



BRIEFING PAPER

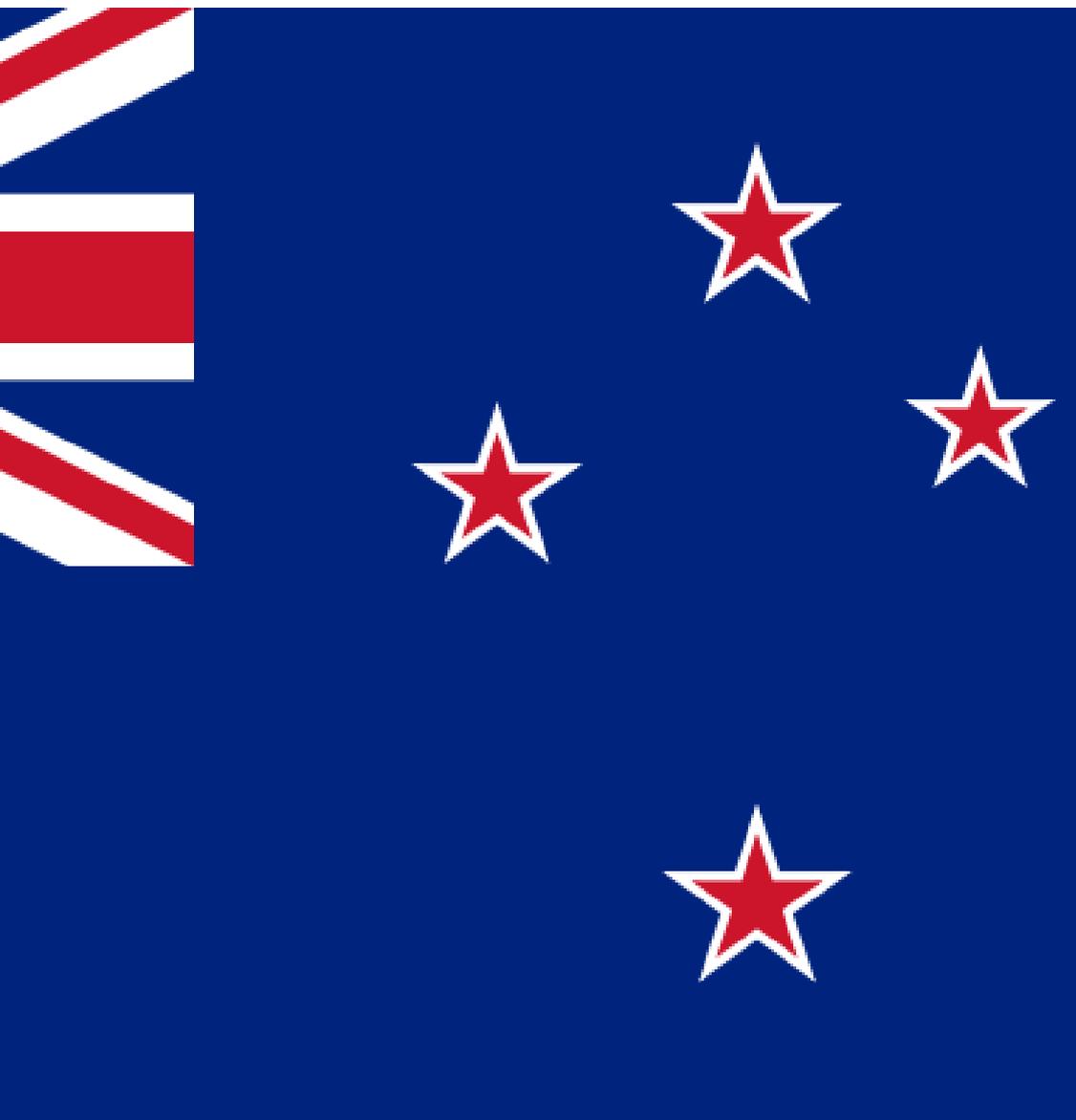
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New Zealand 2018

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Contents:

1. New Zealand Parliament
2. UK relations
3. Military, security and intelligence cooperation with the UK
4. Trade post-Brexit, and New Zealand's links to the Trans-Pacific Partnership
5. Some statistics



Contents

Summary	3
1. New Zealand Parliament	4
1.1 Electoral system	4
Proportional representation	4
Māori	4
Women's enfranchisement	5
Speaker	5
1.2 2017 election and coalition Government	6
2. UK relations	8
Background	8
2.1 Commonwealth	9
New Zealand and the Commonwealth	9
Commonwealth Heads of Government Meeting	10
3. Military, security and intelligence cooperation with the UK	11
3.1 Five Eyes	11
Chinese influence?	12
3.2 2015 NSS/SDSR	12
3.3 Five Power Defence Arrangements	13
3.4 New Zealand Defence White Paper 2016	13
3.5 UK/NZ Armed Forces cooperation	14
4. Trade post-Brexit, and New Zealand's links to the Trans-Pacific Partnership	16
4.1 UK-New Zealand trade relations	16
Post-Brexit	17
4.2 EU-New Zealand trade relations	17
4.3 Trans Pacific Partnership	18
5. Some statistics	19

Summary

With the drive for new trading opportunities for the UK, relations with Commonwealth countries such as New Zealand are increasingly in the spotlight.

