

Based on information collected up to November 1998

1. TARIFF MEASURES

Structure of the tariff schedule

New Zealand applies an eight digit tariff nomenclature based on the Harmonized System, a two-digit reference classification for tariff concessions and a seven-digit excise duty classification. The tariff schedule has two parts. Part I, entitled The standard tariff, is the substantive legal tariff. It sets out the normal and preferential rates of duty applicable to imports. Part II, entitled Concessions, provides details of concessionary treatment (normally duty free) applicable to certain goods not locally produced or to unspecified goods imported under particular circumstances (e.g. passengers' baggage). Concessions operate for a wide range of inputs, plant and machinery. A schedule of excise duties (see 23.2) and a list of prohibited or restricted imports (see 6) are also included in the tariff.

There are two rates of duty: a normal tariff applying to goods from all countries except those goods entitled to be entered at preferential tariff duty rates; and a preferential tariff rate, which is given in the annex to the tariff schedule.

Tariff publications New Zealand. Customs Department. Tariff of New Zealand, 1988. Issued in the loose-leaf form, with a regular updating service, by the GPO Holdings Ltd, Private Bag, Wellington.

Bundesstelle für Aussenhandelsinformation Zoll- und Handelsinformation Nos. 37 and 38, December 1988.

International Customs Tariffs Bureau
International Customs Journal No. 29, 15th ed., March 1994.

Tariff publications

12 MFN Duties

MFN duty rates (defined in the tariff as normal rates) range on most goods from 7,5% to 22,5%. Higher rates apply to certain motor vehicles, textiles and clothing. A number of basic agricultural commodities and industrial raw materials enter duty-free (hs chapters 01, 05, 50, 52, 53, 75 and 81).

Tariffs have been reduced under the 1988-92 tariff adjustment program, which cut most industrial tariffs in half under a "Swiss Formula" approach. This program has been followed by another tariff reduction scheme in December 1994, and will apply from July 1997 to July 2000. Under this program, greatest reductions will occur towards the end of the period; all rates will be either duty free or will be levied at 15, 10 or 5%.

Consequently, as part of this reduction program, by 1 of July 2000, m.f.n. tariffs on clothing and adult footwear and children's footwear will be lowered to 15%, most textiles including knitted and woven fabrics, twine and cordage

to 10%, and yarns will be cut to 5%. In the motor vehicle sector, by the same date, tariffs on replacement parts will be reduced to 10% and tariffs on original equipment components to 15%. For passenger and commercial vehicles, tariffs will be levied respectively at 15 and 5%.

13 Bound rates

The coverage of New Zealand tariff bindings has been increased from 55% to over 99% of lines as a result of the Uruguay Round. Under the Agreement on Agriculture, all agricultural products have been bound; unbound tariffs are set on: used clothing, used footwear and used motor vehicles.

16 Temporary reduced duties

Concessional entries of products are indicated in Part II, of New Zealand Customs Tariff.

New Zealand has several duty concession, drawback and exemption provisions. Tariff concession provide for the remission of duties for purposes of industry assistance, trade policy, social or humanitarian reasons. Under the duty concession scheme, the most important is Reference Number 99 (section 8 of the Tariff Act 1988), a general scheme pertaining to imports of products for which no suitable domestically produced alternative exists; some 40% of New Zealand imports enter duty free under these concessions.

Note:

All tariff rate updates have been reported in New Zealand Trade Policy Review of December 1996.

The Amendment Order 1998 in effect since March 1998, reduces tariffs from a range of information technology products, car radios; removes tariffs on barley, oats, liqueurs containing not more than 9% alcohol by volume, sack kraft paper, steel fasteners, vacuum cleaners, food mixers, other electro-mechanical domestic appliances, sunglasses, clocks, golf clubs, and golf balls. This has been reprinted in TISNET of May 1998.

