

Proactive Release

Date: 22 July 2021

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

Trade for All Advisory Board Recommendations: Report on Progress

(CAB-21-MIN-0084 refers)

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:

- 9(2)(f)(iv): the confidentiality of advice tendered by Ministers of the Crown and officials.
- 6(a): to avoid prejudicing the security or defence of New Zealand or the international relations of the New Zealand Government;
- 9(2)(d): to protect the economic interests of New Zealand; and
- 9(2)(g)(i): to protect the free and frank expression of opinions by departments.



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Report of the Cabinet Economic Development Committee: Period Ended 26 March 2021

On 29 March 2021, Cabinet made the following decisions on the work of the Cabinet Economic Development Committee for the period ended 26 March 2021:

Proactively released by the
Minister for Trade and Export Growth

DEV-21-MIN-0047

Trade for All Advisory Board
Recommendations: Report on Progress
Portfolio: Trade and Export Growth

CONFIRMED

Michael Webster
Secretary of the Cabinet

Proactively released by the
Minister for Trade and Export Growth



Cabinet Economic Development Committee

Minute of Decision

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Trade for All Advisory Board Recommendations: Report on Progress

Portfolio **Trade and Export Growth**

On 24 March 2021, the Cabinet Economic Development Committee (DEV):

Background

- 1 **noted** that on 18 March 2020, DEV agreed to the government's response to the Trade for All Board's report, and invited the Minister for Trade and Export Growth to report back on progress with implementation by the end of 2020 [DEV-20-MIN-0052];
- 2 **noted** that:
 - 2.1 COVID-19 has exacerbated the complex set of challenges in the trade policy space;
 - 2.2 on 5 May 2020, the Cabinet External Relations and Security Committee noted that work is under way to implement New Zealand's Trade Recovery Strategy, which seeks to ensure that New Zealand's trade policy is supporting New Zealand to emerge from the COVID-19 pandemic as quickly as possible [ERS-20-MIN-0004];
- 3 **noted** that alongside the Trade Recovery Strategy, work to implement the Trade for All Advisory Board's 53 recommendations has continued, and that the Trade Recovery Strategy is underpinned by the principles of Trade for All;

Trade, Environment and Climate Change Framework

- 4 **approved** the release of the discussion document *A New Approach to Trade, Environment and Climate Change* (the discussion document), attached as Annex A to the paper under DEV-21-SUB-0047, subject to any minor or technical changes that may be required, for use as a basis for targeted public consultation with Māori and interested stakeholders;
- 5 **directed** the Ministry of Foreign Affairs and Trade (MFAT) to report back to DEV seeking approval for a finalised Trade, Environment and Climate Change Framework, by June 2021;
- 6 **noted** that officials will review the Trade, Environment and Climate Change Framework on a timeline consistent with the proposed review of the Sustainable Development Goals, in approximately 10 years' time;

National Interest Analysis

7 s9(2)(f)(iv)

Engagement

- 8 **noted** that MFAT will positively consider how trade officials can increase their engagement with the Foreign Affairs, Defence and Trade Committee, so that they appear before the Committee during the course of free trade agreement negotiations, including through in-camera/confidential briefings and discussions;
- 9 **noted** that engagement with New Zealanders, including Māori, is a priority matter for MFAT, and that officials continue to seek improvement in all areas of engagement practice;
- 10 **noted** that MFAT will provide the Minister for Trade and Export Growth with a further detailed paper shortly summarising its new engagement initiatives, and its strategy to continue improving engagement on trade policy and trade negotiations;
- 11 **noted** that there is broader pressure to consider changes to the treaty making process beyond what is set out in the Trade for All Report, including the government's response to Wai 262;
- 12 **noted** that MFAT will report back to the Minister of Foreign Affairs and other relevant Ministers on the issues relating to New Zealand's broader treaty making process by the end of March 2022;
- 13 **noted** that:
- 13.1 Trade for All is currently funded from within MFAT baselines for the 2020/21 financial year;
- 13.2 additional funding may need to be sought for out-years, and that this will be addressed during Budget preparations;
- 14 **noted** that a separate paper to establish and appoint a Trade for All Ministerial Advisory Group will be submitted to the Cabinet Appointments and Honours Committee shortly;

- 15 **noted** that MFAT will report back to DEV by December 2021 with a progress report on Trade for All implementation.

Janine Harvey
Committee Secretary

Present:

Hon Grant Robertson (Chair)
Hon Dr Megan Woods
Hon Poto Williams
Hon Damien O'Connor
Hon Stuart Nash
Hon Willie Jackson
Hon Michael Wood
Hon Dr Ayesha Verrall
Hon Meka Whaitiri
Hon Phil Twyford
Rino Tirikatene, MP
Dr Deborah Russell, MP

Officials present from:

Office of the Prime Minister
Officials Committee for DEV

Hard-copy distribution:

Minister for Trade and Export Growth

Proactively released by the
Minister for Trade and Export Growth



Cabinet Economic Development Committee

Summary

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Trade for All Advisory Board's Recommendations: Report on Progress

Portfolio Trade and Export Growth

Purpose This paper reports on progress in implementing the government's response to the Trade for All Advisory Board's (the Board) report and recommendations.

Previous Decisions On 18 March 2020, DEV invited the Minister for Trade and Export Growth to report back on progress and outcomes of the work conducted by government agencies on the Board's report and recommendations [DEV-20-MIN-0052].

On 5 May 2020, the Cabinet External Relations and Security Committee noted that work is under way to implement New Zealand's Trade Recovery Strategy, which seeks to ensure that New Zealand's trade policy is supporting New Zealand to emerge from the COVID-19 pandemic as quickly as possible [ERS-20-MIN-0004].

Proposal The Board's 53 recommendations and the government's response to date are outlined in **Annex D**. The following three areas require specific follow-up actions:

Trade, Environment and Climate Change

The Board recommended the development of a new framework, to replace the existing 2001 trade and environment framework. Approval is sought to commence public consultation on a draft replacement framework, attached as **Annex A**.

National Interest Analyses (NIAs)

The Board made a number of recommendations relating to the quality and objectivity of NIAs prepared for free trade agreements. **Annex B** outlines the options and proposed response. ^{s9(2)(f)(iv)}

Engagement

The Board made a number of recommendations relating to MFAT's engagement with New Zealanders. **Annex C** provides an update on MFAT's engagement practices.

A separate paper will be submitted to the Cabinet Appointments and Honours Committee on the proposed membership of a Trade for All Ministerial Advisory Group.

Impact Analysis	Not required.
Financial Implications	Any additional funding that may be required to progress the longer-term priorities will be sought through the normal Budget process.
Legislative Implications	None.
Timing Issues	A further progress report on Trade for All implementation will be submitted to DEV by December 2021.
Communications	None.
Consultation	<p>Paper prepared by MFAT. DIA, Inland Revenue, MCH, Pacific Peoples, MPI, Women, MBIE, Education, Health, Transport, Customs, NZQA, NZTE, Te Arawhiti, Statistics, TPK, Treasury, Education New Zealand and Tourism New Zealand were consulted.</p> <p>The Minister for Trade and Export Growth indicates that the Prime Minister, Minister of Finance, Minister for Māori Crown Relations: Te Arawhiti, Minister of Education, Minister for Arts, Culture and Heritage, Minister of Health, Attorney-General, Minister for the Environment, Minister of Foreign Affairs, Minister of Agriculture, Minister for Rural Communities, Minister for Broadcasting and Media, Minister for Māori Development, Minister for Women, Minister of Commerce and Consumer Affairs, Minister for the Digital Economy and Communications, Minister for Pacific Peoples, Minister of Customs, Minister of State for Trade and Export Growth, Minister for Diversity, Inclusion and Ethnic Communities, Minister for Youth, and the Parliamentary Under-Secretary to the Minister for Trade and Export Growth were consulted.</p>

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

Background

- 1 note that on 18 March 2020, the Cabinet Economic Development Committee (DEV) agreed to the government's response to the Trade for All Board's report, and invited the Minister for Trade and Export Growth to report back on progress with implementation by the end of 2020 [DEV-20-MIN-0052];
- 2 note that:
 - 2.1 COVID-19 has exacerbated the complex set of challenges in the trade policy space;
 - 2.2 on 5 May 2020, the Cabinet External Relations and Security Committee noted that work is under way to implement New Zealand's Trade Recovery Strategy, which seeks to ensure that New Zealand's trade policy is supporting New Zealand to emerge from the COVID-19 pandemic as quickly as possible [ERS-20-MIN-0004];
- 3 note that alongside the Trade Recovery Strategy, work to implement the Trade for All Advisory Board's 53 recommendations has continued, and that the Trade Recovery Strategy is underpinned by the principles of Trade for All;

Trade, Environment and Climate Change Framework

- 4 approve the release of the discussion document *A New Approach to Trade, Environment and Climate Change* (the discussion document), attached as Annex A to the paper under DEV-21-SUB-0047, subject to any minor or technical changes that may be required, for use as a basis for targeted public consultation with Māori and interested stakeholders;
- 5 direct the Ministry of Foreign Affairs and Trade (MFAT) to report back to DEV seeking approval for a finalised Trade, Environment and Climate Change Framework, by June 2021;
- 6 note that officials will review the Trade, Environment and Climate Change Framework on a timeline consistent with the proposed review of the Sustainable Development Goals, in approximately 10 years' time;

National Interest Analysis

- 7 s9(2)(f)(iv)

Engagement

- 8 note that MFAT will positively consider how trade officials can increase their engagement with the Foreign Affairs, Defence and Trade Committee, so that they appear before the Committee during the course of free trade agreement negotiations, including through in-camera/confidential briefings and discussions;
- 9 note that engagement with New Zealanders, including Māori, is a priority matter for MFAT, and that officials continue to seek improvement in all areas of engagement practice;
- 10 note that MFAT will provide the Minister for Trade and Export Growth with a further detailed paper shortly summarising its new engagement initiatives, and its strategy to continue improving engagement on trade policy and trade negotiations;
- 11 note that there is broader pressure to consider changes to the treaty making process beyond what is set out in the Trade for All Report, including the government's response to Wai 262;
- 12 note that MFAT will report back to the Minister of Foreign Affairs and other relevant Ministers on the issues relating to New Zealand's broader treaty making process by the end of March 2022;

- 13 note that:
- 13.1 Trade for All is currently funded from within MFAT baselines for the 2020/21 financial year;
 - 13.2 additional funding may need to be sought for out-years, and that this will be addressed during Budget preparations;
- 14 note that a separate paper to establish and appoint a Trade for All Ministerial Advisory Group will be submitted to the Cabinet Appointments and Honours Committee shortly;
- 15 note that MFAT will report back to DEV by December 2021 with a progress report on Trade for All implementation.

