Economic Environment

- California wine among $60 billion in US goods hit by new China tariffs

China is tacking $60 billion in additional tariffs on U.S. goods, intensifying the trade war between the world’s two largest economies. More than 5,000 U.S. goods will be subject to Chinese tariffs of from 5 to 10 percent starting Sept. 24, including meat, crops, industrial materials and wine. The 10 percent additional tariff on wine disproportionately hurts California, which accounts for 90 percent of U.S. wine production. Chinese tariffs on U.S. wine had already increased from 48.2 percent to 67.7 percent in April.

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- Port wine? Feta? Brexit may spell trouble for famed EU names

Product name protection is not a minor issue. Portuguese port wine producers, just like the makers of French Champagne, Greek feta cheese or Italy's Parma ham, the EU's name-protection laws help ensure their livelihood by shielding them from industrial-scale, lower-cost copycats. Port wine's second-largest export market is the United Kingdom, and the impending British exit from the EU is throwing port's almost 50 million euros’ ($58 million) worth of annual business there into doubt. That's because London conspicuously isn't saying whether after leaving the EU next year it will keep the bloc's name protection rules. It could, for example, choose to let in rival port producers from the British Commonwealth, such as South Africa and Australia, as it casts around for post-Brexit trade deals. Authorities in the United States have long fought against the EU's Geographical Identification laws, saying they amount to trade barriers — an argument that is not lost on the British government as it eyes closer business ties with Washington.

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- Hard Brexit could be “disastrous” for overseas producers

The Fairtrade Foundation has warned that a ‘no-deal’ Brexit could be disastrous for producers. In a briefing paper the charity has warned of the impact of a ‘no-deal’ scenario, which it argues could lead
to an increase in the cost of trade with developing nations. The briefing paper said that the largest producer of Fairtrade wine is South Africa, with 24 producer organisations. The UK is also the top destination for South African wine, accounting for around a third of its wine exports to the EU. Fairtrade said 'no-deal' could see companies stepping back from Fairtrade commitments.

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**Major Wine Producing Countries**

- **Appellations can now carry out varietal R&D**

  Trade representatives at national appellation institute INAO (Institut national de l'origine et de la qualité) have approved changes for planting AOC grape varieties. The AOC wine board has authorised the introduction of new varieties to AOC production specifications – under certain conditions – paving the way for appellations to carry out their own varietal R&D. In practical terms, and after more than a year of reflection, INAO has validated the creation of a third category of grape varieties called "grape varieties for climate and environmental adaptation". This comes in addition to the two existing categories of main and accessory cultivars.

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**France still reigns supreme in wine portfolios**

The international research study, conducted by the Sopexa Group, which promotes various French wine regions around the world, looked at future trends around the globe. The study was conducted with 781 stakeholders, including importers, wholesalers and retailers from six of Sopexa’s major markets – United States, Canada, Japan, Belgium, China and Hong Kong.

The study showed that 64% of those surveyed said that France is the most successful country of origin in terms of image. Currently listed by 92% of respondents, France remains the most popular wine-producing country in wine portfolios, followed by Italy (76%) and Spain (71%). Leading challenger countries Chile, Australia and the United States are becoming increasingly present and are now listed by 45% to 56% of operators.

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**Nuusbrokkies / News Snippets**

- **ProWein confirms event dates**

  - ProWein China will be taking place from 13 to 15 November 2018 in Shanghai.
  - ProWein 2019 will take place from 17 to 19 March 2019 in Düsseldorf and will be a special 25th anniversary edition of the trade fair for wine and spirits.
  - ProWein Asia is scheduled for 7 to 10 May 2019 in Hong Kong.
  - ProWein 2020 will take place from 15 to 17 March in Düsseldorf.
  - ProWine Asia event in Singapore from 31 March 31 to 3 April 2020.

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- No deal Brexit “not acceptable” for drinks trade

The WSTA reiterated that a failure or no deal is not an acceptable outcome but expressed concern about the current situation.

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