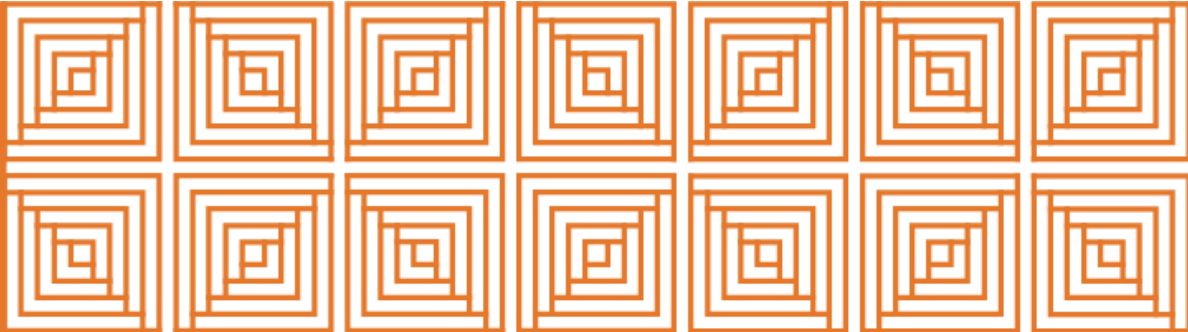




NEW ZEALAND
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NZ-EU FTA – Highlights

New Zealand has longstanding historical, cultural, political and economic ties to Europe. The EU is our 4th-largest trading partner, with two-way trade worth \$20.2 billion in 2022.

Economic modelling suggests that by 2035 the NZ-EU FTA could increase exports to the EU by up to \$1.8 billion per annum, and generate an extra \$1.4 billion to New Zealand's GDP per annum.

Key goods market access outcomes

- 91% of current New Zealand trade will enter the EU duty-free immediately at entry into force of the FTA, through tariff elimination or duty-free quotas.
- This will rise to 97% of current New Zealand trade after seven years.

Tariff savings

- The FTA will provide tariff savings on New Zealand exports of \$100 million per annum immediately at entry into force of the FTA, reaching \$110 million per annum after seven years.¹

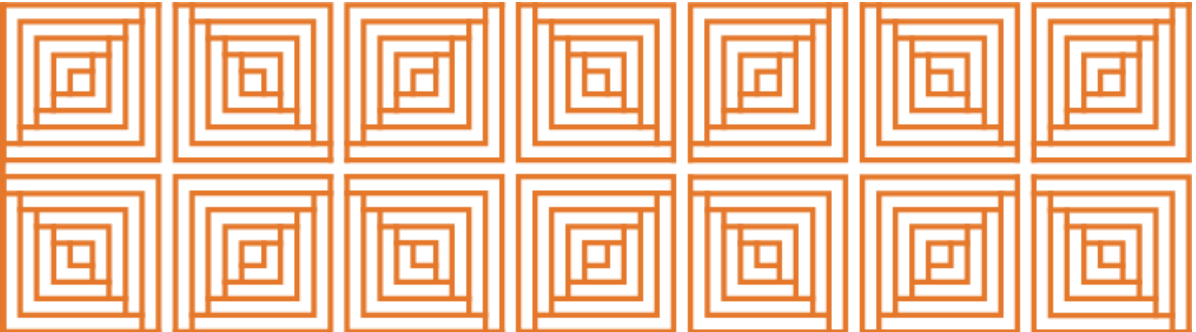
Horticulture: key outcomes

- 99.9% of New Zealand's current horticultural trade will enter the EU tariff free at entry into force of the FTA, with tariff savings of \$46 million per annum.
- Tariffs will be eliminated immediately from day one on kiwifruit (tariff savings of \$36.7 million per annum), onions (tariff savings of \$6.5 million per annum), apples (tariff savings of \$1.3 million per annum), and other horticulture products (tariff savings \$1.5 million per annum).

