

## **EU-New Zealand Free Trade Agreement Negotiations: report on the first round of negotiations in Brussels, 16- 20 July 2018**

The first round of FTA negotiations between the European Union (EU) and New Zealand was very constructive, reflecting the wide range of trade policy areas where New Zealand and the EU are closely aligned.

New Zealand is largely working with EU text proposals and making our own proposals where needed. We made good progress in many areas, with a range of basic text agreed and detailed discussion on other issues to help clarify each side's intentions. Thanks to the earlier scoping work that the EU and New Zealand had completed, there were few surprises in areas where we know differences exist, for example in our levels of ambition in agriculture and our approaches to intellectual property, including geographical indications (GIs). The discussion on trade and sustainable development was positive, reinforcing the determination of both sides to achieve a high quality agreement.

### **What happens next?**

Both sides are keen to maintain momentum in the negotiations. A second round of talks will be held in New Zealand from 8-12 October.

### **Where can I find out more?**

We're holding a series of public meetings throughout New Zealand from 3 September to 28 September where you can find out more about the EU-NZ FTA and Trade for All, ask questions and share your views. You can register for these events [here](#).

Find out more about our overall objectives for this agreement, including brief information on each area being negotiated, at the [European Union-New Zealand Free Trade Agreement section](#) of the Ministry for Foreign Affairs and Trade website.

### **Key working group progress in brief**

The **Trade in Goods** group met most of our objectives with good progress on two broad areas: modalities/procedures for the exchange of tariff data/statistics and for the preparation of initial offers were agreed; and good progress was made in working through the full Goods chapter text tabled by the EU. Three articles were agreed and there were many other areas where expectations are similar. Areas for further discussion were identified. The timing of initial exchanges of tariff offers is still to be decided. The focus for New Zealand is on comprehensive first offers, given the shared aim in scoping talks was to aim at full tariff liberalisation.

There is strong alignment between the EU and New Zealand on the general provisions for **rules of origin**. Operational approaches for audit and investigative purposes are slightly different, but our existing Agreement on Customs Cooperation and Mutual Administrative Assistance will assist in finding solutions. Common existing commitments under the WTO Trade Facilitation Agreement that support the free flow of trade form the basis of the text for the **Customs and Trade Facilitation** provisions. Both sides agreed several elements of the text and provided a useful overview of each other's practices.

The **Technical Barriers to Trade (TBT)** working group discussion was constructive and good progress was made, with three articles agreed and productive discussions on other substantive articles. Given our particular focus on eliminating unnecessary barriers to trade, New Zealand proposed several additional paragraphs on equivalence of technical regulations and national treatment for conformity assessment bodies.

Initial discussions were held on **sectoral annexes** (additional provisions that seek to address non-tariff barriers in specific areas of trade), where future work was signalled in the areas of pharmaceuticals, medical devices, cosmetics, motor vehicles, wine and organics.

The EU and New Zealand had good discussions on **Sanitary and Phytosanitary (SPS) issues** during this first round. New Zealand presented proposals for the SPS chapter (the EU is yet to table its proposal). New Zealand and the EU ideas align with respect to a good number of articles, although the level of detail envisaged may differ. Parallel discussions took place about SPS market access matters, and it was agreed that documents will be exchanged to enable further discussions.

The **Subsidies** working group exchanged views on how to approach the topic based on New Zealand's proposals for a subsidies chapter (the EU is yet to table its proposal). A key focus of discussion was New Zealand's push for an ambitious agreement to discipline fisheries subsidies, an outcome consistent with the UN Sustainable Development Goals. New Zealand will also be proposing provisions to support fossil fuel subsidy reform, which would be one of the FTA's contributions to addressing climate change.

On **trade in services**, the EU has not yet provided text, but conversations about our respective approaches were open and constructive. There appears to be a large degree of convergence on the substance of the approaches that each side takes, including aiming for high ambition commitments, although there are likely to be issues of structure to be addressed. A few areas of policy divergence have been identified for future discussion. The EU is also likely to propose text on issues where we have not previously made FTA commitments, which will require more detailed conversations.

