



HOUSE OF LORDS

International Agreements Committee

9th Report of Session 2022–23

**Scrutiny of
international
agreements:
UK-New Zealand
free trade agreement**

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International Agreements Committee

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See Appendix 1.

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CONTENTS

	<i>Page</i>
Summary	2
Chapter 1: The agreement	5
Economic impact	5
Services trade and investment	5
Box 1: UK services trade with New Zealand	5
Investment	6
Goods trade	7
Box 2: UK goods trade with New Zealand	7
Agricultural goods trade	7
Geographical indications	10
Manufactured goods trade	11
Climate and environment	12
Intellectual property	13
Other chapters	13
Chapter 2: Government engagement and consultation	15
Engagement with the devolved administrations	15
Government engagement with Parliament and the Committee	16
A published trade policy still missing	17
Summary of conclusions and recommendations	18
Appendix 1: List of Members and declarations of interest	21
Appendix 2: List of witnesses	23
Appendix 3: Calls for evidence	26
Appendix 4: This report and inquiry	34

SUMMARY

The FTA between the UK and New Zealand follows closely on from that with Australia. Like the Australia FTA, this agreement paves the way to CPTPP accession. The Government was in our view right to secure a trade agreement with both countries before the CPTPP market access negotiations are finalised.

At an estimated 0.02%–0.0.3% long-term GDP increase, the impact of the UK-New Zealand is likely to be positive, albeit limited.

As per the agreement with Australia, the elimination of UK tariffs on agricultural goods may lead to greater choice and lower prices for consumers, which is welcome. However, it remains to be seen what impact the agreement will have, particularly on trade flows. It is possible that UK farmers will face some increased competition and, in this context, we note that the EU secured greater protections for EU farmers in their recent FTA with New Zealand.

The devolved nations are likely to be particularly affected due to the importance of agriculture in Scotland, Wales and Northern Ireland. Future impact assessments should therefore provide more detail on how FTAs, individually and cumulatively, will impact them.

As the second post-Brexit FTA in succession that follows an unconditional approach towards tariff elimination on agricultural goods, this is now increasingly likely to be viewed as a precedent for future negotiations, from which exceptions in future may be difficult. For future negotiations, the Government should take full account of the potential cumulative effects of all FTAs on the UK agricultural sector and the potential need to make exceptions to full liberalisation. This should include active monitoring of the actual impacts of FTAs signed to date.

Unlike the EU, the UK Government did not secure protections for UK Geographical Indications (GIs). Instead, the agreement contains a clause allowing for the opening of consultations if New Zealand extends GI protections to others. The UK Government can now initiate such a process and we call on it to do so as soon as possible. In future, we should not have to rely on the EU to seek protections for UK GIs.

New Zealand is a more like-minded partner for the UK than Australia in areas such as environment, animal welfare and labour, and we welcome the stronger commitments in these areas in the agreement. They should serve as a baseline for future FTAs and re-negotiations with other like-minded countries, such as Canada.

We welcome the first dedicated consumer chapter in an FTA, as well as the agreement's focus on reducing non-tariff barriers for goods. However, given New Zealand is a like-minded country, some provisions could have been more ambitious. For example, services gains remain limited, while in some areas, such as anti-microbial resistance, commitments are limited to increased co-operation. The Government should build on the FTA by supporting regulatory dialogue to secure mutual recognition of professional qualifications.

Witnesses were generally positive about the agreement and we, too, welcome the New Zealand FTA as it offers clear benefits to both Parties. Nonetheless, we reiterate our recommendation that the UK Government should publish a

comprehensive trade policy that sets out the Government's priorities for all trade negotiations and how trade can be leveraged to support the Government's external and domestic policy objectives. It would also help those scrutinising trade agreements understand the framework within which negotiators are operating and why specific choices are being made.

We report this agreement to the House for information.

Scrutiny of international agreements: UK-New Zealand free trade agreement

CHAPTER 1: THE AGREEMENT

Economic impact

1. We welcome the free trade agreement with New Zealand, which is the second FTA negotiated by the UK Government from scratch. However, the economic benefits of the agreement should not be overstated, as they are likely to be very limited. The Government's own Impact Assessment quotes a 0.02%–0.03% increase to UK GDP by 2035, or the equivalent of £0.8 billion. Given that New Zealand was the UK's 55th largest trading partner and accounted for only 0.2% of total UK trade in 2021, this is not unexpected.¹

Services trade and investment

Box 1: UK services trade with New Zealand

Services trade between the UK and New Zealand was worth approximately £1 billion in 2019, with £651 million worth of UK exports to New Zealand and £348 million of imports from New Zealand. The UK's key services exports to New Zealand were travel (£228 million), insurance (£133 million) and other business services (£92 million). The key imports from New Zealand were travel (£222 million), other business services (£57 million) and transportation (£37 million). New Zealand was the UK's 55th largest export market for services.

Sources: ONS, UK trade in services: service type by partner country, non-seasonally adjusted, July 2022: <https://www.ons.gov.uk/businessindustryandtrade/internationaltrade/datasets/uktradeinservicesservicetypebypartnercountrynonseasonallyadjusted> [accessed 1 November 2022]. Note: we have decided to provide data for 2019 as the nearest pre-pandemic comparator

2. The Government's Negotiating Objectives for services included securing ambitious market access commitments; "best-in class" rules for services, including financial services and digital trade; and addressing barriers to UK investment in New Zealand. Additionally, it aimed to enhance opportunities for business travel and support the Mutual Recognition of Professional Qualifications (MRPQs).
3. The Government has been successful in incorporating these objectives into the agreement which contains provisions on cross-border trade in services, professional services, recognition of professional qualifications, temporary entry of business people and digital trade. Overall, witnesses have been positive and welcomed the chapters on financial services, digital trade, and

¹ Department for International Trade, 'Trade & Investment Factsheets: New Zealand' (19 October 2022): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1098429/new-zealand-trade-and-investment-factsheet-2022-08-19.pdf [accessed 1 November 2022]

mobility.² Sam Lowe, international trade expert and partner at Flint Global, assessed the provisions on financial services and data “modern” and “good”, and praised the ban on forced localisation of financial data.³

4. As with all new trade agreements, we will need to wait for implementation to judge its precise impacts. While welcoming the services provisions, the Scottish Government pointed out that the small size of the New Zealand market and geographical distance from the UK may prove to be limiting factors.⁴
5. At the outset of the negotiations, the Royal Institute of British Architects told us that the single biggest non-tariff barrier affecting architectural trade was the lack of MRPQs.⁵ The London Market Group noted that while the UK insurance sector already enjoyed extensive market access in New Zealand and did not seek further access, MRPQs would allow for more efficient transferability and better productivity across the services sectors.⁶
6. The services chapter includes an annex on professional services and recognition of professional qualifications,⁷ which establishes a Professional Services Working Group (PSWG) and encourages the relevant bodies of each Party to establish dialogues on professional qualifications or the facilitation of licensing procedures. The Government should continue to hold discussions with New Zealand counterparts to support UK regulatory bodies in securing MRPQs.

Investment

7. The UK is the sixth largest investor in New Zealand, and the fourth largest recipient of foreign direct investment from New Zealand. Under the agreement, New Zealand’s foreign investment screening threshold for UK investors will be increased to NZ\$200 million, from NZ\$100 million. Dr Joshua Paine, Senior Lecturer in Law at the University of Bristol, welcomed this increase and commented that the investment liberalisation commitments are wide-ranging and go beyond what New Zealand agreed to under the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP).⁸ We welcome these improvements.
8. **The economic benefits of the UK-New Zealand FTA are likely to be positive if limited.**
9. **We welcome the provisions facilitating services trade and investment, including those in relation to legal services, financial services and digital trade.**

2 Written evidence from the Federation of Small Businesses ([NZT0041](#)), Pact ([NZT0031](#)), Dr Joshua Paine ([NZT0042](#)) and the Scottish Government ([NZT0051](#)). See also Welsh Government, *UK-New Zealand Free Trade Agreement: A Welsh Government Perspective*, (22 July 2022): <https://gov.wales/sites/default/files/publications/2022-07/uk-new-zealand-free-trade-agreement-a-welsh-government-perspective.pdf> [accessed 1 November 2022]

3 [Q 48](#) (Sam Lowe)

4 Written evidence from the Scottish Government ([NZT0051](#))

5 Written evidence from the Royal Institute of British Architects ([NZT0006](#))

6 Written evidence from the London Market Group ([NZT0009](#))

7 Annex 9A Professional Services and Recognition of Professional Qualifications https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1056279/uk-new-zealand-free-trade-agreement-chapter-9-annex-9a-professional-services-and-recognition-of-professional-qualifications.pdf [accessed 1 November 2022]

8 Written evidence from Dr Joshua Paine ([NZT0042](#))

10. **The Government should continue to hold discussions with New Zealand counterparts to support UK regulators in securing mutual recognition of professional qualifications.**

Goods trade

Box 2: UK goods trade with New Zealand

Goods trade between the UK and New Zealand was worth approximately £1.75 billion in 2019, with £884 million worth of UK exports to New Zealand and £866 million of imports from New Zealand. The UK's key goods exports to New Zealand were cars (£185 million), mechanical power generators (£75.1 million) and specialised machinery (£49 million). The key imports from New Zealand were beverages (£254 million), meat and meat preparations (£230 million) and vegetables and fruit (£61 million). New Zealand was the UK's 46th largest export market for goods.

