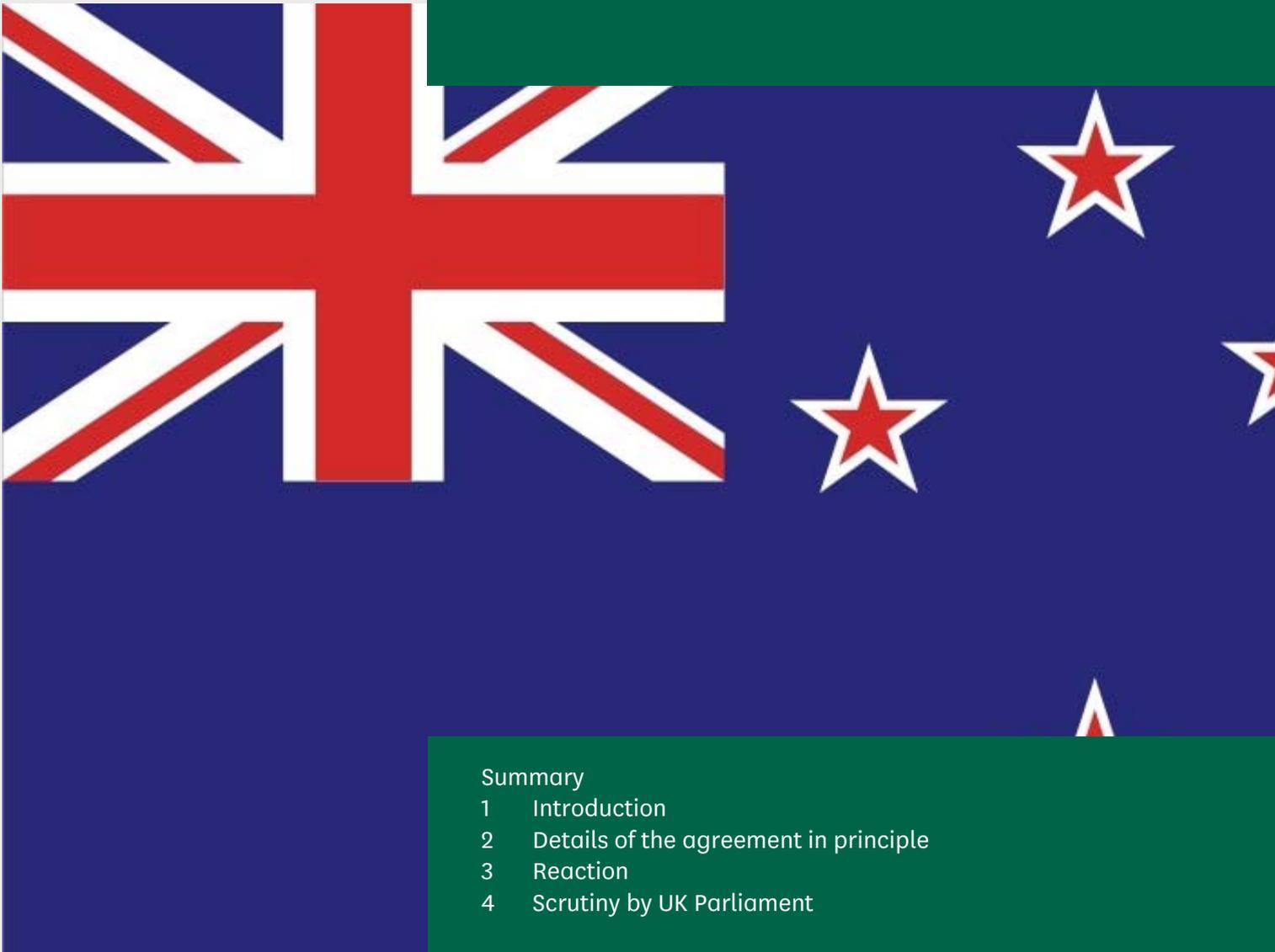


Research Briefing

By Dominic Webb

10 March 2022

UK-New Zealand Free Trade Agreement: Agreement in Principle



Summary

- 1 Introduction
- 2 Details of the agreement in principle
- 3 Reaction
- 4 Scrutiny by UK Parliament

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Summary

Please note that this paper is based on the October 2021 ‘Agreement in Principle’ rather than the [agreement signed in February 2022](#).

For more information on the signed agreement, see [Commons Library, UK-New Zealand Free Trade Agreement](#).

The UK and New Zealand reached an ‘[Agreement in Principle](#)’ (AIP) for a new free trade agreement (FTA) in October 2021. This is the second post-Brexit trade agreement with a non-EU country negotiated from scratch by the UK. The first, with Australia, was announced in June 2021 and signed in December 2021.

Anne-Marie Trevelyan, the Secretary of State for International Trade, [told the House of Commons](#) on 21 October 2021 that this was “another major trade deal” and that it would “slash red tape and deepen access for our advanced tech and service companies.”

What does the agreement cover?

The agreement removes all tariffs on trade in goods between the UK and New Zealand, subject to ‘rules of origin’ which determine where goods are deemed to come from. New Zealand will remove all tariffs on imports from the UK as soon as the agreement comes into force. The UK will eliminate around 97% of tariffs immediately. There will be transitional measures on certain sensitive agricultural products imported into the UK from New Zealand.

The agreement contains a range of other measures, including provisions to open up services markets, make business travel between New Zealand and the UK easier and increase digital trade. Controversial Investor-State Dispute Settlement (ISDS) provisions, which allow foreign investors to take legal action against governments, are not included in the agreement.

Negligible economic benefits

In 2020, the UK exported £1.2 billion of goods and services to New Zealand (0.2% of the UK total) and imported £1.0 billion (0.2% of the UK total).

The Government's estimates indicate that the economic benefits of the agreement are likely to be very small. The Government's scoping assessment, carried out before the negotiations started, showed a negligible (0.00%) impact on UK GDP. This assessment suggested that an agreement with New Zealand could have a negative impact on the agriculture and semi-processed food sectors and on Northern Ireland.

A further impact assessment, reflecting the details of the agreement, will be published when the agreement is signed.

Link to joining the CPTPP

The agreement should also be seen in the context of the UK's bid to join the CPTPP – the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. This is a trade agreement between 11 countries (including New Zealand) in the Asia-Pacific region.

The Secretary of State told the House of Commons that the agreement with New Zealand marked [a “significant step” towards the UK’s aim of joining the CPTPP.](#)

How is agriculture affected?

Farming organisations and the devolved administrations are concerned that the agreement could have a detrimental impact on the agricultural sector.

Under the terms of the agreement, imports of beef and sheepmeat from New Zealand are gradually liberalised over a period of 15 years, butter and cheese over five years and fresh apples over three years. This liberalisation takes the form of a quota allowing a certain volume of tariff-free imports. These quotas increase over transitional periods before full tariff-free access is granted. The Government has pointed to a safeguard mechanism which could be applied if an industry suffered serious damage because of imports.

The National Farmers' Union (NFU) has [raised significant concerns about the agreement.](#) It's concerned that this agreement, combined with the Australia FTA, will lead to a substantial increase in imports which might not be produced to the standards which UK farmers have to meet. The NFU has said there could be “a huge downside to these deals”.

How will Parliament scrutinise the agreement?

Select Committees carry out much of the detailed scrutiny. The [House of Commons International Trade Committee](#) and the [House of Lords](#)

[International Agreements Committee](#) are examining the trade negotiations with New Zealand.

Parliament's statutory role in relation to trade agreements is limited. There is no requirement for a debate or vote on the agreement.

Ratifying trade agreements

Parliament's role in ratifying trade agreements is set out in the Constitutional Reform and Governance Act (CRAG) 2010. Under CRAG, the Government must lay the agreement and an explanatory memorandum before Parliament.

