

# NZ-EU FTA – Key Outcomes

## Goods

The EU is New Zealand's 4<sup>th</sup> largest trading partner, with two-way trade in goods and services worth NZ\$17.5 billion in 2021. It is one of New Zealand's most important markets, with close to 450 million consumers.

New Zealand goods exports to the EU incurred estimated tariff duties of NZ\$115 million per annum in the period 2017-2019 (i.e. pre-Covid 19). Under the FTA:

- 94% of EU tariff lines will be eliminated at entry into force of the FTA, rising to 98.5% of tariff lines eliminated after seven years;
- 91% of New Zealand's current goods trade to the EU will enter duty free from day one, rising to 97% after seven years<sup>1</sup>; and
- estimated tariff savings will exceed \$100 million per year on entry into force, rising to \$110 million after seven years.
- the FTA will also open up valuable additional new quota access<sup>2</sup> for beef and dairy.

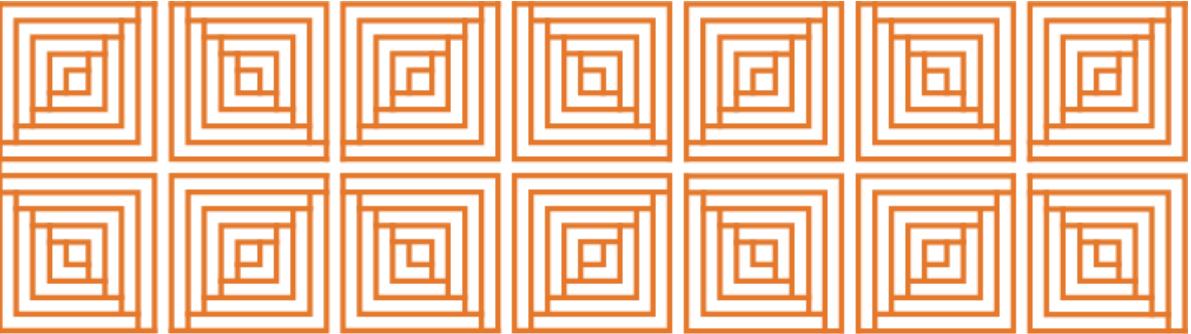
The FTA will create opportunities for New Zealand businesses large and small to grow, invest and build connections into the EU, supporting New Zealand's economic recovery from the pandemic. The agreement will also cut costs and red tape for New Zealand exporters, allowing them to compete on a more level playing field in the EU.

Specific goods outcomes under the FTA include:

- Tariffs are eliminated on kiwifruit, apples, mānuka honey, onions, wine, fish, mussels and squid from entry into force. Overall 94% of tariff lines will be eliminated from entry into force. Tariffs are also eliminated on manufactured goods, textiles, apparel and leather products, most from day one.
- Other key New Zealand products will have duties removed over 3, 5 or 7 years. This includes non-mānuka honey (3 years), casein (5 years), and retail infant formula (7 years). This means that 97% of current New Zealand exports will enter the EU duty free after seven years.
- **Sheep meat:** New Zealand already has good sheep meat access to the EU through a New Zealand only WTO duty-free quota of 125,769 tonnes.
- Under the FTA, an additional duty-free quota reaching 38,000 tonnes seven years after entry into force. This means that in total, New Zealand sheep meat exporters will have duty-free access to the EU of 163,769 tonnes seven years after entry into force.
- **Beef:** New Zealand currently has access to the EU beef market through a New Zealand-only WTO quota of 1,102 metric tonnes of high-quality beef with an in-quota tariff of 20%. This tariff will fall to 7.5% on day one, a cut of over 60%.

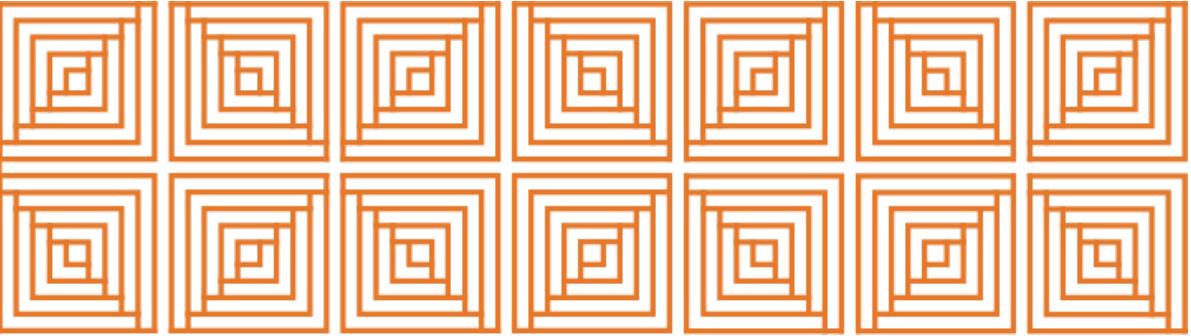
<sup>1</sup> The FTA goods market access outcome will mean a total of 91% of New Zealand's current exports will enter the EU duty-free on entry into force of the agreement, with tariff elimination on 67% of New Zealand's existing trade with the EU on entry into force of the FTA, and a further 24% entering duty-free through quotas.

<sup>2</sup> A quota is a volume of access into an export market, to which a preferential tariff applies.



