



New Zealand-United Kingdom FTA

Key Outcomes

Goods

The UK was New Zealand's seventh largest trading partner pre-COVID, with two-way trade in goods and services worth NZ\$6 billion for the year to March 2020, and goods trade comprising NZ\$3.2 billion of that.

Under the FTA, all tariffs will be eliminated on goods traded between New Zealand and the UK, in both directions.

The FTA will create opportunities for Kiwi businesses small and large to grow, invest and diversify, supporting New Zealand's economic recovery from the pandemic. This Agreement will cut costs and red tape for New Zealand exporters, allowing them to compete on a level playing field in the UK.

The market access outcomes are among the very best New Zealand has secured in any trade deal. The UK will eliminate tariffs on 97% of product lines the day the FTA comes into force. This, alongside the sizeable duty-free quotas secured, will mean that 99.5% of New Zealand's current exports will enter the UK duty-free on entry into force of the FTA. These quotas will also grow over time before all tariffs are eventually removed.

Key goods outcomes under the FTA are as follows:

- As noted above, the UK will eliminate customs duties on entry into force of the FTA for 97% of its tariff lines. This includes products such as wine, honey, onions, kiwifruit, and many dairy products. These cover 69.2% of current New Zealand goods trade to the UK by value.
- The UK will eliminate customs duties over three or seven years on a further 2% of its tariff lines, including some seafood and dairy products, and cherries. These tariff lines cover only a very limited percentage of current New Zealand goods trade to the UK (0.5% by value, nearly all of which is in the three-year phasing category).
- The remaining 1% of UK tariff lines will be liberalised over a longer timeframe of up to 15 years, but with immediate tariff-free access under quota arrangements during this period. These quotas exceed current trade volumes, and grow over time. Products covered by



quotas are: fresh apples (3 years, seasonally), butter and cheese (5 years), beef (for 10 years, followed by a product-specific safeguard for a further 5 years) and sheep meat (for 15 years). These cover 30.3% of New Zealand goods trade to the UK by value:

- Fresh apples entering the UK during the seasonal period January to July will be duty free from entry into force of the Agreement, while those exported from August to December will have duties eliminated over three years, with a duty-free quota volume of 20,000 tonnes a year. This quota is set at almost twice the volume of New Zealand's trade volume to the UK during this window in recent years. This quota will be eliminated three years after entry into force of the FTA.
 - Butter and cheese exported to the UK will have customs duties and quotas fully eliminated 5 years after entry into force of the Agreement. In the interim, transitional duty-free quotas will be established, starting at 7,000 metric tonnes (butter) and 24,000 metric tonnes (cheese) and rising to 15,000 metric tonnes (butter) and 48,000 metric tonnes (cheese). All tariffs on other dairy products will either be eliminated on entry into force of the agreement or over 3 years.
 - Sheep meat exported to the UK will have customs duties and quotas eliminated 15 years after entry into force of the Agreement. In the interim, New Zealand will have access to a transitional duty-free quota for sheep meat of 35,000 metric tonnes per annum in years 1-4, rising to 50,000 metric tonnes per annum in years 5-15. This new access is additional to that under existing WTO quotas.
 - Beef exported to the UK will be fully liberalised over 15 years. In the interim, a transitional duty-free quota will be established, starting at 12,000 metric tonnes on day one and rising to 38,820 metric tonnes over 10 years in equal annual instalments. In years 11-15, a product-specific safeguard may apply, under which a 20% duty on trade exceeding the safeguard trigger volume in a given year can be levied. The safeguard trigger volume will start at 43,056 metric tonnes in year 11 and rise in equal annual instalments to 60,000 metric tonnes in Year 15.
 - New Zealand will administer all quota volumes. At the UK end, imports under all TRQs shall be on a first-come, first-served basis, with no conditions or restrictions.
- New Zealand will fully liberalise 100% of tariff lines at entry into force, covering all UK-originating goods exported to New Zealand. This includes products such as gin, chocolate, and motorhomes and campervans, which are currently subject to tariffs ranging between 5-10%.



