utilisation of wine: United States

	Supply				Utilisation			
	Produc-tion	Imports	Exports	Total supply a	Food	Process-ing	Other uses b	Total per person
	kt	kt	kt	kt	kt	kt	kt	L
1990	1 845	252	97	2 010	1 942	0	68	7.6
1991	1 722	231	109	1 805	1 737	0	67	6.8
1992	1 522	267	124	1 705	1 637	0	68	6.3
1993	1 944	243	120	1 998	1 932	0	65	7.4
1994	1 755	270	121	1 984	1 913	0	72	7.2
1995	1 867	283	135	2 255	2 182	0	73	8.1
1996	1 888	355	165	2 108	2 051	0	57	7.6
1997	2 618	453	207	2 194	2 085	0	109	7.6
1998	2 050	409	255	2 244	2 081	0	164	7.5
1999	2 075	415	266	2 264	2 105	0	160	7.5
2000	2 500	457	281	2 675	2 104	0	571	7.4

a Takes account of stock changes. **b** Includes waste.
Source: FAO (2002).

B appendix

Statistics

B1 World supply and utilisation of wine

	Supply				Utilisation			
	Production	Imports	Exports	Total supply a	Food	Processing	Other uses b	Total per person
	kt	kt	kt	kt	kt	kt	kt	L
1990	28 515	4 307	4 416	28 451	23 208	4 740	503	4.4
1991	25 593	4 354	4 367	26 480	22 433	3 578	470	4.2
1992	28 965	4 615	4 795	28 098	22 188	5 401	510	4.1
1993	25 745	4 623	5 113	26 056	22 044	3 553	460	4.0
1994	25 416	5 301	5 717	24 873	21 785	2 608	480	3.9
1995	25 088	5 228	5 783	26 024	21 915	3 646	463	3.9
1996	26 987	5 214	5 874	25 880	21 801	3 637	445	3.8
1997	26 332	5 596	6 459	26 352	22 215	3 674	466	3.8
1998	26 096	6 171	6 940	25 643	22 279	2 858	516	3.8
1999	28 328	6 213	6 670	25 861	22 349	2 738	781	3.8
2000	29 467	5 622	6 244	27 807	23 380	3 349	1 084	3.9

a Takes account of stock changes. **b** Includes waste.
Source: FAO (2002).

B2 World wine production, by country

	1997	1998	1999	2000	2001 p	Average share 1997–2001
	kt	kt	kt	kt	kt	%
Algeria	36	36	42	42	42	0.1
Argentina	1 350	1 267	1 589	1 254	1 580	5.0
Australia	617	742	851	855	908	2.8
Austria	180	270	280	234	234	0.9
Brazil	274	218	319	300	300	1.0
Bulgaria	213	196	203	210	200	0.7
Canada	34	40	51	51	51	0.2
Chile	455	547	481	667	600	2.0
China	900	1 065	1 026	1 050	1 080	3.7
Croatia	226	228	209	189	189	0.7
Cyprus	53	71	56	55	44	0.2
Czech Republic	41	56	56	54	52	0.2
France	5 510	5 427	6 294	5 974	5 824	20.7
Georgia	180	160	201	190	160	0.6
Germany	849	1 083	1 229	1 008	966	3.7
Greece	407	454	433	460	460	1.6
Hungary	447	434	334	430	540	1.6
Italy	5 056	5 714	5 807	5 407	5 130	19.4
Japan	93	116	133	115	115	0.4
Kazakhstan	11	19	23	26	30	0.1
Macedonia	114	123	122	122	122	0.4
Mexico	152	136	144	104	123	0.5
Moldova	35	119	133	202	158	0.5
Morocco	38	30	49	30	37	0.1
New Zealand	46	61	60	60	53	0.2
Portugal	591	358	786	669	702	2.2
Romania	669	500	605	546	546	2.0
Russian Federation	223	228	270	323	300	1.0
Slovakia	49	49	42	42	53	0.2
Slovenia	89	85	69	77	77	0.3
South Africa	811	770	797	1 098	1 098	3.3
Spain	3 322	3 022	3 266	4 179	3 113	12.1
Switzerland	104	117	131	128	117	0.4
Tunisia	37	34	45	40	37	0.1
Ukraine	99	77	86	78	82	0.3
United States	2 618	2 050	2 075	2 500	2 380	8.3
Uruguay	103	105	105	108	108	0.4
Uzbekistan	120	114	108	178	190	0.5
Yugoslavia	403	258	137	197	197	0.9
Other	251	278	257	246	223	0.9
World	26 807	26 656	28 904	29 498	28 221	100.0

