

**JOINT STATEMENT BETWEEN NEW ZEALAND AND THE PEOPLE'S REPUBLIC OF CHINA ON THE
UPGRADE OF THE CHINA-NEW ZEALAND FREE TRADE AGREEMENT**

On the occasion of the APEC Meeting in Lima, Todd McClay, Minister of Trade of New Zealand and Gao Hucheng, Minister of Commerce of the People's Republic of China met on 20 November to discuss the upgrade of the China-New Zealand Free Trade Agreement.

The Ministers took note of the *Recommendations by the Joint Assessment Working Group on the Upgrade of the China-New Zealand FTA* (attached) and agreed to launch negotiations. The first round of negotiations will be held in the first half of 2017 with the aim of concluding negotiations expeditiously.

As participating countries in the Regional Comprehensive Economic Partnership (RCEP) process, New Zealand and China reiterated their commitment to work towards the swift conclusion of the RCEP negotiations.

Recommendations by the Joint Assessment Working Group on the Upgrade of the China-New Zealand FTA

During the visit by Chinese President Xi Jinping to New Zealand in November 2014, President Xi and New Zealand Prime Minister John Key gave instruction for exploration of the upgrade to the China-New Zealand Free Trade Agreement (FTA). At the 6th FTA Joint Commission Meeting of the China-New Zealand FTA on 24-25 March 2015 in Wellington, New Zealand, the Parties agreed to launch an “assessment mechanism to upgrade the China-New Zealand FTA”, and set up a Joint Assessment Work Group to conduct this work. The Parties agreed that the Joint Assessment Working Group would make recommendations to Ministers on the guidelines for the China-New Zealand FTA upgrade negotiations, including the objectives, methodology, and scope.

The recommendations of the Joint Assessment Working Group are set out below.

Joint Assessment Working Group Recommendation

The Joint Assessment Working Group met in both Beijing and Wellington to discuss proposals for the scope of the negotiations. The joint assessment considered the key issues and opportunities in the trade and investment relationship and the implementation of the Agreement, and concluded that the FTA should be upgraded in accordance with the agreed elements identified in this assessment. In doing so, the Joint Assessment Working Group recognised that launching an upgrade of the FTA would represent a fifth ‘first’¹ in the bilateral relationship – the first launch of negotiations to upgrade an FTA by China with a developed country.

The Joint Assessment Working Group has demonstrated that an upgraded FTA between China and New Zealand will not only bring immense benefits to the people and economies of China and New Zealand, but also contribute to other regional integration initiatives such as the Belt and Road Initiative and RCEP.

The Joint Assessment Working Group recommends that negotiations on the upgrade of the China-New Zealand FTA shall be initiated in accordance with the guidelines set out below.

Guidelines for China-NZ FTA Upgrade negotiations

I. Objective

In view of the strong growth and increasing sophistication of the bilateral trade and investment between China and New Zealand, and recognizing that livelihoods of China’s small-scale subsistence farmers shall not be adversely impacted, China and New Zealand agree that upgrading and improving the China-New Zealand FTA, which was signed and entered into force in 2008, will contribute to deepening and broadening China-New Zealand economic relations, respond to the evolving regional and global economic architecture, and ensure the FTA remains more relevant in the current circumstances of trade, investment and business between China and New Zealand.

¹ The four ‘firsts’ in the China-New Zealand bilateral relationship are as follows: New Zealand was the first country to conclude bilateral negotiations on China’s accession to the WTO (August 1997); the first country to recognise China as a market economy (April 2004); the first developed country to commence FTA negotiations with China (December 2004); and the first developed country to conclude an FTA with China (April 2008).

II. Methodology

A first round of negotiations will be held in the first half of 2017 with the aim of concluding negotiations expeditiously. The upgrade negotiation will be undertaken through a series of negotiating rounds alternating between China and New Zealand.

III. Scope

Recognising that the upgrade negotiations will be conducted in the spirit of mutual benefit and win-win partnership that has long characterised the China-New Zealand relationship, and aimed at achieving a balanced outcome for the sustainable development of both countries, both sides agreed that the scope of the negotiations will include for example:

- technical barriers to trade, customs procedures, cooperation and trade facilitation, and rules of origin;
- services, including improved sectoral commitments (and the extension of most-favoured nation commitments in services);
- competition policy;
- e-commerce;
- agricultural cooperation;
- environment;
- how to address government procurement in relation to the upgrade; and
- other issues mutually determined by both sides.

In parallel, SPS issues will be advanced through the continued implementation of the SPS Chapter 'Five Year Strategic Implementation Priority Plan'.

The Joint Assessment Working Group recognised that there are different requests, views and positions regarding the scope of the negotiations. Both sides agreed to address these differences in the course of upgrade negotiations.

However, the above elements do not prejudice the final outcome and the timetable for the FTA Upgrade negotiations.