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Report Highlights:

New Zealand's wine grape area and wine production are forecast to continue to increase in 2020. The New Zealand wine industry estimates that grapes will be harvested from 39,935 hectares (ha) in 2020, up 2.4 percent on 2019. FAS/Wellington forecasts the total harvest at 439,000 metric tons (MT) of grapes, which would be 6.4 percent above 2019. Wine production is forecast at 316.3 million liters (mL) in 2020, also 6.4 percent up on 2019. Covid-19 has already had an influence on the 2020 grape harvest in New Zealand and it is likely to affect New Zealand wine exports.

Executive Summary:

New Zealand's wine grape area and wine production are forecast to continue to increase in 2020. The New Zealand wine industry estimates that grapes will be harvested from 39,935 hectares (ha) in 2020, up 2.4 percent on 2019. FAS/Wellington forecasts the total harvest at 439,000 metric tons (MT) of grapes, which would be 6.4 percent above 2019. Wine production is forecast at 316.3 million liters (mL) in 2020, also 6.4 percent up on 2019. Covid-19 has already had an influence on the 2020 grape harvest in New Zealand and it is likely to affect New Zealand wine exports.

Despite some impact to the wine grape harvest by the onset of Covid-19 and the Government of New Zealand's (GONZ) response to it, the 2020 harvest had been nearly completed by mid-April. Wineries have been deemed an essential service by the GONZ but have to observe strict hygiene and health protocols in order to be able to continue operating. They have been able to do this with minimal disruption to the initial wine making process.

The wine sector has enjoyed steady growth over the last five years with productive vineyard area expanding by an average of 895 ha each year. NZ Winegrowers vineyard register data is estimating a further increase in the productive area for 2021 of 640 ha, but then expects expansion to slow in 2022 and 2023 to just 100 ha per year. Any reassessment by wine companies of demand prospects may even result in new plantings being delayed or stopped completely.

Total demand (exports plus total domestic consumption) has exceeded total supply for four out of the last five years. This has meant year ending (December 31) inventories have been successively shrinking and are now forecast at the end of 2020 at only 40 percent of the next year's demand. Even though the trend over the past five years has been exports increasing by around six percent annually, the lower wine inventory is expected to result in 2020 exports being relatively flat year-on-year. In addition, exports are expected to be disrupted by each importing countries' responses to Covid-19.

The Geographical Indications (Wine and Spirits) Registration Amendment Act was passed by the Government in December 2016 and came into force on July 27, 2017. There are now 21 geographical indications registered by groups and regions across New Zealand whose names are now protected by the legislation.

Note: The Market Year is the same as the Calendar Year. Because of this "2020" or "2019" is used in the narrative and refers to both the Market Year and the Calendar Year.

Vineyard & Winery Production

2020

NZ Winegrowers vineyard register report estimates the 2020 total production area of wine grapes at 39,935 hectares (ha). This is 2.4 percent greater than 2019 and continues a trend over the last five years of two to three percent per year increases. These increased plantings are being driven by multi-national beverage companies and by large domestic wine companies. These have profitable supply chains from vineyard to consumer and have concentrated on the most profitable variety, Sauvignon Blanc. Sauvignon Blanc area has grown from 58 percent of total vineyard area in 2015 to 63 percent of the total area by 2020. This proportion is not expected to change over the next two years

The overall expected average yield per hectare in 2020 is 11 metric tons (MT), 3.8 percent above 2019. This should result in total national grape production of 439,000 MT (6.4 percent above 2019). Apart from approximately 600 ha of vineyards that were hit with hail damage earlier in the growing season, in general vineyards are reporting average to above average yields. In most areas, the weather during the growing season has been conducive to normal to good fruit growth and development.

The advent of the Covid-19 virus in New Zealand in mid-March 2020, and the subsequent Government lockdown and movement restrictions disrupted the smooth flow of the harvest. The industry scrambled to put in place health and safety protocols which allowed it to continue to harvest, do initial grape pressing and wine making. Fortunately for the industry, most grapes are machine-harvested now, which minimizes the staffing numbers needed. By mid-April the North Island (including the main growing area of Marlborough) completed the harvest. Down at the bottom of the South Island in the Otago region (representing approximately five percent of total area), the harvest will not be completed until mid-May. That region's harvest is being disrupted more by the Covid-19 lockdown response because a large proportion of the crop is Pinot Noir and it is hand-picked.

The long standing ratio of 72 percent of the grape tonnage translating into wine volume is not expected to change in 2020. Thus total wine production for 2020 is forecast at 316.3 million liters (mL). This would be a 6.4 percent increase over 2019.

2019

The vineyard productive area in 2019 of 38,988 ha produced 413,000 MT of grapes. This was a 1.5 percent reduction on the 2018 tonnage. Although production area increased 914 ha (2.4 percent), this was not enough to offset a 3.8 percent reduction to average yield from 11T/ha in 2018 down to 10.6 MT/ha in 2019. As a result, the volume of grapes produced generated 297.4 million liters of wine, which was 1.4 percent less than 2018.

