

## The World Wine Trade Group

*The World Wine Trade Group (WWTG) is an informal grouping of the 'new world' wine producing countries—comprising Argentina, Australia, Canada, Chile, New Zealand, South Africa and the United States. It brings together representatives from both industry and government. WWTG exports have risen dramatically over the past 10 years and accounted for 26 per cent of world wine exports in 2006. Australia accounts for 40 per cent of WWTG exports.*

The WWTG is strongly guided by principles that facilitate trade in wine and protect consumers. With these principles in mind the WWTG has negotiated two agreements. The first is the *Agreement on Mutual Acceptance of Oenological Practices* (MAA). Under the MAA, signatory countries accept that wine made in another signatory country and complying with the domestic requirements operating in the exporting country, should be allowed to be sold in the importing country's market, despite differences in winemaking practices. However, the importing country retains the right to take appropriate measures to protect human health and safety, consistent with their WTO rights and obligations.

The MAA benefits winemakers, exporters and importers by assuring them access to markets without the costs of barriers to trade based on differences in winemaking practices.

The second WWTG agreement is the *Agreement on Requirements for Wine Labelling* (Labelling Agreement). It enables wine exporters to sell wine into WWTG markets without having to redesign all of their labels for each individual market. Under the Labelling Agreement, WWTG participants have agreed to a "single field of vision" approach to wine labelling, whereby four key common items of information (product name, content volume, percentage alcohol and country of origin) are deemed to comply with domestic labelling requirements if they are presented together in any single field of vision on the container.

The Labelling Agreement benefits producers and suppliers by reducing the costs of production, application, warehousing and waste of labels. Gains can be made from economies of scale, and savings achieved from label printing costs, and production line costs (because of fewer stoppages). In addition, consumers can easily locate important items of information on the bottle in a single field of vision and more easily compare different wines.

The WWTG has also been working with APEC economies to encourage them to endorse the principles which underpin the MAA and the Labelling Agreement, so that they can provide a point of

reference for APEC economies when they are introducing or amending regulatory arrangements relating to wine. The WWTG has been working with APEC to further this initiative since January 2007.

### WWTG average annual wine export growth rates 1997 to 2006

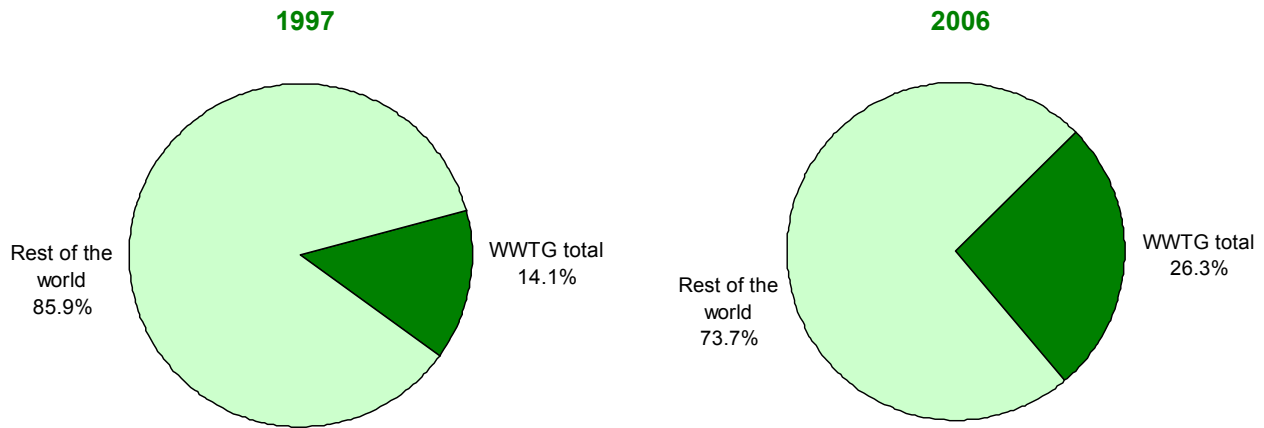
Country	% growth
Argentina	10.9
Australia	18.1
Canada	14.4
Chile	8.6
New Zealand	24.8
South Africa	15.8
United States	6.4
World	5.4

Source: DFAT STARS database; UN Comtrade database.

