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New Zealand

Wine Annual

2013, A Year of Recovery for the New Zealand Wine Sector

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Report Highlights:

Grape Production in 2013 is likely to bounce back from 2012's low harvest of 269,000 metric tons to be around 315,000 metric tons (up 17% Year-on-Year). Even with the big increase in grape harvest total wine supply is expected to stay well balanced with total demand. Wine exports from New Zealand in 2013, forecast at 169 million liters, would be lower than the total for 2012 which was 176.6 million liters.

Executive Summary

Sauvignon Blanc – the most popular grape in New Zealand.

The 2012 harvest, hampered by cool damp climatic conditions almost all the way through the growing season, amounted to only 269,000 metric tons, representing an 18% decline from last year's level. Sauvignon Blanc continues to dominate vineyard area accounting for 58% of the total registered producing area of 34,270 ha in 2012. In addition, as a high yielding variety it accounted for 69% of the total grape harvest.

In contrast, for the 2012/2013 growing season, weather patterns have been favorable, much as growers would like. Consequently for 2013 a larger national crop is expected. Post is forecasting total wine grape production at 315,000 metric tons, representing a 17% increase from last year's level.

New Zealand Winegrowers are predicting wine grape production areas to have grown by only 2% over a three year period beginning in 2012. However, the grape harvest in 2014 could be in excess of 340,000 metric tons if another reasonable growing season is encountered during 2013/2014.

Wine production in 2012 dropped to 194 million liters but is expected to rebound to reach 228 million liters in 2013. The low yields combined, unfortunately, with low grape prices in 2012, while hard on growers, have been beneficial for the sector as a whole. It has brought supply and demand back into balance and has led to sharply decreased stocks (down by an estimated 44 million liters or 16%). Bulk wine exports, which peaked at 33% of total exports in 2011, were down to 30% of total exports in 2012. It is expected that total wine exports will decline in 2013 to an estimated 169 million liters from 176.6 million liters in 2012. Most of this decrease is expected to come from reduced bulk wine exports.

Australia again led the way as both the most valuable destination for New Zealand wine exports and the origin of 79% of all of New Zealand's imports in 2012. This is unlikely to change in 2013. The UK, while importing the greatest quantity of wine from New Zealand, is the second largest wine importer from New Zealand in terms of overall wine export receipts. The UK is the destination for the majority of the discounted unbranded bulk wine exports from New Zealand. New Zealand Winegrowers (the grower/winery industry good organization funded by check-off levy) is concentrating its market development work on China, North America, and parts of Continental Europe.

New Zealand wine imports reached 34.6 million liters in 2012 (23% Year-on-Year(Y/Y)) and are expected to be at least 36.5million liters in 2013. The excise duty on all domestic and imported wine is now set at $2.76/liter up from $2.72/liter.

Note: when a year i.e. "2012" is referred to, it is the calendar year and the growing season which spans two calendar years, September through to April, is shown as "2012/2013"

Vineyard & Winery production

2013

Better growing conditions during late 2012 and early 2013 are expected to help the grape harvest bounce back to a forecasted 315,000 metric tons, a 17% increase over last year's level. Even though the poor weather late in 2011 created the conditions for reduced total grape bunch numbers in the 2012/13 season, improved weather since the vines reached the flowering stage has helped set the stage for the higher production levels that are now expected. Presently weather patterns typical of the east coast of both islands have developed: very little rain, combined with hot days followed by cool nights. If this trend continues through to harvest in March and April, the industry will be expecting a very high quality vintage.

Total wine production in 2013 is forecast at 228 million liters, which would be 18% ahead of 2012 production levels.

Strong demand for grapes has forced wineries to increase their offerings to growers. In the major vineyard region of Marlborough, grape prices are in the region of NZ$1500 to NZ$1600 per metric ton. This is a marked improvement over prices in 2012 and 2011 which averaged around NZ$1315/metric ton and NZ$1239/metric ton respectively.

