



Department
for Environment
Food & Rural Affairs

Consultation on proposed changes to UK Wine Legislation

Summary of responses and Government response

November 2021

We are the Department for Environment, Food and Rural Affairs. We're responsible for improving and protecting the environment, growing the green economy, sustaining thriving rural communities and supporting our world-class food, farming and fishing industries.

We work closely with our 33 agencies and arm's length bodies on our ambition to make our air purer, our water cleaner, our land greener and our food more sustainable. Our mission is to restore and enhance the environment for the next generation, and to leave the environment in a better state than we found it.



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Summary of responses and Government response

This document provides a summary of responses to the Government's consultation on proposed changes to UK Wine Legislation and the Government's response to those.

This consultation opened 9 September 2021 and closed 29 September 2021.

15 responses were submitted, 13 via Citizen Space and 2 via email.

Background

The UK is a world leader in the global wine trade. We are the world's second-largest importer of wine by both value and volume. Large volumes of wine are also exported from the UK to markets around the world. The wine industry is an important asset to the UK economy and generates a significant amount of economic activity across all four nations of the UK. The Government wants to ensure our regulatory regime supports sustainable growth in the sector.

This consultation sought views on the following amendments:

1. The Government's proposals to remove the requirement for wine imported to Great Britain (GB) to be accompanied by a VI-1 certificate.
2. Proposed changes to the Food (Lot Marking) Regulations 1996 to ensure the UK complies with obligations under the EU-UK Trade and Cooperation Agreement.
3. Providing a transitional period to allow the European Union (EU) industry time to adjust to new UK wine labelling rules.

Removal of VI-1 Certificates

VI-1 certificates were originally introduced when the UK was an EU Member State. On exit from the EU, the VI-1 certification requirements were retained in domestic legislation. The requirements only applied to wines that were imported into the EU from producers such as Australia, USA, Chile etc. and did not have to be applied to any wines produced within the EU and traded in the single market. These rules mean that, in principle, most wine imports into GB should be accompanied by a VI-1 certificate. However, to minimise disruption to the wine trade following our exit from the EU, the Government introduced a temporary lifting of this requirement for EU-origin wines from the end of the transition period on 31 December 2020. This grace period will end on 31 December 2021. The Government has considered various options for the future of wine certification requirements in domestic legislation.

A completed VI-1 certificate must show the results of an analytical test of certain characteristics of the wine and must be authorised by a responsible party in the exporting

country. An example of a characteristic being tested is wine acidity. VI-1 certification has long been cited as problematic by wine importers because it is costly and provides no meaningful assurance about the quality or safety of the wine. The wine industry has estimated that VI-1 certificates add an average of 10p to the cost of a bottle of wine and that removing the certification requirement is estimated to save wine consumers and businesses up to £130 million a year.¹

After considering options for the future of wine certification, the Government announced on 25 July 2021 its intention to remove the requirement for VI-1 certificates on all imported wine into GB. This measure is expected to reduce costs for our wine importers and increase the global attractiveness and competitiveness of the UK as a hub for the wine trade.

Consultation questions:

What impact do you think the removal of VI-1 certificates will have on the UK wine market?

Will the effects fall disproportionately on any particular sector of the market?

Lot Marking

The Government also consulted on the intention to implement measures to comply with Annex 15 of the EU-UK Trade and Cooperation Agreement. The Food (Lot Marking) Regulations 1996 will be amended to ensure that lot marks as specified by the laws of EU Member States will be permitted, provided they are easily visible, clearly legible and indelible.

Consultation question:

What impact, if any, will the proposed amendments to lot marking have on the UK wine market or consumers?

Transitional period

The third issue is to ensure that in introducing UK labelling and production requirements, EU producers are given sufficient time to adapt to those requirements. This includes the requirement to change labels to the correct importer address on bottled wine. The proposed transitional period will give both UK and EU wine industries the time they need

¹ Wine and Spirit Trade Association (WSTA) Press Release 2019
<https://www.wsta.co.uk/archives/press-release/wsta-hails-vi-1-temporary-suspension-as-an-important-victory-but-warns-that-the-policy-not-just-the-timing-still-needs-to-change>

to adapt. Amendments will be made to the Wine Regulations 2011 and the Food Information Regulations (2014).

Consultation question:

How long should this transitional period be? We would be grateful to receive any estimates of the impact of different lengths of a transitional period, if available.

Summary of responses and Government response

Removal of VI-1 certificates: Will the effects fall disproportionately on any particular sector of the market? (Yes/No responses)

The Government received a total of 11 responses to this question, of which 5 were 'Yes' and 6 were 'No'.

Removal of VI-1 certificates: Will the effects fall disproportionately on any particular sector of the market?