New Zealand's political system is a version of the 'Westminster Model', but with significant differences from the UK. New Zealand was the first country to give votes to women and has a proportional representation system. There is also a system for reserving [seats for Māori](#). [New Zealand's Parliament](#) used to be bicameral but since 1951 has only one House.

At the most recent election, no party gained an outright majority in the House of Representatives and, although the National Party received most votes and was the biggest in the House of Representatives, it failed to find a working majority. The result was a coalition between the New Zealand Labour Party and New Zealand First, a populist party, with a confidence and supply agreement with the Green Party. That put Labour's [Jacinda Ardern](#) in the Prime Minister's office, the third female leader in New Zealand and the youngest woman head of government in the world.

The UK has close relations with New Zealand, with security cooperation through the 'Five Eyes' intelligence community, shared with the US, the UK, Canada and Australia, particularly important. There is also military collaboration both bilaterally and through the [Five Powers Defence Arrangement](#), which groups Malaysia, Singapore, Australia, New Zealand and the UK.

Even though the New Zealand economy is small, there is potential to enhance trade links with the UK. At present UK exports to New Zealand represent 0.2% of the total. The UK government has promised migration rules for New Zealanders "at least as attractive" as at present, and business leaders have called for a new free trade agreement between the two countries and a [trade dialogue](#) process was set up in 2016. New Zealand is a member of the Trans Pacific Partnership, a free trade area that the UK has [expressed an interest](#) in after Brexit.

1. New Zealand Parliament

New Zealand's Parliament first met in 1854 and is one of the oldest continually-working parliaments in the world. Reserved Māori seats were created shortly afterwards, in 1867. New Zealand was titled the Colony of New Zealand until 1907, when its designation was changed to 'Dominion' to better reflect New Zealand's self-governing status.

Until 1951 the legislature consisted of two Houses: the elected House of Representatives and the all-appointed Legislative Council. After that the Parliament became unicameral.

1.1 Electoral system

Proportional representation

New Zealand has a mixed member proportional representation system, introduced after a referendum in 1996. The single-chamber Parliament consists of usually 120 seats in the House of Representatives, elected for a three-year term.

Each voter gets two votes. The 'party vote', is for the political party the voter chooses. This vote largely decides the total number of seats each political party gets in Parliament.

The 'electorate' vote is to choose the MP the voter wants to represent their constituency. This is decided on a 'first past the post' simple majority.

There is a 5% threshold for representation from party lists in the House of Representatives, so any party that gains this much support in the party vote will get seats in the House even if none of their candidates wins a constituency seat. If a party wins at least one constituency seat, however, its seats can be topped up proportionally, even if it did not reach the 5% threshold in the party vote.

Since the introduction of proportional representation, no party has gained enough seats to form a government on its own, so coalitions have been necessary.

Māori

The property qualification tended to exclude the Māori, whose communally-held land did not count. In 1867 four Māori seats were established, with the property qualification dropped. The number of seats set aside for Māori was far lower than their population would have justified, however. The Māori seats were originally intended to be a temporary measure, the need for which would disappear as Māori people integrated into the European community. This did not happen, and the Māori seats became a permanent fixture.

The whole of New Zealand is now divided into two electorates – the Māori and general electorates, with the country split into seven Māori constituencies. Voters can choose which roll to be registered in and, since 1967, it has been possible for any non-Māori candidate to contest

any Māori seat.¹ A publicity campaign for the [Māori Option](#) was run in April 2018 encouraging voters to consider and decide which roll they want to be on, a decision that will be valid for the next two elections.

Some politicians, including Winston Peters of the New Zealand First party, who is partly of Māori descent, have called for the abolition of the Māori seats, particularly since proportional representation has seen more MPs of Māori descent in Parliament. The Members in regular seats tend not to speak Māori language and have less connection to Māori culture than those in the reserved seats, however.²

Women's enfranchisement

The women's suffrage movement in New Zealand was strong, led by Kate Sheppard. Several attempts to widen the suffrage to include women were made by the House of Representatives, included by, among others, the then Prime Minister, but had been foiled by the upper Legislative Council. New Zealand became the first country in the world to enfranchise women, in 1893; women could stand as candidates in 1919 and in 1933 the first women occupied her seat in the House of representatives.