The Commons has the theoretical power to delay ratification indefinitely, but this has never been used. Parliament has no powers to amend a signed treaty. Any changes to legislation required to implement the agreement must be passed by Parliament in the normal way.

Government commitments

The Government has made commitments to help parliamentary scrutiny. Before laying it before Parliament, the Government will give the treaty text to the International Trade Committee and the International Agreements Committee confidentially.

To give committees more time to publish their reports, the Government has said that it expects there to be a period of at least three months between publication of the treaty text and laying it before Parliament under CRAG. The Government has also said it will seek to accommodate a parliamentary debate following a request from these committees.

When the treaty text is laid before Parliament, the Government will publish an independently verified impact assessment.

In addition, the Agriculture Act 2020 requires the Government to publish a report explaining whether certain trade agreements (including the agreement with New Zealand) are consistent with UK statutory protections relating to human, animal or plant life or health, animal welfare and the environment.

When preparing the report, the Secretary of State must ask the Trade and Agriculture Commission (TAC) for advice on animal or plant health, animal welfare and the environment (ie not human life or health). The TAC was launched in October 2021 with Professor Lorand Bartels as its chair.

1 Introduction

1.1 Background

Having left the EU, the UK is now free to negotiate its own free trade agreements (FTAs). In February 2020, the Government announced that its priorities were to negotiate agreements with Australia, New Zealand and the US, and also to accede to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).¹

Negotiations for a UK-New Zealand free trade agreement began in July 2020.² [The 'Agreement in Principle' \(AIP\) was announced on 20 October 2021.](#)³ An AIP means that most of the details have been agreed but this still needs to be converted into legal text.

This is the second trade agreement that the UK has negotiated from scratch with a non-EU country. An FTA with Australia was announced in June 2021 and signed in December 2021.

1.2 Statistics on UK trade with New Zealand

In 2020, the UK exported £1.2 billion of goods and services to New Zealand and imported £1.0 billion, resulting in a trade surplus of £0.2 billion. A deficit in goods of £0.1 billion was more than outweighed by a surplus in services of £0.3 billion. The largest category of goods exports was motor vehicles and engines. The largest category of services exports was insurance and pension services.

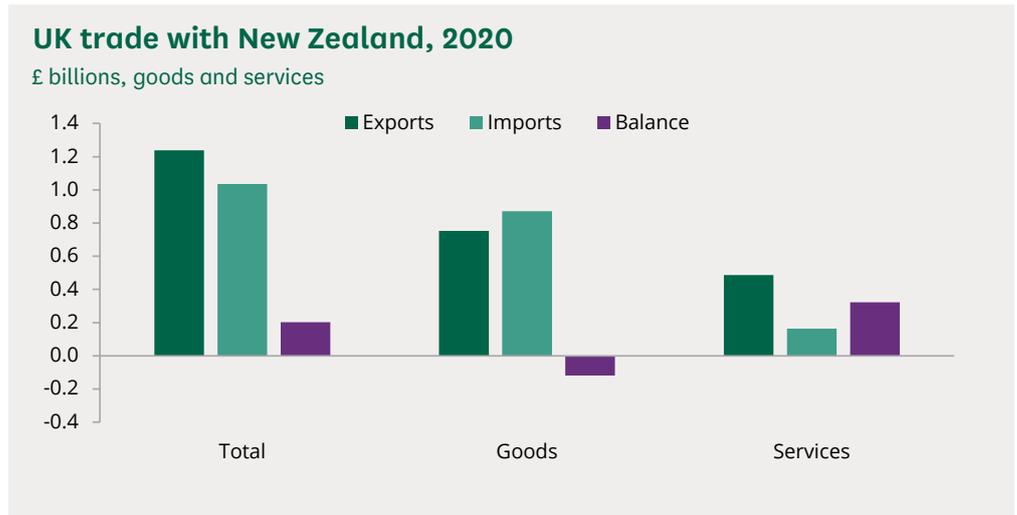
New Zealand was the UK's 52nd largest export market, accounting for 0.2% of UK exports of goods and services and 52nd largest source of imports, accounting for 0.2% of the UK's imported goods and services.

New Zealand was the UK's 32nd largest non-EU export market and 30th largest source of imports from outside the EU, accounting for 0.4% of the UK's non-EU exports and 0.3% of non-EU imports.

¹ [Free trade agreements with the rest of the world](#), Written Statement HCWS96, 6 February 2020

² Department for International Trade (DIT), [Negotiations on the UK's future trading relationship with New Zealand: Update](#), 29 July 2020

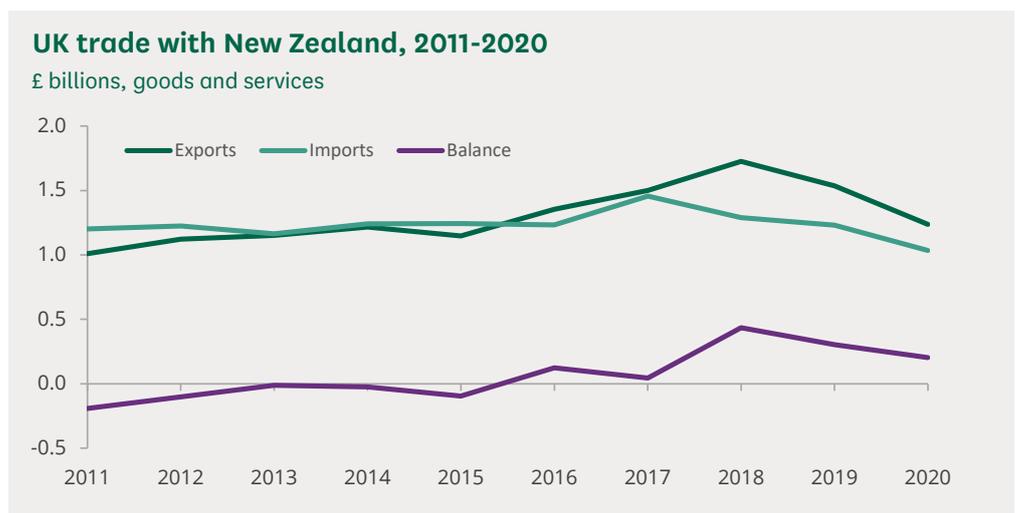
³ DIT, [UK agrees historic trade deal with New Zealand](#), 20 October 2021



Source: ONS, [Pink Book, 2021](#)

UK trade with New Zealand fell dramatically in 2020, owing to the disruption in international trade caused by the coronavirus pandemic. In cash terms, the value of UK exports to New Zealand fell by 19% between 2019 and 2020, while the value of imports from New Zealand fell by 16%. Over the same period, the value of all UK exports fell by 14%, while imports fell by 17%.

The UK has recorded a trade surplus with New Zealand in every year since 2016, the largest being £0.4 billion in in 2018. UK exports to New Zealand peaked at £1.7 billion in 2018, while imports from New Zealand peaked at £1.5 billion in 2017.



Source: ONS, [Pink Book, 2021](#)

What goods does the UK trade with New Zealand?

UK goods exports to New Zealand in 2020 were dominated by manufactured goods, in particular motor vehicles and engines. Just over 30% of UK goods exports to New Zealand in 2020 were motor vehicles, engines and motors, and trailers and semi-trailers.

