

# Proactive Release

Date: 5 May 2022

The following Cabinet paper and related Cabinet minutes have been proactively released by the Minister for Trade & Export Growth

Title	Reference
New Zealand - United Kingdom Free Trade Agreement: Approval of Final Outcomes and Authority to Sign	CBC-22-SUB-0010 CBC-22-MIN-0010 CAB-22-MIN-0045 CAB-22-MIN-0045.01

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant sections of the Act that would apply have been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to redaction codes:

- 6(a): to avoid prejudicing the security or defence of New Zealand or the international relations of the New Zealand Government;
- 9(2)(ba): to protect the supply of confidential information by another party;
- 9(2)(g)(i): to protect the free and frank expression of opinions by departments; and
- 9(2)(j): to avoid prejudice to negotiations.



# Cabinet

## Minute of Decision

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### **Report of the Cabinet Business Committee: Period Ended 25 February 2022**

On 28 February 2022, Cabinet made the following decisions on the work of the Cabinet Business Committee for the period ended 25 February 2022:

CBC-22-MIN-0010 **New Zealand - United Kingdom Free Trade Agreement: Approval of Final Outcomes and Authority to Sign**  
Portfolio: Trade and Export Growth

Separate minute:  
CAB-22-MIN-0045.01

Michael Webster  
Secretary of the Cabinet

Proactively released  
by the Minister for Trade and Export Growth



# Cabinet

## Minute of Decision

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### New Zealand - United Kingdom Free Trade Agreement: Approval of Final Outcomes and Authority to Sign

**Portfolio**                      **Trade and Export Growth**

On 28 February 2022, following reference from the Cabinet Business Committee, Cabinet:

- 1        **noted** that in June 2020, the Cabinet Economic Development Committee agreed that officials should commence negotiations on a New Zealand-United Kingdom (NZ-UK) Free Trade Agreement (FTA) and approved the initial negotiating mandate [DEV-20-MIN-0089];
- 2        **noted** that:
  - 2.1        in August 2021, Cabinet approved a concluding mandate and authorised the Prime Minister, Deputy Prime Minister, Minister of Foreign Affairs, Minister for Trade and Export Growth, and other relevant portfolio Ministers (delegated Ministers) to take decisions on any outstanding issues that arise [CAB-21-MIN-0319];
  - 2.2        delegated Ministers made subsequent decisions on outstanding issues such as the Māori Trade and Economic Cooperation chapter, <sup>s6(a), s9(2)(j)</sup>  
<sup>s6(a), s9(2)(j)</sup> animal welfare, <sup>s6(a), s9(2)(j)</sup>  
<sup>s6(a), s9(2)(j)</sup> and on financial services;
- 3        **noted** that Agreement in Principle (AIP) was reached on the elements of the FTA on 20 October 2021, and that negotiators subsequently worked to conclude outstanding issues and finalise the treaty text in accordance with the AIP reached in October 2021 and subsequent mandates;
- 4        **noted** the summary of key issues finalised and outcomes reached since AIP in the paper under CBC-22-SUB-0010, including a commitment to review the Digital Trade chapter within two years, secured by New Zealand in response to the Waitangi Tribunal's Wai 2522 decision of 18 November 2021;
- 5        **noted** that the negotiations for the FTA between New Zealand and the United Kingdom of Great Britain and Northern Ireland have now been completed;
- 6        **noted** that the outcome is within mandate and meets New Zealand's negotiating objectives;



7 **noted** that economic modelling projects the FTA could increase New Zealand exports to the UK by over 50 percent, and increase GDP by over \$800 million, once the agreement is fully implemented (i.e. by 2040), with the majority of benefits expected to occur within the first decade of entry into force;

8 **noted** that New Zealand will incur some costs as a result of the FTA, including foregone tariff revenue of an estimated \$19.5 million due to the removal of tariffs on imports from the UK, <sup>s6(a), s9(2)(j)</sup> and various administrative and compliance costs associated with commitments under the FTA, and;

8.1 **noted** the following foregone tariff revenue required to give effect to the policy decision in paragraph 14 below, with a corresponding impact on the operating balance and net core Crown debt:

Operating balance and net core Crown debt	\$m – increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Tax Revenue:					
Tariffs	0	(9.75)	(19.5)	(19.5)	(19.5)
<b>Total Operating</b>	<b>0</b>	<b>(9.75)</b>	<b>(19.5)</b>	<b>(19.5)</b>	<b>(19.5)</b>

8.2 **agreed** that that the foregone tariff revenue described in paragraph 8.1 above be charged as a pre-commitment against the Budget 2022 operating allowance;

9 **approved** the text of the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland* and the following three accompanying non treaty-status side instruments, attached under CBC-22-SUB-0010, subject to any minor or technical changes required between now and public release, including from the final legal verification process:

- 9.1 Side letter on Ngāti Toa Rangatira’s guardianship of the Haka ‘Ka Mate’;
- 9.2 Side letter on New Zealand oenological practices;
- 9.3 Side letter on Scottish whisky localities;

10 **noted** that, in addition, both sides agreed during the FTA negotiations to amend the NZ-UK Sanitary Agreement 2019 (covering animals and animal products) to include ‘composite’ products as defined by European Commission Decision within its scope;

11 **approved** the letter amending the NZ-UK Sanitary Agreement 2019, attached under CBC-22-SUB-0010;

12 **noted** that the FTA between New Zealand and the United Kingdom of Great Britain and Northern Ireland is currently undergoing legal verification by both sides;

13 **authorised** the Minister for Trade and Export Growth, in consultation with relevant portfolio Ministers where appropriate, to approve any changes to the text of the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland*, the side instruments, the National Interest Analysis, and the letter amending the NZ-UK Sanitary Agreement 2019, which do not materially alter their content;

- 14 **authorised** signature of the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland*, the three non-treaty status side instruments, and the exchange of letters to amend the NZ-UK Sanitary Agreement 2019;
- 15 **authorised** exchange of the three side instruments and the letter amending the NZ-UK Sanitary Agreement 2019 with the UK;
- 16 **approved** the content of the National Interest Analysis attached as Annex 2 under CBC-22-SUB-0010, subject to any minor or technical changes required between now and public release;
- 17 **agreed**, following signature, to present the text of the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland*, the legally binding exchange of letters amending the NZ-UK Sanitary Agreement 2019, and the National Interest Analysis to the House of Representatives for the purposes of the Parliamentary treaty examination process, in accordance with Standing Orders 405-408;
- 18 **agreed** that the three non-treaty-status side instruments also be provided to Parliament for consideration as part of the overall package of outcomes;
- 19 **agreed** that the National Interest Analysis be released after Cabinet approval and published on the Ministry of Foreign Affairs and Trade website consistent with regular practice;
- 20 **noted** that the necessary legislative and regulatory amendments will be given effect through the New Zealand-UK Free Trade Agreement Legislation Bill, for which the Minister for Trade and Export Growth has sought a category 2 priority on the 2022 Legislation Programme (must be passed in 2022);
- 21 **invited** the Minister for Trade and Export Growth to issue drafting instructions to the Parliamentary Counsel Office to draft the New Zealand-UK Free Trade Agreement Legislation Bill to give effect to the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland*;
- 22 **noted** that the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland* will enter into force on such date as the Parties may agree in writing, once the Parties confirm completion of their respective applicable legal requirements and procedures for entry into force, and that both sides are working towards the agreement entering into force by the end of 2022 if possible;
- 23 **noted** that the three side instruments will enter into effect on the date the FTA enters into force;
- 24 **noted** that the amendment to the NZ-UK Sanitary Agreement 2019 will enter into force the first day of the month following the date New Zealand and the United Kingdom notify each other that their respective internal procedures have been completed;
- 25 **authorised** officials to bring the FTA into force (in accordance with the Entry Into Force article of the Final Provisions chapter of the FTA) following signature, satisfactory completion of the Parliamentary treaty examination process, and the passing of implementing legislation and regulations;
- 26 **authorised** officials to bring the amendment to the NZ-UK Sanitary Agreement 2019 into force following signature and satisfactory completion of the Parliamentary treaty examination process;



- 27 **noted** that New Zealand has negotiated a 15-year period in which to implement a commitment to extend the copyright term for authors, performers, and producers by 20 years;
- 28 s6(a), s9(2)(j)
- 29 **noted** that the FTA requires New Zealand to “make all reasonable efforts” to accede to the Hague Agreement Concerning the International Registration of Industrial Designs, done at Geneva on 2 July 1999;
- 30 **noted** that financial costs to implement the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland* will be met from the baselines of the relevant agencies, including Vote Foreign Affairs.

Michael Webster  
Secretary of the Cabinet

*Secretary's Note: This minute replaces CBC-22-MIN-0010. Cabinet agreed to add paragraphs 8.1 and 8.2.*



# Cabinet Business Committee

## Minute of Decision

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### New Zealand - United Kingdom Free Trade Agreement: Approval of Final Outcomes and Authority to Sign

Portfolio                      Trade and Export Growth

On 21 February 2022, the Cabinet Business Committee:

- 1        **noted** that in June 2020, the Cabinet Economic Development Committee agreed that officials should commence negotiations on a New Zealand-United Kingdom (NZ-UK) Free Trade Agreement (FTA) and approved the initial negotiating mandate [DEV-20-MIN-0089];
- 2        **noted** that:
  - 2.1        in August 2021, Cabinet approved a concluding mandate and authorised the Prime Minister, Deputy Prime Minister, Minister of Foreign Affairs, Minister for Trade and Export Growth, and other relevant portfolio Ministers (delegated Ministers) to take decisions on any outstanding issues that arise [CAB-21-MIN-0319];
  - 2.2        delegated Ministers made subsequent decisions on outstanding issues such as the Māori Trade and Economic Cooperation chapter, <sup>s6(a), s9(2)(j)</sup> animal welfare, <sup>s6(a), s9(2)(j)</sup> <sub>s6(a), s9(2)(j)</sub>
- 3        **noted** that Agreement in Principle (AIP) was reached on the elements of the FTA on 20 October 2021, and that negotiators subsequently worked to conclude outstanding issues and finalise the treaty text in accordance with the AIP reached in October 2021 and subsequent mandates;
- 4        **noted** the summary of key issues finalised and outcomes reached since AIP in the paper under CBC-22-SUB-0010, including a commitment to review the Digital Trade chapter within two years, secured by New Zealand in response to the Waitangi Tribunal's Wai 2522 decision of 18 November 2021;
- 5        **noted** that the negotiations for the FTA between New Zealand and the United Kingdom of Great Britain and Northern Ireland have now been completed;
- 6        **noted** that the outcome is within mandate and meets New Zealand's negotiating objectives;