Preferential duties under trade agreements

19.1 Interregional agreements

New Zealand introduced the GSP scheme in 1972. The list of its beneficiaries embraces 149 countries and territories. It has been amended as follows: with effect from 1 November 1992 the Czech and Slovak Federal Republic, the Republic of Croatia, the Republic of Slovenia, the Republic of Bosnia Herzegovina and the former Yugoslav Republic of Macedonia were included under coverage of the scheme. Also with effect from 1 November 1992 the Socialist Federal Republic of Yugoslavia was removed from coverage of the scheme. The scheme covers most dutiable manufactured goods and such agricultural goods (falling within 119 H.S. headings) as meat, flowers, vegetables, fruits, coffee and extracts of coffee, spices, edible oils, food preparations, wine, tobacco and tobacco products. As a general rule, the GSP rate is calculated at 80% of the MFN rate, certain products being, however, admitted duty free. The least developed countries benefit from duty-free entry for almost all their products. A special regime exists for handicrafts. A country ceases to benefit from preferential treatment if its per capita GNP exceeds 70% of that of New Zealand, as measured by the World Bank Atlas. There are provisions for rein-statement statement.

Preferences to a country will be withdrawn with respect to an individual tariff item if the country's exports exceed 25% of total New Zealand imports within that item and a certain value limit (presently set at NZ\$117,000 with effect from 1 July 1993). Rein-statement occurs when post graduation exports to New Zealand fall below those thresholds for two consecutive years. The withdrawal principles are defined as country and product graduation, respectively.



19.2 Regional and sub-regional agreements

The trade relations between Australia and New Zealand on one side, and the developing Forum Island Countries (Cook Islands, Fiji, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Niue, Solomon Islands, Tonga, Tuvalu, Vanuatu, the Independent States of Western Samoa and Papua New Guinea) on the other, are formalized in the South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA) signed in 1980. The agreement provides for duty-free access to Australia and New Zealand of goods originating in the Forum Islands Countries.

New Zealand is member of the APEC (Asia Pacific Economic Co-operation) which comprises Australia, Brunei, Darussalam, Canada, Chile, China, Chinese Tapei, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, the Philippines, Singapore, Thailand, Papua New Guinea and the United States. In the Bogor Declaration of November 1994, APEC member Countries committed themselves to free and open trade and investment in the region by 2010 for industrialized countries.

At its review of Generalized System of Preferences (GSP) and in light of its continually falling tariffs, and on the occasion of the Budget announcement that stated that all tariffs would be removed well before 2010, the Government of New Zealand agreed to terminate a concession that allows imports under approved tariff items from Brunei Darussalam, Hong Kong, China and Singapore to enter New Zealand at the LDC preferential duty rates; therefore normal tariff rates will apply as of 31 of December 1997 as reported in TISNET of 15 December 1997 and confirmed in TISNET of March 1998.



19.3 Bilateral agreements

Under the Australia-New Zealand closer Economic Relations Trade Agreement (ANZCERTA) which entered into force in 1983, duties on goods of Australian origin were successively reduced and as from July 1990 these goods entered New Zealand free of duty, including imports of motor vehicles from Australia, as reprinted in NFA of 22 January 1998.

A bilateral trade agreement between New Zealand and Canada signed in 1982 replaces the 1932 convention. It aims at limiting increases in tariffs and maintaining minimum margins of preference.

Under the bilateral trade agreement with Malaysia, New Zealand agreed to give a 30 days notice to Malaysia before reducing or eliminating margins of preference on imports of certain Malaysian goods.

Under an agreement with the United Kingdom, New Zealand grants preferential treatment on imports of motor vehicles and accessories.

Note:

Preferential duty rates are shown in the second column of the tariff schedule, preceded by an appropriate symbol for each agreement: LDC and

LLDC means developing and least developed countries, respectively, and mark the rates under the Generalized System of Preferences (see 19.1), "Pac" relates to SPARTECA (see 19.2) and "AU", "CA", "MY" and "GB" to each of the four bilateral agreements, respectively (see 19.3).



