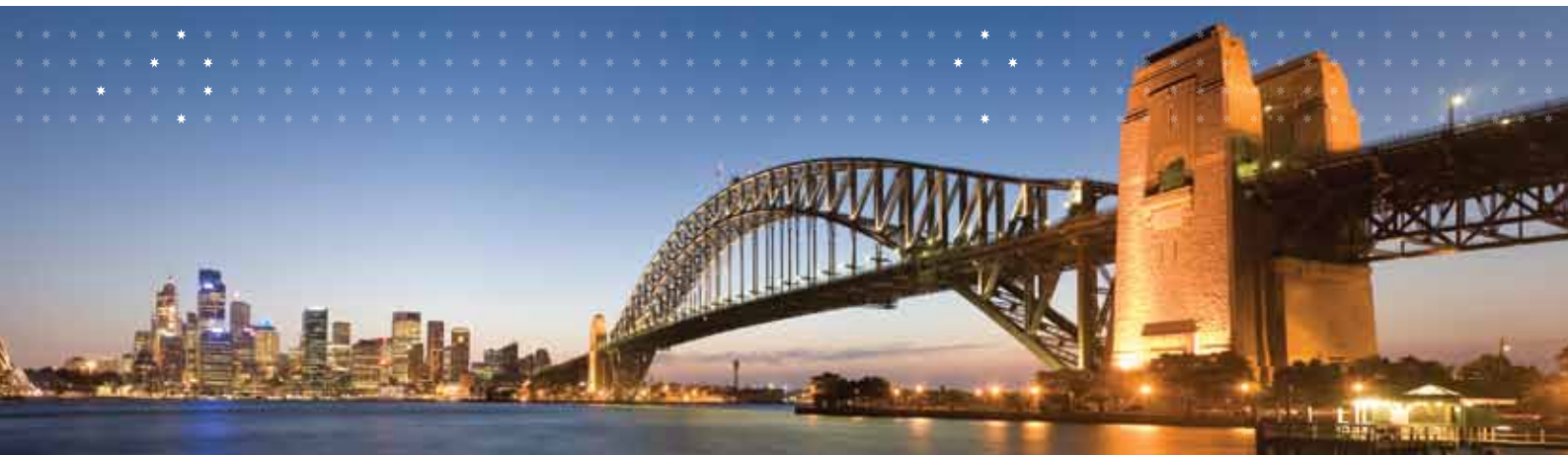


# NEW ZEALAND – AUSTRALIA CLOSER ECONOMIC RELATIONS INVESTMENT PROTOCOL



**The Protocol on Investment to the Australia New Zealand Closer Economic Relations Trade Agreement (ANZCERTA or CER) ensures that the package of trade and economic agreements between New Zealand and Australia remains the most comprehensive of our free trade agreements. The Investment Protocol ensures that New Zealand investors receive the most advantageous treatment offered to any foreign investors in Australia, and vice versa.**

## NEW ZEALAND-AUSTRALIA CLOSER ECONOMIC RELATIONS AND INVESTMENT

### What is CER?

Australia is New Zealand's largest trading partner in goods and services, as well as our largest source of foreign investment. Australia is also our closest international relationship politically, militarily and socially.

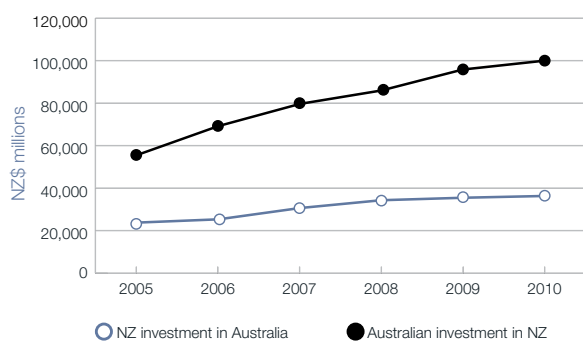
CER, New Zealand's first free trade agreement, underpins this relationship. CER has been described by the World Trade Organisation (WTO) as "the world's most comprehensive, effective and mutually compatible free trade agreement".

CER entered into force in 1983. It has since been regularly reviewed and updated, to ensure its coverage remains in line with modern free trade agreements. The Investment Protocol is the latest of these updates.

### Enhancing conditions for trans-Tasman investment

Investment is a core element of the trans-Tasman economic relationship. Australia is the largest investor in New Zealand and New Zealand is the sixth largest source of foreign investment in Australia.

Trans-Tasman investment stocks 2005-2010



Source: Statistics New Zealand, 2010.



Extending CER to include investment reflects the modern practice of incorporating rules and commitments on investment in government-to-government economic frameworks like free trade agreements. Adding the Investment Protocol to CER helps maintain CER as the highest quality free trade arrangement that New Zealand or Australia has with any trading partner, and will ensure that CER continues to be widely recognised as the most comprehensive bilateral free trade agreement in the world.

The Investment Protocol also contributes to both governments' shared objective of removing unnecessary regulatory impediments to trans-Tasman business.

The Investment Protocol is the first time New Zealand has extended preferential treatment to investors of another country, reflecting our special relationship with Australia.



## KEY OUTCOMES OF THE INVESTMENT PROTOCOL

The Investment Protocol means that New Zealand investors in Australian business assets will:

- usually be treated at least as well as Australian investors and any other foreign investors. Any exceptions from this have been clearly specified in the Protocol
- have more certainty that their investments will be protected and will not be treated unfairly, unduly expropriated, or denied due process
- not be restricted from accessing their investment or transferring their investment funds out of Australia.

New Zealand also retains the ability to regulate investment activities for certain purposes, including to protect human, animal or plant life or health, to manage a balance of payments crisis.

## Preferential screening thresholds for investors

Foreign investors in Australian business assets are usually subject to a monetary threshold of A\$231 million, above which investors must obtain approval from Australia's Foreign Investment Review Board. Under the Protocol, this threshold, for New Zealand investors, increases to A\$1.005 billion.\*

Similarly, the monetary threshold above which Australian investors in New Zealand business assets must obtain approval from New Zealand's Overseas Investment Office increases to NZ\$477 million.\* Therefore Australian investors will be able to invest in companies worth up to NZ\$477 million without seeking Overseas Investment Office approval. Other foreign investors must seek consent for significant investments (i.e. 25% or more) in companies worth more than NZ\$100 million.

As the preferential thresholds apply to business assets only, New Zealand retains its ability to require that Australian investors obtain consent for investments involving sensitive land and fishing quota.

## FURTHER INFORMATION

Further information on the Investment Protocol and CER, including the full text of the Investment Protocol, can be found at [www.mfat.govt.nz](http://www.mfat.govt.nz).

Further information about investing in New Zealand can be found at [www.investmentnz.govt.nz](http://www.investmentnz.govt.nz).

Prospective investors can also find information about investments which require New Zealand government approval from the Overseas Investment Office at [www.linz.govt.nz/overseas-investment](http://www.linz.govt.nz/overseas-investment).

Information about investments which require Australian government approval from the Foreign Investment Review Board can be found at [www.firb.gov.au](http://www.firb.gov.au).



\* This amount is indexed annually to GDP, so will increase over time.