

Released under the Official Information Act

Implementation of the GIs (Wines and Spirits) Registration Act

If raised: The EU has expressed a close interest in the details of the Geographical Indications (Wines and Spirits) Registration Amendment Bill. This Bill, when enacted, will enable the Geographical Indications (Wines and Spirits) Registration Act 2006 ('the GI Act') to be brought into force. The Amendment Bill will make a number of amendments to the GI Act. Some of these are minor and of a technical nature in order to clarify wording, correct inconsistencies, or ensure consistent treatment of trademarks and geographical indications where they are similar. Other, more substantive, amendments are being made to ensure the workability and sustainability of the register.

19. The Amendment Bill is currently scheduled to go to the Cabinet Economic Growth and Infrastructure Committee on 21 October for approval to introduce the Bill to Parliament. Once the Committee has approved introduction, this decision will need to be confirmed by Cabinet before the Bill can be introduced to Parliament. After its introduction to Parliament, the text of the Bill will be made public. The Bill must be tabled in Parliament for three sitting days before it can have its first reading, meaning this is likely to occur around mid-November. Once the Bill has had its first reading, it will be referred to a Select Committee, where the public will be given an opportunity to make comments on the Bill. Following the Select Committee report back, the Bill can go through its remaining Parliamentary stages before enactment. As a result, the most likely timeframe for the GI Act to be brought into force would be around the middle of 2016.

OUT OF SCOPE

Extract from meeting brief EU Commissioner (February 2016). Remaining pages are out of scope of this request.

OUT OF SCOPE

Implementation of the GIs (Wines and Spirits) Registration Act

If raised: The EU has expressed an ongoing close interest in the details of the Geographical Indications (Wines and Spirits) Registration Amendment Bill. This Bill, when enacted, will enable the Geographical Indications (Wines and Spirits) Registration Act 2006 ('the GI Act') to be brought into force. The Amendment Bill will make a number of amendments to the GI Act. Some of these are minor and of a technical nature in order to clarify wording, correct inconsistencies, or ensure consistent treatment of trademarks and geographical indications where they are similar. Other, more substantive, amendments are being made to ensure the workability and sustainability of the register. A bill to amend the Act was introduced to Parliament in late 2015. Once the Bill has had its first reading, it will be referred to a Select Committee, where the public will be given an opportunity to make comments on the Bill. Following the Select Committee report back, the Bill can go through its remaining Parliamentary stages before enactment. As a result, the most likely timeframe for the GI Act to be brought into force would be around the middle of 2016.

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CLOUDY BAY ANNIVERSARY ANNOUNCEMENT OF IMPLEMENTATION OF GI ACT

Talking Points

Minister Goldsmith and I are very pleased to confirm today that the Geographical Indications (Wines and Spirits) Act 2006 is to be brought into force.

We have asked officials to work as quickly as possible to set up the registry and make the necessary amendments to the Act to ensure that the process for registering GIs runs smoothly. The Act is expected to come into force by the middle of next year.

The New Zealand wine industry is characterised by a marrying of the natural assets of the land, innovation, good management and domestic and international expertise. It has experienced significant growth over the last ten years, and is now an important contributor to the New Zealand economy.

The industry is now our 6th largest export earner with \$1.37 billion in exports to over 90 countries in the year to January 2015. There is strong demand for our wine from key markets such as Australia, the UK and the US, and increasing demand from Asian markets, especially China.

You have set a goal of reaching \$2 billion worth of exports by 2020 and I understand you are on track to reach that target. The decision to implement a GIs registry now was made in order to contribute towards that goal.

The conditions for growing wine here in New Zealand are unique, allowing us to produce a distinctive, high quality product with a strong international reputation. This reputation is part of the key to your success in export markets, and consumers pay a significant premium for wines from New Zealand geographic regions that they now associate with quality and unique characteristics.

As a Government we want to support you in promoting and protecting this premium value and export success. This Act will help you do this by:

- supporting your strategy to use GIs to create authentic, distinctive, and evolving wine 'stories' which can be used to enhance marketing around the authenticity and uniqueness of NZ wine products;
- assisting you to protect your brand from misappropriation or misuse by overseas producers; and
- supporting and safeguarding market access for wine exports into some of your major markets.

I understand that the 2014 grape crop was of high quality and 29% bigger in volume than the 2013 harvest. This positions the industry well to expand our exports into new and established markets.

Minister Goldsmith and I and this Government look forward to continuing to support the New Zealand industry in this endeavour.

