

New Zealand Free Trade Agreement (FTA) negotiations Market Access Council update

Updated on 29 October 2019

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (“CPTPP”)

- New Zealand exporters, including some horticulture exporters, have received two tariff cuts into Australia, Canada, Japan, Mexico, Singapore and Viet Nam since CPTPP became New Zealand's latest active FTA on 30 December 2018. See [information for exporters](#) for information on the next stage of tariff cuts.
- New Zealand hosted a successful second CPTPP Commission and associated Committees in Auckland, 7-9 October. This was the first series of substantive meetings of the committees established under CPTPP. All 11 members of the Agreement were represented.
- On ratification, Chile looks likely to ratify within the next two weeks and Brunei by the end of this year. The situation for Peru and Malaysia appears to be on a longer time frame.
- While several economies including Thailand, UK and Korea have shown an interest in CPTPP none have yet formally asked to join the group.
- Information about CPTPP, including details about the outcomes for each market, is on MFAT's website (www.mfat.govt.nz/cptpp). If Core Group members have any questions about how to utilise the Agreement they are welcome to contact us (cptpp@mfat.govt.nz).

New Zealand-European Union Free Trade Agreement

- Five rounds of EU-NZ FTA negotiations have been held since they were launched in June 2018, with the latest round in Brussels in July. Ongoing Brexit uncertainty and the changeover in the EU Commissioner with new Commissioners expected to take office in November/December make this a difficult time for the EU, and we are still discussing dates for the next round.
- There were some good outcomes at the round (notably in the SPS chapter) and we have narrowed down the remaining issues. As expected, market access discussions are proving challenging as agricultural market access liberalisation remains a sticking point in the negotiations. However, the EU's initial offer provides tariff elimination for NZ's key horticultural exports.
- Good progress was made in the SPS chapter on phytosanitary provisions and agreement on equivalence for plant health controls looks likely.

China Free Trade Agreement upgrade

- The upgrade seeks to address non-tariff barriers and improve the rules that govern trade in goods. We want to modernise our trade with China and address barriers that exporters say are restricting or adding cost to trade, including improve customs procedures and rules of origin.
- SPS issues remain outside the scope of upgrade negotiations but continue to be progressed in parallel by the Ministry for Primary Industries and its China counterparts.
- Negotiations were recently held and good progress was made.

New Zealand - Pacific Alliance Free Trade Agreement

- Negotiations towards a free trade agreement with the Pacific Alliance (Chile, Colombia, Mexico, and Peru) are ongoing.
- As expected, market access still has some way to go, but New Zealand has been clear that we are expecting the Pacific Alliance to eliminate tariffs on all products of priority interest to New Zealand. This reflects the commitments Alliance countries have made to other free trade agreement partners.
- Although sensitivities around certain agricultural products remain, New Zealand will continue to progress technical discussions with the aim of concluding negotiations as soon as possible. New Zealand negotiators will next meet with the Alliance in the week of 18th November.

Pacific Agreement on Closer Economic Relations Plus (“PACER Plus”)

- PACER Plus is a unique trade and development agreement that forms part of NZ’s wider goal of promoting regional economic integration in the Pacific – our closest neighbourhood.
- There are currently eleven signatories (Australia, Cook Islands, Kiribati, Nauru, New Zealand, Niue, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu), who in addition to signing PACER Plus, signed an accompanying Labour Mobility Arrangement (LMA). NZ was the first to ratify and Australia and Samoa have since followed. Our current focus is securing five further ratifications to achieve entry into force of PACER Plus. Signatories will next meet in Vanuatu from 29-30 October where each country is expected to report on where they were up to in their domestic processes.
- New Zealand hosted the next Pacific Labour Mobility Annual Meeting (PLMAM) in early October in Auckland. The annual PLMAM was established under the LMA and focuses on labour mobility in the region together with Pacific signatories interest areas.
- We are also continuing to discuss PACER Plus with the remaining Pacific Islands Forum countries including non-signatories Palau, Federated States of Micronesia and Republic of the Marshall Islands, and potential signatories Fiji, PNG, French Polynesia and New Caledonia. PACER Plus will make it easier to trade and invest in the Pacific; for example, New Zealand and

