



## 28 March 2019 – Edition #6

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### Brexit Extension

- The UK and EU have agreed an extension to Brexit beyond 29 March 2019, the date which the UK was originally scheduled to leave the EU.
- The EU has agreed an extension until 22 May 2019, provided the Withdrawal Agreement (already negotiated between the UK and EU) is approved by the UK House of Commons.
- If the Agreement is not approved, the EU has agreed an extension until 12 April 2019 to allow the UK time to identify a way forward.
- This extension means the UK will for now remain a Member State of the EU with all the rights and obligations set out in the Treaties and under EU law. However a no-deal exit remains the default outcome on 12 April, unless the UK Parliament can agree a way forward that is acceptable to the EU.

### Brexit Developments

#### Key Developments

- The UK Government has so far not been able to secure the support of the House of Commons for its proposed Brexit deal negotiated with the EU in November 2018, and added to in February 2019.
- The deal consists of a negotiated Withdrawal Agreement, which covers the three exit issues – citizens' rights, how the UK will settle its financial obligations, and how to avoid a hard border in Ireland. It is this last point, the Irish backstop, which has proved most contentious.
- The UK and EU also negotiated a Political Declaration, which lays out a framework and parameters for determining the UK and EU's future relationship once the UK leaves the EU. This includes, for instance, the proposed approach to the movement of people, the shape of the EU and UK's future trade relationship, a commitment to a close relationship on foreign policy and defence, and agreement to cooperate on crime and terrorism.
- UK Prime Minister May and the President of the European Commission Juncker also agreed a subsequent Instrument relating to the Withdrawal Agreement, and a Joint Statement

supplementing the Political Declaration. These were approved by the European Council on 21 March 2019.

- Prime Minister May requested these two documents to gain greater political support to achieve a positive vote in the UK House of Commons.
- The UK has also published a unilateral statement on its interpretation of the Irish backstop. This would ensure an open border in Ireland (avoiding the need for physical infrastructure, officials and various checking regimes at the border), if negotiations on the future trade relationship with the EU27 break down.

### Further information

- Additional Brexit information is also available for exporters on the following New Zealand government websites:
  - Ministry of Foreign Affairs and Trade [www.mfat.govt.nz/brexit](http://www.mfat.govt.nz/brexit)
  - New Zealand Trade and Enterprise [www.nzte.govt.nz/brexit](http://www.nzte.govt.nz/brexit)
  - Ministry for Primary Industries [www.mpi.govt.nz/brexit](http://www.mpi.govt.nz/brexit)
  - New Zealand Customs Service [www.customs.govt.nz/brexit](http://www.customs.govt.nz/brexit)
- If you have specific Brexit related questions please contact the Ministry of Foreign Affairs and Trade's Europe Division by email [DM-EUR@mfat.govt.nz](mailto:DM-EUR@mfat.govt.nz)

### New Zealand Customs support

- To help facilitate New Zealand trade with the UK during Brexit, Customs is working with HM Revenue and Customs, UK Border Force, the European Commission and EU Member States, to understand what customs systems, processes and arrangements are in place to limit any disruption, as much as possible, to New Zealand exporters.
- If you wish to contact Customs in relation to Brexit, including if you are a New Zealand business and concerned about the impact of Brexit on your exports to the UK or EU, Customs has a toll-free support phone line available 0508 BREXIT or 0508 273 948 or you can write by email to: [brexit@customs.govt.nz](mailto:brexit@customs.govt.nz)

## Trade Developments

### Brexit Trade Issues

- On 13 March the UK published a temporary tariff regime intended to be applied for up to 12 months in a 'no-deal Brexit' scenario. There would be no change in the tariffs applying to around half of New Zealand's exports to the UK, including sheepmeat, wool, and some wood products. For some New Zealand export products, including honey, wine, apples and onions, the tariff would be reduced to zero for up to 12 months.
- In the event the current Brexit deal is approved by the UK House of Commons, there will be a transition period until December 2020, during which the UK would continue to apply the EU's common customs tariff. This transition period would be extendable by one or two years.
- The New Zealand Government continues to work to protect New Zealand's WTO tariff rate quota access into the EU27 and UK post-Brexit. We are actively engaged on this issue in Geneva; and are taking every opportunity to press the UK and EU27 to rethink their current approach on this issue.
- During March both the NZ-UK Veterinary Agreement and the NZ-UK Mutual Recognition Agreement completed parliamentary approval processes in the UK. Both are now ready to be activated in the event of a 'no deal Brexit'. These agreements ensure the continuation of arrangements currently in place with the UK by virtue of similar agreements concluded earlier between New Zealand and the EU.

- Confirmation from the UK regarding continuity in recognition arrangements currently in place for exports of New Zealand organic products has also been received this week. We are expecting to receive similar confirmation regarding recognition arrangements in other areas shortly.

### **UK-NZ FTA**

- MFAT sought public submissions on a future Free Trade Agreement with the UK over November 2018 to February 2019. Thank you to all those who wrote to us with submissions, a summary of which will be available on our website in due course.
- Though interest remains on both sides to progress FTA negotiations as soon as possible, there is still uncertainty around the UK's Brexit arrangements. We look forward to starting negotiations as soon as the UK is in a position to do so.

### **EU-NZ FTA**

- Negotiations for an EU-NZ FTA are continuing to progress well, and we are hopeful that we can reach substantial conclusion this year as announced by EU Commission President Juncker during Prime Minister Ardern's visit to Brussels in January.
- Round 3 of negotiations was held in Brussels in February, and New Zealand will host the next round in Wellington in May, before we return to Brussels for round 5 in July.
- Before the next round, negotiators will exchange market access offers on services, investment, and government procurement.
- Consultations on the EU's proposed list of geographical indications (GIs) closed on 19 March. A summary of submissions received will be available on our website.