

New Zealand – United Kingdom Free Trade Agreement Negotiations High Level Negotiating Objectives

New Zealand's overall objective will be to secure early conclusion of a high quality, comprehensive and inclusive Free Trade Agreement (FTA) with the United Kingdom (UK).

Six key principles will guide New Zealand's approach in negotiations:

- seek comprehensive and commercially meaningful access by removing tariffs and other barriers that limit our goods and services trade and impact investment activity, with a view to creating jobs and generating productivity and growth for New Zealand;
- ensure the agreement preserves the right of governments to regulate in the public interest, including for the environment, education, health and well-being of New Zealanders.
- preserve the unique status of the Treaty of Waitangi;
- oppose the inclusion of Investor State Dispute Settlement provisions
- reflect New Zealand's Trade for All's key principles and interests in trade and sustainable development (including environment, climate change and labour) and inclusive trade, especially for Māori, women and small and medium enterprises;
- conduct the process in as open and transparent a way possible, and draw in expertise and views from New Zealanders to help shape the agreement's outcomes.

The paragraphs below outline initial objectives and may be added to over time as further input and feedback is received from New Zealanders.

GOODS TRADE

Trade in Goods

- The FTA should remove tariffs on trade between New Zealand and the UK. Most should be eliminated on entry into force of the agreement, with the remainder phased-out over short, commercially meaningful time periods.
- These should be supported by mechanisms that address, now and in the future, non-tariff barriers impacting bilateral trade.

Rules of Origin

- Rules of origin should be neutral, simple, transparent and trade facilitating; as well as minimise the costs of compliance for business.
- The rules should reflect the 'substantial transformation' principle and be based on a 'change of tariff classification' rule for determining origin. Other important principles should include a pro-competitive and forward-looking approach to the design of the rules, to ensure business has the flexibility to grow and innovate.
- The rules should also be easy to understand, use and administer and the procedures for claiming origin should be simple and minimise cost. Exporters and importers should be able to self-declare that their products meet the FTA's origin rules and are entitled to tariff preference.

Customs Procedures

- Customs procedures under the FTA should be transparent, predictable and help facilitate trade. They should build on existing agreements such as the WTO Trade Facilitation Agreement.
- These procedures should enhance transparency by ensuring traders have access to trade-related information and to advanced rulings on tariff classification, origin and valuation. They should also provide for the timely and efficient release of goods, e.g. through maximum utilisation of electronic systems to clear shipments in advance; timeframes on the clearance of shipments; and expedited procedures for express shipments and perishable products.
- Mechanisms such as mutual recognition of trusted trader schemes should be explored to support these outcomes.

Trade Remedies

- The FTA should incorporate trade remedies provisions that reflect existing WTO rules on anti-dumping, safeguards and subsidies and countervailing measures. We will also examine proposals to promote transparency and due process in trade remedy proceedings.

Technical Barriers to Trade (TBT)

- Effective mechanisms to address non-tariff barriers are important to New Zealand. Our objective will be to include a TBT chapter that builds on the WTO TBT Agreement and reduces impediments and costs to trade in key areas of export interest.
- The TBT chapter should aim at further strengthening acceptance of respective standards, technical regulations and conformity assessment results, as well as promoting cooperation between regulatory agencies, including on resolving specific non-tariff barriers.
- The agreement should also explore possible sectoral or issue annexes in areas identified by stakeholders where these would be beneficial to trade between New Zealand and the UK.

Sanitary and Phytosanitary Measures (SPS)

- We will maintain and seek to build on the existing high standard New Zealand-UK Veterinary Agreement, to provide for similar arrangements for processed foods and plants and plant products.
- The SPS chapter should also reaffirm and build on the WTO SPS Agreement, thereby preserving New Zealand's ability to take the measures necessary to protect the life or health of our people, animals and plants; while putting in place mechanisms to resolve market access issues in an objective and scientific manner.
- It should also maintain the efficient functioning of the existing bilateral Veterinary Agreement, establish rules for biosecurity and food safety measures not covered by the Veterinary Agreement and put in place processes to provide for efficient and effective communication and consultation between competent authorities on SPS matters.

