

New Zealand–United Kingdom Free Trade Agreement Negotiations: report on the first round of negotiations, held virtually from 13-24 July 2020

The first round of New Zealand-United Kingdom Free Trade Agreement (NZ-UK FTA) negotiations was a positive and constructive start, and built on the preparations made through the Trade Policy Dialogue established between New Zealand and the UK in 2017. Chief Negotiators and 19 issue-specific working groups met virtually and set out both countries' respective interests, objectives and policy approaches. High-level commonality and shared ambition were identified in many areas, with Chief Negotiators reaffirming their commitment to an ambitious, comprehensive, future focused FTA that supports sustainable and inclusive trade.

What happens next?

The second round of negotiations will be held virtually in late October (currently scheduled to begin on 19 October).

Before then, we will be holding further stakeholder consultations and public meetings to help inform New Zealand's approach to the negotiations and development of detailed proposals. Both sides also indicated they will be commissioning independent research to investigate specific issues and opportunities they expect to be covered by the FTA.

Before the second round, New Zealand and the UK have agreed to exchange further information on domestic policies, more detailed papers on objectives for some FTA topics, and formal proposals for the text of the agreement in many areas. Further discussions will take place at round two on when initial market access offers will be exchanged (covering goods, all services sectors, investment, the movement of business persons, and government procurement).

Where can I find out more?

New Zealand's high level objectives for the UK FTA are available [here](#). More information will be published in due course. For notifications of and invitations to public meetings and webinars on the NZ-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 either FTAOutreach@mfat.govt.nz (for all our free trade agreement updates) or UKFTA@mfat.govt.nz (for UK FTA specific events).

Key working group progress in brief

The **Trade in Goods** group agreed from the outset that the chapter would cover goods in all sectors. Background tariff and trade data was also exchanged and the starting point (base rates) for tariff negotiations was agreed. Both sides will commence discussions on the parameters for the exchange of initial offers (timing yet to be set) during the second round, with New Zealand's focus continuing to be on high quality comprehensive and commercially meaningful first market access offers covering all tariff lines.

Many areas of commonality were identified on the general provisions for **Rules of Origin** with both sides agreeing that they should be predictable, encourage utilisation through reducing administrative barriers and be as consistent as possible. It was agreed that a self-certification approach to claiming origin should be used.

Common existing commitments under the WTO Trade Facilitation Agreement that support the free flow of trade will form the basis of the text for the **Customs and Trade Facilitation** provisions.

New Zealand and the UK had a positive and productive discussion on **Technical Barriers to Trade (TBT)**, outlining their respective approaches to standards, technical regulations and conformity assessment infrastructure. Given our focus on eliminating unnecessary barriers to trade, New Zealand indicated its interest in exploring ways to enhance mutual recognition processes within the FTA, building on the existing New Zealand-UK Mutual Recognition Agreement. Negotiators also held an initial discussion on the possibility of specific provisions and outcomes for certain sectors, with both sides signalling an openness to exploring opportunities to address non-tariff barriers in specific areas of trade where there was a clear trade facilitative benefit in doing so.

The **Sanitary and Phytosanitary (SPS)** working group session identified areas of broad convergence and noted areas of existing cooperation and shared values. Common approaches identified included each Party's continued right to regulate consistent with the WTO SPS Agreement and agreement on the principle of inclusion of antimicrobial resistance in an SPS Chapter, building on the existing high standard in the NZ-UK Veterinary Agreement.

The **Trade Remedies** working group exchanged views on how to approach the chapter based on existing models New Zealand shared during the Trade Policy Dialogue. We both share the objectives of a trade remedies chapter that reaffirms WTO rights and obligations, upholds the rules-based system, and facilitates trade liberalisation. In line with this, both sides agreed that trade remedies applied under the relevant WTO agreements should be excluded from bilateral dispute settlement processes in favour of resolution through WTO mechanisms.

The **Trade in Services** working group covered a range of issues over several sessions including the general framework for obligations on services trade, an initial exchange on the scope of business mobility and visa facilitation provisions, and the UK's interest in specific sectors (financial services and telecommunications). Discussion was open and constructive, with consideration of past practice in free trade agreements. There appears to be a large degree of convergence in many areas, including the need to provide greater certainty of access for services exporters and to aim for high ambition commitments. Several issues of policy divergence have also been identified for future discussion.