NEW ZEALAND PRODUCING VINEYARD AREA BY GRAPE VARIETY

(Hectares)							
	2016	2017	2018	2019	2020	2021 Est.	2022 Est.
Sauvignon Blanc	21,400	22,230	23,102	24,605	25,160	25,559	25,625
Chardonnay	3,116	3,114	3,163	3,179	3,222	3,239	3,258
Pinot Gris	2,440	2,369	2,447	2,413	2,593	2,742	2,745
Riesling	753	721	707	52	569	568	568
Gewürztraminer	242	229	227	206	217	218	218
Sauvignon Gris	113	109	101	105	105	105	105
Viognier	119	97	94	89	85	85	85
Other White Varieties	270	251	251	720	204	208	209
Sub-Total White Area	28,453	29,120	30,092	31,369	32,155	32,724	32,813
Pinot Noir	5,519	5,572	5,588	5,549	5,642	5,710	5,728
Merlot	1,204	1,211	1,133	1,092	1,087	1,087	1,087
Syrah	430	439	432	440	437	440	442
Cabernet Sauvignon	256	249	250	216	219	220	220
Malbec	121	121	114	111	111	109	109
Cabernet Franc	100	91	97	91	93	93	93
Other Red Varieties	143	139	130	119	121	124	123
Sub-Total Red Area	7,773	7,822	7,744	7,618	7,710	7,783	7,802
Unknown Variety Area	0	1	237	1	70	68	69
Total	36,226	36,943	38,073	38,988	39,935	40,575	40,684

Source: New Zealand Wine Growers

NEW ZEALAND GRAPE PRODUCTION BY VARIETY - NZ WINEGROWERS VINEYARD SURVEY

(Metric Tons)							
	2013	2014	2015	2016	2017	2018	2019
Sauvignon Blanc	228,781	310,240	216,078	303,711	285,862	296,573	302,157
Chardonnay	27,184	28,985	27,015	29,162	26,843	26,371	25,729
Pinot Gris	22,042	23,880	19,707	24,892	20,755	22,824	20,953
Riesling	5,932	6,013	4,535	5,937	3,880	3,776	4,776
Other White Varieties	5,030	6,726	4,997	6,229	4,272	4,101	3,597
Total White Grape Tonnage	288,969	375,844	272,332	369,931	341,612	353,645	357,212
Pinot Noir	31,775	36,499	25,763	35,661	28,760	35,095	26,944
Merlot	10,076	10,756	9,397	9,321	7,714	10,623	9,240
Syrah	2,240	2,178	1,497	1,756	1,733	2,126	2,230
Cabernet Sauvignon	1,465	1,742	1,376	1,537	974	1,169	1,076
Other Red Varieties	1,908	2,679	2,022	2,150	1,616	1,741	1,862
Total Red Grape Tonnage	47,464	53,854	40,055	50,425	40,797	50,754	41,352
Total Survey Tonnage	336,433	429,698	312,387	420,356	382,409	404,399	398,564
Total Industry Tonnage	345,000	445,000	326,000	436,000	396,000	419,000	413,000

Source: New Zealand Wine Growers

Future Planting Intentions – Industry Growth Projections

Over the last five years the productive area of vineyards has risen by an average of 895 ha per year, a compound rate of 2.4 percent. The latest data from NZ Winegrowers suggests that the present trend will continue into 2021 with a forecast increase of 640 ha. However, this growth is expected to then slow and in 2022 and 2023 the industry is only forecasting just over 100 ha per year of additional productive area.

Virtually all the new plantings now are being carried out by multi-national beverage companies such as Constellation, Pernod Ricard and the large domestic wine businesses such as Indevin, Marisco, and Delegates.

The effect of the Covid-19 virus and the in-country response could result in new plantings of grapes being delayed in 2020 and ultimately postponed until 2021, or later. Given the current plantings are being carried out by a limited pool of players in response to off-shore demand they may opt to delay new plantings until the current global economic upheaval settles and a clear picture of demand can be assessed.

Even if the productive area stabilizes at the 2021 level, improved vineyard husbandry could result in a higher overall average yield per hectare, boosting overall production.

Nearly 70 percent of the total vineyard area is situated in the Marlborough region and it has the best infrastructure to service the sector. Most of the recent development has occurred in Marlborough. It was quite conceivable that if recent development had continued at the same annual rate that within the next ten years the Marlborough region would be, in essence, fully planted. However, in light of the recent data and the advent of the Covid-19 virus it is likely this will not happen. It is estimated there is still around 5,000 ha of land in the Marlborough region that could be planted with wine grapes, however some of this is in more marginal areas from a climate point of view.

