



Select Committee on the European Union

International Agreements Sub-Committee

Oral evidence: UK-New Zealand trade negotiations

Wednesday 18 November 2020

4 pm

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Members present: Lord Goldsmith (The Chair); Lord Foster of Bath; Lord Gold; Lord Kerr of Kinlochard; Lord Lansley; Lord Morris of Aberavon; Lord Oates; Lord Risby; Lord Robathan; The Earl of Sandwich; Lord Watts.

Evidence Session No. 1

Virtual Proceeding

Questions 1 - 10

Witnesses

I: His Excellency Bede Corry, High Commissioner of New Zealand to the United Kingdom; David Evans, Deputy High Commissioner of New Zealand to the United Kingdom; Chris Kebbell, Counsellor (Primary Industries); Deighton Conder, First Secretary (Trade and Economics).

Examination of witnesses

Bede Corry, David Evans, Chris Kebbell and Deighton Conder.

Q1 **The Chair:** This afternoon we are very pleased to hear from the New Zealand High Commissioner and colleagues in the context of the inquiry which the International Agreements Sub-Committee of the House of Lords is conducting into the proposed UK-New Zealand trade agreement.

I remind the witnesses that this is being broadcast. A transcript will be taken, however, and you will have an opportunity to examine that and say anything you like before it is finalised. It is possible that Members declare an interest before they ask questions; otherwise, our form is that different members of the Committee ask questions in turn. We look forward very much indeed to your answers, and thank you for your presence here.

High Commissioner, you might want to introduce your colleagues before we start, and if you want to make an opening statement please do so. I do not think we expected that, but it is for you to decide.

Bede Corry: Thank you, Lord Goldsmith. It is nice to see you again. It is very nice to see all members of the Committee, albeit virtually. I am the new High Commissioner of New Zealand in the United Kingdom. I am joined at the High Commission this afternoon by my colleagues, Mr David Evans, Deputy High Commissioner, and Mr Deighton Conder, First Secretary, Trade and Economic. I am joined virtually by Mr Chris Kebbell, the counsellor for primary industries in the High Commission.

I have a short statement that I propose to deliver, if that meets with the Committee's blessing.

The Chair: Yes, please.

Bede Corry: It is a great pleasure to have this opportunity to speak to the Committee in support of its inquiry into the UK-New Zealand free trade agreement. In so doing, I acknowledge the importance of the work of your Committee, alongside your counterpart Committee in the House of Commons, in respect of parliamentary scrutiny and oversight of the UK's trade negotiations. It can be very easy, amidst the complexity and sometimes controversy of a free trade agreement, to forget why we have them, so I thought I might speak briefly about that before turning to the New Zealand-UK relationship and the role the FTA will play in it.

In New Zealand's experience, FTAs are a key enabler of a nation's prosperity and the welfare of its people. They create and support jobs, they increase productivity and generate efficiency, and they enable greater consumer choice. Done well—something I will speak about later—they can support wider societal aims, from sustainability through to equality. This has been New Zealand's experience. It has been negotiating free trade agreements for close to 40 years, beginning with the closer economic relations agreement with Australia and, in the period since, building an extensive network of trade agreements, in the Indo-

Pacific region in particular. We have direct and extensive experience in the welfare gains that these agreements can deliver to our societies. The role of this Committee in assessing UK trade policy as it is presented through free trade agreements that the UK Government are negotiating with other economies, including New Zealand, is, therefore, far-reaching and consequential.

In these initial comments, I would like to situate the current free trade agreement in the context of the wider relationship between our two countries. I hardly need to say that New Zealand's relationship with the United Kingdom is a deep and enduring one. It is founded on our constitutional ties to the Crown. It is founded on the institutions we have in common and on our joint commitment to democracy and the rule of law, and it incorporates deep respect for our founding document, the Treaty of Waitangi. Our historical defence, security, people, business, cultural and sporting linkages draw us together like few other relationships, although those sporting linkages, if they incorporate the cricket or rugby World Cup, can sometimes throw us off course a bit.

In short, it is a relationship grounded in kinship, common values and interests. It is given contemporary resonance by the way we co-operate closely on global challenges. Yet that closeness between our countries is not reflected in our trade settings. In the area of trade, the UK and New Zealand actively discriminate against each other and privilege a wide range of other economies. Through New Zealand's existing FTA network, we grant preferential terms of trade to about 30 other countries. For the UK, under the existing EU-FTA network and, from 1 January 2021, the UK's rollover of those agreements, that figure is even higher.