Janine Harvey
Committee Secretary

Hard-copy distribution:

Cabinet Economic Development Committee
Minister of Health
Minister for Women
Minister for Pacific Peoples

[RESTRICTED]

Office of the Minister for Trade and Export Growth
Cabinet Economic Development Committee

Trade for All Advisory Board Recommendations: Report Back

Proposal

- 1 This paper reports on progress implementing the Government's Response to the Trade for All Advisory Board's (TFAAB) Report and recommendations, as required by Cabinet [DEV-20-MIN-0052].
- 2 Cabinet approval is sought to publicly release a consultation paper relating to trade and the environment, attached as **Annex A**.

Relation to government priorities

- 3 Trade for All is a fundamental component of ensuring an economy that is growing and working for all New Zealanders. Alongside New Zealand's COVID-19 Trade Recovery Strategy, implementation of Trade for All contributes to an economy that produces and exports higher value goods and services, protects the environment, supports our regions to grow, underpins productive, high-quality investment and makes sure all New Zealanders can share in the rewards of economic growth generated by trade.

Executive Summary

- 4 In March 2020, the Cabinet Economic Development Committee agreed to the Government's response to the TFAAB report [DEV-20-MIN-0052], requesting that officials report their progress by the end of 2020. This report was subsequently deferred to early 2021, given the full Cabinet agenda at year-end. This paper provides a detailed report on all 53 recommendations (attached as **Annex D**), including those relating to the COVID 19 Trade Recovery Strategy.
- 5 Three key areas of Trade for All implementation since March 2020 warrant a deeper analysis and some specific follow-up actions:
 - *Trade, Environment and Climate Change*: The Board recommended the development of a new framework on trade and environment; to replace the existing 2001 framework. This paper seeks approval to commence public consultation on a draft, which is attached as **Annex A**.
 - *National Interest Analyses (NIAs)*: The Board made a series of recommendations relating to the quality and objectivity of NIAs. This paper recommends a range of actions to take these perspectives into account for trade agreement-related NIAs in the future. A table explaining possible approaches is included as **Annex B**.

- *Engagement, including engagement with Māori:* a report on progress on the Board's recommendations relating to MFAT's engagement practices is contained in **Annex C**.

- 6 A separate paper relating to the appointment of a Trade for All Ministerial Advisory Group (TFAMAG) will be submitted to the Cabinet Appointments and Honours Committee (APH) for consideration, as requested by the previous Minister for Trade and Export Growth.

Background

- 7 The global environment in which we develop and implement our trade policy settings continues to go through a period of particular turbulence. Work is under way to implement New Zealand's Trade Recovery Strategy. This is designed to ensure that New Zealand's tradeable sector is in the best possible position to emerge rapidly from the COVID-19 pandemic. The Trade Recovery Strategy is underpinned by the principles of Trade for All.
- 8 Trade for All is central to New Zealand's response to the challenging international and domestic context for trade policy. At its heart, it is an opportunity to update New Zealand's trade policy with a view to ensuring that all New Zealanders experience the benefits of trade. Work undertaken to develop Trade for All included:
 - 8.1 A public consultation: a 'traditional' consultation/engagement;
 - 8.2 A specific consultation with Māori: consistent with the 2001 Strategy for Māori Engagement on International Treaties ensuring the widest range of options for engagement by Māori as the Crown's Treaty Partner;
 - 8.3 The Trade for All Advisory Board: an independent Board, tasked to deliver the Government with a written report and recommendations, which it did on 28 November 2019.
- 9 In March 2020, the Cabinet Economic Development Committee agreed to the Government's response to the TFAAB's report [DEV-20-MIN-0052]. Consideration of the Board's report examined each of the 53 recommendations and established three categories of response: Priority A (short term); Priority B (medium term); and Priority C (longer term). At the time, the Government acknowledged that there is much to be done if momentum is to be maintained. The Government's affirmative response to the Board's recommendations represents a unique opportunity to update New Zealand's trade policy settings, while ensuring that all New Zealanders have a greater stake in the multilateral trading system upon which we all depend. This dependence was again demonstrated by the impact of COVID-19.

Trade for All and COVID-19

- 10 As a result of COVID-19, we have developed and begun to implement New Zealand's COVID-19 Trade Recovery Strategy [ERS-20-MIN-0004]. This is designed to support a trade-led economic recovery. While the TFAAB presented its report prior to the COVID-19 crisis, it had the forethought to present trade policy and health as interconnected issues. In particular, it recommends that health should be a pillar of New Zealand's trade policy (Recommendation 5). Cabinet's decision in March 2020 cemented this and it is a theme that runs throughout the implementation of other

recommendations and the Trade Recovery Strategy more generally. It is also relevant across other areas of MFAT's work, including with respect to international vaccine development.

Analysis

- 11 The table in **Annex D** contains a detailed report on all 53 recommendations, including how Recommendation 5 relates to the COVID-19 Trade Recovery Strategy and work that has commenced to date in its pursuit. The section below provides additional detail on three specific areas of Trade for All implementation since March 2020:
- Trade, Environment and Climate Change (CCD);
 - National Interest Analyses; and
 - Engagement, including engagement with Māori.

Trade, Environment and Climate Change (CCD)

- 12 In 2001, Cabinet agreed to a Trade and Environment Framework to ensure environmental issues are considered alongside economic objectives when trade agreements are negotiated.
- 13 The TFAAB recommended the development of a new Framework for Trade, Environment, and Climate Change based on the relevant Sustainable Development Goals (SDGs), taking into account the urgency of climate change and global developments since 2001. This paper seeks approval to commence public consultation on the proposed new framework.
- 14 Officials have reviewed the existing Trade and Environment Framework agreed by Cabinet in 2001. Global developments since 2001, including the urgency of addressing climate change, the SDGs and the evolution of our FTA practice, have been taken into account in preparing a new principles-based Framework.
- 15 The proposed new Framework is based on three assumptions: that the principles-based model for the 2001 Framework has proven to be durable and flexible and therefore remains appropriate as a reference point for the new Framework; that the substantive principles of the 2001 Framework remain largely relevant but require modification and expansion; and that, consistent with the timeframe for the SDGs, the new Framework should be designed to have a ten year 'life' before being reviewed.
- 16 The proposed new Framework will consist of twelve principles. Of the nine principles in the 2001 Framework, it is proposed that two are retained unmodified, five are retained in a modified form, and one is dispensed with as it is no longer fit for purpose. Five new principles are proposed that are based on the SDGs (including climate change) and provide guidance on enforceability of trade and environment obligations and on maintaining policy and regulatory flexibility.
- 17 The TFAAB's recommendations directed officials to develop the Framework based on inter-agency cooperation. However, given the interest in both trade and environment issues and the Government's broader commitment to open conversations with the

public and key stakeholders around the future direction of New Zealand's trade policy as part of Trade for All, I propose to include a public consultation in its development.

- 18 The proposed new principles, together with discussion questions, are set out in the draft public consultation paper on Trade and Environment in **Annex A**. I propose that this consultation paper, subject to any technical amendments, be used as a basis for targeted public consultation, including with Māori and interested stakeholders. Officials envisage that this consultation can be conducted virtually, for the most part.
- 19 Following completion of the consultation process, officials will report back to Cabinet seeking approval for a finalised Trade, Environment and Climate Change Framework.

National Interest Analyses

- 20 The power to conclude treaties rests with the Executive. After signature but before the government takes a binding treaty action, multilateral treaties and major bilateral treaties of particular significance are presented to the House of Representatives for examination.¹ The Standing Orders (405-408) govern the Parliamentary Treaty Examination (PTE) process, including with respect to: presentation and referral of treaties; content to be included in National Interest Analyses (NIAs); Select Committee consideration of a treaty; and reports by select committee on treaties.
- 21 The Board recommended that NIAs for FTAs should be conducted by an independent body under better-defined criteria, taking into consideration the following:
 - a. Trade policy outcomes should be assessed against a triple bottom line framework – they need to meet social environmental and economic objectives, and be consistent with the Crown's partnership objectives and obligations to Māori under te Tiriti/the Treaty.
 - b. The SDGs, the Treasury Living Standards Framework – which would be enhanced by the inclusion of a Te Ao Māori perspective – and other government wellbeing indicators should be used as a way to help assess trade policy outcomes.
 - c. There should be guidelines for minimum and maximum periods of consultation so that the public has ample opportunity to provide views.
- 22 In addition, the independent body was recommended to conduct forward-looking trade policy outcome assessments on a five-yearly cycle to check that trade policy is well aligned with the Government's broader economic, social and environmental objectives, and with Te Tiriti/the Treaty.
- 23 The Board also recommended establishing a well-resourced Parliamentary Committee for Treaties, with a similar mandate to that in Australia, to provide a dedicated, experienced and knowledgeable body to consider all treaties, and their domestic impacts, including in relation to trade policy and trade policy negotiations.
- 24 Cabinet agreed in principle with the recommendation that NIAs could be improved (recommendation 9) and that recommendation 10 relating to the treaty-making process should be referred to the Standing Orders Committee. Cabinet also noted that more thought was needed on the recommendations for periodic assessments of New Zealand trade policy by an independent body. These decisions reflect that the

¹ The Minister of Foreign Affairs determines whether a bilateral treaty amounts to a "major bilateral treaty of particular significance". In practice, all free trade agreements are presented for PTE.

recommendations cover a process, which is governed by Standing Orders set by Parliament, and a response could include changes to this process that would need to be considered by the Standing Orders Select Committee and agreed by Parliament.