- Under the FTA, New Zealand also secured a new FTA quota of 3,333 tonnes on entry into force, growing to 10,000 tonnes seven years after entry into force, with an in-quota tariff of 7.5%.
- It is estimated that this will provide up to \$117 million in additional beef export revenue, along with tariff savings of \$11.7 million in the WTO quota upon full implementation, a sharp drop from the 20% tariff levied on current exports.
- **Butter** New Zealand currently has access to the EU butter market through a New Zealand-only WTO quota of 47,177 tonnes with an in-quota tariff of €700 per tonne. However in commercial terms the high in-quota tariff and onerous administrative conditions has meant that the quota has not been utilised by New Zealand for the past five years – meaning there have been minimal New Zealand butter exports.
- Under the FTA, New Zealand secured a reduction of the tariff to for 21,000 tonnes which will drop to 5% of the MFN rate seven years after entry into force<sup>3</sup> (to around €95 per tonne), starting from 20% of the MFN rate. In addition, there will be a new FTA quota access into the EU, rising to 15,000 metric tonnes seven years after entry into force, with the same tariff phasing.
- In total it is estimated that this will provide up to \$260 million in additional butter export revenue if the quotas are fully utilised.
- **Cheese:** New Zealand currently has access to the EU cheese market through a New Zealand-only WTO quota of 6,031 tonnes with an in-quota tariff of €170.60 per tonne. However in commercial terms, the in-quota tariff and administrative conditions has meant that the quota has not been utilised by New Zealand for the past five years – i.e. there have been minimal New Zealand cheese exports.
- Under the FTA the tariff on this quota will fall to zero. In addition, New Zealand secured duty-free FTA quota access into the EU of 8,333 metric tonnes on day one, rising to 25,000 metric tonnes seven years after entry into force.
- Together with the existing WTO access, it is estimated that this will provide up to \$187 million in additional cheese export revenue if quotas are fully utilised.
- Separately, tariffs on processed and blue cheese will be eliminated over 7 years.
- **Milk powders:** New Zealand currently has no preferential access to the EU milk powder market.
- Under the FTA, New Zealand has secured preferential access for **milk powders** into the EU, with quota access of 5,000 tonnes on day one, rising to 15,000 tonnes seven years after entry into force. An in-quota tariff of 20% of the applicable MFN rate will apply to this quota.
- **High-Protein whey:** New Zealand currently has no preferential access to the EU market for high-protein whey.
- Under the FTA, New Zealand has secured 3,500 metric tonnes phased over 7 years after entry into force.
- It is estimated that this new duty-free access to the high-value EU market will provide up to \$46 million in additional high-protein whey export revenue, along with tariff savings of \$1 million on existing trade.
- **Fish and Seafood:** 99.5% of New Zealand's current **fish and seafood** trade will enter the EU tariff free from day one, increasing to 99.9% within five years, and 100% within seven years, with tariff savings of \$19.6 million per annum. This includes exports of mussels, squid and other shell-fish such as cockles and clams.

<sup>3</sup> In addition, the tariff for a further 14,000 tonnes of the New Zealand-only WTO quota will be 30% of the MFN rate.



- **EU exports to New Zealand:** New Zealand will liberalise 100% of tariff lines at entry into force. This includes EU exports such as apparel and footwear, plastics, forklifts and kitchen appliances, which are currently subject to tariffs ranging between 5-10%, reducing the cost of EU imports for New Zealand consumers.

## Services

The agreement contains high standards, rules and commitments to support the growth and development of trade in services between New Zealand and the EU. Prior to the pandemic, the EU was New Zealand's 4<sup>th</sup> largest market for services exports. In the year to March 2020, New Zealand exported \$1.87 billion of services to the EU. The Agreement includes improved commitments to help facilitate access and provide certainty for services exporters.

Services market access commitments contained in the agreement build significantly on commitments made in the WTO General Agreement on Trade in Services and follow the 'negative listing' approach, which provides for greater clarity and transparency of commitments.

In education services, New Zealand has secured new and improved access for education providers to offer a range of services, including English language education services. This is the first time the EU has agreed to commitments in this sector, and is an important area of interest for New Zealand education providers.

In addition, the EU and New Zealand have agreed to include commitments on a broader range of aviation services, including ground handling services and services such as aerial fire fighting, flight training, aerial spraying and other airborne agricultural, industrial and inspection services.

Outcomes on services include specific commitments on: delivery services, telecommunications, financial services, and international maritime services.

The text on domestic regulation ensures that each side's licensing and qualification requirements and procedures are transparent, fair and not unduly burdensome. It encourages agencies to simplify their approval processes for service providers; and create impartial, transparent and timely processing of applications. Finally, and importantly, it encourages agencies to charge reasonable fees for any such applications.

