EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate A. International affairs I, in particular multilateral negotiations
A.2. Industrialised countries, OECD

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Dear Mr. Grant

I refer to the concerns your authorities have raised regarding possible inconsistencies between provisions in new Community wine legislation and the new EC/Australia Agreement on Trade in Wine (hereafter 'the new Agreement').

My services have examined your concerns with great care. As announced in my letter of 6 August 2009, a number of meetings have been organized with a view to clarify the situation. I understand that important progress has been made as a result of these discussions.

In this context, I can confirm my letter of 18 December 2007 that Australian wines with an alcohol content lower than 8.5% but greater than 4.5% can be sold in the Community labelled as "wine" if produced in Australia in accordance with conditions specified both in the relevant Australian and Community legislation.

As regards Australian wines artificially de-alcoholised by means of the use of an oenological practice authorized under the new Agreement, such as the "spinning cone technology", imports of such products into the Community and their marketing as "wine" will be authorised under the new Agreement for as long as they have a minimum alcohol content of 8.5%. De-alcoholised products with an alcohol content below 8,5% could not be sold in the Community labelled as "wine". Such products would have to be marketed under a different denomination, in line with the relevant labelling rules of the Community.

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Australia has requested to be added to Annex XV of Commission Regulation (EC) N° 607/2009 as a country that may use certain variety names or their synonyms presented by the Australian government in discussions and then listed in a table contained in a letter of 25 September 2009. In this respect, I can confirm that these names have been identified as falling within the scope of List B of the above mentioned Annex. Consequently, the Commission has presented draft legislation to the Wine Management Committee to approve addition of these names to Annex XV of the above-mentioned Regulation for Australia.

As far as the additional request by Australia for the denomination "Montepulciano" is concerned, it has to be pointed out that – contrary to the variety names referred to above – this name has so far been reserved for use on certain wines originating in Italy. This shall also be the situation for the future. As to the additional request relating to "Verdejo", the draft legislation referred to above foresees the removal of this variety from Annex XV part B, which would mean that this variety can be freely used on the EC market.

Concerning the question of the restricted use of certain optional particulars on Australian wine labels not bearing a GI foreseen by Article 20 (3) of the new Agreement, it is my understanding that the more favourable horizontal Community rules would apply in this case. In other words, the new Agreement should not create an obstacle to the marketing of Australian wines labelled in conformity with Community rules applying to all third country wines.

I can furthermore agree to use the opportunity of the first EC/Australia Wine Joint Committee to be held under the new Agreement to correct an error in the Protocol of that Agreement. The relevant sentence should read as follows: "*The EC shall authorise the import and marketing on its territory of wines originating in Australia that have an actual* [instead of "total") *alcohol strength expressed as a percentage by volume to a tenth of a unit*".

I hope that these clarifications will allow Australia to resume the ratification process so that the new Agreement can enter into force as soon as possible.

Jean-Luc DEMARTY
Director General