Camille Cheze

IMPORT PROCESS OF WINE FROM AUSTRALIA TO FINLAND

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The purpose of this thesis was to research, to understand, to describe and to analyze step by step the import process of wine from Australia to Finland. This thesis was not ordered by any case company but is studying the major actor of the wine sector in Finland – the state-owned company Alko.

The first two chapters of this thesis introduce the thesis and explain its purpose and outline. The theoretical part is divided into five parts. In a first chapter the Finnish system is presented with a main focus on Alko. In a second chapter the different regulations applying to wine in Australia, in the European Union and in Finland are listed. The other theoretical chapters raise issues related to trading conditions, international transportation and import formalities.

Information was mainly gathered from books and online sources through desk research, and empirical part is based on data collected from emails exchanged with the buyer in Alko in charge of importing wines from Australia to Finland.

The empirical part consists in a description of the actual import process together with a process chart illustrating the sequence of the process.

The final part of the thesis is an evaluation of the process, explaining its benefits and the difficulties encountered. In addition, recommendations for further studies are provided in this final part to guide future thesis writers.
CONTENTS

1 INTRODUCTION ............................................................................................................. 6

2 RESEARCH PROBLEMS AND CONCEPTUAL FRAMEWORK ....................... 8
   2.1 Research problems ................................................................................................. 8
   2.2 Conceptual framework ......................................................................................... 9
   2.3 Research methodology ......................................................................................... 11

3 FINNISH SYSTEM ....................................................................................................... 12
   3.1 Roots of the Finnish system .................................................................................. 12
   3.2 Oy Alko Ab ........................................................................................................... 14
      3.2.1 Identity card .................................................................................................. 14
      3.2.2 Selection categories ....................................................................................... 15
      3.2.3 Purchasing patterns ....................................................................................... 15
   3.3 Other ways to import alcoholic beverages to Finland ..................................... 17

4 WINE STANDARDS ..................................................................................................... 18
   4.1 Australian regulations .............................................................................................. 18
      4.1.1 Protected geographical indications ............................................................... 18
      4.1.2 Labelling regulations ..................................................................................... 19
      4.1.3 Export regulations ......................................................................................... 21
   4.2 The European Union labelling regulations ......................................................... 22
   4.3 Finnish regulations ................................................................................................. 24

5 TRADING CONDITIONS .............................................................................................. 25
   5.1 Incoterms ............................................................................................................... 25
   5.2 Payment methods ................................................................................................... 27
      5.2.1 Open account .................................................................................................. 28
      5.2.2 Other payment methods ............................................................................... 28

6 TRANSPORTATION ISSUES ..................................................................................... 30
   6.1 International transportation .................................................................................... 30
      6.1.1 Maritime transport .......................................................................................... 31
      6.1.2 Containerized and multimodal transportation ................................................. 31
      6.1.3 Transportation of wine .................................................................................. 32
6.2 Freight forwarders ................................................................. 33
6.3 Cargo insurance ................................................................. 34

7 IMPORT FORMALITIES ............................................................ 36
7.1 Customs .............................................................................. 36
  7.1.1 Customs classification .................................................... 36
  7.1.2 Import duties ................................................................. 37
  7.1.3 The EU excise duties ....................................................... 37
  7.1.4 The value-added tax ....................................................... 38
7.2 Trade documentation ......................................................... 39
  7.2.1 Key contracts ............................................................... 39
  7.2.2 Commercial documents .................................................. 40
  7.2.3 Shipping documents ....................................................... 43

8 IMPORT PROCESS DESCRIPTION ............................................... 44
8.1 Step 1: Selecting supplier .................................................. 44
8.2 Step 2: Defining the contractual terms .................................. 45
  8.2.1 Delivery terms ............................................................ 45
  8.2.2 Payment terms ............................................................ 45
8.3 Step 3: Arranging transportation ........................................ 46
  8.3.1 Contacting freight forwarders ......................................... 46
  8.3.2 Notifying the supplier .................................................... 46
8.4 Step 4: Securing transportation ........................................... 46
  8.4.1 Packing the goods ........................................................ 46
  8.4.2 Insuring the goods ....................................................... 47
8.5 Step 5: Preparing the shipment ............................................ 47
8.6 Step 6: Shipping the goods .................................................. 47
8.7 Step 7: Proceeding to import formalities .............................. 48
  8.7.1 Customs declaration ...................................................... 48
  8.7.2 Customs classification .................................................. 48
  8.7.3 Import duties .............................................................. 49
  8.7.4 Excise duties .............................................................. 49
  8.7.5 Value-added tax .......................................................... 49
8.8 Step 8: Paying for invoices ................................................ 50
8.9 Process chart ....................................................................... 50
9 FINAL WORDS........................................................................................................51

9.1 Conclusions from the empirical part ...............................................................51

9.2 Thesis process description................................................................................52
  9.2.1 Choice of the topic and project plan..........................................................52
  9.2.2 Information gathering..................................................................................53
  9.2.3 Evaluation of the process............................................................................54

9.3 Recommendations for further studies...............................................................55
  9.3.1 Thesis process............................................................................................55
  9.3.2 Topics.........................................................................................................56

REFERENCES ...........................................................................................................57

APPENDICES
1 INTRODUCTION

To complete my Bachelor degree in International Business Marketing and Logistics, I was required to write a thesis on a logistics topic. I chose to study the import process of wine from Australia to Finland, as it was in accordance with the economic environment, the needs of businesses and my personal interest.

Nowadays more and more companies are sourcing raw materials and/or products from foreign countries. Acquiring goods within the European Union is relatively easy given the suppression of the customs border between the member states, but it is another story to import goods from third countries. Thereby companies are looking for people mastering this issue. Moreover I already did internships for three different companies (a wine importer, a forwarding agent and a clothing company) and most of their activities were based on importing and exporting products. This is why I thought that studying an import process would be a current and useful topic.

Besides I decided to focus on wine as a product due to various reasons. Major reason is my interest in wine related to my French cultural background and to the internship I did for a wine importer in London that enabled me to discover the “backstage” of this industry. Second I am also very interested in understanding the way of importing alcohol through Alko, which owns the monopoly of importing wines to sell them to private customers. On top of that, the rising consumption of wine in Finland is making the topic relevant (2008: 10.6L per capita; 2009: 10.9L per capita, according to the figures available on the website of Export Entreprises SA).

Thus the aim of this thesis is to research, to understand, to describe and to analyse the import process of wine from Australia to Finland, as well as to provide guidelines on the functioning of this import process.
Hence I will benefit from this thesis by learning the import process of a product from a third country to an EU member state, but also by studying the process of a product which has to comply with many regulations due to its nature. Plus, this thesis could be a tool for other businesses which want to import wine to Finland, or to another EU member state.

To answer to the different research problems presented under the second heading, my thesis will be structured as follows. I will first describe the Finnish system, by introducing Alko and the other players of the wine sector in Finland. Second I will list the different regulations applying to wine in Australia, regarding labelling, classification and exporting, and in the European Union and Finland, regarding importing and labelling. Third, I will deal with the trading conditions that have to be defined (terms of delivery and terms of sale) before considering issues related to transportation. Finally I will detail the import formalities. All those theoretical parts will be the roots of the import process description.
2 RESEARCH PROBLEMS AND CONCEPTUAL FRAMEWORK

2.1 Research problems

This project is done to research, to understand, to describe and to analyse the import process of wine from Australia to Finland.

The main purpose of this thesis is to be acquainted on the import process from a third country to a European Union member state in general, to Finland in particular, as well as on the procedures that should be completed for an import operation to be successful.

Hence, the objective of the thesis is to provide every reader of my thesis with a view of how the import process of wine is going from Australia to Finland. The thesis will facilitate information not only about the product, regarding regulations and export formalities, but also about the whole import process to Finland together with information about the role of Alko in this process.

To successfully carry out this thesis, I will answer the following questions:

- What are the regulations regarding exporting wines in Australia?
- What are the regulations regarding importing wines within the EU?
- What is the role of Alko in the import process?
- Are there other Finnish regulations applying to wines?
- What are the steps of the import process from Australia to Finland?

May I point out that this thesis will only deal with the import process of wine from Australia to Finland. The product as such will be studied considering its specific regulations but I will not carry out any study on production issues in the country of departure, nor market surveys in the country of destination. Besides, the role of Alko will be studied within the import process, not within the distribution process. Plus financial aspects will not be considered and thereby freight rates will not be studied. Finally, air transportation will be left out of the thesis.
2.2 Conceptual framework

This conceptual framework illustrates the import process from a third country, Australia, to a European Union member state, Finland. The larger arrow represents the whole import process starting from the wine producer, heading to Alko.

Figure 1. Conceptual framework
The arrow starts from the third country, Australia, where the product is manufactured or processed and imported from. There, the product – wine – has to comply with domestic regulations with regards to classification, labelling and export practices.

The arrow is then crossing the Australian border, involving the third country’s customs in the process. The role of customs in the country of origin is to check the compliance of goods with legal export practices.

The small arrow from the third country to the European Union represents international transportation and raises issues such as packaging, terms of delivery and means of transport.

Then the main arrow, representing the import process, crosses the border of the European Union. This frame represents the common regulations within the area.

The crossing with the arrow corresponds to the intervention of the European customs. Their role is to collect duty and taxes and to check the compliance of the imported goods with EU regulations.

The arrow ends in the destination country, Finland, where the product may have to comply with additional regulations. The Finnish import system for alcohol is represented by Alko, which is the main actor of the whole process of import, and which will be studied further in the next chapters.

The achievement of this import operation is also related to the payment of the goods by using the agreed payment terms.
2.3 Research methodology

The objective of this thesis is to provide the reader with guidelines on how the import process of wine is going from Australia to Finland. Thus this thesis is not a research on an innovative solution, but a research on the actual functioning of the supply chain from Australia to Finland.

In this way, this thesis is mainly based on desk research. Desk research consists in “using existing information sources and reanalysing the information to answer a specific set of questions.” (Hamersveld & de Bont 2008, 40).

Gathering of information will start by reading at least one book related to research methods.

Afterwards, data will be collected from books regarding international transactions, import procedures and formalities, and from governmental and ministerial websites dealing with wines and customs.

In addition, I will also try to interview a buyer from Alko, either by mail or by phone, depending on the time he/she can dedicate to me. Interviewing a person who is part of Alko will be an asset for the validity and reliability of the information given in this thesis.
3 FINNISH SYSTEM

3.1 Roots of the Finnish system

In 1914, the distribution of alcoholic beverages was forbidden by the Finnish government as World War I broke out. In early June 1919, the Prohibition was hardened; production, transportation and storage of alcohol were forbidden. However, as alcohol was still required for medical, technical and scientific purposes, a state-owned company was set up to deal with the trading of alcohol: Valtion Alkoholiliike. (Website of Alko Oy 2007.)

In 1932, the Parliament decided to release the Prohibition, and an Alcohol Act was ratified on 9 February 1932. This act granted the exclusive monopoly of importing, exporting, manufacturing and selling alcoholic beverages to the state-owned company Oy Alkoholiliike Ab. (Website of Alko Oy 2007.)

Unfortunately, some years later the Winter War started. Sales of alcoholic beverages were again limited and controlled by the government thanks to the booze card. This certificate was allowing the holder to buy a certain amount of a certain type of alcoholic beverages in a specified shop. In the end, it became an instrument to record all purchases. (Website of Alko Oy 2007.)

Gradually, this buyer monitoring organisation was dismantled, and the Finnish government changed its strategy. It decided to raise public awareness by launching advertising campaigns on wine from 1959 onwards in order to “direct consumption towards milder beverages and to reduce drinking to the point of intoxication.” (Website of Alko Oy 2007). The campaign was supported by the decrease of the price of wines and the increase of the price of spirits. Overall, those wine campaigns were not very efficient as the consumption kept increasing. In Finland the consumption per capita of absolute alcohol was of almost 3 litres in 1965, of more than 7 litres in 1980, of nearly 9 litres in 1990 and of 10.34 litres in 2008 – nowadays, the consumption is slightly decreasing. (Alcohol consumption ... 2009.)
In 1969, a new Act on alcoholic beverages and medium beer was ratified, allowing the sales of alcoholic beverages and changing the age limit to buy wines and spirits. Oy Alkoholiliike Ab was converted into Oy Alko Ab. (Website of Alko Oy 2007.)

The entry of Finland into the European Economic Area in 1994 had a large impact on Alko. According to the European Economic Area, Alko could not remain the sole importer, exporter, manufacturer and seller of alcoholic beverages. Only the retail monopoly would remain under Alko’s control in order to take care of the social and health policy relating to the sales of alcohol. As a consequence, the alcoholic beverages market became opened to other players such as agents and wine importers. In January 1995, a new Alcohol Act was ratified and the alcohol taxation system was modified. It was no longer based on the value of the beverage but on the basis of the alcohol content and volume. (Website of Alko Oy 2007.)