NEW ZEALAND PRODUCING VINEYARD AREA BY GRAPE VARIETY (Hectares)										
	2004	2005	2006	2007	2008	2009	2010 *	2011 *	2012	2013
Sauvignon Blanc	5897	7277	8860	10491	13988	16205	16910	16758	19930	20083
Chardonnay	3617	3804	3779	3918	3881	3911	3865	3823	3121	3140
Riesling	666	811	853	868	917	979	986	993	719	742
Pinot Gris	381	489	762	1146	1383	1501	1763	1725	2396	2389
Other White Varieties									802	867
Total White Area									**26968**	**27221**
Pinot Noir	3239	3757	4063	4441	4650	4777	4773	4803	5096	5126
Merlot	1487	1492	1420	1447	1383	1369	1371	1386	1196	1224
Syrah									354	384
Cabernet Sauvignon	687	614	531	524	516	517	519	519	285	311
Other Red Varieties									371	377
Total Red Area									**7302**	**7422**
Other Non Specified	2138	2758	2348	2520	2592	2705	3241	3593		
Total Producing Area	18112	21002	22616	25355	29310	31964	33428	33600	**34270**	**34643**

*Estimates Source : New Zealand Wine Growers

2012

Total grape harvest in 2012 totaled 269,000 metric tons. This represented a decline of 18% from year earlier levels and well short of the 300,000 metric tons that Post had forecast in Feb 2012. The cool damp climatic conditions which persisted through the last quarter 2011 and on into 2012 had much more of an effect on depressing yields than was anticipated prior to the harvest. Pollination was adversely affected along with subsequent grape bunch development. Total wine production in 2012 has been estimated at 194 million liters.

During 2012 NZ Winegrowers introduced a new vineyard registration scheme which primarily monitors vineyard area. It tracks the actual grape producing area as of October each year. NZ Winegrowers estimate that only 150 to 300 ha of vineyard area is not registered. For the tables Post has assumed this area to be 225ha. The 2012 vineyard registration process revealed that the producing area had previously been underestimated by approximately 800-1000ha. In October 2012 the registered area in production was 34,269ha.

Sauvignon Blanc continues to dominate the planted area in New Zealand grape production. In 2012 Sauvignon Blanc comprised 58% of the total producing area. In terms of output the dependence on Sauvignon Blanc is even more pronounced, with 69% of the total grape harvest in 2012 coming from Sauvignon Blanc plantings. This proportion was similar in 2011.

NEW ZEALAND GRAPE PRODUCTION BY VARIETY

(Metric Tons)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Sauvignon Blanc	28266	67773	63297	96686	102426	169613	177647	174247	224412	181121
Chardonnay	15534	35597	29741	26944	38792	33346	34393	26322	25580	22855
Riesling	836	1888	1655	3675	6053	12417	11410	12810	17787	15347
Pinot Gris	3376	5647	4792	6745	6017	8547	6316	5416	6118	4989
Other White Varieties	7051	13702	9660	8960	10125	8927	6944	5413	4754	4044
Total White Grape Tonnage	**55063**	**124607**	**109145**	**143010**	**163413**	**232850**	**236710**	**224208**	**278651**	**228356**
Pinot Noir	9402	20145	14578	22062	20699	32878	27547	23655	31156	23285
Merlot	4957	9330	9194	11206	11714	10166	11723	8885	9092	8046
Syrah	330	691	758	1057	1514	1452	1500	2112	1741	1431
Cabernet Sauvignon	3201	4045	3018	2659	2462	2270	2304	2203	1667	1120
Other Red Varieties	1869	3281	2712	2891	3022	2734	2663	2382	2284	1707
Total Red Grape Tonnage	**19759**	**37492**	**30260**	**39875**	**39411**	**49500**	**45737**	**39237**	**45940**	**35589**
Total Survey Tonnage*	**74821**	**162100**	**139406**	**182885**	**202823**	**282352**	**282447**	**263445**	**324591**	**263944**
Total Industry	**76400**	**165500**	**142000**	**185000**	**205000**	**285000**	**285000**	**266000**	**328000**	**269000**