Top 10 UK goods exports to New Zealand, 2020	
	% total
Motor vehicles for the transport of persons	17.7%
Engines & motors, non-electric; parts	8.6%
Trailers & semi-trailers	4.0%
Medicaments (incl. veterinary medicaments)	3.5%
Motor vehic. for transport of goods; special purpose vehic.	2.7%
Alcoholic beverages	2.6%
Women's clothing, of textile fabrics	2.4%
Aircraft & associated equipment; spacecraft, etc.	2.2%
Agricultural machinery (excluding tractors) & parts	2.0%
Measuring, analysing & controlling apparatus	1.9%

Source: [UNCTAD](#)

Alcoholic drinks were the UK's largest category of goods imported from New Zealand in 2020, making up just over a third of the total. This was mostly made up of imports of wine; New Zealand was the UK's largest source of imported wine outside Europe in 2020.

Top 10 UK goods imports from New Zealand, 2020	
	% total
Alcoholic beverages	34.5%
Other meat and edible meat offal	28.3%
Fruits and nuts, fresh or dried	5.3%
Sugar, molasses and honey	4.0%
Instruments & appliances, n.e.s., for medical, etc.	3.8%
Articles, n.e.s., of plastics	1.9%
Wool and other animal hair (incl. wool tops)	1.7%
Agricultural machinery (excluding tractors) & parts	1.1%
Vegetables	1.1%
Medicinal and pharmaceutical products	1.0%

Source: [UNCTAD](#) Note: n.e.s. – not elsewhere specified

The value of UK goods exports to New Zealand fell by 15% between 2019 and 2020, while the value of goods imported from New Zealand fell by just over 1%.

What services does the UK trade with New Zealand?

Insurance and pension services accounted for around a third of UK service exports to New Zealand in 2020, followed by telecoms, computer and information services and financial services. Combined, these three categories made up just under 60% of UK service exports to New Zealand.

The total value of UK service exports to New Zealand fell by 25% between 2019 and 2020.

UK services exports to New Zealand, 2020	
	% total
Insurance and pension	30.2%
Telecoms, computer & information services	15.8%
Financial	12.3%
Intellectual property	11.5%
Travel	11.3%
Other business services	11.3%
Transportation	4.7%
Maintenance and repair	0.8%
Personal, cultural and recreational	0.8%
Government	0.8%

Source: ONS, [Pink Book, 2021](#)

Travel services accounted for 42% of the UK's service imports from New Zealand in 2020.

UK services imports from New Zealand, 2020	
	% total
Travel	42.1%
Other business services	20.1%
Transportation	15.9%
Telecommunications, computer and information services	11.6%
Financial	5.5%
Insurance and pension	2.4%

Source: ONS, [Pink Book, 2021](#)

Travel services include those provided by hotels and restaurants, travel agencies and tour operators. They include services consumed by a resident of one country in another – a British tourist staying in a hotel in New Zealand will count as a British service import; a tourist from New Zealand staying in a British hotel would count as a UK service export.

The value of UK travel service imports from New Zealand contracted by 70% in cash terms between 2019 and 2020, owing to restrictions on international travel in 2020.

The total value of service imports from New Zealand fell by just over 53% in cash terms between 2019 and 2020.

1.3 The Government's consultation

In July 2018, the Department for International Trade (DIT) launched a public consultation on a free trade agreement with New Zealand. The consultation closed in October 2018. The Government's response is set out in chapter 3 of [UK-New Zealand free trade agreement: the UK's strategic approach](#).

1.4 The Government's objectives

Overall objectives

The Government's negotiating objectives were set out on pages 10 to 13 of the [UK-New Zealand free trade agreement: the UK's strategic approach](#) (June 2020). This stated that the Government wished to reach an "ambitious and comprehensive" free trade agreement with New Zealand that strengthens the UK's economic relationship with a "key like-minded partner, promoting increased trade in goods and services and greater cross-border investment."⁴

Other headline objectives included:

- collaboration on the two countries' "mutual interest in sustainable and inclusive trade policy".
- supporting both parties' commitments on climate change, while maintaining each party's right to regulate.
- promoting opportunities for global growth in low carbon sectors.
- diversifying trade to reduce risk.
- reaching an agreement which works for all parts of the UK and takes account of the UK's constitutional settlement.

In addition, the Government said that the NHS, including the price it pays for drugs and the services it provides, would not be up for discussion. The Government said the NHS "is not, and never will be, for sale to the private sector, whether overseas or domestic."⁵

⁴ DIT, [UK-New Zealand free trade agreement: the UK's strategic approach](#) June 2020, p34

⁵ [Ibid.](#) p10

The Government also said that there would be no compromise on “our high environmental protection, animal welfare and food safety standards.”⁶

Detailed objectives

The Government’s document set out a range of more detailed objectives in the following areas:

- **goods market access:** “broad liberalisation” of tariffs (ie reduction or elimination of tariffs on trade in goods between the UK and New Zealand), “taking into account UK product sensitivities, in particular for UK agriculture”⁷;
- **customs and trade facilitation;**
- **technical barriers to trade** (regulations, standards, testing and certification procedures which could obstruct trade);
- **sanitary and phytosanitary (SPS) standards:** these are rules on animal and plant health and food safety. The Government’s objective in this area is to “[u]phold the UK’s high levels of public, animal, and plant health, including food safety.” Another SPS objective is to secure better access for UK agricultural and food exports to New Zealand by improving the timeliness and transparency of approval processes for UK goods;
- **trade in services:** “ambitious commitments” on market access for UK services exporters, and protection of the right to regulate public services, including the NHS and public sector broadcasters;
- **digital trade:** the Government is seeking “cutting edge” provisions to maximise opportunities for digital trade across all sectors. It wants to make the free flow of data easier while also maintaining UK standards of personal data protection and preventing unjustified data localisation requirements. Another objective is to make sure that the Government maintains its ability to protect users from online harms;
- **investment:** the Government wants to agree rules which ensure fair and open competition and tackle obstacles to UK investment in New Zealand. The Government also wants to maintain the UK’s right to regulate in the national interest;
- **intellectual property:** objectives include securing provisions on patents, trade marks and design that do not lead to increased medicines prices for the NHS, and provisions which promote the protection of UK Geographical Indications (GIs - which are identifications showing where a product has come from, giving that product a particular quality or reputation, for example, ‘Welsh Lamb’);
- a range of other objectives including those related to government procurement, sustainability, trade and development, dispute settlement, small and medium-sized enterprises and women’s economic empowerment.

⁶ [Ibid.](#) p10

⁷ [Ibid.](#) p10

Pivot to Asia-Pacific region and CPTPP

The UK is in negotiations to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). This is a trade bloc of 11 countries in the Pacific Rim area.

The Government wishes to pivot UK trade towards the Asia-Pacific region as this is seen as a dynamic part of the world economy.⁸ The Government views the CPTPP as a “high-standards partnership” and sees accession as part of its ‘Global Britain’ agenda.⁹

New Zealand is a member of the CPTPP and the Government sees a trade agreement with New Zealand as step towards joining.¹⁰ Anne-Marie Trevelyan, Secretary of State for International Trade, told the House of Commons it “marks a significant step towards the UK’s aim to join the £8.4 trillion comprehensive and progressive agreement for trans-Pacific partnership free trade area.”¹¹

1.5

Economic impact

Overall impact

The economic impact of the agreement is likely to be extremely small.

