

# EU Trade Law FTA With New Zealand

**Mishael Khalifah Al Saif**  
**Alfaisal University**

*This article analyzes the motivations and implications of the European Union's (EU) Free Trade Agreement (FTA) with New Zealand, signed in 2022. While the economic benefits appear modest due to New Zealand's small market size, the EU's strategic goals in the Indo-Pacific and commitment to a rules-based international order are emphasized. The agreement also highlights the EU's efforts to promote sustainable trade practices and expand geopolitical influence. Additionally, it signifies the EU's intention to diversify its partnerships and reaffirm its global presence. The article discusses these dimensions to provide a comprehensive understanding of the EU's motivations and the potential impact of the FTA.*

*Keywords: EU trade, New Zealand FTA, strategic motivations, Indo-Pacific, sustainability, multilateralism*

## **THE EUROPEAN UNION'S FREE TRADE AGREEMENT WITH NEW ZEALAND: MOTIVATIONS AND IMPLICATIONS**

In 2022, the EU boldly embarked on an extensive free trade agreement (FTA) with New Zealand, which can be described as a breakthrough in the EU's trade and politics. Although the economic benefits of such an agreement may not appear to hold much appeal, other non-economic rationalizations explain why the EU resolved to form a closer relationship with New Zealand. This article examines the reasons that could have motivated the EU to close an FTA with New Zealand and what this might mean.

### **Economic Considerations**

From an economic standpoint, the benefits of a free trade agreement with New Zealand are relatively modest for the EU. New Zealand is a small market in comparison to the EU, and the trade volume between the two partners is not significant for now; however, it is expected to rise further in the coming years due to the drafting and conclusion of this agreement (EU Trade Relations With New Zealand, 2024). Furthermore, the agricultural sector is a significant component of New Zealand's economy, which could present negotiation challenges due to the EU's historically protectionist stance on agriculture. Despite these economic limitations, the EU's signing of an FTA with New Zealand underscores a broader strategic agenda beyond immediate economic gains.

### **Strategic Motivations**

Beyond simple economic interests, the strategic reasoning supporting the treaty or free trade agreement between the EU and New Zealand is based on legal rules. One of the greatest factors contributing to the EU's determination is adherence to a rules-based international system. In negotiating a trade agreement with New Zealand, the EU wishes to prove its loyalty to multilateralism and, simultaneously, a willingness

to cooperate with like-minded partners. In this regard, such a step is very significant at times of stress that the world trading system faces caused by protectionist tendencies and geopolitical tensions.

Moreover, an FTA between the EU and New Zealand also has something to do with the former's larger geopolitical goals in the Indo-Pacific region. The EU seeks to increase its presence and partnership in the Indo-Pacific region, which is gradually assuming strategic significance. As New Zealand is located within the Indo-Pacific, and considering the fact that New Zealand shares similar positions with the EU on various global issues such as climate change and protection of the environment, New Zealand would be a promising partner for the EU in advancing the latter's strategic interests within the region.

### **Symbolic Significance**

Signing an FTA with New Zealand also carries symbolic significance for the EU. It demonstrates the EU's commitment to progressive trade policies, including environmental and labor standards. By engaging with New Zealand, a country known for its strong environmental credentials and commitment to sustainability, the EU aims to showcase its leadership in promoting sustainable trade practices. This engagement aligns with the EU's broader agenda of advancing a "green" trade policy, which emphasizes the integration of environmental considerations into trade agreements. This alignment conforms with the EU's broader agenda of advancing a "green" trade policy, which emphasizes the integration of environmental considerations into trade agreements (Kelly & Doidge, 2023).

### **Implications and Context**

The EU's decision to conclude an FTA with New Zealand takes on added significance in the context of recent geopolitical developments. The formation of the AUKUS pact between Australia, the United States, and the United Kingdom has reshaped dynamics in the Indo-Pacific region and raised questions about the EU's role. In this context, the EU's deepening relationship with New Zealand can be seen as a strategic response to bolster its presence and influence in the Indo-Pacific and diversify its regional partnerships.

Furthermore, the conclusion of an FTA with New Zealand underscores the EU's intention to extend its global influence beyond trade and economic matters. It highlights the EU's ambition to position itself as a political and security actor with real substance, capable of shaping global affairs and upholding a rules-based international order.

### **CONCLUSION**

In conclusion, the EU's free trade agreement with New Zealand is driven by strategic and symbolic motivations that transcend immediate economic gains. The deal signifies the EU's commitment to multilateralism, its strategic ambitions in the Indo-Pacific, and its leadership in promoting sustainable trade practices. With the signing of this agreement in 2022, the implications of this FTA for the EU's global role and its relations with partners in the Indo-Pacific region will continue to unfold, making it an important development to watch in the evolving landscape of international trade and diplomacy.

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