After the ratification of the latest Alcohol Act in 1994, the Alko Group Ltd was set up, including Alko Inc. – the sole right retailer for beverages containing more than 4.7 per cent alcohol by volume –, Primalco Ltd, the manufacturer and exporter, and a restaurant company. Besides, the National Product Control Agency for Welfare and Health became in charge of the governance of the alcohol industry. In 1998, Alko Inc. was finally separated from the group and run as an independent state-owned company from 1999 onwards. The Ministry of Social Affairs and Health became Alko’s supervisor. (Website of Alko Oy 2007.)

In 2004, Finland lowered taxes on alcoholic beverages but launched at the same time a new consumer information campaign called the National Alcohol Programme 2004-2007 “aiming at preventing and reducing the harmful effects of alcohol in cooperation with the various government administrative branches, municipal organisations and business and industry.” (Website of Alko Oy 2007). However, the Finnish government was still facing increasing sales of alcohol and the taxes on alcoholic beverages were put back up on 2008 and 2009 (Website of Alko Oy 2007).
3.2 Oy Alko Ab

3.2.1 Identity card

Oy Alko Ab has been run for eighty years, changing name from Oy Alkoholiliike Ab to Alko in 1969. Set up after the Prohibition, the State-owned company still owns the sole retailing right on alcoholic beverages containing more than 4.7 per cent of alcohol by volume. Under the authority of the Ministry of Social Affairs and Health, the company is in charge of maintaining social health. (Website of Export Entreprises SA 2012.)

Alko is not involved in the production or bottling of alcoholic beverages. Therefore Alko is buying alcoholic beverages from domestic or foreign suppliers to supply its more than 300 stores located all over Finland. (Website of Alko Oy 2007.)

Alko currently has around 1400 referenced wines, among those approximately 120 are Australian (Australian wines buyer in Alko, personal communication on 2.5.2012 and 29.6.2012). It imports wines through different channels: either directly by dealing with foreign suppliers, or indirectly by dealing with importers or local agents (Website of Export Entreprises SA 2012).

Moreover Alko is part of an international Corporate Social Responsibility association called Business Social Compliance Initiative (BSCI). This non-profit organisation aims at improving the working conditions in the supply chain by developing further corporate processes. Alko is now committed to improve its procurement process and requires all its suppliers to comply with the ethical principles provided by the Business Social Compliance Initiative. (Alko Oy 2012.)
3.2.2 Selection categories

Alko’s range of products is divided into three categories. The first one is the general selection that can be found in nearly all the shops (depending on the shop selection). The second one is the sale-to-order selection, composed of products that are not directly available in the shops because of availability issue, low demand or limited shelf-life, but that can be ordered at all times by a customer at any Alko shops. The last category is the one of special order products. This category includes any alcoholic beverage requested by a customer and which is not available in the general selection or in the sale-to-order selection. Under special contract terms, Alko is importing alcoholic beverages for customers. (Alko Oy 2012.)

3.2.3 Purchasing patterns

The purchasing patterns of Alko differ from the general selection to the sale-to-order selection. There are two ways of purchasing alcoholic beverages for the general selection. (Alko Oy 2012.)

*Purchasing patterns for general selection – Purchase plan*

The first system for purchasing alcoholic beverages consists in calling to tender. Twice a year Alko is issuing a Purchase plan presenting the wines and spirits they are looking for. Licensed Finnish or abroad suppliers are thereby invited to submit their offers on Alko’s offer form. In general those offers have to include information about prices and deliveries valid for at least twelve months after the end of the search month. (Alko Oy 2012.)

Once the search period is over, offers are sorted and requests for samples are sent in response to the most attractive offers. After sensory evaluation the product is chosen in consideration of its quality, availability and the efficiency of the supplier’s supply chain, and is then submitted for analysis to the Alcohol Control Laboratory. (Alko Oy 2012.)
Four months after the end of the search month, the chosen product is purchased, and all other offers are rejected. Two or three months after purchasing, the product is listed on Alko’s selection. After being listed, the product has to be delivered to Alko within one month. The delivery can be handled in three different ways. (Alko Oy 2012.)

The first two ways are only used for domestic deliveries. The Finland-based importer or wholesaler can deliver the product to Alko’s central warehouse under the delivery term TOP Alko’s central warehouse, Finnterms 2001 or directly to Alko’s shops under the delivery term TOP Alko’s shops, Finnterms 2001 (Alko Oy 2012). These Finnterms are adapted from the Incoterms for deliveries within Finland. TOP place of destination, Finnterms 2001, means that the seller delivers the goods to Alko, unloads the goods from the truck to Alko’s warehouse or shops and bears the cost of the whole delivery. (Pohjola Pankki Oy n.d.).

Regarding deliveries from abroad, Alko’s import service is acting as a logistical service, buying products under the delivery terms FCA, FOB or DAP, Incoterms 2010 (Alko Oy 2012).

The whole process lasts from five to seven months, from the end of the search month to the listing of the chosen product.

*Purchasing patterns for general selection – Contract product procedure*

Producers or exporters which have not been listed in the general selection through the purchase plan process can apply to the contract product procedure. Twice a year, Alko is publishing a list of contract products limited by product group, product basket, and producer. In response to the publication, producers and exporters register their products, paying a registration fee of 50 euro per product. Then the products are chosen using a lottery procedure. If products are listed in Alko’s selection, suppliers are asked to pay a 350 euro handling fee per product to Alko. However, the supplier is economically responsible for the quality and success of its product, and for all the importing formalities in Finland. (Alko Oy 2012.)
Purchasing patterns for sale-to-order selection

Products for the sale-to-order selection are not part of any scheduled search procedure, they can be offered at any time. After processing the offers, requests for samples are sent to the suppliers, and samples must be delivered within two weeks together with analysis data and analysis certificate. If compliant with Alko’s quality specifications, products have to be delivered to Finland to Alko’s central warehouse or Alko shops, meaning that the supplier has to take care of all the import formalities. (Alko Oy 2012.)

3.3 Other ways to import alcoholic beverages to Finland

Via licensed companies

With the end of the State monopoly in 1995, almost 200 companies gained the right to act as licensed wholesalers, importers, central buying groups or agents (Website of Export Entreprises SA 2012). The licence, delivered by the Product Control Agency, allows those wholesalers to import, to stock and to sell alcoholic beverages to Alko or to the holder of a producer’s, wholesaler’s or retailer’s licence – but not directly to private customers. (STTV National Product Control Agency for Welfare and Health 2007.)

Via specialised websites

A private customer can import alcohol to Finland for its own use via specialised websites. So far the legislation towards online sales of alcoholic beverages is strict. (Website of Export Entreprises SA 2012.) According to Finnish Law, it is illegal for a private customer to purchase alcohol and alcoholic beverages online, unless the customer itself goes abroad to collect it. However, the situation is evolving thanks to the trials of some websites to enter the Finnish market. (Finnish court ... 2010).

As a consequence of the cost and the difficulty of the import operation, private customers very often deal with Alko to import alcoholic beverages (Website of Export Entreprises SA 2012).
4 WINE STANDARDS

4.1 Australian regulations

Manufacturing and labelling of Australian wines must comply with Federal and State laws.

The Wine Australia Corporation Act 1980 and its Regulations sum up the requirements regarding export of wine, labelling, protected geographical indications and Australia’s obligations under international trade agreements, listed under the Trade Practices Act 1974 (Website of Wine Australia 2012).

Besides, federal legislation requires the payment of levies, equivalent to excise taxes, by grape and wine producers and exporters in order to finance Wine Australia and the Grape and Wine Research and Development Corporation. Those levies are to be paid by the owner of the grapes (at the time of production) on any fresh grapes, dried grapes or grape juice that are used in the winemaking process in the winery during the year. (Website of Wine Australia 2012.)

4.1.1 Protected geographical indications

“A Geographical Indication (GI) is a word or expression used in the description and presentation of a wine to indicate the country, region or locality in which it originated or to suggest that a particular quality, reputation or characteristic of the wine is attributable to the wine having originated in the country, region or locality indicated by the word or expression.” (Website of Wine Australia 2012).

Australian Geographical Indications are protected on the Register of Protected Geographical Indications and Other Terms. A geographical indication must be true and compliant with the Wine Australia Corporation Regulations. (Website of Wine Australia 2012.)
Australian Geographical Indications are classified into different categories: (1) South Eastern Australia; (2) the states; (3) the zones, which are parts of the states; (4) the regions, which are parts of the zones; (5) the sub-regions, which are parts of the regions; (6) any level of geographical indication that may be chosen. A winemaker can claim a label for grapes grown in a vineyard in a particular sub-region, under the name of: the sub-region, the region, the zone, the state, or under the mention South Eastern Australia. (Website of Wine Australia 2012.)

4.1.2 Labelling regulations

There is no existing authority responsible for registering or approving wine labels for use in Australia. However labels have to comply with certain regulations that apply to domestic selling or exporting. Therefore some mentions have to be stated on the label. The figure 2 is an illustration of the different mentions of a typical wine label. (Website of Wine Australia 2012.)

Apart from required information, organic claims have to be proven. Words such as “organic”, “biodynamic”, “biological” or “ecological” can only be stated on a label if the nature of the wine is ensured by an Organic Produce Certificate from any certifying organisation approved by the Australian Quarantine and Inspection Service. This certificate has to be provided for each shipment of organic wine. (Website of Wine Australia 2012.)
Figure 2. Typical wine label (Website of Wine Australia 2012)

As the labelling requirements may differ from one country to another, the Australian Government through Wine Australia has designed a compliance checklist for the Australian wines. The European Union compliance checklist is available in the appendix 1.

This compliance checklist provides detailed and useful information for any Australian wine producer or wholesaler wanting to export its products to any member-state of the European Union. It describes all the information that has to be stated on the label of the wine bottle – alcohol, volume, country of origin, product designation, etc. – and explains how they have to be written. (Wine Australia 2011.)
4.1.3 Export regulations

Export of wine is regulated by the government through Wine Australia Corporation in order to protect the worldwide reputation of the country’s products and to ensure that Australian exporters are complying with regulations from the trade agreements. Export activity is submitted to obtaining an export licence delivered by Wine Australia Corporation. (Website of Wine Australia 2012.)

The next step in the wine export process is to register the products on Wine Australia, before the export date. A continual approval can be obtained by filling in an application form with analysis and compositional details for each wine that is to be exported. (Website of Wine Australia 2012.)

After registering the products, each export consignment of wine of more than 100 litres has to be declared to Wine Australia Corporation. The declaration is made through a shipping application that has to be submitted 10 days prior to the departure date. (Website of Wine Australia 2012.)

If the export consignment is compliant, an Export Permit number will be issued by Wine Australia. This Permit number is necessary to get the Export Declaration Number from the Australian Customs and Border Protection Service and to get the VI1 Certificate which is required to export wines to the European Union. The VI1 is a certificate of analysis that can be delivered by any laboratory accredited by the National Association of Testing Authorities, Australia. (Australian Customs and Border Protection Service n.d.; Website of Wine Australia 2012.) Unfortunately, no example of the document was found on the Internet or in books.

All those formalities can be made electronically by any continually approved exporter through the Wine Export Approval System (Australian Customs and Border Protection Service; Website of Wine Australia 2012). All of these steps are subjected to documentation fees presented in the appendix 2.
According to the Primary Industries (Customs) Charges Act 1999, a levy has to be paid by all licensed wine exporters on all the exported Australian wines. The levy is calculated on the FOB value of the wine exported. A wine exporter can be exempted from paying this levy if the amount the exporter is likely to pay for the year is less than AUD 200. (Website of Wine Australia 2012.)

4.2 The European Union labelling regulations

Wines imported from a third country to the European Union are likely to be charged with higher duties when crossing the border, in order to compensate the prejudice they are causing to domestic products, e.g. potential negative impact on sales of European wines. Imported wines also need to comply with regulations regarding origin and geographical indications, as well as labelling rules, and with the oenological practices authorized by the European Union. (Šebesta 2009, 28.)

The Regulation (EC) No 607/2009 is one of the main regulations regarding wines and wine sector product. Its first objective is the protection of designations of origin and geographical indications. (Website of the European Commission 2011.)

“Protected designation of origin (PDO) designates the name of a product which must be produced within a determined geographical area using recognised and recorded know-how.” (Website of the European Commission 2011). PDO products have to be made from grapes grown in the origin area only.

“Protected geographical indication (PGI) designates a product with a quality, reputation or other specific features that can be attributed to a determined geographical area.” (Website of the European Commission 2011). Requirement is to produce the wine with at least 85% of grapes coming from the area of origin.
Applications for the protection of PDO or PGI status have to be presented by competent authorities from the EU, from a third country or by professional organisations from the wine sector (Website of the European Commission 2011).

Besides the PDO or PGI, other information has to be mentioned on the wine label: (1) the type of wine; (2) the alcoholic strength by volume, for alcoholic beverages containing more than 1.2 percent alcohol by volume, which has to be stated as follows: the figure corresponding to the alcoholic strength followed by the symbol “%vol.”, figure with only one decimal place, figure preceded by the word “alcohol” or “alc”; (3) the provenance; (4) the identity of the bottler, producer or vendor; (5) the identity of the importer; (6) the lot number; (7) the presence of sulphites. All those mentions except the mentions of the importers and of the lot number have to be visible and readable on the same label. (Website of the European Commission 2011.)