The Government published a scoping assessment before the AIP was reached.¹² The scoping assessment looked at two scenarios involving different degrees of trade liberalisation. In both cases, the effect on UK GDP was negligible (a change of 0.00% in each case).¹³

The International Trade Committee asked the Secretary of State and the chief negotiator of the agreement, Matthew Davies, about the deal’s economic impact. They did not provide a figure but said the Government would publish an impact assessment when the agreement is signed. Matthew Davies described the scoping assessment’s estimate as “static” and noted it was based on a number of assumptions rather than the final details of the agreement.¹⁴

⁸ DIT, [UK-New Zealand free trade agreement: the UK’s strategic approach](#) June 2020, p6

⁹ DIT Press Release, [UK kickstarts talks to join £9 trillion global trade bloc](#), 28 September 2021

¹⁰ DIT, [UK-New Zealand free trade agreement: the UK’s strategic approach](#) June 2020, p6

¹¹ [HC Deb 21 October 2021 c929](#)

¹² DIT, [UK-New Zealand free trade agreement: the UK’s strategic approach](#) June 2020, pp26-105

¹³ DIT, [UK-New Zealand free trade agreement: the UK’s strategic approach](#) June 2020, p31

¹⁴ International Trade Committee, [UK trade negotiations: Agreement with New Zealand](#), 24 November 2021, HC 817, 2021-22, Q3

Impact on some sectors is larger

While the overall impact may be very small, there may be a larger impact on particular regions or economic sectors. The scoping assessment shows a small negative impact on agriculture and a relatively larger reduction in the semi-processed food sector under the first scenario (substantial but not full, liberalisation). The impact on other sectors is negligible under this scenario.¹⁵ Under the second scenario (more liberalisation than scenario 1), 12 out of 23 sectors would have an increase in output, but there is a negative effect on agriculture and semi-processed food.¹⁶

Impact on countries and regions of the UK

The scoping assessment estimates that all areas of Great Britain would have a small increase in GDP under both scenarios. This is evenly distributed under the first scenario but London benefits more than the rest of Great Britain under the second scenario.¹⁷ Northern Ireland is estimated to have a fall in output under both scenarios but a greater fall if there is more trade liberalisation. The impact on Northern Ireland is due to the higher proportion of agriculture and semi-processed food in its economy. These estimates do not take account of any effect from the Northern Ireland Protocol.¹⁸

Progress of the negotiations

Negotiations began on 13 July 2020.¹⁹ There were five further rounds:

- 2nd round: 19 October to 2 November 2020;²⁰
- 3rd round: 25 January to 9 February 2021;²¹
- 4th round: 12 to 27 April 2021;²²
- 5th round: 8 to 16 June 2021;²³
- 6th round: 19 to 30 July 2021.²⁴

In June 2021, the UK and New Zealand said they aimed to reach agreement in principle in August 2021.²⁵ The AIP was announced on 20 October 2021.²⁶

¹⁵ DIT, [UK-New Zealand free trade agreement: the UK's strategic approach](#) June 2020, p57

¹⁶ DIT, [UK-New Zealand free trade agreement: the UK's strategic approach](#) June 2020, p57

¹⁷ DIT, [UK-New Zealand free trade agreement: the UK's strategic approach](#) June 2020, pp57-58

¹⁸ DIT, [UK-New Zealand free trade agreement: the UK's strategic approach](#) June 2020, pp57-58

¹⁹ [Trade talks between the United Kingdom and Australia; and the United Kingdom and New Zealand – launch of negotiations](#), Letter from Rt Hon Liz Truss MP to Angus Brendan MacNeil MP, 29 June 2020

²⁰ [HCWS 560, 9 November 2020](#)

²¹ DIT, [Negotiations on the UK's Future Trading Relationship with New Zealand: Update](#), 18 February 2021

²² DIT, [Negotiations on the UK's Future Trading Relationship with New Zealand: Update](#), 30 April 2021

²³ [HCWS 133, 30 June 2021](#)

²⁴ DIT, [Negotiations on the UK's Future Trading Relationship with New Zealand: Update](#), 24 August 2021

²⁵ DIT, [Joint statement on UK-New Zealand trade talks](#), 18 June 2021

²⁶ DIT, [UK agrees historic trade deal with New Zealand](#), 20 October 2021

2 Details of the agreement in principle

2.1 Introduction

The Government has published two documents setting out the details of the agreement:

- [UK-New Zealand FTA negotiations: agreement in principle](#)
- [UK-New Zealand FTA: agreement in principle explainer](#)

The UK Government has also published a [one page document](#) setting out what it sees as 10 main benefits of the agreement.²⁷ The New Zealand Government has also has also [published information on the agreement](#).²⁸

2.2 Trade in goods

Tariffs

The agreement removes tariffs on all goods trade between the UK and New Zealand, subject to rules of origin.²⁹ New Zealand will remove tariffs on all products as soon as the agreement comes into force. The UK will remove the vast majority of tariffs (96.7% of tariff lines) as soon as the agreement comes into force.

The UK will phase out tariffs on beef, sheepmeat, butter, cheese and fresh apples over a number of years (see below for details). All other tariffs will be removed when the agreement comes into force, except for a small number of cases where they will be removed in equal instalments over 3 to 7 years.³⁰

UK exporters are currently subject to tariffs on their exports to New Zealand, putting them at a disadvantage compared to exporters in countries which already have an FTA with New Zealand. This trade agreement would put UK exporters on a more level footing with these exporters.

²⁷ DIT, [Ten key benefits of the UK-New Zealand free trade agreement](#), 20 October 2021

²⁸ New Zealand Ministry of Foreign Affairs and Trade, [New Zealand - United Kingdom Free Trade Agreement](#)

²⁹ Rules of origin are rules which determine where a good is deemed to be from. They ensure that only goods which have been produced or sufficiently processed in the UK or New Zealand qualify for the zero tariffs under the FTA.

³⁰ DIT, [UK-New Zealand FTA negotiations: agreement in principle](#), 20 October 2021

Tariffs currently faced by UK exports to New Zealand are already low on average. On a trade-weighted basis, the average tariff on goods exported from the UK to New Zealand is 3%. While the average tariff is low, New Zealand's tariffs are significant in some sectors. For example, the tariff on apparel and clothing accessories is around 10%.³¹

New Zealand will not ask for any additional tariff reductions as part of the UK's bid to join the CPTPP.

Agriculture

For a number of agricultural sectors, the UK will remove tariffs on imports from New Zealand over a period of time. These sectors are:

- beef
- sheepmeat
- butter
- cheese
- fresh apples

Beef

UK imports of beef will be liberalised over a period of 15 years. The provisions are:

- New Zealand will have a duty-free quota for the first 10 years of the agreement, increasing in equal instalments each year from 12,000 tonnes in year 1 to 38,820 tonnes in year 10;
- any imports above the quota will pay the standard MFN tariff;³²
- a product-specific safeguard will apply in years 11-15;
- any imports above a "trigger volume" will pay a 20% tariff;
- the trigger volume will rise from 43,056 tonnes in year 11 to 60,000 tonnes in year 15 in equal instalments;
- the product-specific safeguard will no longer apply from the end of year 15.

Sheepmeat

UK imports of sheepmeat will be liberalised over a period of 15 years:

- there will be an annual duty-free quota of 35,000 tonnes in years 1-4 of the agreement, rising to 50,000 tonnes in years 5-15;
- imports above these thresholds will be subject to the MFN tariff;
- in any given year, trade can only take place under the FTA quota once the utilisation rate of the WTO quota has reached 90%.

³¹ DIT, [UK-New Zealand free trade agreement: the UK's strategic approach](#) June 2020, p41

³² MFN means 'Most Favoured Nation'. This is the tariff paid on imports from countries with whom there is no free trade agreement.

Butter

- UK imports of butter from New Zealand will be fully liberalised over 5 years with six equal reductions in duties;
- duty-free quota starting at 7,000 tonnes when the agreement enters into force rising in equal instalments to 15,000 tonnes in year 5;
- Full liberalisation from year 6 onwards.

Cheese

- UK imports of cheese from New Zealand will be fully liberalised over 5 years with six equal reductions in duties;
- duty-free quota starting at 24,000 tonnes when the agreement enters into force rising in equal instalments to 48,000 tonnes in year 5;
- full liberalisation from year 6 onwards.

Fresh apples

- tariffs on fresh apples exported from 1 January to 31 July will be fully liberalised when the agreement comes into force;
- for apples exported from 1 August to 31 December, duties will be removed in equal instalments over three years;
- there will be a duty free quota of 20,000 tonnes a year for three years;
- full liberalisation from year 4 onwards.

