



Australian Government
Department of Agriculture,
Fisheries and Forestry

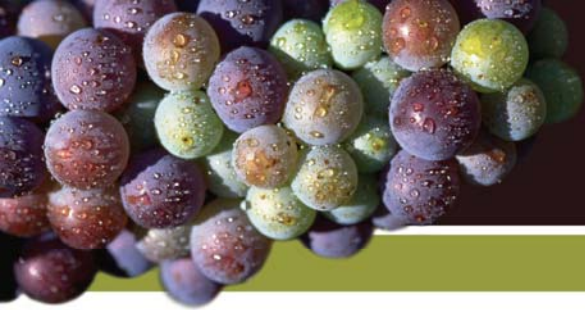
Australia - European Community Agreement on Trade in Wine

2010

Frequently asked questions



www.daff.gov.au/wine



Australia - European Community Agreement on Trade in Wine

What is it?

The *Australia – European Community Agreement on Trade in Wine* which commenced on 1 September 2010 provides rules for the trade in wine between Australia and the European Union (EU).

The agreement guarantees and improves access for Australian wine producers to the very important European export market.

The agreement was negotiated in close consultation with the peak industry body representing the interests of Australia's winemakers, the Winemakers' Federation of Australia (WFA) and the industry's statutory regulatory and marketing authority, the Australian Wine and Brandy Corporation (AWBC).

The agreement can be found at www.daff.gov.au/wine.

It is a legally enforceable agreement, given effect by the Australian Wine and Brandy Corporation Amendment Act 2010 and the Australian Wine and Brandy Corporation Amendment Regulations 2010 which can be found at www.comlaw.gov.au.

Why is it important?

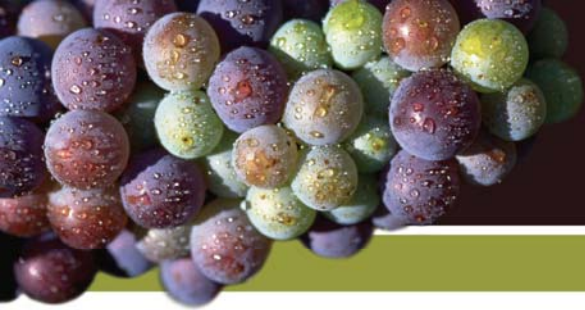
The agreement protects Australian winemakers' access to our largest export market, the EU. In 2009-10, Australia exported 382 million litres of wine to the EU worth \$863 million, while importing 17 million litres from Europe, valued at \$200 million.

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

What are the benefits to Australian producers?

Australian winemakers have better access to European markets through:

- European recognition of an additional 16 Australian winemaking techniques.
- The introduction of simpler arrangements for the approval of winemaking techniques that may be developed in the future.
- Simplified labelling requirements for Australian wine sold in European markets.
- Protection within Europe of Australia's 112 registered geographical indications (GI).
- European agreement to Australian use of a number of grape vine variety names that contain or consist of a GI.
- European agreement for Australian producers to display wine show medals on their bottles.
- The definition of a number of quality terms used in the presentation and description of wine.



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What does the EU get in return?

Australia will:

- Protect a range (more than 2500) of registered European GIs, including those from member states that have joined the European Community since 1994.
- Protect 11 sensitive European GIs that have previously been used to describe Australian wines from 1 September 2011.
- Prevent Australian producers from using a range of European traditional expressions (TEs) in the language specified in the agreement (it does not extend to translations).
- Phase out the use of the term 'Tokay' to describe Australian fortified wines within 10 years.

How does the new agreement affect Australian winemaking practices?

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

How does the new agreement affect wine labelling?

Labelling provisions are simplified so Australian wine labels can include optional information such as the number of standard drinks, provided that the information conforms to Australian standards.

How does the new agreement affect alcohol descriptions?

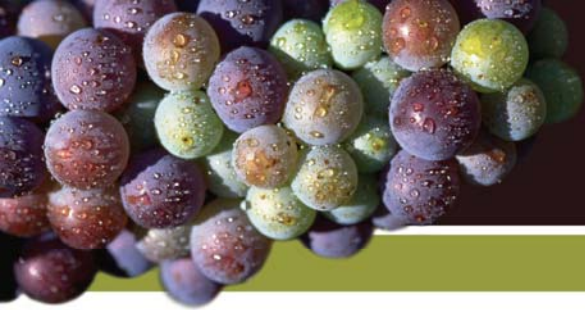
More flexible blending rules and alcohol tolerances have been adopted. The agreement will increase the current alcohol limit of Australian wine from 15% to 20%, increase the tolerance between the label statement and the actual alcohol content from 0.5% to 0.8%, and allow the alcohol measurements to be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

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

Protection of GIs?

