



Food Standards Australia New Zealand  
PO BOX 5423, Kingston ACT 2604, Australia

**SUBJECT: Submission A1166 – Reduction in minimum alcohol for Tequila**

Dear FSANZ

I write in response to the proposed change for Tequila ABV by FSANZ, moving from 37% to 35% ABV.

For context, Proximo Australia are associated with Casa Cuervo, the largest owner and producer of Tequila globally.

It has come to our attention that there is a proposal for an ABV change to Tequila for the Australian and New Zealand Markets. Based on the proposed changes I am writing to voice our opposition to an ABV change to Tequila based on the below points.

- As a brand owner, Casa Cuervo have invested significantly into consumer marketing for over 20 years in both Australia and New Zealand. Casa Cuervo's focus has been dedicated to building the positive image of tequila. We have also worked hard to educate consumers on the qualities of tequila through our standard and premium tequila offerings.
- The excise reduction from 37% to 35% will have several negative impacts, including, the reduction in excise collection, cheapening the consumer category perception, and the potential impact on product quality.
- There is a risk of several lower strength secondary brands entering the market. Generally secondary brands taste harsh due to the higher methanol levels and in turn will create a negative impact on the overall Tequila category.
- The projected annual government excise reduction forecasted for Casa Cuervo alone would be \$1+ million. This would reduce excise collection as they will be limited upside in consumer sales.
- The international standard for Casa Cuervo Tequila's is 38%+ ABV and the only market that bottles Tequila at 35% ABV is Mexico. The additional production costs to bottle unique 35% production runs, and the need for bespoke labelling for Australia / NZ will result in increased production costs and offset consumer savings.
- The minimum ABV to be classed a spirit in Australia is 37% ABV. This is a standard shared across all spirit categories including gin, rum, whisk(e)y and vodka. Reducing the ABV of Tequila alone will reduce the image of Tequila against its competitive set and would no longer be considered a full proof spirit compared to other categories.
- Brands looking to deliver better value can already achieve this by being classified as a 'Liqueur' This could work if FSANZ believe cheaper agave-based liqueurs would benefit consumers.

In summary, Proximo Australia are opposed to reducing the Tequila ABV to 35% within Australia & New Zealand.

I appreciate your consideration on the above and please feel free to contact me should you require further information.

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