Tonnage										

* The data shown are the results from the New Zealand Winegrowers' Annual Vintage Surveys, whereas 'Industry Total' represents the tons crushed by the total wine industry. The difference between 'Total' and 'Industry Total' is data from wine companies who did not respond to the Vintage Survey
Source: New Zealand Winegrowers' Annual Vintage Surveys

Beyond 2013

The good weather during the flowering of the 2012/13 crop has also set up the 2013/14 crop with the potential for high grape bunch numbers. Given normal weather conditions, the grape harvest in 2014 should exceed the 2013 harvest. Potentially a harvest in the order of 340,000 to 350,000metric tons could occur. That would stretch the sector again and possibly would have a negative effect on grape prices unless demand can be grown substantially over the next 12 months for bottle or premium bulk brand sales.

In terms of producing area NZ Winegrowers are predicting less than 2% growth over the next three years to 2015. There is talk of some large developments that could occur in Marlborough but they are unlikely to be in production before 2015. The combination of a likely plateau in grape prices, with bigger national crops and a shortage of planting material in the short term, would seem to make it most likely that there won't be a boom in new plantings in the short to medium term.

Sauvignon Blanc grapes will continue to be the mainstay of the sector for the foreseeable future. Pinot Noir is the second most important variety in New Zealand but is likely to be challenged by Chardonnay. Nationally, Pinot Noir yields are in the range of 4.5 to 4.6 metric tons/ha and will be maintained at that level in order to maximize quality. However Chardonnay is grown in higher yielding areas and can produce 10 to 12 metric tons/ha easily. If national average yields rose to this level then 30 to 35,000 metric tons of Chardonnay grapes would be produced which would be well ahead of Pinot Noir. There is a resurgence of interest in Chardonnay at the moment. In the Hawkes Bay, which is the main red wine growing region for Merlot, Cabernet, and Syrah grapes, there appears to be growing interest in expansion of the Syrah plantings.

Wine Supply and Demand Balance – and the Role of Bulk Wine Sales

Source: Global Trade Atlas

The low production year in 2012 has brought supply and demand into balance. Bulk wine exports are declining. Total New Zealand bulk wine exports peaked in 2011 at 33% of the total wine volume exported. In 2012 that percentage declined, to 30% of total wine exports. It is thought that over the next year that proportion will decline even further. It must be remembered that some wineries do export their own branded product in bulk because it is cheaper for them to bottle under their own brand in the destination market. This practice is likely to continue.

Interestingly the Price Waterhouse Coopers Wine industry strategic review completed in 2012 showed that average in-market prices had been surprisingly resilient and this led to the conclusion that bulk wine sales to merchants/supermarkets and sold under their own house brands hasn't caused material/lasting damage to the sector. The main destination for discounted bulk wine has been Great Britain.

The big deficit in total supply (production + imports) versus total demand in 2012, estimated at 44million liters (16% of total demand), has sharply reduced estimated stocks which in turn is likely to reduce exports at least for the first six months of CY2013.

For 2013 total supply is forecast to be virtually the same as total demand so stocks at the end of the year are not likely to change very much.

PRODUCTION TRENDS NEW ZEALAND VINEYARD AND WINE INDUSTRY

Year Ending December	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012 Est.**	**2013 Forecast**
Number of Wineries	463	516	530	543	585	643	672	698	703	na
Producing Area in hectares	18,112	21,002	22,616	25,355	29,310	31,964	33,428	33,600	34,500	34,868
Average Yield ((tons per hectare)	8.9	6.9	8.2	8.1	9.7	8.9	8	9.8	7.8	9.0
Average Grape Price (NZ$ per ton)	1,876	1,792	2,022	1,981	2,161	1,629	1,293	1,239	1,315	na
Tons Grapes Crushed (000's of Tons)	165.5	142	185	205	285	285	266	328	269	315
Total Production Wine (millions of liters)	119.2	102.0	133.2	147.6	205.2	205.2	190.0	235.0	194.0	228.4

