Identifying Māori interests in a UK/NZ FTA

Mana ki te mana,
Rangatira ki te rangatira

What role for the special contributions made by Māori to the UK?

Prepared by Dr Richard Meade (Cognitus Economic Insight) and Peter Rice - April 2021.

TE TAUMATA

E te Rangatira Rt. Hon Minister Damien O'Connor

Tena koe

Our Nation faces challenging times as we plan for the future.

In regional hui across New Zealand over the last 12 months in Mataatua, Te Tairawhiti, Whakatu and Te Taitokerau we have heard the call for action and urgency on trade that will lead to employment for our whanau.

For the first time ever it feels that as Maori we have a genuine opportunity to represent our Maori business, exporters, community and whanau interests into Free Trade Negotiations between New Zealand and the rest of the world. Britain has had a long standing association with New Zealand.

Our Maori trading reaches back many generations to the halcyon days of the Ta Apirana Ngata era that saw vibrant Maori communities where butter, meat, wool and other produce was exported to the United Kingdom. We enjoyed full employment.

As we roll forward to today we see in these same communities very high unemployment, and other socio economic problems.

An important factor in this decline has been World War. Maori people left home to fight in these wars for Britain and alongside her allies. Tragically many never came home.

We lost from our communities a whole generation of leadership. The effects of this loss continues to resonate in our communities and with our whanau today.

A new ambitious Free trade Agreement between New Zealand and the United Kingdom presents a rare opportunity to recognise the significant contribution made by Maori to the United Kingdom.

The effects of such a new agreement will ripple down to our mokopuna for generations to come.

Our people call for urgency and action today. Not talk!

I commend this analysis and recommendations to you and trust it will help to inform government policy and negotiations with the United Kingdom on options to practically respond to the interests of Maori in line with the Principles of Te Tiriti o Waitangi.

Kia ora

Chris Karamea Insley
Te Whanau A Apanui, Ngati Porou, Te Whakatohea
Tiamana
Te Taumata

Peer Review Panel

Jacqui Cane
Ngai Tahu

Paul Morgan
Te Tauihu

Whaimutu Dewes
Ngati Porou
Ngati Rangitihi

TE TAUMATA

Noku te whenua, kei a au te korero
Noku te whenua, ko au te Rangatira!
Dr Apirana Tuahae Mahuika (Ngati Porou)

Te Whanau a Apanui kuia and Koroua Rarua Insley (1st cousin, Moana Ngarimu VC) and Danny Poihipi sit near Wharanaki toka reflecting on the loss of soldiers of the 28th Māori Battalion in World War II.

He whakatauki

It is through hard work and knowledge that we will achieve.
Mā te kaha o te mahi i roto i te mātauranga, ka whakawhiwhia.

Bring forth our aspirations and lay them out before us
Tōia mai te pai tawhiti kia tata

Consolidate these aspirations and make them a reality
Kia tina te rā nei

So grasp the ways of old and bring them into this day and age
Pupuritia ngā akoranga ō mua hei tauira mā nāianei

For what reason?
Hei aha?

To take us forward into the future!
Hei kawea i a tātou ki ngā rā e tū mai!

Danny Poihipi
(Te Whanau a Apanui)

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Abbreviations

AI	Artificial intelligence
CI	Cultural indication – see also GI
CO2	Carbon dioxide
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CRI	Crown Research Institute
ESG	Environment, social justice, and corporate governance
ETS	Emissions trading scheme
EU	European Union
EV	Electric vehicle
FTA	Free trade agreement
GHG	Greenhouse gas
GI	Geographical indication – see also CI
GDP	Gross domestic product
GDPR	General Data Protection Regulation
GMO	Genetically modified organism
GW	Gigawatt
I2I	Indigenous-to-indigenous
ICT	Information and communications technology
IoT	Internet of things
IP	Intellectual property
IPR	Intellectual property right
MBIE	Ministry of Business, Innovation and Employment
MFAT	Ministry of Foreign Affairs and Trade
MFN	Most favoured nation
NHS	UK National Health Service
ONS	UK Office of National Statistics (UK equivalent of Statistics New Zealand)
R&D	Research and development
RMA	Resource Management Act
UKRI	UK Research and Innovation
VC	Venture capital

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1.
Introduction and Summary

Image credit: Paul Sutherland Photography

1.1 Context

1. At the time of writing, negotiations are well under way between Aotearoa/New Zealand (represented by the Ministry of Foreign Affairs and Trade, MFAT) and trade representatives of the United Kingdom for a UK-NZ free trade agreement (UK-NZ FTA). To assist it with these negotiations, MFAT is actively seeking to understand how best the FTA might reflect Māori interests.

2. Te Taumata, a Kaupapa Māori organisation set up to champion the interests of Māori in New Zealand FTA negotiations, engaged the authors to prepare this discussion document (the Discussion Document) to enable better engagement between Māori and MFAT on what Māori interests might be in the UK-NZ FTA.

3. In preparing this Discussion Document the authors recognise that Māori have a particular mix of economic, social/cultural and environmental interests, opportunities and challenges. That mix is not identical to that of non-Māori, and nor is it uniform across all Māori. Within the confines of the scope of this project, the Discussion Document seeks, at a high level, to tease out these various Māori interests, opportunities and challenges.

4. An FTA with the UK presents Māori with a particular mix of economic, social/cultural and environmental opportunities and risks. Once again, this Discussion Document teases these out at a high level.

1.2 Purpose of this Discussion Document

5. The purpose of this document is not to precisely identify what the various Māori interests, opportunities or challenges might be in relation to a UK-NZ FTA. Rather, it is to provide a platform for more informed discussion and debate between different Māori groups and Crown representatives (including MFAT) on what those interests, opportunities or challenges might be.

1.3 Our Approach

6. Our general approach in this Discussion Document is to:

   6.1. Firstly, summarise Māori interests, opportunities or challenges – along the dimensions of economy, society and environment – both now, and anticipated in the future;

   6.2. Secondly, highlight features of the UK – along the same dimensions of economy, society and environment, both now and anticipated in the future – which potentially align with or address Māori interests, opportunities or challenges; and

   6.3. Finally, identify how a UK-NZ FTA might "build a bridge" between Māori interests, opportunities or challenges on the one hand, and the features of the UK that might be aligned with, or address, those interests, opportunities or challenges on the other.

7. In each case we distinguish the short, medium and long terms (without being prescriptive about time frames), since:

   7.1. Māori interests, opportunities and challenges – like the UK's ability to address them – are evolving, so Māori priorities in respect of any FTA will differ over different time frames; and

   7.2. FTAs can directly affect only certain matters (e.g. tariffs on exports and imports), but are otherwise constrained by existing the policy settings of each party to the FTA.

8. It is therefore useful to consider how a UK-NZ FTA might be made a "living breathing" document – one which can evolve as domestic policy settings evolve. We think this is of particular interest to Māori, because:

   8.1. It emphasises relationship over whatever current priorities might be; and

   8.2. It acknowledges that New Zealand's domestic policy settings are in need of significant refinement – e.g. in relation to the recognition and protection of Māori intellectual property rights, ownership of key resources such as wai/water, etc – so future FTA possibilities should be expected to differ from current ones.

9. Since the Discussion Document is intended to promote discussion and debate, rather than provide precise answers, each section concludes with key questions arising from the discussion provided in that section:

   9.1. The intention is that these questions – as well as the wider discussion in each section of the Discussion Document – will form the basis for subsequent, informed and meaningful engagement between Māori and the Crown as to how best a UK-NZ FTA might be structured.

1.4 Summary of Key Opportunities and Possible Issues with a UK-NZ FTA

10. The challenge for the UK FTA is to help to leverage opportunities relating to Māori interests. In the short term, these include:

    10.1. Tariffs/subsidies removal and improved market access for existing (mainly primary) products;

    10.2. Accessing partnerships/investments for R&D, manufacturing and other expertise needed for increasing the sustainability of Māori primary sector and other assets; and

    10.3. Expediting the return of taonga.

11. Medium term opportunities include:

    11.1. Moving down value chain for goods and services, including through partnerships/investments for R&D, manufacturing and marketing expertise (especially with parties sharing Māori social, cultural and environmental values);

11.2. Accessing occupational and training opportunities through greater occupational recognition;

11.3. Opportunities in value-added goods based on socially-focused, sustainably and ethically produced food and fibre inputs:

11.3.1. Examples include sustainable/alternative foods/proteins/beverages, nutraceuticals and bio-actives, intelligent textiles, and natural insulation and other construction materials for sustainable homes and buildings.

12. In the longer term, opportunities include:

12.1. More fully realising the potential of Māori IP, once suitable IPRs are in place;

12.2. Development of networks/partnerships/ investments for R&D, financing and rollout/ commercialisation of innovative solutions;

12.3. Exchange of learners (students, occupational training) and researchers; and

12.4. Taking advantage of new high-tech industries, and transitioning to sustainable and resilient economy and communities:

12.4.1. Opportunities arise in life/health sciences, education, transition to clean technologies (EVs, offshore wind generation and wave generation, etc), modular/kitset house construction.

13. Pitfalls to avoid in any UK FTA include:

13.1. Exposing Māori suppliers to increased UK competition without offering offsetting opportunities in the UK:

13.1.1. For example, opening up New Zealand government procurement to UK suppliers may disadvantage Māori bidders through increased competition, while a lack of scale economies or UK presence in Māori suppliers may mean they find it impractical to bid for UK government procurement contracts;

13.2. Similarly, increased mutual recognition of each country's occupational/professional training and registration requirements, coupled with freer movement of people, could mean that Māori in certain occupations and trades face greater competition from UK providers:

13.2.1. On the other hand, the New Zealand market would be a smaller one for UK providers to vie for, whereas opening up the much larger UK market to Māori providers of occupational and trade services could on balance prove to benefit local providers.

13.3. UK rules and regulations for a green transition becoming a rod for the backs of laggard New Zealand producers:

13.3.1. Māori primary sector producers – particularly those with smaller scale and/or constraints on access to expertise and capital (e.g. due to land tenure restrictions) – might find it harder to transition to more sustainable farming practices despite facing particular cultural imperatives to do so, leaving them exposed to risks of not just consumer backlashes, but also regulatory barriers on accessing the UK market.

13.4. Likewise, other UK rules and regulations in relation to things like consumer protection, product labelling, labour market standards also have the potential to raise costs for New Zealand producers without necessarily providing offsetting benefits.

14. Possible next steps include this Discussion Document being socialised to relevant groups representing Māori economic, social/cultural and environmental interests. The purpose of such socialisation – including possible high-level presentations of the Discussion Documents key themes and questions – would be to ensure that those groups:

14.1. Feel adequately informed to be able to engage with the Crown on how an FTA with the UK might advance their particular interests; and

14.2. Identify those particular interests, and ensure those groups remain suitably engaged with ongoing FTA processes.

1.5 Outline of this Document

15. The balance of this document is set out as follows:

15.1. Section 2 – discusses what an FTA is, and why Māori might want an FTA with the UK. It also discusses what FTAs do – and do not – cover;

15.2. Section 3 – summarises how FTAs seek to protect Māori interests under Te Tiriti, the Treaty of Waitangi, and how FTAs are governed;

15.3. Section 4 – backgrounds Māori economic, social and environmental interests, opportunities and challenges relevant to an FTA with the UK;

15.4. Section 5 – provides a brief background on the UK economy, and summarises opportunities and risks presented by an FTA with the UK;

15.5. Section 6 – summarises possible Māori interests in an FTA with the UK; and

15.6. Section 7 – provides conclusions, and suggests possible next steps for helping to identify Māori interests in the UK-NZ FTA.

2. What are FTAs, Why Have Them, and What Do FTAs (Not) Cover?

NEW ZEALAND'S FREE TRADE AGREEMENTS OPEN DOORS

IN FORCE

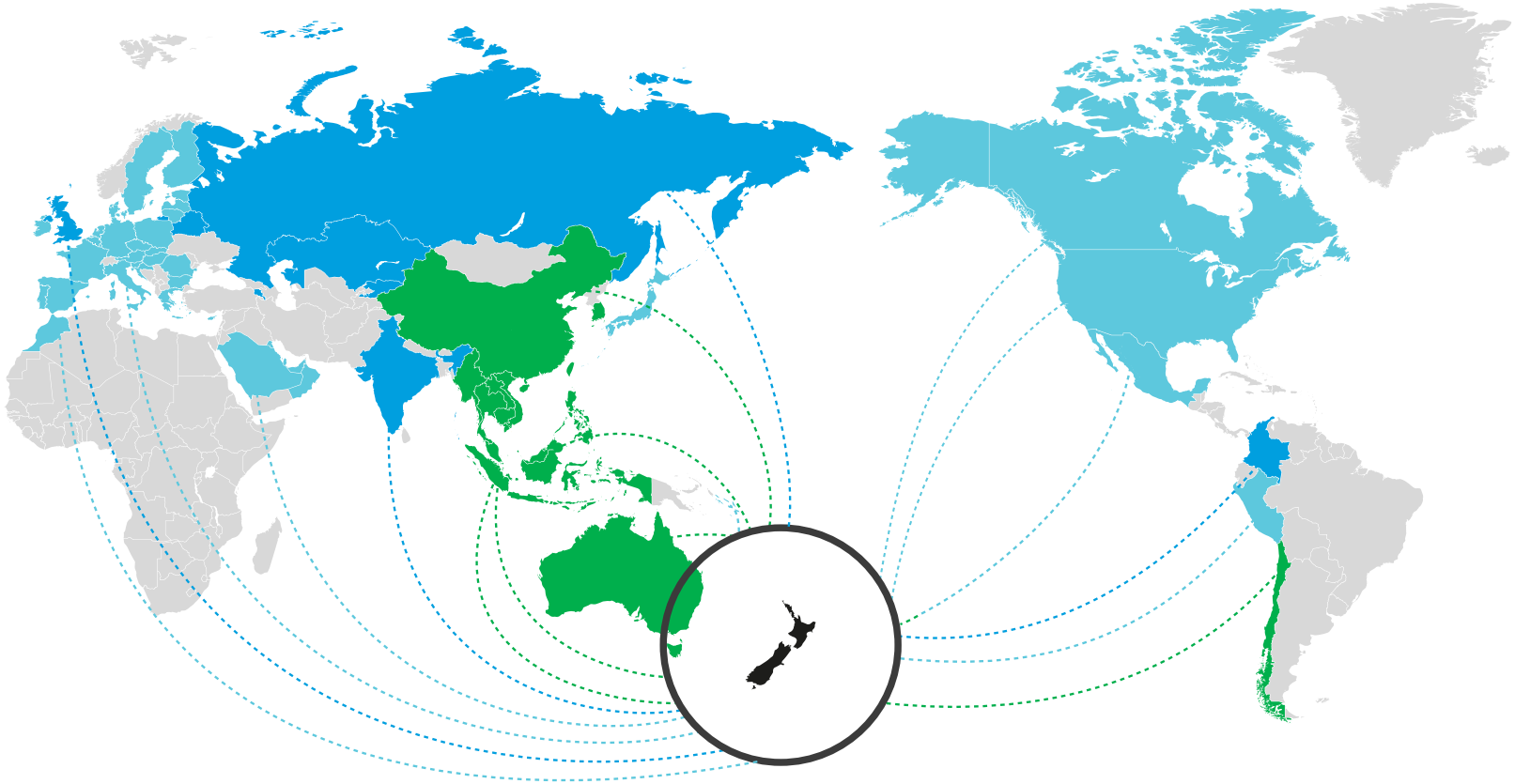
Australia, Brunei Darussalam, Cambodia, Chile, China*, Hong Kong, Indonesia, Korea, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Viet Nam.

CONCLUDED BUT NOT IN FORCE

Australia, Brunei Darussalam, Bahrain, Canada, Chile, China*, Cook Islands, European Union, Japan, Kiribati, Korea, Kuwait, Malaysia, Mexico, Morocco, Nauru, Niue, Oman, Peru, Qatar, Samoa, Saudi Arabia, Singapore, Solomon Islands, Switzerland, Tonga, Tuvalu, United Arab Emirates, United States**,Vanuatu, Viet Nam.

UNDER NEGOTIATION

Australia, Brunei Darussalam, Cambodia, Chile, China*, Colombia, European Union, India***, Indonesia, Japan, Korea, Laos, Malaysia, Mexico, Myanmar, Peru, Philippines, Singapore, Thailand, United Kingdom, Viet Nam.



Source: Ministry of Foreign Affairs and Trade, August 2020.

* New Zealand has FTAs with China, Hong Kong China and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.
** The US signed the TPP but then withdrew its support (without which the deal cannot enter into force).
*** India is a party to two FTAs that New Zealand is negotiating: a bilateral FTA, and also a regional agreement, the 'Regional Comprehensive Economic Partnership' with 15 other economies.

Key points from this section:

1. FTAs are rules agreed by their party countries about how they will do business with each other, and address other matters of shared interest (increasingly including non-business matters).

2. By entering into an FTA with the UK, Māori businesses, individuals, whanau and communities might benefit through things like improved:

- Market access for exports – e.g. lower tariffs on wine and sheep products;
- Ability to access services from (or provide services to) the UK – including through improved ability to reside, work and/or study in the UK; and
- Access to investment capital, education, occupational training and research, and skills in things like low-emissions technologies, life sciences, and language revitalisation – all areas in which the UK has world class capabilities.

3. FTAs typically do not try to change the policy settings in their member countries, and instead reflect those settings as they already exist.

2.1 What is an FTA?

2.1.1 Introduction to FTAs

16. According to MFAT:

    16.1. An FTA is a "a set of rules for how countries treat each other when it comes to doing business together – Importing and exporting goods or services and investing."[1]

    16.2. "FTAs open up market opportunities, streamline processes, reduce costs, and create more certainty and security for companies doing business overseas. They help New Zealand businesses become and remain more competitive in overseas markets." [2]

    16.3. "The focus of an FTA is primarily on economic benefits and encouraging trade between the countries by making it more efficient and profitable. Agreements usually remove tariffs on goods, simplify customs procedures, remove unjustified restrictions on what can or can't be traded, and make it easier for business people to travel or live in each other's country. But FTAs may also have political, strategic, or aid benefits." [3]

2.1.2 Scope of FTAs

17. Increasingly, however, the focus of FTAs is broadening to encompass more than just trade and business matters, with focus on social issues such as:

    17.1. Ensuring the benefits of trade are enjoyed widely among different groups in society, not just businesses – the New Zealand government's so-called "trade for all" approach to FTAs; and

    17.2. Furthering wider social and cultural aims, including in relation to socio-economic development, ethical use of labour and other resources, and environmental sustainability.

18. This is reflected in the coverage of FTAs, which touch on matters as diverse as:[4]

    18.1. Trade in goods;

    18.2. Services and investment;

    18.3. Digital economy;

    18.4. Government procurement;

    18.5. Intellectual property (IP);

    18.6. Trade and competition; and

    18.7. Trade and sustainable development (including environment and labour).

19. In terms of goods, FTAs focus on:

    19.1. Eliminating tariffs on exports and imports, supported by rules of origin to ensure goods that benefit from reduced tariffs are genuinely/sufficiently from the country that benefits from those tariff reductions;

    19.2. Improving customs procedures for processing traded goods, including through greater use of automation;

    19.3. Managing risks from imported goods – including ensuring biosecurity, without unnecessarily impeding trade; and

    19.4. Mechanisms to resolve trade issues in an objective and scientific manner, while ensuring that the life or health of people, animals, and plants is protected.

20. Regarding the other matters covered by FTAs, focuses include:

    20.1. Services and investment – countries can agree to open up service provision and investment to parties from other countries (for example, in private education, ICT services, professional services, and transport services) while safeguarding their right to regulate for legitimate public policy purposes;

20.2. Digital economy – maximising opportunities from e-commerce while also protecting consumer interests and personal information;

20.3. Government procurement – allowing providers in each FTA party's country to bid in the other's government procurement tenders for good and services;

20.4. IP – agreeing rules for how IP of party's in each country will be recognised and protected in the other country;

20.5. Trade and competition – ensuring that parties to the FTA have effective rules for preserving competition, and not distorting competition to gain trade advantages, with New Zealand focusing especially on reducing trade-distorting subsidies, including those that harm the environment (e.g. subsidies promoting use of fossil fuels, or unsustainable fishing practices); and

20.6. Trade and sustainable development (including environment and labour) – ensuring that labour and environment laws are not downgraded by a party to the FTA in order to achieve trade advantages.

2.1.3 Examples of FTA Provisions from the CPTPP – Environment, and Māori

21. As to the latter, the CPTPP agreement ratified by New Zealand in October 2018, among other things:[5]

    21.1. Enables New Zealand to maintain its controls on the use of biotechnology and genetically modified organisms (GMOs);

    21.2. But requires member countries to protect and conserve wild flora and fauna, and be more transparent and disciplined in their use of fish subsidies.

22. The CPTPP also contains provisions intended to assist Māori:[6]

    22.1. Recognising the importance of primary sector activities (agriculture, forestry and fishing) for Māori, the CPTPP reduces agricultural tariffs across a wide range of products, for a wide range of markets;

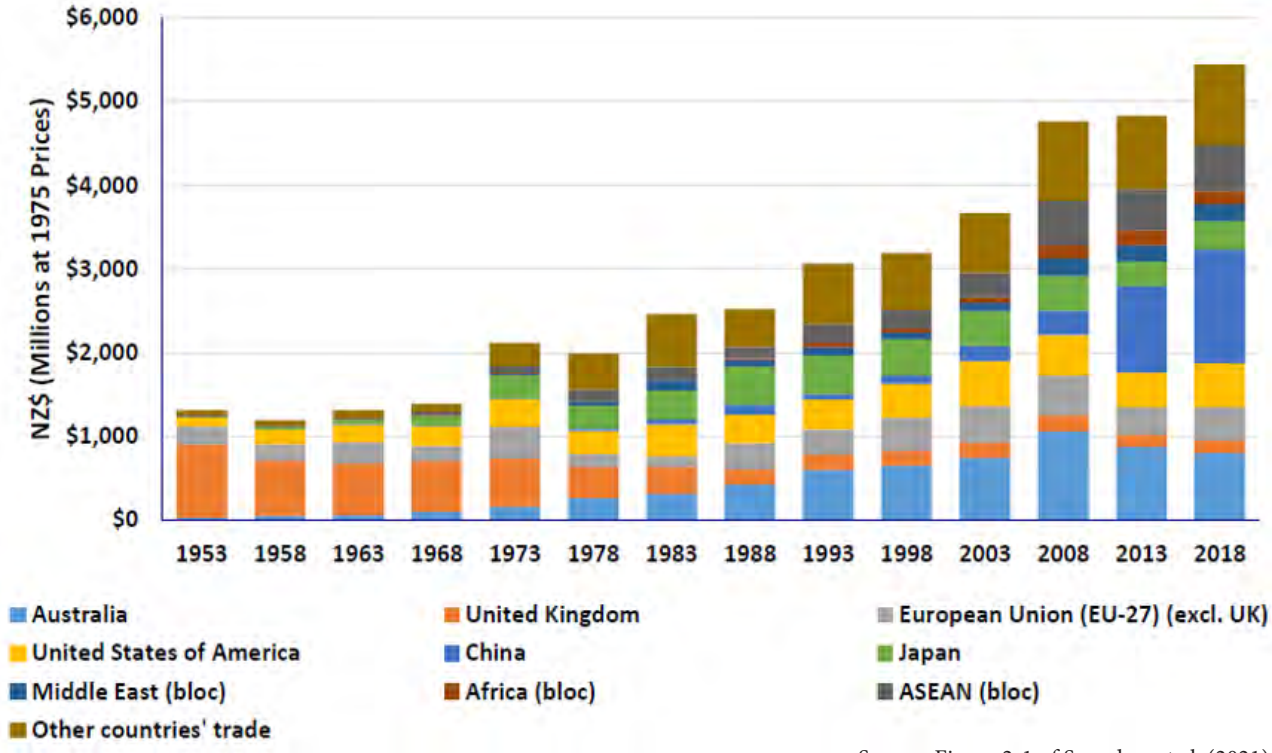
    22.2. Like other FTAs, the CPTPP includes a Treaty of Waitangi exception that allows the government to adopt policies necessary for it to fulfil its obligations to Māori, meaning it is free to do so without needing to offer equivalent treatment to persons from other CPTPP countries.

2.2 Why (Not) have an FTA with the UK?

2.2.1 Increased Merchandise Exports through Tariffs Reductions

23. Historically, the UK was a major buyer of New Zealand's merchandise exports. Peaking at around 90% of New Zealand's merchandise exports in the 1930s, the UK's share fell to 67% by 1953, and is now only 2.5%.[7] As shown in Figure 2.1, the value of merchandise exports to the UK has fallen at the same time that other markets such as Australia, the US, the EU, Japan and most notably, China, have grown.

Figure 2.1 – Long-Term Declining UK Share of New Zealand's Merchandise Exports



Source: Figure 2-1 of Saunders et al. (2021).

24. Having said that, the UK is a country with many high-income and discerning consumers, presenting opportunities for New Zealand exporters of high quality, and sustainably- and ethically-produced, commodities (e.g. food, fibre) and value-added products. Research suggests that UK lamb consumers might even be prepared to pay a premium for lamb raised on Māori farms.[8]

Table 2.1 – Details of Tariffs on Most Significant New Zealand Exports to the UK

Item	Current UK Tariff	Average 2017-2019 Value in $m at June 2018 Exchange Rate	Share of New Zealand Exports to UK
Wines (mostly white)	£1.70/litre	473	29%
Sheep/lamb products	12% + £1.40/kg up to £2.60/kg	468	28%
Apples	4%	91	5%
Honey	16%	49	3%
Aluminium	2%	15	0.9%
Packaging materials	6%	13	0.8%
Onions	8%	10	0.6%

25. Table 2.1 summarises current UK tariffs on the most significant New Zealand exports to the UK:[9]

    25.1. 43 of New Zealand's top 100 exports to the UK, accounting for 17% of total New Zealand exports to the UK by value, have no tariffs – implying that 83% by value of those top 100 exports face tariffs.

26. For perspective, New Zealand's total 2018 exports for selected goods were:[10]

    26.1. Wine – $1,703m: UK wine exports were 28% of that total, implying that reducing UK wine tariffs should have a material impact on New Zealand wine exports;

    26.2. Meat and edible offal – $7,054m: UK sheep/lamb product exports were 7% of that total, so reducing UK sheep/lamb tariffs should lead to an increase in New Zealand farmer returns, but relatively modestly so overall; and

    26.3. Aluminium and aluminium articles – $1,196m: UK aluminium exports were just 1% of that total, so reducing UK tariffs on aluminium products would have a relatively modest impact on New Zealand's exports of aluminium.

27. These figures suggest that the UK is a major market for New Zealand wine producers, but a less significant market for meat and aluminium producers:[11]

    27.1. Reducing the UK's tariffs on the goods listed in Table 2.1 will make a material difference for New Zealand exporters overall, but with benefits unevenly distributed across the affected goods (also reflecting the different levels of tariff applying for each good – e.g. honey exports to the UK are low relative to other exports, but reducing the current 16% tariff could significantly improve returns to New Zealand honey producers, including Māori producers).