- 7 **noted** that economic modelling projects the FTA could increase New Zealand exports to the UK by over 50 percent, and increase GDP by over \$800 million, once the agreement is fully implemented (i.e. by 2040), with the majority of benefits expected to occur within the first decade of entry into force;
- 8 **noted** that New Zealand will incur some costs as a result of the FTA, including foregone tariff revenue of an estimated \$19.5 million due to the removal of tariffs on imports from the UK, s6(a), s9(2)(j) and various administrative and compliance costs associated with commitments under the FTA;
- 9 **approved** the text of the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland* and the following three accompanying non-treaty-status side instruments, attached under CBC-22-SUB-0010, subject to any minor or technical changes required between now and public release, including from the final legal verification process:
- 9.1 Side letter on Ngāti Toa Rangatira's guardianship of the Haka 'Ka Mate';
- 9.2 Side letter on New Zealand oenological practices;
- 9.3 Side letter on Scottish whisky localities;
- 10 **noted** that, in addition, both sides agreed during the FTA negotiations to amend the NZ-UK Sanitary Agreement 2019 (covering animals and animal products) to include 'composite' products as defined by European Commission Decision within its scope;
- 11 **approved** the letter amending the NZ-UK Sanitary Agreement 2019, attached under CBC-22-SUB-0010;
- 12 **noted** that the FTA between New Zealand and the United Kingdom of Great Britain and Northern Ireland is currently undergoing legal verification by both sides;
- 13 **authorised** the Minister for Trade and Export Growth, in consultation with relevant portfolio Ministers where appropriate, to approve any changes to the text of the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland*, the side instruments, the National Interest Analysis, and the letter amending the NZ-UK Sanitary Agreement 2019, which do not materially alter their content;
- 14 **authorised** signature of the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland*, the three non-treaty status side instruments, and the exchange of letters to amend the NZ-UK Sanitary Agreement 2019;
- 15 **authorised** exchange of the three side instruments and the letter amending the NZ-UK Sanitary Agreement 2019 with the UK;
- 16 **approved** the content of the National Interest Analysis attached as Annex 2 under CBC-22-SUB-0010, subject to any minor or technical changes required between now and public release;



- 17 **agreed**, following signature, to present the text of the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland*, the legally binding exchange of letters amending the NZ-UK Sanitary Agreement 2019, and the National Interest Analysis to the House of Representatives for the purposes of the Parliamentary treaty examination process, in accordance with Standing Orders 405-408;
- 18 **agreed** that the three non-treaty-status side instruments also be provided to Parliament for consideration as part of the overall package of outcomes;
- 19 **agreed** that the National Interest Analysis be released after Cabinet approval and published on the Ministry of Foreign Affairs and Trade website consistent with regular practice;
- 20 **noted** that the necessary legislative and regulatory amendments will be given effect through the New Zealand-UK Free Trade Agreement Legislation Bill, for which the Minister for Trade and Export Growth has sought a category 2 priority on the 2022 Legislation Programme (must be passed in 2022);
- 21 **invited** the Minister for Trade and Export Growth to issue drafting instructions to the Parliamentary Counsel Office to draft the New Zealand-UK Free Trade Agreement Legislation Bill to give effect to the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland*;
- 22 **noted** that the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland* will enter into force on such date as the Parties may agree in writing, once the Parties confirm completion of their respective applicable legal requirements and procedures for entry into force, and that both sides are working towards the agreement entering into force by the end of 2022 if possible;
- 23 **noted** that the three side instruments will enter into effect on the date the FTA enters into force;
- 24 **noted** that the amendment to the NZ-UK Sanitary Agreement 2019 will enter into force the first day of the month following the date New Zealand and the United Kingdom notify each other that their respective internal procedures have been completed;
- 25 **authorised** officials to bring the FTA into force (in accordance with the Entry Into Force article of the Final Provisions chapter of the FTA) following signature, satisfactory completion of the Parliamentary treaty examination process, and the passing of implementing legislation and regulations;
- 26 **authorised** officials to bring the amendment to the NZ-UK Sanitary Agreement 2019 into force following signature and satisfactory completion of the Parliamentary treaty examination process;
- 27 **noted** that New Zealand has negotiated a 15-year period in which to implement a commitment to extend the copyright term for authors, performers, and producers by 20 years;
- 28 s6(a), s9(2)(i)
- 29 **noted** that the FTA requires New Zealand to “make all reasonable efforts” to accede to the Hague Agreement Concerning the International Registration of Industrial Designs, done at Geneva on 2 July, 1999;

- 30 **noted** that financial costs to implement the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland* will be met from the baselines of the relevant agencies, including Vote Foreign Affairs.

Jenny Vickers  
Committee Secretary

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**Present:**

Rt Hon Jacinda Ardern (Chair)  
Hon Grant Robertson  
Hon Kelvin Davis  
Hon Dr Megan Woods  
Hon Chris Hipkins  
Hon Carmel Sepuloni  
Hon Andrew Little  
Hon David Parker  
Hon Nanaia Mahuta  
Hon Poto Williams  
Hon Damien O'Connor  
Hon Stuart Nash  
Hon Kris Faafoi  
Hon Michael Wood  
Hon Dr David Clark

**Officials present from:**

Office of the Prime Minister  
Department of the Prime Minister and Cabinet

Proactively released  
by the Minister for Trade and Export Growth



Office of the Minister for Trade and Export Growth

Cabinet Economic Development Committee

## **New Zealand-United Kingdom Free Trade Agreement: Approval of Final Outcomes and Authority to Sign**

### **Proposal**

- 1 This paper seeks approval of the final outcomes of the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland* (NZ-UK FTA) and authority to sign the Agreement, associated side instruments, and a letter amending the NZ-UK Sanitary Agreement 2019. Approval is also sought to present the FTA text, associated side instruments, and the National Interest Analysis (NIA) of the FTA, to the House of Representatives for parliamentary treaty examination following signature.

### **Relation to government priorities**

- 2 Concluding a free trade agreement with the United Kingdom (UK) has been one of the key priorities for the Government's Trade Recovery Strategy. The UK is one of New Zealand's closest and most like-minded political and security partners and an FTA will reinforce this by fundamentally strengthening the trade relationship. This high quality, comprehensive and progressive agreement will accelerate New Zealand's economic recovery by removing barriers to trade and providing New Zealand exporters with significantly more favourable access to the UK market. This will support our efforts to build New Zealand exports back up to pre-COVID levels and significantly grow trade with the UK. In doing so, the NZ-UK FTA will also support New Zealand's Trade Diversification Strategy.
- 3 This is the first FTA launched and concluded under New Zealand's Trade for All agenda. It includes outcomes that will provide opportunities for Māori, small and medium sized businesses, women and our regional communities to benefit from improved access to the UK market.

### **Executive Summary**

- 4 The NZ-UK FTA, once in force, will provide preferential access to the UK's NZ\$3 trillion consumer market of over 67 million people for the first time since the UK entered the European Communities in 1973. The agreement will enable New Zealand businesses to better compete in our 7<sup>th</sup>-largest market, where most of our competitors enjoy preferential access under existing trade agreements, and redress the imbalance between our two countries' deep bilateral connection and our poor trade access to the UK market. It will also ensure we maintain competitive parity with Australia, which signed an FTA with the UK in December 2021 that is expected to enter into force later in 2022.<sup>s6(a)</sup>  
s6(a)
- 5 The NZ-UK FTA is a 'gold standard' agreement. It will deliver some of the best goods and services market access outcomes New Zealand has ever secured in any FTA, and in line with the best access offered by the UK to any FTA partner:



- 5.1 For goods, the FTA will eliminate all UK tariffs once fully implemented, without exception. Immediately upon entry into force, 99.5% of New Zealand's current exports to the UK will be able to enter duty free. This includes trade under new duty-free quotas created as part of the FTA which will allow exports to expand beyond current trade levels. All quotas and product-specific safeguards will be removed within 15 years of the FTA's entry into force.<sup>1</sup>
- 5.2 For services, the UK's commitments to New Zealand are comparable to the highest level of any of the UK's FTAs. The UK has committed to extend to New Zealand any future market opening agreed in subsequent FTAs through a non-discrimination clause (a commitment New Zealand also made to the UK). This is significant given the UK is New Zealand's fifth-largest services export market (third-largest for all services exports other than travel), with strong growth pre-COVID.
- 6 New Zealand's economic modelling of the final outcomes of the agreement projects that the FTA could increase New Zealand exports to the UK by over 50%, and increase GDP by over \$800 million, once the agreement is fully implemented, i.e. by 2040 – with the majority of benefits expected to occur within the first decade of entry into force.<sup>2</sup>
- 7 In addition to these significant economic benefits, it is in New Zealand's strategic interest to have the UK more closely connected to the Indo-Pacific region, where the UK can make a positive contribution towards an open, rules-based trading system aligned to our values and interests.<sup>s6(a), s9(2)(j)</sup>  
s6(a), s9(2)(j)
- 8 The NZ-UK FTA recognises the unique and historical relationship between Māori and the British Crown. Negotiators engaged extensively with Māori and Māori economic and trade interests were prioritised by negotiators. Notable elements of the agreement in this respect include: the recognition in the FTA preamble that Te Tiriti o Waitangi is a foundational document of constitutional importance to New Zealand; accelerated tariff elimination commitments for specific goods of known Māori interests (e.g. fish, mussels, honey etc); a Māori Trade and Economic Cooperation chapter, which creates a platform for cooperation aimed at enabling and advancing Māori economic aspirations and well-being; provisions elsewhere in the agreement focused on Māori interests; and New Zealand's Te Tiriti o Waitangi exception, which enables New Zealand to adopt any policy it considers necessary to accord more favourable treatment to Māori in respect of matters covered by the FTA, including in fulfilment of its obligations under Te Tiriti o Waitangi.
- 9 After the Waitangi Tribunal's Wai 2522 decision on 18 November 2021, and following engagement with Treaty partner representative groups, additional targeted changes were made to the text. As instructed by Ministers, negotiators also secured the inclusion of

<sup>1</sup> 69.2% of exports will have tariffs eliminated immediately, and a further 30.3% will enter the UK duty-free through quotas (both the existing WTO sheep meat quota, and new FTA transitional quotas for apples during the UK season, butter, cheese, beef and sheep meat). Note that an injury-based Bilateral Safeguard Mechanism can be applied for five years after the tariff elimination period – see paragraph 18.8 for details.