In practical terms, it means that UK businesses pay higher tariffs than their competitors, including ASEAN countries, China and Korea, when exporting their goods to New Zealand. In the absence of a common rulebook for trade between our two economies, UK businesses face additional barriers to trade that their competitors do not. Therefore, at a minimum the UK-NZ FTA provides the opportunity to level the playing field for British businesses trading with New Zealand, relative to other trading partners, and it does the same thing in respect of New Zealand businesses trading here.

Once a New Zealand-EU FTA is in place, it will be even more important to ensure equal treatment for UK companies trading in the New Zealand market, and vice versa. That is the mercantilist rationale, if you like, for the FTA; it is a very real opportunity to grow and develop our existing trade beyond the £3 billion value currently attached to it.

There are also important strategic reasons for pursuing the agreement and integrating our two economies. The FTA would send a signal to the global community about our shared commitment to free rules-based trade against the headwinds of protectionism, which are all too evident, and in support of the economic recovery from the ravages of the pandemic. The FTA would bring the United Kingdom, a values-based

partner for New Zealand, more closely into our region, the Indo-Pacific, acting as a stepping-stone for the United Kingdom to CPTPP membership.

New Zealand companies have highly developed business connections throughout the Indo-Pacific, including established distribution chains, growing two-way investment, and considerable marketing expertise that UK businesses would be able to leverage. The FTA will allow our two Governments to develop new rules bilaterally that reflect our respective interests and can be building blocks for subsequent FTAs and the multilateral trading system more widely. On that last point, we see great opportunity for the UK and New Zealand to be leaders in new and emerging areas of trade policy. Whether that be in the interface of trade policy and climate action and sustainability or in respect of the digitalisation of trade, we both have the opportunity to craft new rules that take forward the global trade agenda.

New Zealand is an advanced economy that has conjoined high regulatory standards with an open and liberal trade policy. We have found those objectives to be mutually supportive. This is particularly evident in our agricultural sector, where New Zealand's high domestic standards and integrity across primary production, food safety, biosecurity, animal welfare and sustainability have facilitated export-led growth and prosperity for our farmers and rural communities. We see the FTA as providing a platform for further collaboration between our farming sectors. Our complementary counterseasonal high standards and high-quality production systems will provide opportunities through collaboration both at home and abroad in third-country markets.

I conclude where I began. New Zealand recognises that trade ultimately is about people, and it must deliver for all our people. Domestically, we do not take it for granted that there is limitless social licence for free trade. Through our Trade for All agenda, we are accordingly seeking a more open and consultative approach to trade policy development and implementation. We are more actively pursuing the interests of Māori, our regions, small and medium enterprises and women. We consider that this genuine commitment to an inclusive and progressive trade agenda also marks New Zealand as a valuable partner for the United Kingdom.

I look forward to exploring further some of those issues at our meeting today, and I will be very happy to take questions on them; I reserve the right in some cases to allocate them to my expert colleagues where I cannot answer them. I will be very happy to see more technical matters covered off in the written submission we are preparing for the Committee.

The Chair: High Commissioner, thank you very much. That is all understood.

To some extent, you have answered some of the questions that members want to ask you in the remarks you have just made. We would be interested to know a little more about how New Zealand develops and pursues its trade policy, in particular the Trade for All agenda. Would you

like to say a little bit about that, please?

Bede Corry: Briefly, on how we develop our trade policy, I would characterise it as being supported by three important pillars in respect of our external engagement. The first is the World Trade Organization, which provides the international rules that underpin international trade. Those rules are crucial for New Zealand and, I venture, the United Kingdom. They provide security and stability for our traders. The WTO is central in that regard; it underpins the international trading system. It faces some challenges at the moment, but it remains a priority for New Zealand.

The second external pillar in respect of how we develop our trade policy is free trade agreements themselves because of the way in which they can supplement the WTO by going further in their trade facilitation reach: for example, by allowing coverage of new and emerging areas such as digital trade, often at a faster pace than is possible in Geneva; by supporting other priorities, such as our commitment to climate action; and, in the case of mega-regional deals such as the CPTPP or the RCEP, concluded last weekend, because they enable New Zealand to be further integrated into supply chains and customer networks of the engine-room of current global growth, the Indo-Pacific.