2. PARA-TARIFF MEASURES

Additional taxes and charges

22.1 Tax on foreign exchange transaction

Alcoholic beverages are subject to the "Alcoholic liquor Advisory Council Levy". Certain metal plates, shapes and sections used in heavy engineering as well as welding material are subject to the "Heavy Engineering Research Levy". Both the above special taxes are levied at specific rates. Specific duties are levied as well on used clothing. The dutiable weight for collection of specific duties generally is the actual net weight of the imported merchandise excluding packing and wrapping.



Internal taxes and charges levied on imports

23.1 General sales taxes

A goods and services tax (GST) is levied equally on domestic and imported goods at the rate of 12,5%. The taxable basis for imports is the f.o.b. value plus customs duty plus freight and insurance cost. Motor vehicles and automotive diesel fuel are exempt from the tax (these exemptions were reported in TISNET of 15 August 1990 and in Office Belge du Commerce Extérieur, Mai 1996).



23.2 Excise taxes

Excise duties are levied, at specific rates, on beer, wine, liquors, manufactured tobacco, liquefied petroleum gas and motor spirit derived from petroleum, ethanol and methanol. Some more goods are listed in the schedule of excise duties with the mention "free". These are:

automotive diesel fuel, beverages with alcohol content below 1,15%, rectified spirits of wine as may be approved for fortifying New Zealand wines and those destined for medical, educational and scientific uses, denatured spirits, as well as foodstuffs, medicines and toiletries containing alcohol. Excise duties are levied on goods prescribed by the third schedule to the Customs Act 1966, and are detailed in the Customs tariff schedule.



3. PRICE CONTROL MEASURES

34 Antidumping measures

As at 30 June 1998 definitive anti-dumping duties are in force and apply to refined sugar from Belgium, Denmark, Germany, Malaysia, and Thailand; hog bristle paint brushes, certain men's footwear and non-leather women's footwear from China, P.R.; lead acid automotive batteries and abrasive discs and wheels from Chinese Taipei and Korea; canned peaches from Greece; lead acid automotive batteries and certain men's footwear from Indonesia; lead acid automotive batteries from Malaysia and Singapore; canned peaches and canned apricots from South Africa; 10 mm

plasterboard, certain other plasterboard, plasterboard, certain men's footwear and sweetened condensed milk from Thailand; G-clamps from United Kingdom; and oil filters from the United States of American.

35 **Countervailing measures**

As of 30 June 1998, definitive countervailing duties are in force and apply to canned peaches from the European Union; and spaghetti in tomato sauce from Italy.

Countervailing undertaking is in force at the same date against alloy wheels from Australia.

5. AUTOMATIC LICENSING MEASURES

51 **Automatic licence**

All forms of import licensing control were abolished on 1 July 1992.

6. QUANTITY CONTROL MEASURES

Licensing under the authority of
Ministry of Commerce
Private Bag
Wellington Licences are issued by
Customs Department
Investment House
Whitemore Street
Wellington

Non-automatic licensing

61.1 **Licence with no specific ex-ante criteria**

Import licensing to protect domestic industries has been eliminated in New Zealand with effect from 1 July 1992.

This is the culmination of a program of autonomous liberalization of import licensing which New Zealand has been pursuing over several years.

61.71 **To protect human health**

A permit from the Department of Health, P.O. Box 5013 Wellington, is required for imports of the following goods: containers for holding or cooking food of iron from Taiwan Province of China and of brass from India and Pakistan; ceramic and enamel table and kitchen ware, except from Australia, Canada, Denmark, France, Germany, Japan, Netherlands, Norway, UK and USA; cereal grains, flour, starch and preparations; cheese; desiccated coconut; raw, roasted and processed meat; fruits preserved by sugar; dried, candied or crystallized fruit; fruit and vegetable juices; fish and fish products intended for human consumption; crustaceans and mollusks; frozen frogs legs; mushrooms and truffles prepared or preserved otherwise than by vinegar; herbs, spices and curry powder.

