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## COMMUNICATION TO ALL REGISTERED MEAT EXPORTERS

### Consultation re New Entrant Access provisions for WTO quotas

September 2025

#### Background

The Meat Board Act 2004 (The Act) delegates certain obligations and administration responsibilities to New Zealand Meat Board (NZMB). This includes administration of quota allocation mechanisms for various sheepmeat, goatmeat and beef quotas into the EU, UK and US via World Trade Organisation (WTO) and Free Trade Agreement (FTA) tariff rate quotas.

The Act requires NZMB to conduct a quota allocation mechanism review (QAMR) at intervals not greater than 5 years. A QAMR consultation with all registered meat exporters and industry bodies occurred during February and March 2024 on NZMB's proposals for modification of those mechanisms. The NZMB agreed on mechanisms that would apply to both WTO and FTA quotas from 2025 onwards. Since then, some quota holders have raised concerns with respect to the timing of reallocation of new entrant quota in the event that there are few or no new entrants in any particular year.

#### Outcomes of the QAMR 2023-2024

A substantial majority of quota holders were in favour of maintaining the status quo for both the WTO and FTA quotas, i.e. a production history basis for allocation of WTO quotas and a hybrid production history/export history mechanism for the FTA quotas, both averaged over three years.

A substantial majority were also in favour of liberalising the new entrant mechanisms, both to allow easier access for new entities through simplified qualification (i.e. meat export registration) and a first come first served (FCFS), certificate by certificate process for access up to a limit set at 30% of the new entrants' tranche by quota. The FCFS, certificate by certificate mechanism requires some refinement to provide some certainty of access and to ensure that the quota allocated is used.

There was general agreement that quota that is handed back should be first made available to General Quota Allowance (GQA) holders and then to New Entrants – refer to section 8 of the Quota Manuals.

The following table shows the major settings for the WTO quota allocation mechanisms resulting from NZMB's decisions, for each of the quotas, as they apply for the 2025 quota year.

**Table 1. Summary Outcome of QAMR 2023-2024 re WTO quotas**

Quota	Quota Year	Allocation mechanism	New Entrant mechanism	NE %	Hand back and Reallocation	% GQA fill to access FCFS
EU WTO S&G	1 Jan-31 Dec	3 year average production history	First come first served – certificate by certificate, up to 30% of NE tranche for any single entity/New Entrant	2	1 October, reallocated 15 October	N/A

<b>Quota</b>	<b>Quota Year</b>	<b>Allocation mechanism</b>	<b>New Entrant mechanism</b>	<b>NE %</b>	<b>Hand back and Reallocation</b>	<b>% GQA fill to access FCFS</b>
UK WTO S&G	1 Jan- 31 Dec	3 year average production history	First come first served – certificate by certificate, up to 30% of NE tranche for any single entity/New Entrant	2	1 October, reallocated 15 October	N/A
EU WTO HQB	1 Jul- 30 Jun	3 year average production history	First come first served – certificate by certificate, up to 30% of NE tranche for any single entity/New Entrant	2	1 April reallocated 15 April	N/A
UK WTO HQB	1 Jul- 30 Jun	3 year average production history	First come first served – certificate by certificate, up to 30% of NE tranche for any single entity/New Entrant	2	1 April reallocated 15 April	N/A
US WTO V&V	1 Jan – 31 Dec	3 year average production history	First come first served – certificate by certificate, up to 30% of NE tranche for any single entity/New Entrant	2%	1 October, reallocated 15 October	NA

### Issues Raised Regarding New Entrant Provisions WTO Quotas

It appears that the effect of these New Entrant QAMR amendments on GQA allocation and re-allocation were not well understood by some quota holders until the 2025 annual allocations were received. In February 2025 Management was approached by one quota holder requesting the Board review the liberalised new entrants' provisions arising from the QAMR 2023-2024 review.

In particular the GQA holder was concerned about the (lack of) reallocation of unused Reserved Quota Allowance (RQA)/New Entrant quota to GQA holders.

The previous WTO RQA mechanism had allocated, at the beginning of the quota year, a fixed maximum allowance to new entrants (if any applications received) with the balance being reallocated to GQA holders in proportion to their initial GQA allocations.

The QAMR 2023-2024 amendments for new entrants extends the application period for New Entrants to the whole of the quota year, rather than a single date. RQA is also allocated on a shipment-by-shipment basis, so there is no allocation of a fixed allowance. With this mechanism, the only means by which GQA holders may access RQA is through the handback mechanism.

A New Entrant may only access a maximum of 30% of the RQA, prior to handback (4<sup>th</sup> quarter) when the 30% limit is removed.

The GQA holder has requested a return to the previous mechanism or at least implementation of the new mechanism in such a way that access to unused RQA to GQA holders occurs as soon as possible.

### Considerations

The Board, in making its decisions on future allocation mechanisms sought to ensure that new entrants would have access to both the WTO and FTA quotas, took into account the increased quota volumes represented by the FTA quotas and sought to reduce administrative cost and complexity. To achieve those objectives the Board, among other actions, modified the WTO quota allocation mechanisms to a FCFS mechanism.

Quota volume and certainty of access rights to RQA, for GQA holders, are in direct opposition to new entrant access opportunities. In other words, if GQA holders are allocated an allowance from the RQA at any time in the year, that volume of quota is not available to new entrants. The earlier in the year an RQA is allocated to GQA holders the less opportunity there is for new entrants to access the RQA, both with respect to the application window and volume of RQA available.