2.2.2 Limited Gains to Consumers through Import Tariff Reductions

28. Because New Zealand already has only few or only modest tariffs on imports, New Zealand consumers cannot expect to benefit much from an FTA with the UK in terms of reduced tariffs on UK imports:

    28.1. They might benefit, however, in terms of improved processes for importing goods from the UK, or access to a wider range of UK goods or services.

2.2.3 Access to Capital and Technology, and Opportunities for People Development

29. FTAs traditionally focus a great deal on reducing trade-distorting tariffs and subsides for goods. Increasingly, however, they cover a wider range of issues, especially as issues like the environment become more important, and also to recognise that services are commonly much more important for modern economies than goods.

30. As discussed in Section 5, there are a number of specific opportunities for New Zealand that an FTA with the UK might be able to enable, including in relation to enabling better access to the UK's world class:

    30.1. Financial services sector and capital markets;

    30.2. Educational institutions;

    30.3. Low-emissions technologies and expertise – e.g. off-shore wind generation; and

    30.4. Life sciences, agritech, and other technology-related research capabilities.

31. An FTA with the UK has the potential to open doors to collaborations, exchanges, ventures and investments that provide benefits to New Zealand in addition to those achievable through reducing trade-distorting tariffs and subsidies on goods.

    2.2.4 Some Possible Downsides to an FTA with the UK

32. FTAs don't just offer the potential for better returns to exporters, improved capital access for investors, and lower prices for consumers. They also potentially open the door on greater domestic competition – e.g. through more overseas goods and service providers – including workers – finding it attractive to operate in New Zealand.

33. For sectors in New Zealand that are not in a position to take advantage of similar opportunities in the UK, this added competition – in business, or in employment – could simply represent a net downside from an FTA. Likewise, FTAs can result in either stricter or just extra rules for doing business (e.g. in order to comply with consumer/labelling, environmental, or other standards).

34. These are just some of the reasons why different parts of the community might have different – even conflicting – interests in relation to an FTA, with the UK or any other country or set of countries.

2.3 What Would an FTA with the UK Not Cover?

35. In discussing the UK FTA negotiations process with the authors, MFAT has repeatedly stressed that FTAs typically do not seek to change the domestic policy settings of either party to the FTA:

    35.1. Instead, FTAs are "enabling devices", providing "pathways" for businesses and others in the party countries to identify and secure benefits from agreements set out in the FTAs;

    35.2. While FTAs might require that party countries either maintain or adopt laws or policies to achieve specific aims (e.g. protecting basic workers' rights), the party countries themselves choose how to do so, subject to sometimes agreeing to share information and cooperate on any intended changes; and

    35.3. FTAs do not otherwise change the domestic policy settings of their party countries, rather they typically reflect those settings, and only seek to change them when the parties perceive that to be beneficial.

36. In fact, on the contrary, FTAs often include "exceptions" or "savings" preserving the freedom of the party countries to set their policies in certain areas, subject to not doing so for trade-distorting purposes (e.g. having a legitimate scientific/objective basis, or legitimate public policy purpose). In the context of a UK-NZ FTA, this would include New Zealand preserving its ability to, for example:

    36.1. Honour its commitments to Māori under Te Tiriti, the Treaty of Waitangi – discussed further in Section 3;

    36.2. Implement policies intended to protect the health of humans, animals and plants – such as New Zealand's biosecurity and GMO controls;

    36.3. Require imports to comply with technical regulations or standards to protect national security or the environment; and

    36.4. Regulate other activities, such as the use of natural resources, for legitimate public policy purposes.

37. Because FTAs typically reflect current policy settings in the party countries, and do not seek to change them except in certain cases, this means FTAs need mechanisms that allow them to be adapted as circumstances and priorities change in those countries:

    37.1. This could be particularly important for Māori, since New Zealand's domestic policy settings continue to evolve to better reflect matters of particular concern or interest to Māori (such as recognition and protection of mātauranga Māori, traditional Māori knowledge, or Māori rights and interests in natural resources such as wai/water);

    37.2. Because FTAs are long-lived, it is therefore important that they retain flexibility to accommodate important changes in domestic policy settings as those settings evolve – this too is discussed further in Section 3.

Key questions to consider in relation to this section:

1. While reducing tariffs on wine and sheep/lamb could lead to better returns to Māori wine producers and sheep farmers, is reducing tariffs on goods like these the highest priority for Māori in any FTA with the UK?

2. Relatedly, what priority would Māori wish attach to other FTA provisions, such as making it easier for Māori to access services from (or provide services to) the UK, access educational, occupational training and/or research capabilities in the UK, or learn from and collaborate with UK parties with knowledge and experience in language protection and revitalisation?

3. More generally, reflecting Māori interests and values, how much priority should respectively be given in an FTA with the UK to business, social and environmental matters?

3.

How Do FTAs Protect Māori Interests, and How are FTAs Governed?

Image credit: Chris Sisarich

Key points from this section:

1. All FTAs with Aotearoa/New Zealand contain provisions preserving the Crown's ability to honour its commitments to Māori under Te Tiriti, the Treaty of Waitangi.

2. However, FTAs create no positive obligations on either the Crown or the FTA partner country to advance Māori interests unless specifically agreed to.

3. FTAs include provisions that enable them to evolve as specific changes in circumstances arise, or more generally, but in either case Māori have no specific or dedicated voice in the process of change.

3.1 Treaty of Waitangi Clause

38. As mentioned in Section 2.3, MFAT insists that all FTAs include a clause that preserves the Crown's ability to honour its obligations to Māori under Te Tiriti, the Treaty of Waitangi, but also to afford more favourable treatment to Māori in relation to matters covered by the relevant FTA:

    38.1. Other countries often insist on their own "must have" clauses like these – e.g. in an FTA with the UK, it can be expected that the UK will insist on its ability to maintain and operate its national health services, the NHS, as it sees fit.

39. For consistency of interpretation and application, MFAT adopts like wording for the Treaty clause in FTAs, so it can be expected to continue to do so in any FTA with the UK. That wording is set out in Box 3.1.

40. While this wording means the Crown is not prevented from honouring its obligations to Māori under Te Tiriti, it creates no obligations on the Crown or any other party to honour Te Tiriti:

    40.1. In the context of an FTA, it is to be expected, and appropriate, that the FTA does not modify the Crown's obligations to Māori under Te Tiriti.

41. However, in the context of an FTA with the UK – a country that has derived significant benefits from Māori both through the process of colonisation of Aotearoa, but also through the sacrifice of Māori soldiers who defended the UK's interest in two World Wars, a question arises as to whether a UK-NZ FTA should create positive obligations on the UK to acknowledge and recognise those contributions in concrete ways.

42. More generally, questions have been raised about the appropriateness of the current Treaty exception, and alternatives have been proposed (e.g. Kawharu (2020)) as summarised in Box 3.2:

    42.1. A new Treaty exclusion – the first two options in Box 3.2 – could provide Māori with a higher level of protection (Kawharu, p. 292);

    42.2. The third option in Box 3.2 instead amends and clarifies the existing text.

43. The Waitangi Tribunal "encouraged the claimants and government to enter into constructive dialogue on the future of the Treaty Exception text" (Kawharu, p. 293, referring to New Zealand Waitangi Tribunal, Report on the Trans-Pacific Partnership Agreement, at 5.2.3).

Box 3.1 – Standard Treaty Exception included in FTAs with New Zealand

"Article [..] Treaty of Waitangi

1. Provided that such measures are not used as a means of arbitrary or unjustified discrimination against persons of the other Party or as a disguised restriction on trade in goods and services and investment, nothing in this Agreement shall preclude the adoption by New Zealand of measures it deems necessary to accord more favourable treatment to Māori in respect of matters covered by this Agreement, including in fulfilment of its obligations under the Treaty of Waitangi.

2. The Parties agree that the interpretation of the Treaty of Waitangi, including as to the nature of the rights and obligations arising under it, shall not be subject to the dispute settlement provisions of this Agreement. Chapter [..] (Dispute Settlement) shall otherwise apply to this Article. A [..] established under Article [..] may be requested to determine only whether any measure referred to in paragraph 1 is inconsistent with [..] rights under this Agreement."

Box 3.2 – Possible Alternatives to the Standard Treaty Exception

1. Option 1 (alternative to existing text) – "Nothing in this Agreement shall apply to any measure [adopted by New Zealand] [New Zealand deems necessary] to fulfil the obligations of the Crown to Māori, whether pursuant to Te Tiriti o Waitangi or otherwise under international or domestic law, or to address the particular but not necessarily exclusive concerns of Māori in relation to social, cultural, spiritual, environmental, or other matters of importance to them."

2. Option 2 (alternative to existing text) – "Nothing in this Agreement shall apply to any measure [adopted by New Zealand] [New Zealand deems necessary] to fulfil the obligations of the Crown to Māori, including under Te Tiriti o Waitangi."

3. Option 3 (amending paragraph 2 of existing text):

   "Provided that such measures are not used as a means of arbitrary or unjustified discrimination against persons of the other Parties or as a disguised restriction on trade in goods, trade in services and investment, nothing in this Agreement shall preclude the adoption by New Zealand of measures it deems necessary to fulfil its obligations to Māori including under the Treaty of Waitangi.

   "The Parties agree that the interpretation of the Treaty of Waitangi including as to the nature of the rights and obligations arising under it, shall not be subject to the dispute settlement provisions of this Agreement."

3.2 How FTAs Evolve and are Governed

44. FTAs are agreed at a point in time, and reflect policy settings in each of the parties' countries as they exist or are known to be heading. However, they are also intended to be enduring, so it is important that they include mechanisms to update their provisions as circumstances and priorities change.

45. FTAs include certain provisions that are intended to achieve the required level of flexibility, while not detracting from the agreements they initially incorporate. These include:

    45.1. Clauses providing for general review of an FTA – e.g. every 10 years;

    45.2. Mechanisms built into specific FTA "chapters" that automatically change if certain events arise, or are deferred for agreement at a later date:

        45.2.1. An example of the former is "most favoured nation" (MFN) clauses, which mean that if a party to an FTA agrees more favourable provisions in some other FTA, then they will automatically grant the same treatment to the other party to the initial FTA;

        45.2.2. An example of the latter might be where international rules for certain matters are evolving and not yet resolved, and the parties wish to adopt any internationally-agreed rules rather than bespoke rules in their bilateral FTA; and

    45.3. Committee processes – these are institutional provisions included in FTAs under which a joint committee is established to oversee FTA implementation, and can set up sub-committees and working groups to assist it in this role. In this sense they "govern" how FTAs are implemented.

46. This raises an important question about how Māori might – or should – be included in both the design of FTAs, and their ongoing governance. A related question is whether Māori should be considered a stakeholder group in FTA processes, or whether the partnership relationship between Māori and the Crown under Te Tiriti requires a greater role.

Key questions to consider in relation to this section:

1. Is the current Treaty of Waitangi protection clause fit for purpose? If not, how could it be improved (e.g. do you prefer any of the options in Box 3.2), and who should decide on how this wording evolves?

2. Does the current level of Māori input into the design and ongoing governance of FTAs meet the expectations of Māori under Te Tiriti or otherwise? For example, is consultation with Māori as a stakeholder group sufficient? If not, how could that input be improved (e.g. is more joint decision-making – i.e. partnership – required), and how should an improved level of input be achieved (i.e. how would greater Māori involvement be realised)?

3. Should Māori be able to negotiate FTAs directly with other sovereign states? Is this possible given current legal (e.g. constitutional) arrangements? Should this possibility be provided for now in an FTA in case future arrangements allow for it later?

4. For the UK in particular, given its colonial history with Aotearoa, should Māori expect more from an FTA than the mere recognition that the Crown has duties under Te Tiriti that the FTA does not limit – e.g. should the FTA explore how the UK might more directly contribute towards Māori socio-economic development, in light of the benefits the UK derived from colonisation and the contribution of Māori soldiers to protecting UK interests in two World Wars? Might this include Māori enjoying preferential treatment under a UK-NZ FTA (including, for example, a Most Favoured Nation clause in relation to aspects of such an FTA, or other types of "two tier" approach)?[13]

4.

Māori Economic, Social, and Environmental Interests, Opportunities and Challenges

Image credit: Chris Sisarich

Key points from this section:

1. The Māori economy is at a relatively early stage of development, but growing very strongly as a consequence. In terms of assets, income and employment, it is heavily concentrated in primary sectors (agriculture, forestry and fishing), particularly when primary-related processing sectors are taken into account.
2. Other sectors offer Māori a much greater return on financial assets, especially where those sectors produce high returns to skills – such skills will prove to be increasingly important, both in directly increasing Māori incomes, but also in enabling Māori primary producers to move further down the value chain – that said, for cultural and historical reasons the Māori economy is expected to remain "natural resources and other activities", not "natural resources or other activities".
3. Māori IP has the potential to add considerable value to Māori goods and services, but lacks strong recognition and legal protection, hindering its use.
4. The Māori population is relatively young and growing strongly, making it even more important to invest in the capacities and capabilities of Māori people to realise their full potential – many longstanding socio-economic deficits (e.g. in housing, health, education, employment and financial resources) will need to be overcome to do so, but strong cultural resources will assist in Māori addressing those challenges.
5. Being heavily invested in natural resources makes Māori relatively more exposed to the consequences of climate change and other environmental challenges, especially after accounting for Māori land, in particular, being relatively more remote, steep and erosion prone, and Māori communities (especially coastal communities) being unable to relocate their traditional areas of association.
6. While most Māori are likely to be adversely impacted by climate change, some might benefit in terms of more temperate and productive climates, though changes in traditional ecosystems will carry offsetting cultural costs – in any case, all Māori would expect future decision making about the natural environment to better reflect Māori cultural values and preferences.

4.1 Introduction

47. As a first step towards helping to identify where Māori interest might lie in an FTA with the UK, this section begins with snapshots of the Māori economy, Māori society, and Māori in the environment:

    47.1. In each case, possible futures are explored, and issues and opportunities for Māori from an FTA with the UK are set out. Later sections of the Discussion Document then explore how an FTA with the UK might help to manage those issues, and secure those opportunities.

48. For cultural and historical reasons, the Māori economy has a strong focus on natural resources – e.g. land, waterways and sea. Primary sectors – agriculture, forestry and fishing/aquaculture – therefore feature prominently in the Māori asset base, and can be expected to continue to do so. The evolving Māori economy is likely to involve natural resources and other activities – not natural resources or such activities:

    48.1. In the short term at least, and likely longer term, improving market access for primary products will be important to both Māori producers and Māori who are employed in either primary sectors, or in processing primary sector products;

    48.2. As we will see, however, other sectors of the economy already matter more to Māori in terms of employment, and returns on investment, and can be expected to become more important over time. This points to changing priorities in terms of an FTA with the UK.

49. In each case, like every sector of economies around the world, Māori face imperatives to move down value chains – in sustainable and ethical ways – to secure increased returns, and also to become more productive and efficient (e.g. through greater use of technology). This ultimately requires access not just to financial and physical capital, but also to cultural and human capital:

    49.1. That means access to people with skills (including governance skills), and to the health, educational and occupational opportunities that build the capacities and capabilities of individuals, whānau and communities.

50. Improving the capacities and capabilities of individuals, whānau and communities is an interest that is not confined just to Māori business. Māori individuals, whānau and communities continue to experience inter-generational deficits in health, education and employment, translating into inter-generational deficits in things like home ownership and financial security:

    50.1. An FTA might provide opportunities for things like improved access to healthcare and education which work hand in hand with increased business opportunities to improve those capacities and capabilities;

    50.2. At the same time, an FTA with the UK might open the door on cultural exchanges that provide new ideas and opportunities for building and celebrating te reo, and other aspects of Māori culture.

51. Finally, the wellbeing of Māori individuals, whānau and communities – like that of non-Māori – is ultimately tied to the health and wellbeing of the environment:

    51.1. With a relatively greater exposure to natural resources, Māori are also relatively more exposed to risks (and in some cases, opportunities) from climate change;

    51.2. To the extent that governments, producers and consumers around the world are paying greater attention to improving the sustainability of how we produce, work and live, this represents a shift towards values which many Māori would argue sit at the core of te ao Māori:

51.2.1. I.e. towards a more holistic view of the relationship between people and the environment, including obligations towards not just future generations, but also towards the environment itself;

51.3. Aspects of an FTA with the UK which align with such cultural imperatives could be of particular interest to Māori.

52. Each of these themes is explored further below.

4.2 Māori Economy – Assets, Returns, and Employment

4.2.1 Snapshot of the Māori Economy

Primary Sector Assets are a Major Share of the Māori Asset Base

53. As shown in Figure 4.1, the Māori asset base comprises a significant share of primary sector assets – those in farming, forestry, and fishing/aquaculture. Taking those primary sector assets as a whole, they account for a third (34%) of Māori assets in 2018. The top six sectors, accounting for 80% of Māori assets, are:

53.1. Agriculture, forestry, and fishing;

53.2. Rental, hiring and real estate services – including commercial, industrial and residential property;

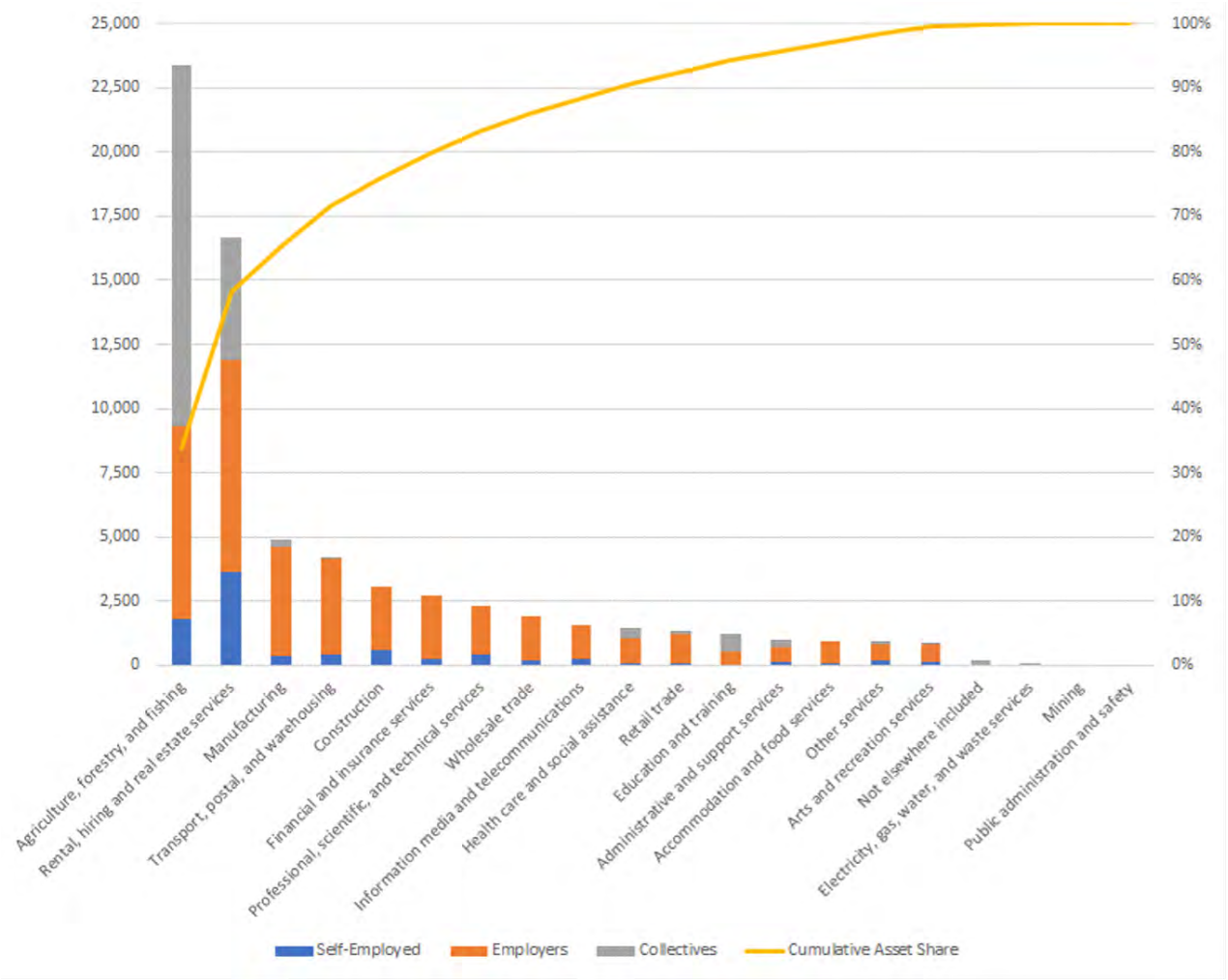
53.3. Manufacturing;

53.4. Transport, postal, and warehousing;

53.5. Construction; and

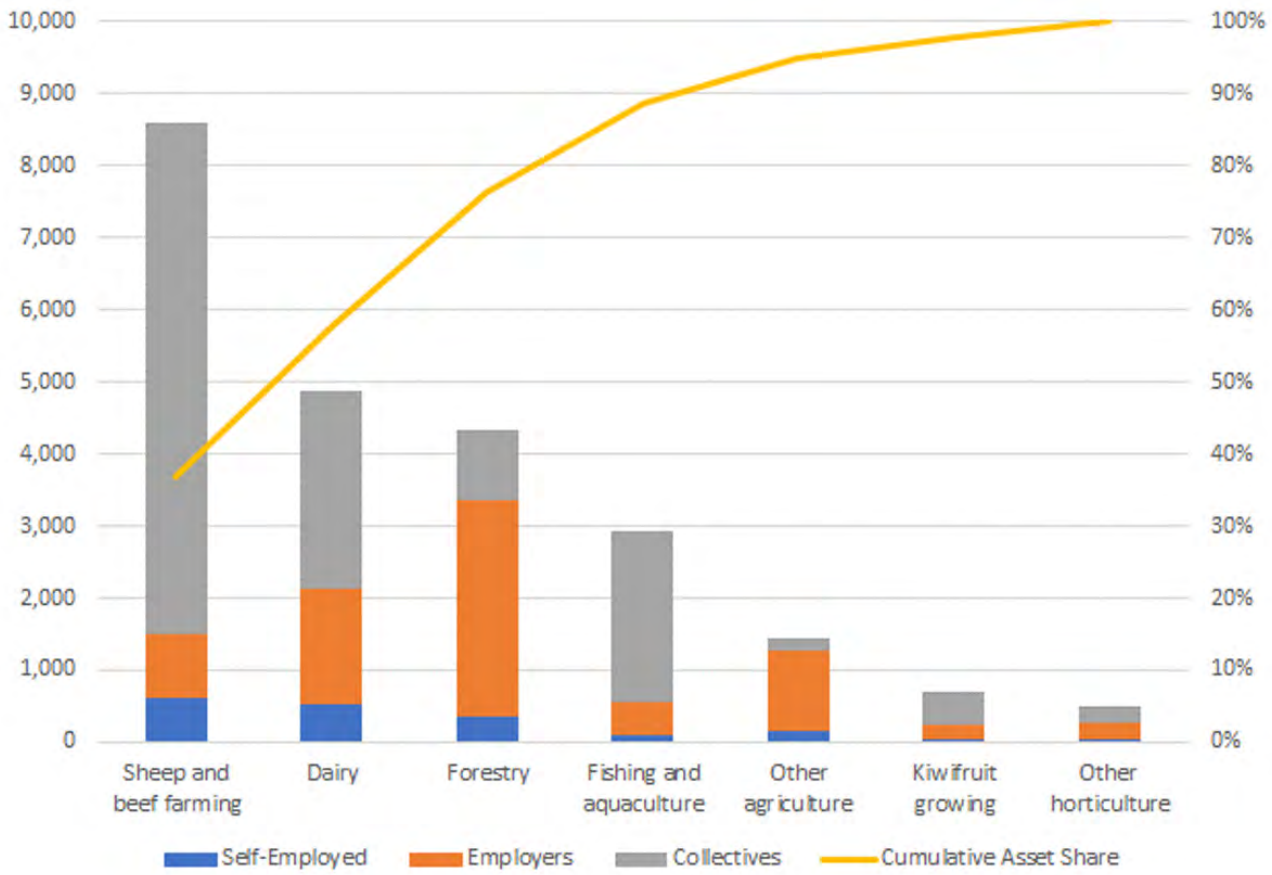
53.6. Financial and insurance services.

Figure 4.1 – Primary Sector Assets Account for a Third of the Māori Asset Base (2018 $m)



Source: Figure based on data from BERL (2020a).

Figure 4.2 – Primary Sector Assets Dominated by Sheep and Beef Farming (2018 $m)



Source: Figure based on data from BERL (2020a).

54. Figure 4.2 breaks down Māori primary sector assets, showing that sheep and beef farming dominate. The top four primary sectors, accounting for almost 90% of Māori assets, are:

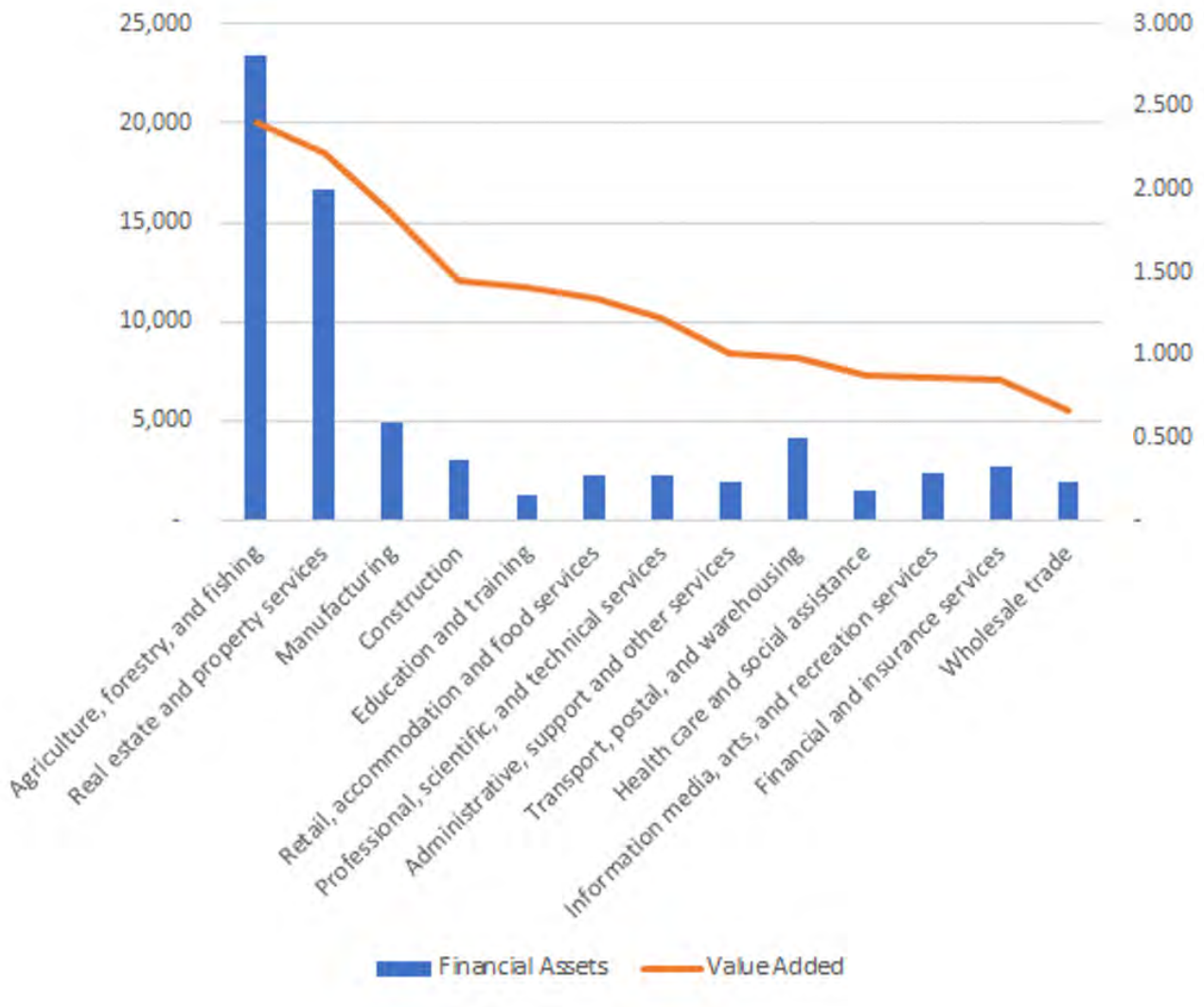
    54.1. Sheep and beef farming;

    54.2. Dairy;

    54.3. Forestry; and

    54.4. Fishing and aquaculture.

Figure 4.3 – Total Income Higher for Sectors with Greatest Māori Assets (2018 $m)



Source: Figure based on data from BERL (2020a).

