

## State of play of EU–New Zealand FTA talks

Negotiations on an EU free trade agreement (FTA) with New Zealand, one of the fastest-growing developed economies in the world, were launched in June 2018. Eight negotiating rounds took place between July 2018 and June 2020, resulting in the closure of the Transparency Chapter of the future FTA. The next round will be scheduled with the New Zealand government following the general elections held on 17 October 2020.

### Background

Despite being one of New Zealand's [biggest trade partners and investors](#), the EU does not have preferential trade arrangements with the country. Therefore, EU economic operators are in a less favourable position when accessing the New Zealand market than those from countries that already have an FTA with New Zealand. Bilateral trade flows in goods accounted for [€7.4 billion](#) in 2019, with an EU trade surplus of €2.7 billion, and bilateral trade in services was worth [€3.8 billion](#) in 2018, with an EU surplus of €1.1 billion.

New Zealand is a major producer and exporter of agricultural products. Agri-food trade is also significant in the country's trading relationship with the EU, representing 11.5 % of EU exports to and 67.1 % of EU imports from New Zealand in 2019, with a [€0.9 billion](#) deficit on the EU side. Therefore, agriculture is one of the key issues in the talks. The Council [negotiating directives](#) on an EU FTA with New Zealand envisage specific treatment for the most sensitive products, including longer transition periods or tariff-rate quotas for certain agricultural products, and state that [green box payments](#) should be recognised as non-trade-distortive. They also set the objective that the FTA should provide direct protection to EU geographical indications (GIs), based on a list of GIs including wines, spirits, agricultural products and foodstuffs.

On its part, New Zealand is pursuing its agricultural export interests in sectors such as [dairy and meat](#), and links its improved access to EU markets to the issue of GIs. Given the importance of services trade and investment for bilateral trade relations, these sectors are also an important focus for both sides' negotiators. Other areas of interest to the EU include improved public procurement market access at all levels of government; less restrictive non-tariff measures; the inclusion of a specific chapter on small and medium-sized enterprises (SMEs), and provisions related to i) energy and raw materials (ERM), and ii) labour and environmental aspects of trade and sustainable development (TSD). In its [summary](#) of the initial negotiating objectives, the New Zealand Ministry of Foreign Affairs and Trade highlighted several issues to be discussed during the negotiations, including in areas such as trade in goods; services and investment; digital trade; movement of business people; trade remedies and technical barriers to trade (TBT); sanitary and phytosanitary (SPS) measures; intellectual property (IP); public procurement; and TSD.

### Progress made during the negotiations

Since the start of the negotiations in July 2018, the [European Commission](#) has published its textual proposals for the negotiations and the reports on the negotiation rounds with New Zealand. Negotiation reports have also been issued by [New Zealand](#). Below is a summary of the developments in several negotiation areas, based on the reports of the eight negotiation rounds held so far.

In the **Trade in Goods Chapter**, initial market access offers were exchanged and discussed, and sound progress was made on the chapter (e.g. an agreement on the provision on [temporary admission](#)). However, New Zealand has continually emphasised that comprehensive EU market access offers, notably for [agricultural products](#), are [closely linked](#) with the work on GIs. In its [eighth round report](#), it considered the EU's first offer on certain meat and dairy products not to provide a sufficient basis for concluding the talks. For its part, the EU [noted](#) that customs fees applied by New Zealand remain the most sensitive issue in the text. Substantial progress was reached on the **Rules of Origin Chapter's** 'General Provisions' and 'Origin Procedures' sections, e.g. on the [use of self-certification](#). Detailed product-specific-rules discussions were held on [issues](#) such as agricultural products and textiles. In the **Trade Remedies Chapter**, progress was achieved in all areas, including the anti-subsidy, anti-dumping, global and bilateral safeguard instruments. Further progress on certain issues, for instance, the EU proposal for an agricultural safeguard that New