Australia chaired the WWTG Intersessional Meeting in Tokyo in late October 2007. The group met to advance its trade liberalising and facilitating agenda and to step up efforts to draw more countries – producers, exporters and consumers – into the group.

Australia is working hard to secure a forward work program that may include further harmonisation of labelling for vintage dating, multi-regions, multi-varieties and the mutual acceptance of certification procedures. Some countries require assurances in respect of their wine composition rules in the form of certification or laboratory analysis requirements on imported wines entering their market. Other countries require laboratory analysis to be conducted once the wines have entered the market, sometimes at the expense of the exporter. These requirements can act as unwarranted barriers to trade, particularly when they do not relate to a proven health or safety issue in relation to wine, or when the exporting country already has adequate systems in place to address any such issues.

**Chart 1: WWTG share of world wine exports**



Source: DFAT STARS database; UN Comtrade database.

**The significance of the WWTG in world wine exports**

WWTG wine exports have risen dramatically over the past 10 years and in 2006 were valued at just over \$US5 billion. During this period the value of world wine exports rose by around 5 per cent, on average, each year as compared with growth rates for key WWTG exporters of 18 per cent (Australia), 16 per cent (South Africa) and 25 per cent (New Zealand). Reflecting this substantial growth, the WWTG's share of the world wine trade has risen from 14 per cent in 1997 to 26 per cent in 2006 (see **Chart 1**).

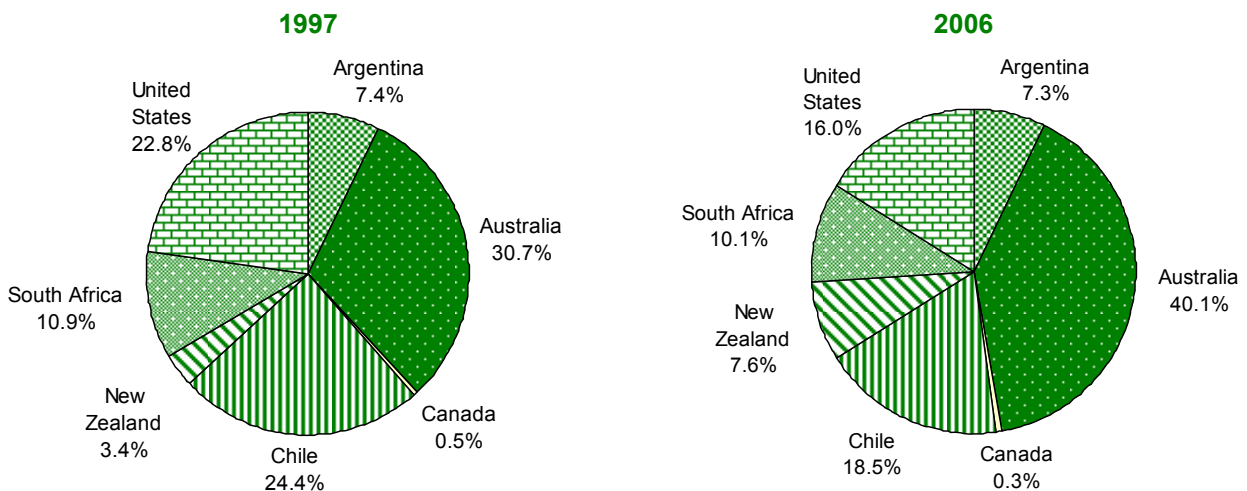
**Australia's wine exports**

Australia is the largest wine exporter within the WWTG with around 40 per cent of WWTG exports in 2006 (see **Chart 2**), which translates to around 11 per cent of world exports.

Australian wine exports have increased more than fourfold over the past 10 years to be valued at \$3.0 billion in 2007 (see **Chart 3**). Following rapid growth in the late 1990s and early 2000s, Australia's wine export growth has been more subdued in recent years reflecting, in part, weather events and increased global wine supplies which have seen world wine prices fall. However, in 2007 for the first time in six years, the average price for Australian wine exports increased, by 5 per cent to \$3.80 per litre but this was still down 26 per cent on its recent peak in 2001.

