



**Winemakers' Federation of Australia**  
*For the Industry by the Industry*

**Australia US Free Trade Agreement**  
**Capitilising on More Secure Markets**  
**1 March 2004**

**Stephen Strachan**  
**Chief Executive**  
**Winemakers' Federation of Australia**



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## **What is WFA?**

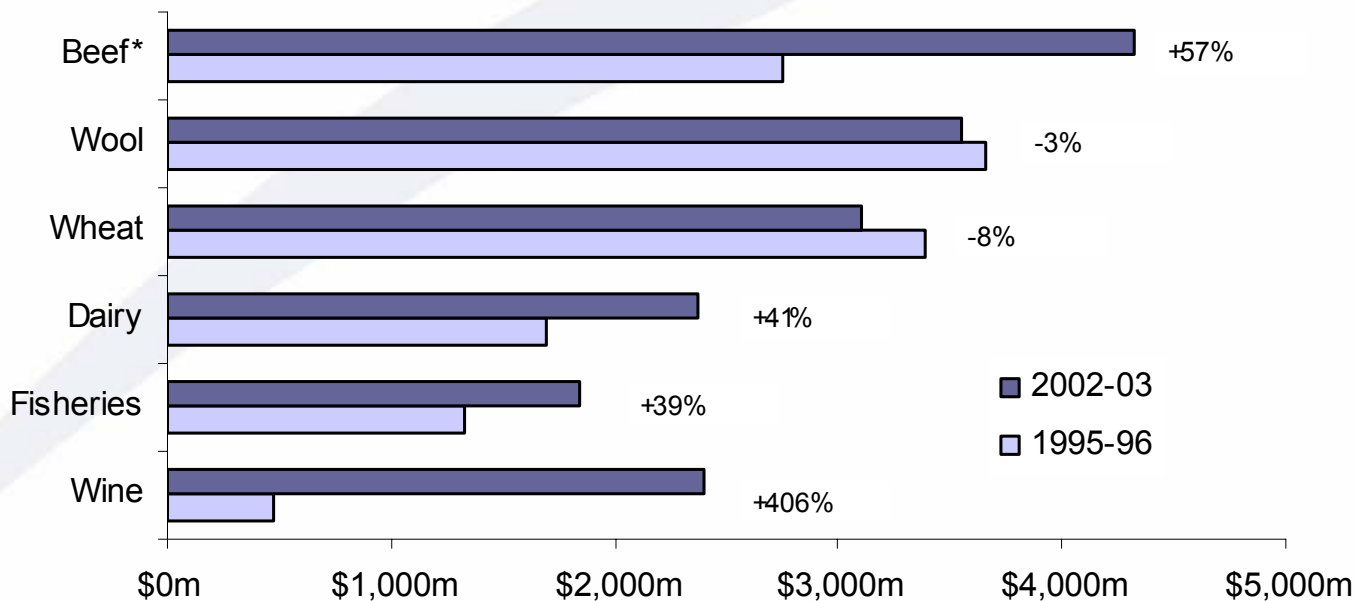
- **Industry's peak national voluntary body**
- **Represents interests of small, medium and large wineries**
- **Members produce 90% of Australian wine**



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# Exports Critical for Industry Success