In other parts of New Zealand there is some potential for expanded wine grape plantings. However, in the Hawkes Bay and in the Otago region, vineyard area has been fairly stable and is projected to grow only slightly through to 2022. Competition for land from apple and cherry plantings in these regions is likely to limit expansion.

Wine Stocks and Supply/ Demand Balance

Even with improved grape yield, total demand for wine in 2020 is expected to exceed supply by a forecast 10.7 mL. Demand has exceeded supply for four out of the last five years. This has meant year ending (December 31) inventories have been successively reducing and now are at around 40 percent of the next year's demand. This is compared to ending inventories of 50 percent of supply last year as high as 75 percent in 2014.

PRODUCTION TRENDS NEW ZEALAND VINEYARD AND WINE INDUSTRY

Year Ending December	2012	2013	2014	2015	2016	2017	2018	2019	2020 for.*
Number of Wineries	703	698	699	673	675	677	697	716	
Producing Area in hectares	35,335	35,182	35,510	35,463	36,226	36,943	38,074	38,988	39,935
Average Yield ((tons per hectare)	7.6	9.8	12.5	9.2	12.0	10.7	11.0	10.6	11.0
Average Grape Price (NZ\$ per metric ton)	\$1,359	\$1,688	\$1,666	\$1,732	\$1,807	\$1,752	\$1,841		
Tons Grapes Crushed (000's of Tons)	269	345	445	326	436	396	419	413	439
Total Production Wine (millions of liters)	194.0	248.4	320.4	234.7	313.9	285.1	301.7	297.4	316.3

