

Free Trade Agreement Division
Department of Foreign Affairs and Trade
RG Casey Building
John McEwen Crescent
BARTON ACT 0221

Malaysia-Australia Free Trade Agreement Negotiations

Thank you for your request to update our two previous submissions provided to the Department of Foreign Affairs and Trade (DFAT) on the negotiation of a Free Trade Agreement between Australia and Malaysia.

I have prepared a brief submission on behalf of the Winemakers' Federation of Australia (WFA). WFA is the peak national body representing wine enterprises of all sizes across Australia. Voluntary membership represents in excess of 95% of wine production in Australia. I would be happy to elaborate on any of the information within the submission or provide additional details to the Review.

I would also note that the Australian Wine and Brandy Corporation has prepared a submission. WFA supports the submission they have provided, so rather than reiterate those issues; I would prefer to concentrate on the following points.

Although our largest markets at present are in North America and Europe, we see enormous potential in Asia. However, these markets present a number of barriers to trade in Australian wines and an ambitious trade policy towards Asia and the Middle-East is needed to support our growth plans. In particular, contrary to developed Western countries, emerging Asian economies are fiercely protectionist, and many impose very high import tariffs on Australian wine.

Under AANZFTA, Malaysia excluded all wine product lines from tariff commitments. We understand Malaysia's position is that it should not be required to grant preferential tariff treatment to alcoholic beverages, such as wine, in free trade agreements because a majority of its population are Muslim and therefore required to abstain from consuming alcoholic beverages.

We suggest, however, that Malaysia's position that alcoholic beverages should be excluded from free trade agreements on the basis of religious and cultural sensitivities is not sustainable. Not only is there strong consumer demand for wine in Malaysia, it does allow importation and is a significant domestic alcohol producer and this seems entirely inconsistent with their negotiation position as well as providing their domestic industry with a significant market advantage due to high import tariffs.

When we resume in earnest negotiations with Malaysia we would hope that Australia continues to pursue a comprehensive agenda and does not carve out negotiations on market access for wine.

We understand that New Zealand in their negotiations with Malaysia on their recently finalised FTA also made little progress for liberalising trade in wine. Therefore we understand the difficulty in the negotiations.

It might be worthwhile considering an approach that Chile has taken in some negotiations (most notably with the United States) where they have built in a MFN clause – that is, if some other economy gains a better deal on market access then those benefits will then automatically be passed on to Australia.

I would also point out that there are considerable benefits in technical cooperation with Malaysia. As you are aware, Australia has recently signed memorandum of understandings on certification issues with China and Hong Kong. A commitment to negotiate such an MOU with Malaysia would be a significant step forward.

Australia also continues to have issues relating to different label requirements between Malaysia and Australia. Again there would be considerable benefit in establishing a technical forum to discuss such issues with Malaysia.

As you may be aware, the Australian wine industry is facing difficult times and we need your support in these negotiations, as sensible outcomes are critical for our long-term development.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tony Battaglione', with a long horizontal flourish extending to the right.

Tony Battaglione
General Manager, Strategy & International Affairs