The third pillar supporting the development of our trade and trade policy is what we call open plurilateralism, the idea of starting small with a group of like-minded countries and welcoming others to join if they can subscribe to the standards of the agreement that has emerged. The CPTPP is a really good example. It began as an FTA between New Zealand and Singapore, before expanding to incorporate Chile and Brunei, and becoming the very significant deal it is today. New Zealand is pursuing a number of open plurilateral agreements, on which I shall be happy to brief the Committee or provide further information at a later time, including a Digital Economic Partnership Agreement, an Agreement on Climate Change, Trade and Sustainability, and work under the auspices of the Inclusive Trade Action Group focused on increasing women's participation in global trade.

The Trade for All agenda is a very important pillar of our trade policy domestically. It was launched about three years ago. The idea was to take a fresh look at the development of New Zealand's trade policy to ensure that it delivers for all New Zealanders. It was prompted in part by concerns raised during the then TPP negotiations. It sets out to expand the domains that FTAs occupy by having a more progressive and inclusive focus, to incorporate sustainable economic growth, including the environment and climate change, and inclusive growth that incorporates women, Māori and people in small and medium enterprises.

The domains of our engagement in trade policy have expanded, but so too have the processes by which we talk about our trade policy domestically. One of the key principles of Trade for All is an enduring conversation with the public about the future direction of trade. Accordingly, our trade negotiators now devote as much effort to travelling

around New Zealand and engaging with New Zealanders as they do to participating in international trade negotiations. Trade for All encompasses an independent Trade for All advisory board made up of leaders from civil society and business to provide recommendations to the Government on our trading future.

The Chair: That is very helpful. We will certainly come back to some of those topics in the course of this session.

Q2 **Lord Robathan:** High Commissioner, may I say how encouraged I was by your opening statement? I am delighted to hear that, like me and many other people, New Zealand still values our relationship of kinship and common values, and of course security, which is one of my particular interests.

What do you think the benefits to the UK would be of entering into a trade agreement with New Zealand, in particular for SMEs, which have been mentioned by both sides as benefiting from a deal? The truth is that New Zealand, which is a country I am very fond of, having been there for some time, is quite a small market. I recall the upset over lamb when we joined the European Union and the unhappiness many New Zealanders expressed when we did not take so much lamb. How do you think the benefits would work now for the UK, which is a bigger market? We already drink a lot of your wine, so we can see how you will benefit, but how would we benefit, particularly SMEs?

Bede Corry: Lord Robathan, it is nice to see you again. In my opening statement, I touched on some of the headline arguments that militate in favour of the UK concluding this agreement with New Zealand. The important marker in the ground against the headwinds of protectionism are the ability to demonstrate that shared prosperity can be achieved through open global markets, and the ability to show that we can embrace innovation and diversity, contribute to our Covid economic recoveries and lead on issues that are important to tomorrow's economy; and that we can pursue those important economic objectives while upholding the high standards that matter to both of us, whether on the environment, animal welfare or food safety.

I touched on the important role the FTA could play as a stepping-stone in the UK's aspirations to accede to the CPTPP. What FTAs do for both partners is reduce the costs of doing business. They also increase opportunities for consumers. The UK does good business in New Zealand. You are an important and leading supplier of vehicles, turbines, engines and pharmaceuticals, but because of our other FTAs we impose costs on your exporters that do not apply to other countries. New Zealand businesses face the same in the United Kingdom.

The FTA will give consumers on both sides of the world greater choice, which is very important, and will create more and better paying jobs. We have not commissioned our own modelling on its effects inside the United Kingdom, but I note that UK government numbers point to a £200 million boost to UK workers' wages from the FTA. These are all benefits we can

achieve quickly. A comprehensive, high-quality and inclusive deal is our priority, but we are like-minded on many things and are capable of moving quickly and setting a leading standard.

Turning to SMEs, it is a very good question to ask because of the salience of small and medium enterprise in both our economies. I understand that about 99% of British businesses are SMEs. A similarly high figure applies in respect of New Zealand. We are very like-minded on that. When we consider how SMEs can benefit from the FTA, we can look at commitments aimed at promoting their interests and lowering the costs of market entry for them. We can look at reducing the administrative and compliance costs associated with trade—for example, in the FTA's chapters on customs procedures or technical barriers to trade and digital trade. We can look at how we can ensure that small and medium enterprises are aware of the opportunities under the FTA, including by providing relevant, accessible and easy-to-understand information. Those are some of the ways in which I would see SMEs benefiting on both sides of the world.