A GI is a label or sign used on goods that have a specific geographical origin and possess qualities or a reputation that are due to that place of origin. Under the agreement, the EU and Australia prevent the use of GIs to describe wine unless the wine originates in the place indicated by the GI.

Australia now protects a range (more than 2500) of registered European GIs. These include GIs from member states that have joined the EU since 1994. The full list of protected GIs is in the Register of Protected Geographical Indications and Other Terms at www.wineaustralia.com/australia.



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Eleven sensitive European GIs (Burgundy, Chablis, Champagne, Graves, Manzanilla, Marsala, Moselle, Port, Sauterne, Sherry, and White Burgundy) that have previously been used to describe Australian wines will be protected from 1 September 2011.

Wholesalers have three years to sell stock labelled with an EU GI and retailers are able to sell all their stock.

The Agreement is managed by a Joint Committee which can agree to add new GIs.

Guidance on the use of a GI to describe and present a wine is found on the AWBC website www.wineaustralia.com.

Translations of GIs?

Australia also protects GIs in translation. To ensure certainty for producers, only registered translations are protected. These are also listed in the Register of Protected Geographical Indications and Other Terms.

How does the agreement affect Tokay and Sherry producers?

Australia has agreed to protect the Hungarian GI Tokaj but Australian producers have a transition period of 10 years from 1 September 2010. Until then, Tokay can continue to be used in countries with laws that allow it.

Australia's fortified wine producers are working to rebrand and re-launch Sherry and Tokay as Apera and Topaque respectively. These names were chosen after an extensive Australian government funded project to relaunch fortified wine in Australia.

Protection of TEs?

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

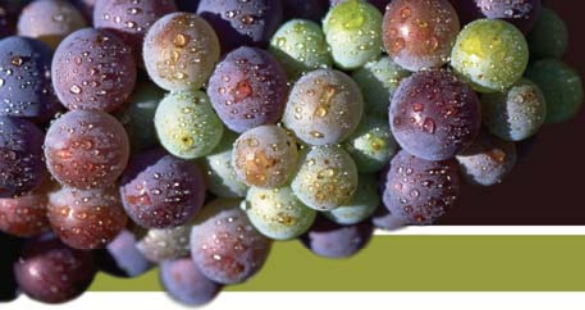
The protection of European TEs is subject to a number of strict conditions. The protection is limited to the language specified in the agreement and does not extend to translations. The conditions include the use of any business names and trade marks that existed on 1 December 2008 (the date of signature of the agreement) containing such terms being grandfathered (exempt because they were established before the new agreement was written) from any protection. The conditions also include reference to third country use of TEs in the Australian market not being affected and the EU agreeing that the agreement does not create any intellectual property rights for TEs.

The phase out date for the use of EC TEs is 1 September 2011.

What are quality wine terms?

Australia can continue to use a number of the EU-claimed TEs that otherwise would not be able to be used on fortified wines exported to Europe, notably cream, ruby, tawny and vintage. In Australia these terms will be known as 'quality wine terms' rather than TEs.

The EC accepted this approach as long as definitions for each term could be agreed. Australia agreed to adopt different definitions for the domestic market and for the export market for the terms cream,



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ruby, tawny and vintage. Without this, Australian wines would not be able to use these terms to describe fortified wine destined for export to the EU.

Quality wine terms and their definitions are on the AWBC website in the Register of Protected Geographical Indications and Other Terms.

Are there any other protected European terms?

Under the terms of the agreement Australia also agreed to protect the term 'Methode Champenoise'. It will be protected when the term Champagne is protected on 1 September 2011. Australian producers will not be allowed to use the term Methode Champenoise in the description and presentation of their wines unless the wine comes from the Champagne region. It will be listed in Part 4 of the Register of Protected Geographical Indications and Other Terms.

When does the Agreement finish?

The agreement does not have an end date but either party may withdraw by giving one year's written notice to the other Contracting Party.

Can the agreement be amended and if so, how?

The agreement can be amended if both the Australian government and the EU agree to make changes. Any amendments would be subject to the full treaty making process which includes consideration by the Parliament.

The agreement is managed by a Joint Committee, consisting of representatives of Australia and the EU. The Joint Committee operates by consensus and may decide to amend the Annexes which include the protected, GIs, TEs and other terms.

The Joint Committee would consider the protection of any new EU country GIs and TEs. If the EU was to request protection of new terms the government would consult with the Australian wine industry before responding to the EU.

More information

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

Australian Wine and Brandy Corporation

www.wineaustralia.com/australia

Winemakers' Federation of Australia

www.wfa.org.au