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UK-New Zealand free trade agreement

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Summary

[The UK and New Zealand signed a free trade agreement \(FTA\)](#) in February 2022. This is the second FTA the UK has negotiated from scratch since leaving the EU. The first was with Australia.

The agreement aims to reduce barriers to trade between the UK and New Zealand. It removes tariffs on UK-New Zealand trade. UK tariffs on some sensitive agricultural products are reduced over a transitional period. It also removes barriers to trade in services and in a number of other areas. This briefing looks at some of the main issues but does not cover all of the agreement's 33 chapters. The Government's material on the agreement is available at: [UK-New Zealand Free Trade Agreement](#).

The economic effect of the agreement is likely to be very small. According to the [Government's Impact Assessment](#), GDP will be 0.03% higher in 2035 as a result of the agreement, although this is subject to considerable uncertainty. The small economic effect is unsurprising given the relatively limited amount of trade the UK does with New Zealand and the fact that barriers to trade with New Zealand are generally fairly low.

Nevertheless, the agreement is significant as it provides a guide to the Government's approach to trade agreements. It is also important as the Government sees it as a stepping-stone to accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) – a trade agreement between 11 countries around the Pacific Rim.

Farming groups and others have raised concerns about the effect of the agreement on the agriculture sector. New Zealand is a competitive exporter of agricultural products. The National Farmers Union (NFU) has said that imports from New Zealand could undercut UK producers due to their cost advantages. The Government's Impact Assessment shows a negative effect on the agriculture and semi-processed food sectors which are also expected to be adversely affected by the trade agreement with Australia.

In response to these concerns, the Government has pointed to the safeguards in the agreement which limit imports of certain agricultural products for up to 15 years. The Government has also argued that UK consumers prefer British meat and that New Zealand has not filled its existing quota for sheep meat.

The Trade and Agriculture Commission (TAC) has examined the agreement and concluded that the FTA “does not require the UK to change its existing levels of statutory protection in relation to animal or plant life or health, animal welfare and environmental protection.” The Government has emphasised that the agreement does not change the rules on the kinds of food and drink which can be imported from New Zealand.

Investor-State Dispute Settlement (ISDS) provisions, which allow foreign investors to take legal action against governments, are not in the agreement.

The devolved administrations welcomed some aspects of the agreement but all had concerns over its effect on the agriculture industry.

The agreement was [laid before Parliament under the Constitutional Reform and Governance \(CRAG\) Act 2010](#) on 27 October 2022. The initial 21 day period for parliamentary scrutiny under CRAG ends on 1 December 2022.

The Commons [International Trade Committee](#) said that, “on balance”, the agreement should be ratified but called for a debate on a substantive motion to allow for thorough scrutiny. A general debate, rather than a debate on a substantive motion, will take place in the House of Commons on 14 November 2022. The Lords [International Agreements Committee](#) welcomed the agreement but thought it could have gone further in some areas.

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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 An ‘Agreement in Principle’ (AIP) was announced on 20 October 2021.³ The final agreement was signed in February 2022.⁴

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

The Government hopes this agreement will help with the UK’s accession to CPTPP, a trade agreement between 11 countries around the Pacific Rim.⁵

In 2021, the UK exported £1.5 billion of goods and services to New Zealand (0.2% of UK exports). Significant UK exports to New Zealand are machinery and transport equipment (£418 million in 2020), insurance and pensions (£149 million) and miscellaneous manufactures (£105 million).⁶

The UK imported £0.9 billion from New Zealand (0.1% of UK imports) in 2021. Significant UK imports from New Zealand are food and live animals (£332 million in 2020), beverages and tobacco (£273 million) and machinery and transport equipment (£115 million).⁷ While the UK’s volume of trade with New Zealand is relatively low, some have said that the agreement is important as it may set a precedent for future trade agreements.⁸

¹ HCWS96 [on [Free trade agreements with the rest of the world](#)], 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. At this stage, most of the details of the agreement had been agreed but these still needed to be converted into legal text.

⁴ DIT, [UK and New Zealand sign comprehensive trade deal](#), 28 February 2022

⁵ FCDO, [Explanatory memorandum: UK/New Zealand: Free Trade Agreement](#), 27 October 2022, para 3.5

⁶ ONS, [Pink Book 2022](#), 31 October 2022, Table 9.16; DIT, [UK-New Zealand FTA: impact assessment](#), 28 February 2022, p8

⁷ As above

⁸ International Trade Committee, [UK trade negotiations: Agreement with New Zealand](#), 18 May 2022, HC 78, Q3, Q9

The UK already has a [Mutual Recognition Agreement](#) and a [Sanitary Agreement](#) with New Zealand. These agreements replicate those in place while the UK was in the EU.⁹

3 Trade in goods

The UK and New Zealand have agreed to remove all tariffs on goods imported from each other. Goods will have to meet rules of origin requirements to qualify for tariff-free access.¹⁰

