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GIs and Leaks: An update on the EU-NZ FTA negotiations

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Since 2018, the European Union (EU) and New Zealand (NZ) have been undertaking Free Trade Agreement (FTA) negotiations (in parallel with the EU-Australia FTA negotiations). A small trading state on the edge of the Pacific, until 2015 the European Union had categorically ruled out the possibility of a bilateral FTA with NZ. Subsequently, the negotiations were fast-tracked in light of what was perceived as a global movement towards protectionism, such as the British referendum to leave the EU and the election of Donald Trump.

As NZ's third largest trading partner, for New Zealand, any FTA deal would have a significant positive impact on the economy of NZ, with the initial EU impact report having indicated that a deal could increase NZ's real GDP by 0.52% (European Commission 2017). By contrast, NZ is only ranked as the EU's 53rd most important trading partner, highlighting a potential power imbalance between the two negotiating parties. Economic benefits are the primary motivator for NZ, whereas for Europe, the motivation to securing the deal appeals to be about its shared values with NZ. EU Trade Commissioner Cecelia Malmström announced in 2018: "In New Zealand we know that we have a vital partner who stands up for the same values as us" (Malmström, 2018). Although the negotiations initially advanced at pace, two major issues major have arisen from the NZ perspective: the EU's wish to incorporate Geographical Indicators into the free trade negotiations, and a controversial leak about the EU's proposed deal for New Zealand.

During the negotiations of the proposed FTA between the EU and NZ, GIs have been the main point of contention. As part of the negotiations for the EU-NZ FTA, the European Union has proposed that New Zealand protect the 2,200 existing EU GIs and in return, the EU will protect New Zealand's 25 GIs (IPONZ 2020).

The EU has made it clear that without the implementation of GIs protection, an EU-NZ FTA would not be possible. The EU has proposed that NZ adopt and administer a register in order to verify that goods coming into NZ conform to the EU's GI rules. This includes ensuring that goods that claim to be protected by a GI are coming from the respective specific region. The NZ International Business Form (NZIBF) stated there are some major concerns regarding the current proposal to incorporate GIs into New Zealand (Jacobi 2020).

NZIBF stated that in order for any future GI proposals to be acceptable, it would need to accompany comprehensive and ambitious market access for food and agriculture products. This is especially so as NZ agricultural producers have been disadvantaged in the EU, due to low levels of market access and, with the absence of tariff-free exports into the EU, having to compete against the subsidised products in Europe.

Throughout the negotiation period, there appears to have been some demands coming from the EU which appear contrary to their initial statement to open up trade. For instance, during the third round of negotiations, held in February 2019, the EU tabled their first offer for market access of NZ's agricultural goods. This offer indicated that the EU wanted to continue the status quo on agricultural goods, imposing tariffs and quotas on dairy exports. The current tariff level for cheese is €170 per tonne up to their yearly quota of 11,000 tonnes, with the tariff raising to €1,400 tonne for any exports past this quota.

On June 8 2020, NZ's Trade and Export Growth Minister David Parker gave a live broadcast in which he raised concern and disappointment about a leaked document presenting the EU's offer for New Zealand's agricultural access into the internal market, stating that the "…latest offer reflects agricultural protectionism in the EU" (Parker 2020). Parker felt the offer was especially disrespectful in a time where both parties are working together with the WTO to encourage countries to avoid protectionism to ensure trade can continue to flow freely globally in the post Covid-19 recovery era (Fyfe 2020). Parker stated that the domestic cheese market in the EU grows at a rate of 132,000 tonnes per year, but the leaked deal offered NZ the opportunity to export only 0.02 percent of this total, with butter at 0.03 percent (Fyfe 2020). Further proposed was that the EU would be able to export all EU wines into NZ tariff-free, while NZ's wines would only be able to enter the EU tariff free after the seventh year of their agreement. This offer was heavily opposed by the NZ agriculture sector.

Looking to the future, despite the challenges, optimism remains that an agreement is still possible. The motivation from both sides remains strong. In the meantime, NZ is preoccupied with securing a deal for its current sheep meat quota to the EU, an arrangement due to expire when the UK officially finishes their transition period with the EU at the end of the year.

Bio: Adam Griffin holds a Master's degree in European Union Studies from the National Centre for Research on Europe at the University of Canterbury. His area of research looks at the development of New Zealand’s relations with post-communist Central and Eastern European Countries since their accession to the EU, as well as researching the ongoing EU-NZ free trade agreement.

Bio: Serena Kelly is a senior lecturer at University of Canterbury, Deputy director of the National Centre for Research on Europe and Vice-President of ESAANZ. Her current research areas include NZ perceptions of the EU, the EU-NZ FTA negotiations and the EU’s visibility in implementing SGDs in the Asia-Pacific.