



Llywodraeth Cymru
Welsh Government

UK-New Zealand Free Trade Agreement: A Welsh Government Perspective

2022

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Ministerial Foreword

The UK-New Zealand Free Trade Agreement (FTA) marks the second fully new trade deal signed by the UK since we left the EU.

This deal shares similarities with the deal agreed last year with Australia and much of the narrative we provided in The UK-Australia Free Trade Agreement: A Welsh Government Perspective also applies to this deal. However, it is important to remember that this is a different deal with a different trading nation. The information provided in this report is intended to scrutinise the contents of the final deal and how we believe it may impact on Wales.

Much like the negotiations for the UK-Australia FTA, many of the views we were able to give the UK government were informed by the input of our stakeholders here in Wales. I remain grateful for their continued support and enthusiasm in working with us on the trade policy agenda.

Although the deals were negotiated almost in tandem, I was pleased to see some improvements in engagement with the UK government towards the end stages of the negotiations. That said, our overall view on the final version of the deal remains similar to our view on the Australia deal.

I remain broadly supportive of what the UK government is aiming to achieve with these trade deals. However, where the potential impact of the Australia deal was small according to the UK government's own modelling, with an increase in GVA for Wales of 0.09% (£58m), the modelled impact of this deal is even smaller, with an increase in GVA for Wales of 0.02% (£16m). Even when combined with other negotiations, these deals will not make up for the loss of trade we have experienced following the EU Exit.

Whilst we see some potential opportunities resulting from the deal, particularly around services and mobility, we again have concerns about the potential impact on our agricultural producers. Although the deal contains more protections in this area than the UK-Australia deal, existing quotas in some agricultural products were already higher with New Zealand. We also remain concerned about the precedent these deals continue to set and the cumulative impact that they will have.

As we turn our attention to the other negotiations currently underway, I hope we continue to see improvements in the engagement we have with the UK government, and that future deals provide opportunities and benefits for producers and consumers in Wales.



Vaughan Gething MS
Minister for the Economy

1. Executive summary

- 1.1. On 28 February 2022, the United Kingdom and New Zealand governments formally signed a free trade agreement. The UK-New Zealand Free Trade Agreement ('the Agreement') is the second new trade agreement that the UK has concluded in over 40 years. It follows the UK-Australia FTA as the second full new trade agreement signed since the UK left the European Union.
- 1.2. From a Welsh perspective, New Zealand is our 48th largest export market and our 63rd largest import market. Latest data for the year ending December 2021 shows that Wales' total trade with New Zealand was valued at £34.5m, with imports and exports valued at £12.1m and £22.4m respectively.
- 1.3. Support in Wales for a trade agreement with New Zealand was high with 72% of respondents to the Public Attitudes to Trade Tracker in favour of an agreement. The deal may bring some specific benefits for Wales, particularly in areas such as services and mobility. The inclusion of certain provisions in areas, such as animal welfare and anti-microbial resistance, also offer firmer commitments in the Agreement. There are, however, areas for concern, which we have repeatedly raised with the UK government; mainly, the increased market access to our agriculture industry. Protecting UK farmers was recognised by 30% of respondents to the Public Attitudes to Trade Tracker as a high priority.
- 1.4. The Agreement consists of 33 chapters, excluding annexes and sub chapters, and these chapters cover a range of topics; from Animal Welfare and Environment to Investment and Financial Services.
- 1.5. There are also three 'side letters', which are not part of the main agreement. The side letters agreed between the parties include one on Oenological Practices, one on Whisky Localities and one on Haka Ka Mate. The UK government has also produced a 'final impact assessment' looking at the economic impacts of the Agreement.
- 1.6. The main analysis of the text is contained in Chapter 4 of this report. The table below provides an overview of the chapters considered and in which sections of this report the analysis can be found.
- 1.7. Most goods trade will be tariff-free upon entry into force of the Agreement between Wales and New Zealand, provided relevant rules of origin arrangements are met. Based on existing trade flow between the two countries, the liberalisation of tariffs is unlikely to lead to a significant increase in the trade of goods.
- 1.8. The Agreement contains rules of origin that must be met by both parties to qualify for tariff free trade. Rules of origin are one of the key non-tariff barriers to trade and are likely to place increased administrative and financial burdens on businesses if accessing the preferential tariff arrangements.
- 1.9. The UK and New Zealand have a separate Mutual Recognition Agreement (MRA) in place to help ease non-tariff barriers to trade. Provisions around regulations and standards in the Technical Barriers to Trade Chapter of the Agreement are predominantly around cooperation between the two parties, although there are some substantive obligations in relation to conformity assessments.

- 1.10. Welsh Government has devolved responsibility for setting domestic Sanitary and PhytoSanitary (SPS) strategy and policy in Wales. As such, we propose to ensure any actions taken in this area do not conflict with the provisions in the Agreement and to work with the UK government towards that end. Similarly, the Welsh Government will work with the UK government towards ensuring that devolved policy for Wales does not cause any Technical Trade Barriers (TBT) issues according to the terms of the Agreement.
- 1.11. The Agreement contains an article emphasising the exceptions and exclusions that are applicable to the NHS. The Welsh Government will continue to request that the UK government honours its commitment to exclude the NHS in the negotiation of any future FTAs. This includes excluding any provisions in FTAs that could impact on the price the NHS pays for medicines and the services that the NHS provides.
- 1.12. In terms of services, the Agreement gives greater certainty on market access and focuses strongly on the environment and climate change. There are commitments to ensure security and protection of the domestic labour force, employment and investment. For intellectual property, the Agreement lists the international agreements ratified or acceded to by the UK and New Zealand and affirms existing rights and obligations under the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement and Public Health measures. There are expanded opportunities for UK firms to trade digitally with New Zealand as the Agreement sets out frameworks that promote digital inclusion, particularly with developing countries.
- 1.13. The value of trade in services is not available for New Zealand; therefore, it is not possible to estimate the value of Welsh trade in services. However, it remains an important component of overall trade in Wales.
- 1.14. For our Agricultural sector, the Agreement commits to a phased approach to the full liberalisation of tariffs on beef and sheep meat imports over a period of 15 years, and over 5 years for dairy products. The UK government's analysis of the long-term impact on agriculture, forestry, and fishing sector across the UK, shows 0.35% reduction in Gross Value Added (GVA).
- 1.15. There are several additional chapters included in the Agreement, including on the Environment. Maintaining the commitments for action on climate change is welcome, such as the Paris Agreement and the IPCC, as addressing climate change is a key priority for the Welsh Government. The Agreement also refers to the importance of promoting gender equality by advancing women's economic empowerment.
- 1.16. Overall, the deal appears to provide opportunities for Welsh businesses in some areas, particularly around services and mobility. There are also provisions in the deal that the Welsh Government would want to see replicated in other deals. However, there are also risks, more significantly to our agricultural producers.

2. The Well-being Goals and Free Trade Agreements

- 2.1. The Well-being of Future Generations (Wales) Act 2015¹ ('the Act') requires public bodies in Wales to think about the long-term impact of their decisions, to work better with people, communities and each other, aiming to help prevent persistent problems such as poverty, health inequalities and climate change. The Act is about improving the social, economic, environmental and cultural well-being of Wales.
- 2.2. The Act established seven well-being goals that public bodies in Wales, including the Welsh Government, must work to achieve, as well as five ways of working that should be used to achieve them. While only the UK government has the power to conclude international agreements, any trade agreement will likely have long-term impacts on the economic and social well-being of Wales and therefore the link between the well-being goals and international trade is important.

National well-being goals

- 2.3. The seven established national well-being goals relate to the UN Sustainable Development Goals. The Well-Being of Future Generations Act requires policymakers in Wales to put the sustainable development principles into practice:

“Act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs”
- 2.4. Underpinning these goals is the principle of sustainable development incorporated into the foundation of devolution in Wales from 1998.
- 2.5. The Well-Being of Future Generations Act also includes five ways of working intended to demonstrate best practice and to support the well-being of future generations. These are integration, collaboration, long term, involvement and prevention.
- 2.6. As the UK government is not accountable under the Well-being of Future Generations Act, the final Agreement did not have to consider any impact on the seven well-being goals, nor does the UK government have to use the five ways of working when developing its own trade policy or negotiating deals. However, the well-being goals and ways of working are important to how the deal is analysed in Wales.

¹ Well-being of Future Generations (Wales) Act 2015

Trade policy development in Wales

- 2.7. Historically, trade negotiations have focused narrowly on the economic benefits of developing closer trading relationships with other trading partners. However, more recent free trade agreements, such as the UK-Australia FTA, have expanded to include a wider set of cross-cutting areas, such as small and medium enterprises (SMEs), gender, labour and environmental policy including climate change. The impact of trade agreements on wider policy areas cannot be overlooked and, if not considered fully, trade deals can have unintended consequences, both positive and negative, in a range of areas. Trade and trade agreements have the potential to affect how we live, including on our social and built environment, what we eat, the things we buy and the services we use. They also have the potential to affect communities and jobs, our physical and mental well-being², and our ambitions around sustainability and the environment.
- 2.8. Trade agreements create international obligations which, in principle, bind future generations. Those obligations may diverge over time from domestic policy aspirations and can be complex and time-consuming to re-negotiate or overturn.
- 2.9. Trade agreements are negotiated settlements. They do not necessarily contain all the key policy objectives of one trading partner but are an agreed compromise. This can mean that parties to FTAs can experience different and asymmetrical benefits and risks. For example, if one country enforces high environmental standards whilst another does not, then the country with higher standards could see its economy and society undercut by increased imports of lower quality or lower standard goods. If this were to be the case for Wales, there could be detrimental impacts on Welsh businesses and environmental regulations.

- 2.10. Therefore, the potential impact that trade policy could have on our well-being goals, whether through affecting businesses, consumers, communities, domestic policy or the impact that we have globally, is at the forefront of our minds. This impacts on both the views we gave to the UK government during trade negotiations and how we analysed the proposed and the final agreed text in the trade agreements. In Wales, we consider trade policy through a Well-being of Future Generations lens, rather than in purely economic terms.
- 2.11. The analysis conducted on the Agreement for this report has been carried out through this Well-being of Future Generations lens, considering how chapters of the Agreement relate to the national well-being goals (Table 1). The link between the terms of the Agreement, its short, medium and long-term impact once implemented, and the Well-being of Future Generations Act is not always straightforward; however, the following section outlines examples of where we see the Agreement impacting and/or aligning with our seven national well-being goals. In some instances, potential impacts are discussed under one goal but are likely to impact on multiple goals, for example the potential economic impact on agriculture, could have knock on impacts across all goals.

A Prosperous Wales

- 2.12. The potential of increased trade and GDP growth generated by the Agreement could serve to increase employment opportunities for people in Wales. However, it is worth noting that, according to the UK government's own impact assessment³, growth in GDP will be small (0.03% for the UK by 2035).

² [What could post-Brexit trade agreements mean for public health in Wales? – World Health Organization Collaborating Centre on Investment for Health and Well-being \(phwwhocc.co.uk\)](https://phwwhocc.co.uk)

³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1041629/impact-assessment-of-the-free-trade-agreement-between-the-united-kingdom-of-great-britain-and-northern-ireland-and-australia.pdf

- 2.13. Our view of this Agreement is very similar to our view on the UK-Australia trade agreement. We would expect some sectors to be able to experience a certain degree of growth, including in employment, as a result of this Agreement, aligning with the Prosperous Wales goal. However, as in the Australia Agreement, there are acute risks to our agricultural sectors, particularly given the size and type of agricultural goods quotas included in the Agreement.
- 2.14. As with every trade agreement, there are many variables and unknown factors at play, such as technological developments and utilisation rates of the Agreement. Therefore, we cannot say with any certainty at this point whether the deal will truly support this well-being goal.

A Resilient Wales

- 2.15. This goal includes a focus on maintaining biodiversity in our natural environment and thereby protecting and promoting resilience that enables Wales to function as a diverse economic and agricultural ecosystem. Nothing in the Agreement should directly affect our ability to maintain and enhance our biodiverse natural environment and our environmental resilience.
- 2.16. The agreement can be seen to take account of the Welsh Government's ambitions on the global environment, our commitment to combatting climate change, and can be used as a lever to promote further action in this area, the deal includes cooperative arrangements across a number of areas where there is recognition by both parties of the role that trade can play in environmental issues. Depending on the level of cooperation, as the Agreement is implemented, the commitment to cooperation could help both parties move towards a low carbon society thereby aligning to aspects of our Resilient Wales goal. However, there is the possibility that increased trade flows with New Zealand, and the geographical distance involved, could lead to environmental harm and more carbon emissions due to haulage of goods and additional packaging. There is also the risk that the deal could lead to importing goods when there are products that are produced using lower carbon emitting processes made closer to home.
- 2.17. The Agreement does not affect the UK's right to regulate on environment and climate change, nor does it incentivise or lock in any commitments around areas like setting carbon emissions targets. Therefore, this can offer both opportunities and risks that affect this well-being goal depending on how parties choose to use this freedom going forward.

A Healthier Wales

- 2.18. The exceptions and exclusions for the NHS from the Agreement are welcomed.
- 2.19. Overall, the Agreement itself appears to ensure that our ability to regulate and deliver on health matters will not be adversely affected through obligations or commitments made with New Zealand. The UK can continue to regulate on areas such as medicines, food and products, and in Wales we can continue to ensure our high standards on Sanitary and PhytoSanitary measures, and measures to combat anti-microbial resistance are maintained and improved without being negatively affected by the terms of the Agreement.
- 2.20. It is worth noting that people's health and well-being is also affected by the wider determinants of health, such as financial security, housing, education, employment and relationships with others. This Agreement is primarily focused on making trade easier between the UK and New Zealand, but the interdependencies and impacts to support the ease of trade, such as through increased competition through imports, employment opportunities and risks and the liberalising of regulations, could potentially impact on health and well-being both positively and negatively.

- 2.21. Unlike Australia, there is no separate Side Letter on Public Health Cooperation exchanged between UK and New Zealand. However, we would assume that this does stop the UK and New Zealand cooperating on public health matters should the opportunities arise.

A More Equal Wales

- 2.22. The Agreement contains provisions on labour and gender equality to recognise and address the potential adverse effect that trade and investment has in these two areas. The focus and breadth of the Agreement can make it difficult to ensure all parts of society are considered fully, but the Agreement should allow both parties to develop their own domestic policies around equality and inclusion.
- 2.23. More broadly, some sectors are likely to face risks from this deal, where others are not. We do not believe that trade deals should create opportunities for some parts of the UK at the expense of others and we have made this view clear to the UK government.

A Wales of Cohesive Communities

- 2.24. Certain communities may be affected by the Agreement, for example the business community, by provisions on clarifying application procedures and conditions for granting temporary entry including making information readily available. This should provide certainty for Welsh businesses by clarifying procedures for those wishing to move staff to New Zealand for short-term business reasons. This, in addition to the UK provisions to allow New Zealand service providers to enter the UK temporarily, could help to promote diversity and global responsibility in our future generations. It is important to note that mobility does not equal permanent settlement and employment in another country; it is about short-term movement across borders for specific business or other defined purposes and, at this stage, it is difficult to quantify how much these new opportunities will be used.

- 2.25. In addition to the direct impact of mobility, we have been clear in discussions with the UK government that trade agreements, which have a disproportionately negative impact on sectors, would inevitably impact the communities around them. For example, trade deals should not cause negative impacts on our important agriculture sector and surrounding communities. Trade deals should also not contain any agreed provisions in them that would result in key industrial sectors, and employers, being put at risk through unprecedented increases in competition – especially if said competition is unfairly supported by government interventions from trading partners. Wider employment opportunities, as well as health considerations (noted under ‘prosperous’ and ‘healthier’ above), will also have an impact on communities.