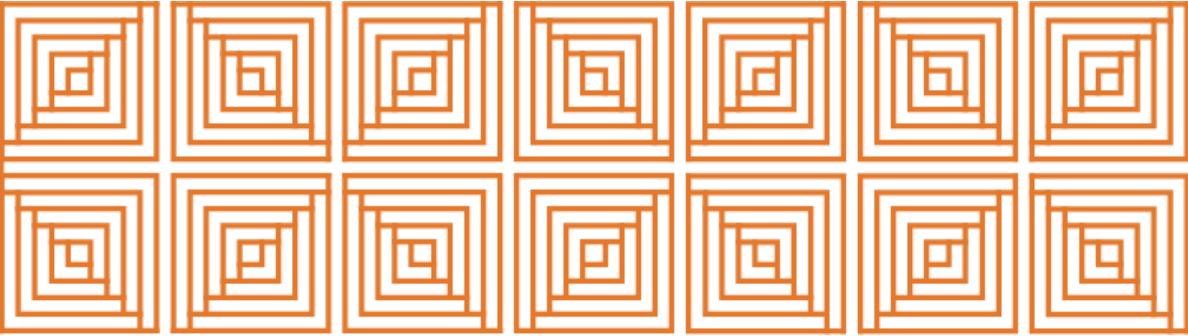
New Zealand has future-proofed its position in the EU market for trade in services by agreeing that any advantages in services trade which the EU provides to future FTA partners will be automatically extended to New Zealand. New Zealand has committed to do the same for the EU.

## Movement of Persons for Business Purposes

The Agreement includes an annex on the movement of natural persons for business purposes. This contains commitments to facilitate the processing of applications for entry and temporary stay. For those being transferred by their companies to perform particular roles (intra-corporate transferees), there are also additional facilitating provisions with specific timeframes for consideration of properly completed applications and commitments to enable visa accesss for their partners and dependents.

In their schedules of commitments, the EU and New Zealand have made commitments in regard to access for business persons for the following specific categories:

- intra-corporate transferees – an executive, manager or specialist transferred by their companies to perform specific roles who will be eligible for initial periods of stay of up to three years, with applicants informed of the decision as soon as possible, and within 90 days;
- independent professionals – a self-employed business person with advanced technical or professional skills, providing services under contract in certain professional services sectors, subject to certain safeguards. Independent professionals will be eligible for periods of stay of up to 12 months.



- business visitors – business persons conducting certain specified activities, including in relation to establishment of a business enterprise or investment, and installers and services whose services are required as part of a contract to supply equipment. Business visitors would be eligible for periods of stay of up to 90 days in every 12 consecutive months;
- contractual service suppliers – business persons providing services under contract in certain designated services sectors, subject to certain safeguards. Contractual service suppliers will be eligible for periods of stay of up to 12 months.

## Investment

The EU is one of the biggest investors in New Zealand. In 2020, the total EU investment stock in New Zealand amounted to approximately NZ\$14.5 billion.

Investment provisions in the FTA will incorporate modern investment protection rules, as well as providing certainty and stability to each Party's investors. This will help deliver secure and predictable conditions for investments in both directions, with a view to supporting the growth and development of two-way investment between the EU and New Zealand.

New Zealand's existing investment screening regime, provided for under the Overseas Investment Act, will continue to apply. Under this Agreement, however, the EU will also be able to benefit from a higher screening threshold than currently, with this extending up to NZ\$200 million, as agreed with New Zealand's other main FTA partners.

Consistent with New Zealand policy, the FTA does not include investor-state dispute settlement (ISDS).

As is the case with services, New Zealand has future-proofed its position in the EU market for investment such that any advantages in investment which the EU provides to future FTA partners will be automatically extended to New Zealand. New Zealand has committed to do the same for the EU.

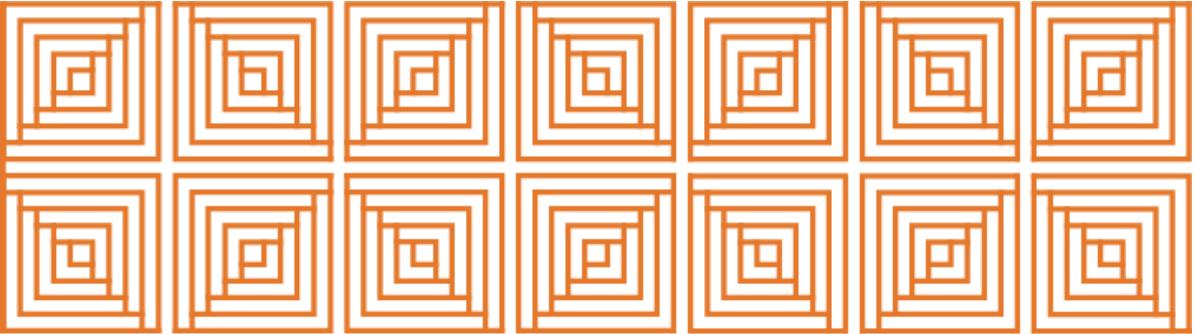
## Trade and Sustainable Development

The chapter contains overarching principles re-stating the commitment of both Parties to strive for high levels of environment and labour protection. There are also commitments to not weaken or reduce the levels of protection in their laws; or to waive, derogate from or fail to enforce these laws to encourage trade or investment. Conversely, both sides commit not to use environmental or labour laws as a disguised restriction on trade and investment.

Robust provisions on trade and labour are important to both Parties. These include affirmation of their commitment to respect and promote the principles on core rights at work embodied in the fundamental International Labour Organisation (ILO) Conventions, to implement their obligations under the ILO Conventions they have ratified, to make sustained efforts to ratify the fundamental ILO Conventions under the 1998 Declaration on Fundamental Principles and Rights at Work that they have not yet ratified, and to promote (through their laws and practices) the strategic objectives of the ILO's 'Decent Work' agenda.