New Zealand will remove tariffs on all UK goods when the agreement comes into force. At the moment, UK exports to New Zealand face New Zealand's MFN tariffs.¹¹ The removal of these tariffs will improve the competitiveness of UK exporters on the New Zealand market. New Zealand's MFN tariffs are, however, relatively low. Its average MFN tariff was 2.2% in 2021 (1.8% for agricultural products and 2.3% for non-agricultural products).¹²

Many UK exports already benefit from tariff-free access to the New Zealand market. According to the Government's Impact Assessment, over 38% of UK exports to New Zealand are subject to tariffs.¹³

While New Zealand's tariffs are low on average, they are significant for some products. For example, tariffs of up to 10% will be removed on buses, motorhomes, clothing and footwear.¹⁴ Tim Hiscock of the British Exporters Association told the International Trade Committee (ITC):

New Zealand is not a high-tariff country, but there is 10% on vehicles, 5% or 10% on machinery, the things that fall under Harmonised System chapter 84, which is our second largest export. Straightaway, removing the tariff barriers does give a significant advantage.¹⁵

The Government estimates that the removal of New Zealand tariffs will mean annual savings of around £17 million for UK exporters.¹⁶

⁹ FCDO, [Explanatory memorandum: UK/New Zealand: Free Trade Agreement](#), 27 October 2022, para 3.4

¹⁰ These rules effectively determine the 'economic nationality' of a good. They prevent goods manufactured in third countries being rerouted through either the UK or New Zealand to take advantage of the FTA's lower tariffs.

¹¹ MFN stands for Most Favoured Nation. MFN tariffs are those paid where there is no free trade agreement between countries.

¹² World Trade Organization, [Trade Policy Review: New Zealand](#), June 2022, pp43-44

¹³ DIT, [UK-New Zealand FTA: impact assessment](#), 28 February 2022, p16

¹⁴ As above, p16

¹⁵ International Trade Committee, [UK trade negotiations: Agreement with New Zealand](#), 18 May 2022, HC 78, Q32

¹⁶ DIT, [UK-New Zealand FTA: impact assessment](#), 28 February 2022, p16. This figure is based on current levels of trade.

The UK will remove tariffs on 97% of products when the agreement comes into force.¹⁷ Tariffs will be removed more gradually on a number of sensitive agricultural products (see section 5.1 below).

David Henig, a trade expert, said the agreement was positive for trade in goods but could have gone further.¹⁸

4 Trade in services

According to the Government, the provisions on cross-border trade in services will give long-term certainty and transparency to UK service suppliers exporting to New Zealand.¹⁹

The FTA includes an Annex on Professional Services and Recognition of Professional Qualifications. This aims to provide benefits for UK and New Zealand professionals who want to work in or provide services in the other country.

The agreement includes provisions encouraging relevant bodies to set up dialogues with their counterparts. A government-led Professional Services Working Group will support this work.

The agreement also includes a chapter on domestic regulation which aims to reduce ‘behind the border’ barriers.²⁰

A UK Government Explainer sets out the benefits of the FTA for architects, financial services, lawyers and shipping.²¹ The Government has also pointed to benefits for the music industry.²²

The Law Society of England and Wales described the agreement as a “a very good deal for UK services and for exporters.”²³

¹⁷ DIT, [UK-New Zealand FTA: impact assessment](#), 28 February 2022, p6

¹⁸ International Trade Committee, [UK trade negotiations: Agreement with New Zealand](#), 18 May 2022, HC 78, Q31

¹⁹ DIT, [UK-New Zealand Free Trade Agreement: chapter explainers](#) (Chapter 9), 28 February 2022

²⁰ FCDO, [Explanatory memorandum: UK/New Zealand: Free Trade Agreement](#), 27 October 2022, para 4.35

²¹ DIT, [UK-New Zealand FTA: services, mobility and investment explainer](#), 28 February 2022

²² DIT, [UK music execs hail benefits of UK-New Zealand trade deal](#), 16 April 2022

²³ International Trade Committee, [UK trade negotiations: Agreement with New Zealand](#), 18 May 2022, HC 78, Q1

5 Economic impact

The overall effect of the agreement on the UK economy is likely to be very small. The Government estimates that the long-run effect will be to increase UK GDP by 0.03% (or £800 million) by 2035. The small impact is unsurprising given the small amount of UK-New Zealand trade and the fact that barriers to trade with New Zealand are already relatively low.

UK exports to New Zealand are estimated to increase by £700 million. UK imports from New Zealand are projected to grow by £1 billion. These estimates are subject to considerable uncertainty.²⁴

The three sectors which are estimated to see the largest gains in absolute terms are wholesale and retail trade which is projected to see an increase in output of £105 million, public services (£82 million) and other services (£82 million).²⁵ Agriculture and semi-processed food are expected to be adversely affected (see section 5.1 below).