Fish and Seafood: key outcomes

- 99.5% of New Zealand's current fish and seafood trade will enter the EU tariff free from day one, increasing to 99.9% within five years, and 100% within seven years, with tariff savings of \$19.6 million per annum. Tariffs will be eliminated immediately at entry into force for almost all fish, and for mussels, squid and other shellfish.

¹ Calculations based on EU imports from New Zealand, averaged from 2017-2019 (i.e. pre-COVID).



Wine, honey and other agricultural products: key outcomes

- 97% of New Zealand's wine, honey and other agricultural trade will enter the EU tariff free at entry into force, rising to 99.5% at full implementation.
- This includes tariff elimination immediately from day one for wine (tariff savings of \$5.5 million per annum), Mānuka honey (tariff savings of \$3.5 million per annum) immediately at entry into force, and other agricultural products such as seeds (tariff savings of \$4.1 million per annum). Other honey tariffs will be phased out over three years (\$1.9 million in tariff savings per annum thereafter).

Manufactured products: key outcomes

- 100% of tariffs will be eliminated, 99.9% immediately from day one. Overall tariff savings of \$9.1 million per year for manufactured products, including for plastics, aluminium, organic chemicals and machinery.

Dairy: key outcomes

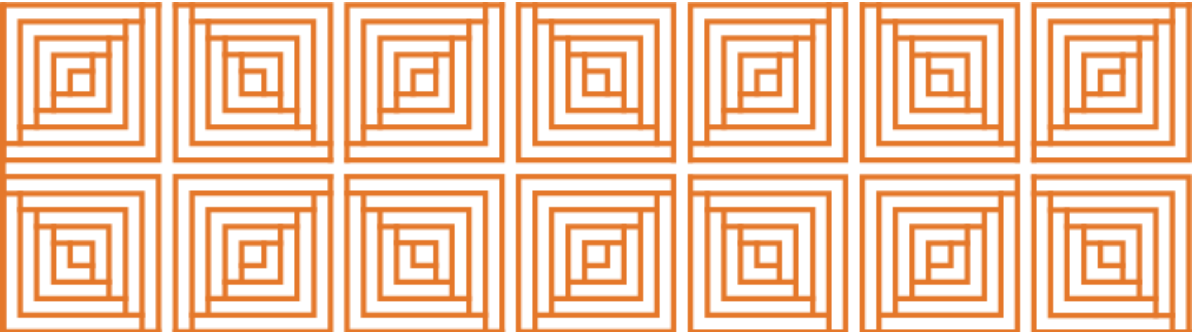
- **Butter** will receive improved access into the EU, with 36,000 tonnes of quota access subject to just 5 percent of the standard EU tariff, phased in over 7 years.² This equates to around 60% of the EU's annual butter imports.³ Butter quota export revenue is estimated at \$258 million per year once fully implemented, if filled.
- **Cheese** will receive both new and improved quota access into the EU for 31,031 tonnes, through a combination of tariff elimination for New Zealand's existing 6,031 tonne WTO access and new FTA access growing to 25,000 tonnes 7 years after entry into force. This equates to 15% of the EU's annual cheese imports.⁴ Export revenue from the new and improved quota access, if filled, is estimated at \$187 million per year once fully implemented. Additionally, tariffs on processed cheese and blue cheese will have tariffs eliminated over 7 years.
- **Milk powders** will receive quota access into the EU, with volumes growing to 15,000 tonnes over 7 years after entry into force. The tariff will be 20 percent of the standard EU tariff. This equates to over 20% of the EU's annual milk powder imports.⁵ Export revenue from the improved quota access, if it is able to be filled, is estimated at \$73 million per year once fully implemented.
- **High protein whey** products will have duty-free quota access reaching 3,500 tonnes over 7 years after entry into force, representing up to \$46 million of trade once fully implemented.

² The EU will also reduce the in-quota tariff to 30% of the MFN rate at entry into force of the FTA for a further 11,000 tonnes of butter.

³ EU average imports, 2017-2021.

