

NZ-EU FTA – Highlights

New Zealand has longstanding historical, cultural, political and economic ties to Europe. The EU is our 4th-largest two-way trading partner, with two-way trade worth \$17.5 billion in 2021.

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 on entry into force of the FTA, through tariff elimination or duty-free quotas. This will rise to 97% after seven years.

Tariff savings

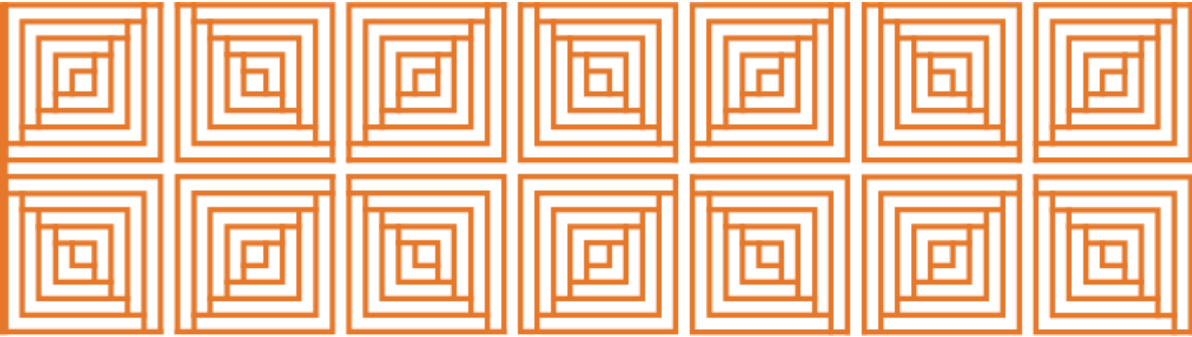
- The FTA will provide tariff savings on New Zealand exports of \$100 million per annum immediately from day one, reaching \$110 million per annum seven years after entry into force (based on current trade levels).

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 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 at entry into force on almost all fish, and mussels, squid and other shellfish.



Wine, honey and other agricultural products key outcomes

- 97% of tariff lines will be eliminated immediately on day one, rising to 99.5% on full implementation. This includes wine (tariff savings of \$5.5 million per annum) and Mānuka honey (tariff savings of \$3.5 million per annum) immediately at entry into force; other honey over three years (\$1.9 million in tariff savings per annum) and other agricultural products, such as seeds (tariff savings of \$4.1 million per annum).

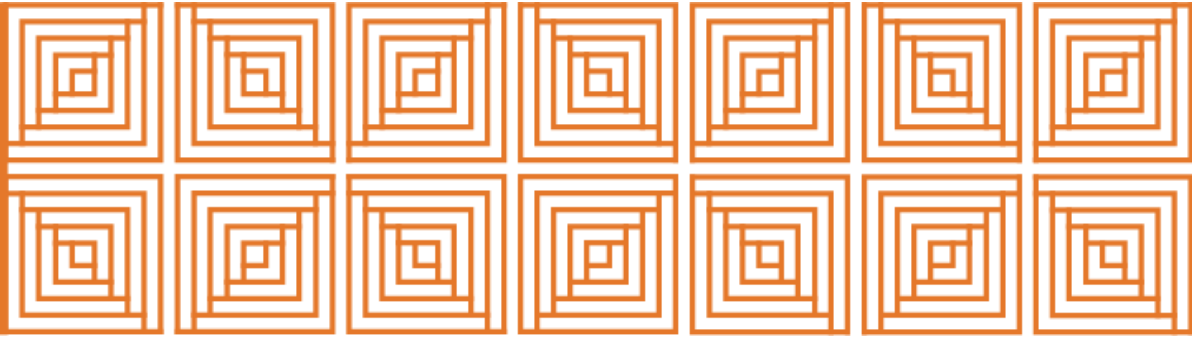
Manufactured products

- 100% of tariffs will be eliminated, almost all from day one. Annual tariff savings of \$9.1 million, including for plastics, aluminium, organic chemicals and machinery.

