



## Report of the first round of negotiations for a Free Trade Agreement between the European Union and New Zealand

16-20 July 2018, Brussels

The first round of EU-New Zealand FTA negotiations was held from 16 to 20 July 2018 in Brussels. The EU negotiating team was led by Peter Berz, Head of Unit responsible for trade relations with South and South East Asia, Australia and New Zealand. The New Zealand team was headed by Lead Negotiator in the Ministry of Foreign Affairs and Trade, Martin Harvey.

During the round, both sides discussed all the chapters to be included in the future FTA except for Trade Remedies and Institutional and Final Provisions. In most cases, the negotiations were based on the textual proposals submitted by the EU side. The discussions confirmed a high degree of coherence in both sides' views in most of the negotiating areas. The discussions will continue in New Zealand this autumn.

The Commission had received from the Council the authorisation to launch the negotiation on 22 May 2018. The text of the negotiating directives was published on 25 June 2018. The Commissioner for Trade Cecilia Malmström and New Zealand Minister for Trade and Export Growth David Parker formally launched the negotiation in Wellington on 21 June 2018.

### Details per negotiating area

**Trade in Goods:** Positive start of discussions in a constructive atmosphere, with both sides sharing expectations and prospects. The EU and New Zealand agreed on modalities for exchange of trade and tariff data as well as on modalities for the first exchange of offers. Both sides held a first exchange of views on the EU proposal for a text on rules for trade in goods and it was possible to agree on three basic articles and achieve a substantial degree of convergence on several others. Next steps include exchanges of data, clarifications and proposed amendments to some of the provisions in the trade in goods text.

**Rules of Origin:** Both sides held detailed discussions based on the EU textual proposal. The exchanges allowed to identify areas where both sides can agree, and where their views are diverging.

**Customs and trade facilitation:** The discussion was based on the EU proposal, aiming at ensuring that future commitments will bring added value compared to both sides' existing obligations under the WTO Trade Facilitation Agreement and will contribute to facilitate trade while ensuring efficient enforcement of all relevant legislation. Both sides agreed several elements of the text and held in-depth discussion on all other proposals. This allowed a better understanding of each other's practices.

**Technical Barriers to Trade (TBT):** Both sides started working based on the EU text proposal. New Zealand tabled text proposals for individual articles and additional paragraphs within articles. Both sides also exchanged first views on possible sector annexes.

**Sanitary and Phyto-Sanitary measures (SPS):** Constructive discussions which allowed to confirm common grounds for several elements of the SPS chapter. Both sides undertook to continue to exchange views on the SPS chapter, and on ways to integrate the 1997 EU-New Zealand agreement on sanitary measures applicable to trade in live animals and animal products (also known as "Veterinary Agreement").

**Trade in Services:** In the absence of concrete text proposals, both sides used this first round of negotiations to explain their respective legislative systems and FTA practice in the area of trade in services. General discussions took place e.g. on the structure of the future text and annexes, the method for the scheduling of commitments and general provisions relevant for both trade in services and investment liberalisation. Both

sides further exchanged views and expectations on a number of sectoral topics like cross-border trade in services, domestic regulation, international maritime transport services, temporary movement of natural persons for business purposes, professional services, telecommunication services and financial services. Both sides confirmed their commitment to achieve a state-of-the-art text in terms of obligations and disciplines focusing on behind the border barriers, and a highly ambitious result for market access liberalisation.

**Digital Trade:** Both sides agreed on the importance of having a separate digital trade title and confirmed their commitment to achieve an ambitious and forward-looking text, which will bring legal certainty for businesses and consumers and remove unjustified barriers. In the absence of concrete text proposals, both sides explained their respective legislative framework and past practice in other trade agreements in the area of digital trade and e-commerce.

**Investment and Capital Movements:** In the absence of text, fruitful discussions took place and a number of articles were exemplified on by provisions in the EU-Japan EPA, the recent EU-Mexico FTA and CPTPP. Both sides exchanged views on central investment-related definitions and main elements for investment liberalisation, as well as for capital movements. Concepts in areas such as establishment, non-discrimination and the performance requirements article will require dedicated discussions. At several instances both side noted different practices in dealing with specific issues. The importance of the senior management and boards of directors provision for SMEs was highlighted.

**Intellectual Property Rights, incl. geographical indications (GIs):** Both sides engaged in constructive discussions based on the EU textual proposal. A number of provisions have been agreed. Discussions covered all sections of the Intellectual Property chapter, inter alia patents, copyright and related rights, trademarks, designs, plant varieties, regulatory data protection and trade secrets, geographical indications, IPR enforcement, including border measures, and cooperation provisions. Both sides exchanged information on relevant aspects of their respective IP legislations and practice. Talks on geographical indications covered provisions on protection and enforcement of rights, as well as procedural aspects in relation to the GI lists. The discussion allowed to identify areas for future work.

**Government Procurement:** Constructive and comprehensive discussions, based on the EU text proposal, in particular on the possibilities to improve procurement opportunities in the bilateral relationship, building on the WTO Government Procurement Agreement. The discussions covered exchanges on regulatory frameworks and practices in procurement on both sides concerning all levels of government. They focused in particular on the EU text proposal and related questions on procurement rules. The text discussion concerned topics such as electronic procurement procedures, a single point of access to information on procurement opportunities and sustainable procurement.

**State-Owned Enterprises:** Both sides held constructive discussions regarding SOEs on the basis of the EU text proposal. Both sides identified a large number of areas of mutual interest. The areas where further discussions are necessary relate mainly to the scope of the rules and some definitions. Both sides expressed flexibility to consider alternative proposals.

**Subsidies:** Both sides engaged in discussions regarding subsidies. They outlined their respective objectives and ambitions and reviewed the text proposal submitted by New Zealand. Both sides agreed to continue discussions regarding particularly the scope of the rules.

**Small and Medium-sized Enterprises (SMEs):** The negotiation was based on the EU text proposal. Both sides agreed some parts of the text. Further negotiation will be required on information sharing commitments.

**Trade and Sustainable Development:** Positive first exchanges, with both sides stressing their strong support to multilateralism and sustainable development in their respective trade agendas.

**Energy and Raw Materials:** The EU explained the context, rationale and objectives of its proposed text for the Energy and Raw Materials chapter. Both sides finished a first reading of the EU's proposal and the EU provided explanations and clarifications.

**Transparency and Good Regulatory Practice:** The discussion highlighted their largely consistent practices in this area. Both sides also exchanged information on several aspects of their regulatory processes.

**Dispute Settlement:** Both sides held constructive discussions on the basis of an EU text proposal, including annexes on rules of procedure and the code of conduct. Issues such as a pre-established list of panellists (roster) and the mediation procedure will require further discussions.