

UK agrees historic trade deal with New Zealand

- Prime Minister seals free trade deal with New Zealand PM Jacinda Ardern
- Boost to British exporters and small businesses as both countries ditch tariffs and cut red tape
- More opportunities to live and work in New Zealand and deeper cooperation on digital trade and climate change

A comprehensive trade agreement with New Zealand will cut red tape for businesses, end tariffs on UK exports and create new opportunities for tech and services companies, while making it easier for UK professionals to live and work in New Zealand.

The ground-breaking deal was agreed in a video call today (20th October) between Prime Minister Boris Johnson and New Zealand Prime Minister Jacinda Ardern after 16 months of talks by Department for International Trade negotiators.

UK-New Zealand trade was worth £2.3 billion last year and is set to grow under the deal. The deal will remove barriers to trade and deepen access for our advanced tech and services companies, while making it easier for smaller businesses to break into the New Zealand market.

Tariffs as high as 10% will be removed on a huge range of UK goods, from clothing and footwear to buses, ships, bulldozers and excavators, giving British exporters an advantage over international rivals in the New Zealand import market - a market which is expected to grow by around 30% by 2030. High-quality New Zealand products loved by British consumers, from Sauvignon Blanc wine to Manuka honey and kiwi fruits, could be cheaper to buy.

UK workers will benefit from improved business travel arrangements and professionals such as lawyers and architects will be able to work in New Zealand more easily, allowing UK companies to set up shop and bring the best British talent with them. Both sides have also committed to a mobility dialogue outside the trade agreement that will consider how people-to-people links can be deepened further.

The New Zealand trade deal follows advanced free trade agreements already struck with Australia and Japan and helps pave the way for UK to join Trans-Pacific Partnership (CPTPP), a free trade area of 11 Pacific nations with a GDP of £8.4 trillion in 2020.

Prime Minister Boris Johnson said:

This is a great trade deal for the United Kingdom, cementing our long friendship with New Zealand and furthering our ties with the Indo-Pacific.

It will benefit businesses and consumers across the country, cutting costs for exporters and opening up access for our workers.

This is a fantastic week for Global Britain. On Tuesday we raised almost £10bn in investment for the industries of the future, and this new deal will help drive green growth here and on the other side of the world in New Zealand.

New Zealand Prime Minister Jacinda Ardern said:

The United Kingdom and New Zealand are great friends and close partners. The historical connections that bind us run deep.

This world-leading free trade agreement lays the foundations for even stronger connections as both countries embark on a new phase in our relationship. It is good for our economies, our businesses and our people.

The deal will provide benefits for people and businesses across the UK:

- Edinburgh's financial and insurance services companies will benefit from greater access to New Zealand's market and easier digital trade and business travel.
- Welsh auto companies that exported £3.4m of road vehicles to New Zealand last year will now benefit from the removal of tariffs of up to 10%, while manufacturing companies like Zip-Clip and K-form will also see the removal of tariffs up to 5% on metal goods and construction products.
- Northern Ireland's Wrightbus, from Ballymena, will benefit from the removal of a 5% tariff on buses, helping to boost £2.4m of road vehicle exports to New Zealand last year. Textile producers such as Ulster Weavers, who exported £1.5m to New Zealand last year, will also benefit from the removal of tariffs of up to 10%.

International Trade Secretary Anne-Marie Trevelyan said:

This deal is a win-win for two like-minded democracies who believe in free and fair trade. It delivers for families, workers and businesses across Britain, and sets the stage for greater cooperation between our two nations on global challenges like digital trade and climate change.

It is a vital part of our plan to level up the country: slashing costs and red tape for exporters, building new trade routes for our services companies and refocusing Britain on the dynamic economies

of the Asia-Pacific.

Mike Cherry, Federation of Small Businesses National Chair, said:

It's fantastic to see progress being made on a free trade agreement with New Zealand.

New Zealand has long been a priority market for UK's small exporters – more than a quarter of which already sell there – and we welcome efforts to build on existing trade ties that go back many decades.

The inclusion of a dedicated small business chapter within this deal is very welcome, and we look forward to working with DIT to help firms of all sizes maximise this opportunity, through the myriad ways FTAs can benefit their business.

Lord Karan Bilimoria, CBI President, said:

This agreement in principle is a big step forward and will be welcomed by businesses. New Zealand and the UK are at the fore of the green trade revolution and this deal has the potential to showcase to the world that trade and tackling climate change can go hand-in-hand. This is not just about goods but also enabling fluid services trade – digital policies that underpin all industries and innovation.

With an ultimate aim of CPTPP accession and the need to retain the high standards in areas such as agriculture and intellectual property, it is essential that both sides now seal the deal so we can realise the full economic potential as we look to strengthen our recovery.

Dominic Goudie, Head of International Trade, the Food and Drink Federation, said:

Food and drink manufacturers welcome the news that the UK has agreed in principle a trade deal with New Zealand – an important partner for UK food and drink, with trade in our sector's products worth more than £661m in 2020.

Our manufacturers will benefit from an ambitious trade deal with New Zealand that removes a range of tariffs that currently constrain exports. Significant growth opportunities exist as UK production becomes more competitive in the New Zealand market.

Background

- Source of statistics: ONS UK Trade, all countries, non-seasonally adjusted: Q1 2021 release; IMF World Economic Outlook database: April 2021 release.
- Key documents relating to the Agreement in Principle can be found [here](#)