

## Australia - Canadian Agreement outcomes to benefit Australian wine exports.

The Australian and Canadian Governments have reached an Agreement to remove a number of discriminatory measures impeding Australian wine sales in Canada and the provinces of Nova Scotia and Ontario.

This Agreement is the culmination of intense negotiations resulting directly from Australia's World Trade Organization (WTO) action against Canada. The agreement will see Canada remove several discriminatory measures at the provincial and Federal level. It is another important step in removing a range of trade barriers in the Canadian market and highlights the value of the worth of the WTO for Australian producers and exporters.

While the final text of this Agreement is yet to be released publicly, below is a summary of the agreed outcomes as they are currently understood:

### Federal Measures

The Government of Canada will repeal the excise duty exemption for wine made from 100% Canadian agricultural or plant products set out in Section 135(2) of the Excise Act, 2001 no later than two years from the date the Agreement takes effect. Canada will provide Australia with an update on this implementation at six-month intervals, beginning from the date on which the agreement takes effect.

### Ontario

1. No additional restricted beer and wine authorizations and any existing restricted beer and wine authorizations will be converted to unrestricted beer and wine authorizations by 31 August 2020.
2. Elimination of tax difference between Ontario wine and non-Ontario wine, phased out within 3 years of the agreement taking effect.
3. Definition of "small winery" The Government of Ontario will seek the necessary approvals to make the following amendments to Ontario Regulation 232/16. For greater clarity, all other provisions governing the sale of wine in grocery stores will remain unchanged.
  - a. In Year 1, amend the definition of "small winery" in order to amend the annual worldwide sales threshold from 200,000 litres to 375,000 litres.
  - b. In Year 2, reduce the amount of dedicated shelf space from 50% to 45%.
  - c. In Year 3, reduce the amount of dedicated shelf space to 40%.

## **Nova Scotia**

1. The Nova Scotia Liquor Corporation (NSLC) will rescind the Emerging Wine Regions Policy (EWRP) within the agreed implementation period.
2. The implementation period will be four years with a phasing arrangement where implementation will be no later than by the end of four years, starting no later than between years two and three.
3. Nova Scotia will provide six-month reporting on developments.
4. Nova Scotia will publicly announce, at an appropriate time and in coordination with Australia, that the EWRP will be terminated and withdrawn

## **Quebec**

Negotiations on Quebec measures remain under negotiation however if no agreement is reached before the release of the WTO panel final report, its recommendations will determine the outcome of the measures outlined.

## **British Colombia**

In a separate agreement finalised in April 2019, which was also related to the same Australia Canada WTO dispute on wine, Australia and Canada agreed to the removal of conditions in British Colombia wine retail, which have restricted access to retail shelf space for imported Australian wines. The Liquor Control and Licensing Regulation, B.C. Reg. 241/2016 was amended by British Colombia on 8 July 2019 to enable this outcome.