A Wales of Vibrant Culture and Thriving Welsh Language

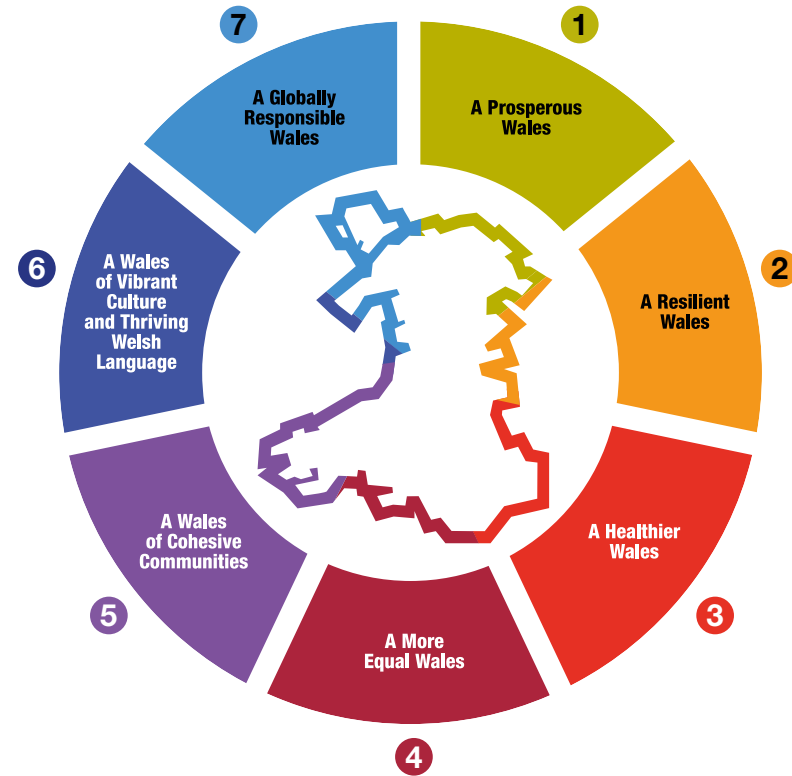
- 2.26. Culture and national identity are considered sensitive issues between trading partners and, as such, are rarely affected by the terms of any FTAs. Where there is the potential for impact – such as on any commitments and obligations made on the audio-visual industry (creative industry), parties agree to exclude the industry from the scope of trade agreements. This Agreement follows a similar approach in excluding the audio-visual industry from the scope of the services-oriented obligations.
- 2.27. This Agreement contains a chapter where both parties recognise the importance of Māori culture to trade and economic development and notes commitments to relevant international agreements. We are supportive of the cooperation provisions and the overall recognition of the importance of culture, protection of heritage and the link to trade in its broadest sense. This approach is in alignment with the Well-Being of Future Generations Act (WBFGA) well-being goals which underpin the development of trade policy in Wales.
- 2.28. We have always sought to ensure that sectors and communities which are integral to supporting Welsh culture and Welsh language are taken into account in both our engagement with the UK government and our analysis of trade negotiations/agreements.

A Globally Responsible Wales

- 2.29. Although the Agreement is negotiated and concluded by the UK government, we have continued to consider how trade agreements can support our globally responsible well-being goal. Specifically, we have been clear with the UK government that we would have wanted to see stronger commitments to addressing the global climate change emergency with New Zealand, as well as around sustainability, and more ambitious provisions addressing the global threat of anti-microbial resistance through commitments to reducing the use of antibiotic agents in animals.
- 2.30. We also need to consider what products might now be easier to import into the UK, or may be imported at a greater volume, as a result of the deal and its impact on this well-being goal.
- 2.31. The Agreement raises other issues, such as with potential trade diversion, global supply chains (which could impact on developing countries), and greenhouse gases, which we have not included in the scope of this report. Our concerns in these areas are rapidly being multiplied at an exponential rate due to the number of trade deals that are currently in negotiation and due to be finalised by UK government in the next few years. Trade partners with different domestic and global policies in areas like climate change and fossil fuels could potentially affect how we consider our own policies in these areas in the future, especially if future deals contain restrictive provisions on ours and the UK's ability to regulate. In addition, the inclusion of investor state dispute mechanisms in UK free trade agreements could lead to "regulatory freeze" where the UK is wary of taking ambitious steps due to the risk of being involved in a dispute. This Agreement does not include investor state dispute mechanisms.
- 2.32. The above only covers some of the examples of the high-level analysis of where trade policy links to the Well-being of Future Generations Act. Whilst we have not included a narrative on every potential impact, we have tried to consider all elements of the deal through this lens. The diagram below provides further detail to exactly which of the main well-being goals are considered when looking at specific chapters of the Agreement.

Table 1: List of Chapters & Analysis

01 Initial Provisions and General Definitions	
02 National Treatment and Market Access for Goods	1 2 3 4 5 6 7
03 Rules of Origin and Origin Procedures	1 4 6
04 Customs Procedures and Trade Facilitation	1 4
05 Sanitary and PhytoSanitary Measures	2 3 7
06 Animal Welfare	
07 Technical Barriers to Trade	1 2 3 4 6 7
08 Trade Remedies	1 4 7
09 Cross-Border Trade in Services	1 2 4 7
10 Domestic Regulation	1 7
11 Financial Services	1 2 4 7
12 Telecommunications	1
13 Temporary Entry of Business Persons	1 2 5
14 Investment	1 2 4
15 Digital Trade	1 2 4 7
16 Government Procurement	1 5 6 7
17 Intellectual Property	1 2 3 4 7
18 Competition	1 4
19 State-Owned Enterprises and Designated Monopolies	1 4 7
20 Consumer Protection	1 3 4
21 Good Regulatory Practice and Regulatory Cooperation	1 2 3 4 6 7



22 Environment	1 3 4 7
23 Trade and Labour	4 7
24 Small and Medium-Sized Enterprises	1 4 5 6 7
25 Trade and Gender Equality	1 4 7
26 Māori Trade and Economic Cooperation	4 7
27 Trade and Development	4 7
28 Anti-Corruption	1 2 4

29 Transparency	1 2 3 4 6 7
30 Institutional Provisions	4 7
31 Dispute Settlement	1 2 7
32 General Exceptions and General Provisions	3
33 Final Provisions	1 2 3 4 5 6 7

3. Welsh Government Involvement during the Negotiations

- 3.1. Only the UK government has the power to conclude international agreements that bind the whole of the UK. However, the Welsh Government does have the power, under Section 62 of the Government of Wales Act 2006⁴, to make representations about any matter affecting Wales. Given the impact trade agreements can have across society, we consider it our responsibility to make representations to the UK government about these agreements, particularly where they intersect with devolved matters.
- 3.2. In addition, the Senedd has the power to pass laws relating to the observation and implementation of international obligations, meaning the Welsh Government and the Senedd both have legitimate and crucial interests in the negotiation and terms of any international agreements that require Welsh implementation.
- 3.3. The Welsh Government has sought to be a constructive partner in trade negotiations, sharing analysis and working with the UK government to ensure the representation of Welsh interests in negotiations. This marks the second fully new free trade agreement that we have engaged on with the Department for International Trade (DIT), along with other UK government departments.
- 3.4. During the negotiations with New Zealand, engagement was positive, particularly in areas where the UK government understands and accepts that there is an interaction with devolved policy. As with the majority of negotiations, at a Ministerial level, discussions have taken place through the Ministerial Forum for Trade, as well as bilateral meetings. At an official level, draft text of chapters in devolved areas were shared and officials met regularly with UK government officials, including with specific policy teams and the negotiation team itself.
- 3.5. Where Australia was the first fully new trade deal to be negotiated and some elements of engagement did not run as smoothly as planned, during negotiations with New Zealand improvements were made and engagement with devolved governments has become better embedded into the negotiation life cycle. Therefore, we saw an overall improvement in engagement with UK government, particularly in the later stages of the negotiations. We are hopeful that these improvements will continue with future negotiations.

4. Assessment of the Agreement Text

Trade in Industrial Goods

Overview

- 4.1. In 2021, Welsh trade in goods with New Zealand was valued at £34.5m, of which imports and exports were worth £12.1m and £22.4m respectively.
- 4.2. The latest data show that New Zealand was the 48th largest export market for Wales accounting for around 0.1% of total Welsh goods exports, and the 63rd largest import market accounting for around 0.1% of total Welsh goods imports.
- 4.3. In 2021, of the 2,053 Welsh businesses that exported goods to **non-EU countries**, around 222 (10.8%) sent goods to New Zealand. Around 68 (0.9%) of the 7,610 Welsh businesses that imported goods from **non-EU countries**, did so from New Zealand.
- 4.4. It is important to note the context for this Agreement, in terms of geography. New Zealand shares similarities with the UK-Australia trade agreement, and feedback received from Welsh industry has highlighted that the geographical distance between the UK and New Zealand will make manufacturing processes and supply chains difficult, especially for businesses operating under ‘just-in-time’ processes. As with Australia, the distance between the two countries also means that transportation costs are high, with components and parts taking months rather than days or weeks to arrive. It is difficult to assess at this stage exactly what impact this will have in practice.

Introduction

- 4.5. The Agreement may help improve the flow of industrial goods between Wales and New Zealand and may provide new opportunities for Welsh businesses.
- 4.6. Both parties to the Agreement reaffirm their commitment to the national treatment principle under Article 3 of the General Agreement on Tariffs and Trade⁵ (GATT), whereby imported goods must be treated on an equal basis as domestic goods and Article 3 is incorporated into the Agreement. The Agreement also sees commitments from both Parties not to adopt or maintain any type of duty, tax or other charge on any export of goods, or place tariffs on goods that are re-entering the country after needing repair or alteration.

Chapter 2 – National Treatment and Market Access for Goods (Tariffs)

- 4.7. Under the terms of the Agreement, New Zealand has agreed to remove tariffs on all goods that qualify as originating from the UK (i.e. by meeting the agreed rules of origin arrangements), as soon as the Agreement comes into force. In return, the UK has also agreed to remove tariffs on all goods that qualify as originating from New Zealand. However, the UK has in place specific tariff treatments as both protection and transition measures on certain sensitive goods. These treatments offer some increased protection on certain agriculture goods, such as beef and sheep meat, via Tariff Rate Quotas (TRQs) and product specific safeguards. There are also staging arrangements which will see tariffs on sensitive agricultural

5 [Article III*: National Treatment on Internal Taxation and Regulation](#)

goods being liberalised over a number of years, rather than immediately upon entry into force. In contrast, New Zealand does not have such arrangements on any goods imported into New Zealand from the UK.

- 4.8. The Agreement also includes a provision that allows a request to be made by one Party to the other, in relation to asking them to consult on the possibility of accelerating the elimination of tariffs on goods. If agreed, this accelerated elimination of tariffs will supersede the agreed tariff schedules and timelines as set out in the Agreement. Should they choose, the UK or New Zealand can also unilaterally accelerate the elimination of tariffs. Welsh Government will seek reassurances from UK government that we will be fully consulted on any matters related to the possible acceleration of elimination of tariffs on goods with New Zealand, prior to any decisions being made.
- 4.9. All industrial goods trade will be tariff-free upon entry into force of the Agreement between the two countries, provided relevant rules of origin arrangements are met. Unlike for agricultural goods, the UK does not have any Tariff Rate Quotas (TRQs) in place or Product Specific Safeguards on any industrial goods.
- 4.10. Most industrial goods can already be imported into New Zealand tariff free, as a result of New Zealand's liberal Most Favoured Nation (MFN) tariff schedule. Where New Zealand does apply import tariffs, these are usually around 5-10% on goods such as textiles and apparel, automotive, machinery, steel, and plastic products. Therefore, Welsh businesses manufacturing and exporting such products could benefit from the removal of the tariffs on their goods by New Zealand. However, based on existing trade flow between Wales and New Zealand, the liberalisation of tariffs on industrial goods is unlikely to lead to any significant increase in industrial goods trade between Wales and New Zealand (certainly in the short to medium-term), and especially when considering the additional costs for businesses associated with complying with rules of origin arrangements and other non-tariff barriers.

- 4.11. Like with many FTAs, businesses may ultimately choose not to use this Agreement in their trade with New Zealand and simply continue to trade under World Trade Organisation (WTO) MFN terms, especially as they would need to undertake additional administration to demonstrate and comply with the rules of origin arrangements to benefit from the 0% tariffs. Companies do not need to comply with the preferential rules of origin arrangements in the Agreement if they continue to trade with New Zealand under WTO MFN terms.
- 4.12. Welsh supply chain companies could potentially see a benefit from the Agreement as a result of increased intra-UK trade, with UK end-product manufacturers looking to take advantage of the tariff liberalisation by New Zealand on certain UK goods, such as road vehicles. Manufacturing companies in Wales that have a service embedded/included as part of their product, for example a service contract or embedded digital element ('Mode 5' products), could also find it easier to trade due to the new mobility arrangements for services providers elsewhere in this Agreement.

Chapter 3 – Rules of Origin

- 4.13. Goods must be able to demonstrate that they meet the relevant rules of origin arrangements, for them to qualify for tariff free trade against the terms of the Agreement. Therefore, goods that are not able to meet the rules of origin arrangements will be subjected to trading via WTO MFN terms and tariffs.
- 4.14. Rules of origin are one of the key non-tariff barriers to trade. They can have a significant impact on how businesses trade internationally and, if they are not agreed appropriately, they can limit the ability of businesses to take advantage of trade agreements. For some products, businesses may not wish to use FTAs, especially where MFN tariffs are the same as the tariffs in the FTA. Trading in this way can make sense because preferential rules of origin that must be met under an FTA are likely to be more burdensome than non-preferential rules of origin applied by WTO Members when offering MFN tariff rates.

- 4.15. Although the Agreement commits both parties to rules of origin that may consider modern production processes, as well as existing and future global supply chains, it does not allow for non-restrictive cumulation of third-party materials and inputs in goods exports to either country. This means that materials and processing from other countries and regions outside of the FTA will not automatically count towards originating status for goods being exported.
- 4.16. The Agreement does contain provisions that allow non-originating materials to be used, if they meet the various agreed rules of origin requirements, including 'Product-Specific Rules of Origin' (PSRs). PSRs allow third country materials and inputs to count as originating, but only if they have undergone certain changes in tariff classifications, or certain other kinds of changes, or if the regional value content in the overall finished goods meets certain thresholds.
- 4.17. The bilateral cumulation secured in the Agreement allows for New Zealand content, ingredients and components to be counted as of UK origin, and vice versa.
- 4.18. The Agreement also sees both parties agreeing to explore the future potential of extending cumulation arrangements in circumstances where both parties have separate trade deals in place with another mutual partner (for example, the UK with the EU, and New Zealand with the EU) or a developing country.
- 4.19. For industrial goods, the UK has been able to secure PSRs that allows for finished vehicles (passenger cars) being exported from the UK to New Zealand to have a regional value content (RVC) of 25%, but have the whole vehicle count as being of UK origin for the purposes of accessing the preferential tariff rates. However, for other finished vehicles (such as buses and motorcycles), the RVC is 40%. The RVC for vehicle parts and components are also at 40%.
- 4.20. RVC PSRs mean that a finished product must include a certain percentage of originating content before it can be determined as originating for the purposes of accessing preferential tariffs. Businesses will need to determine the RVC of their goods according to the methods and arrangements as outlined in the rules of origin chapter.
- 4.21. To provide more flexibility, businesses can also use an alternative product-specific rule such as CTH (change in heading) or CTSH (change in subheading) rather than RVC. This is when the materials and components have been significantly processed so that the tariff classification changes from its original.
- 4.22. Rules of origin and PSRs are likely to place increased administrative and financial burdens on businesses should they wish to access the preferential tariff arrangements under the Agreement. Evidence⁶ shows some businesses are struggling with rules of origin, and more needs to be done by the UK government around the implementation of FTAs and ensuring they are understood by businesses. This is something the Welsh Government will also take account of when engaging with businesses.
- 4.23. Industry and businesses will need to ensure that they are familiar with the arrangements around how origin must be declared and documented, including the agreed length of time for record keeping and the processes around verification of origin by respective customs authorities. Cases of non-compliance, incorrect documentation and/or inaccurately declared origin are subject to potentially high penalties by respective parties.

- 4.24. Businesses need to be mindful of the differences in the rules of origin arrangements between this Agreement and other Agreements that the UK has with other countries and regions. Rules of origin are often unique to a particular agreement and, although there are similarities, businesses must always ensure that they are familiar with the rules for the trade agreement they wish to use. Inaccurate use of rules will be non-compliant and subject to non-preferential tariff rates where they exist, and/or financial penalties by customs authorities. Such differences between rules of origin arrangements may result in businesses having to set up multiple operating and administrative processes to comply with each trade agreement they wish to use.
- 4.25. This analysis has been carried out at a high level and may not take into account any unique arrangements on specific goods. Therefore, due to the overall complexity of rules of origin, industry and businesses should always seek expert advice and guidance on how the specific arrangements affect their product if they wish to make use of preferential tariffs under this Agreement when exporting to New Zealand.

Chapter 4 – Customs Procedures and Trade Facilitation

- 4.26. UK and New Zealand have committed to having simpler and more efficient and transparent customs procedures as part of the Agreement that should help to make trade easier between the two countries.
- 4.27. The Agreement sees both sides committing to release goods within 48 hours of their arrival (as long as relevant documentations have been submitted, and the goods are not subject to physical examination or inspection), with some goods (e.g., perishables and fast tracked) being released within 6 hours.
- 4.28. Paperwork needed to release goods will be minimised, and there will be no requirement to use a customs broker when importing or exporting goods. Information about customs procedures will be available for traders to access online. Review mechanisms will also be made available to traders in respect of customs authority decisions.