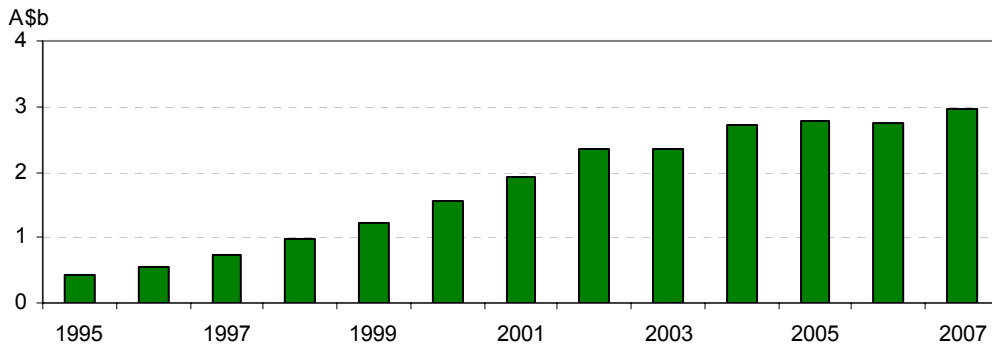
Australia's major export markets are the United Kingdom and the United States (see **Chart 4**). These two markets accounted for 62 per cent of Australia wine exports in 2007. WWTG markets (mainly the United States, New Zealand and Canada) were valued at \$1.2 billion in 2007, accounting for 42 per cent of Australian wine exports.

**Chart 2: Composition of WWTG wine exports**



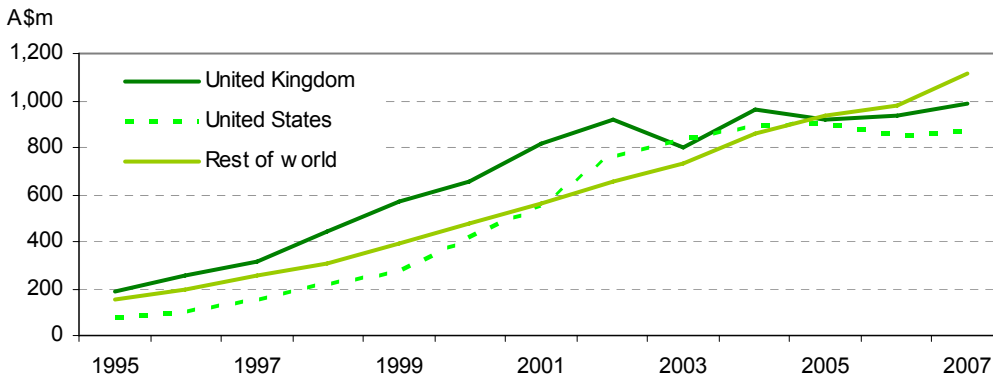
Source: DFAT STARS database; UN Comtrade database.

**Chart 3: Australia's merchandise exports of wine**

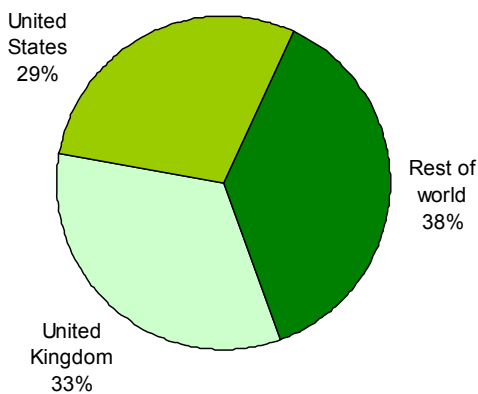


Source: ABS trade data on DFAT STARS database.

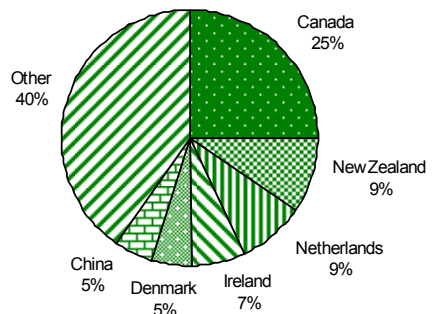
**Chart 4: Australia's top wine export markets**



**Export markets  
\$3.0 billion  
2007**



**Exports to the rest of the world  
\$1.1 billion  
2007**



Source: ABS trade data on DFAT STARS database; UN Comtrade database.