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New Zealand signs free trade deal with Europe: negotiations

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European Commission Vice President Valdis Dombrovskis, second left, Prime Minister Chris Hipkins, centre, with European Commission President Ursula von der Leyen, second right, and Trade Minister Damien O'Connor in Brussels. Photo: RNZ / Jane Patterson

After more than a decade, pen has finally been put to paper with the signing of the free trade deal with the European Union.

It was the first order of business for Prime Minister Chris Hipkins in Brussels overnight, turning his focus to Europe after delicate diplomatic relations in China just over a week ago.

It has been a long time coming, and last year marked the breakthrough (<https://www.rnz.co.nz/news/political/470119/new-zealand-and-european-union-secure-historic-free-trade-deal>) for the free trade agreement (FTA) that will eventually deliver billions of dollars of export savings.

Eventually, 97 percent of New Zealand's current exports to the EU will be duty-free, with more than 91 percent of tariffs removed the day the deal comes into effect. There will be immediate tariff elimination for all kiwifruit, wine, onions, apples, mānuka honey and manufactured goods, as well as for almost all fish and seafood, and other horticultural products.

Once fully in place, the FTA will deliver new quota opportunities worth more than \$600 million in annual export earnings, with an eight-fold increase to the amount of beef able to be sold into Europe. Duty free access for sheep meat has been expanded by 38,000 tonnes each year.

Red meat and dairy will get up to \$120m worth of new annual export revenue on day one of the deal, with estimates of more than \$600m within seven years. Quotas have been established for butter, cheese, milk powders and protein whey.

After tough negotiations over a number of years, Trade Minister Damien O'Connor concludes "it's a bloody good deal".

Not all are happy though, with the meat industry disappointed with the outcome for its producers.

ANZCO (Asian New Zealand Meat Company) Europe general manager Yvan Elebaut is philosophical about the future opportunities.

"To think people, to make them happy it's always difficult, people always want more so we've got what we have now - we have to make the most of it."

There are perhaps some upsides, for example, if large volumes into Europe become available, the sector might struggle to meet demand, when added to the expanding markets.

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The move towards more plant-based diets would also encourage producers to concentrate on high quality, high value goods for the European market.

While significant, there is one big step to go: approval by the European Parliament.



Prime Minister Chris Hipkins and European Commission President Ursula von der Leyen in Brussels. Photo: RNZ / Jane Patterson

EU ambassador to New Zealand Nina Obermaier expects little resistance, with the individual member states having already given their agreement.

"This is why we could proceed to signature, so prior to signature only last week, did we have the approval by the 27 member states to the agreement so that no resistance can be expected.

"But of course farmers can and will make their voices heard in the European Parliament with the political groups. But there won't be any country resistance."

She says in these times of conflict, these agreements are about more than just trade.

"This signature also represents the deepening of our ties - and the deepening of our ties with a like-minded ally that stood by our side from day one of the illegal Russian invasion of Ukraine."

European Commission vice president Valdis Dombrovskis spoke of shared values and the close relationship, despite the geographical distance.

He was asked how much New Zealand's support for Ukraine contributed to getting the deal over the line.

"I wouldn't say there's a direct connection, but the broader context is conducive for us, like many partners, to find areas of closer cooperation."

The delegation is in Sweden today, as an acknowledgement of its support of the FTA, a country also eager to join the NATO military alliance.

There has been talk of a more individual approach from NATO to its partnership agreements with non-member countries - including New Zealand.

But it was not something Hipkins was keen to talk about. "At such time there is something to say about what that means for New Zealand, I'll tell you all about it."

Controversy is already brewing ahead of the leaders summit in Lithuania, with the US supplying Ukraine cluster bombs (<https://www.rnz.co.nz/news/world/493425/cluster-bombs-unease-grows-over-us-sending-cluster-bombs-to-ukraine>) - widely condemned and banned in more than a hundred countries.

Regardless of the circumstances, New Zealand remains opposed.

That position has already been relayed to the US and Hipkins says he will raise it with President Volodymyr Zelensky if he does get the chance in Vilnius.

But he will not be taking up the opportunity to take the short trip to Ukraine, despite the standing invitation, saying he does not have time to make the journey while in Europe this week.