



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Report of the Cabinet Economic Development Committee: Period Ended 12 August 2022

On 15 August 2022, Cabinet made the following decisions on the work of the Cabinet Economic Development Committee for the period ended 12 August 2022:

DEV-22-MIN-0178 **International Organisation of Vine and Wine:
Proposed Amendment to Agreement** CONFIRMED
Portfolio: Trade and Export Growth

Rachel Hayward
Acting Secretary of the Cabinet



Cabinet Economic Development Committee

Minute of Decision

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International Organisation of Vine and Wine: Proposed Amendment to Agreement

Portfolio **Trade and Export Growth**

On 10 August 2022, the Cabinet Economic Development Committee:

- 1 **noted** that France, as host country, has proposed the transfer of the headquarters of the International Organisation of Vine and Wine (OIV) from Paris to Dijon;
- 2 **noted** that the shift of OIV headquarters was agreed by the General Assembly of States Party to the OIV in October 2021;
- 3 **noted** that the *Protocol to Amend the Agreement of 3 April 2001 Establishing the International Organisation of Vine and Wine (OIV) in Relation to the Transfer of the Headquarters* (the Amendment), attached as Annex A to the paper under DEV-22-SUB-0178, will take effect for New Zealand by the deposit of an instrument of ratification;
- 4 **approved** the text of the Amendment;
- 5 **agreed** to ratify the Amendment, subject to the satisfactory completion of the Parliamentary Treaty Examination process and to any minor and/or technical changes;
- 6 **approved** the content of the National Interest Analysis (NIA), attached as Annex B to the paper under DEV-22-SUB-0178;
- 7 **agreed** to present the Amendment and the NIA to the House for the purposes of the Parliamentary treaty examination process, under Standing Orders 405.

Janine Harvey
Committee Secretary

Present: (see over)

Present:

Hon Grant Robertson (Chair)
Hon Dr Megan Woods
Hon David Parker
Hon Damien O'Connor
Hon Michael Wood
Hon Dr Ayesha Verrall
Hon Priyanca Radhakrishnan
Hon Meka Whaitiri
Hon Phil Twyford
Hon Kieran McAnulty
Dr Deborah Russell MP

Officials present from:

Office of the Prime Minister
Officials Committee for DEV

Proactively released
by the Minister for Trade and Export Growth

Office of the Minister for Trade and Export Growth

Economic Development Committee

International Organisation of Vine and Wine (OIV): Proposed Amendment to the Agreement Establishing the OIV to provide for the transfer of OIV headquarters from Paris to Dijon

Proposal

- 1 This paper seeks approval to ratify the *Protocol to amend the Agreement of 3 April 2001 establishing the International Organisation of Vine and Wine (OIV) in relation to the transfer of the headquarters* to provide for the transfer of the OIV's headquarters from Paris to Dijon in France. (The amendment is contained in Annex A of this paper.)
- 2 This is a non-substantive amendment. Nevertheless, as it amends a multilateral treaty, Cabinet approval is required (Cabinet Manual 7.123) and a national interest analysis must be presented to the House of Representatives (Standing Orders 405).

Relation to government priorities

- 3 This is a routine operational adjustment that requires Cabinet approval.

Background

The International Organisation of Vine and Wine (OIV)

- 4 The 48 member International Organisation of Vine and Wine is an intergovernmental organisation that deals with the technical and scientific aspects of viticulture and winemaking. Its guidance comes in the form of recommendations which span areas ranging from wine labelling to additives in wine. New Zealand joined the OIV in 1993. The Agreement under which the OIV operates was updated via a new Treaty instrument in 2001, which New Zealand ratified in 2003.
- 5 New Zealand's OIV membership enables us to influence the development of its wine production guidance. As this guidance often forms the basis of EU (and other markets') wine regulations, our input helps to protect New Zealand's global market access for wine. Engagement in the OIV also provides New Zealand with some ability to identify and influence strategic global debates in areas affecting the wine industry.
- 6 France has hosted the OIV's headquarters in Paris since the establishment of the OIV in 1924. The current headquarters building is, however, no longer fit

for purpose. After an extensive search for a replacement building in Paris failed to identify a suitable cost effective alternative, the French Government recommended instead that the headquarters be moved to a suitable building in Dijon, France. In October 2021, a General Assembly of OIV members agreed to this recommendation.