Dairy key outcomes

- **Butter** will receive improved access into the EU, with quota access for 36,000 tonnes, through a combination of phased tariff reductions for 21,000 tonnes of the existing WTO quota and for new FTA access growing to 15,000 tonnes seven years after entry into force. Across both quotas, the tariff drops over 7 years after entry into force to 5% of the MFN tariff.¹ Export revenue across both quotas, if filled, is estimated at \$258 million per year once fully implemented.
- **Cheese** will receive 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. 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 and blue cheese will have tariffs eliminated over 7 years.
- **Milk powders** will receive quota access into the EU, with volumes phasing from 5,000 to 15,000 tonnes over 7 years after entry into force. The tariff will be 20 percent of the MFN tariff. 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.
- **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.

¹ The EU offer also includes a small reduction of the in-quota tariff for an additional 11,000 tonnes, to 30% of the MFN rate on entry into force.



Meat key outcomes

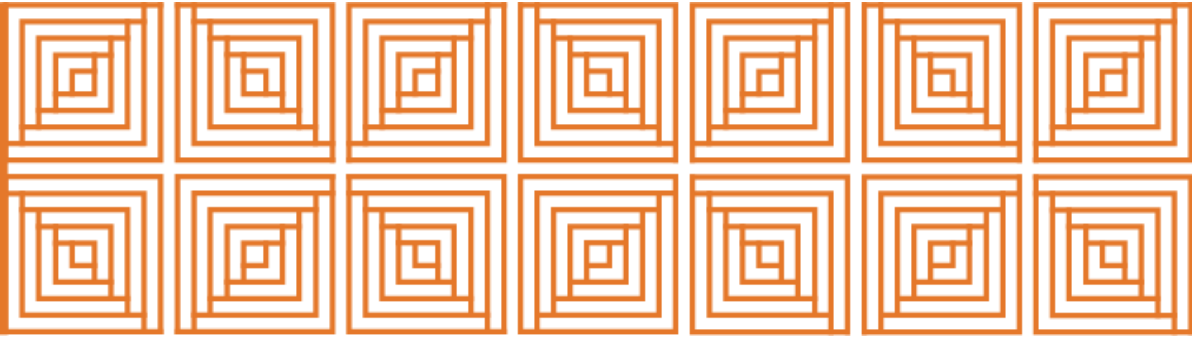
- New Zealand's **beef** access into the EU will increase, with introduction of a new FTA quota phasing from 3,333 tonnes to 10,000 tonnes 7 years after entry into force (at a 7.5% in-quota tariff from day one). Export revenue from the FTA beef quota, if filled, is estimated at \$117 million per year 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 phasing from 5,429 tonnes to 38,000 tonnes 7 years after entry into force. This is on top of existing WTO duty-free quota access to the EU of 125,769 tonnes.

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, and imported \$2.67 billion worth of EU services. 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 market access commitments in this area, and is an important area of interest for New Zealand education providers.
- The EU is one of the largest investors in New Zealand. In 2020, the total EU investment stock in New Zealand amounted to approximately \$14.5 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.

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



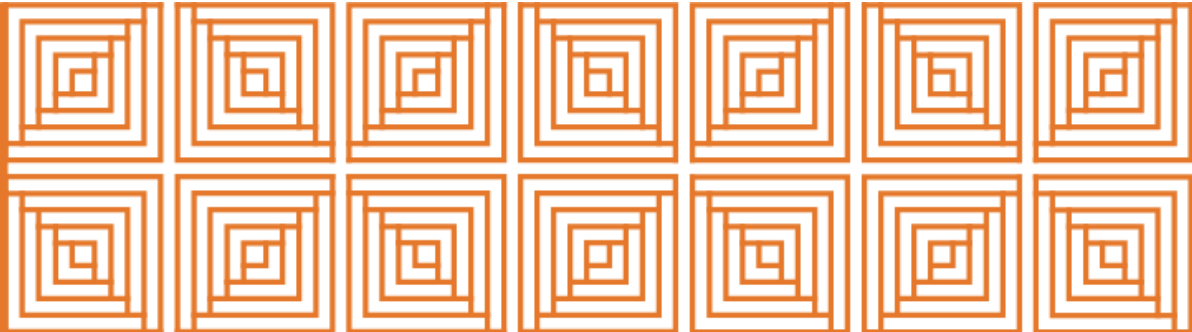
for almost all horticulture exports, mānuka honey, wine, fish and seafood, as well as improved access for dairy and beef.

