



KEY EXTERNAL TRADE ISSUES FOR WINE



Civil Dialogue Group
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EU Wines key figures

The European Union is the world's leading producer, consumer, exporter and importer of wine, accounting for:

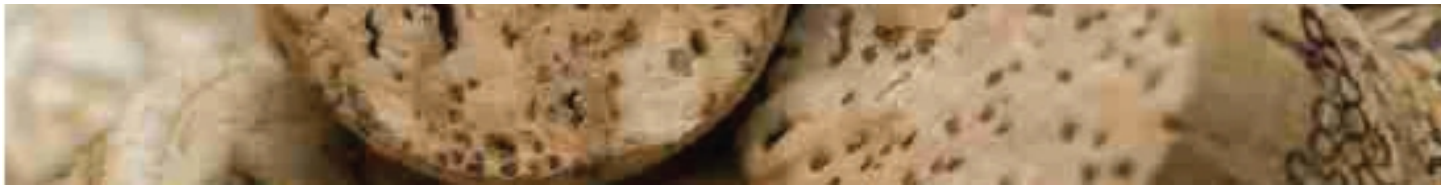
45 % of wine-growing areas

65 % of production

57 % of global consumption

70 % of exports in global terms

World leaders



Wine is EU's biggest agriculture exporter

**EU wine exports
8.9 billion €**

**Positive trade balance
6.4 billion €**



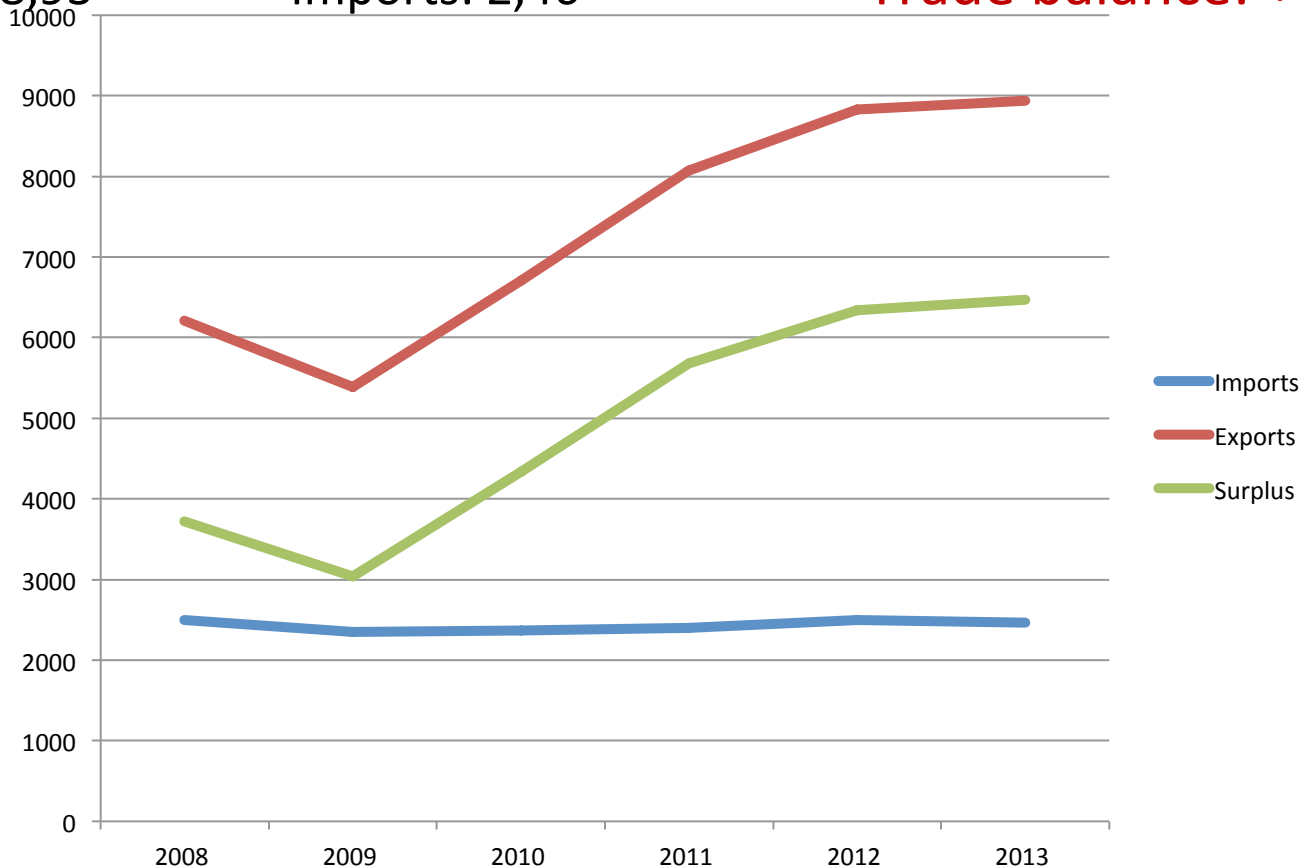
Key figures

A positive trade balance for EU wines

- EU is the first worldwide trade exporter
- In 2013 (billion €; source GTA)
- Exports: 8,93

