**Follow up to the European Parliament resolution** **on the draft Council decision, on behalf of the Union, on the conclusion of the Free Trade Agreement between the European Union and New Zealand**

1. **Rapporteur:** Daniel CASPARY (EPP / DE)
2. **Reference numbers:** 2023/0038M (NLE) / A9-0314/2023 / P9\_TA(2023)0418
3. **Date of adoption of the resolution:** 22 November 2023
4. **Competent Parliamentary Committee:** Committee on International Trade (INTA Committee)
5. **Brief analysis/assessment of the resolution and requests made in it**

The Parliament is reacting on the draft Council Decision on concluding the Free Trade Agreement (FTA) between the European Union and New Zealand, signed on 9 July 2023 (06600/2023). On 22 November 2023, the Parliament gave its consent to the FTA by a large majority.

The Parliament resolution is very supportive of the FTA. It considers its conclusion to be of major significance for bilateral relations between the EU and New Zealand and for the promotion of rules-based trade, bringing benefits beyond pure economic gains. The Parliament emphasizes the strategic importance of the FTA given the current geo-political context, in particular with regard to the Indo-Pacific region. The Parliament welcomes the fact that the sustainability provisions in the FTA integrate the EU’s new approach on trade and sustainable development, and that the FTA is in line with the European Green Deal. The Parliament further welcomes the FTA’s provisions on trade and gender as well as on New Zealand’s indigenous Māori population, welcomes the comprehensive provisions on intellectual property rights, including the protection of EU Geographical indications (GIs) and the possibility to expand this protection to further GIs in the future.

Concerning market access, the Parliament welcomes the fact that agricultural sensitivities have been taken into account and welcomes the FTA’s contribution to levelling the playing field for EU exports, through the inclusion of dedicated chapters on sanitary and phytosanitary measures, sustainable food systems and animal welfare and by opening up procurement markets, noting that the FTA will significantly boost bilateral trade both in goods and in services. Finally, the Parliament highlights the importance of the dedicated chapter on digital trade and on small and medium-sized enterprises (SMEs).

The Parliament calls on the Commission to pay particular attention to the implementation of certain provisions, notably implementing the provisions on sustainability (achieving the objectives of the Paris Agreement, for New Zealand to ratify and effectively implement pending International Labour Organization (ILO) core conventions, to intensify work on the fossil fuel subsidy reform at the World Trade Organization (WTO), and a regular, systematic review of the list of green goods and services) (paragraph 4); monitoring the management of tariff-rate quotas and reporting back to the Parliament (paragraph 6); calls on the parties to further exchange on sustainable agricultural practices (paragraph 6); calls on both parties to adopt sustainability criteria for procurement markets in accordance with the provisions of the FTA (paragraph 9); calls for the prompt establishment of contact points for the small and medium sized enterprises (SMEs) and to ensure that SMEs have access to the relevant information (paragraph 11) as well as more broadly, notes that the Commission should evaluate the effectiveness of all SME chapters in the EU trade agreements in order to maximalise the benefits of the FTA for SMEs (paragraph 13) and calls for the timely establishment of the domestic advisory groups once the FTA enters into force, ensuring that they can actively contribute to the implementation of the FTA, in particular related to sustainability impacts (paragraph 12).

Overall, the Parliament welcomes the creation of more sustainable free and fair trade opportunities.

1. **Response to the requests in the resolution and overview of the actions taken, or intended to be taken, by the Commission**

The Commission welcomes the resolution of the Parliament on the draft Council Decision on concluding the FTA between the European Union and New Zealand. It is pleased that the resolution shows support for the deepening of bilateral trade relations between the EU and New Zealand, and, in the broader geopolitical and geoeconomic context, for intensifying the EU’s presence in the Indo-Pacific region, while representing important values in the areas of rules-based trading system and sustainable trade.

The Commission agrees on the need to **carefully implement the sustainability provisions of the FTA**, as recalled by the Parliament (**paragraph 4**). Defining guiding principles for achieving the objectives of the Paris Agreement and the implementation thereof, should take place within the multilateral institutional structure underpinning the Paris Agreement. In addition, the EU and New Zealand will continue to discuss matters related to climate change, including within the bodies of the bilateral trade agreement, once in force. The implementation of the trade and sustainable development (TSD) commitments of the FTA will be undertaken in the relevant committee(s) established under the FTA’s institutional framework. The Commission will closely follow New Zealand’s progress to ratify and effectively implement the ILO conventions, including through the periodical exchange of information foreseen in the FTA. New Zealand has committed to make continued and sustained efforts towards the ratification of pending ILO fundamental conventions. The Commission is committed to intensify work on the fossil fuel subsidy reform at the WTO, and this joint commitment is confirmed in the FTA where the EU and New Zealand have committed to strengthen their cooperation on trade-related aspects of fossil fuel subsidy policies and measures, both bilaterally and in the relevant international fora. The EU and New Zealand have specifically agreed to encourage other WTO Members to work on new fossil fuel subsidy disciplines in the WTO. As part of this work, the EU and New Zealand have committed to cooperating closely on the envisaged plurilateral Ministerial Statement and the linked work plan setting out the priorities for the WTO Fossil Fuel Subsidy Reform initiative for the coming years. The EU and New Zealand will operationalise these commitments through the Committee on Trade and Sustainable Development. Concerning the list of green goods and services, the Commission recalls that the FTA includes commitments to eliminate customs duties on environmental goods originating in the other Party and commitments on environmental services. The list of environmental goods and services is an illustrative and non-exhaustive list and may not require a regular review.