p Preliminary
Source: FAO (2002)

B3 Consumption of wine, by major country

	1997	1998	1999	2000	2001 p	Average share 1997–2001
	kt	kt	kt	kt	kt	%
Argentina	1 353	1 360	1 276	1 270	1 219	4.9
Australia	430	430	464	475	573	1.8
Austria	248	257	255	263	257	1.0
Belgium–Luxembourg	233	232	266	256	278	1.0
Brazil	235	263	260	339	324	1.1
Bulgaria	97	78	62	64	172	0.4
Canada	205	214	245	273	278	0.9
Chile	229	189	262	281	296	1.0
China	357	489	539	576	1 096	2.3
Croatia	171	216	213	205	182	0.7
Czech Rep.	105	113	106	109	117	0.4
Denmark	148	165	164	161	167	0.6
France	4 869	4 906	4 860	4 895	4 881	18.6
Georgia	200	168	142	121	167	0.6
Germany	1 946	1 953	1 909	1 927	2 063	7.4
Greece	399	308	290	343	355	1.3
Hungary	312	327	342	331	342	1.3
Italy	4 233	4 337	3 666	3 302	4 041	14.9
Japan	177	240	482	325	284	1.1
Macedonia	32	49	66	67	78	0.2
Mexico	139	162	145	153	118	0.5
Moldova	125	75	88	66	103	0.3
Netherlands	203	169	176	255	190	0.8
New Zealand	58	65	73	83	73	0.3
Poland	45	66	76	80	71	0.3
Portugal	651	594	573	562	567	2.2
Romania	723	589	443	549	521	2.1
Russian Federation	446	555	531	421	495	1.9
Slovenia	112	107	83	56	71	0.3
South Africa	742	729	674	727	936	2.9
Spain	2 087	2 066	2 024	2 334	2 089	8.1
Sweden	117	108	113	123	120	0.4
Switzerland	307	301	305	507	312	1.3
Ukraine	66	71	84	37	94	0.3
United Kingdom	711	837	859	891	923	3.2
United States	2 108	2 194	2 244	2 264	2 675	8.7
Uruguay	103	111	112	109	113	0.4
Uzbekistan	95	116	110	108	176	0.5
Yugoslavia	345	400	248	133	196	1.0
Other	716	742	809	821	796	3.0
World	25 880	26 52	25 643	25 861	27 807	100.0

Source: FAO (2002)