The respondents generally supported the proposals to remove VI-1 certification. The respondents noted that removing the VI-1 certification requirement would have an especially positive impact on small and medium-sized businesses importing wine in small batches. While responses were generally positive, respondents noted that burdens remain for re-exporters as VI-1 certification is still required for non-GB origin wine exported from GB to the EU, as well as wine moved from GB to Northern Ireland (NI) under the Northern Ireland Protocol.

The Alcohol Health Alliance UK (AHA) expressed concern that the removal of VI-1 certificates could increase alcohol harm, noting the price of alcohol is closely linked to harm: the more affordable it is, the more alcohol is consumed, and therefore the more harm is caused. The AHA referenced the UK Health Security Agency evidence review that encourages the reduction of alcohol affordability. The AHA have urged the Department to commit to producing an impact assessment to look at how the removal of the VI-1 certificates will affect alcohol harm and its associated costs.

Removal of VI-1 certificates: What impact do you think the removal of VI-1 certificates will have on the UK wine market?

The respondents generally supported the removal of VI-1 certification noting it would have a positive impact on the UK wine market by creating a level playing field for wine imports from EU countries and imports from the rest of the world.

Most respondents stated that the removal of VI-1 certificates would have a positive impact on the sector, noting that it would simplify the process of importing and selling wine in GB by speeding up customs procedures and reducing costs. Respondents commented that it would have a significantly positive impact on importers who ship in smaller volumes. This is because the labour and administration involved in obtaining a VI-1 certificate are the same regardless of the size of the shipment of wine being imported. Industry bodies noted this would result in an uplift for rest of world wine imports as well as increased consumer choice.

Lot Marking: What impact, if any, will the proposed amendments to lot marking have on the UK wine market or consumers?

Respondents did not raise any major concerns for the lot marking amendments. The respondents commented that the requirement for lot marking is a positive step and brings wine labelling one step closer to being aligned with other food and drink products. Respondents also noted that this would not be a significant change and therefore would not have a significant impact on the industry, noting the positive impact of the added flexibility of the inclusion of lot marking for EU wine on the UK market.

Respondents noted that all table wines are lot marked for quality control purposes. Fine wine is not frequently lot marked, meaning that there could potentially be an added cost if the bottles needed to be labelled. However, if the wine were lot marked by the case, then there would be a cost, but it would be negligible.

Transitional Period: How long should this transitional period be?

Responses ranged from one year to 'as long as necessary'. Most respondents stated that a 2-year period for a labelling transitional period from the point of implementation of any changes would be welcome to allow businesses to amend labels and exhaust label stock. This period would allow businesses to amend labels at the same time as implementing any other labelling changes due to take place during that time.

The Wine and Spirit Trade Association (WSTA) has previously submitted a paper to Defra outlining the case for a single label to bring wine labelling rules in line with other food and drink products.

Next steps

We have carefully considered all responses from the consultation and thank consultees for taking the time to respond.

We take note of the concerns raised by the AHA regarding the linkage between the price of alcohol and harm caused. Our aim in removing the requirement for VI-1 certification is to ensure that all importers of wine to GB are treated fairly and equally and that regulatory requirements, such as controls on imports, are fully justified. We note that since the introduction of VI-1s, EU wines, which represent approximately 50% of the wine on our shelves, have been imported to GB without having to produce a VI-1 certificate. The Government does not consider that the VI-1 certificate offers any added value in terms of consumer assurance. Industry estimates suggest that this will save 10p per bottle, though we have not received evidence that this will be passed on to the consumer.

The Government also takes note of the concerns raised regarding VI-1s remaining a requirement for wine exports to the EU and NI. While our ability to influence EU policy is now more limited, we are maintaining an open dialogue with the EU on wine policy and simplification of certification requirements, including matters such as electronic certification arrangements.

The Government intends to proceed with the proposed changes to UK wine legislation stated in this document. These changes are in line with the UK's commitments to the EU-UK Trade and Cooperation Agreement and will provide positive improvements for the UK wine industry.

Following this consultation Defra will take forward the following changes in legislation:

- The removal of the requirement for VI-1 certificates for wine imported into GB.
- Amendments to The Food (Lot Marking) Regulations 1996 to ensure that lot marks as specified by the laws of EU Member States will be permitted, provided they meet certain standards.
- Amendments will be made to the Wine Regulations 2011 and the Food Information Regulations 2014 to ensure that EU producers will be given sufficient time to adapt to new GB labelling and production requirements. The transition period will be in effect for two years, from 1 May 2021 – 1 May 2023, or until stocks last from the 1 January 2022.

Legislative change is required to deliver these proposals. The Government aims for the changes to take effect on 1 January 2022. This date is subject to Parliamentary approval.