The Chair: You have already mentioned some of the other policy areas that a trade agreement can deal with, High Commissioner. Lord Sandwich will ask you more about that.

Q3 The Earl of Sandwich: Mr Corry, welcome to the Committee. I too was impressed by your introduction underlining our long-standing partnership.

You briefly mentioned rules and global issues, which leads to my question. How do you think that the UK and New Zealand through a free trade agreement can help drive forward key policy areas, such as women's economic empowerment and climate change? Do our Secretary of State's recent comments about a values-driven trade agenda—I think our Prime Minister came in on it as well—fit in with New Zealand's approach on tackling global issues where they intersect with trade? Those five words are rather important.

Bede Corry: Thank you very much Lord Sandwich. You referred to Secretary of State Truss's speech, which was very thoughtful and one we read with much interest. It highlights a high degree of alignment, including on the issues you raised. I will address trade and gender and trade and climate change separately. Harking back to my comments about our Trade for All agenda, I see a lot of commonality with the kinds of things Secretary of State Truss and Prime Minister Johnson have been saying. Our Trade for All agenda seeks to ensure that the benefits of trade flow to all New Zealanders.

In respect of women, we seek to promote and raise the profile of gender issues in trade. I mentioned the Inclusive Trade Action Group, where New Zealand, Chile and Canada have launched a global trade and gender arrangement that will promote mutually supportive trade and gender policies. That will be neatly aligned with what should be possible in the FTA with the UK. We would like to reaffirm in the FTA the existing commitments of both countries to gender equality. We want to see

safeguarding provisions to ensure that the FTA will have no adverse effect on gender equality, and we will want to see provisions that actively promote gender equality and women's economic empowerment.

Turning to climate change, there is a strong meeting of minds on this. When the FTA was launched earlier this year by Secretary of State Truss and her New Zealand counterpart, then Minister David Parker, they both expressly identified climate change as a strong common interest. They spoke at the launch about the opportunities to use the FTA to support the net zero carbon targets, which we both have, by promoting green growth and facilitating the transition to low-carbon economic models. There is a high degree of alignment that we would look to see reflected in the agreement. We can use it to promote environmental goods and services, including by giving priority to tackling tariffs on them. We can work on phasing out fossil fuel subsidies and we can foster co-operation on climate policies, including the development of international carbon markets.

In parallel with that meeting of minds, New Zealand and a group of other countries are negotiating an Agreement on Climate Change, Trade and Sustainability, and we have been keeping our UK counterparts well informed of that development. If that is of interest to the Committee, we can certainly engage on it at a subsequent time.

The Chair: We would be interested in seeing how you have brought those issues into other free trade agreements.

Lord Watts: Going back to your wish that any trade deal is beneficial to everyone in New Zealand, High Commissioner, how do you assess the success of that for gender, class and the regions of your country? What mechanisms have you in place?

Bede Corry: Some of the benefits will be immediately and objectively evident. It becomes fairly empirically clear that, when a given export faces fewer barriers, it is important for the productivity and profitability of a given company, with all the flow-down effects that has.

I think the best way of measuring the benefits is the vitally important feedback loop that now exists through the Trade for All advisory bodies and the direct face-to-face encounters between our negotiators and people in New Zealand, whether they be representatives of Māori exporters, New Zealand union representatives or representatives from our regions. It will become very apparent from their feedback whether or not they are feeling the benefits of the inclusivity. That is something we will listen to very closely.

Q4 **Lord Gold:** As a comment on your opening remarks, High Commissioner, and on the 40 years' experience New Zealand has in negotiating free trade agreements, I suspect we could learn quite a bit from what you have been doing. My question relates to digital trade policy, an area where I understand that New Zealand has been forward-leaning. What approach does New Zealand take generally to digitalisation, and how

does that inform its trade policy?

Bede Corry: Thank you for that apposite question; it is very timely right now, as we are engaging digitally this afternoon.

For New Zealand, digital trade and technologies are essential because they play such a crucial role in overcoming the perennial challenges we face of small scale, distance from major markets and the need for sources of capital. We have developed expertise in those areas. It is another case of necessity being the mother of invention.