- 25 Within these constraints, I assess that there are two overarching principles that appear to sit behind the Board's recommendations:
- a. Quality: adopting improvements to the quality of NIAs to provide Parliament and the public with better information about the negotiation and outcomes of a trade agreement; and
 - b. Objectivity: improving the process for preparing NIAs to ensure that Parliament and the public are provided more objective information about trade agreements.
- 26 MFAT has developed a series of options to adopt elements of these recommendations within the parameters of the Standing Orders. The table in **Annex B** sets out these options with commentary and recommendations for the adoption of three systemic improvements to trade agreement NIAs prepared by MFAT. For this section of the paper the term "trade agreement" is intended to apply to both comprehensive free trade agreements (and any changes to these) and significant sectoral trade agreements.
- 27 In addition to quality and objectivity improvements to NIAs, there is opportunity to enhance the independent assessment conducted throughout negotiation processes. I consider that MFAT should be open to seek more independent input throughout the duration of a negotiation process (such as a Trade for All impact analysis and Māori economy impact assessment following launch of a negotiation, as necessary).
- 28 s9(2)(f)(iv)
- 29 There are limitations to the scope of what MFAT is considering for NIAs. This does not include:
- 29.1 Treaties that are not trade agreements and NIAs not drafted by MFAT.²
 - 29.2 s9(2)(f)(iv)
- 30 Although not specifically recommended by the TFAAB, in addition to these improvements to the NIA process, I consider it would be valuable for trade officials to increase their engagement with the Foreign Affairs, Defence and Trade Select Committee (FADTC), including during the course of the negotiations of free trade agreements. Some of these sessions could be held in-camera to ensure Parliamentarians are as fully briefed as possible. This would be in addition to the

² For example, double taxation agreements are not in scope.

current practice of engaging after a treaty has been concluded and is subject to the Parliamentary Treaty Examination process.

- 31 Some of the other recommendations raise broader issues related to the domestic treaty making process. They would affect non-trade treaties and require changes to Standing Orders. Any changes to Standing Orders would need to be considered as part of the next review of Standing Orders (likely in 2023). There is increasing scrutiny of New Zealand's current treaty-making process, which has been largely unchanged since 1998, and whether it remains fit for purpose. The treaty making process is also a potential component of the Government's response to Wai 262. s9(2)(f)(iv)

Engagement

- 32 The Board made a series of recommendations relating to engagement with New Zealanders and I consider it a core component of Trade for All.
- 33 MFAT has sought in recent years to intensify and expand in form and substance its engagement with domestic partners and stakeholders on trade policy issues. This reflects a range of factors, including the implementation of the Trade for All Agenda but also increased recognition of the importance of trade for New Zealand and the reliance on a sustained domestic social licence for continuing our trade policy efforts.
- 34 A detailed report of MFAT's changed engagement activities and practice is contained in **Annex C**. I expect the Ministry to provide me by mid-2021 with a further detailed paper, summarising its new engagement initiatives and its strategy to continue improving engagement on trade policy and trade negotiations.

Trade for All Ministerial Advisory Group

- 35 I will submit a separate paper to be considered by APH to establish and appoint a Trade for All Ministerial Advisory Group. This group would advise on the implementation of the TFAAB's recommendations as well as providing Ministers the opportunity to engage regularly with a range of Māori, business, academic and civil society trade policy experts on the direction of New Zealand trade policy. I have proposed that The Trade for All Ministerial Advisory Group be drawn from amongst those members from the Trade for All Advisory Board who remain available and interested and supplemented from outside the Board, as necessary to ensure the group remains diverse and representative.

Financial Implications

- 36 Trade for All implementation is funded through MFAT baselines during the 20/21 FY. A number of priorities, including consultation and engagement-related priorities and those linked to Trade Recovery, are likely to continue to be funded through MFAT and NZ Inc. agencies' baselines. Additional funding may be sought to continue advancing longer-term Trade for All priorities. We will revisit this question during the Budget process.

Legislative Implications

- 37 There are no legislative implications arising from this paper.

Consultation

- 38 The following departments were consulted on this paper: Department of Internal Affairs; Education New Zealand; Inland Revenue Department; New Zealand Customs Service; New Zealand Qualifications Authority; New Zealand Trade and Enterprise; Ministry for Business, Innovation and Employment; Ministry of Education; Ministry for Culture and Heritage; Ministry of Health; Ministry for Pacific Peoples; Ministry for Primary Industries; Ministry of Transport; Ministry for Women; Te Arawhiti; Te Puni Kōkiri; Statistics New Zealand; The Treasury and Tourism New Zealand.
- 39 The contents of this paper will be discussed with the Trade for All Ministerial Advisory Group (TFAMAG), if the group is approved by APH.

Proactive Release

- 40 I intend to release this Cabinet paper proactively with appropriate redaction.

Recommendations

1. **Note** that in March 2020, the Cabinet Economic Development Committee agreed to the Government's response to the Trade for All Board's report [DEV-20-MIN-0052] and instructed officials to report back on progress with implementation by the end of 2020;
2. **Note** that COVID-19 has exacerbated the complex set of challenges in the trade policy space and that work is under way to implement New Zealand's Trade Recovery Strategy [ERS-20-MIN-0004], which seeks to ensure that our trade policy is supporting New Zealand to emerge from the COVID-19 pandemic as quickly as possible;
3. **Note** that alongside the Trade Recovery Strategy, work to implement the Trade for All Advisory Board's 53 recommendations has continued in line with decisions in March 2020, and that the Trade Recovery Strategy is underpinned by the principles of Trade for All;
4. **Approve** the release of the new Trade, Environment and Climate Change Framework Consultation Paper attached at Annex A, subject to any technical amendments, for use as a basis for targeted public consultation with Māori and interested stakeholders;
5. **Direct** officials to report back to Cabinet seeking approval for a finalised Trade and Environment Framework by June 2021;
6. **Note** that officials will review the Trade, Environment and Climate Change Framework on a timeline consistent with the proposed review of the Sustainable Development Goals, in approximately 10 years' time.
7. s9(2)(f)(iv)

s9(2)(f)(iv)

- 8 **Note** that MFAT will positively consider how trade officials can increase their engagement with FADTC so that they appear before the Committee during the course of free trade agreement negotiations including through in-camera / confidential briefings and discussions;
- 9 **Note** that engagement with New Zealanders, including Māori, is a priority matter for MFAT and officials continue to seek improvement in all areas of engagement practice;
- 10 **Note** that MFAT will provide me in early 2021 with a further detailed paper summarising its new engagement initiatives, and its strategy to continue improving engagement on trade policy and trade negotiations
- 11 **Note** that there is broader pressure to consider changes to the treaty making process beyond what is set out in the Trade for All Report, including the Government's response to Wai 262.
- 12 s9(2)(f)(iv)
- 13 **Note** that Trade for All is currently funded from within MFAT baselines for the 20/21 financial year, but that additional funding may need to be sought for out-years and that this will be addressed during Budget preparations;
- 14 **Note** that a separate paper to establish and appoint a Trade for All Ministerial Advisory Group will be submitted to the Cabinet Appointments and Honours Committee within the next month
- 15 **Note** that MFAT will report back to Cabinet by December 2021 with a progress report on Trade for All implementation.

Authorised for lodgement

Hon Damien O'Connor
Minister for Trade and Export Growth

Annex A**DRAFT DISCUSSION DOCUMENT**

[COVER]

[FOREWORD- Minister(s)]

Executive summary**A new approach to trade, environment and climate change**

New Zealanders place a high value on protecting and enhancing our environment now, and for future generations. Globally, New Zealand is playing its part in global efforts to combat climate change and supporting sustainable development action to address overfishing, conserve biodiversity and end fossil fuel subsidies.

Ambitious action on climate change and maintaining high standards for environment protection are both important in their own right and fully compatible with economic prosperity.

New Zealand's domestic economy is too small to provide an adequate market for what we are best at producing, we have to sell our goods and services to the rest of the world in order to pay for the standard of living that we want. Trade is fundamental to our economy and livelihoods, with one in four New Zealanders' jobs reliant on exporting.

Trade and the increased economic activity that this delivers may put strain on the environment and the earth's resources, but not all trade is necessarily harmful to the environment. The impact on the environment will depend on the way trade and environment policies are designed and implemented.

This is why the Government is consulting New Zealanders on a new trade and environment framework. The framework would replace the existing 2001 framework [\[link\]](#). It will be used by New Zealand's trade negotiators to shape and inform decisions about what to include in New Zealand's trade agreements.

Our aims, domestically and internationally, are to develop sound, sustainable policies in trade, climate change and environment management and to ensure that the policies are mutually supportive. When constructed with care, trade agreements can and do provide scope for action to be taken to mitigate any harm that comes from increased economic activity.

New Zealand also has defensive interests in this agenda. Given the importance of trade to economic development, it is vital that environmental policies and standards (including climate change policy) are not misused for protectionist reasons. Governments should design and implement environmental standards to meet their environmental objectives rather than discriminating between products on the basis of the country they come from.

Since 2001, New Zealand has had a Trade and Environment Framework to help guide our trade negotiators. As part of a broader Trade for All process to review New Zealand's trade policy settings to ensure that it delivers for all New Zealanders³, the Trade for All Advisory Board recommended that the Government review this framework.

³ See <https://www.mfat.govt.nz/en/trade/nz-trade-policy/trade-for-all-agenda/> for more information.

The Board sought the development of a “*new framework, based on the SDGs⁴, that takes into account the urgency of climate change and the economic transformation it implies, and advances in knowledge since 2001, to create a stronger basis for evaluating the direct and indirect impacts of trade agreements on the environment.*”

The Board also recommended that clear direction should be given to New Zealand’s trade negotiators to open up and maintain regulatory space for the type of policy tools to support climate change policy and address environmental matters that may arise in the future.