<sup>2</sup> This is broadly in line with a UK government assessment in 2020 which concluded the FTA would increase New Zealand's GDP by up to \$970 million (0.14% – 0.35%) once fully implemented: Department for International Trade 'UK-New Zealand Free Trade Agreement: The UK's Strategic Approach', 2020.



an article in the FTA text committing to review the digital trade chapter (and an article in the Financial Services chapter covering financial data and information) within two years. Other proposals that were put forward by New Zealand, including in an attempt to respond to comments by the Wai 2522 claimant establishment group Ngā Toki Whakarururanga,<sup>s6(a)</sup>

- 10 After the government shared the draft text of the agreement with Treaty partner representative groups on a confidential basis,<sup>s9(2)(g)(i), s9(2)(ba)(i)</sup>  
s9(2)(g)(i), s9(2)(ba)(i)

- 11 Reflecting New Zealand's Trade for All agenda, the NZ-UK FTA also achieves leading-edge commitments on trade that are sustainable, inclusive and are expected to have a positive impact on many New Zealand communities. This includes outcomes in areas such as trade and labour, trade and environment, trade and development and new chapters on trade and gender equality and consumer protection. The chapter on digital trade will support the growth of New Zealand's tech exports and promote cooperation in regard to new technologies.

- 12 The NZ-UK FTA preserves the right of the Government to continue to regulate in the public interest, including for the environment, education, and the health and well-being of New Zealanders. This was achieved in a number of ways, including through comprehensive general exceptions and other safeguards agreed in individual FTA chapters. The FTA also preserves policy space for progressive procurement policies to achieve environmental, social, and labour outcomes. In addition, the FTA's intellectual property provisions do not require changes to the Pharmac model or extension of patent term protections (which may have increased the cost of medicines); New Zealand's preferred general exception covering the creative arts is also included in the NZ-UK FTA; and the FTA does not provide for Investor-State Dispute Settlement (ISDS). Significantly, too, both sides have agreed that ISDS will also not apply between New Zealand and the UK in CPTPP, should the UK join.

- 13 There are some costs associated with the Agreement, including the tariff revenue forgone by the government as a result of the elimination of tariffs on UK goods imported into New Zealand at approximately \$19.5 million per annum; costs that will be imposed on copyright users as a result of outcomes agreed in the Intellectual Property chapter (including an extension of the copyright term for authors, performers and producers by 20 years,<sup>s6(a), s9(2)(j)</sup>  
s6(a), s9(2)(j) for which there is a 15-year transition period); introduction of an artist's resale right scheme and an extension of

<sup>s6(a), s9(2)(j)</sup>



performers' property rights in sound recordings to include playing sound recordings in public; as well as costs associated with implementation of the FTA.

- 14 Should Cabinet approve the final outcomes and grant authority to sign the agreement, I intend to travel to the UK at the end of February <sup>s6(a)</sup> Following Cabinet approval, the FTA, associated side instruments, and the National Interest Analysis would be presented to the House of Representatives for parliamentary treaty examination by the Foreign Affairs, Defence and Trade Committee. This is likely to include a public submission process. Thereafter, regulations and amendments to legislation would need to be passed to give effect to NZ-UK FTA obligations in domestic law and to enable New Zealand to fulfil its obligations under the Agreement. The UK will also undertake similar processes. Both sides aim to conclude these with the objective of the FTA entering into force by the end of 2022. <sup>s6(a)</sup>
- 15 <sup>s6(a), s9(2)(j), s9(2)(g)(i)</sup>

## Background

- 16 The initial negotiating mandate for NZ-UK FTA negotiations was approved by the Cabinet Economic Development Committee on 3 June 2020 [DEV-20-MIN-0089]. Negotiations took place over the following 16 months until Agreement in Principle (AIP) was reached on 20 October 2021, on the basis of a concluding mandate approved by Cabinet on 16 August 2021 [CAB-21-MIN-0319], supplemented by decisions by delegated Ministers. Negotiations concluded in mid-February, and legal verification of the text is in its final stages, allowing the agreement to be signed on 28 February.
- 17 The final agreed outcomes are all within the mandate agreed by Cabinet and Delegated Ministers, and in accordance with the framework of the AIP.
- 18 Key issues finalised since the AIP include:

### New Zealand priorities

18.1 **Preamble to the Agreement:** The preamble recognises, among other things, the unique relationship between Māori and the UK and acknowledges that Te Tiriti o Waitangi is a foundational document of constitutional importance to New Zealand – an important priority for Māori in the agreement – and gives prominence to Trade for All elements of the Agreement.

18.2 **Māori Trade and Economic Cooperation:** A chapter reflecting Māori priorities has been agreed, <sup>s6(a)</sup>

<sup>s6(a)</sup> It underlines the unique relationship between Māori and the UK (the British Crown) as original signatories to Te Tiriti o Waitangi; reflects the importance of Te Ao Māori, Mātauranga Māori and Tikanga Māori; recognises the importance of international trade in enabling and advancing Māori well-being; underlines New Zealand's rights to respect, preserve, promote traditional knowledge and traditional cultural expressions; and provides for cooperation activities to, for example, enhance the ability of Māori-owned enterprises to benefit from the agreement, develop links



between UK enterprises and Māori-owned enterprises, and support Māori science, research and innovation links with the UK.

- 18.3 **Digital Trade:** Following the Waitangi Tribunal's Wai 2522 report and in line with Ministerial instructions, New Zealand secured targeted amendments to the chapter, namely a new article in which both Parties agree to review the implementation and operation of the Digital Trade chapter and a Financial Services financial data and information article within two years of entry into force (i.e. earlier than the FTA itself, which will not be reviewed until seven years after the agreement enters into force). The article refers to the Wai 2522 decision and affirms New Zealand's intention to engage Māori in the context of the review, including so that Māori can exercise their rights and interests, and to meet New Zealand's responsibilities under Te Tiriti o Waitangi.
- 18.4 **Recognition of New Zealand wine-making practices:** The UK has agreed to recognise almost all wine-making practices put forward by negotiators, and agreed to a number of outcomes that will improve conditions for labelling requirements. This will reduce costs for New Zealand producers and enable New Zealand wine to compete on a more equal playing field in the UK market.
- 18.5 **Goods Market Access:** New Zealand secured additional goods market access improvements into the UK, increasing the percentage of current New Zealand trade that will enter the UK duty-free at entry into force of the agreement to 99.5%.<sup>s6(a), s9(2)(j)</sup>  
s6(a), s9(2)(j)
- 18.6 **Domestic Engagement:** New Zealand secured a novel provision in the FTA recognising the importance of promoting greater engagement and participation from a cross-section of society in the development and implementation of each Party's trade policies. This aligns the FTA with the Trade for All framework, and builds on engagement provisions in previous FTAs which have been limited to specific chapters.

**UK priorities**

- 18.7 **Undertakings on CPTPP goods market access:** As part of the AIP package, New Zealand agreed it would not seek faster or additional market access as part of the UK's CPTPP accession process.<sup>s6(a), s9(2)(j)</sup>  
s6(a), s9(2)(j)



s6(a), s9(2)(j)

- 18.8 **The FTA's safeguard mechanism:** The details of the FTA's bilateral safeguard mechanism (BSM) for goods were agreed in the closing phase of the negotiations. The Agreement allows for the BSM to be applied to a product during the tariff phaseout period for that product, and for five years thereafter, if goods are being imported at such increased quantities to cause or threaten to cause serious injury to the domestic industry. This is consistent with the Australia-UK FTA, albeit with New Zealand facing the possibility of a BSM being applied to sheepmeat for five years longer than Australia (i.e. from years 16-20) due to a structural difference in the two countries' respective sheepmeat outcomes. <sup>s9(2)(j)</sup>
- s9(2)(j)
- 18.9 **Financial Services:** In order to conclude the agreement, New Zealand adjusted its financial services market access offer. All changes were within mandate and current policy settings, and covered cross-border supply of financial services for land vehicles (including motor vehicles), fire and natural forces damage, other damage to property, general liability and miscellaneous financial loss.
- 18.10 **Northern Ireland Protocol:** The FTA contains a provision allowing the UK to take actions as required by the Northern Ireland Protocol to the Withdrawal Agreement of the UK from the European Union (EU), for as long as the Protocol is in force. A similar provision appears in the UK's other FTAs, including with Australia and Japan. The Northern Ireland Protocol, as currently negotiated, continues to have some negative impact on New Zealand's trade with Northern Ireland. <sup>s6(a)</sup>
- s6(a)
- 19 In addition, **three non-treaty status side instruments to the Agreement were agreed:** on Ngāti Toa Rangatira's association with, and role as kaitiaki of, the Haka Ka Mate; the recognition by the UK of specified winemaking practices used in New Zealand; and whisky labelled or advertised in New Zealand with Scottish localities.
- 19.1 Separately, both sides agreed during FTA negotiations to amend the **NZ-UK Sanitary Agreement 2019** to broaden the scope from animals and animal products to also include 'composite' products. This amendment is recorded in an exchange of letters and will be brought into force once relevant approval processes in both countries are completed. The text is attached at Annex 7.

### Analysis

- 20 The FTA delivers one of the highest-quality outcomes secured in any of New Zealand's FTAs and also breaks new ground in support of the Trade for All agenda. A chapter

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s6(a), s9(2)(j)



summary is attached (Annex 1), and details of the FTA outcomes are set out in the National Interest Analysis (Annex 2).

