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ChAFTA green light: Two cuts in two weeks

The China-Australia Free Trade Agreement (ChAFTA) soon enters into force and will deliver Australian exporters two rounds of tariff cuts in as many weeks.

Winemakers' Federation of Australia Chief Executive Paul Evans said the current import tariff of 14% for bottled wine and 20% for bulk wine would be phased down to zero over four years.

"The first tariff cut comes in on December 20 and the second on January 1, so we are on track to receive the two scheduled cuts on time which is very welcome," he said.

"Thank you to all Parliamentarians and the Federal Government for supporting Australian industry and getting the deal done.

"We had earlier warned that any delays to implementation could have cost the Australian wine sector over \$50 million if the two critical draw-down dates were missed. That wasn't the case.

"ChAFTA entering into force this side of Christmas is a significant outcome. It will put us on a pathway to achieve an even footing when it comes to competing for market share against other wine producing nations.

"Take Chile which went tariff free this year and New Zealand which has had no tariff applied since 2012. These cases show the competitive disadvantage that Australian producers have worked against in the past.

"China is already our third largest export market for wine valued at around \$313 million per annum in the 12 months to October this year – behind the UK and US – so significant growth opportunities are ahead of us as we remove trade barriers and close the gap on our competitors.

"China has doubled its consumption of wine twice in the past five years alone and it is expected to overtake the US as the world's largest consumer of wine in 2016. So being able to compete on the same terms as others is a significant opportunity given we have an outstanding product highly desired by global consumers.

"The potential of ChAFTA, coupled with an upturn in consumer demand and more favourable exchange rates also reinforces the importance of the Federation's submissions to Government to make additional funding available to help promote Australian wine overseas now, so we can seize the full potential of better trading conditions."

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