We are seeking your views on a new framework. Some proposed principles underpinning the new framework are outlined below for your consideration, followed by some questions.

The principles are not intended to reflect all aspects of domestic climate change and environmental policy but focus only on those aspects that are trade-related.

Please send your submission to [*insert contact details*]

All views will be considered as we work with other government agencies to develop a new framework.

Proposed Trade, Environment and Climate Change Framework Principles

The following principles are proposed to guide the Government’s engagement on trade, environment and climate change issues in trade negotiations, drawing on the 2001 Framework and subsequent developments. Twelve principles are proposed – two are unchanged from the 2001 Framework, five have been modified, one removed, and five new principles added.

1. ***Ensure the Government’s objectives for sustainable development are reflected in all of New Zealand’s international trade and environment negotiations.***

It is proposed that this principle from the 2001 Framework is retained as is.

The commitment to sustainable development has been a hallmark of successive governments. All of New Zealand’s trade partners, and likely future partners, are signatories to UN Declarations that promote sustainable development⁵, and to WTO agreements that enshrine sustainable development and environmental protection as core goals.

This principle is flexible enough to encompass the Sustainable Development Goals (SDGs), which were developed after 2001. Of the seventeen SDGs, six relate to environmental outcomes and include trade as a means of implementing these outcomes i.e. SDG 2 (end hunger), SDG 7 (sustainable energy), SDG 12 (sustainable consumption and production), SDG 13 (climate change), SDG 14 (oceans, seas and marine fisheries), and SDG 15 (terrestrial ecosystems).

The principle gives a clear direction and allows for flexibility in the way it is expressed in specific situations.

2. ***Promote mutual supportiveness between multilateral environmental agreements (MEAs) and trade agreements, and encourage ongoing cooperation between the institutions which service them.***

⁴ The UN 2030 Agenda for Sustainable Development (adopted in 2015) sets out 17 Sustainable Development Goals (SDGs). See <https://sdgs.un.org/goals>

⁵ UN Conference on Environment and Development 1992, World Summit on Sustainable Development 2002, UN Conference on Sustainable Development 2012.

It is proposed to retain a modified version of this principle taken from the 2001 Framework. The 2001 version reads *“Promote greater coherence between multilateral environment and trade agreements and greater cooperation between the institutions which service them”*.

Coherence between multilateral environmental agreements (MEAs) – including in regard to climate change - and trade agreements is the subject of ongoing negotiations under the WTO Doha Development Agenda.⁶ The principle remains useful, including to guide New Zealand’s engagement in negotiations beyond the WTO. For example, the principle should also cover open plurilateral initiatives such as the Agreement on Climate Change, Trade, and Sustainability (ACCTS), as well as free trade agreements (FTAs), all of which should promote mutual supportiveness of the trade and environment agendas. The reference to ‘mutual supportiveness’ reflects international terminology and New Zealand’s intent that trade policy, climate change policy, and environmental policy objectives should be aligned.

We propose an update to the wording to reflect increased practical cooperation between multilateral institutions’ secretariats since 2001.

3. *Ensure that multilateral and other trade-oriented institutions have due regard for internationally agreed rules and commitments for the protection of the environment and the need for action on climate change.*

It is proposed to retain a modified version of this principle taken from the 2001 Framework. The 2001 version reads: *“Ensure that the WTO shows proper respect for internationally agreed rules for the protection of the environment”*.

The 2001 principle was drafted primarily with the WTO in mind reflecting the more active state of the Doha Development Agenda (DDA) negotiations at that time. While there are still negotiations underway at the WTO to which the principle remains relevant, it needs to be broadened to also guide our bilateral, regional and plurilateral initiatives and engagement with trade-related organisations such as APEC and the OECD.

The “internationally agreed rules for environmental protection” are references to obligations under multilateral environmental agreements (MEAs), such as the Convention on Biological Diversity (CBD), the Basel Convention, the Stockholm Convention, the Montreal Protocol, and the United Nations Framework Convention on Climate Change (UNFCCC). It is important that the principle continues to encourage high levels of ambition in regards to how such rules are implemented. This will ensure that where negotiations integrate trade, climate change and environmental objectives for example negotiations on fisheries subsidies) New Zealand advocates to ensure the outcome achieves the economic, climate and environmental aims.

4. *Ensure the government’s ability to regulate as it sees fit for the protection of New Zealand’s environment, including action on climate change, is not compromised.*

This principle from the 2001 Framework has been updated to include a reference to climate change.

The government’s ability to regulate at its discretion for the protection of the environment is a particular aspect of the broader principle of sovereignty i.e. the recognition that sovereign countries have the right to adopt their own laws and regulations. However, the ability of the New Zealand Government, and the governments of our trade partner countries, to regulate for environmental protection and action on climate change is not completely unfettered. For

⁶ See Doha Development Agenda paragraph 31(1) at https://www.wto.org/english/thewto_e/minist_e/min01_e/mindecl_e.htm

example, the right to regulate is constrained to the extent that any such laws and regulations are covered by international treaties to which New Zealand is a party.

The Trade For All Advisory Board report draws attention to the need to maintain policy space for the types of actions that will be needed to support climate change policy and address environmental matters that may arise in the future. The principle underpins this interest and allows for flexibility in the way it is expressed in specific situations. New Zealand's existing trade agreements retain policy space for the government to regulate for the protection of plant and animal life or health and the conservation of exhaustible natural resources in certain circumstances, and this will continue to be carefully guarded, especially if environmental issues become more prominent and more pressing for example climate change, loss of biodiversity, pollution. On this basis, it is proposed that the principle is reformulated to emphasise that the scope of regulatory action includes climate change.

- 5. *Respect the right of other governments to determine their own domestic regulations where these impact only on the environment in their own jurisdictions and do not result in breaches of international rules and commitments.***

It is proposed to retain this principle from the 2001 Framework, unchanged.

In practice, this principle has not been applied through specific provisions in New Zealand's trade agreements, but informs New Zealand's negotiating approach. This principle continues to be a useful complement to the right to regulate principle discussed above.

- 6. *Seek to ensure that regulatory measures that aim to enhance environmental performance and address climate change are designed to achieve the environmental objective that is being promoted, are non-discriminatory, and do not constitute unnecessary barriers to trade. Encourage private standards that aim to enhance environmental performance and address climate change also be designed in the same manner.***

This principle combines and amends two principles from the 2001 Framework that read: "*Seek standards that focus on the environmental objective which is being promoted, rather than seek to prescribe unnecessarily the method by which the objective should be reached*" and "*Oppose the use of environment standards as a form of economic protectionism from lower priced international competition.*"

This principle addresses concerns about measures and standards that ostensibly aim to protect the environment but are actually a means to protect domestic production over imported products. Standards encompass a range of measures such as requirements for certification, licensing, reporting requirements, environmental footprinting, and assurance schemes and can be promulgated by governments and by the private sector.

In the case of governments, multilateral trade rules prohibit them from regulating products on the basis of the country they come from. However concerns have been raised that domestic markets can be protected through the 'back door' using measures that focus on the ways in which products are manufactured or processed and the ways natural resources are extracted or harvested (termed "processes and production methods" or PPMs), rather than the environmental outcome sought.

While governments have the right to regulate for environmental reasons, they should not do so in ways that constitute disguised protectionism.

Private standards developed by non-government entities, although voluntary, can also act as barriers to trade. A well-known example is 'food-miles', which focuses on the distance a

product has travelled rather than its carbon emissions content. Private entities are not subject to WTO rules, but governments can encourage private operators to adopt standards that are based on scientific and technical information, utilise internationally accepted guidelines and best practice, promote competition and innovation, and do not treat a product less favourably on the basis of national origin.

7. *Seek to ensure that parties do not weaken, waive or fail to enforce their environmental and climate change laws and regulations in order to encourage trade or investment.*

This is a proposed new principle that did not feature in the 2001 Framework, but which has been a longstanding feature of New Zealand's FTA practice.

This principle is usually referred to as 'non-derogation' and constitutes a two-fold obligation not to weaken (derogate from) or fail to enforce (waive) environmental laws and regulations in order to secure a trade or investment advantage. The obligation aims to preserve a 'level playing field' where countries compete on the basis of legitimate comparative advantage. Weakening or failing to enforce environmental or climate change laws could help reduce costs for domestic producers and enable them to compete in export markets or with imported products, but at the cost of lower environmental or greenhouse gas emissions performance.

8. *Advocate that trade and environment chapters in FTAs are enforceable.*

This is a proposed new principle that did not feature in the 2001 Framework.

Trade and Environment chapters (or sometimes titled Trade and Sustainable Development Chapter), and the trade and climate change provisions we seek to include in these, are an integral part of New Zealand's FTA practice. Excluding these chapters from dispute settlement may imply that the issues are less significant or peripheral to the agreement.

There is no reason why a Trade and Environment chapter should not be subject to the same disciplines that apply to other chapters such as trade in goods and services or investment. New Zealand's own practice has evolved over time. We have consistently sought enforceable treaty level outcomes on trade and environment wherever possible. This has proved challenging given that most of our negotiating partners have been unwilling to negotiate these issues in form and substance. As a consequence, the first Trade and Environment chapter in a New Zealand FTA that is subject to binding dispute settlement was in the Comprehensive and Progressive Trans Pacific Partnership (CPTPP) Agreement.

For these reasons, it is proposed a new principle to guide negotiators to advocate for trade and environment chapters in FTAs to be enforceable.

9. *Promote the elimination of environmentally harmful subsidies and other incentives that contribute to adverse effects on the environment and on sustainable development.*

It is proposed to retain this principle from the 2001 Framework, and to reformulate it. The 2001 version reads: "*Work to eliminate export subsidies and other payments which encourage increased production.*"

Export subsidies have long been considered harmful due to their trade distortionary effect, as well as their tendency to encourage increased production, which can be harmful to the environment. The WTO Agreement on Subsidies and Countervailing Measures (ASCM) prohibits export subsidies, and New Zealand finally achieved a longstanding goal for a parallel

prohibition for agricultural products in the WTO Ministerial Decision on Export Competition⁷ adopted in December 2015. Under this Decision, developed countries agreed to immediately remove export subsidies, except for a handful of agriculture products, and developing countries to do so by 2018, with a longer time-frame in some limited cases.