Covid-19 has further accentuated the importance of digital technologies and digital trade. Many of the ways in which the challenges of the Covid crisis are being addressed are digital, whether contact-tracing apps or telehealth. Necessity and the exigency of the Covid crisis are the reasons why New Zealand has played a leading role in the development of a new digital trade deal, known as the Digital Economic Partnership Agreement—DEPA—between New Zealand, Singapore and Chile. I could talk about that, but perhaps I might briefly talk about some of the elements that might feature in the digital context in the NZ-UK FTA. The DEPA is something I can return to subsequently if it was of interest.

The Chair: That would be helpful. I appreciate there is pressure on time. You have already kindly offered to provide some material after the meeting, which would be excellent. Please proceed as you suggested.

Bede Corry: I think that New Zealand and UK interests on digital trade are closely aligned. The FTA is yet another opportunity to set a leading precedent to inspire others.

There are three elements. The FTA would be an opportunity to establish a permanent prohibition on charging customs duties on our electronic transmissions; it would be an opportunity to set high standards of privacy protection when customers engage online; and it would be a way of ensuring that businesses can send data across borders when required for their business, subject to legitimate policy exceptions.

Q5 **Lord Watts:** Following Brexit, the EU and the UK have agreed to split their TRQs for New Zealand imports. How does New Zealand view that change?

Bede Corry: The proposals to which you refer will significantly affect the access New Zealand has to the United Kingdom market. That access is provided, after all, under the UK's bound WTO commitments. The proposals have two effects. They affect the flexibility that importers and exporters currently have to respond to fluctuations in demand for products under various quotas, and they eliminate entirely a number of the current tariff rate quotas—for example, for pizza cheese and other cheeses to the UK. Ensuring that commercially meaningful access for those products and others is preserved for the relatively small number of quotas of particular interest to New Zealand is very important.

New Zealand puts great store on the assurance it has received from the UK that we would not be worse off as a result of Brexit, but those proposals, as they currently stand, would have that effect. I want to be very clear that New Zealand is not seeking additional access, just the fulfilment of existing obligations and, through that, the maintenance of existing access. Accordingly, we want to work with the UK to find practical and mutually satisfactory solutions to the problem, and as quickly as possible, given the relatively short time remaining in the UK's transition period.

The Chair: Can you explain the mechanism by which New Zealand will be worse off in your view as a result of the splitting of the TRQs? I am not sure that I fully understand.

Bede Corry: They have two effects. First, they limit the flexibility of New Zealand to export up to the current threshold of the TRQs; whereas at the moment we have that freedom across the European Union and the UK, the effect of splitting them means that that flexibility is lost. Secondly, a number of the quotas where we currently export products will vanish, and New Zealand exporters will pay very high tariffs for those products.

Lord Watts: What assessment have your Government made of the issue? Have the British Government provided you with information that gives you any comfort that the guarantee they have given you will come to fruition?

Bede Corry: The New Zealand Government have done extensive analysis of the dimensions of the issue, given its salience for our trade, and we are in ongoing dialogue with the UK about how the matter could be resolved.

Lord Kerr of Kinlochard: I understand the point about flexibility, although it does not seem to me a very strong point. I do not understand the point about the TRQs vanishing. How does that happen when they are split between the UK and the EU of 27?

Bede Corry: On the first point, the loss of flexibility on the TRQs is important and non-trivial. It means that New Zealand exporters lose the flexibility they have to decide whether a given tonnage of sheepmeat, for example, can be best exported to a market inside the European Union or in the UK. As to the vanishing of quotas, that is really a question for the United Kingdom. It is not a proposition that New Zealand itself has arrived at.

Lord Kerr of Kinlochard: But what is New Zealand's request? Is it New Zealand's request that it should be 120%? One hundred per cent of existing TRQs are being divided between the 27 and the UK. New Zealand says no and it wants compensation for loss of flexibility. There is also the point about disappearance, which I still have not got. What is it that New Zealand is asking for? Is it asking for the EU and the UK jointly to provide 110%, 120% or 130% of previously existing TRQs?

Bede Corry: New Zealand is asking for the preservation of the existing access that it enjoys as a result of the commitments bound in the WTO.

The Chair: High Commissioner, if after this meeting you were able to give a more detailed answer, I think Lord Kerr and the rest of the Committee would be very grateful.

Lord Lansley: New Zealand has been in negotiations with the European Union since June 2018 on a free trade agreement. Taking the example of something as practical as market access through tariff rate quotas, is your intention to preserve your existing market access or to increase it in the scope of these two negotiations? Do you see them as separate negotiations, or are you, in a sense, working on the basis of similar objectives in both negotiations, on a similar timetable?