⁴ EU average imports, 2017-2021.

⁵ EU average imports, 2017-2021.



- **Other dairy products** including caseins, peptones, lactose, liquid cream, ice cream and retail infant formula will have tariffs eliminated, delivering estimated tariff savings of over \$4 million per annum on current exports, and delivering new access opportunities.

Red Meat: key outcomes⁶

- New Zealand's **beef** access into the EU will increase, with introduction of a new FTA quota growing to 10,000 tonnes over 7 years after entry into force (at a 7.5% in-quota tariff from day one). Once the FTA enters into force, New Zealand will have eight times as much beef access into the EU as currently. Export revenue from the FTA beef quota, if filled, is estimated at \$117 million per year once fully implemented, with tariff savings of \$11.7 million per annum on existing trade when fully implemented.
- New Zealand **sheep meat** exporters will have access to additional duty-free quota to the EU growing to 38,000 tonnes over 6 years after entry into force. This is on top of existing duty-free WTO quota access to the EU of 125,769 tonnes.

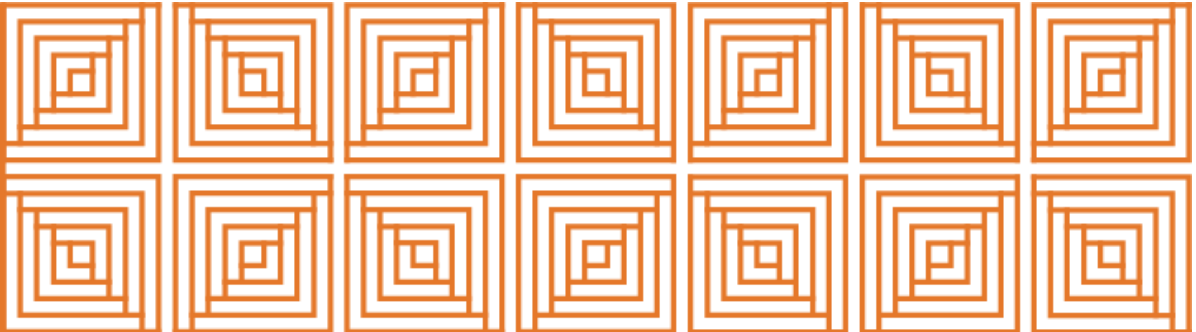
Goods imported from the EU

- New Zealand consumers are also poised to benefit from the elimination of tariffs on all EU goods entering New Zealand immediately at entry into force of the FTA, aligning imports from the EU with those from New Zealand's other FTA partners.
- This will immediately remove an estimated \$74 million in import duties per year, including for industrial products (including motor homes, plastics, furniture, kitchen appliances and other machinery, motorboats and other vessels), agricultural products (meat, dairy, horticulture and other agricultural products including chocolate), footwear and apparel, and cosmetics.

Services and Investment

- Prior to the pandemic, the EU was New Zealand's 4th-largest market for services exports. In the year to March 2020, New Zealand exported \$1.87 billion of services to the EU, though disruption from Covid-19 has seen this figure decrease to \$760 million in 2022. Services commitments will help facilitate access and provide greater certainty for New Zealand services exporters in the EU market, and ensure that our exporters can compete on a comparable basis with other EU trading partners.
- In education services, New Zealand has secured new and improved access, allowing New Zealand education providers to offer a range of services, including language and sports and recreation education services. This is the first time the EU has agreed to

⁶ All meat quota volumes specified in this section are in carcass weight equivalent.