Given this welcome progress in regards to export subsidies specifically, it is proposed to broaden this principle to apply to environmentally harmful subsidies more generally. It is well known that many subsidies directly or indirectly contribute to the depletion of natural capital that is one of the 'pillars' of sustainable development. Examples include fossil fuel subsidies and fisheries subsidies.

Subsidies can also affect trade, investment and operational decisions, introduce distortions into the marketplace, and impair trade and long-term competitiveness. There is no agreed figure for the scale and amount of environmentally harmful subsidies, but by some accounts is considered to range anywhere from USD 500 billion to USD 2000 billion a year.

For these reasons, it is proposed to expand the scope of the principle to address environmentally harmful subsidies and other payments that contribute to environmental degradation.

10. *Promote the use of trade policy and other policy tools to support emissions reductions and the transition to a low emissions economy*

This is a proposed new principle that did not feature in the 2001 Framework. It reflects SDG 13 targets and Paris Agreement commitments to integrate climate change measures into national policies strategies and planning.

Measures taken under the trade and climate agendas can have an effect on each other. For example, the OECD has shown that as environmental regulation to address climate change becomes progressively more stringent, firms respond by innovating to develop new products and processes to meet policy objectives, especially in economies where climate and other economic and environmental policies are aligned.

Trade agreements can also support efforts to combat climate change. For example, through the removal of tariff and non tariff barriers on environmental goods and services to increase their uptake and investment, phasing out or imposing limits on fossil fuel subsidies, promoting 'green' public procurement, and facilitating cooperation among the Parties on the development of international carbon markets with environmental integrity, and on other trade related climate change policies.

Without specifying the exact obligations to promote (which may evolve over time), this new principle aims to guide negotiators to consider concrete ways that trade policy tools can help achieve the transition to a low emissions economy.

11. *Promote trade measures that combat illegal, unreported and unregulated (IUU) fishing.*

This is a proposed new principle that did not feature in the 2001 Framework. The principle reflects the aims of SDG 14 to address illegal, unreported and unregulated (IUU) fishing. New Zealand first included substantive provisions on IUU fishing in the CPTPP Trade and Environment chapter.

IUU fishing is one of the most serious threats to the sustainability of world fisheries. It concerns all aspects and stages of the capture and utilisation of fish, and it may sometimes be

⁷ WTO Document (WT/MIN(15)/45).

associated with organized crime. IUU fishing undermines national and regional efforts to conserve and manage fish stocks and inhibits progress towards achieving the goals of long-term sustainability. If IUU fishers target vulnerable stocks that are subject to management controls, efforts to rebuild those stocks to healthy levels will be undermined, threatening marine biodiversity, food security for communities who rely on fisheries resources, and the livelihoods of those involved in the sector.

IUU fishing also has significant trade dimensions and can distort markets for legally harvested fish. Trade agreements and international fisheries rules can include trade-related provisions that seek to address IUU fishing, for example through eliminating subsidies that contribute to IUU fishing, preventing provision of related services (e.g. access to port facilities, insurance and finance), as well as promoting transparency. The OECD, amongst others, has identified such trade related policies as effective in addressing IUU fishing but more could be done to encourage their uptake and enforcement.

This principle aims to guide negotiators to advocate for trade-related provisions to combat IUU fishing in FTAs, at the WTO, in Regional Fisheries Management Organisations (RFMOs), and other international organisations.

12. *Seek opportunities to contribute to environmental, climate change and sustainability objectives throughout FTAs.*

This is a proposed new principle that did not feature in the 2001 Framework.

Many trade agreements contain chapters and articles that are specific to environmental matters. But environmental objectives can be incorporated in other chapters and articles to promote a more integrated approach to address environmental and climate change concerns. Trade agreements that take a more environmentally sustainable approach can contribute to their public acceptability and to overarching environmental goals.

Looking beyond the confines of environmental, climate change and sustainable development issues, the OECD identified twelve potential areas for 'greening' of trade agreements including: market access, investment, subsidies, government procurement, services, standards (including TBT and SPS), intellectual property rights, cooperation and capacity building, environmental assessment, dispute settlement, export restrictions, and regulatory coherence.

This principle aims to open up the space for negotiators to explore mainstreamed opportunities to address environmental issues that involve a trade dimension through chapters in trade agreements other than those focused primarily on environment or sustainability.

Share your views

These questions are intended as a starting point for discussion on a proposed new framework – we welcome any other comments or points you wish to raise.

1. The Trade for All Advisory Board (TFAAB) Report recommends that the Government should direct MFAT and MfE to lead work on a new whole-of-government framework for trade and environment, but does not indicate what form this should or might take.

The Framework for Integrating Trade and Environment Standards into Trade Agreements (2001) has nine principles. A principles-based approach allows flexibility by articulating a desired outcome or focus for action without stipulating the means by which these should be achieved. Principles allow negotiators to exercise discretion in finding mutually acceptable ways to achieve the outcome, although such discretion can sometimes lead to suboptimal outcomes.

An alternative approach could be more prescriptive in terms on specific required outcomes. A prescriptive approach can offer clarity in respect of the outcome and the means to achieve it, but takes less account of negotiating partners' differing circumstances (e.g. regulatory regimes, governance arrangements) and can sometimes be seen as a 'take it or leave it' approach.

- **Should the new framework remain principles-based or should guidance for negotiators be more prescriptive?**

2. The TFAAB Report gives emphasis to climate change but also notes the need for guidance on other environmental matters including those that might arise in the future. New principles are proposed that aim to address current and emerging trade and environment issues, although there is often considerable uncertainty about the way these will evolve and the policy challenges that will accompany them.

The principles in the 2001 Framework have proved to be durable and of continuing relevance, although the rapid evolution of policy issues they address and the wider scope and increased ambition of New Zealand's trade and environment interests has exposed the silence of the Framework on some matters. The proposed new principles aim to respond to both the broader policy landscape on trade, climate change and environment, and to increased public concern over specific issues, and, as far as possible, to allow for anticipatory action.

- **Do the new principles properly articulate current and emerging policy challenges? Should any of the proposed principles be reformulated? If so, how?**
- **The new principles are not exhaustive – are there other issues that should be addressed? Are there additional principles that should be included?**

3. The TFAAB report notes that 'A new framework, based on the SDGs, should take into account the urgency of climate change and the economic transformation it implies ...'.

Of the 17 SDGs, one (Goal 13) directly addresses climate change ('Take urgent action to combat climate change and its impacts'). Four other SDGs relate to either the causes of climate change or its effects (Goal 7 – sustainable energy, Goal 12 – sustainable consumption and production, Goal 9 – resilient infrastructure, and Goal 11 – sustainable cities and human

settlements). Goals 7, 12 and 13 relate to trade and hence are relevant to a new Framework, whereas Goals 9 and 11 relate more to adaptation, with no unambiguous trade link.

The Paris Agreement plays a critical role in addressing climate change – it recognises the need ‘.. for an effective and progressive response to the urgent threat of climate change on the basis of the best available scientific knowledge, and emphasises the intrinsic relationship that climate change actions, responses and impacts have with equitable access to sustainable development and eradication of poverty.

- **Do the new principles capture the trade-related aspects of the transition to a low carbon economy? Do the new principles contribute to the aims of the Paris Agreement? Should any of these principles be reformulated to better reflect these aims?**
- **Are there other issues that should be addressed? Are there additional principles that should be included to reflect either the SDG or climate change agendas?**

4. The TFAAB report also notes that ‘A new framework ... should take into account ... advances in knowledge since 2001’.

In proposing new principles for the revised Framework the paper attempts to incorporate new knowledge in the area of trade and environment. Is this adequate? Are there any further areas of knowledge that should inform the analysis of existing principles or the development of new principles?

As background, the OECD has noted several areas in which the international trade and environment agenda is changing, including:

- *the expansion of global value chains (GVC)s, services and digitalisation are multiplying interactions between trade and environmental outcomes*
 - *ensur(ing that) trade remains a strong driver of environmental industries and innovation, with international green investment and services playing a greater role*
 - *a wider definition of resource use to include land use, ecosystems and biodiversity could transform traditional approaches to sustainable development and trade*
 - *green growth policies require circular economy paradigms founded on a new understanding of the resource basis of the global economy and improved knowledge of the factors that drive resource use and trade.*
- **Which particular areas of knowledge and what advances in such knowledge are most relevant to the new framework?**

5. The TFAAB report proposes that ‘Clear direction should be given to New Zealand’s trade negotiators to open up and maintain regulatory space for the type of policy tools to support climate change policy and address environmental matters that may arise in the future.’

The question of regulatory (or policy) space arises in the context of the tension between international economic integration and the autonomy available to countries to pursue policies that support their development. The concept of regulatory / policy space has three elements: (i) the policy instruments that can (or cannot) be used; (ii) the policy goals (such as sustainable development) that the instruments aim to achieve; and (iii) the context of an interconnected global economy.

Control over policy space is exercised through the authority of policy makers to decide which policy instruments to use (de jure sovereignty), and the ability of policy makers to achieve specific policy targets through the use of particular instruments (de facto sovereignty).

Policy space is affected by economic integration (including through trade agreements) through several forces that pull in different directions. For example, the government's ability to regulate is affected by legal commitments to international rules and practices, including GATT / WTO rules and rules under multilateral environmental agreements (constraints on de jure policy sovereignty).