Zealand [links](#) to the goods market access discussions, or the issue of EU green box subsidies, remains problematic. Parts of the **TBT Chapter** text were agreed, as were [some provisions](#) of the EU-proposed Car Annex. Discussions also covered the Wine and Spirits Annex. The EU noted that 'there was little engagement from New Zealand' regarding the [Car Annex](#), and that an improved wine market offer is [subject to](#) satisfactory outcomes on the Wine Annex and wine GIs. In the **SPS Chapter**, a [number of articles](#) were provisionally closed. The relationship between this chapter and the 1997 EU–New Zealand Veterinary Agreement was also reviewed. In the **Subsidies** working group, good progress was made on issues such as the consultation and transparency provisions. While New Zealand would like to adopt sectoral disciplines, e.g. on fisheries subsidies, and tabled a text proposal on agricultural subsidies, no progress was made on the EU proposals on prohibited subsidies and services subsidies. The EU considers that the issue of fisheries subsidies should be addressed in the ongoing World Trade Organization (WTO) [negotiations](#).

During the talks, initial market offers for **services and investment** were exchanged and discussed, and progress on various provisions of the services text was achieved, e.g. on temporary mobility of service suppliers and mutual recognition of qualifications. It was also agreed to have a separate Digital Trade Title with an ambitious text, and a number of articles have already been agreed, for instance, on Open Internet Access. In the **Public Procurement Chapter**, talks progressed well, with the agreement on [several provisions](#), such as on e-procurement, going beyond the WTO Agreement on Government Procurement. Initial market access offers were also discussed, with New Zealand submitting an improved offer in June 2020. **TSD Chapter** talks [started](#) with exchanges on labour, environment and climate-related issues, and on institutional and dispute-settlement provisions. Negotiations followed on the consolidated text, with agreement on a number of issues, such as [responsible business conduct](#). New Zealand's ratification of [two](#) outstanding ILO core conventions – 87 and 138 – was raised on each occasion by the EU. While [headway](#) was made on the sustainable fisheries article, in its [eight round report](#) New Zealand noted that its proposals, including provisions on fossil fuel subsidy reform and environmentally harmful subsidies, 'are not agreed by the EU'.

A number of provisions were agreed in the **IP Chapter** text. However, substantial [divergence of views](#) remained, for instance, as regards patents and copyrights. As for **GIs**, a [public consultation](#) was launched in New Zealand in December 2018. Third parties were asked to provide objections to the protection of product names listed and submitted by the EU as GIs on the New Zealand market. These lists cover foodstuff, [wine](#) and [spirit](#) names, some 2 200 names altogether. Stakeholders were also asked to nominate New Zealand product names that may be protected as GIs in the EU. In December 2019, New Zealand launched a new [consultation](#) on the GI protection framework proposed by the EU. During the rounds, [discussions](#) on the GIs to be protected and on the regulatory framework moved forward. New Zealand presented to the EU the objections received during the public consultation and a discussion paper in response to the EU's proposed framework; however, substantial differences persist, for instance, on the [level of protection](#). New Zealand [agreed in principle](#) to include an **ERM Chapter** in the FTA, with both sides agreeing to give sufficient weight to the issue of sustainable energy. The concluded **Transparency Chapter** [sets out](#) 'the standards that the Parties should aim for in publishing and administering trade-related measures'.

Good progress was made on the **Dispute Settlement** and **Customs and Trade Facilitation chapters**, and the **Capital Movements** text is [close](#) to an agreement. Progress was also reached on the text of the **Good Regulatory Practice** and **SMEs chapters**, among others.

### Public consultation

In April 2019, the European Commission held a [civil society dialogue](#) to present the state of play of the talks with Australia and New Zealand. Also presented were the draft inception reports of the trade sustainability impact assessments (SIAs) for the two countries, providing inputs to the EU negotiators. An overview of the progress of the negotiations and the draft final reports of the trade SIAs for [Australia](#) and [New Zealand](#) were presented at the subsequent [civil society dialogue](#) in December 2019.

In October 2017, the European Parliament adopted a [resolution](#) on the proposed negotiating mandate for FTA negotiations with New Zealand. In January 2019, the Parliament's Committee on International Trade (INTA), together with the Policy Department for External Relations, held a [workshop](#) on the negotiations with Australia and New Zealand. A [study](#) linked to the workshop was published in June 2019.

