

New Zealand and EU approaches to subsidies

New Zealand is seeking the inclusion of meaningful provisions on subsidies in a free trade agreement with the European Union with the objective of reducing the negative effects of subsidies on trade, competition and the environment.

The trade distorting effects of subsidies are relevant to the quality of market access commitments undertaken in the FTA. The United Nations Sustainable Development Goals also add to the urgency of addressing agricultural, fisheries and fossil fuel subsidies, which can have negative trade, development and environmental impacts.

New Zealand and the EU are natural partners for securing a high-quality outcome on subsidies in this context, given the commitments in our respective FTAs and ongoing cooperation in the World Trade Organization, including joint proposals on agriculture and fisheries subsidies. Both sides agreed during initial scoping discussions that an FTA should aim to incorporate rules to restrict and discipline certain categories of subsidies of particular concern, such as environmentally harmful subsidies.

Key obligations

Provisions on subsidies in New Zealand and EU FTAs should reaffirm and build on the core obligations and multilateral disciplines on subsidies contained in the General Agreement on Tariffs and Trade (GATT) 1994, the Agreement on Subsidies and Countervailing Measures (SCM Agreement), the Agreement on Agriculture, and Article XV of the General Agreement on Trade in Services (GATS) 1995.

EU FTAs, such as the EU–Canada Comprehensive Economic and Trade Agreement (CETA), include commitments related to subsidies. This includes cooperation and consultation and a commitment to eliminate or minimise the adverse effects of a subsidy on the other party's interests.

The Comprehensive and Progressive Trans-Pacific Partnership (CPTPP), to which New Zealand is a signatory, includes specific agricultural and fisheries subsidies commitments. With the agreed objective of negotiating an ambitious, high-quality agreement, New Zealand seeks an EU–New Zealand FTA that builds on the EU's and New Zealand's FTA subsidy provisions. This will include specific commitments related to agricultural, fisheries and fossil fuel subsidies.

Both sides agreed in initial scoping discussions that any rules relating to subsidies would not inhibit the rights of governments to provide public services.