"Biosecurity clearance is required for all animals, plants and their products under the Biosecurity Act 1993 (see section 81.5). Permits are required for high risk items or items which require action to be taken before they are

presented (such as quarantine and health testing or treatment) or arrangements made for such actions to be taken upon arrival in New Zealand (such as post-entry quarantine). Specific animals, spiders and plants are prohibited under savings in the Animals Act 1967. Contact should be made with the Imports Section, Regulatory Authority, Ministry of Agriculture and Fisheries, P.O. Box 2526, Wellington"

A prior approval from the Ministry of Transport is required for the importation of left-hand drive motor vehicles.

Since May 1994, all shipment of graphic materials including crayons containing more than 100 milligrams per kilogram of lead may not be imported into New Zealand. All shipments of crayons must be referred to the Ministry of Health's Protection Officer in the local crown Health Enterprises to check on the compliance of the Toxic Substances Regulations. This has been reprinted in TISNET of 31 May 1994.

61.74 To protect environment

Imports of chlorofluorocarbons, halons and similar ozone-depleting substances require a prior authorization from the Ministry of Commerce.

61.75 To protect wildlife

New Zealand has ratified the Washington convention (Convention on International Trade in Endangered Species of Wild Fauna and Flora; CITES, 1973). As a party New Zealand maintains import controls on a number of animals and plants, including their parts and derivatives.

61.9 Non-automatic licensing n.e.s.

Imports originating in Australia and the Forum Islands Countries (as listed in the footnote 1) are free from import licensing requirements.

Quotas

62.7 Quotas for sensitive product categories

The release into free circulation of substances controlled by the Montreal Protocol on Substances that Deplete the Ozone Layer (1987) and its later amendments (CFCs, halons, fully halogenated CFCs, carbon tetrachloride and methyl chloroform - alone or in mixtures) and imported from a State that is a Party to the Protocol, is subject to quantitative limits. (Legal basis: The Ozone Layer Protection Act 1990).

New Zealand controls the import of goods containing ozone depleting substances, such as aerosol sprays, extruded polystyrene foam, thermoformed plastic packaging, polystyrene board stock, dry cleaning machines and fire extinguishers in accordance with the Ozone Layer Protection Act 1990.

Prohibitions

63.71 To protect human health

63.74 To protect environment

Prohibitions apply for health, environmental, wildlife and public interest reasons to such goods as asbestos, veterinary biologics, certain fish, birds,

birds' eggs and feathers, unrefined cassava, clay, coconut meal, copra cake, narcotic drugs, seeds, insects, soil, timber, whales and whale products, wool, specified printed matter, indecent video tapes, matches of white phosphorus and other goods which are deemed usage, etc.

Effective, 1 January 1995, the importation of methyl bromide is prohibited, except with the approval of the Ministry of Commerce as reported in TISNET of 13 January 1995.



63.74 To protect environment

As a party to the Montreal Protocol on Substances that Deplete the Ozone Layer (1987) and its following amendments New Zealand operates a ban on the import of controlled substances listed in Annex A to the Protocol (chlorofluorocarbons and halons) from any State not Party to this convention. Latest by 10.8 1993 this ban will be extended to ten additional types of fully halogenated CFCs, carbon tetrachloride and methyl chloroform (Annex B to the Protocol). (Legal basis: The Ozone Layer Protection Act 1990).

With the ratification by New Zealand of the Basel Convention on the Control of Transboundary Movement of Hazardous Wastes and their disposal, since 28 of February 1995, controls have been enforced on the import of hazardous wastes such as: zinc, lead, copper and aluminium, ashes and residues, used lead acid batteries, whole or crushed waste oils unfit for their original intended use, PCBs, arsenic and mercury wastes and residues, household wastes, sewage sludge. This has been reprinted in TISNET of 28 February 1995.