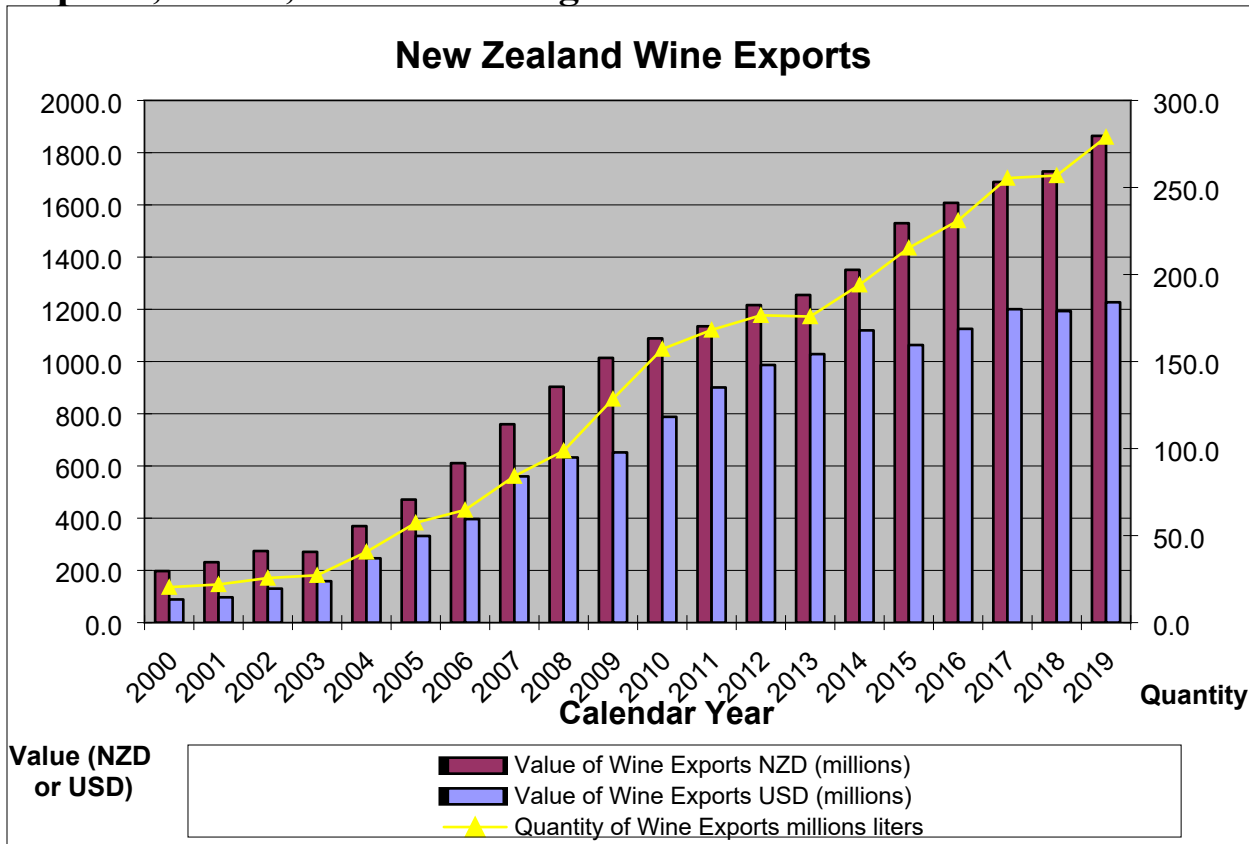
WINE CONSUMPTION AND EXPORT TRENDS FOR NEW ZEALAND

Year Ending December	2012	2013	2014	2015	2016	2017	2018	2019	2020 for.*
Domestic Sales of NZ Wine(million liters)	56.7	50.3	54.7	54.2	53.5	54.6	50.4	47.2	47.0
Imports of Wine (millions of liters)	34.6	39.9	39.0	35.3	40.6	39.9	41.7	42.4	43.0
Total NZ Domestic Consumption	91.3	90.3	93.7	89.5	94.1	94.5	92.1	89.6	90.0
Population estimate (millions)	4.43	4.47	4.55	4.63	4.73	4.81	4.88	4.95	5.00
NZ Consumption per Capita of NZ wine(L)	12.8	11.3	12.0	11.7	11.3	11.4	10.3	9.5	9.4
NZ Consumption per Capita of all wine(L)	20.6	20.2	20.6	19.3	19.9	19.7	18.9	18.1	18.0
Estimated Export Volume (millions liters)	176.6	175.8	194.1	215.3	231.0	255.4	256.9	279.0	280
Export Value(millions of NZ\$ FOB)	1216.2	1255.0	1351.3	1529.8	1,607.8	1687.8	1728.1	1864.3	
Estimated Average Price NZD/L	\$6.89	\$7.14	\$6.96	\$7.11	\$6.96	\$6.61	\$6.73	\$6.68	
Export Value(millions of \$US FOB)	986.8	1028.5	1119.4	1063.3	1,125.2	1200.6	1193.2	1227	
Estimated Average Price USD/L	\$5.59	\$5.85	\$5.77	\$4.94	\$4.87	\$4.70	\$4.64	\$4.40	
Estimated Total Supply (Production + Imports) millions liters	228.6	288.3	359.4	270.0	354.5	325.0	343.4	339.8	359.3
Estimated Total Demand (exports+ consumption) millions liters	267.9	266.1	287.8	304.8	325.1	349.9	349.0	368.6	370.0
Interim balance of Supply less Demand	-39.3	22.2	71.6	-34.8	29.4	-24.9	-5.6	-28.8	-10.7
Running Balance i.e. estimated stocks at end Dec	122.3	144.5	216.0	181.2	210.6	185.7	180.1	151.4	140.7

Sources: NZ Wine Growers, StatisticsNZ, TDM, Post Estimates

Note: *2020 Production Area forecast is from NZ Wine Growers, other forecasts are FAS/Wellington

Exports, Trade, and Marketing



Source:TDN LLB

Exports

Although the trend of the past five years have been for continued increases in wine exports, because of reduced export demand due to Covid-19 as well as tightening inventory, FAS/Wellington is forecasting exports to be flat in 2020 at 280 mL. Although early 2020 (January to February) export quantities are up 12.9 percent compared to the same period in 2019, there are now anecdotal reports of some export orders being cancelled especially by hospitality businesses now shut down because of Covid-19. In 2019 the total volume exported was 278.97 mL, which was 8.6 percent greater than 256.9 mL shipped in 2018.

New Zealand wine exporters have been growing consumer demand overseas for high-quality and high-price point wine, and this has encouraged sector growth while also achieving profits. However, the sector is entering a period of uncertainty for at least the short-term future, if not beyond, brought about by the Covid-19 pandemic and the global response to it. How this plays out for wine consumption in New Zealand's key markets, which are nearly all high-income markets, is not clear at present. Consumers may spend less on dining out but purchase more wine at supermarkets and off-licence premises to consume at home. Some New Zealand wineries who primarily export into the restaurant and bar channels off-shore may find sales dropping significantly and in order to keep sales going may start to sell bulk wine to those wineries who have supermarkets and off-licence supply channels.

