



Australian Government

Department of Agriculture, Fisheries and Forestry

Food Standards Australia and New Zealand

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**SUBMISSION TO THE
INITIAL ASSESSMENT REPORT:
LABELLING OF ALCOHOLIC BEVERAGES WITH A
PREGNANCY HEALTH ADVISORY LABEL (A576)**

This submission by the Department of Agriculture, Fisheries and Forestry (DAFF) is in response to the FSANZ Initial Assessment Report (IAR) on Labelling of Alcoholic Beverages with a Pregnancy Health Advisory Label (Application A576).

DAFF is the Australian Government Department with responsibility for industries that span the food supply chain, from agriculture to food processing. DAFF jointly shares responsibility with the Department of Health and Ageing (DoHA) for food policy within the Australian Government.

DAFF supports measures that protect public health and safety, particularly where there is an identified risk. Where FSANZ determines a regulatory approach is required, standards should be developed to reflect the principles of minimum effective regulation and good regulatory process to ensure the option that generates the greatest net benefit to the community is identified.

If FSANZ determines a health advisory label on alcoholic beverages is warranted, DAFF would have a strong interest in the final presentation of any advisory label and in the manner of introduction of any new labelling regulation because of the possible impacts that may affect alcoholic beverage industries:

Labelling costs represent a significant component of the cost of Australian wine production, especially for exporters. This is because most export markets have different labelling requirements for the placement of information on the wine container compared to Australia's domestic market requirements. The expense of producing separately labelled wine for different markets is further exacerbated by the need to maintain separate buffer stocks for each market. For small winemakers the cost and complexity of dealing with differing labelling requirements can be a barrier to exporting.

DAFF would support a labelling option that allows individual producers to choose between a pictogram and a statement, similar to that undertaken by France in 2006 (as outlined in the IAR). DAFF recommends that there are no placement requirements for the label.

DAFF is concerned about the costs associated with the potential replacement of current labels, particularly for the Australian wine industry. The IAR identified wine products as potentially the most profoundly affected by a requirement to relabel existing stock. DAFF therefore supports a two year transition period to help mitigate costs to industry. DAFF also recommends that existing stock should be exempted until it is run down.

DAFF believes that international trade considerations should be taken into account when determining the final presentation of any advisory label. Australian wine exports achieved record levels in 2006-07, reaching \$3 billion in value. Exports currently represent more than 60 per cent of Australian wine sales and make Australia the world's fourth largest wine exporter.

The inclusion of health warnings in labelling requirements is an important emerging issue facing the international wine industry. As outlined in the IAR, governments are responding to this issue in different ways with some requiring mandatory health warnings on labels. Through membership in the World Wine Trade Group (WWTG) and the International Organisation of Vine and Wine (OIV), Australia is discussing possible approaches to coordinating health advisory labelling requirements. Pictograms are generally seen as potentially being an effective way of communicating a simple message without the complications of language.

The World Wine Trade Group (WWTG) Agreement on Requirements for Wine Labelling, signed by Australia in January 2007, has already demonstrated the value of coordinated labelling requirements. When in force, the Agreement will allow the placement of four key items of information (statement of volume, alcohol content, country of origin and product name) in a single field of vision on a wine container for sale in WWTG member countries. This will ensure that Australian winemakers can produce a single front label which can be used in Australia and major export markets. The Winemakers' Federation of Australia (WFA) estimates that the Australian wine industry will benefit from ongoing cost reductions of approximately \$25 million annually from the adoption of the Agreement. To verify industry's estimated savings from the change in labelling requirements, DAFF commissioned the Australian Bureau of Agricultural and Resource Economics (ABARE) to assess the methodology, assumptions and calculations used by WFA. ABARE concluded that the industry estimates were sound.¹ The estimated savings include falling label costs achieved through exploiting economies of scale by having a single print run for all markets. Gains in production line efficiency are also likely to be achieved due to reduced stoppages as well as a reduction in wastage and overprinting of labels.

DAFF considers a pregnancy health advisory labelling option that does not have any specific placement requirements would ensure that the WWTG Labelling Agreement benefits are preserved through industry's ability to produce one front label for all markets. Further, DAFF considers the development of a flexible labelling requirement is in keeping with FSANZ's function to promote consistency between standards in Australia and New Zealand with those used internationally, based on the best available scientific evidence.

A labelling option that allows individual producers to choose between a pictogram and a statement may also allow the message to be conveyed in a manner which, if picked up by other countries, would avoid translation difficulties and would save space from having a written statement repeated in multiple languages. This may result in significant future savings for the Australian wine industry. This option would also place Australia in a better position to contribute to future discussions on the development of coordinated health advisory labelling requirements and related international best practice standards in regard to wine.

DAFF acknowledges that a labelling option that allows a pictogram to be used is likely to require a consumer education campaign to raise awareness of the meaning of the symbol. However, it is noted that the Applicant has emphasised the health advisory label would be a part of a much wider public health strategy.

DAFF reiterates that regulatory approaches should only be pursued when there is a strong case for action. If FSANZ determines a regulatory approach for labelling of alcoholic beverages with a pregnancy health advisory label is required, DAFF supports the option that will effectively educate women in the target group while not restricting trade and imposing regulatory burden on the Australian wine industry.



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¹ ABARE, Wine Labelling Assessment, Canberra, June 2006.