The section on trade and gender equality recognises the contribution inclusive trade policies make to advancing women's economic empowerment and equality. The article includes binding commitments to implement relevant international UN agreements, including the UN Convention on the Elimination of Discrimination Against Women (CEDAW). Both Parties agreed to strengthen their cooperation including in international fora on trade-related aspects of gender equality policies and measures, and enabling women to access and benefit from opportunities under the FTA.

Among the trade and environment commitments, there are provisions covering trade and climate change, trade and biological diversity, trade and forests, and trade and sustainable management of fisheries and aquaculture. The FTA contains ambitious outcomes on climate action and the Paris Agreement, including making these commitments legally binding and enforceable in the FTA. The Chapter also includes provisions on fossil fuel subsidy reform including a



commitment to strengthen cooperation on reform policies and measures, particularly in the WTO. Sustainable fisheries management and combatting illegal, unregulated and unreported (IUU) fishing activities are a focus in the fisheries and aquaculture section.

The chapter also contains commitments to support trade and investment in goods and services related to the protection of the environment. Under this section, the two Parties have agreed to eliminate customs duties from entry into force of the FTA on a list of environmentally beneficial goods and references the commitments both sides have made on environmental services as part of their services and investment liberalisation under the FTA.

## Māori Trade and Economic Cooperation

The FTA includes a Māori Trade and Economic Cooperation Chapter to advance engagement on trade and investment cooperation and initiatives. The Chapter identifies a number of cooperation areas to enhance the ability for Māori to access the benefits from the FTA, develop business links between Māori and EU enterprises (with a particular emphasis on SMEs), and to strengthen science, research and innovation connections. This is the first time the EU has included such a chapter in a FTA. It presents a unique opportunity for Māori to advance trade interests in the European Union.

The chapter acknowledges Te Tiriti/The Treaty as a foundational document of constitutional importance to Aotearoa New Zealand, and references Māori concepts including Te Ao Māori, Mātauranga Māori, Tikanga Māori, Kaupapa Māori, Tāonga and Wāhine Māori to achieve wellbeing.

The chapter includes a definition for 'Mānuka' as the Māori word used exclusively for the *Leptospermum scoparium* tree grown in Aotearoa New Zealand, and derivative products such as honey and oil. 'Mānuka' is also described as culturally important to Māori as a tāonga and traditional medicine.

The cooperation areas in the chapter include collaborating to enhance the ability for Māori enterprises to benefit from the Agreement's trade and investment opportunities, strengthen links between EU and Māori enterprises (with a particular emphasis on SMEs), supporting science, research and innovation links, and cooperating on geographical indications (GIs).

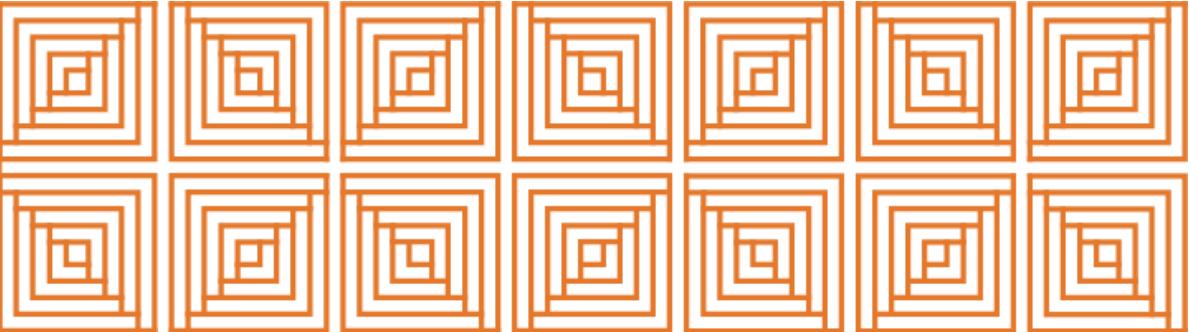
## Sustainable Food Systems

This Agreement provides for cooperation between the EU and New Zealand on Sustainable Food Systems (SFS). The first-of-its-kind Chapter creates a platform for cooperation on issues spanning the food system with the aim of working together across the economic, environmental, social, and cultural bases of the system to improve food security and nutrition for future generations.

Cooperation includes exchanging information, sharing expertise, joint research, and cooperating bilaterally and in international fora. Cooperation areas will be agreed through a Committee on SFS, and could include food production methods and practices; the environmental and climate impacts of food production; food loss and waste; policies and measures which cause environmental harm; and indigenous knowledge, participation, and leadership in food systems – amongst others.

## Intellectual Property

The chapter on intellectual property will complement the rights and obligations the EU and New Zealand already have under the WTO Agreement on Trade-Related Intellectual Property (TRIPs) and other international intellectual property agreements.



New Zealand has not agreed to change its patent or data protections rules that could have otherwise resulted in significantly increased costs of human or veterinary medicines and agricultural chemicals.

New Zealand has agreed to extend copyright term by 20 years for authors, performers and producers. New Zealand will also extend the protection it gives to digital locks (technological protection measures) to include preventing a person undertaking an act to circumvent those locks other than in limited circumstances. New Zealand will have four years from entry into force of the Agreement to implement these changes to the Copyright Act 1994.