Safeguards

The Secretary of State was asked about the impact of the agreement on UK agriculture when she gave evidence to the International Trade Committee. She said that the deal was “great for farmers” and that it removed tariffs on all UK food and drink exports to New Zealand. She said there would be protection for sensitive UK agricultural products and referred to the gradual phasing in of tariff reductions on UK imports of beef and lamb.³³

Matthew Davies, the chief negotiator, also referred to a safeguard measure in the AIP. This could be applied if there was serious injury or risk of serious injury to a sector. Mr Davies said that bilateral safeguards were generally time-limited, typically lasting beyond the elimination of tariffs and noted that other types of safeguard, besides those in the AIP, were available.³⁴

The reaction of agricultural stakeholders to the agreement is summarised in section 3.1 below.

³³ International Trade Committee, [UK trade negotiations: Agreement with New Zealand](#), 24 November 2021, HC 817, 2021-22, Q11

³⁴ International Trade Committee, [UK trade negotiations: Agreement with New Zealand](#), 24 November 2021, HC 817, 2021-22, Q19, Qq25-26

Sanitary and phytosanitary (SPS) measures

Sanitary and phytosanitary (SPS) measures relate to human, animal and plant life and health.

The AIP says that:

- there will be no change to the food safety standards required of imports in both countries;
- the UK and New Zealand "recognise the importance of independent SPS regimes";
- there will be "recognition of the principle of equivalence of SPS measures" where the exporting country can show objectively that its measures meet the importing country's standards;
- there will be a commitment to enhance co-operation on antimicrobial resistance.

The free trade agreement will build on the existing [UK-New Zealand Sanitary Agreement](#) which covers trade in animal products. The SPS chapter of the free trade agreement will therefore focus on plants, plant products and processed plant-based foods.

Animal welfare

The FTA will include a chapter on animal welfare which will include a commitment to collaborate in international forums to promote animal welfare.

The agreement recognises each party's right to determine their own policies with respect to animal welfare.

The AIP recognises that while farming practices are "substantively different" in the UK and New Zealand, both countries are committed to high animal welfare standards. The AIP says that "in multiple areas their respective animal welfare standards and associated official control systems provide comparable outcomes".³⁵

The agreement will contain a "best endeavours" commitment that the parties will not cut welfare standards for farmed animals to increase UK-New Zealand trade.

Technical barriers to trade

Technical barriers to trade (TBT) are regulations, standards, testing and certification procedures which could affect trade.

The agreement will include measures to ensure that technical barriers are non-discriminatory and do not create unnecessary obstacles to trade. The

³⁵ DIT, [UK-New Zealand FTA negotiations: agreement in principle](#), 20 October 2021

ability of each government to take measures for legitimate public policy purposes will be maintained.

According to the Government's Explainer, the parties:

will increase cooperation and strengthen our understanding of each other's technical regulations, standards, conformity assessment procedures and market surveillance systems. This can help to unblock barriers to trade and reduce the likelihood of future barriers forming.³⁶

2.3

Trade in services

Cross-border trade in services

According to the AIP, the UK and New Zealand have agreed to open up services markets to strengthen existing trade and make it “easier for services companies to trade and for professionals to operate in each other's economies.”³⁷

The agreement will include a number of market access commitments and will use the ‘negative list’ approach where there is a presumption in favour of liberalisation unless there is a specific exception.

The agreement will include annexes covering:

- professional services and recognition of professional qualifications
- international maritime transport services
- express delivery services

Audio-visual services are excluded.

There are separate chapters on financial services and telecommunications.

Temporary entry of business persons

The agreement will include provisions making it easier for business persons to travel between the UK and New Zealand for business purposes. According to the Government, this will be particularly useful for the professional and business services sectors.³⁸

³⁶ DIT, [UK-New Zealand FTA: agreement in principle explainer](#), 20 October 2021

³⁷ DIT, [UK-New Zealand FTA negotiations: agreement in principle](#), 20 October 2021

³⁸ DIT, [UK-New Zealand FTA: agreement in principle explainer](#), 20 October 2021

2.4

Other provisions

Investment

According to the AIP, the investment chapter will protect governments' right to regulate in the public interest. The agreement will not include Investor-State Dispute Settlement (ISDS) provisions. ISDS clauses in trade agreements are highly controversial with some arguing that they allow foreign investors to challenge legitimate government policies in areas such as the environment and climate change, workers' rights and health. The ISDS provisions in the CPTPP will not apply between the UK and New Zealand.

The AIP says that the investment chapter will include protection for UK and New Zealand investors from unfair or discriminatory treatment or expropriation of assets without due compensation. This will be based on the CPTPP provisions.

Digital trade

This chapter of the agreement will aim to increase opportunities for digital trade. According to the AIP, the digital trade chapter will “enable cross-border data flows and avoid unjustified data localisation”.³⁹ It will also protect the ability of government to take measures on data protection, privacy and other policy objectives. There will be a commitment not to impose customs duties on electronic transmissions.⁴⁰ This chapter will encourage the use of electronic documents (such as contracts and invoices) in place of paper-based ones.

Intellectual property

Intellectual property (IP) refers to creations of the mind, including inventions, literary/artistic works, designs, names and images used in commerce. These are protected by law by a range of IP rights such as patents, copyright, trade marks, design rights and geographical indications.⁴¹

The FTA will include measures on copyright, design protection, trade marks, geographical indications (GIs – see below), trade secrets, enforcement, patents and test data. New Zealand will commit to extend the term of copyright protection by 20 years for authors, performers and producers of phonograms over a 15 year period.

According to the Government, the agreement will have no impact on the cost of medicine for the NHS.

³⁹ Data localisation requirements mean that data must be stored or processed in a certain territory.

⁴⁰ DIT, [UK-New Zealand FTA negotiations: agreement in principle](#), 20 October 2021

⁴¹ DIT, [UK-New Zealand free trade agreement: the UK's strategic approach](#) June 2020, p65

Geographical indications (GIs)

GIs identify a product as coming from a particular location where the quality or reputation of the product is linked to that location. GIs therefore protect these products from imitation. Examples include Cornish clotted cream and Welsh lamb.⁴²

If New Zealand expands its existing GI scheme to include agri-foods (or substantially changes its domestic registration system), the FTA will be reviewed to ensure this potential protection is provided to UK GIs and reciprocal protection is provided to New Zealand GIs in the UK.

Labour

In this chapter, the parties commit to mutually supportive trade and labour policies and affirm their International Labour Organization (ILO) obligations. The chapter will include a range of provisions including:

- recognition that each government can set its own labour market policies, subject to international agreements (including this agreement);
- provisions on women's equality in the workplace and on modern slavery in global supply chains;
- commitments on decent working conditions (as determined by each government) on minimum wages, working hours and working conditions;
- a requirement to consult with domestic stakeholders where appropriate on the implementation of this chapter;
- recognition that it is not appropriate to use labour laws for protectionist purposes or to reduce workers' rights to boost trade.

Environment

The agreement will include a chapter which will support the two governments' trade and environment agendas. According to the Government, this chapter will be "ambitious" and demonstrate global leadership.⁴³

It will include measures which:

- acknowledge that environmental regulation should not be used as a form of disguised protectionism;
- commit each party not to cut environmental standards to boost trade;
- preserve each government's right to regulate to meet environmental objectives;
- affirm the UK and New Zealand's commitments under the Paris Agreement;
- promote trade and investment in environmental goods and services.

⁴² DEFRA, [Protect a geographical food or drink name](#), 6 January 2021

⁴³ DIT, [UK-New Zealand FTA: agreement in principle explainer](#), 20 October 2021

The agreement will contain commitments on a range of other issues including environmentally harmful subsidies, clean energy and sustainable trade.