SERVICES TRADE AND INVESTMENT

Trade in Services

- The FTA should recognise the significant existing services trade between New Zealand and the UK, and create new opportunities and certainty of access for exporters. It should reflect and build on WTO access and principles, including recognising the right of governments to regulate for legitimate public policy purposes.
- All sectors and modes of supply should be covered. Both market access and treatment equivalent to local competitors and services exporters from other countries should be guaranteed under the agreement.
- Both New Zealand and the UK will need to limit this access in some areas. Such restrictions should be set out transparently in a two annex negative list approach.
- These market access commitments should be supplemented by rules that ensure that authorisation procedures – where an exporter must first apply before being able to provide a service – operate in a transparent and efficient manner.
- The UK may wish to explore sector-specific approaches. Such approaches may be considered where these reflect shared interests and sectors of export interest to New Zealand are also prioritised.

Movement of Business Persons

- Facilitating the movement of business persons for trade and investment purposes is an important enabler of growth in our commercial relationship with the UK.
- Reflecting the interest of New Zealand stakeholders, we will seek improved access across the range of business categories (business visitors, intra-corporate transferees, installers and servicers, independent professionals). This should be supported by provisions covering expeditious processing of visa applications and due process, including to ensure access to the information needed to submit visa applications.

Investment

- The UK is one of New Zealand's most important investment partners, both as a source and destination market. In an FTA with the UK, New Zealand will look for a high quality investment chapter that provides a transparent and predictable framework of rules in order to provide certainty of treatment for New Zealand investors and investments. The chapter should take account of New Zealand's inwards investment regime and provide for the protection of New Zealand investors and investments in the UK. The market access framework used for services trade should apply to market access commitments for investors and investment.
- New Zealand opposes investor-state dispute settlement provisions in FTAs and, as such, we will not support such an approach in the UK FTA. State-to-state procedures will be considered.

CROSS-CUTTING AND OTHER REGULATORY ISSUES

Digital Trade

- New Zealand will look to modern digital trade provisions in recent agreements, including the Digital Economy Partnership Agreement, to form the basis of a digital trade chapter that

recognises the contribution digital trade can make to economic growth and well being. Public policy safeguards, including to protect privacy and other legitimate public policy objectives will form an integral part of this approach.

- The FTA should make the WTO moratorium on the charging of customs duties on electronic transmissions permanent. The chapter should also include robust privacy and consumer protection provisions.
- The chapter should also explore possible cooperation with the UK on matters such as artificial intelligence, digital identities, digital inclusion, cyber-security and encryption, and use of digital technology and services for scientific and research collaboration, including in public health.

Government Procurement

- The potential for government procurement to create new opportunities for business between New Zealand and the UK, including through developing new supply chain connections, should be reflected in the FTA.
- The chapter should take a principles-based approach in establishing fair, transparent, predictable and non-discriminatory disciplines to govern covered government procurement; maintain the ability of governments to use procurement to achieve environmental, social and other outcomes; and provide certainty and transparency of market access commitments for exporters.

Intellectual Property

- As a small, net importer of intellectual property (IP) protected products and services, with a modern, well-functioning system, New Zealand will take a balanced approach to providing robust protection for rights holders, while enabling reasonable access for New Zealanders to a wide range of IP-protected products and services at fair prices.
- New Zealand will base its approach on the existing balance in our domestic policy frameworks and outcomes agreed with other trading partners, including in the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights.
- The chapter should support both partners in providing open and transparent procedures under their IP regimes, minimising compliance costs, incentivising domestic innovation and creativity and facilitating the transfer and dissemination of new technologies, products and services.

Competition Policy and Consumer Affairs

- New Zealand will seek an approach that promotes the maintenance of laws and regulations to proscribe anti-competitive behaviour and their effective enforcement, alongside the independence of competition authorities.
- We will also work to put in place mechanisms for competition policy cooperation. These should include provisions for consultation and notification, particularly where anti-competitive behaviour has affected trade and investment between the parties. New Zealand will also seek to incorporate similar provisions protecting consumers from misleading or deceptive conduct.