- 7 Paris is specified as the location of the OIV's headquarters in Article 3.2 of the 3 April 2001 Agreement Establishing the OIV (hereinafter "the Agreement"), to which New Zealand is a signatory. A formal amendment to the Agreement is therefore necessary to provide for the transfer of the headquarters to Dijon. As the change of the headquarters requires a formal amendment to an international treaty, Cabinet approval is required (Cabinet Manual 7.123). As the treaty is multilateral and requires New Zealand's ratification, the amendment and a national interest analysis must be presented to the House of Representatives in accordance with Standing Order 405.
- 8 Over coming months, other OIV members will be working through their own processes to legally recognise (or ratify) the Amendment. Subject to Cabinet's agreement, New Zealand will ratify following conclusion of the Parliamentary treaty process, and passage through the House of Representatives. The amendment will be formalised 30 days after the deposit of the 33rd instrument of acceptance or ratification (two thirds plus one of OIV Members), at which point the OIV can commence the headquarters transfer. The transfer to the new headquarters building is projected to be completed by the middle of 2024.

The growing importance of the New Zealand wine sector

- 9 Wine is New Zealand's fifth largest goods export (and largest goods export to the United Kingdom), worth approximately NZ\$1.9 billion in the year ending December 2021. Despite producing just over one per cent of the world's wine, New Zealand is the world's seventh largest wine exporter in terms of total export value, ahead of countries that produce larger export volumes, including South Africa and Argentina. Top export markets for New Zealand wine by value are the United States (31%), the United Kingdom (24%), and Australia (20%).

Importance of ratification for New Zealand's prospective candidacy for OIV Director General

- 10 New Zealand plans to nominate a candidate, Dr John Barker, for the position of OIV Director General when the role comes up for election in May 2023.¹ By ratifying the agreement in a timely manner, New Zealand can signal clearly to the OIV membership our active and constructive participation in the

¹ Ministers have agreed to initial support for the candidacy, however a decision on whether to formally submit the nomination will be made later this year subject to a review of the prospects for the candidacy at that time.

organisation s6(a)

Financial Implications

- 11 There are no financial implications arising from New Zealand's ratification of this amendment.

Legislative Implications

- 12 There are no legislative implications arising from New Zealand's ratification of this amendment.

Impact Analysis

- 13 A National Interest Analysis (NIA) has been prepared by the Ministry of Foreign Affairs and Trade and is attached to this paper as Annex B. The NIA was circulated with this Cabinet Paper for departmental consultation with the Ministry for Primary Industries, Department of Prime Minister and Cabinet and Treasury.
- 14 We propose that the NIA is released following Cabinet approval, alongside proactive release of this Cabinet paper. The NIA will be submitted alongside the text of the treaty amendment to Parliament.

Human Rights

- 15 The Amendment in Annex A presents no inconsistencies with the Human Rights Act 1993 and the New Zealand Bill of Rights Act 1990.

Consultation

- 16 The Ministry for Primary Industries, Department of Prime Minister and Cabinet, Treasury, and New Zealand Wine Growers (the national organisation representing the New Zealand grape and wine sector) have been consulted and support this Cabinet paper.

Publicity

- 17 No publicity is planned at this stage.

Proactive Release

- 18 It is proposed that the Minister release this paper, in whole, on the approval of the recommendations below.

Recommendations

The Minister for Trade and Export Growth recommends that the Committee:

IN CONFIDENCE

- 1 **note** that France, as host country, has proposed the transfer of the headquarters of the International Organisation of Vine and Wine (OIV) from Paris to Dijon;
- 2 **note** that the shift of OIV headquarters was agreed by the General Assembly of States Party to the OIV in October 2021;
- 3 **note** that the Amendment in Annex A will take effect for New Zealand by the deposit of an instrument of ratification;
- 4 **approve** the text of the Amendment contained in Annex A;
- 5 **agree** to ratify the Amendment contained in Annex A, subject to the satisfactory completion of the Parliamentary Treaty Examination process and subject to any minor and/or technical changes;
- 6 **approve** the content of the National Interest Analysis ('NIA') attached to this paper as Annex B; and
- 7 **agree** to present the Amendment in Annex A, and the NIA in Annex B, to the House for the purposes of the Parliamentary Treaty Examination process, under Standing Orders 405.

