

MEDIA RELEASE

Thursday, 8 March 2007

Industry welcomes anti dumping duties on French brandy

The Winemakers' Federation of Australia, which represents producers of Australian wines and brandies, has welcomed the decision to apply countervailing duties to imported French brandy under government anti-dumping laws.

WFA chief executive Stephen Strachan said the decision announced by the Minister for Justice and Customs today would help to provide a fairer domestic marketplace for Australian producers of brandy who were suffering as a result of subsidised imports from France.

"The Australian wine and brandy industry has long been committed to a fair playing field in international trade, free of market distorting subsidies and tariffs," Mr Strachan said. "Unfortunately not all our competitors share that commitment, which means that anti-dumping duties such as those announced today become necessary."

A detailed review undertaken by the Australian Customs Service found that brandy produced in France and exported to Australia is subsidised and, as a result, the Australian brandy industry has suffered from losses in market share, sales volumes, revenues and profits.

Having determined that imported French brandy distilled wholly from grape wine (excluding cognac and armagnac) was likely to continue to be subsidised, the review recommended that the Minister approve a countervailing duty to the value of the subsidy, which was determined to be €2.028 per litre of absolute alcohol.

Chairman of the WFA Brandy Producers Working Group, John Angove of Angove's Wines, said this measure would help to provide fair competition in the market place.

"Australia has a proud history of producing high quality brandy that is enjoyed by many loyal consumers. However, our French competitors have long benefited from substantial and ongoing government subsidies that allow them to undercut prices and steal market share," Mr Angove said.

"Local brandy producers were disappointed when duties against subsidised imports were lifted over the last two years and are pleased the Minister has now recognised the damage being caused to our local industry and acted to reintroduce duties."

Mr Strachan urged the French government and producers to abandon their agricultural subsidies and join the Australian wine and brandy industry in promoting free trade across all markets.

"In an ideal world we wouldn't have to have things like countervailing duties. Our industry would prefer to see the movement of goods like brandy free of subsidies or tariffs and we would encourage our competitors to adopt a likeminded approach," Mr Strachan said.

WFA estimates based on ABS data show that during 2006 approximately 2.59m litres of brandy were sold in Australia, of which 1.35m litres were locally produced and 1.24m litres were imported.

Extracts from the findings of the Australian Customs Service report are attached.

Further Information:

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Industry welcomes anti dumping duties on French brandy – Attachment

Extracts from Australian Customs Service *Trade Measures Report No.117* into certain brandy exported from France:

“Customs has found that:

- there is an Australian industry producing like goods to the goods exported from France;
- brandy produced in France and exported to Australia is subsidised and the subsidy is countervailable;
- the industry producing like goods has experienced injury in the form of:
 - price suppression on brandy in bottles;
 - loss of market share;
 - loss of sales volume and capacity utilisation;
 - loss of revenue;
 - loss of profit; and
 - reduction in profitability.
- there is a causal link between the subsidised imports and injury to the Australian industry and the injury caused by the subsidised imports is material; and
- exports in the future from France are likely to be subsidised and material injury to the Australian industry is likely to continue.”

Extracts from Australian Customs Dumping Notice No. 2007/12:

“The Minister for Justice and Customs (the Minister) has accepted Customs’ recommendations in relation to the alleged subsidisation of brandy distilled wholly from grape wine (excluding cognac and armagnac) in bottles or other containers and in bulk exported from France to Australia (the goods).

The amount of subsidy established is set out below:

Country of Export	Exporter	Subsidy amount
France	All exporters	€2.028 per litre of absolute alcohol

Customs recommended that countervailing action be taken against the goods exported from France. The Minister has accepted Customs’ recommendations in relation to the alleged subsidisation of the goods exported to Australia from France.”

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