



# The WWTG, WTO and Codex Alimentarius Commission and wine

Workshop session  
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# INTRODUCTION

- Wine trade continues to grow in importance for the Australian wine sector.
- Critical need for better regulatory coherence
- Non-tariff barriers cost > \$1 billion APEC Member Economies and businesses
- Confusing network of international trade agreements, treaties, intergovernmental organisations and industry organisations.



# The Australian wine sector depends on international trade

- Domestic market shows low growth with declining margins due to retail consolidation/market power, increase in cost of goods and imports.
- Export volumes are double domestic volumes but profits are declining due to a high AUD, falling market share and high levels of competition internationally.
- The domestic market is too small to absorb Australia's wine production.

# Improved market access

- Reducing barriers to trade allows businesses to save costs and concentrate on selling wine.
- Key barriers to access include:
  - Certification requirements
  - Labelling
  - Oenological practices
  - Maximum residue limits

## International trade in wine is affected by a number of international institutions.

- Any international institution of which Australia is a member or of which our trading partners are a member mean that decision made in Rome, Geneva or Paris may dramatically impact on how we make or present our wine to the market not only these countries but in Japan or China or Vietnam.
- In this presentation I will discuss several of the key institutions that impact on Australia

# All regulation must comply with international trading rules

- Regulation may be set unilaterally to meet a country's public policy objectives; or as part of a broader regional/pluralateral arrangement; or according to international trading rules.
- Responses vary according to which mechanism is the prime driver.

# Key institutions include:

- International Organisation of Wine and the Vine (OIV)
- World Wine Trade Group
- Codex Alimentarius Commission
- World Trade Organisation
- OIML
- APEC
- Free Trade Agreements



# WORLD TRADE ORGANISATION (WTO)

- Establishes a number of agreements that govern world trading to prevent unilateral measures designed to impede trade by those countries seeking an unfair advantage
- 3 important agreements are:
  - 1) Agreement on Technical Barriers to Trade (TBT)
  - 2) Trade-Related Aspects of Intellectual Property Rights (TRIPS)
  - 3) Sanitary and Phyto-Sanitary Agreement (SPS)





# WORLD TRADE ORGANISATION (WTO)

- TBT ensures that regulations, standards, testing and certification procedures do not create unnecessary obstacles to trade.
- SPS provides rules on how governments can apply food safety and animal and plant health measures
- TRIPS has provisions relating to geographical indications including appellations of origin for wine and spirits



# WORLD TRADE ORGANISATION (WTO)

- Each time a government intends to introduce a regulation impacting on trade, it must notify WTO to allow other countries to respond to the regulations.
- However, many economies currently lack sufficient resources to respond to all notices effectively.

# Recent notifications

- 18 June 2013      Taiwan      Draft Amendment to The Hygiene Standards for Alcohol Products Container
- 5 June              United States      A final rule amending its regulations regarding the mandatory labeling requirements for wine
- 23 April 2013      Taiwan      Draft Amendment to the Hygiene Standards for Alcohol Products
- 22 April              Vietnam      Draft of National technical regulation on the safety and hygiene glass, porcelain or enamelled implements, containers, and packaging in direct contact with food
- 9 April 2013      European Union      COMMISSION RECOMMENDATION of 9 April 2013 on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations
- 7 April 2013      Singapore      Agri-Food & Veterinary Authority of Singapore (AVA) review of the Food Regulations
- 5 January 2013      Argentina      Resolution No. C. 130/2013 of the National Institute of Vitiviniculture (INV) amends Point I.9 of Annex I to INV Resolution No. C. 1/2003 (G/TBT/N/ARG/93) on the classification of sparkling wines according to sugar content.



# WORLD WINE TRADE GROUP (WWTG)

- Formed in 1998 as an informal plurilateral group with the objective of facilitating trade in wine by eliminating obstacles to trade
- Includes Australia, New Zealand, Canada, South Africa, Chile, Argentina, Georgia and the United States
- Has become a successful forum for industry and regulators to jointly discuss issues concerning global wine trade (e.g. sustainability and health labelling)

# World Trade Organisation

- At the WTO, Governments negotiate rules for international trade.
- Provide leverage for small countries such as Australia against the major trading powers such as the United States and the European Union.
- The WTO rules reduce the number of trade disputes and prevent disputes that do arise from spilling over into broader trade wars providing increased certainty for our exporters

