



NEW ZEALAND  
FOREIGN AFFAIRS & TRADE



# TRANS-PACIFIC partnership WINE: KEY OUTCOMES



## FACT SHEET

New Zealand exported NZ\$952 million of wine in 2015 to the TPP region. Under TPP, all tariffs on New Zealand wine exports will be eliminated.

The United States, Japan, Canada, Mexico, Peru, Malaysia and Viet Nam (the seven TPP countries to which New Zealand does not currently have duty-free access for wine) imported an average of NZ\$461 million of wine from New Zealand per year from 2012-2014. Average annual tariffs were NZ\$16 million.<sup>1</sup>

 NZ\$16m

→ Estimated annual tariff savings when TPP is fully implemented.

## → Key outcomes

- TPP will support growth in several of New Zealand's existing high-value markets and open up new opportunities in emerging markets.
- At entry into force, tariff savings on New Zealand wine exports will be NZ\$7.5 million, growing quickly to NZ\$13.7 million in Year 3, and NZ\$16 million per year when fully implemented.
- The elimination of tariffs will ensure New Zealand exporters are on at least a level playing field with competitors.

1. HS code coverage: HS2204, HS2205, HS2206

## → Key markets

- **United States:** The United States is New Zealand's largest wine export destination country, with NZ\$432.4 million of exports in 2015. The majority of New Zealand wine trade with the US will have tariffs eliminated from entry into force of the TPP. Over 99% of tariffs will be eliminated within three years, and the remainder eliminated within five years.
- **Canada:** Canada is New Zealand's fourth-largest wine export destination country, with NZ\$100.1 million of exports in 2015. All tariffs will be eliminated immediately at entry into force. New Zealand and Canada have also agreed a side letter covering the cost of service differentials applied by some Canadian provinces. This will ensure a more level playing field for the calculation of the service fees which are included by the provincial liquor boards in the price of imported products.
- **Japan:** Japan is New Zealand's seventh-largest wine export destination country, with \$23.4 million of exports in 2015. Tariffs on wine will be eliminated over eight years, with a 33% tariff cut immediately at entry into force of the TPP, followed by a linear tariff phaseout.
- **Malaysia:** Tariffs will be eliminated over 16 years. Malaysia did not eliminate wine tariffs in both the ASEAN-NZ-Australia FTA (AANZFTA) and New Zealand's bilateral FTA with Malaysia (MNZFTA). New Zealand wine exports were NZ\$2.8 million in 2015.
- **Vietnam:** The 50% tariff on wine will be eliminated over 11 years (with non-linear phasing). Viet Nam did not eliminate wine tariffs in AANZFTA. New Zealand wine exports were NZ\$725,000 in 2015.
- **Mexico:** The tariff of 20% will be eliminated over three years for wine with an import value of over US\$5 per litre; and over 10 years for wine with an import value of under US\$5 per litre. New Zealand wine is valued significantly above the US\$5 per litre threshold.
- **Peru:** The tariff of 9% will be eliminated at entry into force for still bottled wine, and over six years for sparkling wine and bulk wine.
- **Australia and Singapore:** New Zealand already has duty-free access through existing FTAs to Australia (NZ's third-largest wine export destination country in 2015, with exports of NZ\$370 million) and Singapore (eighth-largest wine export destination country, 2015 exports of NZ\$21.6 million).



## Wine (2 litres or less): HS 2204.21

Country	Tariff	Treatment
<b>United States</b>		
Still wine, ≤14% alcohol (HS 2204.21.50)	6.3 cents/litre	Entry into Force (EIF)
Still wine, >14% alcohol (HS 2204.21.80)	16.9 cents/litre	5 years
<b>Canada</b>	1.87 cents/litre - 4.68 cents/litre	EIF

1. As an internationally standardised product nomenclature, the Harmonized System (HS) is used by WTO Members in their schedules of concessions and in the definitions of product coverage for a number of WTO agreements. The Harmonized System is normally amended by the World Customs Organization every four to six years.