New Zealand's regime for the registration of wine and spirits geographical indications (GIs) will be extended to include geographical indications for agricultural products, foodstuffs and other types of beverages. Alongside this, New Zealand and the EU will each protect a list of the other's geographical indications. This means that only EU producers will be able to use the protected EU geographical indications on relevant products imported and sold in New Zealand, just as New Zealand wine producers will benefit from protected GIs for wines exported and sold in the EU. Some of these protections will be phased in over between 5 and 9 years, but eventually New Zealand producers will need to stop using terms like "sherry", "port" and "feta" on their products. We have agreed that existing users can continue to use 'gruyere' and 'parmesan'.

The EU has also agreed to protect twenty-three New Zealand wine GIs as part of the FTA negotiation (including Marlborough, Central Otago, Waiheke Island and Martinborough).

The intellectual property chapter will also require that, as was agreed in the UK FTA, we establish an artist's resale right regime that operates on a reciprocal basis with the EU's corresponding regime.

New Zealand has also agreed to make all reasonable efforts to accede to the Hague Agreement Concerning the International Registration of Industrial Designs (Hague Agreement). This commitment mirrors the corresponding commitment given under the UK FTA.

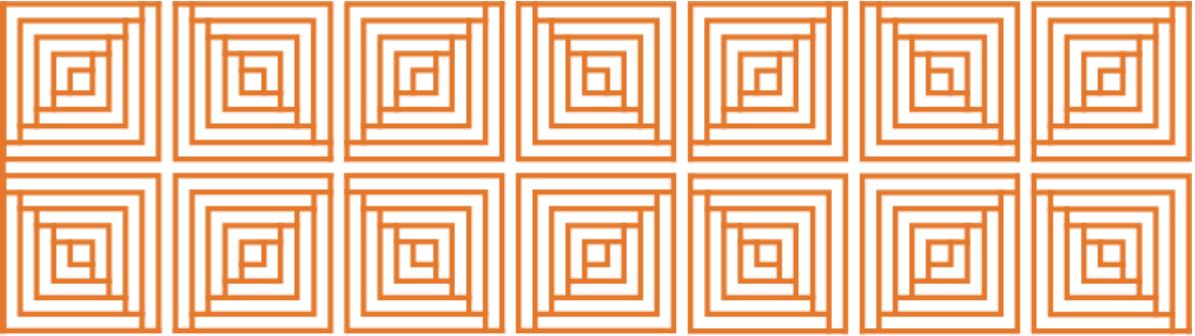
For New Zealand, the recognition of the Crown's te Tiriti obligations has been a central consideration. New Zealand has made sure we have flexibility to respond to te Tiriti obligations like those coming out of Wai 262 and have responded to interests of Māori in specific areas, including in the outcome on geographical indications and plant variety rights.

## Subsidies

Recognising their ability to distort trade and harm the environment by encouraging wasteful consumption, the Agreement will contain rules on how on subsidies can be used. Most significantly for New Zealand it will contain a commitment by both parties to refrain from providing harmful fisheries subsidies - the first time the EU has made such a commitment in a bilateral FTA.

The EU has also agreed to a special consultation mechanism that goes beyond existing WTO processes for New Zealand to raise concerns with agricultural subsidies.

Commitments will include general transparency requirements, as well as providing for consultation in situations where the Parties consider their interests to have been negatively affected by the other Party's subsidies. The chapter also broadens the range of prohibited subsidies beyond WTO commitments, to include subsidies that provide unlimited debt relief to certain enterprises, or to insolvent enterprises without a credible re-structuring plan (except in the cases of natural disaster, health or economic emergency) These transparency and consultation commitments, and new prohibitions, will extend the scope of existing WTO rules for subsidies for goods, to also apply to subsidies related to services.



## Digital Trade

The chapter on Digital Trade will cover the following main areas:

- provisions to facilitate trade through digital means, such as those aimed at promoting paperless trading, facilitating use of e-contracts, e-invoicing and e-authentication, prohibiting the imposition of customs duties on electronic transmissions, and facilitating the free flow of data.
- protections for the rights and interests of businesses and consumers, such as those designed to protect the privacy of personal information, provide consumer protection and address unsolicited commercial electronic messages; and
- provisions that provide protection for source code from arbitrary disclosure, alongside safeguards for circumstances where there is a regulatory requirement for inspection and examination by government authorities, including where there is a concern that discrimination or bias might arise.

Alongside the provisions designed to facilitate digital trade, the chapter will also contain important safeguards to ensure the Parties are able to regulate in the public interest, as well as providing for cooperation between the Parties on regulatory matters in the context of digital trade.

## Rules of Origin

Rules of origin (ROO) under the Agreement will provide transparency and predictability to exporters in ensuring they are able to claim New Zealand tariff preferences under the FTA. These will determine origin on the basis of a product being wholly obtained or meeting a proportional requirement to be considered originating in the Party concerned, either on the basis of value added, a change in tariff classification requirement or a specified process. There are also provisions for ‘cumulation’ of materials and processes between the Parties and certain ‘tolerances’ regarding the level of non-originating materials that may be used to confer origin.

