

Amending Agreement between the European Community and Australia on trade in wine

Introduction

- 3.1 The purpose of the *Agreement between the European Community and Australia amending the Agreement between Australia and the European Community on Trade in Wine, and Protocol, of 1994* (amending Agreement) is to extend the existing authorisation for the use of cation exchange resins for wine making purposes by one year from '30 June 2003' until '30 June 2004'.
- 3.2 The proposed amending Agreement would enable the continuation of a practice that has been in operation since the signing of the original Agreement in 1994. It would also enable Australia's wine producers to continue using a common practice in the wine industry for exports to the European Union, worth over \$1 billion per year.¹

Background

- 3.3 Annex I of the bilateral *Agreement between Australia and the European Community on Trade in Wine, and Protocol, of 1994* (1994 Agreement)

¹ National Interest Analysis (NIA), para. 10.

lists the oenological practices and processes that were approved for wines originating in Australia to be exported into the European Community, and wine from the European Community to be exported into Australia.² Point 1(b) of the Annex authorises the use of cation exchange resins, provided that the resins are sufficiently stable not to transfer substances to the wine in quantities which could endanger human health, for the purpose of stabilising Australian wines imported and marketed in the European Community.

- 3.4 Mr Michael Alder, Manager, Wine Policy, Food and Agriculture, from the Department of Agriculture, Fisheries and Forestry, advised the Committee that:

There are no health or safety issues as far as Australia is concerned. The practice of ion exchange is used in the water industry, I believe, in water waste management and so on. It is a practice that is approved in the Food Standards Code in Australia and that has been used for many years. However, it is not a practice that is approved for usage in the commercial wine industry in Europe. It is not so much a matter of health, safety or other issues; they do not like the practice generally and they wish to consider it further before approval.³

- 3.5 Further, Mr Alder noted:

as far as I am aware, ion exchange is used in the US, Canada, South America and South Africa. It is a particularly European approach to this practice.⁴

- 3.6 Under the 1994 Agreement, the use of cation exchange resins originally had provisional authorisation until 31 December 1998 to allow for further scientific evaluation and consideration of the practice by the European Community.⁵ The date of derogation has been subsequently extended three times to continue enabling Australian producers to use the wine making practice pending permanent agreement by the European Community.⁶ It was first extended for one and a half years from 31 December 1998 until 30 June 2000, secondly for a period of one year until 30 June 2001, and lastly for a period of two years until 30 June 2003.⁷ The amending

2 Mr Michael Alder, *Transcript of Evidence*, 15 September 2003, p. 2 and NIA, para. 7.

3 Mr Michael Alder, *Transcript of Evidence*, 15 September 2003, p. 3.

4 Mr Michael Alder, *Transcript of Evidence*, 15 September 2003, p. 4.

5 NIA, para. 7.

6 Mr Michael Alder, *Transcript of Evidence*, 15 September 2003, p. 2.

7 Mr Russell Wild, *Transcript of Evidence*, 15 September 2003, p. 3 and p. 5.

Agreement provides for further extension of the period of authorisation for this particular wine making practice until '30 June 2004'.

- 3.7 The National Interest Analysis (NIA) states that officials of the European Community have informally agreed to the proposed permanent derogation for cation exchange resins for wine stabilisation purposes under the 1994 Agreement.⁸ Further, Mr Alder advised the Committee that the delay in obtaining permanent approval for the practice has been political.⁹
- 3.8 The NIA also notes that discussions scheduled for November 2003 will include setting phase-out dates for the use of remaining EU geographical indicators (GI) by Australian producers; arrangements for the protection of EU traditional expressions (TE); the use of GIs and TEs in existing and future trademarks; the use of labelling descriptors by Australian producers and procedures for the approval of current and new oenological practices.¹⁰

Entry into force

- 3.9 The NIA states that the meaning of the 1994 Agreement will remain unaffected by these extensions to the derogation and that no new obligations or legislation will be required to implement the proposed treaty action.¹¹ It further notes that implementation of the amending Agreement will be undertaken as soon as practicable.¹²

Costs

- 3.10 Mr Michael Alder advised the Committee that there would be no financial costs to Australia as a result of the proposed amending

8 NIA, para. 18.

9 Mr Michael Alder, *Transcript of Evidence*, 15 September 2003, p. 3.

10 NIA, para. 9.

11 NIA, para. 8.

12 NIA, para. 4.

Agreement. In fact, the NIA stipulates that high costs might be incurred by wine exporters if the treaty action is not ratified.¹³

Consultation

- 3.11 The Committee noted that regular meetings are held throughout the year between members of the Winemakers' Federation of Australia (WFA), Australian Wine and Brandy Corporation (AWBC) and various government departments to discuss domestic legislative matters, international wine trade issues and also enable preparation for international meetings.¹⁴ Members of the WFA and AWBC are the official representatives on the Australian Delegation for discussions between Australia and the European Commission.¹⁵
- 3.12 The Consultations Annexure of the NIA states that the Australian wine industry sought extensions for the continued use of cation exchange resins, as it is safer and more cost effective than alternative wine making practices. Subsequently, the Australia wine industry strongly supports the amending Agreement and regards the derogation for cation exchange resins as important for its ability to competitively price wine sold into the European community.¹⁶
- 3.13 The Committee noted that, as the changes in the amending Agreement are minor, there will be no impact on the States and Territories. Consultation was limited to the extent that no State or Territory was advised or consulted.¹⁷

Conclusion and recommendation

- 3.14 The Committee agrees that there are benefits to be gained by extending the date of derogation for the use of cation exchange resins for wine stabilisation purposes for wine exported from Australia to the European Community from '30 June 2003' until '30 June 2004'.

13 NIA, para. 13.

14 NIA, Annexure - Consultations.

15 NIA, Annexure - Consultations.

16 NIA, para. 10.

17 NIA, para. 14 and Annexure - Consultation.

Recommendation 4

The Committee supports the *Agreement between the European Community and Australia amending the Agreement between Australia and the European Community on Trade in Wine, and Protocol, of 1994* and recommends that binding treaty action be taken.