Authorised for lodgement

Hon Damien O'Connor

Minister for Trade and Export Growth

IN CONFIDENCE

ANNEX A: Decision adopted by consensus at the General Assembly on 25 October 2021



Proposal presented by France

Protocol to amend the Agreement of 3 April 2001 establishing the International Organisation of Vine and Wine in relation to the transfer of the headquarters

The General Assembly of 21 May 2022,

Considering its decision on 25 October 2021 concerning the transfer of the headquarters of the OIV to Dijon (France),

In view of Article 3.6 of the Agreement of 3 April 2001 establishing the OIV (hereinafter “the Agreement”),

In view of the amendment procedure provided for in Article 9.1 of the Agreement,

Adopts, by consensus, the following Protocol of Amendment:

Article 1

Article 3.6 of the Agreement is amended as follows:

“The headquarters of the Organisation shall be in Dijon (France).”

Article 2

This Protocol shall enter into force thirty days after the deposit of the instrument of acceptance, approval, ratification or accession, representing two thirds plus one of the members of the Organisation.

The Government of the French Republic is the depositary of this Protocol, the three versions of which in the French, Spanish and English languages are equally authentic.

ANNEX B: NATIONAL INTEREST ASSESSMENT

PROTOCOL TO AMEND THE AGREEMENT OF 3 APRIL 2001 ESTABLISHING THE INTERNATIONAL ORGANISATION OF VINE AND WINE (OIV)

NATIONAL INTEREST ASSESSMENT

Executive Summary

1. It is proposed that New Zealand ratify the *Protocol to amend the Agreement of 3 April 2001 establishing the International Organisation of Vine and Wine (OIV) in relation to the transfer of the headquarters* to provide for the transfer of the OIV's headquarters from Paris to Dijon in France.
2. The current OIV building is no longer fit for purpose and after an extensive search for a replacement building in Paris the French Government recommended instead that the headquarters be moved to a suitable location in Dijon.
3. In November 2021, a General Assembly of OIV members agreed to this recommendation. An amendment to the Agreement is now necessary to provide for the transfer of the OIV's headquarters from Paris to Dijon.
4. The OIV is an important forum that provides New Zealand with the ability to identify and influence strategic debates in areas affecting the global wine industry. New Zealand's participation in the OIV reflects the growing importance of the New Zealand wine export sector. Wine is now New Zealand's fifth largest goods export, worth approximately NZ\$1.9 billion in the year ending December 2021. Despite producing just over one per cent of the world's wine, New Zealand is the world's seventh largest wine exporter in terms of total export value.

Nature and timing of the proposed treaty action

5. Article 3.2 of The Agreement of 3 April 2001 Establishing the OIV provided that France would host the OIV's headquarters in Paris. France has hosted it there since the creation of the original International Vine and Wine Office in 1924.¹ However, the original OIV

¹ The Agreement under which the OIV operates was updated via a new Treaty instrument in 2001, which New Zealand ratified in 2003.

building is no longer fit for purpose. After an extensive search for a replacement building in Paris failed to identify a suitable cost effective alternative, the French Government recommended instead that the headquarters be moved to a suitable building in Dijon, France. In November 2021, a General Assembly of OIV members agreed to this recommendation (see Appendix 1: Decision adopted by consensus at the General Assembly on 25 October 2021).

6. An amendment to the Agreement is, therefore, necessary to provide for the transfer of the OIV's headquarters from Paris to Dijon. Over coming months, other OIV members will be working through their own internal processes to legally recognise (or ratify) the Amendment. Subject to Cabinet's agreement, New Zealand will ratify following conclusion of the parliamentary treaty process and passage through the House of Representatives. The amendment will enter into force 30 days after the deposit of the 33rd instrument of acceptance or ratification (two thirds plus one of OIV Members), at which point the OIV can commence the headquarters transfer. The transfer to the new headquarters building is projected to be completed by the middle of 2024, with a temporary relocation to Dijon using rented space from September 2022.

Reasons for New Zealand becoming Party to the treaty

8. The 48 member International Organisation for Vine and Wine is an intergovernmental body that considers issues related to wine and produces resolutions covering issues such as labelling requirements and levels of winemaking additives. As this guidance often forms the basis of EU (and other markets') wine regulations it can impact on prospects for New Zealand wine sales in those markets.

9. New Zealand joined the OIV in 1993. New Zealand's participation in the OIV is a reflection of the growing importance of the New Zealand wine export sector. Wine is now New Zealand's fifth largest goods export (and largest goods export to the United Kingdom), worth approximately NZ\$1.9 billion in the year ending December 2021. Despite producing just over one per cent of the world's wine, New Zealand is the world's seventh largest wine exporter in terms of total export value, ahead of countries that produce larger export volumes, including South Africa and Argentina. Top export markets for New Zealand wine by value are the United States (31%), the United Kingdom (24%), and Australia (20%).

