

**SUBMISSION TO THE FOREIGN AFFAIRS, DEFENCE AND TRADE  
SELECT COMMITTEE**

**RATIFICATION OF NEW ZEALAND-UAE COMPREHENSIVE ECONOMIC  
PARTNERSHIP AGREEMENT (CEPA)  
FEBRUARY 2025**

1. This submission is made on behalf of the New Zealand International Business Forum (NZIBF) and ExportNZ<sup>1</sup>. NZIBF is a forum of senior business leaders working together to promote New Zealand's engagement in the global economy. ExportNZ, a division of BusinessNZ, is a national industry association representing a diverse range of exporters throughout New Zealand.
2. NZIBF and ExportNZ welcome and support the conclusion of a Comprehensive Economic Partnership Agreement (CEPA) with the United Arab Emirates (UAE). The CEPA provides a platform to expand New Zealand's currently modest economic relationship with the UAE. It has also provided a springboard to the wider goal of achieving a comprehensive FTA with the members of the Gulf Co-operation Council (GCC).
3. This submission comments on cross-sectoral or wider issues arising in and from the CEPA agreement.

**Summary**

4. The CEPA achieves the goal of a high-quality, ambitious and comprehensive agreement with a commitment to eliminate 99% of tariffs in goods within an expeditious deadline (within three years). Reducing trade barriers with the UAE through the CEPA and thereby increasing awareness of commercial opportunities will generate new business, both bilaterally and potentially into the wider GCC market, which is where a greater prize can be achieved. We are pleased to see the inclusion of comprehensive tariff elimination outcomes, including for key areas of importance to New Zealand like dairy, meat, seafood and horticulture as well as manufacturing.
5. The CEPA now provides an opportunity to grow New Zealand exports in the dairy, red meat, seafood, horticulture, high value foods and agri-tech sectors. It will likewise create new opportunities for UAE goods, services and, through the companion Bilateral Investment Treaty (BIT), greater flows of foreign direct investment in our market.

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<sup>1</sup> The views in this submission are those of NZIBF and ExportNZ as a whole. Individual members may have different views on specific issues covered in this submission.

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6. The CEPA encompasses all substantive issues of relevance to both sides, including market access for goods and services and related provisions, investment, digital and paperless trade (where, in our view, New Zealand has more to do to implement the undertakings in the CEPA), competition policy, intellectual property, government procurement, labour, gender, climate change and environment issues and additional elements around ensuring that trade is both sustainable and inclusive. The right of governments to regulate for legitimate public policy reasons, and the ability of the New Zealand Government to meet the Crown's obligations to Māori, have been safeguarded.
7. NZIBF and ExportNZ recommend that the Select Committee reports to Parliament that the CEPA is an extremely positive outcome for New Zealand and should be enacted in legislation.

### **About the New Zealand International Business Forum**

8. NZIBF provides a voice to articulate the needs and priorities of New Zealand's international business community, and particularly the importance of open markets, to the New Zealand Government and public stakeholders. The NZIBF Board brings together leaders from amongst New Zealand's largest internationally oriented companies and peak business organisations. (A list of Board members is at Annex A.)
9. Incorporated in May 2007, NZIBF works with companies, business organisations and government agencies to implement projects in the international trade and economic sphere, including working to develop New Zealand's key international business relationships. NZIBF receives no direct government funding for its operating budget but from time to time receives funding for jointly funded projects.

### **About ExportNZ**

10. ExportNZ is a not-for-profit membership organisation and has approximately 2,000 export members around the country. Our regional network extends through the Employers and Manufacturers Association, Business Central, Business Canterbury, and Business South.
11. ExportNZ advocates for, inspires, connects, and celebrates New Zealand exporters. We aim to build a thriving ecosystem that supports each other. We are exporters helping exporters. Our value proposition for members is a mixture of policy and advocacy, education and training, networking, trade missions and inspiration through awards events and conferences.

### **The case for transforming our UAE trade and economic relationship**

12. The CEPA has been finalised at an opportune time. The UAE is a small, vigorous economy, with a GDP which reached USD 514 billion in 2023. Economic growth has varied but averaged 3.1 percent a year over the last

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decade<sup>2</sup>. It is a country of 9.6 million consumers and the population is projected to continue to grow steadily until at least 2050.<sup>3</sup> The UAE is a cosmopolitan market of 200 nationalities earning a per capital income of US\$ 49,020 in 2023<sup>4</sup>.

13. New Zealand's trade and economic relationship with the UAE is currently a modest one. In June 2024 the UAE ranked as our 17<sup>th</sup> largest export market and our 25<sup>th</sup> largest trading partner overall. Along with Saudi Arabia, this represents our most important relationship within the wider Gulf Co-operation Council (GCC). Two-way trade in goods and services amounted to \$1.12 billion in the year ended June 2024.<sup>5</sup> Investment is also important to economic ties.