The compliance to requirements regarding labelling and quality should be certified by a competent authority from the country of export. In addition, an analysis report shall be provided by a competent authority from the country of export to testify that the wine is not harmful for direct human consumption. (Šebesta 2009, 28.)

*Trade agreements*

Thanks to the Agreement between Australia and the European Community on Trade in Wine of 2008 that is applied since 2010, exporting wine from Australia to the European Union is now easier. This agreement protects geographical indications from both Australia and the European Union, recognises the Australian wine-making techniques, even if different from the European ones. Hence requirements on labelling, winemaking techniques and blending rules have been lowered. (Website of the European Commission 2011; Website of Wine Australia 2012.)
4.3 Finnish regulations

In Finland issues relating to wine are regulated by the National Supervisory Authority for Welfare and Health, Valvira. It represents within Finland the competent authority to control products according to the regulations of the European Union. This is mainly the reason why the Finnish standards for wine labelling are similar to the requirements of the European Union. (Website of Valvira 2012.)

A wine label in Finland has to include diverse compulsory mentions: (1) the name of the product, of course; (2) the nominal volume of the bottle; (3) a mention such as “contains sulphur dioxide” or “contains sulphites” if the wine contains more than 10mg/kg or 10mg/L of sulphur dioxide; (4) the alcoholic strength by volume, which has to be stated as follows: “alc.” alcoholic strength by volume in percentage units or half units “% vol”; (5) the name of the bottler, the area of location and the Member State; (6) the lot number; (7) the geographical indication if the wine belongs to one; (8) the word “viini” with the country of origin, for third-country wines; (9) the name of the importer – importer to the European Union territory, not only Finnish territory – or the bottler, if bottling is done within the EU area. (Valvira 2005.)

Information above except the importer, the lot number and the sulphur dioxide mention, have to be presented on the same visual field, printed in a readable and indelible way. The alcoholic strength by volume should be printed on the label with a different size according to the alcoholic strength: 5mm high if nominal volume over 100cl, 3mm high if between 20 and 100cl, 2mm high if lower than 20cl. Finally, regarding the language on the label, one or more of the EU official languages can be used. (Valvira 2005.)
5 TRADING CONDITIONS

5.1 Incoterms

In international business, buyers and sellers do not have the same local references regarding trading terms. In order to create common language and interpretation of commercial terms for all sellers and buyers worldwide, the International Chamber of Commerce has defined a set of common sales and delivery terms, called International Commercial Terms, or Incoterms. Those standardized terms enable to clearly define and specify the buyer’s and the seller’s obligations and responsibilities in terms of cost, transportation and risks. However they do not settle any standard rules related to price, payment method, nor transfer of ownership of the goods. (Baily, Farmer, Crocker, Jessop & Jones 2008, 320; International Chamber of Commerce 2010, 120; Ramagopal 2006, 34.)

Although very convenient, those terms are only rules, not law. They are applicable to the contract only if mentioned correctly as follows: the chosen incoterm rules followed by the named place of destination, followed by “Incoterms” and the year of publication. (International Chamber of Commerce 2010, 120.)

To reflect the development of business to business practice in international trade, the International Chamber of Commerce regularly updates the Incoterms. At the time of writing, the current ones are the Incoterms 2010. To simplify the Incoterm rules of 2000, the International Chamber of Commerce issued only 11 Incoterms rules, divided into two groups: Incoterms related to sea transportation and Incoterms related to multimodal transport. (International Chamber of Commerce 2010, 120.) A matrix of the 2010 Incoterm rules is presented in the appendix 3.
Choosing the right Incoterm is a key issue as Incoterms “enable exporters to quote prices that clearly allocate the costs and the risks of international transportation.” (Astrup, et al. ... 2003, 94). An Incoterm is chosen according to the nature of the good, the means of transportation and the tasks the seller and the buyer are willing to do. Moreover, the choice of an Incoterm relies on the profitability. For instance, the buyer would prefer to handle the main transportation if it could have lower freight rates than the ones the seller is charging. (International Chamber of Commerce 2010, 121-122.)

According to the importance of securing its international deliveries, the Finnish State Alcohol Monopoly Alko is also using Incoterms. It is stated in their terms of purchase and delivery that they are only importing alcoholic beverages from abroad under the terms FOB port of shipment, FCA supplier’s warehouse, FCA carrier’s terminal, DAP Vantaa for truck deliveries or DAP Helsinki for container deliveries, Incoterms 2010. (Alko Oy 2012.) Wines from Australia are imported under the FOB Incoterm rule (Australian wines buyer in Alko, personal communication on 2.5.2012 and 29.6.2012).

The Incoterm FOB, standing for Free On Board, means that “the seller delivers the goods on board the vessel nominated by the buyer to the named port of shipment.” (International Chamber of Commerce 2010, 203). This Incoterm rule is only applicable to maritime or fluvial transportation, which shows a misunderstanding. The wine imported from Australia should be imported under the Incoterm FCA Carrier’s warehouse, which is described in the appendix 4.

According to the definition of the FOB incoterm, the seller (here the Australian supplier) has several obligations: (1) To appropriately pack and mark the goods for sea transportation; (2) To deliver the goods with an invoice compliant with the sales contract; (3) To deliver and to load the goods on the vessel nominated by the buyer at the agreed port of shipment, on the agreed date, which is when risks are transferred from the seller to the buyer; (4) To pay for delivery and loading of the goods at the port of shipment;
(5) To obtain export licence if needed, and to bear the cost of export customs formalities, duties, taxes and other charges payable upon export; (6) To pay for pre-shipment inspection, when required by the country of export. (International Chamber of Commerce 2010, 203-209.)

On the other hand, the buyer bears all risks and costs once the goods are loaded on the vessel he has nominated, in the port of shipment. The buyer’s obligations are: (1) To pay for the goods, according to the agreed selling price; (2) To take delivery of the goods when loaded onto the vessel at the named port of shipment; (3) To arrange and to pay for the carriage from the named port of shipment; (4) To obtain an import licence if needed, and to bear the cost of import customs formalities, duties, and taxes that are payable upon import; (5) To pay for pre-shipment inspection, except when required by the country of export, meaning that the seller, not the buyer, has to pay for it. (International Chamber of Commerce 2010, 203-209.)

5.2 Payment methods

Over the past decades, international trade has been growing due to fewer trade barriers and companies taking advantage of the opportunities it represented. However the international payment transactions are riskier for both the buyer and the seller, because of currency regulations, foreign exchange risk, political and economic conditions in the buyer’s or seller’s country, and customs. Choosing the right payment method among the four main methods – cash in advance, documentary credit, documentary collection and open account – is thereby a key issue for sellers wanting to get paid and buyers wanting to get what they pay for. (Hinkelman 2008a, VI.)

Payment transactions between Alko and its Australian suppliers are done using the open account method (Australian wines buyer in Alko, personal communication on 2.5.2012 and 29.6.2012). Alko can benefit from this payment method as it is a reliable partner in trade: it is a state-owned company with a retail monopoly.
5.2.1 Open account

Payment by open account means that the buyer agrees to pay for the goods within a designated time after shipment, usually in 30, 60 or 90 days. This payment method provides greatest security for the buyer but leaves the seller at greatest risk because the seller has no other choice but to rely on the buyer's willingness and ability to pay on due date. The seller should thereby consider other alternatives before agreeing to the buyer paying by open account. (Hinkelman 2008a, 11, 15.)

Open accounts are made by bank draft or check, or through a wire payment to the seller's account. The main advantage is that open account gives time to the buyer to receive goods, to sell them and to collect enough money to be able to pay the seller without using their own funds. (Hinkelman 2008a, 15.)

Although common in domestic trade because legal systems make it easier to recourse against defaulting buyers, open account term of payment is much less common in international trade. It is used in two situations only: (1) The goods are shipped to a foreign branch or subsidiary of a multinational company; (2) The seller has significant faith in the buyer's ability and willingness to pay. (Hinkelman 2008a, 15.)

5.2.2 Other payment methods

Cash in advance

Payment by cash in advance means that the buyer pays for the goods before shipment of the goods ordered. The seller thereby benefits from greatest security, whereas the buyer is suffering from greatest risk that the seller will not execute all his contractual obligations in terms of delivery times, and quality of the goods. As this payment implies many risks for him, the buyer should always consider other payment methods as an alternative. (Hinkelman 2008a, 11-12.)
**Documentary credit**

A documentary letter of credit consists in the buyer’s bank’s commitment to pay the seller the specified sum on behalf of the buyer, providing that the seller is complying with the agreed terms and conditions. With a letter of credit, the buyer’s bank assumes the payment responsibility and acts as an intermediary between the buyer and the seller, which do not communicate directly. The bank only deals with documents and check their compliance with the letter of credit but does not deal with the goods themselves. Before the bank is to make payment, the buyer specifies the required documentation, the most important being the bill of lading. On condition that documentation is compliant the seller is assured that payment will be made after shipment of the goods. The documentary credit represents same level of security for both seller and buyer; that is why it is the most common international payment method. (Hinkelman 2008a, 11, 13.)

**Documentary collection**

Documentary collection is the equivalent of international Cash on Delivery payment: it is an order from the seller to its bank to collect payment from the buyer in exchange of title documents. The seller ships goods to the buyer and forwards shipping documents to its bank for transmission to the buyer’s bank. The banks here do not guarantee payments, they only deal with documentation. Documents will be released to the buyer upon payment (documents against payment D/P) or upon guarantee that payment will be made within a specified period of time (documents against acceptance D/A). As soon as the buyer possesses the title documents, he can take delivery of the goods. This means that the documentary collection can be risky for both sellers and buyers. On one hand the seller bears the risk of the goods while in transit and in storage until payment and acceptance as the payment is made after shipment of the goods. On another hand the buyer bears the risk that the goods are shipped in inferior quality or quantity. (Hinkelman 2008a, 11, 14.)
6 TRANSPORTATION ISSUES

6.1 International transportation

International transportation refers to the physical flow from the country of the exporter to the country of destination; managing this flow is a key issue of the import process. The transportation may have a critical impact on costs, on delivery times and on risks, which is affecting the efficiency and the profitability of the transaction. (Astrup, et al. ... 2003, 235; Ramagopal 2006, 104.)

Considering the impact of logistics on costs, times and quality, businesses are often outsourcing the management of transportation to freight forwarders, experts in the field (Astrup, et al. ... 2003, 235).

International transportation can be either by road, by sea, by air or by rail. Besides its own characteristics regarding risks, costs and times, each means of transportation has its own requirements concerning formalities and documents. The further the country of origin from the final destination, the more likely the product is to be shipped through different means of transportation, what is called multimodal transportation. (Astrup, et al. ... 2003, 235-236.)

In the case of an import from Australia to Finland, two means of transportation could be considered: sea freight and air freight. In Alko, they import wines from Australia only by maritime transportation (Australian wines buyer in Alko, personal communication on 2.5.2012 and 29.6.2012). This is easily understandable as Alko has long-term procurement planning and therefore does not need express deliveries, rather related to air transportation.
6.1.1 Maritime transport

Maritime transport is accounting for 90% of the worldwide transportation of goods, and the regulations for other means of transportation mainly come from the maritime transport regulations. Sea transportation is ruled by three main treaties: (1) The Hague Rules 1924, defining the rules for carriage of goods under a bill of lading and for liability of ship owners; (2) The Hague Visby Rules 1968, amendment of the first treaty, about the liability of ship owners; (3) The 1978 Hamburg Rules, correcting the lacks of the two first treaties. (Astrup, et al. ... 2003, 239, 251.)

Maritime transportation is advantageous in terms of rates. It is one of the cheapest means of transport, even if it suffers from higher insurance premiums because of the relative non safety of sea transportation. It also requires long-term planning because of the long delivery times. (Astrup, et al. ... 2003, 239, 251.)

6.1.2 Containerized and multimodal transportation

Containerized and multimodal transportation are different but very often inter-related. In a context of containerized transportation, the goods are stowed in the container, sealed throughout the whole delivery. On the other hand, the multimodal transportation consists in a series of different means of transport used to achieve the delivery, e.g. road or rail transportation from the seller’s premises to the port or airport of loading, sea or air transportation from the country of export to the country of destination, road or rail transportation from the port or airport of unloading to the buyer’s warehouses. Multimodal transportation thus involves numerous offloads during the delivery process, when changing from one means of transport to another. Containerization of the goods is thus a convenient way of protecting goods from damage, theft or loss. (Astrup, et al. ... 2003, 257.)
There are two main families of containers: ISO containers and IATA (International Air Transport Association) containers: the first ones convenient for any type of transportation excepting the air transport, which IATA containers are designed for. The container volumes are commonly measured in Twenty-foot Equivalent Units (TEU) and the basic ISO containers of 6.10 metres (20 feet) and 12.20 metres (40 feet) length respectively equal to 1 TEU and 2 TEU. (Astrup, et al. ... 2003, 257; Branch 2006, 85-86.)