B4 World wine exports, by country

	1997	1998	1999	2000	2001 p	Average share 1997–2001
	kt	kt	kt	kt	kt	%
Algeria	20	6	4	3	5	0.1
Argentina	125	137	119	97	92	1.9
Australia	130	154	192	216	311	3.3
Austria	22	18	20	28	32	0.4
Belgium-Luxembourg	18	22	24	24	28	0.4
Brazil	14	15	8	8	7	0.2
Bulgaria	180	163	153	43	38	1.9
Canada	1	2	1	1	3	0.0
Chile	203	322	350	351	402	5.4
China	3	3	3	5	4	0.1
Croatia	24	8	9	7	8	0.2
Cyprus	16	12	6	6	8	0.2
Czech Republic	1	1	1	2	3	0.0
Denmark	4	9	11	11	17	0.2
France	1 294	1 506	1 636	1 588	1 483	24.7
Georgia	4	12	15	14	24	0.2
Germany	247	223	223	232	241	3.8
Greece	48	46	59	49	43	0.8
Hungary	106	101	108	87	80	1.6
Italy	1 341	1 255	1 519	1 832	1 468	24.4
Latvia	8	15	11	5	5	0.1
Macedonia	71	65	57	55	22	0.9
Moldova, Rep. of	160	198	140	66	99	2.2
Morocco	6	6	7	6	6	0.1
Netherlands	12	23	24	26	14	0.3
New Zealand	11	13	16	18	38	0.3
Portugal	195	245	225	190	188	3.4
Romania	45	81	65	29	25	0.8
Singapore	2	2	2	3	3	0.0
Slovakia	9	10	9	7	7	0.1
Slovenia	8	4	9	14	6	0.1
South Africa	120	102	108	81	170	1.9
Spain	673	868	1 025	835	777	13.7
Tunisia	9	6	5	7	7	0.1
Turkey	4	11	5	4	6	0.1
Turkmenistan	10	12	14	12	10	0.2
Ukraine	74	56	30	16	10	0.6
United Kingdom	21	29	31	22	19	0.4
United States	161	204	252	262	277	3.8
Uruguay	1	1	1	3	3	0.0
Other	76	103	67	35	25	1.0
World	5 480	6 070	6 564	6 297	6 016	100.0

Source: FAO (2002).

B5 World imports of wine, by country

	1997	1998	1999	2000	2001 p	Average share 1997–2001
	kt	kt	kt	kt	kt	%
Angola	27	46	53	24	25	0.6
Australia	14	20	20	21	16	0.3
Austria	30	60	61	52	49	0.9
Belgium–Luxembourg	218	228	252	242	275	4.4
Brazil	23	25	24	28	31	0.5
Canada	170	178	203	219	236	3.7
China	10	58	62	53	41	0.8
Hong Kong, China	11	34	21	10	10	0.3
Côte d'Ivoire	21	23	24	23	21	0.4
Czech Republic	52	71	50	53	66	1.1
Denmark	147	168	170	168	179	3.0
Dominican Republic	4	4	5	5	10	0.1
Finland	26	31	35	35	40	0.6
France	499	542	547	561	435	9.4
Gabon	10	13	11	10	9	0.2
Germany	1072	985	1163	1185	992	19.6
Ireland	27	29	32	41	44	0.6
Italy	29	64	86	46	56	1.0
Japan	107	145	321	189	166	3.4
Korea, Rep. of	6	9	3	6	8	0.1
Latvia	19	13	16	21	21	0.3
Lithuania	16	17	16	18	15	0.3
Mexico	7	12	11	14	16	0.2
Netherlands	211	189	200	277	201	3.9
New Zealand	21	22	28	41	41	0.6
Norway	37	42	43	48	47	0.8
Paraguay	9	9	4	4	20	0.2
Poland	47	56	65	68	59	1.1
Portugal	51	42	148	218	189	2.4
Russian Federation	235	315	291	81	162	3.9
Singapore	6	8	7	9	10	0.1
Slovakia	24	10	4	8	8	0.2
Slovenia	27	21	7	1	19	0.3
Spain	115	13	83	114	49	1.4
Sweden	114	106	112	121	119	2.1
Switzerland	185	185	188	189	181	3.4
Ukraine	41	41	47	12	9	0.5
United Kingdom	701	842	857	896	888	15.2
United States	347	445	400	407	448	7.5
Venezuela	8	10	13	8	14	0.2
Other	263	244	265	211	194	4.3
World	4 988	5 377	5 948	5 739	5 420	100.0

Source: FAO (2002).