The Government's Impact Assessment indicates the agreement will have a small positive effect on all countries and regions of the UK, although these estimates are subject to a large degree of uncertainty.²⁶ DIT has also produced estimates using different assumptions which show a small decline in output in Northern Ireland as a result of the agreement.²⁷

5.1 Economic impact on agricultural sector

New Zealand is a competitive agricultural exporter. The Government's Impact Assessment notes that the deal could increase competition for UK producers, especially in beef and sheep meat.²⁸

The Impact Assessment indicates a fall in output of £48 million in the agriculture, forestry and fishing sector and £97 million in the semi-processed food sector. Both of these sectors are also expected to lose out from the trade agreement with Australia.²⁹

For some goods, the UK will stage the removal of tariffs on imports from New Zealand over periods of up to 15 years. During the transition period, there will

²⁴ DIT, [UK-New Zealand FTA: impact assessment](#), 28 February 2022, pp5-6

²⁵ As above, p32

²⁶ As above, pp34-35

²⁷ As above, p57. DIT's modelling does not take account of any effects arising from the Northern Ireland Protocol (p81).

²⁸ As above, p6

²⁹ DIT, [UK-Australia FTA: impact assessment](#), 16 December 2021, p30

be limits on the amount of certain products which can be imported into the UK from New Zealand tariff-free. These products are:

- Beef: a quota on duty-free imports for 10 years, followed by a product-specific safeguard for a further 5 years which imposes tariffs of up to 20% if New Zealand imports exceed a volume threshold in a given year.³⁰
- Sheep meat: a quota on duty-free imports from New Zealand for 15 years. The quota will only be available once New Zealand has filled 90% of its existing WTO quota.
- Butter and cheese: separate quotas limit the amount of duty-free imports from New Zealand for five years.
- Apples: seasonal quota limiting duty-free imports from New Zealand for 3 years.³¹

In addition, there is a general bilateral safeguard mechanism. According to the Government, this “will provide a temporary safety net for industry if they face serious injury, or threat of serious injury, from increased imports due to tariff elimination under this deal.”³²

The Government point out that British consumers have strong preferences for buying UK produce.³³ However, the origin of some food, such as that consumed in restaurants, is not always clear. The Government also note New Zealand used less than half its sheep meat quota in 2020.³⁴

5.2 Views of agricultural stakeholders

The NFU was concerned the agreement would have an adverse effect on the UK agricultural sector. Lamb, beef, dairy and apple producers would be particularly affected.³⁵

It said the UK had made more concessions on agricultural market access than New Zealand, commenting “there is far more in this deal of benefit to New Zealand farmers than there is to UK.”³⁶ The NFU were concerned about the

³⁰ DIT, [UK-New Zealand FTA: agri-food explainer](#), 28 February 2022

³¹ FCDO, [Explanatory memorandum: UK/New Zealand: Free Trade Agreement](#), 27 October 2022, para 4.19

³² DIT, [UK-New Zealand FTA: agri-food explainer](#), 28 February 2022

³³ As above

³⁴ As above

³⁵ International Trade Committee, [NFU response to International Trade Committee inquiry: UK New Zealand trade negotiations](#), April 2022, pp4-5

³⁶ As above, p1

cumulative effect of the UK's trade agreements and that the FTAs with Australia and New Zealand might set a precedent for future agreements.

The NFU was concerned that imports from New Zealand could undercut UK producers, pointing to their cost advantages: the cost of producing lamb was 63% lower in New Zealand and that of milk 25% lower.³⁷ It welcomed the bilateral safeguard but had “deep concerns” over its usefulness in practice due to the strict conditions which had to be met before it could be used and the time limit after which it was no longer available.³⁸

It also argued the scope to boost UK exports of agricultural products to New Zealand as a result of the agreement was limited. This was due to the small size of its market, its tariffs being low already and because it was largely self-sufficient in agricultural products.³⁹ Dairy UK described the export opportunities arising from the agreement as “very, very small”.⁴⁰

The NFU were disappointed with the provisions of the agreement on geographical indications⁴¹ and said it was “shocking that the only provision made in this deal has been for Scottish Whisky.”⁴²

Dairy UK said New Zealand had a clear competitive advantage in the dairy sector and the FTA opened up the UK market to “potential unlimited New Zealand imports in a fairly short timeframe.” It said “overall, we would describe it as a blow to the UK dairy industry.”⁴³

The National Sheep Association also said it expected to lose out from the FTA and that opportunities to export more to New Zealand were tiny.⁴⁴ Phil Stocker of the National Sheep Association told the Commons International Trade Committee (ITC) there was only a remote risk of the UK market being flooded immediately. However, the UK market might be flooded if global markets were disrupted, perhaps due to political unrest or climate change. Under those circumstances, New Zealand might divert more supply to the UK.⁴⁵

³⁷ International Trade Committee, [NFU response to International Trade Committee inquiry: UK New Zealand trade negotiations](#), April 2022, p1

³⁸ As above, p9

³⁹ As above, p6

⁴⁰ International Trade Committee, [UK trade negotiations: Agreement with New Zealand](#), 25 May 2022, HC 78, Q80

⁴¹ Geographical indications identify a product as coming from a particular location where the quality or reputation of the product is linked to that location.