Export Destinations and Marketing

New Zealand Wine Exports Statistics by Country (HS Code 2204)									
For Calendar Year: 2017-2019									
Destination Country	2017			2018			2019		
	FOB Value USD (millions)	Quantity (1000's Liters)	Av. Price \$/L	FOB Value USD (millions)	Quantity (1000's Liters)	Av. Price \$/L	FOB Value USD (millions)	Quantity (1000's Liters)	Av. Price \$/L
United States	366.7	72,091	\$5.09	357.5	70,919	\$5.04	395.0	81,846	\$4.83
United Kingdom	275.8	75,309	\$3.66	283.8	78,053	\$3.64	291.8	80,047	\$3.65
Australia	263.7	57,430	\$4.59	246.0	55,377	\$4.44	236.3	58,044	\$4.07
Canada	82.7	11,944	\$6.92	89.3	12,462	\$7.17	85.7	12,230	\$7.01
Germany	6.4	1,625	\$3.96	20.8	5,615	\$3.71	36.9	11,383	\$3.24
Netherlands	31.8	8,296	\$3.84	30.3	7,590	\$3.99	18.0	4,357	\$4.13
France	12.7	1,386	\$9.17	14.8	3,139	\$4.72	21.3	5,992	\$3.56
Ireland	19.3	3,565	\$5.42	15.6	2,692	\$5.81	17.0	3,123	\$5.43
Singapore	12.9	1,298	\$9.91	13.6	1,399	\$9.74	11.8	1,215	\$9.73
China	27.8	2,622	\$10.60	26.4	2,368	\$11.14	19.1	2,230	\$8.56
Belgium	25.2	8,505	\$2.96	12.3	4,169	\$2.96	10.3	3,691	\$2.79
Sweden	9.6	1,636	\$5.88	9.7	1,678	\$5.76	8.6	1,542	\$5.57
Japan	9.7	1,172	\$8.29	9.8	1,261	\$7.80	9.6	1,289	\$7.45
Hong Kong	13.1	1,308	\$10.03	9.9	1,134	\$8.69	8.8	1,053	\$8.32
Latvia	6.2	1,107	\$5.61	7.1	1,318	\$5.40	8.2	1,625	\$5.05
Rest of World	36.9	6,061.8	\$6.08	46.3	7,726.9	\$5.99	48.7	9,305.1	\$5.23
Total for World	1,200.6	255,355	\$4.70	1,193.2	256,900	\$4.64	1,227.0	278,974	\$4.40

Source: TDM LLB

From 2017 to 2019, the top three export destinations (United States, United Kingdom, and Australia) consumed on average 80 percent of New Zealand's total wine exports by volume and 75 percent by value. This is down marginally from the period 2013 to 2016 where the same top three took 81-83 percent of the total quantity and 77 percent of the total value. Even as exports have grown to both the United States and United Kingdom, exporters have diversified some wine to second or third-tier markets who are paying higher prices.

NZ Winegrowers, the industry good body funded by industry wide levies on both grape growers and wineries, is heavily involved in generic marketing for the sector. In the past it has relied on conferences and promotional events both in New Zealand and off-shore to get its message to key influencers. It has developed a significant social media presence as well over the last decade.

Imports and Domestic Consumption

New Zealand Wine Imports by Country (all HS Code 2204)									
Calendar Year: 2017-2019									
Origin Country	2017			2018			2019		
	Value for Duty (USD)	Qty (L)	Av. Price per L	Value for Duty (USD)	Qty (L)	Av. Price per L	Value for Duty (USD)	Qty (L)	Av. Price per L
Australia	64,627,396	29,441,969	\$2.20	72,128,116	31,934,931	\$2.26	67,905,689	30,755,408	\$2.21
France	40,322,642	2,761,347	\$14.60	41,567,299	2,839,280	\$14.64	40,795,100	2,995,782	\$13.62
Italy	8,015,225	1,659,598	\$4.83	8,778,214	1,748,913	\$5.02	9,970,935	2,259,741	\$4.41
Spain	2,459,614	669,685	\$3.67	2,728,225	672,294	\$4.06	2,427,049	823,507	\$2.95
United States	1,974,824	234,366	\$8.43	2,081,470	286,903	\$7.25	2,357,033	448,862	\$5.25
Chile	2,555,745	2,124,552	\$1.20	1,980,314	1,411,860	\$1.40	2,115,789	1,814,785	\$1.17
Argentina	981,133	240,444	\$4.08	1,131,334	272,411	\$4.15	1,750,487	1,726,165	\$1.01
South Africa	2,270,637	1,608,000	\$1.41	1,784,283	1,293,625	\$1.38	1,440,000	862,559	\$1.67
Portugal	1,254,078	265,496	\$4.72	1,788,708	331,000	\$5.40	1,224,982	280,014	\$4.37
Germany	943,241	204,660	\$4.61	923,326	204,743	\$4.51	815,436	174,693	\$4.67
Rest of World	2,106,849	697,290	\$3.02	2,497,955	659,554	\$3.79	1,182,450	286,006	\$4.13
World Total	127,511,384	39,907,406	\$3.20	137,389,244	41,655,514	\$3.30	131,984,950	42,427,522	\$3.11

Source: TDM LLB

In recent years imported wine has been taking a larger share of the domestic New Zealand market. Total wine imports by New Zealand for 2019 were 42.43 mL, up 1.7 percent from 2018. Over the last five years there has been a general upward trend of imports at four percent annually. Meanwhile, over this period per capita domestic consumption of wine has been slowly trending downward, although with population growth overall consumption has been more stable. The reason for increasing imports is that they have been priced competitively, while strong demand for New Zealand wines overseas has meant that wineries have not discounted their product domestically to increase sales. As a result, imports have filled the demand gap, especially for red wines. Total domestic consumption is forecast largely stable at 90 mL.

FAS/Wellington forecasts imports in 2020 to rise slightly to 43 mL, 1.4 percent up from 2019. Any disruption to domestic consumer behavior from the in-country response to the Covid-19 is difficult to assess at this stage.