# What is in it for us?

- A strong WTO is essential for Australia's wine sector.
- Not just about the 'rounds'
- The system prevents anarchy and supports the little guy
- Threats of WTO action can be very important

# WORLD WINE TRADE GROUP (WWTG)

- WWTG has successfully negotiated two formal treaties to harmonise wine labelling practices
  - 1) Mutual Acceptance Agreement on Oenological Practices (December 2001
    - signatories accept that wine made in other signatory countries and complying with domestic requirements operating in the export country, should be allowed to be sold in its market, despite differences in oenological practices
    - Importing country reserves the right to take appropriate measures to protect human health & safety, consistent with WTO obligations

# WORLD WINE TRADE GROUP (WWTG)

## 2) Agreement on Requirements for Wine Labelling (January 2007)

- Wine exporters are able to sell wine into WWTG markets without the need to redesign labels for individual markets
- WWTG participants agreed to 4 common mandatory items as compliance with domestic requirements if they are presented (product name, volume, alcohol content and country of origin)





# WORLD WINE TRADE GROUP (WWTG)

- Agreed a Memorandum of Understanding on Certification Requirements for Wine in
- Harmonised standards and conformance facilitate the conduct of international trade leading to more rapid trade flows, reduced costs and greater integration of production networks
- Greater participation in WWTG would provide a significant benefit to the emerging wine industries within potential member economies, particularly in regard to consumer protection by setting internationally acceptable standards of winemaking practices

# Protocol to the Labelling Agreement

- The protocol was signed in March 2013 in Brussels.
- Signature indicates approval or acceptance of the text. The protocol is then subject to formal instruments of ratification, acceptance or approval by the signatory states.
- The Protocol is open for signature until 31 December 2013. Following that time, members can still become a party to the Protocol.



# WORLD WINE TRADE GROUP (WWTG)

- Next meeting in Washington on 7-8 November 2013
- Finalise a memorandum of understanding on certification including a number of sustainability initiatives
- Agrichemicals – WWTG has been pursuing harmonisation of MRLs

# Protocol to the Labelling Agreement

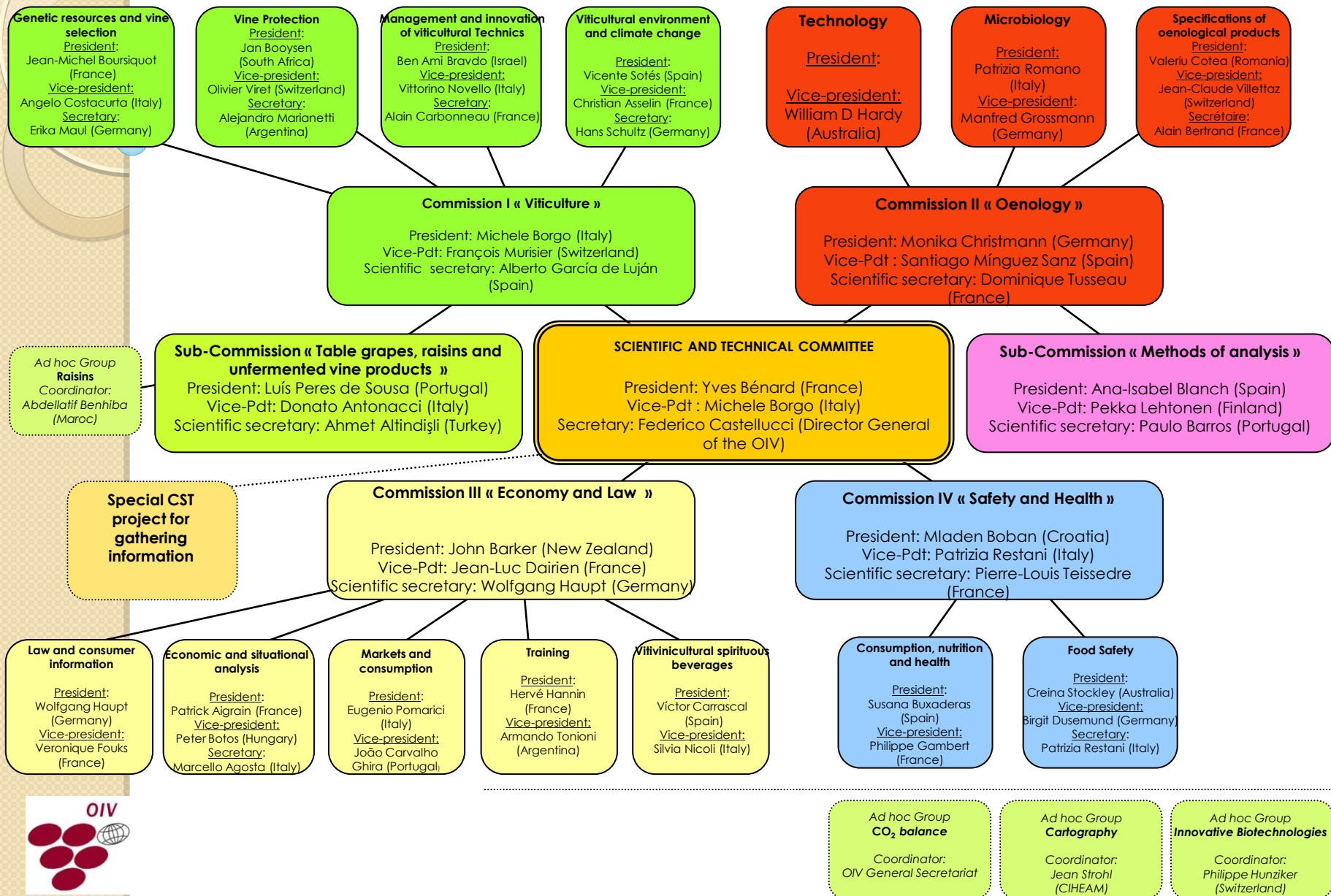
- The agreement substantially reduces labeling requirements in the United States with respect to varietal labeling and blending.
- This will result in significant cost savings once the agreement comes into force.