Sources: ONS, 'Trade in goods: New Zealand: Total: Exports' (September 2022): <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/timeseries/epmb/mret> [accessed 1 November 2022] and ONS, 'Trade in goods: New Zealand: Total: Imports' (September 2022): <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/timeseries/epnb/mret> [accessed 1 November 2022]

11. The Government's Negotiating Objectives for goods were to "secure broad liberalisation of tariffs on a mutually beneficial basis, taking into account UK product sensitivities, in particular for UK agriculture."⁹ The Government also aimed to secure tariff-free access for UK industrial and agricultural goods into New Zealand.¹⁰
12. New Zealand's tariffs on UK goods exports will be fully liberalised at entry into force. The UK also agreed to remove all tariffs on New Zealand goods, though tariffs for some sensitive agricultural goods will be removed over time.
13. It is worth noting that the UK and New Zealand's starting positions on tariffs were different. The UK applies higher most-favoured nation (MFN) tariffs¹¹ than New Zealand—mostly ranging between 0% and 20%, with a significant number between 20% to 30%.¹² By contrast, New Zealand's tariffs range between 0% and 5%, except for some goods including some textiles, machinery and processed foods which are at 10%.¹³

Agricultural goods trade

14. The agreement contains safeguards to mitigate the impact of unforeseen surges in agricultural imports. However, certain stakeholders argued that the

9 DIT, *UK-New Zealand Free Trade Agreement: The UK's Strategic Approach*, 17 June 2020. Hereafter referred to as 'Strategic Approach', p 10: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/901870/uk-strategy-uk-nz-free-trade-agreement.pdf [accessed 1 November 2022]

10 *Strategic Approach*, p. 10

11 Most-favoured nation tariffs are the duties that a World Trade Organization (WTO) country imposes on imports from other members of the WTO, unless the country is part of a preferential trade agreement, such as a free trade agreement or a customs union.

12 Schedule of tariff commitments: United Kingdom, Part 2B-5, p 16 onwards: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1056249/uk-new-zealand-free-trade-agreement-chapter-2-annex-2a-schedule-of-tariff-commitments-for-goods.pdf [accessed 1 November 2022]

13 New Zealand Ministry of Business, Innovation and Employment, 'Tariffs in New Zealand' (May 2022): <https://www.mbie.govt.nz/business-and-employment/business/trade-and-tariffs/tariffs-in-new-zealand/> [accessed 1 November 2022]

safeguards do not go far enough to protect UK agriculture.¹⁴ The safeguards include:

- (a) an interim period of rising tariff rate quotas (TRQs) for sensitive products¹⁵ before tariffs are fully eliminated;
 - (b) product-specific safeguards for beef and sheep meat; and
 - (c) general safeguards.
15. In addition to the bilateral safeguard in the FTA, the Parties will also have access to the WTO general safeguard, which can be introduced at any time to temporarily restrict the import of a product to protect a specific domestic industry from serious injury caused by an increase in imports.
 16. UK negotiators were able to secure a commitment from New Zealand that it would not seek faster tariff reduction through the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) negotiations—which, in theory, could have provided New Zealand with an opportunity to push for zero tariffs on all goods sooner.¹⁶
 17. We do not yet know how exactly the agreement will impact the UK market and how effective the safeguard measures will be in managing the transition to zero tariffs. The UK Government’s Impact Assessment estimates a gross value added (GVA) reduction of 0.35% (£48 million) for UK agriculture, forestry and fishing industries, as well as a 1.16% (£97 million) reduction for the semi-processed foods sector.¹⁷ For some livestock farmers and food producers, the agreement will therefore have a negative effect. The devolved administrations, in particular, have raised concerns that the agreement could have a disproportionate negative impact on their agricultural and food sectors.¹⁸
 18. The Agricultural and Horticultural Development Board (AHDB)¹⁹ estimated that New Zealand beef imports into the UK may increase by approximately 6,300 tonnes, which would be 740% increase on the current low baseline,²⁰ while the increase in lamb imports was estimated to be approximately 5,800

14 Written evidence from the National Farmers Union of England & Wales (NZT0040), NFU Cymru (NZT0037) and Farmers’ Union of Wales (NZT0036)

15 These include beef, sheep meat, butter, cheese and apples.

16 DIT, ‘UK-New Zealand FTA negotiations: agreement in principle’ (20 October 2021): <https://www.gov.uk/government/publications/uk-new-zealand-free-trade-agreement-negotiations-agreement-in-principle/uk-new-zealand-fta-negotiations-agreement-in-principle#national-treatment-and-market-access-for-goods> [accessed 1 November 2022]

17 DIT, *Impact assessment of the Free Trade Agreement between the United Kingdom of Great Britain and Northern Ireland and New Zealand*, (February 2022), p. 31: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1057311/uk-new-zealand-free-trade-agreement-impact-assessment.pdf [accessed 1 November 2022]

18 Written evidence from the Scottish Government (NZT0051) and Welsh Government, ‘The UK’s trade deals with Australia and New Zealand: what do they mean for Wales?’ (August 2022): <https://research.senedd.wales/research-articles/the-uk-s-trade-deals-with-australia-and-new-zealand-what-do-they-mean-for-wales/> [accessed 1 November 2022]

19 The Agriculture and Horticulture Development Board (AHDB) is a statutory levy board and non-departmental public body, sponsored by the Department for Environment, Food and Rural Affairs.

20 AHDB, ‘Beef: modelling the impact of a UK-New Zealand trade deal’ (11 August 2022): <https://ahdb.org.uk/trade-and-policy-modelling-the-impact-of-the-UK-and-New-Zealand-trade-deal-Beef> [accessed 1 November 2022]

tonnes or a 14% increase.²¹ In both cases, the AHDB concluded that the UK agricultural sector will likely be negatively impacted—although some of the negative impact may be offset by reduced imports from the EU. We note that New Zealand already enjoys a generous sheepmeat TRQ—every year, 114,205 tonnes (carcass weight equivalent) of New Zealand sheepmeat and goatmeat can enter the UK tariff-free.²² New Zealand has not been close to filling that quota in recent years,²³ so it is not clear whether the potential increase in permitted imports hurting UK sheep farmers will happen in practice. Hence, we recommend that the Department for International Trade carries out regular monitoring of the usage of its import TRQs with New Zealand.

19. Although the Government has not said so explicitly, it appears to have made a choice to prioritise tariff liberalisation over retaining some areas of protection. This unconditional approach to agricultural tariff liberalisation (albeit phased) is similar to that followed in the Australia FTA. We note that the recently agreed EU-New Zealand FTA²⁴ provides a similar level of market access to New Zealand in the UK-New Zealand FTA. However, the EU's agreement maintains greater protections for its agricultural producers than the UK-New Zealand FTA does for UK agricultural producers.²⁵ Sam Lowe and the Scottish Government highlighted the differences in protections.²⁶ For example, while the UK will allow up to 60,000 tonnes of New Zealand beef into the UK in year 15 of the agreement, and unlimited imports afterwards, the EU will cap imports at 10,000 tonnes.
20. Regarding animal welfare and food safety, the Government's Negotiating Objectives stated that it would “ensure high standards and protections for UK consumers and workers”, including “not compromising on our high environmental protection, animal welfare and food safety standards.” The Government has been successful in incorporating these objectives into the agreement.

