Signed Minutes of the 1st EU-New Zealand FTA specialised Committee on Wine and Spirits Annex Meeting

2-3 December 2024, Brussels and hybrid meeting

The first meeting of the European Union-New Zealand FTA Committee on Wine and Spirits Annex was hosted by the European Union on ***2-3 December 2024,*** in hybrid format***.*** The Committee on ***Wine and Spirits Annex*** was established under the provisions of the European Union-New Zealand Free Trade Agreement (Chapter 9, Annex 9-E).

The meeting was co-chaired by Mr. Raimondo Serra, Deputy Head of Unit, DG AGRI G.3 – Asia and Australasia from the European Commission and by Mr. James Waugh, Senior Policy Analyst from the Ministry for Primary Industries New Zealand.

Agenda Item 1: Welcome and Opening Remarks

Both sides welcomed to the holding of the 1st Wine and Spirits Annex Committee Meeting, an important forum for discussing and progressing Wine and Spirits Annex matters. Cooperation and knowledge sharing i.e. in the area of sustainability of these sectors were highlighted as the items that needed to be progressed. Both sides agreed that a strong trade relationship between New Zealand and the European Union is valued for maintaining a healthy supply chain for food and other primary products.

Agenda Item 2: Adoption of Agenda

The agenda was adopted and can be found in Annex 1.

Agenda Item 3: Issues for Discussion

Both parties discussed issues of mutual interests relating wine and spirits sectors as follows.

<u>3.1 EU and New Zealand</u>

i) General presentations on wine and spirits industries, including data on EU-NZ trade in wine and spirits

- New Zealand informed that its wine industry has a proud 200 year history that has experienced exponential growth since the 1990s, in part due to an open and facilitative regulatory framework where government works to empower export potential. It noted the success of its wine sector's unified industry model and the significant value it places on its investment into research and development for wine, such as research on varieties and climate resilience to reduce the impact of climate change on wine production.
- The trend on decreasing wine consumption worldwide and climate change remain concerns for NZ and EU wine producers.
- On spirits, New Zealand informed that despite the sector being still small, it is steadily developing and has a good potential to increase, main focus on production being whiskey and gin.
- The area of wine production in the EU is shrinking as a consequence of wine reform of 2008 that created incentives for more market orientation and focus the production more on quality, high end wines, mainly GIs (PDO, PGI).
- It is too soon from the entry into force of the EU-NZ FTA to observe a clear trend in trade of wine and spirits but the flows remain stable at the levels observed during last 5 years.

ii) Dialogue on nutrition and ingredient labelling

- The EU has explained that when the list of ingredients is provided by electronic means, the electronic labelling (QR code) must be identified on the label using the term “ingredients”, while there is no specific requirement in EU law to use the term “nutrition” or similar expression when it comes to displaying the nutrition declaration on or off-the-label (i.e. electronically). However, given that it is necessary to indicate clearly on the label the nature of the information provided under the QR code, Member States have come up with different national solutions for the case where the nutrition declaration is displayed by electronic means. Unfortunately, the Commission is not empowered to lay down any further specific rules concerning the nutrition declaration on wine labels. The Commission continues to discuss this issue with Member States (5 December 2024)with the purpose that Member States would agree on a harmonized approach across the EU on the use of the term “nutrition” or similar expressions in the context of electronic labelling. It will inform New Zealand of the outcome. EU has taken note of the explanation of NZ on the counter-seasonality of the production cycles and wine produced within the vintage 2024 being already labelled and shipped to the EU or prepared for shipment.

iii) New Zealand expressed its concern about asymmetrical implementation among its members of the regulation governing electronic labelling. While acknowledging the limits of the EU’s regulation in its lack of specification of nutrition wording on the label, New Zealand emphasised its need for certainty on the requirements of the regulation and what EU Members must implement in accordance with this relevant EU regulation. New Zealand’s view was that without clear EU guidance, third party exporters will need to tailor their labels to the Member’s specific approaches, creating a disharmonized approach within the EU single market that gives rise to commercial uncertainty and significant additional costs to New Zealand’s exporters. This creates a risk of New Zealand product being diverted away from Europe which is counter to the spirit of the FTA. New Zealand suggested that it would be valuable for New Zealand and the EU to have open and early dialogue on measures and regulations significantly affecting third party wine exporters to ensure the smooth implementation of both amendments to exiting regulation and new regulatory requirements. The EU noted New Zealand’s desire for greater dialogue and acknowledged the usefulness of open and early communication.

iv) Sustainability of the wine sector

- Sustainability is an important aspect for the wine industry, and there is a growing demand for sustainable products from consumers, which is driving the industry to adopt more sustainable practices and reduce its environmental impact.

- New Zealand explained its comprehensive system of government regulations and industry measures for environmental management and sustainability in the wine sector, which includes measures to reduce water and energy usage, reduce greenhouse gas emissions, ensure soil health, as well as waste management.