⁴² International Trade Committee, [NFU response to International Trade Committee inquiry: UK New Zealand trade negotiations](#), April 2022, p2

⁴³ International Trade Committee, [UK trade negotiations: Agreement with New Zealand](#), 25 May 2022, HC 78, Q53

⁴⁴ As above, Q55

⁴⁵ As above, Q67

Miles Beale of the Wine and Spirits Trade Association was more positive about the FTA describing it as “a good agreement.”⁴⁶ He noted that removal of New Zealand’s 5% tariff on gin would be a “huge opportunity” for UK distillers.⁴⁷ Reductions in UK tariffs on wine imported from New Zealand would save UK consumers around £6 million.⁴⁸

In evidence to the ITC, New Zealand beef and lamb producers argued that the UK market would not be flooded with increased exports, pointing out that New Zealand has not filled its sheep meat quota, that it is not in its interests to become too reliant on one market and that the industry does not have capacity to increase production substantially.⁴⁹

However, the New Zealand meat industry welcomed the agreement when it was signed. Sirma Karapeeva, chief executive of the New Zealand Meat Industry Association (MIA), said the FTA would “deliver a major boost for sheep and beef farmers and exporters.” Sam McIvor, chief executive of Beef + Lamb New Zealand, said:

This FTA will unlock value in an important market for New Zealand farmers. New Zealand’s free range, pasture-raised farming systems are highly regarded by UK consumers and the perfect complement to the United Kingdom’s northern hemisphere production season.⁵⁰

6

Food standards, the environment and animal welfare

The Sanitary and Phytosanitary (SPS) provisions of the FTA relate to the protection of human, animal and plant life and health. The [UK and New Zealand already have a Sanitary Agreement](#) covering trade in animal products.⁵¹ The FTA focuses on plants, plant products and processed plant-based foods.⁵²

A number of organisations criticised the agreement for not linking tariff reductions to standards. For example, the RSPCA argued it would have been politically feasible to link tariff reductions to animal welfare standards as

⁴⁶ International Trade Committee, [UK trade negotiations: Agreement with New Zealand](#), 25 May 2022, HC 78, Q52

⁴⁷ As above, Q81

⁴⁸ As above, Q81

⁴⁹ International Trade Committee, [Written evidence submission from Beef + Lamb New Zealand Ltd \(B+L NZ\) and the Meat Industry Association Inc \(MIA\)](#), April 2022, paras 24-29

⁵⁰ Beef and lamb New Zealand, [NZ-UK Free Trade Agreement significant boost for red meat sector](#), 1 March 2022

⁵¹ Foreign, Commonwealth and Development Office, [UK/New Zealand: Agreement on Sanitary Measures Applicable to Trade in Live Animals and Animal Product \[CS New Zealand No.1/2019\]](#), 28 January 2019

⁵² DIT, [UK-New Zealand FTA: agri-food explainer](#), 28 February 2022

New Zealand's standards are broadly similar to those in those in the UK.⁵³ Similarly, food and farming group Sustain argued the agreement had missed an opportunity to reduce tariffs on agri-food goods only where these met standards required of UK producers.⁵⁴

6.1 Trade and Agriculture Commission and section 42 reports

The role of the Trade and Agriculture Commission (TAC) is to advise the Government on whether FTAs are consistent with UK levels of statutory protection in relation to animal or plant life or health, animal welfare and environmental protection.

The [TAC report](#) on the agreement with New Zealand concluded that it “does not require the UK to change its existing levels of statutory protection in relation to animal or plant life or health, animal welfare and environmental protection.”⁵⁵

The Government is required to publish a [report under section 42 of the Agriculture Act 2020](#) (“the section 42 report”). This looks at the same issues as considered by the TAC but also includes human health. The section 42 report found that the FTA was consistent with maintaining UK levels of statutory protection relating to human, animal or plant life or health, animal welfare and the environment. No changes to legislation were required on animal or plant life or health, animal welfare or the environment.⁵⁶ The report also concluded that the FTA did not change the right to regulate of the UK government or the devolved administrations.⁵⁷

6.2 Food safety and animal welfare

The agreement does not change the rules on what can be imported from New Zealand. Imports will have to meet the same rules on food safety as before. For example, the ban on importing hormone-treated beef will remain.⁵⁸

⁵³ RSPCA, [Written evidence to International Trade Committee on UK-NZ free trade agreement](#), March 2022, para 5

⁵⁴ Sustain, [Written evidence to International Trade Committee on UK-NZ free trade agreement](#) [pdf], para 14

⁵⁵ Trade and Agriculture Commission, [UK-New Zealand FTA: advice from Trade and Agriculture Commission](#), 30 June 2022, p8

⁵⁶ Secondary legislation is required in relation to wine and spirits labelling but this does not adversely affect human health, according to the section 42 report.