*Trade for All Agenda guided the negotiations, with outcomes throughout the Agreement*

- 21 The NZ-UK FTA is the first FTA launched and concluded since the Government announced the Trade for All policy. Trade for All principles and priorities underpinned New Zealand's approach to the negotiations from the outset and are reflected in the final outcomes.
- 22 There has been extensive engagement with Māori as Treaty partners throughout the negotiations. The importance Māori accorded to the FTA including a chapter dedicated to Māori interests was made clear.<sup>s6(a)</sup>  
s6(a) secured UK agreement to a Māori Trade and Economic Cooperation chapter, thanks to extensive political-level engagement. The chapter text was developed alongside intensive engagement with Treaty partners, including in the later stages through a reference group consisting of the Federation of Māori Authorities, Iwi Chairs, Te Taumata and representatives of the Establishment Group for Ngā Toki Whakarururanga. The chapter outcomes broadly reflect Treaty partner priorities, albeit with some gaps between Māori ambitions and what was ultimately negotiable as a final outcome. The chapter is also complemented by other parts of the Agreement with specific provisions addressing Māori interests.<sup>5</sup>
- 23 Other priorities highlighted by Māori during engagement included securing meaningfully improved market access conditions for the export of products of particular interest to Māori to the UK, especially the primary products sector given the high degree of Māori ownership of assets and resources in that sector. This includes accelerated or immediate tariff elimination for some seafood, fish, honey and other items identified by Māori.

*'Right to regulate' is protected*

- 24 The NZ-UK FTA does not constrain the Government's right to regulate for legitimate public policy purposes. This includes with regards to: health (the Pharmac model is protected, and the FTA does not affect New Zealand's health and disability system); the environment (the FTA underlines that the government's right to regulate including measures necessary to mitigate climate change and the conservation of natural resources); education; social welfare; security; and taxation policy. In line with New Zealand's policy position, the NZ-UK FTA does not provide for Investor-State Dispute Settlement (ISDS), and agreement was also reached that ISDS will not apply between NZ and the UK in CPTPP, should the UK join.
- 25 Additionally, New Zealand's standard exception for Te Tiriti o Waitangi is included in the agreement, as is New Zealand's preferred general exception that applies to creative arts – including ngā toi Māori (Māori arts) and creative online content. The intellectual

<sup>5</sup> These include the chapters on Government Procurement, Digital Trade, Intellectual Property, Trade and Gender Equality, Trade and Environment, Small and Medium-Sized Enterprises and the General Exceptions.



property chapter of the Agreement contains its own specific provisions that provide for the protection of the rights of those engaged in the creative arts.

s6(a), s9(2)(j), s9(2)(g)(i)

*Financial Implications of an FTA with the UK*

28 Some issues agreed in the negotiation involve some economic cost for New Zealand, reduce policy flexibility for the Government, create new FTA precedents in areas of sensitivity, and may be controversial with some stakeholders. This is particularly the case in respect to the Agreement's intellectual property outcomes. Main areas imposing a measure of economic cost include:

28.1 Tariff revenue foregone: The cost to the New Zealand government of Crown revenue foregone through the removal of tariffs on UK goods is estimated at approximately NZ\$19.5 million per annum.<sup>6</sup>

28.2 Extension of copyright term: New Zealand agreed to extend the copyright term by 20 years for authors, performers and producers as part of the negotiated outcome<sup>7</sup> but importantly is not required to implement this until 15 years after the FTA enters into force. s9(2)(j)

<sup>6</sup> New Zealand Customs Service data of total duties paid on goods of declared UK origin (average across the three-year period from 2017-2019).

<sup>7</sup> The length of copyright differs by the type of work. Currently, the copyright term for authors of literary and artistic works is life plus 50 years, and the term for works such as films and sound recordings is 50 years. s9(2)(j)

- 28.3 Administrative and compliance costs associated with commitments under the NZ-UK FTA in relation to: establishment of an agreed artist's resale rights scheme (which will impose some costs depending on how it is implemented and administered: in Australia the cost was \$2.2 million, costs in New Zealand can be expected to be proportionally less); and expansion of performers' rights entailing some administrative costs, including in the music and film industries. The FTA also includes cooperation commitments and committees that will require resourcing in order to service; these can be met from agencies' baseline funding. New Zealand also made a commitment in the Intellectual Property chapter to "make all reasonable efforts" to accede to the Hague Agreement Concerning the International Registration of Industrial Designs. This commitment will entail administrative costs for MBIE, including public consultations and further analysis. Any subsequent recommendation on whether to join the Agreement would be put to Cabinet for decision.
- 28.4 On the copyright term extension, the negotiated 15-year transition period allows associated costs to be deferred to a future point after the agreement enters into force, s6(a), s9(2)(j)  
s6(a), s9(2)(j)
- s6(a), s9(2)(j) s9(2)(j)  
s9(2)(j)  
s6(a), s9(2)(j)

**Next steps and Implementation**

- 29 In addition to seeking approval of the outcome of the NZ-UK FTA negotiations and the accompanying National Interest Analysis, this paper seeks approval to: (i) sign the NZ-UK FTA, the three side instruments (all of non-treaty status) and the amendment to the NZ-UK Sanitary Agreement 2019; (ii) table the NZ-UK FTA, side instruments and the exchange of letters to amend the NZ-UK Sanitary Agreement 2019, and the National Interest Analysis, in the House of Representatives for Parliamentary treaty examination in accordance with Standing Order 405 (which may entail public hearings and submissions, allowing for further engagement with stakeholders); (iii) instruct the Parliamentary Counsel Office to prepare the necessary implementing legislation and regulations; and (iv) following completion of internal requirements for entry into force in New Zealand, advise the UK that these have been fulfilled.
- 30 The text of the NZ-UK FTA, which is currently undergoing final legal verification and therefore subject to necessary minor or technical amendments, is attached as Annex 3. The text of the three side instruments are attached as Annexes 4, 5, and 6. The exchange of letters to amend the NZ-UK Sanitary Agreement 2019 is attached as Annex 7. The

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s9(2)(g)(i)



National Interest Analysis is attached as Annex 2. Any changes that may be required in finalising these documents will not materially alter their contents.

- 31 The NZ-UK FTA will enter into force on a date agreed by the Parties following each Party's written notification that their respective applicable legal requirements and procedures for entry into force have been completed. The three side instruments will also enter into force or effect (depending on their legal status) on the same date. The amendment to the NZ-UK Sanitary Agreement 2019 will enter into force the first day of the month following the date New Zealand and the United Kingdom notify each other that their respective internal procedures have been completed. While timeframes are tight, it remains possible that the FTA can be brought into force by late 2022.
- 32 In accordance with New Zealand's recent practice and the Trade for All agenda, New Zealand had sought to publicly release the text of the agreement upon conclusion of negotiations and in advance of signature,<sup>56(a)</sup> and in any event there was insufficient time to do so in the compressed period between the conclusion of negotiations and signature. The text will therefore be released only upon signature (as was the case for the Australia-UK FTA), although large parts of the text were released in confidence to Māori Treaty partner representative groups in December and January.

### Legislative Implications

- 33 In order to bring the NZ-UK FTA into force, regulations and amendments to legislation will be required to give effect to NZ-UK FTA-related obligations in domestic law and to enable New Zealand to fulfil its commitments under the Agreement. These include:
- 33.1 Amending regulations under the **Tariff Act 1988** to enable the application of the preferential tariff rates agreed in the NZ-UK FTA;
- 33.2 Amending regulations under the **Tariff Act 1988** to implement obligations relating to the tariff treatment of goods returned after repair or alteration;
- 33.3 An amendment to the **Tariff Act 1988** to provide for the NZ-UK FTA's bilateral safeguard mechanism under the Trade Remedies Chapter;
- 33.4 An amendment to the **Dairy Industry Restructuring Act 2001** that will list the UK as a separate quota market, and bring the transitional butter and cheese quotas under the existing quota management system. This amendment will also allow for the division of New Zealand's country-specific World Trade Organization dairy quotas between the UK and EU that is required post-Brexit;
- 33.5 An amendment to an existing Act (e.g. the **New Zealand Horticulture Export Authority Act 1987**) or new legislation for New Zealand to manage the administration of the transitional quota for apples;<sup>9</sup>
- 33.6 Amending regulations to the **Customs and Excise Regulations 1996** to implement the agreed rules of origin and product specific rules of origin for goods imported from the UK;

<sup>9</sup> The precise legislative vehicle for this is still under consideration.



- 33.7 An amendment to the **Overseas Investment Act 2005** to enable amendments to the Overseas Investment Regulations to increase from NZ\$100 million to NZ\$200 million the monetary threshold for investments by UK non-government investors in “significant business assets” in New Zealand (as per CPTPP); and
- 33.8 An amendment to the **Copyright Act 1994** to extend performers’ property rights in sound recordings to include playing sound recordings in public.
- 34 These amendments will be given effect through the **New Zealand-UK Free Trade Agreement Legislation Bill**, for which the Minister for Trade and Export Growth has sought Category 2 priority on the 2022 Legislation Programme.
- 35 Following signature, it is desirable that the necessary steps are taken expeditiously to enable the Agreement to enter into force as soon as possible. This is to ensure that New Zealand can secure the benefits of the FTA as soon as possible. Both sides share the ambition of completing their respective domestic requirements to enable the FTA to enter into force by late 2022.
- 36 Two further legislative changes will need to be completed **after entry into force** of the FTA. These are:
- 36.1 introduction of new standalone legislation to implement an **artist’s resale rights** scheme agreed as part of the FTA.<sup>10</sup> Under the terms of the Agreement, this must be implemented within 2 years after the entry into force of the FTA.
- 36.2 amendment to the **Copyright Act 1994** to implement the copyright term extension for authors, performers and producers by 20 years agreed as part of the FTA. Under the terms of the Agreement, this change must be implemented within 15 years after the entry into force of the FTA.

### Regulatory Impact Analysis

- 37 An extended NIA, attached as Annex 2, has been prepared in accordance with the necessary requirements for a regulatory impact analysis. The extended NIA sets out, among other things, the advantages and disadvantages of the agreement, and its costs and benefits, as well as the policy changes arising from the NZ-UK FTA and what it means for New Zealand to implement the Agreement.