Rules of Origin

The rules of origin under the Agreement have been designed to be simple, transparent and trade facilitating. They will enable manufacturers to use materials from regional and global supply chains in their production processes. Traders will be able to use self-declaration to establish origin.

Customs Procedures and Trade Facilitation

The chapter on customs procedures and trade facilitation is focused on ensuring efficient clearance for traders and the use of electronic systems, including paperless trading and the establishment of a 'single window' system for submitting the necessary customs documentation electronically. It also stipulates quick release times, including for expedited shipments and for perishable products, which should normally be cleared by customs authorities within six hours of arrival provided regulatory requirements have been met. Provision is also made for traders to apply for advance rulings on questions of origin and classification, which should be provided within 90 days.

Non-Tariff Measures: SPS and TBT

The Agreement contains chapters on sanitary and phytosanitary (SPS) issues and technical barriers to trade (TBT) that go beyond respective WTO Agreements.

The SPS chapter also builds on the close and effective cooperation under the existing New Zealand-UK Sanitary Agreement (covering animals and animal products). Under the SPS chapter, each side accepts the other's determinations on pest-free areas, places of production and production sites. For processed foods, official certification will only be required in cases where this is justified by risk analysis. The chapter also envisages cooperation between our respective experts in the development of international approaches on presenting SPS issues, including on anti-microbial resistance.

The objective of the TBT chapter is to promote increased cooperation and, where appropriate, alignment between the UK and New Zealand on technical regulations, standards and conformity assessment procedures. The chapter establishes mechanisms to work together to address non-tariff barriers, as well as to cooperate in areas of mutual interest, including in international standard setting bodies.



Reflecting New Zealand's significant wine trade to the UK (approx. NZ\$500 million annually), the FTA includes a Wine and Distilled Spirits Annex that provides for comprehensive recognition of New Zealand wine-making (oenological) practices, as well as minimising administrative burdens and costs from certification and labelling requirements. The FTA also reaffirms that both Parties will maintain bans on animal testing for cosmetics, and provides for cooperation in a number of other sectors.

Animal Welfare

In a first for New Zealand, the FTA includes a chapter that recognises the high priority that we afford animal welfare in farming practices and acknowledges the comparability of both countries' high standards in this area. It also commits both sides to use best endeavours to not weaken or reduce the protection afforded to the welfare of farmed animals in a manner materially affecting trade or investment between the Parties. The chapter also sets out how both countries will work together cooperatively, including in international standard-setting bodies, to promote animal welfare practices.

Trade Remedies

The trade remedies chapter reaffirms the application of the WTO Agreements on Anti-Dumping, Subsidies and Safeguards and includes additional provisions to ensure any trade remedy actions taken by either side are conducted fairly, robustly and transparently, including taking into consideration the public interest in trade remedy investigations.

The Agreement contains an injury-based bilateral safeguard mechanism. This can be applied for the specified transitional period, namely five years beyond the tariff elimination period of the relevant good. A bilateral safeguard cannot be applied at the same time as any general safeguard adopted under the WTO Agreement on Safeguards.

Services

The FTA sets high-ambition rules that will support greater trade in cross-border services between New Zealand and the UK. The UK is New Zealand's fifth-largest services export market, with exports of NZ\$1.7 billion in the year to March 2020. New Zealand also imported NZ\$1.2 billion worth of UK services over that period. The Agreement includes commitments that will help facilitate and provide certainty for services exporters. Outcomes on services include chapters and annexes covering specific services sectors – domestic regulation, financial



services, telecommunications, professional and business services, express delivery services, and international maritime services.