21 AHDB, 'Lamb: modelling the impact of a UK-New Zealand trade deal' (11 August 2022): <https://ahdb.org.uk/trade-and-policy-modelling-the-impact-of-a-uk-new-zealand-trade-deal-lamb> [accessed 1 November 2022]

22 New Zealand Meat Board, 'UK Sheepmeat and Goatmeat': <https://www.nzmeatboard.org/quotas/uk-sheepmeat-and-goatmeat/> [accessed 1 November 2022]

23 The Government has noted that in 2020, for example, New Zealand only filled 50% of its WTO quota, DIT, 'UK-New Zealand Free Trade Agreement: agri-food explainer' (28 February 2022) <https://www.gov.uk/government/publications/uk-new-zealand-fta-agri-food-explainer/uk-new-zealand-free-trade-agreement-agri-food-explainer-web-version> [accessed 1 November 2022]

24 European Commission, 'EU-New Zealand: Text of the agreement': https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/new-zealand/eu-new-zealand-agreement/text-agreement_en [accessed 1 November 2022]

25 These include protections for specified EU dairy products, beef and sheep meat, and sweetcorn. Under the EU's agreement with New Zealand, only a limited volume of these goods may be imported into the EU under zero or reduced tariffs. See European Commission, 'Tariff rate quotas of the European Union, Tariff elimination schedule': <https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/82e2e3c9-e701-4091-8090-c293f69487f7/details> [accessed 1 November 2022] and HM Government, 'Tariff rate quotas of the United Kingdom, Schedule of tariff commitments for goods': https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1056249/uk-new-zealand-free-trade-agreement-chapter-2-annex-2a-schedule-of-tariff-commitments-for-goods.pdf [accessed 1 November 2022]

26 Scottish Government, 'New Zealand trade agreement: letter to the UK Government' (21 August 2022): <https://www.gov.scot/publications/new-zealand-trade-agreement-letter-to-the-uk-government/> [accessed 1 November 2022] and Sam Lowe, 'Most favoured nation: who did it better?' (4 July 2022): <https://mostfavourednation.substack.com/p/most-favoured-nation-who-did-it-better> [accessed 1 November 2022]

21. The Government instructed the Trade and Agriculture Commission (TAC) to provide advice on whether, or to what extent, the agreement is consistent with UK statutory protections relating to animal and plant life or health, animal welfare and environmental protections.²⁷ The TAC concluded that the agreement maintains and reinforces the UK's existing levels of statutory protections.²⁸ New Zealand is widely reputed to have high animal welfare standards, with the British Veterinary Association noting that the UK and New Zealand are largely aligned on animal welfare policy, and that agricultural producers in New Zealand make limited use of antimicrobials.²⁹ The UK and New Zealand already have a veterinary agreement³⁰ that was rolled over from the EU-New Zealand veterinary agreement.³¹
22. The Government sought advice from the Food Standards Agency (FSA) and Food Standards Scotland (FSS) on whether, or to what extent, the measures in the agreement are consistent with UK levels of statutory protection for human health. The FSA and FSS concluded that the agreement maintains existing food safety and nutrition statutory protections in accordance with UK laws and regulations. No changes to the UK food regulatory system are required to implement the agreement, and the regulatory autonomy of the UK Government and Devolved Administrations is preserved with respect to food safety and nutrition-related matters.³²

Geographical indications

23. The Negotiating Objectives stated that the Government would aim to “promote effective protection of UK geographical indications [GIs] in a way that ensures consumers are not misled about the origins of goods”.³³
24. The UK-New Zealand FTA does not commit New Zealand to protecting the UK's agricultural GIs. Instead, it contains a commitment that if New Zealand agrees to include GI protections in a trade deal with another Party, the UK will be able to open a consultation process for securing protections for its GIs. As the FTA the EU concluded with New Zealand in June did include such protections, recognising the full list of EU wines and spirits and 163 of EU food GIs,³⁴ the UK will now be able to enter such a consultation process. We believe that the UK Government should do so as soon as possible.

27 The terms of reference of the TAC were adopted on 6 December 2021 under Section 42 of the Agriculture Act 2020.

28 Trade and Agriculture Commission (TAC), Advice to the Secretary of State for International Trade on the UK-New Zealand Free Trade Agreement, (30 June 2022): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1087261/trade-and-agriculture-commission-advice-to-the-secretary-of-state-for-international-trade-on-the-uk-nz-fta.pdf [accessed 1 November 2022]

29 Written evidence from the British Veterinary Association (NZT0008)

30 New Zealand Government, Agreement on sanitary measures applicable to trade in live animals and animal products between the Government of New Zealand and the United Kingdom of Great Britain and Northern Ireland, (January 2019): https://www.treaties.mfat.govt.nz/search/details/t/3929/c_1 [accessed 1 November 2022]

31 Agreement between the European Community and New Zealand on sanitary measures applicable to trade in live animals and animal products, OJL 57/5, 26 February 1997

32 DIT, *UK-New Zealand FTA: report under Section 42 of the Agriculture Act 2020*, (21 July 2022), p 17 (hereafter, Section 42 report): <https://www.gov.uk/government/publications/uk-new-zealand-fta-report-under-section-42-of-agriculture-act-2020> [accessed 1 November 2022]

33 *Strategic Approach*, p 12

34 The EU and New Zealand concluded negotiations for an FTA on 30 June 2022. Negotiations began in June 2018 and took place over 12 negotiating rounds. European Commission, ‘Key elements of the EU-New Zealand trade agreement’(30 June 2022): https://policy.trade.ec.europa.eu/news/key-elements-eu-new-zealand-trade-agreement-2022-06-30_en [accessed 1 November 2022]

Throughout our trade inquiries, witnesses noted repeatedly the importance of GIs to some agricultural producers and their local regions.³⁵ In future, we should not have to rely on the EU to secure protections for UK GIs.

25. **It remains to be seen how UK agriculture will be impacted by the agreement with New Zealand and whether the safeguards will protect the interests of the UK agricultural sector, and that of the devolved nations in particular.**
26. **It appears that the Government prioritised tariff liberalisation over retaining some protections. The usage of tariff rate quotas, which are designed to phase in tariff-free access over time, should be monitored and reported on regularly by the Department for International Trade.**
27. **We note that the recently agreed EU-New Zealand FTA provides a similar level of market access to New Zealand, but maintains greater protections for EU agricultural producers, as well as protections for all EU Geographical Indications.**
28. **Geographical Indications are important to regions of the UK which feel their agricultural interests have been undermined by the removal of tariffs. It is disappointing that the UK Government has been unable to achieve this negotiating aim. We call on the Government to begin the process of consultation to review the GI provisions as soon as possible and amend the agreement to recognise UK GIs. It should keep us and relevant stakeholders informed of progress.**

Manufactured goods trade

29. The Negotiating Objectives for manufactured goods stated that the Government would seek to “develop simple and modern Rules of Origin that reflect UK industry requirements and consider existing, as well as future, supply chains.”³⁶
30. The agreement provides generous Rules of Origin for passenger vehicles, requiring only 25% of the value to originate in either Party. The Society of Motor Manufacturers and Traders (SMMT) stated that automotive trade with New Zealand is “small but not insignificant”.³⁷ According to the SMMT, the UK exported £238 million worth of motor vehicles to New Zealand in 2019 (but still less than half the value of exports to Australia).³⁸ The generous rules of origin are therefore likely to have a modestly positive impact.
31. The Government’s Impact Assessment estimates that the set of sectors expected to expand the most in relative terms as a result of the agreement is manufacturing, including motor vehicles and machinery and equipment.³⁹

35 See, for example, paragraphs 123–125 in our *Scrutiny of international agreements: UK-Australia free trade agreement the UK-Australia FTA* (4th Report, Session 2022–23, HL Paper 26) and paragraphs 67–71 in our *Scrutiny of international agreements: UK-Japan Comprehensive Economic Partnership Agreement* (16th Report, Session 2019–21, HL Paper 175)

36 *Strategic Approach*, p. 10

37 SMMT, *Position Paper Australia and New Zealand Trade Negotiations*, (October 2020): <https://www.smmt.co.uk/wp-content/uploads/sites/2/SMMT-Position-Paper-on-AUS-NZ.pdf> [accessed 1 November 2022]

38 *Ibid.*

39 *Strategic Approach*, p. 31

32. Additionally, the agreement contains a clause on holding consultations to tackle non-tariff barriers. The agreement establishes a mechanism whereby either Party can, in circumstances where any measure may be adversely affecting trade, “request consultations with a view to resolving any concerns”.⁴⁰ We welcome this clause which could prove useful for UK businesses.
33. **Although New Zealand represents a small market for UK automotive manufacturers, the generous Rules of Origin in the agreement are likely to be beneficial.**