14. In an increasingly protectionist world, the UAE stands out as an economy committed to engaging with new partners. By January 2025 it had signed 24 CEPAs.<sup>6</sup> At a time of geostrategic and global trade uncertainty, the CEPA has provided a good stepping stone towards a regional-level agreement while providing New Zealand business with further options for trade and cross-border partnerships.

### Market Opportunities

15. Constrained by challenging agro-climatic conditions, the UAE currently imports 85 percent of its entire food requirements, which presents opportunities for New Zealand's productive capabilities. Improving nutrition is a vital part of UAE's National Nutrition Strategy to 2030 and National Food Security Strategy to 2051. The country aims to triple its food output, focusing on innovative and efficient solutions, employing technologies such as hydroponics, robotics and automation. At the same time, the UAE's critical food security objectives and the significant challenges in has in meeting these objectives through increased domestic output will mean it continues to be heavily reliant on imports of high-quality agricultural products to meet its food demands.

16. According to NZTE, the UAE consumes 12 percent more food each year<sup>7</sup>. Despite strong income growth and enthusiasm for premium food and beverage products, however, New Zealand's exports to the UAE have been static since 2015.

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<sup>2</sup> World Bank data 2023

<sup>3</sup> World Bank data, 2022

<sup>4</sup> World Bank data, 2023

<sup>5</sup> [https://statisticsnz.shinyapps.io/trade\\_dashboard/](https://statisticsnz.shinyapps.io/trade_dashboard/)

<sup>6</sup> <https://www.middleeastbriefing.com/news/uae-signs-cepa-agreements-with-malaysia-kenya-and-new-zealand/#:~:text=Since%20the%20launch%20of%20the,quarter%20of%20the%20global%20population>

<sup>7</sup> <https://my.nzte.govt.nz/article/the-uae-governments-role-in-the-f-and-b-sector>

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17. NZIBF and ExportNZ believe that the CEPA provides scope to build the relationship with the UAE in ways that reflect the complementarities of our two economies, including the shared view that food production can be innovative, high value and sustainable.
18. New Zealand has strengths as a supplier of innovative, high-quality sustainably produced food and agricultural products such as dairy, sheep meat, beef, horticulture and seafood. The UAE is already an important market for dairy and for the red meat sector, ranking second in the region after Saudi Arabia and is a significant buyer of high value chilled beef.
19. New Zealand also has high-value niche manufacturing and services sectors which could support the UAE's priorities, including agri-tech<sup>8</sup>, software and digital goods and services, education, transport, logistics, business and professional services and specialised skills in environmental and technical agricultural services.
20. UAE investors may be interested in specific opportunities in New Zealand's property and infrastructure sectors and indeed investment flows have already found their way to some of those areas<sup>9</sup>. Enhanced capital flows, fostered through the CEPA and BIT, could potentially enhance New Zealand productivity and competitiveness.
21. An additional important goal for the CEPA is to help ensure that New Zealand exporters remain competitive with other third-country exporters into the UAE market – and vice versa. As noted above, in recent years, the UAE has negotiated and concluded 24 new CEPAs with India, Israel, Turkey, South Korea and Malaysia all featuring. The CEPA positions itself as one of the most ambitious signed by UAE. Provisions in the CEPA also provide security that any better market access negotiated by UAE in the future will also apply to New Zealand.

### **Specific issues addressed in the negotiation**

22. NZIBF and ExportNZ are pleased that the CEPA is of high quality, ambitious and comprehensive, and conforms fully to Article XXIV (8) (b) of the WTO's General Agreement on Tariffs and Trade, which stipulates that FTAs should cover "substantially all trade" of the participating countries.

#### *Goods*

23. Our main tariff-related concern in the negotiation was the removal of the 5% tariff applied on New Zealand's key food export items, which include dairy products, frozen sheep meat and frozen beef, seafood, fruit and

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<sup>8</sup>[https://assets.ctfassets.net/on0b3359khf9/6elmyVeXFHmpXPEs4vdOow/de59837c84ca0ddaca3c8accf71d55cf/Webinar\\_presentation\\_-\\_Agritech\\_in\\_the\\_UAE.pdf](https://assets.ctfassets.net/on0b3359khf9/6elmyVeXFHmpXPEs4vdOow/de59837c84ca0ddaca3c8accf71d55cf/Webinar_presentation_-_Agritech_in_the_UAE.pdf)

<sup>9</sup> <https://www.nzherald.co.nz/business/abu-dhabi-wealth-fund-selling-out-of-precinct-properties-for-261m/6GLCJWUJSNGQLIDQ3ZD63NGHSM/> and <https://www.stuff.co.nz/business/133003895/spike-in-interest-in-kiwi-homes-from-united-arab-emirates--nz-sothebys>

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processed vegetables. We are pleased that this concern is addressed by the CEPA.

