

**Agreement establishing the International Organisation of Vine and Wine,  
done at Paris on 3 April 2001.**

**Documents tabled on 18 June 2002:**

- **National Interest Analysis**
- **Text of the proposed treaty action**

**Agreement establishing the International Organisation of Vine and Wine, done at Paris on 3 April 2001.**

**NATIONAL INTEREST ANALYSIS**

**Proposed binding treaty action**

1. The Agreement Establishing the International Organisation of Vine and Wine, done at Paris on 3 April 2001 (the “2001 OIV Treaty”) was signed for Australia, subject to ratification, on 31 July 2001. It is now proposed that Australia ratify the 2001 OIV Treaty by deposit of an instrument of ratification with the Government of the French Republic.
2. The “International Organisation of Vine and Wine”, to be established pursuant to the 2001 OIV Treaty, will replace the “International Vine and Wine Office”, established pursuant to the Agreement for the Establishment in Paris of an International Wine Office, done at Paris on 29 November 1924 (the “1924 OIV Treaty”).
3. The 2001 OIV Treaty provides for the termination of the 1924 OIV Treaty and the replacement of the “International Vine and Wine Office” with the “International Organisation of Vine and Wine”. It is now proposed that Australia provide its formal agreement to the termination of the 1924 OIV Treaty and to the transfer of the assets, liabilities, rights and obligations of the International Vine and Wine Office to the International Organisation of Vine and Wine.

**Date of proposed binding treaty action**

4. It is proposed that Australia’s instrument of ratification, and its formal agreement to the termination of the 1924 OIV Treaty and to the transfer of the assets, liabilities, rights and obligations of the International Vine and Wine Office to the International Organisation of Vine and Wine be lodged as soon as practicable after 29 August 2002. The 2001 OIV Treaty will enter into force on the first day of the year following the deposit of the 31<sup>st</sup> instrument of acceptance, approval, ratification or accession. It is anticipated that the termination of the 1924 OIV Treaty and the transfer of assets, liabilities, rights and obligations will occur at the same time as the entry into force of the 2001 OIV Treaty. There are around 45 member states of the present office, eight of which have lodged documents with the French Government accepting the treaty. Given the current status of ratifications, it is probable that the 2001 OIV Treaty will enter into force no later than 1 January 2004.

**Date of tabling of the proposed treaty action**

5. 18 June 2002.

**Summary of the purpose of the proposed treaty action and why it is in the national interest**

6. The International Office of Vine and Wine (the OIV) in its revised form as the International Organisation of Vine and Wine will continue for the foreseeable future to be an influential international organisation on matters pertaining to the setting of standards and regulatory approaches for the world grape and wine industry, particularly in Europe.
7. The 2001 OIV Treaty provides a number of substantial improvements over the 1924 OIV Treaty. It provides the basis for the OIV to become a more scientifically and technically based organisation which takes account of the full range of views and approaches on wine matters. The introduction of consensus as the primary form of decision making and the right of countries to veto resolutions which are contrary to their national wine interests are important for Australia and other non-European wine producing countries.

## **Reasons for Australia to take the proposed treaty action**

8. The OIV is a major intergovernmental wine organisation that currently includes all major wine producing countries with the exception of the USA. Australia has been a member of the OIV since 1978, as Party to the 1924 OIV Treaty. Amongst other things, the OIV has a broad charter to make recommendations to its member countries on aspects of winemaking and viticultural practices. While it is not mandatory for member countries to adopt resolutions of the OIV, positions taken by the OIV can have an important influence on world wine trade.

9. While Australia joined the OIV in 1978, our participation has increased in recent years in line with the greater export orientation of the Australian wine industry. Australian representatives regularly attend the meetings of the various OIV expert groups. The OIV recommends international standards for the wine industry encompassing law, regulation, processing aids and additives, Maximum Residue Levels, labelling, etc. The thrust of OIV recommendations are often reflected in European wine law, which emphasises the impact the OIV can have on wine regulation and trade (EU countries produce over 70% of the world's wine).

10. Further, the OIV has been designated under the provisions of the EU/Australia Wine Agreement (Australian Treaty Series 1994 No 6) as a potential body able to provide opinions in relation to any bilateral technical disputes that may arise with the European Community.