⁵⁷ DIT, [UK-New Zealand FTA: report under Section 42 of Agriculture Act 2020](#), 21 July 2022, p4

⁵⁸ DIT, [UK-New Zealand FTA: agri-food explainer](#), 28 February 2022

The animal welfare chapter affirms the parties' right to set their own policies in this area. The UK and New Zealand have agreed not to lower animal welfare standards in a way which would materially affect trade.⁵⁹

The RSPCA welcomed the inclusion of the animal welfare chapter⁶⁰ and said the Government had “managed to achieve a better balance on animal welfare than it did in [the] UK-Australia [FTA]”.⁶¹ However, as noted above, the RSPCA argued that the agreement was a missed opportunity in terms of making market liberalisation conditional on meeting animal welfare standards.⁶²

6.3 The environment

The environment chapter includes provisions that the parties will not derogate from their environmental standards to encourage trade. According to the Government, the environment chapter:

sets new precedents, including ambitious commitments on coal and fossil fuels, and an extensive list of environmental goods with liberalised tariffs. It contains commitments on areas including deforestation, biodiversity, sustainable agriculture and the transition to a circular economy, and strengthens cooperation on these issues.⁶³

According to the Government's Impact Assessment:

The agreement promotes trade in environmental goods and services, with the largest environmental goods list with liberalised tariffs in any FTA to date. It removes tariffs on goods such as electric vehicles and wind turbine parts. The Environment chapter affirms our commitments under the Paris Agreement, including the temperature goals and contains ambitious commitments on transitioning away from fossil fuels. Further environmental commitments are also included, for example on fossil fuels, to end electricity generated from unabated coal and take steps to eliminate harmful fossil fuel subsidies where they exist.⁶⁴

The UK and New Zealand affirm their commitment to the Paris Agreement. The FTA contains a reference to “pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels” and the goal of reaching net zero by 2050.⁶⁵

⁵⁹ DIT, [UK-New Zealand Free Trade Agreement: chapter explainers](#) (Chapter 6), 28 February 2022

⁶⁰ RSPCA, [Written evidence to International Trade Committee on UK-NZ free trade agreement](#), March 2022, para 33

⁶¹ RSPCA, [Written evidence to International Trade Committee on UK-NZ free trade agreement](#), March 2022, para 19

⁶² As above, para 5

⁶³ DIT, [UK-New Zealand Free Trade Agreement: chapter explainers](#) (Chapter 22), 28 February 2022

⁶⁴ DIT, [UK-New Zealand FTA: impact assessment](#), 28 February 2022, p4

⁶⁵ [Article 22.6.2](#)

Higher levels of trade arising from FTAs can have an effect on the environment through changes in emissions arising from production or transport of goods. The Government estimates there will be no change in greenhouse gas emissions associated with production of goods and services in the UK. There is, however, estimated to be an increase of around 50% in emissions arising from trade with New Zealand. The Government says the estimated increase in emissions of around 0.13 – 0.14 MtCO₂e is small compared to UK production emissions of around 500 MtCO₂e a year.⁶⁶

Professor Lorand Bartels, Chair of the TAC, told the ITC:

There is concrete data, both from New Zealand sources and from UK sources, which demonstrates that New Zealand production is significantly less carbon-intensive than UK production in the areas of beef, sheep meat and dairy production.⁶⁷

6.4

Pesticides and antibiotics

New Zealand allows the use of some pesticides which are banned in the UK. Some expressed concerns about this. For example, Sustain said that New Zealand's approach to pesticide regulation was weaker than the UK's and there was a risk that the FTA might lower the UK's pesticide standards.⁶⁸

The TAC report said the following on the use of pesticides:

New Zealand does authorise certain pesticides for uses that are prohibited by the UK. A distinction needs, however, to be drawn between the potential harmful effects of such pesticides within the UK and within New Zealand. In principle, the UK is permitted to protect its own environment, animals and plants (as well as humans), in accordance with the WTO SPS Agreement, as affirmed in the SPS chapter of the FTA. The FTA does not change this. On the other hand, the UK is not, in principle, permitted under WTO law to restrict imports of products that are produced in a manner that might cause harm to New Zealand's environment. That is fundamentally a matter for New Zealand to regulate, in the absence of any effect on the UK.⁶⁹

The section 42 report said food imports from New Zealand would still have to meet UK food safety requirements such as complying with maximum residue limits for pesticides set by the UK.⁷⁰

⁶⁶ DIT, [UK-New Zealand FTA: impact assessment](#), 28 February 2022, p7. MtCO₂e is million tonnes of carbon dioxide equivalent.