- The EU informed on its extensive environmental legislation that applies to all aspects of wine production, including resource management. The EU also referred to a need for clear principles and regulations to ensure that the industry is meeting its sustainability commitments but noted that the changing climate was creating new challenges for regulators and producers.

- Further discussions and knowledge sharing on policy development took place in informal session over the business lunch hosted by the EU. Both New Zealand and the EU saw value in continuing dialogue on this important topic.

3.2 European Union (New Zealand to respond)

i) Update on the state of play of yeast mannoproteins and potassium ferrocyanide

- New Zealand has explained that it has launched a discussion with Australia about the Food Standards Australia New Zealand (FSANZ) limits to yeast mannoproteins and potassium ferrocyanide to understand Australia's perspectives about adjusting the maximum permitted limits; the discussions are ongoing. NZ asked if the EU had any information on the safety of these two compounds, and if so, whether it could provide it to support the discussion with Australia about the FSANZ limits.

3.3 New Zealand (European Union to respond)

i) Discussion on partially dealcoholised and dealcholised wine

- The EU has explained main features of the legislative framework in relation to partially dealcoholised and dealcoholised wines – such no or low alcohol products must be obtained following a de-alcoholisation process, otherwise the grapevine products should meet the established limits on alcohol content in order to be labelled as wine. Wines that are naturally low in alcohol and below the established limits cannot be labelled and marketed as wine. NZ has shared its policy reflections on the matter.

ii) Status of piquette production for wine imported into the EU

- Following NZ question the EU has explained that the by-product "piquette" – where its production is allowed by a Member State – shall be used only for distillation or for consumption in wine-producers' households but not allowed for marketing and sale for human consumption. Consequently, piquette can be imported from third countries only for distillation.
- The EU noted the rules regulations governing piquette are historical in nature and It is not excluded that it might be revised in the future. However such a review is not on the legislative agenda for the moment.

Agenda Item 4: Confirmation of contact points

Both countries shared information on contact points.

Agenda Item 5: Other Business

5.1 Report on Cooperation Undertaken

i) 3.12.2024 – visits to operators took place

- New Zealand, accompanied by the EU, has visited one brewery/distillery and vineyard in Belgium, where practical implementation of the EU regulations, issues relating the operation of the sectors, production and investment risks presented by climate change and other challenges could be discussed.

5.2 Work plan on future areas of cooperation

i) EU and New Zealand will continue cooperate within the specialised Committee on Wine and Spirits Annex to enhance proper functioning of the EU-New Zealand FTA.

Agenda Item 6: Meeting Report

The European Union, as the host, would provide a first draft of the meeting report within 2 calendar weeks (not later than 16.12.2024) and would send to the New Zealand contact point for their side's review.

Agenda Item 7: Closing Remarks and next meeting

Both sides agreed that the meeting was held in a smooth and constructive manner. Both Chairs acknowledged open discussions in good cooperative spirit. As next year's host, New Zealand agreed to provide the EU with details for the next meeting through the Wine and Spirits Annex Committee contact point when possible.

Mr. Raimondo Serra,
Deputy Head of Unit, DG AGRI G.3,
European Commission, ………..…………………………………***[electronically signed]***
European Union

Mr. James Waugh,
Senior Policy Analyst,
Ministry for Primary Industries, …………………………………***[electronically signed]***
New Zealand

Annex 1

Agenda for the 1st EU-New Zealand FTA

Committee on *Wine and Spirits Annex*

2-3 December 2024

Virtual/In-person meeting – Host EU

Time (GMT+1)	Agenda Item – 2.12.2024
10:30 – 10:40	**1. Opening Remarks;** (EU to open)
10:40 – 10:45	**2 Adoption of Agenda**
	3. Issues to be discussed
10:45 – 11:00	**3.1 EU/NZ** i. General presentations on wine and spirits industries, including data on EU-NZ trade in wine and spirits
11:00 – 11:15	ii. Dialogue on Nutrition and ingredient labelling
11:15 – 11:30	iii. Sustainability in wine sectors
11:30 – 11:45	**3.2 EU** (NZ to respond) i. Update on the state of play of yeast mannoproteins and potassium ferrocyanide
11:45 – 12:00	**3.3 NZ** (EU to respond) i. Discussion on partially dealcoholised and dealcholised wine
	ii. Status of piquette production for wine imported into the EU
12:00 – 12:05	**4. Confirmation of contact points** (NZ/EU)
12:05 – 12:15	**5. Other Business** i. Report on cooperation undertaken (NZ/EU) ii. Proposed future workplan items for cooperation (NZ/EU)
	6. Meeting Report (process) (NZ/EU)
12:15 – 12:30	**7. Closing Remarks** (incl. next meeting) (NZ/EU)
Time (GMT+1)	**Agenda Item – 3.12.2024**
8:00 – 12:30	Visits to the EU producers of wine and spirits (in Belgium)