- 4.29. It should be noted that New Zealand has a high level of import prohibitions and restrictions on goods such as chemicals and paints. The Agreement does not remove these prohibitions and restrictions, and businesses must always be aware of what customs controls are in place before looking to import goods into a country.

Chapter 7 – Technical Barriers to Trade

- 4.30. The Technical Barriers to Trade (TBT) Chapter of the Agreement reinforces the principles of the WTO TBT Agreement (which both the UK and New Zealand need to comply with as WTO members), whilst including additional provisions to help ensure that regulations being introduced by either Party are non-discriminatory and do not create unnecessary trade barriers.
- 4.31. It also contains provisions that preserve both parties' rights to regulate for the purposes of national interest, including for the protection of health, safety and the environment. It includes commitments from both countries to increase the level of cooperation in the development of technical regulations, standards and conformity assessments, with a view to removing duplication of processes and market access approval. Most importantly the provisions agreed in the Chapter have not sought to change the way the UK considers risks in the development of regulations, or in the way the UK develops standards and accredits conformity assessment bodies.
- 4.32. The cooperative nature of the provisions secured in the Agreement under the TBT Chapter are unlikely (in the short to medium-term) to result in any immediate significant reduction in non-tariff barriers in trade for businesses between the UK and New Zealand, especially as the UK and New Zealand already have a Mutual Recognition Agreement (MRA) in place to help ease non-tariff barriers to trade.

- 4.33. The MRA is a separate agreement independent of this Agreement that helps to reduce the administrative and financial burden for businesses on certain goods. Goods that are covered by the MRA can be tested domestically against the regulations of the respective countries, before being sold overseas without requiring additional testing.
- 4.34. The UK-New Zealand MRA is a rollover of the agreement on Mutual Recognition in relation to Conformity Assessment between the EU and New Zealand. The UK-New Zealand MRA covers the following products: medicinal products (good manufacturing practice inspection and batch certification); medical devices; telecommunications terminal equipment; low voltage equipment; electromagnetic compatibility; machinery; and pressure equipment.
- 4.35. The Agreement refers to this existing UK-New Zealand MRA and acknowledges the role it has in terms of reducing barriers to trade. The Agreement also contains a provision that commits both parties to review the article related to the MRA and broader conformity assessment matters within 12 months of the Agreement coming into force. This is primarily to consider the impact of the UK joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and how agreed provisions under CPTPP may lead to changes for this bilateral agreement between the UK and New Zealand.
- 4.36. It is important to highlight that the TBT Chapter only applies to regulations, standards and conformity assessment procedures made by the central level of government (i.e., UK government). Regulations, standards and conformity assessment procedures developed and implemented by the Welsh Government will not therefore breach the TBT Chapter if they do not abide by the obligations set out and agreed in the Chapter (that said the Chapter does require reasonable measures to be taken to ensure the Welsh Government and other devolved governments comply with certain provisions in the Chapter to do with equivalency of technical regulations, conformity assessment and transparency).
- However, as many regulations on goods are reserved, including on product safety and standards, the provisions agreed in the Chapter will impact on the types of goods manufactured by Welsh businesses, and purchased and consumed by Welsh consumers.
- 4.37. Furthermore, the TBT Chapter contains a provision that sees the potential for the UK to accept certain New Zealand regulations as equivalent to UK regulations, which could help to further reduce non-tariff barriers to trade between the two parties. Although this provision can be considered low risk, as the requirement is on the two parties to only consider accepting each other's regulations as equivalent, rather than a requirement to accept them, it is not yet known how this provision will take into account (if at all) regulations developed by devolved governments. There is the potential that such a provision could lead to the reduction in the effect of regulations that the Welsh Government has developed in devolved areas for the purposes of protecting public health and other devolved matters, especially if the Welsh Government is not Party to any discussions between the UK and New Zealand regarding equivalency of regulations.
- 4.38. The inclusion of sector specific provisions in the Chapter serves to commit both parties to collaborate further when looking to develop standards and regulations around cosmetics products, medicinal products and medical devices. In particular, Wales welcomes the commitment from both parties under the Agreement to maintain prohibitions on animal testing in its cosmetic products laws and regulations.
- 4.39. The accompanying Wine and Spirits Sector Annex aims to align and reduce the regulations between UK and New Zealand related to the trade and exports of wine and spirits. There will likely need to be some domestic legislative changes needed for the UK to comply with the agreements contained in the annex, including on the agreed recognition and labelling of alcohol percentages as they relate to wine and spirits. However, these are reserved matters and will not impact on the ability of Welsh Government to legislate on the grounds of public health and safety related to alcohol.

4.40. In the absence of any explicit agreement around how disputes under the Chapter will be dealt, it is presumed that either Party will be able to seek to resolve disputes under the TBT committee that will be established to oversee this Chapter, and/or seek to resolve disputes via the WTO, for matters that fall within the remit of the WTO Dispute Settlement Understanding.

Side Letter regarding Oenological Practices

- 4.41. The side letter will see the UK commit to undertaking an assessment on certain New Zealand oenological practices related to wine production, in order to see whether the UK will accept such practices as part of its regulation moving forward. Any revised regulation on oenological practices should not affect the trade in wine with the EU.
- 4.42. It may be that wine producers in Wales will need to become familiar with any amended oenological practices approved by the UK government as a result of this side letter.

Side Letter regarding Whisky Localities

- 4.43. The side letter seeks to preserve the recognition the UK has on certain Scottish whisky localities, and the commitment by New Zealand to not allow the sale of whisky labelled or advertised with these localities unless they are wholly manufactured in Scotland. For example, only whisky produced in “Highland”, “Lowland” and Campbeltown” of Scotland can be recognised and labelled as such in the New Zealand market. Whisky which does not come from these localities, but is labelled as such, will be subject to legal action under the New Zealand Fair Trade Act 1986.

Chapter 8 – Trade Remedies

- 4.44. The inclusion of the Trade Remedies Chapter is welcomed, offering further protection for Welsh industries against unfair trading practices, or an unexpected influx of New Zealand imports of goods that cause serious harm or injury to domestic producers/manufacturers.

4.45. Many of the provisions replicate and reinforce provisions found in the WTO Agreement on Anti-Dumping, the WTO Agreement on Subsidies and Countervailing Measures, and the WTO Agreement on Safeguards.

4.46. It is important that Welsh industries actively report and escalate any concerns to relevant trade bodies and authorities if they feel that the Agreement with New Zealand is negatively affecting their business. This can be as a result of unfair practices (such as unfair subsidies issued by New Zealand for its domestic industries), or through particularly high volume of imported goods (although some increased competition from imports should be expected).

4.47. The Agreement contains a general bilateral safeguard mechanism. The mechanism is available if the elimination of customs duty causes an increase in imports which threatens or results in serious injury to domestic industries for any given good or product. As the safeguard mechanism needs to be considered, and applied, by reference to the UK-wide domestic industry; if only a particular region of the UK industry is at risk of serious injury, then the safeguard mechanism may not be available to assist.

Chapter 18 – Competition

- 4.48. Given the similarities between UK and New Zealand, the inclusion of the Competition Chapter can be viewed as a way of reinforcing the shared values and expectations in this area by both countries.
- 4.49. The provision agreed in this Chapter requires the UK and New Zealand to have laws which forbid anti-competitive agreements, anti-competitive practices by entities that have substantial market power, and addresses mergers that may have substantial anti-competitive effects. It requires each Party to have an operationally independent national competition authority to enforce these laws, and to provide a right of redress where a person’s business or property is injured as a result of a breach of competition laws.

Chapter 20 – Consumer Protection

- 4.50. The Consumer Protection Chapter reinforces the shared values by both parties to do with having transparent, effective and enforceable measures to protect consumers.
- 4.51. The Chapter ensures that consumer protection laws and measures are in place by both parties to protect consumers from fraudulent and deceptive practices; that the goods provided are of satisfactory quality; and services are performed with reasonable skill and care, which includes when goods and services are purchased online or cross-border.

Chapter 21 – Good Regulatory Practice (GRP) and Regulatory Cooperation

- 4.52. Devolved governments are not in scope of the GRP Chapter. However, all devolved governments have GRP frameworks in place that align with the commitments made between the UK government and the New Zealand government.
- 4.53. The Chapter puts in place provisions for both parties to promote good regulatory practices in the process of planning, designing, issuing, implementing and reviewing of regulatory measures. The UK and New Zealand aim to ensure that they have transparent, predictable and stable regulatory frameworks in place that provides exporting businesses and investors with the confidence and stability they require for trade.

Chapter 29 – Transparency

- 4.54. Under the Chapter, both UK and New Zealand have committed to ensuring that there is a transparent process in place related to either the introduction or amendment of any laws, regulations or processes covered by the Agreement.

- 4.55. The provisions within the Chapter look to create standards and best practice requirements around the publication of laws and regulations that are created by either Party, as well as ensure that such information is available in an open and accessible format. This includes administrative rulings of general application i.e., rulings or interpretations that apply generally, rather than to individual persons or goods. The Chapter requires that these measures are administered fairly and reasonably, it also includes requirements about impartial and independent review and appeal of administrative action with respect to matters covered by the Agreement. It also contains obligations to provide information about measures that could affect the operation of the Agreement or the interests of the other Party.

Chapter 32 – General Provisions and Exceptions

- 4.56. Aside from the provisions included in this Chapter that preserve both parties' rights to regulate, the Agreement also contains an article emphasising the exceptions and exclusions contained in specific chapters of the Agreement that are applicable to the NHS (and the New Zealand Health and Disability System).
- 4.57. The Welsh Government will continue to request that the UK government honours its commitment to exclude the NHS in the negotiation of any future free trade agreements (FTAs). This includes excluding any provisions in FTAs that could impact on the price the NHS pays for medicines and the services that the NHS provides.

Trade in Agriculture

Overview

4.58. Data from the year ending December 2021 show that agricultural goods trade⁷ between Wales and New Zealand represented £1.9m, with £1.4m of imports and £0.5m of exports.

Introduction

4.59. A free trade agreement with New Zealand does not offer any significant opportunities for Welsh agricultural producers, as New Zealand is not seen by many in the agricultural sector as a market from which Welsh producers can seek to benefit. The Agreement does, however, present several concerns including the increased market access granted to New Zealand producers that has the potential to impact on Welsh producers.

Agricultural Market Access

Beef and Sheep Meat

4.60. The Agreement provides for a phased approach to the full liberalisation of tariffs on beef and sheep meat imports over a period of 15 years, and over 5 years for dairy products. Over this transition phase, new Tariff Rate Quotas (TRQs) will be applied and imports within this quota will be duty free.

4.61. This phased approach to tariff liberalisation includes an immediate increase to the tariff-free quota for New Zealand imports of beef, sheep meat and some dairy products. Imports of New Zealand sheep meat are currently at zero tariff up to the limit of the existing WTO country-specific zero tariff TRQ of 114,138 tonnes. Beef imports attract a 20% tariff within the TRQ of 454 tonnes. From Year 1 of the Agreement, both products will benefit from zero tariff TRQs. The TRQ for beef starts at 12,000 tonnes, increasing over the 10-year phasing

period in equal annual instalments to 38,820 tonnes. From Year 11, there are no tariffs on beef, however, a product specific safeguard comes into effect for Years 11-15 with annual volume limits.

4.62. For sheep meat, there is an existing WTO country-specific zero tariff TRQ; if 90% of this WTO TRQ is utilised, the Agreement allows an additional 35,000 tonnes of zero tariff TRQ from Year 1, this equates to 149,138 tonnes. With a subsequent FTA TRQ increase at Year 5, New Zealand will be able to export up to 164,138 tonnes annually with zero tariff from Year 5 to Year 15 after which there is no limit and no tariff.

4.63. For beef meat, a product specific safeguard will apply. This applies for Years 11-15 and means that, if the aggregate annual quantity of beef imported into the United Kingdom from New Zealand in a given year exceeds the annual trigger quantity for that year, then the UK can apply a customs duty rate on beef which is the lesser of (a) 20 per cent ad valorem; or (b) the Most-Favoured-Nation (MFN) applied rate of customs duty in effect at the time the measure is applied. The aggregate trigger quantity (product weight in tonnes) in each year for beef, from Year 11 to Year 15, is: (a) 43,056 for Year 11; (b) 47,292 for Year 12; (c) 51,528 for Year 13; (d) 55,764 for Year 14; and (e) 60,000 for Year 15. These volume thresholds are significant, and the Welsh Government has doubts that these thresholds will ever be reached. As such, it is unlikely that these tariffs would ever come into effect.

4.64. Table 2 shows the additional TRQs for sheep meat as detailed in Section 2B of the final UK-New Zealand Agreement which will only operate if the country-specific WTO sheep meat quota into the United Kingdom from New Zealand has reached at least 90 per cent in that year. For comparison, the UK imported approx. 31,589 tonnes⁸ of sheep meat from New Zealand in 2021 (against a TRQ of 114,138 tonnes).

⁷ Agricultural trade is defined as SITC 00, 01, 02, 04, 05.

⁸ [Trade Map – Bilateral trade between United Kingdom and New Zealand in 2021](#)

Table 2: Sheep Meat TRQ

Year	Quantity (MT)
1	35,000
2	35,000
3	35,000
4	35,000
5	50,000
6	50,000
7	50,000
8	50,000
9	50,000
10	50,000
11	50,000
12	50,000
13	50,000
14	50,000
15	50,000
16	Unlimited

4.65. The TRQ increases for both products are significant. The levels at which these increases have been set are high and the Welsh Government has requested analysis from the UK government to understand why such increases were agreed. For comparison, in the last 5 years the highest volume of beef imports to the UK from New Zealand was 1,083 tonnes in 2018 and, for sheep meat, 51,978 tonnes in 2017.

Table 3: Beef TRQ

Year	Quantity (MT)
1	12,000
2	14,980
3	17,960
4	20,940
5	23,920
6	26,900
7	29,880
8	32,860
9	35,840
10	38,820
11	Unlimited ⁹

- 4.66. The UK government's own analysis¹⁰ of the impact of the Agreement models a 0.35% reduction in Gross Value Added (GVA) for the agriculture, forestry, and fishing sector across the UK.
- 4.67. Welsh agriculture sectors may be at risk from any increased tariff free market access. This analysis further shows that UK government modelling has a best estimate of a reduction in gross output of around 1% for beef and no reduction for sheep meat as a result of liberalisation.
- 4.68. The Welsh Government has asked the UK government for a Wales-specific impact assessment for all FTAs and has requested timely access to the UK government's impact assessments outlining the economic impacts for Wales. A better understanding of the cumulative effects of the various trade agreements under consideration by the UK government would allow for a greater degree of analysis and consideration. The Welsh Government has continued to request sight of any cumulative impact modelling the UK government has undertaken but, at present, we are unaware that any such modelling work exists.

Dairy Products

- 4.69. The Agreement offers immediate duty-free tariff rate quotas across a range of dairy products, including butter and cheeses. The TRQ for butter starts at 7,000 tonnes in Year 1 increasing annually to 15,000 tonnes at Year 5 after which point there are no restrictions. For cheese, the TRQ begins at 24,000 tonnes increasing annually to 48,000 tonnes at Year 5 after which point there are no restrictions. Imports of dairy products from New Zealand to date have been limited, however, this trade deal will create a much increased zero tariff TRQs for both butter and cheese, leading to full liberalisation over a 5-year period.

- 4.70. During negotiations, the Welsh Government made calls for market access offers that recognised the risks that large increases in imports could pose to Welsh producers who must meet high animal welfare and environmental standards. The final deal is therefore not reflective of the Welsh Government's views.

Chapter 5 – Sanitary and PhytoSanitary (SPS) including Anti-microbial Resistance

- 4.71. It should be noted that the SPS Chapter in the Agreement exists alongside the established UK-New Zealand Sanitary Agreement, which covers and facilitates trade in animal products. This Chapter therefore focuses on plants, plant products, and processed plant-based foods. The Welsh Government welcomes the provisions made in the Sanitary and PhytoSanitary Standards (SPS) Chapter, while we share many similar objectives with New Zealand in the sphere of SPS, we are pleased to see the Agreement retains the right to regulate our own SPS standards and provisions which allows the UK to determine the equivalence of the measures and standards in place for any products imported from New Zealand. There is also a commitment to ongoing cooperation and collaboration in multilateral fora to develop international standards, guidelines, and recommendations for SPS.
- 4.72. Whilst we welcome the inclusion of provisions for anti-microbial resistance (AMR) within the SPS Chapter, and welcome recognition in the Agreement by both parties of the importance of AMR, there is a lack of ambition in the agreed provisions. The Agreement includes provision for cooperation on this issue rather than firmer and more ambitious commitments to reducing the use of antibiotic agents in animals. AMR is acknowledged as one of the largest threats to public health and the Welsh Government sought firmer commitments to the phasing out of the use of anti-microbial agents for non-medicinal purposes, including use as growth promoters.