Income from Māori Assets Related to Level of Financial Assets …

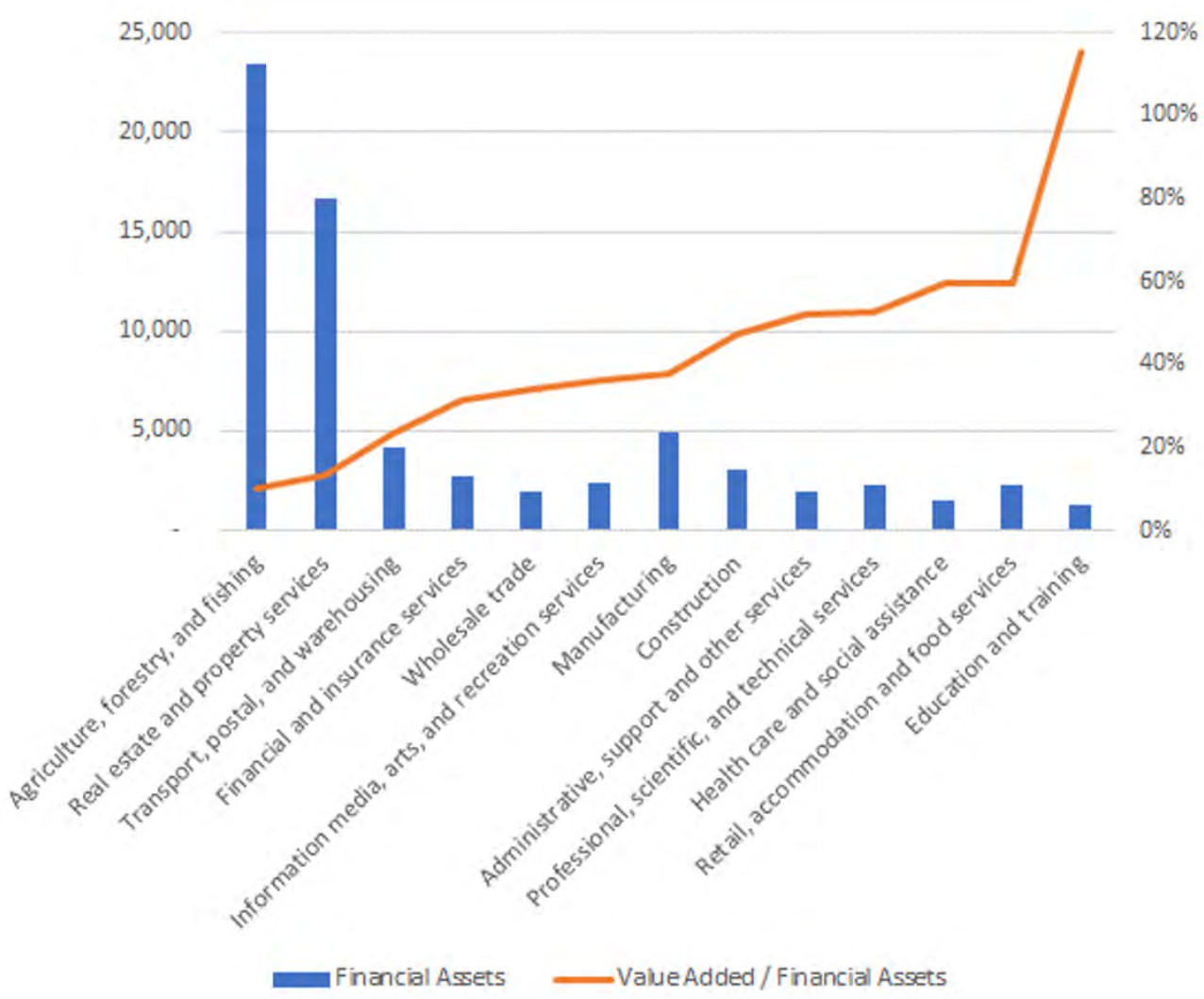
55. This picture in terms of assets is reflected in the income generated (value added) by Māori assets. As shown in Figure 4.3, the sectors with greatest assets tend to have greatest total value added as well.

… But Return on Assets is Greatest for Sectors with the Least Māori Financial Assets

56. However, as shown in Figure 4.4, this picture is reversed when considering the return on financial assets – i.e. income divided by assets. While primary sector assets are a major contributor to total income from Māori assets, that income represents a relatively low rate of return on the value of those assets:

    56.1. Other sectors – those with far less financial assets, but relying relatively more on the skills and capabilities of people, generate much greater rates of return.

Figure 4.4 – Asset Returns Higher for Sectors with Least Māori Assets (2018 $m)



Source: Figure based on data from BERL (2020a).

Māori Employment Appears Not to be Dominated by Primary Sectors …

57. Figure 4.5 suggests that primary sectors (agriculture, forestry and fishing/aquaculture) are relatively modest Māori employers. The top six sectors for Māori employment, accounting for over half of Māori employment, are ranked as follows:

    57.1. Manufacturing;

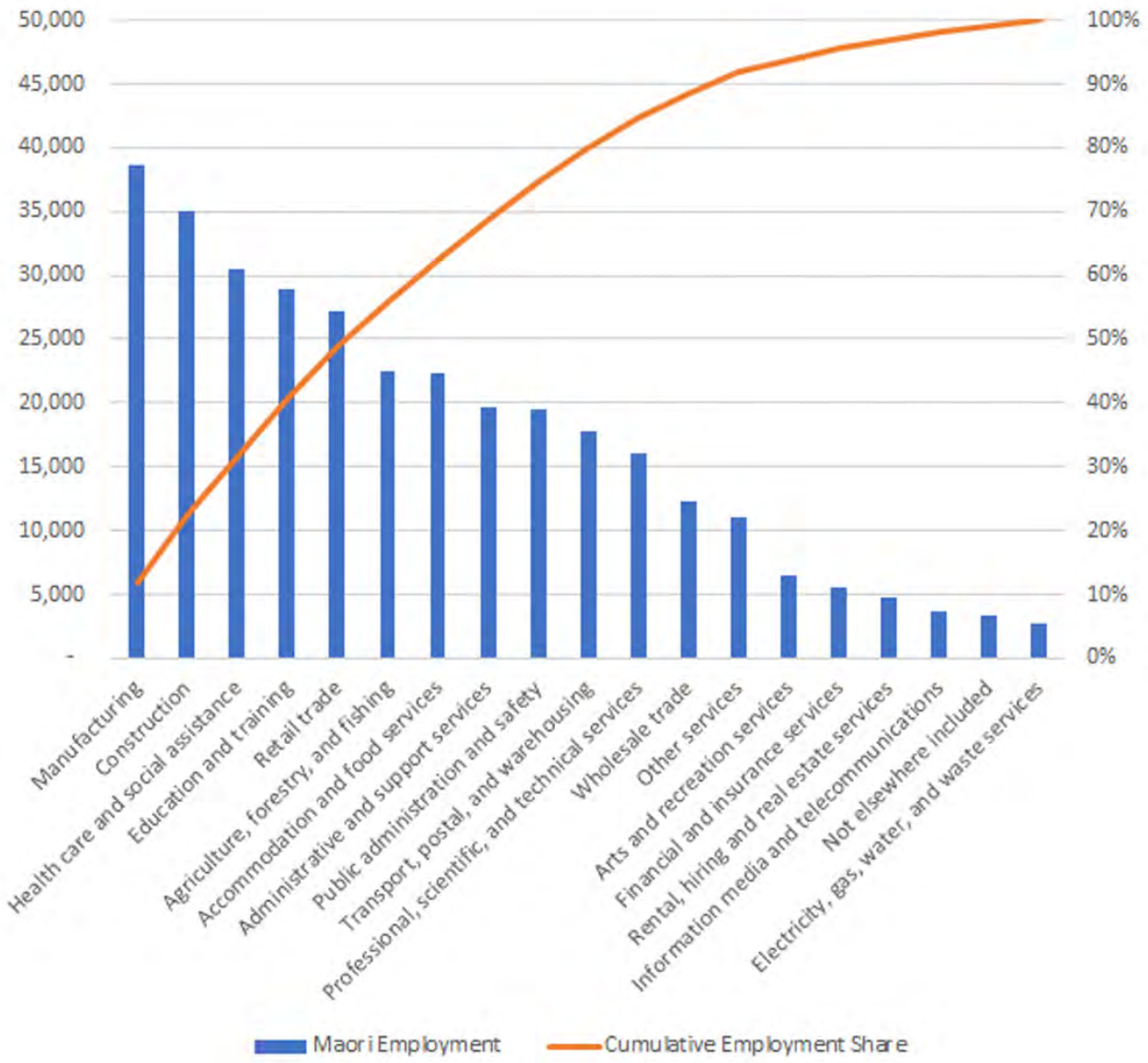
    57.2. Construction;

    57.3. Health care and social assistance;

    57.4. Education and training;

    57.5. Retail trade; and

Figure 4.5 – Māori Employment by Sector (2018)



Source: Figure based on data from BERL (2020a).

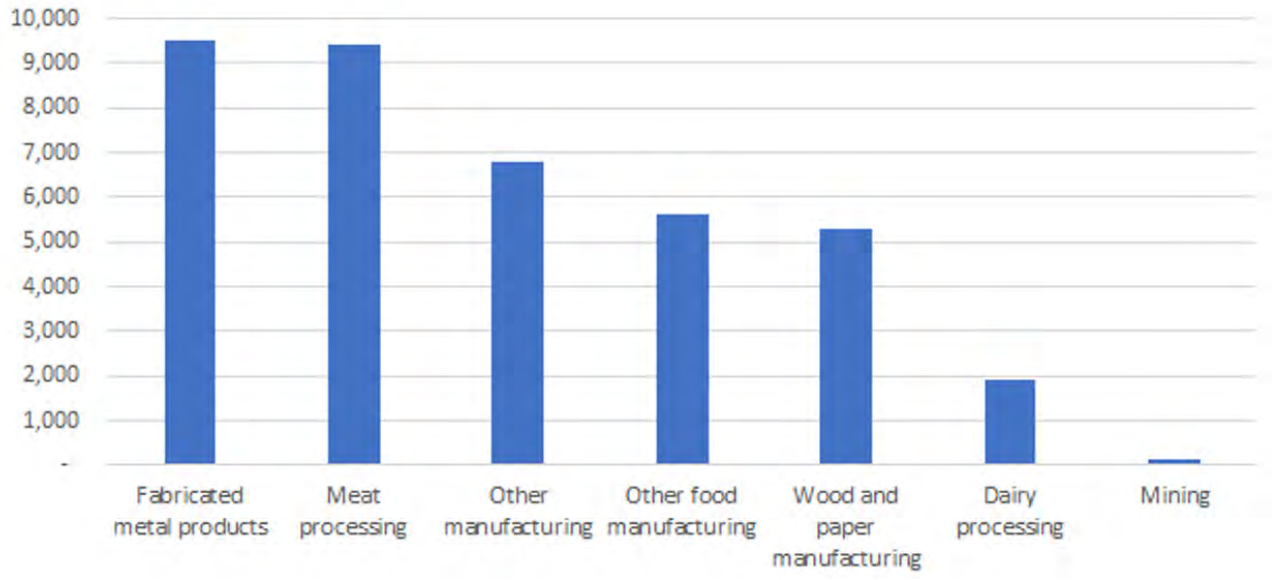
57.6. Agriculture, forestry, and fishing – mainly "other agriculture" (including contract shearers, pickers, and forestry support services such as planting, pruning, etc).

… But Many Māori Manufacturing Jobs Involve Processing of Primary Products

58. However, as shown in Figure 4.6, many Māori jobs are in sectors downstream of primary production, involved in processing food (especially meat) and wood products in particular:

    58.1. Counting these primary-related manufacturing jobs increases the total employment share from primary sectors and primary-related manufacturing to 14% – the highest employment share of all sectors (construction's share is 11%).

Figure 4.6 – Māori Manufacturing Employment Mostly Primary-Related (2018)



Source: Figure based on data from BERL (2020a).

Impacts of UK Tariff Reductions on Wine and Lamb/Sheep

59. This discussion is relevant to the impact of reducing UK tariffs on wine, and lamb and sheep products, which were highlighted in Section 2.2.1:

    59.1. Total Māori assets and employment in wine production are relatively small – so even though New Zealand wine producers – including Māori wine producers – stand to gain significantly from reductions in UK wine tariffs, such reductions might have only modest impacts on Māori at large;

    59.2. Even though the UK accounts for only a small share of New Zealand lamb/sheep exports, those sectors account for a relatively more significant share of overall Māori assets and employment (in farming as well as processing), so reductions in UK lamb/sheep tariffs might have a relatively greater impact on Māori overall.

4.2.2 Possible Futures for the Māori Economy

Natural Resources will be Important, but Growing People will become Increasingly Critical

60. As indicated in Section 4.1, for historical and cultural reasons it is unlikely that natural resources will become unimportant to Māori in the future. However, the relative contribution of non-primary sectors – and of people rather than financial assets – should be expected to become more important.

61. This is for multiple reasons:

    61.1. Investments in the capacities and capabilities of people generate substantial returns, so the prosperity of Māori – for cultural reasons as well as economic – will inextricably be tied to the prosperity and wellbeing of Māori individuals, whānau and communities;

    61.2. Activities that are currently based around the inherent capacities and capabilities of natural resources and other financial assets will increasingly become dependent on the inputs of skilled, entrepreneurial and creative people (and also on the alignment between their values and the values of those who consume their outputs, or supply them inputs like labour and capital); and

    61.3. Whether due to challenges such as climate change or changing consumer preferences, the resilience of the Māori economy will hinge on the capacities and capabilities of Māori businesses, employees and communities to respond to those challenges.

Short to Medium Term – Developing People to Help Shift Down Value Chains

62. In the short to medium term, this rebalancing towards greater emphasis on people capacities and capabilities should be expected to be reflected in Māori businesses shifting down value chains, in sustainable and ethical ways:

    62.1. For example, regardless of whether they maintain their current primary activities or shift into higher-valued primary activities, primary producers should be expected to invest more in value-added processing, but also in the research and development (R&D) and market development required to create and commercialise value-added products.

63. Any shift down the value chain will require improving production processes and practices to align with the sustainability and ethical preferences (e.g. regarding animal welfare, or labour practices) of ever-more discerning consumers – not to mention the sustainability and ethical preferences of Māori producers themselves:

    63.1. For Māori producers in particular, there are opportunities to provide value-added products differentiated in terms of mātauranga Māori, traditional knowledge (including regarding flora and fauna), and Māori cultural values (including kaitiakitanga/stewardship of natural resources).

64. Unlocking the potential of the latter sources of value-added and differentiation will hinge on developing institutions that better recognise and protect – and hence enable Māori to control – how they, or others they permit to, access and use Māori intellectual property.

65. Additionally, as well as moving down value chains, because of their connections to natural resources like land and sea, Māori producers should expect to increasingly diversify their interests, in two senses:

    65.1. Developing additional revenue streams from existing assets – e.g. adding tourism ventures to farming, including tourism activities celebrating Māori culture and values; and

    65.2. Using the returns from resource-based activities to enter into other activities – e.g. investments in high-tech or other ventures.

Medium to Longer Term – Adding Value Directly to People Becoming Important in its Own Right, Including through Data and Technology

66. In the medium to longer term, this rebalancing and diversification can be expected to be especially important in sectors other than primary production and secondary processing. In particular, Māori providers of services will increasingly be adding value directly to people, relatively more than they add value to natural resources:

    66.1. This is not to suggest natural resources will be unimportant to the Māori economy, but rather to highlight that as the Māori economy grows and develops, it will necessarily diversify away from its focus on developing resources towards more directly providing people-related services.

67. Such a change builds on the high returns on assets – highlighted in Figure 4.4 – currently enjoyed by Māori in people-based sectors such as:

    67.1. Professional, scientific, and technical services;

    67.2. Health care and social assistance;

    67.3. Retail, accommodation and food services; and

    67.4. Education and training.

68. A necessary part of this change will be the increasing use of technology and data, to complement and extend the productive capacity of both people and physical resources:

    68.1. In all cases, Māori will need to be healthier, more skilled (whether through formal education or on-the-job training) and more entrepreneurial and creative;

    68.2. This is just to keep pace with the developing world, let alone to improve the relative prosperity and wellbeing of Māori individuals, whānau and communities.

4.2.3 Interests, Opportunities and Challenges for the Māori Economy over the Short, Medium and Longer Terms

Well-Known Challenges for Māori Landowners

69. Māori landowners face multiple, well-known challenges in developing their land.[14] This is because of:

    69.1. Characteristics of the land itself – e.g. land often being in small parcels or not well-located, and/or land-locked, hilly, marginal, or erosion-prone; and

    69.2. How the land is owned and managed – e.g.:

        69.2.1. Multiple owners – often with each having so small an interest in the land that they have limited interest in involving themselves with its management;

        69.2.2. Barriers to accessing finance – e.g. due to land being inalienable;

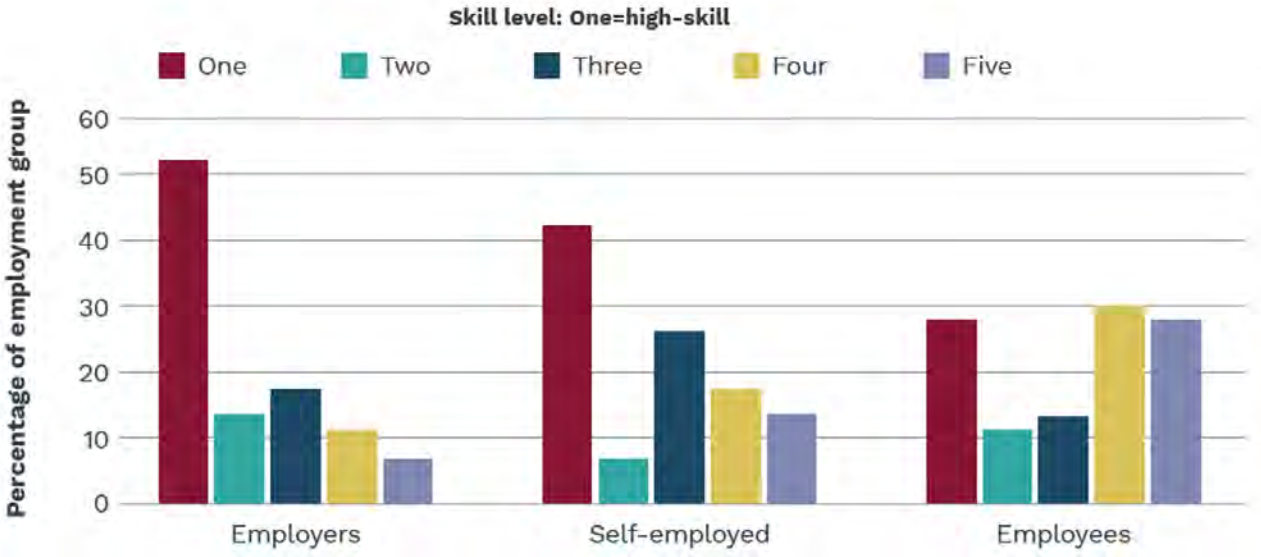
        69.2.3. Governance/management issues – e.g. with many land-owning organisations having no formal governance in place; and

        69.2.4. Poor access to information – e.g. regarding best land uses, or how best to respond to relevant rules and regulations.

70. Such challenges could mean that at least some Māori landowners may struggle to take advantage of any opportunities presented by an FTA with the UK, or to adapt to any challenges (e.g. stricter/new sustainability or product labelling rules):

    70.1. This could especially limit any short to medium term gains from an FTA.

Figure 4.7 – Skills of Employed Māori (2018)



Source: BERL (2020a), Figure 5.

Relatively Low Skill Base to Build Upon

71. As shown in Figure 4.7, Māori who are employers or who are self-employed are relatively high-skilled. However, employed Māori are significantly more lower-skilled. For such employees:

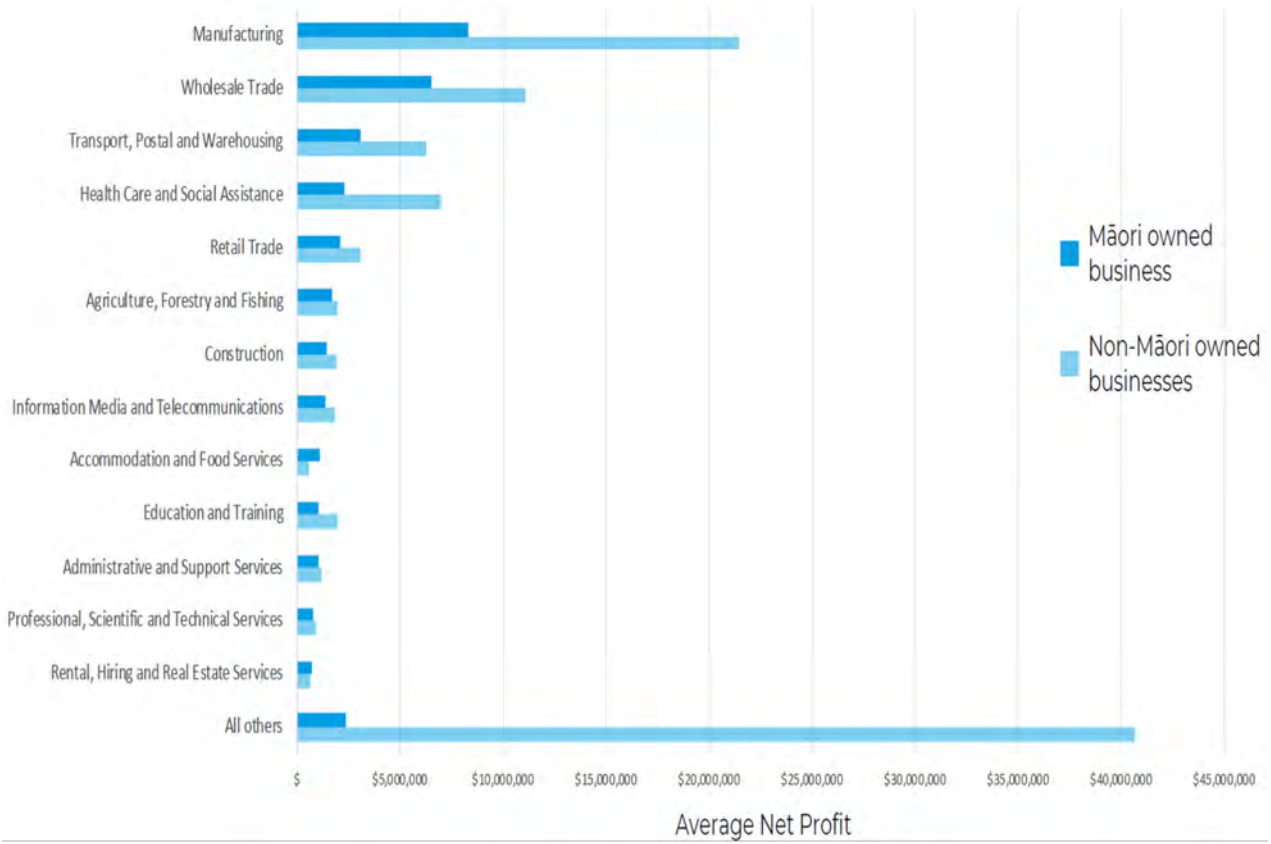
    71.1. Their ability to upskill may be limited – e.g. due to being time-poor as a consequence of having to work long hours and possible have long commute times; and

    71.2. Their employers can find it more attractive to invest in upskilling workers who are already higher-skilled.

72. In the short to medium term, an FTA with the UK might advantage even lower-skilled Māori workers, for example by improving returns to the primary sector and associated primary-related processing:

    72.1. However, if the challenge for Māori in the medium to longer term is to improve the capacities and capabilities of people, then starting with a relatively low skill base for many Māori employees might limit the benefits from an FTA with the UK directed more at education, training and R&D, since they will most likely build on existing skills.

Figure 4.8 – Average Profits of Māori and Non-Māori Businesses by Sector



Source: TPK et al. (2020).

Relatively Low Profitability of Māori Businesses

73. Research across multiple sectors indicates that Māori businesses tend to have lower average profits than non-Māori businesses in the same sector – as shown in Figure 4.8.