Services market access commitments build on commitments made in the WTO General Agreement on Trade in Services (GATS) and follow the ‘negative list’ approach, which provides for greater clarity and transparency of commitments. New Zealand and the UK have both agreed to include commitments on a broader range of aviation services, including in the areas of ground-handling, airport operations and specialty air services.

The chapter on domestic regulation ensures that each side’s licensing and qualification requirements and procedures affecting trade in services are transparent, non-discriminatory and not unduly burdensome.

There are also provisions in the chapter and associated annex that aim to facilitate and expand the recognition of professional qualifications and registration in each other’s jurisdiction, including agreement to put in place a work programme to address specific concrete outcomes in this area. This is designed to help facilitate further trade in professional services between New Zealand and the UK, building on the high level of commonality and familiarity that already exists between our respective professional services bodies and regulators.

Temporary Entry of Business Persons

This chapter and associated schedule contain general provisions to facilitate visa processing and access for specific categories of New Zealand and UK business persons travelling to the UK and New Zealand respectively.

The categories covered are:

- intra-corporate transferees – an executive, manager or specialist transferred by their companies to perform specific roles;
- installers and servicers – business persons providing these services as part of a contract to supply equipment;
- independent professionals – a self-employed business person with advanced technical or professional skills, providing services under contract in certain professional services sectors;



- business visitors - in relation to a list of specific activities and for activities related to establishment.
- contractual service suppliers – business persons providing services under contract in certain designated services sectors, subject to certain safeguards.

This chapter also includes commitments that will enable partners and dependents of business persons transferred by their companies to be eligible for visa access.

Investment

The UK is currently New Zealand's sixth-largest source of overseas direct investment and the fourth-largest destination for New Zealand offshore investment. In the year to March 2021, UK foreign direct investment in New Zealand amounted to NZ\$5.6 billion.

Investment provisions in the FTA incorporate modern investment protection rules commensurate with those contained in other recent FTAs; and provide certainty and stability regarding market access for investors from both countries. This will 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 UK 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 UK will benefit from the same screening threshold that is applied to many of New Zealand's other main FTA partners, including CPTPP Parties, China, and Korea (NZ\$200 million).

Consistent with the New Zealand government's position opposing investor-state dispute settlement (ISDS), there is no ISDS under this Agreement. It has also been agreed that ISDS will not apply between New Zealand and the UK should the UK accede to CPTPP.



Digital Trade

The chapter on Digital Trade has three main focuses:

- provisions to facilitate trade through digital means, such as those aimed at promoting paperless trading, facilitating use of e-invoicing, prohibiting the imposition of customs duties on electronic transmissions, and enabling the free flow of data.
- provisions to protect the rights and interests of businesses and consumers, such as those designed to protect personal information and unsolicited commercial electronic messages; and
- provisions to promote innovation and economic growth through cooperation, including in relation to emerging technologies and digital inclusion.

Alongside the provisions designed to maximise the potential of digital trade, the chapter also contains important safeguards to ensure both governments are able to regulate in the public interest, where this is justified in pursuit of legitimate public policy objectives.

The chapter is subject to a review two years after entry into force of the Agreement, with New Zealand affirming its intention to engage Māori to ensure the review takes account Māori rights and interests and meets the Government's responsibilities under te Tiriti o Waitangi and its principles.

Government Procurement

New Zealand and the UK are both members of the WTO Government Procurement Agreement (GPA). The chapter on government procurement is based on WTO GPA rules. It also includes a clear articulation of both governments' ability to adopt procurement measures to achieve environmental, social, economic, or cultural objectives.

Market access commitments under the chapter build on existing WTO GPA obligations. Both sides agreed to broaden their coverage in some areas, providing improvements to their respective WTO GPA coverage. The chapter also includes a commitment to undertake further negotiations of sub-central and other in future, if New Zealand alters its domestic government procurement policy settings in this regard, or provides such coverage in a future trade agreement.



Intellectual Property

The chapter on intellectual property builds on commitments both sides have already made under the WTO Agreement on Trade-Related Intellectual Property (TRIPs).