### Financial Implications

- 38 The financial implications of the FTA are outlined in paragraph 28 above, and in the annexed National Interest Analysis.

### Population Implications

- 39 Population implications, including regional impacts, impacts on Māori, and impacts on women and SMEs, are set out in the annexed National Interest Analysis.

<sup>10</sup> This will enable visual artists to receive a royalty on the resale of their art works in the secondary art market for as long as the artwork remains protected by copyright.



## Human Rights

- 40 The recommendations in this Cabinet paper are not inconsistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

## Consultation

- 41 An extensive consultation process was undertaken from August to October 2018, including written feedback and face-to-face engagement around New Zealand across 15 public meetings. The Ministry of Foreign Affairs and Trade has launched a number of new civil society engagement processes over the last two years, including formal quarterly trade policy engagement with the New Zealand Council of Trade Unions (CTU) and separately with Business NZ and Export NZ. Chief Negotiators jointly held public briefings and Q&As by webinar following all negotiating rounds in 2020. Subsequently, the New Zealand Chief Negotiator held four New Zealand-only webinars (two with Māori and two with the general public). In 2021, and notwithstanding COVID-19 restrictions limiting such engagement, two Trade Policy Roadshows were held in North and South Auckland with the Minister for Trade and Export Growth to facilitate a dialogue with stakeholders on New Zealand's trade agenda and Trade Recovery Strategy. This included a strong focus on the NZ-UK FTA negotiations.
- 42 A comprehensive plan to engage with Māori on the NZ-UK FTA was launched in 2020. This included commissioning an independent study by Massey University academic, Associate Professor Jason Mika into Māori interests in the NZ UK FTA (involving around 50 detailed interviews with Māori across Aotearoa). Funding was provided for a second independent study commissioned by Te Taumata into Māori interests in the FTA, and a number of public hui, targeted communications, web content and online discussions with Māori were undertaken. These were designed for negotiators to understand how the Agreement could best reflect Māori interests and perspectives. Engagement with Ngā Toki Whakarururanga in late 2021 and early 2022 also led to detailed feedback. As noted above (paragraph 22), New Zealand negotiators took those interests and perspectives to the negotiating table where appropriate and as far as possible. <sup>s9(2)(g)(i)</sup>  
s9(2)(g)(i)
- 43 The Ministry of Foreign Affairs and Trade continues to engage extensively with New Zealand exporters and other businesses with an interest in New Zealand's trade policy agenda and the NZ UK FTA specifically. This includes regular briefings to and engagement with a range of New Zealand industry groups and businesses. Alongside monthly meetings with agriculture stakeholders, in 2020 the Ministry of Foreign Affairs and Trade initiated monthly virtual briefing and dialogue forums for non-agricultural manufacturing exporters, and as noted above has also launched dedicated quarterly trade policy consultations with Business NZ. These meetings included regular updates on the NZ-UK FTA negotiations, and continued to be an opportunity to seek perspectives and priorities for the NZ-UK FTA.
- 44 The following agencies were consulted in the development of this paper: the Department of Internal Affairs, the Department of Prime Minister and Cabinet, the Ministry of Business, Innovation and Employment, the Ministry of Culture and Heritage, the Ministry of Health, the Ministry for Primary Industries, the Ministry of



Transport, the Ministry for Women, New Zealand Customs Service, New Zealand Trade and Enterprise, Reserve Bank, Te Puni Kōkiri, and Treasury.

**Communications**

45 It is proposed that the National Interest Analysis be made publicly available on the Ministry of Foreign Affairs and Trade website at the same time as it is tabled in the House of Representatives for Parliamentary treaty examination.

46 As with other free trade agreements, the Ministry of Foreign Affairs and Trade, in close cooperation with New Zealand Trade and Enterprise, will coordinate ongoing efforts to ensure stakeholders are aware of the benefits and opportunities offered by the FTA. The signing of the FTA will be accompanied by a bespoke communications strategy, including comprehensive public materials on the main aspects of the agreement.

47 s9(2)(g)(i)

s9(2)(g)(i) The Ministry of Foreign Affairs and Trade will prepare public communications material that sets out the benefits from the agreement for New Zealanders, including for use by Ministers where appropriate.

**Proactive Release**

48 This paper will be proactively released within 30 business days of decisions being confirmed by Cabinet with redactions where necessary, s9(2)(j)



## Recommendations

The Minister for Trade and Export Growth recommends that the Committee:

- 1 **note** that on 3 June 2020, the Cabinet Economic Development Committee agreed that officials should commence negotiations on a New Zealand-UK Free Trade Agreement (FTA) and approved the initial negotiating mandate [DEV-20-MIN-0089];
- 2 **note** a concluding mandate was approved by the Cabinet on 16 August 2021 [CAB-21-MIN-0319], supplemented by subsequent decisions by delegated Ministers on outstanding issues such as the Māori Trade and Economic Cooperation chapter, <sup>s6(a), s9(2)(j)</sup> animal welfare, <sup>s6(a), s9(2)(j)</sup>  
<sup>s6(a), s9(2)(j)</sup>
- 3 **note** that Agreement in Principle (AIP) was reached on the elements of the FTA on 20 October 2021, and that negotiators subsequently worked to conclude outstanding issues and finalise the treaty text in accordance with the Agreement in Principle reached in October 2021 and subsequent mandates;
- 4 **note** that the key issues finalised and outcomes reached since Agreement in Principle are summarised in paragraph 18, including a commitment to review the Digital Trade chapter within two years, secured by New Zealand in response to the Waitangi Tribunal's Wai 2522 decision of 18 November 2021;
- 5 **note** that the negotiations for the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland* have now been completed;
- 6 **note** that the outcome is within mandate and meets New Zealand's negotiating objectives;
- 7 **note** that economic modelling projects the FTA could increase New Zealand exports to the UK by over 50%, and increase GDP by over \$800 million, once the agreement is fully implemented, i.e by 2040, with the majority of benefits expected to occur within the first decade of entry into force;
- 8 **note** that New Zealand will incur some costs as a result of the FTA, including foregone tariff revenue of an estimated \$19.5 million due to the removal of tariffs on imports from the UK, <sup>s9(2)(j)</sup>  
<sup>s9(2)(j)</sup> and various administrative and compliance costs associated with commitments under the Agreement;
- 9 **approve** the text of the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland* (Annex 3), and the following three accompanying non treaty-status side instruments (Annexes 4-6), subject to any minor or technical changes required between now and public release, including from the final legal verification process:
  - 9.1 *Side letter on Ngāti Toa Rangatira's guardianship of the Haka 'Ka Mate'*;
  - 9.2 *Side letter on New Zealand oenological practices*; and
  - 9.3 *Side letter on Scottish whisky localities.*



- 10 **note** that in addition, both sides agreed, during the FTA negotiations, to amend the NZ-UK Sanitary Agreement 2019 (covering animals and animal products) to include 'composite' products as defined by European Commission Decision within its scope;
- 11 **approve** the letter amending the NZ-UK Sanitary Agreement 2019, attached as Annex 7;
- 12 **note** that the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland* is currently undergoing legal verification by both sides;
- 13 **authorise** the Minister for Trade and Export Growth, in consultation with relevant portfolio Ministers where appropriate, to approve any changes to the text of the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland*, the side instruments, the National Interest Analysis, and the letter amending the NZ-UK Sanitary Agreement 2019, which do not materially alter their content;
- 14 **authorise** signature of the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland*, the three non-treaty status side instruments, and the exchange of letters to amend the NZ-UK Sanitary Agreement 2019;
- 15 **authorise** exchange of the three side instruments and the letter amending the NZ-UK Sanitary Agreement 2019 with the UK;
- 16 **approve** the content of the National Interest Analysis, which is attached to this paper as Annex 2, subject to any minor or technical changes required between now and public release;
- 17 **agree**, following signature, to present the text of the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland*, the legally binding exchange of letters amending the NZ-UK Sanitary Agreement 2019 and the National Interest Analysis to the House of Representatives for the purposes of the Parliamentary treaty examination process, in accordance with Standing Orders 405-408;
- 18 **agree** that the three non treaty-status side instruments also be provided to Parliament for consideration as part of the overall package of outcomes;
- 19 **agree** that the National Interest Analysis be released after Cabinet approval and published on the Ministry of Foreign Affairs and Trade website consistent with regular practice;
- 20 **note** that the necessary legislative and regulatory amendments will be given effect through the New Zealand-UK Free Trade Agreement Legislation Bill, for which the Minister for Trade and Export Growth has sought Category 2 priority on the 2022 Legislation Programme;
- 21 **invite** the Minister for Trade and Export Growth to issue drafting instructions to the Parliamentary Counsel Office to draft the New Zealand-UK Free Trade Agreement Legislation Bill to give effect to the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland*;



- 22 **note** that the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland* will enter into force on such date as the Parties may agree in writing, once the Parties confirm completion of their respective applicable legal requirements and procedures for entry into force, and that both sides are working towards the agreement entering into force by the end of 2022 if possible;
- 23 **note** that the three side instruments will enter into effect on the date the FTA enters into force;
- 24 **note** that the amendment to the NZ-UK Sanitary Agreement 2019 will enter into force the first day of the month following the date New Zealand and the United Kingdom notify each other that their respective internal procedures have been completed;
- 25 **authorise** officials to bring the FTA into force (in accordance with the Entry Into Force article of the Final Provisions chapter of the FTA ) following signature, satisfactory completion of the Parliamentary treaty examination process, and the passing of implementing legislation and regulations;
- 26 **authorise** officials to bring the amendment to the NZ-UK Sanitary Agreement 2019 into force following signature and satisfactory completion of the Parliamentary treaty examination process;
- 27 **note** that New Zealand has negotiated a 15-year period in which to implement a commitment to extend the copyright term for authors, performers and producers by 20 years;
- 28 s6(a), s9(2)(j)
- 29 **note** that the FTA requires New Zealand to “make all reasonable efforts” to accede to the Hague Agreement Concerning the International Registration of Industrial Designs, done at Geneva on July 2, 1999; and
- 30 **note** that financial costs to implement the *Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland* will be met from the baselines of the relevant agencies, including Vote Foreign Affairs.