Women were not eligible for appointment to the Legislative Council until 1941.

In 1893 a woman was elected to be mayor of Onehunga, a suburb of Auckland. She was the first woman mayor appointed in the British Empire.³ Yates was congratulated by the New Zealand Prime Minister and Queen Victoria, but four councillors and the town clerk resigned at the development.

Speaker

The Speaker of the House of Representatives is Trevor Mallard, a member of the Labour Party and former cabinet minister. He was elected for the Hutt South constituency near Wellington when he was a constituency MP, but ran as a list-only candidate at the last election, with the intention of becoming Speaker

¹ For more information see the New Zealand Parliament research paper [The Origins of the Māori Seats](#), May 2009

² ['New Zealand elections: Māori seats once again focus of debate'](#), *The Conversation*, 8 September 2017

³ *The Encyclopaedia of New Zealand*, [Elizabeth Yates](#)

1.2 2017 election and coalition Government

General Election, 23 September 2017

Party	Number of party votes	% of votes	Electorate seats	List seats	Total seats
NZ National Party	1,152,075	44 .4	41	15	56
NZ Labour Party	956,184	36 .9	29	17	46
New Zealand First Party	186,706	7 .2	—	9	9
Green Party	162,443	6 .3	—	8	8
ACT New Zealand	13,075	0 .5	1	—	1
The Opportunities Party	63,261	2 .4	—	—	—
Maori Party	30,580	1 .2	—	—	—
Aotearoa Legalise Cannabis Party	8,075	0 .3	—	—	—
Conservative Party	6,253	0 .2	—	—	—
MANA Movement	3,642	0 .1	—	—	—
Ban1080	3,005	0 .1	—	—	—
New Zealand People's Party	1,890	0 .1	—	—	—
UnitedFuture New Zealand	1,782	0 .1	—	—	—
NZ Outdoors Party	1,620	0 .1	—	—	—
Democrats for Social Credit	806	0 .0	—	—	—
Internet Party	499	0 .0	—	—	—
Total	2,591,896	100 0	71	49	120

Source: Europa World Online New Zealand

The National Party won the greatest number of seats at the 2017 general election but not enough for a majority in the House of Representatives. National Party leaders tried to find a working majority in coalition talks, particularly with 'kingmaker' Winston Peters, but it was Labour and NZ First who signed a coalition agreement in late October 2017. Speaking after the agreement, the Labour leader said:

As a priority, we will restore funding to the health system to allow access for all, ensure all Kiwis can live in warm, dry homes, take action on child poverty and homelessness, crack down on foreign speculators, clean our rivers, and strengthen efforts to tackle climate change and the transition to a low carbon economy.

We will focus on sustainable economic development, supporting our regional economies, increasing exports, lifting wages and reducing inequality.⁴

⁴ ['New Zealand Labour signs coalition deal and makes Winston Peters deputy PM', Guardian, 24 October 2017](#)

The coalition between New Zealand First and Labour was still short of a majority, and a 'confidence and supply' agreement was struck with the Green party, meaning that the Greens would oppose any no confidence motions and support budgets developed in accordance with the agreement.⁵ The agreement left some potential for instability, given the very different policies of New Zealand First and the Greens.

Jacinda Ardern of the Labour Party became the third woman Prime Minister of New Zealand after Jenny Shipley (1997-99) and Helen Clark (1999-2008). Winston Peters, head of the populist New Zealand First party, is the Deputy Prime Minister and Minister for Foreign Affairs.

Other Cabinet seats gained by NZ First in the deal are Minister of Defence; Minister for Children, Internal Affairs and Seniors; and Minister of Forestry, Infrastructure and Regional Economic Development.⁶

Some other major Cabinet Ministers are:

- Minister of Finance and for Sport and Recreation: Grant Robertson (NZ Labour Party)
- Attorney-General, Minister for Economic Development, for the Environment, for Trade and Export Growth: David Parker (NZ Labour Party).

⁵ [Confidence and supply agreement](#), New Zealand Labour Party & Green Party of Aotearoa New Zealand, 24 October 2017

⁶ New Zealand in Europa World Online, March 2018

2. UK relations

Background

Captain James Cook first reached New Zealand in 1769 and was the first European explorer to circumnavigate the country. In 1840 the Treaty of Waitangi was signed between Māori rulers and the Crown, bringing New Zealand into the British Empire, giving Māori people the same rights as other British subjects and providing for immigration from the UK. Hostilities broke out over the observance of the treaty, particularly over the issue of land ownership.