Note:

A list of goods requiring a permit for health and sanitary reasons (see 61.71), published by the Department of Health on 2 April 1990, was reprinted in TISNET of 15 May 1990. Restrictions concerning ozone-depleting substances (see 61.74) were reported in HA-Kurz Nachrichten of 23 August 1990. An indicative list of prohibited or restricted goods, as well as a list of official acts involving prohibition or restrictions, are included in the tariff schedule (see 1).



63.9 Prohibitions n.e.s.

Imports of agricultural and food products, steel and coal from South Africa are prohibited. All imports from Iraq, Serbia and Montenegro are likewise prohibited.

An import prohibition is in force since January 1997, except with the consent of the Ministry of Commerce, against manufactured and retreated tyres which have an internal rim diameter of less than 508 millimeters, under the following tariff subheadings 4011.10, 4011.20, 411.91, 4012.10 or 4012.20, or are on wheels under tariff subheading 8708.70, and not complying with New Zealand, Australia, ECE, Japan or USA standards as reported in TISNET of 31 March and 15 April 1997.



8. TECHNICAL MEASURES

Standards New Zealand (SNZ), is the national standard body and serves as the WTO enquiry point. New Zealand is a member of many international standards-related organization, including the International Organization for Standards (ISO) and

the International Electrotechnical Commission (IEC). New Zealand applies standards to protect health, safety and the environment. According to the authorities, all standards, technical regulations, and conformity assessment procedures apply equally to domestically produced and imported goods. Sanitary and phytosanitary measures are the responsibility of three agencies: The Ministries of Agriculture, Health and Forestry.

81.1 Product characteristics requirements

Marking standards are set on such agricultural and food products offered for sale as live animals, meat, meat preparations, milk, butter, cheese, eggs, cereals, products of the milling industry, bakers' wares, vegetables and fruits, vegetable and fruit preparations and juices, sugar, sugar confectionery, fish, crustaceans and mollusks, fish preparations, wine liquors, coffee, tea, extracts and essences of coffee and tea, spices, cocoa beans, cocoa preparations, honey, oilseeds and oleaginous fruit, oilcake, edible fats, cut flowers, various vegetable materials, laces, gums and medicinal herbs.

Sanitary regulations apply to most food products subject to marking standards (see 81.21) with the exception of such processed goods as bakers' wares, sugar confectionery, extracts of coffee and tea, wine and cocoa preparations.

Health or safety requirements apply to such goods as cutlery, household equipment, metal containers, various chemicals, medicines, pharmaceuticals, raw hides and semi-manufactured products thereof, wood and cork in the rough and their semi-manufactured products, wool, textile fabrics, stone, sand, gravel, precious stones and articles thereof, agricultural machinery, motor vehicles, measuring equipment and office stationery supplies.



81.13 To protect plant health

All fruit and vegetables, plants, and bulbs imported into New Zealand must be accompanied by a certificate issued in the country of origin, stating that the goods are free from disease.



81.2 Marking requirements

Marking requirements apply to eggs, honey and certain food preparations.

Packages of cocks foot, rye grass, alfalfa, and white clover seeds exceeding 28 pounds in weight are required to have a percentage of each consignment stained with a red coloring matter and be accompanied by a declaration certifying that the shipment has been stained to conform with New Zealand regulations.



81.3 Labelling requirements

Labeling requirements are set in respect of most food products subject to marking standards (see 81.21). All goods are required to have information on name and address of the packager, or person for whom the goods were packed, quantity of goods contained in the package, list of ingredients, a list giving percentage by weight or volume of ingredients contained in the final products, directions for use, storage and maintenance, uses for the goods, date of packaging and date before which the item must be used for maximum effectiveness. Labels must be placed on the package in a way that allows purchasers to freely examine them.

For food and drugs the following information must be given on the labels:

the common name or an accurate description, net weight, volume or number of articles, name and address of manufacturer, seller, agent or owner of the manufacturing rights: When a foodstuff lacks a standard designation, the label must list the ingredients according to their proportion. The words meat, fish, cheese may not appear on labels for protein products. The word flavor or flavored must appear when the words meats, fish, cheese (or parts, cuts, or kinds thereof) are on the label of a protein product. Finally the date of packing must be on the label of any perishable meat product.