WINE CONSUMPTION AND EXPORT TRENDS FOR NEW ZEALAND

Year Ending December	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012 Est.**	**2013 Forecast**
Estimated Domestic Sales of NZ Wine (mil.liters)	41.6	49.5	51.2	45.3	51.2	58.0	62.2	61.8	61.4	56.0
Estimated Imports of Wine (millions of liters)	37.6	34.8	38.8	42.7	38.6	31.9	33.2	28.1	34.6	36.5

Total NZ Domestic Consumption	79.2	84.3	90.0	87.9	89.7	89.9	95.4	89.9	96.0	92.5
Population estimate (millions)	4.09	4.14	4.19	4.23	4.27	4.32	4.37	4.41	4.44	4.47
NZ Consumption per Capita of NZ wine(L)	10.2	12.0	12.2	10.7	12.0	13.4	14.2	14.0	13.8	12.5
NZ Consumption per Capita of all wine(L)	19.4	20.4	21.5	20.8	21.0	20.8	21.8	20.4	21.6	20.7
Estimated Export Volume (millions liters)	40.6	57.4	64.7	84.1	98.7	128.5	157.2	168.1	176.6	169.0
Export Value(millions of NZ$ FOB)	369.6	471.3	610.8	759.9	903.3	1014.0	1088.7	1135.0	1217.7	na
Estimated Average Price NZD/L	$9.10	$8.22	$9.44	$9.03	$9.15	$7.89	$6.93	$6.75	$6.90	na
Export Value(millions of $US FOB)	246.4	331.8	396.6	560.1	632.6	652.0	788.2	900.8	988.1	na
Estimated Average Price USD/L	$6.06	$5.79	$6.13	$6.66	$6.41	$5.07	$5.02	$5.36	$5.60	na
Estimated Total Supply (Production + Imports)m.L	156.8	136.8	172.0	190.3	243.8	237.1	223.2	263.1	228.6	264.9
Estimated Total Demand (exports+ consumption)	119.9	141.7	154.7	172.1	188.4	218.4	252.5	258.0	272.6	261.5
Interim balance of Supply less Demand	37.0	-4.9	17.3	18.2	55.3	18.7	-29.4	5.1	-44.0	3.4
Running Balance i.e. est. stocks at end Dec	81.1	76.3	93.6	111.8	167.1	185.8	156.4	161.5	117.6	120.9

Sources: NZ Wine Growers, StatisticsNZ, Global Trade Atlas, Post Estimates
Note: For the Producing Area from 2012 on this estimate is based on October registrations by the Vineyards

Exports and Trade

2013

For 2013 Post is forecasting a drop-off in total wine volume exported from New Zealand to 169 million liters (-4% Y/Y). The reduced harvest in 2012 is the reason behind the reduction. Exports in the first half of the year are likely to be where this is felt. A reduction in unbranded bulk wine is the main factor behind the volume slippage. The anticipated increase in tonnage of grapes harvested in March/April 2013 should boost exports for the second half of 2013.

The Price Waterhouse Coopers Wine industry strategic review identified 3 main regions as having the most potential for future market development. They were: China; US and Canada; and some parts of continental Europe. NZ Winegrowers set up a new office in Hong Kong during 2012 and is partnering with the NZ Government's trade facilitation Dept, NZ Trade and Enterprise, to roll out a joint NZ Wine market development programme. This coincided with the final removal of tariff duties on nearly all wine categories' under the China:NZ FTA.

The NZ currency has continued to appreciate despite many commentators having said it is overvalued. With a reduction in export volumes, especially bulk wine, it would be hoped that in-market price increases can well and truly outstrip any further appreciation of the currency and provide better returns in NZD terms back in NZ.

Legislation on Geographic Indicators was passed into law back in 2006 as the "Geographical Indications (Wine and Spirits) Registration Act 2006". However, it has not yet been brought into force. To further the branding value and providence of NZ wine the wine industry would like the Act to be brought into force. It is unlikely that this will happen before the end of 2013.

