Dear Sir, Madam,

As a way of introduction, Comité Européen des Entreprises Vins (CEEV-www.ceev.eu) représentés the wine companies in the industry and trade in the European Union. Its members produce and market the vast majority of quality European wines, with and without a geographical indication, and account for over 90% or European exports. In 2014 wine exports to Australia accounted €170 million while, in the same year, Australia wine exports to the EU reached the amount of €427 million resulting in a quite unbalanced trade relation.

CEEV appreciates the opportunity to provide comments on the draft legislation that would amend the A New Tax System (Wine Equalisation Tax) Act 1999 to give effect to the reforms to the wine equalisation tax (WET) rebate announced on 2 December 2016. Without entering in the proposed changes and its legitimate objectives, we would like to question the producer rebate scheme, which directly gives Australian winemakers important profits over EU wine suppliers. According to the discussion paper, since 2006, the rebate effectively exempts approximately $1.7 million of each producer’s domestic wholesale wine sales.

We believe that this practice giving preferential treament to Australian winemakers is inconsistent with Australia’s commitments as a member of the WTO, specifically obligations under the Agreement on Subsidy & Countervailing Measures (SCM Agreement).

Australia is an important trading partner with the EU, including the wine industry, and we value this relationship. Our governments and wine industries work closely together with the goals of facilitating international wine trade. Proposals that perpetuate a preferential benefit to domestic producers over EU suppliers run counter to these important international cooperation efforts.

In conclusion, CEEV urges Australian authorities to eliminate these preferential benefits to Australian winemakers over EU ones. We believe that ongoing EU-Australia trade talks provides for a timely opportunity to discuss this issue bilaterally.

We thank you in advance for taking our views into consideration.

Respectfully submitted,

**Dr Ignacio Sánchez Recarte**Secretary General

**CEEV - Comité Européen des Entreprises Vins
Comité Vins - Vins,  Vins Aromatisés, Vins  Mousseux, Vins de Liqueur et Autres Produits de la Vigne**