Authorised for lodgement

Hon Damien O'Connor

Minister for Trade and Export Growth



ANNEX 1: OVERVIEW OF NZ-UK FTA OUTCOMES BY CHAPTER

FTA Chapter	Key Outcomes
Trade in Goods / Tariff Schedules	<ul style="list-style-type: none"> <li>• 99.5% of New Zealand’s current goods traded to the UK will face no tariffs from entry into force of the agreement               <ul style="list-style-type: none"> <li>○ 69.2% will be subject to tariff elimination on entry into force (benefitting a range of New Zealand’s commercial interests, particularly sectors which already trade in high volumes into the UK despite tariff barriers, such as wine and honey), plus</li> <li>○ 30.3% will trade duty-free through existing WTO or new FTA transitional duty-free quotas (for apples during the UK season, butter, cheese, beef and sheep meat).</li> </ul> </li> <li>• Tariffs on the remaining 0.5% of current trade will be progressively removed over either 3 or 7 years after entry into force.</li> <li>• The FTA will create the conditions for export growth beyond current trade levels for products of significant export importance to New Zealand in the UK market, which are currently traded in only very small volumes because of restrictive WTO quotas and prohibitively high out-of-quota tariffs. For example, while New Zealand exported over 470,000 metric tonnes of beef globally in 2020, only 550 metric tonnes was exported to the UK. Similarly prohibitive conditions currently apply to dairy products, for example out-of-quota cheese is subject to a duty of NZ\$3,740 per tonne.</li> <li>• The FTA provides for new, sizeable duty-free quotas, with tariffs eliminated following a transition period. For dairy, transitional quotas will be established for butter and cheese for the first 5 years, following which tariffs will be eliminated. All other dairy products will have tariffs eliminated at entry into force or over three years. Beef and sheep meat will likewise have new, sizeable duty-free quotas, for the first 10 and 15 years respectively, with beef then subject to a product-specific safeguard for years 11-15. All quotas and product-specific safeguards will therefore be removed for beef and sheepmeat 15 years after entry into force.</li> <li>• Duty-free access to the United Kingdom will enable New Zealand exporters to compete on equal terms with other global competitors, particularly the EU which enjoys duty-free and quota free access, and Australia which will enjoy similarly liberal access conditions, with similar phasing under its FTA, signed on 17 December 2021 and likely to enter into force in 2022.</li> <li>• Tariffs on New Zealand’s imports from the UK will all be eliminated at entry into force, liberalising the 5-10% tariffs that apply to UK goods such as gin, chocolate, motorhomes, and campervans. This should make these products marginally cheaper for New Zealand consumers and producers.</li> <li>• The Goods chapter, drawing on similar outcomes secured in New Zealand’s other FTAs, prevents the use of several</li> </ul>



	<p>trade restrictive practices bilaterally (such as export duties) and also includes a number of transparency obligations for goods-related trade procedures. It sets out trade-facilitative rules for technical goods trade issues such as temporary admission of goods and re-entry of goods exported for repair or alteration. A mechanism will likely also be provided for both Parties to raise and resolve concerns relating to any measures affecting goods trade between the Parties.</p>
<p>Rules of Origin</p>	<ul style="list-style-type: none"> <li>• This chapter provides simple, transparent and trade facilitating rules that will enable producers to access materials for their goods through regional and global supply chains. Traders will be able to self-declare the origin of their goods and retain necessary records in any medium.</li> <li>• The FTA provides for emerging business practices that involve hubbing and third party invoicing. Parties will have access to diagonal cumulation provided they have a trade agreement with the same non-Party. Materials provided by eligible developing countries to producers in the two Parties will have origin status for accumulation purposes.</li> </ul>
<p>Customs Procedures and Trade Facilitation</p>	<ul style="list-style-type: none"> <li>• This chapter provides transparent, predictable, simplified and facilitative customs procedures. It builds on the WTO Trade Facilitation Agreement and draws on recent best practice, such as CPTPP and the Singapore CEP Upgrade Agreement.</li> <li>• Simplified customs procedures will ensure the efficient release of goods, including through the use of electronic systems and automation for advance clearance and a single window system for the submission of documentation by electronic means.</li> <li>• Goods will be released as soon as possible on or before arrival, or at a maximum within 48 hours of arrival provided all relevant information has been provided to Customs and the goods are not subject to examination.</li> <li>• Expedited Shipments and Perishable Goods will be released within 6 hours of arrival if relevant information has been provided and the goods are not subject to examination by Customs.</li> <li>• Advance rulings for origin and classification purposes will be provided, and are to be issued by Customs within 90 days.</li> <li>• The chapter provides access to review and appeal processes, and lays the groundwork for the Parties to facilitate the trade of trusted entities through the mutual recognition of respective Authorised Economic Operator programmes.</li> <li>• The chapter includes a commitment that the Parties will consider further simplification of customs procedures to benefit traders.</li> </ul>
<p>Sanitary and Phytosanitary Measures</p>	<ul style="list-style-type: none"> <li>• This chapter reaffirms the Sanitary Agreement New Zealand has with the UK, and consequently focuses on processed food, plants and plant product. It also reaffirms, and where relevant builds on, the rights and obligations under the WTO SPS Agreement.</li> <li>• The chapter provides for co-operation in the multilateral standard setting environment, and seek cooperation on</li> </ul>

	<p>antimicrobial resistance.</p> <ul style="list-style-type: none"> <li>Parties will accept each other's determinations regarding Pest Free Areas, Pest Free Places of Production and Pest Free Production Sites.</li> <li>The Parties will accept the SPS inspection and verification controls applied for trade within the territory of the exporting party, and each other's establishment lists that are subject to SPS measures for trade. Official food safety certification for processed foods will only be required if it is justified by a risk analysis.</li> <li>The FTA's dispute settlement mechanism does not apply to the SPS chapter, or to the NZ-UK Sanitary agreement, despite this being New Zealand's preference.</li> </ul>
<p>Animal Welfare</p>	<p>This chapter:</p> <ul style="list-style-type: none"> <li>recognises both Parties' commitment to high standards of animal welfare, and provides an acknowledgment of the comparability of our existing standards in animal welfare, as well as providing for ongoing bilateral cooperation and exchanges on animal welfare matters.</li> <li>provides for co-operation in relevant international bodies and multilateral standard setting. An acknowledgment that both Parties will continue to evolve and base their standards on science.</li> <li>states that both Parties recognise that it is inappropriate to weaken or reduce their standards of animal welfare in order to attract bilateral trade or investment, to derogate from their domestic animal welfare standards in a way that would materially affect trade or investment between them, and that both Parties will use their best endeavours not to weaken or reduce their domestic levels of animal welfare protection.</li> <li>is not subject to the dispute settlement chapter.</li> </ul>
<p>Technical Barriers to Trade (TBT)</p>	<p>This chapter promotes increased cooperation and alignment in technical regulations, standards and conformity assessments. It will reduce impediments and costs to trade by ensuring that technical barriers to trade are non-discriminatory and do not create unnecessary obstacles, while preserving the ability to take measures to fulfil legitimate objectives, including for the protection of health, safety, national security and the environment.</p>
<p>TBT: Wine and Distilled Spirits Annex</p>	<ul style="list-style-type: none"> <li>New Zealand wine trade into the UK averaged NZ\$469 million from 2017-2019, making it New Zealand's largest goods export to the UK, and the UK New Zealand's 2<sup>nd</sup>-largest wine export market, accounting for a quarter of New Zealand wine exports globally. However, wine faces a variety of non-tariff barriers in the UK which impose significant costs and reduce market flexibility.</li> <li>An annex to the TBT chapter, and associated side letter, address these barriers by securing UK recognition of a list of oenological practices recognised in New Zealand and providing a suite of enabling labelling and certification commitments.</li> </ul>