Most immigrants to NZ came from Britain and other Commonwealth countries – in 1922 for example only 4% of immigrants came from non-Commonwealth countries. Both the UK and NZ governments subsidised migration from the UK.

Immigration numbers from the UK was took off again after World War 2, as the free or £10 passage was reintroduced. In 1956 NZ started to tighten the criteria for assisted migration. Economic ties remained very important to New Zealand, however.

With the UK's accession to the European project in 1973, New Zealand lost its preferential access to its most important export market; NZ has changed its economic model and its cultural affiliations since that shock.

The assisted migration programme was ended in 1975.

Present day

Nevertheless, the UK still has close relations with New Zealand – Foreign Secretary Boris Johnson visited in 2017 and FCO Minister Mark Field visited New Zealand in February 2018, where he met the Mayors of Auckland and Whangarei, took part in a discussion with the Regional Chamber of Commerce, met the Minister for External Trade, Minister for Environment and Minister for Economic Development among others in Wellington.

The countries have annual dialogues: defence and security, trade,⁷ and people-to-people.

Migration

Boris Johnson said in 2017 that New Zealanders could expect a regime “at least as attractive” after Brexit if they wanted to come to the UK:

So on the ancestry visas, the overseas experience, and stuff like that we will want to maintain a regime that is at least as attractive as the current regime and we will want to maintain a policy of openness and engagement.⁸

There had been speculation in New Zealand that tightened immigration rules could make it more difficult for them to enter the UK post-Brexit.

⁷ [‘Establishment of UK-New Zealand trade policy dialogue’](#), Department for International Trade press release, 17 October 2016

⁸ [‘Kiwis told they can expect no worse - and possibly better - access to the UK in future’](#), *stuff.co.nz*, 25 July 2017

Historically, many New Zealanders are descended from immigrants from the UK – around 80% according to the FCO.

Immigration from the UK has continued in more recent years. In the 2006 census, 202,401 respondents were born in England, 29,016 in Scotland and 6,756 in Wales.⁹ The UK was the biggest country of origin of New Zealand's newly-approved residents in 2005/06, accounting for 29%.¹⁰

Religion

In the 2016 census, Anglicanism remained the second biggest religious affiliation in New Zealand (after Catholicism) with 12% of New Zealanders.

Diplomatic representation

The UK High Commission is in Wellington, and there is also a consulate in Auckland. In January 2018, Laura Clarke was appointed High Commissioner to New Zealand and Governor of Pitcairn.

The New Zealand High Commissioner in London is Sir Jerry Mateparae, appointed in 2017.

2.1 Commonwealth

New Zealand and the Commonwealth

New Zealand is a founding member of the Commonwealth and a participant in several of its activities, including serving on the Commonwealth Ministerial Action Group set up in 1995 to discuss and decide ways to deal with members that violate the Commonwealth's values.

According to the New Zealand Ministry of Foreign Affairs:

In 2016 New Zealand contributed just over \$5 million to Commonwealth organisations. This includes voluntary contributions to a number of Commonwealth organisations including:

- The Commonwealth Fund for Technical Cooperation (CTFC) – this fund supports technical assistance to developing countries. Many New Zealand experts and consultants have worked on CTFC projects
- Commonwealth of Learning – helps developing nations improve access to quality distance learning through appropriate technologies
- Commonwealth Small States Office – we are the largest donor to the small states offices in New York and Geneva that provide support for small countries to participate in UN meetings¹¹

Commonwealth Scholarships – we offer scholarships for undergraduate and graduate study in New Zealand, supporting the development of education across the Commonwealth.

⁹ New Zealand Encyclopedia, [New Zealand Peoples](#)

¹⁰ FCO country profile, [New Zealand](#), April 2008

¹¹ New Zealand Ministry of Foreign Affairs and Trade, [The Commonwealth](#)

Commonwealth Heads of Government Meeting

The Commonwealth Heads of Government (CHOGM) will take place in London on 16-20 April 2018. According to the [Commonwealth Secretariat](#):

The summit's theme is: 'Towards a common future' and is focused on building on the strengths of the Commonwealth to ensure this unique organisation is responsive to global challenges and delivers a more prosperous, secure, sustainable and fair future for all its citizens, particularly its young people.

There will be four fora during the CHOGM week: the women's forum and one each for youth, civil society and business.

Next head of the Commonwealth

At present the Queen is Head of the Commonwealth. There is no automatic mechanism to appoint a successor, so discussions are taking place about what happens when the present Monarch dies. Although Prince Charles will become head of state in 15 of the 53 member states on the death of his mother is thought to be the most likely candidate for the position, it is not a foregone conclusion; some delegates would like to elect a new head. A summit for Commonwealth officials was held in London in February 2018 and its findings will feature in the Heads of Government meeting in April. Heads of Government could:

- decide that the British Head of State is automatically the Head of the Commonwealth
- install Prince Charles as a one-off decision
- or set up a new mechanism for selection immediately.

