

New Zealand–United Kingdom Free Trade Agreement Negotiations

Report on Round Five of negotiations, held virtually from 8-16 June

Free trade agreement (FTA) negotiations between the UK and New Zealand continued with the fifth round commencing virtually on Tuesday 8 June. In the lead up to the round, and reflecting the joint Ministerial commitment ([here](#)) to lift the pace of negotiations, we continued to make solid progress on the FTA text through regular engagement and intersessional work. This was boosted by a three day in-person meeting between Chief Negotiators in late May to take stock of progress and map out possible pathways toward conclusion of many issues under discussion. Negotiating teams entered the round with the objective of making substantive progress in advance of the meeting between New Zealand Minister for Trade and Export Growth, Damien O'Connor, and UK Secretary of State for International Trade, Liz Truss.

Key outcomes in Round Five included:

- Substantial completion of a trade and gender equality chapter, a significant achievement on track to be New Zealand's first dedicated chapter in a FTA aimed at improving gender equality and increasing women's participation in trade, building on the outcomes achieved in the Global Trade and Gender Arrangement with the [Inclusive Trade Action Group \(ITAG\)](#).
- Substantial completion of another three chapters covering government procurement (market access elements excepting), transparency, and dispute settlement. A number of other chapters are also on the cusp of conclusion (e.g. goods (except market access), good regulatory practice, and cross border trade and services).
- A third exchange of goods market access offers, including a first offer from the UK on beef and lamb exports, and a second exchange of government procurement market access offers.
- Agreement by the UK to the inclusion of New Zealand's Treaty of Waitangi exception clause, along with agreement on several other provisions and exceptions that will protect New Zealand and the UK's right to regulate in the public interest under the FTA.
- Discussion of a further seven texts and three non-papers exchanged prior and during the round, including proposals from New Zealand that are designed to reflect Māori trade interests (including in the environment and intellectual property chapters, and a dedicated proposal on areas of indigenous cooperation).

- Making solid progress across the services and investment chapter texts to lay the platform for the exchange of initial cross-border services, investment, financial services and temporary entry market access offers in July.

Following the conclusion of the round, Minister O'Connor and Secretary Truss met in person in London on 16 and 17 June for detailed talks to review progress in negotiations and exchange views on how to move forward in some of the more difficult areas under negotiation, including agriculture, animal welfare, temporary entry, intellectual property and disciplines on environmentally harmful subsidies. Ministers agreed that significant progress was being made in negotiations and that both sides would aim to reach agreement in principle in August. A press release following the meeting can be viewed [here](#).

The following week, on 22 June Chief Negotiators held a webinar to update New Zealand and UK stakeholders and answer questions on the negotiation. Questions covered a wide range of topics, including how the consumer protection, temporary entry and intellectual property chapters are progressing; what text New Zealand has tabled covering Māori interests and protections; whether the FTA would include Investor State Dispute Settlement (ISDS); and the state of play on goods market access offers, particularly in respect to agriculture.

What happens next?

Round Six is currently scheduled for mid/late July. This will also be supplemented by an intensive programme of inter-sessionals as we work towards the aim of achieving Agreement in Principle in August on a high quality, comprehensive and inclusive free trade agreement.

In early July, the New Zealand negotiating team will also continue to engage with Treaty partners and stakeholders, and hold public meetings to further inform New Zealand's approach as we enter the closing phase of negotiations with the UK.

Where can I find out more?

New Zealand's high-level objectives for the UK FTA are available [here](#). Further information, including reports for each the last four rounds can be found in English and Te Reo Māori [here](#).

For notifications and invitations to public meetings and webinars on the UK FTA, Trade for All and our other trade agreements under negotiation, where you'll be able to ask questions and share your views with us, please sign up at FTAOutreach@mfat.govt.nz or for UK FTA specific events and updates, UKFTA@mfat.govt.nz.

Key working group progress in brief

The **Trade in Goods** working group made good progress, agreeing remaining elements of chapter text including in articles covering temporary admission, repair and alteration, export licensing procedures, and data sharing on preference utilisation. While light touch inter-sessional work is still required to finalise some of these articles, the goods chapter text is now very close to being substantially concluded.

Both Parties exchanged a third set of revised goods market access offers toward the end of the round, with the market access negotiation set to continue. While both offers are now comprehensive, there is still a long way to go to achieve a high quality commercially meaningful agreement that puts both sides on a level playing field when accessing each other's markets, particularly in the area of agricultural market access into the UK.

The **Rules of Origin** working group met once during the round making good progress on work undertaken inter-sessionally. Six further articles were agreed in the general provisions chapter text and both Parties came away from the round with action points to close the gaps in the remaining general provisions text. Since the Round, virtual inter-sessional sessions have also been held on origin procedures chapter text and the product specific rules.

The **Customs Procedures and Trade Facilitation** working group continued to make positive progress across the chapter, agreeing a further three articles during Round Five (scope, release of goods and review and appeal). A list of action points was developed by the working group, with Parties agreeing to progress them intersessionally to enable substantive conclusion of the chapter in a timely manner.

The **Technical Barriers to Trade (TBT)** working group held detailed discussions on key areas such as Cooperation, International Standards and Technical Regulation. The discussion confirmed a shared policy intent across these areas which led to Parties agreeing to consider 'hybrid' options that would be acceptable to both sides. The round also saw detailed discussions on the Annexes under the chapter, where New Zealand presented on

its Wine Annex proposal while continuing to engage on the UK's interests, particularly in the spirits sector. Discussions were positive and constructive with action points to follow up in advance of the next round agreed. The Parties agreed to hold inter-sessional discussions to make further progress on the chapter text.

