

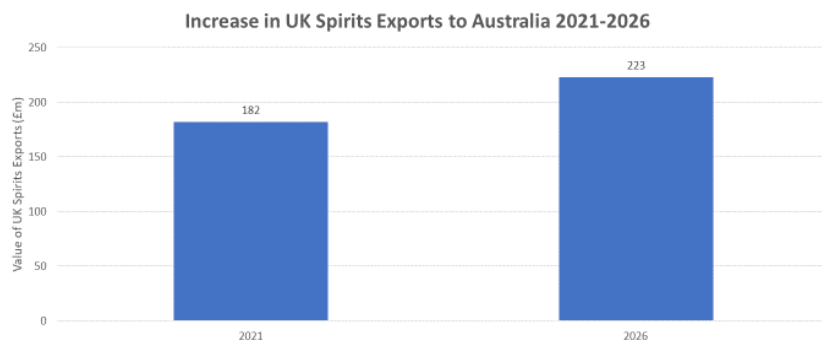
Submission to the House of Commons Trade Committee on the UK-Australia FTA

1. Pernod Ricard is the world's second largest producer of wines and spirits. Leading British brands like Chivas, The Glenlivet, and Ballantine's Scotch whisky, and Beefeater gin, account for over 1/3 of our core, strategic global brands. In the UK, we generate over £1BN annual exports to over 160 countries, employ over 2,000 people from Orkney to Plymouth, and support a further 10,300 jobs in a supply chain including agriculture, light industries like glass, and service industries like logistics. Pernod Ricard employs 800 people in Australia producing iconic wines such as Jacob's Creek (exported to 61 countries), St Hugo and George Wyndham.

Benefits of the UK-Australia FTA

2. Pernod-Ricard strongly welcomes the UK-Australia deal as benefitting workers and customers in both countries & looks forward to early parliamentary ratification of the deal.

3. Analysis we commissioned from EY shows that reducing Australian tariffs on gin and whisky to zero will boost **all** UK spirits exports by 23% (£41m) per annum by 2026. Australia is currently the 8th



largest global market for Scotch and growing at 19% a year. Gin exports have more than doubled since 2016 to £27.5m and Australia is now the 6th largest world market in our key product category of premium+ gins. Cutting the whisky tariff to zero will create a level playing field with Bourbon which has enjoyed tariff free access to Australia under the 2005 US-Australia FTA and will save roughly £1 million on the 300,000 cases of whisky we ship to Australia yearly.

4. Zero UK import tariffs will also benefit UK consumers. The UK is the number 1 market by volume for Australian wine, worth £1.5 billion at retail value to the UK's wine trade. We sell over 500,000 cases of Australian wine in the UK each year and Jacob's Creek is one of the most loved Australian brands. Tariff free imports will level the playing field with EU wines which face no tariffs and give UK wine lovers a fairer choice.

Priorities going forward and lessons learned for future deals

5. The deal is a landmark for UK trade policy and will open doors to CPTPP accession and a market of 500 million people. It did not, however, deliver on aspirations in the TBT section (1.8) of the Agreement in Principle, for:
 - a. "UK annex proposals on spirits".
 - b. "agreement in Australia to the UK proposal for a whisky definition."
6. There is also no forum which might have allowed the UK and Australian spirits sector to engage on excise reform.
7. The UK sector will now address the whisky definition through the joint committee on technical barriers to trade under the UK-Australia FTA and seek to use commitments in the UK-NZ Agreement in Principle to support an application by the UK to Food Standards Australia New Zealand.
8. There may be lessons here for future trade deals: a stronger focus on regulatory co-operation and earlier outreach to business on the text for negotiation. We have already seen the benefits of closer discussion with DIT on the regulatory detail of the New Zealand FTA.