74. This is possibly due to multiple reasons, such as:

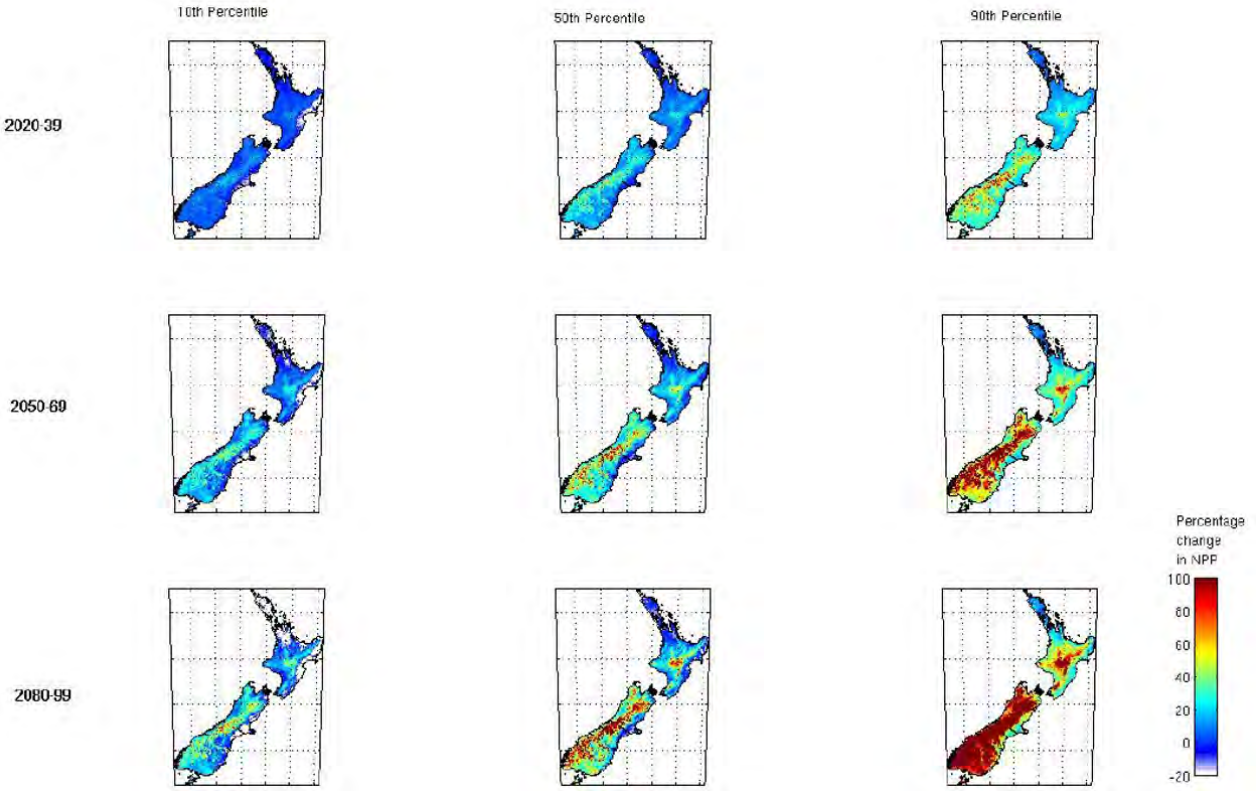
    74.1. Aversion to using debt financing – or difficulties in accessing such financing; or

    74.2. Perhaps prioritising providing employment opportunities to Māori over generating profits – TPK et al. (2020) report that Māori-owned business have workforces that are 43% Māori, while non-Māori owned businesses have workforces that are only 14% Māori.

75. Either way, this suggests some Māori businesses may lack the resources to fully take advantages of opportunities presented by an FTA with the UK, or to manage any FTA-related risks:

    75.1. This could prove limiting, especially over the medium to longer terms.

Figure 4.9 – Projected Changes in Net Primary Production due to Climate Change



Source: Infometrics (2011), Figure 1. Note that red indicates increased net primary production, while blue indicates decreased production. Projections ignore possible increases in agricultural product prices due to adverse impacts of climate change on primary production globally.

Climate Change Issues and Opportunities

76. As mentioned above, Māori assets are strongly represented in primary sectors, and many of those resources include challenging characteristics such as being hilly, or prone to erosion, and other challenges in governing, managing and using those resources:

    76.1. Such factors combine to make many Māori assets particularly exposed to any adverse impacts of climate change.

77. Figure 4.9 indicates how climate change might affect net primary production under different climate change scenarios, and over different time-frames. Importantly, impacts will be felt differently by Māori in different parts of the country:

    77.1. Far North, Auckland, North Waikato, Gisborne and Hawke's Bay and Central Canterbury regions are at risk of decreased long-term net primary production under even modest climate change scenarios (assuming current primary production technologies):

        77.1.1. These regions cover the bulk of the Māori population;

    77.2. Conversely, much of the South Island and Central North Island could experience marked increases in long-term net primary production under more extreme climate change scenarios (even with just existing primary production technologies):

        77.2.1. These regions account for a significant but lesser share of the total Māori population; and

    77.3. Existing activities (e.g. forestry) will face changes in growing conditions (possibly positively) as well as incidence of pests/diseases.

78. While neither the UK nor Aotearoa – via an FTA or otherwise – might be able to directly influence global climate change, they each can take steps to mitigate the adverse impacts of climate change, and to take advantage of any opportunities it presents:

78.1. Examples of the former include better use of technologies (e.g. drone surveillance and use of AI or other prediction technologies) to monitor climate vulnerabilities or predict adverse climate changes in order to implement protective measures – such as shifting into more climate-resilient land uses; and

78.2. Examples of the latter include expanding production of sustainable fibres (e.g. wool, wood) for building climate-change resilient structures, and/or expanding primary production in areas that become more suited to such land use.

79. An FTA with the UK might provide Māori with access to agritech and other technologies that enable them over the medium to longer term to benefit from such opportunities, or to manage their risks from climate change:

79.1. This is provided they have the people and financial resources, and access to information, to do so.

Māori Intellectual Property and Data Sovereignty

80. New Zealand institutions are playing catch-up with customary Māori knowledge and practices. Aotearoa's unique flora and fauna. New Zealand Crown Research Institutions (CRIs) have classified and disclosed (eg in freely available public databases) much Māori knowledge and practices (including potential economic use). This complicates the ability for Māori to take ownership and use of this Tikanga.

81. They will also likely be slow to reflect Māori values, such as those relating to privacy, data protection, and data sovereignty. Examples include:

81.1. Possible extension of "geographical indications" (GIs) to an EU standard, spanning the range of goods and enforceable rights; and

81.2. Possible privacy and data ownership institutions styled along the General Data Protection Rights Directive of the EU/UK that respect not just individuals' rights to privacy, and to control how their data (including data in their genome) is used – with such individual rights made consentable for whanau and collective level use.

82. Institutional deficits in these areas threaten to hold Māori back from unlocking the full value of their natural resources, and the deep cultural resources of Māori. Unless and until Māori enjoy clear recognition and (internationally) enforceable protection of their associated intellectual property, this limits the ability of Māori to:

82.1. Safely exploit that intellectual property for themselves – without fear of the intellectual property being misappropriated and/or misused by others:

82.1.1. For example, commercialising traditional remedies, or developing other high-value, premium-price export products; and

82.2. Allow others to use that intellectual property – on terms acceptable to Māori:

82.2.1. For example, leveraging licensing and franchise opportunities (which can overcome obstacles such as distance from markets), or developing medicines or medical treatments for conditions particularly important to Māori.

83. Importantly, as explained in Section 2.3, FTAs typically do not seek to change the domestic policy settings of the party countries, and rather seek to build on those settings:

83.1. Where domestic settings evolve, it is necessary to invoke one or more of the mechanisms typically included in FTAs to ensure they remain relevant and beneficial to their parties (such as general review, specific mechanisms, or through the "joint committee").

84. Māori therefore face two important sets of challenges in unlocking the full potential of Māori intellectual property, of relevance to an FTA with the UK:

84.1. Ensuring Aotearoa's domestic policy settings – and their international counterparts – evolve in a timely way to better provide for the recognition and protection of Māori intellectual property; and

84.2. Ensuring that any UK FTA has suitable mechanisms – with suitable Māori input – to keep pace with any innovations in how Māori intellectual property is recognised and provided for.

85. An immediate question for Māori is whether Māori should:

85.1. Accept recognised but poorly tailored approaches to recognising Māori IP (e.g. GIs) in order to achieve sooner recognition of that IP, in anticipation of possible future improvements in domestic and international intellectual property rights (IPRs, e.g. possible CIs;

85.2. Extend UK IP standards to Māori as part of any "two tier" approach; or

85.3. Await the development of such better-tailored IPRs – recognising there is a trade-off between making earlier progress and achieving stronger IP protection?

86. A possible, related question for Māori is whether it is better to resist FTAs including measures like GIs because that might prejudice existing interests such as the ability of New Zealand producers to use names like "Feta" instead of "Greek-style cheese", or to embrace such IPRs because that paves the way for better protection of Māori IP:

86.1. The question is likely to be moot if accepting GIs is the price of New Zealand entering into high-value FTAs such as with the EU.

4.3 Māori Society

4.3.1 Snapshot of Māori Society

A Young and Rapidly Growing Population

87. As at the 2018 Census, the 775,000 Māori recorded represented 17% of Aotearoa's total population, up from 14% in 2013:[15]

    87.1. In that timeframe, working age Māori increased by 50%, with Māori labour force participation also increasing, from 67% to 71%;

    87.2. The Māori population is much younger than Aotearoa's non-Māori population, with 57% of Māori under the age of 30.

88. This young and rapidly growing Māori population will be key to the future of Aotearoa:

    88.1. Failing to grapple with the long-standing challenges facing the Māori population will hold Aotearoa back from achieving its full potential;

    88.2. Conversely, grappling with those challenges, and unlocking the full vitality, resourcefulness and creativity of Māori, can only enhance the wellbeing of all New Zealanders, and Aotearoa's contributions to the world.

Long-Standing Socio-Economic Deficits

89. It must be acknowledged, however, that the long-standing challenges confronting Māori remain significant. These include:

    89.1. As at 2001, the poorest health status, on average, of all ethnicities in Aotearoa[16] – illustrated in stark terms in Table 4.1;

    89.2. A range of socio-economic indicators lagging behind those of non-Māori – illustrated in Figure 4.10, including Māori being:

    89.2.1. Much less likely to have completed secondary school;

    89.2.2. Much more likely to be unemployed;

    89.2.3. More likely to be on a low income – as at the 2018 Census, the median annual income of adult Māori was just 76% that of all New Zealanders, and only 70% that of European New Zealanders;[17]

    89.2.4. Much more likely to be receiving income support;

    89.2.5. More likely to be in a household with no telecommunications or internet;

    89.2.6. More likely to not have access to a motor vehicle;

    89.2.7. Much more likely to be renting, and living in a crowded house – as at the 2018 Census, the Māori home ownership rate was just 47.5%, as compares with a 65% rate for all New Zealanders;[18] and

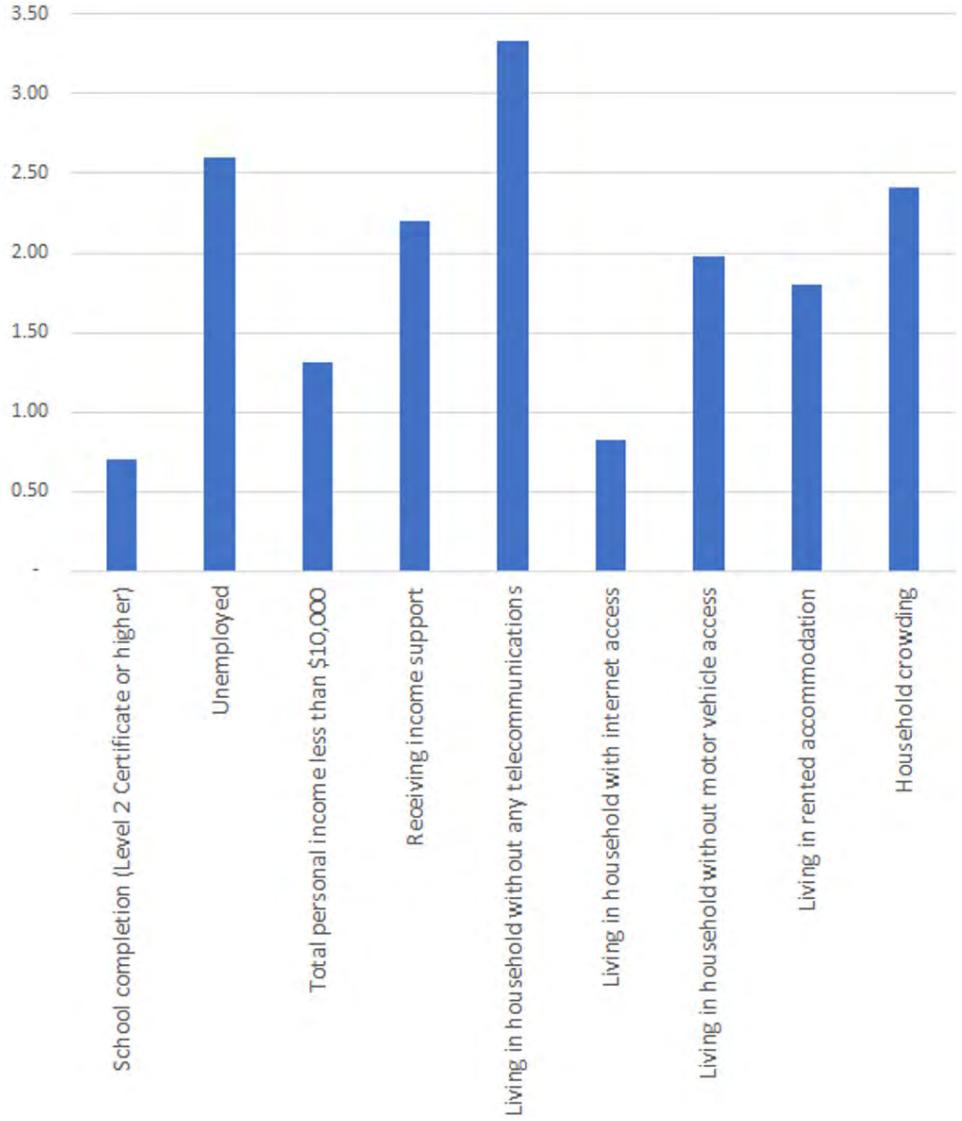
    89.2.8. Enjoying much lower financial net worth than non-Māori.

Table 4.1 – Māori Health Deficits relative to Non-Māori

	Māori Relative to Non-Māori
Life expectancy at birth:	
Males	8 years less
Females	9 years less
Change since 1970s	Static, vs 11-12% improvement
Disability rates	Over 40% higher
Mental ill-health rates	Higher
Negative health impacts from addiction	Higher
Potentially avoidable hospitalisation rates:	60% higher
For asthma in people aged 5-34	100% higher
Chronic obstructive pulmonary disease in people aged 45+	300% higher
Avoidable mortality rate	Over 100% higher
Mortality rates for specific diseases:	
Cardiovascular disease	Over 150% higher
Stroke	Almost 100% higher
Heart failure	Almost 200% higher
Rheumatic heart disease	Almost 750% higher
All cancer types	100% higher
Diabetes-related conditions:	
Renal failure with concurrent diabetes in people aged 15+	840% higher
Lower limb amputation with concurrent diabetes	400% higher

Source: Waitangi Tribunal (2020), based on data from pp 18-20.

Figure 4.10 – Rates of Māori Socio-Economic Deficits relative to Non-Māori



Source: Based on data from Ministry of Health website. [19]

Socio-Economic Deficits Reflected in Financial Net Worth Deficits

90. Regarding financial net worth deficits:[20]

    90.1. The median wealth of Māori adults in 2018 was $29,000, which is $63,000 per adult less than all New Zealanders, and $109,000 per adult less than European New Zealanders;

    90.2. The mean wealth of Māori adults in 2018 was higher at $204,000, but is $155,000 per adult less than all New Zealanders, and $207,000 per adult less than European New Zealanders.

Composite Measures Highlight Māori Relative Socio-Economic Deprivation, Especially in Key Regions

91. Taking a broader view of the relative socio-economic position of Māori in Aotearoa, Figure 4.11 shows that Māori are significantly over-represented in terms of composite socio-economic deprivation measures relative to non-Māori, as measured by the NZDep2013 index often used by researchers and social policy analysts:

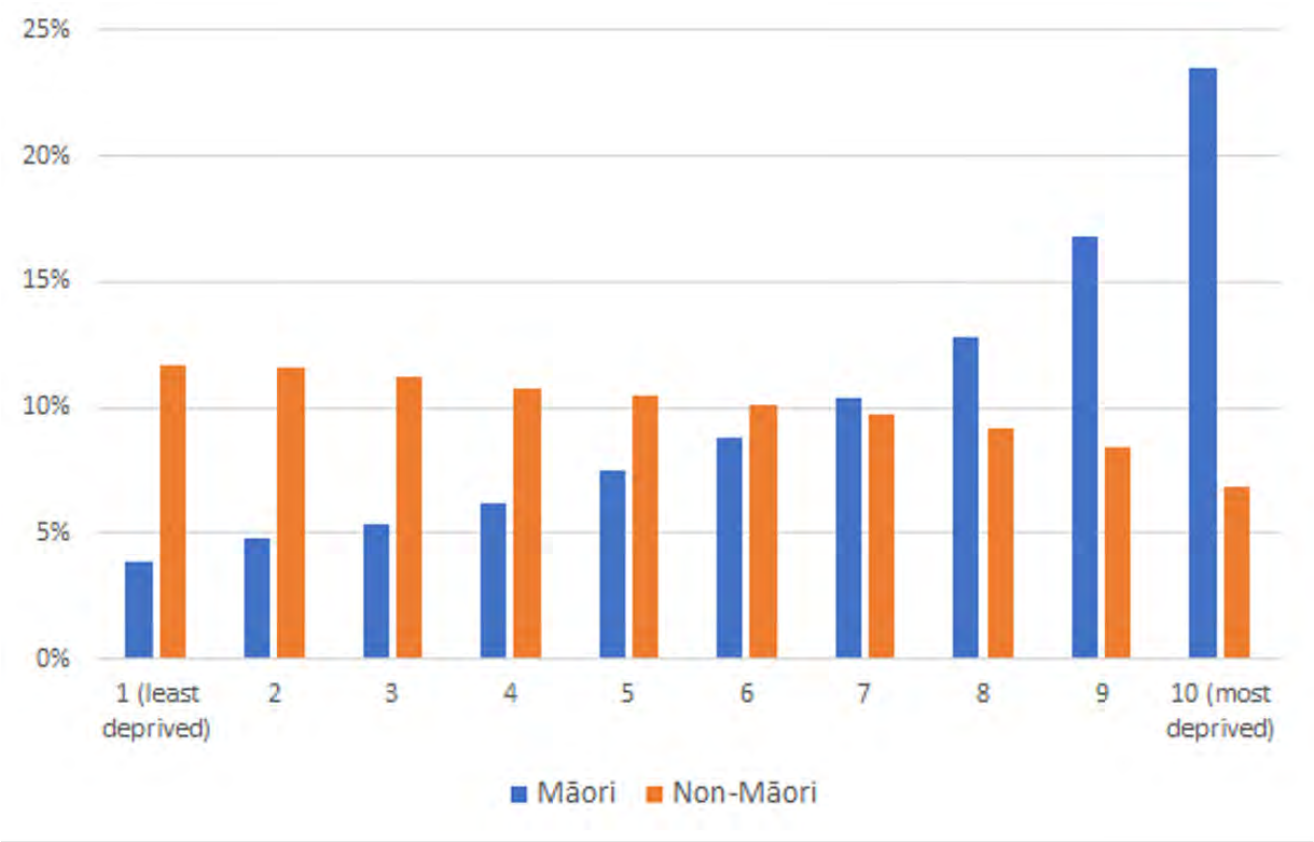
    91.1. As shown in Figure 4.12 – socio-economic deprivation is particularly concentrated in the Far North and East Coast of the North Island, where Māori population shares are highest, but also in the Central North Island;

    91.2. Using rohe definitions in BERL (2020a), and regional population data from the 2018 Census,[21] Māori population shares for these areas are:

        91.2.1. Far North – Te Tai Tokerau: 39%;

        91.2.2. East Coast of the North Island – Tairāwhiti (55%) and Te Moana a Toi-Waiariki (32%).

Figure 4.11 – Māori More Socio-Economically Deprived than Non-Māori (NZDep2013)



Source: Based on data from Ministry of Health website. [22]

Summary

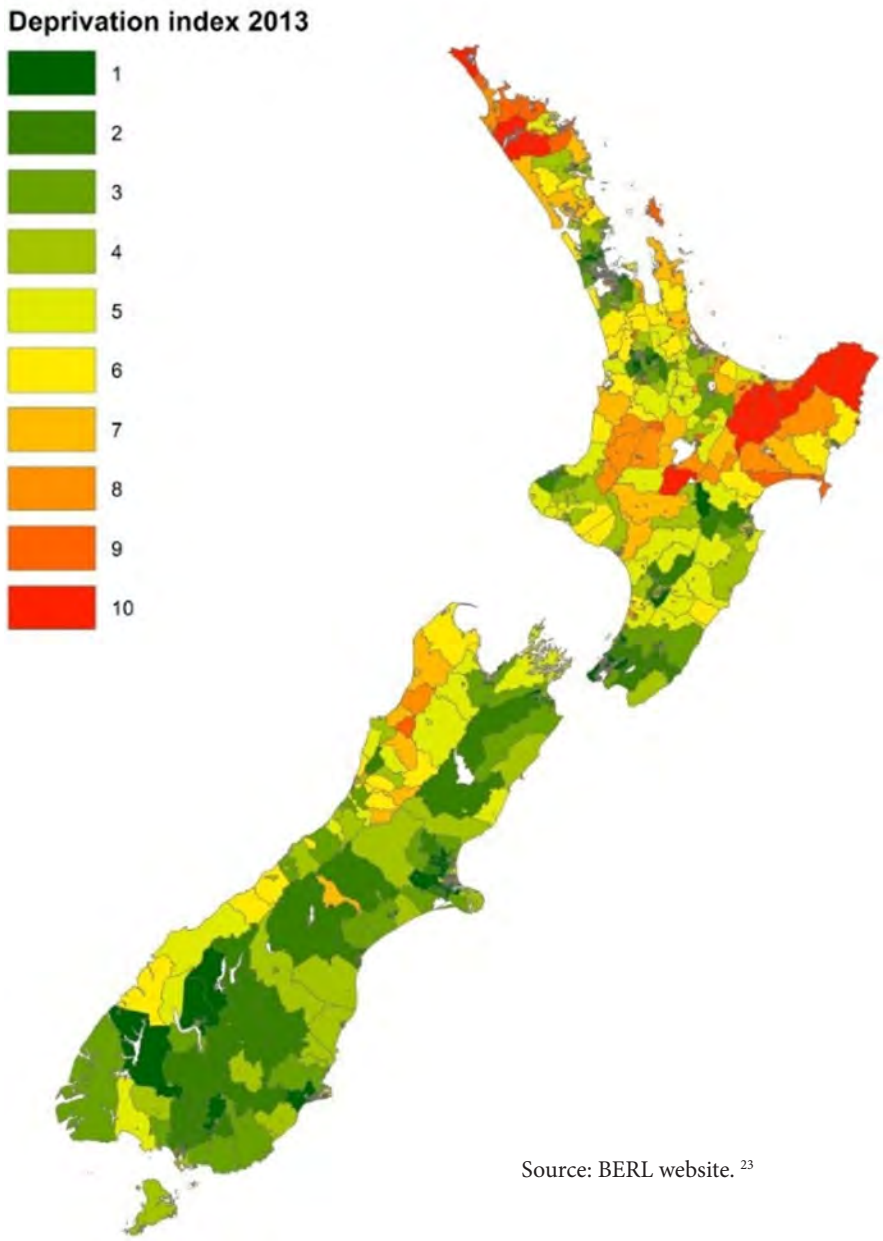
92. The Māori population is relatively young, and growing strongly. Unleashing the potential of that population will require a number of significant and long-standing socio-economic deficits to be addressed:

    92.1. Significant land loss and population declines in the nineteenth century (due to both European diseases, and land wars) have been followed by equally significant social dislocations in more recent times, including:

        92.1.1. Disproportionate Māori loss of life in World War II – costing Māori much of a generation of leaders;

        92.1.2. Urban drift in search for work opportunities in the post-war period, accompanied by attempts at cultural assimilation (including not speaking te reo for generations), separating many Māori from their cultural roots; and

Figure 4.12 – Socio-Economic Deprivation Concentrated in Regions with High Māori Population Shares



Source: BERL website. [23]

92.1.3. Relatively high unemployment rates as a consequence of economic reforms in the 1980s and 1990s.

93. Associated deficits in health have added to drags on Māori educational and labour market outcomes, reflected in relatively low incomes and home ownership rates:

93.1. These in turn are reflected in significantly lower financial net worth outcomes for Māori.

94. All of these factors combine to perpetuate these challenges across generations of Māori. A consequence of these long-standing challenges is that Māori individuals, whānau and communities – like Māori businesses – are often at an earlier stage of development than other New Zealanders.

Key Questions for any UK FTA

95. Key questions for any FTA with the UK are therefore:

95.1. Will these deficits and challenges mean that Māori are not well-placed to take advantages of any opportunities offered by an FTA, and manage any risks presented by an FTA; and

95.2. Can – and should – an FTA, with the UK in particular (given its colonial history with Māori, and Māori contributions to develop and defend the UK), include any special provisions that ensure clear benefits from that FTA that address these deficits and challenges?

4.3.2 Possible Futures for Māori Society

96. The Māori population is going to be growing strongly, with a large cohort of young Māori destined to complete their education and enter either employment or business in the coming decades:

96.1. With growth in the Māori economy – in part supported by a relatively mature contemporary Treaty settlements process – young Māori can be expected to enjoy opportunities beyond low-wage employment not enjoyed by their immediately preceding generations;

96.2. Accompanied by the ongoing rejuvenation of te reo, and a growing confidence and pride in other aspects of Māori culture, those opportunities for young Māori will increasingly be intimately tied to their culture as much as their education or occupational training.

97. In the longer term, if mutually-reinforcing improvements in Māori social and economic circumstances can be achieved, the challenges and deficits described in Section 4.3.1 can be expected to abate, and Māori can increasingly be expected to enjoy the full benefits on offer to New Zealanders.

4.3.3 Interests, Opportunities and Challenges for Māori Society over the Short, Medium and Longer Terms

Key Priorities

98. For these opportunities to be fully realised, significant improvements will be required:

98.1. Starting with Māori housing and health;

98.2. Followed by education and occupational training, and hence labour market and business outcomes – going hand in hand with revitalisation of te reo and other aspects of Māori culture; and

98.3. Ultimately, restoring the economic, social and cultural vitality of parts of Aotearoa important to Māori but which have suffered decline.

Improving Māori Access to Quality Housing

99. Improving Māori access to housing will require a suite of measures, possibly including:

99.1. Greater ability for Māori communities to develop papakāinga and other social housing on Māori land;

99.2. Access to development capital – including capital provided by investors sharing the ethical and cultural values of Māori (such as environment, social justice, and corporate governance (ESG) investors); and

99.3. Access to manufacturing techniques enabling the mass-production of low-cost, high-quality housing.

100. An FTA with the UK might offer specific possibilities in relation to capital access, and access to specialist manufacturing expertise.

Improving Māori Health

101. Improvements in Māori housing can be expected to lead to improved Māori health outcomes in and of themselves. This is through relieving overcrowding, and sparing Māori from growing up in cold, damp and poorly-ventilated homes.

