

## Trade and Sustainable Development Between the European Union and New Zealand

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<https://doi.org/10.53465/CEECBE.2025.9788022552257.303-314>

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**Abstract:** The bilateral Free Trade Agreement (FTA) between the European Union (EU) and New Zealand, concluded in May 2024, represents a significant advancement in their trade and economic relations. Both partners prioritize social, economic, and environmental objectives as integral components of their trade policies, reflecting shared values and a commitment to balanced growth. The paper assesses how trade policies can support environmental objectives and strengthen circular economy principles. A particular emphasis is placed on Chapter 19 of the EU-New Zealand FTA, titled “Trade and Sustainable Development” (T&SD), which addresses the interface between trade policy and the goals of environmental protection and labour rights. The article evaluates the alignment of the FTA with the broader global agenda for sustainable trade.

**Keywords:** European Union, New Zealand, Free Trade Agreement, Trade policy, Sustainable development

**JEL Classification codes:** Q01; F13; F18

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### INTRODUCTION

New Zealand is a long-standing and reliable trade partner of the European Union (EU) in the Asia-Pacific region. Despite the geographical distance, their economic relationship has deepened over the years, culminating in the EU-New Zealand Free Trade Agreement (FTA). This agreement reflects the shared commitment of both partners to promoting sustainable and inclusive trade, integrating economic, environmental, and social objectives into their trade policies.

A key feature of this agreement is its Trade and Sustainable Development (TSD) chapter, which reinforces the need to balance economic growth with environmental responsibility and social progress. It aligns with the EU’s broader trade strategy, ensuring that trade policies do not lead to weakened labour protections, environmental degradation, or unfair competitive advantages. The agreement introduces legally binding commitments on climate action, labour rights, and gender equality, setting a precedent for future trade deals. Moreover, it strengthens the role of civil society organizations and regulatory bodies in monitoring and enforcing sustainability provisions.

The FTA also reflects the evolving landscape of international trade governance, where sustainability is becoming an essential element of trade agreements rather than an optional consideration. While it offers opportunities for businesses and investors, it also presents

challenges, particularly in sectors where environmental regulations and trade liberalization must be carefully balanced.

This article explores the implications of sustainable development in the EU-New Zealand FTA. It examines how this agreement fits within the global push for responsible trade, its alignment with international climate and labour commitments, and the challenges associated with ensuring compliance. By analysing the intersection of trade and sustainability, this study contributes to the broader debate on whether modern trade agreements can truly foster sustainable economic growth while safeguarding environmental and social standards.

## **1 LITERATURE REVIEW**

Authors widely recognize that the European Union and New Zealand share a long-standing trade relationship, which has evolved into a more comprehensive and sustainability-oriented framework. The signing of the EU-New Zealand FTA marks a significant step forward, integrating sustainability principles directly into trade policy. According to recent studies, this agreement not only reflects the EU's broader trade objectives but also has the potential to serve as a model for future FTAs.

Scholars argue that the EU's approach to trade has increasingly incorporated sustainability provisions, emphasizing environmental protection and climate change mitigation. McNeill (2020) highlights that this trend aligns with the EU's broader commitment to sustainable trade policies. In line with this, Pérez de las Heras (2023) points out that the EU-NZ FTA surpasses previous agreements in both enforceability and scope by embedding ambitious sustainability commitments. Unlike earlier FTAs, this agreement introduces a stronger enforcement mechanism, including the possibility of sanctions in cases of non-compliance with climate commitments. Carrillo (2024) further asserts that the EU's strategic emphasis on Trade and Sustainable Development (TSD) chapters is clearly evident in this agreement, positioning it as a new "gold standard" for future trade deals. Similarly, the European Commission (2021) emphasizes that the EU-New Zealand FTA strengthens the integration of climate policies into trade, aligning closely with the European Green Deal's objectives.

