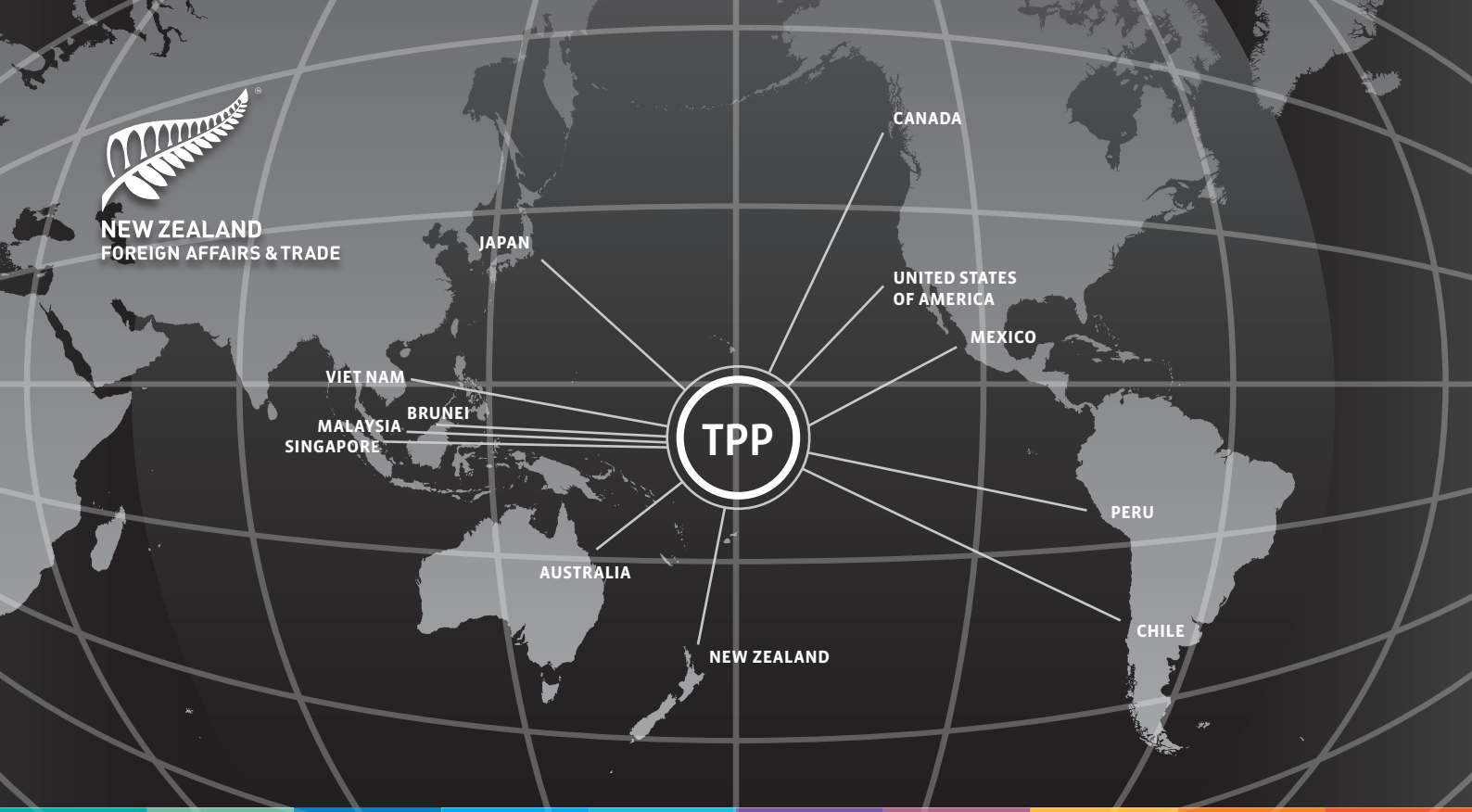




NEW ZEALAND
FOREIGN AFFAIRS & TRADE



TRANS-PACIFIC partnership

OVERVIEW

FACT SHEET



TPP will give New Zealand better access to globally significant markets. It will diversify New Zealand's trade and investment relationships, and provide a platform to build on the NZ\$20 billion of New Zealand goods and NZ\$8 billion of New Zealand services exported to TPP countries in 2014. TPP is estimated to add at least NZ\$2.7 billion a year to New Zealand's GDP by 2030.