- The FTA includes New Zealand's Te Titiriti 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's outcome on geographical indicators provides an opportunity for Māori food producers to develop, protect and leverage their own geographical indicators for quality New Zealand products. 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 legally binding and 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 European Union in an FTA.
- The Trade and Sustainable Development chapter includes, for the first time in an FTA for New Zealand (and the EU), new commitments on trade and gender equality to advance women's engagement in trade which are subject to binding dispute settlement.
- 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 periods



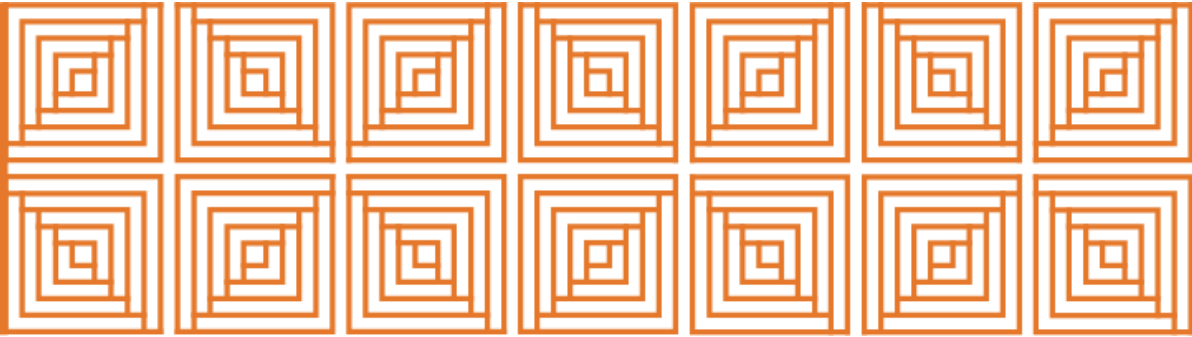
Key Products: Current EU Tariff & NZ trade	FTA Outcome
Kiwifruit	
EU tariff: Up to 8.8% NZ trade ² : \$436.1 million	Tariffs eliminated immediately from entry into force (EIF) Tariff savings on current trade: \$36.7 million
Fish³	
EU tariff: Up to 25% (7.5% - 15% on current trade) NZ trade: \$157.2 million (\$144.1m dutiable)	Almost all tariffs eliminated at EIF (\$143 million in trade); \$1.1m in trade eliminated over 5-7 years ⁴ Tariff savings on current trade: \$13.0 million
Seafood³	
EU tariff: Up to 26% (7.5% - 20% on current trade) NZ trade: \$80.5 million	Tariffs eliminated immediately at EIF (\$80.5m) Tariff savings on current trade: \$6.6 million
Manufactured products	
EU tariff: Up to 15% NZ trade: \$667.2 million (\$241.7m dutiable) ⁵	Tariffs eliminated immediately at EIF Tariff savings on current trade: \$9.1 million
Onions	
EU tariff: 9.6% Current trade: \$67.6 million	Tariffs eliminated immediately at EIF Tariff savings on current trade: \$6.5 million

² All trade statistics and estimated tariff savings are based on EU imports from New Zealand, in NZD (3-year pre-COVID average: 2017-2019).