Small and medium-sized enterprises (SMEs)

The UK and New Zealand agree to improve the ability of SMEs to gain from the FTA. Under the terms of this chapter, both parties will be required to publish information about the FTA which will help SMEs.

The SME chapter will include measures to encourage co-operation between the parties, including exchanging information on programmes to help SMEs participate in international trade.

A range of other provisions throughout the FTA aim to reduce the trade costs faced by SMEs.

Trade and gender equality

The agreement will contain a dedicated chapter on women's economic empowerment and gender equality in trade. This aims to address barriers which could prevent women gaining access to the benefits of trade and investment. In addition to this chapter, there will be a number of gender equality provisions throughout the agreement.

Indigenous trade

The agreement will include an indigenous trade chapter. According to the New Zealand Government, this chapter aims to:

create a platform for future cooperation on issues of importance to Māori, and to recognise the special significance of this Agreement for Māori, given the British Crown's status as one of the original signatories to Te Tiriti o Waitangi/the Treaty of Waitangi.⁴⁴

The New Zealand Ministry of Justice describes the Te Tiriti o Waitangi/the Treaty of Waitangi, signed in 1840 between the British Crown and Māori chiefs, as follows:

Today the Treaty is widely accepted to be a constitutional document that establishes and guides the relationship between the Crown in New Zealand (embodied by our government) and Māori.

The Treaty promised to protect Māori culture and to enable Māori to continue to live in New Zealand as Māori. At the same time, the Treaty gave the Crown the right to govern New Zealand and to represent the interests of all New Zealanders.

While the Treaty is widely seen as a constitutional document, its status in New Zealand law is less than settled. At the moment, Treaty rights can only be

⁴⁴ New Zealand, Ministry of Foreign Affairs and Trade, [Key Outcomes: New Zealand – United Kingdom FTA, Agreement in Principle](#)

enforced in a court of law when a statute or an Act explicitly refers to the Treaty.⁴⁵

There are a number of exceptions applying across the agreement, including one relating to the Treaty of Waitangi. This “will protect the New Zealand government’s ability to adopt policies it considers necessary to fulfil its obligations to Māori, including under the Treaty of Waitangi”.⁴⁶

According to trade expert Sam Lowe, New Zealand includes such an exception in all its trade agreements. Lowe says: “[i]n practice, it means that trade deal obligations can’t get in the way of any settlement or redress afforded to Māori under the [Waitangi Tribunal](#).”⁴⁷

Trade and development

There will be a dedicated trade and development chapter. This will include provisions on exchanging information, sharing of best practice and cooperation and joint advocacy in international forums. Provisions in other chapters of the agreement will contribute to trade and development outcomes.

Dispute settlement

The agreement will contain “an effective and timely dispute settlement mechanism”. This will allow for arbitration if required.⁴⁸

Other areas covered by the agreement

The agreement will also contain provisions in the following areas:

- rules of origin
- customs and trade facilitation
- trade remedies
- domestic regulation
- financial services
- telecommunications
- government procurement
- competition
- consumer protection⁴⁹
- state-owned enterprises and designated monopolies
- good regulatory practice and regulatory co-operation
- anti-corruption
- transparency

⁴⁵ New Zealand Ministry of Justice, [Treaty of Waitangi](#)

⁴⁶ DIT, [UK-New Zealand FTA negotiations: agreement in principle](#), 20 October 2021

⁴⁷ Sam Lowe, [Most Favoured Nation: The Treaty of Waitangi](#), 2 July 2021 [accessed 11 January 2022]

⁴⁸ DIT, [UK-New Zealand FTA negotiations: agreement in principle](#), 20 October 2021

⁴⁹ This is the first trade agreement to contain a consumer protection chapter (Source: Which? [Are the UK’s trade deals reflecting consumer priorities?](#) 6 December 2021)

The agreement will also contain a number of cross-cutting provisions.⁵⁰ These provisions cover a range of issues including:

- ensuring that the agreement is consistent with the Northern Ireland Protocol;
- confirming the territorial scope of the agreement, including how it will apply to the UK's Crown Dependencies and Overseas Territories (including Gibraltar);
- an exception relating to national security.

Details of these provisions can be found in the documents published by the Government:

- [UK-New Zealand FTA negotiations: agreement in principle](#)
- [UK-New Zealand FTA: agreement in principle explainer](#)

⁵⁰ Initial provisions and general definitions, final provisions, general exceptions and general provisions

3 Reaction

3.1 Food and farming groups

The National Farmers' Union (NFU) raised significant concerns about the agreement. It said that the agreement, together with the Australia FTA, would lead to a substantial increase in imports of food which might not be produced to the standards which UK farmers have to meet. The NFU said there could be "a huge downside to these deals". The cost of production is lower in New Zealand meaning that UK farmers could be undercut by imports threatening their viability.

According to the NFU, these agreements would bring significant advantages to exporters in New Zealand and Australia but very few for UK agriculture as the New Zealand market is relatively small and its tariffs are already low. The NFU commented that it was "very, very difficult for ... [it] ... to show any support for these deals" and called on the government to "explain how these deals will tangibly benefit farming, the future of food production and the high standards that go along with it on these shores."⁵¹

NFU Cymru has raised particular concerns about the impact on the Welsh agricultural sector.⁵²

Agricultural and Horticultural Development Board (AHDB)

The AHDB is a statutory body funded by a levy on agri-food sectors. Its work includes market intelligence, promotional activities and facilitating knowledge exchange among farmers and growers.

The AHDB pointed out that New Zealand already has access to a tariff-free sheepmeat quota of 114,000 tonnes. The AHDB note that this quota has not been used up in recent years, due to a gradual decline in New Zealand's production and the growing importance of the Chinese market.⁵³

The AHDB acknowledged that UK farmers will get better access to the New Zealand market as a result of the agreement but said this was likely to be "of

⁵¹ NFU, [NFU responds to UK-New Zealand trade deal](#), 20 October 2021; NFU, [UK-New Zealand trade deal: What it means for British farming](#), 26 October 2021

⁵² NFU Cymru, [Trade agreement in principle has been reached between the UK and New Zealand](#), 21 October 2021

⁵³ AHDB, [Horizon blog: What will a trade deal with New Zealand mean for UK agriculture?](#), 21 October 2021

limited value” due to the relatively small size of the New Zealand market and the fact that it is a major agricultural producer itself. It also pointed out that this deal is a stepping-stone to CPTPP accession which will provide further opportunities for UK agricultural exports “so the deal with New Zealand might represent short-term pain before we get some gains in the longer term.”⁵⁴

3.2 Business groups

The British Chambers of Commerce said that business welcomed the agreement. In particular, the BCC welcomed the intention to agree provisions on market access, labour mobility and professional qualifications, digital trade and green goods and services.⁵⁵

TechUK also welcomed the agreement, saying that it included “a solid digital chapter”. It said that the provisions committing the UK and New Zealand to regulatory cooperation on emerging technology, cyber security and digital identity were “crucial.”⁵⁶

The Institute of Directors said that the benefits of the agreement were more geopolitical than economic. It described the agreement as “wide reaching, and forward looking in terms of both the service sector and digital opportunities.”⁵⁷

3.3 Devolved administrations

The Scottish Government said that the AIP would not offset the effects of Brexit and that the environmental impact of long-distance trade should be taken into account. A spokesperson said the UK Government “must now bring forward proposals to protect these [meat and dairy] sectors in Scotland and mitigate the cumulative impacts of the deals” with New Zealand and Australia.⁵⁸

Vaughan Gething, the Welsh Government Minister for the Economy, noted that a trade agreement with New Zealand could have advantages for Wales. He also said, however, that the Welsh Government had continued to raise concerns about the cumulative impact of trade agreements on the

⁵⁴ AHBD, [Horizon blog: What will a trade deal with New Zealand mean for UK agriculture?](#), 21 October 2021

⁵⁵ BCC, [BCC Responds to UK-NZ Announcement of Agreement in Principle on Trade](#), 20 October 2021

⁵⁶ TechUK, [UK and New Zealand reach agreement in principle on new FTA with a solid digital trade chapter](#), 21 October 2021

⁵⁷ IOD, [The UK-New Zealand Trade Deal: Strategy vs Value](#), 25 October 2021

⁵⁸ STV News, [Farmers must be protected after New Zealand trade deal – Scottish Government](#), 20 October 2021

agricultural sector. The Welsh Government would publish a report on the impact of the agreement once it had been finalised.⁵⁹

Northern Ireland Agriculture Minister, Edwin Poots, said that the deal raised serious concerns. He said that tariff and quota protection should be kept for sensitive agricultural products. Imports should also meet the high environmental, animal and plant health, animal welfare and food safety standards which domestic producers must meet.