Transaction costs are reduced for exporters using the ROO, because rather than requiring a third party certificate, origin can now be established, by the importer, either on the basis of a statement by the exporter to this effect, or the importer’s knowledge of the product.

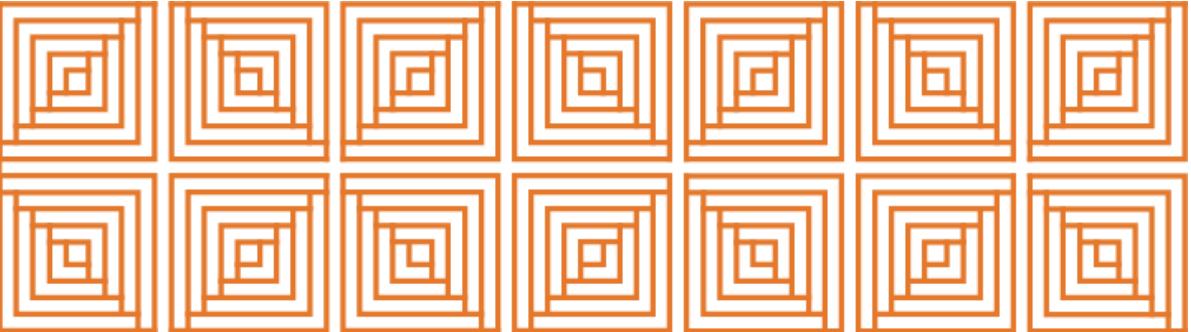
## Customs Procedures and Trade Facilitation

The chapter on customs procedures will ensure efficient clearance for traders, including minimising the documentation required for release of goods, enabling electronic submission and processing of documents prior to arrival of goods and securing prompt release of goods upon arrival – to the extent possible. It also includes specific provisions to enable the expeditious release of perishable goods.

The chapter will also include the establishment of a partnership programme for ‘authorised economic operators’, that will enable such operators to benefit from quicker and more streamlined processing. Provision will also be made for traders to be able to apply for advance rulings on questions of origin, classification and, if the Party’s domestic legislation allows, customs valuation methodology. Advance rulings should usually be provided within 150 days.

## Non-Tariff Measures

The Agreement will contain chapters on sanitary and phytosanitary (SPS) issues and technical barriers to trade (TBT) that go beyond respective WTO Agreements in ways that facilitate trade.



The SPS chapter will build on the long-standing and effective cooperation under the New Zealand-EU Sanitary Agreement (covering animals and animal products). It applies to all SPS measures affecting trade between New Zealand and the EU, other than those covered by the Sanitary Agreement, with a particular focus on plants and plant products.

The chapter has provisions enabling an exporting Party to request that its measures be considered ‘equivalent’ including on anti-microbial resistance. Each side will also accept the other’s determinations on pest-free areas, places of production and production sites, and ‘official controls’.

The SPS chapter also specifies that where imports of a product have been permitted to date, these should not be stopped where an importing Party decides to review its sanitary or phytosanitary measures.

The TBT chapter builds on the WTO TBT Agreement to increase transparency and cooperation in the development and adoption of technical regulations, standards and conformity assessment procedures. The chapter encourages convergence towards and maximum use of relevant international standards, together with promoting cooperation between New Zealand and the EU, bilaterally and in international standard setting bodies.

In addition, the TBT Chapter contains a marking and labelling article designed to deliver clarity and certainty to businesses in regards to these requirements, for example registration or certification of labels or supplementary labelling. The Chapter recognises the importance of cooperation, with a view to eliminating, reducing or avoiding technical barriers to trade, and facilitating trade, including via digital solutions.

The Chapter also has three Annexes covering: Wine and Spirits, Motor Vehicles and Suppliers’ Declarations of Conformity (SDOC).

The Wine and Spirits Annex will help to reduce regulatory burden and costs for New Zealand wine and spirits producers exporting to the EU. This includes issues such as labelling requirements for wine, winemaking practices and certification, as well as certain labelling provisions related to spirits.

The Motor Vehicles’ Annex aims to prevent unnecessary non-tariff barriers, promote compatibility and convergence of regulations based on international standards and ensuring the protection of human health, safety and the environment.

The SDOC Annex obliges New Zealand to accept test reports or certificates for certain products issued by competent EU-based bodies in compliance with New Zealand regulations. It is limited to products subject to SDOC under corresponding EU regulations.