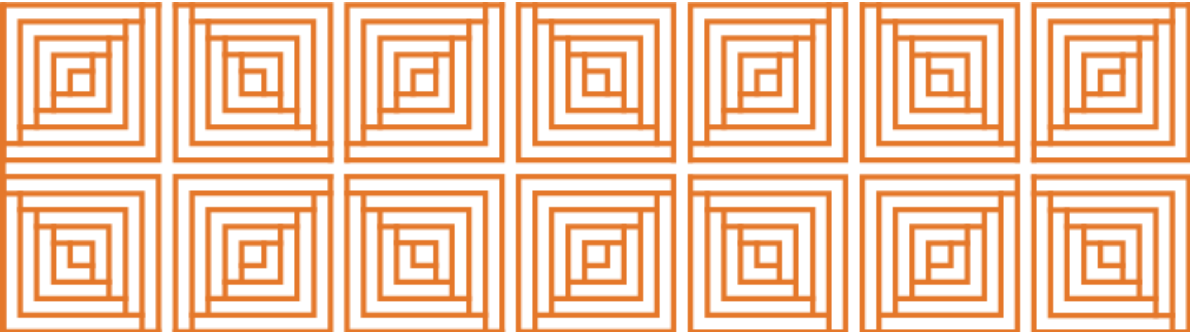
³ For product caught on foreign-owned vessels in NZ's EEZ, tariff elimination outcomes apply up to specified volumes, set at approx. current trade levels with agreed growth rates.

⁴ Tariff elimination over 3 years: four equal cuts, the first immediately at entry into force, followed by three cuts on 1 January of Years 1, 2 and 3. Similarly, for tariff elimination over 5 or 7 years: first cut at EIF followed by 5 or 7 equal cuts in the same manner.

⁵ Much of New Zealand's current exports already enter the EU at 0% tariffs, but there will be tariff savings on the \$242 million portion currently subject to import tariffs.



Wine	
EU tariff: Up to €32 (NZ\$54) per hectolitre (100L) NZ trade: \$176.5 million / 285,000 hectolitres	Tariffs eliminated immediately at EIF Tariff savings on current trade: \$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 on current trade: \$4.1 million
Apples	
EU tariff: 0 - 9% NZ trade: \$187.8 million (\$16.9m dutiable)	Tariffs eliminated immediately at EIF Tariff savings on current trade: \$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 on current trade: \$1.5 million



Quota outcomes:

Butter	
EU MFN tariff: €1,900 – €2,300 (NZ\$3,195 – \$3,865) / tonne (out of quota)	WTO quota: 21,000 tonnes drops to 5% of the MFN rate over 7 years ⁶ (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 ⁶ , with tariff phased dropping to 5% of the MFN rate over same period in over 7 years. Estimated export revenue from combined 36,000 tonnes if filled: \$258 million.
Cheese	
EU MFN tariff: €1,500 – €2,200 (NZ\$2,520 - \$3,700) /tonne (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 ⁶ , duty free. Estimated export revenue from combined 31,031 tonnes if filled: \$187 million.
Milk Powders	
EU MFN tariff: €1,190 – €1,300 (NZ\$2,000 - \$2,185) / tonne (out of quota)	FTA quota: grows from 5,000 tonnes to 15,000 tonnes over 7 years ⁶ , at 20% of the MFN tariff from EIF. Estimated export revenue from FTA quota volume if able to be filled: \$73 million.
Beef	
EU MFN tariff: Up to 12.8% + €3,041 (NZ\$5,110) / tonne (out of quota) WTO in-quota tariff: 20% (in-quota tariff)	FTA quota: grows from 3,333 to 10,000 tonnes ⁷ over 7 years ⁶ ; 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 tariff: Up to 12.8% + €3,118 (NZ\$5,240) / tonne (out of quota) EU tariff: 0% (in-quota tariff)	WTO quota: 125,769 tonnes ⁷ , duty free. FTA quota: 38,000 tonnes ⁷ , duty free, phased over 7 years ⁶ , with 35% of volumes for chilled and 65% for frozen sheep meat.

⁶ After entry into force.

⁷ Carcass weight equivalent.