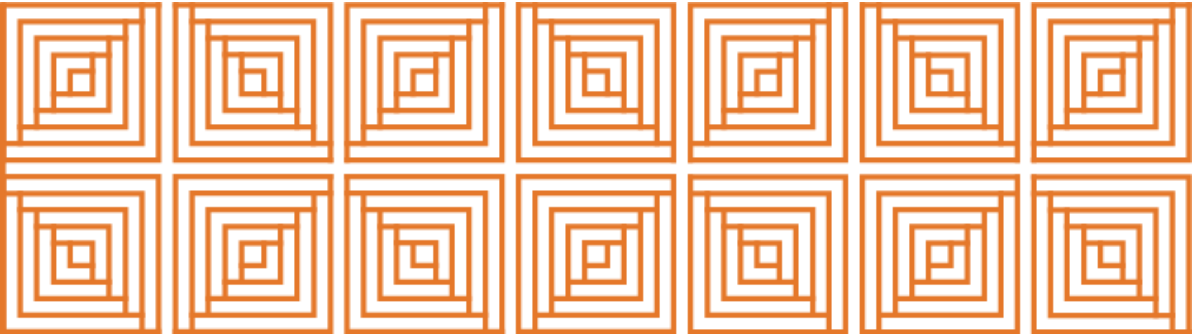
market access commitments in this area, and is an important area of interest for New Zealand education providers.

- The benefits the FTA will bring New Zealand service providers seeking to enter the EU market is significant. For example, the impact of the regulatory barriers faced by business and financial services exporters to the EU is estimated to be equivalent to a 28 percent tariff on that sector. Modelling of the benefits from reducing these regulatory barriers with the EU projects a reduction in cost to New Zealand service exporters of between 10 to 20 percent.⁷The EU is one of the largest investors in New Zealand. In 2021, the total EU investment stock in New Zealand amounted to approximately \$15.5 billion. Investment provisions in the FTA will incorporate modern investment protection rules, as well as providing certainty and stability regarding market access for investors. This will support the growth and development of two-way investment between the EU and New Zealand.
- New Zealand has future-proofed its position in the EU market for investment and services by ensuring any advantages in services trade or investment which the EU provides to future FTA partners will be automatically extended to New Zealand. New Zealand has committed to do the same for the EU.
- The chapter includes commitments on the movement of natural persons for business purposes, including commitments to facilitate the processing of applications for entry and temporary stay. For those being transferred by their companies to perform particular roles (intra-corporate transferees), there are also additional facilitating provisions with specific timeframes for consideration of properly completed applications and commitments to enable visa access for their partners and dependents. As well as supporting New Zealanders seeking to enter the European market, these rules will allow New Zealand companies to access the expertise and technical know-how of European professionals – helping address the skills shortage faced by exporters.

Māori Interests

- Protecting and promoting Māori interests in this FTA is a priority for New Zealand, reflecting commitments under Te Tiriti o Waitangi and New Zealand's Trade for All agenda.
- The FTA's Goods Market Access outcomes will provide significant new opportunities for Māori exporters in a range of sectors, including tariff elimination at entry into force for almost all horticulture exports, mānuka honey, wine, fish and seafood, as well as improved access for dairy and beef.

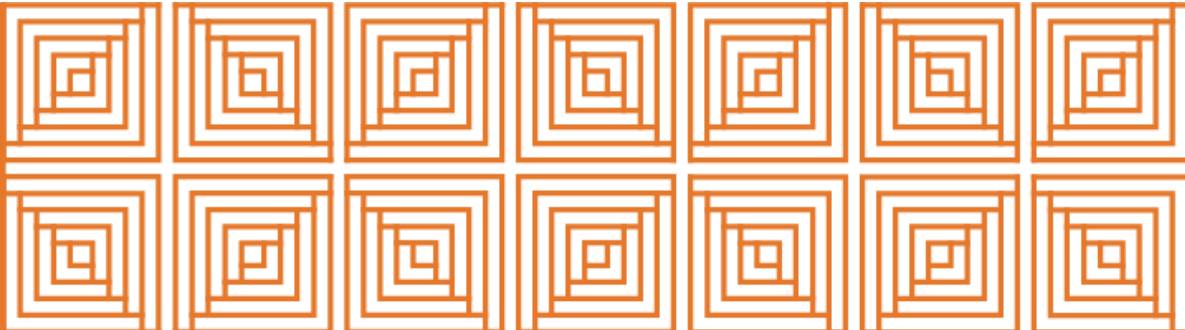
⁷ ImpactECON 'Impacts of the New Zealand-European Union Free Trade Agreement on the New Zealand Economy', pages 14 and 17.



