



Market Access – March 2017

Brexit Update

This week, British Prime Minister triggered Article 50 of the Treaty of Lisbon, beginning the formal exit process of the United Kingdom (UK) withdrawing from the European Union (EU). The trigger begins the countdown for which the UK will have two years to finalise their exit from the EU. During this time, the UK will seek to unravel itself from the EU and re-establish its trade and regulatory environment independent of the EU.

As outlined in our previous overview "[Impact of Brexit on the Australian Wine Industry](#)" there are a number of ways this could occur.

Brexit presents a number of challenges for the UK and its trading partners with the uncertainty around what the future trade environment will hold. This in-turn creates doubt in the market as business weigh up the risks of significant change. The Australian wine industry has already seen some wine businesses seeking to avoid this uncertainty by focusing their attention on other markets.

Despite the uncertainty, UK remains one of Australian winemakers most important export market. It is the largest market by volume & third largest in value (\$355 million in 2016). Australia is also the second largest source of wine by volume in the UK behind Italy.

Whilst there is some fear of the unknown, the current approach and outlook for Brexit also

presents opportunity to improve our current trade conditions governed under the EU. WFA have been working in the background in preparation for Brexit to ensure that Australian winemakers interests in the UK are a high priority in Brexit considerations.

WFA is working with the Federal Government, where the Department of Foreign Affairs and Trade (DFAT) are coordinating a whole of government approach to Brexit. Under the current legal arrangements, governments are unable to formally negotiate with the UK on elements such as Free Trade Agreements (FTA) until they have fully completed their exit (which could be two years away). Despite this, Australia is in a good position and is prepared. The Australian Government was the first to establish an Australia/UK working group which will seek to explore other areas for work that can be done outside of an FTA, and also look at areas that will need to be addressed prior to the UK exiting the EU.

Once the UK has finalised its withdrawal, Australia also holds a very strong position for negotiation of a potential Australia/UK FTA. Australian Wine should be considered a high priority and may appear as low hanging fruit given potential to use the existing *Australia – European Community Agreement on Trade in Wine EU* as a starting point.

Concurrently WFA and Wine Australia are liaising with the UK Wine and Spirit Trade Association



(WSTA), our industry counterpart in UK. This well-established relationship means that WFA can work collaboratively with WSTA who can in-turn lobby the UK government for the interests of wine trade.

In January 2017 WFA also outlined to government the key priorities of the wine industry through a [submission](#) on Australia's trade and investment relationship with the United Kingdom to the Joint Standing Committee on Foreign Affairs and Trade.

There are, of course, no guarantees, however the prospects of creating a trade environment with the UK that improve on the current conditions within the EU are possible, and this will be a key activity that WFA will undertake over the course of Brexit negotiations. WFA will continue to work with its industry colleagues and Federal Government to ensure the best possible outcomes for Australian wine.

For more information on Brexit and the potential impact on Australian Wine exports, please contact Damien Griffante – Manager Policy & Market Access (damien@wfa.org.au 0423 094 943).