Certificates for most fresh fruit and vegetables must be labelled, attesting a specific language regarding the growing and packaging conditions, and quarantining that they are free from certain diseases or infestation.



81.4 Packaging requirements

Packaging requirements are set in respect of most food products subject to marking standards (see 81.21). The following are prohibited as packaging material: soil or peat, used or second-hand bags, sacks or sacking material, hay, straw or chaff or any items contaminated by any of the three types of materials listed.



81.5 Testing, inspection and quarantine requirements

"The Biosecurity Act 1993 provides for the establishment of import health standards for all animals, plants and their products. Biosecurity clearance that the animal, plant or product meets the appropriate standard must be given before it can be imported. This import health standard may be converted into a government to government understanding (or bilateral agreement) which allows trade to occur. Such arrangements are especially needed when government assurances that technical requirements have been met are required for the animal, plant or product to meet the import health standard".

From July 1995, the following products have been added to imports which require a Biosecurity clearance: 2303 residues of starch manufacture and similar residues; 2304, 2305, 2306 oilcan and other solid residues, etc.; 2308 vegetable materials and vegetable waste, etc. Included to the amendment list are: used goods such as motorboats, other than outboard motorboats. This has been reprinted in TISNET of 15 August 1995.

Animals and their products supposed to be vectors of diseases are subject to quarantine. When appropriate, goods must undergo both the pre-shipment and post-entry quarantine. In addition, the quarantine requirements prescribe the use of certain materials for packing of goods. Wooden or plywood packing cases, containers or cargo pallets must be free from bark or visible signs of infection by insects or fungi attack.

Note:

Marking standards and health or safety requirements (see 81.21) are administered by the Ministry of Health, P.O. Box 5013 Wellington. Sanitary and phytosanitary regulations and quarantine requirements are under the authority of the Ministry of Agriculture and Fisheries (see 61.71 para 2 for the address). Products subject to the above technical measures are indicated in GATT Trade policy review: New Zealand, 1990.

Plants and their products supposed to be vectors of diseases are subject to quarantine. When appropriate, goods must undergo both the pre-shipment and post-entry quarantine. In addition, the quarantine requirements prescribe the use of certain materials for packing of goods. Wooden or

plywood packing cases, containers or cargo pallets must be free from bark of visible signs of infection by insects or fungi attack.

83 Special customs formalities

Upon arrival at any of the declared ports of entry in New Zealand, all imports of fruit, vegetables, plants, bulbs and agricultural seeds are subject to inspection by the authorities. Fruit and plants, unless free from injurious insects and diseases, are destroyed or shipped out of New Zealand, or fumigated or treated at the owner's expense as deemed necessary.

THE GSP SCHEME OF NEW ZEALAND
Date of implementation: 1 January 1972
Revised: periodically

New Zealand has reviewed its GSP scheme against the background of the country's overall movement towards zero tariffs. By 2000, most normal tariffs - covering 89 per cent of New Zealand tariff items - will be at zero or 5 per cent duty. In September 1997, the New Zealand Government decided that:

- (i) the GSP scheme will continue in its current form for least developed countries. They will continue to enjoy duty free access except on some footwear and some apparel. GSP benefits will be formally abolished when the normal rates fall to zero for all tariff items that receive least-developed country preferences;
- (ii) other developing-country preferential rates under the GSP scheme will be frozen at 1 July 2000 and will then phase out as normal tariffs reduce to zero. There will be no increases in developing country tariff rates while the process is being implemented; and
- (iii) the product graduation element of the scheme will be abolished at the earliest practicable date (on or before 1 January 1998) and all previously graduated products will be reinstated to developing-country rates from that date.

BENEFICIARIES UNDER THE GSP

The GSP scheme of New Zealand has a broad country coverage (see lists of beneficiaries in the annex). Least developed countries enjoy more favourable treatment (see below "Product coverage and depth of tariff cuts").