New Zealand Wine Import Analysis (main import codes)									
by Calendar Year for Quantity in Liters and Average Price in USD/Liter									
Description	2017			2018			2019		
	USD	Quantity	Av Price/L	USD	Quantity	Av Price/L	USD	Quantity	Av Price/L
Fortified Wine in bulk	2,705	325	\$8.33	0	0	\$0.00	8,540	933	\$9.15
Fortified Wine bottled	1,928,208	388,986	\$4.96	2,733,155	536,085	\$5.10	1,948,499	417,750	\$4.66
Total Fortified Wine	1,930,913	389,311	\$4.96	2,733,155	536,085	\$5.10	1,957,039	418,682	\$4.67
Red Wine in bulk	11,676,229	15,388,772	\$0.76	16,321,368	16,649,298	\$0.98	15,802,554	16,288,219	\$0.97
Red Wine bottled	55,857,546	13,013,383	\$4.29	60,024,173	13,568,170	\$4.42	55,198,923	13,514,474	\$4.08
Total Red Wine	67,533,775	28,402,155	\$2.38	76,345,541	30,217,468	\$2.53	71,001,477	29,802,693	\$2.38
Sparkling Wine in bulk	0	0	\$0.00	12,484	806	\$15.49	175	77	\$2.27
Sparkling Wine bottled	42,444,573	4,323,850	\$9.82	41,372,380	4,176,947	\$9.90	43,356,999	5,035,008	\$8.61
Total Sparkling Wine	42,444,573	4,323,850	\$9.82	41,384,864	4,177,753	\$9.91	43,357,174	5,035,085	\$8.61
White in bulk	58,409	120,132	\$0.49	22,118	24,909	\$0.89	223,434	672,760	\$0.33
White bottled	13,734,695	4,305,543	\$3.19	14,522,748	4,304,390	\$3.37	13,313,392	4,062,345	\$3.28
Total White Wine	13,793,104	4,425,675	\$3.12	14,544,866	4,329,299	\$3.36	13,536,826	4,735,105	\$2.86
Sub Total Wine in Bulk	11,737,343	15,509,229	\$0.76	16,355,970	16,675,013	\$0.98	16,034,703	16,961,989	\$0.95
Sub Total Wine Bottled	113,965,022	22,031,762	\$5.17	118,652,456	22,585,592	\$5.25	113,817,813	23,029,577	\$4.94
Total For All Wine	125,702,365	37,540,991	\$3.35	135,008,426	39,260,605	\$3.44	129,852,516	39,991,565	\$3.25

Source TDM LLB

Government Policy

The Geographical Indications (Wine and Spirits) Registration Amendment Act was passed by the GONZ in December 2016 and came into force on July 27, 2017. The chair of NZ Winegrowers at the time, Steve Green, said this was the biggest project the organization handled during those years.

The legislation gave protection to the brands, once registered, that are tied to distinct geographical regions such as “Marlborough Sauvignon Blanc”. Up to 14.99 percent by volume of New Zealand wine from another region may be blended into a regional wine, and it can still use a registered geographical indicator. There are now 21 geographical indications registered by groups and regions right across New Zealand.

Further information on the GI Act can be found at:

<https://www.iponz.govt.nz/about-ip/geographical-indications/the-gi-act/>

<https://www.lawsociety.org.nz/news-and-communications/latest-news/news/wine-geographical-indications-legislation-in-force-on-27-july>

Market Access – Trade Policy

EU and Britain

Prior to the “Brexit” referendum, the European Union agreed to start the free trade negotiation process with New Zealand. Now with the United Kingdom having left the EU, it means New Zealand will negotiate separately to secure free trade agreements with both the United Kingdom and the EU. The United Kingdom was the second largest market for New Zealand wine last year, and Germany, Netherlands, France, and Ireland were also among the top ten markets.

Other General Market Access Efforts

NZ Winegrowers works on behalf of the whole sector on market access issues such as: labelling definitions, wine additives, and wine processing aids. NZ Winegrowers often works collaboratively with international groupings or forums such as the World Wine Trade Group and the APEC Wine Regulatory Forum.

Import Regulations

Policy

The “Sale and Supply of Liquor Act” came into force in 2013. For most wine sellers and winery cellar door operations there was no change.

Excise tax is applied to all wine produced and sold in New Zealand, so any changes to these taxes in the future may affect the costs of wine sellers. Excise tax applies to imported wine as well. The following sections outline the laws and regulations pertaining to importing wine into New Zealand.

