

*Prepared by Economic Diplomacy Unit in Wellington.*

## Summary

- On 28 February 2022 (1 March NZT) New Zealand signed a high quality, comprehensive free trade agreement with the United Kingdom. Both sides are working to bring the FTA and its benefits into force as soon as possible, ideally by the end of 2022.
- The UK is a crucial market for some of our key exports, with two-way goods and services trade worth NZ\$6 billion pre-COVID. This free trade agreement will provide New Zealand exporters with more favourable access to the UK market, helping to build our trade back up to pre-COVID levels and beyond.

## Report

***At full implementation, tariffs will be eliminated on 100% of New Zealand's goods exported to the UK***

- On day one, 99.5% of current New Zealand trade to the UK will enter duty-free, through a combination of tariff elimination and duty-free quotas. Quotas will grow over time and then be removed.
- New Zealand will fully liberalise 100% of tariff lines at entry into force, covering all UK-originating goods exported to New Zealand. This includes products such as gin, chocolate, and motorhomes and campervans, which are currently subject to tariffs ranging between 5-10%.
- Overall, 99.9% of New Zealand's current horticultural trade will enter the UK duty free at entry into force, and 100% within 7 years. Tariffs on wine, honey, onions and kiwifruit will be eliminated from day one. Fresh apples entering the UK during the seasonal period (Jan-Jul) will be duty free from entry into force of the FTA, while those exported out of season (Aug-Dec) will be subject to a duty-free quota and will have duties eliminated over three years.
- About 46% of New Zealand's current fish and seafood and trade will enter the UK duty free at entry into force of the FTA, 99.5% within 3 years, and 100% within 7 years. Tariffs will be eliminated from day one for hoki, and after three years for mussels.
- About 60% of New Zealand's current dairy trade will enter the UK duty free at entry into force, 99.5% within 5 years, and 100% within 7 years. Tariffs will be eliminated over 5 years for butter and cheese, with new duty-free quotas allowing trade to grow until all tariffs and quotas are eliminated. Many other dairy products will also become tariff free at entry into force, with the remainder eliminated over 3 or 7 years.
- Significant new quotas will be established for beef and sheep meat allowing trade to grow until all tariffs have been eliminated. Tariffs will be eliminated after 10 years for beef (a product-specific safeguard may then apply until year 15), and after 15 years for sheep meat.
- Non-tariff barriers have also been tackled, for example, the FTA will recognise a number of New Zealand wine-making practices and address burdensome labelling and certification requirements faced by New Zealand's wine makers.
- The rules of origin under the Agreement have been designed to be simple, transparent and trade facilitating. They will enable manufacturers to use materials from regional and global supply chains in their production processes. Traders will be able to use self-declaration to establish origin.
- The chapter on customs procedures and trade facilitation is focused on ensuring efficient clearance for traders and the use of electronic systems and the establishment of a 'single window' system for submitting

the necessary customs documentation electronically. It also stipulates quick release times. Perishable products should normally be cleared by customs within six hours of arrival provided regulatory requirements have been met.

#### ***Services commitments will help provide certainty and expansion***

- Outcomes on services include specific services sectors such as financial services, telecommunications, professional and business services, express delivery services, and international maritime services. New Zealand and the UK have both agreed to include commitments on a broader range of aviation services, including in the areas of ground-handling, airport operations and specialty air services. Both sides committed to facilitate and expand the recognition of professional qualifications and registration in each other's jurisdiction, including agreement to put in place a work programme to address specific concrete outcomes in this area.
- The UK has agreed to extend visa commitments for business people. The categories covered are intra-corporate transferees, installers and servicers, independent professionals, business visitors, contractual service suppliers.
- Commitments will enable partners and dependents of business persons transferred by their companies to be eligible for visa access and also enable 'graduate trainees' employed by companies in the UK or New Zealand to more readily transfer to expand their experience and develop their professional skills.

#### ***Comprehensive benefits***

- New Zealand's Overseas Investment Act will continue to operate as it does now, including the operation of New Zealand's investment screening regime. As part of the FTA, New Zealand has agreed to raise the screening threshold under the Act for UK investors to the same level which many of New Zealand's existing FTA partners already benefit from (\$200 million).
- Modest improvements have been made in government procurement, with the UK expanding the types of service contracts New Zealand providers can bid for.
- Provisions to facilitate trade through digital means, such as those aimed at promoting paperless trading, facilitating use of e-invoicing, prohibiting the imposition of customs duties on electronic transmissions, and enabling the free flow of data. Provisions to protect personal information and unsolicited commercial electronic messages are included in the FTA.
- The FTA also includes New Zealand's Treaty of Waitangi exception that ensures that nothing in the FTA would prevent the New Zealand Government from meeting its obligations to Maori, including under te Tiriti o Waitangi/the Treaty of Waitangi.
- The environment chapter will also prioritise the elimination of tariffs on 293 environmentally beneficial products – the largest such list agreed in any FTA to date.
- The FTA commits to bilateral cooperation activities that promote uptake of the FTA benefits by SMEs, women-led businesses and Maori businesses. In addition, the interests and concerns of small business were taken into account across the Agreement.

#### ***External links***

[UK-New Zealand Free Trade Agreement: benefits for sectors of the UK economy \(web version\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/uk-new-zealand-free-trade-agreement-benefits-for-sectors-of-the-uk-economy)

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