OTHER PREFERENTIAL TREATMENT

New Zealand also grants special preferential treatment under the SPARTECA (South Pacific Regional Trade and Economic Cooperation Agreement) to the Group of Forum Islands Countries which include: Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Papua New Guinea, Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu and Samoa.

PRODUCT COVERAGE AND DEPTH OF TARIFF CUTS

Agricultural products (H.S. Chapters 1 to 24)

SWEDEN GRANTS PREFERENCES FOR SELECTED AGRICULTURAL PRODUCTS FALLING WITHIN 51 H.S. HEADINGS

New Zealand grants preferences for selected dutiable agricultural products falling within 119 H.S. headings, including, inter alia, edible meats, flowers, vegetables, fruits, roasted coffee and coffee substitutes containing coffee, spices, some cereals and cereal derivatives, animal and vegetable oils, preparations of meat and fish, cocoa paste and cocoa powder, tapioca, preserved vegetables, fruit juices, extracts of coffee, wines, unmanufactured and manufactured tobacco, manufactured tobacco substitutes, cigars and cigarettes.

INDUSTRIAL PRODUCTS (H.S. CHAPTERS 25 TO 97)

New Zealand grants preferences for a large number of dutiable industrial products. Selected items falling within 84 H.S. headings are excluded from the scheme. Among the products excluded are the following: items with an excise component, motor spirits, bricks, some ceramic goods and glassware, certain iron and steel products, electrical apparatus, machinery, motor vehicles.

New Zealand's GSP scheme is based on fixed margins of preferences against the MFN rate. As a general rule, for both agricultural and industrial products, the GSP rate is calculated at 80 per cent of the MFN rate.

For 44 least developed countries duty free access is provided for all products, with a few exceptions regarding goods still subject to duty because of decisions taken in the context of Government-approved Industry Development Plans.

HANDICRAFT PRODUCTS

Under New Zealand special regime for handicraft products, duty free entry is granted for a certain number of 'approved handicraft goods'. Those goods must be wholly, or principally by weight, of the approved materials (ex. bamboo, coconut, copper, coral, horn, natural gums, raffia, rattan, natural wood, etc.) and must be 'hand-crafted'.

LIMITATIONS ON PREFERENTIAL IMPORTS

Safeguard mechanisms

The New Zealand's scheme makes no provision for ceilings or quantitative limitations on preferential imports. Nevertheless a general safeguard clause allies for all products covered by the scheme.

Graduation criteria

The GSP rate will no longer be applied to countries with a per capita Gross National Product exceeding 70 per cent of New Zealand per capita GNP, as published in the World Bank Report. An annual review of countries' eligibility is conducted on this basis. Countries may requalify for preferential treatment if they subsequently fall below the threshold. The country graduation affects all goods coming from a specific country.

RULES OF ORIGIN

To be eligible for preference under the New Zealand GSP, goods must comply with two requirements:

(a) The final process of manufacture must have been carried out in the country claiming preference; and

(b) goods must comply with the origin criteria specified by New Zealand.

Origin criteria, cumulation and donor country content rules

Goods are considered to have originated in a beneficiary country if they are wholly obtained in that country. Wholly obtained goods are generally defined in a similar manner as in other GSP schemes (e.g. Minerals, vegetables, live animals raised in the country, products obtained from sea fishing taken from the sea by vessels of the country, waste and scrap resulting from manufacturing operations conducted in the country, etc).

If the goods are manufactured wholly or partly from materials, parts or components imported or of unknown origin, they qualify for preferential treatment if at least 50 per cent of the total factory or works costs consist of the value of labour and/or materials of:

- (i) the exporting developing country, or
- (ii) the exporting developing country and any other developing country or countries (full and global cumulation), or
- (iii) the exporting developing country and New Zealand (preference-giving country content rule) or
- (iv) the exporting developing country and any other developing country and New Zealand (full and global cumulating plus preference giving country content rule).