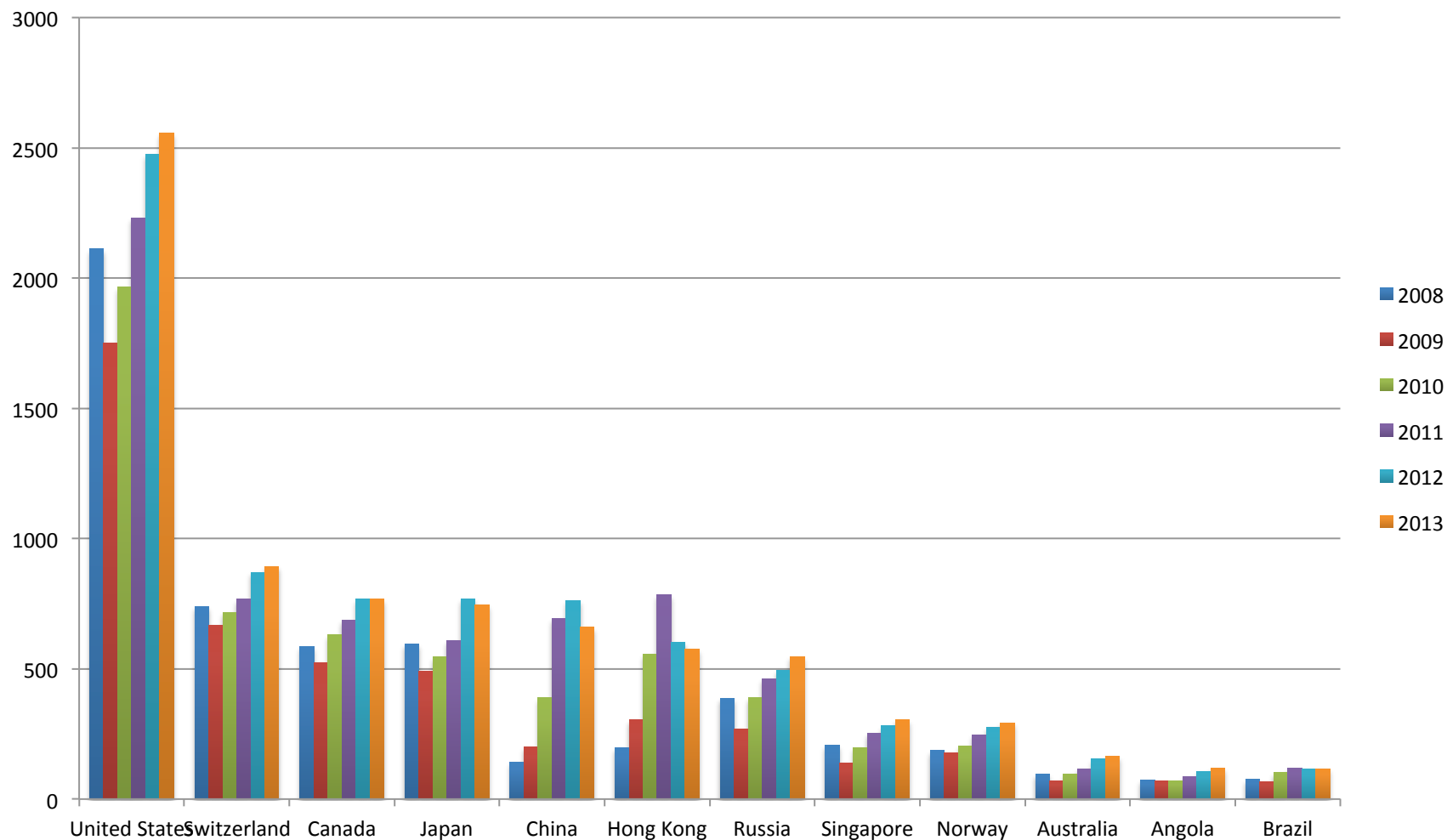
Imports: 2,46

Trade balance: +6,47



Key figures

- EU exports wine in 193 destinations
- Main markets: 10 first markets represent 84% of the value



Development of exports, a 'natural trend' in a context of strong worldwide competition

- Structural decrease of the internal consumption in the EU BUT increasing of the global consumption in the world (243 Mhl in 2012 vs 226 in 2000 – Source OIV)
- Increasing of imports from third countries during the last 20 years
- Global increasing of the exchanges of wine in the world (33% of the wine)

Factors for the development of exports:

- Adapted, clear and competitive offer
- Fair competition on external markets
- **Better access to third countries markets,**

-All these points highlighted by the recent study on the competitiveness of the EU wines

EU initiatives

Multiplication of bilateral initiatives from the EU

- “Wine” agreements with producing countries

- Harmonisation of production rules (oenological practices)
- GI protection (Chili, Australie)
- Reduction of discriminatory rules (Canada)

- FTAs

- Tariff reduction/elimination
- Market access facilitation
- GI protection
 - Global protection eventually with phasing out) and withdrawal of the genericity
- Obtention of similar conditions than other exporters

- Conclusion of ambitious FTAs is crucial but market access immediate issues have to be solved

Key factors to boost exports

- **Elimination of tariffs in new markets**
- **Elimination of non tariff barriers**
- **Protection of intellectual property : trademarks and GIs**

HOW ?

- **Negotiating FTAs that are meaningful for EU exporters**