On the other hand, the European Commission (2022) highlights that the agreement's TSD chapter goes beyond environmental concerns, addressing labour rights, women's empowerment, and broader sustainability issues. Importantly, for the first time in an EU trade deal, the TSD chapter allows for trade sanctions as a last resort in cases of serious violations of core commitments. This feature aims to protect both parties' right to regulate while simultaneously preventing them from weakening or neglecting domestic laws in order to attract trade or investment. Additionally, the agreement introduces a new dimension of transparency and inclusivity by granting civil society organizations an active role in monitoring its implementation. A critical area of contention lies in the enforceability of sustainability commitments, particularly regarding the inclusion of a sanction-based model. Durán (2020) argues that applying sanctions for breaches of labour or environmental standards may be problematic, given the difficulty in quantifying the actual damage and the risk of politicizing sustainability enforcement. In contrast, Bronckers, and Gruni (2021) contend that sanctions are a necessary complement to dialogue-based mechanisms, strengthening the credibility of sustainability clauses in FTAs. This debate reveals a broader tension between normative commitments and legal enforceability in trade governance.

From the authors' perspective, the inclusion of sanctions when used as a last resort and embedded within a framework of dialogue and cooperation represents a justified evolution in trade policy. Sanctions alone are insufficient, but their presence can serve as a critical deterrent against non-compliance and signal a stronger commitment to sustainability. In this sense, the

EU-New Zealand FTA strikes a more balanced and credible approach than previous agreements.

Despite New Zealand's relatively small market size, which accounts for only 0.2% of the EU's total trade, Kelly and Doidge (2023) argue that the agreement holds significant strategic value. In particular, Lai (2024) notes that the FTA reflects the EU's broader geopolitical agenda, especially its engagement in the Indo-Pacific region. Moreover, Leal-Arcas and Al Saif (2024) stress that the agreement signals the EU's commitment to maintaining an open, rules-based trading system, a stance that becomes even more relevant amid rising global protectionism.

From an economic perspective, the agreement is expected to contribute an additional NZ\$1.8 billion annually to New Zealand's economy by 2035. According to Kelly and Doidge (2023), tariff reductions will be especially beneficial for sectors such as kiwifruit, wine, and honey. Mika (2023) further highlights that the agreement presents new opportunities for the Māori economy. However, Lai (2024) cautions that concerns remain regarding the extent of these benefits, particularly given that EU agricultural protections still impose significant limitations on New Zealand's market access.

One of the most persistent critiques of sustainability provisions in FTAs has been their historically weak enforcement mechanisms. Pérez de las Heras (2023) argues that the EU-New Zealand FTA attempts to resolve this issue through a strengthened dispute settlement mechanism that includes binding commitments on environmental and labor standards. Nevertheless, McNeill (2020) and other scholars caution that the actual effectiveness of these provisions will depend on political will and institutional capacity to ensure compliance.

Furthermore, some researchers contend that although the agreement reinforces sustainability commitments, it does not fully address the concerns raised by agricultural sectors in both regions. Kelly and Doidge (2023) highlight that while the deal aims to balance economic liberalization with environmental protection, Leal-Arcas and Al Saif (2024) question how these provisions will be implemented in practice. As a result, discussions continue regarding whether the EU-New Zealand FTA truly achieves its dual objectives of promoting trade while ensuring sustainability.

The literature further reveals a gap in empirical evaluations of the effectiveness of TSD chapters in practice. Although the EU-New Zealand FTA contains stronger provisions than past agreements, its ultimate success will depend on implementation, monitoring mechanisms, and political will. As Pérez de las Heras (2023) notes, the existence of ambitious commitments does not guarantee their enforcement. The actual outcomes will hinge on institutional capacity and stakeholder engagement. The existing body of literature provides a comprehensive overview of the EU-New Zealand FTA's ambitions and innovations. However, it often lacks a critical assessment of enforceability and long-term effectiveness, especially in the context of sanction-based mechanisms. This article contributes to the field by offering a nuanced evaluation of the FTA's sustainability provisions, critically reflecting on their enforceability and coherence, and identifying practical challenges in aligning trade with environmental and social standards. The key research gap lies in the insufficient analysis of how the sanction-based TSD model functions in practice and whether it enhances or undermines the EU's sustainability goals in trade policy—an area this study seeks to address.