New Zealand Export Statistics Commodity: All Forms of Grape Wine						
Annual Series: 2007 - 2012						
	United States Dollars					
Partner Country	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Australia	156,240,219	212,794,085	214,652,524	241,935,123	282,330,708	310,611,800
United Kingdom	184,342,571	177,523,811	182,516,656	217,099,813	233,834,894	235,293,196
United States	123,587,770	127,754,071	135,272,961	171,115,415	185,807,267	219,593,790
Canada	27,404,756	33,068,575	35,074,628	45,027,040	50,924,624	59,821,182
China	1,600,397	3,658,389	9,928,638	9,615,562	18,010,838	24,373,029
Netherlands	9,681,757	10,887,364	13,400,902	16,724,004	22,309,354	22,589,526
Hong Kong	3,591,961	5,500,629	6,806,659	10,517,428	14,947,325	15,813,216
Singapore	5,557,444	8,069,901	7,869,405	10,334,513	11,282,094	12,188,765
Ireland	9,089,180	11,493,339	9,669,182	12,638,760	13,147,636	11,471,410
Japan	4,823,492	5,451,717	5,327,330	7,652,789	8,768,657	11,162,315
All Other Destinations	34,202,708	36,377,080	31,459,303	45,552,632	59,434,851	65,178,848
World total	**560,122,252**	**632,578,958**	**651,978,184**	**788,213,081**	**900,798,247**	**988,097,074**

Source: Global Trade Atlas

2012

New Zealand exported 176.6 million liters of wine in 2012. Despite a poor grape harvest in 2012 the volume of exports still increased 5% over 2011 levels. Continued growth in exports has been a contributing factor in bringing the high inventories of wine back to a manageable and profitable level and bringing supply and demand into balance.

In USD terms New Zealand wine export receipts increased 9.7% to USD988 million, helped by a 4.4% increase in average per liter prices. However the ever-appreciating New Zealand dollar took some shine off of this rosy scenario. When receipts were repatriated to NZD, revenue was up only 7.3% and pricing in NZD terms only accounted for 2% of the increase.

Usually a larger proportion of the annual export volume is shipped in the second half of the year.

For more information on generic marketing of NZ Wine go to: http://www.nzwine.com/

New Zealand Wine Export Destination Statistics For All Forms of Grape Wine by Quantity(Liters) and Average Price(USD/L)						
Partner Country	**2010**		**2011**		**2012**	
	Quantity(L)	**Av Price/L**	**Quantity(L)**	**Av Price/L**	**Quantity(L)**	**Av Price/L**
Australia Total	47,277,441	$5.12	49,749,439	$5.68	50,687,914	$6.13
United Kingdom Total	52,601,090	$4.13	57,970,131	$4.03	53,318,933	$4.41
United States Total	32,746,306	$5.23	34,065,120	$5.45	42,452,548	$5.17
Canada Total	7,741,278	$5.82	5,654,769	$9.01	6,853,782	$8.73
China Total	1,211,721	$7.94	1,968,137	$9.15	2,465,710	$9.88
Netherlands Total	3,172,715	$5.27	4,637,064	$4.81	4,645,105	$4.86
Hong Kong Total	1,105,349	$9.52	1,471,351	$10.16	1,551,362	$10.19
Singapore Total	1,231,388	$8.39	1,103,173	$10.23	1,184,345	$10.29
Ireland Total	2,166,565	$5.83	2,022,874	$6.50	2,032,068	$5.65
Japan Total	834,338	$9.17	967,971	$9.06	1,153,286	$9.68
All Other Destinations	7,089,964	$6.42	8,527,722	$6.97	10,252,770	$6.36
World Total	157,178,156	$5.01	168,137,752	$5.36	176,597,823	$5.60

Source: Global Trade Atlas

Imports & Importing Regulations

2013

Post expects imports to continue to increase during 2013, reaching 36.5million liters or perhaps even higher. If New Zealand exports continue to experience the same level of demand growth as has been the case over the last 12 months and the 2013 domestic harvest is pegged at 315,000 metric tons then domestic wineries will continue to reduce their offerings to the domestic market because export prices will be better, paving the way for increased imports. Reportedly NZ wineries are looking for all the grapes they can get which suggests they think demand is increasing. At the top end of the potential upside imports could reach 40-45million liters.