There were good initial discussions on approaches in the **Investment** working group session, starting from New Zealand's clear position of no investor-state dispute settlement.

There was a productive discussion on **Digital Trade** where both parties expressed significant levels of ambition for rules that are fit for the digital age, supporting economic growth, innovation and inclusion while safeguarding the right to regulate including to protect citizens and society. There was a large degree of convergence on objectives with both New Zealand and the UK keen to explore areas for future cooperation including on emerging technology, competition policy, cybersecurity, inclusivity, development and climate change.

There was a positive high ambition discussion on **small and medium-size enterprises (SMEs) and domestic regional economic development** which confirmed New Zealand and the UK have a shared objective of supporting SMEs to take advantage of the opportunities created by the FTA, with New Zealand referencing its Trade for All Agenda in this context. We agreed cooperation was an important element for the chapter and identified areas for further discussion, including architecture, the level of detail in the text, consistency with other chapters, and capability development through digital technologies.

For **Trade and Environment**, both sides have expressed their aspirations for achieving an ambitious outcome, including actions that contribute to our shared goals on climate change, the UK's clean growth agenda interests, and ensuring that trade policies and environmental policies are mutually supportive.

There was a positive first discussion on **Trade and Labour** with broad consensus reached on high level structural elements for a chapter and sharing a commitment to consider ambitious provisions in areas such as responsible business conduct and modern slavery. New Zealand spoke to its Trade for All agenda in relation to **Transparency** and implementation.

In other **Inclusive trade working groups**, parties explored their joint ambition to ensure that the agreement delivers across our economies and societies including for Māori (in the New Zealand context), in our regions, and for women. New Zealand outlined the unique context of the **Treaty of Waitangi** to this agreement, its significance, and the opportunities we saw it presenting for Māori economic and cultural interests.

Both parties confirmed their shared objective to integrating **Women's Economic Empowerment** into an FTA and supporting women's ability to access the benefits of the agreement.

We also discussed the importance of cooperating on **Trade and Development**. New Zealand was open to and interested in the UK's proposal to use all levers to support inclusive economic growth, particularly in the context of where it related to engagement in the Pacific and where outcomes are tangible and targeted.

On **Anti-corruption**, the UK set out its high ambitions in this area, building on the UK and New Zealand's joint cooperation on anti-corruption issues in other multilateral fora. New Zealand was open to considering the UK's proposals, and will continue to engage on these issues.

The working group on **Government Procurement** engaged in constructive discussions on the architecture of the chapter text and market access schedules. Topical areas also discussed included e-procurement, SME participation, digital trade, sustainable and social procurement, anti-corruption and responsible business conduct.

New Zealand and the UK had informative sessions on **Intellectual Property** focused on the objectives of each party for the negotiation and certain features of each other's domestic policy frameworks that would inform our respective approach to a chapter. This included a dedicated session on each party's existing copyright regime and a discussion by New Zealand set out the interplay of its Treaty of Waitangi obligations, particularly how they relate to genetic resources and traditional knowledge.

There was a constructive discussion on **Competition** with the UK and New Zealand acknowledging a high degree of commonality in our overall objectives and ambitions for the chapter. New Zealand indicated its interest in exploring innovative approaches to consumer protection, which both sides agreed to explore further in October. Both sides also exchanged views on the question of whether to include a State-Owned Enterprises chapter – an issue that will require further discussion.

There was a constructive discussion on **Good Regulatory Practice and Regulatory Cooperation** with a high degree of alignment of views on approach. Both sides agreed that the chapter should affirm the importance of governments retaining the right to regulate for legitimate public policy objectives. Parties discussed their preference for an outcome focussed approach to good regulatory practice and for establishing a mechanism for facilitating regulatory cooperation that was both flexible and effective.

There was a productive discussion on the **dispute settlement processes** that would apply in the event of a dispute under the FTA, as well as on Legal and Institutional provisions. This included discussion on a range of provisions that would appear across the final agreement text. There was also a constructive discussion about General Exceptions provisions where New Zealand explained the **Treaty of Waitangi exception** and the **Creative Arts exception**, which New Zealand will be seeking.