Chapter 6 – Animal Welfare

4.73. As Welsh producers must meet some of the highest animal welfare quality standards in the world, the Welsh Government welcomes the commitments agreed in the standalone chapter on Animal Welfare and we share New Zealand’s commitment to improving animal welfare standards as part of international trade objectives.

At the same time, whilst there are similar objectives between the two countries around the approach taken for animal welfare and the commitment for each country to improving and advancing the protection afforded to the welfare of farmed animals in its animal welfare laws and regulations, we welcome the commitment to retaining the right to regulate our own standards as well as commitment to non-derogation of welfare standards.

Trade in Services

Overview

4.74. Trade in services is an important component of overall Welsh trade. Latest estimates of Welsh trade in services show imports and exports of services were valued at £5.3bn and £6.7bn respectively in 2019¹¹. Due to disclosure rules, the value of trade in services is not available for New Zealand; therefore, it is not possible to estimate the value of Welsh trade in services with New Zealand.

Introduction

4.75. The UK-New Zealand free trade agreement (the Agreement) provides Welsh services providers and investors already operating, or considering starting to operate, in the New Zealand market with certainty on market access. There are provisions for people entering New Zealand to deliver services, and their dependents, and a strong focus on environmental and climate change.

4.76. It is important to note that, in order to fully understand the terms of the Agreement, the provisions of the chapters summarised below need to be read in conjunction with exceptions outlined in the annexes; these are:

- Annex I and II: Schedules of Non-conforming Measures for Services and Investment.
- Annex III: Schedules of Non-Conforming Measures for Financial Services.
- Annex 9a: Professional Services and Recognition of Professional Qualifications.
- Annex 9b: Express Delivery Services.
- Annex 9c: International Maritime Services.
- Annex 11a: Cross-Border Trade in Financial Services.
- Annex 13a: Schedule of Commitments for Temporary Entry of Business Persons.
- Annex 14a: Customary International Law.
- Annex 14b: Expropriation.
- Annex 19a: State-Owned Enterprises and Designated Monopolies Threshold Calculation.
- Annex 19b: Process for Developing Information.
- Annex 19c: Further Negotiations.
- Annex 19d: Application to Sub-Central State-Owned Enterprises and Designated Monopolies.
- Annex 31a: Dispute Settlement: Rules of Procedure.
- Annex 31b: Dispute Settlement: Code of Conduct.

Chapter 9 – Cross-Border Trade in Services (CBTS)

- 4.77. The Agreement gives greater certainty and transparency for UK services companies operating in the New Zealand market meaning that Welsh services providers should experience less friction when trading with New Zealand. National Treatment and Most Favoured Nation articles mean that UK service suppliers will not be discriminated against in New Zealand, whilst progressive liberalisation of services trade agreed with other nations will apply to this Agreement.
- 4.78. Market access is also facilitated by stating that service suppliers will not have to establish an office in New Zealand to be able to supply a service from the UK, subject to the provisions set out in the schedules to Annex I and Annex II of the Agreement.
- 4.79. As part of the CBTS Chapter, there are specific commitments on cooperation with developing countries in the trade in services, recognising the role that trade in services can play in economic development and poverty reduction.
- 4.80. This Chapter does not apply to financial services, government procurement, services supplied in the exercise of governmental authority, subsidies or grants and audio-visual services.

Annex 9a: Professional Services and Recognition of Professional Qualifications

- 4.81. The Annex “encourages” parties to establish and operate systems for the recognition of professional qualifications without impacting on the autonomy of regulators’ powers.
- 4.82. The Annex includes endeavouring to identify where a mutual interest exists and, in that case, to set up a dialogue on professional qualifications or facilitation of licensing procedures. The architecture profession is specifically mentioned in this regard.

- 4.83. Legal and architectural services are specifically mentioned. In recognition of the importance of legal services as a standalone profession, professionally qualified and authorised legal professionals are now able to practise as a lawyer to supply services, without having to requalify or be authorised to practise as a domestic lawyer with certain exceptions, which are specified.
- 4.84. In recognition of the importance of legal services in supporting companies to trade, the Annex establishes a Legal Services Regulatory Dialogue to consider requalification, legal training, post qualification supervision, sharing of expertise on business structures and regulatory matters.
- 4.85. A Professional Services Working Group is also established to review and monitor implementation of the Annex, exchange information and consider issues relating to the Annex, reporting to a Subcommittee. This Working Group will meet two years after the date of entry into force of the Agreement.

Annex 9b: Express Delivery Services

- 4.86. This Annex sets out agreed terms on universal service¹² obligations and postal monopoly¹³.

Annex 9c: International Maritime Transport Services

- 4.87. This Annex covers the transport of passengers or cargo by sea and access to ports, and services linked to ports. The benefits of this Chapter only apply to vessels ‘flying the flag’ of each respective Party, furthermore the Annex is subject to obligations within Chapters 9 and 14.

¹² “Universal service” means the permanent supply of a delivery service of specified quality at all points in the territory of a Party at affordable prices for all users.

¹³ “Postal monopoly” means a measure of a Party making a postal operator within the Party’s territory the exclusive supplier of specified collection, transport, and delivery services.

Chapter 10 – Domestic Regulation

- 4.88. The aim of this Chapter is to reduce ‘behind the border’ barriers that can inhibit or prevent services suppliers from trading. The Agreement applies to licensing requirements and procedures and sets out that, if the number of licences is to be limited because of scarcity of natural resources or technical capacity, the selection procedure should provide full guarantees of impartiality and transparency.
- 4.89. The Chapter provides greater certainty around the authorisation procedure for obtaining or amending a licence and builds on the agreed disciplines of the World Trade Organisation (WTO) Joint Initiative on Services Domestic Regulation.
- 4.90. It focusses on procedures for the submission of applications, timeframes, electronic applications, processing of applications, fees, examinations and objective behaviour. It also outlines making information available publicly and provision of enquiry points.

Chapter 11 – Financial Services

- 4.91. Financial services in general, and fintech specifically, are important and growing sectors for Wales, meaning that the greater certainty provided by and the focus on diversity, sustainable finance, innovation and knowledge sharing included in this Agreement are all welcomed. In 2019, Wales’ total trade in financial and insurance activities was valued at £3,613m with imports and exports amounting to £856m (16.1% of total service imports), and £2,757m (41.3% of total service exports) respectively.
- 4.92. The Chapter applies to cross-border trade in financial services and cross-border financial service suppliers and investments. It includes insurance and insurance related services, banking and other financial services (excluding insurance) and services incidental or auxiliary to a service of a financial nature. Government procurement, retirement plans and social security systems, subsidies and grants, and full-time employment are all out of scope of this Chapter. Central bank measures and confidential information including that of individual customers are also excluded from the scope.

- 4.93. The Chapter also includes Prudential Exception, meaning that the parties can adopt measures for prudential reasons which include the maintenance of the safety, soundness, integrity, or financial responsibility of payment, settlement and clearing systems.
- 4.94. Under the terms of this Agreement, financial service providers do not have to use, store or process information in the other Party’s territory as a condition of access to conducting business there. However, this may be waived in the case of protection of personal data, personal privacy and the confidentiality of individual records and accounts.
- 4.95. Nation treatment applies meaning that nationality cannot be a criterion in the selection of financial services suppliers, investors and investments or senior management and boards of directors – unless subject to other parts of the Agreement.
- 4.96. The focus on the importance of building a diverse, gender-balanced, and inclusive financial services industry aligns with the Well-Being of Future Generations Act (WBFGA). The goals of the WBFGA are also relevant to the focus on sustainable finance linked to environmental and climate-related risks and considerations.
- 4.97. The provisions within this Chapter are qualified by Annex III Financial Services Non-Conforming Measures, Annex I and II Cross-Border Trade in Services Non-Conforming Measures and Annex 11a (Cross-Border Trade in Financial Services).
- 4.98. Annex 11a contains the Schedules of the UK and New Zealand. It goes into detail on definitions of technical terms and of what constitutes a financial service in relation to this Agreement.
- 4.99. Chapter 31 – Dispute Settlement applies to this Chapter.

Chapter 12 – Telecommunications

- 4.100. The Chapter recognises that availability of high-quality telecommunications services is an important facilitator of trade. It contains provisions ensuring service suppliers have access to public telecommunications networks and services on reasonable and non-discriminatory terms and conditions and outlines what would constitute anti-competitive practices.
- 4.101. There are also endeavours to cooperate on promoting transparent and reasonable rates for international mobile roaming services to both promote trade and enhance consumer welfare. This includes ensuring information on retail rates is easily accessible to consumers and minimising barriers to the use of mobile roaming and technological alternatives to ensure consumers can access telecommunications services on a device of their choice.
- 4.102. The cross-cutting importance of access to telecommunications networks, infrastructure and technologies is recognised, with parties endeavouring to share information on opportunities and challenges and working together on international forums to promote a shared approach.
- 4.103. The Chapter does not apply to:
- services and editorial control over telecommunications network or services
 - audio-visual services
 - measures relating to broadcast or cable distribution of radio or television programming.

Chapter 13 – Temporary Entry for Business Persons

- 4.104. This Chapter aims to facilitate temporary entry of business persons i.e. those not seeking access to the employment market of a Party, and to ensure a clear and efficient process for application procedures whilst ensuring security and protection of the domestic labour force and employment.
- 4.105. The Chapter includes articles relating to application procedures, conditions on the granting of temporary entry and provision of information.
- 4.106. The Chapter is not subject to Chapter 31 Dispute Settlement unless there is a pattern of practice involved or other administrative procedures¹⁴ have been exhausted.
- 4.107. For further information on definitions and scope of this Chapter, including conditions and limitations for temporary entry and stay and visa processing times, see Annex 13a: Schedule of Commitments for Temporary Entry of Business Persons.
- 4.108. Annex 13a: Schedule of Commitments for Temporary Entry of Business Persons.
- 4.109. The Annex contains details of the types of business persons eligible for temporary entry to the UK and to New Zealand.
- 4.110. Eligible categories of business persons for New Zealand are:
- **Business visitors** undertaking specified activities. They should not be seeking to enter the labour market of the Party and their principal place of business should remain outside the Party concerned. Temporary stay is permitted for a period not exceeding three months (aggregate) in any calendar year.
 - **Intra Corporate Transferees (ICT)** including the entry and temporary stay of any partner and dependent children. The ICT can be an executive, manager or specialist. The initial period of entry is a maximum of 3 years. New Zealand will endeavour to make a decision on eligibility within 15 days.

¹⁴ As laid out in Article 31.2 (Cooperation – Dispute Settlement).

- **Contractual Services Suppliers (CSS)** qualified to tertiary level degree of at least 3 years duration, at least 6 years of experience in a relevant field and the eligible sectors are listed. Remuneration must come from the home country. Entry is allowed for a cumulative period of not more than six months in any 12-month period, or the duration of the contract, whichever is less. The category is subject to an economic needs test.
 - **Installers and Servicers** allowed entry for periods not exceeding three months in any 12-month period.
 - **Independent Professionals** i.e., self-employed business persons with advanced technical or professional skills with a qualification resulting from at least 3 years of formal post-secondary school education leading to a degree or diploma and at least 6 years of experience. Eligible sectors are listed in the Annex. The period of stay is up to a maximum of 12 months and subject to an economic needs test.
 - **Audio-visual services** – the Annex includes a special procedure for granting of visas to entertainers, performing artists, and associated support personnel for work purposes.
- 4.111. For the UK, eligible categories for New Zealand business visitors are:
- **Business visitors** for establishment purposes and short-term business visitors undertaking specified activities. A temporary stay is permitted for both of not more than 90 days in any 12-month period.
 - **Intra Corporate Transferees (ICT) managers, specialists** and includes the entry and temporary stay of any partner and dependent children. The ICT can be a manager or specialist. The period of stay is a maximum of 3 years. New Zealand will endeavour to make a decision on eligibility within 90 days.
- **Contractual Services Suppliers (CSS)** i.e., professionals with at least six years professional experience in the sector of activity of the contract, a university degree and appropriate professional qualifications. To be eligible to enter the UK, CSSs have to be in certain sectors and sub-sectors. Entry is allowed to undertake a service contract of not more than 12 months or for a cumulative period of not more than six months in any 12-month period, or the duration of the contract, whichever is less.

Chapter 14 – Investment

- 4.112. This Chapter aims to encourage the two-way flow of investment between the UK and New Zealand whilst ensuring a stable framework of rules to ensure the protection and security of investor and investment. It does not inhibit either Party from regulating to achieve legitimate public policy objectives such as the protection of public health, safety and the environment.
- 4.113. The Chapter applies to measures adopted or maintained by a Party relating to investors, covered investments¹⁵, and, with respect to Article 14.8 (Performance requirements) and to Article 14.18 (Investment and Environmental, Health, and Other Regulatory Objectives), all investments in the territory of that Party.
- 4.114. It includes National Treatment and Most-Favoured Nation (MFN) provisions; meaning that investors, and investment of both countries, should be treated no less favourably in like situations such as establishment, acquisition operation or sale and that, if the UK or New Zealand provides more generous access for investment from other countries, this will also be extended to New Zealand and UK investors.

¹⁵ See 14.2 Definitions An investment in a Party's territory of an investor of the other Party, made in accordance with the applicable law at the time the investment is made, in existence as of the date of entry into force of this Agreement or established, acquired, or expanded thereafter.

- 4.115. In addition, a Party cannot require a covered investment to appoint senior management or board of directors' positions only from natural persons of a nationality or who are resident in the territory of that Party.
- 4.116. Whilst dispute settlement procedures of this Agreement can be invoked, this is only after the procedures of any other applicable agreement (bilateral, plurilateral or multilateral) have been exhausted.
- 4.117. The Chapter states that both Parties recognise the importance of environmental protection, including respecting climate change mitigation and adaptation. There is a reaffirmation of the importance of corporate social responsibility and encouraging businesses to incorporate internationally recognised standards e.g., the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights into internal policies. These provisions align with the Well-Being of Future Generations Act's well-being goals.
- 4.118. The Chapter should be read in conjunction with:
- Annex I and Annex II Cross-Border Trade in Services and Investment Non-Conforming Measures.
 - Annex 14a: Customary International Law – as a minimum standard for the protection of the investments of aliens.
 - Annex 14b: Expropriation – definitions for direct and indirect expropriation and what usually constitutes legitimate public welfare objectives.
- 4.119. Financial services (see Chapter 11 of this Agreement) are excluded from this Chapter.

Chapter 15 – Digital Trade

- 4.120. The Agreement recognises the economic growth and opportunities provided by digital trade and the importance of adopting frameworks that promote consumer confidence, interoperability of regulation, avoid unnecessary barriers to digital trade and recognise the importance of digital inclusion and commit to participate actively at the WTO and other international fora to promote initiatives for advancing digital inclusion in digital trade.
- 4.121. Recognition of the role played by SMEs, including indigenous New Zealand and female enterprises, is specifically mentioned. In addition, the role of digital in promoting economic development and reducing poverty in developing countries is recognised and supported by endeavouring to strengthen cooperation and to promote the participation of developing countries in digital trade.
- 4.122. Both the UK and NZ agree not to require presence in a country (data localisation) as a condition of market access and agree to prohibit customs duties being imposed on electronic transmissions on cross-border digital trade and will cooperate with international to promote this. The importance of using and maintaining a legal framework for electronic contracts and electronic authentication and making readable government data (so-called 'open government data') available is recognised. Disclosure of source codes and other cryptography will not be a condition of trade.
- 4.123. The Chapter commits to setting up a legal framework focussed on protecting personal information online, including how to pursue a remedy and compliance information for companies.
- 4.124. The Chapter specifically mentions the importance of cooperation on cyber security matters, digital innovation and emerging technologies and endeavours to develop governance and policy frameworks for trusted, safe and responsible use of emerging technologies.

- 4.125. Both Parties agree to review the operation of this Chapter within two years of entry into force of the Agreement – and refer to the Waitangi Tribunal’s Report Wai 2522 dated 19 November 2021.
- 4.126. Audio-visual services and government procurement (with certain exceptions) are excluded from the scope of this Chapter.

