

EU-NZ FREE TRADE AGREEMENT



EU-New Zealand Free Trade Agreement Negotiations: report on the second round of negotiations in Wellington, 8-12 October 2018

Negotiations continued between the EU and New Zealand with the second round held in Wellington from 8-12 October.

Overall, discussions continued to be positive with more text agreed in most areas of the negotiations. Further detailed discussions should allow us to make progress in areas where our views are not so closely aligned. New Zealand will seek to maintain a constructive and flexible approach when considering these issues.

What happens next?

We have agreed with the EU that they will host the third round of talks in Brussels in February 2019.

Negotiators will continue to work between negotiation rounds to propose and agree text, and exchange relevant information and data about our respective systems.

Where can I find out more?

The latest round of public meetings continues in October and November. Come along to find out more about the EU-NZ FTA, ask questions and share your views. You can find details and 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. The EU's text proposals are available [here](#).

Key working group progress in brief

More text was agreed in the **Trade and Goods** working group. It is hoped that exchange of initial offers will take place in January, in time for discussion at the third round. New Zealand continues to push for comprehensive, high quality offers that cover areas of key export interest to both New Zealand and the EU. New Zealand stressed the importance of this for maintaining momentum across the negotiations.

Steady progress was made on the **Rules of Origin** chapter text. New Zealand tabled its Product Specific Rules, and these were discussed between the two sides. The use of self-certification of origin was agreed, which reduces red-tape for businesses because no third party or government issued certification will be required. Good progress was also made on **Customs and Trade Facilitation** with more articles agreed. Further detailed negotiation will be required to address areas where New Zealand and EU approaches differ more substantially.

In the **Technical Barriers to Trade** working group, reasonable headway was made on the chapter text, including within the key articles on standards and conformity assessment. Further discussions were held on possible **sectoral annexes** that will address technical barriers to trade in areas of interest, such as wine, organics and automotive trade.

The **Trade Remedies** working group met for the first time. The atmosphere was constructive and common ground was identified on a range of articles. We will continue to discuss the EU's proposals for bilateral safeguards, although their final inclusion in the Agreement will be subject to satisfactory market access liberalisation for sensitive products.

The EU presented its proposed text for **Sanitary and Phytosanitary** (SPS) measures. Despite differences around structure of the text, New Zealand and the EU engaged well on the issues and agreed on some text. Negotiators also identified shared ambition to add value to existing arrangements.

Cooperation on **Animal Welfare** will also be part of the FTA. While this is currently included in the EU's proposed SPS text, New Zealand maintains that these provisions should be separate from the SPS text. This issue will be discussed at future rounds.

The EU tabled its proposal for **Services** ahead of the round, and the working group had a productive first run through the text. Significant commonality was identified, and some text was agreed in areas where the EU's proposed language reflected our preferred approach. Further consultation will be required on some of the structure and content of the proposal, and New Zealand will propose additional or alternative text on some issues.

Discussions were held on the EU's proposed text for **Investment and Capital Movements**, which was provided ahead of the round. New Zealand was able to agree some elements of text, but still needs to consult further on the EU's proposed text and structure. To help with this, the EU provided background and information on its proposal.

Intellectual property discussions were positive and constructive in tone, covering the full range of issues, such as copyright and related rights, patents, trademarks, data protection and enforcement. However, there are important differences in many areas, and substantial follow-up work was agreed. The EU provided its proposed list of **Geographical Indications** (GIs) for protection by New Zealand under the Agreement which covers wines, spirits and foodstuffs. New Zealand is looking at how and when it will begin formally considering the EU's proposed list (which will include a process of public consultation), noting the importance of making satisfactory progress in other areas of negotiation such as market access.

New Zealand and the EU agreed a range of provisions on **Dispute Settlement**, particularly in relation to mediation procedures. Robust discussion was held on other provisions and New Zealand has agreed to provide alternative proposals for discussion at round three.

We also proposed **Treaty of Waitangi Exception** text to the EU, and responded to general questions from the EU about the operation of the exception and its importance to New Zealand.

In lieu of a formal text proposal from the EU on **Trade and Sustainable Development** (TSD), both sides laid out their ambitions for the chapter. Discussions covered a range of topics for potential inclusion in the future chapter under the broad groupings of labour, environment, climate and institutional issues (including approaches to cooperation, implementation of commitments, and resolution of disputes). Negotiators also confirmed shared high ambition on prospective climate change and sustainable development commitments.

The EU and New Zealand had further in-depth and productive discussions based on the EU's **Government Procurement** text proposal. On market access, discussion allowed deeper understanding of respective procurement systems and existing commitments, and negotiators talked about the scope for further market access. The EU is interested in New Zealand's local government market, where New Zealand made undertakings related to infrastructure in its WTO Government Procurement Agreement commitments.

The constructive one-day discussion on the **State-Owned Enterprises** (SOEs) Chapter was focused on the EU's proposed scope of application. New Zealand has proposed that a value threshold should apply in line with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Also New Zealand favours "non-commercial assistance" obligations on SOEs in line with CPTPP. Further solid progress on this chapter is expected at the next round.

Without a formal text proposal from the EU, discussions were based on the EU-Chile **Competition** chapter. This revealed high levels of alignment between the two sides. The EU is prepared to consider additional due process and transparency obligations from New Zealand. New Zealand will table a text proposal before Round 3. Both Parties are considering the inclusion of a cross-cutting chapter on consumer protection.

Without an EU text proposal, discussion on **Subsidies** was based on previous EU text and on how it compares to the proposal tabled by New Zealand ahead of round one. The atmosphere was positive, although we are not in complete agreement regarding ambition for the chapter. As in round one, New Zealand continued to push for the inclusion of provisions dealing with prohibitions of subsidies contributing to IUU fishing, overfishing and overcapacity, consistent with the UN Sustainable Development Goals. New Zealand presented its position on this and on fossil fuel subsidy reform in a special joint session with the Trade and Sustainable Development working group.

There was useful discussion on the EU's Good Regulatory Practice (GRP) text proposal for the **GRP/Regulatory Cooperation** chapter. Further discussion will be needed to ensure that provisions are appropriate for New Zealand's regulatory system, which takes a more proportionate approach to GRP.

New Zealand and the EU had a first discussion on the EU's recently tabled **Transparency** proposal. Discussions during the round focused in particular on the need to ensure that provisions would be fit for purpose in relation to respective EU and New Zealand regulatory systems. The EU has agreed to consider alternative text proposals from New Zealand.

For the first time, New Zealand is considering an **Energy and Raw Materials** chapter. Discussion on the EU's proposal was helpful, with the EU explaining the objectives for the chapter and each provision. New Zealand signalled the need to make the chapter appropriate for an EU-New Zealand context.

Chief negotiators held discussions on elements of New Zealand's **Trade for All** agenda, including **Trade and Gender** and **Indigenous Issues**. The EU is currently negotiating its first Trade and Gender chapter in its Agreement with Chile, and was open to considering what could be included in our Agreement. On the potential for an Indigenous Issues chapter, the EU will consider what is appropriate in this FTA. Negotiators also discussed Domestic Regional Economic Development and how this might be incorporated into different parts of the Agreement.

Working groups were not held for **SMEs** or **Digital Trade** during the second round.