3. Military, security and intelligence cooperation with the UK

The UK has a very close security and defence relationship with New Zealand. The Minister for Asia and the Pacific, Mark Field, visited New Zealand earlier this year and met members of the Foreign Affairs, Defence and Security Committee. The Minister said:

New Zealand is a valued Five Eyes security partner and a priority for a deeper security and trade agreement once we leave the EU. We have the broadest and deepest friendship with New Zealand.¹²

Two Royal Navy frigates are being deployed to the Asia Pacific this year (2018), one of which will exercise with the New Zealand navy as part of a Fiver Powers exercise.

Following the visit of the then Foreign Secretary, William Hague, to New Zealand in January 2013, NZ and the UK agreed to hold annual Strategic Dialogue talks for consultations on foreign and security policy issues. The latest of these was held in July 2017, followed by a [joint statement](#).

There have been calls for a stronger security relationship with countries such as New Zealand in the context of Brexit. In a debate in the House of Lords, Lord Howell of Guildford, a former Foreign and Commonwealth Office Minister, said:

We can start building an effective and efficient security policy for Europe, based on a stronger NATO and close relationships with France and Germany but also leaving flexibility for developing our defences outside Europe, where our security is just as much at risk. With the Indian and Pacific Oceans lying at the centre of global affairs and dangers, some new thought should be given to Commonwealth military alliances, such as we had in the past, especially links with Australia, New Zealand, Malaysia and India—all members of the Commonwealth family.¹³

3.1 Five Eyes

The UK/NZ close security and intelligence relationship is visible foremost in the Five Eyes Alliance. Started in 1946, this alliance of English-speaking countries developed a series of bilateral agreements that became known as the UKUSA Agreement for the purpose of sharing intelligence, primarily signals intelligence.

The agreement between the UK, USA, Canada, Australia and New Zealand is often cited as the most significant of the UK's intelligence sharing agreements.

¹² [HC Deb 20 February 2018 c17](#)

¹³ [HL Deb 20 October 2016, c2450-2](#)

Five Eyes also involves a Law Enforcement Group which focuses on combatting transnational organised crime.¹⁴

Very little information on the agreement is publicly available.¹⁵ Various documents leaked by Edward Snowden were reported to be classified for release to the Five Eyes countries.¹⁶

In an article for *Prospect* magazine, David Anderson described the Five Eyes alliance as the most effective intelligence-sharing arrangement in history “by some distance”. He further suggested that while enhanced intelligence and operational links between the UK and Europe were particularly important in the current context of jihadists travelling between Europe and Syria, links could be maintained from outside the EU, and “The most effective collaboration today is often on a bilateral basis”.¹⁷

Chinese influence?

In May 2018 a former CIA analyst giving testimony to a Congressional Commission said that New Zealand’s membership of the Five Eyes groups should be reviewed because of Chinese influence near the heart of Australian and New Zealand government. Peter Mattis said:

In both cases, the CCP [Chinese Communist party] has gotten very close to or inside the political core, if you will, of both countries. The primary difference between the two has simply been their reaction.

In New Zealand, both the last prime minister, Bill English, and Jacinda Ardern have denied that there’s a problem at all.¹⁸

In December, reports had emerged of a New Zealand MP with strong connections to China lobbying to change a NZ intelligence service decision banning an applicant from a defence job. The National Party has also been accused of depending too heavily on foreign political donations.¹⁹

3.2 2015 NSS/SDSR

The 2015 National Security Review and Strategic Defence and Security Review (SDSR), the foremost document by the Government that outlines its assessment of national security, mentions New Zealand several times, including references to the Five Eyes Community:

5.19 Our geostrategic interests and our values are most closely shared with our traditional allies and partners, especially NATO countries, including the US and Canada, European partners, and

¹⁴ See also the Commons Briefing Paper [Oversight of the intelligence services: a comparison of the "Five Eyes" nations](#), December 2017

¹⁵ Some detail is available from the National Archives in the form of released GCHQ files: [UKUSA Agreement](#)

¹⁶ See [The Five Eyes](#), Privacy International

¹⁷ David Anderson, “[Brexit would hinder the fight against terrorism](#)”, *Prospect Magazine*, 3 March 2016

¹⁸ ‘[New Zealand's Five Eyes membership called into question over 'China links'](#)’, *Guardian*, 28 May 2018

¹⁹ ‘[New Zealand urged to probe lobbying by China-born MP](#)’, *Financial Times*, 20 December 2017

Australia, New Zealand and Japan. We will invest in these alliances.