⁶⁷ International Trade Committee, [UK trade negotiations: Agreement with New Zealand](#), 6 July 2022, HC87, Q112

⁶⁸ Sustain, [Written evidence to International Agreements Committee on UK-NZ free trade agreement \[pdf\]](#), para 6

⁶⁹ Trade and Agriculture Commission, [UK-New Zealand FTA: advice from Trade and Agriculture Commission](#), 30 June 2022, pp9-10

⁷⁰ DIT, [UK-New Zealand FTA: report under Section 42 of Agriculture Act 2020](#), 21 July 2022, para 4.8

Sustain also raised issues related to antibiotics. In evidence to the Lords International Agreements Committee (IAC), it said it was “disappointed that the UK Government did not take the opportunity to build restrictions on imports produced with antibiotics into this deal.”⁷¹ Sustain argued the FTA could have contained a much stronger antimicrobial resistance policy. Sustain said New Zealand permits the use of antibiotics as growth promoters – a practice banned in the UK.⁷²

However, the TAC said New Zealand did not allow the use of antibiotics for growth promotion purposes. It also said the agreement did not restrict the UK’s WTO right to regulate imports of meat produced using antibiotics. Furthermore, the TAC pointed out that Article 5.14 of the agreement required the UK and New Zealand to explore initiatives to reduce antimicrobial use.⁷³

The section 42 report said:

Nothing in this article [Article 5.14] or in the FTA requires the UK to change existing levels of statutory protection, including that imported products must comply with UK prohibitions or residue limits for veterinary medicines, including antimicrobials, and nor does the FTA affect the ability of the UK government to strengthen controls in these areas in the future as it has committed to do.⁷⁴

7

Views of devolved administrations

While FTAs are negotiated by the UK Government, their implementation involves some devolved policy areas, such as agriculture. The UK Government has acknowledged this and recognised “that modern trade agreements interact with areas of devolved competence and that the DAs [devolved administrations] have interests across a range of areas.”⁷⁵ The UK Government says that it has engaged the DAs in a variety of ways, including meetings and consultations after each negotiating round.⁷⁶ According to the UK Government, the DAs were “able to directly input into both mandates and negotiating text in areas of devolved competence.”⁷⁷

⁷¹ Sustain, [Written evidence to International Agreements Committee on UK-NZ free trade agreement \[pdf\]](#), para 25

⁷² As above, para 5

⁷³ Trade and Agriculture Commission, [UK-New Zealand FTA: advice from Trade and Agriculture Commission](#), 30 June 2022, p9

⁷⁴ DIT, [UK-New Zealand FTA: report under Section 42 of Agriculture Act 2020](#), 21 July 2022, para 5.15

⁷⁵ FCDO, [Explanatory memorandum: UK/New Zealand: Free Trade Agreement](#), 27 October 2022, para 11.3

⁷⁶ As above, paras 11.4–11.7

⁷⁷ As above, para 11.5

7.1 Scottish Government

The Scottish Government said its involvement in the negotiations was “limited” and that it wanted a greater role in decisions on FTAs. It pointed out that reserved issues, such as tariffs, had an impact on devolved issues like agriculture.

On agri-food, the Scottish Government said it had “significant concerns” about the effect of the agreement on farming communities in Scotland. The agreement would allow domestic agri-food producers to be undercut by cheaper imports from New Zealand. There would be a disproportionate effect on Scotland as agri-food makes up a larger proportion of its economy than the UK as a whole.

The Scottish Government welcomed the elimination of tariffs on exports to New Zealand but noted that tariffs were already low on average (for example, there was already a zero tariff on Scotch whisky). The opportunities provided by the agreement for the services sector were welcomed but the Scottish Government noted that the size and distance of the New Zealand market would be limiting factors.

The environmental provisions were welcomed but the Scottish Government raised concerns about the projected increase in transport-related carbon emissions.⁷⁸

7.2 Welsh Government

The Welsh Government said it had an interest in trade negotiations both because it might be required to pass implementing legislation and because trade agreements have the potential to affect many areas of society. The Welsh Government therefore made representations to the UK Government, especially where the agreement affects devolved matters. The Welsh Government said it sought to be a “constructive partner”.

