

EU/New Zealand Free Trade Agreement

2023/0038(NLE) - 17/02/2023 - Preparatory document

PURPOSE: to conclude the free trade agreement between the EU and New Zealand.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: Council may adopt the act only if Parliament has given its consent to the act.

BACKGROUND: New Zealand is the EU's 50th-largest trading partner for goods while the EU is New Zealand's third largest trading partner, accounting for 11.5% of total trade (following China and Australia). Bilateral trade in goods between the two partners equalled EUR 7.8 billion in 2021, whereas trade in services accounted for EUR 3.7 billion in 2020. New Zealand's exports to the EU are largely dominated by agricultural products, while the EU's exports to New Zealand are focused on manufactured goods. In 2020, the stock of EU's foreign direct investment in New Zealand amounted to EUR 8.5 billion and the stock of New Zealand's investment in the EU was EUR 4.8 billion.

Negotiations for a Free Trade Agreement with New Zealand started in June 2018. 12 negotiating rounds took place up to March 2022, followed by intersessional discussions leading up to the conclusion of the negotiations on 30 June 2022.

CONTENT: the Commission called on the Council to adopt the Free Trade Agreement (FTA) between the European Union and the New Zealand. The Agreement will provide new opportunities for businesses by:

- eliminating all tariffs on EU exports to New Zealand including key EU export products, such as swine meat (current tariffs 5 %); wine and sparkling wine (current tariff at 5%); chocolate, sugar confectionary and biscuits (current tariff at 5%); pet food (current tariffs at 5%). The FTA will also protect the geographical indications for the full list of close to 2000 EU wines and spirits as well as 163 other food products, such as Feta, Parmigiano Reggiano, Lubecker Marzipan and Elia Kalamatas olives;
- opening the New Zealand services market in key sectors such as financial services, telecommunications, maritime transport and delivery services;
- ensuring non-discriminatory treatment to EU investors in New Zealand and vice versa;
- improving access for EU companies to New Zealand government procurement contracts for goods, services, works and works concessions;
- facilitating data flows, predictable and transparent rules for digital trade and secure online environment for consumers;
- preventing unjustified data localisation requirements and maintaining high standards of personal data protection;
- helping small businesses export more through a dedicated chapter on small and medium enterprises;
- significantly reducing compliance requirements and procedures to allow for quicker flow of goods;

- ensuring significant commitments by New Zealand to protect and enforce intellectual property rights, aligned with EU standards.

Trade Committee

The institutional chapter of the FTA establishes a Trade Committee that has as its main task to supervise and facilitate the implementation and application of the FTA. The Trade Committee will be in charge of supervising the work of all specialised committees and working groups established under the FTA.

Domestic Advisory Groups

The FTA establishes Domestic Advisory Groups comprising of a balanced representation of independent civil society organisations including non-governmental organisations, business and employers' organisations as well as trade unions active on economic, sustainable development, social, human rights, environmental and other matters, and, in the case of New Zealand, Mori representatives. The Domestic Advisory Groups may submit views and recommendations concerning the functioning and implementation of the FTA and shall meet once a year.

Concerning **trade and sustainable development**, this is the **EU's first trade agreement to reflect the outcome of the EU's recent sustainable trade policy review communication**, with sanctionable commitments to the Paris Climate Agreement as well as the core ILO labour standards.

Furthermore, the FTA is the first trade agreement with **dedicated trade and gender equality provisions** under the Trade and Sustainable Development chapter and with dedicated provisions on trade and fossil fuel subsidies reform and an FTA which liberalises green goods and services at entry into force. The FTA provides for new commitments on the circular economy, deforestation, carbon pricing, and protection of marine environment.

Budgetary implications

The FTA will have a financial impact on the EU's budget on the side of the revenues. It is estimated that foregone duties could reach an amount of around EUR 150 million a year upon full implementation of the FTA. The estimate is based on average imports projected for 2030 in the absence of an FTA and represents the annual loss in revenues resulting from the full elimination of EU tariffs and quotas on imports originating in New Zealand.