Chapter 17 – Intellectual Property

- 4.127. The Agreement lists the international agreements concerning intellectual property (IP), ratified or acceded to by the UK and New Zealand, and affirms existing rights and obligations under the TRIPS Agreement and Public Health measures. It also refers specifically to those areas particularly important for traditional knowledge and cultural expressions.
- 4.128. Patent cooperation and work sharing are mentioned and both Parties will work under the auspices of WIPO¹⁶ to promote a multilateral outcome in this area, affirming the WIPO Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC) as a forum for multilateral cooperation.
- 4.129. Included in the Chapter are provisions on patent cooperation and work sharing. Specific Sections are devoted to:
- **Intellectual Property and issues related to genetic resources, traditional knowledge and traditional cultural expressions** and an assurance to work under the auspices of WIPO.
 - **Trademarks** including electronic trademarks, term of protection, efforts towards harmonisation and domain names.
 - **Geographical Indications (GIs)** included in this Agreement relate to wines, spirits, agricultural products and foodstuffs. Further work is needed on GIs after the Agreement has been signed if there are any substantive changes to the New Zealand geographical indicators regime. A review will take place 2 years after entry into force of the Agreement.
- **Registered designs** including protection of registered designs, duration of protection and relationship to copyright.
 - **Copyright and Related Rights** including rights of authors, performers, producers of phonograms, broadcasting organisations, artist’s resale rights and terms of protection.
 - **Patents** including what constitutes patentable subject matter, exceptions, authorised use and publication of patent applications.
 - **Undisclosed Test or Other Data** including data for agricultural chemical products and pharmaceutical products.
 - **Trade Secrets** including ensuring effective protection against unfair competition, acquisition of consent and compliant disclosure of trade secrets.
 - **Enforcement** including enforcement of border measures and criminal remedies.
 - **Enforcement in the Digital Environment.**
- 4.130. There are cooperation articles on IP on issues relevant to science, technology and innovation activities, including in the areas of clean growth, low-carbon and environmentally beneficial technologies and other climate friendly technologies is specifically mentioned.
- 4.131. There is a commitment to the WTO Declaration on (TRIPS) and Public Health which includes enabling a Party to protect public health, promote access of medicines for all and to take any necessary measures in the case of a national emergency or other circumstances of extreme emergency.
- 4.132. The provisions secured in the Chapter will not impact on the NHS nor on medicine pricing.
- 4.133. Parties commit to establishing a contact point for communication on all matters included in this Chapter and the Chapter sets up an Intellectual Property Working Group with specific functions.

Chapter 19 – State-Owned Enterprises and Designated Monopolies

- 4.134. This Chapter will provide rules aimed at ensuring open and fair competition between commercially orientated state-owned enterprises (SOEs) and private businesses.
- 4.135. The Chapter does not apply to government procurement or audio-visual services.
- 4.136. Aspects of the Chapter do not apply if temporary measures to address national or global emergencies for the duration of that emergency are applied.
- 4.137. The Chapter does not prevent:
- state-owned enterprises undertaking activities for the purpose of resolution of a failing or failed established financial services supplier
 - SOEs providing goods and services for the purposes of carrying out government functions
 - the establishment and maintenance of SOEs
 - designating a monopoly.
- 4.138. The Chapter deals with what constitutes non-discriminatory treatment and commercial considerations and refers to international standards including the OECD Guidelines on Corporate Governance of State-Owned Enterprises. It seeks to ensure the parties do not cause adverse effects on the other Party through its SOEs.
- 4.139. Annex 19b (Process for Developing Information Concerning State-Owned Enterprises and Designated Monopolies) applies in any dispute under the Dispute Settlement Chapter (Chapter 31) regarding compliance with non-discriminatory treatment and non-commercial assistance. Annex 19b deals with the process for developing information concerning state-owned enterprises and designated monopolies in these cases.

4.140. The Chapter commits each Party to make a list of SOEs publicly available via a website and to undertake technical cooperation.

4.141. Annexes relevant to this chapter are:

- Annex 19a: Threshold Calculation.
- Annex 19b: Process for Developing Information Concerning State-Owned Enterprises and Designated Monopolies.
- Annex 19c: Further Negotiations.
- Annex 19d: Application to Sub-central State-Owned Enterprises and Designated Monopolies.

Chapter 24 – Small and Medium-Sized Enterprises

- 4.142. Small and medium-sized enterprises constitute the majority of businesses in both Wales and New Zealand. In 2021, SMEs made up around 99.9% of the total number of private sector businesses, representing 74.0% of private sector employment and 59.3% of private sector turnover¹⁷. This Chapter recognises the fundamental role SMEs play in contribution to economic growth, sustainable development, employment and innovation. Both parties seek to cooperate in promoting SME participation in international trade and global value chains to support growth and job creation.
- 4.143. Both parties commit to establishing a digital medium enabling access to information by the general public and outlines how the Agreement and other relevant information will be presented there.
- 4.144. The Chapter includes provisions on increasing trade and investment opportunities for SMEs and gives examples of how this can be achieved. It also outlines how parties can cooperate to provide promotional activities targeted at SMEs.

¹⁷ [Business population estimates 2021 – GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/business-population-estimates-2021)

4.145. Acknowledging that free trade agreements are complex documents, Article 24.6 on Obligations in the Agreement that benefit SMEs, shows where in the Agreement, SMEs can find provisions of particular relevance and benefit.

4.146. Dispute settlement does not apply to this Chapter.

Chapter 26: Māori Trade and Economic Cooperation

4.147. This Agreement contains a broad set of cooperation outcomes and provisions, recognising the importance of the Māori to New Zealand and the unique relationship with the British Crown as an original signatory of the Treaty of Waitangi.

4.148. Throughout the Agreement, there is a focus on ensuring Māori interests and priorities are reflected in the overall deal e.g. environmental, digital and intellectual property protections and the Treaty of Waitangi exception clause which fulfils New Zealand government obligations to Māori under te Tiriti o Waitangi/ the Treaty of Waitangi.

4.149. The dedicated Māori Trade and Economic Cooperation Chapter provisions are aimed at building on other parts of the Agreement to strengthen trading relationships between the UK and New Zealand, in particular focussing on the importance of well-being and of native and indigenous Māori culture to the economy.

4.150. This strong cultural focus aligns with the principles of the WBFGA which recognises the fundamental importance of language and culture as a driver of societal and economic good and the importance of SMEs to economies. It should be noted that the Chapter specifically applies to the design and implementation of policies and programmes in New Zealand, that protect and promote Māori economic aspirations.

Chapter 28 – Anti-Corruption

4.151. The Chapter applies to measures to prevent and combat bribery and corruption in any matter covered by the Agreement. It reaffirms parties' commitments to international obligations on bribery and corruption.

4.152. Commitments detailed within the Chapter include:

- the criminalisation of bribery, embezzlement or other trade related corruption (shall adopt or maintain legislative and other measures)
- support and protect 'whistleblowing' to its competent authorities
- promoting integrity among Public Officials
- promotion of 'preventing and combatting bribery and corruption in matters affecting international trade or investment and to raise public awareness regarding the existence, causes, and gravity of and the threat posed by that bribery and corruption' to the private sector and civil society.

4.153. The Chapter provides for a high level of openness with respect to new 'laws, regulations, procedures, and administrative rulings of general application' that relate to this Agreement. This includes suitable consultation processes, time frames and commitments for publication in open, machine-readable format where possible. In addition, the Chapter allows for the review and appeal of administrative decrees.

Chapter 31 – Dispute Settlements

4.154. The objective of this Chapter is to provide an effective, efficient and transparent process for the settlement of disputes between the Parties. The Chapter applies to the avoidance or settlement of all disputes between the parties regarding the interpretation or application of the Agreement.

- 4.155. Should a mutually agreed solution not be found, there are Articles outlining the establishment, composition, timeframes and terms of reference for a panel to consider and make an objective assessment of a dispute are included. Articles concerning issues of non-compliance with this assessment and to enable parties to voluntarily, at any time, undertake good offices, conciliation, mediation or reach a mutually agreed solution.
- 4.156. The Chapter refers to adherence to the principles of the Vienna Convention on the Law of Treaties and panel and Appellate Body reports adopted by the Dispute Settlement body of the WTO is made.
- 4.157. Cases of urgency are mentioned for disputes in cases where goods could rapidly lose quality or commercial value with a decision to be made within 15 days in such cases.
- 4.158. Annex 31a: Rules of Procedure and Annex 31b: Code of Conduct for candidates requested to serve as arbitrators, experts and alternative dispute resolution (ADR) services provider also apply to this Chapter.

Annex I Cross-Border Trade in Services (CBTS) and Investment Non-Conforming Measures

- 4.159. This Annex relates to parts of Chapter 9 CBTS and Chapter 14 Investment. It contains the UK's list of non-conforming measures relating to existing policy in the UK.
- 4.160. The Annex lists non-conforming measures relating to:
- **Health, Social, and Education Services** relating to investment requirements when selling or disposing and asset ownership of a state enterprise or existing governmental entity providing health, social or educational services.
 - **Professional services (legal services)** with some restrictions relating to residency (commercial presence).

- **Professional services (intellectual property agents)** – a local presence is required for the provision of intellectual property agency services.
 - **Professional services (veterinary services)** – only members of the Royal College of Veterinary Surgeons may provide veterinary services in the UK. Physical presence may be required to provide such services.
 - **Business services** includes provisions on the rental and leasing of aircraft without crew (dry lease).
 - **Communication services** – restrictions around siting of letter boxes, issuing of postal stamps, provision of registered mail and some additional service and financial obligations.
 - **Transport services and services auxiliary to transport services** to water transport, auxiliary services to rail and road transport and services auxiliary to air transport services. These relate to size of airport, ground handling services, temporary storage of cargo and port services. For road services transport managers may be required to be resident in the UK.
 - **Energy-related services** – mining and quarrying. To be a licensee, a company must have a place of business in the UK. There are additional differences depending on the type of licence. Mining and quarrying services provided to the licence owner are not covered by this measure. Those services may be provided without restriction provided that the holder of the production licence meets the criteria in the Schedule.
- 4.161. New Zealand has a corresponding but not identical Annex. The New Zealand Annex focusses on investment, agriculture including services incidental to agriculture specifically around dairy, marketing of primary products, communications and telecommunications services, air transportation and restrictions on investment including fisheries.

Annex II – Cross Border Trade in Services (CBTS) Non-Conforming Measures

4.162. This Annex relates to parts of the Chapter 9 CBTS and Chapter 14 Investment. It contains the UK's list of policy areas in which it reserves the right to adopt or maintain non-conforming measures.

4.163. The Annex covers national treatment, most-favoured-nation treatment, market access, local presence, performance requirements and senior management and boards of directors. It details what is considered discriminatory and contains a definition of computer and related services.

4.164. The Annex includes non-conforming measures relating to:

- all sectors
- professional services (legal services and auditing services)
- professional services (health related and retail of pharmaceuticals)
- business services (collection agency services and credit reporting services)
- business services (placement services)
- business services (investigation services)
- business services (other business services)
- education services
- health and social services
- recreational, cultural, and sporting services
- transport services and auxiliary transport services
- fishing and water

- energy related services
- other services not included elsewhere.

4.165. New Zealand has a corresponding but not identical Annex which applies to Chapter 9 CBTS and Chapter 14 Investment. The New Zealand Annex outlines New Zealand's right not to conform with the Agreement in respect of future policy development.

4.166. It contains detail on the excluded sectors and includes health and social care, childcare, public education/housing/training/transport/utilities), financial services, a range of heritage services, agriculture, fisheries, cultural heritage of national value, state owned enterprises, air and maritime services, sale of residential property, postal operators, environmental services, professional services, business services and other services including new services.

4.167. New Zealand retains the right to adopt or maintain any measure taken as part of the wider process of economic integration or trade liberalisation between parties to the Australia New Zealand Closer Economic Relations Trade Agreement or the Pacific Agreement on Closer Economic Relations.

4.168. It retains the right to adopt or maintain any measure relating to the supply of a services by the presence of natural persons subject to Chapter 13 of the Agreement and as long as it is not inconsistent with the GATS¹⁸.

Annex III Financial Services Non-Conforming Measures

4.169. More details of the Prudential Exception (11.4) are provided.

4.170. Only firms having their place of business in the UK can act as depositaries of assets of investment funds. Rules on management of common funds, including unit trusts and investment companies, are stated, as is the requirement to adopt a specific legal form for financial services suppliers establishing in the UK.

- 4.171. There is a reciprocal New Zealand Annex. Crop insurance for wheat is specifically mentioned as are measures for the export of kiwifruit. Restrictions on investment into the dairy industry are also included.

Additional Considerations

Chapter 19 – Government Procurement

- 4.172. The Agreement opens up more sectors of New Zealand government procurement for UK businesses than were available previously, whilst also protecting key sectors such as the National Health Service.
- 4.173. By including provisions which will promote the use of digital processes for advertising and applying for government contracts, the Agreement provides an opportunity for Welsh businesses to consider accessing the New Zealand market.
- 4.174. There may be some scope for businesses in Wales to take advantage of the provisions included in the government procurement agreement. In particular, some service businesses may be able to explore some of the opportunities available. The Welsh Government is, overall, satisfied with the provisions that were agreed and was able to ensure that some Welsh interests in procurement were protected during the engagement with the Department for International Trade.
- 4.175. Despite the distance between Wales and New Zealand there may be some potential benefits for Welsh businesses these will, of course, only become apparent when the Agreement is implemented.

Chapter 22 – Environment

- 4.176. This Chapter demonstrates both countries' commitment to ambitious environmental objectives. This includes commitments to tackle climate change, supporting both respective net zero climate goals, the importance of sustainable development and recognising the importance of reducing biodiversity loss. These are all key priorities for Welsh Government, and we welcome this level of ambition in a free trade agreement.
- 4.177. The Chapter includes provisions covering a comprehensive range of environmental issues including: Multilateral Environmental Agreements; Climate Change; Environmental Goods and Services; Fossil Fuel Subsidy Reform and Transition to Clean Energy; Marine Capture Fisheries; Sustainable Agriculture; Sustainable Forest Management; Conservation of Biological Diversity; Resource Efficient and Circular Economy; Ozone Depleting Substances and Hydrofluorocarbons; Air Quality; Protection of the Marine Environment from Ship Pollution and Marine Litter; Voluntary Mechanisms to Enhance Environmental Performance; and Responsible Business Conduct and Corporate Social Responsibility.
- 4.178. The Chapter recognises the right to regulate on environmental policy is retained by each country and affirms both countries' commitment to ensuring that domestic policy should maintain a high level of environmental protection and commits to non-derogation of its environmental laws.
- 4.179. While the Agreement seeks to promote free trade between the UK and New Zealand it recognises that this should not serve to weaken or reduce the protection afforded in either of our respective environmental laws.

- 4.180. The Agreement provides a comprehensive list of environmental goods for which each Party agrees to eliminate customs duties. Promotion of environmental goods and services which support transition to a low carbon economy can contribute to our shared environmental objectives and has potential to bring trade benefits to Wales' producers.
- 4.181. A commitment to the importance of strengthening and implementing policies that contribute to the development of more productive, sustainable, inclusive, and resilient agricultural systems is included in this Chapter. As well as commitments from both sides to seek to promote efforts to reduce greenhouse gas emissions from agricultural production and promote sustainable agriculture and associated trade there are also provisions for cooperation on policies that promote sustainable agriculture.
- 4.182. Both New Zealand and the UK are strong advocates for action on climate change and maintaining commitments to Multilateral Environmental Agreements such as the Paris Agreement and the IPCC. Welsh Government welcomes these provisions and will press the UK government to use this as a precedent for future FTA negotiations.

Chapter 23 – Trade and Labour

- 4.183. This Chapter reaffirms commitments to international standards and labour protections to ensure open and fair competition. Welsh Government is supportive of these measures.
- 4.184. However, New Zealand has only ratified six of the eight core International Labour Organisation (ILO) Conventions, whilst the UK has ratified all 8 of the core ILO conventions. New Zealand's labour law only protects strikes for collective bargaining or health and safety. The ILO convention also protects strikes on economic and social grounds and "secondary strikes," i.e. striking in support of another group of employees on strike. There is currently no minimum age to start working in New Zealand, as long as work does not interfere with school and there are no health or safety hazards. We are awaiting clarification from the UK government on whether or not this gives New Zealand an advantage due to not having to adhere to the same labour standards as the UK.
- 4.185. The parties also commit to not derogate from their labour standards with a view to boosting competitiveness. It contains provisions addressing other areas of trade and labour, including on gender equality in trade and the workplace, tackling modern slavery in supply chains, and promoting quality employment and decent working conditions.
- 4.186. The Chapter includes mechanisms for domestic stakeholders to provide input on the implementation of the Chapter and allows for the use of the dispute settlement mechanism.