2012

Imports bounced back higher in 2012 to reach 34.6million liters which constituted a 23% increase in volume from year earlier levels. The average price per liter for imports declined, however, recording an 11% drop to an average USD3.52 per liter. Bulk wine imports soared by 74% and were the reason for the overall price reduction.

Red wine imports comprise 57% of the total and are mostly sourced from Australia. This is not surprising really: the area planted to red wine grapes in NZ is only 21% (7,422 ha) of the total planted area and of that, 5126ha (69%) is devoted to Pinot Noir which is a low yielding premium price grape. Pinot Noir wine is not sold in the discounted, price conscious end of the domestic market and the other reds with low volumes are carving out higher priced niches for themselves or are exported. Australia being close and a large scale producer of very competitively priced red wines can amply supply the discount end of the domestic market. Usually the 2nd half of the year sees a greater volume of imports.

New Zealand Import Statistics Commodity: All Forms of Grape Wine						
Annual Series: 2007 - 2012						
	United States Dollars					
Partner Country	2007	2008	2009	2010	2011	2012
Australia	81,499,483	68,394,710	57,209,052	67,342,208	68,955,838	71,720,921
France	23,899,842	33,421,254	16,581,702	21,732,714	26,905,790	32,669,993
Italy	9,431,038	7,675,010	5,692,701	4,392,345	4,500,502	4,817,538
South Africa	3,639,284	9,817,365	5,771,243	4,980,260	4,533,183	4,271,677
Chile	1,391,914	2,717,385	517,016	287,224	588,367	2,612,372
Spain	2,165,912	2,196,482	1,400,993	1,228,606	1,570,526	1,800,113
Portugal	1,646,519	900,047	736,847	1,213,983	897,877	1,230,391
New Zealand	914,735	684,404	801,757	1,305,474	2,081,026	1,098,509
Argentina	508,982	554,499	245,187	183,490	301,725	441,776
Germany	647,269	428,003	292,707	246,512	305,677	401,112
United States	182,900	120,462	93,469	87,853	197,315	287,416
All Other Orgins	288,264	344,780	304,327	221,615	293,730	423,612
Total All Origins	126,216,144	127,254,402	89,647,001	103,222,284	111,131,557	121,775,428

Source: Global Trade Atlas

New Zealand Import Statistics For All Forms of Grape Wine by Quantity(Liters) and Average Price(USD/L)						
Calendar Year	**2010**		**2011**		**2012**	
Partner Country	**Quantity**	**Av. Price/L**	**Quantity**	**Av. Price/L**	**Quantity**	**Av. Price/L**
Australia Total	28,147,741	$2.39	22,995,866	$3.00	27,249,504	$2.63
France Total	1,077,722	$20.17	1,288,683	$20.88	1,902,615	$17.17
Italy Total	964,642	$4.55	862,371	$5.22	917,244	$5.25
South Africa Total	1,996,833	$2.49	1,582,803	$2.86	1,701,086	$2.51
Chile Total	83,560	$3.44	263,632	$2.23	1,652,248	$1.58
Spain Total	275,743	$4.46	370,717	$4.24	457,916	$3.93
Portugal Total	225,179	$5.39	186,846	$4.81	243,706	$5.05
Argentina Total	45,546	$4.03	71,321	$4.23	105,937	$4.17
Germany Total	34,778	$7.09	66,895	$4.57	84,323	$4.76
United States Total	9,252	$9.50	17,346	$11.38	28,365	$10.13
All Other Orgins	22,276	$9.95	60,710	$4.84	86,977	$4.87
Total All Origins	33,170,982	$3.11	28,102,557	$3.95	34,631,355	$3.52

