

New Zealand Government release CPTPP text and National Interest Analysis February 2018

The New Zealand Government has welcomed the release by the Ministry of Foreign Affairs and Trade of the text of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

The Ministry also released the National Interest Analysis of the CPTPP, which independently assesses the likely costs and benefits for New Zealand in entering the Agreement. The Departmental Analysis concludes the Agreement is firmly in the economic interests of New Zealand.

The Agreement is worth an estimated NZ\$1.2-\$4b per year to New Zealand once fully implemented. It provides for preferential trade access to Japan, Canada, Mexico and Peru for the first time in New Zealand's history.

The total tariff savings from the CPTPP are estimated to be NZ\$222.4m per year at full implementation. The resulting access to new markets opens an array of trade opportunities for New Zealand's export industries, upon which 620,000 jobs are dependent.

The Minister for Trade and Export Growth David Parker stated New Zealand's trade negotiators achieved changes that ensure the CPTPP is a more robust deal than the earlier Trans-Pacific Partnership (TPP), which included the United States. These changes maximise economic benefit for New Zealand's industries and workers while removing elements that could have impacted on national sovereignty. 22 items from the TPP are suspended in the CPTPP.

The amended items in the new Agreement include:

- Narrowing the scope of investor-state dispute settlements (ISDS).
- Reversing costly changes to New Zealand's intellectual property law and medicine-buying agency Pharmac.
- Commitments to safeguard and enforce New Zealand's strict labour and environmental standards while upholding the Treaty of Waitangi.
- Ensuring the Agreement does not inhibit the New Zealand Government's ability to ban foreign buyers of existing homes.

The CPTPP includes New Zealand, Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, Singapore, and Vietnam. It will be formally signed in Santiago, Chile, on 8 March 2018.

Public consultations on the CPTPP will continue around New Zealand, while a full select committee and parliamentary examination process will occur.

The National Interest Analysis will be updated in March with further detail of side letters that will be signed along with the agreement.

Exporters

Key outcomes for New Zealand goods exporters in the CPTPP include:

- Elimination of tariffs on kiwifruit and existing duty-free access to continue, representing tariff-related savings of more than NZ\$26m.
- Elimination of tariffs on wine, including immediate duty-free access to Canada (New Zealand's 4th-largest wine market).



- Elimination of nearly all tariffs on sheepmeat, including preferential rates to Canada (New Zealand's 7th-largest sheepmeat market).
- Elimination of all tariffs on forestry and forestry products.
- Elimination of 99 percent of tariffs on fish and fish products into Japan within 11 years.
- Elimination of all tariffs on apples within 11 years, levelling the playing field with Australian apple exporters who already enjoy preferential access into Japan.
- Reducing tariffs on beef exports to Japan from 38.5 percent to 9 percent over 16 years.
- Some tariffs to be eliminated on dairy products. New Zealand will gain access to tariff rate quotas for products in Japan, Mexico and Canada, providing New Zealand with new dairy market access.
- Tariff-savings worth an estimated NZ\$88.5m as a result of preferential access to new quotas into Japan, Canada and Mexico.

The CPTPP also provides benefits for New Zealand service exporters, through expanding opportunities to bid for government contracts in CPTPP markets. New Zealand service providers across a range of sectors will gain certainty over the conditions under which New Zealand businesses can provide services to overseas clients, including providers of professional, business, private education, environmental, transportation and distribution services.

Maintaining labour/environmental standards and the Treaty of Waitangi

The CPTPP includes a specific provision preserving the pre-eminence of the Treaty of Waitangi in New Zealand, ensuring no provision in the Agreement prevents the Crown from meeting its obligations under the Treaty.

Investor-state dispute settlements are included in the CPTPP, however a reciprocal treaty-status 'side' agreement with Australia means they would not apply between the two countries. This exclusion covers 80 percent of New Zealand's foreign direct investment from CPTPP countries.

Labour and environmental standards are made legally enforceable for the first time in a trade deal to which New Zealand is a signatory.

The CPTPP will include a prohibition on granting or maintaining subsidies that contribute to illegal, unreported fishing or that negatively affect over-fished stocks.

The Agreement ensures signatories have in place laws and practices governing minimum wages, hours of work and occupational safety and health.

Further information

The full text of the CPTPP is available [here](#).

The full text of the The National Interest Analysis is available [here](#).

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