Container shipments are often organized by freight forwarders, who often act as consolidators to optimize containerized transportation by filling full container loads. There is thus a clear distinction between shipments that fill a full container load and shipments that fill less than a container load. When the exporter is able to fill a full container load with its cargo, an empty container is delivered to its premises, stuffed with the goods, sealed, and finally delivered to the port or airport of loading. When the shipment of the exporter fills less than a container load, its shipment is delivered to the carrier’s premises and stuffed together with consignments from other exporters, in order to fill a full container load: this is called consolidation. At the port or airport of destination, the container is emptied and all the consignments are separated to be delivered to their respective place of destination. (Astrup, et al. ... 2003, 259.)

6.1.3 Transportation of wine

The most common way to transport wine is to bottle it at winery and to ship it in standard containers. Usually wine bottles are first packed in boxes and then stacked on pallets. Pallets are most commonly made of wood – and thereby require treatment and marking – but other alternatives exist such as additional pallets, made from plastic, in shape of wine bottles. Those pallets are then wrapped and stuffed into containers. A 20 feet container could transport up to 17,000 bottles and a 40 feet container up to 23,000 bottles (Waste & Resource Action Programme 2008).
However, wine in itself requires special conditions – ideal storage temperature of the container is 13°C to 15°C – and the bottles made of glass implies a high risk of breakage (Waste & Resource Action Programme 2008). Considering its relatively high value, transporting and insuring wine may be expensive. That is why bulk shipment of wine has been developed.

Two systems are available for the bulk transportation of wine. The ISO tanks which are reusable stainless steel tanks and Flexitanks which are disposable plastic bags that are fitted inside standard 20ft containers. (Waste & Resource Action Programme 2008.) Those containers are presented in the appendix 5 together with standard transportation.

In Australia, wine can be exported in bulk when despatching containers of more than 20 litres, forming part of a shipment of more than 100 litres. Apart from the money saved on insurance and transportation, containerization of the wine is designed to protect wine from substitution or contamination. However, this bulk wine export requires: (1) the preparation of wine; (2) the analysis of the wine in terms of microbial stability, chemistry and taste; (3) the cleanliness of the container; (4) a container built in a material suitable for wine contact. (Wine Australia 2002.)

6.2 Freight forwarders

Logistics of international transactions can be partly or entirely outsourced to freight forwarders. They offer a more or less comprehensive range of services including handling of customs formalities, insurance, port and terminal charges, loading and unloading. Acting as logistics experts, freight forwarders are able to advise to the shipper the best modes of transportation and the most suitable service providers, and to make the shipper benefit from their experience by offering more efficiency and lower rates. (Astrup, et al. ... 2003, 244-245; Ramagopal 2006, 104.)
Freight forwarders can act as agent or as principal. When acting as agent, they are acting on behalf of, and under the instructions of the shipper but they are just an intermediary; the shipper is in charge of dealing with the service providers once the freight forwarders has selected them. When acting as a principal, the shipper is only dealing with the freight forwarder, which is liable for the efficiency of the transaction. (Astrup, et al. ... 2003, 244-245.)

Different types of freight forwarders are playing on the logistics field. The major ones are the non-vessel operating common carriers (NVOCC), the multimodal transport operators, the customs brokers and the port agent. Non-vessel operating common carriers are consolidating diverse shipments from several customers in order to have full-container load and get lower freight rates whereas multimodal transport operators are service providers for door-to-door deliveries – the whole transaction logistics is outsourced to them –. Taking care of fewer operations, customs brokers are specialised in customs clearance and formalities, and port agents are only representing the shipper at the point of transfer of the good from one transport mode to another. (Astrup, et al. ... 2003, 245-246.)

6.3 Cargo insurance

Insurance can be part of the seller's, or the buyer's obligations according to Incoterms, but if not, insurance is still necessary to protect the shipper from damage or loss in transit.

There are different possibilities for insuring a transport operation:
(1) Getting a long-term cover, either an open cover or a floating policy, for multiple shipments over a certain time period and under the general conditions agreed in the insurance contract;
(2) Ensuring shipment on the spot by marine, air, or overland insurance policies which are generally extended in order to cover the whole transportation;
(3) “Outsourcing” insurance to the freight forwarder which is taking out open
cover insurance to insure all its customers’ transactions.
(Astrup, et al. ... 2003, 265-268.)

Whatever insurance is chosen, it is advised to take out one insurance policy
to cover the whole transportation. This is sometimes not possible, since
some countries are requiring the buyer or the seller to take out insurance
from a local company. Without regards to the type of insurance, if any
incident may occur during the transportation, only the current owner of the
goods at the time of the incident can claim for compensating from the
insurance company. (Astrup, et al. ... 2003, 265-268.)

The fact of insuring the goods when being at risk in the transaction can be a
contractual obligation, according to the two Incoterms CIF (Cost, Insurance,
Freight) and CIP (Cost, Insurance, Paid to). The contractual obligation
requires a special insurance on 110% of the value of the goods. (Astrup, et
al. ... 2003, 265-268.)

The cost of insurance varies according to the transportation mode, the routes
and the nature of the goods. The premiums for air shipment equal to 0.3% of
the value of the goods, for sea transportation to 0.6-0.7% and for rail or road
transportation, premiums can be up to 2% of the value of the goods. (Astrup,
et al. ... 2003, 265-268.)
7 IMPORT FORMALITIES

7.1 Customs

Every international trade operation involves two customs clearances, one upon export and one upon import. The person in charge of export and/or import clearance is denominated according to the chosen Incoterm. The clearance responsibility consists in: (1) Obtaining the necessary export licences, filling out forms and declarations; (2) Paying for import duties and taxes; (3) Assuming the risk that customs clearance may be physically or legally impossible. Given that customs clearance is one of the key issues of the import process, this responsibility may be outsourced to expert freight forwarders such as customs brokers. However, detailed information about the nature and the value of the goods, the expected amount of duties and taxes to pay for as well as the freight price should be provided to the freight forwarders. (Astrup, et al. ... 2003, 269-270.)

7.1.1 Customs classification

The Customs classification of the goods is one of the factors influencing the amount of import duties to pay for. In most countries this classification is ruled by the Harmonized Commodity Description and Coding System, usually known as HS Nomenclature. (Astrup, et al. ... 2003, 270-271.)

The European Union Customs classification

To adapt the coding system to their needs, the European Union has developed a Combined Nomenclature. This Combined Nomenclature comprises 8-digit subdivisions which integrate the 6-digit codes of HS Nomenclature. This code has to be declared in order to determine the applying customs duty percentage and for statistical purposes. (Website of the European Commission 2011.) The European Union Customs can provide the exporter and importer with reliable information about the classification of the goods. As an example, classifications are presented in the appendix 6.
7.1.2 Import duties

The amount of duty payable upon import varies according to different factors: the value of the goods, tariff schedules of the importing country, the customs classification of the goods and the origin of the goods. In general, the duty is calculated as an ad valorem percentage of the value of the goods – usually the CIF value. (Astrup, et al. ... 2003, 270-271.)

In the case of wine, the import duties are calculated by different means: (1) a fee in EUR per hectolitre; (2) a percentage calculated on the CIF value; (3) a percentage + a fee in EUR per hectolitre. For instance, to import a sparkling wine with a protected geographical indication, code 22041094, the buyer is to pay 32.00€ per hectolitre. (Website of the European Commission 2011.)

Country of origin

The country of origin of the goods also influences the payable amount of duty. Preferential tariffs are granted to certain European and Mediterranean countries as well as certain developing countries according to the United Nations’ Generalized System of Preferences. The origin of the goods has to be proven by a certificate of origin issued by a chamber of commerce or other official export agency. (Astrup, et al. ... 2003, 271-272.) The origin is rather simple to define for wine, as the wine is generally produced in the same country than where the grapes have grown.

7.1.3 The EU excise duties

Excise duties are indirect taxes on the consumption of alcoholic beverages – beer, wine, other fermented beverages, ethyl alcohol –, manufactured tobacco products and energy products. All EU Member States apply excise duties, expressed as a monetary amount per quantity of the product. (Website of the European Commission 2011.) The excise rates on wine for 2012 are presented in the appendix 7.
Free circulation in the European Union

Imported goods are released for free circulation after payment of the import duties. It gives to non-Community goods the status of Community goods. (Website of the European Commission 2011.)

7.1.4 The value-added tax

The Value Added Tax, or VAT, in the European Union is a consumption tax, charged as a percentage of the selling price, assessed on the value added to goods and services, and borne by the end consumer. It is an indirect tax: the buyer is actually the one paying for the tax, even if it is the seller who is paying back the tax to the revenue authorities, because the tax is included in the retail price. (Website of the Ministry of Finance 2012.)

It concerns all goods and services that are bought and sold for consumption in the EU. Therefore imported goods are also taxed for the competition to remain fair between the European producers and the third countries producers on the EU market; the Value Added Tax must be paid when the goods enter the Community. (Website of the European Commission 2011)

The EU standards only require that the standard VAT rate must be equal or superior to 15% and the reduced rate equal or superior to 5%; the member states are responsible to determine their domestic VAT rates. In Finland, the general tax rate is 23% applying to wines for instance, a reduced tax rate of 13% on food and restaurant meals, and a second reduced tax rate of 9% on medicines, books, personal transport services, and so on. (Website of the Ministry of Finance 2012.)

Release for consumption

After paying the value-added tax according to the rates in force, and the other excise duties that are applying, goods are released for consumption and can be marketed (Website of the Alcohol and Tobacco Tax and Trade Bureau 2010).
7.2 Trade documentation

A good comprehension of the various documents involved in an import process is critical since non relevant and incorrectly filled in documentation results in delays in customs clearance, payment, and deliveries, loss of goodwill between buyer and seller, as well as extra charges from the bank. Freight forwarders and banks are able to provide information about the role of the documents and their limitations. (Branch 2006, 352.)

7.2.1 Key contracts

The sales contract
The central contract of an import transaction is the sales contract. Signed by both the buyer and the seller, the contract of sales specifies the key elements of the transaction: price, quantity, products, and delivery and payment terms. The sales contract is the basis for the contracts of carriage, of payment and of insurance; it should name the place of delivery, state the Incoterm prevailing on the transaction, and enumerate the diverse documents needed for customs clearance, payment, etc. (Astrup, et al. ... 2003, 43-44.)

The contract of carriage
The contract of carriage is also part of the main contracts. It is formed between the shipper – seller, or buyer – and the carrier or the freight forwarder. If the freight forwarder has been contracted as an agent, the contract will be formed between the shipper and the carrier. If the freight forwarder has been contracted as a principal, the contract will be formed between the shipper and the freight forwarder. (Astrup, et al. ... 2003, 44.)

The payment-related contract
Depending on the means of payment, it is likely that a payment-related contract will be formed according to the method used among the four described under heading 5.2 Payment methods (Astrup, et al. ... 2003, 44).
The insurance contract

In addition to those three main contracts, international transportation may require to draw up an insurance contract (e.g. a policy) between the buyer and the seller. An insurance cover should always be taken out against loss or damage from the time the goods leave the exporter’s premises until the buyer takes possession of them. When the contract of sales is ruled by the Incoterms 2010, the seller and the buyer must be aware of their obligations regarding insurance. Incoterms 2010 CIP and CIF entitle the seller to take out an insurance contract on behalf of the buyer, according to the minimum coverage it has to provide. (Astrup, et al. ... 2003, 44; Branch 2006, 374-375.)

7.2.2 Commercial documents

The commercial invoice

The commercial invoice is the bill for the goods and services sold. Drawn up by the seller it has to include essential information regarding the transaction: (1) As detailed as possible description of the goods; (2) Address and identity of the seller/exporter; (3) Address and identity of the buyer/importer; (4) Delivery terms and place; (5) Payment terms. This key document is used by the customs authorities as a basis for calculating import duties. (Astrup, et al. ... 2003, 246-247.)

The inspection certificate

This certificate is issued by an independent agency, after carrying out an inspection on goods. Examination of the goods takes place prior to despatching, either at the place of manufacture or when goods are loaded into the container. Inspection is to ensure that quality and quantity being exported and specifications of the shipment comply with the sales contract, the bill of lading or the export invoice. (Astrup, et al. ... 2003, 247; Branch 2006, 389.)
The certificate of origin
Usually issued by local chambers of commerce, this certificate states the nature, the quantity and value of the goods, together with their place of manufacture or production. This certificate establishing the origin of the goods can be required for two main reasons: (1) To identify goods originating from countries benefiting from preferential tariff treatment, and to reduce import duties; (2) To identify goods originating from countries from which imports may be restricted or prohibited. (Astrup, et al. ... 2003, 247; Branch 2006, 375.)

The insurance certificate
The insurance certificate is a proof of type and amount of insurance coverage. It is generally required for payment by letter of credit and under CIF and CIP Incoterm rules. (Astrup, et al. ... 2003, 247.)