B6 Total Australian wine exports, by destination

	1999		2000		2001		Average share, 1999–2000	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
	ML	$m	ML	$m	ML	$m	%	%
Austria	0.3	1.8	0.2	1.7	0.6	3.6	0.1	0.2
Belgium–Luxembourg	2.6	11.2	3.1	14.7	3.6	14.1	1.0	0.9
Brazil	0.1	0.4	0.2	1.0	0.1	1.0	0.0	0.1
Canada	9.7	55.5	14.4	86.8	16.3	111.5	4.3	5.4
China	0.4	1.5	0.3	1.4	0.4	2.4	0.1	0.1
Chinese Taipei	0.3	2.8	0.2	1.9	0.3	2.7	0.1	0.2
Denmark	2.3	10.4	2.7	11.4	4.9	18.7	1.1	0.9
Fiji	0.5	2.8	0.3	1.4	0.4	2.1	0.1	0.1
Finland	0.7	3.1	0.8	3.4	1.4	5.9	0.3	0.3
France	1.7	5.9	2.9	8.0	5.3	17.1	1.1	0.7
Germany	9.7	46.2	12.5	53.6	13.2	53.4	3.8	3.3
Hong Kong, China	1.8	12.3	1.8	13.6	2.2	17.2	0.6	0.9
Iceland	0.2	0.7	0.1	0.6	0.2	0.9	0.1	0.0
Indonesia	0.4	1.9	0.5	2.7	0.7	4.2	0.2	0.2
Ireland	5.6	31.6	6.7	37.9	7.2	43.6	2.1	2.4
Israel	0.1	0.6	0.1	0.9	0.2	1.6	0.0	0.1
Italy	0.1	0.4	0.1	0.7	0.2	1.3	0.0	0.1
Japan	4.5	25.0	5.4	29.9	5.9	31.4	1.7	1.8
Korea, Rep. of	0.4	1.7	0.4	1.7	0.4	2.4	0.1	0.1
Malaysia	1.1	7.5	1.3	9.1	1.6	12.0	0.4	0.6
Netherlands	4.1	19.8	6.5	28.4	8.4	32.5	2.0	1.7
New Caledonia	0.1	0.3	0.1	0.2	0.1	0.2	0.0	0.0
New Zealand	22.2	66.2	19.8	67.4	23.3	81.5	7.0	4.6
Norfolk Island	0.1	0.4	0.1	0.3	0.1	0.5	0.0	0.0
Norway	2.8	10.0	2.5	10.1	2.4	9.0	0.8	0.6
Papua New Guinea	0.7	1.7	0.3	1.0	0.3	1.3	0.1	0.1
Philippines	0.3	1.5	0.3	1.4	0.3	1.6	0.1	0.1
Russian Federation	0.1	0.1	0.0	0.3	0.4	0.8	0.1	0.0
Singapore	2.0	14.7	2.3	18.0	2.7	20.5	0.7	1.1
South Africa	0.1	0.4	0.0	0.1	0.1	0.3	0.0	0.0
Sri Lanka	0.1	0.3	0.1	0.4	0.1	0.6	0.0	0.0
Sweden	5.7	18.3	5.2	20.0	4.7	19.4	1.7	1.2
Switzerland	3.1	18.5	4.3	23.9	4.6	26.6	1.3	1.5
Thailand	0.7	2.3	0.7	2.6	0.8	3.1	0.2	0.2

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B6 Total Australian wine exports, by destination *continued*

	1999		2000		2001		Average share, 1999–2000	
	Volume	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**	**Value**
	ML	$m	ML	$m	ML	$m	%	%
United Arab Emirates	0.6	1.9	0.6	2.2	0.9	3.2	0.2	0.2
United Kingdom	126.8	567.3	148.5	651.0	182.3	820.2	48.8	43.5
United States	42.3	273.6	60.0	418.9	76.3	545.7	19.0	26.4
Vanuatu	0.2	0.7	0.1	0.5	0.1	0.5	0.1	0.0
Viet Nam	0.1	0.3	0.1	0.4	0.1	0.5	0.0	0.0
Other	1.2	5.1	1.5	6.0	1.7	8.7	0.5	0.4
Total	255.8	1 226.6	307.2	1 535.6	375.0	1 923.6	100.0	100.0

a All Standard International Trade Codes beginning with 2204.
Source: Australian Bureau of Statistics, *International Trade*, electronic data service, cat. no. 5464.0, Canberra

