

EU-New Zealand Free Trade Agreement Negotiations: report on the third round of negotiations in Brussels, 18-22 February 2018

Negotiations between the EU and New Zealand continue with the third round held from 18-22 February in Brussels.

We are making good progress in many areas of the negotiations and hope to be able to reach agreement on some chapters soon. Initial goods market access offers were exchanged in early February and negotiators have agreed to exchange offers on services, investment, and government procurement before the next round.

What happens next?

We have scheduled dates for another two rounds before the European summer break begins in August: round four will be held in New Zealand in May and round five in Brussels in July.

Negotiators have already scheduled meetings and teleconferences with their counterparts to help make further progress in between rounds.

Where can I find out more?

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 of Foreign Affairs and Trade website.

Keep an eye on our website for upcoming public meetings where you can hear directly from MFAT negotiators, ask questions, and share your views. Check for details [here](#).

Read the [EU's text proposals](#) and [New Zealand text proposals released under the OIA](#).

Key working group progress in brief

The **Trade in Goods and Market Access** group focused on the introduction and discussion of the two parties' respective initial goods market access offers. We agreed further elements of the goods chapter text. We discussed how to address sensitive areas in these negotiations and a way forward on our work on goods market access. New Zealand emphasised the close linkage between further work on [geographical indications](#), and comprehensive market access offers on goods.

The **Customs and Trade Facilitation** group agreed more articles during this round, leaving just the key areas where New Zealand and EU approaches diverge, to be worked through by negotiators in future rounds.

In the **Technical Barriers to Trade** working group, more progress was made on the chapter text, including agreement on several key articles that set high standards. Further discussion will be needed to ensure the provisions are appropriate for New Zealand's conformance and regulatory systems. The EU tabled proposed text for a **sectoral annex** covering **automotive trade**, and we tabled our proposed text for a sectoral annex covering trade in **wine**.

Although there are still several areas of contention which will take some time to reach agreement on, progress was made on a number of elements within the **Trade Remedies** chapter. This included elements of a bilateral safeguard, most of the definitions and some transparency provisions. Some elements of the chapter, such as the EU's proposal for an agricultural safeguard, are linked to the goods market access negotiations and will not be agreed until those are closer to completion.

There was good progress on a small number of articles in the **Sanitary and Phytosanitary** chapter, and the groundwork was laid for a constructive fourth round, including plans for engagement between rounds to progress equivalence of phytosanitary official export certification controls. Parties share a high level of ambition for the overall chapter, and we continue to build a mutual understanding of our objectives. We continue to firmly maintain that the Sanitary Agreement be preserved and included in the FTA by reference.

Discussions on the **Services and Investment** suite of issues were constructive, building on the early progress made at round two last October and a further meeting in December. Good progress was made on agreeing key elements of the scope and definitions for services and investment, and on some of the key commitments that relate to market access offers. Useful discussions were also held on temporary entry for business people and on regulatory issues (domestic regulation, mutual recognition, delivery services, telecommunications services, financial services and international maritime transport services). Issues requiring further discussion and consultation were identified. Exchange of initial offers will occur prior to round four. Both sides are aiming for high-quality offers that reflect our shared ambition.

Productive discussions of **Digital Trade** issues continued, and progress was made across a variety of text. Importantly, increased clarity was gained on key data-related provisions in the proposed title. Both sides are aiming for further substantive progress in agreeing text intersessionally and at round four.

Good progress was made in parts of the **Intellectual Property** (IP) chapter. However, some substantial differences remain, including extending the term of protection for copyright and related rights, designs, and patents as well as for marketing approval data for pharmaceutical, veterinary and plant protection products. There are also differences in relation to the scope of border protection measures, intellectual property enforcement, performers' rights, and New Zealand's parallel importation regime. In relation to **Geographical Indications**, New Zealand is currently consulting on the EU's proposed list of names.

Discussions on the **Dispute Settlement** chapter were positive and productive, with good progress made in finding agreement on a range of elements in the consultation, panel, and compliance elements of the dispute settlement process. Several areas of policy divergence remain.

New Zealand made preliminary comments on the EU's **Trade and Sustainable Development** chapter proposal, which the EU tabled ahead of the round. Discussions covered several areas of interest to New Zealand including labour, climate change, biodiversity, fisheries, and enforcement. New Zealand will consider the draft text in more detail and provide comments and proposals for discussion ahead of the next round of negotiations. New Zealand's focus will be on seeking provisions that support trade and climate change objectives.

New Zealand and the EU had positive discussions on the **Government Procurement** text. The parties agreed to the article dedicated to e-procurement and made substantial progress on agreeing the modifications and rectifications article. On market access, both sides had in-depth discussions on their respective procurement coverage committed under the World Trade Organisation Agreement on Government Procurement and committed to an exchange of initial offers before the fourth round.

State-Owned Enterprises negotiations were positive and constructive. Discussions focused on finding an appropriate threshold for the sort of enterprises that should be covered. On “non-commercial assistance” obligations to regulate subsidisation of State-Owned Enterprises, negotiations are ongoing to take into account wider discussions on reform in the WTO.

In the **Competition** working group, there was agreement on most obligations. Pending validation from both sides, the chapter will be concluded before round four.

New Zealand and the EU continued discussions on **Subsidies** commitments. This was informed by New Zealand’s July 2018 proposal and past EU agreements. Both sides shared the view that commitments should be WTO plus and identified areas where further discussion was needed to agree the structure and content of new rules. New Zealand continued to pursue its proposals for specific provisions on fisheries subsidies.

In the **Good Regulatory Practice (GRP) / Regulatory Cooperation** working group, New Zealand and the EU had a detailed discussion about how to develop text on GRP that is compatible with our respective domestic systems. The discussion confirmed New Zealand and the EU share a common view on high level GRP principles, although there are different domestic approaches to how those are implemented.

Good progress was made towards agreement of text in the **Transparency** chapter, with few areas of divergence remaining between the EU and New Zealand on the standards that states should aim for in publishing and administering measures.

New Zealand is still considering an **Energy and Raw Materials** chapter. There were further detailed discussions on the EU’s proposal, with a particular focus on the trade and sustainable development and fossil fuel subsidy elements of the text.

New Zealand and the EU had a useful discussion about making information available to **SMEs** through different technological means. Specific drafting options and new ideas for the chapter content were also discussed. Both sides agreed to do some work intersessionally to enable good progress to be made at the next formal discussion.

Chief Negotiators continued to discuss options to progress elements of New Zealand’s **Trade for All** agenda through the agreement, including **Trade and Gender** and **Indigenous Issues**. We look forward to seeing how the outcome of the Trade for All consultation process can feed into our negotiations later this year.

Negotiators for **Rules of Origin** did not meet at round three.