11. Over the years Australia and a number of other New World wine producing countries had a growing concern that the OIV did not adequately represent the views of all member countries. It was also considered that the dominance of the major European wine producing countries in the voting structure enabled resolutions to be passed which favoured certain countries at the expense of others. Further, there was a concern that resolutions were not always totally scientifically and technically based. As such, the Australian Government initiated a review in 1996 to facilitate a more consensus driven, scientific and technical based organisation that better reflected practices across all wine producing countries, rather than just in Europe. The new treaty outlines changes to the OIV's operational, financial, procedural, decision making and organisational arrangements. It does not alter the broad functions of the OIV or provide it with any increased powers, as it will remain a 'recommendatory only' body.

12. The new treaty text, which flowed from the review, reflects many of the reform objectives identified by the Australian Government and the wine industry and, as such, represents a very significant step forward from the 1924 OIV Treaty. In particular, the 2001 OIV Treaty provides a considerably improved framework, which will enable New World wine producing countries, such as Australia, to better protect their wine related interests and potentially increase their level of influence in the OIV. Some key features of the 2001 OIV Treaty include: consensus to be the main basis for decision making within the OIV with individual countries gaining the right to veto resolutions (other than for budgets and elections) which are not in their national interest; the inclusion of English as an additional official language; an improved charter for the OIV, including better definitions of the OIV's role vis-à-vis international standards setting organisations; and more stable, transparent and accountable funding arrangements.

## **Obligations**

13. The obligations imposed under the 2001 OIV Treaty are effectively the same as those imposed under the 1924 OIV Treaty. Resolutions, which may be passed pursuant to the 2001 OIV Treaty, will continue to be non-binding on member states. Australia is obliged to pay an annual membership fee. A member country's rights can be suspended when it fails to pay two contributions and it can be expelled after three successive contributions have not been paid (Article 7). Australia

must accord the OIV legal capacity under Australian law if and when such capacity is required for the exercise of its activities.

14. There are no provisions carried over which obligate Australia in any way as a result of the termination of the 1924 OIV Treaty. The only 'items' that are carried over are the debts, expenses, rights and obligations of the 'old office' to the new organisation.

### **Implementation**

15. Minor regulatory action is required to provide the International Organisation of Vine and Wine legal capacity under Australian domestic law. No other legislative changes at State or Federal level are required.

16. The existing roles of the Commonwealth Government, the State and Territory governments, or any of their entities, as a result of the implementation action are not changed in any way.

### **Costs**

17. As the funding arrangements are altered under the 2001 OIV Treaty, Australia's annual membership will be proportionally greater. At present Australia contributes about 1.5% of the total budget - this will rise to 1.7% under the new arrangements. This increase reflects the fact Australia will receive additional voting rights in the new organisation. The only cost increase as a result of the implementation of this treaty is the increase in the annual contribution to the body. The 2002 annual contribution was in the order of \$38,800. This is expected to increase to \$70,000 (depending on currency exchange rates) once the 2001 OIV Treaty is in force.

### **Consultation**

18. State and Territory governments were advised of the proposed new treaty through the Commonwealth-State-Territory Standing Committee on Treaties as well as through the Standing Committee on Agriculture and Resource Management.

19. In addition, during the review process, the Department of Agriculture, Fisheries and Forestry – Australia, consulted all State and Territory governments. All responses received were supportive of Australia's negotiating objectives. State and Territory governments have been provided with a copy of the final signed text.

20. The Australian wine industry peak body, the Winemakers' Federation of Australia, was consulted throughout the treaty revision process and is supportive of the new treaty.

### **Regulation Impact Statement**

21. The Office of Regulation Review, Productivity Commission has been consulted and confirms that a Regulation Impact Statement is not required because the 2001 OIV Treaty will not entail any new legal obligations or have any additional regulatory impact on Australian industry (RIS ID No 2555).

### **Future treaty action: amendments, protocols, annexes or other legally binding instruments**

22. Article 9 provides for amendments to be made to the 2001 OIV Treaty by adoption by consensus at a General Assembly, followed by acceptance, approval, ratification or accession by two-thirds plus one of the parties.

23. Article 9 also allows for a review of the 2001 OIV Treaty if two-thirds plus one of the parties approve. Such review would then be considered at a conference of the parties.
24. Before a revised 2001 OIV Treaty enters into force, the General Assembly is required to define the extent to which parties that have not deposited their instrument of acceptance, approval, ratification or accession can participate in the OIV's activities after the entry into force of the amendment.
25. At this stage no amendments, or other treaty action, in relation to the 2001 OIV Treaty are envisaged.
26. Reservations to the 2001 OIV Treaty can be made. However, they will only be effective if accepted by consensus at the General Assembly.

### **Withdrawal or denunciation**

27. Article 18 of the 2001 OIV Treaty provides that any member state may denounce the Agreement by providing six months written notice.

### **Contact details**

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