The Commission welcomes the broad support and praise from the Parliament for the TSD commitments achieved between the EU and New Zealand in the FTA. In accordance with the Commission's Communication on 'The power of trade partnerships' of June 2022[[1]](#footnote-1), as well as the related Council Conclusions[[2]](#footnote-2) and Parliament resolution[[3]](#footnote-3), the Commission applies a carefully measured country-specific approach. With New Zealand, a country with a high level of economic development, a progressive sensitivity to sustainable development and a mature regulatory framework in that respect, this resulted in a high level of commitments being achievable in the FTA. While the Commission will continue to pursue such high standards in negotiating with its trading partners, it recalls that the prevailing conditions in the country concerned will remain an important parameter in determining the appropriate level of ambition for future agreements.

The Commission supports the view of the Parliament that **closely monitoring the management of tariff-rate quotas** for sensitive agricultural products (**paragraph 6**), namely beef, sheep meat and certain dairy products, is of crucial importance. This monitoring will be implemented within the already existing procedures, namely New Zealand will notify its export data to the Commission on a monthly basis, and this data will then be accessible via the COMEXT database[[4]](#footnote-4), as well as aggregated and published in the dashboard[[5]](#footnote-5). The Parliament will have access to the results of the above monitoring activities based on the data published by the Commission periodically.

The Commission agrees that **further** **exchanging with New Zealand on sustainable agricultural practices (paragraph 6)** should be beneficial.To this effect, the Commission already engages with New Zealand in the framework of the International Strategic Agriculture Dialogue (ISAD), which is a modernisation of the long-standing EU-New Zealand Agriculture Trade Talks and provides the platform to exchange on mutual challenges and solutions in agriculture trade and sustainability.

The Commission appreciates the Parliament’s call on both parties to **adopt sustainability criteria for procurement markets** in accordance with the provisions of the FTA **(paragraph 9)** and agrees that sustainability is an important factor in all aspects of trade. In this respect the Commission recalls that in line with the provisions of the FTA, each Party has the right to apply its own sustainability criteria, provided they are non-discriminatory and thus do not constitute a hidden trade barrier.

The Commission shares the understanding that the **prompt establishment of SME contact points** and **ensuring that SMEs have access to the relevant information (paragraph 11)** will be beneficial for the EU’s and New Zealand’s small and medium-sized enterprises. It is important to make it easier for SMEs on both sides to engage in bilateral trade. The EU and New Zealand are in the process, already months before the entry into force of the FTA, to ensure access to key information and to increase the awareness of SMEs to the benefits of the FTA and how to obtain those benefits. On the EU side, this will be facilitated via the Access2Markets portal and regular trainings and presentations thereof. Member States, trade promotion organisations, as well as chambers of commerce in Member States will also continue to play an important role in promoting the FTA and providing guidance on the ground to SMEs.

The Parliament suggests that, more generally, the Commission should **evaluate the effectiveness of all SME chapters in the EU trade agreements** in order to maximalise the benefits of the FTAs for SMEs **(paragraph 13)**. The SME chapters of the FTAs complement the substantive provisions and commitments in other chapters of the FTAs, such as trade facilitation, customs procedures, rules of origin, market access for goods and services, intellectual property rights, public procurement and digital trade. Due to the horizontal nature of issues relevant to SMEs, small companies are potentially the prime beneficiaries of provisions contained in other chapters. The SME chapter’s objective is to translate these provisions into concrete trade advantages for small operators through enhanced transparency of import requirements and beyond. Therefore, one cannot measure the effectiveness of the SME chapter independently from other chapters of the agreement. As mentioned above, the Commission steps up efforts to ensure that SMEs are aware of the FTA and have access to the necessary information to benefit from it.

The Commission agrees that the **timely establishment of the domestic advisory groups** once the FTA enters into force and **ensuring that they can actively contribute to the implementation of the FTA**, in particular related to sustainability impacts (**paragraph 12**), will play an important role in the proper implementation of the FTA provisions. Immediately after the entry into force of the FTA a call for expression of interest will be launched to set up the Domestic Advisory Group, following the well-established practice from other FTAs.

1. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022DC0409&qid=1656586727707> [↑](#footnote-ref-1)
2. <https://data.consilium.europa.eu/doc/document/ST-13633-2022-INIT/en/pdf> [↑](#footnote-ref-2)
3. <https://www.europarl.europa.eu/doceo/document/TA-9-2022-0354_EN.html> [↑](#footnote-ref-3)
4. [Database - International trade in goods - Eurostat (europa.eu)](https://ec.europa.eu/eurostat/web/international-trade-in-goods/database) [↑](#footnote-ref-4)
5. An example for sheep meat: [European Commission | Agri-food data portal | Agricultural markets | Sheep and goat meat (europa.eu)](https://agridata.ec.europa.eu/extensions/DataPortal/sheep-and-goat-meat.html) [↑](#footnote-ref-5)