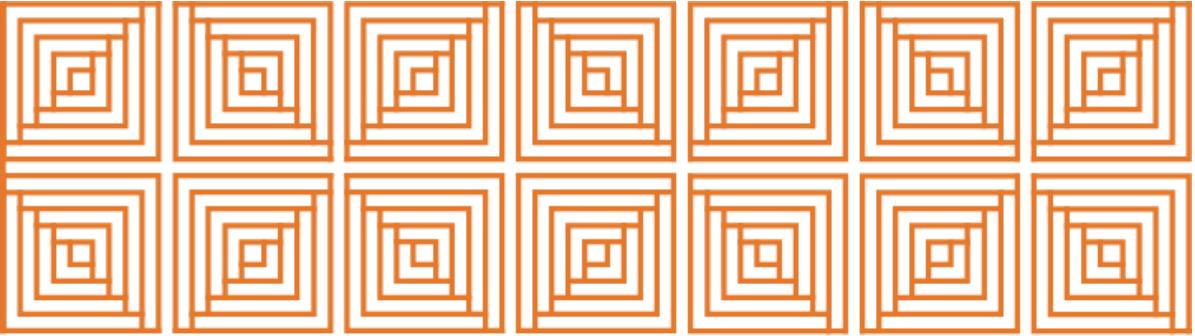
## Animal Welfare

The FTA affirms the high priority both Parties afford the welfare of farmed animals. The FTA provisions recognise that despite differences in farming practices, each Party’s laws and regulations provide comparable animal welfare outcomes. The two Parties have also agreed to exchange information and cooperate together on animal welfare, with a focus on farmed animals, including in international bodies such as the World Organisation for Animal Health. A technical working group on animal welfare will be established to take forward work in this area.

## Energy and Raw Materials

This chapter facilitates trade and investment to promote, develop and increase energy generation from renewable sources, as well as the sustainable production of raw materials. It includes a prohibition on the creation of monopolies for the import or export of energy and raw materials. It also includes regulatory disciplines to promote competition, including a requirement to maintain an independent regulator and providing for access to electricity transmission and distribution infrastructure for each other’s producers of renewable energy.

The chapter includes requirements to conduct environmental impact assessments for activities producing energy goods or raw materials where these may have a significant effect on the environment; as well as provisions addressing health,



safety and environmental protection for offshore exploration and production of oil and gas. It provides for cooperation in the promotion of research, development and innovation in energy efficiency, renewable energy and raw materials, including in international bodies undertaking work on these issues.

## Trade Measures

The trade remedies chapter reaffirms the application of the WTO Agreements on Anti-Dumping, Subsidies and Safeguards. It includes additional, best-practice provisions to ensure any trade remedy actions taken by either Party are conducted fairly, robustly and transparently. This includes ensuring that anti-dumping duties are not applied where it would not be in the public interest, and providing for the 'lesser duty' rule to apply. The Agreement will also contain an injury-based bilateral transitional safeguard mechanism. This will only be able to be invoked during a transitional period of seven years from when the FTA comes into force and cannot be applied for longer than a total of three years (an initial two years, extendable by one further year). A bilateral transitional safeguard cannot be applied at the same time as any general safeguard adopted under the WTO Agreement on Safeguards.

## Public Procurement

The Public Procurement chapter will be based on WTO Government Procurement Agreement (GPA) rules, supplemented with some additional procedural disciplines, including an undertaking to make all notices regarding covered procurements available by electronic means, free of charge and through a single access point, as well as to make tender documentation available electronically.

This chapter will also include a clear affirmation that procuring authorities may take into account environmental, social, and labour considerations when making public procurements, provided that these are non-discriminatory and indicated in the notice of intended procurement.

Market access commitments under the chapter will build on existing WTO GPA coverage and include commitments by central, sub-central and other entities. At the sub-central level, New Zealand has specifically limited coverage to only those centrally funded transport projects administered by Waka Kotahi. Additional access to the EU government market for New Zealand exporters consists of an increased number of central government entities across EU member states and new coverage of airports, ports and some medical products.

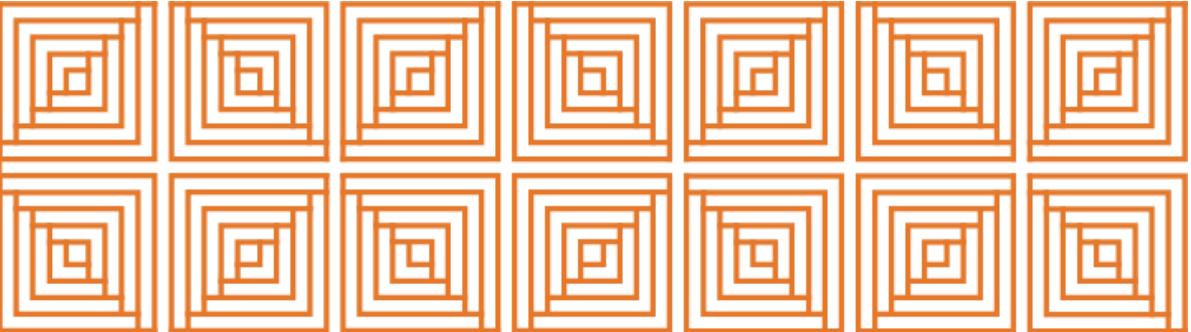
## Competition Policy

The Agreement will include a chapter recognising the importance of free and undistorted competition in the bilateral trade and investment relationship. This will include undertakings to have in place competition law to address horizontal and vertical agreements between enterprises and abuse of a dominant position; as well as to maintaining an independent competition authority and non-discriminatory application of each Party's competition laws. The chapter will also affirm the importance of the principles of procedural fairness and underline the need to have means in place to provide for private rights of action. It will include provisions for cooperation between relevant EU and New Zealand authorities in pursuit of these objectives.

## Subsidies

Recognising their ability to distort trade and harm the environment by encouraging wasteful consumption, the Agreement will contain rules on how on subsidies can be used. Most significantly for New Zealand it will contain a commitment by both parties to refrain from providing harmful fisheries subsidies - the first time the EU has made such a commitment in a bilateral FTA.

