AUSTRALIA.

Information Supplied in Respect of
WINE

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WINE

A. PRODUCTION: PRODUCTION MEASURES AND POLICIES

A.1. Statistical data on the volume of production ('000 hectolitres)

<table>
<thead>
<tr>
<th></th>
<th>1965</th>
<th>1966</th>
<th>1967</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table wines</td>
<td>396</td>
<td>400</td>
<td>514</td>
</tr>
<tr>
<td>Dessert wines</td>
<td>509</td>
<td>427</td>
<td>518</td>
</tr>
<tr>
<td>Total beverage wines</td>
<td>905</td>
<td>827</td>
<td>1,032</td>
</tr>
<tr>
<td>Standard brandy</td>
<td>59</td>
<td>59</td>
<td>32</td>
</tr>
</tbody>
</table>

A.2. Trends in production and estimates for 1970

Over the past ten years there has been an upward trend in production, notably in respect of table wines consumption of which is increasing. No projections have been made in respect of production up to 1970. However, there have recently been some plantings of vines for the production of table wines to meet the increasing domestic demand.

A.3. Statistical data on carry-over stocks and stockpiles

WINE STOCKS IN HAND

(Year ended 30 June; '000 hectolitres)

<table>
<thead>
<tr>
<th></th>
<th>1965</th>
<th>1966</th>
<th>1967</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wine</td>
<td>1,096</td>
<td>1,050</td>
<td>1,109</td>
</tr>
<tr>
<td>Grape brandy</td>
<td>227</td>
<td>232</td>
<td>227</td>
</tr>
<tr>
<td>Fortifying spirit</td>
<td>91</td>
<td>86</td>
<td>68</td>
</tr>
</tbody>
</table>

There are no Government stocks.

A.4. Factors which affect production

Although the largest proportion of wine grapes is produced under irrigation, there are significant quantities produced under rain-grown or partial irrigation conditions. Weather conditions may therefore play an important role in the determination of each year's vintage. Several varieties of grapes are suitable for wine-making or drying and the extent of diversion depends upon the level of stocks of wine and dried vine fruits and current market prospects for each commodity. Because longer-term market prospects for both wine and dried vine fruits are largely limited to the domestic market and certain established export markets, caution has been exercised on new plantings of grapes.
The industry benefits from production research and extension work undertaken as part of the regular programmes of the State Departments of Agriculture and the Commonwealth Scientific and Industrial Research Organization (CSIRO).

A.5. Policies and measures of the Government likely to influence production

Basically the wine trade is in the hands of private vintners, but exports are controlled by the Australian Wine Board, a statutory body operating under Commonwealth legislation. There are no Government measures designed to influence production.
B. PROTECTION AND SUPPORT MEASURES AND POLICIES

B.I. Internal support measures and policies

B.I.1. Inventory of the instruments of support and production control measures

There is no system of Government support for the industry. As mentioned in A.5 above, the restraint on new grape plantings has been implemented largely by the industry itself.

B.I.2. Level of guaranteed/support prices

Not applicable.

B.I.3. Amount of producer subsidies

No such subsidies are paid.

B.I.4. Average returns to producers

No data available.

B.I.5. Method of determining producer returns

Not applicable.

B.II. Measures at the frontier

There are no quantitative restrictions, minimum import prices, calendars or conditional regulations.

A long-standing sales tax of 12 1/2 per cent ad valorem is chargeable on imported wine.
C. CONSUMPTION AND INTERNAL PRICES

C.1. Statistical data on consumption

Sales for home consumption (year ended 30 June)

<table>
<thead>
<tr>
<th></th>
<th>1964</th>
<th>1965</th>
<th>1966</th>
<th>1967</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dessert wines '000 hectolitres</td>
<td>400</td>
<td>405</td>
<td>432</td>
<td>457</td>
</tr>
<tr>
<td>Table wines '000 hectolitres</td>
<td>205</td>
<td>223</td>
<td>264</td>
<td>337</td>
</tr>
<tr>
<td>Brandy '000 hectolitres</td>
<td>45</td>
<td>45</td>
<td>45</td>
<td>47</td>
</tr>
</tbody>
</table>

C.2. Trends in consumption and estimates for 1970

For a number of years, consumption of dessert wines (including sherry and flavoured wines) was remarkably stable averaging about 386,000 hectolitres a year, but a sharp rise occurred in 1966, due partly, it is thought, to the effects of industry promotion. Consumption of table wines has on the other hand, shown a firm and uninterrupted upward trend, increasing 82,000 hectolitres in 1955/56 to 264,000 hectolitres in 1965/66. However, consumption per head of wine in Australia is still low at 6.1 litres.