Bede Corry: To be clear about the question, are you talking about negotiations on TRQs or the separate negotiations that New Zealand has with the United Kingdom and the EU?

Lord Lansley: I was talking about the latter. There are many examples in that, of which market access through tariff rate quotas is only one.

Bede Corry: These are two separate negotiations. They will be mutually supportive, but they are on separate tracks.

Lord Lansley: Your experience of tariff rate quotas is rather important, but even under the CPTPP the fact that you have a quota does not necessarily mean that you are able to fill it. Have you had difficulties with the rate of quota fill with some dairy products in some countries?

Bede Corry: Quotas are filled or not filled as a function of demand and price, so sometimes quotas are filled to their limit and sometimes they are not, if another market provides a more propitious environment for the export. That is one of the points of flexibility that would be lost, were we to see carried through the EU-UK propositions on TRQ flexibility.

Q6 **Lord Morris of Aberavon:** May I add my welcome to the High Commissioner? I used to know a little about the seasonal effect on the price of meat; your production of lamb is a welcome supplement in the winter to our spring production. First, what would New Zealand hope to achieve regarding market access? Secondly, would a seasonal tariff on quotas be useful for both our countries to ensure an adequate return for producers of lamb in New Zealand and the United Kingdom?

Bede Corry: Thank you very much for the question Lord Morris. It is good to be in the presence of someone so familiar with the lamb trade. At a headline level, for our expectations on market access, I would go to the starting point between New Zealand and the UK when they agreed to launch the agreement. That was a commitment to launch an ambitious, comprehensive and future-focused agreement that will remove tariffs, tackle non-tariff barriers, reduce costs for exporters and consumers, and support job creation and innovation. That was the objective that the

Trade Ministers of both countries set when the FTA was launched, and it is one that captures our objectives for all sectors, including agriculture.

There will be sensitivities in any negotiation. A significant advantage that we have in respect of agriculture, however, is the very long and rich history, to which Lord Morris partly alluded, of co-operation between New Zealand and British farmers, sectors, traders and policymakers. There are some very live examples today. A New Zealand agritech company is helping UK farmers reduce nitrate leaching and greenhouse gas emissions from dairy farming. Another New Zealand company is partnering with one of your largest supermarket chains to undertake a large-scale three-year study of parasite management on 100 sheep farms in the United Kingdom and New Zealand. That co-operation is a very important thing to keep in mind.

I turn now to the very specific question of market access for agricultural goods in the FTA. As I said, we seek a high-quality, comprehensive and commercially meaningful market access outcome on all goods. A high-quality outcome is one where all tariffs are eliminated within a commercially meaningful timeframe. Because this is a free trade agreement, access would of course be reciprocal, with the removal of tariff barriers that UK food and beverage exporters face when sending their products to New Zealand.

Providing the platform for those outcomes on tariff reductions are three important elements. I have mentioned one of them: the degree of co-operation and shared interest that exists between us. The second is the complementarity in trade to which Lord Morris alluded, including counterseasonality in protein and food production; and the third, importantly, is the reality of New Zealand production. New Zealand produces less than 1% of the world's beef, less than 1% of the world's wine, 6% of the world's sheepmeat and less than 3% of the world's milk. Those relatively small amounts are exported to a wide variety of markets. Beef goes to over 80 countries; lamb goes to over 100 countries; and dairy goes to 150 countries. With that wide diversity of export markets, our high-quality production systems and the environmental constraints on increasing agricultural production, free trade with New Zealand does not present particular risks for the UK agricultural sector. On the contrary, it is an opportunity for co-operation.

You asked about seasonal tariff quotas. In our view, they create market inefficiencies, and limit access for British consumers and food industries to a wider range of fresh and premium products. We do not think that such quotas have a place in a world-leading FTA where the goal, after all, is to remove tariffs and champion open global markets.

Lord Morris of Aberavon: Given that small quantities of meat imports can have a substantial effect on prices for producers in more countries, do you reject completely the idea of a seasonal tariff?

Bede Corry: They are not something that New Zealand sees. We certainly see seasonality of trade, where the complementarity of our

seasons enables products to arrive continuously on the shelves of British supermarkets. In 140 years of meat trade with the United Kingdom, we have seen that work very successfully, but we are not supportive of seasonal tariff rate quotas.

The Chair: By not supportive, do you mean that you are against them?

Bede Corry: We do not see them as something that would logically feature in a market-opening FTA of the kind we would expect to have with the United Kingdom.