102. Other possible sources of improvements in Māori health include:

102.1. Greater ability of Māori to control how Māori healthcare is governed, funded, shaped and delivered – as recently recommended by the Waitangi Tribunal; [24]

102.2. Innovations in the way Māori health is monitored, and in how healthcare is delivered:

102.2.1. Especially to Māori living in remote areas that are not well-served by existing medical services;

102.2.2. But also to Māori, even in urban areas, who lack the income or time – or opportunity – to access health care tailored to their needs and preferences.

103. Opportunities to improve the monitoring of Māori health include the use of technologies like health trackers, combined with advanced data analytics and techniques like AI, to:

103.1. Monitor key aspects of health status 24/7 and in real time;

103.2. Predict adverse health events; and

103.3. Suggest timely health interventions – addressing issues as they arise, rather than let them become chronic and hard to resolve.

104. A key innovation required to create such opportunities is the strengthening of how Māori individuals, whanau and communities protect their personal data and allow it to be used, in culturally-appropriate ways:

104.1. Such an innovation could pave the way for significant R&D and health technology/service partnerships between Māori and providers, locally and globally.

105. Another possible and related healthcare innovation might be telemedicine and/or telesurgery – either by providers locally or abroad, or through advanced use of AI – that provides Māori with highly-tailored healthcare services, at low cost, and at times and locations that reflect their particular circumstances:

105.1. This too requires supporting innovations – such as access to high-speed and reliable internet services even in remote areas, for example through 5G mobile data networks, as well as remote health tracking technologies.

106. Access to the UK's world class life sciences expertise, as well as advanced expertise in using advanced data analytics and AI techniques (including in medicine and healthcare), might be relevant benefits of an FTA with the UK. Data ownership would be a risk factor for consideration.

Improving Māori Educational and Occupational Outcomes

107. Just as improvements in Māori housing can be expected to lead to improvements in Māori health, improvements in both Māori housing and health can be expected to lead to improved Māori educational outcomes:

    107.1. This can arise for reasons as simple as reducing school absences due to ill health, but also through enabling better school participation.

108. Likewise, just as the quality of Māori health service delivery can be expected to improve through innovations, so too can the delivery of educational services to Māori. Possibilities include the use of advanced data analytics and AI to:

    108.1. Track educational progress in real time; and

    108.2. Tailor teaching delivery to each student's culture (including language), pace and learning style, at times and at places that reflect their particular circumstances.

109. This too will require enabling innovations, such as:

    109.1. Addressing the privacy and data sovereignty issues shared with health;

    109.2. Access to high-speed and reliable internet services, even in remote areas; and

    109.3. Access to suitable hardware (e.g. laptops).

110. Advanced educational opportunities will hinge on Māori enjoying access to quality teaching and research opportunities, both locally and abroad:

    110.1. Likewise, occupational training opportunities will require access to on-the-job learning, whether from local or offshore employers – possibly irrespective of location for occupations that do not require physical presence (as is increasingly the case for e-commerce/digital trade).

111. Access to the UK's world class educational and research institutions, as well as its advanced expertise in using advanced data analytics and AI techniques, might be relevant benefits of an FTA with the UK.

Cultural Rejuvenation

112. Māori rightly should wish to lead the revitalisation of te reo, and the growing vitality of other aspects of Māori culture, supported by the Crown in accordance with its duty to protect Māori under Te Tiriti:

    112.1. This might include Māori seeking to share their experiences of cultural rejuvenation with other indigenous communities, and to learn from the successes and experiences of other indigenous communities in rejuvenating their own cultures in a modern context.

113. Access to the UK's Welsh-, Scottish and Irish Gaelic-, Cornish- and Manx-speaking communities through an FTA with the UK might pave the way for such cultural exchanges.

114. Expediting the return of taonga from overseas also remains an ongoing imperative for Māori.

Revitalising Māori Communities

115. Just as technology and other innovations offer the possibility of improving Māori access to housing, health and education, so too might they contribute to revitalising Māori communities that have suffered decline.

116. Key to such revitalisation will be improving the attractiveness of those communities as places for Māori to live and work. In turn, this hinges on making those communities:

    116.1. Attractive places for people to visit – e.g. local or international tourists;

    116.2. Attractive places for businesses and employers to locate – e.g. due to access to business opportunities specific to those communities; or

    116.3. Places where people can live and work even if the people they serve are located elsewhere.

117. Greater access to reliable and high-speed internet, plus expanded opportunities to deliver services to customers around Aotearoa and internationally, could help to facilitate such community rejuvenation:

    117.1. An FTA with the UK might assist with this, especially if it facilitates service delivery by New Zealand providers to UK customers, such as through recognition of New Zealanders' qualifications or professional/occupational training, simplified processes for contracting across borders, and/or clear rules about how consumer protections apply across borders.

4.4 Māori and the Environment

4.4.1 Snapshot of Māori and the Environment

118. Major environmental challenges of particular concern to Māori include:

    118.1. Overallocation of freshwater resources, and degradation of freshwater quality; and

    118.2. Climate change – including sea level rise affecting coastal Māori communities, more frequent severe weather events increasing erosion, temperature rises affecting biodiversity, etc.

119. Freshwater issues have increased markedly over the past 30 years, reflecting shortcomings in the Resource Management Act (RMA) – which is now to be replaced – and in its implementation.

120. Both the RMA and some Treaty settlements have increased Māori voice in decision making over natural resources such as land and freshwater. However, significant work remains to ensure that Māori cultural values such as kaitiakitanga are more fully and properly reflected in decisions affecting Aotearoa's natural resources.

121. Māori are particularly exposed to climate change. As shown in Figure 4.9, the parts of Aotearoa most exposed to detrimental climate change impacts on agricultural production coincide with regions where Māori population shares are their highest:

    121.1. With the Māori economy heavily based around primary sectors and primary-related processing, and much Māori land being more remote, steep and erosion prone than other productive land, this means Māori are particularly exposed to climate change impacts.

4.4.2 Possible Futures for Māori and the Environment

122. It should be expected that Māori cultural values will increasingly be reflected in decisions affecting Aotearoa's natural environment:

    122.1. This will not necessarily be confined to having a greater say in the governance and management of natural resources, but could extend to new forms of ownership (e.g. of freshwater).

123. At the same time, many Māori organisations are increasingly marrying their cultural values with how they use resources, and in the process creating points of distinction relative to other resource users (with potential commercial benefits as well as costs).

4.4.3 Interests, Opportunities and Challenges for Māori and the Environment over the Short, Medium and Longer Terms

124. Investing in measures to enhance resilience to adverse weather events, sea level rise and other climate change impacts will be an ongoing challenge, especially for Māori communities who are unable to relocate their traditional areas of interest, and lack the resources and/or governance and knowhow necessary for such investments:

    124.1. Māori may be particularly affected if such environmental challenges disrupt their traditional ecosystems, which create cultural costs as much as economic ones.

125. Māori interests in wildfish stocks may be particularly vulnerable to climate challenges, though freshwater fish stocks and other aquatic flora/fauna might benefit if arrangements to succeed the RMA prove more effective in managing water allocations and improving and protecting the quality of freshwater ecosystems:

    125.1. Diversifying into aquaculture may prove an important way to maintain production of fish products if climate changes adversely affect wildfish stocks.

126. Some Māori will be positioned to benefit from climate change in terms of increasing agricultural production, though changes in traditional ecosystems could produce offsetting cultural costs.

Key questions to consider:

1. Should a key focus of an FTA with the UK be on improving market access for primary products? If so, which ones in particular?

2. Even though much of the Māori economy is focused on primary sectors and primary-related processing, do you agree that investing in the capacity and capabilities or Māori people will produce better longer term returns both overall, and through improving existing resource-based activities?

3. Is it better for Māori to more quickly make use of or share Māori IP using existing but poorly-tailored IPRs like geographical indications, or to wait for better-tailored IPRs that are yet to be developed and which may or may not be recognised internationally (e.g. cultural indications)?

4. Do Māori gain more by being able to work and compete in service sectors overseas, and from having extra overseas firms offering goods and services in Aotearoa, than they lose by facing increased competition at home from overseas providers? Does the answer depend on the sector – e.g. competing in government procurement tenders, vs transport services, vs healthcare and aged care?

5. Do you agree that addressing long-standing socio-economic deficits for Māori will require improvements in Māori housing, health, education, labour market outcomes, and access to financial resources? What priority would you give to each?

6. Should FTAs – especially an FTA with the UK – have special provisions to recognise that the Māori economy is at a relatively early stage of development, and that Māori socio-economic development warrants special assistance (including assistance to ensure Māori are able to fully benefit from FTAs)?

7. What cultural and other resources can Māori draw on to improve their relative socio-economic position, to revitalise te reo and Māori culture, to restore and protect ecosystems, and to build resilience to challenges such as climate change? How do you see an FTA with the UK assisting with this?

5.

Opportunities and Risks presented by an FTA with the UK

Image credit: Chris Sisarich

Key points from this section:

1. The UK has a large population of high-value and discerning/sophisticated consumers who insist on, and are prepared to pay a premium for, natural products that are sustainably and ethically produced – their preferences potentially align well with the cultural values of Māori producers (e.g. of foods and fibres).

2. The UK has world-class expertise and depth in key areas such as finance (including by ESG investors whose values align well with Māori cultural values), governance and management, high-quality manufacturing and marketing, life sciences, tertiary education and research (including fintech and agritech), data sciences (e.g. AI), onshore/offshore wind generation technologies, and vehicle manufacturing.

3. The UK economy is undergoing fundamental transformations, including the radical decarbonisation of its electricity and transport sectors (also requiring major changes to its housing and vehicle stocks), and a shift towards high-tech manufacturing.

4. At the same time, the UK population is undergoing a major change in terms of an ageing population that will change consumption patterns, and require both more carers and labour-saving approaches to healthcare and aged care.

5. The UK faces a number of substantial environmental challenges that will require major investments in climate change adaptation and resilience in the face of regular flooding, sea level rise and extreme weather events.

5.1 Introduction

127. The UK is an advanced, services- and manufacturing-based economy, with a sizeable population and many high-income and discerning/sophisticated consumers:

    127.1. London is the legal centre for international finance, and the UK has many world class tertiary institutions and research centres (including in life sciences, digital technology, fintech and agritech);

    127.2. While agriculture, forestry and fishing are far less significant to the UK economy than they are to New Zealand's, they remain politically important sectors.

128. The UK is much more densely-populated than New Zealand. In contrast to the relatively young and strongly growing Māori population, the UK population is growing only slowly, with much of that growth in recent years driven by migration:

    128.1. It is also an ageing population, which will increase demand for healthcare and other support workers, as well as innovations to improve aged care while economising on labour requirements.

129. While the UK does not recognise an indigenous population in the same way Aotearoa recognises Māori as tangata whenua, it comprises a diverse range of native – "minority" – languages and traditions:

    129.1. Some of these have undergone their own renaissances, in much the same way as te reo has in recent decades.

130. The UK is exposed to environmental challenges such as regular flooding, and the need to improve water, soil and air quality. It is vulnerable to climate change impacts such as sea-level rise, and is aggressively decarbonising its energy and transport sectors through regulation, research and investment, while also seeking to ensure a just transition to a low-carbon economy:

    130.1. Improving the housing stock to cope with climate change and weather challenges, and shifting UK homes from gas to renewable heating sources, will be important elements of the UK's transition to a low-carbon economy.

131. This section elaborates on these themes, pointing to possible opportunities – or risks – to Māori from an FTA with the UK:

    131.1. Like Section 4, it is based around the UK's economy, society, and environment, and considers short, medium and long term risks and opportunities.

5.2 UK Economy

5.2.1 Snapshot of the UK Economy

132. The UK has a GDP of $3 trillion, making it the sixth largest economy in the world.[25] The services sector comprises 71% of GDP,[26] while manufacturing is 17.4%, and agriculture is just 0.6%.

Financial and High-Tech Services Dominate the UK Economy

133. As for any advanced economy, services – rather than manufacturing or agriculture – account for the largest share of the UK's national economic output. Key services sectors include:

    133.1. Financial services, insurance and pension services, and "other business services";

    133.2. Professional scientific and technical services; and

    133.3. Information and communications technology (ICT).

134. The latter two sectors are key to generating higher productivity and wealth creation. They lead the transformation to artificial intelligence (AI), big data, digital services, and high technology innovations like quantum computing, 5G networks, and coding. Each of these sectors have grown more quickly in the UK than other service sectors.

135. Underpinning these sectors is world-leading expertise such as:

    135.1. London is the legal centre for international finance – the UK legal system is highly advanced in areas of finance, governance, property and individual rights to facilitate not just finance but now technology advancements, issues of data rights and privacy:

        135.1.1. London is also one of the world's top technology cities, having "extremely large, wealthy metro areas [that] are hubs for financial markets or major corporations, and serve as key nodes in global capital and talent flows".[27]

    135.2. The UK has clusters of excellence in finance, law, accounting, and regulatory expertise, so is well positioned to promote the changes needed in financing climate change mitigation and adaptation, decarbonisation and promoting sustainable investment to remain a global financial hub.

136. Relatedly, the London, Oxford, Cambridge clusters are knowledge capitals which benefit from their significant stock of human capital, innovative universities and entrepreneurs, and relatively sound infrastructure connectivity:

    136.1. They compete in the highest value-added segments of the economy;

    136.2. This trend is continuing to create hubs of excellence.

137. UK leadership in life sciences R&D is exemplified by organisations such as the Wellcome Trust, a politically and financially independent global charitable foundation, funded by a NZ$52.7 billion investment portfolio:

    137.1. The trust seeks to find solutions for urgent health challenges through grant funding, advocacy campaigns and partnerships.[28]

138. One of the trust's focusses is on "Data for science and health: trustworthy data science":[29]

    138.1. Another is "Mental Health: transforming research and treatments".[30] – Wellcome is kick-starting a radical transformation of mental health science to look at the issue through a new lens: that of the "active ingredients" of interventions that work. They support programmes aimed at young people to engage their interest in science.[31]

    138.2. These efforts are designed to ensure that gains from science are translated into practical global applications.

139. In terms of innovative financing, the UK is transitioning to a sustainable investment model pushed by civil society, the investment community and government:

    139.1. For example, ESG frameworks are moving from guidance to law, with huge implications for global financing;

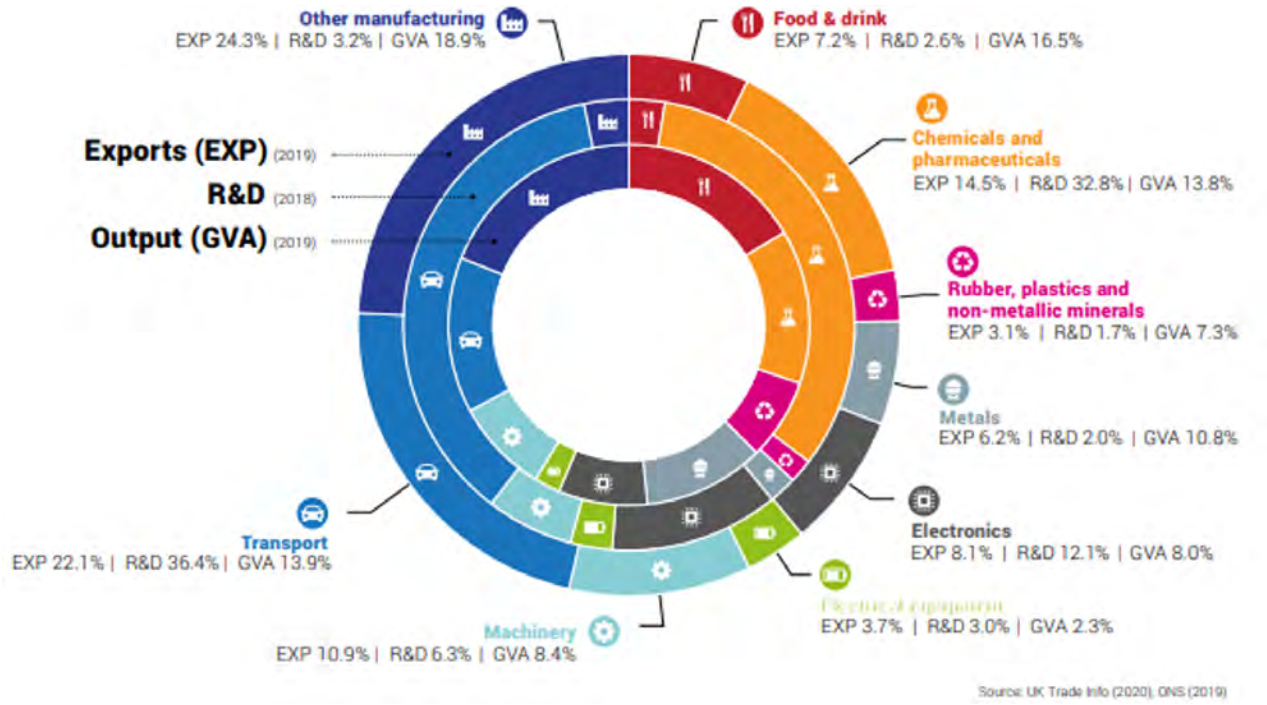
    139.2. Investors with over $140 trillion in assets have committed to integrate ESG into their investment decision making – this is a growing body of investors who place a premium on ethical/green/social investing considerations:

        139.2.1. Demographics are also leaning into this 'revolution' – younger UK citizens especially are increasingly embracing sustainability.[32, 33]

140. Relatedly, the UK is a highly attractive destination for venture capital (VC), driving technology innovation and commercialisation:

    140.1. VC investment in the UK stands at $11.7 billion year-to-date.[34] Five companies have reached a valuation of more than $1.4 billion (to become 'unicorns') so far in 2021;[35]

Figure 5.1 – UK Manufacturing Sector Output, R&D and Exports, 2020



Source: The Manufacturer's Organisation, UK Trade info (2020), ONS (2019).

140.2. UK tech-related VC investment hit a record high of $20.9 billion in 2020, putting the UK third in the world for VC.[36] The contribution of "tech" to the UK economy is growing rapidly;[37] and

140.3. The UK remains a leader in digital health start-ups.[38]

UK Manufacturing is Significant, and Pivoting Towards High-Tech

141. UK is the ninth largest manufacturer in the world:

141.1. The sector employs 2.7 million people on an average wage of $62,445, and accounts for 53% of total UK exports.[39]

141.2. Despite manufacturing output peaking in 2007,[40] the sector remains an important part of the jobs market, paying higher than average UK wages.

142. As shown in Figure 5.1, major manufacturing sectors include food and drink, chemicals and pharmaceuticals, transport and metals:

142.1. UK manufacturing exports – to New Zealand as well as to other countries – are dominated by transport (e.g. motor vehicles), chemicals and pharmaceuticals, and machinery:

142.1.1. In 2020, the top five manufacturing exports from the UK to New Zealand were cars, mechanical power generators, specialised machinery, medicinal and pharmaceutical products, and clothing;

142.2. Manufacturing R&D is most heavily concentrated in transport (e.g. in electric vehicles), and chemicals and pharmaceuticals.

143. The UK manufacturing sector is pivoting towards cutting-edge technology and the development of Smart Factories to compensate for the sector's recent declines in competitiveness:

143.1. The UK will use a range of digital technologies to improve efficiency, reduce costs, and create new business;

143.2. The focus will be on the manufacture of the Internet of Things (IoT)[41] – estimated to be worth $3.6 trillion:[42]

143.2.1. This is a very competitive market and the UK still needs to develop this sector with skills development and investment.

144. The UK is investing not only in electric vehicle (EV) technologies but in power electronics, electric machines and drives (PEMD):

144.1. The UK already has world-leading car manufacturing, and a complex of industrial sites and supply chains;

144.2. Its established car industry is facing up to the challenge of switching to cleaner technologies.

145. High-technology industries will be targeted which, along with knowledge intensive services, are the drivers of productivity and wealth creation. This will need to be done in conjunction with more intensive R&D.

UK Fintech and Agritech

146. Other areas of UK technology leadership include in fintech and agritech.

147. Fintech refers to using the internet, mobile devices, software technology, or cloud services to service and connect with customers of financial services (payments, lending, insurance):

147.1. The UK fintech sector is growing rapidly, and becoming an important part of the UK finance sector – investment reached $69.5 billion in 2019.[43]

148. In terms of agritech, the UK has particular strengths in:[44]

148.1. Plant science;

148.2. Animal science;

148.3. Aquaculture; and

148.4. Precision agriculture.

149. This is supported by four, world-leading centres of agriculture innovation:[45]

149.1. **Agrimetrics** – using data, science and modelling to build more efficient food systems.[46]

149.2. **Agricultural Engineering Precision Innovation Centre** – focusing on the delivery of research and development, demonstration and training of precision agriculture and engineering for the livestock, arable, horticulture and aquaculture sectors;[47]

149.3. **Centre for Crop Health and Protection** – revolutionising how farmers manage crop threats, including pests and diseases;[48] and

149.4. **Centre for Innovation Excellence in Livestock** – creating new livestock technology.[49]

150. Other areas of the UK using technology in agriculture include robotics and aquaculture:

150.1. The agricultural robots market is expected to grow from $6.4 billion in 2020 to $28.2 billion by 2025,[50] with the UK's national science and research funding agency, UK Research and Innovation (UKRI) funding robotics research for harsh or difficult environments;

150.2. Aquaculture is an innovative, biotechnology-driven and rapidly growing industry, with Scotland's aquaculture industry supporting 12,000 jobs directly, and contributing $1.8 billion to UK GDP.

151. The UK aquaculture sector enjoys government support for sustainable growth, including through regulatory processes to minimise pollution:

151.1. Industry good practices translate into Scottish Atlantic Salmon attracting a price premium relative to Norwegian products.

Strong Data Protection and Innovation Foundations

152. Leading-edge UK sectors increasingly rely on access to vast amounts of data (the "new oil"), and use of technologies like AI to use that data to develop innovative products and services.

153. Maintaining public support for data-based innovation relies on strong rules for data protection and privacy, which in the UK takes the shape of the EU's General Data Protection Regulation (GDPR):

153.1. The GDPR has significantly strengthened UK citizens' privacy rights and ability to control use of their personal data.

154. Likewise, public support for technologies like AI relies on measures to address issues such as biases in data (e.g. arrest records of minorities) translating into biased data-based algorithms:

154.1. There is a growing body of work in the UK around AI, machine learning, and data ethics – the UK is already a key forum for such work, with its cluster of academic, civil society, legal, scientific, and commercial enterprises working in these areas.

155. More generally innovation in the UK is underpinned by substantial science and research funding, led by UKRI, which:

155.1. Connects a host of institutes, universities and private sector researchers;[51] and

155.2. Links to technologies in ag-science, AI, data sciences, quantum computing and technologies, medicine, and biotechnology.

156. The UK government has also set out four "grand challenges", focusing research on issues arising in relation to the following key areas:[52]

156.1. AI and data;

156.2. Ageing society;

156.3. Clean growth; and

156.4. The future of mobility.

157. Possible applications of AI include:

157.1. Customising medical treatments for individual patients, bringing together biological, clinical and lifestyle information;

157.2. Combining AI with improved ICTs like 5G to make telemedicine and telesurgery available to smaller or more remote centres, connecting patients with experts (or expert systems) from around the world.

158. In terms of research into ageing populations, training carers and delivering care to an ageing population is a significantly growing industry:

158.1. New technology platforms are allowing fully digital training of new staff, and a platform for carers and caregivers to coordinate care delivery, supported by transport platforms like Uber to transport caregivers and provide on-demand medicines delivery.[53]

5.2.2 Possible Futures for the UK Economy

159. Likely key trends driving the future UK economy include:

159.1. London remaining a key global financial centre, with investors increasingly interested in the ESG attributes of their investments as much as financial returns;

159.2. The UK agricultural sector remaining politically important despite the UK needing to import the bulk of its food requirements, but with product traceability and food safety attributes being evermore important consumer concerns;

159.3. An ongoing and urgent need to continue decarbonising the UK energy and transport sectors, including a shift towards low-emissions transport technologies, and household water and space heating solutions that rely less on burning gas (e.g. greater use of sustainable fibres for home insulation, distributed renewable generation technologies, etc);

159.4. UK tertiary institutions continuing to be world-class centres of teaching and research excellence;

159.5. Ongoing life sciences R&D and commercialisation of solutions to key health challenges such as obesity and diabetes, as well as those arising from a rapidly ageing population, including:

159.5.1. Labour-saving and consumer-oriented technologies to enable improved health service delivery; and

159.5.2. Increasing use of swelling pools of personal data and techniques such as AI to develop personalised medicines, and 24/7 and real-time personalised medical services;

159.6. An increasingly technology-based manufacturing sector, transforming both production processes (e.g. increasing use of robotics) and products (i.e. products that are more digital than mechanical); and

159.7. Changing consumer preferences, including for products and services that align with consumers' values regarding sustainability, ethical production, and social impacts.

160. Behind all this, the UK government is intent on a "green new deal" to drive the economy forward. The associated pivot towards a "mission-oriented" approach to economic policy is the country's biggest policy change in decades.[54]

161. The focus of this new deal is on long-term growth, sustainable innovation, levelling-up, and bold, risking-taking projects such as:

161.1. Setting up an advanced research and invention agency, an independent research body to fund high-risk, high-reward scientific research;[55] and

161.2. Creating the country's first infrastructure bank, to fund world-class investments in sectors such as renewable energy, carbon capture and storage, and transportation, and regional development.[56]

5.2.3 Opportunities and Risks for Māori

Familiar Commercial Environment

162. The UK legal system and commercial environment (e.g. consumer and competition laws, use of English language) have many similarities to Aotearoa's, making the UK an easy place for Māori to conduct business, relative to countries with far more different systems.

Large and Wealthy Market

163. The UK is a large, wealthy and sophisticated market on the footstep of Europe, offering great potential for Māori to supply it with sustainable and ethically-produced commodities (e.g. fibre and food) as well as value-added products (e.g. processed foods, nutraceuticals):

163.1. Decreasing tariffs on existing agricultural products would provide short-term benefits;

163.2. Accessing UK capital and R&D, as well as manufacturing and marketing expertise offer medium term opportunities for value-added primary products; and

163.3. Integrating high-quality New Zealand ingredients into value-added UK manufactured goods potentially opens the door on those ingredients finding their way into the high-value European market, via the UK's market access into the EU (subject to satisfying relevant country of origin rules regarding the required level of UK content in any exports to the EU).

Alignment between Māori Cultural Values and Values of Both Sophisticated Consumers and ESG Investors

164. Rising UK consumer concerns about the ethics and sustainability of production might present obstacles to Māori producers of primary or primary-related processed products, especially with UK consumers concerned about "food miles" and keen to "buy local", even if New Zealand producers are more sustainable than local UK producers.

165. On the other hand, Māori producers who integrate cultural values such as kaitiakitanga and social development into their production and marketing have real opportunities to convince sophisticated UK consumers that their values are in alignment, and potentially secure market niches and price premiums not available to commodity producers:

    165.1. Likewise, demonstrating that Māori cultural values align with those of investors keen to comply with the ESG preferences of investors (and associated regulation) potentially opens the door on Māori investors being able to access much deeper pools of capital, supplied by parties who share similar values to their own.