- The FTA includes New Zealand's Te Tiriti o Waitangi/Treaty of Waitangi exception that ensures that nothing in the FTA would prevent the New Zealand Government from meeting its obligations to Māori.
- The FTA includes a Māori Trade and Economic Cooperation Chapter to advance engagement on trade and investment cooperation and initiatives. The Chapter identifies a number of cooperation areas to enhance the ability for Māori to access the benefits from the FTA, develop business links between Māori and EU enterprises (with a particular emphasis on SMEs), and to strengthen science, research and innovation connections. The FTA includes new language that will provide greater certainty in the Digital Chapter as to how the Government can regulate to promote and protect Māori interests in the digital space.
- The FTA includes a provision that any future geographical indicators proposal may be opposed on the basis that it is 'offensive', including where it is offensive to Māori.
- The FTA also includes new mechanisms for public consultation and engagement on matters, including the creation of a Domestic Advisory Group and a Civil Society Forum. Both of these mechanisms provide for Māori representation.

Trade and Sustainable Development

- The FTA contains ambitious outcomes on climate action and the Paris Agreement, including making these commitments enforceable in the FTA.
- The FTA has disciplines on fisheries subsidies and commitments to work together on the reform of fossil fuel subsidy reform. These are the most ambitious ever agreed by the EU in an FTA.
- The Trade and Sustainable Development chapter includes, for the first time in an FTA for New Zealand (and the EU), enforceable commitments on trade and gender equality to advance women's engagement in trade.
- The Trade and Sustainable Development chapter also supports conservation objectives through commitments to combat illegal wildlife trade and illegal logging, prevent overfishing, and deter illegal, unreported and unregulated fishing.
- The FTA also includes a first-of-its-kind cooperation chapter on Sustainable Food Systems. The Parties will cooperate on issues spanning the economic, environmental, social, and cultural bases of the food system to improve sustainability, food security, and nutrition for future generations.



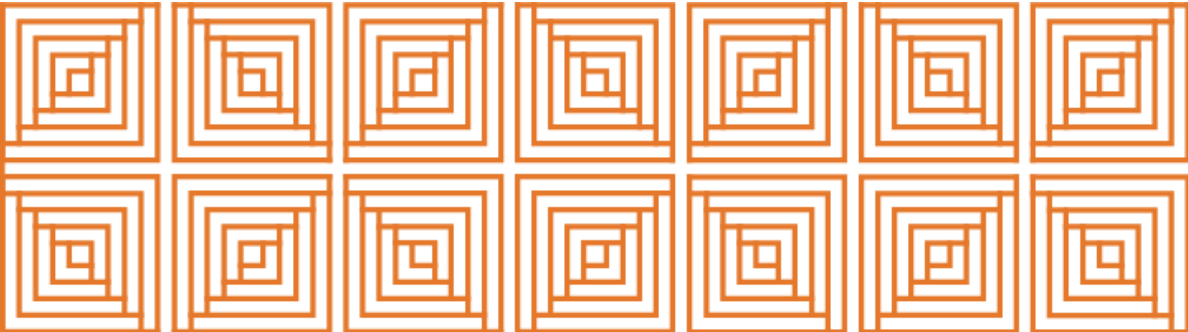
Key products: tariff elimination outcomes