The Minister said that the UK Government's approach to the agreements with New Zealand and Australia would lead to severe pressure on agriculture in Northern Ireland and the rest of the UK from increasing imports. This would have an adverse effect on farm incomes and viability.⁶⁰

⁵⁹ Welsh Government, [Written Statement: UK-New Zealand Free Trade Agreement](#), 21 October 2021

⁶⁰ Department of Agriculture, Environment and Rural Affairs, [New Zealand trade deal presents serious concerns for NI Agriculture – Poots](#), 2 November 2021

4 Scrutiny by UK Parliament

4.1 Introduction

Parliament's statutory role in approving trade agreements is limited.

There is no statutory provision for a vote on the agreement. Various attempts to give Parliament a greater say in trade agreements were made during the passage of the Trade Act 2021 but these were unsuccessful. Calls continue for Parliament to be given a greater role.⁶¹

Parliament's formal role in ratifying treaties is governed by the Constitutional Reform and Governance Act 2010. This requires the Government to lay the text of the trade agreement before Parliament. It does not guarantee a vote or debate on the agreement.

The Act gives the House of Commons a (theoretical) power to delay ratification indefinitely. There is no guarantee of a debate but the Government has said it will seek to accommodate any request for a debate from the House of Commons International Trade Committee or the House of Lords International Agreements Committee.

The Agriculture Act 2020 and the Trade Act 2021 place extra requirements on the Government in relation to provisions of trade agreements on agricultural goods.

The Government is required to publish a report explaining whether the trade agreement is consistent with maintaining UK levels of statutory protection relating to human/animal/plant life or health, animal welfare and the environment.

The Government is also required by statute to ask the Trade and Agriculture Commission (TAC) for advice.⁶²

⁶¹ See, for example, House of Lords International Agreements Committee, [Working practices: one year on](#), 17 September 2021, HL Paper 75, 2021-22

⁶² While this requirement, in the Trade Act 2021, is not yet in force, the Government [has said](#) that the TAC will scrutinise new free trade agreements.

4.2 Scrutiny by select committees

Much of the scrutiny of trade agreements is carried out by parliamentary committees. The House of Lords International Agreements Committee (IAC) is currently undertaking an [inquiry on the UK's trade negotiations with New Zealand](#).

The House of Commons International Trade Committee (ITC) scrutinises trade agreements and is also undertaking an [inquiry on the negotiations with New Zealand](#). The Committee [questioned Anne-Marie Trevelyan and Matthew Davies, the chief negotiator of the New Zealand FTA](#), on 24 November 2021.⁶³

4.3 Ratification: The Constitutional Reform and Governance Act 2010

Parliament's formal role on treaties, including trade agreements, is governed by part 2 of the [Constitutional Reform and Governance \(CRAG\) Act 2010](#).

This does not require Parliament's approval for the Government to ratify treaties. Instead, it gives any parliamentary objection to ratification a limited statutory effect. Under CRAG's provisions:

- the Government must lay the treaty and an Explanatory Memorandum before Parliament;
- the Government may not ratify the treaty for 21 'sitting days' (ie days when both Houses were sitting) after it was laid before Parliament;
- if within those 21 sitting days, either House resolves that the treaty should not be ratified, by agreeing a motion on the floor of the House, the Government must lay before Parliament a statement setting out its reasons for nevertheless wanting to ratify;
- if the Commons resolves against ratifying the instrument – regardless of whether the Lords did or not – a further 21 sitting day period is triggered from when the Government's statement is laid. During this period the Government cannot ratify the treaty;
- if the Commons again resolves against ratification during this period, the process is repeated. This can continue indefinitely, in effect giving the Commons the power, in theory, to block ratification.

In practice, Parliament's power to block ratification of a treaty has never been used.

⁶³ International Trade Committee, [UK trade negotiations: Agreement with New Zealand](#), 24 November 2021, HC 817, 2021-22

Parliament cannot amend a signed agreement, it can only object to ratification of an entire treaty.

Parliament also has a role in relation to any legislation required to implement a trade agreement. Implementation may require changes to legislation. These must be passed in the usual way.

The Library briefing [How Parliament treats treaties](#) has more information.

The Government has made several commitments which go beyond these statutory requirements:

- the Government has said that it anticipates that there will be a period of at least three months between the text of the signed agreement being published and it being laid before Parliament under Crag. This will allow time for scrutiny by, for example, the International Trade Committee and the Trade and Agriculture Commission;⁶⁴
- while there is no statutory requirement for a debate or vote on the agreement in Parliament, the Government has said it would seek to accommodate a request for a debate on the agreement from the ITC or IAC, subject to Parliamentary time.⁶⁵
- the Government will publish an “independently verified impact assessment” covering economic and environmental aspects of the agreement when the text of the agreement is laid before Parliament;⁶⁶
- DIT will provide the ITC and IAC with the text of the agreement before it is published.⁶⁷

Lords International Agreements Committee report: Working practices: one year on

In its report, [Working practices: one year on](#), the IAC noted that these commitments had been “subject to frequent and iterative change”.⁶⁸ It recommended that the Government’s commitments to Parliament should be consolidated into a formal concordat “to demonstrate that these are requirements which are serious, certain, and concrete and should be respected by future administrations.” The IAC recommended that it and the ITC should negotiate the concordat with the Government. The IAC report

⁶⁴ [Letter from Liz Truss to Angus Brendan MacNeil, Chair of the International Trade Committee](#), 6 July 2021

⁶⁵ [HCWS 623 7 December 2020: see also comments by Lord Grimstone HL Deb 23 February 2021 c724](#)

⁶⁶ [HCWS 623 7 December 2020](#)

⁶⁷ International Trade Committee [Oral evidence: UK trade negotiations](#), HC 127 Wednesday 7 July 2021, Q152. [Letter from Lord Grimstone to Lord Goldsmith](#), Chair of the International Agreements Committee, 22 July 2021

⁶⁸ International Agreements Committee, [Working practices: one year on](#), 17 September 2021, HL Paper 75, 2021-22

contains a draft concordat. [The Chair of the ITC wrote to Anne-Marie Trevelyan](#) to support this proposal.⁶⁹

Initially, the Government did not agree to this proposal. In a letter to the International Trade Committee, Anne-Marie Trevelyan said that it was not the right time to consolidate the Government's commitments on scrutiny into a formal concordat. The Government said that it would keep this under review as the UK's first trade deals are scrutinised by Parliament. The Government said that it lessons would be learned from the scrutiny of these first trade agreements and "that formalising the current arrangements at this time would prevent the Government and Parliament from flexibly adapting to implement lessons learned."⁷⁰

The IAC was critical of the [Government's response](#) to its report.⁷¹ Baroness Hayter said the Committee was "disappointed" with the response and that the Government appeared to be "rowing back" on some of the commitments it had made at the despatch box. The Committee called on the Government to provide assurances that the commitments it had previously made would be honoured and to engage pragmatically with Parliamentary Committees.⁷²

A further letter from Foreign Office Minister Amanda Milling said the Government was willing to record its commitments on treaty scrutiny in an exchange of letters with the IAC and that the Government stood behind the commitments made by Lord Grimstone at the despatch box.⁷³

4.4 The Agriculture Act 2020

The Agriculture Act 2020 requires the Government to lay a report before Parliament.