B7 Total Australian sparkling wine exports, by destination [a]

	1999		2000		2001		Average share, 1999–2000	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
	ML	$m	ML	$m	ML	$m	%	%
Argentina	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Bahrain	0.0	0.1	0.0	0.0	0.0	0.0	0.2	0.1
Belgium–Luxembourg	0.1	0.9	0.0	1.4	0.0	0.2	0.6	2.1
Canada	0.2	1.4	0.1	0.6	0.3	1.4	3.2	2.8
China	0.0	0.1	0.0	0.3	0.0	0.1	0.1	0.3
Chinese Taipei	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cook Islands	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Denmark	0.0	0.1	0.0	0.0	0.0	0.1	0.2	0.2
Fiji	0.1	0.5	0.0	0.0	0.0	0.3	0.7	0.7
Finland	0.0	0.2	0.0	0.1	0.1	0.2	0.6	0.4
France	0.0	0.0	0.0	0.1	0.1	0.4	0.4	0.4
Germany	0.0	0.1	0.0	0.1	0.0	0.2	0.3	0.4
Hong Kong, China	0.1	0.6	0.1	0.6	0.1	0.8	1.2	1.7
Indonesia	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Ireland	0.1	0.6	0.0	0.2	0.1	0.5	1.2	1.1
Israel	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.1
Japan	0.3	1.4	0.2	1.1	0.4	2.7	4.5	4.5
Korea, Rep. of	0.0	0.1	0.0	0.1	0.0	0.1	0.2	0.2
Malaysia	0.0	0.2	0.0	0.1	0.0	0.1	0.3	0.4
Mauritius	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Netherlands	0.0	0.1	0.0	0.1	0.0	0.2	0.3	0.4
New Caledonia	0.0	0.1	0.0	0.0	0.0	0.1	0.3	0.2
New Zealand	1.4	5.5	0.7	3.0	1.2	5.8	16.1	12.1
Norfolk Island	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.1
Norway	0.0	0.1	0.0	0.1	0.0	0.2	0.5	0.3
Oman	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Papua New Guinea	0.0	0.2	0.0	0.0	0.0	0.1	0.3	0.3
Philippines	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Seychelles	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Singapore	0.1	0.5	0.0	0.3	0.0	0.3	0.8	0.9
Spain	0.0	0.1	0.0	0.1	0.0	0.0	0.3	0.2
Sweden	0.2	0.7	0.1	0.3	0.2	0.9	2.4	1.6
Switzerland	0.0	0.3	0.0	0.2	0.1	0.4	0.7	0.7
Thailand	0.0	0.2	0.0	0.1	0.0	0.1	0.3	0.2

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B7 Total Australian sparkling wine exports, by destination a
continued

	1999		2000		2001		Average share, 1999–2000	
	Volume	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**	**Value**
	ML	$m	ML	$m	ML	$m	%	%
United Arab Emirates	0.0	0.2	0.0	0.1	0.0	0.2	0.5	0.4
United Kingdom	5.4	29.7	2.4	14.2	3.5	24.5	55.9	57.9
United States	0.6	3.6	0.4	2.5	0.4	3.2	6.6	7.8
Vanuatu	0.0	0.1	0.0	0.0	0.0	0.1	0.1	0.1
Viet Nam	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Other	0.0	0.3	0.0	0.1	0.0	0.2	0.6	0.5
Total	9.0	48.3	4.4	26.1	6.9	43.8	100.0	100.0

a All Standard International Trade Codes beginning with 220410.
Source: Australian Bureau of Statistics, *International Trade*, electronic data service, cat. no. 5464.0, Canberra

B8 Total Australian exports of bottled still wine, by destination [a]