**Value of Australian commodity exports (fob)**



\*includes veal and live cattle  
 Source: ABARE

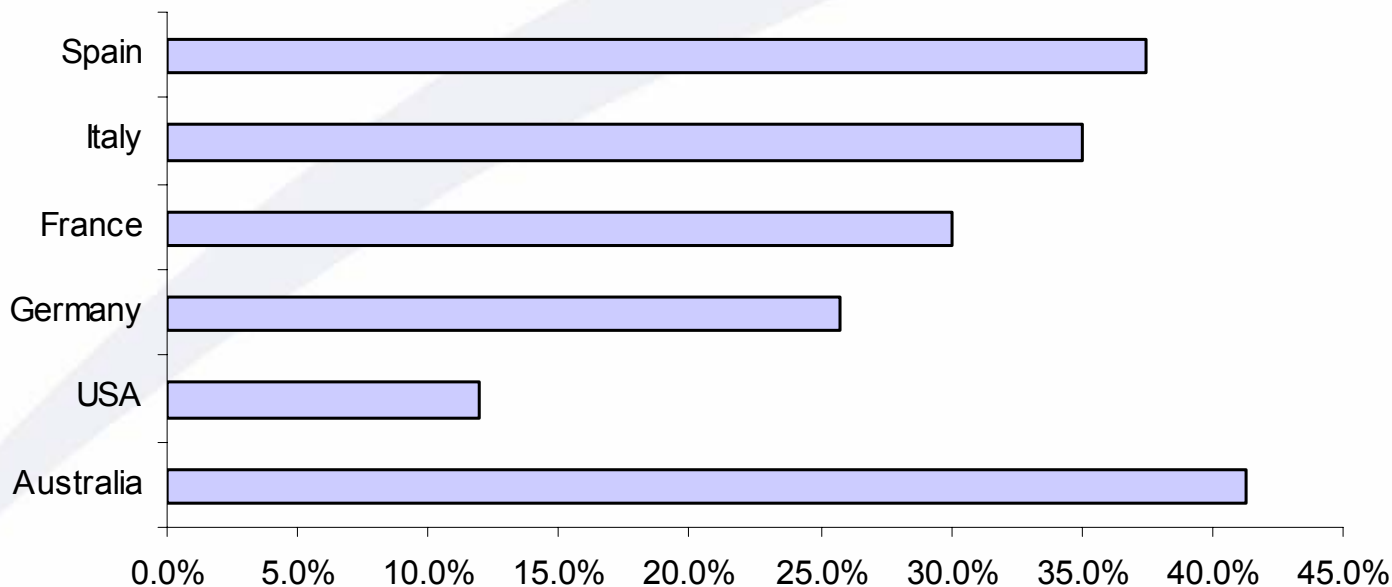
**export value (fob)**



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# Exports Critical for Industry Success

**Wine exports as a percentage of annual production, 2001**



Note: based on 2001 data

Source: Global Wine Production, Consumption and Trade, 1961 to 2001, CIES



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## **Key Export Markets**

<b>US</b>	<b>\$870M</b>	<b>+19%</b>
<b>UK</b>	<b>\$822M</b>	<b>-9%</b>
<b>Canada</b>	<b>\$192M</b>	<b>+26%</b>
<b>NZ</b>	<b>\$100M</b>	<b>+10%</b>
<b>Germany</b>	<b>\$68M</b>	<b>+27%</b>



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# **AUST/US DYNAMICS**



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## **The Prevailing Paradigm**

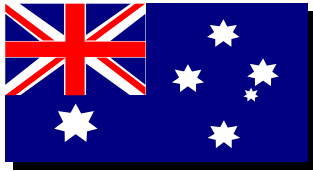
- **International oversupply**
  - ⇒ margin pressure
- **Australia highly visible**
  - 2<sup>nd</sup> largest importer
- **Australia seen as a threat by many**



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# **Australian / US Alliance :The Emerging Paradigm**



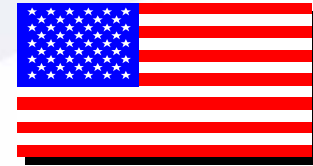
Fosters

Hardy Wine Company

McGuigan Simeon

McWilliams Wines

Southcorp



Beringer

Constellation Brands

Gallo

Gallo

Mondavi



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## **Aust/US Alliance: Rationale for Wine**

- **US a major export opportunity**
- **Leveraged by business to business imperatives**
- **Objectives are:**
  - **Improved access, lower cost**
  - **Risk management**
- **Multiple initiatives to achieve objectives**



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## **Initiatives to Achieve Objectives**

- **WWTG**
  - **MRA (oenological practices)**
  - **Industry agreement on disputes**
  - **Labelling on agenda**
- **Bilateral (industry to industry)**
- **Aust/US FTA**
- **Doha round**



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## **FTA: What did we aim for?**

### **1. Multi Variety Blends**

- **US requires 100% varietal declaration  
- and % of each variety**
- **Australia requires 85% varietal declaration  
(up to 3 varieties)**



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## **FTA: What did we aim for?**

### **2. Multi Region Blends**

- **US disallows multiple GI labelling (unless contiguous)**
- **Australia allows multiple GI's**



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## **FTA: What did we aim for?**

### **3. Vintage declaration**

- **US requires 95% for declaration**
- **Australia requires 85%**

### **4. Mandatory information in “single field of vision” on labels**



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## **FTA: What did we aim for?**

**5. “Australia” as a GI be permitted**

**6. Zero tariffs**

- South Africa zero (African Growth & Opportunities Act)**
- Chile phased to zero by 2015**



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## **What did we get?**

- **Tariffs decrease to zero over 11 years (\$30M p.a.)**
  - **Comparable with Chile**
- **Zero tariffs on inputs from US**
- **No outcome on labelling issues**
- **Springboard for key objective of labelling reform**



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## **Conclusions from FTA**

- **Other negotiating positions possibly constrained wine outcome**
- **...but market for wine is accessible**
- **Future change will come from within**
  - **Working with US strategic allies offers best chance of outcomes**



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## **WFA Position on FTA**

- **Unequivocal support**
- **Platform for engagement**
  - **WWTG**
  - **Bilateral (industry to industry)**