Australia have funded the development of a Regional Trade Portal for each Pacific signatory, which will facilitate trade and investment by increasing transparency about government procedures and legislation. Once the agreement is in force there are further opportunities to facilitate trade including:

- Projects under the Development Economic Cooperation Arrangement (\$AUD 25.5m for the first 5 years) that will seek to address barriers to trade in the region. This may include legislative reform, investment in priority sectors and industries in the region, investment in infrastructure and a range of activities identified by Signatories as priorities for trade related assistance.
- Projects under bilateral Aid for Trade targets that will address bilateral requests for support for trade.
- These activities will be driven by a regional Aid for Trade Strategy and priorities identified by Parties, national stakeholders and businesses in the region.
- Further information on PACER Plus can be found on our website:
<https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-concluded-but-not-in-force/pacer/>

Regional Comprehensive Economic Partnership (“RCEP”) – ASEAN, China, India, Japan, Korea, Australia and New Zealand

- RCEP negotiations made substantial progress in 2018, after growing pressure to expeditiously conclude the agreement. Leaders of all sixteen RCEP countries have now stated their determination to conclude negotiations in 2019, something New Zealand is pushing hard to achieve, with an expected intensification of negotiations in the second half of this year.
- New Zealand is continuing to negotiate goods market access, including with key export markets, with an aim of achieving a commercially meaningful outcome. New Zealand and most of its negotiating partners are engaging positively and closing gaps, but there is some distance to go.

Brexit

- We are monitoring the Brexit process closely and continuing to encourage both sides to use the extension period now agreed between them to work constructively with us to resolve remaining issues arising from the UK’s exit from the EU.
- An initial priority has been putting in place arrangements to deliver regulatory continuity through Brexit. Bilateral agreements in all priority areas have now been signed: the NZ-UK Veterinary Agreement; a Mutual Recognition Agreement (MRA) on Conformity Assessment; and Customs Agreement for Mutual Assistance on Administrative Matters to replicate existing agreements in place with the EU. Similar continuity assurances have also been secured in March and early April to provide for the continuing recognition of New Zealand’s (i) exports of organic products, (ii)

conformity checks for the inspection of fresh fruit – specifically apples, pears and kiwifruit - prior to export; and (iii) 'data adequacy' for the transfer of personal information from the UK in accordance with the General Data Protection Regulation 2018. These arrangements parallel those currently in place with the EU and act to facilitate New Zealand trade with the EU and UK.

- A second important area of focus is continued work to preserve the quantity and quality of existing market access into both the EU and the UK. This is proving particularly challenging in the face of current proposals by the EU/UK to 'split' existing WTO tariff rate quotas in a way that would disadvantage third country exporters such as New Zealand.
- Finally, NZ Inc officials have been working together to obtain information for New Zealand businesses on a range of practical issues, including documentation requirements and border procedures, and to raise awareness of the need for contingency planning across the range of potential Brexit outcomes, including the on-going risk of a 'no deal' Brexit.

UK FTA

- Both New Zealand and the UK have publicly indicated their intention to negotiate a high quality, comprehensive, bilateral FTA as soon as the UK is in a position to do so.
- To help lay the groundwork for these negotiations, the UK held a round of public consultations in late October 2018 and New Zealand called for public submissions in November 2018.

ANZFTA Upgrade

- Public submissions on the AANZFTA upgrade closed on 31 July 2019. Submissions are now being reviewed and considered.
- Further information on the ANZFTA upgrade can be found on our website:
<https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-in-force/asean-australia-new-zealand-free-trade-agreement-aanzfta/upgrading-aanzfta/>

Other negotiations

WTO E-commerce negotiations: <https://www.mfat.govt.nz/en/trade/our-work-with-the-wto/wto-e-commerce-negotiations/>

Digital Economic Partnership: <https://www.mfat.govt.nz/en/trade/free-trade-agreements/digital-economy-partnership-agreement-depa-negotiations/>

Agreement on Climate Change, Trade and Sustainability: <https://www.mfat.govt.nz/en/trade/free-trade-agreements/climate/agreement-on-climate-change-trade-and-sustainability-accts-negotiations/>