[...]

5.53 We work closely with New Zealand in a range of defence and security areas, including the anti-ISIL coalition. Our mutual understanding and cooperation is supported by an annual foreign policy Strategic Dialogue and a Joint Statement on Defence Cooperation. The Five Eyes community

5.54 The UK's security and prosperity is also underpinned by our cooperation with Australia, Canada, New Zealand and the US through the Five Eyes intelligence sharing partnership; the Five Eyes Law Enforcement Group on reducing the international threat and impact of organised crime; and the Consular Colloque which allows us to support each other in protecting our respective nationals overseas. We will strengthen our cooperation in these areas.

[...]

5.71 The Asia-Pacific region has significant economic opportunities for the UK, and considerable influence on the future integrity and credibility of the rules-based international order. We will continue to work with like-minded partners in the region, including Japan, Australia, New Zealand and others to defend and protect our global shared interests, uphold the rules-based international order and to strengthen cooperation on settling international and regional disputes.

[...]

5.82 The Five Power Defence Arrangements between the UK, Australia, New Zealand, Malaysia and Singapore are an important part of our commitment to peace and security in the region. We will increase our contribution, in particular through exercises, including with our new aircraft carriers, and joint training, and continue to invest in our strong bilateral defence relationships.²⁰

3.3 Five Power Defence Arrangements

The Five Power Defence Arrangements were agreed in 1971 after the withdrawal of British forces from Malaysia and Singapore, and provide for the participating Member States (UK, Australia, Malaysia, Singapore and New Zealand) to consult in the event of an external threat to, or an attack on, either Malaysia or Singapore. However, there is no specific commitment in the FPDA for military intervention in such an event.

3.4 New Zealand Defence White Paper 2016

The NZ Ministry of Defence published its [Defence White Paper](#) in June 2016. It states: "the United Kingdom will remain one of New Zealand's closest and most enduring defence and security partnerships."

The Paper, as might be expected, sets out the main purpose of the New Zealand Defence Force:

The New Zealand Defence Force must be flexible and able to conduct concurrent operations, from humanitarian and disaster

²⁰ [National Security Strategy and Strategic Defence and Security Review 2015](#), Cm 9161, November 2015

response, operating in the Southern Ocean and supporting Antarctic operations, to participating in international coalition deployments.

Asia-Pacific is unsurprisingly the primary focus of the White Paper. It applauds the positive developments in the region, with a more prosperous Asia and a South Pacific which has “remained more stable than expected”. New Zealand has a “critical interest” in the maintenance of security in the Asia-Pacific region and adds that tensions in the region, which are greater than they were at the time of the last White Paper in 2010 “are cause for concern”. It particularly cites increases in defence spending in the region and changes to defence posture. Australia remains New Zealand’s key defence partner and one of the principle roles of the Defence Forces is to meet New Zealand’s commitment as an ally of Australia. It also says, however, that it will continue to “protect and advance its interests by maintaining strong international relationships.” It goes on:

Government’s highest priority for the Defence Force is its ability to operate in New Zealand and its Exclusive Economic Zone, followed by the South Pacific and the Southern Ocean. The Defence Force must therefore be prepared to operate independently, or lead operations, in these areas.

In the section on international relations, the UK is placed third, alongside Canada, behind Australia and the US. The White Paper states:

Alongside Australia and the United States, New Zealand benefits from close engagement with the United Kingdom and Canada.

New Zealand values these relationships and is committed to strengthening them where possible through more regular interaction and cooperation. New Zealand has developed comprehensive and complementary cooperation involving technology and personnel exchange, information sharing, intelligence cooperation, joint exercises and skills development, all of which enhance New Zealand’s ability to safeguard its interests.

The United Kingdom will remain one of New Zealand’s closest and most enduring defence and security partnerships. Both countries share similar perspectives on a range of security challenges and maintain close practical engagement.

The Diplomat reviewed New Zealand’s foreign policy recently, and argued that the recent move by President Xi Jinping of China to remain ‘President for life’ reflects the need for a “new direction” in foreign policy: “Wellington can no longer approach foreign policy in Asia according to old patterns”. Journalist Ed Kennedy pointed to a region growing more uncertain with a hawkish Chinese leader in place for the foreseeable future. Read more at: [How will New Zealand navigate the new era in Asia?](#) The Diplomat, 8 March 2018

3.5 UK/NZ Armed Forces cooperation

The UK and New Zealand have both a formal defence arrangement and a training and cooperation agreement.²¹The Long Look programme

²¹ [HC Written question – 32804](#), 18 April 2016

provides for service personnel to spend several months experiencing armed forces life in the other country.²²

As Commonwealth citizens, New Zealanders may serve in the UK armed forces, subject to eligibility. Currently, 130 New Zealanders serve in the UK regular armed forces, as at [1 April 2017](#).