Provisions on trademarks, patents and enforcement are similar to those contained in recent New Zealand FTAs and reflect existing policy settings.

New Zealand has agreed to make some changes to our copyright system. Specifically, to extend the copyright term by 20 years for authors, performers and producers; introduce an artist's resale right scheme; and expand the scope of performer rights. New Zealand secured transition periods for these commitments (for example, New Zealand will have 15 years to implement the changes to the copyright term).

No changes are required to patents and data protection rules, and the intellectual property chapter will not increase the cost of medicines. No up-front commitments have been made on geographical indications (GIs). However, New Zealand has agreed that should a scheme for agricultural products or foodstuffs be introduced, the FTA will be reviewed to extend this system to UK GIs – and provide for equivalent protection to be afforded to New Zealand GIs in the UK.

For New Zealand, the recognition of the Crown's te Tiriti obligations has been a central consideration. New Zealand retains flexibility to respond to te Tiriti obligations like those coming out of Wai 262. The Parties have also agreed to work closely together to advance a multilateral outcome at the World Intellectual Property Organisation (WIPO) Intergovernmental Committee on Genetic Resources, Traditional Knowledge and Folklore (IGC).

Competition Policy

The Agreement includes a chapter promoting the maintenance and enforcement of each side's laws to promote competition and address anti-competitive activities. This is consistent with both countries' commitment to the importance of fostering a predictable, fair and effective competition environment for business. The chapter includes outcomes in support of procedural fairness, transparency and consultation, as well as provisions for cooperation between relevant New Zealand and UK authorities in pursuit of these objectives.



State-Owned Enterprises and Designated Monopolies

With the objective of ensuring a level playing field between enterprises owned or controlled by the state and private companies, the Agreement includes a chapter covering the activities of state-owned enterprises and designated monopolies. The chapter establishes disciplines similar to those agreed by CPTPP Parties, 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 specific rules concerning the provision of non-commercial assistance to their state-owned enterprises, as well as to more general transparency obligations.

Consumer Protection

This Agreement includes a dedicated chapter covering consumer protection. This is a first in an FTA for either side, and recognises the need to maintain policies and practices to protect consumers from fraudulent and misleading actions, both in the physical and the online environment. It also addresses the need for cooperation between countries to provide for and enable effective access to redress for consumers in each other's jurisdictions.

Good Regulatory Practice, Regulatory Cooperation and Transparency

The chapter on good regulatory practice and regulatory cooperation recognises the value both sides place on promoting these practices. It includes commitments to core good regulatory practice processes, such as regulatory impact assessments. It also focuses on the role of regulatory cooperation in facilitating trade and investment, with contact points to facilitate communication on, and the coordination of, regulatory cooperation activities between the Parties.

A separate chapter on transparency sets standards and norms for the publication of laws affecting trade (including public consultation), for review and appeal of administrative decrees, and in respect of administrative proceedings. It also provides for government information to be made available online and in an open and accessible format.



Environment

This Agreement includes the most far reaching free trade agreement commitments New Zealand has ever negotiated on trade and the environment. It includes provisions addressing subsidies which are not only environmentally harmful but also trade distorting, including commitments to prohibit subsidies for fishing overfished stocks and to take steps to eliminate harmful fossil fuel subsidies. The Agreement also includes an article on sustainable agriculture.

The environment chapter also prioritises the elimination of tariffs on 293 environmentally beneficial products – at the time of signature, the largest environment goods list ever agreed in an FTA. For the first time ever in an environment chapter, both sides also acknowledge the perspective of Māori on the environment and the chapter includes Māori concepts such as kaitiakitanga and mauri.

The environment chapter is enforceable through the FTA's dispute settlement provisions.

Trade and Labour

Robust provisions on trade and labour are important to both sides. These include affirmation of each country's obligations under relevant International Labour Organisation (ILO) Conventions and agreement to the important principle that labour standards must not be undermined to secure trade advantage.

