

**AGREEMENT BETWEEN THE EUROPEAN COMMUNITY AND
AUSTRALIA AMENDING THE AGREEMENT BETWEEN AUSTRALIA
AND THE EUROPEAN COMMUNITY ON TRADE IN WINE, AND
PROTOCOL, OF 1994
[1994] ATS 6**

Documents tabled on 9 September 2003:

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NATIONAL INTEREST ANALYSIS: CATEGORY B TREATY

SUMMARY PAGE

Agreement between the European Community and Australia amending the Agreement between Australia and the European Community on Trade in Wine, and Protocol, of 1994 [1994] ATS 6

Date of Tabling of Proposed Treaty Action

1. 9 September 2003.

Nature and Timing of Proposed Treaty Action

2. This proposed Agreement between the European Community and Australia (“the amending Agreement”) amends the Agreement between Australia and the European Community on Trade in Wine, and Protocol, of 1994 - [1994] ATS 6 - (“the 1994 Agreement”). Both parties support tabling the amending Agreement before signature.
3. The proposed amending Agreement will amend the date in Annex I, point 1(b) of the 1994 Agreement to ‘30 June 2004’.
4. Implementation of the amending Agreement will be undertaken as soon as practicable.
5. This proposed amending Agreement only amends the date of the provisional derogation in Annex I of the 1994 Agreement. Annex I agreed to a number of oenological practices and processes authorised for wines originating in Australia, one of those practices being the use of cation exchange resins for wine stabilisation purposes that was originally authorised provisionally only until 31 December 1998.

Overview and National Interest Summary

6. The proposed action will amend the date in Annex I of the 1994 Agreement to 30 June 2004. This amendment will ensure the continuity of our wine exports into the European Union.

Reasons for Australia to Take the Proposed Treaty Action

7. Annex I of the 1994 Agreement approved a number of oenological practices and processes authorised for wines originating in Australia, one of those being the use of cation exchange resins for wine stabilisation purposes. However, this was only provisionally authorised until 31 December 1998, for the purposes of allowing further scientific evaluation.

8. This date has since been amended three times, the final amendment changing the date to '30 June 2003'. The meaning of Annex I, and the original treaty, remain unaffected by these extensions to the derogation.

9. This proposed amendment would continue a practice that has been in operation since the signing of the original Agreement in 1994 and one that will be made permanent when all other matters currently under discussion are finalised. These discussions are currently scheduled for November of this year and will include setting phase out dates for the use of remaining EU geographical indications (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. The Australian wine industry strongly supports early action to ensure this wine making practice can continue to be used. The industry regards the derogation for cation exchange resins as important for its ability to competitively price wine sold into the European Community. Our current wine export trade with the European Union is over \$1 billion per year.

Obligations

11. No new obligations will be imposed on Australia as a result of this proposed amending Agreement.

Implementation

12. No new legislation is required to implement the proposed amending agreement in Australia. This proposed amending Agreement only amends the date of the existing authorisation of the derogation in Annex I, no other wording or meaning to the intention of Annex I will be affected.

Costs

13. No financial costs to Australia will arise as a result of this proposed amending Agreement. In fact, if not agreed it may result in higher costs being incurred to our wine exporters.

Consultation

14. This proposed action will have no impact on the States and Territories. This continues a practice in operation from the signing of the original 1994 Agreement when States and Territories participated in the consultative process.

15. The Australian wine industry through its recognised peak body, the Winemakers' Federation of Australia, and the Australian Wine and Brandy Corporation as the regulatory body, support this proposal.

16. Details of consultations are set out in the Consultations Annexure.

Regulation Impact Statement

17. The Office of Regulation Review (Productivity Commission) has been consulted and confirms that a Regulation Impact Statement is not required.

Future Treaty Action

18. In the context of finalising the various matters outstanding under the 1994 Agreement, it is proposed that a permanent derogation for cation exchange resins be put in place, an arrangement that has been informally agreed to by officials of the European Community.

19. The proposed amending Agreement does not contain any provisions for future amendments to it. Amendments are covered by Article 24 of the 1994 Agreement.

Withdrawal or Denunciation

20. This proposed Agreement will have no effect on the withdrawal provision (Article 28) in the 1994 Agreement.

Contact details

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between Australia and the European Community on Trade in Wine, and Protocol, of 1994
[1994] ATS 6**

Consultations

Regular meetings are held throughout the year to discuss issues pertinent to the Australian wine industry between members of the Winemakers' Federation of Australia (WFA), Australian Wine and Brandy Corporation (AWBC) and various Australian Government Departments. These involve meetings to discuss domestic legislative matters and international wine trade issues, as well as assisting to prepare for international related meetings, eg the International Office of Vine and Wine and the World Wine Trade Group. Wine industry representatives also participate in other matters that arise in the normal course of Australian Government/Wine Industry relations.

Members of the WFA and AWBC are official representatives on the Australian Delegation on talks between Australia and the European Commission.

