|  |
| --- |
| **Report on discussions at PMAC’s 5th November 2019 meeting**  |
| **Comment on International trading conditions**  |
| The PMAC meeting noted the overnight news that the China FTA upgrade had been successfully concluded and that 15 of the 16 countries involved RCEP had reached an agreement. India the 16th Country in RCEP has until February 2020 to decide if it wishes to remain within the RCEP agreement. Among other enhancements both agreements have promised there will be no longer than a 6-hour delay at the border for any perishable imports The meeting agreed that both developments will be positive for exports .Several members commented on the increasing regulations that some countries are introducing and the need for both MPI and Industry to be vigilant and proactively react to these challenges. For example * Unlike New Zealand Canada had been unaware of the need to provide information to the EU about its commodities post the introduction of the EU Plant health laws. As a consequence, Canada can no longer send horticultural produce to the EU until a formal review of each commodity has been completed by the EU.
* India has prepared documentation stating that it will no longer accept Codex MRL’s effectively reducing the default MRLs to the limit of detection. This directive has not been implemented but could be at any time.
* Indonesia is considering a post border quality inspection for all produce
 |
| **Resourcing**  |
| The cost recovered funds that PMAC provides advice on are used to fund officials in the Plant Exports, Plant, Wine and Organics Assurance team and Market Access teams. For the first time in a couple of years the Plant Exports and Assurance teams ( which cover forestry, produce and seeds ) are now fully resourced. The two teams together now number 19 ( including two managers). In the Market Access directorate 28 officials are also available to support plant product exports.Industry members on PMAC acknowledged the recent good progress made across a number of areas of work. Since the formation of the Assurance team in April 2018 MPI has been able to respond to PMAC’s request for more formal project management practices to be put in place to support cost recovered work to ensure that work remains on track. The new practices include a prioritisation process which allows projects competing for the same resource to be ranked.  |
| **NESAP Funding decision**  |
| In 2011 PMAC agreed a fund to assist small and emerging plant sectors resolve market access issue(s) so they can grow or maintain exports to new or established markets. Funding is restricted to those sectors who are unable to access funds from other sources. The fund annually offers up to $30,000 (nett of GST) worth of MPI time to assist these sectors with negotiating market access. Successful applicants may also use the funds to apply for additional funds from MFAT’s Trade Access Support Package (TASP). TASP would potentially provide the sector with an additional $30,000. TASP funds may be used on a wider range of activities including research, the preparation of reports, travel costs associated with securing access, etc. Since 2011 two successful applications have been funded . One to investigate approaches to allow Tamarillos re-enter Australia post the arrival of TPP. The second was from Kiwianos looking for assistance with efforts to open the Taiwanese market.In the first quarter of the 2019/20 financial year two NESAP applications were submitted to PMAC’s Executive Officer. The NZ Ginseng Association sought up to $30,000 (GST exclu) to collate the information required to seek access for dried ginseng to China. Acers Unlimited sought up to $22,670 (GST exclu) for the preparation of PRA information for submission to the EU to regain access to the EU for bareroot Acers after Acers were placed on the EU’s high-risk list. Acers have been exported to the EU for over 50 years. At its August meeting had confirmed that funding for both requests could be considered if the applications were assessed as eligible. Following the NESAP assessments panels consensual decision to offer funding for both applications this meeting reviewed and endorsed the panel’s decision. Details about the NESAP process and eligibility criteria are available on the PMAC website. <http://www.pmac.co.nz/advice-for-exporters.html>  |
| **IPPC and International year of plant health**  |
| **Discussion**The International Plant protection Convention (IPPC) was established to facilitate international cooperation in controlling plant pests and to prevent their international spread. Its role in relation to trade is to produce International Standards that provide an agreed approach to prevent plant pest spread and allow trade to occur. New Zealand through MPI is heavily involved with IPPC to ensure the standards are practical and fair and two years ago MPI employed dedicated coordinator within MPI who is responsible for coordinating MPI’s interaction with the IPPC and its working groups. PMAC is now annually involved in consultation on the standards being considered by the IPPC. A recent development produced by an IPPC working group is the electronic “hub” which will allow countries to exchange phytosanitary information (certificates) electronically. This will mean one system can be used by all countries and different systems will not be needed to exchange information between any two countries. New Zealand has developed the facility to both send and receive through the hub and is helping other countries to develop their systems to enable them to do the same. Due to the effort of the IPPC the FAO has named 2020 and the international year of plant health (IYPH).MPI has formed a working group to support communication about the IYPH in New Zealand. The working group includes representation from Hort NZ. Hort NZ is progressing a formal launch at Parliament  in February to mark the start of IYPH  in New Zealand. Key messaging for IYPH is the importance of protecting plant health to help end hunger, reduce poverty, protect the environment, and boost economic development.  Communication will particularly target.* Greater public awareness of New Zealand’s commitment towards protecting plant heath and the environment (e.g. horticulture, arable, forestry, biodiversity, pastoral and climate change)
* Encourage scientific innovation to address pest threats
* Encourage more public/private partnerships to build awareness and capability to protect plant health
* Promote government collaborative initiatives and programmes concerning plant health and responsiveness to Treaty of Waitangi