TPP will require some changes for New Zealand that will incur costs. These costs will be significantly less than the benefits TPP will provide for New Zealand.

The Trans-Pacific Partnership (TPP) is a free trade agreement that will liberalise trade and investment between 12 Pacific Rim countries: New Zealand, Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, Singapore, the United States and Viet Nam.

New Zealand's future is as a trading nation. TPP will help support that by setting a new standard for trade and investment in the Asia Pacific region, generating substantial long-term economic and strategic benefits for New Zealand.

The agreement will deepen economic ties between its members by opening up trade in goods and services, boosting investment flows, and promoting closer links across a range of economic policy and regulatory issues. Enhanced coherence in processes and regulations

that govern global supply chains will streamline international trade, providing benefits for businesses and consumers. Over time, TPP will help remove unnecessary duplication, reduce costs, and foster greater business opportunities.

TPP will be open to future expansion. It provides a platform for wider, regional economic integration, and supports the foundation for a free trade agreement of the Asia Pacific. This gives New Zealand the opportunity to shape future trade liberalisation in the Asia Pacific region and promote the growth of regional supply chains.

Reflecting the role New Zealand has played throughout the negotiation, New Zealand will act as the formal depositary of TPP.

→ The TPP region

The 12 TPP Parties collectively constitute approximately 36 percent of world GDP – worth a total of US\$28 trillion.

New Zealand has a strong footprint in the region.

TPP Parties:

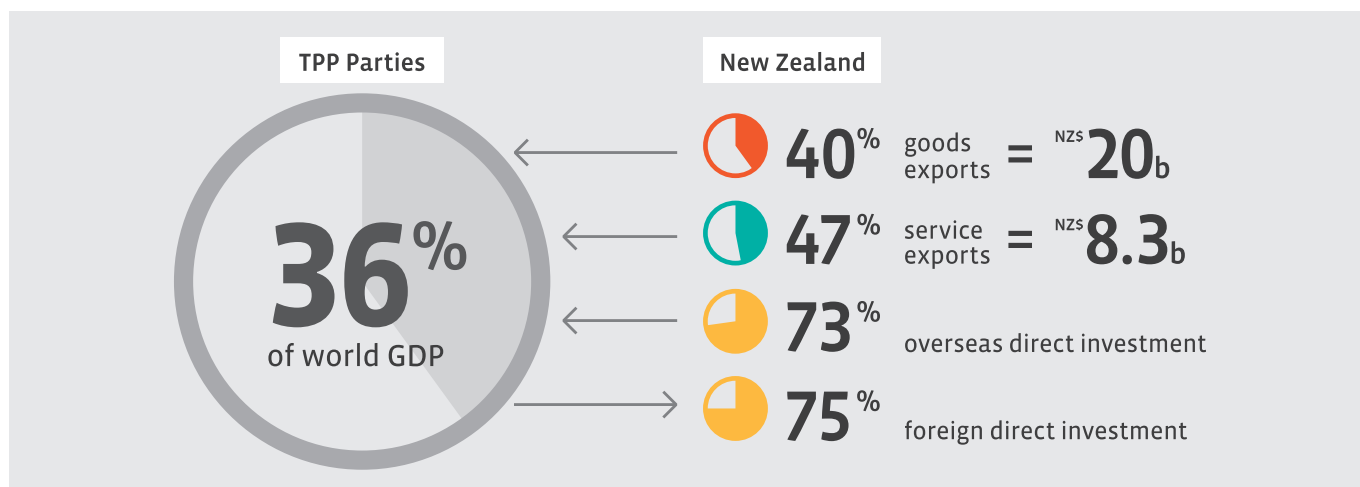
- are the destination for 40 percent of New Zealand's goods exports (NZ\$20 billion in 2014) and 47 percent of New Zealand's services exports (NZ\$8 billion in 2014);

- are the home to around 73 percent of New Zealand's total overseas direct investment in 2014. 75 percent of the total foreign direct investment (FDI) in New Zealand was sourced from TPP countries in 2014;
- include five of New Zealand's top 10 trading partners (Australia, the US, Japan, Singapore, and Malaysia).

