

### Diageo response to FSANZ Application A1166 - Reduction in minimum alcohol for Tequila

Diageo welcomes the opportunity to respond to this consultation.

Diageo opposes the proposal to reduce the minimum ABV for tequila, primarily for the reasons that are already set out in the Food Standards Australia New Zealand Code.

Standard 2.7.5 requires all spirits to have a minimum content of 37% alc/vol. In reading the call for submissions, we do not see a compelling reason why tequila should have a unique and specific exemption to the standards that apply to all spirits in Australia and New Zealand.

Changing the ABV for tequila will create a separate definition for tequila compared to every other spirit. This creates unnecessary complexity in an already complicated market. There are already sixteen different rates of alcohol excise tax in Australia and a range of different legal and regulatory requirements across federal, state and local jurisdictions.

We therefore support the maintenance of 37% ABV for all spirits.

Diageo disagrees with the underlying point in the call for submissions which claims the proposed change will make the system more consistent. It would have the opposite effect in Australia and New Zealand by creating an exception for one category of spirit. We also note, for example, that the USA – which is by some distance the biggest tequila export market in the world<sup>1</sup> - mandates a minimum 40 per cent alcohol content for tequila in the Electronic Code of Federal Regulations<sup>2</sup>.

Regarding consumer choice, maintaining the minimum content of 37% alc/vol still allows consumers to access a wide range – and the vast majority - of tequila products that legitimately use the tequila GI.

As part of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), there was an exchange of letters between Mexico and Australia<sup>3</sup>, and Mexico and New Zealand<sup>4</sup>, that had the effect of designating tequila as a GI in both countries. In all of these letters the respective Ministers in New Zealand, Australia and Mexico wrote that *“no variation of the Code [the ANZ Food Standards Code] is necessary for such recognition.”*

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<sup>1</sup> <https://www.statista.com/statistics/311749/mexico-s-export-quantity-of-tequila-by-country/>

<sup>2</sup> [https://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=2ef4f32d24551d1cc0394bedfe3f45e0&mc=true&n=pt27.1.5&r=PART&ty=HTML#e27.1.5\\_122](https://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=2ef4f32d24551d1cc0394bedfe3f45e0&mc=true&n=pt27.1.5&r=PART&ty=HTML#e27.1.5_122)

<sup>3</sup> <https://dfat.gov.au/trade/agreements/in-force/cptpp/official-documents/Documents/sl13-australia-mexico-distinctive-products.pdf>

<sup>4</sup> <https://www.mfat.govt.nz/assets/CPTPP/New-Zealand-Mexico-Treatment-of-Certain-Products.pdf>