The packing list
The packing list or note is a highly detailed list describing for each separate export consignment the weight, the volume, the content and the packaging of the shipment, as well as giving details about the invoice, the buyer, the consignee, the country of origin, the vessel or flight date, the port or airport of loading and discharge, the place of delivery, the shipping marks, and the container number. It is issued by the shipper at the time the goods are despatched, and accompanies the goods and the carrier’s documents during the whole transportation. (Astrup, et al. ... 2003, 247; Branch 2006, 388.)

The export licence
Export of hazardous and politically sensitive goods is subject to obtaining an export licence in some countries. This official permit is issued by an authorized agency of the exporter’s country, and goods cannot be exported without it. (Astrup, et al. ... 2003, 247.) Export of wine from Australia is subjected to obtaining an export licence delivered by Wine Australia Corporation (Website of Wine Australia 2012).
The import declaration
When importing goods a formal statement has to be issued by the importer or a customs broker working as agent for the importer. This statement identifies the seller, the buyer, the shipment, the date of issuance, the country of origin and the country of final destination, the quantity, the value of the goods, and the shipping details. It is required by the customs authorities of the country of import to control imports, to assess duties, and for statistics purposes. This form has different names in different countries. (Hinkelmann 2008b, 70.) The import declaration represents the starting point of the import customs clearance (Website of the French Customs 2007).

The Single Administrative Document
For the European Union, and Finland, this declaration is called the Single Administrative Document. It is used for export and import clearance as well as for transit and deliveries within the EU territory; the SAD includes eight different specimens; only three out of them are related to the import declaration. The declaration is always submitted to the customs together with the commercial invoice and the required documents for preferential tariffs or control of imports. Only the importer or the customs broker representing the importer can present a declaration to the Customs. (Website of the French Customs 2007.) An example is presented in the appendix 8.

The AREX declarations
In Finland, the import declaration is following the AREX declarations on arriving goods: entry summary declaration, summary declaration and manifest presentation (Website of Alcohol and Tobacco Tax and Trade Bureau 2010; Website of Finnish Customs 2012).
7.2.3 Shipping documents

The bill of lading

The bill of lading or B/L is the most important commercial document in international trade. There are different types of B/L, such as the marine bill of lading or the multimodal transport bill of lading and it can be negotiable or non-negotiable. The B/L plays a triple role in the international sales transaction.

(1) The B/L evidences the contract of carriage between the carrier and the shipper. Stating all terms of the contract of carriage, the B/L is a promise that the goods will be safely carried and delivered from the port of loading to the port of discharge.

(2) The B/L evidences receipt of the goods. It describes the goods, and states that they have been loaded “on board” in certain quantity and in apparent good order. The mention “on board” on the B/L is compulsory for the B/L to be “clean”.

(3) The B/L confers the right to physical delivery of the goods; the legal holder of the B/L is solely entitled to take delivery of the goods. Usually, the ownership of the goods is transferred in transit from the original seller to the ultimate receiver who will take delivery of the goods from the ship.

(Astrup, et al. ... 2003, 44, 248-250; Branch 2006, 357-358.)

An example of the bill of lading is presented in the appendix 9.
8 IMPORT PROCESS DESCRIPTION

After defining its needs for the coming year, Alko issues a purchase plan with a list of the products wanted for the general selection together with the deadlines of the search period. The case studied hereafter corresponds to a call for tender issued for the delivery of a certain volume of Australian wine.

8.1 Step 1: Selecting supplier

After seeing the demand in the purchase plan, the supplier is to submit an offer filled on an Alko’s template. This form should be completed by the seller himself or an authorized representative, and represents a commitment from the seller to the Ethical Principles of the BSCI Code of Conduct and Declaration of Liability. Alko’s retail and purchase prices for both sales and transport packaging must be stated on the offer form. Offers must be valid for twelve months after the end of the search period. (Alko Oy 2012.)

At the end of the search period, the selection phase starts, following the timeline below:

Figure 3. Timeline for the selection phase (Alko Oy 2012)

After being listed, the supplier has one month left to deliver the goods to Alko under the agreed terms of the contract.
8.2 Step 2: Defining the contractual terms

8.2.1 Delivery terms

Exporters and Alko first have to agree on who is responsible for what in this import process. Alko prefers using the following Incoterms, FOB, FCA and DAP (2010), when importing goods from a third country (Alko Oy 2012). In case of an import from Australia, the Incoterm used will be FOB Adelaide/Sydney/Melbourne (Australian wines buyer in Alko, personal communication on 2.5.2012 and 29.6.2012).

Alko’s obligations under FOB Incoterm are thus to take delivery of the goods when loaded on the vessel at the named port of shipment, to arrange and pay for carriage, to obtain import licence if required, to proceed to import customs formalities and to pay for the goods.

8.2.2 Payment terms

When importing from abroad, Alko is paying for its invoices 30 days after the import date, which is the date when the ship arrives in the port of destination, Vuosaari harbour, in Finland (Australian wines buyer in Alko, personal communication on 2.5.2012 and 29.6.2012). This payment method corresponds to the open account method.

This payment method does not require the issuance of a letter of credit, and does not involve any bank’s commitment. It is thereby rather simple. Alko only has to check the compliance of the invoice with the pro-forma and the compliance of the goods with the contract. If the delivery is compliant, Alko is to order its bank to pay the customer at 30 days after the import date.
8.3 Step 3: Arranging transportation

According to requirements of FOB Incoterm, Alko is to organize the main transportation.

8.3.1 Contacting freight forwarders

Alko has set up long-term contracts with some freight forwarders in order to benefit from their knowledge and experience of the import procedures (Australian wines buyer in Alko, personal communication on 2.5.2012 and 29.6.2012). To arrange the shipment, Alko has to contact freight forwarders and provide them with the forwarding instructions.

8.3.2 Notifying the supplier

According to specifications of FOB, the supplier is responsible for delivering the goods to the named port of shipment: Adelaide, Melbourne or Sydney. It is considered that the seller has achieved its obligations when the goods are loaded onto the ship. Therefore Alko is responsible for notifying the seller of the chosen vessel for the transportation.

8.4 Step 4: Securing transportation

8.4.1 Packing the goods

As the responsible party during shipment of the goods, Alko has to make sure that goods are properly packed. Therefore Alko is to notify any requirements regarding appropriate packing of the goods.

Wine from third countries are loaded on pallets or slip-sheets and then loaded into containers (Australian wines buyer in Alko, personal communication on 2.5.2012 and 29.6.2012).
8.4.2 Insuring the goods

The FOB Incoterm rule does not imply any obligation regarding insurance. However basic insurance is required for maritime transportation and is advised especially when shipping valuable goods.

Alko is insuring all the transactions through a yearly contract (Australian wines buyer in Alko, personal communication on 2.5.2012 and 29.6.2012).

8.5 Step 5: Preparing the shipment

According to FOB Incoterm, the seller has to carry out the customs export formalities. He needs to obtain an export license, in order to get an export permit and then a VI1 analysis certificate required when exporting from Australia to the European Union.

After customs clearance, the seller has to load the goods on the vessel in the named port of departure. At this very moment, Alko starts bearing the risks and the cost of the import operation.

8.6 Step 6: Shipping the goods

After taking delivery of the goods, the actual shipment takes place. Goods are moved from the Australian port of departure – Adelaide, Melbourne or Sydney – to Vuosaari port, Helsinki. It takes around fifty days for the goods to be shipped (Website of Hamburg Süd Liner Services 2012). Of course this delivery time is very much influenced by the weather and the number of transhipments.

At this step the most important document in sea transportation, the bill of lading, is issued by the carrier to the shipper – here to the freight forwarder or the buyer – signed by the captain, agent, or owner of the vessel (Hinkelman 2008b, 40). An example of the document is presented in the appendix 9.
8.7 Step 7: Proceeding to import formalities

On arrival of the goods in Helsinki port, Alko or his forwarding agent has to deal with import customs formalities. Entry into free circulation into the European Union territory is subject to the presentation of the VI1 certificate and other documents (Website of the European Commission 2012).

8.7.1 Customs declaration

The European Customs declaration, the Single Administrative Document, needs to be filled in by the importer. This declaration containing numerous information such as the description of the goods, their value and their codification, will enable the customs calculating the import and excise duties, and the value-added tax the importer has to pay. An example of the Single Administrative Document is presented in the appendix 8.

8.7.2 Customs classification

Wine is included in the HS chapter 22 “Beverages, Spirits and Vinegar”, under the HS heading 2204 “Wine of fresh grapes, including fortified wines; grape must other than that of heading 2009” (Website of the Finnish Customs 2011).

The HS Heading 2204 is divided into four subheadings: 2204 10 “Sparkling wine”; 2204 21 “Other wine; grape must with fermentation prevented or arrested by the addition of alcohol, in containers holding 2 litres or less”; 2204 29 “Other”; 2204 30 “Other grape must” (Website of the Finnish Customs 2011).

The nomenclature of wines is presented in the appendix 6.
8.7.3 Import duties

Any product imported into the EU territory is subject to taxation (apart from products coming from exempted countries). Import duties on wine have to be checked case by case as they could be calculated as a fee per hectolitre or a percentage of the value or a combination of both.

8.7.4 Excise duties

In addition, wine is subject to excise duties, applied to products such as alcoholic beverages, manufactured tobacco products and energy products. According to the document presented in the appendix 7 wine is submitted to different fees according to its alcohol content.

For the year 2012, the standard rate for still and sparkling wine is 312 EUR per hectolitre.

The reduced rates are 11 EUR per hectolitre for wines of alcoholic strength by volume between 1.2% and 2.8%, 159 EUR per hectolitre for wines of alcoholic strength by volume between 2.8% and 5.5%, and 224 EUR per hectolitre for wines of alcoholic strength by volume between 5.5% and 8%.

8.7.5 Value-added tax

For the imported wines to be released for consumption, Alko is to pay the value-added tax on the products. Wine is subject to the standard VAT rate that is to say 23%. The value-added tax to pay to the customs is calculated on the value of the goods Delivered at Place.
8.8 Step 8: Paying for invoices

Last step of the process is to pay for invoices related to the import process. Alko is to pay its supplier, its freight forwarder and the insurance company.

The payment transaction between the seller and Alko is done at 30 days from import date. This open account payment term is not guaranteed as a letter of credit, it is a payment term based on trust between each other. Thereby there is no condition such as the reception of documents or the commitment to payment, and the process is rather simpler.

8.9 Process chart

Following the sequence of the import operation, the process chart presented in the appendix 10 illustrates each step described on the previous pages. This process chart is adapted from the one designed by Liisa Ylituomi, teacher in Satakunta University of Applied Sciences, Rauma, Finland.

The green boxes in the middle represent the actions of Alko. When the action under this column is put in grey, it means that the buyer is not literally handling this action. Those boxes are linked to other boxes that indicate the documents and the other parties involved at this stage of the process. The darts show the link between the steps, Alko, the documents and the other parties. The horizontal grey lines represent the time issue, the grey line being a long-time transition from one step to the following one.

For instance, the first action of the process is headed by Alko. The preparation of the purchase results in the purchase plan that will be released for consultation of suppliers. In response suppliers will submit an offer that will be taken into account in the second action of Alko in the process, the selection and the listing of a supplier. The grey line between the box of the offer and the second action of Alko represents the seven months it takes to Alko to select and to list a supplier.
9 FINAL WORDS

9.1 Conclusions from the empirical part

First major conclusion that can be drawn is that being a supplier of Alko implies a long-term commitment as well as trust in the State-owned company. The whole selection process can last up to seven months and the offer from the supplier has to be valid for twelve months. Alko is very demanding on terms and conditions and is taking advantage of its retailing monopoly to make their suppliers comply. On another hand it is true that Alko is a reliable partner as it is a State-owned company. Thereby Alko is in a position to ask for more advantageous terms of payment. The seller does not need as many payment guarantees as from an unknown buyer.

Studying the import process of Alko also enabled me to see how interpretation of Incoterms rules can be complex. When importing from Australia by sea, goods are transported by road in the country of departure, shipped into containers and then again transported by road in the country of destination. The fact that goods are shipped into containers and take different means of transportation means that the applying Incoterm rule should be related to multimodal transportation. However Alko is currently using the FOB Incoterm. Therefore Alko should change the applying Incoterm rule from FOB Port of departure to FCA Carrier’s terminal, which adds only one obligation to the buyer that is to unload the goods from the seller’s means of transport. In any case freight forwarders can help to choose the relevant Incoterm.

Regarding freight forwarders, Alko already has long-term contracts with some which is essential as Alko is importing large volumes of alcoholic beverages. Hence the relationship with the forwarders needs to be developed further by evaluating performance in terms of times and service quality, by setting up partnerships and by calling for tenders, in order to benefit from more competitive rates and better services.
Moreover, to save costs on imports Alko may consider changing for other transport solutions. So far Alko does not own any bottling activities and imports already bottled wine only. However, it could be relevant for them to study how their importing cost could be reduced by importing wine in bulk and thereby benefiting from cheaper freight rates and cheaper insurance premiums.

Indeed cost savings are a critical issue as the import price of wine is very dependent on the rates of the import duties and taxes. A change in customs policy is a key factor as taxes and duties already represent a high percentage of the price of wine. Any increase thereby being a critical commercial disadvantage, costs must been cut somewhere else to compensate.