Thus, under the rules of full and global cumulating all preference receiving countries are regarded as one single area for the purpose of determining origin. All value added generated in the area may be added together in order to meet the origin requirements for products to be exported to New Zealand. Similarly, under the rule of preference giving country content all value added generated in New Zealand may be added to the value of labour or materials of the exporting developing country for the purpose of determining whether the finished product complies with origin requirements.

Definition of factory cost

Factory or works cost of goods is defined as the sum of the following:

- (i) The cost of materials, excluding any duties or taxes paid or payable in the country of manufacture of the goods in respect of such materials;
- (ii) Manufacturing wages (the direct wages paid for labour used in producing the product concerned);
- (iii) Factory overhead expenses. Only expenses directly or indirectly relating to the factory may be included, such as rent and taxes in respect of the factory. Direct or indirect expenses relating to any other section of the enterprise must be excluded. Factory supervision may be considered. It includes: wages and salaries of managers, training, inspection, laboratory and other tests. Repairs, renewals and depreciation of plant, machinery, tools and factory buildings, royalties, cost of inner containers, motive power, gas, fuel, water etc. may also be included. factory welfare fund, medical insurance and factory store are regarded as part of factory or works cost. Profit may not be included as factory or works costs.

Direct consignment rules

There is a requirement in New Zealand scheme that goods from developing countries must be transported directly to New Zealand in order to qualify for preferential treatment.

Transit through a third country is allowed, provided the goods remain under customs control and do not enter into trade there. Nevertheless, the products of one preference receiving country may enter the commerce of another preference receiving country without losing entitlement for GSP treatment.

Documentary evidence

The products for which preferential tariff treatment is claimed must be accompanied by the form 59A, which is used by New Zealand only. The New Zealand Authorities will also accept Certificate of Origin Form A. Official certification of either documents is not required.

A N N E X

**LIST OF BENEFICIARIES
UNDER THE SCHEME OF NEW ZEALAND**

A. INDEPENDENT COUNTRIES

Afghanistan
Albania
Algeria
Angola
Antigua and Barbuda
Argentina
Bahrain
Bangladesh
Barbados
Belice
Benin
Bhutan
Bolivia
Bosnia and Herzegovina
Botswana
Brazil
Bulgaria
Burkina Faso
Burundi
Cameroon
Cape Verde
Central African Republic
Chad
Chile
China
Colombia
Comoros
Congo
Costa Rica
Cote d'Ivoire
Croatia
Cuba
Czech Republic
Djibouti
Dominica
Dominican Republic
Ecuador

Egypt
El Salvador
Equatorial Guinea
Ethiopia
Fiji
Gabon
Gambia
Ghana
Grenada
Guatemala
Guinea
Guinea-Bissau
Guyana
Haiti
Honduras
Hungary
India
Indonesia
Iran
Iraq
Jamaica
Jordan
Kampuchea (Cambodia)
Kenya
Kiribati
Korea, Republic of
Laos
Lebanon
Lesotho
Liberia
Libya
Macedonia
Madagascar
Malawi
Malaysia
Maldives
Mali
Malta
Mauritania
Mauritius
Mexico
Micronesia, Federated States of
Mongolia
Morocco
Mozambique
Myanmar
Namibia
Nepal
Nicaragua
Niger
Nigeria
Oman
Pakistan

Palau
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Poland
Romania
Rwanda
Samoa
Sao Tome and Principe
Saudi Arabia
Senegal
Seychelles and dependencies
Sierra Leone
Slovakia
Slovenia
Solomon Islands
Somalia
Sri Lanka
St. Kitts-Nevis
St. Lucia
St. Vincent and the Grenadines
Sudan
Surinam
Swaziland
Syria
Tanzania
Thailand
Togo
Tonga
Trinidad and Tobago
Tunisia
Turkey
Tuvalu
Uganda
Uruguay
Vanuatu
Venezuela
Vietnam
Yemen
Zaire
Zambia
Zimbabwe