166. As well as land-based food and fibre, sustainable fishing presents a significant opportunity for Māori:

    166.1. The UK imports around 720,000 tonnes of sea fish annually, with a value of NZ$6.3 billion;[57]

    166.2. Māori, through alignment of ESG and Māori cultural values could capture a meaningful portion of the UK restaurant and supermarket trade – whether through sustainable fishing of wildfish stocks, or environmentally low-impact aquaculture.

167. Rising UK consumer concerns about ethical production and adherence to labour standards might present risks to Māori in terms of using foreign workers:

    167.1. On fishing vessels used to harvest Aotearoa's wildfish stocks; and

    167.2. For harvesting and maintenance in seasonally labour-intensive sectors like horticulture and viticulture.

Commercial and R&D Partners to Help Māori Move Down the Value Chain, and Tap into Governance Expertise and Networks

168. The UK's world class R&D and manufacturing expertise offer opportunities for Māori producers to partner with UK counterparts who can help them identify and commercialise higher-valued consumer products based on New Zealand's sustainably and ethically-produces ingredients, as well as Māori traditional knowledge and flora/fauna (provided progress can be made on properly recognising and protecting Māori IP – including through GIs, or perhaps novel IPRs like CIs):

    168.1. Partnering with UK organisations potentially opens the door to Māori organisations tapping into UK governance expertise (e.g. through cross-directorships), simultaneously:

        168.1.1. Offering Māori governors with opportunities to enhance their own skills; and

        168.1.2. Expanding networks with UK organisations who can help to take Māori producers deeper down the value chain, such as helping Māori producers to better understand UK and EU consumer preferences, offering connections with UK manufacturing and marketing expertise, etc.

169. The UK's deep pool of VC funding could be of particular assistance to innovative Māori organisations seeking to develop and commercialise high-value goods and services.

Access to Agritech

170. Agritech opportunities for Māori include accessing UK agricultural R&D capacity and technologies – either directly, or through New Zealand's primary sector Crown Research Institutes (CRIs) like Scion, AgResearch and Plant & Food Research collaborating with their UK counterparts:

    170.1. Potential areas for the UK to export knowledge include: seeds and grains, animal genetics, quality control, farm assurance systems, farm equipment and technology.[58]

171. Likewise, partnering with UK aquaculture operators and research bodies could offer Māori access to technologies useful for scaling up Aotearoa's aquaculture industry.

172. The UK has several companies engaged in data analytics, data management, sensor technology, and software solution design that could help to improve productivity in agriculture while reducing environmental impacts:[59]

    172.1. This could prove especially useful to Māori farmers whose land is more marginal, remote, or erosion-prone.

    172.2. There are many UK agritech start-ups with expertise ranging from agriculture software to robotics:[60]

    172.3. Agricultural technologies can augment traditional agricultural mechanisation for more sustainable agricultural practices and climate change resilience – also aligning with Māori cultural values and customer preferences.

172.3.1. Automated equipment and robotics can deliver the precision needed for efficiency in farm operations and conservation methods. 'Conservation agriculture' is an approach that involves crop diversification, permanent soil cover and minimal soil disturbance (e.g. limited tillage).[61]

172.4. Robotics could potentially create as many jobs as it may replace – manual labour tasks will be replaced, but higher-value tasks will become more productive;

172.5. This could continue to reduce worker counts in industries such as meat/food processing which are significant employers of Māori, but enhance the productivity of remaining workers in those industries, and create higher-skilled jobs in maintaining and operating such technologies;

172.6. The Māori horticultural sector could embrace such technologies where there are ongoing challenges in securing workers to pick and maintain plantations, subject to accessing the required capital and skills for adopting and using those technologies. It could attract rangatahi to this sector, supporting social sustainability and tackling some of the causes for rural–urban migration.

Access to Life Sciences Research that Could Help to Commercialise Māori IP and Offer Opportunities for Upskilling Young Māori Researchers

173. The UK's life sciences expertise – including that of prominent organisations such as the Wellcome Trust – offers a potential pathway for unlocking the potential of Māori traditional knowledge, especially in the areas of traditional remedies (provided suitable protections for Māori IP can be developed):

173.1. Additionally, life sciences organisations like Wellcome also offer pathways for young Māori life sciences researchers to gain experience, as well as access to world-class facilities, funding, and communities of researchers.

Access to High-Quality Manufacturing

174. Accessing the UK's high-quality manufacturing expertise is not just confined to shorter-term opportunities such as food and beverage manufacturing using high-quality and sustainable New Zealand food inputs. It includes medium and longer term opportunities such as:

174.1. Integrating sustainably-produced fibres (e.g. wood, wool) into building and other products (e.g. engineering-grade timbers and housing insulation); and

174.2. Mass-producing low-cost and high-quality kitset housing to overcome high building costs in Aotearoa, which could be an important means of reducing overcrowding, and providing improved access by Māori (young and old) to healthy and affordable housing.

5.3 UK Society

5.3.1 Snapshot of UK Society

A Large, Wealthy and Ageing Population

175. The UK has a population of approximately 67 million – around 13 times greater than the population of Aotearoa, and 86 times the Māori population in Aotearoa.

175.1. Of that 67 million population, almost 70% - i.e. around 46 million people – are in the middle and upper income:[62]

176. The UK therefore represents a large market, and one with discerning/sophisticated tastes:

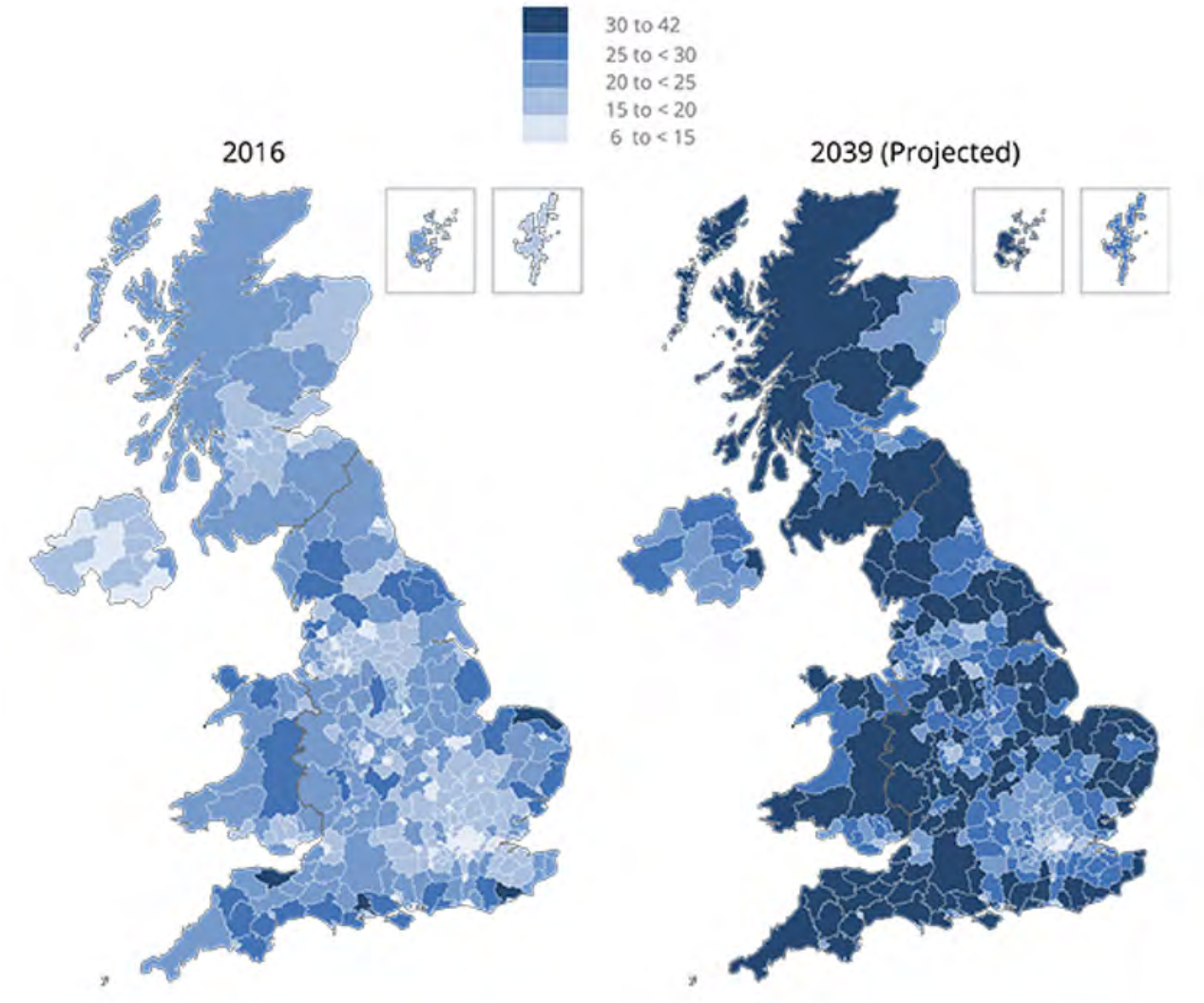
176.1. Issues such as food safety, food quality, and the sustainability (e.g. a shift away from meat and dairy products, and rising "food miles"/"buy local" awareness) and ethical aspects of production (e.g. adherence to labour standards) are all increasing drivers of UK buyer preferences;

176.2. These preferences are reflected in both regulation, and the requirements of large UK supermarket chains who are at the forefront of reflecting UK consumer expectations.

177. As shown in Figure 5.2, the UK population is projected to age significantly over the next 20 years, changing not just UK consumption patterns, but also raising the need for much increased aged care, from living and health facilities through to the people to build, operate and/or staff them:

177.1. Already the UK population faces severe rates of obesity and diabetes, meaning it confronts some of the same challenges in its general population that are particularly affecting the Māori population – this offers the possibility that UK research and treatments for these conditions might also benefit Māori.

Figure 5.2 – Changing Share of UK Population over Age 65 between 2016 and 2039



Source: www.ons.gov.uk. [63]

World Class Education and Occupational Training

178. Compared with Aotearoa, the UK is a more highly-educated and highly-trained population.

179. UK tertiary institutions especially are seen as an education destination of choice globally. The UK sector has the twin advantages of bringing in skills from graduates and large fee income to further develop the university infrastructure and attract quality staff:

    179.1. As shown in Figure 5.3, many of the top 100 universities in the world are based in the UK, including four in the top 10.

180. On-the-job learning and occupational training in the UK's leading sectors also contribute to the UK having high skills and incomes.

Figure 5.3 – UK Universities Feature Highly in Global Rankings

QS World University Rankings Top 1,000 (2021)	
Global Rank	(UK and NZ)
5	University of Oxford
7	University of Cambridge
8	Imperial College London
10	University College London
20	University of Edinburgh
27=	University of Manchester
31=	Kings College London
49	The London School of Economics & Political Studies
58	University of Bristol
62	University of Warwick
82	Durham University
81	University of Auckland
87	University of Birmingham
90	University of Southhampton
91	University of Leeds
96	University of St Andrews
99	University of Nottingham
184	University of Otago
270	University of Canterbury
223	Victoria University
375	University of Waikato
387	Lincoln University
272	Massey University
437	Auckland University of Technology

Source: QS World Rankings.[64]

Revitalised Indigenous Cultures

181. While the UK does not recognise an indigenous population in the same way Aotearoa recognises Māori as tangata whenua, it comprises a diverse range of native - "minority" – languages and traditions:

    181.1. "Welsh is the best known and most-spoken minority language, but there are also three distinct versions of Gaelic, spoken in Scotland, Ireland and the Isle of Man. All have seen long-term declining numbers of speakers – but all have also enjoyed revivals in recent decades, thanks to a slow-burn interest in preserving and promoting indigenous tongues."[65] – the Cornish language is another example.

182. Public broadcasting (i.e. the BBC) has been just one way the UK has used to support minority language revitalisation – thriving arts and culture sectors have also contributed.

5.3.2 Possible Futures for UK Society

183. The UK population will continue to be highly educated and trained, with relatively high incomes and sophisticated tastes as a consequence:

    183.1. Grappling with inequalities will be a particular challenge for the UK, with "levelling up" (e.g. ensuring UK regions prosper, not just London) likely to remain a policy priority, especially as the UK economy transforms towards high-tech and sustainability.

184. A larger share of the UK population will be retired, changing consumption patterns, and requiring increasing provision of aged care and healthcare services despite a falling share of working-age providers:

    184.1. An ageing population will stimulate further research into health conditions affecting the elderly, and into potential medical and technology-based solutions;

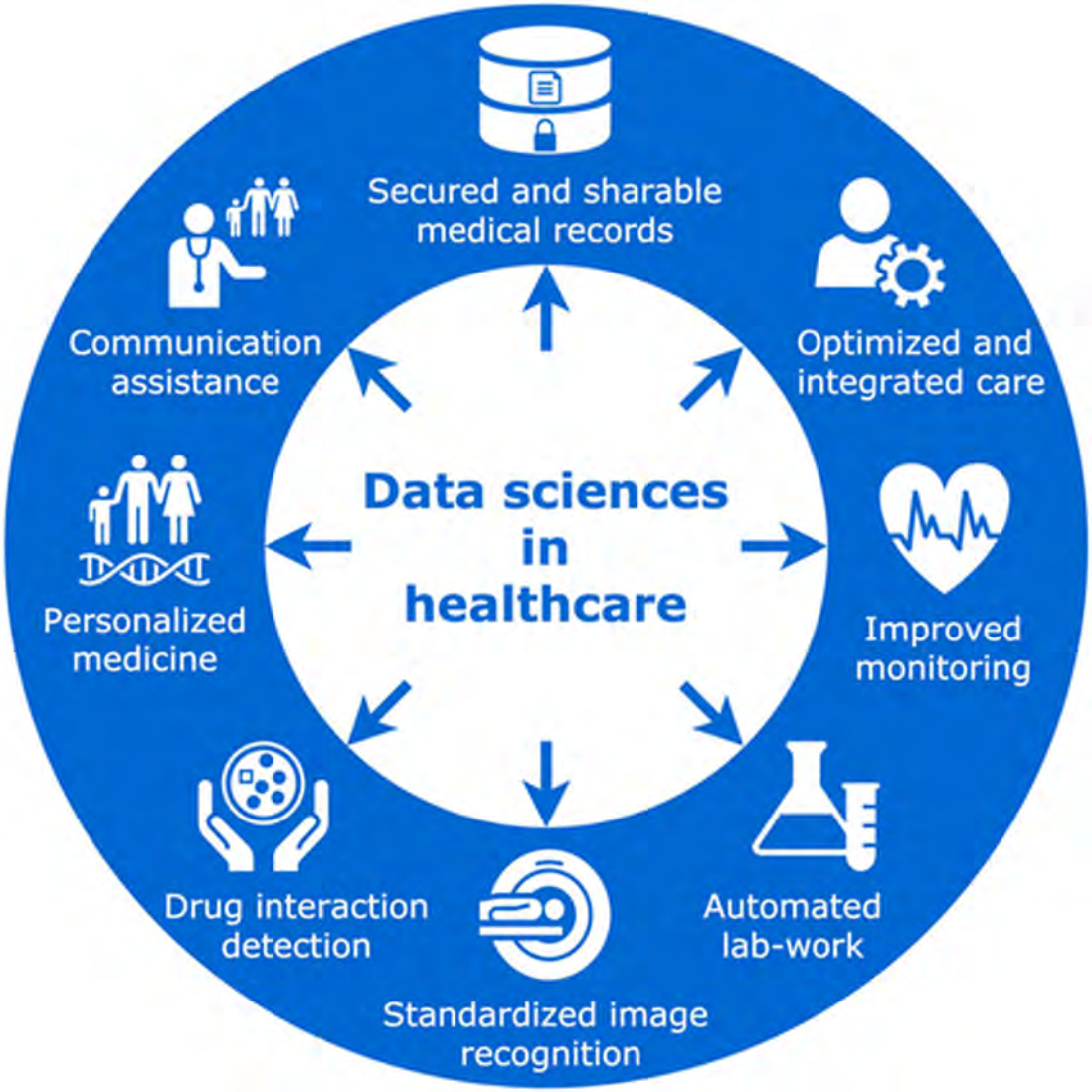
184.2. A particular priority will be labour-saving solutions for aged care and healthcare, such as digital healthcare and robotics (including telemedicine and telesurgery, especially for more remote areas) – as illustrated in Figure 5.4;

184.3. These solutions will complement the UK's continuing reliance on foreign workers to staff the National Health Service (NHS) and provide the aged care workforce (Brexit notwithstanding).

185. UK tertiary institutions and occupational training will continue to be strong drivers of a highly-skilled and highly-trained UK population and workforce, and will continue to attract the world's best students and researchers (recent Brexit impacts notwithstanding).

186. Minority languages and cultures in the UK will continue to enjoy revitalisation as the UK embraces its various British distinctives, including through broadcasting and the performing arts.

Figure 5.4 – Key Elements of Digital Healthcare



Source: Frontiers in Public Health 3 April, 2018.[66]

5.3.3 Opportunities and Risks for Māori

Ageing UK Population

187. The ageing UK population presents both risks and opportunities to Māori:

    187.1. Risks include growing pressures on healthcare and aged care workers in the UK, reducing the supply of such workers to Aotearoa, with Māori populations already underserved in these areas;

    187.2. Opportunities include Māori:

        187.2.1. Sharing lessons with the UK in traditional, people-centred aged care, and supplying possible healthcare and aged care workers to the UK (opening up possibilities for occupational and business training and network development for Māori in these sectors); and

        187.2.2. Accessing labour-saving technologies developed for UK healthcare and aged care, such as telemedicine/telesurgery and personalised/digital healthcare, which could lower the cost and increase the availability and quality of these services in Aotearoa.

Shared Concern with Addressing Obesity and Diabetes

188. Related to the ageing UK population, high rates of obesity and diabetes in the general UK population means life sciences research in the UK will be well-resourced to identify and develop solutions that could be of particular benefit to Māori, who suffer elevated rates of these conditions too:

    188.1. There may be opportunity to encourage some of that research to explore particular contributing factors for the Māori population, as that may shed light on underlying causes and solutions for other populations as well.

Digital Healthcare Improving Healthcare Access

189. UK progress in areas such as digital healthcare (e.g. telemedicine, telesurgery, AI-based healthcare) should be translatable into improved healthcare services for Māori – including in more remote or smaller centres, or for time-constrained patients – provided they have the necessary infrastructure (e.g. reliable and high-quality internet services, and access to other necessary hardware):

    189.1. Such healthcare services are not reliant on patients and providers being in the same place, and are also less reliant on real-time provision by human providers (using technology to enable human providers to simultaneously serve a greater number of patients);

    189.2. Ensuring Māori data and IP rights are protected will also be important for opening up access by Māori to services like these.

Access to Higher Education and Occupational Training

190. Improved access to UK tertiary institutions for Māori students and researchers (e.g. through scholarships, exchanges and access quotas) could be a key long term pathway for Māori to become highly-trained and highly-skilled:

    190.1. One pathway could be through increased use of remote learning.

191. Likewise, work opportunities for Māori in the UK could also be particularly important for longer-term development of a highly-trained and highly-skilled Māori work force:

    191.1. Mutual recognition of qualifications and of occupational/professional training could be of particular importance; and

    191.2. Access to the UK's manufacturing and high-tech expertise could also be particularly valuable, especially in the longer term.

Cultural Exchanges

192. Cultural exchanges between Māori and the UK's indigenous/minority cultures could provide a valuable platform for sharing lessons about language and performing arts revitalisation:

    192.1. They could also simply be a way for Māori and the UK's indigenous cultures to celebrate each other's cultural vitality and contributions.

Over-Arching Risk

193. An over-arching risk to Māori is that some or all of these opportunities might be curtailed by hardening UK attitudes towards immigration.

5.4 UK Environment

5.4.1 Snapshot of the UK and Environment

Overview

194. The UK confronts a number of substantial environmental challenges, including:

    194.1. Decarbonising its fossil-fuel reliant electricity and transport sectors as the UK's contribution towards reducing climate change, in a way that creates opportunities and does not exacerbate existing inequalities;

194.2. Building resilience to frequent flooding, sea level rise, and more frequent severe weather events, which are likely to worsen with climate change;

194.3. Relatedly, changes to the Gulf Stream, which brings warm and mild weather to the UK and Europe;

194.4. Reducing waste;

194.5. Improving air quality, given the UK's dense population, significant manufacturing sector, and large vehicle fleet;

194.6. Restoring soil quality and maintaining biodiversity;

194.7. Improving water quality and availability; and

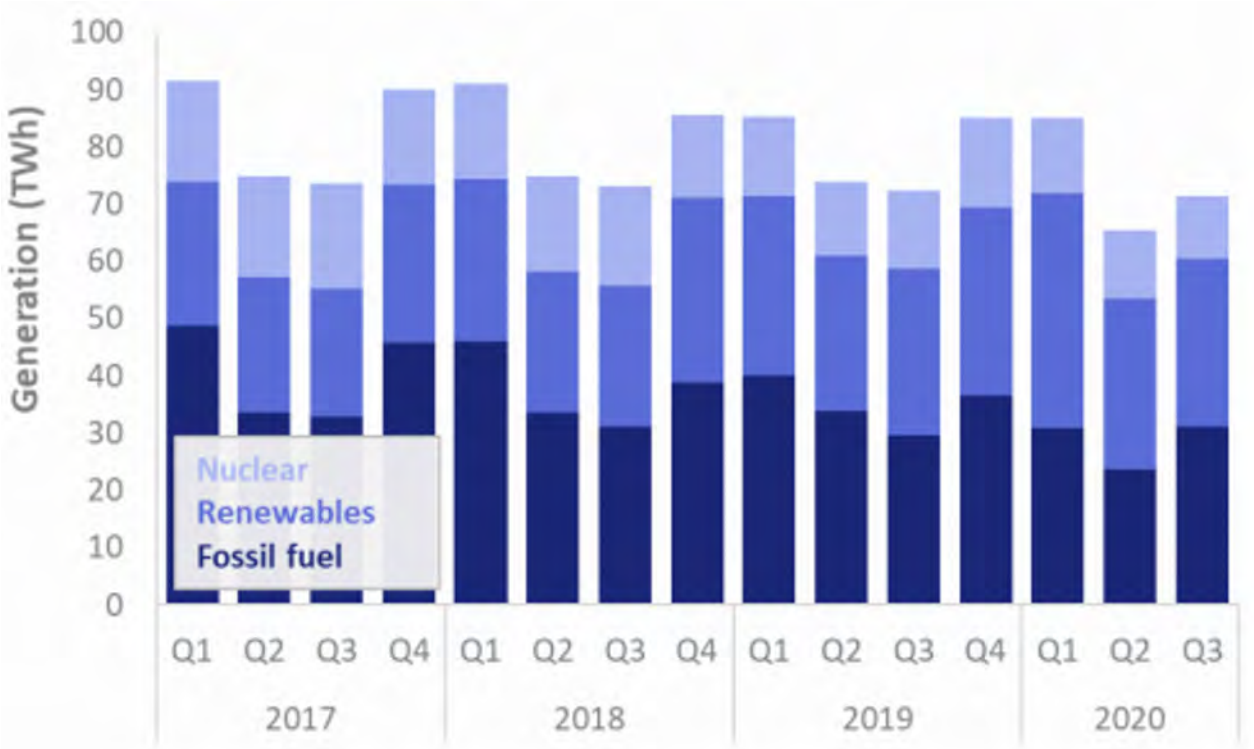
194.8. Maintaining food security, as a net importer of foods, with the UK's domestic food supplies confronting climate change and other environmental challenges as above.

Decarbonising Electricity

195. Unlike the New Zealand electricity system, which is already well over 80% renewable due to large hydro, geothermal and wind resources, the UK electricity system continues to include a significant share of fossil fuel-based generation from coal and gas, as shown in Figure 5.5.

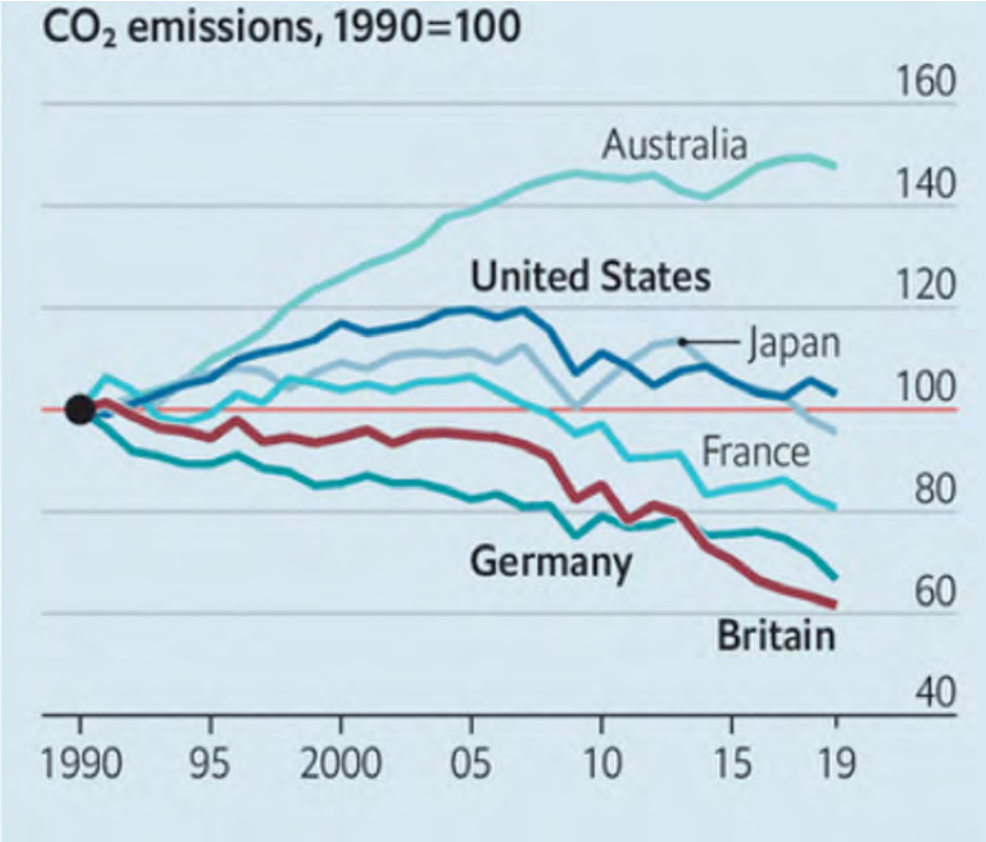
196. The majority of UK households also rely on gas for water and space heating:

Figure 5.5 – UK Electricity System's Ongoing Reliance on Fossil Fuels and Nuclear, but Growing Renewables Share



Source: Department for Business, Energy & Industrial Strategy. [67]

Figure 5.6 – UK's Rapidly-Declining CO2 Emissions since 1990



Source: Economist magazine. [68]

196.1. Home heating currently contributes around a quarter of all UK greenhouse gas (GHG) emissions – mainly from natural gas.[69]

196.2. The UK has a decade-long plan, costing billions of dollars, to reduce GHGs from home heating, and will support quality jobs as technology plays an increasing part of everyday plumbing, building and electrical work.