The Chair: That is clear enough.

Q7 **Lord Risby:** High Commissioner, many of us greatly admire the way New Zealand has managed to reform its agricultural production system and maintain very high food production standards. I want to move on to the question of the UK's global tariff schedule and the prospect of a higher levy. We have received evidence about innovative food products, including plant-based protein products made in New Zealand. How do you think that the UK and New Zealand can go about future-proofing the trade agreement so that it continues to support businesses that favour innovation, when at the moment it looks as if there may be a disadvantage to the current proposal?

Bede Corry: The question is apposite, given the rising presence on our supermarket shelves of innovative products of the kind you describe. In a sense, one of the best ways to ensure the prosperity of the manufacturers of such products is to ensure that there are no market barriers to them. Removing tariffs and non-tariff barriers to trade in all goods, including processed agricultural products of the kind you are talking about, is one of many ways to support innovative businesses in both countries.

One area where the UK and New Zealand can work together in this regard is in respect of how such products are labelled. Ensuring that the labelling and composition requirements of innovative food products should not be more trade restrictive than necessary, and should be based on international standards. Those are two key ways in which I think we can help to foster the rising presence of the products you are talking about.

Q8 **Lord Foster of Bath:** High Commissioner, thank you very much for being with us today. I was very encouraged by your earlier comments on digital trade. I note that your new Privacy Act is about to come into force, and we will be looking at that very closely. Digital trade is important to our respective creative industries, but so too is the protection of intellectual property. You will be well aware that there are a number of quite significant differences between our respective regimes—for example, length of copyright term, website blocking regimes and so on. What do you hope we can achieve together in this area?

Bede Corry: Thank you very much Lord Foster. I am aware of the apparent divergence to which you refer, but there is also quite a lot of

convergence between New Zealand and the UK on IP. Our domestic law has borrowed heavily from UK legislation and case law. We are both parties to the TRIPS agreement and other IP agreements. Like the United Kingdom, we have a highly regarded, modern and well-functioning IP system.

We recognise how important it is to the creative sector that IP standards incentivise creativity and facilitate the transfer and dissemination of creative works and their appropriate access and use. When it comes to the FTA, we are looking for an outcome that strikes an appropriate balance and allows each party to provide protection for rights holders, while enabling reasonable access to IP-protected goods and services. At a headline level, that is the balance we would hope to be able to strike in the FTA, which is not yet concluded; it is still being negotiated. I am sure that our negotiators on both sides will come back to that when they meet in January.

Q9 Lord Oates: High Commissioner, thank you for your very informative responses. I declare my interest as chairman of the advisory board of Weber Shandwick UK, and as a non-executive director of the Center for Countering Digital Hate.

The economic benefits from trade in services are often hard to evaluate, but services are vitally important to both our economies. In evidence to us, some professional services organisations have put particular emphasis on the importance of mutual recognition of professional qualifications and provisions to facilitate the movement of businesspeople. Could you tell us what New Zealand's approach is, and what you think are some of the key areas where both countries could benefit?

Bede Corry: I agree that the metrics of measuring services trade and the resulting benefits can be difficult, but some things are certainly clear. Services are at the heart of both our economies; 80% of the UK's GDP are made up of services, and in New Zealand it is about 70%. We know that goods and services trade, or investment flows for that matter, do not exist in a vacuum. Logistics services, transportation services and financing services play a vital role in bringing products to market, and professional services play a critical role in making foreign investment possible.

Limitations on the movement of businesspeople, and visa access more generally, are some of the issues most frequently raised by New Zealand businesses when we ask them about the barriers they face in international markets. I understand that was also the case in respect of UK stakeholders during your Government's public consultation process on our FTA.

Overall, at a general level, we seek provisions that facilitate and streamline the movement of businesspeople, to allow businesses to take advantage of the very opportunities that the FTA itself presents. They could include provisions on visa fees and their processing times, as well as ensuring that any visa requirements are publicly available.

In respect of New Zealand and the United Kingdom, I am sure that many UK citizens working in New Zealand and vice versa have the same experience. Many of our professional bodies, correspondingly, have close working relationships already, including on the question of how professional qualifications are recognised between New Zealand and the UK. There is, however, room for improvement to ensure that qualification requirements do not become an unnecessary barrier to trade.