Composition and Labeling Requirements

All wine sold in New Zealand, including imported wine, must meet the labeling and composition requirements set out in the Australia New Zealand Food Standards Code, commonly referred to as “the Code”. (Click here for information on the code: <https://www.foodstandards.gov.au/code/Pages/default.aspx>)

All wine sold in New Zealand must clearly state on the container the country or countries of origin of any of the contents. For wine labelled as New Zealand wine or bearing a New Zealand registered Geographical Indication: 100 percent of the wine must be from New Zealand; at least 85 percent of the wine must be from the region(s), variety(s) and vintage(s) that appears on the label, e.g. if labelled “2015 Central Otago Pinot Noir”, 85 percent of the wine must be from 2015 Pinot Noir grapes, grown in Central Otago. Representations of origin, including all of the context, must not be misleading. In other words, they must leave a reasonable consumer with a fair and accurate impression of where the wine is from.

While there are no specific requirements for information that must appear on the front or back wine labels in New Zealand, front labels tend to be reasonably simple. They typically contain the name of the winery, the region, the varietal, and the vintage year. This universal approach affords New Zealand’s export-oriented wine sector with the flexibility and cost-advantage of printing up back labels with the specific information required by the competent authority in New Zealand’s many export markets. Somewhere on the container (usually the front label), the country of origin, product name (usually “wine”), net contents, and actual alcohol content must appear within a single field of vision.

New Zealand and the United States have an agreement in place that mutually accepts the respective wine making practices of the two countries. However, there are some differences in labeling requirements. For instance, New Zealand regulations require specific information on the label regarding how many “standard drinks” are contained in the wine bottle. There is also a requirement for allergen labeling, which does not exist in the United States (for example if the wine was fined with egg whites that must be printed on the label.) New Zealand also requires the “supplier” to be printed on the label, which could be the manufacturer, importer or distributor. Most exporting companies tend to put the name of the importer on the back label. Unlike the United States, New Zealand does not currently require a government health warning on the label; however a pregnancy warning label will be required on labels at a yet-to-be-determined future date. There is no equivalent to the US Certificate of Label Approvals (COLA) label approval process.

For a list of composition and labeling requirements, please see Appendix II of this report.

Tariffs and Taxes

Description	HS Code	Tariff as of January 2011	Excise Equivalent	HPA Levy*
Sparkling Wine	2204.10	5%	\$2.9839 per liter	3.4348 cents per liter alc
Wine of Fresh Grapes	2204.10	5%	\$2.9839 per liter	3.4348 cents per liter alc
Wine for Further Manufacture under 14% Alc	2204.29	5%	\$0	3.4348 cents per liter alc
Wine for Further Manufacture over 14% Alc	2204.29	5%	\$54.347 per liter alc	6.2001 cents per liter alc

Source: New Zealand Customs Working Tariff Document

<https://www.customs.govt.nz/globalassets/documents/tariff-documents/working-tariff-document-2018/section-iv.pdf>

Note: The excise equivalent for imports is equal to the tax levied on domestically produced wine. Taxes listed here are a guide only. See Appendix II for the New Zealand Customs website. Product for further manufacture has an excise tax placed on it when the final product is sold to retailers.

* Health Promotion Levy (HPA) has superseded the Alcoholic and Liquor Advisory Council (ALAC) Levy

Excise Equivalent: The excise equivalent is charged to the importer or wholesaler when the product is sold to the retailer. Imported product that is moved to a licensed manufacturing area for further manufacture is not assessed the excise tax until after the manufacturing process is completed, and it is sold to the retailer in a consumer packaged form.

Goods and Services Tax (GST): With few exceptions, goods imported and sold in New Zealand are liable for a Goods and Services Tax (GST) of 15 percent. GST is payable on the sum of the Customs value of the goods, the import duty, the ALAC levy, and freight and insurance costs. Wine is subject to GST.

Indicative Fees and Charges: An import transaction fee of NZ\$29.26 is payable on every import entry and import declaration for goods. A biosecurity risk screening levy of NZ\$26.45 is also collected by

Customs on behalf of MPI Biosecurity New Zealand.

There is also the NZ Importer Assurance, previously called the “multiple release permit” (MRP) form, to be completed to commence importation which has a fee of in the range of NZ\$250-NZ\$300.

Appendix I. Other Useful websites for

These websites will also be of use to ascertain the actual fees and charges payable:

General Information on Importing:

<https://www.mpi.govt.nz/importing/food/wine-and-beverages/>

Guide Fees & Charges under the Food Act

http://www.legislation.govt.nz/regulation/public/1997/0100/latest/DLM232791.html?search=ts_all%40act%40bill%40regulation_food+regulations_resel&p=1

More specific information on wine labeling and composition requirements:

<https://www.mpi.govt.nz/processing/wine/requirements-for-wine/wine-labelling-and-composition-requirements/>