	1999		2000		2001		Average share, 1999–2000	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
	ML	$m	ML	$m	ML	$m	%	%
Austria	0.3	1.7	0.2	1.7	0.6	3.6	0.1	0.2
Belgium–Luxembourg	1.5	8.5	2.2	11.5	1.7	10.8	0.7	0.7
Bermuda	0.0	0.2	0.0	0.2	0.1	0.5	0.0	0.0
Brazil	0.1	0.4	0.2	1.0	0.1	1.0	0.0	0.1
Canada	8.9	52.7	13.1	83.7	15.1	108.3	4.7	5.6
China	0.2	1.3	0.1	0.9	0.4	2.3	0.1	0.1
Chinese Taipei	0.3	2.7	0.2	1.8	0.2	2.6	0.1	0.2
Denmark	1.9	9.5	2.1	10.7	3.5	16.4	1.0	0.8
Fiji	0.3	2.2	0.2	1.3	0.3	1.7	0.1	0.1
Finland	0.7	2.9	0.7	3.3	1.2	5.5	0.3	0.3
France	1.2	4.9	1.3	5.6	2.3	12.0	0.6	0.5
Germany	9.1	44.9	11.5	52.0	11.6	51.0	4.1	3.4
Hong Kong, China	1.6	11.2	1.6	12.5	2.0	16.0	0.7	0.9
Iceland	0.2	0.7	0.1	0.6	0.2	0.9	0.1	0.1
Indonesia	0.3	1.5	0.5	2.7	0.6	3.8	0.2	0.2
Ireland	5.5	31.0	6.6	37.6	7.1	43.1	2.4	2.6
Israel	0.1	0.6	0.1	0.8	0.2	1.6	0.1	0.1
Italy	0.1	0.4	0.1	0.6	0.2	1.2	0.0	0.1
Japan	3.1	21.6	4.1	26.6	4.0	26.5	1.4	1.7
Korea, Rep. of	0.2	1.4	0.2	1.3	0.3	2.1	0.1	0.1
Malaysia	1.0	7.1	1.2	8.8	1.5	11.7	0.5	0.6
Netherlands	3.8	19.2	5.8	27.3	7.8	31.1	2.2	1.8
New Zealand	10.4	49.9	10.5	56.0	12.9	64.6	4.3	3.9
Norfolk Island	0.1	0.3	0.0	0.3	0.1	0.4	0.0	0.0
Norway	1.8	7.8	1.8	8.6	1.7	7.7	0.7	0.6
Papua New Guinea	0.2	0.9	0.2	0.8	0.1	1.0	0.1	0.1
Philippines	0.2	1.4	0.2	1.3	0.3	1.5	0.1	0.1
Poland	0.0	0.2	0.1	0.3	0.1	0.5	0.0	0.0
Singapore	1.7	13.6	2.1	17.4	2.6	19.9	0.8	1.2
South Africa	0.0	0.2	0.0	0.1	0.1	0.3	0.0	0.0
Sri Lanka	0.0	0.2	0.1	0.4	0.1	0.5	0.0	0.0
Sweden	3.7	15.1	4.5	18.5	4.1	17.5	1.6	1.2
Switzerland	2.4	16.5	3.8	23.0	3.4	23.4	1.2	1.4
Thailand	0.4	1.7	0.4	2.1	0.7	2.9	0.2	0.2

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B8 Total Australian exports of bottled still wine, by destination a *continued*

	1999		2000		2001		Average share, 1999–2000	
	Volume	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**	**Value**
	ML	$m	ML	$m	ML	$m	%	%
United Arab Emirates	0.2	1.0	0.3	1.5	0.6	2.6	0.1	0.1
United Kingdom	109.0	513.1	130.0	606.5	153.0	749.5	49.8	43.0
United States	40.4	267.0	56.6	411.1	68.8	526.3	21.1	27.7
Vanuatu	0.2	0.5	0.1	0.5	0.1	0.4	0.1	0.0
Viet Nam	0.0	0.3	0.1	0.3	0.1	0.5	0.0	0.0
Other	0.6	3.6	0.8	4.7	1.2	6.8	0.3	0.3
Total	211.5	1 119.7	264.0	1 445.8	311.1	1 779.8	100.0	100.0

a All Standard International Trade Codes beginning with 220421.
Source: Australian Bureau of Statistics, *International Trade*, electronic data service, cat. no. 5464.0, Canberra