Climate and environment

34. Modern free trade agreements typically include shared commitments to ensure increased trade does not come at the expense of the natural environment. This is reflected in the Government’s Negotiating Objectives stating that the agreement should reaffirm the Parties’ commitments to international standards on the environment and climate change, including the Paris Agreement; include measures that would allow the UK to maintain its world-leading environmental standards and 2050 net zero emissions target.⁴¹
35. The agreement’s climate and environmental provisions were welcomed by witnesses as some of the most ambitious that the UK has agreed to in an FTA—and notably stronger than those in the UK-Australia FTA.⁴² They include provisions on eliminating domestic fossil fuel subsidies and ending financial support for fossil fuel energy in other countries,⁴³ explicitly mentioning the temperature reduction target of the Paris Agreement,⁴⁴ and eliminating tariffs on environmental goods and services. Dr Emily Lydgate indicated that the commitment to end fossil fuel subsidies was precedent-setting for future FTAs.⁴⁵ Additionally, the environment chapter is subject to dispute settlement, which provides greater enforceability. The Trade and Agriculture Commission concluded that the agreement enhances the UK’s right to adopt measures against climate change and does not prevent the UK from going beyond the WTO law baseline.⁴⁶
36. **We welcome the commitments on climate and environmental protection. In particular, we welcome that the provisions in the environment chapter are subject to dispute resolution, which means they will be enforceable.**

40 Article 2.18 Consultations: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1056193/uk-new-zealand-free-trade-agreement-chapter-2-national-treatment-and-market-access-for-goods.pdf [accessed 1 November 2022]

41 *Strategic Approach*, p. 12

42 Q 47 (Sam Lowe and Michael Gasiorek), Dr Emily Lydgate Q 21 and Anna Sands Q 21

43 Article 22.8 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1057671/uk-new-zealand-free-trade-agreement-chapter-22-environment.pdf [accessed 1 November 2022]

44 Article 22.6 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1057671/uk-new-zealand-free-trade-agreement-chapter-22-environment.pdf [accessed 1 November 2022]

45 Q 21 (Dr Emily Lydgate)

46 DIT, *Trade and Agriculture Commission: advice to the Secretary of State for International Trade on the UK-New Zealand Free Trade Agreement*, CP 709 (4 July 2022): <https://www.gov.uk/government/publications/uk-new-zealand-fta-advice-from-trade-and-agriculture-commission/trade-and-agriculture-commission-advice-to-the-secretary-of-state-for-international-trade-on-the-uk-new-zealand-free-trade-agreement-web-version> [accessed 1 November 2022]

Intellectual property

37. The Intellectual Property provisions commit both Parties to a high level of protection, largely in keeping with existing respective laws. While negotiating simultaneously with the UK and EU, New Zealand agreed to enhance its domestic law in specific areas.⁴⁷ Copyright protection is to be expanded from 50 years to 70 years, Artist's Resale Right⁴⁸ is being introduced, and rights of performers to play sound recordings of their performances are being expanded.
38. **We welcome New Zealand's extension of copyright from 50 to 70 years, as well as the introduction of greater IP protections for artists and performers.**
39. **We call on the Government to monitor New Zealand's progress in updating its copyright legislation,**

Other chapters

40. The Government set out Negotiating Objectives on a range of other areas, including on supporting UK small and medium enterprises (SMEs), consumer protection, and procurement. The Government aimed to include a dedicated SME chapter; ensure that SMEs have easy access to the information necessary to take advantage of trade opportunities; and to ensure that SME-friendly provisions are included throughout the agreement.⁴⁹
41. The Government has been successful in incorporating these objectives into the agreement. In particular, consumer organisation Which? welcomed the standalone chapter on consumer protections, noting that it "is a world first" and "sends a very important signal about the importance of trade deals for consumers". It encouraged the Government to continue this approach in future FTAs.⁵⁰
42. Witnesses welcomed the inclusion of a dedicated SME chapter in the agreement, as well as commitments to make information more accessible to SMEs,⁵¹ although Michael Gasiorek of the UK Trade Policy Observatory noted that most of these provisions are "best endeavour" clauses.⁵²
43. We welcomed the inclusion of an innovation chapter in the UK-Australia trade deal, but it is unclear why the agreement with New Zealand does not contain a similar chapter.
44. The Negotiating Objectives on procurement were to secure access beyond the level set in the World Trade Organization (WTO) Government Procurement Agreement (GPA) and to develop improved rules which ensure that procurement processes are simple, fair and transparent, while maintaining protections for key public services such as the NHS.⁵³ The public procurement provisions cover a greater number of public bodies than New

47 New Zealand Foreign Affairs & Trade, *New Zealand-United Kingdom Free Trade Agreement*, (February 2022): <https://www.mfat.govt.nz/assets/Trade-agreements/UK-NZ-FTA/NZ-UK-FTA-National-Interest-Analysis.pdf> [accessed 1 November 2022]

48 The Artist's Resale Right (ARR) is legislation that provides artists with a royalty when their copyright-protected works resell through art market professionals, such as galleries, auction houses and dealers.

49 *Strategic Approach*, p. 13

50 Written evidence from Which? (NZT0047)

51 Written evidence from the Federation of Small Businesses (NZT0041) and Pact (NZT0031)

52 Written evidence from Michael Gasiorek (NZT0050) and Sam Lowe (NZT0048)

53 *Strategic Approach*, p. 12

Zealand's commitments under the WTO GPA, enabling UK companies to bid for procurement contracts at New Zealand's Ministry for Housing and Urban Development, and the Pike River Recovery Agency. Sam Lowe noted that although it is difficult to say whether these would substantively benefit UK businesses, binding the commitments into an FTA gives reassurance that UK firms will be able to bid for these contracts.⁵⁴

45. Legislation to implement the agreement's procurement provisions has already been introduced in the Trade (Australia and New Zealand) Bill. The legislation would extend obligations that UK procurement authorities have towards UK suppliers to New Zealand suppliers.⁵⁵ It is expected that the Trade (Australia and New Zealand) Bill will be superseded by the Procurement Bill once enacted.⁵⁶ The use of a regulation-making power to implement procurement chapters of future FTAs will be a matter for debate on both bills.
46. Additionally, the agreement contains chapters on promoting gender equality and development, as well as a chapter dedicated to recognising the importance of the indigenous Maori group to New Zealand's economy and society, and strengthening trade with Maori enterprises.⁵⁷ These chapters are not subject to dispute settlement and contain largely loose commitments.
47. **We welcome the inclusion of a procurement chapter that extends commitments above those provided for under the WTO Government Procurement Agreement.**
48. **We also welcome the dedicated chapters on SMEs and consumer protection.**
49. **We welcomed the inclusion of an innovation chapter in the UK-Australia trade deal, but it would be helpful to understand why the agreement with New Zealand does not contain a similar chapter.**
50. **Once the agreement has been implemented, we call on the Government to monitor the levels of preference usage and provide export (and other) support for businesses, including SMEs, as required.**

54 Written evidence from Sam Lowe ([NZT0048](#))

55 DIT, 'Draft Explanatory Memorandum accompanying the UK-New Zealand FTA': https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1057005/uk-new-zealand-free-trade-agreement-draft-explanatory-memorandum.pdf [accessed 1 November 2022]

56 The Trade (Australia and New Zealand) Bill is due to be repealed and replaced by Sections 81–83 and Schedules 9 and 11 of the Procurement Bill, once enacted.

57 DIT, 'UK-New Zealand FTA Chapter 26: Māori Trade and Economic Cooperation' (28 February 2022): <https://www.gov.uk/government/publications/uk-new-zealand-fta-chapter-26-maori-trade-and-economic-cooperation> [accessed 1 November 2022]

CHAPTER 2: GOVERNMENT ENGAGEMENT AND CONSULTATION

Engagement with the devolved administrations

51. Where matters under negotiation related to devolved competence, the devolved administrations were broadly positive about the UK Government's engagement. As per the negotiations with Australia, the Scottish Government, however, expressed concern over the sharing of information pertaining to areas of reserved competence. They told us they continue to have sight of draft text only "in areas that DIT consider directly relevant to devolved competence". They were, however, complimentary about DIT's regular briefings.⁵⁸
52. The Welsh Government offered an overall more positive assessment:
- "Engagement was positive, particularly in areas where the UK government understands and accepts that there is an interaction with devolved policy... Where Australia was the first fully new trade deal to be negotiated and some elements of engagement did not run as smoothly as planned, during negotiations with New Zealand improvements were made and engagement with devolved governments has become better embedded into the negotiation life cycle."⁵⁹
53. We note that the Government's response to our report on the UK-Australia FTA stated:
- (a) "The positive engagement with the DAs to date on the FTA programme, and the trust that has been established, has resulted in an offer by the Government to substantially increase the scope of information sharing to cover written information for all areas of free trade agreement negotiations, as part of seeking a wider agreement on working together."⁶⁰
54. This new commitment is welcome. Free trade agreements may have significant impacts on the devolved administrations, not only in relation to devolved policy areas, but more generally on their economies and interests.
55. We had previously raised with the Department for International Trade the need for both scoping and impact assessments to include more granular detail, particularly on the impacts of an FTA on the devolved nations. We therefore welcome the Minister telling us that:
- "We do think that we have to do more work in the public impact assessments to give a more detailed picture of the potential impacts of trade agreements on the devolved nations. We did a review of our modelling techniques, and our analysts are now considering how they

