New Zealand-United Kingdom free trade agreement entering into force by end of May, earlier than expected

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(Cook, A., 2023)

Watch: Alexa Cook's report. Credits: Image - Getty Images; Video - AM

Actearoa's free trade agreement (FTA) with the United Kingdom will come into effect sooner than expected, with the two nations agreeing to bring forward the entry into force to the end of this month.

Prime Minister Chris Hipkins, who is in the UK for the King's coronation, announced on Friday morning the two countries have agreed to bring the entry into force of the FTA forward to May 31. Hipkins said this will unlock "unprecedented" access to the UK market.

"This is a gold-standard FTA, reflecting the close relationship between our two countries. The market access outcomes are among the very best New Zealand has secured in any trade deal."

UK Prime Minister Rishi Sunak agreed, saying the deal "marks a new chapter in the great friendship between our two countries".

"The I will unlock new opportunities for businesses and investors across New Zealand and the UK, drive growth, boost jobs, and most importantly build a more prosperous future for the next generation,"

From May 31, Hipkins said Kiwi exporters will save approximately \$37 million annually in tariff elimination alone. He added this means the earlier-than-expected entry into force is a "much-needed boost" for our exporters right now.

Prime Minister Hipkins said securing improved trade access for New Zealand exporters is a foreign policy priority for him and he is "incredibly" pleased to get the final leg of this FTA over the line.

"The UK is New Zealand's seventh largest trading partner and a crucial market for some of our key exports, so this should really help our economic recovery," he said.

Ultimately, all customs duties on all products will be eliminated through this FTA and the vast majority of these will be removed on the very first day, Hipkins said.

Hipkins thanked Sunak for his commitment to the FTA and his support for bringing forward its benefits.

Minister for Trade and Export Growth Damien O'Connor said the agreement is expected to boost Aotearoa's GDP by up to \$1 billion and expand our goods export to the UK by over 50 percent.

"From day one 99.5 percent of current exports will enter the UK duty-free through a combination of tariff elimination and duty-free quotas," he said.



costs for exporters, create opportunities for New Zealand businesses to grow and diversify their trade, and help tackle rising living costs by delivering quality, price-competitive UK imports."

the FTA as "great news" for New Zealand's wine industry. He added that major honey exporting regions will also reap benefits and our dairy and red meat sectors will have "significantly on the UK's NZ\$3 trillion consumer market for the first time in nearly 50 years.

Additionally, the appraised working frontag scrience will come into effect on only 1 in New Zealand, and other 25 in the office Knigdom. Last year, the Government announced a rait of extensions for Knight travelling to the UK to work.

2 (twill see five years added to the age of eligibility for both schemes from 30 to 35 years. It will also see an extension of the maximum period of time individuals can stay in New Zealand and the UK respectively, from two years, or 23 months in the case of New Zealand, to three years. Furthermore, there is an extension to the length of time individuals can work, allowing those in the UK and New Zealand respectively to work for the full duration of their three-year stay.

"Working holidaymakers play a vital role in the New Zealand economy. We need their skills to meet workforce demand in industries like tourism, hospitality, agriculture and horticulture," Hipkins said.

"With the changes to the Working Holiday scheme taking effect soon, we would expect this to provide a boost to the interest from UK working holiday makers, providing additional support to the tourism and hospitality industries through winter as we host the FIFA Women's World Cup from 20 July to 20 August."

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