

New Zealand and EU approaches to trade in services

Trade in services plays an increasingly important role in the global economy. We're negotiating a chapter that looks at how we can achieve high quality, commercially meaningful outcomes in services and investment, while at the same time recognising that there are sensitivities in certain sectors. We have agreed with the EU to build on our commitments in the World Trade Organization (WTO). We also agree on the importance of protecting the right of governments to regulate in the best interests of their people, including public policy and public services.

Key obligations

The trade in services chapters of New Zealand's and the European Union's free trade agreements are based on core obligations of market access (not placing certain limitations, such as quotas or economic needs tests, on the size of the market in certain sectors); national treatment (treating each other's service suppliers the same as domestic suppliers) and most-favoured nation treatment (treating each other's service suppliers as well as we treat suppliers from other countries).

The application of these rules has been consistently agreed by both the EU and New Zealand in past agreements. However, we have each taken different approaches to specifying which sectors will or will not be covered by these obligations. New Zealand's preferred approach is to schedule services and investment commitments in a 'negative list', which means that all sectors are covered by the agreement unless they are included in the list. This ensures the FTA stays relevant over time and provides more certainty and transparency for services exporters.

New Zealand will seek commercially meaningful commitments in sectors of interest to New Zealand exporters, such as private education, professional services and transport services. We will also seek inclusion of a wide range of aviation services, including ground handling services, specialty air services, and airport operation services.

Domestic regulation and transparency

New Zealand and the EU both support rules to ensure that the regulatory environment is transparent and predictable for services exporters, including SMEs (small and medium-sized enterprises), although we have taken different approaches to achieving this in our free trade agreements.

These rules cover the way regulation is made in relation to licencing and qualifications requirements and procedures, and how the relevant processes are administered. Examples include requirements that all measures affecting trade in services be administered in an impartial and objective way, that licencing and qualifications requirements and procedures are based on transparent and objective criteria, and that authorisation fees are reasonable.

Specific sectors

The EU seeks to negotiate specific provisions for certain sectors including telecommunications, financial services, maritime services and delivery services. New Zealand does not seek these sector-specific commitments in its FTAs – instead seeking to agree general rules that apply to these sectors - but we have negotiated chapters or provisions on telecommunications and financial services in some of our FTAs at the request of trading partners.

We will discuss with the EU whether such provisions are relevant or desirable in the context of this FTA. Where we do make commitments in these areas, our focus is ensuring that they do not require changes to our existing laws and regulations and that we preserve appropriate policy space for governments to regulate these sectors.

During the scoping process, the EU emphasised that some of its members had major sensitivities about making commitments on audio-visual services. We have agreed that services and investment liberalisation should not include those services.

Movement of business people

Limitations on the movement of people are one of the issues most frequently raised by New Zealand services exporters when we ask about barriers to their success offshore. New Zealand and the EU both seek provisions in FTAs that facilitate and streamline the movement of business people to support the implementation of the FTA. These provisions apply to temporary entry and stay and not to longer-term migration or access to the New Zealand employment market.