At the same time, integration enlarges policy space in terms of de facto control because multilateral rules and disciplines enable a coordinated response to cross-border issues (such as climate change) and constrain economically powerful countries from adopting discriminatory policies. In addition, integration into larger markets can increase the impact of policies that depend on economies of scale or the disciplines of international competition

There is no quantifiable single balance between multilateral disciplines and national policy autonomy that suits all countries or applies across all aspects of economic activity and each country has to find the right balance between maintaining flexibility in national policy making and reducing it through multilateral disciplines and collective governance.

- **Do you think the proposed principles provide the right balance between trade policy objectives and environmental policy objectives?**

Annex B
Options to improve MFAT's FTA NIAs

Option	Comment	Recommendation
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s9(2)(f)(iv)

Proactively released by the
Minister for Trade and Export Growth

s9(2)(f)(iv)

Proactively released by the
Minister for Trade and Export Growth

Annex C Engagement Update

COVID-19 and Trade Engagement

A significant focus for MFAT's trade policy engagement in 2020/21 has been COVID-19 and engaging with exporters on the Trade Recovery Strategy. Engagement – including specific engagement with Māori – continues to be a focus of the Strategy.

During the Level 4 lockdown, the Ministry established a range of new channels for engaging with exporters to provide immediate feedback to Ministers on the evolving challenges posed by the global response to the pandemic and to share insights from our offshore networks. MFAT, MPI, NZTE, MBIE, MoT and Customs collaborated in communications with both exporters and importers.

Many of these have since been put on a regular footing and broadened to include updates on the Government's trade agenda. MFAT also ran a public 'have your say' email system to garner broader public feedback on the Trade Recovery Strategy; and has published over 100 reports on the impacts of COVID-19 in New Zealand's key export markets, leveraging MFAT and NZTE's offshore network to provide an enhanced resource to businesses unable to travel to markets.

Engagement with Māori

Engagement with Māori on trade policy issues is a priority focus for the Ministry. In 2020 the Ministry maintained a steady pace of engagement with Te Taumata, with FOMA, Iwi Chairs, and Waitangi Tribunal claimants, among others.

Te Taumata represents a unique and innovative model for engagement with Māori that provides a dedicated platform for deeper discussion of trade policy issues. A fully independent and self-selecting body with a database of over 700 stakeholders, Te Taumata assists the Ministry to better understand and connect with Māori on trade policy issues; building relationships of trust and confidence; and reflects the parties' shared commitment to Te Tiriti/Treaty principles. In line with the Recommendations of the TFAAB report, MFAT supports the quarterly regional trade Hui organised by Te Taumata. During COVID-19 lockdown periods, MFAT held weekly briefings with Te Taumata. As also recommended in the TFAAB, MFAT continues to make significant efforts to mainstream Māori engagement on trade within the Trade and Economic Group.

Separately, as part of a mediated outcome with a group of Waitangi Tribunal Claimants (WAI2522), there was agreement that, inter alia, MFAT will support the establishment of a further Māori trade engagement body; **Ngā Toki Whakarururanga**. As a result of this mediation, the claimants agreed to withdraw part of their claims against the Crown. Once established Ngā Toki Whakarururanga will create another formal mechanism for Māori to input into the development of trade policy for discussion of issues that may go beyond traditional commercial interests in FTAs (protection of the environment traditional knowledge and indigenous to indigenous cooperation are examples of these). As with Te Taumata, Ngā Toki Whakarururanga will be led by Māori, for Māori. The Ministry will not appoint membership nor prescribe the terms of reference. MFAT provides some financial support to Te Taumata, and will also provide some financial support for Ngā Toki Whakarururanga. Funding is also available to Treaty Partners under the Trade for All budget allocation for F/Y 2020/21.

FTA Engagement

The Ministry has taken steps to implement an FTA engagement best practice guide. This codifies the recommendations from the TFAAB on FTA engagement with Māori, business and civil society representatives and establishes a new (more comprehensive) baseline for engagement on free trade agreements.

FTA negotiation processes have also been updated to include greater civil society engagement. NZ-EU and NZ-UK FTA negotiators have, for instance, offered one-on-one post-round briefings for civil society stakeholders. Officials working on trade and environment issues across a range of negotiations also held detailed civil society consultations on trade and environment issues.

Recognising the strong interests of Māori in the NZ-UK FTA (in particular), and in line with the recommendations of the TFAAB, the Ministry has developed a comprehensive strategy for Māori engagement to pursue inclusive, transparent and ongoing dialogue with Māori on the potential benefits, opportunities and limitations of this and other trade agreements, as well as to ensure that Māori interests continue to inform our negotiating positions.

As part of this strategy, MFAT is leading an interagency trade policy development work stream to contribute to the identification of Māori interests in the NZ-UK FTA. Along with the engagement strategy, these processes aim to ensure that the negotiated outcomes of the NZ-UK FTA create material benefits for Māori. Te Taumata receives regular briefings on the negotiation. Ngā Toki Whakarururanga received its first confidential briefing from negotiators in December 2020. These activities represent a significant increase in engagement with Treaty Partners on key trade initiatives and together create a useful model for future trade engagement. The Ministry also continues to engage with Māori on trade policy through other established channels, including the Federation of Māori Authorities, the Pou Tahua of the National Iwi Chairs Forum (NICF), through webinars open to all Māori, and by participating in regional Hui, economic summits and other Māori policy forums.

Civil Society Engagement

The Ministry has also launched a number of new civil society engagement processes over the course of 2020.

MFAT has establishment quarterly trade policy consultations with the New Zealand Council of Trade Unions (CTU). In addition the Ministry is working to develop a supplementary process by which a small number of adequately security cleared CTU representatives can have regular access to bespoke confidential trade policy briefings from key officials and lead negotiators.

The Ministry supported the University of Auckland's Public Policy Institute's to host the second annual Auckland Trade and Economic Policy School (ATEPS) in December 2020. The purpose of ATEPS is to create a forum at which New Zealanders who are interested in trade policy can join with officials, academics, Māori and business to discuss New Zealand trade policy issues in detail.

Business Engagement

Throughout 2020 the Ministry continued its extensive engagement with New Zealand exporters and other businesses with an interest in our trade policy agenda. This includes regular engagement with a range of New Zealand business, including Fonterra, DCANZ, Beef & Lamb NZ, Onions NZ, Horticulture NZ, the Employers and Manufacturers Association, Chambers of

Commerce and Export NZ. The Ministry also regularly participates in industry conferences, speaking about New Zealand's trade policy agenda.

As noted above, MFAT also initiated weekly Zoom briefings for non-agricultural manufacturing exporters with the Ministry and other trade and economic agencies. These began as a response to COVID-19 – to provide regular updates for exporters on changing market and COVID-19 response conditions, and to receive their feedback on challenges being faced. These have now been placed on a more regular footing as quarterly briefings that discuss both COVID-19 trade recovery as well as the broader trade policy agenda. MFAT has also launched dedicated quarterly trade policy consultations with Business NZ.

The Ministry's Economic Diplomacy programme is another important avenue of engagement with business, particularly in support of New Zealand exporters. The Economic Diplomacy programme helps to resolve trade issues and provide valuable market intelligence. Between January and November 2020 MFAT, working alongside other agencies, resolved 489 of a total 496 trade enquiries received from exporters. These took on average 11.6 days to resolve, and stakeholders have an 86.6% satisfaction rate with MFAT's support.

MFAT has also begun providing unclassified market intelligence reporting for business that can be accessed on MFAT's website. Between March – November 2020, the Ministry published 118 such reports, which have been viewed on the MFAT website 31,800 times (as these reports are republished in numerous other locations this represents only a proportion of total readership). MFAT's 'Tariff Finder' tool which allows exporters to quickly look up the appropriate tariff rate for their exports was used almost 56,000 times between January and November, and we continue to receive positive feedback from exporters on the value of the tool in helping them navigate tariff rates in offshore markets.

Annex D
Response to Trade for All Recommendations
Annex A

Response categories: The classification of the responses as agreed by Cabinet [DEV-20-MIN-0052:	
Underway	Work is already well advanced.
Agree	For those recommendations Cabinet agreed with. Does not reflect their relative priority in the broader work programme, dependencies on other changes, potential costs or implementation issues.
Agree in principle	Cabinet agreed in principle with the direction set out by recommendations and acknowledged work of the Board in these areas, but further work is needed to assess if they are the best options to achieve their objectives, and what changes may be needed to get the desired result.
More thought needed	<p>Cabinet agreed with the underlying intent of the recommendation and/or problem identified by the Board, and asked officials to progress the proposal further alongside alternative options, and to provide further advice.</p> <p>More thought is needed where recommendations raise issues of potentially competing objectives, where their feasibility is uncertain, or where they would require significant change and cost with uncertain benefits.</p>

Rec	Response in March 2020	Commentary – including link to COVID-19	Progress
1	I agree with the recommendation. We should develop a new framework for Trade and Environment, reflecting on the SDGs and global developments since 2001.	Fundamental to upholding social licence for trade policy.	Approval to release public consultation paper sought.
2	I agree in principle with the recommendation to review New Zealand's wider policy settings that affect digital trade and support the digital economy. This will need to be assessed against ongoing negotiations and ongoing domestic policy development in this area.	COVID-19 has increased reliance on and prominence of digital tools for facilitating trade. This will be part of the review. Separately MBIE is leading the development of a Digital Technologies Industry Transformation Plan (ITP).	Given resource constraints, MFAT will commission a contractor to conduct this work, with a view to the development of an outcome similar to the Trade and Environment Framework. This framework should also link into and be coherent with other domestic policy work that relates to the digital economy, including the Digital Strategy Aotearoa, the Digital Technologies ITP, digital inclusion and governance questions, and development of a National AI strategy.
3	I agree in principle with the recommendation that Aotearoa New Zealand should lead development of international efforts to protect and promote indigenous intellectual and cultural property.	Key agency resources were focused on the COVID response, limiting progress in this area during 2020.	On-going Te Pae Tawhiti-Wai 262 whole of government strategy will seek to lead by example on Māori engagement and representation at an international level. As part of this mahi, Te Puni Kōkiri also advocates for protection and

