TRANS-PACIFIC partnership
TPP Outcomes
KEY FACTS

$20b (2014) Goods Exports
- $7.7b Manufactured goods
- $4.0b Dairy
- $2.7b Meat
- $1.4b Forestry
- $1.2b Fruit and vegetables
- $824m Wine

$8.3b (2014) Service Exports
- $3.0b Tourism - Personal travel
- $1.5b Transport services
- $1.3b Other business services
- $493m IT services
- $486m Tourism - Business travel
- $433m Education
EXHIBITS TO FIVE NEW FTA PARTNERS

New FTA Partners

$8.7b
Goods

$3.6b
Services

to the US, Japan, Canada, Mexico and Peru

TPP would be New Zealand's first FTA with these five countries

TRANS-PACIFIC partnership

www.tpp.mfat.govt.nz
5 of New Zealand’s top 10 goods export destinations are TPP countries

Based on 2014 statistics.
## Estimated Tariff Savings Per Annum by Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>New Zealand Exports</th>
<th>Estimated Duties Paid Currently</th>
<th>Estimated Duties Paid Once TPP Fully Implemented</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy</td>
<td>2,100</td>
<td>132</td>
<td>36</td>
</tr>
<tr>
<td>Fisheries</td>
<td>350</td>
<td>9</td>
<td>0</td>
</tr>
<tr>
<td>Forestry</td>
<td>770</td>
<td>11</td>
<td>0</td>
</tr>
<tr>
<td>Horticulture</td>
<td>690</td>
<td>34</td>
<td>0</td>
</tr>
<tr>
<td>Industrials</td>
<td>2,300</td>
<td>9.6</td>
<td>0</td>
</tr>
<tr>
<td>Meat</td>
<td>1,900</td>
<td>101</td>
<td>17</td>
</tr>
<tr>
<td>Other Agriculture</td>
<td>350</td>
<td>19</td>
<td>7</td>
</tr>
<tr>
<td>Textiles</td>
<td>96</td>
<td>3.4</td>
<td>0</td>
</tr>
<tr>
<td>Wine</td>
<td>460</td>
<td>16</td>
<td>0</td>
</tr>
<tr>
<td>Overall</td>
<td>9,060</td>
<td>334</td>
<td>60</td>
</tr>
</tbody>
</table>

Source: TPP National Interest Analysis (http://www.tpp.mfat.govt.nz)
5 of New Zealand’s top 10 services export destinations are TPP countries

Based on 2014 statistics.
KEY SERVICE SECTOR OUTCOMES

GLOBAL SUPPLY CHAIN RELATED SERVICES:
Improved access for transportation, warehousing, distribution and retail services

EDUCATION SERVICES:
Improved access to the private education service markets of Canada, Japan, Mexico, Peru and the United States

ACCOUNTANCY SERVICES:
Greater access to provide services in TPP countries, with limited exceptions

OTHER PROFESSIONAL SERVICES:
Improved commitments in sectors such as engineering, architecture, management consultancy and foreign legal services

AGRICULTURE SERVICES:
New commitments to support commercial opportunities that exist in the region for agriculture, hunting and forestry service suppliers

ENVIRONMENTAL SERVICES:
Improved commitments for environmental services, particularly in the United States

HOSPITALITY AND TOURISM SERVICES:
Improved access for travel agencies and tour operators in the TPP region

New Zealand services exports to TPP Parties will benefit from legal protections that guarantee market access and non-discriminatory treatment.
Inward Foreign Direct Investment

Inward foreign direct investment (FDI) from TPP countries to New Zealand amounts to 75% of all FDI in New Zealand.

5

of New Zealand’s top 10 sources of inwards FDI are TPP countries

(March 2015)
New Zealand’s outward foreign direct investment (ODI) in TPP countries (including Australia) represents about 73% of total investment abroad.

4 of New Zealand's top 10 outwards FDI destinations are TPP countries

(March 2015)
KEY INVESTMENT OUTCOMES

- New investment commitments with Canada, Japan, Mexico, Peru and the United States.
- Enhanced commitments in Brunei, Chile, Malaysia, Singapore, and Viet Nam.
- Threshold under the Overseas Investment Act increases from $100 million to $200 million for significant business assets.
- No changes to the way New Zealand approves investments relating to sensitive land or fisheries quotas.
- New Zealand also retains the flexibility to make the approval criteria under the Overseas Investment Act more or less restrictive.