58 Written evidence from the Scottish Government ([NZT0051](#))

59 Welsh Government, UK-New Zealand Free Trade Agreement: A Welsh Government Perspective, p 10: <https://gov.wales/sites/default/files/publications/2022-07/uk-new-zealand-free-trade-agreement-a-welsh-government-perspective.pdf> [accessed 1 November 2022]

60 DIT, *Government response to 4th Report: Scrutiny of international agreements: UK-Australia free trade agreement*, (2 September 2022): <https://committees.parliament.uk/publications/28496/documents/172060/default/> [accessed 1 November 2022]

can improve the analysis of impacts of FTAs on the nations and regions of the UK.”⁶¹

56. **We welcome the improved engagement with the devolved administrations.**
57. **The extent to which draft text is shared with them when it relates to a reserved competence, however, continues to be limited. While welcome, it remains to be seen whether the Government’s recent offer to increase the scope of information-sharing will address the concerns of the devolved administrations in this regard.**
58. **We call on the Government to build on recent improvements and ensure that consultation with the devolved administrations and legislatures is transparent, detailed and timely, and that their views are represented throughout the negotiations, including on reserved matters that may have an impact on them.**
59. **We welcome that the Government has conducted a modelling review to provide a more detailed sub-national assessment of the impact of FTAs. We look forward to receiving assessments with more detailed information on the impact of FTAs on the nations and regions of the UK.**

Government engagement with Parliament and the Committee

60. We welcome the Government responding to our call for evidence and for engaging with us throughout our inquiry. In particular, we are grateful to Lord Grimstone of Boscobel, former Minister of State for Investment, and his officials for appearing before the Committee, and for his written updates.⁶² As we have previously noted, the written updates could have been more detailed—they covered what had been discussed, but rarely gave a flavour of the obstacles encountered and choices faced by negotiators.
61. We would like to put on record our appreciation for the work undertaken by DIT to facilitate scrutiny beyond the limited statutory requirements set by the Constitutional Reform and Governance Act 2010 (CRAG). We were provided with a copy of the signed agreement and draft explanatory materials at least three months before the agreement was formally laid under CRAG, in accordance with the commitments the Government made to support Parliamentary scrutiny of new trade agreements.⁶³ The Government has also recently responded to a long-standing Committee request to be able engage with Government before negotiating mandates are being set.⁶⁴
62. **We welcome the constructive engagement we have had with DIT officials and Ministers throughout the negotiations.**
63. **As with the Australia FTA, however, we were only able to scrutinise this agreement after all decisions had already been taken. The Government commitment to facilitate a debate on the Negotiating**

61 [Q 27](#) (Lord Grimstone of Boscobel)

62 Lord Grimstone subsequently joined the International Agreements Committee on 12 October 2022.

63 Letter from Baroness Hayter to Lord Grimstone on scrutiny of FTAs, dated 19 May 2022: <https://committees.parliament.uk/publications/22312/documents/164995/default/>

64 See letter from former Secretary of State for International Trade to the International Trade Committee dated 19 July, plus subsequent letter from new Secretary of State re-confirming commitments made: <https://committees.parliament.uk/publications/23120/documents/169339/default/>

Objectives was unfortunately made too late to affect the scrutiny of this particular agreement.

64. **It is important that consultation and dialogue with our Committee starts before a mandate is established, so the final mandate can be informed by Parliament. We therefore welcome the recent offer of greater Committee involvement during the mandate-setting stage and look forward to discussing the practical details with the new Trade Secretary and her officials.**

A published trade policy still missing

65. The Government has yet to publish a comprehensive and overarching trade policy. Although it has articulated its aims and objectives for individual negotiations, these are not embedded within a wider framework. In response to our recommendation to set out a comprehensive trade policy, the Government stated that its trade policy has already been published in the Department of International Trade's 2021–22 Outcome Delivery Plan and the Government's Integrated Review.^{65 66} However, while the Outcome Delivery Plan lists four high-level priority outcomes for the Department itself,⁶⁷ it does not set out the Government's overall priorities for all trade negotiations and how trade complements and supports the Government's foreign and domestic policy objectives. While the Integrated Review indicates the Government's cross-departmental aims,⁶⁸ these are high level and it is unclear whether and how they inform trade negotiations at a practical level.
66. **We reiterate our recommendation that the Government should publish a trade policy, showing how it links into broader foreign policy, security, defence and other domestic objectives, as well as labour, women's and human rights, and the environment. This will enable trade policy to be understood in relation to other priorities and enable us to assess the impacts and trade-offs.**

65 DIT, *Government response to 4th Report: Scrutiny of international agreements: UK-Australia free trade agreement*, (2 September 2022): <https://committees.parliament.uk/publications/28496/documents/172060/default/> [accessed 1 November 2022]

66 DIT, *Outcome Delivery Plan* (15 July 2021): <https://www.gov.uk/government/publications/department-for-international-trade-outcome-delivery-plan/dit-outcome-delivery-plan-2021-to-2022> [accessed 1 November 2022] and Cabinet Office, *Global Britain in a competitive age: The Integrated Review of Security, Defence, Development and Foreign Policy*: <https://www.gov.uk/government/publications/global-britain-in-a-competitive-age-the-integrated-review-of-security-defence-development-and-foreign-policy> [accessed 1 November 2022]

67 The Outcome Delivery Plan contains the following priority outcomes: (1) secure free trade agreements and reduce market access barriers; (2) deliver economic growth to all nations and regions of the UK; (3) support UK business to take full advantage of trade opportunities; and (4) champion the rules-based international trading system and operate the UK's new trading system. DIT, *Outcome Delivery Plan* (15 July 2021): <https://www.gov.uk/government/publications/department-for-international-trade-outcome-delivery-plan/dit-outcome-delivery-plan-2021-to-2022> [accessed 1 November 2022]

68 The Integrated Review contains the following objectives under its 'Strategic Framework': (1) sustaining strategic advantage through science and technology; (2) shaping the open international order of the future; (3) strengthening security and defence at home and overseas; and (4) building resilience at home and overseas. See: Cabinet Office, *Global Britain in a competitive age: The Integrated Review of Security, Defence, Development and Foreign Policy*: <https://www.gov.uk/government/publications/global-britain-in-a-competitive-age-the-integrated-review-of-security-defence-development-and-foreign-policy> [accessed 1 November 2022]

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Economic impact

1. The economic benefits of the UK-New Zealand FTA are likely to be positive if limited. (Paragraph 8)

Services trade and investment

2. We welcome the provisions facilitating services trade and investment, including those in relation to legal services, financial services and digital trade. (Paragraph 9)
3. The Government should continue to hold discussions with New Zealand counterparts to support UK regulators in securing mutual recognition of professional qualifications. (Paragraph 10)

Goods trade

4. It remains to be seen how UK agriculture will be impacted by the agreement with New Zealand and whether the safeguards will protect the interests of the UK agricultural sector, and that of the devolved nations in particular. (Paragraph 25)
5. It appears that the Government prioritised tariff liberalisation over retaining some protections. The usage of tariff rate quotas, which are designed to phase in tariff-free access over time, should be monitored and reported on regularly by the Department for International Trade. (Paragraph 26)
6. We note that the recently agreed EU-New Zealand FTA provides a similar level of market access to New Zealand, but maintains greater protections for EU agricultural producers, as well as protections for all EU Geographical Indications. (Paragraph 27)
7. Geographical Indications are important to regions of the UK which feel their agricultural interests have been undermined by the removal of tariffs. It is disappointing that the UK Government has been unable to achieve this negotiating aim. We call on the Government to begin the process of consultation to review the GI provisions as soon as possible and amend the agreement to recognise UK GIs. It should keep us and relevant stakeholders informed of progress. (Paragraph 28)
8. Although New Zealand represents a small market for UK automotive manufacturers, the generous Rules of Origin in the agreement are likely to be beneficial. (Paragraph 33)

Climate and environment

9. We welcome the commitments on climate and environmental protection. In particular, we welcome that the provisions in the environment chapter are subject to dispute resolution, which means they will be enforceable. (Paragraph 36)

Intellectual property

10. We welcome New Zealand's extension of copyright from 50 to 70 years, as well as the introduction of greater IP protections for artists and performers. (Paragraph 38)

11. We welcome the inclusion of a procurement chapter that extends commitments above those provided for under the WTO Government Procurement Agreement. (Paragraph 47)