New elements in the labour chapter include a focus on workplace equality, such as in support of non-discrimination in work and women's equality in the workplace; as well as steps to address the issue of modern slavery.

The trade and labour chapter is enforceable through the FTA's dispute settlement provisions.

Small and Medium-Sized Enterprises

There is a dedicated chapter on Small and Medium-Sized Enterprises (SMEs) in the Agreement, focused on maximising the opportunities for businesses to benefit from the Agreement.

An important focus of the SME chapter is facilitating ease of access to information for SMEs and cooperation between government agencies in promoting uptake of the FTA by SMEs. In addition, the interests and concerns of small business were taken into account across the Agreement and are reflected particularly in SME-friendly provisions in the goods, services, customs, government procurement and digital trade chapters.



Trade and Gender Equality

This is the first bilateral FTA New Zealand has concluded with a stand-alone chapter on trade and gender equality. In line with New Zealand's Trade for All agenda, the chapter is a recognition of the importance of highlighting the contribution trade and investment can make to advancing women's economic empowerment and improving gender equality.

This chapter reaffirms the commitments on both sides to the implementation and promotion of relevant international agreements fostering women's economic advancement, and includes cooperation arrangements to promote utilisation of the benefits of the FTA by women. It also promotes cooperation in data analysis and monitoring of the gender-based effects of trade. The chapter also focuses on providing opportunities for wāhine Māori to engage in trade.

Māori Trade and Economic Cooperation

The Agreement incorporates a dedicated chapter on Māori trade and economic cooperation with the United Kingdom. The aim of this chapter is to create a platform for future cooperation on issues of importance to Māori, and to recognise the special significance of this Agreement for Māori, given the British Crown's status as one of the original signatories to te Tiriti o Waitangi. The chapter acknowledges that te Tiriti o Waitangi is a foundational document of constitutional importance to New Zealand, and underlines the importance of the chapter being implemented consistent with te Tiriti. The chapter also recognises the challenges that exist for Māori in accessing the trade and economic opportunities derived from international trade, and aims to cooperate to advance Māori economic aspirations and wellbeing.

Trade and Development

The Agreement contains a dedicated chapter on trade and development – the first in a bilateral FTA for either side. It recognises the contribution that an open, rules-based trade and investment environment can make to sustainable, resilient and inclusive development in developing countries. It provides for cooperation between the UK and New Zealand in sharing information on trade and development issues, working together where practicable in multilateral and regional bodies, and exchanging best practice experience in monitoring the impacts of trade agreements on developing countries, particularly least developed countries and small island developing states.



Anti-Corruption

The Agreement contains a high-ambition chapter on anti-corruption, building on New Zealand and the UK's joint cooperation on anti-corruption issues in other multilateral forums. The chapter includes measures to combat corruption and on enforcement, whistle-blowing, integrity among public officials, and the participation of the private sector and civil society.

Side Instruments

New Zealand and the UK have also concluded three side instruments to the Agreement, each of non-treaty status:

- Side letter on the Haka Ka Mate: this is an understanding under which New Zealand and the UK each acknowledge the association Ngāti Toa Rangatira has with, and its guardianship of, the Haka Ka Mate;
- Side letter on oenological (winemaking) practices: this is an understanding reached between New Zealand and the UK in which the UK has committed to a process for assessing and, as appropriate, recognising specified winemaking practices used in New Zealand, and to allowing wine using such practices to be imported into the UK;
- Side letter on Scottish whisky localities: this is an understanding that New Zealand will not permit the sale of whisky labelled or advertised with representations of Scottish whisky localities including Campbeltown, Islay, Highland, Lowland, or Speyside unless manufactured in Scotland, to the extent that the use of such representations is found to be misleading or deceptive under the terms of New Zealand's Fair Trading Act 1986 or any successor legislation.