The EU has also agreed to a special consultation mechanism that goes beyond existing WTO processes for New Zealand to raise concerns with agricultural subsidies.



Commitments will include general transparency requirements, as well as providing for consultation in situations where the Parties consider their interests to have been negatively affected by the other Party's subsidies. The chapter also broadens the range of prohibited subsidies beyond WTO commitments, to include subsidies that provide unlimited debt relief to certain enterprises, or to insolvent enterprises without a credible re-structuring plan (except in the cases of natural disaster, health or economic emergency). These transparency and consultation commitments, and new prohibitions, will extend the scope of existing WTO rules for subsidies for goods, to also apply to subsidies related to services.

## State-owned Enterprises

With the objective of ensuring a level playing field between enterprises owned or controlled by the state and private companies, the Agreement will include a chapter covering the activities of state-owned enterprises and designated monopolies. To further strengthen New Zealand's ability to compete fairly with EU enterprises, the chapter will also cover any enterprise given a special right or privilege by the state, when these are given without objective, proportional and non-discriminatory criteria (subject to certain commercial revenue criteria).

The chapter will establish disciplines requiring state owned enterprises to conduct their activities in a non-discriminatory manner and to apply commercial considerations in doing so. The two sides have also agreed to respect and make best use of relevant international standards, including affirming our respective rights and obligations under WTO Agreements. The chapter builds on New Zealand's high level of transparency by including transparency and information exchange requirements on state-owned enterprises, designated monopolies, and enterprises granted special right or privileges.

## Small and Medium Sized Enterprises

A key focus of the Small and Medium-sized Enterprises (SMEs) Chapter is facilitating ease of access to information for SMEs, including a commitment to make information accessible via a digital medium. Information to be made available includes a description of the SME-relevant provisions in the FTA, as well as any other information that may be useful for SMEs looking to take advantage of the opportunities provided by the Agreement. The chapter also outlines product-specific and other tariff or tariff-related information in respect of its market that each Party will make available through a searchable database or similar mechanism.

Each Party will establish an SME contact point charged with responsibility, among other things, for ensuring that the needs of SMEs are taken into account in the implementation of the Agreement and ensuring the information outlined above is kept up to date and relevant for SMEs.

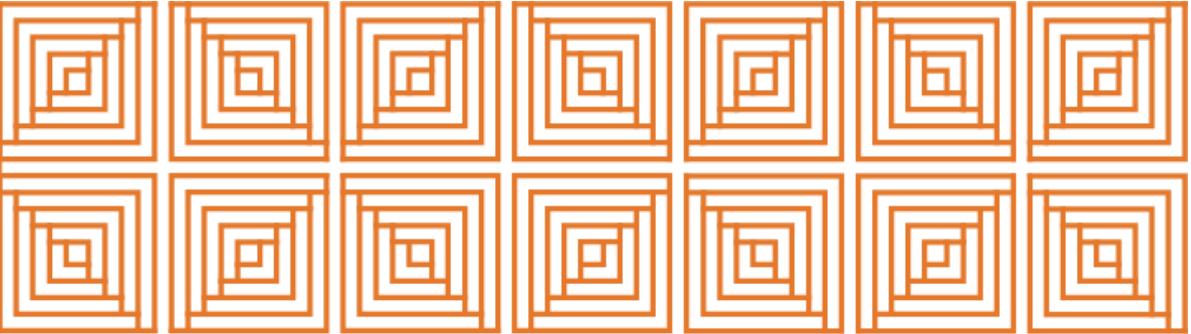
## Good Regulatory Practice and Regulatory Cooperation

The chapter on good regulatory practice and regulatory cooperation includes commitments to promote public consultation, undertaking impact assessments on proposed major regulatory measures, and periodic review of existing regulatory measures.

The chapter also sets out a simple process under which contact points may coordinate regulatory cooperation activities, such as information exchange or informal cooperation, between New Zealand and the EU.

## Transparency and Inclusion

The FTA contains provisions that are aimed at promoting greater engagement and participation from a broad cross-section of society in the development and implementation of the Parties' trade policy. The Parties will designate a Domestic Advisory Group, which shall advise the relevant Party on issues covered by the FTA. Each Party is required to consider views or recommendations submitted by its Domestic Advisory Group on the implementation of this Agreement. A Civil Society Forum, intended to meet in conjunction with the Trade Committee overseeing the FTA, is



also established. Both fora shall include Māori (in the case of New Zealand), NGOs, business and employer organisations and trade unions.

The Transparency Chapter will build on existing WTO commitments and complement more specific transparency rules in other chapters of the FTA. The provisions will set standards and norms for the publication of laws, regulations and procedures relevant to matters covered by the FTA and for responding to public enquiries about them.

These provisions will also contain undertakings by the Parties to administer their laws, regulations and procedures relevant to matters covered by the FTA in an objective, impartial and reasonable manner and to have in place mechanisms for judicial review and appeal of administrative decisions.

## Legal and Institutional

The Treaty of Waitangi exception, which is included in all of New Zealand's contemporary FTAs, allows the New Zealand Government to implement domestic policies that accord more favourable treatment to Māori, including in fulfilment of its obligations under the Treaty of Waitangi, provided that such policies do not constitute a means of arbitrary or unjustified discrimination or a disguised restriction on trade.