	<ul style="list-style-type: none"> <li>• The annex helps to minimise unnecessary restrictions on New Zealand wine exports to the United Kingdom and to put access conditions for New Zealand wine on a more equal footing with other key exporters to the UK, as well as UK wine exports to New Zealand.</li> <li>• The annex also addresses technical barriers to trade for distilled spirits, based on a variety of CPTPP commitments. In an associated side letter, the UK and New Zealand reach an understanding on Scottish whisky localities.</li> </ul>
<p>Trade Remedies</p>	<ul style="list-style-type: none"> <li>• This chapter reaffirms existing rights and obligations under the WTO and enhances transparency, due process, and consideration of the public interest in trade remedy investigations, going beyond what is required in the WTO.</li> <li>• This chapter will ensure that any trade remedy action taken by the UK against New Zealand exporters is conducted fairly and robustly, in accordance with WTO rules, allowing New Zealand exporters to continue to have legitimate access to the UK market.</li> <li>• The chapter will protect New Zealand's rights to undertake legitimate trade remedy action that protects domestic industry and provides remedies if harm is caused by injurious trade practices from UK imports.</li> <li>• The FTA includes an injury-based bilateral safeguard mechanism (BSM) which allows for a suspension of reductions in the preferential tariff, or an increase in the tariff that applies to the goods, during and for five years following the transition period, if goods are being imported at such increased quantities to cause or threaten to cause serious injury to the domestic industry. This is consistent with the Australia-UK FTA outcome, albeit with New Zealand facing the possibility of a BSM being applied to sheepmeat for five years longer than Australia (i.e. from years 16-20) due to a structural difference in the two countries' respective sheepmeat outcomes, s6(a), s9(2)(f)</li> </ul>
<p>Cross-Border Trade in Services</p>	<ul style="list-style-type: none"> <li>• In the services chapters and annexes (Cross-Border Trade and Services, Temporary Entry of Business Persons, Domestic Regulation, Professional and Business Services, International Maritime Services, and Express Delivery Services), New Zealand secured:             <ul style="list-style-type: none"> <li>◦ CPTPP-level obligations, including with respect to national treatment and market access;</li> <li>◦ Forward-looking MFN provisions to ensure that the FTA keeps pace with future UK liberalisation with other bilateral partners, and meaning New Zealand will benefit from future services market access commitments by the UK (and that the UK will benefit from future services market access commitments by New Zealand);</li> <li>◦ The inclusion of a WTO-plus range of aviation services, including ground handling, airport operation and specialty air services;</li> <li>◦ Domestic regulation disciplines that build on those under consideration at the WTO, with consideration of issues creating barriers to electronic supply of services; and</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ Disciplines on local presence requirements (with the exception of Financial Services), to prevent these acting as a barrier to electronic supply of services.</li> <li>● The International Maritime and Express Delivery Services annexes are consistent with our previous approaches in CPTPP and the ongoing EU negotiations and were agreed at the UK's request in line with the overall balance of benefits across the FTA.</li> </ul>
<p>Financial Services</p>	<ul style="list-style-type: none"> <li>● This chapter includes rules that encourage trade and investment in the financial services sector through provisions that build on CPTPP.</li> <li>● The outcome provides necessary safeguards to allow New Zealand to regulate for legitimate public policy purposes and includes the prudential exception to ensure this.</li> </ul>
<p>Telecommunications</p>	<ul style="list-style-type: none"> <li>● This chapter agrees rules which build upon the GATS Telecommunication Annex to enable reciprocal access by telecommunications service providers to the UK and New Zealand markets, and is broadly consistent with what is agreed in CPTPP as well as what is being discussed in the EU FTA negotiations. The requirements recognise the different regulatory approach of each Party so that the FTA rules are consistent with current telecommunications regulatory systems.</li> <li>● s6(a) s6(a) New Zealand's 'best endeavours' text to cooperate on promoting transparent and reasonable rates for international mobile roaming services, including steps to enhance transparency and competition by making information on retail rates easily accessible to consumers and minimising impediments to the use of mobile roaming services and technological alternatives.</li> </ul>
<p>Temporary Entry of Business Persons</p>	<ul style="list-style-type: none"> <li>● This chapter and associated annexes support people from both countries to travel and work temporarily in each other's jurisdictions for business purposes. Both countries have made commitments with regard to temporary entry for the following:             <ul style="list-style-type: none"> <li>○ intra-corporate transferees, such as senior managers/managers, executives and specialists, and their partners and dependent children;</li> <li>○ business visitors, in support of goods and services trade and investment, and to attend conferences, business meetings and negotiations;</li> <li>○ independent professionals, including in sectors such as professional services;</li> <li>○ contractual service suppliers, in a limited number of sectors and subject to safeguards, and services and installers.</li> </ul> </li> </ul>



<p>Investment</p>	<ul style="list-style-type: none"> <li>• This chapter encourages free and open flows of investment and a transparent and predictable framework of rules through a range of CPTPP-level obligations. This includes MFN commitments by both parties, which means New Zealand will benefit from future UK liberalisation with other FTA partners, and the UK will likewise benefit from future liberalisation by New Zealand with other FTA partners.</li> <li>• The chapter supports greater investment between New Zealand and the UK while still providing safeguards to allow New Zealand to regulate for legitimate public policy purposes and will include protection of the existing Overseas Investment Act consistent with CPTPP.</li> <li>• New Zealand has increased from NZ\$100 million to NZ\$200 million the monetary threshold for investments by UK non-government investors in “significant business assets” in New Zealand, consistent with CPTPP.</li> <li>• The chapter does not include investor-state dispute settlement.</li> </ul>
<p>Digital Trade</p>	<ul style="list-style-type: none"> <li>• This chapter includes provisions that fall into three categories:             <ul style="list-style-type: none"> <li>○ facilitation of trade through digital means (paperless trading, e-invoicing, a moratorium on customs duties);</li> <li>○ promotion and protection of the rights and interests of New Zealand businesses and people engaging in the digital economy (personal information protection, digital inclusion, cyber security);</li> <li>○ promotion of innovation, economic growth and prosperity (emerging technology, open government data).</li> </ul> </li> <li>• New Zealand also obtained the inclusion of a cooperation article on digital identities, including a commitment to promote compatibility and interoperability between their respective regimes for digital identities currently in development, and to explore mutual recognition, in a similar manner to the road map agreed with Australia.</li> <li>• As an emerging and evolving area of trade, officials sought to include policy safeguards that protect the ability of the Government to regulate in the public’s interest including for currently unknown unknowns, as was the practice established in CPTPP. This is particularly important when considering new technologies and possible impacts on society, including in respect of Māori data sovereignty and ensuring measures are tikanga-consistent.</li> <li>• Following the Waitangi Tribunal’s Wai 2522 report after Agreement in Principle had been reached, New Zealand secured targeted amendments to the chapter, namely a new article agreeing that, within 2 years of entry into force of the FTA, there will be a review of the implementation and operation of the Digital Trade chapter as well as the Financial Services chapter’s financial data and information article. The article refers to the Wai 2522 decision and affirms New Zealand’s intention to engage Māori in the context of the review, so that Māori can exercise their rights and interests, and to meet New Zealand’s responsibilities under Te Tiriti o Waitangi.</li> </ul>
<p>Government Procurement</p>	<ul style="list-style-type: none"> <li>• New Zealand and the UK are both parties to the WTO Agreement on Government Procurement (GPA) and already have access to a portion of each other’s procurement markets. Entering into this negotiation, both sides committed to</li> </ul>

	<p>building on their commitments in the GPA. The UK's commitments to New Zealand in the FTA on government procurement have the potential to provide greater commercial opportunities for New Zealand businesses.</p> <ul style="list-style-type: none"> <li>• The new opportunities for New Zealand exporters are in respect of improved entity coverage and additional services covered by the United Kingdom. New Zealand agreed to increase entity coverage over and above our commitments in the GPA (Crown entities and Public Finance Act Schedule 4A companies). All New Zealand entities covered in the FTA are already bound under domestic policy rules that require non-discriminatory practices.</li> <li>• The parties agreed to enter into further negotiations of sub-central and other entities with a view to achieving expanded coverage if New Zealand alters its domestic government procurement policy settings to include specific categories of entities (e.g. local authorities, universities and state-owned enterprises) or if entities in those categories are covered by New Zealand in a subsequent FTA.</li> <li>• The chapter explicitly allows for procurement to be used to achieve environmental, social, and labour outcomes. For New Zealand, this includes policies and practices that support the Government's objective to increase participation in trade by Māori, SMEs, regional and New Zealand owned businesses.</li> </ul>
<p>Intellectual Property (IP)</p>	<ul style="list-style-type: none"> <li>• In this chapter, New Zealand agreed to:             <ul style="list-style-type: none"> <li>○ extend the term of protection for copyright and related rights by 20 years. New Zealand has 15 years after entry into force of the Agreement to implement this, which will require changes to the Copyright Act 1994;</li> <li>○ introduce an artists' resale rights scheme (that will operate on a reciprocal basis with the United Kingdom) within 2 years of the FTA entering into force;</li> <li>○ extend performers' rights in sound recordings of their performances to provide an exclusive right to playing those recordings in public; and</li> <li>○ make all reasonable efforts to join the Hague Agreement Concerning the International Registration of Industrial Designs.</li> </ul> </li> <li>• New Zealand did not agree any up-front commitments on geographical indications (GIs). However, both Parties have agreed to review the GI obligations in the future, including if New Zealand introduces a bespoke regime for the registration of GIs for agricultural products or foodstuffs as part of an FTA with the EU.</li> <li>• The chapter contains obligations relating to traditional knowledge, genetic resources and traditional cultural expressions, including requirements on the Parties to:             <ul style="list-style-type: none"> <li>○ endeavour to cooperate to raise awareness and enhance understanding of matters of interest to Māori relating to intellectual property and issues relating to genetic resources, traditional knowledge and traditional cultural</li> </ul> </li> </ul>



	<p>expressions;</p> <ul style="list-style-type: none"> <li>o cooperate in working toward a multilateral outcome in the World Intellectual Property Organization’s Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (WIPO IGC); and</li> <li>o review these obligations including if an outcome in the WIPO IGC is achieved.</li> </ul>
<p>Competition</p>	<ul style="list-style-type: none"> <li>• This chapter promotes the maintenance and enforcement of laws to address anti-competitive activities and promote competition; proscribes anticompetitive activities; builds on CPTPP outcomes in respect to procedural fairness; provides for private rights of action; and promotes transparency, consultation, and cooperation. The outcomes secured benefit New Zealand by:             <ul style="list-style-type: none"> <li>o preventing anti-competitive practices in the UK, which could have the potential to restrict trade and investment, and negate the benefits otherwise accrued to New Zealand.</li> <li>o ensuring businesses operating in the UK have a stable and predictable business environment, and allowing New Zealand businesses to take actions in the UK if they encounter anti-competitive behaviour.</li> <li>o allowing New Zealand to enter into consultations with the UK on specific matters that might arise under the chapter.</li> </ul> </li> </ul>
<p>State Owned Enterprises and Designated Monopolies</p>	<ul style="list-style-type: none"> <li>• This chapter aims to ensure a level-playing field between these entities and their private competitors. Non-discriminatory treatment, commercial considerations, non-commercial assistance and transparency obligations ensure that advantages which SOEs and Designated Monopolies may receive from the government do not distort international trade and investment.</li> <li>• The SOE provisions apply to companies more than 50 percent owned or controlled by the Government and which have a commercial focus – not those which operate principally on a not-for-profit or cost-recovery basis (i.e. for New Zealand, commercially focused companies in which the Government owns a majority share, e.g. Air New Zealand, as well as some of the companies subject to the New Zealand State-Owned Enterprises Act 1986).</li> <li>• The chapter also recognises each Party’s right to establish and maintain SOEs and monopolies, and preserve each Party’s ability to pursue policy objectives through SOEs and designated monopolies.</li> <li>• Nothing in this chapter commits New Zealand beyond the obligations made in CPTPP.</li> </ul>
<p>Consumer Protection</p>	<ul style="list-style-type: none"> <li>• This is the first time New Zealand (or the UK) has agreed to a standalone chapter on consumer protection in an FTA.</li> <li>• The chapter aims to protect consumers from fraudulent and misleading activities and commits Parties to maintaining policies and practices that achieve this. It also includes a commitment that consumers in the online commercial</li> </ul>