Good Regulatory Practice/Regulatory Cooperation

- The FTA should include a cross-cutting chapter that acknowledges the importance of good regulatory practice and the important role of regulatory cooperation in facilitating trade and investment. The chapter should recognise the right of governments to regulate to achieve legitimate public policy objectives, be based on a set of high level principles that allow for evolving practice and take account of country size and institutional differences, and establish a low-cost, responsive, mechanism to support the consideration of regulatory cooperation between the UK and New Zealand.
- The chapter should also recognise the need for transparency in the development of regulations, promote the consideration of regulatory and non-regulatory options to minimise barriers to trade, take into account impacts on international trade and investment in the development of regulation, and recognise the value of informal as well as formal regulatory cooperation options.

INCLUSIVE TRADE

New Zealand's Trade for All objectives will be an important strand running across the entire agreement. In addition, New Zealand will seek substantive and meaningful outcomes in a range of specific areas, including trade and environment, trade and labour, trade and gender, indigenous economic issues and trade and development.

Trade and Environment

- The FTA should reflect the objectives of New Zealand's updated Framework for Integrating Environment Objectives in Trade Agreements and proposals arising from Trade for All (currently under preparation). It should also incorporate elements of initiatives advanced by New Zealand in negotiations on an Agreement on Climate Change, Trade and Sustainability.
- It should advance New Zealand's international trade and sustainability interests in environmental goods and services, environmentally harmful subsidies (including fisheries and fossil fuel subsidies), biodiversity, forestry, circular economy, marine ecosystems and fisheries and the atmosphere, including climate change. Disciplines on fisheries subsidies should build on outcomes secured in recent New Zealand trade agreements and in the current WTO negotiations on fisheries subsidies
- New Zealand will advocate for robust mechanisms to provide for the enforceability of the trade and environment commitments in the FTA.

Trade and Labour

- New Zealand has a long-standing practice of inclusion of robust trade and labour commitments alongside and in its FTAs, as well as provisions for cooperation, consultation and dialogue on labour matters.
- The chapter should incorporate commitments to respect the fundamental labour practices and rights in the 1998 ILO Declaration; not to derogate from or fail to enforce labour laws to encourage trade and investment; and opposing the use of labour standards for protectionist purposes. We will advocate for effective mechanisms to provide for proper enforceability of the trade and labour commitments in the FTA.

Trade and Gender

- New Zealand sees opportunities for a forward looking agenda on trade and gender issues with the UK. We will seek outcomes on trade and gender commensurate with those being developed with other international partners, including under the Inclusive Trade Action Group.
- This includes exploring undertakings aimed at increasing women's participation in trade and investment, promoting enforcement of laws regarding gender equality, and promoting trade and investment decisions that are complementary to the goal of women's economic empowerment. There may also be opportunities to cooperate with the UK to promote trade and gender outcomes, including in international bodies such as the WTO and the OECD.

Indigenous Economic Issues

- Recognition of the particular interests of Māori will be particularly important in a future FTA with the UK. Accordingly, New Zealand will work to achieve outcomes with the UK that serve to operationalise those aspects of New Zealand's Trade for All agenda important for Māori; cooperate with the UK in ways that can help support further development in the Māori economy; and identify ways to help promote increased international trade engagement by Māori, such as increased participation in international trade missions.
- The FTA must also include New Zealand's standard Treaty of Waitangi provision that enables the New Zealand Government to adopt domestic policies according more favourable treatment to Māori, including in fulfilment of obligations under the Treaty of Waitangi.

Trade and Development

- Trade and development provisions should recognise the contribution an open trade and investment environment can make to development and the role of development in promoting inclusive growth. In particular, we will want to consider whether there are ways we can work together in regional and multilateral bodies to promote more open and inclusive trade as an enabler for development, and examine any specific proposals for closer cooperation in the Pacific.

Small and Medium Enterprises (SMEs)

- The agreement should include a dedicated SME chapter with the UK that reflects the importance we attach to facilitating SME access to the benefits of FTAs and incorporates commitments on ways to best support SMEs in utilising trade agreements to full advantage
- This should develop a framework to recognise the importance of considering the challenges and opportunities for SMEs in the development of relevant chapters across the FTA, examine how best to make SMEs aware of opportunities under the FTA (including ways to ensure information is provided in a relevant and accessible format), and explore practical ways in which SMEs, including Māori SMEs, can be supported to take advantage of opportunities under the FTA.