## 2 METHODOLOGY

The main aim of the paper is to critically assess the Trade and Sustainable Development chapter of the EU–New Zealand FTA, focusing on its enforceability, sanction-based approach, and alignment with global sustainability commitments. This paper adopts a qualitative research approach based on document analysis and interpretative content review. The analysis focuses

on primary sources, including the full text of the EU–New Zealand FTA, related policy communications from the European Commission, and strategic documents issued by New Zealand’s Ministry of Foreign Affairs and Trade. These are complemented by academic literature from peer-reviewed journals and expert reports, which provide a broader theoretical and empirical context.

The selection of sources was guided by relevance, credibility, and publication date, with priority given to materials published after 2020 to ensure alignment with the most recent trade and sustainability developments. The analytical framework draws on themes such as environmental governance, enforceability of sustainability commitments, trade and climate interlinkages, and trade-related social standards.

The analysis centres on the Trade and Sustainable Development (TSD) chapter of the EU–New Zealand FTA. Key areas examined include: the enforcement mechanisms embedded in the agreement, including the role of sanctions; the treatment of green goods and environmental services; labour and gender equality provisions, and commitments regarding fossil fuel subsidy reform.

Due to the very recent entry into force of the agreement (May 2024), no post-implementation data or measurable trade impacts are available at the time of writing. Consequently, the study is exploratory in nature and does not include empirical modelling. The findings are therefore based on the institutional content of the agreement, secondary statistics, and expert interpretations. A future longitudinal study could build upon this analysis once trade and implementation data become available.

### **3 RESULTS AND DISCUSSION**

Sustainable development is about meeting the needs of today without compromising the ability of future generations to meet their own needs. It is built on three key pillars which are economic growth, environmental protection, and social well-being. For sustainable development to be successful, policies must work together in all three areas and support one another. Trade should bring mutually acceptable benefits between trading partners and achieve balanced economic, societal, and environmental outcomes (Henrich Foundation, 2024).

On 25 September 2015, world leaders adopted Agenda 2030, a global framework proposed by the United Nations (UN) in which the European Union (EU) played a major role. This agenda includes 17 Sustainable Development Goals (SDGs) and 169 specific targets aimed at addressing global challenges. The Agenda and Sustainable Development Goals are a global plan to improve lives, protect the planet, and create prosperity for all. They aim to tackle major challenges like poverty and hunger, while also ensuring a healthier environment and better quality of life for everyone. The agenda also focuses on building peaceful, fair, and inclusive societies. Because the SDGs are all connected, making progress in one area helps drive progress in others. Everything is designed to be achieved in a way that supports long-term sustainability (Ihimaera-Smiller, 2020).

The Sustainable Development Report 2024 measured the total progress towards achieving all 17 SDGs. Out of the 193 UN Member States, the highest ranked were countries of the EU. First ranked was Finland with a score of 86.35. Second was Sweden with a score of 85.70. Third was Denmark, which scored 85.00. New Zealand was ranked 26<sup>th</sup> with a score of 78.81. The score can be interpreted as a percentage of SDG achievement and therefore this shows that the EU and New Zealand are doing a good job when it comes to sustainable development (Sustainable Development Report, 2024).

Since the EU remains fully committed to Agenda 2030 it integrates its goals into EU policies. The European Commission (2021) notes that the modern EU trade deals include specific provisions on trade and sustainable development. Under the provisions of the EU's trade agreements, both the EU and its trading partners are required to:

- effectively implement international labour conventions and environmental agreements, including respect for core principles of the International Labour Organization and effective implementation of the Paris Agreement on Climate Change;
- protect the regulatory space;
- effectively enforce their environmental and labour laws;
- not deviate from environmental or labour laws to encourage trade or investment;
- sustainably trade natural resources, such as timber and fish;
- combat illegal trade in threatened and endangered species of fauna and flora;
- encourage trade that supports tackling climate change;
- cooperate for a shift to a circular and resource-efficient economy, and deforestation-free supply chains;
- promote corporate social responsibility.