- **Ensuring trade agreements implementation (WTO and FTAs)**

Multiplication of bilateral initiatives from the EU

• FTA concluded (but not necessarily enforced yet)

- ✓ South Korea (FTA): agreement in force since 1st July 2011.
- ✓ Ukraine (FTA): concluded in December 2011 and signed recently...
- ✓ Singapore (FTA): concluded on 16 December 2012.
- ✓ Canada (CETA): concluded in 2013 (entry into force ?)

• FTA in negotiations

- Mercosur (FTA): launched in 2003 without possible conclusion foreseen
- US: Wine Accord (2nd phase), launched in 2006
- TTIP negotiations, launched in 2013,
- India (FTA), launched in 2007... without possible conclusion foreseen
- Malaysia (FTA): launched in May 2010 (frozen ?)
- Vietnam (FTA): launched in June 2012, conclusion expected in 2015
- Thailand (FTA): launched on 6 Mars 2013 (frozen)
- Japan (FTA): negotiations launched on 25 March 2013.

A lot of activities : maybe to be refocused ?

- Japan : NTBs should be a priority to tackle though FTA negotiations (could have been addressed before under WTO rules ?)
- Thailand : Discriminatory regime not challenged under WTO rules because of coming FTA,,, which are now blocked for political reasons
- Mercosur : dead end since more than 10 years...
- India : key market for our products

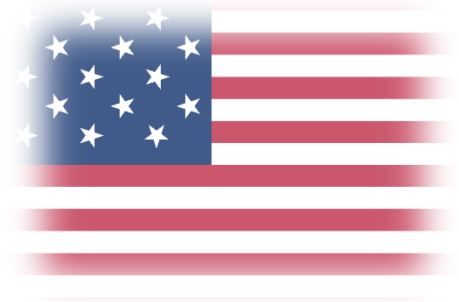
EU initiatives

COUNTRY		ENTRY INTO FORCE	SPARKLING WINE	BOTTLED STILL WINE
China	Chile	2015	0 %	0 %
	Australia	2019 ?	0 %	0 %
	EU	-	14 %	14 %
Thailand	Chila	2015	0 %	0 %
	Australia	2015	0%	0 %
	EU	-	54 %	54 %
Japan	Chile	2020	0%	0 %
	EU	FTA ?	182 JPY/l	15 % with mini 67 JPY/l and maxi 125 JPY/l
Vietnam	Chile	2025	20 %	20 %
	Australia	2022	20 %	20 %
	EU	FTA ?	50 %	50 %