Chapter 25 – Trade and Gender Equality

- 4.187. In this Chapter, the UK and New Zealand underline their intention to implement the Agreement in a way that advances women's economic empowerment and promotes gender equality. The Chapter also supports objectives to enable women, including as workers, businesswomen, entrepreneurs and, in the case of New Zealand, wāhine Māori, to benefit from increased engagement in trade and investment.
- 4.188. The Chapter recognises the fundamental role that gender-responsive policies can play in achieving inclusive economic growth and sustainable development. Specifically, New Zealand and the UK commit to addressing barriers that affect women's ability to access the benefits of trade and investment and ensuring that women and men are given equal opportunities to participate in the global economy.

- 4.189. The Agreement sees both sides committing to implementing and enforcing their respective laws, policies, practices and regulations promoting gender equality and to raise public awareness of those laws. They also agree that neither side should waive or derogate from their gender equality laws to encourage trade or investment.
- 4.190. The UK and New Zealand also reaffirm the commitments they have made to implement international agreements promoting women's economic advancement.
- 4.191. Moreover, both parties commit to undertaking cooperative activities on a range of issues such as fostering female entrepreneurship, improving women entrepreneurs' access to government procurement markets, and increasing participation in subjects in which women are underrepresented such as science, technology, engineering, mathematics (STEM), but which are important for export-facing sectors.
- 4.192. There is also a commitment for both sides to analyse and monitor gender-focused statistics related to trade and to undertake gender-focused analysis of trade policies.

Next Steps

- 4.193. It is important to note that the analysis in this report is only an initial review of the text in the Agreement and a consideration of how Welsh businesses may be affected. The Agreement can only be fully assessed once it is implemented, and once Welsh businesses are able to take advantage of any opportunities afforded to them by the Agreement. We will continue to speak to businesses over time to understand if, and how, they utilise new trade deals. We will also work to ensure that businesses are aware of new trade agreements and how they can be utilised.
- 4.194. In addition, should the Agreement have a negative impact, such as unfair subsidies made by New Zealand to help their businesses, or through a particularly high volume of imported goods, it is important that Welsh businesses report, and escalate, any concerns to relevant trade bodies and authorities. We will continue to monitor any adverse impacts through contact with businesses.

Annex 1 – Economic Analysis

Section 1: Introduction

Most of the results reported within this analysis are derived from Computable General Equilibrium (CGE) modelling undertaken by the Department for International Trade (DIT). This type of modelling is appropriate when there is a significant change in trade policy and an assessment of the impacts on the whole economy is needed. The model considers linkages between domestic markets within each economy and provides impacts at a sectoral and aggregate level. It also considers the knock-on consequences to trade flows of third parties, reflecting trade creation and trade diversion effects, as well as the allocation of resources within an economy.

CGE analysis can provide a useful indication of the potential magnitude of economic impacts resulting from policy changes. CGE results should not, however, be treated as a forecast or prediction of the future. In addition, the estimates produced from the modelling show the difference between a UK-New Zealand FTA and no agreement in place over the long term – they do not account for any other impacts that might affect economic performance.

In addition to this, other modelling approaches are also used, including partial equilibrium modelling focussed on assessing the impact of the trade agreement on agri-food sectors. This type of modelling benefits from greater disaggregation and is more specific to the market under consideration, however unlike CGE, it fails to consider the linkages between agri-food sectors and the rest of the economy.

The results are presented in 2019 prices; however, DIT has also applied these results to its projections for trade growth to provide estimates that incorporate the projected growth in trade by 2035, irrespective of the trade agreement.

Given there is currently limited economic modelling capability for Wales of the type used for this assessment¹⁹, the Welsh Government has been unable to conduct or commission CGE modelling of the final deal and its direct impact on Wales for this report. However, if this capability was available to us, it is unlikely the outputs would vary significantly from those produced at the UK level - although it is possible that additional sensitivity analysis would be undertaken. We also believe the results should be presented within a wider context, whereby the potential benefits associated with a UK-New Zealand FTA are compared with the losses from the UK's exit from the EU.

To this end, DIT's CGE analysis for the UK, from which there are some limited results on the high-level impacts on Wales, can be drawn upon. At the more detailed level, the impacts on Wales can be inferred by considering what portion of the net benefits estimated for the UK could be attributed to Wales.

In order to provide the necessary context, it is important to note that UK government's analysis presents the impacts of a UK-New Zealand FTA compared to a scenario whereby the UK has no trade agreement with New Zealand. Central estimates are presented together with sensitivity analysis which aim to reflect the uncertainty associated with estimating the long-term impact of the Agreement.

¹⁹ Economic modelling for Wales poses a number of challenges. Most of these are related to data availability. There are some improvements in train here, led by both the ONS and the Welsh Government (including the experimental Trade Survey for Wales). However, the close integration of the economy in Wales with the wider UK means that modelling of the economy in Wales would probably need to be "nested" in a wider model of the UK. This kind of modelling would be relatively novel and unlikely to deliver robust results in the near term.

As shown by the UK government's own economic modelling, securing FTAs with third countries will do little to compensate for the loss of access to EU market, increasing UK GDP by less than 1% compared to a loss of up to 10% had the UK failed to reach a deal with the EU. In simple terms, this would leave the Welsh economy worse off over the long term (15 years). Whilst the UK-New Zealand FTA is a welcome step for facilitating increased trade between Wales and New Zealand, the evidence is clear that the impact of this Agreement is minimal when compared with the loss of access to the EU market, of which Wales' goods exports are particularly reliant on. Having said that, even a small percentage change in GDP is equivalent to a considerable amount in £ terms and could be of substantial benefit to the relatively small number of Welsh importers and exporters that trade with New Zealand.

Section 2: What will be the effect on economic well-being?

Benefits of trade

Countries engage in trade because it is mutually beneficial and can lead to several benefits to businesses, consumers and the wider economy. Businesses gain from greater revenue and profit which can lead to more investment, productivity and innovation. Consumers gain from greater choice in the variety and quality of goods and services, potentially lower prices through increased competition, higher real wages and living standards. Trade allows countries to allocate their resources to activities in which they are more productive. Increasing openness through trade is also found to have a dynamic benefit in that it drives increased domestic productivity through greater competition and contestability. The complexity in capturing this through economic modelling may therefore lead to an underestimation of the benefits of trade.

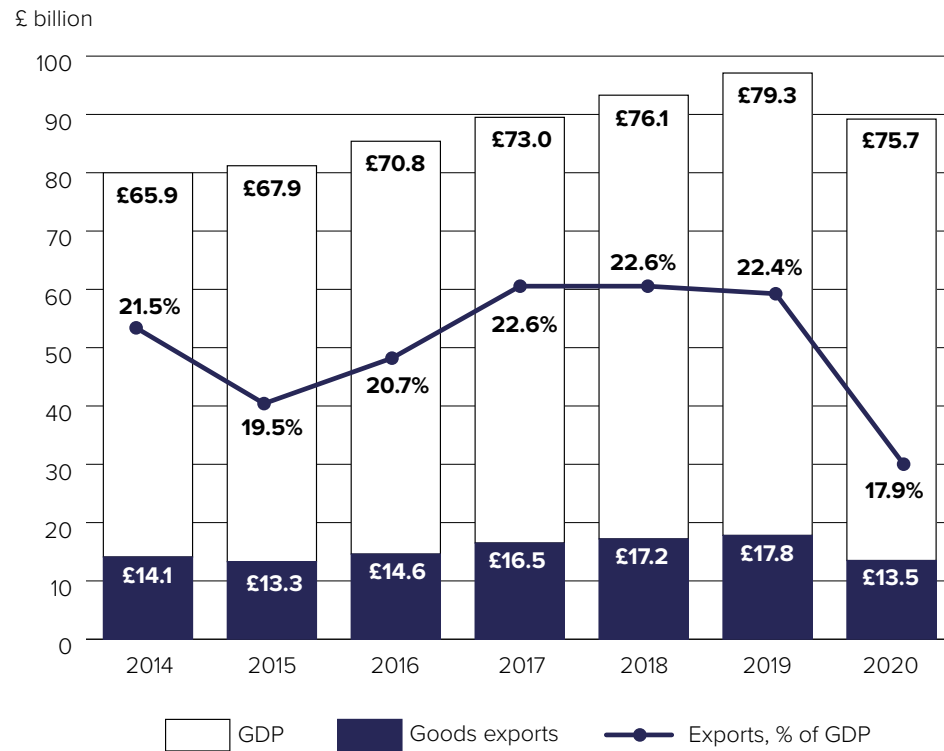
Domestic policies may reduce trade flows between countries and the associated benefits. The most common policy measures are tariffs, tariff rate quotas (TRQs) and subsidies, but can also include complex regulations (for example, health and safety, packaging, labelling and product regulations) and customs procedures. These restrict free trade, which distorts the market price, lowering competition and reducing choice for consumers.

Given the benefits of free trade, liberalisation generally has a positive impact on GDP and citizens' welfare. However, changes in the pattern of trade does lead to some sectors expanding and some sectors declining in response to increased international competition.

Wales as a trading nation

Trade is a vital part of ensuring the prosperity of Welsh people through fuelling the economy, generating jobs and providing choice for consumers at the most competitive prices. In 2019 (the last stable year of data), goods exports make up a considerable part of the Welsh economy, equivalent to nearly 23% of Welsh GDP²⁰.

²⁰ Despite 2020 data being available, 2019 is used here to avoid over-interpreting the impact of the Covid-19 pandemic on Wales' trading performance.

Chart 1 – Wales' goods exports as % of GDP

Source: WG analysis of ONS and HMRC RTS

International exports provide an important market for Welsh firms, and imports provide inputs to businesses and goods for consumers, usually keeping prices down and increasing choice. In 2019, Welsh goods exports were £17.8bn and service exports were £6.7bn. During this time, 61% of goods exports and 32% of services exports went to the EU. However, since then trade has been impacted by both the end of the EU transition period and the Covid-19 pandemic, meaning that in the year ending December 2021, Welsh goods exports had fallen to £15.2bn²¹.

Between 2016 and 2020²², goods exports have on average, consistently accounted for a higher proportion of GDP for Wales than any other part of the UK. This suggests Wales may be more exposed to economic shocks from changes in trading relationships than elsewhere in the UK.

Table 1 – Goods exports as % of GDP for UK countries (5-year average)

Devolved Government	Goods exports as % of GDP (2016-20 average)
Wales	21.2%
Scotland	18.0%
Northern Ireland	17.8%

Source: WG analysis of ONS and HMRC RTS

21 The recovery path of Wales' trade remains uncertain, and is dependent on a number of external factors including global supply chain issues.

22 2020 is the latest available data for Wales' GDP

Latest data for the year ending December 2021 shows the majority (around 60%) of Wales' goods exports continue to be destined for the EU market, the second highest of all UK nations, behind Northern Ireland which shares a land border with the EU. Wales' dependence on the EU market reflects how deeply embedded within EU supply chains Welsh businesses are, indicating that a trade agreement with New Zealand is likely to have only a minimal impact on Wales' overall exporting performance.

Table 2 – Goods exports to the EU by UK nation (£bn and %)

	Goods Exports to EU (£bn)		EU exports as % of all international goods exports	
	2019	2021	2019	2021
Wales	£10.8 bn	£9.1 bn	60.6%	59.8%
Northern Ireland	£5.4 bn	£4.9 bn	59.1%	63.0%
Scotland	£16.7 bn	£14.5 bn	49.6%	53.8%

Source: HMRC Regional Trade in Goods

Analysis of Wales' comparative advantage in goods, suggests Wales' top exporting strengths lie within 'Transport equipment', 'Power generating machinery & equipment', and 'Iron & steel'. In comparison, New Zealand is found to have a specialisation in 'semi-processed foods' and 'agriculture'²³. Despite there being differences across key areas of specialisation for both countries, lack of detailed product level data means we are unable to identify whether the specific products produced by each country are economically complementary or not.

Analysis by DIT²⁴ estimates that in 2016, around 196,000 FTE jobs in Wales were supported by exports of both goods and services, equivalent to around 6.3% of all jobs. Of all the UK nations and regions, Wales was found to have the lowest proportion of its jobs supported by total exports, slightly below the North-East and Northern Ireland. Given the strong contribution of goods exports to Wales' economy (as earlier highlighted), this suggests that the contribution of services exports to Wales' economy lags behind relative to other parts of the UK. In addition, we believe this disparity between the contribution of exports to GDP versus how many jobs are supported by exports in Wales could be driven by a few high value industries including (but not limited to) the petroleum industry which, despite being high value in terms of exports for Wales, supports only a very small number of direct jobs within Wales.

DIT's analysis estimated that around 3.0% of the UK's jobs supported by exports were within Wales. In 2016, the top three sectors where the most jobs were directly supported by exports in Wales were: security and investigation activities (13,000), accommodation and food service activities (9,000), and retail trade (8,000). Jobs in Wales indirectly supported by exports were primarily found within security and investigation activities (7,000 jobs), and retail trade (5,000 jobs).²⁵

23 DIT calculations (2020)

24 DIT, [Estimating the relationship between exports and the labour market in the UK](#)

25 [Number of regional jobs linked to EU exports – GOV.UK \(www.gov.uk\)](#)

Section 3: Trade between Wales and New Zealand

Evidence shows that support for an FTA with New Zealand may be highest in Wales of all the UK nations, with 72% of the relatively limited respondents in Wales included in the survey, saying that they would support a FTA with New Zealand), according to wave 4 of DIT's [Public Attitude to Trade Tracker](#).²⁶ Of these respondents, 3% of respondents in Wales opposed, which was the lowest out of the UK nations alongside Northern Ireland. The top three considerations Welsh respondents thought that the UK government should give the highest priority to when negotiating an FTA with New Zealand were: protecting UK farmers (30%); maintaining environmental standards in the UK (28%); and maintaining current UK food standards (26%).

Table 3 – Welsh respondents' views on priorities for FTA with New Zealand

Top priorities	Lowest priorities
1. Protecting UK farmers (30%)	1. Protecting human rights in New Zealand (41%)
2. Maintaining environmental standards in the UK (28%)	2. Ensuring that people in the UK and New Zealand have the same rights to live and work in each other's countries (32%)
3. Maintaining current UK food standards (26%)	3. Promoting investment in each other's countries (26%)

Source: DIT Public Attitudes to Trade Tracker (Wave 4) based on a weighted sample size of 294

Respondents from the other UK nations agreed with at least one of Wales' top priorities, where England and Scotland thought that creating new jobs in the UK overall and protecting existing jobs in the UK overall and creating new ones were also important. Northern Ireland thought that protecting public services like the BBC and NHS was also important. The other UK nations also agreed with Wales in all their lowest priorities.

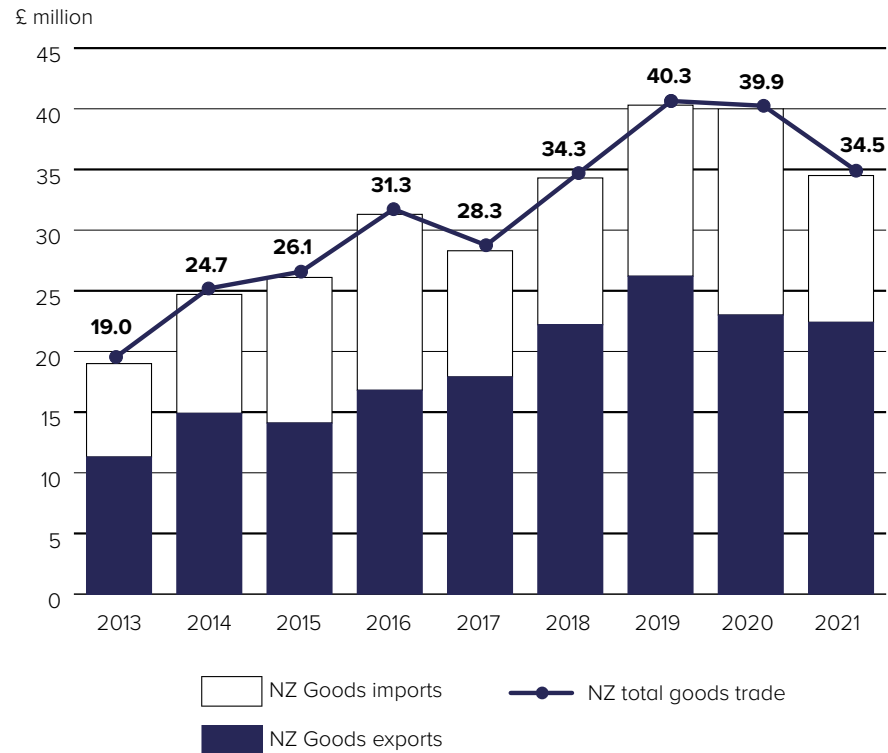
Trade in Goods

- Latest figures for the year ending December 2021²⁷, show the value of goods trade to be £34.5m, of which imports and exports were worth £12.1m and £22.4m respectively.
- This latest data shows New Zealand was the 48th largest export market for Wales accounting for around 0.1% of Welsh goods exports, and the 63rd largest import market with around 0.1% of Wales' total goods imports coming from New Zealand.
- In 2021, of the 2,053 Welsh businesses that exported goods to **non-EU countries**, around 222 send goods to New Zealand. Around 68 of the 7,610 Welsh businesses that imported goods from **non-EU countries** did so from New Zealand²⁸.