TPP will be New Zealand's first FTA with the United States, Japan, Canada, Mexico and Peru. Over NZ\$12 billion of New Zealand goods and services are currently exported to these five countries. New Zealand has existing FTAs with the other six Parties and TPP bolsters and strengthens these agreements.

Exports from New Zealand to new FTA partners





→ Benefits and implications for New Zealand

Economic benefits

Economic modelling commissioned by the Government estimates that once fully in effect, TPP would add at least NZ\$2.7 billion a year to New Zealand's GDP by 2030.

Goods market access

New Zealand exporters will benefit from comprehensive tariff liberalisation, creating new trade opportunities and helping New Zealand exporters to build regional supply chains. Tariffs will be eliminated on 95% of New Zealand's trade with these new FTA partners, once TPP is fully phased in, saving New Zealand exporters NZ\$272 million each year. Over 50% of these savings will accrue immediately when TPP comes into force.

TPP will open up new market opportunities, and ensure a level playing field for our exporters in markets where competitors have enjoyed tariff preference. This will help grow New Zealand's volume of trade. TPP will also eliminate agricultural export subsidies in the region and establish more predictable, transparent rules for exporters when their goods are being sent to export markets, which can generate considerable savings to businesses.

The new trading market opportunities under TPP will provide significant potential to lift the export performance and productivity of the Māori asset base, currently worth NZ\$42.6 billion, of which a significant portion is oriented towards New Zealand's export economy.

See *Goods Market Access factsheet*.

Services and Government Procurement

New Zealand sold NZ\$8.3 billion of services to TPP countries in 2014 – services like tourism, education, IT, consulting, engineering, accounting and other professional services. This trade will grow under TPP, with chapters on cross-border services, temporary entry for business people, financial services, telecommunications and e-commerce reducing barriers to trade in many sectors.

TPP also includes provisions that will help ensure New Zealand services exporters are not discriminated against in the future (compared to competitors from other countries) and will automatically benefit from future domestic reforms by TPP Parties that liberalise trade in TPP countries (subject to certain exceptions).

New Zealand businesses will also secure equal treatment for many government procurement contracts within the TPP Parties, including in a number of markets which currently restrict participation by New Zealand suppliers.

See *Market Access for Services and Investment factsheet*, and *Government Procurement factsheet*.

Sector	New Zealand exports (avg 2012-14)	Estimated yearly tariff savings when TPP is fully implemented
Dairy	NZ\$2.1b	NZ\$96m
Fisheries	NZ\$347m	NZ\$9m
Forestry	NZ\$773m	NZ\$11m
Horticulture	NZ\$694m	NZ\$34m
Industrials	NZ\$2.3b	NZ\$9.6m
Meat	NZ\$1.9b	NZ\$84m
Other Agriculture	NZ\$352m	NZ\$12m
Textiles	NZ\$96m	NZ\$3.3m
Wine	NZ\$461m	NZ\$16m

Investment and ISDS

TPP will improve access and protection for New Zealand investors and investments in the TPP region. It will promote increased investment in New Zealand by investors from TPP countries and reinforce New Zealand's attractiveness as a stable investment destination. Greater investment will promote innovation, economic growth and development, and support the creation and retention of jobs.

TPP includes an Investor-State Dispute Settlement (ISDS) mechanism. The mechanism applies only to investment provisions and will help protect New Zealand investors abroad while safeguarding the Government's ability to regulate for legitimate public policy purposes. TPP will include more safeguards than any previous New Zealand FTA, including a provision that allows the Government to rule out ISDS challenges over tobacco control measures.

Consistent with CER and the Australia-ASEAN-New Zealand FTA, TPP's ISDS provisions will not apply between New Zealand and Australia.

See *Investment and ISDS factsheet*.

Intellectual property

TPP contains an intellectual property chapter that will further harmonise intellectual property (IP) standards across the region. Enforcement standards will also help New Zealand businesses protect their IP in TPP markets. The outcomes on geographical indications should help preserve access for New Zealand's exports that use generic names.

In several areas, however, the IP rules differ from New Zealand's preferred approach, and will require some changes to New Zealand law and some costs. These costs are significantly outweighed by the benefits of TPP.

Extending copyright from 50 to 70 years would delay when works enter the public domain, with a cost to consumers and businesses that increases gradually over 20 years and averages around NZ\$55 million a year over the very long term.