Extensions for the continued use of the use of cation exchange resins for wine stabilisation purposes were sought by the Australian wine industry, as it is safer and considerably more cost effective than alternative wine making practices. As such, support for this proposed amendment has come from the peak body for winemakers in Australia (the WFA), and the regulatory and export licensing body (the AWBC). These views have been expressed at a number of forums since the signing of the original treaty in 1994.

The proposed amending Agreement is the latest extension to the derogation date of Annex I of the 1994 Agreement. If agreed this will be the fourth such extension since the signing of the treaty in 1994. As these actions have only extended the date and had no other effect upon the Annex or treaty, consultation has been limited.

The proposed amending Agreement will extend an existing provision, which approves the use of cation exchange resins in Australian wine exported to the EU, for another 12 months. As this remains a temporary extension only and does not alter existing arrangements, no State or Territory governments have been advised or consulted. In addition, there will be no negative impact brought about by the proposed amending Agreement.

There will be no adverse affect on winemakers by the proposed amending Agreement. In fact, if the proposed amendment does not take effect there may be a detrimental effect on wine exports to the EU.

EUROPEAN UNION – POLITICAL BRIEF

The European Union (EU) is an influential and assertive force in international affairs. With its membership including some of the world's largest economies - Germany, the United Kingdom, France and Italy - it carries enormous economic weight. The May 2004 enlargement of the EU from 15 to 25 Member States will further boost its weight as a global actor, and its capacity to influence the international foreign policy and trade agendas.

The new EU Member States will be Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. Enlargement will see the EU's population grow by 20 per cent to over 450 million, and gross domestic product (GDP) accounting for over 26 per cent of world GDP, making the EU economy comparable in size to the United States. The EU is already a common market and increasingly adopting common positions in policy areas that were once the preserve of Member States.

Australia has longstanding and close historical ties with EU Member States. Australia and the EU have signed a number of bilateral agreements and understandings to the benefit of Australians and Europeans. Australia has a sustained exchange with the EU with annual ministerial and senior officials' level meetings to strengthen and progress bilateral cooperation. High level dialogue includes the annual ministerial consultations with the European Commission; the biannual ministerial consultations with the EU presidency; and a number of senior official meetings on an extensive range of issues.

The EU and Australia's commitment to enhanced cooperation across a wide-ranging agenda is formalised in the 1997 *Joint Declaration on Relations between Australia and the European Union*. A recent review of the Joint Declaration revealed that progress has been made on a diverse range of common interests. A major outcome of the review was the *Agenda for Cooperation* identifying headline areas for future engagement (trade, security and strategic issues, education, science and technology, transport, environment, development cooperation, and migration and asylum).

Australia's trading relationship with the EU in both merchandise and services is healthy and continues to expand and diversify. The EU as a single entity is Australia's largest merchandise trading partner, with total trade in merchandise for 2002 worth A\$44.2 billion. Bilateral trade in services is also growing strongly with the EU being Australia's largest overseas market for services exports, and largest source of imported services. Services exports to the EU were worth A\$6 billion in 2002, and imports were worth A\$7.5 billion. Investment in Australia from EU Member States was worth A\$294.4 billion at end June 2002, making the EU our largest source of foreign investment. In addition, the EU is the second largest foreign destination for Australian investors, with investment totalling A\$127 billion at end June 2002.

List of other treaties with the European Union

Agreement between the Government of Australia and the European Atomic Energy Community Concerning Transfers of Nuclear Material from Australia to the European Atomic Energy Community [EURATOM] and two Exchanges of Letters
[1982] ATS 26

Exchange of Notes constituting Implementing Arrangements, concerning Plutonium Transfers and International Obligation Exchanges, to the Agreement between the Government of Australia and the European Atomic Energy Community Concerning Transfers of Nuclear Material from Australia to the European Atomic Energy Community [EURATOM]
[1993] ATS 27

Agreement between the Government of Australia and the European Community on Trade in Wine, Protocol and six Exchange of Letters
[1994] ATS 6

Agreement relating to Scientific and Technical Co-operation between Australia and the European Community
[1994] ATS 24

Agreement on Mutual Recognition in Relation to Conformity Assessments, Certificates and Markings between the European Community and Australia
[1999] ATS 2

Exchange of Notes constituting Implementing Arrangements, concerning Plutonium Transfers and International Obligation Exchanges, to the Agreement between the Government of Australia and the European Atomic Energy Community Concerning Transfers of Nuclear Material from Australia to the European Atomic Energy Community [EURATOM]
[1999] ATS 8

Agreement between Australia and the European Community amending the Agreement relating to Scientific and Technical Cooperation of 23 February 1994
[1999] ATS 29

List of treaties of the same type

While Australia has no similar bilateral treaties, the following multilateral treaties are relevant:

Agreement between the Government of Australia and the European Community on Trade in Wine, Protocol and six Exchange of Letters
[1994] ATS 6

Agreement Establishing the International Organisation of Vine and Wine
[2001] ATNIF No 13

Agreement on the Mutual Acceptance of Oenological Practices
(under the auspices of the World Wine Trade Group -
previously New World Wine Producers' Group)
[2003] ATNIF 2