



Australian Government
Australian Grape and Wine Authority

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Honourable Christy Clark
Premier
Government of British Columbia
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Australian Grape and Wine Authority
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Industry House - National Wine Centre
Cnr Hackney & Botanic Roads
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PO Box 2733, Kent Town SA 5071, Australia

Dear Premier Clark

Australia had the great pleasure of being the theme country for the recently concluded Vancouver International Wine Festival (VIWF). We were warmly welcomed by the city of Vancouver and believe the festival was an outstanding success.

During our visit we held a meeting with over 50 local agents representing Australian producers to discuss the proposal to allow BC grocery stores to exclusively sell BC VQA wines. All of the agents expressed strong concerns about this proposal. We also wish to register our concerns with this proposal for the reasons set out below and in doing so support the comments made by the Californian Wine Institute on 21 January 2015.

In 2014 BC VQA wines recorded gross sales of \$217m representing a 20.9% share of the total wine market with strong growth of 12% for the year resulting in \$24.2m of additional sales. In contrast, Australian wine sales declined by 6% or \$4.72m in 2014 to \$82.2m. Australian wine sales represent 7.9% of the total wine market. It is clear that BC consumers enjoy local BC wines and the BC industry is the market leader. This is no doubt partly due to the fact that BC wineries already enjoy significant preferential treatment as:

- BC wine that is "direct delivered" does not go through the BCLDB system and no LDB fees or mark-ups are applied;
- BC wineries are permitted to 'direct deliver' wine to customers straight from the winery;
- "Cellared in Canada" wines (which are imported wines bottled in Canada) can be delivered using the BC wine distribution system even though they are not BC wines;
- VQA Support Program or QEP (Quality Enhancement Program) provides rebates for BC wines that are sold through government BC liquor stores.

In addition, BC wineries enjoy flexibility regarding terms of sale, delivery options and discounts which are not open to imported wine.

In light of this, we query why the BC wine industry requires further preferential support as it clearly already competes very strongly in the BC market.

The proposal to allow BC VQA wines to be sold in the BC grocery stores will only serve to further cement the market leading position enjoyed by the BC wine industry and therefore should either be withdrawn or modified to ensure a level playing field is afforded to domestic and imported wines alike in accordance with Canada's obligations under World Trade Organisation (WTO) rules.

During my visit last week, I took the opportunity to taste many BC wines and I continue to be impressed with the high quality and style evolution of these wines. Our view is that the best way for BC wines to continue to thrive is for them to compete fairly with all the wines of the world, leading to future export opportunities.

Canada in general and British Columbia in particular, are important markets for Australian wine, underscored by our involvement in the VIWF and we work closely with the Canadian Government and industry in a number of fora including the World Wine Trade Group and the Asia-Pacific Economic Cooperation Wine Regulatory Forum with a shared goal of removing trade barriers and facilitating global trade in wine.

With this in mind, we respectfully urge the BC government to reconsider this proposal to ensure BC and imported wines receive equal treatment, in line with WTO obligations.

We would welcome the opportunity to discuss this further with you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Brian Walsh', with a long horizontal flourish extending to the right.

Brian Walsh
Chair

cc:

Hon. Suzanne Anton MLA
Minister of Justice

Hon. Rich Coleman
MLA, Deputy Premier and Minister of Energy

John Yap MLA
Parliamentary Secretary to the Minister of Justice

Hon. Ed Fast
Minister of International Trade
Government of Canada