The EU also mainstreams sustainability throughout its trade agreements to:

- make liberalisation of goods and services a priority;
- liberalise trade in raw materials and energy goods for the climate transition;
- promote sustainable public procurement;
- remove barriers to trade and investment in renewable energy.

### **3.1 EU-New Zealand trade relations**

The relation between the EU and New Zealand dates back to 1961, when New Zealand established diplomatic relations with the European Economic Community (GIGA, 2016). The EU and New Zealand became founding members of the WTO and support its rules for an open and liberalised trade system. Therefore, both partners promote social, economic, and environmental objectives as main pillars of their trade policy (Pérez de las Heras, 2023).

Negotiations for the EU-New Zealand Free Trade Agreement (FTA) began in 2018, building upon the foundation of the existing PARC agreement. On 30 June 2022, the European Union and New Zealand concluded their four-year negotiations on the trade agreement (European Commission, 2022b). The EU-New Zealand FTA was signed in Brussels on 9 July 2023 and entered into force on 1 May 2024.

Based on the European Commission (2024a) the EU-New Zealand FTA is the EU's first trade agreement which integrates the following:

#### **The EU's new approach to Trade and Sustainable Development (TSD)**

This TSD approach is set out in the European Commission's Communication on "The power of trade partnerships: together for green and just economic growth" of 22 June 2022. The European Commission's Communication identified policy priorities and key action points, which further enhance the effectiveness of the current engagement-based approach to TSD, grounded in the international framework and standards, with stronger implementation and enforcement. In particular, the European Commission (2022a) notes that the new approach to TSD covers results-oriented and priority-based engagement with partner countries which means working closely with partner countries by setting clear goals and timelines to achieve better results. Next, coordinating with EU countries and the European Parliament to monitor and deliver on the trade and sustainability commitments. At the same time, look to open new markets for green products and key raw materials, helping to reduce dependencies in today's

global climate. Also, making it easier for civil society and Domestic Advisory Groups (DAGs) to report violations of sustainability commitments, with clearer timelines for how the Commission will handle these complaints. Another key point by the European Commission (2022a) is having stronger focus on implementation and enforcement which means any country that breaks commitments must quickly explain how it will fix the issue and act within a set timeframe. As a last resort, trade sanctions are also allowed for serious violations for example of the Paris Climate Agreement. However, different authors have posited new arguments for and against introducing a sanction-based model in TSD chapters. Some argue that sanctions with respect to labour and environmental standards are inappropriate since it is difficult to estimate the damage caused by their violation of regulations (Durán, 2020). Others advocate adding sanctions as a complement to the dialogue and cooperation in the promotional approach followed by the EU on sustainability commitments (Bronckers and Gruni, 2021).

### **Commitments to international labour**

This also includes the International Labour Organisation (ILO) fundamental principles and rights at work. Both parties have committed to upholding, promoting, and effectively implementing the core labour standards of the International Labour Organization (ILO). These include protecting workers' rights, ensuring non-discrimination, and maintaining safe working conditions. The agreement also prevents either side from gaining an unfair trade or investment advantage by weakening, suspending, or failing to enforce their labour laws.

New Zealand has pledged to continue efforts to ratify two important ILO Conventions it has not yet adopted: Convention No. 87 on Freedom of Association and Protection of the Right to Organise, and Convention No. 138 on the Minimum Age for Employment. This commitment aligns with the 1998 ILO Declaration on Fundamental Principles and Rights at Work.

In addition to international commitments, New Zealand has established key employment rights under its national law. These include a standard 40-hour work week, at least 20 days of annual leave for full-time employees, around 10 days of sick leave per year, 26 weeks of government-funded parental leave for the primary caregiver, and a minimum hourly wage set by the government.