Key FTAs

EU/USA TTIP

2006 “wine agreement”: positive step to improve



- General aspects:
- Wine covered by the general dispute settlement mechanism:
- Permanent trade discussions through a bilateral formal EU/US authorities joint working committee to:
 - anticipate and eliminate trade irritants by an “early warning” system in case of regulatory evolutions
 - promote regulatory convergence to reduce the differences of rules in terms of labelling, oenological practices,...

Profitable for both the EU and US sectors in case of trade irritants

Key FTAs

- Tariff elimination:

- Residual tariffs applied on both sides: the level of tariffs is no longer really an issue but imply administrative constraints & additional costs for operators

- GI protection:

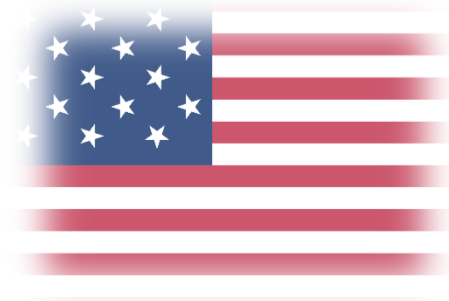
- TTIP needs appropriate solutions for the protection of all EU wine GIs and stop:

- Misleading for US consumers
- Unfair competition for EU producers

Status quo is not an option

- NTBs and discriminatory practices

- Organic wine
- Direct shipping, drawback duties,...



Key FTAs

EU/Japan FTA

- Full elimination of tariffs, in a reasonable period of time
- Recognition of additives (accepted by EU and OIV)
- Definition of wine
- GIs protection



EU/Vietnam FTA

- Tariffs elimination: 50% for still and sparkling wines, 55% for others: 10 years offered by VN vs 5 years requested
- GIs protection, in particular Champagne, considered as generic
- Rules of origin to be able to use Singapore and HK hubs



EU/Canada CETA

- Positive improvements for the wine sector, in particular on practices of provincial Liquor Boards
- Necessity to be vigilant on the implementation of the agreement

Market access issues

- Initially more focused on tariffs.
- Barriers have changed and are now more complicated, technically challenging and time consuming to detect, analyse and remove
- Tariffs: partially eroded through multilateral action
- Burdensome customs procedures and discriminatory tax rules and practices
- Technical regulations and standards
- Misuse of SPS issues
- Poor protection of IPR
- Abusive and/or non WTO compatible use of TDI

Necessity to tackle these barriers when there is no bilateral agreement: key issue to maintain markets opened

CHINA



Additives

- Problem of recognition of additives for winemaking

Phthalates

- Risk assessment conducted by Chinese authorities
- No outcomes on the implementation rules, in particular to submit certificates

Iron, manganese, dry extract

- Shipments of products blocked for excessive levels of iron or manganese or low dry extracts
- No international standards (in particular OIV)

INDIA



i. Labelling Issues

- Labelling requirements of the ingredients
- Blockage of EU shipments

ii. Draft FSSAI standard on alcoholic beverages

- ✓ New standard covering definitions of products, production processes and analytical parameters and labelling
 - ✓ Some problems remains in particular on definition of products and technical issues
 - ✓ Key issue is OIV alignment (India is now member)

Conclusions

- **Wines is a key offensive sector of the EU agriculture and trade**
- **Improving market access is crucial for the development of these sectors**
 - **through direct targeted actions**
 - **through ambitious bilateral agreements in terms of tariffs and NTBs**
- **In a context of increasing of the worldwide wine consumption and exchange of wine, necessity to maintain the export capacity**
- **EU market open for importations, necessity of reciprocity with wine producing countries**
- **Important to coordinate actions between wine exporters to open or maintain opened markets of emerging markets**

**Thank you for your
attention!**