There were good initial discussions on approaches to **the investment chapter**, starting from the shared position of no Investor-State Dispute Settlement.

New Zealand and the EU discussed **Digital trade** issues and how to ensure the agreement allows businesses and consumers to transact online with confidence, removes unjustified barriers, and protects the privacy and rights of consumers. Both sides shared past practice in free trade agreements and there was a large degree of convergence.

There was a largely positive discussion on **small and medium-size enterprises (SMEs)** which confirmed New Zealand and the EU have a shared objective of supporting **SMEs** to take advantage of the opportunities created by the FTA. We agreed on some text and identified areas for further discussion, including the level of detail in the text, consistency with other chapters, and future-proofed references to technology.

New Zealand and the EU worked constructively through the EU proposed text for the **Intellectual Property (IP)** chapter, and agreed a number of provisions. More discussion is required to explore respective positions on copyright, patent and design term extensions, artists' resale rights, actors' economic rights in respect of recordings of their performances, intellectual property enforcement measures, technological protection measures and data protection for pharmaceuticals.

New Zealand and the EU discussed the EU proposed text on **Geographical Indications (GIs)** in the IP chapter, and a non-paper tabled by the EU in which it presented information from the EU's experience in other FTA negotiations on the steps to be taken to provide, consider and properly process each party's list of GIs for proposed protection under the EU FTA. This discussion provided a lot more detail around what the EU is seeking in terms of protection and obligations in this area, and on the likely timeframes for the procedural aspects of GI list assessment. The linkage between this issue and goods market access was discussed, and is understood by both parties.

There was a productive discussion on the **dispute settlement** processes that would apply in the event of a dispute under the FTA. This included agreement on a range of provisions in the chapter text. Extensive explanation was also provided by the EU on how the mediation procedure under this chapter would operate (a new area for New Zealand).

For **Trade and Sustainable Development**, both sides are ambitious to go further than previous agreements, including exploring the possibility of climate change provisions in the Chapter, alongside looking for opportunities to incorporate sustainable development provisions across other chapters of the FTA. The group anticipates beginning discussion of proposed text at Round 2.

The EU and New Zealand had constructive and comprehensive discussions on **government procurement**. Discussions covered exchanges on regulatory frameworks and practices in procurement on both sides concerning all levels of government as well as the EU text proposal for the chapter on procurement and related questions on procurement rules. The text discussion concerned topics such as electronic procurement procedures, a single point of access to information on procurement opportunities, and sustainable procurement. It was agreed that exchanges would continue based on the EU text proposal.

The working group on **State-owned Enterprises (SOEs)** had a productive exchange based on the EU's text proposal. Three articles were agreed with numerous other provisions identified as areas of mutual interest. The two sides also agreed on the need to continue discussions related to the scope of application and any additional proposals.

There was a constructive preliminary discussion covering New Zealand's proposed text on **Good Regulatory Practice and Regulatory Cooperation** and potential EU text (still to be tabled). Issues that are likely to arise in future discussions include EU/member state competence (what the EU itself can commit to on regulatory cooperation) and the balance to be struck between high-level principles and prescriptive provisions. A constructive discussion was also held on respective New Zealand and EU practices with regard to **Transparency**, drawing from a discussion paper provided by the EU (text is still to be tabled in this chapter).

On **energy and raw materials**, New Zealand underlined that this was the first time that a negotiating partner had suggested the inclusion of a separate chapter covering these areas. Given that the text addresses a number of technical aspects of energy and raw materials regulatory policy, there will need to be further detailed discussion of these provisions before progress can be made.

New Zealand also signalled future proposals on ***Trade for All*** issues, including **gender, indigenous issues** and **domestic regional economic cooperation**. These issues may be informed over time by the public engagement on ***Trade for All*** that will soon take place in New Zealand.