

EU-NZ FREE TRADE AGREEMENT



European Union-New Zealand Free Trade Agreement Negotiations: report on the ninth round of negotiations held by video conference, 23 November – 1 December 2020

New Zealand and EU negotiators held video conference meetings for the ninth round of negotiations from 23 November – 1 December 2020.

It was a productive round of chapter negotiations, and Chief Negotiators separately covered all significant topics in the negotiation. Some technical working groups did not meet. Goods market access, for example, was not discussed at the chapter level, but important discussions continued at Chief Negotiator level. New Zealand reinforced the importance of a revised EU offer to unlock further progress in the negotiation, and to deliver on clear expectations that are understood by both partners.

Three further chapters were either closed or are now close to substantial completion (Small and Medium Sized Enterprises, Capital Movements and Dispute Settlement). Solid progress was made to advance text negotiations in a number of other chapters.

We continue to work towards conclusion of negotiations as soon as possible and our objective continues to be to agree a high quality and commercially meaningful deal.

What happens next?

Negotiators intend to meet again for round 10 in the first quarter 2021 but the dates are not yet confirmed. This is likely to be another virtual round. Work in between rounds will continue via email and video conference where possible.

Where can I find out more?

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

Have your say

We welcome feedback on these negotiations – please contact us with views or for further information:

eu-fta@mfat.govt.nz

Key Working Group progress in brief

Negotiators discussed chapter text and market access in relation to **Government Procurement**. Significant progress was made on chapter text, including on a provision on sustainable procurement that

relates to social, environmental and labour considerations. Discussions also continued on market access, particularly in relation to possible improvements by the EU and New Zealand to their procurement coverage commitments under the World Trade Organisation Agreement on Government Procurement (GPA).

Conclusion was reached on the chapter text for **Small and Medium-sized Enterprises (SMEs)**. The chapter includes commitments to make available trade-related information that will be useful for SMEs. It also provides for both sides to cooperate to ensure SMEs interests are taken into account in implementing the Agreement in due course. Further discussions on the **Good Regulatory Practice and Regulatory Cooperation** chapter will take place intersessionally before Round 10.

Negotiators completed discussions on the **Dispute Settlement** procedures. The dispute settlement chapter provides a clear and robust procedure for resolving disputes that arise under the FTA. Negotiations were also completed on the **Capital Movements** chapter. This chapter brings together provisions relating to payments and transfers and protections relating to temporary safeguard measures that New Zealand has typically included in the services and investment chapter of a FTA.

There was a detailed discussion on **Trade and Gender** during the round. This was the first of a wider range of "Trade for All" issues that will be advanced in or alongside the FTA itself (including Trade and Indigenous Issues and Regional Economic Development). There is a degree of commonality between the parties on Trade and Gender, and progress will continue between rounds. New Zealand's ambition has been informed by recent experience concluding the Global Trade and Gender Arrangement with the [Inclusive Trade Action Group](#) (ITAG) and by the Trade for All Advisory Board's recommendations.

Technical working group negotiators did not meet to discuss the **Goods** chapter text and **market access**. As we previously reported, the EU's first offer on agricultural market access for certain dairy and meat products does not yet provide us with a platform to conclude the negotiations. The EU has yet to provide an updated offer. The current offer would continue to disadvantage New Zealand compared to our competitors from such countries as Chile, Canada, and elsewhere. These issues were discussed between Chief Negotiators, where New Zealand continues to note the link between goods market access and geographical indications and this will be an important topic of further discussion between Ministers.

Both sides met to discuss the **Sanitary and Phytosanitary (SPS)** chapter, on which both parties share a high level of ambition. Discussions were constructive and detailed and good progress continues to be made. Provisions relating to plant health have been completed and we expect the remainder of the chapter to be concluded shortly, following resolution of outstanding issues, including the EU's proposal on Scientific Robustness.

There continues to be good progress on the **Trade Remedies** chapter. Agreement was reached on some areas of text and deeper discussions had on remaining issues. A majority of the outstanding issues in the chapter, including the EU's proposal for agricultural safeguards, continue to be linked to goods market access negotiations. These will not be substantially progressed until those negotiations advance.

Negotiators made good progress on the **Trade and Sustainable Development (TSD)** chapter. The TSD chapter includes provisions relating to Trade and Environment and Trade and Labour that New Zealand has included as separate chapters in other FTAs. There was detailed discussion on proposals relating to environmental goods and services that New Zealand had provided prior to the previous round of negotiations. There were useful exchanges on biodiversity, fisheries and fossil fuel subsidies and we expect further progress to be made on these matters during the next round.

There were detailed discussions on **Geographical Indications (GIs)** that built on discussions at Round 8 about the EU's text proposal and the discussion document providing alternative text proposals

developed by New Zealand. The parties also discussed names proposed for GI protection. As noted previously, the parties have identified areas of possible convergence, including in relation to the protection of multi-component or 'compound' GI names. However, there remain significant differences between the parties including in relation to the level of protection and enforcement.

A useful special-session was held on **State-Owned Enterprises (SOEs)**, where negotiators discussed key focus areas, including where there are connections with other chapters across the Agreement.

The **Investment** working group continues to discuss the remaining elements in the investment chapter text, including in relation to the EU's proposals for new obligations (for example, with respect to performance requirements). Negotiators also discussed a range of matters relating to the **Services** chapters, including in relation to temporary entry of business persons, financial services and transport services. Some of the EU's proposals depart from New Zealand's existing practice, so further work is required by both sides to find acceptable solutions. Offers on services and investment were updated in July.

The parties also discussed **Telecommunications** and made some additional progress.

We expect the chapters on **Subsidies, Energy and Raw Materials, Competition, Digital Trade, Intellectual Property, Good Regulatory Practice** to be further advanced before Round10 and the working group on **Technical Barriers to Trade (TBT)** will meet in 2021.

On **Rules of Origin**, some progress was made in the chapter text dealing with the treatment of originating goods and the discussion clarified the role of the distribution sector in the certification process. In relation to the Product Specific Rules, New Zealand continues to underline the importance of rules of origin that will facilitate trade and support our SMEs but substantial differences remain between our approaches.

New Zealand and the EU continued negotiations for a **wine annex**. Discussions in the current round helped to further clarify aspects of our respective proposals. Both the EU and New Zealand continue to see strong connections between the wine annex discussions and GIs. For New Zealand, we continue to seek an annex that will reduce costs for our wine sector and that will act to facilitate rather than hinder wine trade between New Zealand and the EU.

The **Legal and Institutional** working group met across two days at Round 9. Negotiators held productive discussions on **Dispute Settlement** procedures, which should be finalised and agreed shortly. The final issues discussed were those related to the ability to request consultations (but not a dispute panel) for trade measures that are proposed only, and procedures related to the selection of a mediator and panellists in any future state-to-state dispute.

Negotiators also continued discussions on **General Exceptions**, which will apply across the free trade agreement and operate to protect the parties' ability to pursue important public policy objectives. New Zealand continued to advance discussions on a proposed creative arts exception, and discussions are ongoing in relation to the text for taxation and security exceptions.

The EU also introduced its proposals for the **Institutional Chapter and Final Provisions** Chapter. Negotiators spent time discussing the range of proposals across these two chapters, and comparing the usual approaches of each side in free trade agreements.