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**NEW ZEALAND WINEGROWERS SUBMISSION ON CARBOHYDRATE AND SUGAR CLAIMS ON
ALCOHOLIC BEVERAGES [P1049]**

SEPTEMBER 2023

Introduction and summary of submission

New Zealand Winegrowers (NZW) provides strategic leadership for the wine industry and is the body that represents the interests of all of New Zealand's grape growers and wine makers. Established in 2002, NZW is funded by compulsory levies under the Commodity Levies Act and the Wine Act and has approximately 1,400 members. New Zealand is the only major wine producing country to have a single, unified industry body that represents both grape growers and winemakers.

NZW welcomes the opportunity to make a submission on P1049: Carbohydrate and Sugar Claims on Alcohol.

Summary of submission

NZW supports:

- proposed Option 1 (status quo); or
- proposed Option 2 (clarify the existing permission to make nutrition content claims about carbohydrate by including an express permission in the Code to make nutrition content claims about sugar on food that contains more than 1.15% ABV).

In NZW's view, these options are consistent with the evidence and will allow valued information to be provided to consumers. If Option 2 is to be approved, NZW also requests two further consequential matters be taken into consideration - the relationship between permitted carbohydrate claims and the Nutrition Information Panel (NIP), and permission to make "no added" sugar claims.

NZW **does not support** proposed Option 3 (remove the permission in the Code to make nutrition content claims about carbohydrate on food that contains more than 1.15% ABV). There is no



evidential basis for this proposal. It would have a number of negative impacts including removing valued consumer information, imposing unjustified costs on producers, and creating obstacles to trade.

Consideration of the proposed options

Option 1

NZW supports the status quo. While NZW does not dispute that there may be a lack of clarity as to the inclusion of sugar claims within the scope of permitted carbohydrate claims, NZW's observation is that such claims on alcoholic beverages appear to be widely accepted by the market and regulators and therefore it could accept the status quo.

Overall, Option 1 allows for the provision of valuable information to consumers, does not impose additional costs on producers, and it is neutral in terms of its impact on trade. Importantly, it also allows for product innovation supported by carbohydrate and sugar claims.

As NZW outlined in its comments on the targeted stakeholder consultation, it is important to allow regulatory space for producers to develop new low and no alcohol products, where carbohydrate and sugar claims may be an integral element of the sales proposition.

Option 2

NZW also supports Option 2 for the same general reasons as Option 1. If there is a need to clarify an ambiguity in the existing permissions, then NZW supports this objective.

In the event that Option 2 is to be approved, NZW requests that further consideration be given to the relationship between this option, the NIP requirements in Standard 1.2.8, and P1059. If all standardised alcoholic beverages are to bear a truncated energy label under P1059, it would seem to be contrary to the rationale of P1059 to require such products making an energy or sugar claim to bear a full NIP. The solution to both these issues would be to allow standardised alcoholic beverages making a carbohydrate or sugar claim to bear a truncated NIP rather than a full NIP.

Additionally, if Option 2 is approved, the NZW requests that a further consequential amendment be made to Schedule 4-3 to allow wine which includes concentrated grape juice to make a "no added" claim. Wine is made from the juice of pressed fresh grapes, to which concentrated grape juice can be added. Concentrated grape juice may be added either for enrichment (i.e. to increase the amount of fermentable carbohydrates in order to extend fermentation) or to balance the acidity of the final product. Like fruit juice, this is a case of adding like to like and would not typically be considered an

addition of exogenous sugars. In fact, the sugars in concentrated grape juice that is added used for enrichment are mostly fermented into alcohol and therefore do not remain present in the final wine. Therefore wine should be treated in the same way as fruit juice and included in Column 4.

Option 3

NZW does not support Option 3. We consider there is no evidential basis to support this proposal. On the contrary, the data presented in the call for submissions suggests a correlation between increased interest in low carb and low sugar products and general decrease in consumption of alcoholic beverages. Both trends are part of a growing consumer awareness of health and wellness generally.

Option 3 would create significant costs to producers who are currently making legitimate carbohydrate and sugar claims. This would involve not only the cost of amending labels, but also the broader costs of re-branding and re-marketing which could be significant. The loss of consumer information and of opportunities to develop new products must also be considered costs associated with Option 3.

The Consideration of Costs and Benefits in the call for submissions correctly identifies the potential trade impact on New Zealand exporters who must conform to domestic labelling standards unless an exemption is given. NZW notes that this disadvantage is not limited to wine exporters, but would apply to any exporter of labelled alcoholic beverages from New Zealand.

If Option 3 were to be approved, it would be essential for:

- a transition period of *at least* three years;
- for that transition to be contemporaneous with the other labelling changes currently under consideration; and
- for stock labelled before the end of the transition period to be able to be sold until exhaustion.

Questions for submitters

1. ***Do you have or are you aware of any evidence to suggest that nutrition content claims about carbohydrate and/or sugar on alcoholic beverages affect consumers':***
 - a. ***Level of consumption of alcoholic beverages?***
 - b. ***Level of physical activity?***
 - c. ***General food intake?***

NZW does not have specific evidence on this point. However, it observes that the growth in products making such claims does not correlate to an increase in the consumption of alcoholic beverages overall.

2. *Are you aware of any studies that sufficiently examine the effects of nutrition content claims about carbohydrate and/or sugar on choice between different types of alcoholic beverages?*

NZW is not aware of any such studies. The growth in sales of products making such claims in a market that is trending downwards suggests that some consumers are shifting their preferences within the category from standard to low/no carb/sugar versions while others are choosing not to consume alcoholic beverages at all.

3. *Do you agree with the estimates for the average cost of labelling change for option 3 for affected Stock Keeping Units (SKUs) in Attachment D? Please provide evidence to support your position.*

NZW does not have sufficient data to make its own estimation of the costs of changing a label, but recognises that the Marsden Jacob report represents an extensive body of work and does not dispute its findings generally. However, as noted elsewhere, the costs of a label change do not represent the totality of costs to producers or consumers that would flow from Option 3.

4. *Do you have any data on amounts or proportions of SKUs that carry nutrition content claims about carbohydrate and/or sugar and that would be affected by option 3?*

Overall, such products currently form a very small part of the market in New Zealand and globally. As noted in NZW's comments on the targeted stakeholder consultation, the estimate in the Marsden Jacob report of wine stock keeping units that make low carbohydrate or sugar claims is likely to be overstated. However, NZW believes that the opportunity to develop this part of the market should not be foreclosed by Option 3.

5. *Do you agree with FSANZ's current overall consideration of costs and benefits?*

Overall, NZW agrees with the overall conclusion that Option 2 offers greater net benefits. It also agrees that Option 3 would provide a negative net benefit. If anything, the negative net benefits of Option 3 are underplayed due to the difficulty of quantifying the cost of rebranding, loss of consumer information and opportunities for innovation.

6. *Are there any other material costs and benefits that you believe should be taken into account in this analysis?*

No.

Conclusion

Thank you again for the opportunity to submit in this consultation.

We would be happy to discuss any of the points raised in this submission in more detail.