The **Services** cluster of five chapters (cross-border services, domestic regulation of services, temporary entry of business persons, financial services, and telecommunications) and three annexes (professional business services, express delivery services, and maritime services) continued to make progress. At Round Five, the working groups met to discuss financial services, telecommunications and cross-border services. Further progress was made in these chapters and cross-border services is now close to closing with significant agreement reached on the definitions, scope and services liberalisation aspects of the text (including articles on market access and national treatment). The UK also raised particular interests within the temporary entry chapter on contractual service suppliers and intra-corporate transferee trainees, and an interest in changes to our respective youth mobility (UK) and working holiday (NZ) schemes. There remain a number of differences in approach for financial services (for instance, around the scope of the chapter and the entities to be covered) that still need to be worked through.

Within the **Investment** working group the Parties built on significant ground work in previous rounds to bring foundational articles on definitions and scope close to resolution, and also made good progress on the investment liberalisation aspects of the text. Parties made encouraging progress on the prohibition of performance requirements article, and agreed a way forward on the market access article. The UK also tabled its most-favoured-nation article proposal and Parties were able to reach agreement on the senior management and board of directors and corporate Social Responsibility articles. Parties engaged in technical discussions on respective approaches to treatment of investors, and the UK presented a way forward on transfers for New Zealand to review and consider.

Services and Investment offers will be exchanged ahead of the next round on a negative list basis.

The **Digital** working group met inter-sessionally ahead of Round Five. Further text was agreed on customs duties, personal information protection and cybersecurity. Articles on domestic electronic transactions frameworks, electronic contracts, electronic authentication, digital identities, e-invoicing, paperless trading and open government data were also explored in detail, including the differences in domestic frameworks.

The **Good Regulatory Practice and Regulatory Cooperation** working group had productive discussions with a significant proportion of the text now agreed. We have largely agreed the regulatory cooperation articles and made good progress on the good regulatory practice aspects. Both sides have agreed on a plan to advance the remaining work, including on definitions, inter-sessionally.

Round Five provided the first opportunity for the **Consumer Protection** working group to discuss the consolidated Consumer Protection chapter text. Good progress was made on the measures both sides agree they should maintain to protect consumers, and unsolicited commercial electronic messages (SPAM). The Parties continue to explore in detail the issues of cross border redress, transparency and online consumer protection.

Working group discussions continued on UK proposals relating to disciplines for **state-owned enterprises and designated monopolies**. Discussions continue to focus on the relationship between the UK proposals, New Zealand's own experience in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and other subsidy proposals being considered in the FTA (e.g. New Zealand's proposals to eliminate environmentally harmful fossil fuel, fisheries and agriculture subsidies).

The **Government Procurement** working group achieved substantial completion of the chapter text. As agreed by the Parties, updated market access offers were exchanged that more fully build on the UK and New Zealand's commitments at the WTO. Discussions on these offers, and requests for further improvements, will continue in the coming weeks.

Discussions in the **Environment** working group focused on environmentally harmful subsidies with both Parties agreeing that while discussions were challenging, it was possible that some progress could be made. A programme of inter-sessionals is under way between June and August to drive progress forward in this area, to more fully reflect the principle of kaitiakitanga in the chapter, and in other areas like environmental goods and services and UK interests in ozone depleting substances, air quality, ship pollution and marine litter.

The **Labour** working group made good progress in agreeing consolidated text and a broad chapter structure. Building on the high degree of alignment of UK and New Zealand proposals, text was largely cleared across articles previously agreed as focus areas in intersessional dialogue between leads. These included definitions, objectives, shared commitments, the right to regulate and levels of protection, non-discrimination and

women's equality in the workplace, and corporate social responsibility and responsible business conduct. The Parties will identify further areas of text inter-sessionally that can be substantively agreed before or at Round Six, as well as reverting on bracketed text where further clarification or reflection was sought.

The **Trade and Gender** working group were able to substantially conclude their chapter and agree an appropriate title (Trade and Gender Equality), with commitments building on the Global Trade and Gender Arrangement ([here](#)). Key outcomes include cooperative activities aimed at addressing barriers for women in accessing the benefits of trade and investment, such as a lack of access to markets, business/leadership networks and finance. Parties also agreed commitments around the exchange of information, approaches to data collection and analysis, and monitoring the gender based effects of trade.

The **Indigenous** working group discussions focused on New Zealand's chapter text proposal that seeks to reflect a subset of Māori interests in the New Zealand-UK FTA, the importance of the Treaty of Waitangi in relation to New Zealand's approach to trade agreements, and ongoing engagement efforts with Māori. The working group continued to frame discussions within the wider objective of delivering to Māori interests across the FTA, including in respect to market access, digital trade, environmental protection and promotion of biodiversity, protection of traditional knowledge, and New Zealand's agreement-wide exception for the Treaty of Waitangi.

Good progress was made by the **Trade and Development** working group on a dedicated trade and development chapter, largely agreeing text on the context-setting general provisions article and some areas of the cooperation article. There was good alignment between New Zealand and the UK on text linking an open trade and investment environment, effective governance, and sustainable economic development outcomes. Parties continued to discuss how 'developing countries' might be defined in the context of this agreement, which will be advanced inter-sessionally.

The UK and New Zealand substantially closed the **Dispute Settlement** chapter, which provides for an effective and timely dispute settlement mechanism and a clear path to arbitration if required, enhancing certainty and flexibility for New Zealand and UK traders. The accompanying Rules of Procedure and Code of Conduct will be agreed over the coming months, which Parties are already largely aligned on.

The **Transparency** chapter was also substantially concluded and broadly follows the model agreed in CPTPP. It covers publication of information relating to matters covered by the Agreement as well as principles relating to administrative proceedings, building on the robust domestic processes that both the UK and New Zealand have in place.