New Zealand has also agreed to a number of new obligations relating to pharmaceuticals, including patent term extension in certain circumstances (to compensate for any unreasonable patent office and marketing approval delays) and patent linkage. These provisions have been designed in a way that minimises

the impact on New Zealand, including outcomes that mean very few unreasonable delays are expected and only in exceptional circumstances.

The TPP outcome on data protection for pharmaceuticals (including biological pharmaceuticals) can be met within New Zealand's current policy settings and practice. New Zealand law provides five years of data protection for small molecule and biological pharmaceuticals (also known as biologics). TPP requires New Zealand to continue to provide five years of data protection for small molecule pharmaceuticals. For biologics, New Zealand will be required to provide the five years of data protection together with further effective market protection through other measures, taking into account local market circumstances. These can be met within existing policy settings and practice.

TPP would also require Parties to provide 5 years data protection to new pharmaceutical products that contain a new and a previously approved active ingredient. This is consistent with New Zealand's current law.

TPP also includes a requirement for New Zealand to within three years of entry into force of TPP either accede to the most recent 1991 version of the International Convention for the Protection of New Varieties of Plants (UPOV 91), or alternatively, under a New Zealand specific approach, implement a plant variety rights system that gives effect to UPOV 91. When implementing this obligation, New Zealand is able to adopt any measure that it deems necessary to protect indigenous plant species in fulfilment of its obligations under the Treaty of Waitangi (and this is not subject to the dispute settlement provisions in TPP).

See *Intellectual Property factsheet*.

PHARMAC

TPP contains an annex on transparency and procedural fairness for pharmaceutical products and medical devices. This will require PHARMAC to make some administrative changes to increase transparency, but the new processes do not change the PHARMAC model or its ability to prioritise its spending and negotiate with suppliers. The provisions are not subject to dispute settlement and medical devices are excluded from the scope of obligations for New Zealand.

See *Pharmaceutical and Medical Device Purchasing (Reimbursement) factsheet*.

State owned enterprises

TPP sets rules to ensure commercially focussed state-owned enterprises (SOEs) and designated monopolies operate on a level playing field with private competitors – something New Zealand's commercially focussed SOEs already do. This will make it easier for many New Zealand businesses to compete in TPP countries, with minimal impact in New Zealand. The provisions would not apply to Fonterra, Pharmac or Zespri or to entities such as district health boards and crown research institutes.

See *State Owned Enterprises and Designated Monopolies factsheet*.

Labour and environment

TPP contains labour and environment chapters that will promote sustainable development and achieve higher levels of environmental and labour standards protection in the TPP region. Underpinning both chapters is an understanding that trade agreements should reinforce and not undermine fundamental labour rights and environmental laws, and that labour and environmental rules should not be used as barriers to trade.

See *Labour and Environment factsheet*.

Legal and institutional

Provisions in TPP safeguard New Zealand's ability to make policy in important areas like health, environment, taxation policy and national security. A specific exception recognises the importance of the Treaty of Waitangi to New Zealand, in addition to policy flexibility preserved across key areas in TPP. As a result, nothing in TPP will prevent the Crown from taking measures that it deems necessary to meet its obligations to Māori, including under the Treaty of Waitangi. Further, New Zealand's interpretation of the Treaty of Waitangi shall not be subject to the dispute settlement provisions of TPP.

See *Legal and Institutional factsheet*.

→ Next steps

Like any free trade agreement, once the Government has approved and signed the agreement, TPP will go through the Parliamentary treaty examination process.

As part of this process, the final TPP text, together with a National Interest Analysis, will be presented to Parliament for examination by the Foreign Affairs, Defence and Trade Select Committee. During this time, the public will be invited to make submissions as part of the consultation process.

Once this examination process is complete, legislative changes required to implement TPP obligations will need to go through normal Parliamentary procedures, which include select committee scrutiny and passage of legislation by Parliament.

Only once these steps have been completed and legislation has been passed will the Executive take “binding treaty action”.

The TPP agreement’s entry-into-force provisions mean that New Zealand and other parties will have two years to complete domestic approval, legislative and ratification procedures. At that time TPP may be brought into effect by all Parties, though other procedures have been agreed if some Parties require more time to complete domestic steps.