

Post-Brexit Opportunities: Reducing Administrative Burden - EU Wine Import Certificates

Wine is the only category of alcoholic drink that currently requires an import certificate when entering the EU (and UK) from third countries. EU rules also require wine coming into the EU/UK to have been subjected to a costly laboratory analysis. At the end of the transition period the UK should remove these costly, burdensome and unnecessary requirements, the costs of which ultimately falls to UK consumers.

The EU wine certification rules are a non-tariff barrier that favours EU wine producers over third country imports. Having rolled over the EU legislation into UK law, at the end of the transition period the UK will have to treat all wine imported into the UK as if it were a third country wine, and all wine will therefore require import certificates. The impact will be most immediately felt by importers of EU wines (where currently no such requirements exist) but the certificates have long been a source of frustration for non-EU producers.

Not only are the rules burdensome for those exporting wine but the impact will be felt by UK importers, the fine wine trade, UK retailers and ultimately UK consumers who will see prices rise. It will have a particular impact on SMEs as many small EU producers will stop supplying UK importers, many of whom themselves are SMEs. This will result in reduced consumer choice and further pressure on independent wine merchants who, like other high street retailers, are under severe pressure.

Given over 99% of wine consumed in the UK is imported, it makes no sense for the UK to roll over the EU rules at the end of the transition period. And while the rules provide for simplified certification procedures (currently applied to wine imports from Australia, Chile and USA), the simplified certificates are merely a less burdensome, less costly variant of the broader unnecessary rules. So rather than try and minimise the impact by exploring options within the EU-based regulatory framework, the UK should instead be bold. **Scrapping import certificates, or at least suspending the requirement until a modern and fit for purpose regime can be introduced, would not only benefit UK importers and consumers, but would be a demonstrable sign that the UK is prepared to operate differently from the EU at the end of the transition period and diverge from EU rules for the benefit of UK consumers and businesses.**

Detail

EU rules require wine imported into the EU from third countries to be accompanied by an import certificate (known as a VI-1). This is a paper document (except for wine from USA in which case the form is electronic) that has to be completed by the business exporting the wine, signed off by the relevant competent authority in the exporting country and, in most instances, has to include the results of an analysis of the wine from an approved laboratory (including unnecessary technical information such as dry matter and three types of acidity). This is hugely burdensome, costly and is unfit for purpose. It is, in effect a non-tariff barrier to wines entering the EU from non-EU wine producing countries. No other category of alcoholic drink is required to have a specific import certificate when imported into the EU.

The EU rules do however allow for a simplified procedure and, over time, a number of non-EU wine producing countries (Australia, USA and Chile) have negotiated with the EU simplified import certification arrangements which, while not perfect, are a significant improvement on the full certification requirements. As there is no need for import certificates for moving goods within the Internal Market (these movements are currently facilitated through an electronic system: EMCS) **one consequence of leaving the EU is that a full VI-1 form would be required to accompany wine moving between the UK and EU, and vice versa.**

As VI-1s are not currently required, their introduction would cost both UK and EU businesses time and money. The WSTA estimates that the introduction of new forms and laboratory test demands could cost the industry up to £70 million, with each laboratory analysis costing around £330, with the paper form costing around £20 to stamp, and an estimated 500,000 VI-1 forms required. These costs would not only be a burden on EU businesses but the costs would be passed on to UK importers and UK consumers.

In addition to the costs and bureaucratic burden, the new certification requirements are likely to deter small EU producers from shipping small shipments to the UK. Many of the UK's independent wine merchants rely on such shipments as they allow

a differentiation from the offering from the major retailers. Losing access to smaller EU producers would put significant strain on wine merchants, who like the others retailers on the high street, are operating under significant pressure.

The WSTA appreciates that as wine is an imported product, it may seem as though the introduction of VI-1s would be more damaging for the EU and should therefore be used as a negotiating tool. However, since over 99% of wine consumed in the UK is imported, any additional costs of import fall to UK importers and ultimately the UK's 33 million consumers of wine. It makes no sense to roll over rules which disadvantage importers and are unfit for purpose.

An additional challenge exists for the secondary market. Fine and investment grade wine has mostly been produced, bottled and boxed many years ago, and this is part of its USP. The ability to produce an original form is severely limited and obtaining the laboratory analysis required is impossible without opening a bottle of what is usually an expensive wine, devaluing it entirely.

Introducing VI-1 requirements for wine from the EU and maintaining the unnecessary rules on non-EU wine imports into the UK threatens the UK's position as the global hub for wine. Removing the requirement for import certificates for wine would send a strong signal that the UK is prepared to do things differently having left the EU. Businesses trading in wine would remain subject to numerous due diligence checks and balances and most would continue to move wine under control (most movements are undertaken under customs and/or excise suspense) so the risk of fraud is already greatly reduced. **Formal import certificates could simply be replaced with commercial documentation as is the case for the vast majority of goods entering the UK. Longer term we are keen to work with the Government to develop a new, pioneering regime for wine import documentation, from vineyard to the point of retail, to keep the UK as a world leader in the global wine trade.**

WSTA May 2020