New Zealand investors will benefit from the strong framework of investment rules and protections designed to promote high levels of two-way investment between New Zealand and TPP Parties.
INVESTOR-STATE DISPUTE SETTLEMENT (ISDS)

- Applies only to TPP’s investment provisions

- Will help protect New Zealand investors abroad while safeguarding the Government’s ability to regulate for legitimate public policy purposes

- Includes an exception that allows the Government to rule out any ISDS challenges of tobacco control measures
ISDS PROTECTIONS AND SAFEGUARDS

- Exclusions against key investment obligations (e.g. for health, social services, environmental, tax purposes)
- Reduced profit, investor expectations, failure to provide subsidies etc – not enough to breach TPP obligations
- Consequences for frivolous action – early dismissal of claims and costs awarded to governments
- Hearings open to the public
- Governments retain power – can issue binding rulings to ISDS panels
- No ISDS with Australia (which accounts for 75% of TPP investment in New Zealand)
GOVERNMENT PROCUREMENT

• New opportunities to bid for contracts in Malaysia, Mexico, Peru and Viet Nam
• No changes to New Zealand’s existing government procurement rules required

The TPP Government procurement chapter will make it easier for New Zealand businesses to sell their goods and services to TPP member governments.
STATE-OWNED ENTERPRISES

• TPP sets rules to ensure commercially focussed SOEs and designated monopolies operate on a level playing field with private competitors.

• Provisions require greater transparency for SOEs and monopolies and seek to prevent discriminatory treatment, anti-competitive practices of monopolies, and non-commercial assistance causing adverse effects to the interest of another TPP Party.

New Zealand's current approach is in line with TPP and with international best practice.
## INTELLECTUAL PROPERTY OUTCOMES

<table>
<thead>
<tr>
<th>Copyright term extension from life plus 50 years to life plus 70 years</th>
<th>Patent-term extension to compensate for unreasonable delays ($1 million average over long term)</th>
<th>Accession to intellectual property treaties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stronger protection for technological protection measures that protect copyright works</td>
<td>Patent linkage system (no change required)</td>
<td>Accession to the International Convention for the Protection of New Varieties of Plants (UPOV 91) or implementation of a plant variety system that gives effect to it. New Zealand-only outcome.</td>
</tr>
<tr>
<td>No changes to ISP liability relating to copyright infringement or parallel importing</td>
<td>Data protection for biologics, new uses of pharmaceutical drugs and agricultural chemicals</td>
<td></td>
</tr>
</tbody>
</table>
TRANSPARENCY AND PROCEDURAL FAIRNESS FOR PHARMACEUTICAL PRODUCTS AND MEDICAL DEVICES

- The annex will require PHARMAC to make some administrative changes to increase transparency
- New processes do not change the PHARMAC model or its ability to prioritise its spending and negotiate with suppliers
- Medical devices are excluded from the scope of obligations for New Zealand
- Not subject to dispute settlement
Outcomes promote sustainable development and higher levels of environmental and labour standards protection in the region

*Key environmental outcomes for New Zealand include:*

- Disciplines and transparency requirements in relation to fish subsidies
- An obligation that requires each Party to adopt measures to address trafficking of wild flora and fauna

**TPP will strengthen labour standards and conditions of work in the region, and address issues such as child and forced labour.**
Exceptions

Areas where Governments maintain the ability to adopt or retain policies and to regulate regardless of the obligations contained in the FTA.

In TPP the exceptions include:

- National security
- Environment
- Public order
- Non renewable resources
- Safety
- National treasures of artistic, historical or archaeological value
- Health
**THE TREATY OF WAITANGI EXCEPTION**

- Nothing in TPP will prevent the Crown from taking measures that it deems necessary to meet its obligations to Maori, including under the Treaty of Waitangi.

- New Zealand’s interpretation of the Treaty of Waitangi shall not be subject to the dispute settlement provisions of TPP.
TPP will add an estimated $2.7 billion to New Zealand’s GDP by 2030
NEXT STEPS

- Parliamentary treaty examination process
- Outreach programme
- Implementing legislation
- Helping business prepare
- Entry into force
MORE INFORMATION

www.tpp.mfat.govt.nz

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