Finally it is essential to point out the difficulty of the customs formalities. Outsourcing this step of the import process to a specialized forwarding agent can be of great help and will avoid red tape and difficulties to the buyer. Customs may also be asked for confirmation of classification of products, in order to avoid any mistakes in the declaration that could result in fines.

9.2 Thesis process description

9.2.1 Choice of the topic and project plan

Thesis process started in December 2011 with drafting of the project plan. Initially I was to work for a company, and I wrote a first project plan related to a topic suitable for the case company. Unfortunately after deeper discussions with the case company it was clear that I could not work for it because the offered final topic was too wide and not enough related to my field of studies.

Finally I started working on my official topic – import process of wine from Australia to Finland – and project plan in late January 2012. This resulted in a short period of time to carry out my thesis as my initial plan was to graduate in June 2012.
9.2.2 Information gathering

Information gathering started with the reading of some books related to research methods in order to have guidelines on how to proceed to carry out my thesis.

My objective behind this information gathering was to find relevant, reliable and recent sources. The oldest source used in this thesis is dated on 2003, but most of the references are dated around 2012 to have up-to-date data, in accordance with the constant evolution of the global market rules and regulations.

Data on Alko and the Finnish system were gathered from websites specialised on trade in wine, and from the Alko’s own website. In addition, I have obtained the contact details of the person in charge of importing wines through Alko’s customer service. I was put in contact with the buyer of Australian wines to whom I submitted a first questionnaire, but the buyer directed me to Alko’s listing procedure available on their website and advised to come back to him with any questions left unanswered. I sent back two questionnaires that are compiled in the appendix 11. They were based on the concept of a semi-structured interview. The purpose was to collect information relating to the import procedures, but also to give the respondent the opportunity to add any information which may seem relevant to him (Lowe 2007, 81). Being in contact with someone directly involved in the wine import process from Australia to Finland was an asset for the validity and the reliability of the information.

Data regarding regulations on wine were collected from reliable websites of various organisations including Wine Australia – branch of the Australian Government –, the European Commission and Valvira, the National Supervisory Authority for Welfare and Health.
Finally data related to the import procedures were gathered from books dealing with procurement management, export practices, international payment methods and trade documentation. Data for import process were mainly collected and adapted from books related to the export process since there were not any books focused only on the import process.

9.2.3 Evaluation of the process

The first conclusion I can draw from this thesis process is that it was a tough work to handle. At first I did not realize how much time and efforts I would have to put in it; and unfortunately I started working on too late.

Nevertheless the thesis was a good way to develop research, analysis and writing skills. I got to read lot of information from many different types of sources and I appreciated to learn things on my own.

Moreover it is an interesting process that you share with a supervisor and an opponent. Even if the thesis is a personal work, you benefit from the guidance of the supervisor which is essential, and the support of the opponent which is motivating.

Having an opponent means being an opponent in return. I took my role of opponent very seriously as my opponent was also writing a thesis on an import process from outside EU. It was thereby very interesting to see a different point of view on this import process. Studying someone else work enabled me to see what was missing in my work, what was maybe redundant, and how I could make it more understandable.

However I have regret regarding this thesis: it is that I did not carry it out for a case company. Even if I was studying Alko I was not working for them, thereby my thesis was more a description and analysis than an innovative work. On another hand I am aware of the advantage of not depending on a company to collect information in due time.
9.3 Recommendations for further studies

9.3.1 Thesis process

Start as soon as possible
First recommendation is of course to start the thesis process as soon as possible. I regretted that I did not start working on the thesis earlier. I would have been less in a rush sometimes, and could have organised my work better. Fortunately I got lucky that I could delay my graduation in September to benefit from extra time to improve and to finish my thesis.

Find a case company
Next recommendation regarding the thesis process is to try to do it for a case company. Even if it makes you dependent on their willingness and rapidity to share information with you, it also gives you clear boundaries to and more interest in your thesis. Your work benefits not only you but also the case company.

Invest yourself in the opponent work
Do not neglect this part of the thesis process: the opponent work is very important, so is your opponent. There are clear benefits in having an opponent: more motivation, more challenge, different point of view on your work and on his/her work, more ideas, etc. Plus, it is also very interesting to attend to other students’ seminars, for the same reasons than having an opponent.

Pay attention to your references
If your topic permits it, you should try not to focus on desk research. Of course it is not always easy to find people willing to share their experience and knowledge or to organize interviews, but this would improve richness and accuracy of your work. You should also try to base your work on recent sources, the word recent having a different meaning depending on your topic.
9.3.2 Topics

During the thesis process I figured out that different topics related to mine could be dealt with in further studies.

Wine market study
A first suggestion would be a market study on wine in Finland. It could be related to the focus Alko is putting on wine in order to decrease consumption of spirits, to the change in Finnish drinking culture and to the potential that this market could represent.

Bulk shipment of wine
A second suggestion would be to study the phenomenon of transportation of wine in bulk. Financial impact on savings, insurance and delivery could be studied to show how this way of transportation will evolve.

Alko’s sales and distribution of wine
Another suggestion would be to analyse sales and distribution of wine by Alko which is an issue that I intentionally left out of my thesis.

Internet sales of alcohol
Finally, it could be interesting to focus on the development of the sales of alcohol on internet. Finland represents a large potential of customers that would be willing to order alcoholic beverages on websites to benefit from more competitive prices.
REFERENCES


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10.4.2012. 
http://www.wineaustralia.com/australia/Portals/2/Exporting/Label%20Approval%20Checklist%20-%20EU.pdf
Label Approval Checklist
EUROPEAN UNION
## EU LABELS CHECKLIST

This document is designed to provide a simple checklist for designing wine labels. For more detailed information on labelling requirements refer to the Export Market Guide and the Food Standards Code.

<table>
<thead>
<tr>
<th>Checklist Items</th>
<th>Format</th>
<th>Checked</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Alcohol statement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Volume statement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Country of origin</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Product designation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Same Field of Vision</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Allergens statement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 Importer Name and Address</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 Lot number</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 Sparkling Wine Requirements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 Vintage, Variety and Geographical Indication</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>11 Methods of Production - Bottling Terms</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 Brand name</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 Protected terms</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14 Organic claims</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Disclaimer
Information contained in this publication is correct at time of publishing and is subject to periodical updates. This is a guide only to assist with the practical aspects of labelling Australian wine. Wine Australia accepts no responsibility from any error or omission in the guide. Further information should be sought from various sources and persons who may be able to offer additional assistance.

Last Modified: 29 November 2011
1. ALCOHOL STATEMENT – MANDATORY
   (Reg 607/2009 – Article 54 & 479/2008)

   1.1 - Format
   The format is prescribed in EU Regulations;
   a) 'xx.x% vol.' or
   b) 'alc xx.x% vol.'

   Tolerance: Wine, sparkling wine and fortified wine = 0.8%

   1.2 - Height
   > 1 Litre = at least 5mm
   < 1 Litre -> 200ml = at least 3mm
   < 200ml = at least 2mm

2. VOLUME STATEMENT – MANDATORY

   2.1 - Format
   Volume can be shown in litres, millilitres or centilitres.

   2.2 - Height
   > 1 Litre = at least 5mm
   < 1 Litre -> 200ml = at least 4mm
   > 200ml = at least 2mm

   For sparkling wine the height of the alcohol statement is 3mm regardless of package size.

3. COUNTRY OF ORIGIN – MANDATORY
   (Reg 607/2009 – Article 55 & 479/2008)

   3.1 - Format
   Acceptable formats include, but are not limited to, the following:
   • Wine of Australia
   • Produced in Australia
   • Product of Australia

   In the case of wine fermented and produced in Australia from grapes harvested in another country, the words “wine obtained in Australia from grapes harvested in (name of country)” is required.

   Note: if “wine” is not included in the country of origin statement, a separate product designation is required in the case of still wines.

   3.2 - Height
   No specific print height – must be legible and clearly distinguishable from other information.
4. PRODUCT DESIGNATION - MANDATORY
(Reg 479/2008 Article 59 and Annex IV)

4.1 - Format
The regulations require the designation for the category of the grapevine product to be declared on the label. Acceptable product designations include the following main styles (this is not a complete list):

- Wine (eg. still table wines with an alcohol content between 4.5% and 20%)
- Liqueur Wine (fortified wines)
- Sparkling Wine
- Aerated Sparkling Wine (Obtained from wine without a GI; added carbon dioxide greater than 3 bar). The label requires the statement “produced by the addition of carbon dioxide”.
- Semi-Sparkling Wine (carbon dioxide solution greater than 1 bar, less than 2.5 bar)
- Aerated Semi-Sparkling Wine (added carbon dioxide greater than 1 bar, less than 2.5 bar). The label requires the statement “obtained by adding carbon dioxide”.
- Partially Fermented Grape Must (minimum alcohol 1% but less than three fifths of its total alcohol strength)

4.2 - Height
- No specific print height – must be legible and clearly distinguishable from other information.

5. SAME FIELD OF VISION – MANDATORY
(Reg 607/2009 – Article 50)

5.1 - Format
The concept of the ‘same field of vision’ implies that the bottle need not be turned in order to view all the mandatory items. The mandatory items must be displayed in the same field of vision and be clearly separate and distinguishable from any optional information.

5.2 - Wines Described by a GI
The following information must appear in the same field of vision;

- Alcohol
- Nominal Volume
- Country of Origin
- Product Designation
- GI

5.3 - Wines Not Described by a GI
The following information must appear in the same field of vision;

- Alcohol
- Nominal Volume
- Country of Origin
- Product Designation
5.4 - Height
All prescribed height requirements (and formats) must be met by the mandatory items appearing in the same field of vision.

6. ALLERGENS STATEMENT – MANDATORY
(Reg 607/2009 – Article 51)

6.1 - Format
A sulphites declaration is mandatory. Only “contains sulphites” or “contains sulphur dioxide” are acceptable, however, the statement must appear in the official language of the member state in which the product will be marketed. Austria, Belgium, France, Ireland, Malta, Sweden, Spain, Portugal and the UK will accept the English version of “contains sulphites”. Estonia will accept any EU language. Refer to the EU Export Market Guide for a list of translations.

The exemption for other allergenic substances including egg and milk products ends on 30/06/2012. From this date wine fined using milk or egg derivatives (casein, albumin or lysozyme) will require a labelling declaration. The statement must appear in the official language of the member state in which the product will be marketed.

The wording will be: “contains…” followed by the name of the allergen. Acceptable examples include:
- “contains milk”, “contains milk proteins”, “contains casein (milk)”, “contains milk (casein)”;  
- “contains egg”, “contains egg proteins”, “contains albumin (egg)”, “contains egg (albumin)”, “contains lysozyme (egg)”, “contains egg (lysozyme)”.

6.2 - Height
No specific print height – must be legible and clearly distinguishable from other information.

7. IMPORTER NAME AND ADDRESS – MANDATORY
(Reg 607/2009 – Article 56 & 479/2008)

7.1 - Format
The name and address of the importer must appear on the label and must be preceded by the words ‘imported by’ or a similar phrase. Minimum information required includes name, administrative area code (i.e., post code) and country.

7.2 - Height
In the case of an address which includes a GI, the words cannot be more than half the size of the GI claimed on the label. Can appear anywhere on the label or bottle.

8. LOT NUMBER – MANDATORY
(Directive 89/396/EEC)

8.1 - Format
The Lot Number must be shown as the letter L followed by a legible code. The format is not prescribed and need only have meaning to the manufacturer.

8.2 - Height
No specific print height – must be legible. Can appear anywhere on the label or bottle.
9. SPARKLING WINE LABELS – MANDATORY
(Reg 479/2008 Article 59 & 607/2009 Article 58)

9.1 - Format
In addition to the above information, the words “Sparkling Wine of Australia”, “Australian Sparkling Wine”, “Quality Sparkling Wine of Australia” or “Australian Quality Sparkling Wine” are mandatory on sparkling wine labels.

A degree of sweetness statement (i.e., brut, dry, sweet) is required. Refer to the EU Export Market Guide for further information on sugar categories.

The name and address of the producer, including the country is mandatory, and must be preceded by the words “producer” or “produced by”.

The same field of vision requirement must be met by the following information:
- Alcohol
- Nominal volume
- Country of Origin
- “Sparkling Wine” (or other acceptable term)
- Degree of Sweetness
- Producer name and address
- Geographical Indication (if applicable)

10. VINTAGE, VARIETY OR GEOGRAPHICAL INDICATION – OPTIONAL
(Regulations 20, 21, 22)

10.1 - Check
Vintage, variety and GI claims are all optional, however, if they are used then Australian blending regulations apply. Only grape varieties recognised by the International Organisation of Vine and Wine, International Union for the Protection of New Varieties of Plants, or the International Plant Genetic Resources Institute may be claimed on Australian wine labels.

Refer to the Wine Australia website for the QIV list.

Any claim must be listed in descending of its proportion in the blend.

