

**INTERNATIONAL TRADE COMMITTEE**  
**INQUIRY INTO THE UK-NEW ZEALAND FREE TRADE AGREEMENT**

**Memorandum from the City of London Corporation**

*Submitted by the Office of the City Remembrancer*

1. The City of London Corporation welcomes the UK-New Zealand Free Trade Agreement (FTA) as a modern, forward-looking agreement which meets many of the financial and professional services sector's core requests. These include prohibiting data localisation and locking in commitments to transparency (with a particular focus on sustainable finance), whilst respecting the sovereignty of national regulators. The agreement also plays an important role in bolstering the UK's application to accede to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

***Financial Services***

2. The financial services chapter of the agreement includes some provisions regarding the environment and data not included in the UK's FTAs with Australia and Japan. On the environment and sustainable finance, the agreement includes commitments to "promote sustainable finance and diversity in finance through the sharing and promotion of best practice and cooperation in international fora on these issues".
3. Also of interest is a provision allowing for offshore back-office functions and avoiding arbitrary requirements on the performance of these functions. While similar provisions have been included in other trade agreements in the Asia Pacific, these will take on more importance as remote working becomes more common post-pandemic.

***Digital Trade***

4. The digital trade provisions in the agreement are to be welcomed. They create certainty for business when operating across borders digitally and are in line with what is contained with the CPTPP. The provisions lock in good practice on digital trade, namely:
  - a. A ban on data localisation, a key financial services ask of all FTAs and focus of work by the International Regulatory Strategy Group (IRSG).<sup>1</sup>
  - b. Enabling the free flow of data.
  - c. Enhancing efficiency through paperless trading.
  - d. Commitments to cooperate on cyber security issues.
  - e. Preventing the forced transfer of encryption keys.

***Cross-border services and business mobility***

5. The agreement includes a number of measures which will support the cross-border provision of services. The recognition of professional qualifications is key to this. Given there is no formal regulatory structure on this between the UK and New Zealand, the provisions will encourage regulators to work closely together.

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<sup>1</sup> International Regulatory Strategy Group (IRSG) and DAC Beachcroft LLP, *How the trend towards data localisation is impacting the financial services sector*, <https://www.irsg.co.uk/resources-and-commentary/irsg-report-how-the-trend-towards-data-localisation-is-impacting-the-financial-services-sector/>

6. The UK's legal sector could stand to benefit from provisions meaning UK and New Zealand lawyers can continue to provide legal advisory services related to their respective home jurisdiction, foreign law, and international law, as well as in the other country's territory without needing to requalify into the local legal profession.
7. These provisions will be supported by measures to improve business mobility, such as three-year visas (including family members) for intra company transfers.

***Intellectual property***

8. Commitments in the agreement reflecting both countries' intellectual property policies help support innovation across economies including in the digital environment and protection for trade secrets. This will be of particular interest to FinTechs.

***Investment screening***

9. The increase in investment screening thresholds and prohibition of certain quantitative restrictions on investment are to be welcomed. The alignment of these with CPTPP requirements will help ease UK accession.