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Further background:

Cloudy Bay

- Cloudy Bay is part of Estates and Wines, the Moët Hennessy Wine Division, which is part of LVMH the French multinational luxury goods conglomerate founded in 1987 after a merger between Moët Hennessy and Louis Vuitton.
- The Cloudy Bay winery and vineyards are situated in the Wairau Valley, the major grape growing area in the Marlborough region.
- Cloudy Bay has 250 hectares over four estate vineyards, and long term supply agreements with nine Wairau Valley growers. The main varieties grown are sauvignon blanc, chardonnay and pinot noir.
- Cloudy Bay wines are exported to over 30 markets, principally Australia, UK, USA, Europe and Japan.
- Cloudy Bay sees the GI Act as being about defining and protecting the origins of wine in New Zealand (i.e. its New Zealand provenance) and has provided the following talking points linking Cloudy Bay to this concept:
 - Cloudy Bay's philosophy is about making wines that speak of the place they come from.
 - Over 30 years Cloudy Bay has carved out its own place in Marlborough.
 - Over this time, Cloudy Bay has selectively assembled a unique collection of vineyards in its own Cloudy Bay preferred sub-regions of Marlborough – it now owns about 300 ha.
 - It is this strong sense of place or provenance that makes Cloudy Bay what it is today – Cloudy Bay believes that to understand its wine you need to understand the place it comes from.
 - Cloudy Bay feels very privileged to make wine from this pristine land on the South Island of New Zealand.
 - Cloudy Bay maintains that when you taste a glass of Cloudy Bay wine, you know immediately the place where it came from - that immediately recognisable provenance is the hallmark of all of the great wine regions of the world, be it Bordeaux, Burgundy and now more recently in the history of wine, Marlborough, New Zealand.

History of the GI Act

s6(a)

- Implementation of the Act was delayed in 2007 with the support of the wine industry. s6(a), s6(e)(vi), s9(2)(j)
- The market access issue for New Zealand wine which the Act was developed to address was dealt with in the interim by the New Zealand Government developing an Overseas Market Access Requirement (OMAR) that sets out 24 New Zealand wine GIs that may be used in the EU.
- While the industry supported the decision to delay implementation, it now considers implementation should be a priority:
 - In 2011 a PriceWaterhouseCoopers review formed the basis for a new export/development strategy for the wine industry. The new strategy involved the use of GIs to give added focus to marketing authentic, distinctive, yet evolving, wine stories.
 - NZ Wine also sees implementation as useful for protecting the geographical aspects of "Brand New Zealand" s9(2)(ba), s9(2)(b)(ii)
 - NZ Wine favours implementation of the Act as a means of safeguarding market access to the EU.
- From a trade perspective, a number of key benefits arise from the implementation of the Act. Implementation will:
 - support New Zealand's interests in launching an FTA negotiation with the EU;
 - facilitate sui generis GI protection in overseas markets which would provide the New Zealand wine industry with an important tool to help protect and enforce its GIs in those markets and, therefore, would support its overall export growth strategy;
 - assist in safeguarding market access for New Zealand wine in the EU market; and s6(a)

New Zealand wine industry

- There are approximately 700 wineries in New Zealand, and more than 800 growers.
- The majority (56%) of New Zealand's producing vineyard area is used to produce sauvignon blanc grape varieties.
- Sauvignon Blanc remains NZ Wine's "flagship product". It is consistently New Zealand's largest export variety, making up 86% of all exports. (The second largest exported variety is Pinot Noir, making up 5% of all wine exports.)

- Despite accounting for just under 1% of global wine productions, New Zealand is the world's eighth largest wine exporter by value – this suggests that despite the fact our wine production is relatively small, much of that production is sold offshore at premium prices.
- Wine exports in the year to January 2015 were worth more than \$1.37 billion, up 9% on January 2014.
 - In January 2015 wine moved ahead of fish and crude oil to become New Zealand's 6th largest goods export, comprising 2.8% of total goods export value.
 - 20 years ago wine was New Zealand's 65th largest goods export, comprising only 0.2% of total exports and valued at approximately \$46 million.
- NZ Wine aim to grow the industry to \$2 billion by 2020.
 - At the moment this would require a compound annual growth rate of about 7.5%, and the industry is in a good position to achieve this, having achieved compound annual growth of 16% over the past decade.
 - Continued growth in the North American and Asian (mostly China) markets will play a crucial role.
- Australia, the US and the UK currently account for approximately 80% of New Zealand wine exports.
 - Australia remains our largest market, at over \$350 million.
 - The US and UK are second and third largest and showed significant growth last year. Exports to the US were up 16% to \$352 million, and exports to the UK were up 22% to \$349 million.
- The other 20% of our wine exports go to smaller markets, which are also showing good growth: Canada (up 14% to \$88 million), Netherlands (up 27% to \$28 million) and China (up 27% to 28 million).
- Sustainability has been a guiding principle for the wine industry for many years. 94% of New Zealand's vineyard producing area is Sustainable Winegrowing New Zealand certified and 7% is operating under recognised certified organic programmes – unmatched by any voluntary scheme around the world.