<table>
<thead>
<tr>
<th></th>
<th>Vintage</th>
<th>Variety</th>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>85%</td>
<td>85%</td>
<td>85%</td>
</tr>
<tr>
<td>Multiple</td>
<td>100%</td>
<td>85%*</td>
<td>95% (min 5%)*</td>
</tr>
</tbody>
</table>

* Each variety named in the description and presentation must be present in greater proportion in the composition of the wine than any variety that is not named.

** A maximum of 3 regions can be claimed.
11. METHOD OF PRODUCTION – BOTTLING TERMS
(Reg 607/2009 Article 66)

11.1 – Check
Wines not described by a GI are not permitted to refer to any production methods or bottling terms such as 'Estate Bottled'. In addition, wine show awards and medals cannot be claimed. A list of production methods and additional terms can be viewed in the EU Export Market Guide.

12. BRAND NAME

12.1 - Check
Brand names (or any other name) should not mislead as to the origin, age or identity of the wine. If a brand name (or business name) contains a registered geographical indication it can only be used on the label when the wine has been sourced from the relevant GI.

In the case of trademarks registered by IP Australia prior to the registration of the geographical indication, refer to Wine Australia’s Guide to Labelling With Geographical Indications.

To see whether a brand name is already protected or in use, check existing or proposed trademarks on the Australian Government’s IP website – www.ipaustralia.gov.au. Exporters should also check their trademark status in Europe.

13. PROTECTED TERMS

13.1 - Check
Review the complete label including the brand name, label text, maps and addresses to ensure the label does not refer to a term listed on the Register of Protected Terms that it may not be entitled to. The register is divided into four parts.

Part 1 – Australian Geographical Indications and foreign country Geographical Indications. No references to these terms is permissible regardless of the context unless the wine is entitled to the term (in the case of Australian GI’s at least 85% of the grapes must be sourced from the relevant GI – or 95% in the case of two or three GI’s).

Part 2 – Traditional expressions. Traditional expressions of the European Union (eg, Chateau, Claret, Spatlese) cannot appear on Australian wine labels. TE’s are only protected for a specific class of wine and only in the language for which they are registered. (Terms such as Klassik/Classic, Reserva and Riserva are listed but are only protected in German, Portuguese or Italian for example). Exemptions also apply to trademarks registered by IP Australia.

Part 3 – Quality Wine Terms
Quality Wine terms for fortified wines must meet the conditions outlined on the register to be able to be used on the label. Quality Wine Terms include cream, crusted/crusting, solera, ruby, tawny, and vintage.

Part 4 – Additional Terms
This register lists additional terms where conditions of use are prescribed (for example, rules of use governing the term “Moscato”).
14. ORGANIC CLAIMS

References to terms including "organic", "biodynamic", "biological", "ecological" or any other word of similar indication on a label are taken to be an organic claim. If exported wine labels refer to these terms they are required to be accompanied by an Organic Certificate issued by an AQIS accredited organisation.

15. EU MEMBER STATES HEALTH WARNINGS

15.1 – Check
Health labelling is administered at a member state level in the EU. Consequently there are a number of new and impending health warnings including the following:

France – Mandatory
The French Ministry for Health requires a warning for pregnant women on all labels of alcoholic beverages. The warning may take the form of a written statement or a symbol as follows:

"La consommation de boissons alcoolisées pendant la grossesse, même en faible quantité, peut avoir des conséquences graves sur la santé de l’enfant".

(The consumption of alcoholic drinks during pregnancy, even in small quantities, may have serious consequences on the health of the child) – or:

The health warning must appear in the same field of vision as the alcohol statement, in a contrasting background, so that it is visible, legible, clearly understandable, and indelible.

United Kingdom – Voluntary
The United Kingdom Department of Health runs a voluntary health labelling program of sensible drinking messages on alcohol drinks labels. The health warning incorporates 4 basic messages: A health warning against drinking during pregnancy; UK units pictogram; UK Government recommended units; and the Drinkaware website.

![Drink Responsibly]

- UK Government recommends adults do not regularly exceed:
  - Men: 3-4 units a day
  - Women: 2-3 units a day

[DRINKWARE.CO.UK]
### EU Label Alignment

#### Beyond Boundaries

**2010 Cabernet
McLaren Vale**

**2010**

**McLaren Vale**

**Cabernet**

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| SAME FIELD OF VISION | Certain mandatory information is required to appear in the same field of vision. The text must be in a font size slightly larger than 9pt (or 9.5pt or 10pt) and be bolded.
|-----------------------|--------------------------------------------------------------------------------------------------|
| PRODUCT DESIGNATION   | The specific designation for the category of grapevines product (e.g., wine, sparkling wine, liqueur wine, aperitif wine).
| ALCOHOL STATEMENT    | Format is prescribed as 'x.x% vol' or 'at least x.x% vol'. The statement can be presented to a tenth of a unit and must be at least 3mm in height. If the product is imported into the EU, note that alcohol tolerance is only 0.8%.
| NOMINAL VOLUME        | The volume statement must be at least 4mm for the EU.
| COUNTRY OF ORIGIN     | The country of origin in the words ‘wine of’, ‘produced in’, or ‘product of’. 
| ALLERGENS             | Only a sulfite declaration is currently required. ‘Contains sulfites’ or ‘contains sulphur dioxide’ are acceptable formats, however, the statement must appear in the official language of the member state. Allergens (other than sulfites) are exempt from labelling until June 30, 2012. Australian standard drinks are now acceptable.
| IMPORTER NAME & ADDRESS | Minimum details required are name, post code and country. If the importer includes a G, the words cannot be more than half the height of the Geographical Indication identified on the label.
| LOT NUMBER            | Can appear on the label or the bottle. Must be preceded by the letter L.
| HEALTH WARNINGS       | Wine sold in France requires the mandatory pregnancy logo. The UK has a sensible drinking message which is currently voluntary.

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This document is provided as a guide only. More comprehensive information should be obtained from the Export Market Guide. This information applies to the labelling of standard still wines. For information on the labelling requirements for sparkling wines or non-standard wines, or for country-specific requirements please refer to the Export Market Guide or contact the Compliance Centre. Labels will not be accepted if they refer to protected names or geographical indications to which they are not entitled.
# APPENDIX 2

**DOCUMENTATION FEES**

<table>
<thead>
<tr>
<th>Price effective from 10 April, 2012</th>
<th>New Fee $</th>
<th>GST 10% $</th>
<th>Total Inc GST $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licence Application - Levypayer*</td>
<td>271.00</td>
<td>27.10</td>
<td>298.10</td>
</tr>
<tr>
<td>Licence Application - Non-Levypayer*</td>
<td>1,084.00</td>
<td>108.40</td>
<td>1,192.40</td>
</tr>
<tr>
<td>Licence Renewal</td>
<td>242.00</td>
<td>24.20</td>
<td>266.20</td>
</tr>
<tr>
<td>Continuing Approval - Packaged</td>
<td>28.00</td>
<td>2.80</td>
<td>30.80</td>
</tr>
<tr>
<td>Continuing Approval - Bulk</td>
<td>62.00</td>
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*A Levypayer is a winemaker who is liable to pay the levy pursuant to Schedule 26 to the Primary Industries (Excise) Levies Act 1999*

**Fee includes 2 original copies ($1.10 for each additional copy).**

GST = Goods and Services Tax

Figure. Documentation fees payable to Wine Australia (Website of Wine Australia 2012)
Insurance liability, assumption of risks and costs pursuant to Incoterms® 2010

<table>
<thead>
<tr>
<th>Incoterm</th>
<th>Description</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXW (EX WORKS)</td>
<td>Seller delivers the goods at the point of manufacture or production.</td>
<td></td>
</tr>
<tr>
<td>FCA (FREE CARRIER)</td>
<td>Seller delivers the goods to the carrier at the named place.</td>
<td></td>
</tr>
<tr>
<td>CPT (CARRIAGE PAID TO)</td>
<td>Seller delivers the goods to the carrier at the named place, and the costs of transport are paid.</td>
<td></td>
</tr>
<tr>
<td>CIP (CARRIAGE AND INSURANCE PAID TO)</td>
<td>Seller delivers the goods to the carrier at the named place, and the costs of transport and insurance are paid.</td>
<td></td>
</tr>
<tr>
<td>DAT (DELIVERED AT TERMINAL)</td>
<td>Seller delivers the goods to the carrier at the named terminal.</td>
<td>Import clearance required.</td>
</tr>
<tr>
<td>DAP (DELIVERED AT PLACE)</td>
<td>Seller delivers the goods to the buyer at the named place.</td>
<td></td>
</tr>
<tr>
<td>DDP (DELIVERED DUTY PAID)</td>
<td>Seller delivers the goods to the buyer at the named place, and all costs and risks are borne by the seller.</td>
<td>Import clearance required.</td>
</tr>
<tr>
<td>FAS (FREE ALONGSIDE SHIP)</td>
<td>Seller delivers the goods to the carrier at the named port.</td>
<td></td>
</tr>
<tr>
<td>FOB (FREE ON BOARD)</td>
<td>Seller delivers the goods to the carrier at the named port.</td>
<td></td>
</tr>
<tr>
<td>CFR (COST AND FREIGHT)</td>
<td>Seller delivers the goods to the carrier at the named port.</td>
<td></td>
</tr>
<tr>
<td>CIF (COST, INSURANCE AND FREIGHT)</td>
<td>Seller delivers the goods to the carrier at the named port.</td>
<td>Import clearance required.</td>
</tr>
</tbody>
</table>

Source: Incoterms® 2010 by International Chamber of Commerce.
INCOTERMS® 2010 – FREE CARRIER DEFINITION

The Incoterm FCA, standing for Free Carrier, means that “the seller delivers the goods to the carrier or another person nominated by the buyer at the seller’s premises or another named place.” (International Chamber of Commerce 2010, 139). This rule can apply to any mode of transport and to multimodal transportation.

According to the FCA definition, the seller (here the Australian supplier) has several obligations:
- To pack and to mark the goods appropriately according to the means of transport;
- To deliver the goods together with an invoice compliant with the contract of sales;
- To deliver the goods and to place them at the disposal of the buyer or another person nominated by the buyer on seller’s means of transport, ready for unloading at the agreed named place (here, the carrier’s terminal), on the agreed date, and to bear the related costs;
- To load the goods in the means of transport provided by the buyer, which is when risks are transferred from the seller to the buyer;
- To obtain an export licence if needed, and to bear the cost of export customs formalities, duties, taxes and other charges payable upon export;
- To pay for checking operations or pre-shipment inspections if required by the authorities of the country of export.

(International Chamber of Commerce 2010, 139-145)
On the other hand, the buyer is responsible for all risks and costs from the time they have been delivered at the supplier’s warehouse. Its obligations are:

- To pay for the goods, according to their selling price;
- To take delivery of the goods still loaded into the seller’s means of transport at the carrier’s terminal and to unload them;
- To arrange and to pay for carriage from the carrier’s terminal;
- To obtain an import licence if needed, and to bear the cost of import customs formalities, duties, taxes and other charges that are payable upon import;
- To pay for pre-shipment inspection, except when required by the country of export, meaning that the seller has to pay for it.

(International Chamber of Commerce 2010, 139-145)

Some of the obligations defined above are applying only when the named place of delivery is different from the supplier’s warehouse. In the actual case, the transfer of risks from the seller to the buyer when the goods are ready for unloading in the seller’s means of transport at the agreed place of delivery, which is different from the supplier’s warehouse. (International Chamber of Commerce 2010, 139-145.)
APPENDIX 5

PACKAGING ALTERNATIVES FOR TRANSPORTATION OF WINE

Standard transportation

Pictures. Wine palletization
(http://www.muscadetcheneau.com/vignobles.htm; http://winepacks.com/12-pack3bottlestackabletray.aspx)

Picture. Plastic pallet for wine transportation
(http://www.plastic-jig.com/intercalaires-pour-bouteilles.html)
Bulk transportation

Picture. ISO tanks (http://www.p-wholesale.com/cn-pro/19/744to1/iso-tank-container-671763.html)

Picture. Flexitank (http://www.flexitank.fr)
NOMENCLATURE

7. For the purposes of subheadings 2204 10 92 and 2204 30 96, "concentrated grape must" means grape must for which the figure indicated by a reduction test, in accordance with the method prescribed in the "Compendium of International Methods of Analysis of Wines and Musts" of the International Organization of Vine and Wine, as published in the "Official Journal of the European Union," is not less than 70%. For the purposes of subheading 2204 30 96, "concentrated grape must" means grape must for which the figure indicated by a reduction test in accordance with the method prescribed in the "Compendium of International Methods of Analysis of Wines and Musts" of the International Organization of Vine and Wine, as published in the "Official Journal of the European Union," is not less than 80%.

8. Only vermouth and other wines flavoured with plants or aromatic substances having an actual alcoholic strength by volume of not less than 7% vol shall be regarded as products of heading 2205.

9. For the purposes of subheading 2206 00 10, the expression "sparkling" means the product obtained by the fermentation of concentrated grape must in water or by the extraction of concentrated grape must with water.

