



# Cabinet

## Minute of Decision

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### Report on Overseas Travel: Hon Damien O'Connor

Portfolio                      Trade and Export Growth

On 1 August 2022, Cabinet **noted** the report from Hon Damien O'Connor under CAB-22-SUB-0289, on his travel, from 25 June to 8 July 2022, to:

- 1        Brussels, Belgium to finalise negotiations of the New Zealand-European Union Free Trade Agreement;
- 2        London, United Kingdom to attend the Reconnecting New Zealand event with the Prime Minister;
- 3        Ottawa and Toronto, Canada for bilateral discussions;
- 4        Sydney, Australia to attend the Australia-New Zealand Leadership Forum.

Rachel Hayward  
Acting Secretary of the Cabinet

[Restricted]

Office of the Minister for Trade and Export Growth

Chair, Cabinet

## **Report on Overseas Travel: Hon Damien O'Connor**

1 I recommend that Cabinet note this report on my travel to Belgium, the United Kingdom, Canada and Australia from 25 June – 8 July 2022.

### **Report**

2 The focus of my visit to **Brussels**, Belgium was to conclude the negotiations for the New Zealand – European Union Free Trade Agreement (FTA). I spent four days negotiating on the final sticking points with my EU Commission counterparts, Executive Vice President Valdis Dombrovskis and Agriculture Commissioner Janusz Wojciechowski. On 30 June, the Prime Minister joined the EU Commission President in Brussels to announce the conclusion of the negotiations on the FTA. This is a significant milestone in our relationship with the EU, and represents the culmination of more than 10 years of efforts to unlock access to one of the world's biggest and most lucrative markets.

3 The EU is New Zealand's 4th-largest two-way trading partner, and the New Zealand-EU FTA is expected to increase the value of New Zealand's exports to the EU by up to \$1.8 billion per year from 2035. The FTA provides duty-free access on 97% of the New Zealand's existing goods trade to the EU within seven years, with 91% from entry into force. The FTA will provide tariff savings on New Zealand exports of \$100 million per annum immediately from day one, reaching \$110 million per annum seven years after entry into force. Significant outcomes have been secured for the horticultural sector, with tariffs eliminated from entry into force for kiwifruit, onions and apples for example. 99.5% of New Zealand's current fish and seafood trade will enter the EU tariff free from day one, with tariff savings of \$19.6 million per annum. Our dairy and beef products will receive improved access into the EU which could deliver up to \$600 million in additional export revenue if access is used and once the agreement is fully in effect. For example, this includes quota access for 36,000T of butter, quota access for 31,031T of cheese, and an eight-fold increase in the volume of beef we can export into the EU.

4 On the services side, the commitments in the FTA will help facilitate access, provide greater certainty for New Zealand services exporters in the EU market, and ensure that our exporters can compete on a comparable basis with other EU trading partners. In education services, for example, New Zealand has secured new and improved access, allowing New Zealand education providers to offer a range of services, including language and sports and recreation education services. This is the first time the EU has agreed to market access commitments in this area, and is an important area of interest for New Zealand education providers.



5 Protecting and promoting Māori interests in this FTA was a priority. The FTA includes our Treaty of Waitangi exception and a Māori Trade and Economic Cooperation Chapter to advance engagement on trade and investment cooperation and initiatives. The Chapter identifies a number of cooperation areas to enhance the ability for Māori to access the benefits from the FTA, develop business links between Māori and EU enterprises (with a particular emphasis on SMEs), and to strengthen science, research and innovation connections. The FTA includes new language that will provide greater certainty in the Digital Chapter as to how the Government can regulate to promote and protect Māori interests in the digital space. The FTA's outcome on geographical indicators also provides an opportunity for Māori food producers to develop, protect and leverage their own geographical indicators for quality New Zealand products.

6 The FTA also delivers a positive outcome for New Zealand businesses seeking access to EU's large government procurement market for goods and services worth more than \$3 trillion. This deal provides enhanced access to a range of EU procurement opportunities across all levels of government, including new opportunities in healthcare, airports and ports.

7 Consistent with the Government's Trade for All agenda, the FTA contains legally enforceable commitments on climate action, environment and labour standards and gender equality (the latter being the first time we have included this in an FTA). The FTA also includes a first-of-its-kind cooperation chapter on Sustainable Food Systems. New Zealand and the EU will cooperate on issues spanning the economic, environmental, social, and cultural bases of the food system to improve sustainability, food security, and nutrition for future generations.

