What a free trade deal between New Zealand and the United Kingdom might mean
Megan Compton  ·  14:00, Jul 04 2020

The Detail: From lockdown to recovery - tracking a small business during Covid-19 pandemic. (First published June 30, 2020)
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On 17 June, the Ministry of Foreign Affairs and Trade (MFAT) officially announced the start of negotiations on a free trade agreement between New Zealand (NZ) and the United Kingdom (UK), stating that the parties are committed to a bilateral agreement which will develop significant benefits for the citizens of both countries.

Anthony Harper Law has produced this Q&A to answer questions you might have about what it could mean.

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Negotiations for a free trade agreement between New Zealand and the United Kingdom have begun.

**What would a FTA mean for NZ?**

The UK is NZ’s sixth-largest trading partner and modelling has shown a potential increase of up to 40 per cent in NZ exports to the UK (or a $970 million increase to NZ’s GDP) if tariffs were removed. Exporters will be watching the negotiations closely to see whether MFAT can deliver on its key priorities.

**What are the talks focusing on?**

- tariff removal;

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Hey Guys 😊 Just putting it out there, got my easy vote card and it says I’m now in Panmure-Otahuhu. Ummm could someone

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What do exporters need to be mindful of?
The UK is running
parallel discussions with other competing export markets, including Australia. If these countries reach agreements which differ to what is agreed with NZ (including different tariff reductions, or other non-tariff barrier arrangements), this could have flow on effects for NZ exporters. Australia is reportedly highly motivated to secure an FTA with the UK following recent moves by the Chinese government against Australian exporters, and is prioritising its agricultural sector.

**What about key industries, such as meat, dairy and wine?**

National’s trade spokesperson Todd McClay has emphasised that unrestricted access for our agricultural products into the UK, especially lamb and
butter, is crucial for a successful NZ-UK FTA. However, UK farmers are unlikely to want free competition with NZ (or Australian) meat and dairy.

Trade Minister David Parker has recognised the current agricultural “protectionist” issues arising in the NZ-EU FTA discussions but remains optimistic about similar discussions with the UK. In a recent media conference, Parker said:

“We always run into issues on agricultural access, having said that I think the United Kingdom is expressing the view that they’ve wanted to be more open with the rest of the world after Brexit than before, so we’re hopeful in respect of those negotiations. It’s also, though, somewhat complicated by the fact that the UK-EU Brexit negotiations are not yet complete and on some
areas of the negotiation
I think finalisation will be contingent on those outcomes."

Wine might be an easier proposition, and with one third of NZ wine sold into the UK, free access is an enticing prospect for NZ winemakers.

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What is the timing looking like?

The UK government wishes to have FTAs in place with over 80% per cent of its overseas trade by 2023. It has prioritised reaching agreement with NZ (along with Australia, the United States, Japan and its ongoing dialogue with the EU). Parker has noted that both sides are committed to bringing the talks to an early conclusion, although his
one-year timeframe seems optimistic. In particular, MFAT will want UK-EU arrangements finalised before inking our own, and history suggests that the UK-EU discussions will not be straightforward.

We will continue to monitor and provide updates as more information on specific discussions come to hand.

*Megan Compton is a partner at Anthony Harper Law. If you would like to know more about this or any other corporate legal issues, please contact her.*

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