 The  IPPC has launched the IYPH webpage which contains lot of useful information: the IYPH itself, visual materials, and resources see <https://www.ippc.int/en/iyph/>  The [resources page](https://www.ippc.int/en/iyph/resources/) can be particularly useful with communication toolkits for schools, governments and the private sector. Please inform Leanne and consider IYPH branding if your sector has activities planned next year that* demonstrate the importance of your sector economically ,
* emphasise the importance of biosecurity ,
* outline sustainability initiatives within the sector, or
* any other areas that you consider may fit
 |
| **Food safety survey – update**  |
| MPI’s Food Safety Survey started two years ago . The reason for this survey was to gather information that could be used to provide ongoing G2G assurances e.g. with Indonesia . To this end 45 one-on-one interviews were undertaken with 18 commodity groups and businesses to establish what practices are in place to produce exports that are compliant with the importing countries MRLs. The interviewees were primarily undertaken with industry bodies and exporters with most exporters being vertically integrated ( i.e. the exporter was also the packer and grower). Recently all interviews have been recorded and circulated to interviewees to confirm accuracy. Once confirmed the final version of each interview will be returned to each interviewee with a confirmed risk rating for the organisation or commodity.A final survey report is in draft and will be provided to the next PMAC meeting. Findings in the report will be used to inform the development of a food assurance that MPI is developing for use in G2G transactions. Work on this assurance has commenced and it is hoped progress will be reported on in 2020. During the interviews MPI identified a number of sectors that could benefit from mentoring to upgrade some of their practises. MPI noted that generally, the sectors with the best developed systems have the greatest resource available. During the interviews representatives of these better resourced sectors confirmed they would be happy to assist with mentoring if required. MPI and PMAC will discuss how mentoring relationships can be set up and how best to encourage participation. The Council will also need to consider whether there are any tools that MPI should develop to assist Industry use to produce export compliant food. e.g. PHI calculator.The meeting was reminded that MPI’s approach with regard to food safety discussions with our markets is first to seek mutual recognition. In the past this has not resulted in a need to test individual consignments for residues or microbes. New Zealand must seek recognition with Indonesia by 2021.  |
| **Strengthening NZ’s Plant Export assurance system** |
| The Assurance team has started work on a Strengthening Assurances project looking at ways to make New Zealand’s phytosanitary system more robust and easier for overseas authorities to understand. The handling of Conflicts of Interest (COI) is one area they have identified should be improved. For example in most MAO’s the person inspecting the fruit and effectively deciding whether the commodity is suitable for export ( in which capacity they are representing MPI) is being paid by the company that makes money from the export of that product. This is a COI that needs to be explicitly handled so all parties understand their roles and responsibilities. To ensure that individual responsibilities are clear the MPI/ Industry working group agreed that an online training system dealing with COI’s should be set up. This system will be completed by mid-2020 and can be rolled out at each sectors convenience. The information on COIs that will populate the online training will be available earlier in 2020 for those sectors that wish to use it earlier in their inhouse training. Sectors will be contacted once this material is released. |
| **Progress on other projects**  |
| In addition to the two projects mentioned above there are a number of projects which are currently making good progress and on which PMAC receives regular updates. These include:***The Plant Imports and Exports requirements tool*** . This project is working with the Imports team to develop a communication tool for plant import & export eligibility and requirements. It will support the IHS and ICPR systems and ensure and improve maintainability and delivery. The first outputs of this project are expected in 2020.***Optimising Australian access*** This has been a frustrating area for some time with the removal of pre-inspection in New Zealand (OPI) and frustrations with the Consignment based inspection scheme (CBIS) . Industry and MPI continue to work together to collate information on border transactions and look for ways to improve identification of any pests that are picked up by Australian Inspectors . Plant Exports is in regular communication with the Australian Department of Agriculture. Capsicums and Summerfruit have recently been added to the Consignment based inspection scheme. Regular updates on this work in this area are available on the PMAC web site <http://www.pmac.co.nz/opi-cbis-working-group.html> ***MAO approvals data base*** . The intent of this project is to develop a revised system to effectively manage approvals & registrations for plant exports. These are often needed to support official assurances. This new MAO register will specify all MAO sites and their audit regimes with the expectation that all information is up-to-date. The output will be useful both for export purposes and also for planning during a biosecurity response.  |
| **PMAC AGM**  |
|  PMAC held its AGM following the general meeting on the 5th NovemberThe meeting accepted the [PMAC annual report](http://www.pmac.co.nz/uploads/1/4/1/0/14100200/pmac_annual_report_2019.pdf) and confirmed the following representatives for 2020.