### **Commitments to environmental standards**

The commitment to international climate obligations, particularly the Paris Agreement, is unlike many past FTAs, includes strong enforcement mechanisms, allowing for the suspension of trade benefits if core climate commitments are not met. This marks a significant shift from previous agreements, where environmental provisions were often non-binding. By incorporating trade sanctions for sustainability violations, the agreement ensures higher environmental standards and strengthens the EU's leadership in climate diplomacy. It also sets a precedent for future agreements where non-compliance with sustainability commitments could result in tangible economic consequences.

In relation to natural resource management, New Zealand is focusing its efforts on environmental impact reduction which involves accelerating its transition towards a circular economy. This means protecting the marine environment from the harmful impacts of human activities; protecting and restoring rivers, lakes, streams and other freshwater bodies; reducing greenhouse gas emissions and adapting to a changing climate; protecting biodiversity by focusing on policies; and incentives that support conservation efforts. New Zealand has made notable progress towards its 2050 goal of a circular economy, emphasising waste reduction, recycling, and sustainable use of resources. An important initiative is the Aotearoa New Zealand Waste Strategy, which aims to transition from a "take-make-dispose" model to a circular approach by keeping resources in use longer and minimising waste generation (VIR, 2024).

Next, the removal of tariffs on environmental goods boosts trade and investments in low-carbon technologies and sustainable solutions. The agreement simplifies trade in low-carbon goods, services, and manufacturing, with green products such as building insulation, wind and hydro turbine parts, solar panel components, and geothermal heat pumps being free of tariffs. Because of this, the FTA aligns with global efforts to liberalize trade in environmental goods, as seen in the WTO's Environmental Goods Agreement and also align with the EU's Green Deal objectives. The reduction of financial barriers enhances access to these technologies, helping industries transition to sustainable production models. It also includes firm commitments to support environmental and circular economy services like waste management, nature conservation, recycling, and repair.

### **Provision on trade and fossil fuel subsidies reform**

Governments subsidize fossil fuels to lower the price of the production and consumption of fossil fuels, so the economy and population can receive cheaper fuels. However, fossil fuel subsidies (FFS) have a series of negative effects. FFS are socially regressive, encourage wasteful consumption, increase local pollution, contribute to climate change, disadvantage clean energy technologies and are a drain on scarce public resources (FFsR, 2025). For these reasons, New Zealand is a leading advocate for the reduction and elimination of fossil fuel subsidies internationally. New Zealand's FTAs with European Union and also the United Kingdom therefore include provisions on fossil fuel subsidy reform, including commitments to strengthen cooperation on reform policies and take steps to eliminate harmful fossil fuel subsidies (MFAT, 2025a).

The commitment to fossil fuel subsidy reform dates back to the launch of the Friends of Fossil Fuel Subsidy Reform in 2010, and the Fossil Fuel Communiqué led by then-Prime Minister Key in 2015. The Friends of Fossil Fuel Subsidy Reform are an informal group of non G20 countries including New Zealand, Costa Rica, Denmark, Ethiopia, Finland, Netherlands, Norway, Sweden, Switzerland and Uruguay. The Friends work internationally to raise awareness around fossil fuel subsidies and promote the environmental, energy security, social development, and trade benefits of reform. They use many international forums to spread the message, including APEC, the OECD, and major economies forums such as the G20.

### **Article on trade and gender equality**

The EU and New Zealand commit to effectively implement relevant United Nations and ILO conventions that address gender equality or women's rights and not weakening or reducing the levels of protection nor to otherwise derogate from laws aimed at ensuring gender equality or equal opportunities for women and men, in order to encourage trade or investment (European Commission, 2024a).

However, the effectiveness of these measures will depend on the monitoring frameworks and political willingness to implement corrective actions when necessary. From an economic perspective, integrating sustainability into trade agreements presents both opportunities and challenges. While green trade liberalization supports the diffusion of clean technologies and sustainable investment flows, concerns remain regarding the potential competitiveness impacts on sectors that may struggle to adapt. Agricultural trade, for example, remains a sensitive issue in the EU-New Zealand FTA, with some stakeholders raising concerns about market access and environmental production standards. The agreement attempts to balance these concerns by preserving regulatory autonomy, allowing both parties to maintain their own food safety and environmental protection measures. However, there is ongoing debate about the extent to which sustainability provisions may act as de facto trade barriers, particularly if compliance costs disproportionately affect certain industries.