²⁶ It is important to note that the sample size for Wales is relatively low (294), therefore these findings should be interpreted as indicative, rather than representative of the views of the people of Wales.

²⁷ From 31 December 2020, the way HMRC collects trade in goods statistics changed, resulting in a break in the time series for published UK to EU export statistics from January 2021. This affects the final three months of the latest annual data, and therefore **historic comparisons should be treated with caution**. More detailed notes of these effects can be read in the [HMRC Commentary](#) on these statistics.

²⁸ Due to changes in the way EU trade data is collected, statistics on the number of Welsh businesses trading with the EU is not currently available beyond 2020.

Chart 2 – Trade in goods between Wales and New Zealand (£m)

Source: HMRC RTS

The following tables provide the top 5 imports and exports goods sectors, averaged over three years to reduce the impact of trade volatility:

Table 4 – Wales' top 5 goods export sectors over the last three years (2019-2021)

Goods Exports to New Zealand (2019-21 average)	Value	% of total goods exports to New Zealand
1. Non-metallic mineral manufactures n.e.s.	£4.9m	20.8%
2. Road vehicles (including air cushion vehicles)	£4.0m	16.6%
3. Professional, scientific & controlling ins & app n.e.s.	£2.3m	9.5%
4. Ele machinery, app & appliances & ele pt thereof n.e.s.	£1.3m	5.4%
5. Medicinal & pharmaceutical products	£1.2m	5.1%

Source: HMRC RTS

Table 5 – Wales’ top 5 goods import sectors over the last three years (2019-2021)

Goods Imports from New Zealand (2019-21 average)	Value	% of total goods imports from New Zealand
1. Beverages	£4.2m	29.3%
2. Sugar, sugar preparations & honey	£3.6m	25.3%
3. Power generating machinery & equipment	£2.0m	14.1%
4. Meat & meat preparations	£1.3m	9.1%
5. Cork & wood	£0.6m	4.2%

Source: HMRC RTS

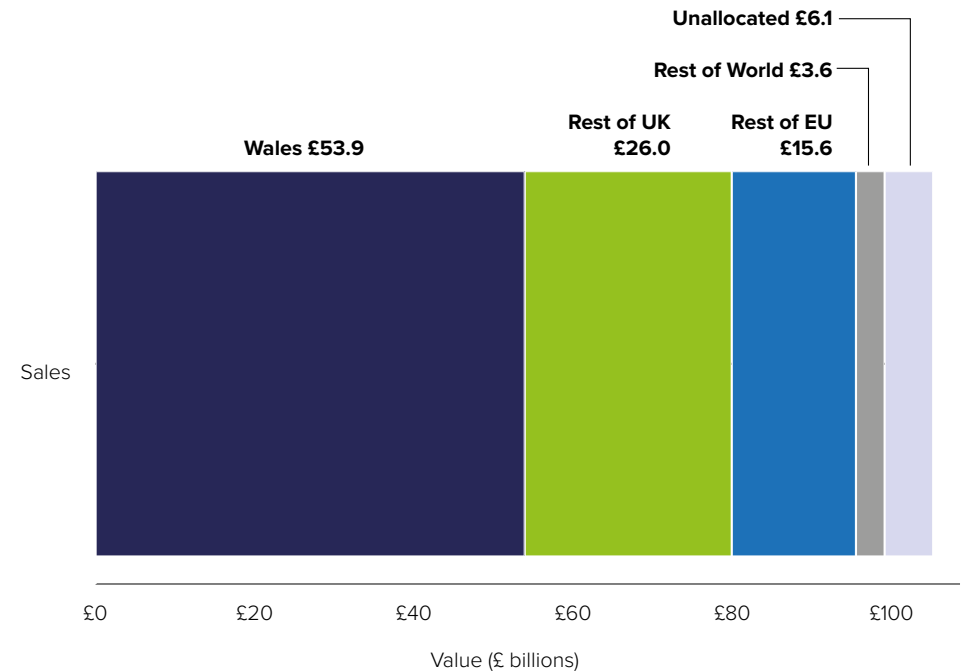
Trade in Services

Experimental statistics are produced by the Office for National Statistics (ONS) which provide regional estimates of services imports and exports, for which the latest data available is 2019. This is provided for broad functional category (e.g. financial services), with some information provided on the destination/country of origin of these imports and exports. Due to disclosure rules, the value of trade is not available for New Zealand, therefore it is not currently possible to determine the value of Wales’ services trade with New Zealand.

Indirect trade through other parts of the UK

In addition to the direct impact on Welsh businesses, there will also be indirect impacts through supply chains. Given the close proximity to the border with England, the Welsh economy is deeply embedded within the wider UK economy and plays a key part in UK supply chains. Latest experimental estimates from our [Trade Survey for Wales](#) indicate that nearly 25% (£26.0bn) of the value of all sales from businesses in Wales went to the rest of the UK in 2019, of which nearly 80% (£20.7bn) of these sales were to England. This suggests Wales could also be exposed to impacts which are not captured by the CGE results, given the cross-border nature of our supply chains.

Figure 1 – Total Welsh Sales by destination, £bn (2019)



Source: Trade Survey for Wales, 2019 (TSW)

This also reinforces the trade gravity theory that suggests countries trade with partners who are geographically closest to them and highlights the relatively limited impact securing a free trade agreement with such a geographically distant country such as New Zealand can truly have on Wales' economy.

Section 4: Computable General Equilibrium (CGE) modelling results

The scale of the macroeconomic and sectoral impacts is estimated using Computable General Equilibrium (CGE) modelling undertaken by the Department for International Trade. Further details on the methodology can be found in the annexes included within DIT's impact assessment available [here](#).

It should be noted that, due to technical developments in the economic modelling used, the results presented within DIT's impact assessment are not comparable with those presented within its 2020 scoping assessment. These changes are largely due to the implementation of recommendations from DIT's modelling review panel, further details of which can be found on page 27 of DIT's impact assessment. In addition, these results are not comparable with those presented within the impact assessment for the UK-Japan CEPA published in 2020 but are comparable with the UK-Australia FTA impact assessment published in 2021. Lack of comparability between the assessments published by DIT makes it difficult to assess the estimated impacts of each FTA relative to others. It is also a barrier in understanding the cumulative impacts of the various FTAs the UK government are in the process of negotiating. The Welsh Government continues to make the case to UK government for the need to model the cumulative impacts of FTAs, but at present we are not aware that any such modelling has been undertaken.

Section 5: UK, Wales and New Zealand Macroeconomic impacts

Table 6 – Summary of estimated long-run²⁹ macroeconomic impacts of UK-New Zealand FTA compared to baseline

Impact	Metric	Percentage change on baseline	£ change on baseline (compared to 2035 in 2019 prices)	£ change on baseline (compared to 2019 in 2019 prices)
GDP	Change in GDP	0.03%	£0.8bn	£0.6bn
Trade	Change in UK exports to New Zealand	39.7%	£0.7bn	£0.6bn
	Change in UK imports from New Zealand	76.4%	£1.0bn	£0.9bn
	Change in total UK exports	0.1%	£0.7bn	£0.7bn
	Change in total UK imports	0.08%	£0.6bn	£0.5bn
Real Wages	Change in real wages	0.03%	Not available	£0.2bn

Source: DIT modelling (2021)

²⁹ The long run is generally assumed to mean 15 years from implementation of the agreement.

The macroeconomic impacts for the UK and New Zealand estimated using the CGE model are summarised in Table 6. The impacts indicate that a combination of increased competitiveness of exports, increased competition from firms and price changes are expected to drive productivity gains in the UK and New Zealand. These can, in turn, lead to an expected long run increase in GDP, wages and trade compared to the baseline. While the analysis draws on robust evidence and the best tools available for this type of analysis, there is inherent uncertainty in the results meaning they should be interpreted with caution and not considered economic forecasts for the UK economy.

The static nature of the approach used for this analysis means that the results are intended to reflect the long-term static impact of an FTA after 15 years but fails to capture the full range of dynamic impacts of the trade agreement. This means that these results tell us very little about the short-term impacts and should therefore be considered alongside other relevant evidence. The CGE central estimates produced do not capture the forecasted growth in UK trade as outlined in [DIT's Global Trade Outlook](#), therefore, the results have also been applied to the expected growth figures for 2035 to provide fuller analysis of the expected impacts of a UK-New Zealand FTA (these estimates are also included in Table 6).

Given the complexity of producing robust estimates at lower levels of aggregation, CGE modelling results have only been provided at the Wales level showing the estimated change to Gross Value Added (GVA) compared to the baseline. These results have been produced by apportioning the UK level results to each UK nation based on current output (GVA) and where necessary employment shares of sectors within each nation and region of the UK.

Table 7 – Estimated long run Impacts of UK-New Zealand FTA on Wales

Estimated impact on Welsh GVA % (£m)	
CENTRAL ESTIMATES	SENSITIVITY ANALYSIS ESTIMATES
0.02% (£16m)	0.02% (£16m)

Source: DIT modelling and calculations (2021)

Based upon the pattern of estimated sectoral GVA changes, the results suggest that the UK-New Zealand FTA could increase GVA in all nations and regions of the UK based on central estimates³⁰, with the estimated long run impact on Wales' GVA found to be around 0.02%. Wales is expected to see one of the smallest percentage increases in GVA of all the UK nations, only ahead of Northern Ireland (0.01%). There are, however, some regions of the UK that are expected to see a larger benefit from an FTA with New Zealand – these include London, the North-East and West, the South-East and the West Midlands, all by 0.03%.

DIT has also provided the associated monetary value of such an increase in GVA. This is intended to provide an indicative order of magnitude, based on nominal levels of GVA in 2019, which for Wales would be a gain of around £16m. Given the limitations associated with this approach and the overall uncertainty, these should be interpreted with caution and as indicative magnitudes rather than precise estimates or forecasts.

³⁰ Under the sensitivity analysis scenario, Northern Ireland is expected to face a small negative impact.

Table 8 – Indicative change in regional value added, long run % and value changes, 2019 current prices

Nations and Regions	Main scenario	
	% Change in GVA	Change in GVA £ million, 2019
East of England	0.02%	36
East of Midlands	0.02%	22
London	0.03%	131
North East	0.03%	17
North West	0.03%	54
South East	0.03%	85
South West	0.02%	35
West Midlands	0.03%	47
Yorkshire and the Humber	0.02%	23
Northern Ireland	0.01%	3
Scotland	0.02%	33
Wales	0.02%	16

Source: DIT calculations (2021) based on 2019 data.

The results presented above reflect the central estimates produced, however, given the high degree of uncertainty associated with the results presented, sensitivity analysis has also been undertaken. At the regional level, this sensitivity analysis involves adjusting the apportioned sectoral impacts using location quotients in order to account for local spending multipliers. The method is described further in [Section 7 of DIT's impact assessment](#). For Wales, the results for the sensitivity scenario were broadly comparable with the central estimate.

Whilst CGE modelling is considered the best approach for estimating the long run impacts of a trade agreement with New Zealand, it is important that the outputs from such modelling are interpreted within the context of the limitations of the approach. In addition to the general limitations of CGE modelling outlined within DIT's CGE modelling annex, the Wales level results are also subject to the following limitations:

- fail to explicitly consider the varying trade patterns of individual sectors across each part of the UK
- assumes the long-term structures of Wales' economy is consistent with GVA and employment data from 2019
- assumes that the sector GVA shock is the same for Wales as it is for the UK as a whole i.e. the CGE model provides only a UK-wide sectoral shock
- does not give any insight into how Wales' economy adjusts to a new long-term equilibrium
- it is based on sector results and location quotients at a highly aggregate level. It therefore does not fully reflect differences in patterns of production across nations and regions of the UK
- fails to explicitly account for impacts arising from the protocol on Ireland/Northern Ireland.

Section 6: Sector Impacts

The economy of each nation of the UK is made up of a different composition of sectors; therefore, there are likely to be differences in how each one is affected by trade agreements – particularly in terms of output and employment. For example, agriculture makes a larger contribution to Wales' economy compared with the UK economy, therefore the negative impact estimated for this sector's £m GVA is likely to be disproportionately felt in Wales compared to other parts of the UK. Not only this, but as more trade agreements are signed, there is likely to be a cumulative impact on the Welsh economy – particularly in relation to sectors where the partner country has a competitive advantage. For Wales, the agriculture and semi-processed foods sectors are shown to be particularly affected by the Agreement, as outlined on pages 18-20.

Whilst no CGE estimates are available showing the sectoral impacts for Wales, this information is available at the UK level and can be used to infer the broad magnitude of impacts for Wales. Table 9 outlines the estimates by sector at the UK level.

Table 9 – Changes in UK outputs (GVA, long run % change and sector share); detailed sector impacts

Sector	Distribution of SMEs	Change in sector share of total UK GVA (percentage point)	GVA £m change
Agriculture, forestry and fishing	2.60%	0.00%	-48
Beverages and tobacco products	0.24%	0.00%	3
Other processed foods	0.72%	0.00%	13
Semi-processed foods	0.36%	0.00%	-97
Chemical, rubber, plastic products	0.36%	0.00%	18
Energy	0.52%	0.00%	13
Manufacture of electronic equipment	0.12%	0.00%	20
Manufactures	0.48%	0.00%	25
Manufacture of motor vehicles	0.12%	0.00%	43
Manufacture of machinery and equipment	0.84%	0.00%	46
Manufacture of other transport equipment	0.60%	0.00%	14
Manufacturing n.e.c	0.24%	0.00%	7
Paper and printing products	1.30%	0.00%	5
Textiles and wearing apparel	0.36%	0.00%	15
Business services	22.69%	0.00%	77
Communications	1.06%	0.00%	32
Construction	16.61%	0.00%	48
Financial services	1.02%	0.00%	29
Insurance	0.51%	0.00%	8
Other services (transport, water, dwellings)	8.74%	0.00%	82
Personal services	9.39%	0.00%	23
Public services	16.11%	0.00%	82
Wholesale and Retail Trade	15.00%	0.00%	105

Source: BEIS PBE & DIT modelling (2021)

Tariff Reductions

Reductions in tariffs on goods traded between the UK and New Zealand are likely to boost the flow of trade between both countries, both by increasing the value of trade from experienced traders and encouraging new exporters to trade with New Zealand. The modelling estimates a 39.7% (equivalent to between £0.6bn – £0.7bn) increase in UK exports to New Zealand and a 76.4% (equivalent to between £0.9bn – £1.0bn) increase in UK imports from New Zealand. This is compared to a baseline where the UK does not have a trade agreement with New Zealand.

Whilst it is not possible to estimate the increase in trade between Wales and New Zealand, Wales does account for around 3% of the UK's total goods exports to New Zealand and 1% of the UK's total goods imports from New Zealand. Additional analysis indicates that Wales reaps less of the tariff reduction compared to its share of imports (1% long term tariff reduction on imports compared to a 2% proportion share of imports). This is most likely due to the fact that the goods Wales specialises in importing from New Zealand are already facing low tariffs. For exports however, Wales does claim its full share of the tariff reductions (3% long term reduction on exports compared to a 3% proportion share of exports).

Table 10 – Shares of potential tariff reductions on UK exports to New Zealand, by nations and regions of the UK

Regions	Proportion of goods exports to New Zealand, %	Proportion of tariff reduction affecting each nation and region in the long-term, %
West Midlands	16%	17%
South East	13%	12%
North West	10%	12%
East	11%	11%
East Midlands	11%	10%
London	8%	8%
Yorkshire and the Humber	8%	8%
South West	6%	6%
North East	5%	5%
Scotland	6%	4%
Northern Ireland	3%	3%
Wales	3%	3%

Source: DIT modelling (2021)

Table 11 – Shares of potential tariff reductions on UK imports from New Zealand, by nations and regions of the UK

Regions	Proportion of goods imports from New Zealand, %	Proportion of tariff reductions affecting each nation and region in the long-term, %
London	28%	23%
South East	18%	16%
East	14%	10%
North West	7%	13%
East Midlands	7%	9%
West Midlands	6%	3%
South West	6%	9%
Yorkshire and the Humber	6%	4%
Scotland	4%	5%
North East	2%	4%
Wales	1%	2%
Northern Ireland	1%	2%

Source: DIT modelling (2020)

Section 7: Consumer impacts

The UK-New Zealand FTA is the first UK trade agreement to have a chapter dedicated to consumer protection, which commits to ensuring consumers benefit from trade, quality is maintained, and protection against fraudulent and misleading practices.

