

AANZFTA upgrade

Prime Minister Jacinda Ardern announced the conclusion of negotiations to upgrade the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) on 13 November 2022 in Phnom Penh.

ASEAN is at the heart of the Indo-Pacific region and is one of New Zealand's most important trading relationships: the bloc is New Zealand's third largest two-way trading partner.

With of a population of almost 700 million, ASEAN is one of the fastest growing markets in the world. Its GDP has grown by 50% since 2010 (currently \$4.7NZD trillion), and continues to do so with a predicted increase of 4.5% in 2022.

New Zealand is one of only six countries that has an FTA with ASEAN: the ASEAN-Australia-New Zealand FTA (AANZFTA). This is a central pillar of our relationship and since its entry into force in 2010, goods exports alone to ASEAN have grown 44%.



New Zealand has already gained almost full elimination of tariffs on goods through AANZFTA and the 6 other FTAs across the region, meaning 99% of New Zealand goods already enter ASEAN duty free.

To ensure this FTA remains competitive, high-quality and beneficial for businesses, parties have negotiated an upgrade to AANZFTA. The upgrade focuses on modernising and improving the Agreement to ensure it meets today's needs of traders and investors. This includes:

- **Addressing barriers to trade:** the upgrade aims to address issues businesses have told us they encounter when trading with the ASEAN region. This includes modern approaches to managing supply chains like direct consignment and third-party invoicing, and introducing commitments to address and reduce non-tariff barriers that add red tape to businesses.
- **Improving trade facilitation:** the upgrade will make trade easier and more efficient, through outcomes such as expedited customs procedures – including measures like clearing perishable goods within six hours of their arrival - new options for proof of origin of goods, and standardising rules for service providers and investors.
- **Delivering on Trade for All:** the upgrade introduces new inclusive and progressive provisions, including a new framework for cooperation on sustainable trade issues like the environment, labour standards and women's economic empowerment.
- **Learning lessons from COVID-19:** parties have committed to measures that will make the trade of essential goods easier and more efficient during times of humanitarian crises, which will help New Zealand deliver an effective response.

The Upgrade is due to be signed March 2023. The full FTA text will be released alongside a National Interest Analysis at that time.

You can find more information about AANZFTA at www.mfat.govt.nz. If you would like to find out about upcoming consultations get in touch by emailing FTA_outreach@mfat.govt.nz

