



Report on the eighth round of negotiations for a Trade Agreement between the European Union and New Zealand

8 – 22 June 2020

Summary

The 8th negotiating round for a trade agreement between the EU and New Zealand was held from 8 to 22 June 2020, by videoconference. The round kicked off with a call between Commissioner Hogan and Minister Parker, and wrapped up with a Chief Negotiators call on 22 June 2020. The round allowed for thorough discussions in a range of areas, including notably market access for trade in goods and public procurement, as well as Geographical Indications.

Details per negotiating area

Trade in Goods: No major progress was achieved. Customs fees imposed by New Zealand continue to be the most sensitive issue in the text. The article on repair is close to being finalised. New Zealand tabled a new proposal concerning the origin marking and suggested certain exemptions from the scope of the article. As regards market access, New Zealand has expressed disappointment with the EU's second offer and suggested improvements.

New Zealand also suggested that, upon conclusion of the negotiations, both parties could issue statements regarding trade in essential goods in relation to Covid-19, as well as a statement on environmental goods and services. The Commission took note of the proposed draft texts and suggested discussing the possibility of issuing accompanying statements to the trade agreement once the talks are closer to conclusion, in light of commitments undertaken by the parties in the agreement.

Rules of Origin: The discussions covered all the outstanding elements of General provisions (Section A), Origin Procedures (Section B), and identified the follow-up actions. Several key issues, such as cumulation, tolerances, duty drawback, and denial of preferential tariff treatment are still open. The articles on administrative cooperation and small consignments was agreed. Detailed technical discussions on the Product Specific Rules continued, focusing on agricultural and processed agricultural products, leather, textiles and clothing, machinery, and electronics. Fishery issues, including the differences in the approach to vessels conditions, were also discussed.

Trade Remedies: Both sides went through the whole text and made further progress with regard to all instruments, i.e. anti-dumping/anti-subsidy, global and bilateral safeguards. Certain issues remain problematic, such as any reference to green box subsidies in the anti-dumping/anti-subsidy context. Regarding bilateral safeguards, important elements such as the length of the transition period, the duration of measures, different injury standards for agricultural products and outermost regions, remain linked to the market access discussions.

Technical Barriers to Trade: There were constructive discussions with some minor text agreements, such as on Standards and on Transparency. There was also some text agreement on the newly-proposed market surveillance article. There will be further reflections on both sides regarding the more contentious areas, namely conformity assessment and equivalence.

Car Annex: The Commission outlined its position again and summarised the previously sent replies to written questions received from New Zealand since the previous round. However, there was little engagement from New Zealand.

Wine and Spirits Annex: Both sides reconfirmed their commitment to work towards a trade facilitative outcome on the wine and spirits annex. Some progress was made on wine definition and labelling, with

elements to be worked on inter-sessionally. On oenological practices and traditional terms, both sides reconfirmed their positions and will continue work to find common ground for these elements of the Annex.

Sanitary and Phyto-Sanitary measures: Both sides continued constructive discussions, which allowed moving close to conclusion on several articles and annexes, such as on plant health, equivalence, export certification and animal welfare.

Good Regulatory Practice: Both sides discussed all the articles in the chapter. Nothing major was agreed, but the Commission will send an updated version of the chapter to New Zealand, which combines the New Zealand's proposal on GRP principles with the Commission's proposal on procedures. The aim is to agree some text intersessionally.

Trade in Services: Constructive discussions were held on general provisions, cross-border trade in services, entry and temporary stay of natural persons for business purposes and the regulatory framework sections dealing with mutual recognition, domestic regulation, international maritime transport services, financial services and telecommunications services. Further progress was made on various provisions throughout the text. Useful discussions were held on areas of policy difference in various chapters. Both sides also discussed the offers for services and investment.

Digital Trade: Thorough discussions were held covering all open articles. The article on Open Internet Access was closed and both sides could further agree text in three other articles. New text attributions by New Zealand, as well as New Zealand's new proposed article on E-invoicing, were discussed at length. Good discussions also on Data Flows and Privacy on the specifics of the Commission's proposal, its implications and how it would interact with other parts of the agreement.

Investment Liberalisation and Capital Movement: The discussions on texts showed limited progress. They focused on some specific articles and further exchanges were made on potential landing zones for closing the investment text. Capital Movements text is close to an agreement.

Government Procurement: The negotiations led to some progress both on the text and on market access, as the round was preceded by New Zealand submitting a revised market access offer. Both sides agreed on the wording on the last outstanding point in the article related to selective tendering, thus agreeing to another GPA plus article and narrowing down further the number of outstanding articles in the text. As for market access, the round served mostly to better understand the improvements of the New Zealand market access offer transmitted on 8 June 2020. Both parties engaged in discussion on the offer's improvements and agreed that further discussions would take place at the next round. New Zealand expressed interest in a wider coverage of services by the EU.

Intellectual Property Rights – Geographical Indications (GIs): The Commission stressed that progress on GIs is essential to score a positive outcome on these negotiations. New Zealand engaged for the first time in discussions on GIs rules by tabling a text in response to the Commission's initial proposal. Discussions were positive and informative for both parties. However, significant differences remain on key aspects of the text. The discussions on EU GI names opposed by New Zealand allowed identifying the names requiring further engagement of both parties to find solutions.

Intellectual Property Rights – remaining elements: Both sides discussed most sections of the chapter, and reached agreement on a limited number of provisions based on further clarifications and explanations of their respective frameworks. Limited additional text has been agreed across the chapter based on compromise solutions. However, remaining major sensitive areas where further work will be required have not been substantially narrowed down.

Subsidies: good progress was made on the transparency and consultations provisions. There was no progress on the inclusion of the services subsidies and prohibited subsidies, but useful clarification were provided. New Zealand submitted a proposal on agricultural subsidies.

State-Owned Enterprises: The discussions focused on the scope of the disciplines, on the interplay with government procurement, and on the exceptions for public services. New Zealand raised potential difficulties with regard to the local-level SOEs. Agreement was found on ways to provide greater certainty for financial services supplied in the exercise of governmental authority.

Trade and Sustainable Development: Both sides had constructive exchanges and made good progress in consolidating the text, taking it to an advanced degree of completion for the articles on: context and objectives, right to regulate and upholding levels of labour and environmental protection, multilateral environmental agreements, trade and climate, trade and forests, trade and biodiversity and trade and responsible business. In addition, further substantial progress was made on the trade and sustainable fisheries article. As regards the labour-related commitments, the issue of ratification by New Zealand of the ILO fundamental conventions C087 and C138 remains an outstanding element. Both sides reconfirmed they aim for binding and robust dispute settlement.

Energy and Raw Materials: The negotiations progressed well, with provisional agreement reached on important parts of the Commission's text proposal. Potential landing zoned for most outstanding issues were

identified, and both sides agreed to continue exchanges on that basis in order to ensure continued progress at the next round.

Small and Medium Enterprises: New Zealand showed some openness with a proposal to enhance its “tariff finder” online tool. The next step will be to reconfirm that both sides share the same understanding of the depth and breadth of information expected from their respective searchable databases, and translate this convergence into the draft legal text. The applicability of the dispute settlement to the chapter would then be the last outstanding issue to be addressed by negotiators.

Dispute Settlement and Legal: The discussion covered all outstanding elements of the Dispute Settlement chapter, with a particular focus on roster, and led to a good progress. Both sides also continued the discussions on the Exceptions chapter, focussing notably on the security exception.

Institutional and Final Provisions: The Commission tabled text proposals for both chapters. The substantial discussions will start in round nine.