10. Through the OIV, New Zealand is able to participate in strategic global debates affecting the wine industry for the benefit of New Zealand's own exports. This includes the ability to influence proposals to create opportunities for New Zealand's wine exports and work through issues which may have an impact on industry. By ratifying the agreement, New Zealand can demonstrate its active participation in the OIV, and our commitment to build a coalition of interest with other major wine producing countries, including the French hosts.

11. In November 2021, a General Assembly of OIV members agreed to the recommendation to move the OIV's headquarters from Paris to Dijon on the basis that it

represented a pragmatic solution to accommodating the headquarters of the OIV in the long term. An amendment to the Agreement is now necessary to provide for the transfer of the headquarters to Dijon and OIV members. Likeminded partners such as Australia and the United Kingdom will be progressing their own internal processes for ratification.

12. A further reflection of the importance of the OIV to the New Zealand wine sector is that in February 2022 the Government informed OIV member countries that New Zealand intends to nominate a candidate, Dr John Barker, for Director General of the OIV when that role next comes up for election in May 2023.² By ratifying the agreement, New Zealand can signal clearly to the OIV membership our active participation in the organisation in the course of Dr Barker's campaign.

Advantages and disadvantages to New Zealand of the treaty entering into force and not entering into force for New Zealand

13. The advantage of engagement in the OIV is that it provides New Zealand with some ability to identify and influence strategic global debates in areas affecting the wine industry. Participation in the OIV has provided New Zealand with an opportunity to influence proposals that could have the potential to benefit (or damage) our wine trade interests. Ratifying the amendment will also provide a cost effective and long-term solution for locating the headquarters of the OIV.

14. Failure to ratify the Protocol to Amend the Agreement may undermine New Zealand's standing within the OIV, and negatively impact our ability to build a coalition of interests with other likeminded partners, including France in their capacity as host. Failure to ratify could also have a negative impact on the prospects for Dr Barker's candidature for Director General of the OIV.

15. Accordingly, it is in New Zealand's interests to ratify the Protocol to Amend the Agreement.

Legal obligations which would be imposed on New Zealand by the treaty action, the position in respect of reservations to the treaty, and an outline of any dispute settlement mechanisms

16. The Amendment to the Agreement does not impose any new legal obligations on New Zealand.

17. This amendment does not incur any impacts for partners of the Realm of New Zealand.

Measures which the Government could or should adopt to implement the treaty action, including specific reference to implementing legislation

18. Implementing legislation is not required.

Economic, social, cultural and environmental costs and effects of the treaty action

² Ministers have agreed to initial support for the candidacy, however a decision on whether to formally submit the nomination will be made later this year subject to a review of the prospects for the candidacy at that time.

19. There are no identifiable social, cultural and environmental costs and effects associated with ratifying the Protocol to amend the Agreement.

The costs to New Zealand of compliance with the treaty

20. There will be no additional costs to New Zealand as a result of the amendment to the Agreement.

Completed or proposed consultation with the community and parties interested in the treaty action

21. The Ministry of Foreign Affairs and Trade has consulted with the Ministry for Primary Industries as the New Zealand government agency responsible for regulation of wine production in New Zealand, the Department of Prime Minister and Cabinet, Treasury, and with New Zealand Winegrowers.³

Subsequent protocols and/or amendments to the treaty and their likely effects

22. The *Agreement of 3 April 2001 establishing the International Organisation of Vine and Wine (OIV)* provides procedures for proposing and finalising amendments to the treaty. Amendments are adopted by consensus of the Members represented and enter into force thirty days after the deposit of the instrument of ratification representing two thirds plus one of the members of the Organisation. The treaty action has no impact on the negotiation of future related legally binding instruments. We are not aware of any other proposals to amend the OIV agreement in the short to medium term.

Withdrawal or denunciation provision in the treaty

23. Under Article 18 of the Agreement, a Party may denounce the Agreement at any time with six months written notice sent to the OIV Director General.

Agency Disclosure Statement (only required if the proposal has legislative or regulatory implications)

24. Not required.

³ New Zealand Winegrowers is the national organisation for New Zealand's grape and wine sector, with over 600 grower members and 700 winery members.