

A photograph of a wine cellar filled with wooden barrels. The barrels are stacked on metal racks. Several barrels have white chalk markings, including "FILED LAST", "17MAKHYDE1", and "17MAKHYDE2". A small square logo with a checkmark and the letters "MT" is visible on the barrels. The lighting is warm, highlighting the texture of the wood.

**Australian Grape & Wine Submission to the
Joint Standing Committee on Treaties:**

**Protocol on the Accession of the United
Kingdom of Great Britain and Northern
Ireland to the Comprehensive and
Progressive Agreement for Trans-Pacific
Partnership (CPTPP) and associated side-
letters**

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Who are we

Australian Grape & Wine is Australia's national association of winegrape and wine producers. Our activities focus upon the objective of providing leadership, strategy, advocacy and support that serves Australian wine businesses now and into the future. We represent the interests of the more than 2,500 winemakers and 6,000 winegrape growers working in Australia. Our role is to help forge a political, social and regulatory environment - in Australia and overseas - that enables profitable and sustainable Australian wine and winegrape growing businesses. These businesses make a significant contribution to underpinning regional economies by driving growth in jobs, regional exports and food and wine tourism. We represent small, medium and large winemakers and winegrape growers from across the country. Policy decisions by the Australian Grape & Wine Board require 80% support, ensuring no single category can dominate the decision-making process and guaranteeing policy is only determined if it provides significant industry benefit. In practice, most decisions are determined by consensus. Australian Grape & Wine is recognised as a representative organisation for winegrape and wine producers under the *Wine Australia Act 2013* and is incorporated under the *SA Associations Incorporation Act 1985*. We work in partnership with the Australian Government to develop and implement policy that is in the best interests of winegrape growers and winemakers across Australia.

CPTPP and Wine

Australian Grape & Wine supports the trade-liberalisation agenda pursued by successive Australian Governments in recent decades. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) was a landmark agreement for the Australian wine industry as it saw a range of tariff and non-tariff barriers addressed across a number of emerging and established markets supporting the sector's diversification priorities.

While many of the CPTPP countries already have existing trade agreements with Australia which provided schedules for tariff reduction, the CPTPP provided some additional reductions above existing agreements and also provided reductions in key markets for wine such as Canada and Mexico.

The significant advantage of the CPTPP for wine in this regard was the inclusion of a sector-specific annex to address technical barriers to trade. While tariffs are a key priority, non-tariff barriers often prove more costly for Australian wine exporters. The Wine and Distilled Spirits Annex (Annex 8-A) inclusion in the CPTPP was a significant achievement and one Australian Grape & Wine will continue to support and use as a model for future FTA negotiations.

The Annex helps to address technical barriers to trade for Australian wine exporters in regard to:

- Streamlining certification requirements
- Mutual acceptance of Oenological (winemaking) Practices
- Labelling Requirements
- Traceability and fraud.

Importance of the UK wine market for Australia

The United Kingdom (UK) is Australia's largest export market by volume and value. In the past year, the UK grew by 10 per cent in volume to 228 million litres and by 2 per cent in value to \$367 million to March 2024.

A key priority of our sector is not only export market diversification into new and emerging markets but also growth of our established export markets. Although the UK is a mature market, Australian wine export performance has been positive in the past 12 months. This is likely related to UK consumers shift from the on-premise to greater off-premise purchasing due to cost of living concerns. According to Wine Australia, Australia has a 24 per cent share of all off-premise sales in the UK, and is the number one country of origin in the category, which means Australia tends to benefit when consumers move towards this channel.

The UK's Accession to the CPTPP does not impact import tariffs, having already been removed from June 2023 under the Australia-UK Free Trade Agreement. However, it does support mitigation of Non-tariff barriers with the alignment of UK regulation with Australia and other countries through the Wine and Distilled Spirits Annex. Regulatory harmonization is a vital part of enabling and growing trade opportunities.

In 2023, the UK implemented a process for significant wine regulatory reforms, which are seeking to liberalise the UK's approach to wine regulation. Many of these reforms help to align the UK's wine regulation with Australia and a number of the changes are directly related to alignment with the CPTPP Wine and Distilled Spirits Annex.

Australian Grape & Wine welcomes the opportunity to comment on this process and is highly supportive of the UK's accession to the CPTPP. It will provide greater trade ties with the UK and support mechanisms for harmonisation of UK wine regulation.

Conclusion

Australian Grape & Wine is highly supportive of the expansion of the CPTPP to other economies which have shown interest in engagement to date.

Free trade agreements and particularly those like CPTPP, which address sector specific technical barriers to trade, are an important tool for liberalizing trade and ensuring the sector will continue to support Australia's regional economic jobs and growth.

Australian Grape & Wine welcomes the opportunity to support progression of the Protocol on the Accession of the UK to the CPTPP. We will advocate strongly for swift and bipartisan support for the Protocol's progression and adoption through the Australian Parliament.

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