### 3.2 EU-New Zealand Trade

Even before the EU-New Zealand FTA, the EU had already been one of New Zealand's top trading partners. For the past five years New Zealand has exported mostly meat, fruit, nuts, dairy products, fish and nuclear reactors to the EU. For the last three years the most exported commodity was meat which reached its peak in 2022 with export valued at USD725 mil. Detailed export of commodities value can be seen in table 1.

**Tab. 1 New Zealand's top five commodities exported to the EU (2020-2024) in USD mil.**

HS2 code	Commodity	2020	% Value	2021	% Value	2022	% Value	2023	% Value	2024	% Value
Total NZ commodities exported to the EU		2 517	100	2 782	100	2 909	100	2 537	100	3 012	100
02	Meat and edible meat offal	564	22.41	544	19.55	725	24.92	662	26.09	689	22.88
08	Edible fruit and nuts; peel of citrus fruit...	541	21.5	644	23.15	481	16.53	339	13.36	593	19.69
04	Dairy produce; birds' eggs...	101	4.01	129	4.64	230	7.91	180	7.10	214	7.10
03	Fish and crustaceans, molluscs...	126	5.00	145	5.21	153	5.26	160	6.31	196	6.51
84	Nuclear reactors, boilers, machinery...	67	2.66	87	3.13	88	3.03	96	3.78	150	4.98
Other commodities		1118	44.42	1 233	44.32	1 232	42.35	1 100	43.36	1 170	38.84

Source: Trade Map, 2025

From 2020 until 2024 the most imported commodities from EU to New Zealand were nuclear reactors, vehicles, pharmaceutical products, electrical machinery, and optical measuring. The highest value (USD1 624 mil.) of nuclear reactors was imported in 2023. Detailed commodities export value can be seen in table 2.

**Tab. 2 New Zealand's top five commodities imported from the EU (2020-2024) in USD mil.**

HS2 code	Commodity	2020	% Value	2021	% Value	2022	% Value	2023	% Value	2024	% Value
Total NZ commodities imported from the EU		5 692	100	7 779	100	7 794	100	7 809	100	6 742	100
84	Nuclear reactors, boilers, machinery...	1 234	21.68	1 570	20.18	1 561	20,03	1 624	20.80	1 500	22.25
87	Vehicles other than railway...	937	16.46	1 525	19.60	1 458	18,71	1 564	20.02	1 049	15.56
30	Pharmaceutical products	430	7.55	736	9.46	703	9,01	644	8.25	557	8.26
85	Electrical machinery and equipment...	356	6.26	414	5.32	437	5,61	452	5.79	438	6.50
90	Optical, photographic, cinematographic, measuring,	262	4.60	328	4.22	367	4,71	406	5.20	390	5.78
Other commodities		3219	56.55	3206	41.22	3268	41,93	3119	39.94	2808	41.65

Source: Trade Map, 2025

### 3.3 Benefits of the EU-New Zealand FTA

The European Commission (2022b) states that the EU business can take advantage of benefits which come from the EU-New Zealand FTA. The first one being zero tariffs on EU exports to New Zealand. New Zealand removed high duties on products as cars and motor vehicle parts (before, tariffs up to 10%), machinery (before, tariffs up to 5%), chemicals (before, tariffs up to 5%), clothing (before, tariffs up to 10%), shoes (before, tariffs up to 10%), pharmaceuticals (before, tariffs up to 5%), pet food (before, tariffs up to 5%), wine and sparkling wine (before, tariffs up to 5%) and chocolate, sugar confectionary and biscuits (before, tariffs up to 5%).