197. That said, as shown in Figure 5.6, Britain has decarbonised its economy more than any other rich country since 1990:

197.1. This is mainly due to switching away from coal-fired electricity generation towards gas, as well as significant growth in both onshore and offshore wind capacity, and increasing penetration of solar generation;

197.2. Offshore wind forms one of the cornerstones of the UK's 10-point plan for a Green Industrial Revolution – the UK Government plans to quadruple offshore wind capacity by 2030, eventually producing 40 GW of offshore wind, and it has pledged to attract $36.2 billion of investment as part of its promise to create "green" jobs;

197.3. The UK Government's ambitions for renewable energy dovetail with its drive to "level up" the country, with low-carbon industries already estimated to support 460,000 jobs in the UK, from electric vehicle manufacturing in the Midlands and the North East to the offshore wind industry centred on the Humber and the Tees.

Switching the Vehicle Fleet from Fossil Fuels to Electricity

198. The UK is also adopting ambitious targets to decarbonise its vehicle fleet, including:[70]

198.1. A phase out date for the sale of new petrol and diesel cars and vans by 2030; and

198.2. All new cars and vans be fully zero emission at the tailpipe from 2035.

"Green New Deal"

199. At the heart of this transformation is the UK's "green new deal", with its five goals summarised in Figure 5.7.

5.4.2 Possible Futures for the UK and Environment

200. The UK will need to continue to aggressively decarbonise its electricity system and transport fleet.

201. Decarbonising electricity will rely on replacing fossil fuel generation with a combination of nuclear, onshore/offshore wind, solar power, and possibly wave power:

    201.1. It will be complemented by improving the UK's housing stock, such as through better home insulation using sustainable materials.

202. The challenge of decarbonising the UK's electricity system is complicated further by rising electricity demands from:

    202.1. Households switching their space and water heating from gas to renewable energies – which will require a substantial workforce of trained tradespeople, including in new technologies like solar power and internet-connected home energy management systems; and

    202.2. Fossil fuel vehicles being replaced by EVs – this change not only requires the UK car manufacturing sector to switch technologies and labour requirements, it could lead to a medium-term increase in vehicle production (and hence worker demand) as the imperative for decarbonising transport becomes more urgent.

203. The UK will need to increase its resilience to flooding, sea level rise and extreme weather events, especially as and when climate change intensifies:

    203.1. This could require substantial improvements to flood defences and the housing stock, requiring significant construction sector input and access to sustainable building materials;

Figure 5.7 – Five Goals of UK's "Green New Deal"

Source: Green New Deal website. [71]

203.2. It could also require innovations in agriculture and aquaculture to enhance resilience against climate challenges.

5.4.3 Opportunities and Risks for Māori

Some Key Risks and a Possible Solution

204. A key risk for Māori producers – especially of food products – is that real or imagined consumer concerns in the UK could result in declining demand for their products:

    204.1. Genuine concerns about food safety, sustainability, and ethical production (e.g. adherence to labour standards) could become obstacles to Māori producers who fail to keep pace with changing consumer preferences, and who do not take advantage of those changing preferences where they align with Māori values;

    204.2. Imagined concerns include the perception that food products from New Zealand – by virtue of the distance they are transported to reach the UK – have greater "food miles" or embedded emissions from transportation, even if New Zealand's production techniques are in fact cleaner than those of UK producers, and sea-based shipping involves very low transport emissions.

205. One strategy for dealing with the "food miles" or "buy local" obstacles that Māori producers might face includes IP in recipes, processes, qualitative criteria (e.g. certification marks, regulatory standards), licensing genetics (e.g. of livestock or horticultural products) to UK producers in return for licence fees. IP can all be bundled for out-licensing to effect Māori attributes and meet zero food miles/ local products:

    205.1. This not only transforms the ultimate products into "local" UK products, thereby overcoming possible UK consumer resistance to New Zealand products – it also leverages Aotearoa knowhow into production from land in the UK as well as in New Zealand, while increasing the possible returns to innovation.

206. Relatedly, UK food safety, labelling and other regulations – as well as the requirements imposed on suppliers by major UK supermarkets – could become onerous for Māori producers to comply with:

    206.1. This might especially be the case for smaller Māori producers who by reason of their ownership forms or other governance limitations lack the capacity to comply with stricter UK requirements.

Demand for Sustainable Food and Fibre

207. To maintain its food security, the UK will continue to need access to high-quality, sustainably and ethically produced, and reliably supplied food products, such as those from Māori producers.

208. Likewise, to build climate resilience into its existing housing stock, and to sustainably produce new high-quality (e.g. well-insulated) housing, the UK will need access to high-quality, and sustainably and ethically produced, natural fibres (e.g. wood, wool):

    208.1. These could represent important sources of demand for Māori primary sector outputs, especially if they are combined with R&D, and advanced manufacturing and marketing expertise, to commercialise sophisticated, value-added materials.

Possible Construction Sector and Other Trades Work in UK Home Insulation, Construction, and Conversion of Space/Water Heating to Renewables

209. Relatedly, the UK will require considerable construction, advanced trades and manufacturing labour to assist with upgrading and expanding its housing stock, while converting existing space/water heating in UK homes to renewable sources:

    209.1. This could potentially offer work and occupational training opportunities to young Māori in particular, able to take advantage of working visas in the UK – in construction, electrical and plumbing trades, smart home technologies, etc;

    209.2. Such training and skills could then be brought back to Aotearoa to help with addressing housing issues confronting Māori whanau and communities.

Lessons in Climate Resilience

210. The UK is likely to have to develop multiple solutions to environmental challenges such as flooding, extreme weather events and other climate changes, including in sectors such as agriculture and aquaculture:

    210.1. These lessons could be of considerable value to Māori primary sector producers exposed to similar challenges in Aotearoa – e.g. in terms of resource management practices, animal/species husbandry and genetics, etc;

    210.2. Learning from the UK's experiences in aquaculture could be especially valuable given the significant Māori interest in wildfish stocks, which are exposed to climate change – diversifying into aquaculture offers Māori a means to continue producing high-quality fish protein with greater control over environmental risks.

Access to Technologies such as Remote Sensing and Robotics

211. Some of the earliest applications of the IoT are likely to be in primary sectors such as farming, horticulture and aquaculture, such as in remote sensing (e.g. of weather, water quality and consumption, soil moisture and nutrient levels, pasture growth, etc):

    211.1. New Zealand could in fact be adopting such technologies as fast as, or faster than, the UK.

212. Likewise, robotics are likely to become increasingly adopted in both primary production (e.g. automated crop picking) and primary-related processing (e.g. meat processing, fruit sorting, etc):

    212.1. As for sensing technologies, New Zealand might not lag the UK in such areas, but in any case each country will have opportunities to share technologies and lessons.

213. Access to such technologies could be particularly important to Māori – e.g. due to:

    213.1. Being more likely to have remote, steep and erosion-prone lands;

    213.2. Being concerned, for cultural reasons, about maintaining the integrity of resources such as land and water; and

    213.3. Potentially needing such technologies to enable innovations in resource management, such as establishing efficient technologies for monitoring water use and quality, and enabling water trading.

214. Conversely, failing to keep up with such innovations could put Māori resource owners at a competitive disadvantage if other New Zealand and UK resource owners adopt them at a faster pace:

    214.1. Access to governance and management expertise, as well as capital, could be key issues in ensuring Māori resource owners do not find themselves at such a disadvantage.

Access to Used UK EVs to Provide more Affordable Low-Emissions Vehicles

215. As a country New Zealand is heavily reliant on access to affordable and relatively new second-hand, left-hand drive vehicles for renewing its vehicle fleet:

    215.1. For practical purposes that largely means relying on Japan's used vehicle fleet as a way to update vehicle fleet technologies in New Zealand.

216. If Aotearoa is to have any prospect of meeting ambitious GHG reduction targets, this will require a substantial decarbonisation of the New Zealand vehicle fleet, including by increasing uptake of EVs:

    216.1. The volume of used EVs from Japan is unlikely to provide sufficient supply of such vehicles for Aotearoa to meet is decarbonisation goals.

217. Māori in particular, due to lower average personal and household incomes and financial resources, are likely to be left with ageing internal combustion vehicles for longer than the rest of the population:

    217.1. Being able to increase the supply of used EVs by accessing those from the UK - which also has left-hand drive vehicles – could be a means to make EVs more accessible, including to Māori (thus contributing to a "just transition" to low emissions for Māori);

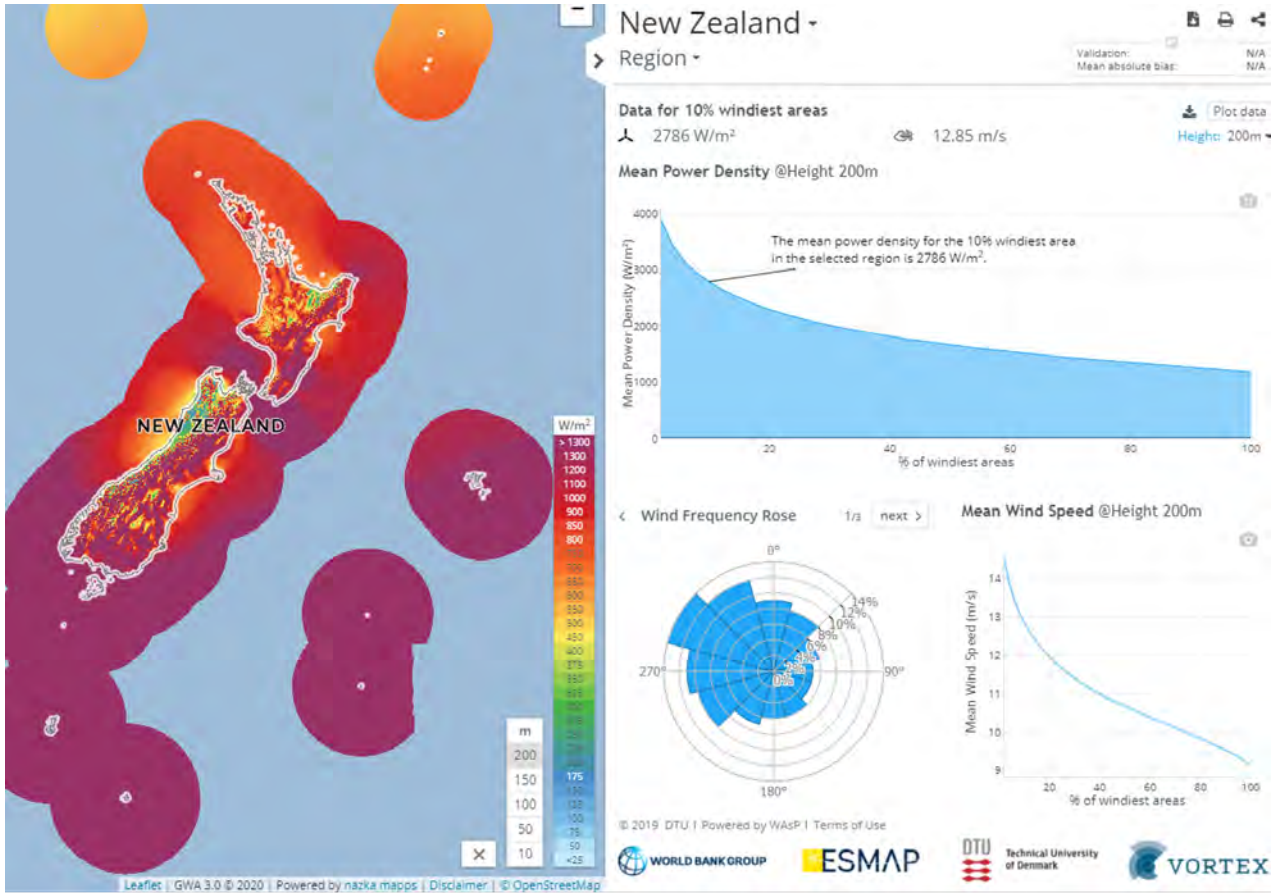
    217.2. It would also increase the demand for skills in Aotearoa for refurbishing and maintaining such vehicles, including dealing with battery end-of-life issues (which may be of particular concern to Māori due to the possible environmental impacts of EV batteries).

Access to Sea-Based Power Generation – Offshore Wind and Wave Power

218. As shown in Figure 5.8, Aotearoa has vast onshore and offshore wind potential, with a favourable mean wind power density in some inland zones and around its coast, making it an ideal place to develop onshore and offshore wind generation (albeit with issues in integrating intermittent wind generation into New Zealand's electricity grid, and in locating that generation near to where it is consumed).

219. The UK has significant expertise in offshore wind, and leads the world in designing, building, and operating offshore wind farms[72] – it is currently seeking to export its wind power expertise:[73]

Figure 5.8 – Onshore and Offshore Wind Generating Potential in Aotearoa



Source: Global Wind Atlas.[74]

219.1. This know how could potentially be exported to New Zealand so that New Zealand can develop its own indigenous industry;[75]

219.2. Doing so might present particular opportunities to Māori with confirmed rights and interests in the seabed, and/or could potentially be combined with other Māori marine area activities such as aquaculture.

220. Likewise, the UK is active in exploring the potential of wave power:

220.1. This too could be of interest to Māori with recognised interests in marine areas, as possible generation partnership opportunities, or by importing UK technology to Aotearoa for domestic greenfield investments.

Access to UK Investor Interest in Renewable Generation Investments with or by Māori

221. Relatedly, Māori with geothermal interests or confirmed interests in marine areas might be able to access UK investment capital, for example from UK investors who:

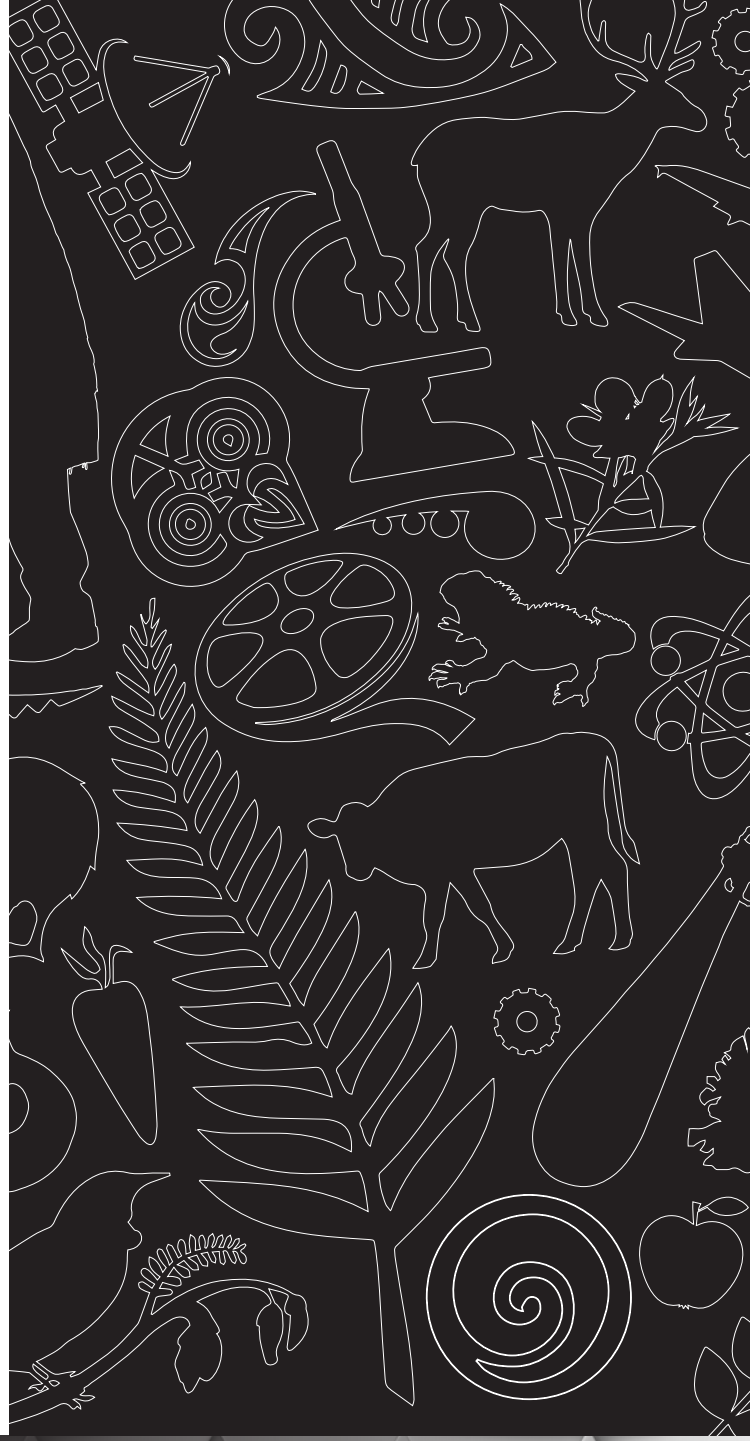
221.1. Need to invest in renewables in order to meet climate change obligations, such as under the UK emissions trading scheme (UK ETS); or

221.2. Have ESG goals that align well with Māori cultural values, and see investing or partnering with Māori for renewables generation projects as a way to achieve those goals.

222. While the latter is possible irrespective of policy settings in the UK, enabling Māori to share the benefits of renewables generations with offshore investors would require changes to the ETSs in both Aotearoa and the UK – for example in terms of when GHG credits generated in one country can be recognised in the other.

Key questions to consider:

1. What trade-offs might Māori be prepared to make to achieve tariff reductions on agricultural exports to the UK instead of (e.g.) improving Māori access to UK:
    - Consumers concerned with sustainable, ethical and local production – whose values might strongly align with Māori cultural values;
    - Governance expertise and business networks;
    - Investment capital, including from ESG investors whose values overlap with Māori cultural values;
    - Manufacturing and marketing expertise – e.g. in food/beverages, sustainable and natural building materials, kitset housing, etc;
    - Agritech, fintech, etc – including aquaculture technology;
    - Life sciences research – e.g. into conditions like obesity and diabetes which particularly affect Māori;
    - Digital healthcare – e.g. telemedicine/telesurgery, AI-based medicine, personalised medicine, etc;
    - Tertiary institutions;
    - Working visas – including recognition of New Zealand qualifications and occupational/professional training, and access to sectors such as healthcare/aged care, construction, manufacturing, finance, and digital technologies (e.g. AI);
    - Lessons in improving resilience against flooding, severe weather events and climate change;
    - Technologies for offshore wind and wave generation technologies and investors;
    - Recognition in the UK of GHG emission reductions achieved in Aotearoa and vice versa;
    - Used EVs;
    - Minority cultures with experience in language/cultural revitalisation?
2. What would be key enablers of Māori accessing UK opportunities in these fields, and how might those enablers be provided for in an FTA with the UK?
3. What might a two-tier approach look like to provide Māori with enhanced opportunities in the UK – e.g. extended working visas, dedicated scholarships/exchanges/quotas at UK universities, MFN clause or preferential treatment for tariff reductions, etc? Should Māori be concerned about any UK hesitance regarding a two tier approach (e.g. precedent value for other former colonised peoples), or more concerned about showing leadership in developing such an approach?



6.

How an FTA with the UK Might be Structured to Advance Māori Interests

Key points from this section:

1. A UK-NZ FTA is an important but imperfect means to try to reconcile Māori economic, social/cultural and environmental interests with possibilities offered by closer relations with the UK.

2. Māori interests in an FTA with the UK might arise in specific areas ("chapters") of the FTA, but also arise across much or all of the FTA – ultimately it will fall to MFAT to determine how best Māori interests might formally be provided for in any FTA.

3. Certain of the likely chapters in the UK-NZ FTA point to the potential for a two tier approach, offering Māori either specific or general preferences in recognition of the relative socio-economic position of Māori, and also of the specific historical contributions made by Māori to the wealth and wellbeing of the UK.

6.1 Introduction

223. In Section 4 we set out possible Māori interests that an FTA might address, focusing on economic, social/cultural, and environmental interests. Then, in Section 5, we summarised aspects of the UK economy, society, and environment that could be relevant in furthering the Māori interests identified in Section 4.

224. In this section we highlight key aspects of an FTA with the UK that might assist in bringing together the interests identified in Section 4, and the opportunities and risks identified in Section 5. In doing so:

    224.1. We do not attempt to specify exactly how an FTA with the UK should achieve this – ultimately it is MFAT's area of expertise and responsibility to ensure that Māori interests are – as best as can be – properly reflected in that FTA.

225. That said, this section mentions certain of the chapters to be incorporated in an FTA with the UK, where they appear to pave the way for addressing certain possible interests specific to Māori. In particular, these include chapters touching on:

    225.1. Intellectual property;

    225.2. Environment;

    225.3. Development;

    225.4. Small and Medium-sized Enterprises; and

    225.5. Indigenous trade

226. Taken together, these chapters could be instrumental in a UK FTA helping to achieve Māori socio-economic aims, even if they are not directed specifically at doing so.

    226.1. Taking such an approach also aligns with the New Zealand government's "trade for all agenda", ensuring that the benefits of trade are experienced widely, and not just confined to trade-exposed business interests.

227. Importantly, aspects of these chapters point to a possible reason for Māori to seek a "two tier" approach under an FTA with the UK in particular – reflecting not just the fact that Māori are at an earlier stage of socio-economic development than the rest of Aotearoa society, but also the particular contributions of Māori to the wealth and wellbeing of the UK:

    227.1. If an FTA with the UK could provide Māori with certain additional opportunities relative to other New Zealanders, that could assist with advancing the relative socio-economic position of Māori within Aotearoa.

6.2 A Possible Two Tier Approach

6.2.1 Intellectual Property

228. A key challenge in any FTA with the UK is to recognise and protect Māori IP. Aotearoa's domestic policy settings – let alone international ones – are not currently well-suited to doing so:

    228.1. Since recognising and protecting Māori IP will be an essential element enabling Māori to make fuller use of mātauranga Māori, it will be critical that any FTA with the UK provides whatever protection it can from the outset, while preserving flexibility to "ratchet up" that protection as domestic and international policy settings evolve.

229. A possible short-term provision would be to include measures such as geographical indications that provide at least some protection of IP related to specific areas:

    229.1. Longer-term, Māori might prefer protections more tailored to their particular circumstances (e.g. cultural indications of some sort).

230. A key question is whether Māori might be more amenable than other New Zealanders to accepting GIs:

    230.1. E.g. if the costs of not being able to call certain

New Zealand products by protected names (e.g. "Scotch") are outweighed by the benefits of being able to better protect other products (e.g. "Tairāwhiti manuka honey")

231. A related question is whether Māori might be prepared to grant longer patent lives to the UK than other communities in Aotearoa:

231.1. Doing so could lead to higher-cost pharmaceuticals, with drug companies maintaining monopoly rights under their patents for longer;

231.2. But it might also offer greater incentive for UK life science researchers and pharmaceutical companies to invest more in addressing health issues specific to Māori.

232. If Māori interests in IPRs sufficiently diverge from those of other New Zealanders, this could be reason to treat them differently (where feasible) under a two tier approach.

6.2.2 Environment

233. Māori values towards the environment increasingly overlap with those of many others, including ESG investors, for example. However, there are particular Māori values towards the environment that continue to be specific to Māori, as reflected in concepts such as mauri (the essential being of natural features):

233.1. Since Aotearoa's domestic policy settings – let along international settings – are insufficiently developed to recognise such concepts, any FTA with the UK will struggle to reflect them, at least initially.

234. As for Māori IPRs, this may require specific provisions in any UK FTA that allow for the FTA to "ratchet up" its recognition of specific Māori values to do with the environment, especially with major reforms such as replacement of the RMA are currently under way.

6.2.3 Development, SMEs and Indigenous Trade

235. The UK seeks to include pro-development provisions in a UK-NZ FTA. However, we understand that the UK has in mind provisions supporting the development of less-developed countries – e.g. paving the way for improved trade with smaller Pacific states. Relatedly, an FTA with the UK is likely to include provisions:

235.1. Ensuring that FTA benefits are enjoyed by SMEs, and not just larger organisations that are better equipped to operate cross-border; and

235.2. Encouraging greater indigenous-to-indigenous (I2I) trade – albeit the UK does not recognise its own indigenous populations.

236. What these chapters individually and collectively do not do is recognise the position of Māori as being at an earlier stage of development than other groups in Aotearoa, often lacking the scale to take advantage of FTA opportunities, and needing to go beyond trading with other indigenous groups to engaging more fully in mainstream trade:

236.1. This is not to diminish the value of greater I2I engagement by Māori, or to suggest that smaller Pacific states and SMEs do not require additional assistance to ensure they more fully benefit from FTAs;

236.2. Rather it is to acknowledge that for the same reasons that such states and SMEs merit special treatment under an FTA, so too might Māori.

237. With a relatively small change in emphasis, and taking a more holistic view, it may be possible for the development, SME and indigenous trade chapters of an FTA with the UK to pave the way for a two tier approach in favour of Māori:

237.1. Any preferential two tier mechanisms could potentially include sunset clauses, or other review mechanisms to wind back any such preferences, as and when Māori socio-economic deficits or other aspects of being at a relatively stage of development are resolved.

238. Relatedly, a question arises whether including explicit Māori interests in specific chapters such as the indigenous trade chapter and not more generally across all FTA chapters adequately reflects both:

238.1. The particular historical contribution of Māori to the wealth and wellbeing of the UK; and

238.2. The particular relationship between Māori and the Crown – i.e. is partnership consistent with Māori being treated as a stakeholder group?

Key questions to consider:

1. What specific provisions should be incorporated in an FTA with the UK regarding Māori IPRs? What recognition should be included now, and what provision should be made for "ratcheting up" Māori IPRs as and when recognition and protection of Māori IP improves? How should protection of Māori and/or other IPRs (e.g. pharmaceutical patents, geographical indications) differ for Māori relative to non-Māori under a possible two tier approach?

2. Similarly, what specific provisions should be incorporated in an FTA with the UK regarding specific Māori cultural values towards the environment? What recognition should be included now, and what provision should be made for "ratcheting up" recognition of Māori values as and when such stronger recognition becomes possible? How might recognition of Māori environmental values differ for Māori relative to non-Māori under a possible two tier approach?

3. Should the development, SME and indigenous trade chapters – and any other relevant chapters – in the UK-NZ FTA be expanded in scope to support a possible two tier approach? Should that two tier approach be specific in scope, or apply generally throughout the FTA?

6.3 Māori Economy

239. An FTA with the UK will cover as matters or priority, liberalising goods trade, facilitating trade in services, and facilitating investment.

240. Reducing tariffs on exports to the UK and other obstacles such as market quotas, and improving the process for how goods move across borders, should be of immediate short-term impacts to Māori primary sector interests and primary-related processing sector interests.

