



TRADE AND SUSTAINABLE DEVELOPMENT

Benefits of the EU-New Zealand Free Trade Agreement

The EU-New Zealand Free Trade Agreement ('FTA') is the EU's first trade agreement which:

- Fully integrates the EU's new approach to Trade and Sustainable Development ('TSD'), as 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.
- Includes binding and enforceable commitments to international labour and environmental standards, including the Paris Agreement on Climate Change and the International Labour Organisation (ILO) fundamental principles and rights at work.
- Has a dedicated trade and gender equality article in its Trade and Sustainable Development chapter.
- Has a dedicated provision on trade and fossil fuel subsidies reform.
- Removes tariffs on green goods and liberalises services.
- Promotes collaboration between the EU and New Zealand on the circular economy, deforestation, carbon pricing and the protection of the marine environment.



The TSD chapter commits the EU and New Zealand to strive for **high levels of environment and labour protection**.

The EU and New Zealand may not weaken the levels of protection in their environmental or labour laws, nor poorly enforce those laws, to encourage trade or investment. This is balanced with a commitment not to use environmental or labour laws as a disguised restriction on trade and investment.

Thanks to the FTA, **trade and investment in low-carbon goods, services and manufacturing activities will be easier**. This includes **zero tariffs on green goods** such as building insulation materials, hydro turbines and wind turbine towers, solar panel components and geothermal heatpumps. **Binding commitments have also been taken on environmental and circular-economy-related services** such as refuse disposal, nature and landscape protection, and repair and recycling services. Services supporting the manufacture and use of environmental goods are also covered.

A non-exhaustive list of green goods and services can be found in [Annex 19 of the FTA](#).

Importantly, the TSD chapter envisages the possibility of temporarily suspending trade preferences under the FTA, as a matter of last resort, in instances of serious violations of core TSD commitments, namely, the ILO fundamental principles and rights at work and the Paris Agreement, regardless of their impact on trade.

TSD commitments are legally binding and enforceable under the dispute settlement framework of the FTA.



Labour Rights

The EU-New Zealand FTA prohibits either side from unduly encouraging trade and investment by:

- weakening their respective labour laws;
- derogating from or waiving labour laws; or
- not enforcing labour laws.

Both the EU and New Zealand have taken a binding commitment to respect, promote and realise core ILO principles, and to effectively implement the ILO Conventions that New Zealand and the Member States of the EU have respectively ratified. **New Zealand committed to make continued and sustained efforts to ratify the fundamental ILO Conventions** under the 1998 Declaration on Fundamental Principles and Rights at Work that it has not yet ratified, namely the **Freedom of Association and Protection of the Right to Organise Convention** (No. 87) and the **Minimum Age Convention** (No. 138).

Basic employment rights and obligations under New Zealand law include:



Hours of Work

Standard working week is 40 hours



Annual Leave

Four weeks (20 days) for full-time employees



Sick Leave

Most employees are entitled to 10 days' sick leave a year



Parental Leave

26 weeks of government-funded parental leave payments for the 'primary carer' of the child



Minimum Wage

Government has fixed a minimum hourly wage rate for every hour worked available [here](#)

Environment and Climate Change

The EU and New Zealand have agreed that **the FTA must support existing international environmental standards and not lower or dilute the environmental protections** provided on each side. The FTA retains their right to regulate in order to protect the environment.

The TSD chapter includes provisions on the fight against climate change and the transition to a low-carbon economy. It identifies potential areas where trade and environmental agendas can reinforce each other, such as: the conservation and sustainable management of biological resources, forests, and fisheries; and the promotion of trade in legally harvested and sustainable products. Novelty cooperation obligations encourage the shift to a circular and resource-efficient economy and deforestation-free supply chains.



Sustainable fisheries management and combatting illegal, unregulated and unreported (IUU) fishing activities are a focus in the fisheries and aquaculture section. There is also a commitment to work together on reforming trade-related aspects of fossil fuel subsidies, in particular through the WTO.

The strong commitments adopted in relation to the environment and climate change indicate the approach that can be expected in the EU and New Zealand towards future trade and sustainable development regulation.

These commitments provide a strong impetus or incentive for businesses to adopt or improve sustainable business practices.

Trade and Gender

The EU-New Zealand FTA has a dedicated 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.
- Not to weaken or reduce the levels of protection nor to waive or otherwise derogate from laws aimed at ensuring gender equality or equal opportunities for women and men, in order to encourage trade or investment.

Corporate Social Responsibility and Responsible Business Conduct

The FTA promotes corporate social responsibility and responsible business conduct, including responsible supply chain management.

New Zealand promotes adherence to international instruments that encourage responsible business conduct. It is common practice among businesses in New Zealand to have a corporate social responsibility policy in place.



Refer to the EU SME Guide for more information on the benefits of the EU-New Zealand FTA and guidance on doing business in New Zealand.