|  |
| --- |
| **Industry representatives**  |
| Gary Jones for Apple and Pears  | Shaun Slattery for Zespri  |
| Simon Hegarty for the Horticultural Export Authority  | Leanne Stewart for Hort NZ  |
| Andy Warren for the NZ Flower Exporters Assn. | Helen Barnes for TomatoesNZ  |
| Thomas Chin for NZ Grain and Seed Trade Assn. | Chris Claridge for and Potatoes NZ  |
| Paul Turner for the New Zealand Plant producers Inc. | James Kuperus for Onions NZ  |
| Jen Scoular for NZ Avocado Industry Council  | Juan Rosales for Summerfruit NZ |
| Tony Ponder for the Horticultural Exporters Council and Kiwifruit to Australia |
| **Service members**  |
| Masimo Ciccioni for AgriChain | Peter Ward for SGS |
| Andrew Still for AsureQuality |  |
| Rosemarie Dawson for the Custom Brokers and Freight forwarders Association  |
| **Agency representatives** |  |
| Pete Tomson for MPI | Tim Knox for MPI  |
| Brian Wilson for MFAT |  |

  |
| **Next meeting**  |
| The next PMAC meeting will be held in Wellington on the 25th February. If you wish to have any items added to the agenda please talk with one of the Industry representatives named above.The meetings for the balance of the year will be held on 26/ 27th May in Northland; 24th August in Wellington and 28th October in Wellington. The AGM will be held on the 28th October  |

**New Zealand Free Trade Agreement (FTA) negotiations
Market Access Council update 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](https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-in-force/cptpp/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](http://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** For more up to date information see <https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-concluded-but-not-in-force/nz-china-free-trade-agreement-upgrade/key-outcomes-to-the-nz-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** For more up to date info see <https://www.mfat.govt.nz/en/trade/free-trade-agreements/agreements-under-negotiation/regional-comprehensive-economic-partnership-rcep/>

* 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/>