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## Trade Update

**March 2008**

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**     [China](#)

Speculation on what is in the China-New Zealand Trade Agreement is of little value given the promise that all will be revealed in April. Expect tariffs on manufactured goods in New Zealand (5% from 1 July 2008), (12.5% for sensitive industries), to disappear relatively quickly. Tariffs on New Zealand's major exports to China, such as skim milk powder, are not that high (10%) but based on other Trade Agreements will probably be phased out over an extended period. The benefits to New Zealand of a Trade Agreement are unlikely to be realised any time soon. According to the New Zealand Institute, in 2005 total Chinese imports grew by 36% but New Zealand exports to China declined by 10%.

### **2**     [Biosecurity](#)

In December 2007 the Court of Appeal agreed with bee keepers to block honey and other bee products from Australia. The issue was that while MAF had given a Biosecurity clearance an approval should also have been granted for new organisms (specifically a potentially harmful

bacteria) under the Hazardous Substances and New Organisms Act 1996.

The Government's assessment of the judgment was that the importation of goods into New Zealand could be impeded and has introduced a Bill to urgently amend the Biosecurity Act to confirm that the Act is the appropriate Act for making decisions on the conditions that must be met before risk goods can be imported. This would then mean that MAF assumes a greater role and has prompted concerns not only from the bee keepers but also the pork industry and garlic growers.

### **3**     [Food Safety](#)

The New Zealand Food Safety Authority continues with the updating of New Zealand's Food regulations. An explanatory draft has been circulated to sectoral interests. The NZFSA responded to consumer concerns about China's land-based farmed seafood exports to New Zealand. The US Food and Drug Administration announced broader import controls for land-based seafood. The FDA recently

announced the creation of positions at US Diplomatic Missions throughout China. The function of these positions is to work alongside Chinese experts in carrying out inspections of food production plants whose output is destined for the US market. Washington and Beijing agreed to work together to improve food safety in December 2007 with the signing of a Memorandum of Understanding.

#### 4 [China Subject to Dumping](#)

European coke producers have been given a "safety net" (according to the European Union) with the imposition of a 5 year tariff on imports from China of coke. Coke is used to produce insulation and as an energy source for foundries.

The huge growth in the market share of compressors manufactured in China has resulted in anti-dumping duties as high as 77% to shield Italian producers from cheaper imports.

#### 5 [New Zealand Industry : Anti-dumping](#)

In 2007 anti-dumping duties were imposed on canned peaches from China, dairies from China and Malaysia and stationery from Malaysia. The Ministry of Economic Development is currently reviewing the anti-dumping duties imposed on galvanised wire from South Africa.

The Ministry is continuing its review of the Temporary Safeguard Authorities Act 1987.

#### 6 [Australian Industry](#)

Australian Customs has initiated a dumping and subsidy investigation against certain toilet paper exported from China and Indonesia. There are a wide range of products subject to measures in Australia and further information can be provided.

The US Department of Commerce has made a preliminary determination that electrolytic manganese dioxide exported from Australia and China is dumped.

#### 7. [Royalties, Licence Fees](#)

The approach by NZ Customs is to include these fees as part of the value for duty. But not all fees are necessarily included.

US Customs is reviewing the "first sale" basis for establishing customs value.

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