Provisions that support, facilitate and encourage the mutual recognition of professional qualifications are very important to us. We want to achieve workable and ambitious outcomes for the recognition of professional qualifications, licensing, experience and registration. That could include, for example, a process where registration with a professional body in New Zealand is automatically recognised by a professional body in the United Kingdom, and vice versa. That is another area ripe for co-operation, especially given the high degree of confidence each country can have in the other's systems for professional qualification.

Lord Oates: You mentioned the good relationships between professional bodies in both our countries. One example of that is in the field of architecture. We have had evidence on that from the Royal Institute of British Architects. It says it has had very positive engagement with its counterparts in New Zealand on mutual recognition, but it needs both Governments to pursue that. Do you see any obstacles to that as part of the trade agreement or should we be able to have success with it?

Bede Corry: With your permission, I might check with my colleagues, one of whom is well placed to answer. I will ask David Evans, the Deputy High Commissioner, to address the question.

David Evans: I reiterate what the High Commissioner has already said. The FTA provides an excellent framework for looking at those issues and taking stock of the very excellent relationships. I am aware of the one between our architects that you referred to, Lord Oates. Our accountants, lawyers and others also have very good relationships. We are taking stock of those and looking at where the Government can play a role to improve and make progress in that area. For us, it is an area where we look to achieve high-ambition outcomes, and I think we share that objective with the UK.

The Chair: I should declare at this point that, as a member of a law firm that has great success in having New Zealanders come and work for us in the UK, I am very happy to hear what you have said. Let us turn to CPTPP, a topic we have already touched on.

Q10 **Lord Kerr of Kinlochard:** You rightly reminded us at the start, High Commissioner, of New Zealand's role in the origins of CPTPP. Our Government are now presenting their negotiation review with Australia and the agreement they have concluded with Japan as stepping-stones towards British membership of CPTPP.

Supposing our deal with you got stuck—I hope it will not and I do not think it will—would you be inclined to hold up a British application to join CPTPP until we had done a deal with you? Do you think we would benefit from joining CPTPP, and what price do you think we would pay? What price do you think existing third-country members of CPTPP would charge, because I suppose everybody has to agree to a new member joining the club?

Bede Corry: There is a lot in that question. Forgive me if my answer is incomplete, and come back to me if I have not adequately or comprehensively addressed it.

First, New Zealand welcomes the UK's interest in CPTPP accession. The UK would be joining a group of very dynamic economies that represent about 13% of global GDP. That would increase to 16% with UK membership. Therefore, there is an element of win-win. It would significantly increase the size of the CPTPP pie to have the UK as a member.

Expansion is very important and is something that the agreement contemplates and, indeed, enables. From the very beginning, our key motive was the shared pursuit of a high-standards, comprehensive agreement to guide the direction and serve as a model for those committed to open and rules-based trade. New Zealand has long been an advocate of that vision, including by growing CPTPP through accession. The UK's interest is welcome and we have supported it, and our interest in committing to its high standards is very important.

On the question of the NZ-UK FTA becoming stuck, there are two things. First, it seems very unlikely. I think we are making good progress. Secondly, your question poses a "what if", and constitutes a hypothetical, which is a difficult question for anyone to answer. What I would say is that timely conclusion of a high-quality, comprehensive, ambitious and inclusive NZ-UK FTA will send an important signal to the wider CPTPP membership of the UK's commitment to, and ability to meet, the high standards that the agreement establishes.

Lord Kerr of Kinlochard: What price do you think the other members would charge the British for joining CPTPP? Some of our witnesses, mainly agricultural interests in this country, talked about the threat from very low-cost producers on mainland Asia. What do you think would be their price?

Bede Corry: It is not for me to speak of what other countries would seek from the United Kingdom. All I would say is that it is a high-standards agreement, and the price would be the ability to commit to and implement a high-standards agreement. The agreement's provisions are available for people to read and assess. If you want to infer what price would apply for the UK, that should be evident in the agreement.

Lord Robathan: How have your farmers, particularly sheep farmers who provide one of your biggest exports, reacted to the CPTPP?

Bede Corry: The New Zealand agricultural sector, which incorporates agriculture, horticulture and viticulture these days, is very supportive of our FTA agenda as a whole. You could conclude from that that the CPTPP fits into that firmament because it is a market-opening agreement and builds a set of common rules with some very major trading partners.

The Chair: High Commissioner, thank you very much indeed for all the answers you have given. We now conclude the public session, and the broadcast will cease. I thank you and your colleagues.