Country	Tariff	Treatment
<b>Japan</b>	15% or 125 yen/litre, whichever is the lesser, subject to a minimum customs duty of 67 yen/litre	8-year tariff elimination, with an immediate 33% tariff cut at entry into force. <ul style="list-style-type: none"> <li>• 15% ad valorem duty reduced by 33% at EIF, then linear elimination over the next seven years.</li> <li>• Minimum customs duty reduced by 33% at EIF, then linear elimination over the next five years.</li> </ul>
<b>Mexico</b>	20%	3 years: wine over US\$5/litre 10 years: wine under US\$5/litre
<b>Peru</b>	9%	EIF
<b>Vietnam</b>	50%	11 years (non-linear cuts)
<b>Malaysia</b>	7 Malaysian Ringgit/ litre	16 years



## Wine (over 2 litres): HS 2204.29

Country	Tariff	Treatment
<b>United States</b>		
Still wine, ≤14% alcohol, over 4 litres (HS 2204.29.60)	14 cents/litre	3 years
Still wine, ≤14% alcohol, over 2 litres, but no more than 4 litres (HS 2204.29.20)	8.4 cents/litre	5 years
Other tariff lines	22.4 cents/litre	5 years
<b>Canada</b>	Free	EIF
<b>Japan</b>		
In containers of 150 litres or less (HS 2204.29.010)	15% or 125yen/litre, whichever is the lesser, subject to a minimum customs duty of 67 yen/litre	8 year tariff elimination, with a 33% cut at EIF. <ul style="list-style-type: none"> <li>• 33% cut to both the ad valorem duty and minimum customs duty at EIF, then linear elimination over the next seven years.</li> </ul>
>150 litres (HS 2204.29.090)	45 yen/litre	EIF

Country	Tariff	Treatment
<b>Mexico</b>	20%	3 years: wine over US\$5/litre 10 years: wine under US\$5/litre
<b>Peru</b>	9%	6 years
<b>Viet Nam</b>	50%	11 years (non-linear cuts)
<b>Malaysia</b>	7 Malaysian Ringgit/litre	16 years



## Sparkling Wine: HS2204.10

Country	Tariff	Treatment
<b>United States</b>	19.8 cents/litre	5 years
<b>Canada</b>	Free	EIF
<b>Japan</b>	182 yen/litre	8 years, with a 33% reduction at EIF, then linear elimination over the next seven years
<b>Mexico</b>	20%	EIF
<b>Peru</b>	9%	6 years
<b>Vietnam</b>	50%	11 years (non-linear cuts)
<b>Malaysia</b>	23 Malaysian Ringgit/litre	16 years

## Technical barriers to trade

The Technical Barriers to Trade (TBT) Chapter of TPP includes an annex on wine and distilled spirits that covers labelling and certification. Under the Wine and Distilled Spirits Annex (Chapter 8, Annex 8-A):

- Parties are required to make publicly available information about their laws and regulations concerning wine and distilled spirits.
- There is a commitment to work toward mutual recognition of each Party's oenological or winemaking practices.
- There are a number of obligations relating to the labelling of wine and distilled spirits, which prevent certain onerous labelling requirements for suppliers of these products, and provide greater flexibility.
- Elimination of most certification by vintage, and varietal and regional claims for wine.

## Geographical Indications (GIs)

The Intellectual Property Chapter of TPP includes commitments on Geographical Indications (GIs) in Section E of Chapter 18, with articles on the following:

- Administrative Procedures for the Protection or Recognition of Geographical Indications
- Grounds of Opposition and Cancellation
- Guidelines for Determining Whether a Term is the Term Customary in the Common Language
- Multi-Component Terms
- Date of Protection of a Geographical Indication
- International Agreements

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## → Tariff finder

Look up tariffs under TPP and compare them to other free trade agreements at: [tariff-finder.fta.govt.nz](http://tariff-finder.fta.govt.nz)

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