24. Prior to the start of negotiations, NZIBF recommended that the two sides should aim for the complete elimination of tariffs between the UAE and New Zealand, and complementary disciplines intended to ensure that only robust and at most minimally trade-restrictive non-tariff measures, designed to meet legitimate policy objectives, remain in place. We are pleased to note that this ambition has been achieved. We note that a side letter on wine, which represents the 1 percent of tariffs that will not be eliminated after three years of CEPA's entry into force, confirms that any better market access provided to other wine suppliers will be provided to New Zealand. Wine also benefits from a reduction of 10% of the currently applied 50% tariff on entry into force.
25. NZIBF and ExportNZ support the inclusion of ambitious trade-facilitating provisions associated with goods trade, including around rules of origin, and regulatory coherence.

### *Services*

26. While the UAE is not currently a major market for services exports, the CEPA locks in and liberalises commitments on a range of sectors and could provide opportunities to New Zealand services exporters, especially in professional, business, education, environmental, transportation and distribution sectors. We note the CEPA does this through a "positive list" of nominated sectors rather than the "negative list" approach which has been the preferred approach in other trade agreements.

### *Digital and paperless trade*

27. NZIBF and ExportNZ are pleased to note a digital trade-friendly outcome in the FTA through the provisions of Digital Chapter 10, including a high-quality outcome on electronic commerce, recognising the transformative power of the digital economy. This includes free cross-border data flows for business, subject to appropriate provisions to protect consumer privacy, enhance trust and promote cyber security, but in such a way that those protections do not act as a disguised barrier to trade.
28. NZIBF and ExportNZ support the adoption of high-quality provisions aimed at delivering end-to-end, secure and trusted paperless trade. We note with approval the inclusion of wording creating a path for the provisions of the UN Commission on International Trade Law (UNCITRAL), including the Model Law on Electronic Transferable Records (MLETR) within the Agreement. It remains a disappointment to both organisations that despite including similar provisions in several trade agreements, the New Zealand Government has so far failed to implement MLETR and is slow in taking other steps towards implementing a national strategy on implementing paperless trade.

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### *Investment*

29. NZIBF and ExportNZ support the goal of increasing foreign direct investment into New Zealand and of provisions in our trade agreements which provide appropriate protection for foreign investment (inward and outward), while also recognising the Government's continuing right to regulate in the public interest.
30. NZIBF regrets that the New Zealand Government remains opposed to the inclusion of Investor-State Dispute Settlement (ISDS) and notes that this is reflected in the drafting of CEPA's investment facilitation provisions provided in Chapter 8. Other UAE investment partners will benefit from better protections negotiated in other UAE agreements, which are not available to New Zealand.
31. NZIBF and ExportNZ support the increase in the investment screening threshold to \$200 million for the UAE along the lines granted to other FTA partners.

### *Other issues*

32. An appropriate focus has been given in CEPA to ensuring that trade is both inclusive and sustainable. NZIBF and ExportNZ endorse the provisions in CEPA ensuring that all can benefit from the gains from trade, provided for in Chapters 14-16 including helping small and medium-sized enterprises, women and Māori to participate more successfully in trade and global value chains; and that trade is environmentally and developmentally sustainable. While not subject to dispute settlement, these provisions are significant. As Te Taumata has noted, the undertakings in Chapter 15 will assist in furthering Māori economic interests with the UAE.

## **Recommendations to the Foreign Affairs, Defence and Trade Select Committee**

NZIBF recommends that the Select Committee:

- a. **note** that NZIBF and ExportNZ support the ratification of the Comprehensive Economic Partnership Agreement between New Zealand and the UAE.
- b. **report** to Parliament endorsing the comprehensive nature of the agreement, the satisfactory outcomes it contains and recommending that Parliament enact the provisions of CEPA in legislation
- c. **note** our wish to appear before the Committee in support of this submission.

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**NZ International Business Forum/ExportNZ  
February 2025**

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### Annex A

#### Board members of the NZ International Business Forum

1. Philip Gregan, (Chair) Chief Executive, NZ Winegrowers
2. Catherine Beard, Director, Advocacy, BusinessNZ
3. Raewyn Bleakley, Chief Executive, NZ Food and Grocery Council
4. Kimberly Crewther, Executive Director, Dairy Companies' Association of New Zealand
5. Michael Fox, Head of Global Public Affairs, Zespri International
6. Sirma Karapeeva, Chief Executive, Meat Industry Association
7. Karen Morrish, Chief Executive, NZ Apples and Pears
8. Mike Pretty, Non Executive Chairman, Kraft Heinz
9. Katherine Rich, Chief Executive, Business NZ
10. Sarah Salmond, Partner, Minter Ellison
11. Tim Silverstone, General Counsel and General Manager, Corporate Affairs, Sealord Group Ltd
12. Alan Thomson, Chief Executive, Beef + Lamb NZ
13. Amy Tocker, General Manager, Māori Kiwifruit Growers
14. Reuben Tucker, General Manager, Institutional and Business Banking, Westpac
15. Simon Tucker, Director, Global Stakeholder Affairs, Fonterra

A number of alternate members are listed on the NZIBF website at [www.tradeworks.org.nz](http://www.tradeworks.org.nz)

#### Executive team

1. Stephen Jacobi, Jacobi Consulting Ltd (Executive Director)
2. Glen Candy, Project Manager