



Australian Government

Australian Grape and Wine Authority

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Committee Secretary
Joint Standing Committee on Treaties
PO Box 6021
Parliament House
Canberra ACT 2600

Australian Grape and Wine Authority
ABN 89 636 749 924
Industry House - National Wine Centre
Cnr Hackney & Botanic Roads
Adelaide SA 5000
PO Box 2733, Kent Town SA 5071, Australia

Dear Sir/Madam

Thank you for the opportunity to comment on the recently concluded Free Trade Agreement between Australia and China.

China is an increasingly important market for Australian wine and is now Australia's third-largest export market, worth \$280 million in 2014/15. Australia's market share in China remains strong, accounting for 22 per cent of the value and 13 per cent of the volume of bottled imports in the year ending May 2015,¹ ranking us second behind France.

Australian exports to China have experienced consistent growth since 2008, increasing to 53 million litres last year. Significantly, China is the principal destination for Australian wine exports above \$7.50/litre. We sell more wine to China above that price point than to the USA and Canada combined.

The average value of Australia's bottled exports to China is the highest among the top five countries exporting to China², reflecting how highly the quality of our wine is perceived in that market. The number of Australian wine exporters to China also increased, from 913 in 2013-14 to 931 last year.

The Chinese wine market continued to rebound last year after austerity measures impeded growth in the previous 18 months. Many Chinese consumers still have limited knowledge of wine, and wine consumption is only starting to become mainstream, nevertheless the latest growth figures reflect increasing interest in wine from the mass consumer market.

New Zealand and Chile have preferential tariff treatment for wine due to the FTAs they already have in place with China. Chile's wine exports to China have increased seven-fold since its FTA entered into force in 2006. The Free Trade Agreement between Australia and China has the potential to similarly increase Australia's share of this very important market.

We maintain an office in Shanghai which is responsible for the promotion, marketing and public relations relating to Australian wines in China. This is achieved through a range of collaborative events and promotions across the country open to participation by Australian exporters. To capitalise on the market opportunities that China presents, we have designed a program of activities for the coming year. This includes activities that target the off-premise trade, online promotions, and involve participation in consumer fairs and other trade shows. We will also

¹ Global Trade Atlas

² Global Trade Atlas

continue the successful Wine Australia Annual Awards that recognise wine professionals who have shown the most support for promoting and selling Australian wines in both the on- and off-premise trade channels.

Key activities planned for 2015/16 include:

- Shanghai Wine and Dine Festival – September 2015
- Australian wine online promotion – October 2015 and May 2016
- Wine Australia Annual Awards – October 2015
- ProWine China – November 2015
- Australian Retail Promotion – December 2015 and April 2016
- China National Food, Wine and Spirits Fair, Chengdu – March 2016
- China Trade and Media Visit to Australia – March 2016
- China Roadshow – May 2016

In addition to our promotional programs, AGWA's regulatory services team facilitates exports of Australian wine to China through the publication of regulatory information in our Export Market Guide. Furthermore, we currently issue Certificates of Origin (COO) and other import documents required by the Chinese authorities in order to gain access to the market. In 2014/15 AGWA issued over 7,000 such certificates for the Chinese market. The designation of AGWA as an authorised body to issue COOs once the FTA enters into force will ensure trade is not disrupted for Australian wine exporters and ensure a streamlined approach to obtaining all necessary permits and import documentation. AGWA is yet to be authorised to issue COOs once the agreement enters into force but our application to do so is under consideration.

AGWA views the China-Australia Free Trade Agreement as an exciting opportunity for Australian wine to consolidate and grow our position in this attractive and dynamic market. AGWA would welcome signature before the end of the year in order to gain immediate benefit from two consecutive drops in the tariff applicable to Australian wine. The Free Trade Agreement has the potential to significantly improve market access for Australian wine and we commend it to you.

Yours sincerely

Andreas Clark
Chief Executive Officer