Despite the physical distance, various examples of recent collaboration between the two nations' armed forces exist.

HMS Argyll, a Type 23 frigate, will participate in a Five Power naval exercise with New Zealand, Australia, Malaysia and Singapore later this year (2018). This is the first involvement of a Royal Navy frigate for some years; the last time a Royal Navy warship took part was the Type 45 HMS Daring in 2013. A deployment of Typhoons participated in a Five Power exercise in 2016.

HMS Sutherland, another Type 23 frigate, is currently on her way to Asia Pacific in 2018, the first such deployment of a naval vessel for several years. HMS Sutherland's deployment is focused more on the Korean peninsula where she will undertake exercises with the US, Japanese and South Korean navies.

Since 2010 a number of RAF personnel have been embedded with New Zealand armed forces on its Maritime Patrol Aircraft as part of the [Seedcorn Initiative](#). This is an MOD initiative to maintain the skills of maritime patrol aircraft crew and pilots during the period in which the UK does not have a dedicated Maritime Patrol Aircraft (it will from 2019 when the first new [Poseidon P-8](#) aircraft are delivered). RAF personnel were also embedded in the air forces of Canada, Australia and the US.

In 2016 HMS Protector, the Royal Navy ice ship, visited New Zealand as part of her Southern Ocean patrol. Acting British High Commissioner to New Zealand, Helen Smith [said](#) HMS Protector's Antarctic patrol was a strong example of the close working relationship between the UK and New Zealand: "this patrol has deepened that co-operation and will ensure fishing and other commercial activities in the Ross Sea region are carried out in line with international conservation agreements."

Senior Ministers from the UK and NZ attend the IISS Shangri-La Dialogue Asia Security Summit.

Since 2006, New Zealand has been a party to the ABCA interoperability arrangement of national defence forces, which includes Britain, the US, Canada, Australia. There are parallel agreements for navies and air forces.²³

²² See for example [The Army in New Zealand, Exercise Long Look](#), British Army blog post, May 2017

²³ New Zealand Army, [International engagements](#)

4. Trade post-Brexit, and New Zealand's links to the Trans-Pacific Partnership

4.1 UK-New Zealand trade relations

In 2016, UK exports to New Zealand were £1.3 billion (0.2% of the UK total) while imports were £1.2 billion (0.2% of the total UK). The UK had a small trade surplus with New Zealand in 2016 – a deficit on trade in goods was outweighed by a surplus in services. The small trade surplus achieved in 2016 is unusual as the UK has generally had a deficit with New Zealand in recent years. Top New Zealand exports to the UK were lamb and wine; top goods imports from the UK were motor vehicles. For New Zealand, the UK ranks fifth as a trade partner. As at mid-2016, the UK accounted for NZ\$76.6 billion of investment in New Zealand, 20% of the total foreign investment in NZ.²⁴

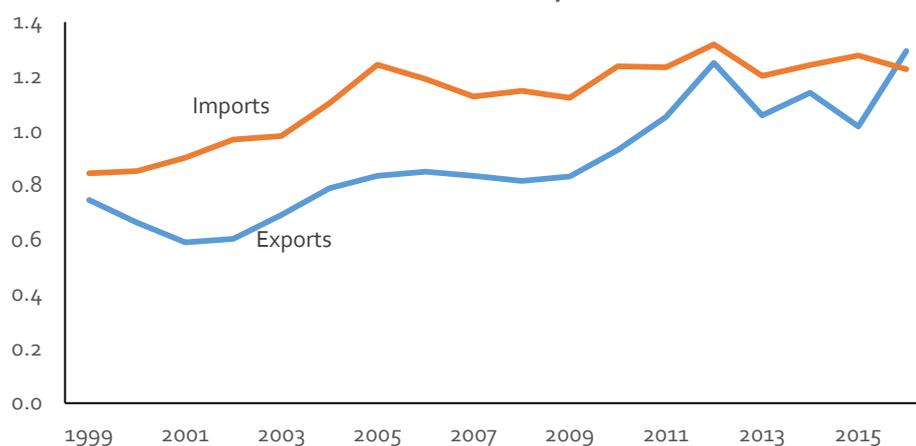
UK trade with New Zealand

2016, £bn

	Exports	Imports	Balance
Goods	0.7	0.9	-0.1
Services	0.6	0.3	0.2
Total	1.3	1.2	0.1

Source: ONS Pink Book 2017, Tables 9.3, 9.4 and 9.5

UK trade with New Zealand Goods and services, £bn



Source: ONS Pink Book, 2017, Table 9.3

²⁴ [Brexit and New Zealand – key facts about our UK links](#), Statistics New Zealand, October 2016

Post-Brexit

The UK Government has established a trade working group with New Zealand and wishes to begin formal negotiations on a trade agreement during the transition period after the UK leaves the EU. A recent PQ answer explained:

Andrew Rosindell: To ask the Secretary of State for International Trade, what plans his Department has to begin formal negotiations on trade deals with (a) Australia, (b) New Zealand, (c) Canada and (d) the United States of America during the implementation period provided for in the UK-EU withdrawal agreement; and if he will make a statement.

