

Recent free trade developments to benefit New Zealand

On 28 February 2022, New Zealand signed a free trade agreement with the United Kingdom, providing New Zealand exporters with more favourable access to the UK market.

The UK was New Zealand's seventh largest trading partner pre-COVID, with trade between the two nations exceeding \$6 billion in 2019/20.

Once the free trade agreement (FTA) is fully implemented, tariffs will be eliminated on all New Zealand exports to the UK. On day one, duties will be removed on 99.5% of current New Zealand trade through a combination of tariff elimination and duty-free quotas.

The FTA is expected to boost New Zealand's GDP by \$700 million to \$1 billion and result in local exporters saving approximately \$37m annually on tariffs.

Key highlights of the FTA are as follows:

- Overall, 99.9% of New Zealand's current **horticultural trade** will be duty free following the FTA coming into force, and 100% duty free within 7 years.
- 46% of New Zealand's current **fish and seafood trade** will be duty free from day one, 99.5% within 3 years, and 100% duty free within 7 years.
- 60% of New Zealand's current **dairy trade** will be duty free immediately on FTA coming into force, 99.5% within 5 years, and 100% duty free within 7 years.

The timeframes for elimination of tariffs on key products are as follows:

- **Wine, honey, onions, kiwifruit and hoki:** tariffs will be removed on day one.

- **Apples and mussels:** tariffs will be eliminated over 3 years.
- **Butter and cheese:** tariffs will be eliminated over 5 years.
- **Beef:** tariffs will be eliminated over 10 years.
- **Mutton:** tariffs will be eliminated over 15 years.

Both New Zealand and the United Kingdom are working to have the FTA come into force by the end of 2022.