

Notes from MFAT Stakeholder Meeting on TPPA Wellington, 5 July 2013

The meeting ran for just one hour from 10:30 to 11:30 am, with the first half consisting of MFAT's lead negotiator David Walker speaking to slides with mostly single word prompts.

Walker's talk began with a high level review of what the TPP was, origins, and participants. It then tried to move on to the front foot of actually selling the deal – relying primarily on the claim that, once fully implemented, “an agreement of the type envisaged” would boost NZ GDP by 1% to 2% - a gain of \$2 to \$4 billion a year. He noted that the participants represented around 43% of NZ trade and economies with combined GDP of \$27 trillion. He also spoke of the goals of complete elimination of tariffs and removal of as much red tape as possible. “Since November, we have been under instruction to get this negotiation concluded in 2013.”

The high point of the sales pitch that he almost carried off with conviction was: imagine “you wake up one day and on Morning Report, the headline is ‘nearly half of NZ's trade has concluded an agreement – and by the way New Zealand's not a part of that’”.

He then moved on to address some of the more contentious issues, by essentially restating government assurances around Pharmac and ISDS that do not set any particular bottom lines.

The questioning began with a request to Walker to clarify the extent to which agricultural liberalisation was assumed in the estimated 1% to 2% gain in GDP and whether the modeling would be made public. He said they were based on scenarios from the East West modeling exercise and at a later point conceded that the major potential gains for NZ were to be found in the agricultural sector as that is where NZ faced export constraints.

Walker was then asked about the US desire to harmonise SPS standards and whether NZ had sought any carve outs in this respect. He said that the chapter is “an umbrella chapter” and like the WTO version that “contains a variety of approaches for how you set SPS measures”. In the TPP, they are looking to “evolve and enrich” that SPS base. It did not really impose formal obligations – “it's a framework and a process”, so NZ did not need to seek any carve outs – implying there was nothing to take exception to.

In a follow up question he was asked whether there was any text in any chapters that would require NZ to alter its laws relating to genetic modification and in particular, the Food Act re GM labeling or the HSNO Act with respect to outdoor releases. Walker said “No, nothing that is currently in the text that would do that”.

The next question focused on what protections would be in place concerning tobacco. Walker said that question may be tested through the cases that various WTO members have launched against Australia. He reiterated that NZ's view is that “Tobacco is a product of a unique health related nature and therefore you can continue to regulate in the public health interest”.

A Chilean diplomat then gave a small speech looking forward to the day when three small countries would be seen to have launched the TPP. He also asked how the TPP would affect the Doha round. Walker said he did not know, but he thought the TPP would re-energise the multi-lateral system.

Another question was what was triggering the 1% to 2% gain and can you be confident that the gains for the winners will be worth the losses for others. Walker said the models were picking up export

gains, and those come from markets that are more protected and these are generally in agriculture. “But not only out of that. There are tariff peaks sitting around ... in non-primary based manufacturing areas”.

The following question focused on how confident he could be of the gains. Walker responded in general terms about greater opportunity being available.

Then the questioning turned to other trade negotiations and what impact they had on each other. Walker said the most important other thing going on was the RCEP negotiations. He said “that is a process NZ has long been advocating for and looking to be a part of”. “RCEP is a very important development for us and it has just started” - RCEP is round 1. “We think that they can be complementary initiatives.” Walker also noted that: “The Pacific Alliance is a really interesting initiative”. This is a further set of negotiations just getting started where NZ has been invited to be an observer.

A woman from Wellington city Council asked what the impact would be of Japan coming into the negotiations and a French diplomat jumped on the question to also ask whether Japan’s entry would make it impossible to conclude the negotiations by the end of the year. Walker said Japan is a country NZ has been trying to get an FTA with and TPP provides a route to that. On Japan potentially delaying completion, he said the first thing required was “the Hong Kong level of ambition”. Second is momentum – the new party has to be at speed and cannot put their foot on the break. “Of course it’s going to be a challenge”.

A final question was what are the downsides – the relationship with China for example – and is there any loss of sovereignty? Walker said there are areas “that are not all beer and skittles”. The right to regulate for public health “will be safeguarded” he said. “We hope that at some point China will become a part of it”.

The meeting was convened by the Wellington Chamber of Commerce and attracted about 50 people. It was a mixture of mostly business people with a few NGO reps and a smattering of diplomats.