B9 Total Australian exports of bulk still wine a

	1999		2000		2001		Average share, 1999–2000	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
	ML	$m	ML	$m	ML	$m	%	%
Anguilla	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.1
Bahrain	0.1	0.1	0.1	0.2	0.1	0.1	0.2	0.2
Belgium–Luxembourg	1.1	1.8	0.9	1.9	1.9	3.1	2.9	3.0
Canada	0.6	1.4	1.2	2.5	1.0	1.8	2.1	2.6
China	0.1	0.2	0.1	0.2	0.0	0.1	0.2	0.2
Chinese Taipei	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1
Denmark	0.5	0.9	0.6	0.7	1.3	2.1	1.8	1.7
Fiji	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1
Finland	0.0	0.0	0.1	0.1	0.1	0.2	0.2	0.1
France	0.6	1.0	1.6	2.3	2.9	4.7	3.8	3.6
Germany	0.6	1.2	0.9	1.5	1.6	2.2	2.4	2.2
Hong Kong, China	0.1	0.4	0.1	0.5	0.1	0.4	0.3	0.6
India	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Indonesia	0.1	0.3	0.0	0.1	0.1	0.3	0.2	0.3
Italy	0.0	0.0	0.0	0.1	0.0	0.1	0.1	0.1
Jamaica	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Japan	1.1	2.0	1.1	2.2	1.5	2.2	2.9	2.9
Korea, Rep. of	0.2	0.3	0.2	0.3	0.1	0.2	0.4	0.4
Malaysia	0.1	0.2	0.1	0.2	0.0	0.2	0.2	0.3
Netherlands	0.3	0.5	0.6	1.0	0.6	1.2	1.2	1.2
New Caledonia	0.1	0.1	0.1	0.1	0.0	0.1	0.2	0.2
New Zealand	10.5	10.7	8.6	8.4	9.2	11.2	21.6	13.6
Norfolk Island	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Norway	1.0	2.1	0.7	1.5	0.6	1.1	1.8	2.1
Oman	0.1	0.1	0.1	0.2	0.1	0.1	0.2	0.2
Papua New Guinea	0.5	0.6	0.1	0.2	0.1	0.2	0.5	0.4
Philippines	0.1	0.1	0.0	0.1	0.0	0.1	0.1	0.1
Qatar	0.0	0.1	0.1	0.1	0.1	0.2	0.2	0.1
Russian Federation	0.1	0.1	0.0	0.0	0.3	0.4	0.2	0.2
Singapore	0.2	0.6	0.1	0.3	0.1	0.3	0.3	0.6
South Africa	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.1
Sweden	1.7	2.5	0.6	1.2	0.3	0.9	2.1	2.1
Switzerland	0.6	1.7	0.5	0.7	1.2	2.8	1.7	2.3
Thailand	0.3	0.4	0.2	0.4	0.1	0.2	0.4	0.5
Tonga	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0

Continued ➪

B9 Total Australian exports of bulk still wine a *continued*

	1999		2000		2001		Average share, 1999–2000	
	Volume	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**	**Value**
	ML	$m	ML	$m	ML	$m	%	%
United Arab Emirates	0.4	0.6	0.3	0.5	0.2	0.4	0.7	0.7
United Kingdom	12.4	24.5	16.1	30.3	25.7	46.1	41.4	45.4
United States	1.4	3.0	3.0	5.4	7.1	16.2	8.8	11.0
Vanuatu	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.3	0.1	0.3	0.1	0.4	0.3	0.4
Total	35.2	58.7	38.8	63.8	56.9	100.0	100.0	100.0

a All Standard International Trade Codes beginning with 220421.
Source: Australian Bureau of Statistics, *International Trade*, electronic data service, cat. no. 5464.0, Canberra.

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