Other chapters

12. We also welcome the dedicated chapters on SMEs and consumer protection. (Paragraph 48)
13. Once the agreement has been implemented, we call on the Government to monitor the levels of preference usage and provide export (and other) support for businesses, including SMEs, as required. (Paragraph 50)
14. We welcome the improved engagement with the devolved administrations. (Paragraph 56)
15. The extent to which draft text is shared with them when it relates to a reserved competence, however, continues to be limited. While welcome, it remains to be seen whether the Government's recent offer to increase the scope of information-sharing will address the concerns of the devolved administrations in this regard. (Paragraph 57)

Engagement with the devolved administrations

16. We call on the Government to build on recent improvements and ensure that consultation with the devolved administrations and legislatures is transparent, detailed and timely, and that their views are represented throughout the negotiations, including on reserved matters that may have an impact on them. (Paragraph 58)
17. We welcome that the Government has conducted a modelling review to provide a more detailed sub-national assessment of the impact of FTAs. We look forward to receiving assessments with more detailed information on the impact of FTAs on the nations and regions of the UK. (Paragraph 59)

Government engagement with Parliament and the Committee

18. We welcome the constructive engagement we have had with DIT officials and Ministers throughout the negotiations. (Paragraph 62)
19. As with the Australia FTA, however, we were only able to scrutinise this agreement after all decisions had already been taken. The Government commitment to facilitate a debate on the Negotiating Objectives was unfortunately made too late to affect the scrutiny of this particular agreement. (Paragraph 63)
20. It is important that consultation and dialogue with our Committee starts before a mandate is established, so the final mandate can be informed by Parliament. We therefore welcome the recent offer of greater Committee involvement during the mandate-setting stage and look forward to discussing the practical details with the new Trade Secretary and her officials. (Paragraph 64)

A published trade policy still missing

21. We reiterate our recommendation that the Government should publish a trade policy, showing how it links into broader foreign policy, security, defence and other domestic objectives, as well as labour, women's and human rights, and the environment. This will enable trade policy to be understood

in relation to other priorities and enable us to assess the impacts and trade-offs. (Paragraph 66)

APPENDIX 1: LIST OF MEMBERS AND DECLARATIONS OF INTEREST

Members

Lord Astor of Hever (until 22 July 2022)
 Lord Gold
 Lord Grimstone of Boscobel (from 12 October 2022)
 Baroness Hayter of Kentish Town (Chair)
 Lord Kerr of Kinlochard
 Lord Lansley
 Baroness Liddell of Coatdyke
 Lord Morris of Aberavon
 Lord Oates
 Lord Razzall
 The Earl of Sandwich
 Lord Udny-Lister
 Lord Watts

Declarations of interest

Lord Astor of Hever (until 22 July 2022)
No relevant interests

Lord Gold
David Gold & Associates LLP
Chairman Balance Legal Capital

Lord Grimstone of Boscobel (from 12 October 2022)
Minister of State in the Department of International Trade at the time of the inquiry, although trade policy was not within his portfolio of responsibilities. Recused himself from decisions on paragraphs where reference to his previous Ministerial role has been made.

Baroness Hayter of Kentish Town (Chair)
Senior Non-Executive Director, Association of British Insurers

Lord Kerr of Kinlochard
Chairman, Centre for European Reform

Lord Lansley
A family member has a sheep farm in North Wales

Baroness Liddell of Coatdyke
Honorary Vice President, Britain Australia Society
Trustee, Northcote Trust
Association Member, Bupa
Board member, Australian Chamber Orchestra

Lord Morris of Aberavon
Family members farm in various parts of Wales and England, but I have no direct interest in farming

Lord Oates
Director, H&O Communications

Lord Razzall
Director, North Atlantic Mining Associates Limited
Director, ZeU Technologies Inc
Shareholdings, ZeU Technologies Inc
Shareholdings, St-Georges Eco-Mining Corporation
Shareholdings, Tintra plc

The Earl of Sandwich

No relevant interests

Lord Udney-Lister

Advisor to the Group Chairman of HSBC

Lord Watts

No relevant interests

Specialist Advisers

David Henig

Advisor to the UK Trade and Business Commission

Part-time Adviser to Cavendish Advocacy on trade matters

*UK Director of the European Centre for International Political Economy
(ECIPE)*

Self-employed consultant on general trade policy matters

APPENDIX 2: LIST OF WITNESSES

Evidence is published online at <https://committees.parliament.uk/work/459/uknew-zealand-trade-negotiations/publications/> and available for inspection at the Parliamentary Archives (020 7219 3074).

Evidence received by the Committee is listed below in chronological order of oral evidence session and in alphabetical order. Those witnesses marked with ** gave both oral and written evidence. Those marked with * gave oral evidence and did not submit any written evidence. All other witnesses submitted written evidence only.

Oral evidence on the New Zealand FTA has also been collected as part of the Committee's inquiry into the accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. Transcripts can be found online at <https://committees.parliament.uk/work/975/comprehensive-and-progressive-agreement-for-transpacific-partnership-cptpp/publications/oral-evidence/>.

Oral evidence in chronological order

- | | | |
|----|--|---------------------------------|
| * | Bede Corry (High Commissioner of New Zealand to the United Kingdom at New Zealand High Commission) | <u>QQ 1–10</u> |
| * | David Evans (Deputy High Commissioner of New Zealand to the United Kingdom at New Zealand High Commission) | <u>QQ 1–10</u> |
| * | Deighton Conder (First Secretary (Trade and Economics) at New Zealand High Commission) | <u>QQ 1–10</u> |
| * | Chris Kebbell (Counsellor (Primary Industries) at New Zealand High Commission) | <u>QQ 1–10</u> |
| ** | Dr Nick Fenwick (Head of Policy at Farmers Union of Wales) | <u>QQ 11–25</u> |
| ** | Huw Rhys Thomas (Political Adviser at NFU Cymru) | <u>QQ 11–25</u> |
| * | Beatrice Morrice (Political Affairs Manager at National Farmers Union of Scotland) | <u>QQ 11–25</u> |
| * | Victor Chestnutt (President at Ulster Farmers' Union) | <u>QQ 11–25</u> |
| * | James Lowe (Chairman at Northern Ireland Agriculture Producers Association) | <u>QQ 11–25</u> |
| ** | Professor Michael Gasiorek | <u>QQ 26–42</u> |
| * | Professor Emily Jones | <u>QQ 26–42</u> |
| ** | Sam Lowe | <u>QQ 43–55</u> |
| ** | Lord Grimstone of Boscobel | <u>QQ 56–67</u> |
| ** | Graham Matthew Davies (Deputy Director, Chief Negotiator, New Zealand FTA at Department for International Trade) | <u>QQ 56–67</u> |
| ** | Ian Shepherd (Policy Director, Goods, Regulatory Environment and Gulf Cooperation Council at Department for International Trade) | <u>QQ 56–67</u> |

Alphabetical list of all witnesses

Association of the British Pharmaceutical Industry	<u>NZT0010</u>
Agriculture and Horticulture Development Board (AHDB)	<u>NZT0026</u>
Alliance for Intellectual Property	<u>NZT0015</u> <u>NZT0025</u>
	<u>NZT0014</u>
Beef + Lamb New Zealand Ltd	<u>NZT0043</u>
BPI	<u>NZT0020</u>
British Veterinary Association	<u>NZT0008</u>
Dr Nicolette Butler	<u>NZT0034</u>
Chartered Institute of Patent Attorneys (CIPA)	<u>NZT0032</u> <u>NZT0044</u>
DACS	<u>NZT0011</u>
Dairy Companies Association of New Zealand	<u>NZT0012</u>
Dairy UK	<u>NZT0007</u>
** Department of International Trade (<u>QQ 56–67</u>)	<u>NZT0013</u>
** Farmers Union of Wales (<u>QQ 11–25</u>)	<u>NZT0036</u>
Federation of Small Businesses (FSB)	<u>NZT0029</u> <u>NZT0041</u>
Fonterra Co-operative Group	<u>NZT0017</u>
Food Frontier	<u>NZT0003</u>
Friends of the Earth England, Wales and Northern Ireland	<u>NZT0030</u>
** Professor Michael Gasiorek (<u>QQ 26–42</u>)	<u>NZT0050</u>
Professor Emily Jones (<u>QQ 26–42</u>)	
Law Society of Scotland	<u>NZT0018</u>
London Market Group	<u>NZT0009</u>
Ivan McKee MSP	<u>NZT0051</u>
National Farmers' Union	<u>NZT0016</u> <u>NZT0027</u> <u>NZT0040</u>
National Farmers Union of Scotland (QQ11-25)	
National Office Animal Health (NOAH)	<u>NZT0002</u>
New Zealand High Commission (QQ 1-10)	
New Zealand Winegrowers	<u>NZT0004</u>
NFU Cymru (<u>QQ 11–25</u>)	<u>NZT0037</u>
Northern Ireland Agriculture Producers Association (QQ 11-25)	