Rec	Response in March 2020	Commentary – including link to COVID-19	Progress
			<p>promotion of mātauranga Māori within specific international agreements (eg UK and EU FTAs).</p> <p>We are seeking to negotiate an Indigenous Trade and Economic Collaboration Arrangement with likeminded APEC economies in the margins of APEC as a mechanism to facilitate cooperation on trade and economic matters including indigenous intellectual and cultural property.</p>
4	I agree with the recommendation to redevelop New Zealand's framework for Trade and Labour.		Commencing before the end of 2021.
5	I agree with the recommendation that a rights-based approach to health should be a pillar of New Zealand's trade policy.	<p>TFAAB had the foresight to include health as a core part of trade policy, even before the impact of COVID-19. This is now a fundamental part of the Trade Recovery Strategy and will form part of the overall and ongoing implementation of Trade for All.</p>	<p>Under way. For example as part of New Zealand's response to Covid-19, in April we agreed a joint Declaration on Trade in Essential Goods with Singapore under which we removed tariffs on goods essential to respond to the pandemic, committed not to impose other trade barriers on them, and undertook to expedite and facilitate their movement and transit. In APEC in July 2020, we secured the political consensus of</p>

Rec	Response in March 2020	Commentary – including link to COVID-19	Progress
			21 Ministers' Responsible for Trade in the Declaration on Facilitating the Movement of Essential Goods. During our 2021 host year, we will prioritise this work in APEC.
6	I agree that intellectual property negotiations should be evidence-based with clear modelling and measurement. More thought is needed on some elements of this recommendation as it relates to engagement and other recommendations (e.g. recommendation 12).		Work is underway. For example, MFAT funded three agencies to commission economic analysis of different aspects of the EU demands under the IP chapters of the EU FTA. We also continue to weigh existing modelling and evidence held by relevant agencies.
7	I agree in principle with the recommendation that New Zealand should continue to take steps to promote high quality, productive investment into New Zealand where it is in the national interest.	Phase Two reforms of the Overseas Investment Act were accelerated, as well as temporary emergency measures, to enable the Government to better respond to risks to New Zealand's national interest that could arise from foreign investment, including heightened risks that could arise from the economic impact of the COVID-19 pandemic.	The Overseas Investment (Urgent Measures) Act 2020 was enacted implementing aspects of the Phase Two Review of the Overseas Investment Act and temporary emergency measures.

Rec	Response in March 2020	Commentary – including link to COVID-19	Progress
8	I agree in principle that ISDS requires global reform. Further work required on how to meet New Zealand's interests in reform discussions.	New Zealand continues to follow the United Nations Commission on International Trade Law (UNCITRAL) discussions on ISDS Reform. Further consideration is still to be completed on how New Zealand can best engage in this process to further our interests.	s6(a), s9(2)(d) Work is continuing on the development of a protocol on ISDS - including a commitment to inviting a legal expert on the Treaty of Waitangi and related issues to be part of the Crown team in defending a case.
9	I agree in principle with the recommendation that NIAs could be improved.	See paragraphs 20-31.	See paragraphs 26-31 and Annex B.
10	More thought is needed on the recommendation for periodic assessments of NZ trade policy by an independent body.	See paragraphs 21, 22, 27.	See Annex B
11	I agree in principle that this recommendation regarding the treaty making process should be referred to Parliament's Standing Orders Committee for its consideration, given that the treaty making process is governed by Standing Orders set by Parliament.	See paragraphs 24, 31.	See Annex B.

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12	I agree with the recommendation that MFAT should prepare a paper on its outreach and engagement strategy (including stakeholder tools).	COVID-19 has demonstrated the importance of virtual tools for engagement.	Under way. This paper will be provided to the Minister in 2021, and include lessons learnt from COVID-19 engagement.
13	I agree in principle with the recommendation to do more to keep the public engaged in trade negotiations. Further work required on how best to achieve that objective.		Under way. As outlined in this paper the Ministry has introduced a number of new engagement tools and avenues, including in Māori engagement and civil society engagement. Negotiations on the UK-NZ FTA are a further example of steps being taken to enhance engagement in trade negotiations.
14	I agree with the recommendation to regularly commission surveys on trade and trade policy. This is under way.		Baseline research has been completed.
15	I agree with the recommendation to strengthen New Zealand's offshore network of, for example, business councils. This is under way but could be strengthened.	This is linked to the Trade Recovery Strategy.	Under way. Initial scoping work has been undertaken to explore how MFAT's engagement with business councils, as aggregators of enterprises with interests in specific offshore markets, could be enhanced. Between July and November, NZTE has added 52 staff around the world as part of the Trade Recovery Strategy,

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			which will provide New Zealand businesses with more capability to engage with offshore partners. s9(2)(g)(i)
16	More thought needed on how Ministries, other than MFAT, should prioritise and resource trade policy, particularly with respect to the range of Government priorities.	COVID-19 has revealed again the interconnectedness of New Zealand's trade agencies and the importance of that connection for advancing our trade interests.	As part of the interagency response to COVID-19 a regular interagency consultation on public engagement on the trade recovery strategy has been established.
17	I agree with the recommendation to engage creatively with Te Taumata.		Under way. Te Taumata's model has been used creatively in engagement with Wai2522 claimants to establish a process towards the establishment of and other grouping Ngā Toki Whakarururanga.
18	I agree with the recommendation to continue implementation of the Māori Engagement Strategy.		Under way within MFAT. Importantly, MFAT's Māori Policy Unit has been shifted to a central policy coordinating position to ensure it can have impact across the organisation, not just the Trade and Economic Group.

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19	I agree in principle that all consultation and engagement should be as diverse as possible. Further work required on IAP2 (links to recommendation 12 above).		Link to recommendation 12.
20	I agree that diversity and inclusion should be a focus of HR policies and I am keen to see recent progress continue. MFAT should prepare advice on progress it is making on improving diversity and inclusion including efforts to lift mātauranga Māori within the organisation.		Underway. Mātauranga Māori continues to be one of MFAT's organisational priorities. MFAT will report on the progress it is making on improving diversity and inclusion, as well as its efforts to lift mātauranga Māori within the organisation by June 2021. Within the Trade and Economic Group, specific effort is being taken to ensure all staff have an appropriate understanding of mātauranga Māori.
21	I agree in principle with the recommendation that engagement should be designed to ensure the right people are part of the process. Further work required on how this links to recommendation 12.		Link to recommendation 12.
22	I agree with the recommendation that FTAs and the WTO should protect and advance the rights of women.		Under way. The ITAG's Global Trade and Gender Arrangement aims at increasing women's participation in trade as part of broader efforts to improve gender

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			<p>equality and women's economic empowerment. New Zealand also previously endorsed the 2017 WTO Buenos Aires Declaration on Trade and Women's Economic Empowerment, a collective initiative to make trade policies more gender responsive through a series of experience-sharing and collaborative initiatives at the WTO aimed at identifying and removing barriers to women's participation in trade. We are participating in ongoing work in Geneva under the Declaration's auspices and with a view to further progress at MC12.</p> <p>MFAT is negotiating trade and gender commitments in EU and UK FTAs. The UK FTA will include a dedicated trade and gender chapter which will explore undertakings aimed at increasing women's participation in trade and investment; promoting enforcement of laws regarding gender equality, and promoting trade and investment decisions that are</p>

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			complementary to the goal of women's economic empowerment.
23	I agree with the recommendation that New Zealand should support women doing business internationally.	COVID-19 has impacted disproportionately on female employment.	<p>The Ministry for Women, supported by MFAT, NZTE, TPK and other agencies intend to commence research on export trade for wāhine Māori and NZ's women-led businesses. If funding is secured, this project will start early 2021.</p> <p>APEC NZ is supporting MfW to deliver a Project on the impacts of the COVID-19 pandemic on economic inequalities that disproportionately affect women. Focused on COVID-19 recovery strategies, this project will host a workshop that shares data, experiences and best practices that support the recovery and participation of indigenous and diverse women.</p>
24	I agree with the recommendation relating to career progression of women working in trade policy. This is under way.		Under way, the recently appointed A/S, the current Director of Economic Division and the A/S head of Auckland office are women for example, MFAT's Trade Negotiations Division will take on

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			two women interns as part of the Aoreere Internship programme in 2020-2021.
25	I agree that New Zealand's top negotiating priority should remain the WTO. This is under way.		Ongoing.
26	I agree in principle that the WTO and other international institutions should be encouraged to face future sustainability challenges but more thought is needed on the specific elements of this, including on dispute settlement.	COVID-19 has presented an immediate health and economic crisis within the context of our wider climate change crisis.	New Zealand is actively working to ensure that climate change remains a priority in the trade and economic response to COVID-19. Examples include the work being done in the areas of fisheries subsidies, fossil fuel subsidy reform and the negotiation of the Agreement on Climate Change, Trade and Sustainability (ACCTS).
27	I agree that New Zealand should accede to Annex VI of MARPOL.		Underway. MOT and MNZ are working together to align domestic legislation and regulations to implement Annex VI obligations.
28	I agree with the recommendation that New Zealand should protect, enhance and build on market access through FTAs.	FTAs are an important component of our support for international architecture and rules that in turn supports New Zealand businesses operating on the global stage. In the	Ongoing. New Zealand's FTA agenda has remained active throughout COVID-19.

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		<p>context of COVID-19, our FTA network enables diversification decisions to be made by commercial actors.</p>	<ul style="list-style-type: none"> - Digital Economy Partnership Agreement (DEPA) signed and progressed through parliamentary treaty examination. Canada has requested commencement of accession negotiations - Completion of nine EU FTA negotiating rounds. - Launch of UK FTA negotiations and completion of three negotiating rounds. - Completion of three ACCTS negotiating rounds. - Completion of the second CPTPP joint commission. - Secured the eighth ratification needed for PACER Plus entry into force.
29	I agree with the recommendation to maintain productive relationship with the United States. This is under way.		Ongoing.