Greg Hands: The Government has established working groups and high level dialogues with a range of key trade partners, including Canada, the United States, Australia and New Zealand.

In addition to seeking continuity for our existing EU trade agreements, including the EU-Canada Comprehensive Economic and Trade Agreement (CETA), our priority is to be in a position to begin formal negotiations with key partners, including the US, Australia and New Zealand, immediately after we leave the EU and to take these negotiations forward during the Implementation Period.²⁵

The House of Commons International Trade Committee is undertaking an inquiry into [Trade and the Commonwealth: Australia and New Zealand](#). Groups such as ExportNZ submitted evidence calling for increased trade between the UK and New Zealand in the context of Brexit, ExportNZ argued for a new Free Trade Agreement:

New Zealand and the UK could negotiate a modern, cutting-edge FTA that helps to build new global trade architecture and enhances the prosperity of both sides...²⁶

The UK has hired Crawford Falconer as chief trade negotiation adviser. Falconer is a former New Zealand trade negotiator.

4.2 EU-New Zealand trade relations

There is no free trade agreement currently in place between the EU and New Zealand. However, preparations for trade negotiations were completed in March 2017 and the European Commission has recommended that negotiations with New Zealand for a trade agreement should start. There is a 2017 partnership agreement between the EU and New Zealand which contains a number of economic and trade co-operation rules. A veterinary agreement on trade in live animals and animal products which came into force in 2003 (updated in 2015).²⁷

One particular issue arising from Brexit is tariff rate quotas. These allow a given quantity of particular agricultural goods to enter the EU market at zero tariff. Imports above the quota pay a tariff which is often quite

²⁵ [PO 133689 28 March 2018](#)

²⁶ [Written Evidence](#) submitted by ExportNZ to the International Trade Committee's inquiry into the UK's trade relationship with Australia and New Zealand, December 2017

²⁷ [European Commission website](#)

high. New Zealand has a quota for its exports of sheep meat to the EU. Brexit raises the issue of how the current EU-wide quota will be divided between the UK and the EU 27. The UK and EU proposed a split based on consumption but a number of countries, including New Zealand, objected to this.²⁸

4.3 Trans Pacific Partnership

New Zealand is a participant in the Trans Pacific Partnership (TPP) – a free trade agreement between 11 countries. The other 10 countries involved are: Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, Singapore and Vietnam. The US had been part of the TPP talks but President Trump pulled out of the negotiations shortly after taking office. Following the withdrawal of the US, the 11–country agreement is sometimes referred to as the Comprehensive and Progressive Agreement for Trans Pacific Partnership (CPTPP).

The CPTPP was signed in Santiago, Chile on 8 March 2018. The CPTPP is broadly similar to what had been negotiated under the TPP, although some provisions have been suspended. The agreement covers areas such as labour, the environment and government procurement.

²⁸ [US rounds on Britain over food quotas as post-Brexit trade woes deepen](#), Politico, 7 October 2017

5. Some statistics

Area and Population

Area: 270,534 sq km

Population (mid-2017): 4,793,900

Population density (at mid-2017): 17.7 per sq km

Life expectancy (years at birth, 2015): 81.6 (males 80.0; females 83.3)

Finance

GDP in current prices (World Bank estimates, 2015): US \$173,754m. (\$37,808 per head)

Real GDP growth (year to 31 March 2017): 3.0%

Inflation (average change in consumer prices, 2017): 1.8%

Currency: New Zealand dollar²⁹

According to the World Fact Book, New Zealand's per capita GDP adjusted for purchasing power is US\$38,500, putting the country 47th in the world ranking and one place above Spain. The UK comes in slightly higher at US\$43,600, ppp.

According to the 2013 census, there were 598,605 Māori in the country, making up 14.9% of the total population. The other major ethnic groups in are European (71%), Asian (11.3%), Pacific islanders (7.6%).³⁰

²⁹ Source: Europaworld Online, [New Zealand](#)

³⁰ CIA World Fact Book, [New Zealand](#)

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