10. For the purposes of subheadings 2206 00 31 and 2206 00 39, the following are regarded as "sparkling":
   - fermented beverages in bottles with "mushroom" stoppers held in place by ties or fastenings;
   - fermented beverages otherwise put up, with an excess pressure of not less than 1.5 bars, measured as a temperature of 25°C.

11. For the purposes of subheadings 2209 00 11 and 2209 00 19, the expression "wine vinegar" means vinegar obtained exclusively by acetic fermentation of wine and having a total acidity of not less than 0.9% expressed as acetic acid.

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<th>CM code</th>
<th>Description</th>
<th>Supplementary notes</th>
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<td>2201</td>
<td>Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter not flavoured; ice and snow :</td>
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<td>2201 10</td>
<td>Mineral waters and aerated waters :</td>
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<tr>
<td>2201 10 11</td>
<td>Natural mineral waters :</td>
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<td>2202</td>
<td>Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages, not including fruit or vegetable juices of heading 2209 :</td>
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<td>Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured :</td>
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</tr>
<tr>
<td>2202 50 90</td>
<td>Other :</td>
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<tr>
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<td>Not containing products of headings 0401 to 0404 or fat obtained from products of headings 0401 to 0404 :</td>
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<td>Other, containing by weight of fat obtained from the products of headings 0401 to 0404 :</td>
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<td>2202 50 55</td>
<td>0.2% or more but less than 2% :</td>
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<tr>
<td>2202 50 90</td>
<td>2% or more :</td>
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<td>2203</td>
<td>Beer made from malt :</td>
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<td>2203 00 01</td>
<td>In containers holding 10 litres or less ;</td>
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<td>2203 00 09</td>
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<td>Other wines; grape must with fermentation prevented or arrested by the addition of alcohol:</td>
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<td>In containers holding 2 litres or less:</td>
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<td>2264.21.09</td>
<td>Wine, other than that referred to in subheading 2264.10, in bottles with mushroom stoppers held in place by discs or finials; wine, otherwise set up, with an excess pressure due to carbon dioxide in solution of no less than 1 bar but less than 3 bar, measured at a temperature of 20°C;</td>
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<td>Port</td>
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<tr>
<td>2204 29 89</td>
<td>Port</td>
<td>1</td>
</tr>
<tr>
<td>2204 29 90</td>
<td>Other</td>
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</tr>
<tr>
<td>2204 29 91</td>
<td>Other</td>
<td>1</td>
</tr>
<tr>
<td>2204 29 92</td>
<td>Other</td>
<td>1</td>
</tr>
<tr>
<td>2204 29 93</td>
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</tr>
<tr>
<td>2204 29 94</td>
<td>Other</td>
<td>1</td>
</tr>
<tr>
<td>2204 29 95</td>
<td>Other</td>
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</tr>
<tr>
<td>2204 29 96</td>
<td>Other</td>
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</tr>
<tr>
<td>2204 29 97</td>
<td>Other</td>
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</tr>
<tr>
<td>2204 29 98</td>
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<td>1</td>
</tr>
<tr>
<td>2204 30</td>
<td>Other grape must</td>
<td>1</td>
</tr>
<tr>
<td>2204 30 10</td>
<td>Other</td>
<td>1</td>
</tr>
<tr>
<td>2204 30 20</td>
<td>Concentrated</td>
<td>1</td>
</tr>
<tr>
<td>2204 30 30</td>
<td>Other</td>
<td>1</td>
</tr>
<tr>
<td>2204 30 40</td>
<td>Other</td>
<td>1</td>
</tr>
<tr>
<td>2204 30 50</td>
<td>Other</td>
<td>1</td>
</tr>
<tr>
<td>2204 30 60</td>
<td>Other</td>
<td>1</td>
</tr>
<tr>
<td>2205 10</td>
<td>In containers holding 2 litres or less</td>
<td>1</td>
</tr>
<tr>
<td>2205 10 10</td>
<td>Of an actual alcoholic strength by volume of 18% vol or less</td>
<td>1</td>
</tr>
<tr>
<td>2205 10 20</td>
<td>Of an actual alcoholic strength by volume exceeding 18% vol</td>
<td>1</td>
</tr>
<tr>
<td>2205 80</td>
<td>Other</td>
<td>1</td>
</tr>
<tr>
<td>2205 90 10</td>
<td>Of an actual alcoholic strength by volume of 18% vol or less</td>
<td>1</td>
</tr>
<tr>
<td>2205 90 20</td>
<td>Of an actual alcoholic strength by volume exceeding 18% vol</td>
<td>1</td>
</tr>
<tr>
<td>2206 00</td>
<td>Other fermented beverages (for example, cider, perry, mead) ; mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included</td>
<td>1</td>
</tr>
<tr>
<td>2206 00 10</td>
<td>Piquette</td>
<td>1</td>
</tr>
<tr>
<td>2206 00 20</td>
<td>Cider and perry</td>
<td>1</td>
</tr>
<tr>
<td>2206 00 30</td>
<td>Other</td>
<td>1</td>
</tr>
</tbody>
</table>

Figure. Nomenclature for wine (Website of the European Commission 2011)
## Excise Duties on Wine in EU Member States

### Alcoholic Beverages

<table>
<thead>
<tr>
<th>MS</th>
<th>NatCurr</th>
<th>Excise duty per hectolitre</th>
<th>VAT %</th>
<th>Excise duty per hectolitre</th>
<th>VAT %</th>
<th>Excise duty per hectolitre</th>
<th>VAT %</th>
</tr>
</thead>
<tbody>
<tr>
<td>NL</td>
<td>EUR</td>
<td>70,36</td>
<td>19,00</td>
<td>240,58</td>
<td>19,00</td>
<td>35,28</td>
<td>19,00</td>
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<tr>
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<td>0</td>
<td>20,00</td>
<td>0</td>
<td>20,00</td>
</tr>
<tr>
<td>PL</td>
<td>PLN</td>
<td>158,00</td>
<td>36,06</td>
<td>158,00</td>
<td>36,06</td>
<td>23,00</td>
<td>19,00</td>
</tr>
<tr>
<td>PT</td>
<td>EUR</td>
<td>0</td>
<td>13,00</td>
<td>0</td>
<td>23,00</td>
<td>0</td>
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</tr>
<tr>
<td>RO</td>
<td>RON</td>
<td>0</td>
<td>24,00</td>
<td>146,42</td>
<td>34,05</td>
<td>24,00</td>
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<tr>
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<td>0</td>
<td>45,63</td>
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<td>54,16</td>
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<td>FI</td>
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<td>23,00</td>
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<td>20,00</td>
</tr>
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<td>2158,00</td>
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<td>25,00</td>
<td>20,00</td>
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<tr>
<td>UK</td>
<td>GBP</td>
<td>254,23</td>
<td>20,00</td>
<td>308,99</td>
<td>20,00</td>
<td>74,22</td>
<td>20,00</td>
</tr>
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</table>

**Note:** VAT rates valid as of 1st July 2010.

**Sk**  VAT rates valid as of 1st January 2011.
## BILL OF LADING

**Date**

**SHIP OF LADING - SHORT FORM - NOT NEGOTIABLE**

<table>
<thead>
<tr>
<th>Bill of Lading Number:</th>
<th>BAR CODE SPACE</th>
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</thead>
<tbody>
<tr>
<td><strong>SHIP FROM</strong></td>
<td></td>
</tr>
<tr>
<td>[Name]</td>
<td></td>
</tr>
<tr>
<td>[Street Address]</td>
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</tr>
<tr>
<td>[City, ST ZIP Code]</td>
<td></td>
</tr>
<tr>
<td>SID No.</td>
<td></td>
</tr>
<tr>
<td><strong>SHIP TO</strong></td>
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<td>[Name]</td>
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</tr>
<tr>
<td>[City, ST ZIP Code]</td>
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<tr>
<td>C/O No.</td>
<td></td>
</tr>
<tr>
<td><strong>THIRD PARTY FREIGHT CHARGES BILL TO</strong></td>
<td></td>
</tr>
<tr>
<td>[Name]</td>
<td></td>
</tr>
<tr>
<td>[Street Address]</td>
<td></td>
</tr>
<tr>
<td>[City, ST ZIP Code]</td>
<td></td>
</tr>
<tr>
<td><strong>SPECIFIED</strong></td>
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<td>[Pre Number]</td>
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<tr>
<td><strong>BAR CODE SPACE</strong></td>
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<tr>
<td><strong>CARRIER INFORMATION</strong></td>
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<tr>
<td><strong>CUSTOMER ORDER INFORMATION</strong></td>
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</tr>
<tr>
<td>Customer Order No.</td>
<td># of Packages</td>
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<td></td>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Additional Shipper Information</strong></td>
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</tr>
<tr>
<td></td>
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</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td></td>
</tr>
<tr>
<td><strong>COD Amount</strong></td>
<td>$</td>
</tr>
<tr>
<td><strong>Commodity Description</strong></td>
<td>Description</td>
</tr>
<tr>
<td>Commodity Description</td>
<td>Class</td>
</tr>
<tr>
<td>Commodity Description</td>
<td>NMFC No.</td>
</tr>
<tr>
<td>Commodity Description</td>
<td>LTL Only</td>
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</table>

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**Handling Unit**

<table>
<thead>
<tr>
<th>Handling Unit</th>
<th>Package</th>
<th>Qty</th>
<th>Type</th>
<th>Qty</th>
<th>Type</th>
<th>Weight</th>
<th>HM</th>
<th>Commodity Description</th>
<th>NMFC No.</th>
<th>LTL Only</th>
</tr>
</thead>
</table>

---

**Shipper Signature/Date**

This is to certify that the above named materials are properly classified, packaged, marked, and labeled, and are in proper condition for transportation, according to the applicable regulations of the DOT.

**Trailer Loaded:**

- [ ] By shipper
- [ ] By driver/pallets said to contain
- [ ] By driver/pieces

**Freight Counted:**

- [ ] By shipper
- [ ] By driver/pallets said to contain
- [ ] By driver/pieces

**Carrier Signature/Pickup Date**

Carrier acknowledges receipt of packages and requests for delivery. Carrier certifies that every item and package is complete and in good order, and agrees to deliver the same. Any exceptions noted on the Bill of Lading are recorded in good order, except as noted.

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*Note: Liability limitation for loss or damage in this shipment may be applicable. See 49 USC § 14706(c)(1)(A) and (B).*

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*Received, subject to individually determined rates or contracts that have been agreed upon in writing between the carrier and shipper. When applicable, advice of arrival, time restrictions, and time that have been established by valid tariffs or agreements with the shipper, to be given to shipper, on request, and in accordance with the applicable tariffs and regulations.*
PROCESS CHART
QUESTIONNAIRE TO ALKO

(Compiled from mail interviews on 2.5.2012 and 29.6.2012)

Please find hereafter a questionnaire about importing wines from Australia. Please fill it in and add any information which may seem relevant to you. I duly understand that you maybe cannot say everything about Alko for confidentiality reasons, but please try to answer as much as possible. Many thanks beforehand.

General information on Alko

Q: How many wines are referenced on Alko’s listing?
A: Approximately 1400 wine references. The amount varies during the year.

Q: How many are Australian wines?
A: Approximately 120 wines.

Delivery terms

Q: Incoterms used for international deliveries are FCA, FOB and DAP. Which one of those is generally used when buying from Australia?
A: When producers/agents use Alko’s importing service, the delivery term is FOB Adelaide/Sydney/Melbourne.

Packing

Q: How do you forward the goods: in bulk? in bottles on pallets?
A: Alko does not have any bottling/production, thus we import only packed goods (bottles/tetras/bag-in-boxes). Some wine companies import their wines in bulk and bottle them in Europe.

Q: If the wine is transported in bulk, where is it put into bottles?
A: N/A

Insurance

Q: Alko’s purchasing terms specify that Alko is responsible for transport insurance. Do you have an insurance certificate issued for each importing operation?
A: Alko has insured all transportations.

Q: Do you have a policy insuring Alko for the whole year?
A: Yes.
After reviewing your answers to my first questionnaire, there are some points that I would like to clarify. Could you please answer to the following questions? Many thanks beforehand.

**Delivery terms**

You told me in the latest questionnaire that you were most of the time using FOB Adelaide/Sydney/Melbourne. The thing is that FOB is an Incoterm used for maritime transportation that does not concern multimodal transportation.

Q: Is really the incoterm FOB that states on your contract? Or maybe the FCA incoterm that is related to multimodal transportation?
   A: Yes, while importing from Australia we use only maritime transportation. We use FCA while importing from European countries.

Q: Do you ship bottles on pallets?
   A: We receive wines either on pallets or slip-sheets.

Q: Or do you ship bottles into containers?
   A: Wine from third countries is always loaded into containers.

**Payment terms**

   A: Importing from abroad we pay invoices 30 days after the import date. We start calculating the 30 days from the date when the ship arrives to Finland to Vuosaari Harbour.

**Transportation**

Q: Do you work with freight forwarders?
   A: Yes

Q: Or do you directly contact shipping companies?
   A: Very seldom

Q: If working with freight forwarders, do you have long-term contract with it/them?
   A: Yes