Source: Global Trade Atlas

New Zealand Wine Imports Analysis						
Calendar Year:	**2010**		**2011**		**2012**	
Description	**Quantity(L)**	**Av Price/L**	**Quantity(L)**	**Av Price/L**	**Quantity(L)**	**Av Price/L**
Total Fortified Wine	533,670	$4.47	463,365	$4.73	599,675	$4.43
Sub Total Fortified Wine bottled	518,184	$4.58	462,340	$4.73	522,924	$4.83
Sub Total Fortified Wine in bulk	15,486	$1.07	1,025	$5.10	76,751	$1.71
Total Red Wine	18,133,397	$3.12	16,228,512	$3.73	19,654,756	$3.45
Sub Total Red bottled	11,868,237	$4.25	11,154,224	$4.85	11,325,422	$5.06
Sub Total Red in bulk	6,265,160	$0.96	5,074,288	$1.26	8,329,334	$1.26
Total White Wine	11,724,413	$1.61	8,272,925	$2.09	11,644,404	$1.70
Sub Total White bottled	4,623,049	$3.21	3,793,687	$3.53	3,368,181	$3.90
Sub Total White in bulk	7,101,364	$0.57	4,479,238	$0.88	8,276,223	$0.81
Total All Fortified & Still Wine	30,391,480	$2.56	24,964,802	$3.20	31,898,835	$2.83
Sub Total All Fortified & Still Wine Bottled	17,009,470	$3.98	15,410,251	$4.52	15,216,527	$4.79
Sub Total All Fortified & Still Wine in Bulk	13,382,010	$0.76	9,554,551	$1.08	16,682,308	$1.04
Total for Sparkling Wine Of Fresh Grapes	2,779,502	$9.14	3,137,755	$9.93	2,732,263	$11.54

Source: Global Trade Atlas

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: http://www.foodstandards.gov.au/foodstandards/foodstandardscode/)

In addition to the regulations in the Code, New Zealand has rules for grape wine label statements about variety, vintage, or country or area of origin. These rules are collectively known as 'the 85% rule'. If a label states the wine is from a particular grape variety, vintage, or area, then at least 85% of that wine must be from that variety, vintage or area. The 85% rule applies to wine labeled for retail sale. It does not apply to wine sold in bulk. As statements about grape variety, vintage or area of origin are not mandatory on a wine label in New Zealand, any label that does not have this information is not subject to the 85% rule.

While there are no specific requirements for information that goes on front or back wine labels in New Zealand, front labels tend to be fairly 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.

New Zealand and the United States have an agreement in place that recognizes 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 instance, 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 require a government health warning on the label.

For a list of composition and labeling requirements, please see Appendix 1 of this report.

Tariffs and Taxes

Description	HS Code	Tariff as of January 2011	Excise Equivalent	ALAC Levy*
Sparkling Wine	2204.10	5%	$2.7609 per liter	4.0326 cents per liter
Wine of Fresh Grapes	2204.10	5%	$2.7609 per liter	4.0326 cents per liter
Wine for Further Manufacture	2204.29	5%	$0	4.0326 cents per liter

Source: New Zealand Customs Working Tariff Document:
http://www.customs.govt.nz/news/resources/tariff/theworkingtariffdocument/Pages/default.aspx
Note: The excise equivalent for imports is equal to the tax levied on domestically produced wine. Taxes listed here are a guide only. Product for further manufacture has an excise tax placed on it when the final product is sold to retailers.
* 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%. GST is payable on the sum of the Customs value of the goods, the import duty, the ALAC levy, and freight and insurance costs.

Import Entry Transaction Fee: An import transaction fee of NZ$25.30 is payable on every import entry and import declaration for goods. A biosecurity risk screening levy of $12.77 is also collected by Customs on behalf of MPI Biosecurity New Zealand.

The total NZ$38.07 is collected at the time goods are cleared and any duty and/or GST payable is collected. This is charged and shown separately on Deferred Payment and Cash Statements. The fee is included with the duty and GST amount shown on the "Cleared Entry Message" received by importers and Customs brokers who lodge electronic import entries.

Appendix I. 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)	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 (Standard 1.2.5)	Date labelling is not required for bottled wine, but may be for wines with a shorter shelf life, 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