Engagement with the UK Government had been “positive”, especially in areas where it accepted there was an interaction with devolved policy. Engagement for this agreement had been an improvement on that for the FTA with Australia.⁷⁹

The Welsh Government said the deal could bring some benefits to Wales in services and mobility but said there were “acute risks” to agriculture.⁸⁰ The

⁷⁸ International Trade Committee, [Written evidence from Scottish Government](#), 1 April 2022

⁷⁹ Welsh Government, [UK-New Zealand Free Trade Agreement: A Welsh Government perspective](#), 22 July 2022, paras 3.1-3.5

⁸⁰ As above, paras 1.3, 2.13

agreement was unlikely to lead to a significant increase in trade in industrial goods as New Zealand's tariffs are already low and there would be administrative costs involved with taking advantage of the FTA's terms.⁸¹

7.3 Northern Ireland

In November 2021, Edwin Poots MLA, Northern Ireland Minister for Agriculture, Environment and Rural Affairs, expressed concerns following the Agreement in Principle with New Zealand.

He argued that tariff and quota protection needed to be maintained for sensitive agricultural products and that imports of these goods should meet the high standards required of domestic producers. The agriculture sector would come under severe pressure from imports, adversely affecting rural communities and raising food security concerns.

Mr Poots was disappointed that there had not been more involvement from the DAs in the negotiations, especially given the likely effect of the FTA on agriculture, a devolved matter.⁸²

8 Parliamentary scrutiny

Before the FTA can be ratified and come into force, the requirements of the Constitutional Reform and Governance Act (CRAG) 2010 must be met. In addition, legislation (primary and secondary) needed to implement the agreement must be passed. These requirements are discussed in the sections below.

8.1 The Constitutional Reform and Governance Act 2010

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

⁸¹ Welsh Government, [UK-New Zealand Free Trade Agreement: A Welsh Government perspective](#), 22 July 2022, para 4.10

⁸² Northern Ireland Department of Agriculture, Environment and Rural Affairs, [New Zealand trade deal presents serious concerns for NI Agriculture – Poots](#), 2 November 2021

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 text of the agreement and an Explanatory Memorandum before Parliament. This took place on 27 October 2022.⁸³
- The Government may not ratify the treaty for 21 'sitting days' (ie days when both Houses are sitting) after it was laid before Parliament. The 21 day period ends on 1 December 2022 for this agreement.⁸⁴
- 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 – 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.

8.2 Non-statutory commitments

Besides the statutory CRAG requirements, the Government has made a number of non-statutory commitments in relation to Parliamentary scrutiny of free trade agreements. These were set out in [a letter from the then trade minister, Lord Grimstone to Baroness Hayter](#), chair of the Lords International Agreements Committee (IAC).⁸⁵

For the New Zealand FTA (and those with Australia and CPTPP), the Government expected there would be a period of at least three months between the publication of the signed FTA and the agreement being laid under CRAG. In the event, the period has been much longer with the New

⁸³ See UK Parliament, [Free Trade Agreement, done at London on 28 February 2022, between the United Kingdom of Great Britain and Northern Ireland and New Zealand](#). The treaty text and the Explanatory Memorandum are on the FCDO website: [UK/New Zealand: Free Trade Agreement \[CS New Zealand No.1/2022\]](#), 27 October 2022

⁸⁴ UK Parliament, [Free Trade Agreement, done at London on 28 February 2022, between the United Kingdom of Great Britain and Northern Ireland and New Zealand](#).

⁸⁵ [Letter from Lord Grimstone to Baroness Hayter](#), 19 May 2022

Zealand agreement being published at the end of February 2022 and being laid before Parliament under CRAG at the end of October 2022.

Parliamentary debate

The Government also made a commitment that if the IAC or ITC requested a debate in a report on a new FTA, the Government would seek to facilitate this, subject to available Parliamentary time.

The ITC requested such a debate in its report on the agreement.⁸⁶ A debate in the House of Commons will take place on 14 November 2022 on the FTAs with Australia and New Zealand. The ITC's request was for a debate on a substantive motion "so that Members can scrutinise the Agreement thoroughly and demonstrate their support, or otherwise, for it."⁸⁷ However, the debate on 14 November is a "general debate." The chair of the ITC wrote to the Prime Minister to express disappointment that there will be a general debate rather than a debate on a substantive motion as the ITC had recommended.⁸⁸

A general debate takes place on a neutrally worded motion that does not commit the House to a particular opinion or course of action. A general motion cannot be amended but there may be a vote. By contrast, a substantive motion calls for action or expresses an option. It may be amended. Amendments, if selected, and the motion, may also be voted on. A substantive motion could therefore allow the House to vote on delaying ratification of the trade agreement with New Zealand under CRAG while a general debate would not as the latter would not commit the House to any particular opinion or course of action.⁸⁹

8.3

Legislation

Implementing trade agreements may require changes to domestic legislation. Signing and ratifying an FTA does not, of itself, change domestic law. Any legislative changes required to implement the agreement must be approved by Parliament in the usual way. Implementing legislation may be primary or secondary.

