



## Pernod Ricard Winemakers

*Leading Wine Innovation*

Ministry of Foreign Affairs  
WELLINGTON

29 February 2016

### **SUBMISSION ON PROPOSED NEW ZEALAND - EUROPEAN FTA**

Pernod Ricard Winemakers is the premium wine division of Pernod Ricard – the world's co-leader in wine and spirit. We have over 2,000 employees based across five continents. We acquired Allied Domecq's New Zealand assets in 2005. Today we are New Zealand's largest domestic wine company and a major New Zealand wine exporter. We have over 400 staff in New Zealand, rising to 700 at vintage. We have wineries in Auckland, Hawkes Bay and Marlborough and export 2.1 million cases worldwide.

Five of Pernod Ricard Winemaker's ten biggest export markets for New Zealand wine are in Europe: the UK, Sweden, Ireland, the Netherlands and Germany and, collectively Europe forms our largest export market for New Zealand wine. We therefore welcome the opportunity to submit on New Zealand entering Free Trade Agreement (FTA) negotiations with the European Union (EU). We would like to express our support for the submission of New Zealand Winegrowers on this matter, in particular the need for tariff reduction and removal of technical barriers to trade.

Tariffs to Europe, while not high, impose additional costs on industry, weakening supply-chain efficiencies and eroding tight margins in a very competitive market place. Still wine tariffs to the EU are €13.1 per one hundred litres, while New Zealand sparkling wine can face duties of €32 per one hundred litres. On the other hand, wine from key competitor countries enters the EU duty free, putting our exports at a disadvantage.

Meanwhile, although considerable progress has been made in resolving outstanding viticultural issues with the EU in recent years, there are still some key differences in the two markets' approach to wine regulation. Ideally, these regulatory requirements would be harmonised, but given different historical contexts and local preferences and practices this seems unlikely. In the absence of this, we would like to see increased mutual recognition. Members of the World Wide Trade Group have signed a number of agreements which provide for mutual recognition in wine regulatory matters, and these principles have been included into the Wines and Spirits Annex in the recently concluded Trans Pacific Partnership Agreement. We therefore recommend that a similar Annex be included or approach be applied during EU-FTA negotiations.

Yours sincerely

PERNOD RICARD WINEMAKERS  
Public Affairs Manager