Current EU Tariff & NZ Trade	FTA Outcome & Estimated Tariff Savings
Kiwifruit	
EU tariff: Up to 8.8% NZ trade ⁸ : \$436.1 million	Tariffs eliminated immediately at entry into force of the FTA (EIF) Tariff savings: \$36.7 million ⁹
Fish¹⁰	
EU tariff: Up to 25% (7.5% - 15% on current trade) NZ trade: \$157.2 million (\$144.1m dutiable)	Almost all tariffs eliminated immediately at EIF (\$143 million in trade); tariffs on remaining \$1.1m in trade eliminated over 5-7 years Tariff savings: \$13.0 million
Seafood	
EU tariff: Up to 26% (7.5% - 20% on current trade) NZ trade: \$80.5 million	Tariffs eliminated immediately at EIF Tariff savings: \$6.6 million
Manufactured products	
EU tariff: Up to 15% NZ trade: \$667.2 million (\$241.7m dutiable)	Tariffs eliminated immediately at EIF Tariff savings: \$9.1 million
Onions	
EU tariff: 9.6% Current trade: \$67.6 million	Tariffs eliminated immediately at EIF Tariff savings: \$6.5 million

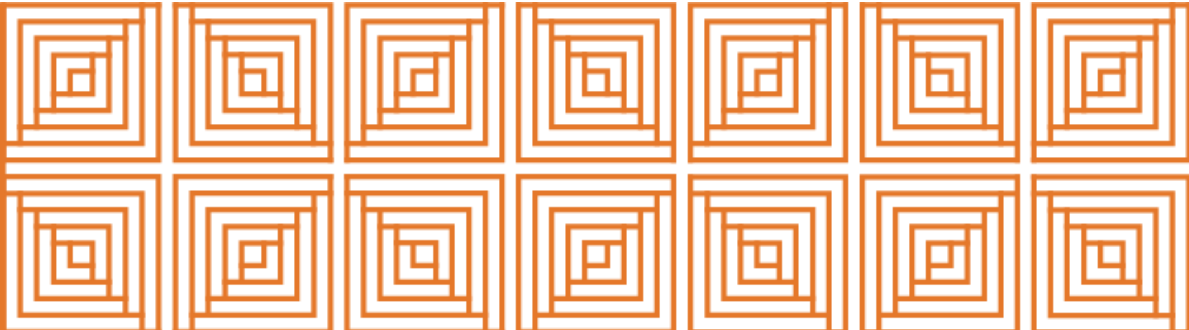
⁸ All trade statistics and estimated tariff savings are based on EU imports from New Zealand, in NZD (3-year pre-COVID average: 2017-2019). Since that time, the value of some traded products, and resultant tariff savings, have increased (e.g. kiwifruit) and some have decreased (e.g. onions). The 2017-2019 period is the same as that used to calculate the tariff savings for the NZ-UK FTA, and for communications material and the National Interest Analysis for both the NZ-UK and NZ-EU FTAs.

⁹ Estimated tariff savings are based on EU imports from New Zealand in NZD (2017-2019 average, pre-COVID).

¹⁰ For product caught on foreign-owned vessels in NZ's EEZ, tariff elimination outcomes apply under 'origin quotas' up to specified volumes, set at approximately current trade levels with specified growth rates.



Wine	
EU tariff: Up to €32 (NZ\$55) per hectolitre (100L) NZ trade: \$176.5 million (285,000 hectolitres)	Tariffs eliminated immediately at EIF Tariff savings: \$5.5 million
Honey	
EU tariff: 17.3% NZ trade: \$31.2 million	Tariffs eliminated at entry into force for mānuka honey, and over three years for all other honey Tariff savings on current trade: \$5.4 million (Mānuka \$3.5m, other honey \$1.9 million)
Other agriculture	
EU tariff: Up to 12.8% Current trade: \$229.2 million (\$72.5m dutiable)	Almost all tariffs eliminated immediately at EIF Tariff savings: \$4.1 million
Apples	
EU tariff: 0-9% NZ trade: \$187.8 million (\$16.9m dutiable)	Tariffs eliminated immediately at EIF Tariff savings: \$1.3 million
Other horticulture	
EU tariff: Up to 33.6% NZ trade: \$22.9 million (\$19.0m dutiable)	Almost all tariffs eliminated immediately at EIF Tariff savings: \$1.5 million



Quota outcomes

Butter

EU MFN tariff: €1,900 – €2,300 / tonne
(NZ\$3,300 – \$4,000)
(out of quota)

WTO quota: 21,000 tonnes drops to 5% of the MFN rate over 7 years after entry into force (and an additional 14,000 tonnes reduces to 30% of the MFN tariff at EIF).

