

TRANS-PACIFIC PARTNERSHIP (TPP): THE CLOSING PHASE

WHAT'S IN IT FOR NEW ZEALAND (this page)

1. Opportunity to develop a 21st century regional trade and integration framework covering 36% (\$17 billion) of NZ exports, supporting internationalisation of NZ business and the growth and employment opportunities that this brings
2. Most viable pathway to APEC-wide agreement (FTAAP) that would cover 71% of NZ exports and protect 86% of NZ's offshore investment – ie. potential delivery mechanism for APEC's Bogor goals
3. *s 6(a)*
4. Strategic and economic analysis supports the case for a balanced TPP – a comprehensive agreement offers GDP and export gains, and significantly more if TPP expands

WHAT ARE THE RISKS (see page 2)

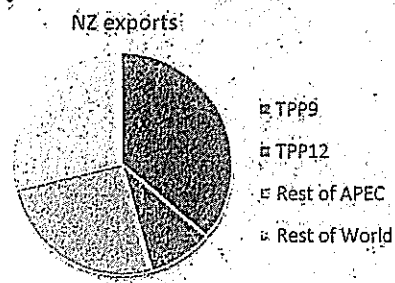
1. There are costs. We are presented with significant demands *s 6(a), ie s 6(b)(i)*. From our perspective they bring costs, are not good policy and/or reduce future regulatory flexibility
2. *s 6(a), s 9(c)(i)*
3. *s 6(a), s 6(c)(vi), s 9(c)(i), s 9(c)(d)*
4. *s 6(a)*
5. *s 6(a), s 9(c)(i)*
6. *s 6(a)*
7. *s 6(a)*
8. Negative economic impact on NZ if TPP went ahead without us. NZ marginalised from regional integration model. The trade and investment diversion impact could be significant, particularly if TPP expands as anticipated to include markets like Japan

Strategic Drivers

- Part of NZ's growth strategy: opening up Asia-Pacific markets and closer integration with key partners will contribute to a more competitive and productive NZ economy
- Establishing a 21st century regional trade framework that provides the most credible pathway to an APEC-wide agreement (Free Trade Area of Asia Pacific, FTAAP)

Economic Gain and Export Opportunities

- Economic modelling points to TPP having a significant positive GDP impact.*
- A range of economic models have looked at the GDP impact of a US FTA, TPP9 and an expanded TPP. The trend is positive, with reasonably significant GDP gains



	Exports (NZ\$ mill)	Export Rank	TPP9	Exports (NZ\$ mill)	Export Rank
Australia	10,848	1	TPP9	17,104	-
US*	3,997	3	Japan*	3,441	4
Malaysia	875	9	Canada*	597	18
Singapore	813	11	Mexico*	415	25
Viet Nam	425	24	TPP12	21,557	-
Peru*	79	53	*NZ does not have FTAs with these countries		
Chile	62	64			
Brunei	5	129			
TPP9	17,104				

withheld: - s 6(a), s 9(c)(i)

- We cannot afford to see TPP go ahead with NZ on the side lines

s 6(a), s 9(c)(i)

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Progress to date

- Negotiations launched in March 2010. Twelve rounds held to date
- APEC 2011: 'Broad Outlines' announced; Leaders endorse need for an agreement that is "comprehensive and ambitious in all areas eliminating tariffs and other barriers to trade and investment"
- 29 chapters under negotiation. Complete set of proposals on the table except for one or two politically sensitive issues
- New negotiating areas include regulatory coherence, state enterprises, pharmaceuticals

s 6(a)

s 6(a)

Outlook: second half of 2012

- Three rounds planned: July, September and December
- *s 6(a), s 9(c)(i)*
- *s 6(a)*
- *s 6(a)*
- New countries such as Mexico could be at the table in December

Goods market access: our approach

- *s 6(a)*,
- *s 6(c)(vi)*,
- *s 9(c)(i)*.

Other benefits

- Access to *s 6(a)* procurement markets. NZ exporters consider TPP could unlock significant procurement opportunities in the *s 6(a)*
- Services and investment gains: *s 6(a)*, *s 9(c)(i)*
- Regulatory coherence, transparency and consultation provisions will help address behind-the-border barriers
- Rules to support global supply chains if other TPP members can be dissuaded from protectionist sentiment
- Complete unfinished business with *s 6(a)* goods (secure tariff elimination on wine, liquid milk, steel, seafood)
- Conclude investment and services frameworks left incomplete in P4, Malaysia and ASEAN FTAs

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withheld in full:

- s 6 (a),
- s 6 (b) (c),
- s 6 (e) (vi),
- s 9 (2) (j).