The main argument put forward in the quota holder's request is that the 2% is a useful level of access, potentially in the 000's of tonnes (i.e. 4,270 tonnes for USBV), which in a tight market may have

considerable value to the company and New Zealand. For GQA holders to make the best use of potentially unused quota and to incorporate the volume into their market planning the RQA needs to be made available as early in the quota year as possible.

In response to the query raised by the GQA holder, the Board has considered what mechanisms, consistent with the allocation principles for administration of the quotas, could be applied to provide more flexibility in quota use, while maintaining a reasonable level of access for new entrants.

The alternative mechanisms that have been considered in addition to the status quo are:

- a) the application of the 80% utilisation rule used in the FTA quotas to the WTO quotas, by which those GQA holders that have used 80% of their GQA gain access to a maximum of 30% of the RQA. The 30% limit is removed when handback is implemented or;
- b) the introduction of an interim handback date with the RQA volume available for GQA holders to be limited to a pro rata proportion of the year.

In the case of b) the date of handback would be 1 July (for calendar year quotas) or 1 January (for HQT quotas), with the RQA volume to be returned being equal to half the RQA volume, less any RQA already utilised. For example, for an RQA volume of 1000 tonnes/year, where 200 tonnes had been certified under the new entrant FCFS system, a volume of  $(1000/2)-200$  i.e. 300 tonnes would be reallocated to GQA holders in proportion to their GQA allocation for that quota year.

## **Discussion of Options**

### **Option 1 Status Quo**

The original decision by the Board sought to balance the interests of both new entrants and GQA holders while reducing administrative complexity and cost. The RQA share for the WTO quotas (2%) is less than for the newer FTA quotas (3.5%). The S&G and USBV quotas are large and provide opportunity for significant volumes for GQA holders, such that an individual GQA holders share of 2% is likely to be of major significance.

On the other hand, GQA holders consider the new entrant volume to be useful additional access to their marketing efforts and that the current system limits their ability to make use of the additional access because it is not available early enough in the quota year and volumes are uncertain.

From an administrative perspective, reallocation can occur as part of the handback process that is applied to all quotas.

### **Option 2 Apply 80% rule**

An 80% rule could be applied to the WTO quotas. Under an 80% rule GQA holders become eligible to access unused RQA up to the 30% limit on a certificate-by-certificate basis. In this way, the RQA is made available to participants that have already demonstrated an ability to make use of the available quota. This is considered a more performance-based method of reallocation.

On the other hand, some GQA holders would argue that access is uncertain and in any case becomes available too late in the year to be put to its best use.

Applying the 80% rule to the WTO quotas makes available the RQA across those quota holders that have exhibited a potential need, having already utilised 80% of their quota, it does not provide the certainty, either in timing or volume, that some GQA holders might prefer.

This option introduces complexity into the management of the quota allocation mechanism system.

### Option 3 Provide GQA quota holders access earlier in the quota year

The introduction of an interim handback date divides the allocation of RQA into half yearly tranches. In the first half of the year new entrants have access to the whole of the RQA on a first come first served basis. At the six month mark of the quota year, if less than 50% of the RQA has been used, the residual (residual RQA = 50% x RQA - used RQA) is reallocated to GQA holders in proportion to their original allocation. New Entrants then have access to the remaining 50% of the RQA for the rest of the quota year.

### Handback timeframes

Under any approach, there remains a means by which unused quota becomes available to GQA holders and new entrants in the fourth quarter of the quota year. Any RQA remaining in the fourth quarter will be available to GQA holders and new entrants as summarised:

*The Board shall reallocate in order of precedence to:*

- a. *in the case where demand for access to returned quota exceeds the volume returned to the Board then it will be reallocated in proportion to the percentage of every such holder's initial allocation of General Quota Allowance for that Quota Year.*
- b. *in the case where demand for access to returned quota is less than the volume returned to the Board then*
  - i. *on demand to General Quota holders*
  - ii. *any remaining quota to be made available on first come first served, certificate by certificate basis (with the 30% limit for New Entrants removed).*

### Summary

Access to RQA (New Entrant FCFS)					
Method		1 <sup>st</sup> Qtr	2nd Qtr	3 <sup>rd</sup> Qtr	4 <sup>th</sup> Qtr (post handback)
Option 1	WTO status quo	NE only	NE only	NE only	GQA and NE
Option 2	80% rule	GQA80 and NE	GQA80 and NE	QA80 and NE	GQA80 and NE
Option 3	2nd tranche, 1 July (calendar year quotas) 1 January (HQB quotas)	NE	NE	GQA first half RQA residual	GQA and NE

Any access to RQA New Entrant FCFS quota, or redistributed/reallocated quota, attracts usual variable participation fees and any relevant special levies (i.e. specific project cost recovery).

### Request for feedback

The Board requests feedback on the options put forward for consideration. Please complete feedback via the survey link [here](#).

The timetable for this consultation is as follows

Date	Activity
18 September 2025	Consultation released and open for feedback
10 October 2025	Consultation period closes
October-November 2025	Board review consultation feedback
no later than mid-December 2025	Communication reporting outcomes; gazetting and implementing any amendments

If you seek clarification on any aspect of this consultation you may contact

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Consultation and feedback **will close midday on Friday 10 October 2025** – please make sure your feedback is provided no later than this date.