The provisions set out in the Agreement aim to benefit UK consumers through increased consumer choice, better product quality and potentially lower prices for imported products. However, the extent to which consumers will benefit from tariff reductions will depend on the rate at which those savings in terms of lower import costs will be passed onto the end consumer. Given variations in spending patterns across the UK, it is expected that some households will benefit more than others.

Table 12 shows the proportion of an average households' weekly expenditure that is spent on imports of different types of good by combining UK household expenditure survey data with UK Input-Output Analytical Tables (IOATs)³¹. Overall households across the UK have a broadly similar demand for imported goods. Welsh households on average spend 32.1% of their weekly household spending on imported goods- marginally more than English households but slightly less than Scottish and Northern Irish households.

For the UK as a whole, the estimated national annual tariff reduction is estimated to be £37.9m in the long term. The majority of the tariff reductions are estimated to be within 'Alcoholic beverages, tobacco and narcotics' at £26.8m, followed by 'Food and non-alcoholic beverages' at £9.9m, 'Clothing and footwear' at £0.3m and 'Recreation and culture' at £0.3m over the long term. Compared with the UK average, Welsh households spend a slightly higher proportion of their total weekly household expenditure on consumer goods within three of these four sectors. This suggests Welsh households may benefit marginally more than the average UK household as a result of the tariff reductions in these sectors.

Table 12 – Comparison of potential tariff reductions from a UK-New Zealand Agreement to average UK household weekly expenditure by nation

Type of Consumer Good	Estimated long run national annual tariff reductions, £ million	Estimated proportion of total weekly household spend owing to imports, %				
		UK	England	Wales	Scotland	Northern Ireland
All expenditure groups	37.9	31.5%	31.3%	32.1%	32.8%	33.9%
Alcoholic beverages, tobacco and narcotics	26.8	1.8%	1.7%	1.9%	2.4%	2.4%
Food and non-alcoholic beverages	9.9	7.0%	6.9%	7.2%	7.3%	8.5%
Recreation and culture	0.3	3.5%	3.5%	3.9%	3.5%	2.8%
Clothing and footwear	0.3	2.8%	2.7%	2.7%	3.2%	4.1%

Source: DIT analysis (2021), UK input-output analytical tables, ONS (2019) and Living Costs and Food Survey (LCF), ONS (2019)

Section 8: Business Impacts

New Zealand is a relatively important trading partner for businesses in Wales. In 2021, of the 2,053 Welsh businesses that exported goods to **non-EU countries**, 222 (10.8%) exported goods to New Zealand, in comparison to around 7,625 (9.8%) UK businesses. This indicates that Welsh businesses are slightly more reliant on New Zealand as an export partner than the UK as a whole; hence Welsh businesses could benefit more from the new Agreement. These existing exporters are expected to benefit from tariff liberalisation as well as reductions in non-tariff measures secured within the Agreement. By expanding their exports further, businesses in Wales can benefit from economies of scale which lower their operating costs, increase turnover and raise profitability. This in turn can attract investment and support further expansion, with investment estimated to be worth £70m in the long run. Sectors that are most likely to see the benefits of tariff reductions are transport machinery & equipment, foodstuffs and beverages, and tobacco sectors. Given Wales' overall exporting strength within these sectors, particularly transport machinery & equipment, such reductions in tariffs could present new exporting opportunities for businesses in Wales.

In addition, around 68 (0.9%) of the 7,610 Welsh businesses that imported goods from **non-EU countries** did so from New Zealand in 2021, in comparison to around 1,926 UK businesses (1.3%). This suggests that Welsh businesses are slightly less reliant on New Zealand as an import partner than UK businesses as a whole. These businesses may benefit from increased access to cheaper and more variety of inputs, alongside increased innovation, jobs, and expansion as a result of increased competition. Estimated tariff reductions on imports from New Zealand are estimated to be around £39.7m in the long run, benefiting those businesses who use goods from New Zealand as inputs in their production process.

Small and Medium Enterprises (SMEs)

Small and Medium Enterprises (SMEs) represent a key component of the Welsh economy; in 2021 these made up around 99.9% of the total number of private sector businesses, representing 74.0% of private sector employment and 59.3% of private sector turnover³². SMEs make up a larger proportion of these components in Wales compared with the UK as a whole. This indicates that Wales is slightly less reliant on larger businesses for private sector turnover and is more reliant on SMEs for employment, than the UK. In addition, latest data from **BEIS' Longitudinal Small Business survey** shows that in 2020, Wales had the lowest proportion of exporting SMEs across the UK with some 17% exporting goods or services compared to a UK average of 19%. This difference is found to be driven by exports of services, with a much smaller proportion of SMEs in Wales exporting services than the UK average. The proportion of Welsh SMEs exporting goods is similar to the UK average.

SMEs generally operate at a small scale and therefore tend to face higher trading costs relative to output. This means that they can be disproportionately affected by trade barriers. This would help explain why SMEs tend to display a lower propensity to export relative to larger firms. Provisions aimed at improving trade facilitation for SMEs could help reduce the costs that these businesses face and thereby positively impact their propensity to export.

SMEs have reported issues relating to limited information about how foreign markets work, difficulties in accessing export-distribution channels and in contacting overseas customers. In addition, SMEs reported costly product standards and certification procedures, and a lack of information about requirements in the foreign country as barriers to trade. Within the Agreement is commitment to share information and cooperate efficiently that aids SMEs ability to take advantage of the terms of the Agreement.

32 [Business population estimates, 2021 \(BEIS\)](#)

As outlined in Table 13 below, it is estimated that the vast majority of the UK's SMEs are within sectors that will experience growth in GVA due to the Agreement with New Zealand. The largest growth is found to be within Wholesale and Retail Trade which accounts for 15.0% of UK SMEs. Although not directly comparable³³, estimates from **BEIS' Longitudinal Small Business survey suggests** around 18% of Wales' SMEs operate within this sector, implying that Wales' SMEs may disproportionately benefit from the Agreement.

33 The Wales level data used here is not directly comparable to the UK level data used by DIT in their analysis. Directly comparable data for the UK shows around 17% of the UK's SMEs are within the Wholesale and Retail Trade sector, therefore the difference between the UK and Wales could be considered an over-estimate.

Table 13 – Distribution of SMEs in each sector and total change in GVA in each sector relative to no FTA

Sector	Distribution of SMEs	Change in sector share of total UK GVA (percentage point)	GVA £m change
Agriculture, forestry and fishing	2.60%	0.00%	-48
Beverages and tobacco products	0.24%	0.00%	3
Other processed foods	0.72%	0.00%	13
Semi-processed foods	0.36%	0.00%	-97
Chemical, rubber, plastic products	0.36%	0.00%	18
Energy	0.52%	0.00%	13
Manufacture of electronic equipment	0.12%	0.00%	20
Manufactures	0.48%	0.00%	25
Manufacture of motor vehicles	0.12%	0.00%	43
Manufacture of machinery and equipment	0.84%	0.00%	46
Manufacture of other transport equipment	0.60%	0.00%	14
Manufacturing n.e.c	0.24%	0.00%	7
Paper and printing products	1.30%	0.00%	5
Textiles and wearing apparel	0.36%	0.00%	15
Business services	22.69%	0.00%	77
Communications	1.06%	0.00%	32
Construction	16.61%	0.00%	48
Financial services	1.02%	0.00%	29
Insurance	0.51%	0.00%	8
Other services (transport, water, dwellings)	8.74%	0.00%	82
Personal services	9.39%	0.00%	23
Public services	16.11%	0.00%	82
Wholesale and Retail Trade	15.00%	0.00%	105

Source: BEIS BPE & DIT CGE modelling (2021)

Section 9: Labour Market Impacts

The Agreement with New Zealand focuses on increasing labour market mobility and increasing real wages (wages in today's prices). It is estimated that there will be a 0.03% rise in UK wages (equivalent to around £200 million) when compared to 2019 levels. All occupational groups can expect to see a similar increase in their wages, of around 0.02-0.03%.

Generally, the proportion of workers in each occupation in Wales is broadly comparable to the UK, however the UK's proportion of professional occupations in the year ending December 2020, was 22.6% compared to Wales which was 20.3%. This suggests that Wales is slightly less reliant on professional occupations therefore may not benefit as fully from the gains in wages as at the UK level. In contrast to this, Wales' proportion of skilled trade occupations is 10.5% compared to 9.2% in the UK.³⁴ This suggests that Wales relies more on skilled trades in their workforce than the UK, so Wales may benefit disproportionately in this area compared to the UK.

Table 14 – Gains in wages across labour market groups

Occupation	Gains in wages %
Managers	0.03
Technicians	0.03
Service workers	0.03
Clerks	0.03
Labourers	0.02

Source: DIT CGE modelling (2021)

Despite the potential of increased employment opportunities and wages, the overall expectation is that some sectors decline while others expand. In the long run, modelling shows a marginal shift in employment across sectors, as outlined in Table 15. This will involve a marginal shift away from semi-processed foods towards other sectors such as manufacture of motor vehicles and machinery and equipment. It is important to remember that there may be changes in employment due to the natural churn of the economy i.e., individuals retiring and school leavers entering the labour market, and the Agreement is estimated to lead to a movement of less than 1% of jobs.

UK-level estimates suggest the agriculture, forestry, and fishing sector may be negatively impacted, although only marginally. Without Wales-specific sector estimates, we can only infer how this impact may be felt differently in Wales, however it is worth noting that Wales' agriculture, forestry and fishing sector made up 1.4% of its total employees in 2020, compared to GB which was around 0.8%. This suggests that Wales will be disproportionately impacted by any shifts in employment within the agriculture sector given the agriculture sector makes up a larger proportion of the workforce in Wales compared with the UK. It is however important to note that agriculture in Wales is considered in many cases a way of life rather than a job, something which is not accounted for in the economic modelling, and may mean that in practice the effect may not be as significant as suggested by the modelling.

34 [People in employment by area and occupation \(SOC 2010\), up to December 2020 \(gov.wales\)](#)

Table 15 – Change in shares of employment and GVA by sector

Sector	Change in share of employment	Change in sector share of total UK GVA (percentage point)
Agriculture, forestry and fishing	0.00%	0.00%
Beverages and tobacco products	0.00%	0.00%
Other processed foods	0.00%	0.00%
Semi-processed foods	-0.01%	0.00%
Chemical, rubber, plastic products	0.00%	0.00%
Energy	0.00%	0.00%
Manufacture of electronic equipment	0.00%	0.00%
Manufactures	0.00%	0.00%
Manufacture of motor vehicles	0.00%	0.00%
Manufacture of machinery and equipment	0.00%	0.00%
Manufacture of other transport equipment	0.00%	0.00%
Manufacturing n.e.c	0.00%	0.00%
Paper and printing products	0.00%	0.00%
Textiles and wearing apparel	0.00%	0.00%
Business services	0.00%	0.00%
Communications	0.00%	0.00%
Construction	0.00%	0.00%
Financial services	0.00%	0.00%
Insurance	0.00%	0.00%
Other services (transport, water, dwellings)	0.00%	0.00%
Personal services	0.00%	0.00%
Public services	0.00%	0.00%
Wholesale and Retail Trade	0.00%	0.00%

Source: DIT CGE Modelling 2021

As a result of the Agreement, employment shares of some protected groups are estimated to fall relative to the baseline as workers move to different sectors, but in return can expect to see higher wages. The representation of groups relating to disability is broadly in line with the general population. Despite this, females, those from ethnic minority backgrounds, and workers under 65 are marginally under-represented as a result of the Agreement, according to DIT analysis. It is difficult to comment on the impact in Wales as this data is not currently available by protected group, however there is no evidence to suggest Wales would be impacted differently.

Section 10: Environmental impacts

Overall, estimates suggest the UK-New Zealand FTA is not expected to have significant impacts on GHG emissions (CO₂ and Non-CO₂ air pollutants) due to changes in the composition of the UK economy and scope for higher growth of trade in goods which mitigate environmental impacts, through the elimination of tariffs on goods such as electric vehicles and wind turbines.

Modelled estimates suggest that although there will be a long run increase in UK GDP of 0.03%, there is estimated to be negligible impact on Green House Gas (GHG) emissions associated with production when compared to emissions levels in 2018. Whilst a free trade agreement with New Zealand is expected to increase UK production in the long run, (which could impact the environment by expanding economic activity), there is likely to be a shift of economic output from more to less GHG emissions intensive sectors, estimated to reduce GHG emissions by 0.1MtCO₂e relative to 2018 levels.

The change in the composition of the economy as a result of the UK-New Zealand Agreement, the removal of tariffs on all environmental goods, the movement away from fossil fuels, and the commitment to the Paris Agreement are all found to mitigate against the negative environmental impact of the overall increase in trade.

It is estimated that there will be an increase in transport-related emissions associated with trade of around 48%-50% between 2020 and 2035 as a result of the volume of bilateral trade from the Agreement, and changes in the composition of goods traded.

Importantly, the modelling does not consider the UK's movement towards net zero, changes in consumption patterns or emission intensity, future decarbonisation of international shipping, nor deforestation or land use change.

Whilst there is also the possibility of some sub-national impacts as a result of the Agreement meaning that Wales may be impacted differently to other parts of the UK, Wales' geographical proximity to England, as well as the fact the Welsh economy is deeply embedded within that of the UK, means it is not possible to isolate these impacts for Wales.

Glossary

Business Person	A national, who is engaged in trade in goods, supply of services or the conduct of investment activities.
Cohesive Communities	Attractive, viable, safe and well-connected communities.
Comparative advantage	When a country can produce a good or service relatively cheaper (at a lower opportunity cost) than another country.
Computable General Equilibrium (CGE) modelling	Large numerical models which combine economic theory with real economic data to derive computationally the impacts of policies or shocks in the economy.
Conformity assessment bodies (CAB)	Are accredited bodies approved to assess (test) conformity against a particular set of regulations and standards.
Covered investment	An investment in its territory of an investor of the other Party, made in accordance with the applicable law at the time the investment is made, in existence as of the date of entry into force of this Agreement or established, acquired, or expanded thereafter.
Culture and Welsh Language	Society that promotes and protects culture, heritage and the Welsh Language, and which encourages people to participate in the arts, and sports and recreation.
Economies of scale	The idea that as a firm's size increases, it becomes more efficient; and as it produces more output, there is a lower long-run average cost.
Equal	A society that enables people to fulfil their potential no matter what their background or circumstances.
Export subsidy	A government incentive to encourage the export of goods by producers, rather than domestic consumption. Export subsidies tend to lead to increased domestic pricing due to limited domestic supply being available.
Globally Responsible	A nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes into account of whether doing such a thing may make a positive contribution to global well-being.
Gross domestic product (GDP)	A measure of the size and health of a country's economy over a period of time (usually one quarter or one year). It is also used to compare the size of different economies at a different point in time.
Gross value added (GVA)	Measures the contribution to the economy of each individual producer, industry or sector. Simplistically it is the value of the amount of goods and services that have been produced, less the cost of all inputs and raw materials that are directly attributable to that production.

Healthier	A society in which people's physical and mental wellbeing is maximised and in which choices and behaviours that benefit future health are understood.
Location quotients	Is a way of discovering the industries or occupations that are truly unique and specialised in your regional economy (compared to the national average).
Partial Equilibrium (PE) modelling	Supply and demand analysis that includes one or more markets so that price stabilises at its equilibrium level, when supply equals demand, without considering any other interactions across markets.
Propensity to export	Whether a firm decides to, or the likelihood of that firm exporting to a foreign market or not.
Prosperous	An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately; and which develops a skilled and well-educated population in an economy which generates.
Real wages	The value of wages adjusted for inflation.
Resilient	A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change.
Subsidies	Usually a cash incentive provided by the government to encourage a business or individual to lower their prices, or undertake a specific investment, to work in the public's interest.
Tariffs	A tax or duty imposed by one country onto another country's goods and services.
Tariff rate quotas	A constraint on the quantity of a good imposed by one country onto another.
Technical regulations	Mandatory and required by governments before goods are allowed on the market; standards are voluntary requirements but are used to underpin most technical regulations; and conformity assessments refers to the testing and certification of goods to meet the technical regulations and standards.