Pact	NZT0019
	NZT0030
Dr Joshua Paine	NZT0042
Railway Industry Association	NZT0033
Royal Institute of British Architects	NZT0006
RSPCA	NZT0001
	NZT0024
	NZT0039
** Sam Lowe (QQ 43-55)	NZT0048
Professor Albert Sanchez-Graells	NZT0038
Sustain	NZT0049
Dr Jasem Tarawneh	NZT0034
techUK	NZT0023
Trade Justice Movement	NZT0046
Trades Union Congress	NZT0028
Transparency International UK	NZT0021
Ulster Farmers' Union (QQ 11-25)	
Which?	NZT0047

APPENDIX 3: CALLS FOR EVIDENCE

Submission period: 16 July 2020–28 February 2021

The House of Lords EU International Agreements Sub-Committee (IAC), chaired by Lord Goldsmith QC, has launched an inquiry into the ongoing UK-New Zealand trade negotiations towards a free trade agreement.

This is a public call for written evidence to be submitted to the Committee. The Committee's scrutiny of these negotiations will consider a wide range of issues, and we expect this call for evidence to remain open during the course of the negotiations, but we would be grateful for submissions on one, some or all of the points set out below by Monday 21 September, in the first instance.

A revised call for written evidence may be issued in due course, as negotiations progress, and all those who have previously made written submissions will be notified of this and invited to make an additional submission, if they wish.

When preparing your response, please bear in mind that short, concise submissions are preferred, and responses must not be any longer than six sides of A4. Bullet points are acceptable. You do not need to address every question below. Equally, if there are any crucial issues not captured by the questions we pose, please highlight what they are and explain their salience.

The process for making submissions is set out in Annex 1, but if you have any questions or require any adjustments to enable you to respond, please contact the staff of the Committee at HLIntlAgreements@parliament.uk.

Background

The Government has made agreeing a comprehensive free trade agreement ("FTA") with New Zealand an early priority. New Zealand was the UK's 34th largest non-EU trading partner and total trade between the two countries was worth approximately £3bn in 2018. The Government began its first round of trade negotiations with New Zealand on 13 July 2020.

The International Agreements Committee is responsible for scrutinising how the Government conducts international agreements, including trade treaties, and the final content of those agreements. A trade deal with New Zealand would be one of the first major trade agreements pursued by a post-Brexit UK. This inquiry will focus on the Government's aims and objectives, the progress of negotiations, and the possible impacts of a final deal for people and businesses across the UK. It is not yet known when the talks will conclude, but this inquiry will run for the duration of those talks.

Inquiry focus

The Committee is interested in submissions on any and all aspects of a new UK-New Zealand trade agreement, but the inquiry will focus at first on some key areas that have been raised as priority areas by the UK and New Zealand. In the first instance, the Committee is particularly seeking evidence on the impacts of a potential deal on the agriculture and food sectors and on professional services.

Additionally, evidence is sought on the potential impacts of a trade deal on regions in the UK and how different areas, regions and nations across the country might either benefit from the deal or miss out.

The Sub-Committee seeks evidence on the following areas of interest, which are phrased as questions for the ease of respondents. Submissions need not address all questions.

Areas of interest

We welcome broad responses to general questions, as well as specific responses in relation to one or more of the key areas set out below.

- (1) Does the Department for International Trade (DIT)'s strategic approach, published on 17 June 2020, set out the right objectives for negotiations? How effectively does that strategic approach represent the interests of different groups and regions across the country, including the devolved nations, businesses, civil society, and individuals?
- (2) How reliable do you find the DIT's assessment of the potential impacts of the proposed agreement with New Zealand, either as set out in the strategic approach or elsewhere?
- (3) What are some of the major points of disagreement that have emerged in New Zealand's recent trade negotiations, for example with the EU, that the Committee should bear in mind when scrutinising UK-New Zealand negotiations?
- (4) The UK Government has expressed a strong interest in using a potential FTA with New Zealand as a key step to joining to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). How might a trade deal with New Zealand help the UK to join the CPTPP and what benefits would there be in joining? More broadly, what effect could a UK-New Zealand trade deal have on the UK's future ability to negotiate deals with other countries?
- (5) How can the specific interests of the devolved nations of the UK be best protected as part of the negotiation of a UK-wide trade deal with New Zealand?
- (6) What are the costs and benefits of a UK-New Zealand trade deal to the various regions of the UK? We would be especially interested in detailed economic analyses on this point.
- (7) The Department for International Trade (DIT) has conducted a preliminary impact assessment that outlines the gross value added (GVA) of a UK-New Zealand trade deal on regions in the UK, as part of its negotiating objectives. How do you evaluate the economic analysis behind the DIT's the impact assessment? The impact assessment suggests that the trade deal could increase GVA in most nations and regions across the UK except Northern Ireland, which might experience a reduction in output. How do you evaluate these assertions? We would be especially interested in detailed economic analyses on these points.
- (8) The new UK Global Tariff would maintain tariffs on agricultural products such as lamb and beef to protect UK industry. What provisions do you think the UK should seek to agree with New Zealand on tariffs for agricultural goods imports to the UK? What economic consequences might there be for farmers and the agriculture and food industries of a deal with New Zealand that diverged significantly from

the new UK Global Tariff? We would be particularly interested in any detailed economic analyses on these points.

- (9) How might the UK agriculture and food industries approach any new competition that might arise from a trade deal with New Zealand? What opportunities are there for UK companies that might wish to export more to the New Zealand under a new deal? We would again be particularly interested in any economic analyses on these points.
- (10) What concessions will New Zealand be seeking regarding indicators of geographical origins on food and drinks, and how do you think the UK Government should respond? What are the likely effects on producers of new arrangements on indicators of geographical origins, in particular small- and medium-sized businesses?
- (11) How might UK businesses benefit from reductions in New Zealand's tariff and non-tariff barriers for UK exports in industries such as automotive, machinery, and textiles? What provisions do you think the UK should seek?
- (12) The UK Government has expressed interest in increasing opportunities for the UK professional services industry by supporting Mutual Recognition of Professional Qualifications and facilitating the temporary movement of business people between the UK and New Zealand. What provisions do you think the UK should seek to agree with New Zealand on the movement of people in professional services and what impacts might there be for UK workers and businesses? What provisions will New Zealand be seeking?
- (13) The UK Government stated in its negotiating objectives, "New Zealand has an advanced financial services market and an ambitious agreement on financial services could enhance trading opportunities for UK service suppliers". What opportunities are there for the UK financial services sector and what provisions do you think the UK should seek on financial services in an FTA with New Zealand?
- (14) How might negotiated digital trade provisions serve as enablers for businesses in the UK? What provisions would bring the most benefit and so should be the highest priority in this area?

Submission period: 26 October 2021–26 November 2021

The House of Lords International Agreements Committee (IAC), chaired by Baroness Hayter of Kentish Town, has re-launched its inquiry into the UK-New Zealand trade negotiations now that an Agreement in Principle has been reached.

This is a public call for written evidence to be submitted to the Committee. We are inviting new submissions, as well as evidence from those who have written to us previously, should they wish to make additional comments further to the Agreement in Principle. Evidence received and accepted to date can be found on the Committee's webpages.

The Committee's scrutiny of these negotiations is considering a wide range of issues, and we expect this call for evidence to remain open until the agreement is signed, but we would be grateful for submissions on one, some or all of the points set out below by 5pm on Friday 26 November, in the first instance.

When preparing your response, please bear in mind that short, concise submissions are preferred, and responses must not be any longer than six sides of A4. Bullet points are acceptable. You do not need to address every question below. Equally, if there are any crucial issues not captured by the questions we pose, please highlight what they are and explain their salience.

The process for making submissions is set out in Annex 1, but if you have any questions or require any adjustments to enable you to respond, please contact the staff of the Committee at HLIntlAgreements@parliament.uk.

Background

The Government has made agreeing a comprehensive free trade agreement (“FTA”) with New Zealand an early priority. New Zealand was the UK’s 34th largest non-EU trading partner and total trade between the two countries was worth approximately £3bn in 2018. The Government began its first round of trade negotiations with New Zealand on 13 July 2020.

The International Agreements Committee is responsible for scrutinising how the Government conducts international agreements, including trade treaties, and the final content of those agreements. A trade deal with New Zealand would be one of the first trade agreements pursued by a post-Brexit UK.