241. Facilitating trade in services can be more sensitive and complex, since allowing for the freer movement of people and enabling them to live and work in another country raises a range of political and practical problems (e.g. recognition of qualifications or occupational/ professional training, etc):

    241.1. Māori might welcome being able to more easily work in the UK, and to have their credentials recognised there;

    241.2. However, Māori might have reservations about UK workers coming to Aotearoa, for example if that leads to increased competition for local jobs, or if UK credentials are considered inadequate in certain occupations.

242. In respect of the latter, one potential question for Māori is whether it is better:

    242.1. To insist that any UK healthcare workers (doctors, nurses, etc) or teachers who wish to work in Aotearoa meet local expectations regarding understanding of Māori culture; or

    242.2. To allow greater access of such workers without such requirements to better resolve issues like lack of access to healthcare (especially in rural areas or smaller centres)?

243. Opening up investment flows across borders can open up access to deeper pools of capital – including from ESG investors whose values and those of Māori are potentially well-aligned:

    243.1. However, it can open up sensitivities about what classes of investment might – or should – be off-limits to overseas investors (e.g. certain land or other natural resources);

    243.2. Such sensitivities might be quite pronounced for Māori – especially regarding Māori land, or natural resources such as wai/water, or where customary interests in certain resources are yet to be recognised and confirmed.

244. A two tier approach in these areas might involve, for example:

    244.1. Māori producers enjoying lower tariffs than other New Zealand producers of the same products, or a MFN clause meaning that Māori automatically benefit if the UK agrees to better tariffs in other FTAs;

    244.2. Māori exporters enjoying additional forms of export support, such as funding or opportunities for trade delegations, other assistance to establish trading connections, or easier access to export guarantees;

    244.3. Māori enjoying easier access for working in the UK (e.g. extended work visas) – either generally, or in specific sectors (e.g. healthcare/aged care, construction, finance, etc);

    244.4. Māori having greater say over which UK investments in Aotearoa should or should not be allowed; and

    244.5. Support or collaborations to demonstrate alignment of Māori cultural values and ESG investor requirements.

Key questions to consider:

1. Do you agree that reducing tariffs and other impediments to goods trade are an immediate priority for a UK-NZ FTA? Are there bigger prizes to be had for the Māori economy?

2. Are there particular service sectors (e.g. medicine, education, fruit-picking, high-tech) where Māori would welcome a more open border to UK workers? If so, are there particular rules Māori would like to see imposed on such opening up of services? Are there existing rules Māori would like to see relaxed?

3. Should Māori be welcoming of greater access to investment from the UK? If so, are there particular classes of investment that should be more highly screened or even off-limits (and do existing protections such as those in the Overseas Investment Act offer enough comfort)? How can Māori access to ESG investors be deepened?

4. Are there particular measures you would like to see in the UK-NZ FTA under a two tier approach that provides targeted or general additional support for Māori in relation to things like goods trade, being able to live and work in the UK, or investment? What measures would you give most priority to?

6.4 Māori Society

245. An FTA with the UK potentially facilitates a range of beneficial exchanges (of people, ideas, resources, etc) between Māori and various counterparts in the UK. These include:

    245.1. In sectors, or with parties/organisations, who might be able to help Māori:

        245.1.1. Address barriers to healthy homes and

home ownership – e.g. through modular/kitset home construction to lower building costs while improving housing quality;

245.1.2. Address health challenges of importance to Māori – such as life sciences researchers and pharmaceutical companies, including those using AI and large datasets to speed up the process of finding cures for challenging problems (subject to ensuring privacy and data protection rules are in place to the satisfaction of Māori);

245.1.3. Share lessons and experiences/strategies with language revitalisation and other forms of cultural revitalisation (including the performing arts – e.g. through working visas for Māori performing artists); or

245.1.4. Expedite the return of taonga, despite the UK government's "retain and explain" approach to UK institutions that might hold such taonga;[76]

245.2. Enabling the upskilling of Māori and development of valuable networks through:

245.2.1. Access to on-the-job training opportunities by working in the UK – such as through extended work visas, either generally, or in specific sectors (e.g. healthcare/aged care, construction, finance, etc);

245.2.2. Access to educational or research opportunities – such as through scholarships/quotas, student exchanges, cooperation between universities and research institutes (etc), with access to the UK labour market potentially also being key (e.g. even for those in higher education or research, who may need to work to support themselves, or for their family members accompanying them); and

245.2.3. Opportunities to gain governance or management expertise and expanded business networks, including through cross-directorships.

246. A two tier approach could include Māori enjoying greater levels of access or support in each of these areas than non-Māori, especially where they directly contribute to addressing socio-economic deficits and other elements of being at a relatively early stage of development.

Key questions to consider:

1. What sorts of collaborations or exchanges would you like to see, in what areas (education, research, occupational training, governance/management, cultural revitalisation, etc) in order to help grow Māori people and communities?
2. What sort of preferences would you like to see in each of these areas under any two tier approach? What sorts of sunset or review mechanisms do you think would be appropriate?
3. How would you prioritise these sorts of opportunities and/or preferences over the sorts of economic measures discussed in Section 6.2?

6.5 Māori and the Environment

247. Key environmental challenges for Māori include:

247.1. Accessing skills, research and resources to mitigate GHG emissions and other forms of environmental damage, and to build healthy and resilient ecosystems with appropriate forms of governance, management and ownership;

247.2. Build resilience into farms, businesses and communities where they are exposed to adverse climate change; and

247.3. Maximise the returns achievable from sustainable resource uses, including investments in renewable energy sources which displace more polluting alternatives.

248. Māori farmers and aquaculture investors might particularly value exchanges with UK counterparts and agritech research organisations (perhaps via Aotearoa's CRIs, or directly) to identify and adopt innovative ways to measure and monitor environmental changes, uses, and emissions.

249. A two tier approach might include things like:

249.1. Specific support or collaboration between Māori parties in the UK addressing relevant environmental questions;

249.2. Assistance for Māori resource users to access ESG investment capital for projects with particular social and environmental benefits; or

249.3. Joint recognition of GHG reductions under each of the UK and NZ ETS, perhaps with preferential recognition of renewable energy investments by Māori.

Key questions to consider:

1. Do you agree that these are the environmental priorities for Māori? Are there other priorities you would include? How do you see them being applied in an FTA?
2. What specific two tier preferences you would wish for in an FTA with the UK to help achieve Māori environmental aspirations?
3. How should any environmental benefits under the UK-NZ FTA be weighed against social cultural benefits (Section 6.3) and economic benefits (Section 6.2)?

7.

Summary and Conclusions, and Possible Next Steps

Key points from this section:

1. An FTA with the UK might cover a range of matters of potential use for advancing Māori economic, social/cultural and environmental interests.

2. Any Māori priorities for an FTA with the UK might be separated into immediate (short term), medium term and longer term priorities, reflecting both what might be most important to Māori, but also recognising that FTAs are long-lived, and while some future interests can already be provided for in any FTA, there are other possible interests that can only be reflected in an FTA as it evolves over time.

3. FTAs present opportunities, but also pitfalls to be avoided.

4. This Discission Document is not intended to be the last word on Māori interests in any FTA with the UK – instead it is intended to provide a useful next step in the process of Māori engaging with the Crown to ensure an FTA with the UK reflects those interests both at the outset and as the FTA evolves. Possible next steps are therefore proposed.

7.1 Likely Economic, Social/ Cultural, and Environmental Imperatives for Māori

7.1.1 Context

250. Māori approach an FTA with the UK – as with other countries – as a growing and dynamic people. Many significant inherited challenges remain, but recent decades have seen clear areas of progress – in terms of cultural revitalisation, development of people and communities, growing and diversifying economic interests, and increasing voice and input in matters of importance to Māori (e.g. access to natural resources, and environmental stewardship). Treaty settlements have played a part in achieving this, but they sit alongside many broader initiatives and trends leading to this progress. Major challenges lie ahead – for example in terms of climate change and changes in work – but also major opportunities.

7.1.2 Economy

251. For cultural, historical and institutional reasons, Māori economic interests – as well as cultural interests – remain heavily based around natural resources. Agriculture, forestry and fishing comprise a large share of the Māori asset base, especially when accounting for Māori assets involved in related manufacturing activities (e.g. meat, dairy and wood processing). While other sectors generate proportionately larger economic returns and employment relative to asset value, primary production and related secondary processing are destined to remain important mainstays of the Māori economy.

252. Relatedly, initiatives like "geographical indications" and "cultural indications" could prove important for protecting Māori cultural knowledge and practices, and enabling Māori primary producers in particular to differentiate their products in cultural and other terms, capturing a greater share of value from their primary resources. By affording Māori "brakes" on how cultural knowledge and practices can be used, legally-enforceable protections of such knowledge and practices can give Māori greater confidence to share, develop and use them.

253. Likewise, accessing R&D capacity, manufacturing and marketing expertise, and investment capital – especially from business partners and investors whose values align with those of Māori organisations (e.g. in terms of sustainability, social focus, etc) – will be important for moving down the value chain and leveraging Māori primary sector assets. These could prove more valuable, in the longer-term, than reducing tariffs and subsidies on primary products. They might also prove critical in building resilience into the Māori economy – for example, helping to develop aquaculture as a response to climate change threats to wild fisheries, and increasing consumer concerns about the sustainability of such fisheries.

254. However, as well as moving down the primary sector value chain into processing and higher-value products, other secondary and tertiary/services sectors are becoming an important part of the Māori economy. Notable sectors include real estate and transport services, but also construction, and non-primary related manufacturing. The latter are not just major sources of Māori employment, but also generate higher economic returns than primary activities and property.

255. Even more notable, however, is growth in Māori assets and employment in sectors like professional services, healthcare, retail, accommodation and food services, and education and training. These sectors generate much higher economic returns for the level of physical and financial assets involved – instead reflecting the very significant returns that can be achieved through investments in people (including in their housing, health, education, and occupational training). Accessing suitable business partners and investors, as well as educational and occupational training, will be important to continue and deepen such trends.

256. As the Māori economy pivots towards increasing investments in people, this not only generates increasing economic returns to people-oriented sectors. It also helps to leverage the returns achievable in more asset-intensive sectors like agriculture, forestry and fishing. Importantly, it helps to insulate Māori economic interests against the risks of climate change and increasing automation of work – and positions Māori to benefit from the transition to a more sustainable economy, and from technologies that leverage human creativity and innovativeness.

7.1.3 People/Culture

257. Investing in people is not only essential for managing the risks and benefitting from the opportunities presented by change, and extracting more value from existing activities. For Māori it is also essential to ensure they can catch up , and keep pace, with others in Aotearoa who do not inherit disadvantages in terms of housing, health, education and access to financial resources (among others).

258. Improvements in each of these domains will improve whānau incomes and assets, which can be expected to result in a virtuous circle of further improvements in those domains. Increasingly Māori communities are taking the initiative for starting this process, and seeking greater input in government policy and its implementation in these key areas.

259. Important in this regard is accessing and creating innovative solutions to longstanding problems. For example, where the public health and education systems have failed to remedy longstanding inequities in Māori health and educational outcomes, by definition new approaches are needed. New technologies – with adoption led by Māori – offer the promise of better outcomes.

260. These examples highlights the growing importance of data, and novel technologies for using that data to develop and deliver new services, for Māori. In health, telemedicine and 24/7 real-time health monitoring at a population level are two likely areas of progress, improving Māori access to healthcare, and ensuring timely identification and management of health issues. How that data is "owned" and "governed" will increasingly be key to unlocking such advances.

261. Initiatives to ensure Māori data sovereignty could be tailored to ensure Māori have control of their health data while better facilitating research into, and development of, solutions tailored to Māori needs. Likewise, Covid-19 has highlighted the promise and pitfalls of remote education – greater use of technologies tailored to meeting Māori educational needs, with Māori confident in their ability to control how their data are being used, and leading the development and use of such technologies, holds much promise.

262. Better ownership and governance of Māori data will pave the way for R&D and investment partnerships in life sciences and other people-focused domains. Māori interests in intellectual property (IP) protections, such as in the length of intellectual property rights (IPRs) may align with those of non-Māori in some respects, but diverge in others. Just as Māori may prefer strong protections for things like geographical indications and cultural indications, enabling them to leverage value from traditional knowledge and practices, they might also be more inclined than non-Māori to prefer stronger IPRs for things like pharmaceutical products. This could be the case if such stronger IPRs encourage life sciences R&D into solutions tailored to Māori needs, even if they in general lead to higher costs of pharmaceuticals.

263. Improving Māori housing will be just as important to improving health and educational outcomes as improvements in delivering healthcare and education. Access to affordable healthy and technology-ready housing – such as through improved design and manufacturing capabilities for mass-produced housing solutions (e.g. kitset houses) could be especially important, given its potential to dramatically reduce building costs and construction times (ensuring these comply with New Zealand's specific requirements and building regulation will be important challenges, even if they offer superior solutions).

264. Finally, establishing relationships with like-minded indigenous cultures offers potential benefits in terms of sharing lessons on revitalisation of languages, culture and declining communities, while also expediting the return of taonga.

7.1.4 Environment

265. Businesses worldwide will face increasing consumer demands for sustainable production. Failing to meet those demands will be a liability, and credibly meeting them will be an asset. Many Māori organisations face financing, skills and organisational constraints (e.g. due to land tenure arrangements) that might impede their transition to sustainable use of natural resources. On the other hand, many such organisations also see themselves as inherently concerned with good resource stewardship, due to cultural perspectives about the association between people and nature, but also to ensure future generations are able to benefit from what nature has to offer. They also face other drivers, such as vulnerability to the impacts of climate change, that also mean they share consumer's concerns about sustainability.

266. Accessing "green financing" and other financing from investors motivated by ESG, impact investing and other socially-minded concerns is a particular opportunity for Māori, whose cultural values (including towards environmental stewardship) might naturally align with those of such investors. Access to such financing, and also to relevant technologies, could be key to enabling a transition by Māori – especially in agriculture, forestry and fishing (including aquaculture) – towards more sustainable practices, and to build resilience. At the very least that could help to reduce competitive disadvantage, but offers the prospect of providing a competitive advantage as well as more sustainable resource use, and a better ability to respond to environmental challenges like climate change.

267. Improving Māori mobility will be key for maximising educational and work opportunities. Doing so in a sustainable way will prove increasingly important.

The high cost of low-emissions transport technologies exacerbate disadvantages already experienced by Māori, both in terms of vehicle ownership but also access to public transport in remote or sparsely-populated areas. New Zealand already relies on access to Japanese used vehicles to update its passenger vehicle fleet. Being able to access quality used low-emissions vehicles from other major low-emissions vehicle manufacturers like the UK could help to accelerate New Zealand's transition away from fossil fuel vehicles, and to improve accessibility to such technologies by Māori.

7.2 What Māori Might (Not) Wish for from an FTA with the UK

7.2.1 Taking Advantage of Likely FTA Opportunities While Avoiding Potential Pitfalls

Recognising that FTAs affect How Much Māori are Exposed to Trade

268. A significant share of Māori economic activity is export-focused, especially given strong interests in agriculture forestry and fishing, associated downstream processing, and aspirations to advance down value chains towards high-valued, consumer-oriented goods. If an FTA with the UK leads to greater training and educational opportunities and recognition of qualifications and occupational/professional training, and freer movement of people – as well as access to UK services markets (e.g. through government procurement opportunities) – an increasing share of Māori services and people development might also become more export-oriented.

269. At the same time, a number of local goods and services markets served by Māori may currently not be especially exposed to competition from UK imports. However, an FTA with the UK might expose those markets to greater competition – e.g. in New Zealand government procurement.

270. An important question for Māori is whether the increased local competition from UK imports of goods and services produces sufficient Māori consumer benefits – when added to the benefits of improved UK market access enjoyed by Māori goods and services exporters – to outweigh any harms to local Māori suppliers from greater imports of UK goods and services.

Access to Technology Likely as Important as Freeing up Goods Trade and People Movement

271. Longer-term, access to UK educational, R&D, commercialisation, financing, manufacturing and marketing expertise – especially in key sectors in which the UK has a global advantage – could be as important a contribution from a UK FTA for Māori as any freeing up of the movement of goods, services and people between the UK and New Zealand. These expertise hold the promise of far more transformational change than simply facilitating a scaling up of current activities.

272. Such transformational change will not only be essential if Māori goods and services suppliers wish to remain relevant and competitive in a changing global marketplace. It will be essential for transitioning to a more sustainable and resilient Māori economy, given likely challenges and opportunities from climate change and successive, technology-based "industrial revolutions" (e.g. AI and automation).

Opportunities in the Short, Medium and Longer Terms

273. The challenge for the UK FTA is to help to leverage opportunities relating to Māori interests. In the short term, these include:

    273.1. Tariffs/subsidies removal and improved market access for existing (mainly primary) products;

    273.2. Accessing partnerships/investments for R&D, manufacturing and other expertise needed for increasing the sustainability of Māori primary sector and other assets; and

    273.3. Expediting the return of taonga.

274. Medium term opportunities include:

    274.1. Moving down value chain for goods and services, including through partnerships/investments for R&D, manufacturing and marketing expertise (especially with parties sharing Māori social, cultural and environmental values);

    274.2. Accessing occupational and training opportunities through greater occupational recognition;

    274.3. Opportunities in value-added goods based on socially-focused, sustainably and ethically produced food and fibre inputs:

        274.3.1. Examples include sustainable/alternative foods/proteins/beverages, nutraceuticals and bio-actives, intelligent textiles, and natural insulation and other construction materials for sustainable homes and buildings.

275. In the longer term, opportunities include:

    275.1. More fully realising the potential of Māori IP, once suitable IPRs are in place;

    275.2. Development of networks/partnerships/investments for R&D, financing and rollout/commercialisation of innovative solutions;

    275.3. Exchange of learners (students, occupational training) and researchers; and

    275.4. Taking advantage of new high-tech industries, and transitioning to sustainable and resilient economy and communities:

        275.4.1. Opportunities arise in life/health sciences, education, transition to clean technologies (EVs, offshore wind generation and wave generation, etc), modular/kitset house construction.

Some Pitfalls to Avoid

276. Pitfalls to avoid in any UK FTA include:

276.1. Exposing Māori suppliers to increased UK competition without offering offsetting opportunities in the UK:

276.1.1. For example, opening up New Zealand government procurement to UK suppliers may disadvantage Māori bidders through increased competition, while a lack of scale economies or UK presence in Māori suppliers may mean they find it impractical to bid for UK government procurement contracts;

276.2. Similarly, increased mutual recognition of each country's occupational/professional training and registration requirements, coupled with freer movement of people, could mean that Māori in certain occupations and trades face greater competition from UK providers:

276.2.1. On the other hand, the New Zealand market would be a smaller one for UK providers to vie for, whereas opening up the much larger UK market to Māori providers of occupational and trade services could on balance prove to benefit local providers.

276.3. UK rules and regulations for a green transition becoming a rod for the backs of laggard New Zealand producers:

276.3.1. Māori primary sector producers – particularly those with smaller scale and/or constraints on access to expertise and capital (e.g. due to land tenure restrictions) – might find it harder to transition to more sustainable farming practices despite facing particular cultural imperatives to do so, leaving them exposed to risks of not just consumer backlashes, but also regulatory barriers on accessing the UK market.

276.4. Likewise, other UK rules and regulations in relation to things like consumer protection, product labelling, labour market standards also have the potential to raise costs for New Zealand producers without necessarily providing offsetting benefits.

7.3 Possible Next Steps

277. As emphasised from the outset, this Discussion Document does not intend to specify what Māori interests in an FTA with the UK might be. Rather, it seeks:

277.1. To provide a platform for informed engagement between Māori and the Crown to enable those interests to be identified; and

277.2. As a consequence of that engagement, to ensure that Māori are properly involved in both the formulation of any FTA with the UK, but also in its ongoing evolution – especially since important innovations in New Zealand's domestic policy settings on matters such as Māori IPRs are anticipated, but not yet able to be reflected in any FTA.

278. Possible next steps therefore include this Discussion Document being socialised to relevant groups representing Māori economic, social/cultural and environmental interests. The purpose of such socialisation – including possible high-level presentations of the Discussion Documents key themes and questions – would be to ensure that those groups:

278.1. Feel adequately informed to be able to engage with the Crown on how an FTA with the UK might advance their particular interests; and

278.2. Identify those particular interests, and ensure those groups remain suitably engaged with ongoing FTA processes.

Key questions to consider:

1. Do you agree with the possible UK-NZ FTA priorities for Māori identified above for the short, medium and longer terms? What alternatives would you propose?
2. How important are the potential pitfalls from a UK-NZ FTA identified above? Are there other pitfalls you would like to see addressed in any FTA with the UK?
3. Do you agree with the possible next steps proposed above? What sort of engagement process would you expect form the Crown in relation to FTAs generally, and the UK-NZ FTA in particular?

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Background Information for Identifying Possible Māori Interests in a UK-NZ Free Trade Agreement

Presentation at Te Taitokerau Regional Trade Hui

Dr Richard Meade (Cognitus Economic Insight)
& Peter Rice

Turner Centre, Kerikeri, 1 May 2021

Background

- **Te Taumata commissioned us to produce a discussion document that provides a basis for informed engagement between MFAT and Māori groups on the UK-NZ FTA ("UK FTA") negotiations:**
  - **Meade (PhD) is a pākeha economist with 30 years experience advising Māori groups on issues important to Māori;**
  - **Rice (Ngati Whakaue, Ngati Whaoa) (LLB, Bbus, MSC) is an advisor with over 30 years experience in law, banking and finance in London.**
- **We produced our discussion document ("our Report") – which has the same title as this presentation – in April:**
  - **It provides background information – and asks key questions – for different Māori groups like you to consider when determin-ing what you might want from a UK-NZ FTA.**

Primer for Māori on FTAs

- Our Report begins with some **background on FTAs** – what they are, what they (don't) cover, etc. E.g. MFAT describes an FTA as:

  "a set of rules for how countries treat each other when it comes to doing business together – Importing and exporting goods or services and investing."

- **Māori interests in FTAs arise from many possible angles,** e.g.:

  1 What Māori **economic, social/cultural or environmental** interests might be affected by FTAs?

  2 How are Māori involved in **FTA design and evolution**?

  3 How are **Treaty interests** affected/protected by FTAs?

- Most of our Report addresses (1) for a UK FTA in particular:

  - But we also raise some important questions about (2) and (3) that you might want to consider – both generally, and for a UK FTA!

Big Question for UK FTA – "Two Tier" Approach?

- We raise an important question for Māori in relation to a UK FTA in particular – **to what extent should the UK give special treatment to Māori** (e.g. extended working holiday visas, …) in recognition of:

  - The particular **contribution of Māori to the prosperity of the UK** through its colonisation of Aotearoa;

  - The **sacrifices made by Māori to defend the freedom of the UK** in two world wars; and

  - Māori **socio-economic development being at a relatively early stage?**

- We suggest options for what special treatment might involve:

  - But we leave it to MFAT and the UK to develop the best ways to craft any solutions into the UK FTA.

Our Approach for Identifying Māori FTA Interests

- The approach taken in our Report has three parts:

  1 We start with a **high-level survey of Māori interests** – economic, social/cultural and environmental;

  2 We then describe **possible opportunities (and risks) presented by the UK;** and

  3 Finally, we suggest **how a UK FTA might align the Māori interests with the UK opportunities (and manage any risks)** – over the short, medium and longer terms.

- We can't say what Māori interests in a UK FTA might be:

  - **Only you can say what your interests in a UK FTA are** – we hope our Report helps you to develop your thoughts!

Some Punchlines – Māori Interests

- **Economy** – Māori assets and employment are definitely **concentrated in primary sectors** (agriculture, forestry, fishing):

  - This is unlikely to change, and **returns should improve as Māori producers move down value chains and differentiate themselves (especially if Māori "IP" can be better recognised/protected …);**

  - But **rates of return to Māori are highest in sectors relying on "people development"**, and this will become increasingly the case.

- **Society/Culture** – Māori suffer **some important deficits** (housing, health, education, income, rural-urban divide, etc) but are **younger/growing** and enjoy **some powerful cultural assets** (e.g. values that align with those of others concerned with sustainability and ethical production, mātauranga Māori, etc).

- **Environment** – Māori are especially **exposed to climate change, and concerned about environmental degradation.**

Some Punchlines – UK Opportunities (and Risks)

- **Economy** – the UK economy is substantial, with many high income consumers who increasingly seek safe, high quality, sustainable, and ethically-produced products:
  - Particular strengths in finance/fintech, manufacturing, life sciences, AI/data, clean energy, and agritech/robotics, as well as in governance and regulation.
- **Society/Culture** – the UK has an ageing population, and will need both people and new technologies (e.g. telemedicine) for future aged care and healthcare.
- **Environment** – the UK needs solutions for climate change, is a leader in clean technologies like offshore wind power, and needs to decarbonise its housing stock (major opportunities in construction, and low-emissions heating and insulation).

Some Possible Punchlines – How a UK FTA Might (Not) Help Māori

- **Short term** – real economic gains to be made by improving market access for primary products (e.g. reducing tariffs on wine, sheep products, honey):
  - Because Aotearoa already has low import tariffs, don't expect lots of cheaper UK goods for Māori consumers (though maybe more choice)!
- **Medium term** – opportunities include:
  - Moving down value chains – e.g. tie-ups with UK manufacturers and retailers, and markets for value-added products with high-visibility Māori values;
  - Access to ESG/CSR finance, and governance expertise/ connections;
  - People development!!! – e.g. education, research, work visas (e.g. construction, personal services), training/ qualifications recognition;
  - Access to clean technologies (e.g. used electric vehicles), and low-cost housing solutions (e.g. kitset housing).

Some Possible Punchlines – How a UK FTA Might (Not) Help Māori (cont'd)

- **Medium term** – risks include:
  - Opening up government procurement might hurt Māori more than it helps (more competition in Aotearoa, but not enough scale or relevant activities to break into the UK);
  - Increasing demands for sustainable and ethical production, or compliance with stricter consumer standards (e.g. labelling), might create barriers for Māori producers that are small or slow/unable to adapt.
- **Longer term** – opportunities include:
  - People development!!! – as for medium term; and
  - High-tech solutions to long-term Māori social/ cultural challenges – e.g. 24/7 personalised healthcare, personalised education, etc (if Māori data sovereignty protections can be appropriately developed).

Discussion

- Importantly, in our Report we raise a number of **areas where Māori interests might differ to those of non-Māori,** e.g.:
  - The "two tier" idea raised earlier; and
  - Māori might prefer stronger intellectual property rights recognition than non-Māori, because this opens the door on opportunities particular to Māori.
- Our report raises a **number of important questions for you to consider across all these topics, and others besides:**
  - This **presentation only gives you the flavour of the Report,** in the hope you will dig into it on the topics most relevant to you;
  - Each section has a box summarising key points, and another at the end with key questions – **feel free to browse/skim!**

TE TAUMATA

Noku te whenua, kei a au te korero
Noku te whenua, ko au te Rangatira!
Dr Apirana Tuahae Mahuika (Ngati Porou)

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