

**Accolade Wines response to International Trade Committee Inquiry – UK Trade Negotiations:
Agreement with New Zealand [UK-NZ FTA]**

About Accolade Wines

1. Accolade Wines is a leading global wine company and proudly one of the largest wine and perry companies in the UK. Our portfolio accounts for one in every 10 bottles of wine sold in British shops and includes some of the world's most recognisable and cherished wine brands (Hardys) and the largest wine brands in the UK off-trade (Mud House, Grant Burge, and Echo Falls).
2. Accolade Wines' portfolio extends beyond New World wines to include iconic non-wine brands such as Stone's Ginger Wine and Lambrini. The company's capabilities span a complex and international supply chain from wine supply and production, to sales, marketing, and distribution, with an emphasis on quality, innovation, and sustainability.
3. Accolade Wines is committed to engaging with the Department for International Trade, providing its expertise during consultations and discussing the impact of FTAs with officials.
4. Notwithstanding the obstacles posed by Brexit, we support the Government's agenda to secure FTAs with other countries, and the company will continue to encourage the wine sector to contribute to consultations on other bilateral and multilateral trade negotiations in the future.

Accolade Wines in the UK

5. The UK is a key strategic market for the company, its largest by value, and a significant source of revenue and as such, Accolade Wines has invested significantly in establishing its presence in the UK over many decades.
6. Our facilities in Bristol provide an important base from which the company can supply customers across the UK, the Republic of Ireland and mainland Europe. Accolade Wines also has a significant presence across the UK supply chain and through our European headquarters in Weybridge.
7. Accolade Wines' UK footprint includes:
 - a. The Park, our award-winning bottling plant, able to process 1,200 bottles per minute or over 1 million per day. The Park is carbon neutral, powered in part by its own source of renewable energy;
 - b. 500 employees and a further 2,400 indirect jobs across the supply chain.

Accolade Wines' submission

8. Accolade Wines strongly welcomes the agreement between the UK and New Zealand and the provisions within it that will increase access for UK consumers to New Zealand wine. The importance of the wine sector to UK - New Zealand trade was recognised by both sides following the signing of the agreement, with Minister for Trade and Export Growth Damien O'Connor noting that wine is the largest export to the UK from New Zealand at \$500 million and Secretary of State of International Trade Anne-Marie Trevelyan welcoming the opportunity for high-quality products such as wine to become more affordable through the removal of tariffs.

9. In addition to tariff removal and other general FTA commitments that should make trade run more smoothly, the agreement also includes a specific [Wine and Distilled Spirit Annex](#). Split into three sections (wine, spirits and general provisions), the annex lays out baseline approaches to regulating the sector, and this is a welcome and highly workable component of the FTA text.
10. The appendix to the annex includes details of New Zealand's oenological practices which the UK will soon recognise, opening up the UK market to a wider variety of wines produced in New Zealand that previously did not meet the required specifications due to traditional winemaking differences. This will provide a boost for wine importers and greater variety for British wine drinkers, as well as allowing New Zealand to export a greater selection of its wines to the UK.
11. At present, winemaking practices such as blending, sweetening and carbonation/aeration are not permitted in the UK on imported wine products under retained EU Regulation 1308/2008. These winemaking practices are commonly undertaken in New Zealand and at source in multiple other wine-producing countries as part of the ordinary winemaking process. These winemaking practices should be permitted to be undertaken on bulk wine shipped to the UK from other countries, including New Zealand, and it is important to consider how the current reform of the UK's wine regulations being undertaken by the Department for Environment, Food and Rural Affairs (Defra) could further enhance the benefits of the UK-NZ FTA.
12. These components comprise an important part of a favourable business operating environment which can attract investment from countries such as New Zealand. In the short term, these considerations should be addressed in the ongoing review of the wine regulations to encourage reformulation, investment, and innovation.
13. There are, however, issues worthy of emphasising to the Committee for their importance to the future success of the UK-NZ FTA in relation to the wine sector including the potential to negate the tariff benefits secured in the FTA if the proposals for the treatment of wine in the ongoing [UK Alcohol Duty Review](#) are not reconsidered. Analysis commissioned by Accolade Wines indicates that the tariff benefit of the FTA would be entirely negated by the reformed duty regime in the UK, if implemented as suggested.
14. In addition, non-tariff barriers, such as the inability to significantly 'transform' an imported wine product in-market in Great Britain, remain to the detriment of attracting increased Foreign Direct Investment into the UK from the global wine industry.
15. In relation to alcohol duty, while Accolade Wines welcomes the Government's commitment to modernise alcohol duty through a simpler taxation system and were pleased to see the abolition of a separate rate for sparkling wine, there are a number of issues that the wine industry has identified with the proposed reforms. Among these are the unintended consequences for the wine sector of the proposed reforms, which, if implemented in February 2023, will introduce challenges for consumers and the wine trade alike.
16. If implemented, the proposed reforms, would increase duty on all New Zealand wine exported to the UK by at least as much as 58p/bottle (including VAT). This increase, which would be borne by wine-producing nations such as New Zealand with their naturally higher alcohol by volume (ABV) levels disproportionately, would entirely negate the tariff-free benefits secured for the wine sector as part of the FTA, and could impact trade in wine between New Zealand and the UK.

17. In addition, Accolade Wines supports the government's intention to introduce a single flat rate based on the pure alcohol content of the product. The proposed benchmark for the new duty on wine of 11.5% ABV, however, will see most wines attract a higher excise duty rate. In turn, it is likely that consumers will opt for alternative alcoholic beverages that fare more favourably under the proposals, undermining two-way trade as part of this bilateral agreement.
18. While recognising that the Committee is focussed on the FTA, it is appropriate that consideration be given to the domestic duty framework that is due to be implemented in parallel to the agreement and which may unintentionally discourage investment in the UK and risk the FTA from delivering the full potential that the welcome removal of tariffs, in particular, offers to both New Zealand producers and UK consumers.