Next, the EU can benefit from the protection of the full list of EU wines and spirits. Wines and spirits as Prosecco and Champagne, as well as the most renowned traditional EU products (Geographical Indications), such as Feta cheese and Lübecker Marzipan.

Another benefit is that New Zealand's services market is now in key sectors such as financial services, telecommunications, maritime transport and delivery services.

EU companies now have an improved access to New Zealand government procurement contracts for goods, services, works and works concessions.

There is a dedicated chapter to help small business exports. This ensures that also small businesses fully benefit from the opportunities the agreement offers.

Not to forget, the significantly reduced compliance requirements and procedures (European Commission, 2024b).

For New Zealand's economy the FTA means access to a market of over 450 million consumers and cost savings of around USD151 million in duties each year, creating a more competitive

edge for New Zealand exports. To be more precise, 91 % of New Zealand exports to the EU now enter duty-free because of the FTA. After seven years, when the agreement is fully in place, 97% of current trade will enter the EU duty-free (Thinkstep, 2023).

Based on New Zealand Trade and Enterprise (2024) New Zealand's businesses can take advantage of benefits such as eliminating or substantially reducing EU duties on most New Zealand goods exported to the EU. For example, New Zealand kiwifruit exported to the EU had a pre-FTA tariff of 8.0-8.8%. Under the FTA, the kiwifruit tariff dropped to 0%. Other examples of products that have 0% tariffs include onion, apples and wine.

Second, the increase of tariff rate quotas. Sensitive EU agricultural products such as meat from cattle, sheep and goats, dairy products, sweet corn and ethanol have tariff rate quotas (Hartinger, 2024). The tariff rate quotas will increase every year until 2030. For example, before the EU-New Zealand FTA entered into force, the Most Favoured Nation (MFN) rate was applied for the Carcasses and half-carcasses of lamb, fresh or chilled, which was 12.8% of the price + 171.3 EURO/100kg. From May 2024 2,967 tonnes spread across 15 fresh or chilled lamb meat had 0% tariff and after exceeding this amount the MFN tariff was applied. In 2025 the quota increased to 5,911 tonnes across 15 fresh/chilled lamb meat. In 2026 the quota will increase to 7,389 tonnes across 15 fresh/chilled lamb meat. From 2030 onwards, 13,300 tonnes across the 15 fresh/chilled lamb meat can enter the EU under this FTA quota duty free. Otherwise, the out-of-quota tariff applies, unless traded under a separate WTO quota (MFAT, 2025b).

Third benefit is the protection of the full list of NZ wines including Marlborough, Central Otago, Waiheke Island and Martinborough.

Next, the benefits for services exporters. Services commitments will help facilitate access and provide greater certainty for New Zealand services exporters in the EU market and make sure that New Zealand exporters can compete on a comparable basis with other EU trading partners. More specifically, New Zealand education providers can offer a range of services, including language, sports and recreation education services.

And there are also benefits for investors. Investment provisions in the FTA incorporate modern investment protection rules and provide certainty to both sides of the investors. No restriction on the specific types of legal entity or joint venture through which an investor of the other Party may perform an economic activity.

## **CONCLUSION**

The EU-New Zealand FTA represents a huge step in aligning trade policies with sustainable development goals. By integrating binding commitments on labour rights, environmental protection, and gender equality, the agreement sets a new standard for future trade deals. The sanction-based enforcement mechanism can also strengthen the credibility of sustainability commitments, ensuring that trade benefits do not come at the expense of social or environmental responsibility. However, challenges remain in fully enforcing sustainability provisions since concerns remain regarding the potential competitiveness impacts on sectors that may struggle to adapt. Because of that, continued cooperation, innovation, and policy alignment will be essential in ensuring that trade agreements contribute to a more resilient, fair, and environmentally responsible global economy.

## **ACKNOWLEDGEMENT**

This paper is a part of research projects VEGA no. 1/0398/22, VEGA no. 1/0689/23, VEGA no. 1/0254/25 and PMVP no. I-25-101-00.

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