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TRANS-PACIFIC PARTNERSHIP: CLOSING PHASE

s 6(a), s 6(b)(i), s 9(2)(j)

s 6(a), s 9(2)(j)

STATUS OF NEGOTIATIONS

- Part of NZ's growth strategy. Direct connections with the Business Growth Agenda (export markets) and drive to improve access to innovation, capital, and resources.
- Extensive coverage of our economic offshore footprint: 45% of NZ's goods exports, two-thirds of commercial services exports, and 70% of offshore FDI.
- New free trade deals with the US, Japan, Mexico, Canada and Peru (over \$10 billion of NZ goods and services exports). Adding depth to our existing deals with ASEAN (e.g. access to Malaysia and Viet Nam's government procurement markets).

s 6(a), s 6(b)(i), s 9(2)(j)

- Significant potential costs (trade and investment diversion) if NZ stands aside from a high quality TPP.

- s 6(a), s 6(b)(i), s 9(2)(j)

fi

- Benefits will rise if other countries 'dock on' to a concluded TPP. have all expressed some form of interest.

- s 6(a), s 6(b)(i),

- s 9(2)(j)

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- s 6(b)(i),
- s 9(2)(j)

- s 9(2)(j)

WORKING TO CONCLUDE THIS YEAR

- s 6(a), s 6(b)(i)

- s 9(2)(j)

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- s 6 (a);

- s 6 (b) (i);

- s 9 (2) (j).

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MINISTERIAL ENGAGEMENT IN CLOSING PHASE

Possible scenario

September	November	December	February
<ul style="list-style-type: none"> Submission to Ministers on s 6 (a) Submission to Ministers on s 9 (2) (j) eg how future policy space could be s 9 (2) (j) 	<ul style="list-style-type: none"> Possible Cabinet paper required to confirm guidance on final set of issues If on track to conclude in 2013: Delegated Ministers consulted on s 6 (b) (i) Advice to Ministers on conclusion, signing and ratification process 	<p>If TPP concluded in December:</p> <ul style="list-style-type: none"> Ministers briefed on key outcomes 	<p>If TPP concluded in December and Parties are aiming for March 2014 signature:</p> <ul style="list-style-type: none"> Cabinet paper seeking approval of outcome, approval to sign TPP and approval of NIA/other publication material

Reports from key meetings (e.g. APEC) will also be copied to Ministers' offices.

Delegated authority in the final phase

For some issues in TPP, delegated Ministerial approval procedures have been authorised.

Based on experience from past trade negotiations, we expect the process for engaging with delegated Ministers in the final week(s) of the negotiation, if this is indeed required, will necessitate very short periods for Ministerial consideration and approval. s 6 (a)

Similar mechanisms were in place for conclusion of negotiations with Malaysia.

The Cabinet and Ministerial consultation plan noted on the left is intended to ensure we are as prepared as possible for the final stage of the negotiation (perhaps the last two weeks of November/first week of December – a best case scenario). But it may still prove necessary to seek decisions from Ministers in these final weeks within very compressed time periods.

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- s 6 (a);
- s 6 (b) (i);

- s 9 (2) (i);

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CONCLUDING THE TRANS-PACIFIC PARTNERSHIP (TPP) AGREEMENT

withheld:

- s 6 (a),
- s 6 (b) (i) i)
- s 9 (2) (c)

\$29 billion

New Zealand goods and services exports to TPP markets each year, including \$12 billion to countries with which we don't currently have FTAs

withheld:

- s 6 (a),
- s 6 (b) (i),
- s 9 (2) (c)

- s 6 (a),
- s 6 (b) (i)
- s 9 (2) (c)

\$57-59 million

Estimated cost to consumers each year from extending copyright term to 70 years for books, music and film

- s 6 (a),
- s 6 (b) (i)
- s 9 (2) (c)

withheld:

- s 6 (a),
- s 6 (b) (i)
- s 9 (2)

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Remaining two pages of this document withheld in full under the grounds of the OIA stated above

Delegated Ministers may still need to take decisions on:

s 6 (a), s 9 (2) (c)

at a later point

Attached annex provides background on GDP gains modelling, summarises goods market access offers, provides an overview of TPP chapters, and outlines key intellectual property outcomes