

Brexit Opportunities Enhancing the UK's Global Trading Status- joining the World Wine Trade Group

The UK is a hub for the world wine trade: the world's second largest importer of wine (by both volume and value) and wine is the UK's 5th most valuable food and drink export category (2018). Leaving the EU provides the opportunity to enhance the UK's status as a major trading nation and move away from restrictive and distortive EU wine production rules which favour EU producers over those producing wine from outside the EU. With over 88% wine consumed in the UK being imported over half of which comes from outside the EU, divergence from EU rules will benefit UK importers and the UK's 33 million wine consumers.

One quick win for the UK Government would be for the UK join the World Wine Trade Group (WWTG) at the end of the transition period. The WWTG is group of government and industry representatives from non-EU wine-producing countries which aims to facilitate the international trade in wine. **The WWTG promotes mutual acceptance of wine-making practices and common minimum labelling provisions** (rather than imposing a single one-size fits all regulatory approach) and provides a forum to exchange views, resolve issues and address barriers to trade in other markets.

The Benefits of mutual acceptance: a case study – New Zealand Wine

New Zealand wine making rules differ from those in the EU. Currently, wine makers in New Zealand who wish to export to the EU either have to make all their wine to EU specification or make wines to separate specifications for the domestic market and for export to the EU. In many instances the costs of undertaking the latter mean many smaller winemakers choose not to export to the EU. Joining WWTG, and with it the obligation to recognise mutual acceptance of WWTG members' wine making practices, would allow all New Zealand winemakers to produce to one standard and still export to the UK. This would reduce costs for those currently shipping to the UK, encourage others to export to UK and in turn increase choice and decrease costs to UK consumers.

Detail

The World Wine Trade Group (WWTG) is a group of government and industry representatives from non-EU wine-producing countries: Argentina, Australia, Canada, Chile, Georgia, New Zealand, South Africa, United States and Uruguay. The group was founded in 1998 to better represent the interests of the new world wine producing countries many of whom felt at the time, and still do, that the global wine body, the Organisation Internationale de la Vigne et du Vin (OIV) is biased towards old world (EU) wine producers.

Founded in 1998, the World Wine Trader Group aims to facilitate international trade in wine and to protect consumers, benefiting both wine exporting and wine importing countries. The WWTG recognises the unique characteristics of each WWTG member's regulatory system and promotes the mutual acceptance of wine-making practices and labelling rather than imposing a single regulatory approach. This is of course fundamentally different to the EU's approach to regulation where, in general, the choice is binary: either comply with EU rules or be non-compliant and therefore unable to place wine on the EU market.

The WWTG is unique in promoting the concept of mutual acceptance for goods. It is also worth noting that, for many of the countries within the group, wine is an important export so maintaining consumer confidence in the status and quality of wine as a product category is critical. The group has shown that recognising that different climates and growing conditions require different wine making practices - one size does not fit all - need not affect the status and reputation of wine made to different rules. Quite the opposite, on the UK market new world wines continue to take market share from wine produced within the EU.

While a member of the EU and during the transition period the UK cannot formally join the WWTG nor sit as an observer on the group consisting of representatives from national administrations. But the WSTA can sit as an observer on the industry group and has attended all WWTG meetings since the referendum and discussed

Brexit at each. Once the transition period the UK can join the WWTG providing it is prepared to embrace the concept of mutual acceptance.

The WWTG works on a rotating Presidency basis with the Presidency changing between WWTG members. New Zealand takes over the Presidency in May from Chile.

Since the referendum the WSTA has been calling on the Government to commit to joining the WWTG once having left the EU. The WWTG countries too are keen for the UK to join as the group looks to expand membership to include major global importers as well as producers.

WSTA May 2020