C.3. Retail and wholesale prices on major internal markets

No official figures are available.

C.4. Factors which condition the evaluation of internal consumption

Until recent years, the consumption of wine tended to be reserved for special occasions and the practice of regularly taking wine with meals was largely confined to relatively small sections of the community. The promotional activities of the industry together with the increasing proportion of people from Continental Europe in the population have contributed to the upward trend in consumption noted in 1.2 above.

C.5. Policies and measures affecting consumption

There are no direct Government measures to increase consumption. The differential on the excise duty between whisky (§14.34) and brandy (§9.52) may have served, in part at least, to encourage consumption of brandy.
D. INTERNATIONAL TRADE AND PRICES

D.1. Statistical data on the volume and value of imports and exports

Explanatory note:

Imports

Items shown are those where import values exceeded £A20,000 in either of the two years. Due to the introduction in 1965/66 of a new Import Commodity Classification, details are not available on a comparable basis prior to that year.

Exports

Countries shown are those where export values exceeded £A40,000 for the year indicated. (A dash means the value for the year was £A40,000 or less.)

D.2. Levels of export prices prevailing to various markets for different varieties

Wine export prices vary as between varieties of wine and are governed by the availability and price of supplies from other sources.

The United Kingdom is by far Australia's major market for wines taking over 60 per cent of exports in 1966-67 and more than 90 per cent of Australia's total trade in the United Kingdom is in sweet fortified wines, most of which is exported in bulk. In 1966-67 the average f.o.b. value of bulk fortified wines exported to the United Kingdom was 30 cents per litre.

Canada is Australia's second most important market for wine taking over 20 per cent of exports. In 1966-67, the average f.o.b. value of still wines exported to Canada was 48 cents per litre.

Import prices

No price data is available.

Direction and evolution and seasonal variations

As already mentioned, the United Kingdom and Canada together take over 80 per cent of Australia's wine exports. New Zealand and Papua/New Guinea are the next most important markets. Total exports to all markets have declined in each of the years from 1964-65 to 1966-67.
### AUSTRALIA: IMPORTS OF AGRICULTURAL PRODUCTS 1965/66 AND 1966/67

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Quantity</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Country</strong></td>
<td>Hectolitres</td>
<td>US$'000</td>
</tr>
<tr>
<td><strong>WINE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grape must</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany, F.R.</td>
<td>136</td>
<td>-</td>
</tr>
<tr>
<td>Italy</td>
<td>182</td>
<td>-</td>
</tr>
<tr>
<td>Other countries</td>
<td>182</td>
<td>136</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>500</td>
<td>136</td>
</tr>
<tr>
<td><strong>Champagne</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>455</td>
<td>55</td>
</tr>
<tr>
<td>Germany, F.R.</td>
<td>-</td>
<td>91</td>
</tr>
<tr>
<td>Italy</td>
<td>955</td>
<td>1,364</td>
</tr>
<tr>
<td>Spain</td>
<td>136</td>
<td>136</td>
</tr>
<tr>
<td>Other countries</td>
<td>91</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,637</td>
<td>2,136</td>
</tr>
<tr>
<td><strong>Other sparkling wine</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>-</td>
<td>136</td>
</tr>
<tr>
<td>Other countries</td>
<td>227</td>
<td>182</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>227</td>
<td>318</td>
</tr>
<tr>
<td><strong>Still wine</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>591</td>
<td>682</td>
</tr>
<tr>
<td>Germany, F.R.</td>
<td>364</td>
<td>682</td>
</tr>
<tr>
<td>Italy</td>
<td>1,409</td>
<td>1,864</td>
</tr>
<tr>
<td>Portugal</td>
<td>364</td>
<td>727</td>
</tr>
<tr>
<td>Spain</td>
<td>227</td>
<td>435</td>
</tr>
<tr>
<td>Other countries</td>
<td>455</td>
<td>318</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,410</td>
<td>4,728</td>
</tr>
<tr>
<td><strong>Vermouths and other</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>flavoured wines</td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>273</td>
<td>409</td>
</tr>
<tr>
<td>Italy</td>
<td>546</td>
<td>818</td>
</tr>
<tr>
<td>Other countries</td>
<td>91</td>
<td>91</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>909</td>
<td>1,318</td>
</tr>
</tbody>
</table>
### AUSTRALIA: EXPORTS OF AGRICULTURAL PRODUCTS
#### 1964/65 to 1966/67

