

AHK AKTUELL 11/23

10 July 2023

#PartnerForTrade

The European Union and New Zealand signed their Free Trade Agreement

Background The European Union (EU) and New Zealand have signed a free trade agreement (FTA) on 9 July 2023 that is expected to bring significant benefits to both parties.

The FTA will lead to a reduction of EUR 140 million in duties for EU companies annually and is projected to increase bilateral trade by up to 30 percent within ten years. This growth could result in up to EUR 4.5 billion in additional EU exports each year, with EU investment in New Zealand potentially expanding by up to 80 percent.

Notably, the agreement includes unprecedented sustainability commitments, encompassing the Paris Climate Agreement and core labour rights.

Negotiations for the FTA began in June 2018 and concluded with 12 rounds of discussions in June 2022. The agreement was announced by President von der Leyen and then New Zealand Prime Minister Ardern, with Executive Vice-President Dombrovskis and New Zealand Trade Minister O'Connor leading the negotiations on both sides.

What is special about the EU-NZ FTA? The EU-New Zealand FTA incorporates the most ambitious sustainability commitments ever seen in a free trade agreement. It integrates the EU's new approach to trade and sustainable development, encompassing dedicated chapters on sustainable food systems, trade and gender equality, fossil fuel subsidies reform, and the liberalisation of environmental goods and services.

Next steps The FTA awaits approval from the European Parliament and will take effect after the ratification process is completed in both the EU and New Zealand. It is expected that the FTA will come into force in the first half of 2024.

The agreement aligns with the EU's open trade approach and its engagement with the Indo-Pacific region as outlined in its Indo-Pacific Strategy.

Who can benefit from the FTA? Ursula von der Leyen, President of the European Commission, highlighted New Zealand as a key partner in the Indo-Pacific region, expressing optimism about the opportunities the FTA will provide for companies, farmers, and consumers on both sides.

The agreement will eliminate tariffs on EU exports to New Zealand, open up the New Zealand services market, protect intellectual property rights, and improve access to government procurement contracts.

It also offers immediate tariff elimination on important EU exports like pig meat, wine, chocolate, sugar confectionery, and biscuits. Additionally, the FTA safeguards the names of EU wines and spirits and protects renowned traditional EU products (Geographical Indications) in New Zealand.

Sensitive agricultural products, such as dairy, beef, sheep meat, ethanol, and sweetcorn, will be shielded from liberalization, allowing limited imports under Tariff Rate Quotas.

Generally, every company with presence in one of 28 involved countries can enjoy the benefits from the FTA once enforced.

**Benefit from
free trade
agreements**

If you have any questions about the usage of Free Trade Agreements in the Asia-Pacific region, you can contact Mrs. Annika Huck, Divisional Head for Trade Policies (Asia/ASEAN). E-Mail: annika.huck@sgc.org.sg

Resources

[EU-New Zealand free trade agreement signature \(europa.eu\)](http://europa.eu)

[EU-New Zealand \(europa.eu\)](http://europa.eu)

[Factsheet EU - NZ Trade Agreement.pdf.pdf](#)

[New Zealand and European Union Free Trade Agreement \(mfat.govt.nz\)](http://mfat.govt.nz)

Disclaimer: All content was created with care and to the best of our knowledge. However, no guarantee can be given for the topicality, completeness and correctness.

Supported by:



Federal Ministry
for Economic Affairs
and Climate Action

on the basis of a decision
by the German Bundestag