For the agreement with New Zealand, primary legislation is required to implement the procurement provisions. The Government has introduced the [Trade \(Australia and New Zealand\) Bill](#) for this purpose. Secondary legislation is needed to implement provisions on tariffs, rules of origin, copyright

⁸⁶ International Trade Committee, [UK trade negotiations: Agreement with New Zealand](#), 24 October 2022, HC 78, 2022-23, para 12

⁸⁷ As above

⁸⁸ [Letter from Chair of ITC to the Prime Minister](#), 3 November 2022 [pdf]

⁸⁹ UK Parliament, [General debates](#) and [Substantive motions](#)

protection, wine labelling, for the implementation of market access obligations and for some changes to procurement rules. Changes to the Immigration Rules will also be needed.⁹⁰

8.4 Select Committee inquiries

International Trade Committee report

The Commons International Trade Committee published a [report on the agreement](#) in October 2022.⁹¹ The Committee said the FTA should, “on balance”, be ratified.⁹² It recommended that the agreement be debated in the House of Commons during the 21 day CRAG period. This should be on a substantive motion so that the agreement could be thoroughly scrutinised.⁹³

The Committee welcomed certain aspects of the agreement including:

- Inclusion of animal welfare and consumer protection chapters.⁹⁴
- Provisions on cooperation on anti-microbial resistance.⁹⁵
- Digital trade provisions.⁹⁶

The Committee did, however, have some criticisms:

- The lack of an overarching trade strategy.⁹⁷
- The Impact Assessment should provide more information on the effect on the countries and regions of the UK and more granular detail on the effect on sectors of the economy.⁹⁸
- The lack of clarity about how the agreement would interact with the Northern Ireland Protocol.⁹⁹

⁹⁰ FCDO, [Explanatory memorandum: UK/New Zealand: Free Trade Agreement](#), 27 October 2022, Section 5

⁹¹ International Trade Committee, [UK trade negotiations: Agreement with New Zealand](#), 24 October 2022, HC 78, 2022-23

⁹² International Trade Committee, [UK trade negotiations: Agreement with New Zealand](#), 24 October 2022, HC 78, 2022-23, p5

⁹³ As above, p5

⁹⁴ As above, paras 125 and 237

⁹⁵ As above, para 117

⁹⁶ As above, p6

⁹⁷ As above, paras 25-26

⁹⁸ As above, paras 54 and 60

⁹⁹ As above, para 55

- The potential impact on the UK agri-food sector.¹⁰⁰

International Agreements Committee report

The [Lords International Agreements Committee published its report on the ETA](#) on 4 November 2022.¹⁰¹ The Committee welcomed the agreement, noting that it would have benefits for both the UK and New Zealand.¹⁰² It reiterated its call for the Government to publish a comprehensive trade policy, setting out how trade fits in with broader foreign and domestic policy objectives.¹⁰³

Certain elements of the agreement were welcomed such as the commitments on animal welfare, the environment, labour and consumer protection. However, the Committee thought the agreement could have been more ambitious in some areas, describing gains in services as “limited”.¹⁰⁴

As with the agreement with Australia, this FTA involves unconditional removal of tariffs on agricultural goods. The Committee noted that this was likely to be seen as precedent and taking a different approach in future could be difficult. The Committee called on the Government to “take full account of the potential cumulative effects of all FTAs on the UK agricultural sector and the potential need to make exceptions to full liberalisation.”¹⁰⁵

Welsh Affairs Committee report

The [Welsh Affairs Committee reported on the economic and cultural impacts of trade and environmental policy on family farms in Wales](#) in April 2022.¹⁰⁶

The report noted the significant role played by agriculture in the Welsh economy with the sector employing a higher proportion of the workforce than in other parts of the UK. The report also said that livestock and dairy farming were important elements of Welsh agriculture and highlighted the fact that many farms in Wales were small and often family-run. The Committee said “this paints a picture of higher risk: a sector dependent on a narrower range of production and farms less resilient to economic shock.”¹⁰⁷

¹⁰⁰ International Trade Committee, [UK trade negotiations: Agreement with New Zealand](#), 24 October 2022, HC 78, 2022-23, paras 91-94

¹⁰¹ International Agreements Committee, [Scrutiny of international agreements: UK-New Zealand free trade agreement](#), 4 November 2022, HL Paper 86, 2022-23

¹⁰² As above, p2

¹⁰³ As above, pp2-3

¹⁰⁴ As above, p2

¹⁰⁵ As above, p2

¹⁰⁶ Welsh Affairs Committee, [The economic and cultural impacts of trade and environmental policy on family farms in Wales](#), 7 April 2022, HC 607, 2021-22. The Government’s response was published in July 2022: Welsh Affairs Committee, [The economic and cultural impacts of trade and environmental policy on family farms in Wales: Government response to the Committee’s Fifth Report of Session 2021-22](#), 14 July 2022, HC 470, 2022-23

¹⁰⁷ Welsh Affairs Committee, [The economic and cultural impacts of trade and environmental policy on family farms in Wales](#), 7 April 2022, HC 607, 2021-22, para 14

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