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Quantity</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Hectolitres</td>
<td>US$ '000</td>
</tr>
<tr>
<td>8. WINE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>13,593</td>
<td>17,457</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>1,091</td>
<td>1,137</td>
</tr>
<tr>
<td>Japan</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Kenya</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>New Zealand</td>
<td>3,591</td>
<td>3,682</td>
</tr>
<tr>
<td>Papua/New Guinea</td>
<td>1,182</td>
<td>1,955</td>
</tr>
<tr>
<td>Malaysia/Singapore</td>
<td>1,682</td>
<td>864</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>909</td>
<td>-</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>64,190</td>
<td>56,871</td>
</tr>
<tr>
<td>Other countries</td>
<td>4,591</td>
<td>7,546</td>
</tr>
<tr>
<td>Total</td>
<td>90,829</td>
<td>89,511</td>
</tr>
</tbody>
</table>
Wine exports are subject to seasonal variation in that vintage in Australia commences late in February and wine-makers need to know by then the quantity of wine required by their traditional customers in the United Kingdom market which takes a particular type of sweet fortified wine.

**Interdependence of markets in price formation and trade flow**

There is no interdependence of markets in either price formation or trade flow. Any decline in exports to a particular market would not be absorbed in any other export market. In the case of the major United Kingdom market any decline in exports of the particular sweet fortified wines especially made for that market could not be absorbed on the domestic market or in other markets.

D.3. **Export aid measures and policies**

(a) No subsidies or other aids apply.

(b) Stock management policies are a matter for individual exporters. Wine can only be exported by firms holding an export licence issued by the Australian Wine Board.

(c) There are no non-commercial transactions involving Australian wine. Export credit is limited to normal commercial practice.

D.4. **Bilateral agreements affecting imports/exports**

**Australia-Canada Trade Agreement**

The first trade Agreement between Canada and Australia was signed in 1925 and has been re-negotiated on several occasions since, the last being in 1960.

**Undertakings by Australia**

Australia undertakes to give British preferential tariff treatment to Canadian goods on the goods under study with the exception of wheat and wheaten flour.

**Undertakings by Canada**

Canada has bound the rate of customs duty on a number of products to Australia.

In addition Canada undertook to accord specified margins of tariff preference on wine.
Some reduction in preference margins will result from the Kennedy Round.

**Australian agreements with East European countries**

The following trade agreements have been signed:
- USSR, Poland, Bulgaria, Romania, and Hungary.

These agreements provide only for reciprocal most-favoured-nation tariff treatment and contain no commodity or quota commitments.

**Australia's trade agreement with the United Kingdom**

The United Kingdom/Australia Trade Agreement was signed in February 1957.

The Agreement which replaced the 1932 Ottawa Agreement provides for preferences on both United Kingdom and Australian goods.

**Undertakings by Australia**

Under the Agreement, Australia grants to the United Kingdom preferences on wines.

**Undertakings by the United Kingdom**

Margins of preference granted under the Agreement by the United Kingdom to Australia are set out in the Schedule A below.

**SCHEDULE A**

(a) The margins of preference referred to in Article 3 are in the case of wines the amounts shown in column 2 of this Schedule. The margins of preference on other goods are the amounts shown in that column except as provided in (b) below.

(b) In the case of goods containing ingredients liable to revenue duties the margin of preference is the amount shown in column 2 less any such revenue duties at the rates from time to time in force - except that in cases marked * the amounts shown in column 2 shall not be reduced by the duty on the sugar ingredient.
<table>
<thead>
<tr>
<th>Class or description of goods (1)</th>
<th>Margin of preference (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Light wine (wine not exceeding 27 degrees proof spirit)</td>
<td>2 shillings per gallon</td>
</tr>
<tr>
<td>Heavy wine (wine exceeding 27 degrees and not exceeding 42 degrees proof spirit)</td>
<td>The existing margin of 10 shillings per gallon shall not be reduced without the consent of the Australian Government except, if the United Kingdom Government so desire, in the event of a reduction in the United Kingdom duties on wine of this strength or in so far as it may be necessary to make marginal changes in the duties; and the margin of preference shall not in any event be reduced below 4 shillings per gallon without the consent of the Australian Government.</td>
</tr>
</tbody>
</table>