



SOUTH AUSTRALIAN WINE INDUSTRY
ASSOCIATION INCORPORATED

2 February 2021

Ms Elisabeth Bowes

Australia-United Kingdom FTA Chief Negotiator
Regional Trade Agreements Division
Department of Foreign Affairs and Trade

Via email: elisabeth.bowes@dfat.gov.au

Cc:

Mr Simon Twisk
Assistant Secretary
Foreign Affairs and Trade
Department of Foreign Affairs and Trade
Central Office
Regional Trade Agreements Division
FTA Goods Branch

Via email: Simon.Twisk@dfat.gov.au

Dear Ms Bowes,

Re: Australia-United Kingdom Free Trade Agreement - Carbonation of wine

We write to you in relation to the upcoming fourth round of negotiations for the Australia-United Kingdom Free Trade Agreement (FTA) and the importance to the South Australian wine industry of liberalised arrangements in relation to carbonation of wine being addressed in the FTA.

Who we are

SAWIA is an employer and industry association representing the interests of wine grape growers and wine producers throughout the state of South Australia. SAWIA (as it is known today) had its beginnings in 1840 as the Society for the Introduction of Vines.

SAWIA is a not-for-profit incorporated association, funded by voluntary member subscriptions, grants and fee for service activities, whose mission is to provide leadership, advice and support to South Australian grape and wine businesses assisting them to prosper within a dynamic, diverse industry.

SAWIA membership represents approximately 96% of the grapes crushed in South Australia and about 36% of the land under viticulture. Each major wine region within South Australia is represented on the board governing our activities.

South Australia is known internationally as a premium wine region, with 80% of Australia's premium wines produced in South Australia. South Australia is by far the single largest wine producing State or Territory, crushing 47% of the total national grape crush, and exports are essential to continued viability and growth of the sector in SA.

Carbonation of wine

Carbonation refers to one of the many processes to make 'sparkling wine'. Currently under EU law, wines originating from outside the EU cannot be carbonated within the EU and called sparkling wine. At present, this also applies to third country wines in the UK.

South Australian Wine Industry Association Incorporated

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This means that Australian wine must be carbonated prior to export, significantly increasing not only the cost of supplying sparkling wines, but also CO₂ emissions.

Allowing carbonation of Australian wine to occur in the United Kingdom (UK) for the UK market would have significant environmental benefits, reducing CO₂ emissions by at least 60 per cent compared to shipping carbonated from Australia according to research by the UK-based not-for-profit group, Waste and Resources Action Programme. In addition, it could reduce costs for consumers by creating more competition among existing established sparkling wine, such as Cava and Prosecco.

Proposed solution

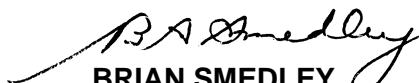
SAWIA understands that two potential approaches for achieving liberalised arrangements in relation to carbonation of Australian wine in the UK have been raised by stakeholders:

- 1) The first approach involves enshrining the “Agreement on Trade in Wine between the Government of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland” (the Wine Agreement) in the FTA. However, this would only achieve the desired outcome if changes to the Wine Agreement were negotiated as part of that process.
- 2) The preferred approach by SAWIA and the South Australian wine industry would be for negotiators to consider a side letter or annexe to the FTA that deals with the carbonation issue in the upcoming rounds of negotiations going forward.

Thank you for taking the time to consider this important matter.

If you require any additional information please contact Henrik Wallgren, Business Services Manager SAWIA on telephone 08 8222 9270 or email henrik@winesa.asn.au.

Yours sincerely



BRIAN SMEDLEY
Chief Executive