

To Joint Standing Committee on Treaties
World Wine Group Agreement on Requirements for Wine Labelling

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Summary

The rapid expansion in global trade in pre packed goods requires internationally accepted standards for the labelling of these products. The proposal by the WWTG to move the quantity mark from the principal display panel to the back of the package would be in breach of established requirements under the Treaty on Legal Metrology and would compromise the integrity of the marketplace. Rather than creating an exception WWTG should promote its case through existing International wine standards organisations and through them to the revision of the International Organisation of Legal Metrology (OIML) Recommendation 89 Labelling requirements for prepackaged products

1. Australia is a signatory to two International Treaties that have as their objective the establishment of a global measurement system that would ensure trust and confidence in physical measurements used both domestically and in international trade and other regulated measurements eg environmental measurements and measurements which are critical to international public policy issues eg climate change.

2. The Treaty of the Metre of 1875 was established to ensure international consistency of national physical standards of measurement and the Convention of Legal Metrology of 1955 established the International Organisation of Legal Metrology, (OIML) (legal metrology being measurements regulated by government) to develop requirements to ensure the consistency and integrity of practical measurements. Whilst this latter Convention originally focussed on trade measurement transactions its scope has expanded in recent decades to a wide range of measurements regulated by government, particularly for the control of the environment, health and safety and transportation

3. National uniformity and international harmonisation of physical measurements provides significant economic and social benefits by minimising transaction costs, reducing disputation and minimising deception and fraud .It has been estimated that the information provided by physical measurements results in 3.5% added value to the GDP of modern industrialised economies

4. A major impediment to the development of a global measurement system is fragmentation of national measurement systems due to diversity of administration of measurement requirements by government authorities and the continuance of industry measurement systems that are outside the national measurement system.

5. The USA is an example of a fragmented measurement system with over 400 State city and local government trade measurement authorities. This creates significant problems in achieving national uniformity of administration and is a major impediment to international harmonisation of their trade measurement system. The partial introduction of the metric system in the USA continues to provide barriers to international trade.

6. Many traditional craft based industries developed industry measurement systems before the development of national measurement systems and many of these are still to be incorporated into the national and global measurement system

7. The rapid expansion of the sale of goods in packages has had a marked impact on the administration of trade measurement. Essentially as pre packaged goods are measured away from the customer requirements for pre packaged goods are aimed at ensuring that the pre packaged goods meet equivalent requirements, particularly of short weight, as applies to goods measured at the point of sale. A universal requirement is that the measured content of the package be shown on the front of the package and for trade measurement authorities to check this by random sampling

8. When the metric system was introduced in Australia in 1970's requirements for standard size packages and deceptive packaging were introduced to ensure that consumers were not disadvantaged by the changeover. Similar requirements were introduced in most developed economies. These requirements were abolished in Australia in the 1990's as part of the deregulation program to provide greater consumer choice. However standard sizes continued for most pre packed goods reflecting consumer choice and their economic advantages to industry in palletisation and shelf stacking. The one exception was the bottle size for spirits, which was reduced at the time of de regulation from 750ml to 700ml and resulted in some degree of deception in the market place

9. Global trade in pre-packaged goods has expanded enormously in the last twenty years. fuelled by changing consumer tastes, an emphasis on value added products and advances in production, transport and supply chain technologies. In 2000 it was estimated (Ref 1) that global trade in pre-packaged goods was \$US 900 billion or 3% of global GDP. Internationally the global trade in processed food and beverages is increasing twice as fast as the trade in primary commodities and in 2002 accounted for 75% of global agri-food trade. At that time exports of wine exceeded \$US 25 billion or about 2.5% of global trade in pre packaged goods

10. In the mid 1990's Australian wine exporters began to experience difficulties in having their wine shipments cleared through Customs in the United Kingdom due to Australia not having a system that complied with

the European Union e-mark to ensure the accuracy of the contents of wine bottled for export. The National Standards Commission became involved in resolving this issue. The initial response was to establish systems in Australia to gain acceptance for European e-mark labelling. However when similar difficulties were experienced with wine exports to Japan it was proposed to OIML that requirements for a global mark- an I-mark for the quantity labelling of pre-packed goods be developed.

11. OIML has recognised the increasing importance of global trade in pre packaged goods by actively reviewing its international measurement requirements for pre packaged goods, developing an I mark for global trade and in 2006 holding an International Seminar on Legal Metrology Aspects of Pre Packaging for International Trade (Ref 2)

12. Following on from the 2006 Seminar a survey was conducted in the UK to ascertain consumers views on labelling of pre-packaged products (Ref 3). The most important information presented on packages when displayed on the shop shelf were the product description, the trade name of the product and the quantity or size. Consumers were also concerned that too often the information is unclear due to small print, poor background contrast and too much promotional information on the label

13. The proposal by the World Wine Trade Group to remove the quantity mark from the front label to the back label of wine bottles is contrary to the practice that applies for all pre-packaged goods in Australia and worldwide. This requirement is seen as an essential requirement to avoid deception in the market place. No case has been made as to why bottled wine should be allowed to deviate from this essential requirement for all pre packed goods. Whilst the proposal is to only apply to standard size bottles there are no requirements for standard size bottles in Australia and similarly the abolition of deceptive packaging requirements allows for deception by the shape of bottles.

14. There is continuing concern in Australia about deception in pre-packaged goods. This has resulted in the introduction of unit pricing of pre-packaged goods in the retail marketplace. However wine is not subject to unit pricing

15. The OIML Recommendation 79 Labelling Requirements for pre-packaged products 1997 edition requires

‘A pre-packaged product shall bear a declaration of the net quantity of the product on the principal display panel’

Exemptions from this requirement, in accordance with national requirements, only apply for small and mixed pre-packages, eg individual packets of salt, pepper, sugar or wrapped pieces of candy

The Principal display panel is defined as

“The part of the package that is most likely to be displayed, presented, shown or examined under normal and customary conditions of display”

16. OIML Recommendation 79 is currently under review by the sixty member nations of OIML. In addition a large number of International Organisations in Liaison with OIML will have the opportunity to provide input to this review. Liaison organisations include International Organisation of Wine and Vine and International federation of Wine and Spirits. In addition a representative of WWTG made a presentation to the 2006 OIML Seminar on the WWTG Treaty on Labelling

References

1. Birch JA The Economic Importance of Legal Metrology in Pre – Packaging, presented at the OIML Seminar Legal Metrology Aspects of Pre-Packaging for International Trade, Capetown South Africa 16 October 2006 published in OIML Bulletin Vol XLVIII No 1 January 2007.

2 Programme, Seminar: Legal Metrology Aspects of Pre Packaging for International Trade 16 October 2006 Capetown South Africa

3 Howard Burnett Labelling of prepackaged products, OIML Bulletin Vol XLIX No 2 April 2008

John Birch AM was Executive Director and Commissioner of the National Standards Commission and Australian delegate to the International Committee on Legal Metrology (CIML) from 1986-2000 And a member of the Presidential Council of CIML FROM 1990-2000.. In 1994 he established the Asia Pacific Legal Metrology Forum, (APLMF) a Specialist Regional Body within APEC and Chaired the Forum from 1994-2000 He was elected a Member de Honneur of CIML in 2001 and a Hon Member of APLMF in 2000 and continues to attend and participate in the meetings of both of these organisations