Inquiry focus

The Committee is interested in submissions on any and all aspects of a new UK-New Zealand trade agreement, but we are particularly keen to hear to what extent the Agreement in Principle meets the Government’s stated negotiating objectives; how it will affect consumers and businesses; and the likely economic, social, environmental and other impacts of the agreement.

We seek evidence on the following areas of interest, which are phrased as questions for the ease of respondents. Submissions need not address all questions.

Areas of interest

We welcome broad responses to general questions, as well as specific responses in relation to one or more of the key areas set out below.

- (1) Does the Agreement in Principle published on 20 October 2021 deliver on UK interests? What are the costs and benefits? How reliable do you find the Government’s assessment of the potential impacts set out in its strategic approach?
- (2) In particular, does the Agreement in Principle deliver on the interests of the devolved nations? How can the specific interests of the devolved nations of the UK be best protected as part of the negotiation of a UK-wide trade deal with New Zealand?
- (3) What are the key trade-offs the Committee should be focusing on when scrutinising the Agreement?
- (4) What assessment would you make of the commitments in the consumer protection chapter?
- (5) What are the economic consequences for farmers, and the agriculture and food industries of a deal with New Zealand? In particular, how would you assess the tariff liberalisation schedules for the specific

agricultural products noted in the Agreement in Principle (beef, sheep meat, butter, cheese, and fresh apples)? Are the transitional quotas and product-specific safeguards enough to protect UK farmers?

- (6) How might the UK agriculture and food industries approach any new competition that might arise from a trade deal with New Zealand (and others)? What opportunities are there for UK companies that might wish to export more to New Zealand under the new deal? What are the likely impacts on consumers? We would be particularly interested in any economic analyses on these points.
- (7) How might UK manufacturers benefit from reductions in New Zealand's tariff and non-tariff barriers for UK exports in industries such as automotive, machinery, and textiles?
- (8) How would you assess the impact of the Agreement in Principle on the UK services sectors?
- (9) Do the provisions on the recognition of professional qualifications and movement of business people go far enough? How useful are the provisions relating to dialogue and cooperation between regulatory bodies?
- (10) Will the digital trade provisions serve as enablers for businesses in the UK? What provisions would bring the most benefit and so should be the highest priority in this area?
- (11) Will the IP chapter in the agreement provide adequate protections for UK products, artists and performers? Will it protect the UK's existing IP standards?
- (12) How will small and medium-sized businesses be impacted by the Agreement?
- (13) How do you assess provisions contained in the investment chapter? Given the exclusion of an investor-state dispute settlement mechanism, how will investor protections be enforced, and are the alternative mechanisms satisfactory?
- (14) How do you assess the commitments included in the environmental chapter? Are they sufficiently ambitious?
- (15) Does the agreement sufficiently promote international labour standards, gender equality and freedom from modern slavery?
- (16) Are the provisions on transparency and anti-corruption satisfactory?
- (17) In your view, could the deal, and in particular the SPS provisions, have an impact on the operation of the Protocol on Ireland/Northern Ireland and, if so, how?
- (18) What effect could a UK-New Zealand trade deal have on the UK's future ability to negotiate deals with other countries, and to what extent does it set a precedent for future negotiations?

Submission period: 11 March 2022–7 April 2022

The House of Lords International Agreements Committee (IAC), chaired by Baroness Hayter, has re-opened its call for evidence into the UK-New Zealand trade agreement now that the text of the signed agreement has been published.

This is a public call for written evidence to be submitted to the Committee. We are inviting new submissions, as well as written evidence from those who have written to us previously, should they wish to make additional comments. Evidence received and accepted to date can be found on the Committee's webpages.

The Committee's scrutiny of these negotiations is considering a wide range of issues, and we expect this call for evidence to remain open until the agreement is laid formally in Parliament under the Constitutional Reform and Governance Act, but we would be grateful for submissions on one, some or all of the points set out below by 5pm on Thursday 7 April.

When preparing your response, please bear in mind that short, concise responses are preferred, which must not be any longer than six sides of A4. Bullet points are acceptable. You do not need to address every question below. Equally, if there are any crucial issues not captured by the questions we pose, please highlight what they are and explain their salience.

The process for making submissions is set out below, but if you have any questions or require any adjustments to enable you to respond, please contact the staff of the Committee at HLIntlAgreements@parliament.uk.

Background

The Government announced the signature of a comprehensive free trade agreement (FTA) with New Zealand on 28 February 2022.

The International Agreements Committee is responsible for scrutinising how the Government negotiates international agreements, including trade treaties, and the final content of those agreements. A trade deal with New Zealand would be the second new trade agreement agreed by a post-Brexit UK.

Inquiry focus

The Committee is interested in submissions on any and all aspects of the UK-New Zealand trade agreement, but we are particularly keen to hear to what extent the Agreement meets the Government's stated negotiating objectives; how it will affect consumers and businesses; and the likely economic, social, environmental and other impacts.

The Committee seeks evidence on the following areas of interest, which are phrased as questions for the ease of respondents. Submissions need not address all questions.

Areas of interest

We welcome broad responses to general questions, as well as specific responses in relation to one or more of the key themes set out below.

- (1) Does the free trade agreement signed between the UK and New Zealand Governments on 16 December 2021 deliver on UK interests, including those of the devolved nations? Does the FTA achieve the negotiating

objectives set out by the Department for International Trade? What are the costs, benefits and key trade-offs?

- (2) How reliable do you find the Department for International Trade's (DIT) assessment of the potential impacts of the signed agreement with New Zealand, either as set out in the impact assessment or elsewhere? In particular, how do you assess the Government's claim that UK-New Zealand trade is expected to see a boost of almost 60% under the deal?
- (3) What are the economic consequences for UK farmers and agri-food producers? What will be the impact of the annual tariff reductions relating to beef, lamb, butter, cheese and apples? Do the safeguards in the FTA provide adequate protection for sensitive sectors, such as beef, lamb, dairy and horticulture? What export opportunities does the agreement provide for UK agri-food companies?
- (4) Does the signed agreement deliver significant gains for UK manufacturers?
- (5) The Government has said that the deal would slash red tape for tech, creative and services companies, as well as SMEs. To what extent would the signed agreement deliver on this objective?
- (6) How do you assess the commitments in the stand-alone consumer chapter? Are consumer interests sufficiently recognised in other chapters throughout the agreement?
- (7) How do you assess the agreement's environment chapter? Will it encourage greater trade and investment in low carbon goods? Given New Zealand is a leading advocate for the elimination of fossil fuel subsidies, is the Agreement ambitious enough in its pursuit of both Parties' mutual interests in net zero targets? Are there other provisions which could have been included, and is this a good model for environmental chapters in future FTAs?
- (8) How do you evaluate the provisions regarding the governance and implementation of the agreement? Do the committees and working groups enable interested parties to engage in the implementation, including the devolved nations?
- (9) The UK Government aimed to increase opportunities for the UK professional services industry by supporting Mutual Recognition of Professional Qualifications and facilitating the temporary movement of business people between the UK and New Zealand. Based on the provisions in the signed agreement, to what extent does the signed agreement meet this objective?
- (10) Are the financial services provisions in the final text ambitious enough?
- (11) Does the signed agreement significantly reduce barriers to UK investment in New Zealand? How does the non-inclusion of ISDS fit in with the Government's wider approach to investment protection?
- (12) How do you assess the digital provisions in the signed agreement? Do they balance the reduction in barriers with appropriate safeguards?

- (13) The Government said that an agreement with New Zealand would secure intellectual property rights that support UK creative industries and protect existing IP standards. Will the signed agreement deliver this objective?
- (14) What is your assessment of the labour chapter of the signed agreement?
- (15) What is your assessment of the procurement chapter?
- (16) Could the deal, and in particular the SPS provisions, have an impact on the operation of the Ireland/Northern Ireland Protocol and, if so, how?
- (17) How would you assess the Government's engagement with stakeholders throughout the negotiations?
- (18) The UK Government has presented an FTA with New Zealand as a "gateway" to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). To what extent will the bilateral FTA with New Zealand help the UK's accession efforts, and what benefits are there to be gained from the Government's sequencing of negotiations?

APPENDIX 4: THIS REPORT AND INQUIRY

We opened our inquiry into the UK-New Zealand trade negotiations on 16 July. We re-opened our original call for evidence at key points during the negotiations—after agreement in principle had been reached and, again, after signature (see Appendix 3).

We held 5 oral evidence sessions and have been particularly reliant on written evidence for this report. In total, we received 49 written submissions. We are grateful to all those who contributed to our inquiry (see Appendix 2).