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Trade Update

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If more detail is required on the items mentioned below please do not hesitate to contact Jules Croft, Jeff Blackburn, or Jenny O'Donnell.

1 Certificates of Origin for China

New Zealand Customs is seeking proposals from organisations interested in becoming an "Authorised Body" which would issue Certificates of Origin for New Zealand Products exported to China. In the FTA negotiations China was adamant that Certificates of Origin be issued, much to the irritation of New Zealand officials. This lack of enthusiasm will undoubtedly see a scheme that is a rubber stamp for confirming origin.

2 Electrical Standards

The Ministry of Economic Development is asking exporters to inform it of electrical products that should be included in this Agreement. Negotiations are in Beijing in early July.

3 Not Orthodox

In May China increased tariffs on imported wind turbines to encourage domestic production. The Government in China also requires that all wind turbines manufactured in China must have at least 70% domestically produced components. It is reported that this has led to more manufacturers setting up factories in China

4 Wire Dumping Duty Review

The New Zealand Ministry of Economic Development has released an interim report on renewing the dumping duties on wire imported from South Africa. Dumping duties were imposed in 2002 and the Ministry has concluded that there is evidence to suggest that dumping duties should be renewed for a further period of 5 years.

5 Media Management

A failure mark to MFAT officials for applying China style media restrictions at the FTA Roadshow when it was in Dunedin earlier this month. The restrictions on the first day were bad enough but then the media was banned from reporting on the second day – the Workshop part of the Roadshow. The reason for this ban?

6 FTA with the Gulf States

New Zealand's FTA with the Gulf Cooperation Council countries is progressing with the latest round of negotiations in June. The EU and the GCC have agreed to push for a conclusion in their FTA negotiations.

7 AANZFTA

The ASEAN-Australia-New Zealand Free Trade Agreement does not appear likely to be concluded any time soon. Not surprisingly, the complexities of each country's offers to other member countries are one reason. Special conditions within the Free Trade Agreement will be made for the so-called CLMV countries (Cambodia, Laos, Myanmar and Viet Nam). Recently Viet Nam raised import tariffs on automobile spare parts, mobile phones and cosmetics.

8 Australia-China FTA

As this negotiation starts to be rekindled concern has been raised by the Greens Political Party at Senate Hearings. The market for vegetables grown in Tasmania has been displaced by frozen vegetables from China used in vegetable processing plants in Tasmania.

9 New Zealand Tariffs

The Government has announced that import tariffs will be held at their 1 July 2009 levels until 30 June 2011. A decision on the timing of any further review will be made in mid 2009. The last scheduled unilateral reduction of tariffs takes place on 1 July 2009 when the highest tariffs (mainly on clothing, footwear and carpet) reduce to 10% (currently 12.5%). From 1 July 2008 remaining tariffs, on a range of mainly manufactured goods, will reduce to 5% (from around 7%).

10 Customs Audits

Customs audits are an important part of Customs' risk management approach. Audits can be difficult for companies. Customs' current practice suggests that the completion of an audit does not offer any guarantees that errors found subsequent to an audit being completed and occurring during the period of the audit will protect the company against any duty shortfalls.

11 Trans-shipment : China FTA

The definition of trans-shipment in the Agreement suggests that trans-shipped goods could be held in a country other than China and New Zealand but still retain preferential entry when the goods reach China or New Zealand. New Zealand officials have argued against this interpretation even though the definition in the Agreement indicates that normal trans-shipment provisions have been extended.

12 The China FTA Tariffs

Blackburn Croft drew to the attention of officials the discrepancies between the Tariff Schedules and the Tariff Finder on the China FTA website. This discrepancy has meant that tariffs, in some instances, have a longer phase-out time in New Zealand as the tariff phase-out schedules did not take into account the already phased tariffs on products imported into New Zealand.

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