<https://www.mpi.govt.nz/importing/food/wine-and-beverages/>

Appendix II. Mandatory Requirements for Wine Imported into New Zealand

MANDATORY REQUIREMENTS (Standards 1.2.1, 1.2.2, 1.2.3, 1.2.5, 1.2.9, 2.7.1)	
The following requirements apply to all wine for sale in New Zealand. Different requirements may apply in export markets.	
Legibility (Standard 1.2.9)	Any mandatory items must be set out legibly and prominently such as to afford a distinct contrast to the background, and in the English language.
Name of Food (Standard 1.2.2)	All wine must bear a name or description sufficient to indicate the true nature of the food (e.g. “sparkling wine”, “white wine” etc., a grape variety name, or a generic name such as Port).
Lot identification (Standard 1.2.2)	All wine must bear lot identification on the package. If there is just one bottling of a particular wine then there is no need for a separate lot number, as the lot is self-defined.
Name and address of supplier (Standard 1.2.2)	All wine must bear the name and business address in New Zealand or Australia of the supplier. The “supplier” may be the producing winery, packer, vendor or importer. The address should be a physical address.
Alcohol declaration (Standard 2.7.1)	All wine must bear an alcohol declaration. The acceptable form for the declaration is ‘million liters/100g’ or ‘million liters/100 million liters’ or ‘x% alcohol by volume’ or words or expressions of the same or similar meaning – i.e. “% vol” will suffice. Tolerances of the declared alcohol content from that actual alcohol content are: fortified wine: + or – 0.5%; wine and sparkling wine: + or – 1.5%
Net contents (Weights and measures regulations 1999 and amendments)	All wine must bear a statement of net contents (e.g. 750million liters).
Standard drinks (Standard 2.7.1)	All wine must bear a standard drink declaration The form of the standard drink statement is: “contains approx. x.x standard drinks”. The formula for calculating the number of standard drinks is: 0.789 x the actual alcohol content x the volume of the container (in liters).
Country of Origin (Wine Regulations 2006 Reg#7)	All wine must bear a country of origin declaration (e.g. “New Zealand wine”, “Product of New Zealand”). This is essentially a 100% standard – if any of the grapes, grape juice, concentrated grape juice or spirit used in a wine originates in another country, then that must also be included on the label
Date of Labelling	Date labelling is not required for bottled wine, but may be for wines with a shorter shelf life,

(Standard 1.2.5)	such as bag-in-box.
Allergens (Standard 1.2.3)	All wine must bear a sulphite declaration if it contains more than 10 mg/kg of sulphur dioxide. The form of the statement is: “contains preservative 220” (or 221, 222, 223, 224, 225, 228), “contains sulphites”, or “contains sulphur dioxide”. A wine label must include an allergen declaration if egg, fish or milk products are present. Isinglass is now exempt from allergen labelling, although other fish collagen products still need to be declared.
Prohibited Labelling on Wine (Standard 2.7.1 and 1.1.A.2)	Wines are prohibited from bearing health claims, or making representations as to being low in alcohol or non-intoxicating etc.

GRAPE VARIETY, VINTAGE AND AREA OF ORIGIN (Wine (Specifications) Notice) 2006

Statements about grape variety, vintage or area of origin are not mandatory on a wine label. When they are used on wines made from 2007 onwards all wines must comply with these rules whether they are destined for export or not. The only exception is when an overseas market has a less strict requirement and the NZFSA has given specific permission for exporters to use the less strict requirement applying in that market, as is currently the case for the USA.
A label that states the wine is a single grape variety, vintage or area must be at least 85% from the stated variety, vintage or area. For example a ‘2007’ wine must contain at least 85% of vintage 2007 wine.
A label that states the wine is a blend of grape varieties, vintages or areas, at least 85% of the blend must be from the stated varieties, vintages or areas. For example ‘Chardonnay Chenin Blanc’ must contain at least 85% from Chardonnay and Chenin Blanc grapes.
A label that states the wine is a combination of grape variety, vintage, and area of origin, the combination must be at least 85% of that wine. For example ‘2008 Marlborough Pinot Noir’ must contain a minimum of 85% Pinot Noir from Marlborough that was harvested in 2008.
A label that states more than one grape variety, vintage, or area, must present that information in descending order from the greatest to the least proportion in the blend. For example ‘Chardonnay Chenin Blanc’ must contain more Chardonnay than Chenin Blanc in the blend.
A label must not include a claim about grape variety, vintage or area if that wine contains a greater percentage of wine from another grape variety, vintage or area that is not referred to by that label. For example a wine that contains 75% Cabernet Sauvignon, 15% Pinotage and 10% Merlot could be referred to as a ‘Cabernet Pinotage’ or a ‘Cabernet Pinotage Merlot’ but not a ‘Cabernet Merlot’.
Cultures of micro-organisms used to make wine may be excluded from the minimum content calculations (up to a maximum of 50million liters/L) as can brandy or other spirit used for fortifying wine.
Wines made from the 2006 and earlier vintages are exempt from the 85% rules, but remain subject to the current 75% requirement for statements about grape variety and the Fair Trading Act. If a blended wine contains more than 50% wine from the 2006 vintage or earlier, and that wine is blended before 1 July 2008, then the old rules continue to apply.

Source: New Zealand Winegrowers

Attachments:

No Attachments.