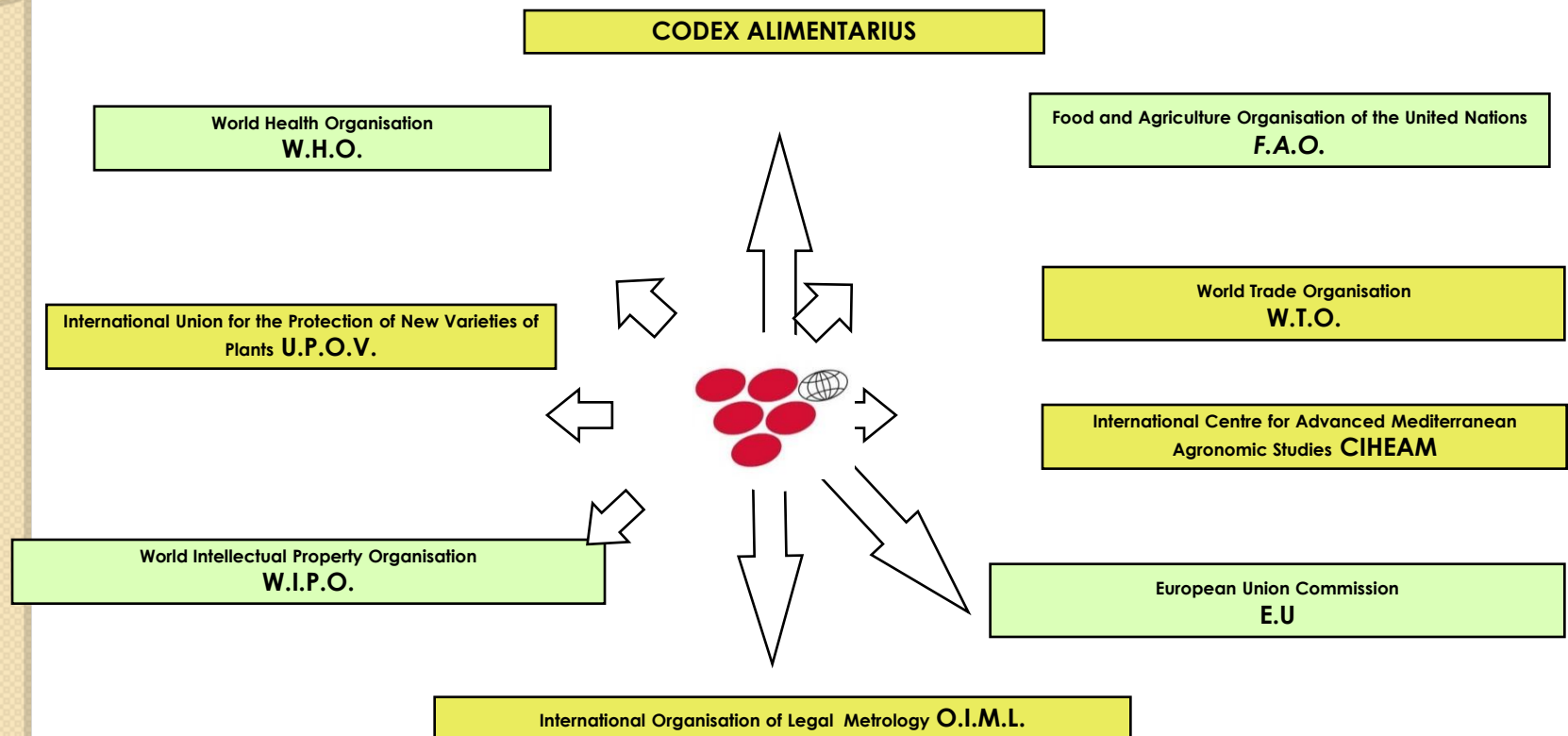
# INTERNATIONAL ORGANISATION OF WINE AND THE VINE (OIV)

