16/02/2024

Guide to accessing quota under the EU-New Zealand Free Trade Agreement

The EU-New Zealand FTA is expected to enter into force in Q2 2024. Ahead of entry into force (EIF), please see below a summary of concessions for New Zealand dairy offered by the EU:

Product group	Tariff/quota details on EIF
Milk powders	Starting at 5,000 tonnes, up to 15,000 tonnes in year 7. In quota duty is 20% of the MFN duty (i.e. between €261 and €323/t for WMP and €238/t for SMP). No liberalisation of these lines is envisaged
Fat (butter, AMF)	New FTA quota (for both butter and AMF): starting at 5,000 tonnes, up to 15,000 tonnes in year 7. Year on year decline of in-quota duty, starting at €379.20/t on EIF and ending at €94.80/t in year 7. The pre-existing WTO quota of 47,177 tonnes will also see a drop in in-quota duty (pre-EIF it is €700/t). On EIF, 21,000 t will be subject to €379.20/t, dropping to €94.80/t in year 7 (year on year decline). 14,000t will remain at 30% of MFN duty (€568.80/t). 12,177 will remain at the pre-existing tariff of €700/t.

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Cheese	Duty free quota of 8,333 tonnes on entry into force. Growing to 25,000 tonnes over 7 years. Pre-existing WTO quota of 6,031 tonnes (for cheddar and cheese for processing) goes to zero duty on EIF.
WPC80/WPI	Included in 3,500 tonne duty free quota from EIF. (FCFS quota – no import licence required)
High fat WPCs/Lipid 70 with <80% protein in dry matter	Included in 3,500 tonne duty free quota from EIF. (FCFS quota – no import licence required)
MPCs with <85% protein in dry matter	Included in 3,500 tonne duty free quota from EIF. (FCFS quota – no import licence required)
MPCs with >85% protein in dry matter	Current tariff of 3.4% is incrementally decreased to 0% over 7 years from EIF.
Caseinates	Current tariff of 6.4% is incrementally decreased to 0% over 5 years from EIF.
Casein	Current tariff of 9% is incrementally decreased to 0% over 5 years from EIF.
Other proteins (whey, hydrolysates, milk protein)	Tariff falls to 0% on entry into force (not part of the 3,500 t quota listed above).

In essence, the quotas are managed from the New Zealand side. In order to access the quotas listed above, a number of steps need to be taken:

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Procedure for quotas requiring an import licence

1. **First of all, <u>for the new quotas created under the FTA</u> a certificate of eligibility needs to be gotten from the New Zealand authorities.**

   This is needed **before** an EU company can apply for an import licence from their national authorities to bring the product in. The EU company needs to enter into an arrangement with one of the quota holders (companies in New Zealand with access to the quota).

   Certificates of eligibility are issued by the New Zealand Ministry of Primary Industries, in accordance with the Dairy Industry Restructuring Act (DIRA). DIRA currently states that allocations will be based on the volumes of milk collected, however DIRA is under review and this may change (proposal to change it to be based on export history). If changes are approved, this could be the case from 2025.

2. **Once the certificate of eligibility has been secured, the EU company applies for an import licence from its national competent authority.**

   The certificate of eligibility needs to be submitted to the competent authorities with the licence application. If the competent authorities so require, a copy of the certificate of eligibility may also need to be submitted.

   One certificate of eligibility is valid for the issue of one import licence.

   A list of the national competent authorities in the Member States can be found here.

   When first applying for an import licence within a tariff quota period (1 January to 31 December), companies need to submit a proof of trade (import or export) to demonstrate that they are active in international trade.

   For the milk powders and cheese quotas, the proof of trade is 25kg. For butter the proof of trade must cover 100kg. The security to be paid when lodging a licence application is €35/100kg.

   Import licence applications can be submitted during the first seven days of a month for licences intended to be used from the first day of the following month (except for

December, during which there is no licence application window). For example, a licence applied for between 1-7 July would be valid for imports from 1 August. Applications for licences valid for imports from 1 January can be applied for between 20-30 November.

Licences for import will remain valid for 30 days after the last day of validity of the certificate of eligibility for which they have been issued. That period of validity will not exceed the tariff quota period (i.e. the end of the calendar year, the tariff quota period runs from 1 January to 31 December).

3. **IMA1 still applies to pre-existing quota (WTO quotas)**

For the pre-existing quotas (i.e. 47,177 tonnes of butter and 6,031 tonnes of cheddar and cheese for processing) the IMA1 certificate is required. Please note the certificate of eligibility is not required for imports under these quotas.

Licences for import will remain valid for 30 days after the last day of validity of the IMA1 certificate for which they have been issued. That period of validity will not exceed the tariff quota period.

Procedure for 'first come, first served' quotas (FCFS)

The certificate of eligibility is also required to import under the FCFS quota for high protein whey (3,500 tonnes, listed above)- the certificate will need to be presented upon importation. The procedure for acquiring the certificate of eligibility is the same – the importer needs to liaise with a quota holder in New Zealand.