FTA quota: grows from 5,000 to 15,000 tonnes over 7 years after entry into force, with tariff phased dropping to 5% of the MFN rate over same period in over 7 years.

This equates to just over 60% of the EU's annual butter imports (2017-2021 average).

Estimated export revenue from combined 36,000 tonnes if filled: **\$258 million.**

Cheese

EU MFN tariff: €1,500 – €2,200 / tonne
(NZ\$2,600 – \$3,850)
(out of quota)

WTO quota: duty free access for 6,031 tonnes from entry into force, with improved conditions.

FTA quota: grows from 8,333 to 25,000 tonnes over 7 years after entry into force, duty free.

This equates to 15% of the EU's annual cheese imports (2017-2021 average).

Estimated export revenue from combined 31,031 tonnes if filled: **\$187 million.**

Milk Powders

EU MFN tariff: €1,190 – €1,300 / tonne
(NZ\$2,100 – \$2,300)
(out of quota)

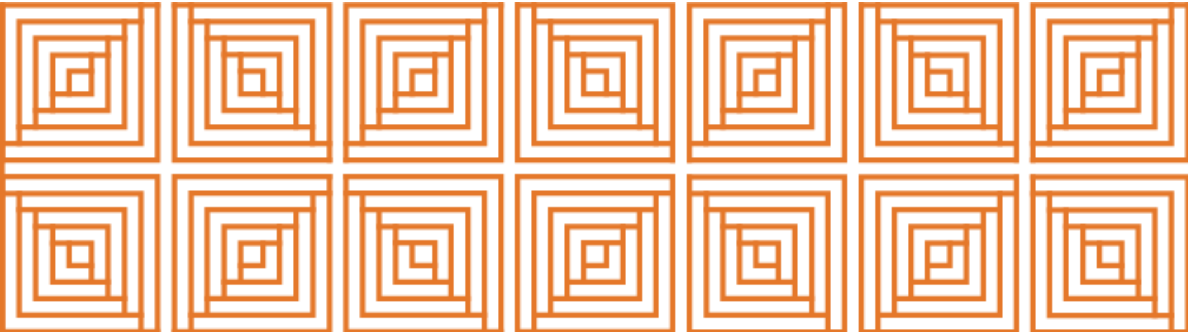
FTA quota: grows from 5,000 tonnes to 15,000 tonnes over 7 years after entry into force, at 20% of the MFN tariff at EIF.

This equates to over 20% of the EU's annual milk powder imports (2017-2021 average), and would make New Zealand the second-largest milk powder supplier to the EU, behind the UK, if filled.

Estimated export revenue from FTA quota volume if able to be filled: \$73 million.



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Beef EU MFN tariff: Up to 12.8% + €3,041 (NZ\$5,300) / tonne (out of quota) EU WTO in-quota tariff: 20% (in-quota)	FTA quota: grows from 3,333 to 10,000 tonnes over 7 years after entry into force (carcass weight equivalent); 7.5% in-quota tariff at EIF. WTO quota: 1,102 tonnes; in-quota tariff reduced from 20% to 7.5% at EIF. Estimated export revenue from FTA quota volume if filled: \$117 million. Tariff savings of \$11.7 million on current trade.
Sheep meat EU MFN tariff: Up to 12.8% + €3,118 (NZ\$5,500) / tonne (out of quota) EU WTO in-quota tariff: 0% (in-quota)	WTO quota: 125,769 tonnes (carcass weight equivalent), duty free. FTA quota: 38,000 tonnes (carcass weight equivalent), duty free, phased in over 7 years after entry into force. NB: 35% of this quota volume is for fresh and chilled sheep meat; 65% is for frozen sheep meat.