- OIV est. April 2001 and is an intergovernmental organisation of a scientific and technical nature and performs work concerning vines, wine, wine-based beverages, table grapes, raisins and other vine based products and replaces the Int'l Vine and Wine Office.
- 44 member countries – account for 85% of world wine production, also includes consumer countries.
- OIV is a good reference point for members when drafting regulations regarding oenological practices. Members are not obliged to adopt standards, but some, such as EU voluntarily do.

# ORGANISATION CHART FOR THE SCIENTIFIC AND TECHNICAL COMMITTEE OF THE INTERNATIONAL ORGANISATION



# Inter-Governmental Organisations Cooperation





# OIV

- International Code of Oenological Practices is not an exhaustive list as some internationally accepted techniques are not permitted due to conflicts between OIV members laws
- OIV adopts recommendations relating to sustainability, labelling and intellectual property, but need regular reviews
- OIV is performing useful work in sustainability in regard to developing a protocol for greenhouse emission calculations through wine production
- OIV is currently coordinating technical submissions to China seeking approval for commonly used additives and processing aids used in wine





# CODEX ALIMENTARIUS COMMISSION

- Founded in 1962 to protect health, improve consumer protection and facilitate fair trade
- Establishes int'l food standards, guidelines and recommendations
- Codex is required to base its standards on sound scientific analysis and evidence
- Codex's health, food safety and commodity standards serve as references under WTO SPS and TBT Agreements and ensures Codex's credibility and suitability for Australian conditions



# CODEX ALIMENTARIUS COMMISSION

- Codex standards are developed through a number of committees: Food Additives, Food Labelling, Methods of Analysis and Sampling, General Principles, Pesticide Residues, Food Import and Export Certification and Inspection Systems
- Critical to monitor Committees (especially Food Additives and Food Labelling) to ensure public health, the rights of customers and barrier-free trade are not interfered with.



# CODEX ALIMENTARIUS COMMISSION

- Codex Committee on Food Additives is actively pursuing incorporation of wine additives in the GSFA.
- Economies should consider adopting Codex Maximum Residue Limits (MRLs) where possible to permit trade in foodstuffs that may contain residue.



# INTERNATIONAL ORGANISATION OF LEGAL METROLOGY

- OIML – an intergovernmental treaty organisation est. in 1995 to promote global harmonisation of legal metrology procedures and comprising of Member States and Corresponding Members.
- While OIML recommendations are not binding, decisions made in OIML will impact on APEC trade.
- International consensus is achieved through technical committees and subcommittees.
- TC6 – Pre Packaged Products is of most relevance to APEC wine sector and is poorly represented by APEC Member economies.



# CONCLUSION

- Many international organisations are influencing the regulatory framework for wine
- Difficult for bodies without direct interest to maintain understanding of issues and developments or to put in regulation that meets WTO objectives.
- Economies need to maintain transparent, effective, enforceable and mutually coherent regulatory systems that are science-based, adhere to international best practices & promote high levels of collaboration.



# CONCLUSION

- View towards greater harmonisation with international standards.
- Specific activities: monitoring trade issues/barriers; negotiating market access improvement and import streamlining; collaborative engagement with international bodies; building relationships and comprehensive understanding of regulatory requirements in key export countries; providing assistance to governments to meet trade policy objectives.

# Conclusion

- International institutions impact dramatically on the Australian wine sector no matter where they sell
- Active involvement in their activities allow us to shape our future and not simply react.