	<p>environment should enjoy substantively equivalent protection to that available to consumers in the offline commercial environment.</p> <ul style="list-style-type: none"> <li>• Recognising the importance of transparency when it comes to information on available consumer protections and means of redress, the chapter commits both Parties to publish the protections they provide for consumers, including online consumers.</li> <li>• The chapter also addresses the need for cooperation between countries to provide for and enable effective access to redress for consumers in each other's jurisdictions. This is important as consumer rights are limited if there is no way to seek redress when things go wrong.</li> </ul>
<p>Good Regulatory Practice and Regulatory Cooperation</p>	<p>This chapter:</p> <ul style="list-style-type: none"> <li>• recognises the value of promoting good regulatory practice and regulatory cooperation, sets out overarching principles, and affirms that the Parties are free to determine their own regulatory priorities.</li> <li>• commits to core good regulatory practice processes, including undertaking impact assessments of major regulatory proposals and periodic review of regulatory measures. It also encourages public consultation and publication in relation to proposed major regulatory measures.</li> <li>• commits to cooperate on good regulatory practice and establishes contact points to facilitate this, while also acknowledging the importance of such cooperation in facilitating trade and investment and improving the effectiveness of domestic regulation.</li> </ul>
<p>Trade and Environment</p>	<ul style="list-style-type: none"> <li>• This chapter includes: <ul style="list-style-type: none"> <li>○ for the first time in an FTA for New Zealand, a climate change article that promotes the mutual supportiveness of trade and climate policy including promoting emissions trading, transition to a low carbon economy, reduction in greenhouse gas emissions and phase down of hydrofluorocarbons.</li> <li>○ provisions recognising the need to prohibit environmentally harmful subsidies, including fisheries subsidies and a commitment aimed at eliminating harmful fossil fuel subsidies.</li> <li>○ tariff elimination on an agreed list of 293 environmental goods that goes well beyond lists in previous FTAs.</li> </ul> </li> <li>• The chapter is enforceable through a robust dispute settlement mechanism.</li> <li>• For the first time in any FTA, the chapter supports the Government's aim to better reflect Māori interests, perspectives and values through the inclusion of references that acknowledge the special relationship of Māori with the environment.</li> </ul>
<p>Trade and Labour</p>	<ul style="list-style-type: none"> <li>• This chapter affirms the principle that labour standards should be upheld and not undermined to secure trade advantage. It also includes new elements on workplace equality and modern slavery.</li> </ul>



	<ul style="list-style-type: none"> <li>• The chapter includes the following elements:             <ul style="list-style-type: none"> <li>○ CPTPP-style provisions reaffirming ILO obligations and recognition that trade or investment should not be encouraged by weakening or reducing labour protections</li> <li>○ Recognising each Party's right to regulate and to set its own labour priorities and levels of protection</li> <li>○ CPTPP- style inclusion of the ILO's fundamental labour rights in domestic law, and commitments not to derogate from or fail to enforce labour laws</li> <li>○ Provisions with respect to non-discrimination at work and on women's equality in the workplace</li> <li>○ Promotional, cooperative, and capacity-building provisions relating to tackling modern slavery, s6(a)</li> <li>○ Promotional and cooperative provisions on corporate social responsibility and responsible business conduct</li> <li>○ Provisions for public consultation and involvement.</li> </ul> </li> <li>• The chapter is subject to dispute settlement.</li> </ul>
<p>Small and Medium-Sized Enterprises</p>	<p>The Small and Medium-Sized Enterprises (SMEs) chapter covers two broad areas of activity:</p> <ul style="list-style-type: none"> <li>○ commitments by the Parties to make available information that will be useful for SMEs looking to trade in the other country</li> <li>○ cooperation to promote the Agreement to SMEs, including through joint tradeshows to increase trade and investment opportunities for SMEs.</li> </ul> <ul style="list-style-type: none"> <li>• SME interests have been incorporated into several other chapters including Trade in Goods, Cross-Border Services, Government Procurement, Rules of Origin, Customs, Digital trade and Intellectual Property. SME-enabling provisions include targeted cooperation, business enabling provisions such as easy access to information and electronic processes, and measures to reduce cost of trade.</li> </ul>
<p>Trade and Gender Equality</p>	<ul style="list-style-type: none"> <li>• In line with New Zealand's Trade for All agenda, this chapter aims to improve gender equality and advance women's economic empowerment through addressing barriers preventing women accessing the benefits of trade.</li> <li>• The chapter builds on the commitments achieved in the Inclusive Trade Action Group (ITAG)'s non-binding Global Trade and Gender Arrangement, with an additional focus on cooperation on data analysis and monitoring the gender based effects of trade.</li> </ul>

	<ul style="list-style-type: none"> <li>• It includes a strong focus on cooperative activities to support the objectives of the chapter.</li> <li>• The chapter also focuses on providing opportunities for wāhine Māori to engage in trade.</li> </ul>
<p>Māori Trade and Economic Cooperation</p>	<ul style="list-style-type: none"> <li>• This chapter:             <ul style="list-style-type: none"> <li>○ recognises the unique relationship that exists between Māori and the United Kingdom, noting that representatives of the British Crown and Māori were the original signatories to Te Tiriti o Waitangi.</li> <li>○ acknowledges that Te Tiriti o Waitangi/The Treaty of Waitangi is a foundational document of constitutional importance to New Zealand, and underlines the importance of the chapter being implemented consistent with te Tiriti.</li> <li>○ recognises the challenges that exist for Māori in accessing the trade and economic opportunities derived from international trade, and aims to cooperate enable and advance Māori economic aspirations and wellbeing.</li> <li>○ recognises the value that Māori leadership, Te Ao Māori and mātauranga Māori bring to international and domestic trade and investment, and the value of Māori participation in trade.</li> <li>○ provides for the participation of Māori in cooperation activities outlined in the chapter, in accordance with Te Tiriti o Waitangi principles.</li> </ul> </li> </ul>
<p>Trade and Development</p>	<ul style="list-style-type: none"> <li>• This chapter supports New Zealand's Trade for All agenda by acknowledging the contribution that an open and rules-based trade and investment environment can make to sustainable, resilient and inclusive development outcomes in developing countries.</li> <li>• This cooperation-based chapter allows for exchanging information and high-level cooperation with the UK on trade and development in multilateral and regional fora to promote developing country participation in trade, as well as the sharing of best practice to monitor the impacts of trade on developing countries, including Least Developed Countries and Small Islands Developing States.</li> </ul>
<p>Anti-Corruption</p>	<ul style="list-style-type: none"> <li>• This chapter is a high-ambition chapter, <sup>s6(a)</sup> where they fell within New Zealand's current policy settings, with the result being a progressive Anti-Corruption chapter reflecting New Zealand practice.</li> <li>• The chapter includes provisions on measures to combat corruption and their enforcement, whistle-blowing, integrity among public officials, and participation of private sector and civil society.</li> </ul>
<p>Transparency</p>	<ul style="list-style-type: none"> <li>• The Transparency chapter applies across the entire Agreement.</li> <li>• It broadly follows CPTPP precedent, and sets minimum standards for the publication of laws affecting trade, review and</li> </ul>



	<ul style="list-style-type: none"> <li>• appeal of administrative decisions, administrative proceedings, and contact points.</li> <li>• It also includes a novel provision that aims to ensure government information is provided online in open and accessible formats.</li> </ul>
<p>Administrative and Institutional Provisions</p>	<ul style="list-style-type: none"> <li>• The Institutional Provisions establish the FTA Joint Committee, and set out its functions to oversee the implementation of the FTA and the operation of chapter-specific committees under the Agreement. Meeting procedures are flexible and can be adapted to use digital means where necessary or appropriate.</li> <li>• This chapter establishes an Inclusive Trade Sub-Committee which oversees the Māori Trade and Economic Cooperation, Trade and Development, Trade and Gender Equality, and SME chapters.</li> <li>• The Institutional Provisions chapter also establishes a review mechanism for the FTA, to take place within seven years.</li> <li>• New Zealand was able to secure a novel Domestic Engagement provision which recognises the importance of promoting greater engagement and participation from a cross-section of society and commits to do so in the implementation of the Agreement. This is a new element in an FTA for New Zealand, building on previous engagement provisions which have been limited to specific chapters. This aligns with our Trade for All framework, to encourage the participation and involvement of any interested section of society in our trade policy.</li> </ul>
<p>Dispute Settlement</p>	<ul style="list-style-type: none"> <li>• The Dispute Settlement chapter establishes dispute and consultation processes that are simple, effective, and practical. It includes coverage for Non-Violation Complaints and New Zealand's preferred system for appointment of panellists. The outcome is a clear, efficient dispute settlement mechanism, which aligns with international best practice.</li> </ul>
<p>General Exceptions and General Provisions</p>	<ul style="list-style-type: none"> <li>• The General Exceptions chapter includes provisions reflecting the exceptions contained in the World Trade Organization Agreements, among them exceptions related to taxation measures and situations involving balance of payment difficulties.</li> <li>• The chapter includes:             <ul style="list-style-type: none"> <li>○ New Zealand's standard Te Tiriti o Waitangi exception, the text of which is the same in all of New Zealand's FTAs since 2001, and allows New Zealand to adopt measures it deems necessary to accord more favourable treatment to Māori in respect of matters covered by the FTA, including in fulfilment of New Zealand's obligations under Te Tiriti o Waitangi.</li> <li>○ New Zealand's standard Creative Arts exception is included in the text, allowing the adoption or enforcement by a Party of measures necessary to support creative arts of national value; the IP chapter is excluded from the scope of the exception.</li> <li>○ A novel provision recalling and specifying the exclusions and exceptions in the Agreement applicable to each country's health system set out elsewhere in the agreement.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"><li>○ A novel provision confirming a shared understanding between the Parties that WTO exceptions relating to environmental measures also encompass measures necessary to mitigate climate change.</li></ul>
Final Provisions	<ul style="list-style-type: none"><li>• The Final Provisions follow New Zealand's standard FTA practice, and provide a clear framework for entry into force of the Agreement and any subsequent amendments.</li></ul>

Proactively released  
by the Minister for Trade and Export Growth