8 s9(2)(j)

9 I then travelled to **London**, the United Kingdom, where I joined the Prime Minister for her foreign policy speech at Chatham House, and then for the Reconnecting New Zealand reception at New Zealand House. This was a chance to emphasise with key stakeholders that New Zealand was open for business and underline the benefits in the recently-signed New Zealand – UK Free Trade Agreement. I also had the opportunity to meet with the Shadow Secretary of State for International Trade, Nick Thomas-Symonds. We discussed a range of multilateral and bilateral trade issues, including our new FTA and the impact of the Ukraine war on the global economy and trade.

10 The focus of my travel to **Ottawa**, Canada was a meeting with my counterpart, Minister for International Trade, Mary Ng. Minister Ng spoke highly of the Canada-New Zealand relationship, commenting that she felt "closely connected to New Zealand" and recounting how we worked together constructively multilaterally but also bilaterally. We are closely aligned in our Trade For All approaches and our discussion traversed the growth in interest in our Global Trade and Gender



Arrangement (GTAGA), and the success of the recent Indigenous Peoples Economic Trade and Cooperation Arrangement (IPETCA) event in Ottawa. s6(a), s6(b)(i)

11 While in Ottawa, I visited the Invest Ottawa's Smart Farm within 'Area X.O', where I received an overview of their research and development projects with companies such as Blackberry, Ericsson, Microsoft and Nokia. The tour of the facility demonstrated their AI development, which included looking into the reduction of nitrous oxide emissions in farming. At a dinner at the Official Residence, I had the opportunity to exchange views with local business representatives and academics on New Zealand's trade agenda, and hear their view of Canada's trade opportunities and challenges, including in relation to the impact of having the US as their neighbour.

12 I then spent a day in **Toronto** focused on engaging with one of North America's biggest economic hubs. I met with the Ontario Minister of Economic Development, Job Creation and Trade, Victor Fedeli, and various Ontario economic development agencies. Fedeli spoke to Ontario's focus on both the auto and tech sectors, resulting in investments towards an EV revolution through powerhouse manufacturing. One of the standout parts of the Ontario story he shared was that the EVs would also be *made* with clean energy (currently 94%, but working towards 100%). s6(a)

13 I also had a roundtable discussion with New Zealand tech companies engaged in the Canadian market, including Xero, Education Perfect, Figured, Foster Moore and Timescapes. They highlighted the significant growth over the past two years in Toronto and the potential in the North American market. Xero as an example, have grown from 6 people in Canada in 2018 to now having three offices and 250 staff in Canada. I also met with the Mayor of Toronto, John Tory, with whom I exchanged views on social housing, the development of renewable energy pathways and heard about the growth of the tech sector in Toronto. In a lunch discussion with our Toronto Honorary Consul (CEO of the Globe and Mail newspaper Phillip Crawley), Chief Economist for the Royal Bank of Canada, and political commentators, I heard about the economic head-winds Canada was facing and the intense impact of gas prices in the Prairies, and we discussed tourism post-COVID and s6(a)

14 The last leg of my travel was to **Sydney**, Australia, where I joined the Prime Minister and other Ministers at the Australia New Zealand Leadership Forum (ANZLF). I joined the Australian Trade Minister, Senator Don Farrell, in leading a discussion at the ANZLF on 'Reconnecting to the World Through Trade', and also attended the ANZLF Trans-Tasman Innovation and Growth Awards Celebration Dinner. In the margins of the ANZLF, I was able to hold bilateral meetings with Senator Farrell, and Assistant Trade Minister, Senator Tim Ayres. These two meetings provided an opportunity to build on these key relationships, and our discussions traversed a wide range of trade issues. In particular, we discussed the CER 40th anniversary next year and the opportunities that provided to further strengthen the trans-Tasman relationship. We also exchanged notes on the Indo-Pacific Economic Framework, and I invited Senator Farrell to New Zealand later this year for the next CER Ministerial Meeting.

### **Proactive release**

15 This paper will be proactively released as per Cabinet Office Circular CO (18)4 on the Ministry of Foreign Affairs and Trade's website. The paper will be subject to redaction as appropriate on the grounds set out under the Official Information Act 1982.

### **Recommendation**

16 I recommend that Cabinet note this report.

Authorised for lodgement

Hon Damien O'Connor

Minister for Trade and Export Growth