[Section 42 of the Act](#) requires the Secretary of State to lay a report before Parliament explaining whether the trade agreement is "consistent with the maintenance of UK levels of statutory protection" in the following areas:

- human, animal or plant life or health
- animal welfare

⁶⁹ [Letter from Angus Brendan MacNeil MP to Rt Hon Anne-Marie Trevelyan MP](#), 28 September 2021

⁷⁰ [Letter from Anne-Marie Trevelyan to Angus Brendan MacNeil, Chair of the International Trade Committee](#), 27 January 2022

⁷¹ [Government Response to the House of Lords International Agreements Committee Report: Working Practices: one year on](#). This was published on 8 February 2022, although the Committee received the report on 17 December 2021.

⁷² [Letter from Baroness Hayter of Kentish Town to Elizabeth Truss](#), 8 February 2022. See also International Agreements Committee, [Government transparency needed for effective Parliamentary scrutiny of trade agreements](#), 8 February 2022

⁷³ [Letter from Amanda Milling to Baroness Hayter of Kentish Town](#), 8 March 2022

- the environment

The requirement to publish this report relates to any free trade agreement which includes provisions applying to trade in agricultural products. The report must be laid before Parliament before the free trade agreement is laid before Parliament under CRAG.

In preparing the report, the Secretary of State may seek advice from any person they consider to be independent and to have relevant experience. When the report is laid before Parliament, a copy must also be provided to the devolved administrations and any relevant Parliamentary Committee.

Subsection (6) says that section 42 does not apply in certain cases. These are when the trade agreement is with the EU or an EU Member State. Neither does section 42 apply when:

- the country with which the UK has negotiated the trade agreement had a trade agreement with the EU immediately before exit day, and
- negotiations for the trade agreement are concluded by 31 December 2022.

This means that the UK's rolled over trade agreements (with countries which had a trade agreement with the EU) are not subject to the requirements of section 42. Nor would any new trade agreements with these countries be covered by section 42, provided negotiations were concluded by the end of 2022.

These provisions of the Agriculture Act were amended by the Trade Act 2021 to require the Government to ask for advice from the Trade and Agriculture Commission (see section below).

4.5

The Trade Act 2021 and the Trade and Agriculture Commission

The Trade and Agriculture Commission

The Trade and Agriculture Commission (TAC) is a new body which will help with the scrutiny of agricultural aspects of free trade agreements. It is an independent, expert group made up of trade and agriculture specialists.

The Commission's role will be to advise the Secretary of State on whether a trade agreement could mean a change in the UK's domestic statutory protections, or government's ability to set those protections, relating to animal and plant health standards, animal welfare standards and environmental standards as they relate to agricultural products. The Commission will scrutinise FTAs after they have been signed rather than during their negotiation.

An October 2021 Written Statement explained the purpose of the TAC as follows:

- Bring together experts in fields such as animal and plant health, animal welfare, the environment and trade policy.
- Assess if the UK’s free trade agreements are consistent with UK statutory protections relating to animal and plant health, animal welfare and the environment.
- Publish reports contributing to Parliament’s understanding of the trade agreements.⁷⁴

On 7 June 2021, the Government invited expressions of interest from people interested in serving on the TAC.⁷⁵ The new TAC was [launched on 21 October 2021](#) with [Professor Lorand Bartels](#) as its chair.⁷⁶

The Government has said that it will work with the ITC and Environment, Food and Rural Affairs Committees to make sure they see the TAC’s advice “for a reasonable period” before the CRAG process starts.⁷⁷

The Trade Act: establishment of the TAC

[Section 8 of the Trade Act](#) establishes the TAC on a statutory basis. Subsection (1) allows the Secretary of State to appoint members. Subsection (2) says that the TAC’s function is to provide advice under section 42 of the Agriculture Act (reports relating to free trade agreements – see section 4.4 of this briefing). Subsection (3) sets out that the Secretary of State must take into account the desirability of appointing members to the TAC who collectively have expertise in:

- UK animal and plant health standards;
- UK animal welfare standards;
- UK environmental standards as they relate to agricultural products; and
- international trade law and policy.

⁷⁴ [HCWS338 21 October 2021](#)

⁷⁵ DIT, [TAC information pack](#), 7 June 2021

⁷⁶ In July 2021, the then Secretary of State, [Liz Truss wrote to the International Trade Committee](#) to say that an interim non-statutory body would be established in the short term to replicate the functions of the TAC. This was because DIT was considering whether it was necessary to amend the Trade Act 2021 to allow members of the TAC to be compensated for their time, as opposed to being paid expenses only. Liz Truss stressed that “the establishment of the interim body on a non-statutory basis will not undermine or change the role of the body.” Penny Mordaunt, Minister of State for Trade Policy [told the ITC](#) (Q245) on 27 October 2021 that the [TAC announced on 21 October 2021](#) was the interim non-statutory body. The Minister also confirmed the Government’s intention to put the body on a statutory footing as soon as possible (Q246). DIT announced [Terms of reference for the TAC](#) on 6 December 2021.

⁷⁷ [Letter from Rt Hon Penny Mordaunt, Minister of State for Trade Policy to Angus Brendan MacNeil, Chair of the International Trade Committee](#), 3 December 2021

At the time of writing, this section of the Trade Act is not yet in force (see footnote 72 above).

The Trade Act: TAC's role in advising Secretary of State

The Trade Act 2021 amends section 42 of the Agriculture Act to provide a role for the TAC. [Section 9 of the Trade Act](#) requires the Secretary of State, when preparing the report under section 42, to request advice from the TAC. This advice is to cover animal or plant life or health, animal welfare and the environment. Human life or health is excluded. This request for advice from the TAC, plus any terms of reference or guidance, must be published.

Any advice received from the TAC in response to this request must be laid before Parliament before the report under section 42 of the Agriculture Act is laid. This advice must also be copied to the devolved administrations and relevant Parliamentary Committees.

Section 42 is also amended to require the Secretary of State to review the arrangements relating to the TAC's advice and to decide whether they should continue. This review must take place by December 2023 and at least once every three years thereafter. The Secretary of State may repeal the provisions requiring them to ask for advice from the TAC. This can be done by regulations using the affirmative resolution procedure and may not be done before the end of 2023. [Section 11 of the Trade Act](#) contains provisions on repeal of the TAC.

At the time of writing, these amendments to section 42 are not yet in force.

Previous Trade and Agriculture Commission (July 2020 to March 2021)

A previous, separate, [Trade and Agriculture Commission](#) had been set up by the Government to advise on the Government's trade policies. This body, whose remit came to an end in March 2021, published a [report setting out a number of recommendations](#). The [Government's response to the report](#) was published in October 2021.⁷⁸

Westminster Hall debate, 21 July 2021

Issues relating to the TAC were raised in a [Westminster Hall debate on 21 July 2021](#) called by Neil Parish MP, Chair of the Environment, Food and Rural Affairs Committee. Mr Parish said that he was concerned about the lack of urgency from the Government in responding to the TAC's report and in establishing the new TAC.

⁷⁸ [UK ministers accused of 'dodging' tough trade-offs in post-Brexit trade deals](#), Financial Times, 22 July 2021

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