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30	I agree in principle with the recommendation to create and develop political relationships of the future, and ongoing work is required to determine areas of focus.	MFAT's Trade Recovery Strategy has a strong focus on refreshing key trade and economic relationships, informed by this recommendation.	Ongoing.
31	I agree with the recommendation that New Zealand should provide early warning reporting of regulatory change to exporting businesses.	This recommendation has been a fundamental component of support to New Zealand business under the TRS.	<p>As 12 February 2021, MFAT has published 143 unclassified market reports over the past year and feedback from exporters has been positive. The reports are aimed at improving the flow of insights from MFAT and NZ Inc. to NZ businesses on key offshore developments affecting their business markets. The frequency of reports significantly increased in response to COVID-19 related requests from businesses.</p> <p>NZTE's digital platform – myNZTE – went live in July 2020, and can be used by anyone with an NZBN number to access a wide range of market intelligence, capability tools, and information including changes to regulatory environment and associated implications for exporters.</p>

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32	I agree in principle and note that capability and capacity-building of Pacific civil society partners is a key focus of MFAT's 'Partnering for Impact' approach. The recommended areas of consideration will be addressed as part of the pilot's review.		Ongoing.
33	More thought is needed on how the Pacific Reset initiative could be improved. The Pacific Reset provides the framework and flexibility to do more for the Pacific. A specific challenge is how to improve transparency to demonstrate the breadth and depth of New Zealand's commitment (particularly on trade and economic outcomes).	The impact of COVID makes this work even more important as Pacific countries struggle with rapidly shrinking incomes particularly where border restrictions are in place to prevent COVID and directly impacting tourism and labour mobility income	s9(2)(f)(iv)

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			A border exception was secured in November 2020 that enabled 2000 RSE workers to enter New Zealand.
34	I agree with the recommendation to work with Pacific partners on PACER Plus, so we can bring the Agreement into force. We are also developing opportunities to provide alternative labour mobility opportunities.	Four Pacific signatories ratified the Agreement during COVID, supported by New Zealand. PACER Plus and the aid trade development assistance programme will continue to expand opportunities of Pacific economies in trade.	PACER Plus entered into force on 13 December.
35	<p>I agree New Zealand should better articulate how to protect and enhance our sustainability brand and work to maximise our economic returns of these brand values in primary exports, tourism, and services.</p> <p>More thought is required on how New Zealand's value proposition is coordinated and advanced. This work should employ a triple bottom line framework to meet social, environmental and economic objectives while at all times being consistent with the Crown's partnership objectives under the Treaty.</p>	NZ's response to COVID-19 has created positive sentiment towards New Zealand, which has presented an opportunity to raise the international profile of the New Zealand brand in key international markets	<p>Under way. NZ Inc. agencies have created a joined up global campaign (TourismNZ, NZTE, MPI, and NZ Story), to build on the current positive sentiment. The "Brand NZ Campaign" has three connected campaigns:</p> <ol style="list-style-type: none"> 1. Messages from New Zealand (led by TourismNZ) 2. Made with Care (led by NZTE and MPI), and

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			<p>3. Ingenious together (led by NZ Story with support from NZ Tech).</p> <p>Paid media is concentrated on China, Japan, USA, Australia, UK and Singapore.</p> <p>APEC NZ has developed a brand & narrative that works in concert with the NZ Inc brands. APEC is part of the NZ Inc brand hub, sharing a common approach to brand development, co-ordinated research & insights and shared calendar of campaign events & activities to collectively promote each other works across our respective audiences. Our content pieces will build on existing NZ Story content whilst supporting our APEC host year priorities.</p>
36	I agree in principle with the recommendation to strengthen international dimensions of the Māori-Crown relationship.	Engagement with Māori and Māori business during COVID-19 was an important part of the development and implementation of the Trade Recovery Strategy.	Ongoing. MFAT has continued to develop new and deepen existing relationships with Māori. This involves work with a range of groupings, but has most recently culminated in MFAT's commitment

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			to support establishment of Ngā Toki Whakarururanga.
37	I agree with the recommendation to increase the frequency and resourcing of Māori-led international engagements, cultural and trade missions, and particularly participation in trade shows and other international engagements.		As COVID-19 permits, MFAT is taking this work forward, for example, with our support for Export Dubai 2020 and NZ's host year of APEC. This is an ongoing Ministry focus.
38	I agree with the recommendation to ensure effective use of resources at MFAT's offshore posts.	COVID-19 has posed challenges for the way that our Posts engage. Many are operating under lockdown conditions and some have closed temporarily.	Despite the constraints on our network posed by COVID-19, MFAT continues to prioritise support for exporters through our overseas posts. The creation within MFAT of a 5-person Trade Recovery Unit has significantly lifted MFAT's ability to respond to the needs of exporters to deal with non-tariff barriers and other barriers, working with NZ Inc. counterparts. See also progress on recommendations 15 and 31.
39	I agree with the recommendation relating to internships and recruitment of Māori staff at MFAT.		Ongoing.
40	I agree there is opportunity for greater collaboration and coordination regarding international education.	COVID-19 has significantly impacted international education. Border	Agencies have cooperated regarding border exemptions work,

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		<p>restrictions have prevented entry of students and education providers have been impacted financially, including some closures.</p> <p>The Strategic Recovery Plan for International Education requires agencies to collaborate, coordinate and align to ensure international education can recover and rebuild quickly, to meet the goals of the New Zealand International Education Strategy 2018-2030.</p>	<p>with a small cohort of 250 PhD and post-graduate students being approved in October 2020.</p> <p>Chief Executives and General Managers of agencies involved in international education continue to oversee work on the recovery plan.</p>
41	I agree with the recommendation that New Zealand agencies should ensure quality and integrity of international education provided in New Zealand.	The Strategic Recovery Plan for International Education includes a specific MOE-led phase entitled Strengthening the System, which will involve consideration of policy and regulatory changes to improve quality and integrity of international education.	In direct response to COVID-19, education agencies have enabled more flexibility for providers to continue to deliver education to international students, e.g. NZQA granting temporary approval to providers for online delivery to current students unable to return to New Zealand. These programmes continue to be validated for quality.
42	I agree with the recommendation that there should be a coordinated approach to communicating with and developing New Zealand alumni.	The New Zealand International Education Strategy 2018-2030 has an Education New Zealand (ENZ)-	Due to the impact of COVID-19 on international education, this work is on hold and is likely to be picked

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		led action to develop an Alumni Strategy.	up by ENZ later in the 2020-21 financial year.
43	I agree in principle that there should be further research and investigation on online and offshore delivery of New Zealand education, including overlap with ENZ Transformation Programme.	The Strategic Recovery Plan for International Education includes specific work streams to strengthen the delivery of education to international students, including offshore and online options, and enhance global recognition of New Zealand qualifications.	ENZ has started work on a Digital Learning Platform, potentially to deliver content offshore, and an initiative with New Zealand Universities to develop offshore hubs as preliminary pathways to study in New Zealand. Work has also started to better understand the global online delivery environment to strengthen the regulatory system, support provider capability and recognition of online qualifications.
44	I agree in principle that there should be increased focus on the creative sector, but more work is required on how the recommendation overlaps with existing work.		Work has begun to group the creative sector and discuss challenges faced offshore when exporting.
45	I agree in principle that New Zealand should take a more strategic approach to the tourism sector, building off of the New Zealand-Aotearoa Government Tourism Strategy, and identifying overlaps with existing work, including the Parliamentary Commissioner for the Environment.		Ongoing work from MBIE Tourism including through the establishment of the Tourism Futures Taskforce by the Minister of Tourism in June 2020. The Taskforce was set up as an independent public private

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			partnership to lead thinking on the changes New Zealand can make to the tourism system so that tourism enriches both New Zealand and the wellbeing of New Zealanders, in line with the goals of the New Zealand-Aotearoa Government Tourism Strategy. This includes consideration of productivity, inclusivity and sustainability issues in the tourism sector.
46	I agree with the recommendation that air services negotiations should be transparent. This is under way.	New Zealand was actively negotiating an air services agreement with ASEAN members prior to COVID-19. Whilst this has slowed down, contact has been maintained and things have kept moving.	The Ministry of Transport has always been transparent in air services negotiations and airports and airlines have been invited to participate in the negotiations.
47	I agree that NZTE should keep under review the way it interacts with and supports the tech sector. This is under way.		Under way. NZTE and Callaghan Innovation are leading the development of the international arm of the Digital Technologies Industry Transformation Plan (ITP) – Growing more successful exporting firms – which is aimed at growing the number of international, scalable tech

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			<p>companies in NZ. This work links to the 'Retooling exporter support' aspect of the TRS.</p> <p>In addition, NZTE has developed a new Digital Commerce Service to support the development and capability of companies who are developing a digital strategy has been accelerated and enhanced to respond to COVID-19.</p>
48	NZ business and SMEs should have improved cybersecurity awareness and capability.		<p>In December 2020 CERT commissioned a survey (run by Colmar Brunton) of SME businesses and their cyber security awareness and activities. This tracking will continue so that CERT can judge assess its effectiveness and see what gaps exist.</p>
49	More thought is required on how these recommendations relating to SMEs align to current NZTE focus, and if a change in focus is determined how that is resourced.		<p>Under way. NZTE – under the Retooling Exporter Support leg of the TRS – has launched an online portal that aims to increase information, capability, and resources for all 'export-curious' companies, including SMEs.</p>

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			NZTE is further considering the service proposition and offering to the new Foundation segment, including the 10,000 exporters who aren't yet engaged with NZTE.
50	I agree in principle that existing networks should coordinate in New Zealand's regions but more work is required to determine what support is provided including consideration of overlaps with existing work.		Further reporting to come before the end of 2021.
51	I agree with the recommendation to focus more on micro-exporting.		See also recommendation 49.
52	I agree in principle with the recommendation that the Infrastructure Commission should develop a long-term plan for trade-related infrastructure.		Further reporting to come in 2021.
53	I agree in principle with the recommendation that long-term infrastructure planning should take account of New Zealand's tradeable sector.		Further reporting to come in 2021.